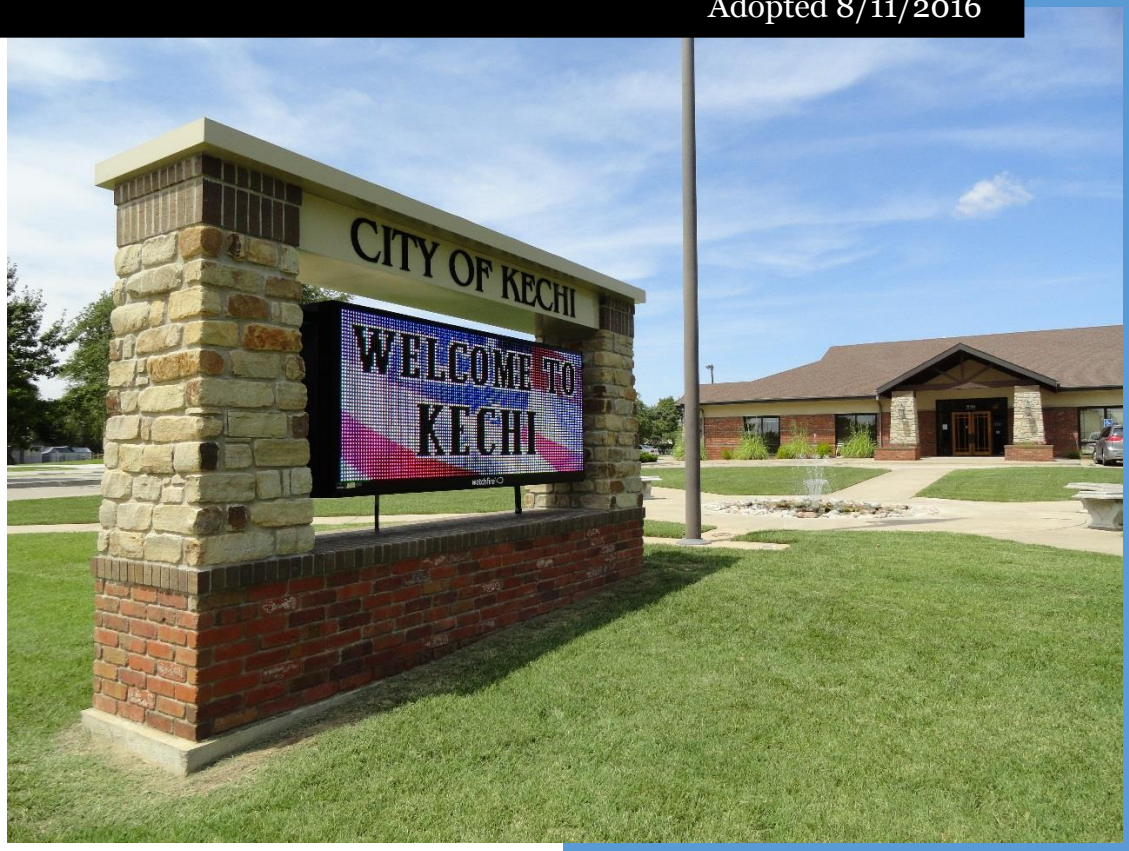
2017

City of Kechi Budget

Adopted 8/11/2016



A Place to Call Home

Kechi City Hall

220 W. Kechi Road

Kechi, KS 67067

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A Place to Call Home

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Elected Officials

A Place to Call Home

Kechi citizens elect a mayor and five city council members. They are elected to 4 year terms and are staggered so that in every election there are either two council members and the mayor, or three council members up for election. The next election will be November of 2017. The council makes all important policy and budget decisions for the city, and give staff direction in how to implement their policies.

Ed Parker
Mayor

Kevin Opat
Council President

Brian Adams
Council Member

Margaret McCormick
Council Member

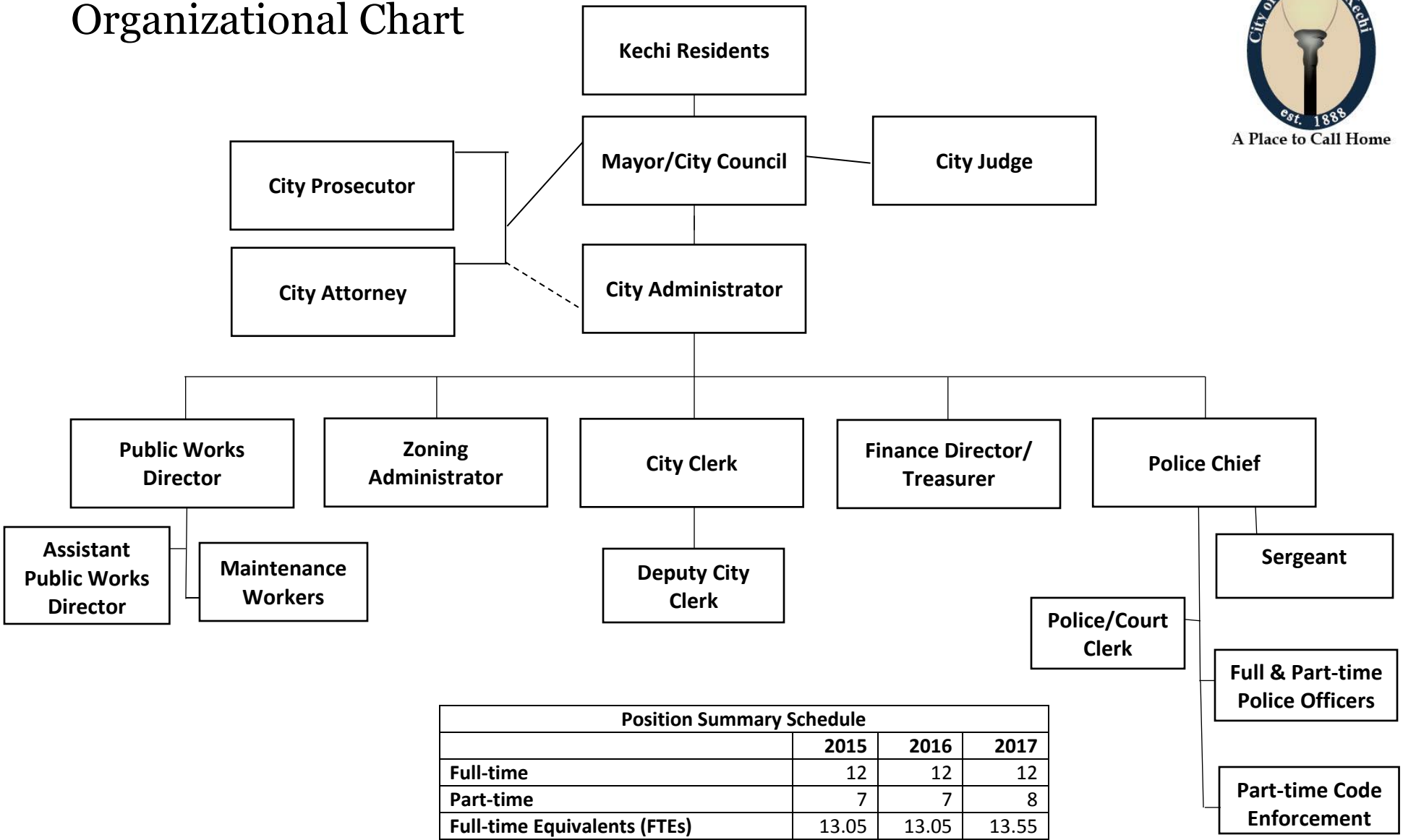
David McConnaughhay
Council Member

Betty Washington
Council Member

City of Kechi Comprehensive Plan Vision

"Kechi has a small town feel with excellent access to metropolitan amenities. Residents enjoy save and friendly neighborhoods where they truly feel like they are part of the community. Kechi's future economic activity will be fueled by a diverse mix of goods and services and a vibrant arts and business district. Ample opportunities for recreational, cultural, and leisure actives will enhance Kechi's quality of life."

Organizational Chart



Position Summary Schedule			
	2015	2016	2017
Full-time	12	12	12
Part-time	7	7	8
Full-time Equivalents (FTEs)	13.05	13.05	13.55
(Not including elected officials and contract employees)			

*Full-time employees work 40 hours per week. Part-time work less than 40 hours per week.
*Please see department descriptions for details of staffing changes and other information

Budget Message

August 11, 2016

To Mayor Parker, Members of the City Council and Citizens of Kechi:

It is my pleasure to present to you this recommended 2017 Budget for the City of Kechi. Under the counsel and guidance of the Governing Body, city staff has constructed a responsible fiscal plan reflective of the vision and commitment of Kechi residents.

Kechi's financial health is good. The City of Kechi received and still holds an A+ Rating as recognized by Standard and Poor's. This high rating is evidence that Kechi is a good credit risk.

Key Budget Provisions

In preparing this proposed budget, city staff reviewed immediate and anticipated needs for Kechi utilizing Kechi's Comprehensive and Strategic Planning documents as guides. These plans were drafted with valid public input and they provided direction in the creation of this budget. Referencing these documents further demonstrates the City's continuing efforts to be more accountable to residents.

After considerable discussion in open meetings and budget workshops, the recommended 2017 Budget includes a three-mill increase for street repair and maintenance. Faced with the economic reality of an underfunded Street Fund, certain factors drove this consensus:

- Kechi's mill levy has remained flat since 2010;
- Street funds were accumulating so slowly that an average street could only be replaced every fifteen years;
- A three-mill increase will allow the Street Fund to replace an average street every four years;
- Citizens, as surveyed in the 2015 Strategic Plan, indicated their greatest degree of fiscal support for utilities and City services;
- An increase in street funding will complement the planned assessment of city streets in 2016.

The recommended 36.699 mill levy in the 2017 Budget represents a lesser portion of residents' total property tax bill. Other taxes - school district, state, county, among others - make up the balance of a Kechi citizen's overall property taxes. Kechi's portion of property taxes is only 25 percent of that total. Even with a three-mill increase, the City of Kechi remains among a small group of cities with the lowest property taxes in the region.

Growth and Development

Looking back, private investment in Kechi continues at a record pace. Businesses have found Kechi to be an ideal location, with services comparable to neighboring cities, but with lower taxes. In 2014 and 2015, the City of Kechi led all other suburban Wichita cities, accounting for twenty-two percent of *total* commercial and industrial subdivision activity in Sedgwick County (*source: 2016 Development Trends Summary, Wichita-Sedgwick County Planning Department*).

This growth trend is anticipated to continue with the construction of the Tigua Street frontage road between Woodlawn and Rock Road, along K-254. Besides providing safer highway access for residents and businesses, Tigua Street will provide prime commercial and industrial building sites.

Kechi received a $2 million award from the Kansas Department of Transportation for the Tigua Street project. The engineering design is currently underway, with construction scheduled to take place in 2017 and 2018.

City Infrastructure

Water lines in the older part of Kechi have reached the end of their life cycle. Providing reliable domestic water and adequate volumes for fire protection are the prevalent concerns. Engineering design for their replacement will begin in 2017, with construction anticipated in 2018.

Budget Message

A Place to Call Home

In 2015 and 2016, back-to-back years of above-normal rains have exacerbated drainage problems throughout the City. A Master Drainage Plan is planned for 2017 to reveal problem areas and prioritize needed corrections.

Our People

Kechi's employees are its greatest asset. They are versatile and adaptable – qualities that are essential for a small town like Kechi. Cities within the Wichita Metropolitan Area compete among each other for the best employees in a very limited pool of candidates. Maintaining an adequately compensated workforce remains an ongoing challenge to balance increasing employment costs with employee retention strategies. The 2017 Budget allows for anticipated increases in employee benefits, such as healthcare, salary, and retirement enhancements.

Inconsistent code enforcement often results in repeated violations if the offender believes he/she will not be held accountable for infractions. The 2017 Budget also provides for a part-time Code Enforcement Officer. The Code Enforcement Officer will concentrate on enforcing City codes and zoning regulations.

In 2017, a promotional sergeant position will be added in the police department, while not adding additional personnel.

Challenges

Looking forward, there is still work to be done. Noted improvements on the horizon:

- An Arts and Business District Master Plan will define and describe the type of development located within it;
- Park and recreation improvements are desired by residents;
- Identified drainage issues will need to be resolved;
- Older sewer pipes will need to be lined.

Throughout all of these projects, public services must be delivered in a manner that goes unnoticed by citizens. When things get done and nobody notices, that is a definitive measure of how well a city functions.

Kechi is a city with an aging population and must consider strategies to attract younger residents in order to sustain growth and development. A wider range of housing options will be a key consideration to accommodate the increasing housing needs for business and industrial development.

Conclusion

Kechi continues to preserve its small-town feel, while accommodating businesses delivering a mix of goods and services. These items are addressed in the vision statement within the City's Comprehensive Plan. The vision statement also calls for building upon recreational and cultural activities which will include a vibrant arts and business district.

Since 1888, Kechi, as a city, has been a timeless representation of the values of its diverse and changing population. This City Council and staff merely occupy a temporary place in Kechi's ongoing history. Our collective leadership on this Budget represents the best qualities of our community and efforts to build a future that will benefit future generations.

As your City Administrator, I recommend that the Governing Body adopt and publish this 2017 Budget as prepared.

Respectfully submitted,

Robert D. Conger
City Administrator

Budget Overview

Citizens of Kechi,

This budget document is a communication tool to share the financial plan of the city with taxpayers. The intent of this document is to provide transparency to the citizens of Kechi about the city's financial plan and operations for the upcoming year. The document clearly communicates the city's financial plans for each fund, department, debt, capital expenditures, and explains the process and applicable laws the city must follow every year when making the budget.

The budget for fiscal year 2017 was created by staff, with input from council members, who participated in a number of budget workshops, and who have been informed by citizens through results from the most recent community survey.

The major priorities for the 2017 budget were:

1. To continue providing the services citizens expect at their current levels.
2. To expand Kechi's ability to provide services related to streets, stormwater, and code enforcement.

The major changes in the 2017 budget, in light of the budget priorities, are listed below.

1. *Sergeant Position*: A sergeant's position was created within the Police Department to provide cover for the Chief, and give an officer valuable supervisory experience. The position is a promotional position for current employees only and will not increase the total employees of the city. Total budget impact will be about a $2,451 increase for wages, FICA, and KPERS.
2. *Code Enforcement Officer*: Funding for a part-time code enforcement officer that would work up to 20 hours a week and be paid between $12 and $14 an hour was also included in the budget. Funding for this positon was made possible by eliminating the intern position and cuts to economic development. Total cost will be between $13,500 and $15,500.
3. *Elimination of the Administrative Intern*: In order to allocate funding for a part-time code enforcement officer the intern position was eliminated. Duties have been absorbed by the City Administrator, Finance Director, and City Clerk. Elimination of the intern position saved $8,540.
4. *Reduction of Economic Development Funding*: The Economic Development department was cut $48,000 to cover increases in other areas (like part-time police officers, the sergeant's position, and the code enforcement officer).
5. *Stormwater Utility*: A stormwater utility will be created in 2017. The city has seen an increase in costs related to stormwater maintenance, and the State of Kansas is now passing on unfunded mandates to the city related to stormwater. To fund increased stormwater costs, Kechi will create a stormwater utility. This utility will assess a small fee to residents and commercial properties based on equivalent residential units (ERU). ERU's are calculated by taking the amount of impervious surface for all residential properties in Kechi, and determining the amount of impervious surface on the average residential property in Kechi, this number is equal to 1 ERU. All residential properties will be charged 1 ERU and individual commercial properties will be charged by taking the total impervious surface on their property divided by the ERU. Kechi currently plans to charge a fee of $2 a month per ERU.
6. *Property Tax Increase*: The Kechi City Council is proposing a property tax increase of 3 mills to be dedicated to street projects. Current estimates for the Special Highway Fund are that the city saves about $20,000 a year for future streets projects. At this rate, Kechi would save $300,000 every 15 years for small street construction projects. A 3 mill increase for streets projects would mean that in total the city would save an estimated $70,400 every year ($20,000 + additional 3 mills) for streets projects, meaning it would only take about 4.25 years to save $300,000. Kechi could save for road projects about 3.5 times faster than the current rate.

A Place to Call Home

7. *Shift of Mill Levy*: As a management decision the Bond & Interest mill levy was combined with the General Fund mill levy. Revenue will now be transferred from the General Fund to the Bond & Interest fund as it is needed.

Property Taxes

As mentioned, the 2017 budget includes a property tax increase of 3 mill to provide additional funds for street projects. That increases the mill levy from 33.699 to 36.699. The City of Kechi's mill levy is only 25% of each resident's total property tax bill. Pending any major changes by other jurisdictions the total property tax mill levy that Kechi residents pay should be about 144.873 mills. Residents also pay property taxes to Sedgwick County, the fire district, school district, and township. Below is a property tax calculation for the median home value in Kechi.

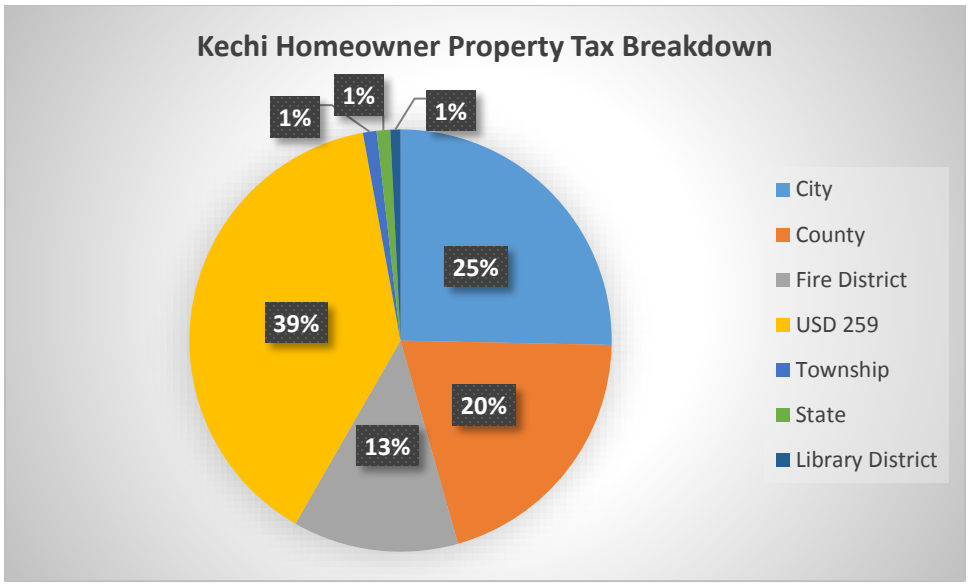
1. First Step, calculate assessed value of property

Appraised Value	X	Assessment Rate	=	Assessed Value
$169,000	x	11.5% Residential	=	$19,435

2. Second Step, multiply assessed value by the mill levy and divide by 1,000

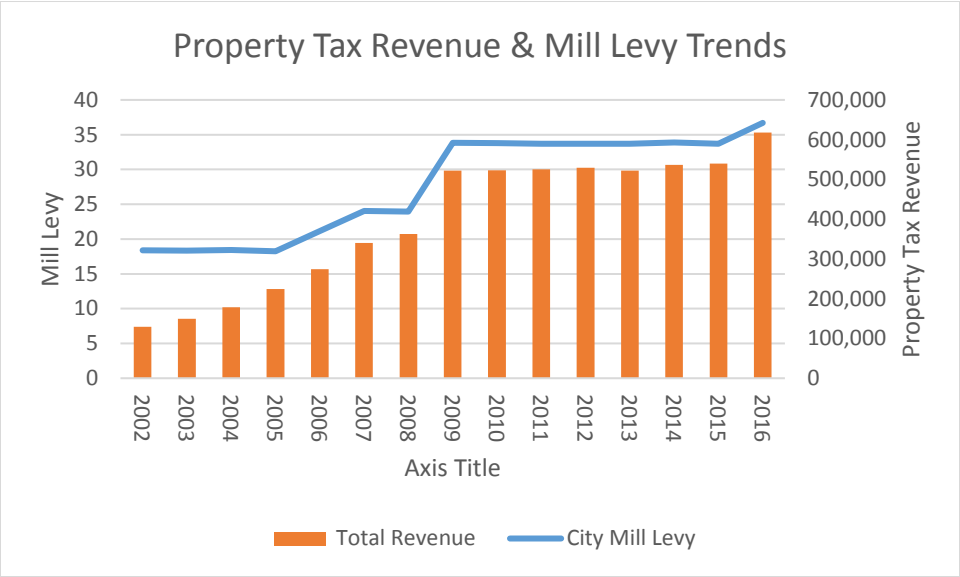
Assessed Value	X	Mill Levy	÷	1,000	=	Property Tax Bill	
$19,435		144.873			=	$2,815.61	Total Bill
$19,435		36.699			=	$713.25	City Portion

Approximately 25% of total property taxes paid by Kechi residents support the City of Kechi.



Budget Overview

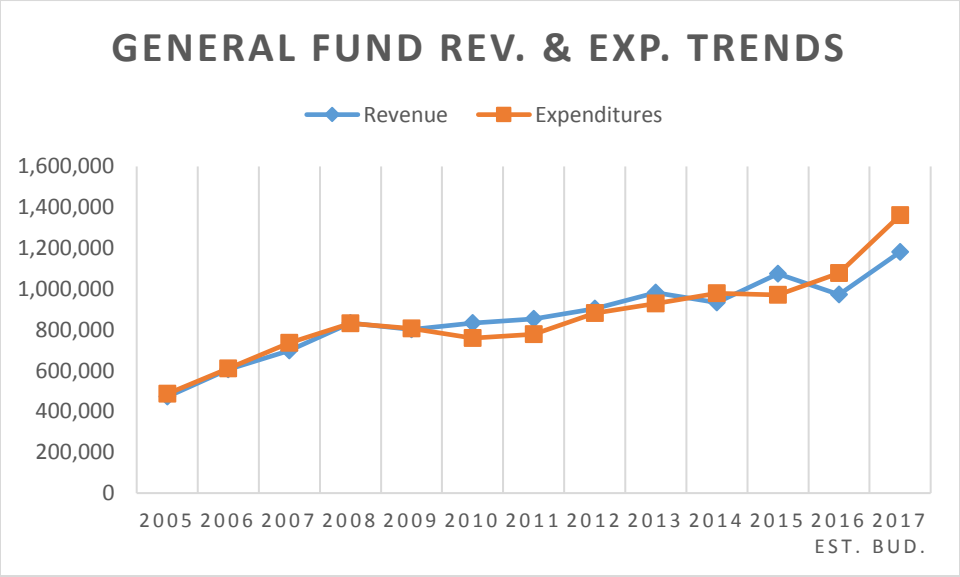
Below is a trend history of Kechi's property tax revenue and mill levy. Years are for when taxes are levied, not for the specific budget year. For example, the 2017 budget taxes are actually levied in 2016.



Below is a **summary of the major funds**. Summaries include charts of revenue and expenditure trends and the total revenues, expenditures, and fund balances budgeted for 2017. More detailed information on these funds and of the minor funds not shown below can be found in the full budget document.

General Fund

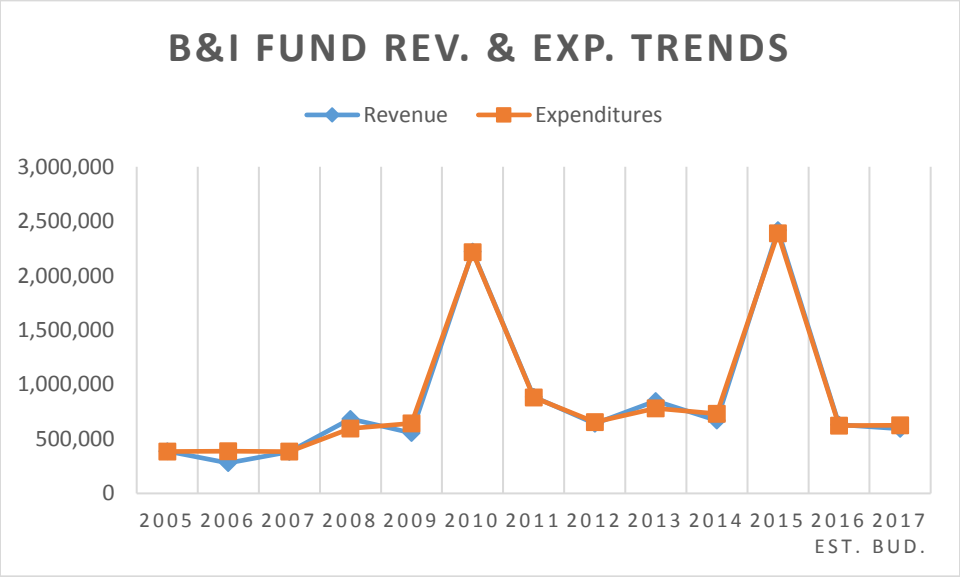
General Fund Budget 2017	
Beginning Balance	185,451
Revenue	1,181,149
Expenditures	1,360,863
End Balance	5,738



Budget Overview

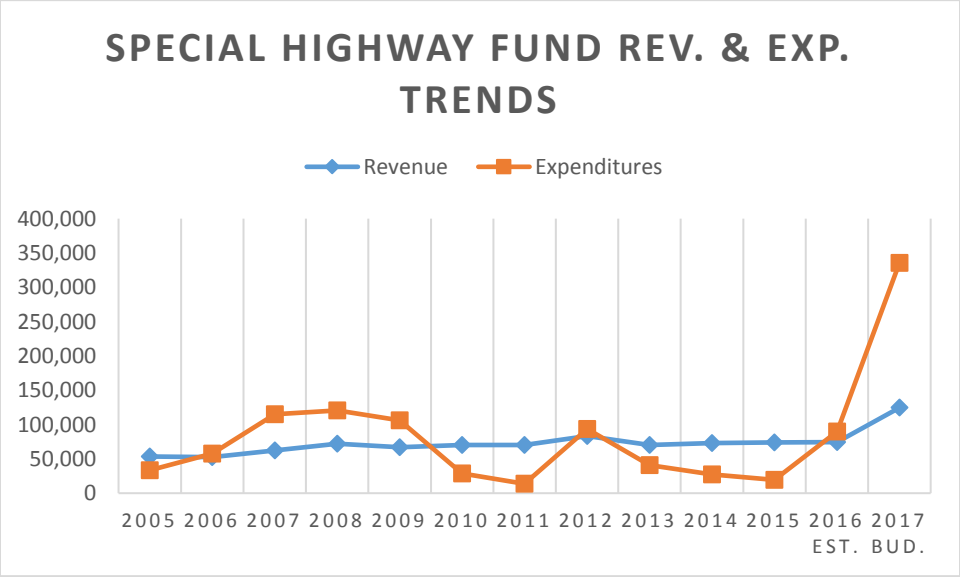
Bond & Interest Fund

Bond & Interest Budget 2017	
Beginning Balance	43,358
Revenue	593,622
Expenditures	626,880
End Balance	10,100



Special Highway Fund

Special Highway Fund Budget 2017	
Beginning Balance	210,924
Revenue	124,540
Expenditures	335,463
End Balance	1

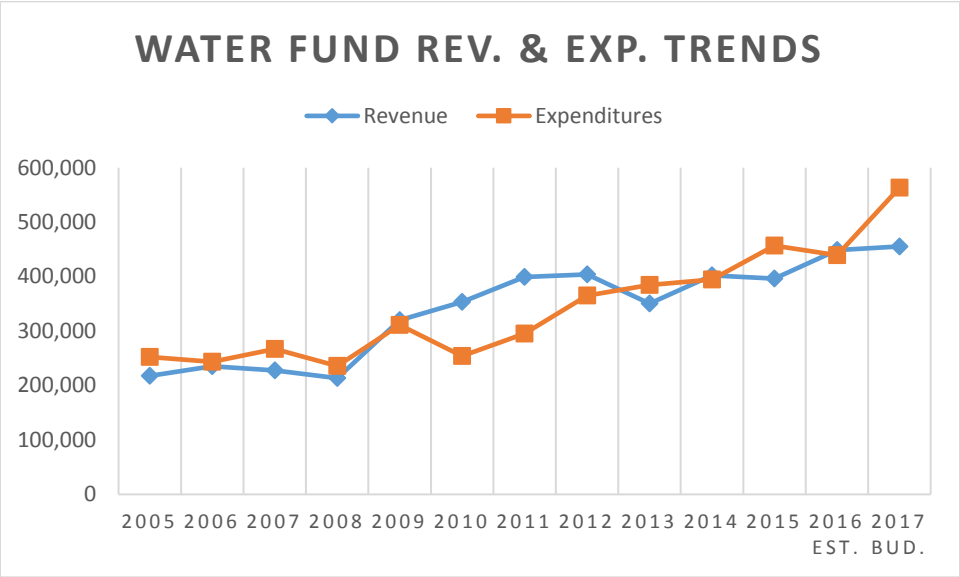


Budget Overview

A Place to Call Home

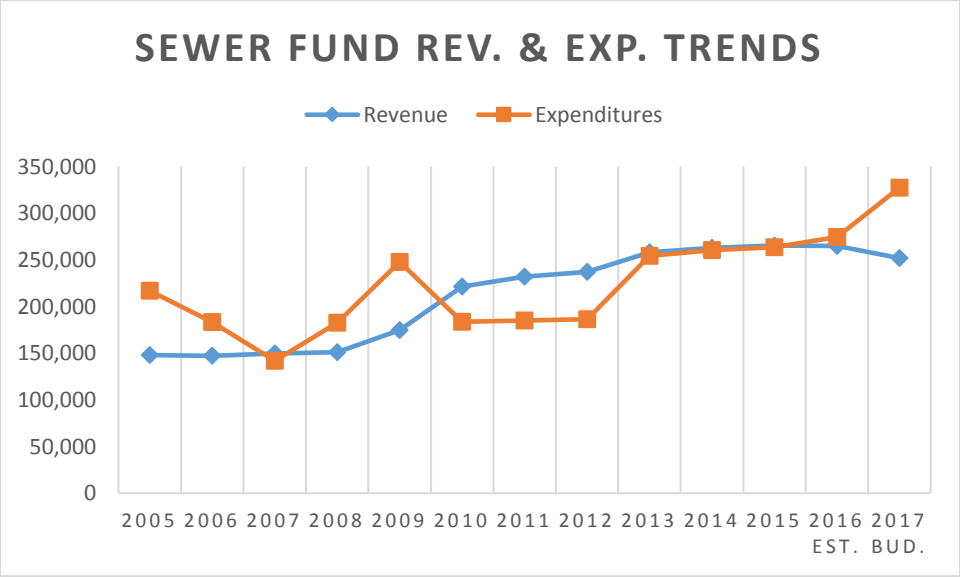
Water Fund

Water Fund Budget 2017	
Beginning Balance	175,273
Revenue	455,410
Expenditures	563,246
End Balance	67,437



Sewer Fund

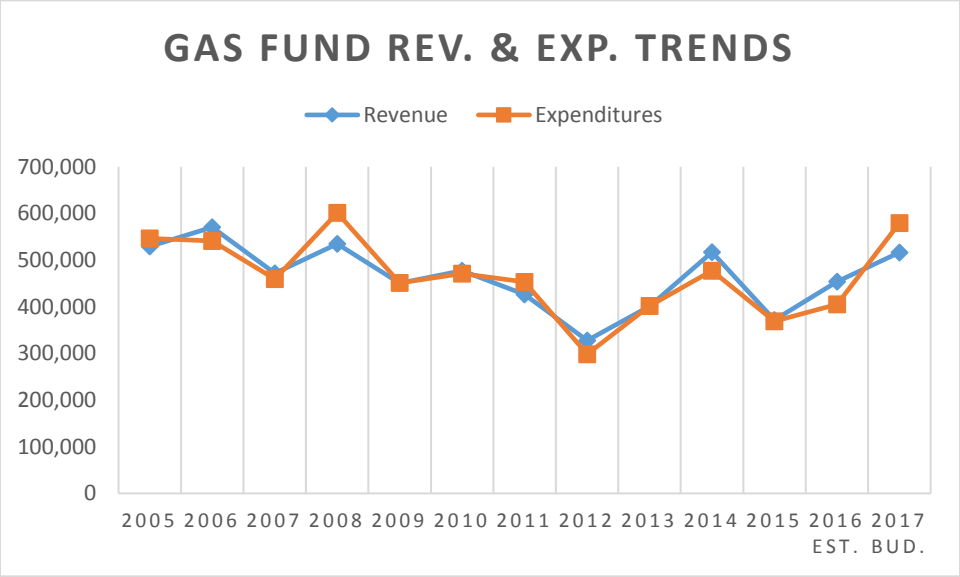
Sewer Fund Budget 2017	
Beginning Balance	137,831
Revenue	252,000
Expenditures	327,259
End Balance	62,572



Budget Overview

Gas Fund

Gas Fund Budget 2017	
Beginning Balance	119,862
Revenue	516,000
Expenditures	579,204
End Balance	56,658



Capital improvement projects also receive funding in this budget. Kechi has a number of major capital improvement projects pending for 2017 depending on available funding and council approval. Below is a list of nonrecurring capital projects.

- Tigua Street Construction Phase 2- The final phase will connect the portions of Tigua Street between Woodlawn and Rock Roads. The project will be funded using a temporary note. The State of Kanas will reimburse all construction costs. For Phase 2, the City of Kechi will only be responsible for paying for the costs associated with the temporary note.
- Major Street Project- Kechi will complete a street survey in 2016 that will identify high priority street projects. If the top project identified fits into available cash reserves in the Special Highway Fund, Kechi could begin a street rehab project in 2017. If not, the project will have to be delayed until 2018.
- Master Drainage Plan- Kechi needs to complete a master drainage plan for the city, to determine the best ways to handle existing and future stormwater drainage.
- Design of Waterline Replacement along 61st Street- The main waterline in downtown Kechi is over 50 years old, and needs to be replaced. This project would pay for the engineering and design out of Water Reserve Funds. Actual replacement of the waterline would be in 2018, and paid for by a bond issue.
- Rehabilitate Phase 1 Point Repairs- This project is the first of 3 phases. The city needs to insert plastic lining into the clay sewage pipes downtown to increase their useful life. The project will be paid for with Sewer Reserve Funds.
- Arts & Business District Master Plan- This plan will be used to outline future development in the downtown area.

A Place to Call Home

In **conclusion**, the 2017 Kechi Budget keeps service levels for core city services the same for Kechi residents while also providing new funding for additional services. A part-time code enforcement officer will be added, and will vastly improve the city's ability to enforce code violations. Funding for this position was made possible through cuts to Economic Development and the elimination of the administrative intern. The city will also greatly increase the amount of money it saves for street projects through a property tax increase. This will allow the city to pay for a major street repair project every 4 years. In addition, the city will create a Stormwater Utility and assess a new fee to businesses and residents in Kechi. This new revenue will pay for the increased costs the city has related to stormwater due to unfunded mandates from the State of Kansas, and needed capital improvement projects related to drainage. There is also funding available for a few major capital improvement projects, the largest of which is the second phase of the Tigua Street project which will completely change the east side of Kechi and spur further commercial development. Kechi's financial position is healthy, and this budget ensures that the city has a plan it can follow into 2017 to provide the services the city needs in a financially responsible way.

If any Council Member or citizen has a question about Kechi's budget, please do not hesitate to call the city at 744-9287, or to email the Finance Director, Mitch Kolf, at Mkolf@kechiks.com.

This budget overview, has simply been a summary of the major changes, fund trends, and capital improvement projects in the 2017 budget. For more details, please refer to the full budget document.

Sincerely,

Mitch Kolf
Finance Director

Budget Process

The approved budget is the Kechi City Council's financial blueprint for providing services to Kechi residents. Kechi is governed by a 5-member city council and a mayor. These elected officials approve Kechi's budget every August, after an extensive process that begins in February. The budget runs on a calendar year, so it plans expenditures from January to December.

The **budget process** begins in February when the Finance Director compiles and reviews information on revenues and expenditures from the recently completed budget. In March department heads are required to submit budget proposals for the next year's budget based on their prior year expenditures. The Finance Director and City Administrator review these proposals with department heads in April which may include new programs, staff, or capital improvements. At the end of April the City Council holds their first budget planning workshop where they outline their priorities, and staff review new program or revenue proposals. During the month of May staff reviews any concerns or requests the City Council had in the April planning workshop. At the end of May the City Council holds another planning workshop to refine their direction for staff, then staff begins preparation of the Recommended Budget. During June the Council holds two budget workshops where staff review any recommended changes from the previous budget and the line-item budgets of each fund. In July the Recommended Budget is reviewed. In August the public hearing is held and budget is adopted. The Council may direct staff to make changes in the recommended budget based on public input from the hearing. The budget is then adopted at a Council Meeting before August 25th.

Kansas Statue- Budget Law KSA 79-2925

The State of Kansas requires all cities to prepare an annual itemized budget that must be presented to the public no later than August 1st, adopted at least 10 days prior to August 25th, and submitted to the County Clerk by August 25th. Other provisions include: all money that belongs to the city must be included, a balanced budget must be presented for each fund with a tax levy, etc (more requirements can be found in KSA 79-2925).

Budgetary Controls- State budget law prohibits Kechi from spending over the adopted budget amount for each fund.

Amendment Procedure- If the City Council needs to amend the budget for a particular fund during the fiscal year to accommodate any unforeseen circumstances, they have the ability to do so under KSA 79-2929. Budget authority for expenditures can be increased through any previously unbudgeted increases in revenue other than property taxes. The amendment is made at the fund level. The city authorizes the amendment after giving public notice and holding a public hearing.

Budget Calendar

January-February
- Review of recently completed year's expenditures

March
- Department heads receive budget worksheets

April
- Budget worksheets are due back from department heads
- City Administrator and Finance Director review department worksheets with department heads
- Budget planning workshop with City Council is held

May
- Council priorities addressed
- Second budget planning workshop is held with Council

June
- Workshop reviewing any major recommended revenue changes.
- Workshop reviewing new budget item proposals.

July
- Approve notice of Public Hearing
- Budget workshop- Review of budget.

August
- Public Hearing is held, and budget is adopted.
- Budget is adopted no later than 10 days prior to August 25, and the adopted budgeted is provided to the County Clerk by August 25th.

Financial Policies

The below financial policies dictate the budget process. The majority of the financial policies that the City of Kechi abides by are dictated by state statute. Other policies are adopted as prescribed here.

State Statute

Budgeting
The budget process was detailed in the previous section. Kechi will prepare an annual budget as required by KSA 79-2925.

Balanced Budget
Kechi adheres to state budget law that requires all funds with a tax levy to have a balanced budget. This means that all projected revenues and unencumbered cash are equal to expenditures.

Basis of Accounting
Kechi operates under the Kansas Cash Basis Law, KSA 10-1101. This is also known as the regulatory basis for municipalities in Kansas. Under state law Kansas municipalities must report their financial statements using Generally Accepted Accounting Principles (GAAP) unless they pass a waiver opting to use the regulatory basis. Kechi passes such a waiver every year.

The Kansas Municipal Audit and Accounting Guide explains the regulatory basis of accounting as follows "the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year". "All assets and liabilities are measured at cost, and the regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above".

Debt Limit
Kechi adheres to KSA 10-308 et seq. This statute limits the total debt of a city to no more than 30% of the assessed valuation of the city.

Independent Audit
State statute requires an annual audit of the financial records for all funds within the city. Kechi currently contracts with George, Bowerman & Noel, P.A to complete the audit.

Additional Financial Policies Adopted by Kechi

Fund Balance
Fund balance is the amount of unencumbered cash that ensures services can be provided for a short time, even if commitments exceed revenues. The goal for the minimum fund balance in the General Fund at the end of the year is equal to 25% of previous year actual expenditures, however the Council has discretion. Excess fund balance may be transferred to the Capital Reserve or Equipment Reserve depending on the Council's budget priorities.

Capital Expenditures
Kechi defines capital expenditures as any significant physical acquisition, construction, engineering study, replacement, or improvement to a city department or service that costs over $10,000 and has a useful life of at least 10 years. Capital expenditures are normally funded with cash, but debt may be used as needed.

Department/Fund Descriptions

Funds

Kechi has 13 financial funds. Detailed information on what they are used for can be found in the financial schedules later in this document. Kechi's funds can be organized into 4 separate groups.

1. General Fund
2. Special Funds
    a. Bond & Interest Fund
    b. Special Highway Fund
3. Proprietary Funds
    a. Water
    b. Sewer
    c. Gas
    d. Solid Waste
    e. Stormwater
4. Reserve Funds (Unbudgeted)
    a. Capital Reserve
    b. Equipment Reserve
    c. Water Reserve
    d. Sewer Reserve
    e. Gas Reserve

Departments

Kechi has 9 major departments. All of the departments are explained in the fund financial schedules later in this document. The only major explanation needed is that the Public Works Department is actually made up of 4 departments (streets, water, sewer, and gas). Kechi's departments are listed below:

1. Administration
2. Mayor & Council
3. Community Groups
4. Facilities
5. Police
6. Municipal Court
7. Park
8. Public Works
    a. Streets
    b. Water
    c. Sewer
    d. Gas
9. Economic Development

Department/Fund Descriptions

Department/Fund Relationships

Fund \ Department	Administration	Mayor & Council	Community Groups	Facilities	Police	Municipal Court	Park	Public Works	Eco Devo
General	X	X	X	X	X	X	X	X	X
Special Highway								X	
Bond & Interest								X	
Water								X	
Sewer								X	
Gas								X	
Solid Waste	X								
Stormwater								X	
Capital Reserve	X			X				X	
Equipment Reserve	X				X			X	
Water Reserve								X	
Sewer Reserve								X	
Gas Reserve								X	

The table above illustrates what departments each fund contributes resources towards. Functionally, Kechi has 9 departments and 13 funds. Most department do not have their own fund that they are completely paid for out of, in fact most departments are paid for by the General Fund. The reason Kechi has multiple funds beyond the General Fund, is two-fold. First, there are a few funds that needed to be set up because they collect revenue for a specific purpose (ex: payment of debt, state money for streets, water utility payments, etc.). The Special Highway, Bond & Interest, Water Fund, Sewer Fund, Gas Fund, Solid Waste Fund, and Stormwater Fund were all set up for this purpose. The second reason that Kechi has any funds beyond the General Fund, is to ensure that some resources are set aside in separate reserves (like a savings account) to be accumulated over time for large purchases or emergencies. The Capital Reserve, Equipment Reserve, Water Reserve, Sewer Reserve, and Gas Reserve were set up for this purpose.

Revenue Descriptions

A Place to Call Home

In this section Kechi's major revenue sources will be described and the forecasting methodology for that revenue will be explained. The major revenue sources for all funds combined are listed below:

Revenue Sources- ALL FUNDS

Revenue	2017	%
Property Tax	617,618	18%
Gas Utility Sales	500,000	15%
Water Utility Sales	440,410	13%
Sales Tax	309,832	9%
Sewer Utility Sales	240,000	7%
Motor Vehicle Tax	90,946	3%
Franchise Fees	62,795	2%
Transfers	459,124	13%
Other	692,641	20%
Total Budgeted Revenue	3,413,366	100%

Property Tax

Description- Property taxes are based off of the total assessed valuation of the city as determined by the county appraiser and the State of Kansas, and Kechi's mill levy which is set by the County Clerk based off of the amount of property tax revenue that the Kechi City Council determines they need to fund the operations of the city. Property taxes are projected to total $617,618 in 2017 and make up 18% of total revenue across all funds.

Forecasting- The City of Kechi forecasts property tax revenue in the budget using estimated assessed valuation data provided by Sedgwick County.

Gas Utility Sales

Description- Utility sales are charged to customers based on how much gas they use. Gas rates have 2 parts: the first is a base charge of $10 for the first 1,000 cubic feet (MCF) and $5.60 for every MCF after that. The second part is a charge based on the price of gas. The city has budgeted for $500,000 of gas sales, which would make up 15% of total revenue.

Forecasting- Utility sales are based on how much gas customers use, which they are then charged for based on Kechi's fee schedule. Many factors impact utility sales, but weather is by far the most influential factor. If there is a warm winter, customers won't need to heat their houses as much and therefore revenues will be lower, but if there is a long and cold winter, usage will be high and so will revenues. The unpredictability of Kansas weather makes revenues very difficult to predict. Because of this Kechi typically estimates that gas purchase expenditures will be historically high and utility sales will match those expenditures, so as to avoid the need to amend the budget authority for expenditures if there is a cold year.

Water Utility Sales

Description- Water utility sales are charged to customers based on their monthly water usage. There is a minimum charge based on meter size ($22 for most customers) and then a per 1,000 gallon rate of $5.27 up to 10,000 gallons. Water utility sales are expected to be around $440,410 for 2017 and make up 13% of total city revenue.

Forecasting- Kechi forecasts water utility sales based on historical revenue per customer, historical customer growth, and any other knowledge the city may have about water rate increases.

Sales Tax

Description- Kechi receives a portion of a county wide sales tax. The amount of revenue that Kechi receives is based on a formula set by state statute that takes into account population and total mill levy. The city estimates that it will receive $309,832, which is 9% of total revenue.

Forecasting- Kechi forecasts sales tax revenue using historical data to calculate a growth rate that is used to estimate future revenue.

Sewer Utility Sales

Description- Sewer utility sales are charged to customers based off of their winter average water usage. They pay a flat rate for 12 months before their bill is recalculated based off the most recent winter water usage. Rates are $21.13 for the first 1,000 gallons of usage and $4.38 per 1,000 gallons after that. The city has budgeted $240,000 of sewer utility revenue for 2017 which is about 7% of all revenue.

Forecasting- Kechi forecasts sewer utility sales based on historical revenue per customer and historical customer growth.

Motor Vehicle Taxes

Description- Motor Vehicle Taxes are collected by Sedgwick County and distributed to Kechi based on the number of vehicles registered within the city. Kechi is estimated to receive $90,946 in 2017 which is 3% of all city revenue.

Forecasting- Kechi forecasts motor vehicle revenue based solely off of an estimate that Sedgwick County sends the city every year during the budgeting process.

Franchise Fees

Description- Franchise fees are fess for service that the city charges Westar, AT&T, and Cox for use of public right-of-ways that the city maintains. AT&T and Cox are charged 5% of all sales in Kechi and Westar is charged 3%. The city estimates it will receive $62,795 which is 2% of total revenues.

Forecasting- Kechi forecasts franchise fee revenue based on historical revenue numbers and growth rates.

Transfers

Description- One of the largest revenue streams within Kechi's financial funds are transfers from other funds. Transfers are not new revenue generated from outside sources, they are really an expenditure in one fund that results in a revenue source in another fund. Kechi transfers revenue from the General Fund to the Special Highway and Bond & Interest funds and from the three utility funds (Water, Sewer, and Gas) to each utility's respective reserve fund, the capital reserve, and equipment reserve. The Water and Sewer reserves also transfer revenue to the Bond & Interest Fund. Transfer revenue is expected to be $459,124 which is 13% of total revenues.

Forecasting- Transfer revenue is based purely on what the needs of the individual funds receiving the revenue are and if the funds that transfer the revenue can handle the financial stress of foregoing revenue they could use to fund the operations assigned to that fund.

Consolidated Financial Schedule

Below is a schedule of revenues and expenditures in the 2017 budget for all funds that impact city operations.

Beginning fund balances and projected ending fund balances are also displayed here.

A Place to Call Home

Funds	General	Special Highway	Bond & Interest	Water	Sewer	Gas	Solid Waste	Storm water	Equip Reserve	Capital Reserve	Water Reserve	Gas Reserve	Sewer Reserve	Total
Beginning Fund Balance	187,459	210,924	43,358	175,273	137,831	119,862	20,821	-	17,519	110,929	208,470	64,156	203,839	1,500,441
Revenue														
Property Tax	617,618	-	-	-	-	-	-	-	-	-	-	-	-	617,618
Sales Tax	309,832	-	-	-	-	-	-	-	-	-	-	-	-	
Special Assessments	-	-	301,950	-	-	-	-	-	-	-	-	-	-	
Motor Vehicle Tax	68,611	-	22,593	-	-	-	-	-	-	-	-	-	-	
Gas Taxes	-	74,140	-	-	-	-	-	-	-	-	-	-	-	
Franchise fee	62,795	-	-	-	-	-	-	-	-	-	-	-	-	62,795
Fines, fees, and permits	74,914	-	-	-	-	-	-	-	-	-	-	-	-	74,914
Rents and other	47,379	-	-	-	-	-	-	-	-	-	-	-	-	47,379
Utility Sales & Fees	-	-	-	455,410	252,000	516,000	126,000	25,000	-	-	-	-	-	1,374,410
Transfers In	-	50,400	269,079	-	-	-	-	-	30,000	25,000	14,645	20,000	50,000	459,124
Total Revenue	**1,181,149**	**124,540**	**593,622**	**455,410**	**252,000**	**516,000**	**126,000**	**25,000**	**30,000**	**25,000**	**14,645**	**20,000**	**50,000**	**3,413,366**

Consolidated Financial Schedule

Funds	General	Special Highway	Bond & Interest	Water	Sewer	Gas	Solid Waste	Storm water	Equip Reserve	Capital Reserve	Water Reserve	Gas Reserve	Sewer Reserve	Total
Expenditures														
Personnel Services	600,755	24,630	-	158,200	57,000	140,910	2,300	-	-	-	-	-	-	983,795
Contractual	295,750	10,000	-	63,796	68,109	27,794	-	10,000	-	-	-	-	-	475,449
Commodities	86,600	55,370	-	238,750	71,650	368,250	127,000	-	-	-	-	-	-	947,620
Capital Outlay	127,184	245,463	-	2,500	500	2,250	-	-	25,000	15,000	87,000	50,000	150,000	704,897
Transfers Out	189,124	-	-	100,000	130,000	40,000	-	-	-	-	-	-	-	459,124
Debt Service	-	-	626,880	-	-	-	-	-	-	-	-	-	-	626,880
Total Expenditures	**1,299,413**	**335,463**	**626,880**	**563,246**	**327,259**	**579,204**	**129,300**	**10,000**	**25,000**	**15,000**	**87,000**	**50,000**	**150,000**	**4,197,765**
Receipts Over/(Under) Expenditures	(118,264)	(210,923)	(33,258)	(107,836)	(75,259)	(63,204)	(3,300)	15,000	5,000	10,000	(72,355)	(30,000)	(100,000)	(784,399)
End Fund Balance	**69,195**	**1**	**10,100**	**67,437**	**62,572**	**56,658**	**17,521**	**15,000**	**22,519**	**120,929**	**136,115**	**34,156**	**103,839**	**716,042**

Fund Balance- Kechi defines fund balance as the amount of unencumbered cash that ensures services can be provided in the short-term, even if commitments exceed current revenues.

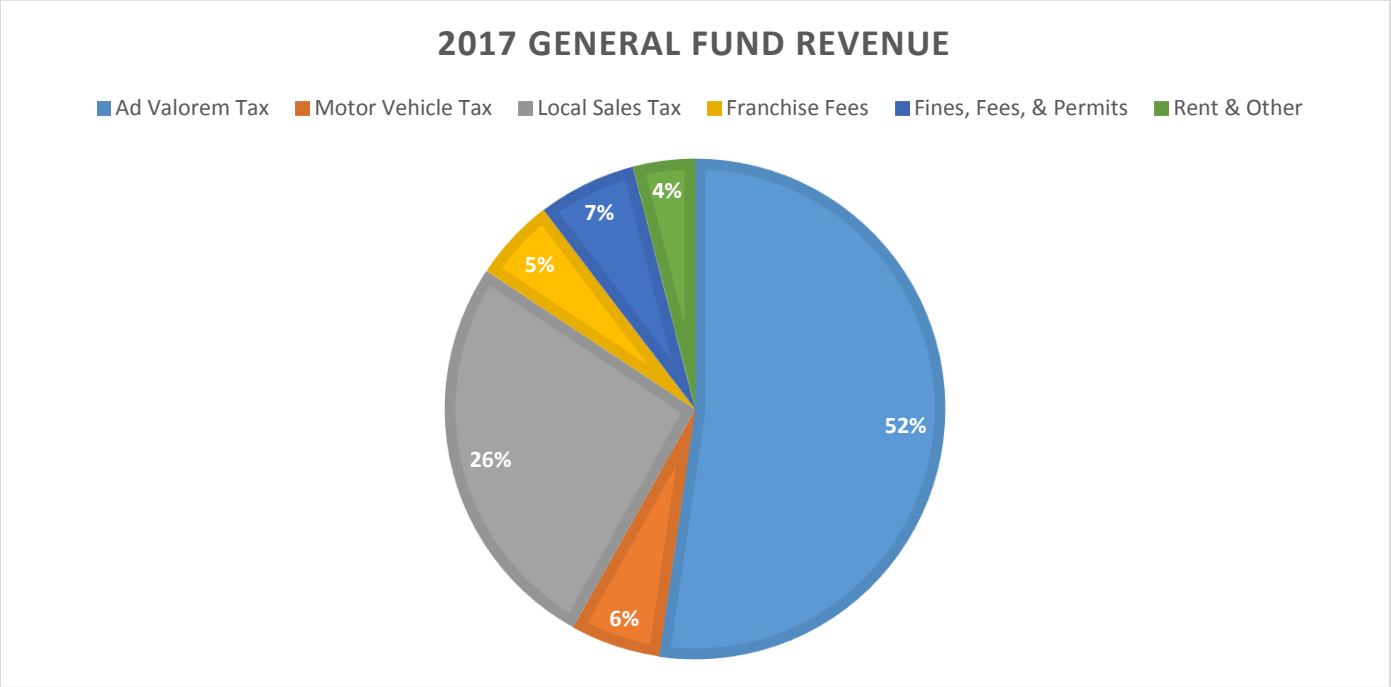
Note on changes in 2017 budgeted fund balances- The changes in fund balance are due to budgeted contingencies being taken out of the end balances, except for the Sewer Reserve and Special Highway funds. Those changes in fund balance are due to capital improvement projects that are budgeted to be paid for with cash reserves. Details on those projects can be found in the capital expenditures section of the document.

General Fund

General Fund Revenue

Kechi's General Fund revenue can be broken into four major categories: taxes, franchise fees, fines/fees/permits, and rent/other. Revenues within each of these categories are projected using historical data and information provided by the State of Kansas and Sedgwick County.

The primary revenue source in the General Fund is property taxes, followed by county sales tax. Property taxes (Ad Valorem Tax) make up 52% of 2017 General Fund budgeted revenue. Local sales tax, which is the portion of the 1% county sales tax that Kechi receives, makes up 26% of revenue. These two revenue sources combined make up over 2/3rds of Kechi's General Fund revenue. Below is a graph that illustrates the breakdown of General Fund revenues.



General Fund Revenue: Line-Item Budget

Revenue	2015	2016	2016	2017
Taxes	**Actual**	**Budget**	**Revised**	**Budget**
Ad Valorem Tax	377,168	405,797	405,797	617,618
Delinquent Ad Valorem Tax	10,774	-	-	-
Personal Property Tax	4,684	-	-	-
Motor Vehicle Tax	69,438	59,996	59,996	68,611
16/20M Vehicle Tax	336	293	293	-
State Assessed Utilities	15,765	15,810	-	-
Local Sales Tax	296,667	302,850	302,850	309,832
Total Taxes	**774,833**	**784,746**	**768,936**	**996,061**
Franchise Fees				
Franchise Fees	62,304	67,980	64,000	62,795
Total Franchise Fees	**62,304**	**67,980**	**64,000**	**62,795**
Fines, Fees, & Permits				
Liquor Licenses	100	50	50	50
Contractor's License	21,075	20,000	20,000	15,000
Building Permits	24,178	18,000	18,000	15,000
Zoning Permits	2,437	2,000	2,000	2,000
Transient Fee	150	150	150	150
Municipal Court Fines & Fees	42,625	50,000	36,800	42,714
Total Fines, Fees, & Permits	**90,565**	**90,200**	**77,000**	**74,914**
Rent & Other				
Interest on Idle Funds	1,098	1,000	1,000	1,025
Community Room Rent	4,400	5,000	5,000	4,600
Lease Income	29,138	25,000	29,709	29,709
Reimbursements	20,291	20,000	20,000	5,000
Refunds	8,961	4,000	4,000	5,000
Contributions to Park	1,948	1,000	1,000	1,045
Miscellaneous Income	81,325	4,000	1,300	1,000
Total Rent & Other	**147,160**	**60,000**	**62,009**	**47,379**
Total Revenue	**1,074,862**	**1,002,926**	**971,945**	**1,181,149**
Beginning Fund Balance	**188,975**	**141,296**	**292,835**	**187,459**
Total Resources	**1,263,837**	**1,144,222**	**1,264,780**	**1,368,608**

General Fund Expenditures

		2015	2016	2016	2017
Expenditures		**Actual**	**Budget**	**Revised**	**Budget**
	Administration	466,070	493,437	486,337	512,023
	Mayor & Council	12,055	11,600	11,600	15,250
	City Attorney	18,040	18,000	18,000	-
	Community Groups	7,269	11,830	6,830	7,900
	Facilities	10,596	12,550	12,550	17,550
	Building Inspections	1,598	250	250	-
	Community Center	65	5,000	5,000	-
	Police	360,710	416,393	416,878	445,236
	Municipal Court	14,394	33,665	23,377	29,330
	Parks and Trees	5,848	15,000	10,000	15,000
	Streets GF	15,672	25,000	16,500	26,000
	Economic Development	58,686	90,000	70,000	42,000
	Transfers	-	-	-	189,124
	Contingency*	-	-	-	61,450
	Total Expenditures	**971,001**	**1,132,725**	**1,077,322**	**1,360,863**
Receipts Over/(Under) Expenditures		103,860	(129,799)	(105,377)	(179,714)
	End Fund Balance	**292,835**	**11,498**	**187,459**	**5,738**

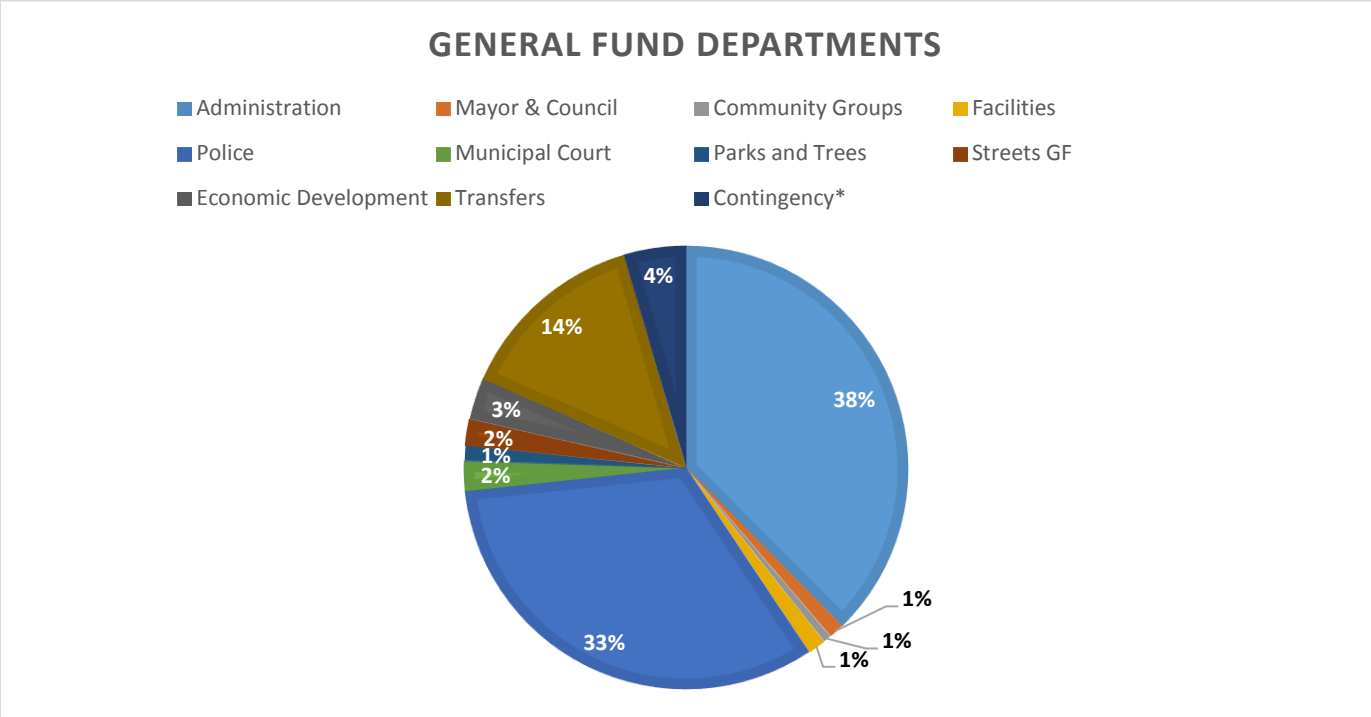
*The contingency is not an actual city department and these funds will only be used in case of an emergency.

There have been a few changes to the General Fund departments. As can be seen in the chart above, the City Attorney, Building Inspections, and Community Center departments have been eliminated. City Attorney and Building Inspections have been moved to the Administration Department and the Community Center has been moved to the Facilities department.

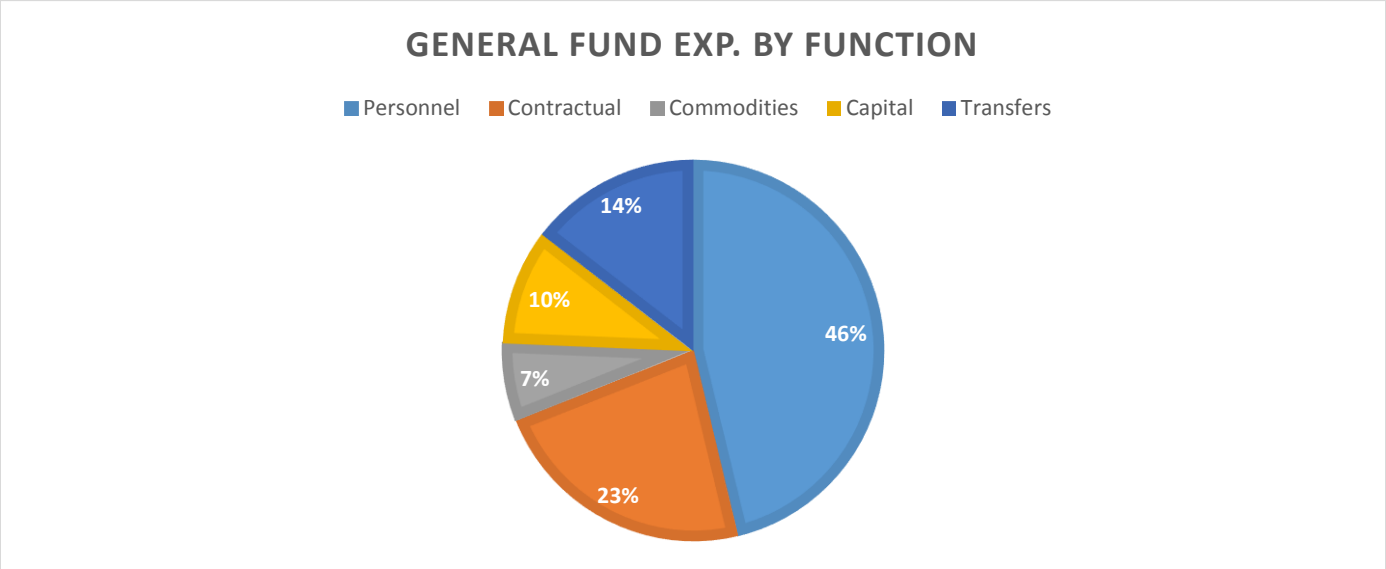
General Fund Departments

Kechi's General Fund expenditures are organized into 10 departments: Administration, Mayor & Council, Community Groups, Facilities, Police, Municipal Court, Park, Streets, Economic Development, and Transfers. On the next page is a graph that shows the distribution of budgeted expenditures to each department within the General Fund in the 2017 budget. The graph shows that the three largest departments in the General Fund are Administration (37.6% of expenditures), Police (32.7%), and Transfers (13.9%).

General Fund Expenditures



Expenditures within each department in the General Fund are broken into functional categories: Personnel, Contractual, Commodities, and Capital Outlays. Personnel expenditures include wages, health insurance, etc. Contractual expenses include technical services, legal fees, etc. Commodities are primarily for office supplies or physical materials. Capital Outlays are for improvements to physical buildings and payments on debt for city buildings. Below is a graph that shows how total general fund expenditures are broken out by function in the 2017 budget. Personnel is the largest category.



*Note- Does not include $61,450 contingency.

General Fund Expenditures: Administration

A Place to Call Home

The Administration Department provides a number of important services that facilitate city operations including: implementing council policies, human resources, customer service, communications, planning and zoning, maintenance of city records, budgeting, financial records, payroll, utility billing, bank deposits, bank reconciliations, debt management, issuance of permits, and more.

The Administration Department is made up of the City Administrator, City Clerk, Deputy City Clerk, Finance Director, and part-time Zoning Administrator. A portion of the Finance Director, City Clerk, and Deputy City Clerk salaries are paid out of the Water, Gas, and Sewer funds because they assist with the financial administration of the departments within those funds. A portion of the Public Works Director, Assistant Public Works Director, and two maintenance worker salaries are paid out of the Administration Department in the General Fund because they assist with general maintenance projects and planning of capital improvements.

The major changes in the department for 2017 are the elimination of the intern position, and the consolidation of the City Attorney and Building Inspections departments into Administration (for financial recording purposes, no changes in actual operations). The intern position was eliminated so that a part-time Code Enforcement Officer position could be added within the police department. The City Administrator, Finance Director, and City Clerk have taken on duties formerly performed by the intern (Facebook, Twitter, Website, Channel 7, and annual calendar update).

Below is the line-item budget for the Administration Department:

Administration Department				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Wages - Full Time	130,030	123,000	121,550	136,500
Wages - Part Time	21,222	35,000	39,160	15,000
Overtime	1,755	1,000	1,000	1,000
On-Call	1,323	1,755	1,755	1,755
KPERS	13,987	14,100	13,714	14,500
Health & Dental Insurance	11,144	13,500	12,474	14,000
YMCA	1,876	-	-	2,000
FICA	11,518	13,500	12,294	12,500
Association Dues	4,021	4,000	4,000	4,000
Subscriptions	419	500	500	500
Training	7,688	7,500	7,408	7,500
Licenses & Renewals	841	750	750	750
Total Personnel	**205,823**	**214,605**	**214,605**	**210,005**
Total Contractual	**145,562**	**136,715**	**136,715**	**180,000**
Total Commodities	**19,832**	**39,950**	**32,850**	**29,600**
Total Capital	**94,854**	**102,167**	**102,167**	**92,418**
Total Administration Department	**466,070**	**493,437**	**486,337**	**512,023**

General Fund Expenditures: Mayor & Council

The City of Kechi is governed by a five member city council and a mayor. The Council makes all major policy decisions for the city, like approving the annual budget, and the Mayor serves as the spokesperson. Each are elected to four year terms. The terms are staggered so that every election there are either three council members up for election or, two council members and the mayor up for election. Elections were formerly held in the spring in odd numbered years, but will be moved to November starting in 2017 because of new legislation passed by the State of Kansas. The Kechi City Council typically meets on the 2nd and 4th Thursday of every month at 7:00PM in the council meeting room at Kechi City Hall. There is a public forum at the beginning of each meeting when citizens can address the Council with any concerns, comments, or ideas they have about the city. The Mayor appoints members to the Planning Commission and the Park Board and the City Council votes on whether to approve those appointments.

The Mayor and Council Members are paid a stipend per meeting that they attend. The mayor is paid $125/meeting, the Council President is paid $75/meeting, and the remaining four Council Members are paid $50/meeting.

Personnel costs were increased for 2017 because the council has been meeting more the last few years for workshops and other special meetings.

Below is the line-item budget for the Mayor & Council Department

Mayor & City Council				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Total Personnel	**11,573**	**9,150**	**9,150**	**12,950**
Total Commodities	**483**	**2,450**	**2,450**	**2,300**
Total Mayor & City Council	**12,055**	**11,600**	**11,600**	**15,250**

General Fund Expenditures: Community Groups

Kechi provides annual funding to two community groups. The Kechi Senior/Over 55 Club and the Kechi Fair Committee. The Senior Club organizes activities for seniors in the community including general meetings, game nights, craft events, and Breakfasts at Braum's. The Kechi Fair Committee organizes a variety of community events including: the annual Easter Egg Hunt, the Kechi Fair every June, Halloween Open House, and the Santa Claus Visit. It is the Council's opinion that these groups add value to the Kechi community and therefore warrant a small amount of funding from the City.

Below is the line-item budget for the Community Groups Department.

Community Groups				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Total Over 55	**2,000**	**2,500**	**2,500**	**2,500**
Total Fair Contractuals	**4,524**	**8,780**	**3,780**	**4,850**
Total Fair Commodities	**745**	**550**	**550**	**550**
Total Community Groups	**7,269**	**11,830**	**6,830**	**7,900**

General Fund Expenditures: Facilities

The Facilities Department is overseen by the Public Works Director and is in charge of the upkeep of all city buildings and other facilities in Kechi. Kechi has four major facilities it maintains: City Hall, the Police Department Building, the Public Works Building, and the Fair Building. All these facilities are located at the same location at the corner of Kechi Road and Sioux Street. Kechi City Hall has a 1,624 sq ft. Community Room. This room has a fully equipped kitchen, tables, chairs, and free Wi-Fi. The room is available to rent on a first come first serve basis to anyone for a fee. Kechi residents pay a discounted rate. The room is often used by church groups, the Senior Club, and for family events.

For the 2017 budget the Facilities Department has absorbed the Community Center Department. This explains the increase in the budget for 2017. The community center has traditionally had a budget of $5,000 so Facilities has been increased by that much for 2017.

Below is the line-item budget for the Facilities Department.

Facilities				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Total Contractuals	**5,087**	**8,500**	**8,500**	**12,600**
Total Commodities	**4,242**	**4,050**	**4,050**	**4,950**
Total Capital	**1,267**	**-**	**-**	**-**
Total Facilities	**10,596**	**12,550**	**12,550**	**17,550**

General Fund Expenditures: Police Department

The mission of the Kechi Police Department is "to serve the citizens of Kechi with courage, integrity, and compassion; to provide professional police services with respect to individual rights and human dignity while building confidence and respect between the citizens of Kechi and their police department".

The Kechi police station is located at 105 Sioux Street, right behind Kechi City Hall. The police department consists of a police chief, three full-time officers, a police clerk, a part-time code enforcement official, and five part-time officers. The part-time officers combined make up 0.4 of an FTE. The part-time officers are also used to fill in for full-time officers who are sick or on vacation. A portion of the police clerk's salary is also paid by the Municipal Court.

There are three major changes for 2017 in the Police Department: The addition of a part-time code enforcement officer, the creation of a sergeant position, and an increase in budgeted costs for part-time police officers. The code enforcement officer will cost around $13,500 and will increase the city's presence in code enforcement throughout the city. The sergeant position is a promotional position for current employees only, it won't add any additional personnel, and it will provide for a promotion for officers to strive toward. The part-time police officer allocation is increased in 2017 to more accurately cover the amount that Kechi needs to pay part-time officers for the amount of coverage that the city expects to have.

Below is the line-item budget for the Police Department:

Police Department				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Wages - Full Time	190,940	208,000	203,083	210,000
Wages - Part Time	31,267	23,100	32,000	45,520
Overtime	168	500	500	500
On-Call	-	100	100	100
KPERS	19,862	22,000	20,674	22,000
Health Insurance	38,085	49,500	51,042	56,500
FICA	16,824	18,000	17,984	19,600
Association Dues	150	500	500	500
Subscriptions	-	100	100	100
Trainings	1,574	7,500	3,802	4,000
Total Personnel	**299,171**	**329,300**	**329,785**	**358,820**
Total Contractuals	**18,025**	**26,500**	**26,500**	**27,000**
Total Commodities	**17,305**	**25,950**	**25,950**	**27,150**
Total Capital Outlay	**26,208**	**34,643**	**34,643**	**32,266**
Total Police Department	**360,710**	**416,393**	**416,878**	**445,236**

General Fund Expenditures: Municipal Court

Kechi's Municipal Court serves as the judicial branch of the city government. All traffic and city ordinance violations are tried before the Municipal Court unless the judge dismisses the case. Kechi Municipal Court meets on the 3rd Tuesday of every month, except for December. The city contracts with a prosecutor and judge to fulfill the duties of the Court, and has a full-time police/court clerk on staff whose salary is split between the Police Department and Court.

Below is the line-item budget for the Municipal Court:

Municipal Court				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Proposal**
Wages	10,152	23,000	13,112	13,500
KPERS	655	2,000	1,335	1,500
Health & Dental Insurance		1,710	1,797	2,000
FICA	762	825	1,003	1,100
Association Dues	-	180	180	180
Subscriptions		50	50	50
Training		650	650	650
Total Personnel	**11,569**	**28,415**	**18,127**	**18,980**
Total Contactuals	**2,825**	**5,050**	**5,050**	**10,150**
Total Commodities	**-**	**200**	**200**	**200**
Total Municipal Court	**14,394**	**33,665**	**23,377**	**29,330**

General Fund Expenditures: Parks & Trees

A Place to Call Home

The City of Kechi Parks & Trees Department is advised by a Park & Tree Board that is made up of Kechi citizens. The Park & Tree Board organizes volunteer days in the park every April and October. Kechi's Parks Department consists of one park, known as Kechi Park which has a walking path, playground, benches, two covered picnic table areas, numerous trees, and a pond that is stocked with fish by the State of Kansas.

Below is the line-item budget for the Parks & Trees Department:

Parks & Trees				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Total Contractuals	**541**	**2,150**	**2,150**	**2,150**
Total Commodities	**5,307**	**10,350**	**5,600**	**10,350**
Total Capital	**-**	**2,500**	**2,250**	**2,500**
Total Parks & Trees	**5,848**	**15,000**	**10,000**	**15,000**

General Fund Expenditures: Streets & Lighting

The Street Department within the General Fund pays mostly for the cost of electricity for the street lights, and any small maintenance they may have to do on a street light or street. This department is under the supervision of Public Works. The Special Highway fund (detailed later in this document), is the primary fund used to pay for street maintenance.

Below is the line-item budget from the Streets & Lighting General Fund Department:

Streets & Lighting General Fund				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Total Contractuals	**14,207**	**13,500**	**13,500**	**14,500**
Total Commodities	**1,464**	**11,500**	**3,000**	**11,500**
Total Streets General Fund	**15,672**	**25,000**	**16,500**	**26,000**

General Fund Exp: Economic Development

A Place to Call Home

Kechi is a growing city, and the Economic Development Department is tasked with continuing that growth and promoting Kechi to prospective businesses looking to locate in town. The City Administrator oversees this department and is the primary employee tasked with executing economic development tasks. The Economic Development Department has worked on providing industrial revenue bonds and tax abatements to numerous businesses who have relocated in Kechi. The department frequently meets with prospective business owners and answers any questions they have about the city.

For 2017 the city has decreased the total Economic Development budget by $48,000 to make up for increases in the police department budget. The impact is that Kechi won't be able to pursue an additional special project or have as many resources allocated for unexpected economic development opportunities.

Below is the line-item budget for the Economic Development Department:

Economic Development				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Website	-	10,000	-	-
Advertising	-	10,000	10,000	15,000
Other Contractuals	3,500	25,000	25,000	20,000
Office Supplies	263	-	-	-
Total Business Attraction	**3,763**	**45,000**	**35,000**	**35,000**
Advertising	-	2,500	2,500	2,000
Other Contractuals	-	7,500	7,500	5,000
Total Special Projects	**-**	**10,000**	**10,000**	**7,000**
Technical Services		10,000	-	-
Advertising	1,500			-
Other Contractuals	53,423	25,000	25,000	-
Total Other Eco Devo	**54,923**	**35,000**	**25,000**	**-**
Total Economic Development	**58,686**	**90,000**	**70,000**	**42,000**

Special Funds

Special Highway Fund: Revenue

A Place to Call Home

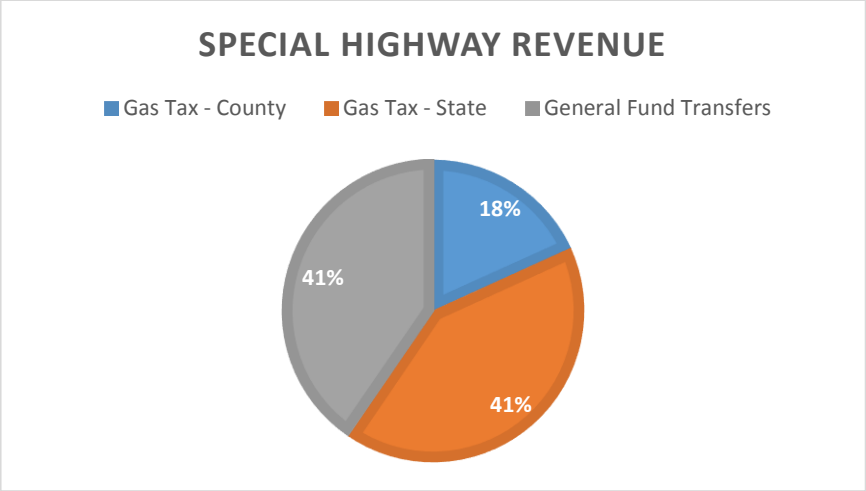
The Special Highway Fund is the primary fund used to pay for the Street Department within Public Works. The purpose of the Special Highway Fund is to maintain Kechi's roads and make repairs on a priority basis, and also provide for emergency street funding in case of a serious need. The revenues into the Special Highway Fund come from State and County fuel taxes, which are estimated each year for budget purposed by the League of Kansas Municipalities.

For 2017, the City of Kechi will begin to transfer approximately 3 property tax mill from the General Fund to the Special Highway fund every year, in order to build up reserves to pay for major street projects. The council voted to raise the city's mill levy in 2017 in order to accommodate this transfer. At the city's current pace of saving, a project can only be paid for with cash every 15 years. With the increase in the mill levy of 3 mills (about $50,400) Kechi can save for the average road project (about $300,000) every 4 years.

As can be seen below, revenues from the County and State gas taxes have stayed flat in recent years, and the City does not expect them to grow much in 2017.

Below is a line-item budget detailing the Special Highway revenues and beginning fund balance.

Special Highway Revenue				
Line Item	**2015**	**2016**	**2016**	**2017**
Revenue	**Actual**	**Budget**	**Revised**	**Budget**
Gas Tax - County	22,095	21,720	22,460	22,700
Gas Tax - State	51,797	50,850	52,000	51,440
Total Taxes	**73,892**	**72,570**	**74,460**	**74,140**
Transfer in from General Fund	-	-	-	50,400
Total Transfers	**-**	**-**	**-**	**50,400**
Total Revenue	**73,892**	**72,570**	**74,460**	**124,540**
Beginning Balance	**171,851**	**103,821**	**226,464**	**210,924**
Total Resources	**245,743**	**176,391**	**300,924**	**335,464**



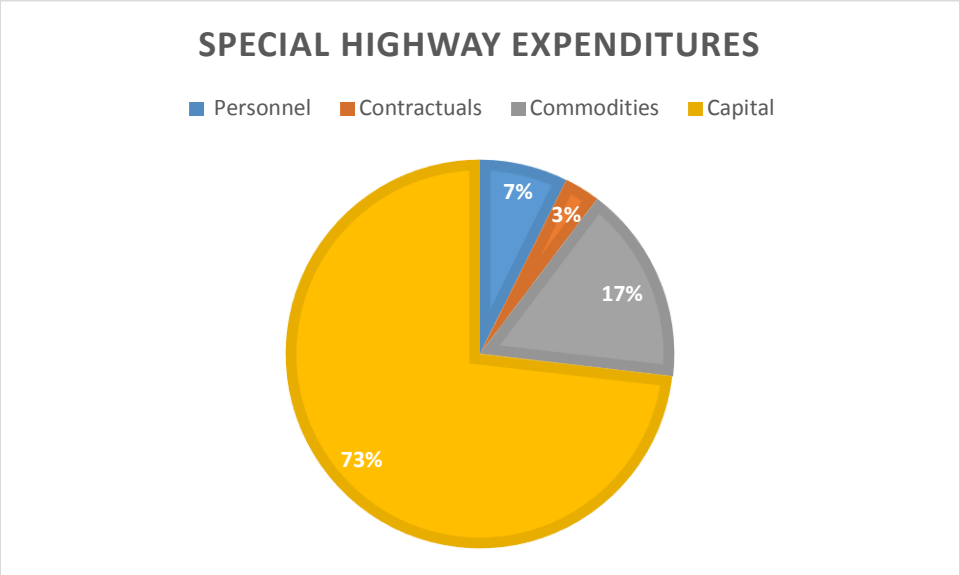
Special Highway Fund: Expenditures

A Place to Call Home

Major expenditure highlights in the Special Highway Fund includes wages for two seasonal maintenance employees to mow roadside ditches, and a possible street capital improvement project. Depending on project estimates, Kechi plans to pay for a major street repair project from the Special Highway fund in 2017. However, that project could be delayed if cost estimates come in high. The largest budgeted cost in the Special Highway Fund is for capital expenditures.

Below is the line-item budget for the Special Highway Fund.

Special Highway Expenditures				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Wages - Full Time	-	-	22,880	22,880
Overtime	591	-	-	-
KPERS	60	-	-	-
FICA	45	-	1,750	1,750
Total Personnel	**695**	**-**	**24,630**	**24,630**
Total Contractuals	**3,576**	**10,000**	**10,000**	**10,000**
Total Commodities	**15,009**	**80,000**	**55,370**	**55,370**
Total Capital	**-**	**65,000**	**-**	**245,463**
Total Expenditures	**19,280**	**155,000**	**90,000**	**335,463**
End Fund Balance	**226,464**	**21,391**	**210,924**	**1**



Bond & Interest Fund: Revenue

A Place to Call Home

The Bond & Interest Fund is used to pay off a majority of the debt issued by the City of Kechi. The only debt not paid through the Bond & Interest Fund are the lease payments the City makes through the General Fund to the Kechi Public Building Commission. More information about Kechi's debt can be found in the debt section later in this document.

Revenue projections are provided by the County Clerk annually for special assessments and other taxes levied into this fund. Transfer estimates are made based on debt service payment schedules.

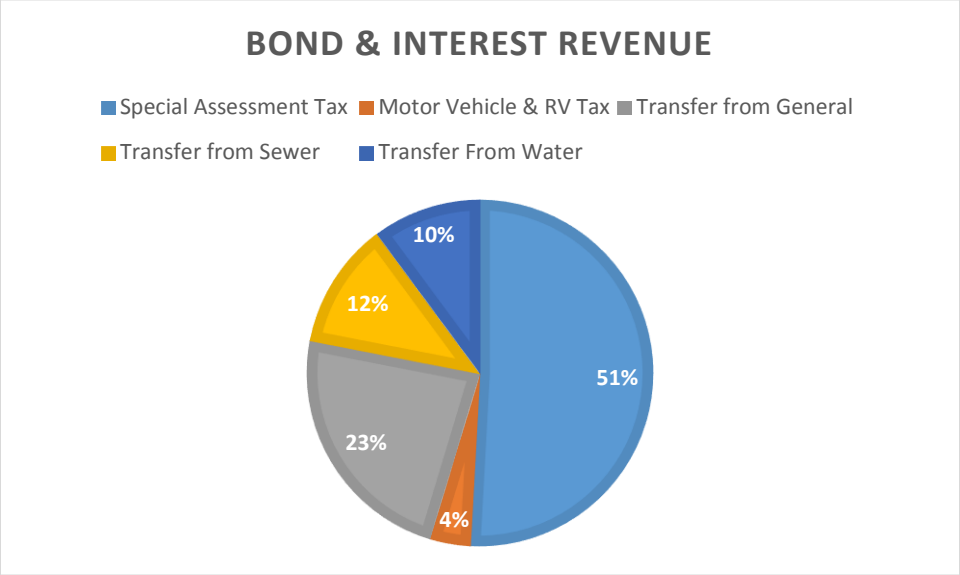
A major change for 2017 in the Bond & Interest Fund has to do with property taxes. The Bond & Interest mill levy was eliminated in order to raise the General Fund mill levy (net effect to the mill levy was zero). This was simply a management decision so that all property taxes would be collected within the General Fund. Now, the city transfers an amount from the General Fund to the Bond & Interest Fund roughly equal to the amount of property taxes that the Bond & Interest fund has historically collected.

Below is the line-item budget for Bond & Interest Revenue.

Bond & Interest Revenue				
Line Item	**2015**	**2016**	**2016**	**2017**
Revenue	**Actual**	**Budget**	**Revised**	**Budget**
Ad Valorem Tax	125,112	133,622	133,622	-
Delinquent Ad Valorem Tax	3,574	-	-	-
Special Assessment Tax	349,099	343,920	343,920	301,950
Delinquent Special Assessments	91,836	-	-	-
Personal Property Tax	1,554	-	-	-
Motor Vehicle & RV Tax	23,035	19,902	19,902	22,593
16/20M Vehicle Tax	111	97	97	-
State Assessed Utilities	5,229	5,700	-	-
Bond Proceeds	54,747	-	-	-
Transfer from General	-	-	-	138,724
Transfer from Sewer	60,000	60,000	60,000	70,000
Transfer from Water Reserve	51,931	60,355	60,355	-
Transfer from Sewer Reserve	13,832	14,432	14,432	-
Transfer From Water	-	-	-	60,355
Total Revenue	**780,061**	**638,028**	**632,328**	**593,622**
Beginning Balance	**6,655**	**1,758**	**35,180**	**43,358**
Total Resources	**786,716**	**639,786**	**667,508**	**636,980**

Bond & Interest Fund: Revenue

The majority of Kechi's debt is paid through special assessments. Which are special taxes levied against properties that directly benefit from improvements like streets, water lines, sewer lines, etc. The second largest revenue sources is the transfer from the General Fund, which is the amount of property taxes that would have been levied into the Bond & Interest Fund had the Bond & Interest mill levy not been combined with the General Fund Mill levy.



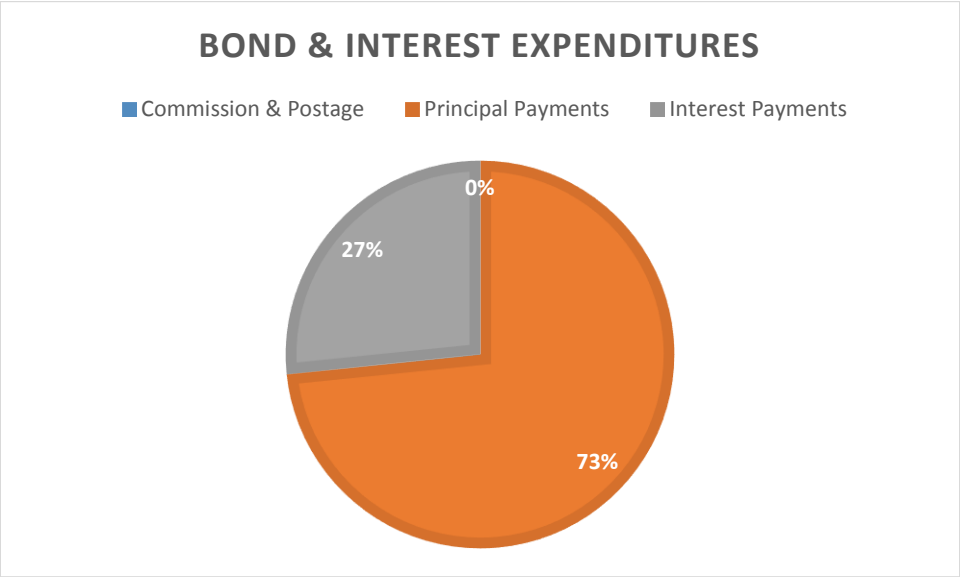
Bond & Interest Fund: Expenditures

The expenditures in the Bond & Interest Fund are for the repayment of city issued debt. The majority of the payments go toward principal and the rest of the expenditures are for interest on the debt. More detailed information on Kechi's indebtedness can be found in the debt section later in this document.

Below is the line-item budget for the Bond & Interest Fund.

Bond & Interest Expenditures				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Commission & Postage	-	25	25	25
Principal Payments	480,000	430,000	445,000	460,000
Interest Payments	222,920	207,786	179,125	166,855
Cost of Issuance	48,616	-	-	-
Total Expenditures	**751,536**	**637,811**	**624,150**	**626,880**
End Fund Balance	**35,180**	**1,975**	**43,358**	**10,100**

As seen below the majority of expenditures in the Bond & Interest fund go toward principal payments on debt (73%).



Proprietary Funds

Proprietary Funds

Proprietary funds are funds that support activities that receive significant revenue from user fees and charges. Proprietary funds are used for departments that perform "business" like activities. Kechi's five municipal utilities are as follows: Water, Sewer, Gas, Solid Waste, and Stormwater. Each of these departments is under the larger umbrella department of Public Works.

Water Fund

Water Department

The Water Fund is used to pay for the operations of the Water Department (part of Public Works), which is tasked with providing safe and reliable drinking water to Kechi residents. The Water Department is overseen by the Public Works Director. The Assistant Public Works Director and the city's two maintenance workers assist the Public Works Director with performing all field work for the Water Department. The Water Department tests Kechi's water quality daily, reads water meters, replaces water lines, fixes water main breaks, and performs water service hookups.

Kechi buys all of its water from the City of Wichita at a wholesale rate and resells that water to Kechi customers. Kechi owns, operates, and maintains all the water lines and other infrastructure used to deliver water to customers inside Kechi City limits, and some customers outside of city limits.

Kechi's three largest water customers are listed in the chart below.

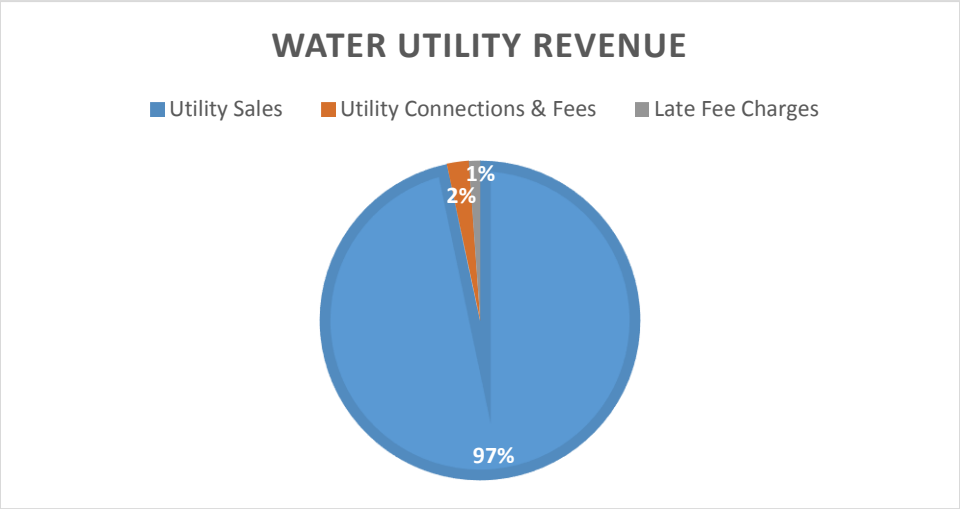
Water	Gallons	% of Total Usage in City
Kechi Kar Wash	935,000	2.1%
Valley Floral	782,000	1.7%
Chisholm Creek Kennels	422,000	0.9%

Water Fund: Revenues

The water fund is primarily supported by water utility sales which consist of fees based on usage. Water connection fees charged to properties that want to hook onto Kechi's water service, also provide revenue. The water utility sales are estimated based on historical consumption per customer, customer growth rates, and any changes in Kechi's water rates.

Below is the line-item budget for Water Fund revenue.

Water Utility Revenue				
Line Item	**2015**	**2016**	**2016**	**2017**
Revenue	**Actual**	**Budget**	**Revised**	**Budget**
Reimbursements	3,222	-	-	-
Refunds	58	-	-	-
Utility Sales	369,122	500,000	431,690	440,410
Utility Connections & Fees	18,170	5,000	12,000	10,000
Reconnect Fees	1,265	-	-	-
Late Fee Charges	4,749	5,000	5,000	5,000
Total Revenue	**396,585**	**510,000**	**448,690**	**455,410**
Beginning Balance	**226,432**	**104,621**	**166,040**	**175,273**
Total Resources	**623,017**	**614,621**	**614,730**	**630,683**

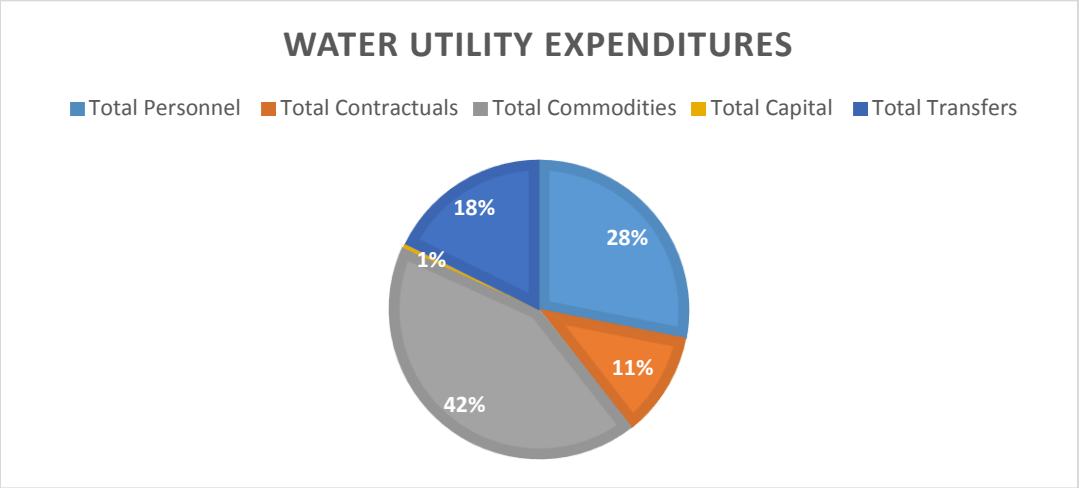


Water Fund: Expenditures

A Place to Call Home

The Water Fund's largest expenditure is for purchasing water for resale from the City of Wichita. The second largest expenditure is for personnel; the Water Fund pays a portion of the salary expenses for the Public Works Director, Assistant Public Works Director, two Maintenance Workers, City Clerk, Assistant City Clerk, and Finance Director.

Water Utility Expenditures				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Wages - Full Time	96,993	92,000	102,856	105,500
Overtime	3,385	1,000	1,000	1,000
On-Call Time	-	2,200	2,200	2,200
KPERS	10,446	10,000	10,471	11,000
Health Insurance	19,459	23,000	23,013	26,000
YMCA	121	-	-	-
FICA	7,339	7,100	7,868	8,500
Association Dues	627	-	-	-
Training	5,035	4,000	4,210	4,000
Total Personnel	**143,407**	**139,300**	**151,618**	**158,200**
Total Contractuals	**11,579**	**36,000**	**15,929**	**63,796**
Total Commodities	**187,783**	**299,000**	**166,564**	**238,750**
Total Capital	**14,208**	**2,000**	**5,346**	**2,500**
Transfer to Water Reserve	75,000	75,000	75,000	14,645
Transfer to Equipment Reserve	15,000	15,000	15,000	15,000
Transfer to Capital Improvement Reserve	10,000	10,000	10,000	10,000
Transfer to Bond & Interest	-	-	-	60,355
Total Transfers	**100,000**	**100,000**	**100,000**	**100,000**
Total Expenditures	**456,977**	**576,300**	**439,457**	**563,246**
End Fund Balance	**166,040**	**38,321**	**175,273**	**67,437**



Sewer Fund: Revenue

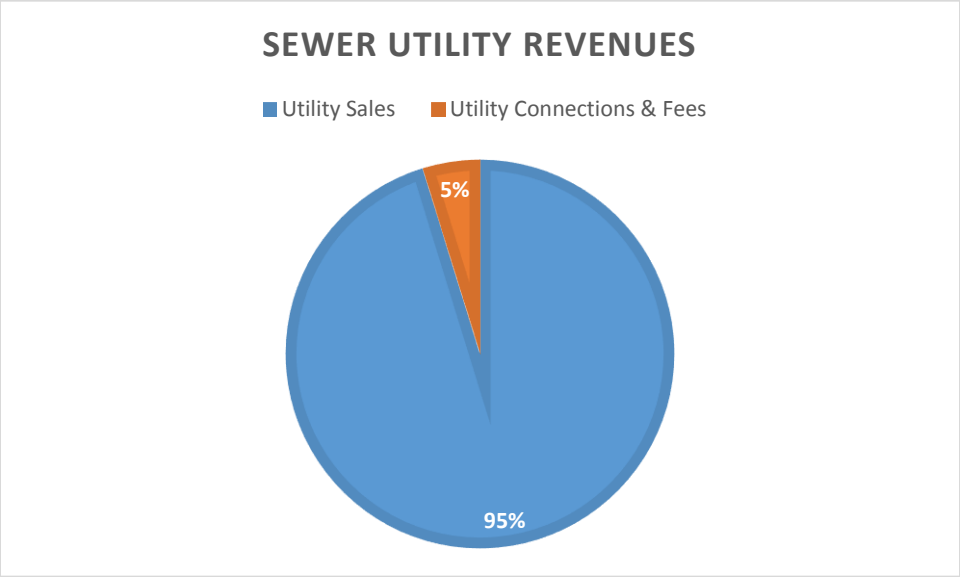
Sewer Department

The Sewer Fund is used to track the finances of the Sewer Department (part of the Public Works Department). The Sewer Department is tasked with operating and maintaining the city's sewage infrastructure in order to provide reliable disposal of all sewage from wastewater customers. The City of Kechi is a wholesale sewer customer of the City of Wichita, which means Kechi pays Wichita to treat all of Kechi's sewage, instead of Kechi building and operating a sewage plant in Kechi.

Sewer Fund revenues come mostly from utility sales. The utility sales consist of user fees that are charged to residents for an entire year based on the previous years "winter average" water usage. So each customer's consumption is recalculated every March. Sewer revenues are estimated based on historical revenue per customer, customer growth, and any adjustments made to sewer rates.

Below is the line-item budget for Sewer Fund revenue.

Sewer Utility Revenues				
Line Item	**2015**	**2016**	**2016**	**2017**
Revenue	**Actual**	**Budget**	**Revised**	**Budget**
Utility Sales	239,690	250,000	251,256	240,000
Utility Connections & Fees	22,750	6,000	12,000	12,000
Late Fee Charges	2,963	-	1,617	-
Total Revenue	**265,403**	**256,000**	**264,873**	**252,000**
Beginning Balance	**145,550**	**117,392**	**147,508**	**137,831**
Total Resources	**410,953**	**373,392**	**412,381**	**389,831**

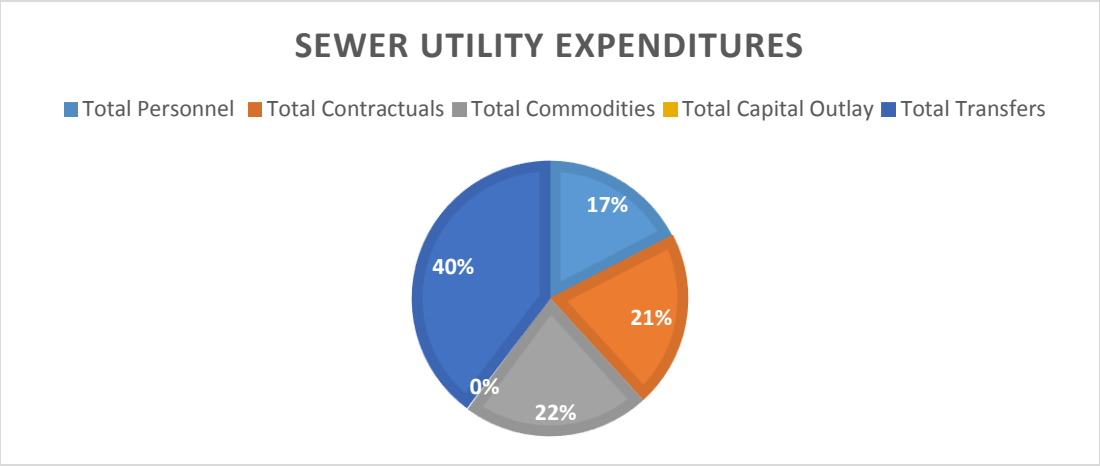


Sewer Fund: Expenditures

A Place to Call Home

The Sewer Fund's largest expenditure is for transfers out of the fund. The transfers are primarily to the Sewer Reserve, and also to the Bond & Interest Fund to pay off debt used to put in sewer lines. The second largest budgeted expenditure is for items for resale purchased from the City of Wichita. The item for resale is how much sewage Kechi sends to Wichita through our sewer lines. Personnel costs also make up a significant amount of the Sewer Fund budget. The Sewer Fund pays a portion of the wages for the Public Works Director, Assistant Public Works Director, two Maintenance Workers, City Clerk, Deputy City Clerk, and Finance Director.

Sewer Utility Expenditures				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Wages - Full Time	33,630	37,500	37,500	38,000
Overtime	412	500	500	500
KPERS	3,540	4,000	4,000	4,000
Health Insurance	9,409	11,500	11,500	11,500
YMCA	45	-	-	-
FICA	2,514	3,000	3,000	3,000
Training	-	250	250	-
Total Personnel	**49,551**	**56,750**	**56,750**	**57,000**
Total Contractuals	**23,429**	**32,500**	**30,597**	**68,109**
Total Commodities	**60,465**	**77,500**	**57,203**	**71,650**
Total Capital Outlay	**-**	**3,000**	**-**	**500**
Transfer to Bond & Interest	60,000	60,000	60,000	70,000
Transfer to Sewer Reserve	60,000	60,000	60,000	50,000
Transfer to Equipment Reserve	5,000	5,000	5,000	5,000
Transfer to Capital Improvement	5,000	5,000	5,000	5,000
Total Transfers	**130,000**	**130,000**	**130,000**	**130,000**
Total Expenditures	**263,445**	**299,750**	**274,550**	**327,259**
End Fund Balance	**147,508**	**73,642**	**137,831**	**62,572**



Gas Fund

Gas Department

Kechi owns and operates its own municipal gas utility. The Gas Department (part of the Public Works Department) is tasked with maintaining the utility's infrastructure, operations, and ensuring all customers receive quality service. Kechi contracts with Kansas Municipal Gas to buy gas commodities year-round in order to keep winter gas rates as low as possible. This is done by buying more gas than is needed in the summer months at lower prices, and then using that gas in the winter when demand is higher.

Below is a list of Kechi's three largest gas customers. The top three customers make up 11.9% of total gas usage in Kechi.

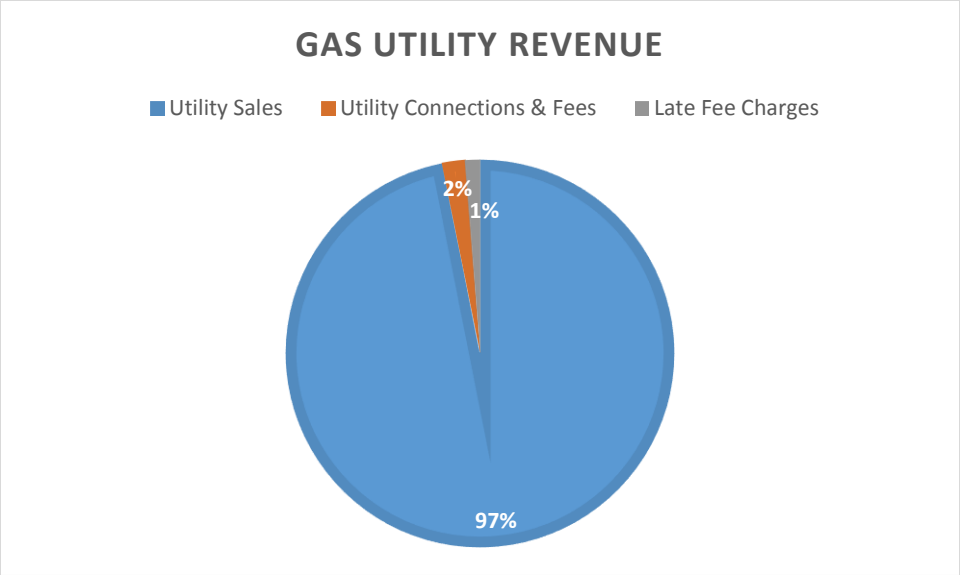
Gas	Cubic Feet	% of Total Usage in City
Karg Art Glass	2,260,000	6.1%
Valley Floral	1,743,000	4.7%
Northside Bible Chapel	407,000	1.1%

Gas Fund: Revenues

Gas Fund revenues are primarily made up of utility sales. Utility sales are based on how much gas customers use, which they are then charged for based on Kechi's fee schedule. Many factors impact utility sales, but weather is by far the most influential factor. If there is a warm winter, customers won't need to heat their houses as much and therefore revenues will be lower, but if there is a long and cold winter, usage will be high and so will revenues. The unpredictability of Kansas weather makes revenues very difficult to predict. Connection fees also bring in some revenue for the fund, and are charged when new users want to begin service or connect their property to the gas utility. Utility sales are estimated based on historical usage over the last three years and any significant changes in gas prices.

Below is the line-item budget for Gas Fund revenue.

Gas Utility Revenue				
Line Item	**2015**	**2016**	**2016**	**2017**
Revenues	**Actual**	**Budget**	**Revised**	**Budget**
Utility Sales	352,354	500,000	436,316	500,000
Utility Connections & Fees	9,900	5,000	11,606	10,000
Sales Tax	4,959	8,000	3,000	
Late Fee Charges	4,104	6,000	3,000	6,000
NSF Fee	186	60	-	-
Total Revenue	**371,503**	**519,060**	**453,922**	**516,000**
Beginning Balance	**68,611**	**41,522**	**71,144**	**119,862**
Total Resources	**440,114**	**560,582**	**525,066**	**635,862**



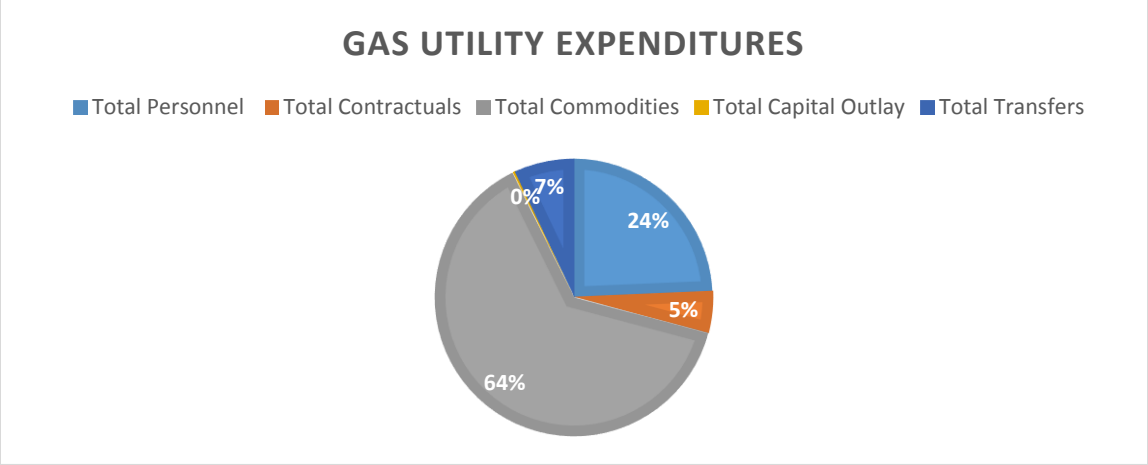
Gas Fund: Expenditures

A Place to Call Home

Items for Resale, the gas Kechi buys to resell to customers, is the largest and most volatile expenditure in the Gas Fund. The second largest expenditure is for personnel. The Gas Fund pays a portion of the salaries for the Public Works Director, Assistant Public Works Director, two Maintenance Workers, City Clerk, Assistant City Clerk, and Finance Director.

Below is the line-item budget for Gas Fund expenditures.

Gas Utility Expenditures				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Wages - Full Time	81,688	104,000	90,525	93,000
Overtime	1,775	1,000	-	1,000
On-Call	-	2,410	-	2,410
KPERS	8,678	11,000	9,215	10,000
Health Insurance	20,909	25,000	21,356	24,000
YMCA	142	-	-	-
FICA	6,112	8,000	6,925	7,500
Training	2,573	4,000	2,358	3,000
Total Personnel	**121,876**	**155,410**	**130,379**	**140,910**
Total Contractuals	**16,283**	**25,000**	**18,228**	**27,794**
Total Commodities	**189,410**	**365,250**	**254,850**	**368,250**
Total Capital Outlay	**1,401**	**2,750**	**1,747**	**2,250**
Transfer to Gas Reserve	20,000	-	-	20,000
Transfer to Equipment Reserve	10,000	-	-	10,000
Transfer to Capital Improvement Reserve	10,000	-	-	10,000
Total Transfers	**40,000**	**-**	**-**	**40,000**
Total Expenditures	**368,970**	**548,410**	**405,204**	**579,204**
End Fund Balance	**71,144**	**12,172**	**119,862**	**56,658**



Solid Waste/Recycling Fund

A Place to Call Home

Solid Waste Department

The City of Kechi has a contract with Waste Connection to provide trash and recycling service to residents. The contract is not exclusive for trash service, meaning residents could find another company to pick up their trash if they wanted to, but the contract is exclusive for recycling service, meaning that only Waste Collections can collect recycling items in Kechi. Waste Connections offers customers in Kechi a discounted rate from other cities because the City of Kechi does the billing for the utility. Waste Connection rates in Kechi are $12.50/month for trash service, and $4.25/month for recycling. Major changes for 2017 include beginning to pay for 5% of the Utility Billing Clerk's salary out of the Solid Waste fund, and for a portion of postage due to the number of bills sent out.

Below are the line-item budgets for Solid Waste Fund revenues and expenditures.

Solid Waste/Recycle Utility Revenues				
Line Item	**2015**	**2016**	**2016**	**2017**
Revenue	**Actual**	**Budget**	**Revised**	**Budget**
Solid Waste Utility Sales	91,801	90,000	91,500	90,000
SW Late Fee Charges	1,204	-	500	500
Recycle Utility Sales	35,136	45,000	35,000	35,000
Recycle Late Fee Charges	470	-	500	500
Total SW/Recy. Revenue	**128,611**	**135,000**	**127,500**	**126,000**
Beginning Balance	**17,221**	**29,328**	**18,321**	**20,821**
Total Resources	**145,832**	**164,328**	**145,821**	**146,821**

Solid Waste/Recycle Utility Expenditures				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Wages - Full Time	-	-	-	1,850
Overtime	-	-	-	50
KPERS	-	-	-	200
FICA	-	-	-	200
Total Personnel	-	-	-	**2,300**
Postage	-	-	-	2,000
Refunds	103	-	-	-
Solid Waste Service	93,966	90,000	90,000	90,000
Recycle Service	33,443	45,000	35,000	35,000
Total Commodities	**127,511**	**135,000**	**125,000**	**127,000**
Total Expenditures	**127,511**	**135,000**	**125,000**	**129,300**
End Fund Balance	**18,321**	**29,328**	**20,821**	**17,521**

Stormwater Utility Fund

A Place to Call Home

Stormwater Department

The Kechi City Council will create a Stormwater Utility for 2017. This utility will charge a stormwater fee to all properties in order to accumulate funds to use specifically for the growing stormwater related costs that the city has begun to pay for in recent years. Most recently the State of Kansas has required Kechi to pay for water testing at two separate locations within city limits after every rainfall. Along with that, the city has been told in future years the State may begin requiring more stormwater management measures, like street sweeping and capital improvements. In order to pay for Kechi's current stormwater costs which include testing of runoff and capital improvements for drainage, a new revenue source was needed. Kechi's stormwater fee will be charged by equivalent residential unit (ERU's are the average square feet of impervious surface on a residential property in Kechi) to every property. Each residential property will be charged for 1 ERU, and commercial properties will be charged based on the number of ERU's worth of impervious surface they have on their properties. The fee per ERU has yet to be determined by the City Council.

Below are the line-item budgets for Stormwater Fund revenues and expenditures.

Stormwater Utility Revenue				
Line Item	**2015**	**2016**	**2016**	**2017**
Revenues	**Actual**	**Budget**	**Revised**	**Budget**
Utility Sales	-	-	-	25,000
Total Revenue	**-**	**-**	**-**	**25,000**
Beginning Balance	**-**	**-**	**-**	-
Total Resources	**-**	**-**	**-**	**25,000**

Stormwater Utility Expenditures				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Technical Services	-	-	-	10,000
Total Expenditures	**-**	**-**	**-**	**10,000**
End Fund Balance	**-**	**-**	**-**	**15,000**

Unbudgeted Reserve Funds

Capital Reserve Fund

A Place to Call Home

According to Kansas Law the Capital Reserve Fund is actually an "unbudgeted" fund. The City Council does not need to set a budget authority amount for the upcoming fiscal year during the budget process. That means that the number listed below in the expenditures section is not a binding limit to the city. Cities are allowed to spend up to whatever the balance of the fund is at all times.

The Capital Reserve Fund is primarily used to pay for capital expenditures on a pay-as-you go basis (cash). The Capital Reserve Fund is used as one of the primary funding sources for the City's Capital Improvement Plan, mostly for improvements to current capital assets. The CIP is explained in more detail in another section of this document.

Revenues for the Capital Reserve Fund come exclusively from transfers from other funds, primarily the Water, Sewer, and Gas Funds. These revenues are estimated based on the needs identified in the Capital Improvement Plan, and based on what the City has historically transferred into the fund.

Below are the line-item budgets for Capital Reserve Fund revenues and expenditures.

Capital Reserve Revenue				
Line Item	**2015**	**2016**	**2016**	**2017**
Revenue	**Actual**	**Budget**	**Revised**	**Budget**
Transfer from Sewer	5,000	5,000	5,000	5,000
Transfer from Water	10,000	10,000	10,000	10,000
Transfer from Gas	10,000	-	-	10,000
Total Transfers	**25,000**	**15,000**	**15,000**	**25,000**
Total Revenue	**25,000**	**15,000**	**15,000**	**25,000**
Beginning Balance	**132,929**	**105,929**	**112,532**	**110,929**
Total Resources	**157,929**	**120,929**	**127,532**	**135,929**

The expenditures are based on projects identified while creating the Capital Improvement Plan.

Capital Improvement Expenditures				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Capital Improvement Plan Projects	45,397	10,000	10,000	15,000
Total Capital	**45,397**	**10,000**	**10,000**	**15,000**
Total Expenditures	**45,397**	**10,000**	**10,000**	**15,000**
End Fund Balance	**112,532**	**110,929**	**117,532**	**120,929**

Equipment Reserve Fund

A Place to Call Home

According to Kansas Law the Equipment Reserve Fund is an "unbudgeted" fund. Which means that the City Council does not need to set a budget authority amount for the upcoming fiscal year during the budget process. The number listed below in the expenditures section is not a binding limit to the city. Cities are allowed to spend up to whatever the balance of the fund is at all times.

The Equipment Reserve is Kechi's savings account for large equipment like: trucks, police vehicles, and other light machinery. The revenues are exclusively from transfers. Currently the transfers come from the Water, Sewer, and Gas funds. These revenues are projected based on future equipment needs, the demands on the funds where transfers may come from, and what the City has done historically.

Below are the line-item budgets for the Equipment Reserve Fund revenues and expenditures.

Equipment Reserve Revenue				
Line Item	**2015**	**2016**	**2016**	**2017**
Revenue	**Actual**	**Budget**	**Revised**	**Budget**
Transfer from Sewer	5,000	5,000	5,000	5,000
Transfer from Water	15,000	15,000	15,000	15,000
Transfer from Gas	10,000	-	-	10,000
Total Revenue	**30,000**	**20,000**	**20,000**	**30,000**
Beginning Balance	**80,019**	**47,519**	**64,800**	**17,519**
Total Resources	**110,019**	**67,519**	**84,800**	**47,519**

The expenditures for the Equipment Reserve Fund are determined during the budget process when department heads make requests for new equipment they believe is needed for their departments to function. These requests are vetted by the City Administrator and City Council.

Equipment Reserve Expenditures				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Total Capital	**45,219**	**50,000**	**50,000**	**25,000**
Total Expenditures	**45,219**	**50,000**	**50,000**	**25,000**
End Fund Balance	**64,800**	**17,519**	**34,800**	**22,519**

Water Reserve Fund

As stated previously the Water Reserve is an “unbudgeted” fund, which means the Council does not set a budget authority limit during the budget cycle. The Water Reserve is used as a savings account for the Water Fund. The revenues for this fund all come from transfers out of the Water Fund, which are determined based on the needs of the Water Fund and the financial condition of the Water Fund.

Below are the line-item budgets for Water Reserve Fund revenues and expenditures.

Water Reserve Revenue				
Line Item	**2015**	**2016**	**2016**	**2017**
Revenue	**Actual**	**Budget**	**Revised**	**Budget**
Transfer from Water	75,000	75,000	75,000	14,645
Total Revenue	**75,000**	**75,000**	**75,000**	**14,645**
Beginning Balance	**195,756**	**206,825**	**218,825**	**208,470**
Total Resources	**270,756**	**281,825**	**293,825**	**223,115**

Water reserve fund expenditures are primarily made for capital expenditures related to the Water Department.

Water Reserve Expenditures				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Replace 4" Kechi rd pipe design	-	-	-	75,000
Fire Hydrants	-	-		12,000
Water System Model & Master Plan	-	25,000	25,000	-
Transfer to Bond & Interest	51,931	60,355	60,355	-
Total Expenditures	**51,931**	**85,355**	**85,355**	**87,000**
End Fund Balance	**218,825**	**196,470**	**208,470**	**136,115**

Sewer Reserve Fund

A Place to Call Home

As stated previously the Sewer Reserve is an "unbudgeted" fund, which means the Council does not set a budget authority limit during the budget cycle. The Sewer Reserve Fund serves as the savings account for the sewer utility. The reserve fund is primarily used to pay for large capital projects within the sewer fund.

Revenues are projected based on bond & interest payment requirements and historical transfers from the Sewer Fund.

Below are the line-item budgets for Sewer Reserve Fund revenues and expenditures.

Sewer Reserve Revenues				
Line Item	**2015**	**2016**	**2016**	**2017**
Revenues	**Actual**	**Budget**	**Revised**	**Budget**
Transfer from Sewer	60,000	60,000	60,000	50,000
Total Revenue	**60,000**	**60,000**	**60,000**	**50,000**
Beginning Balance	**117,603**	**198,771**	**163,771**	**203,839**
Total Resources	**177,603**	**258,771**	**223,771**	**253,839**

The major expenditures are capital expenditures for sewer line rehabilitations.

Sewer Reserve Expenditures				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Capital Improvement Projects	-	5,500	5,500	150,000
Transfer to Bond & Interest	13,832	14,432	14,432	-
Total Expenditures	**13,832**	**19,932**	**19,932**	**150,000**
End Fund Balance	**163,771**	**238,839**	**203,839**	**103,839**

Gas Reserve Fund

A Place to Call Home

As stated previously the Gas Reserve is an "unbudgeted" fund, which means the Council does not set a budget authority limit during the budget cycle. The Gas Reserve Fund is used to pay for capital improvement projects within the gas fund that are either planned or emergencies. The revenue for this fund is estimated based on capital needs and historical transfers from the Gas Fund.

For 2017 Kechi plans to resume transferring $20,000 a year from the Gas Fund to the Gas Reserve after suspending transfers in 2016.

Below are the line-item budgets for the Gas Reserve Fund revenues and expenditures.

Gas Reserve Revenues				
Line Item	**2015**	**2016**	**2016**	**2017**
Revenue	**Actual**	**Budget**	**Revised**	**Budget**
Transfer from Gas	20,000	-	-	20,000
Total Revenue	**20,000**	**-**	**-**	**20,000**
Beginning Balance	**94,156**	**64,156**	**114,156**	**64,156**
Total Resources	**114,156**	**64,156**	**114,156**	**84,156**

Gas Reserve Expenditures				
Line Item	**2015**	**2016**	**2016**	**2017**
Expenditures	**Actual**	**Budget**	**Revised**	**Budget**
Replace Gas Lines	-	50,000	50,000	50,000
Total Expenditures	-	**50,000**	**50,000**	**50,000**
End Fund Balance	**114,156**	**14,156**	**64,156**	**34,156**

Capital Expenditures

Capital Expenditures

Kechi defines capital expenditures as any significant physical acquisition, construction, engineering study, replacement, or improvement to a city department or service that costs over $10,000 and has a useful life of at least 10 years. In the operating budgets for each fund, capital expenditures were included in the capital outlay portion of the expenditure budgets. Below is a list of nonrecurring capital expenditures for 2017, their total cost, and descriptions of each capital expenditure.

Nonrecurring Capital Expenditures in 2017 Budget

Project	Description	Cost	Funding Source
Refinish Community Room Floors	The community room floors are in need of updating. Over the last decade they have received considerable wear and tear from tables and chairs being dragged along the floor.	10,000	Capital Improvement Reserve
Tigua Construction Phase 2	This project will have no 2017 budget impact on Kechi. Kechi will use temporary financing to pay for the project, however the State of Kansas will reimburse the City for all construction costs. Which means in 2018 Kechi will only have to pay for the costs of issuing the temporary note. This project will connect Tigua Street between Woodlawn and Rock Roads. It will provide access to commercial properties and State of Kansas facilities along Tigua from Woodlawn.	0	Temporary Note/State Reimbursement
Major Street Project	Kechi will complete a street survey in 2016 that will identify high priority street projects. From this survey, Kechi will complete a project to be paid with cash from the Special Highway fund.	300,000	Special Highway Fund
Master Drainage Plan	This plan will help the city identify problem drainage areas, future capital projects, and develop a plan for how future development can address the drainage issues they create in a unified way.	30,000	Capital Improvement Reserve
Design of Waterline Replacement along 61st Street	The 4 inch water line that runs along 61st street and through the oldest portions of downtown Kechi has reached the end of its useful life and needs to be replaced. This project will pay for the engineering and design of the replacement.	75,000	Water Reserve
Rehabilitate Phase 1 Point Repairs	Downtown Kechi has old clay sewage pipes. This project will line the pipes with plastic and substantially increase their useful life.	150,000	Sewer Reserve
Arts & Business District Master Plan	This plan will develop an outline for future development in the downtown area. It will define an Arts & Business district and create recommendations on zoning, codes, incentives, and projects that need to take place to ensure the area develops how the city wants it to.	20,000	General Fund
Total Nonrecurring Capital Costs		**585,000**	

Capital Improvement Plan

The Capital Improvement Plan (CIP) provides an overall capital expenditure prioritization and financing guide for the City of Kechi over a 5 year period. The plan is formed during the budget process based on identified needs, available financing, and City Council priorities. The CIP is a living document, and projects can change based on new priorities, needs, urgency, or available funding at any time.

CAPITAL IMPROVEMENT PROGRAM								
2016 - 2021								
	2016	2017	2018	2019	2020	2021	COST	FUNDING SOURCE
ADMINISTRATION								
Refinish Community Room Floors		X					10,000	Capital Reserve
ID Signs for Public Buildings			X				15,000	Capital Reserve
Paint City Buildings Exterior				X			5,000	Capital Reserve
Renovate Council Room					X		10,000	Capital Reserve
							45,000	**Total Administration**
STREETS AND HIGHWAYS								
Tiqua Road Design	X						162,500	Specials/State
Tigua project Woodlawn portion	X						25,000	Streets/GF Street
Tigua Construction Phase 1	X						700,000	Temp/State
Tigua Construction Phase 2		X					1,300,000	Temp/State
Cash Reserve project TBD- Street Survey		X					300,000	Street Reserve
Kechi Road and Oliver Street Design					X		115,000	TBD
Kechi Road and Oliver Street Construction						X	1,316,000	TBD
Cash Reserve project TBD- Street Survey						X	300,000	Street Reserve
							4,218,500	**Total Streets**
STORMWATER								
Master Drainage Plan		X					30,000	CIP
							30,000	**Total Stormwater**
WATER UTILITY								
Install Fire Hydrants (Hillside & 53rd, Hillside & 61st)	X						12,000	Water Reserve
Replace 4'' Transite Pipe (Kechi Road) Design		X					75,000	Water Reserve
Replace 4'' Transite Pipe Construction			X				900,000	Bond
							987,000	**Total Water**
SEWER UTILITY								
Rehabilitate Phase 1 Point Repairs		X					150,000	Sewer Reserve
Rehabilitate Phase 2					X		250,000	Sewer Reserve
Rehabilitate Phase 3 Manhole							220,000	TBD
							620,000	**Total Sewer**
GAS UTILITY								
Move Gas Lines at Hillside	X						50,000	Gas Reserve
							50,000	**Total Gas**

Debt Obligations

Current Debt Obligations

The City of Kechi received an A+ bond rating from Standard & Poor's for its most recent bond issue.

Current Debt Obligations

Kechi's current indebtedness is outlined below. Most of the city's debt consists of general obligation bonds. The city is also required to make lease payments to the Kechi Public Building Commission for debt related to the construction of City Hall and the Police Station.

Statement of Indebtedness									
						Due 2016		Due 2017	
Type of Debt	**Purpose**	**Date of Issue**	**Maturity**	**Amount Issued**	**Outstanding 1/1/2016**	**Interest**	**Principal**	**Interest**	**Principal**
General Obligation:									
Series A 2007	Northwoods and Snowbird	5/15/2007	11/1/2027	1,496,077	1,020,000	43,830	75,000	40,943	80,000
Series B 2008	Northwoods phase 2	9/15/2008	9/15/2028	575,000	460,000	20,180	25,000	19,242	25,000
Series A 2010	Northwoods phase 2	8/18/2010	9/1/2018	1,540,000	365,000	11,876	120,000	8,276	120,000
Series A 2011	RockPointe and Northpoint	11/22/2011	9/1/2032	2,040,000	1,890,000	65,420	75,000	63,546	80,000
Series 2015	Refunding of 2006 bond for Northridge & Oliver Water. Also Refunding of 2008 sewer bond.	9/15/2015	9/1/2028	1,675,000	1,675,000	37,820	150,000	34,850	155,000
Total G.O. Bonds					**5,410,000**	**179,126**	**445,000**	**166,857**	**460,000**
Public Building Commission:									
PBC Series 2005	Police Station	11/15/2005	11/1/2026	300,000	200,000	9,693	15,000	9,033	15,000
PBC Series 2010	Refunding PBC bond for City Hall	1/13/2010	8/1/2024	745,000	505,000	21,668	50,000	19,918	50,000
Total PBC Bonds					**705,000**	**31,360**	**65,000**	**28,950**	**65,000**
Temporary Notes:									
Series A 2016	Petitioned water line	6/1/2016	9/1/2018	185,000	0	0	0	4,625	0
Total Temp Notes					**0**	**0**	**0**	**4,625**	**0**
Total Indebtedness					**6,115,000**	**210,486**	**510,000**	**200,432**	**525,000**

Current Debt Obligations

Debt Limit

State law, KSA 10-301 sets a debt limit for Kansas municipalities. The law states that bonded debt for cities is not to exceed 30% of tangible assessed valuation within the jurisdiction. Assessed value for the purpose of establishing the debt limit includes the value assigned to motor vehicles (which are not included in the assessed valuation used to assign the property tax mill levy). The following debt is exempt from the debt limit calculation according to KSA 10-308, and 10-309:

- Bonds issued by any city for the purpose of acquiring, enlarging, or improving any storm or sanitary sewer system.
- Bonds issued by any city for the purpose of acquiring, enlarging, extending, or improving any municipal utility.
- Bonds issued by any city to pay for the cost of improvements to intersections or streets and alleys for that portion of any street immediately in front of city or school district property.
- Public Building Commission debt.
- Refunding bonds.

Below is the statutory debt limit calculation performed by the city's bond counsel, Tirpplet Woolf & Garretson LLC at the time of Kechi's last major bond issue in 2015. Kechi has not surpassed the statutory debt limit.

Debt Limit Calculation 2016				
Assessed Tangible Valuation of Taxable Tangible Property				$16,007,306
Taxable Value of Motor Vehicles				$3,011,328
Assessed Tangible Valuation for Debt Limit Computation				$19,018,634
Debt Limit Ratio				30%
Debt Limit				$5,705,590
General Obligation Bonds	Exempt %	Outstanding	Amount Exempt	
Series A, 2007	81.87%	1,090,000	892,383	
Series B, 2008	61.53%	460,000	283,038	
Series A, 2010	73.07%	365,000	266,706	
Series A, 2011	85.20%	1,890,000	1,610,280	
Series 2015	100.00%	1,675,000	1,675,000	
Total Outstanding Debt Subject to Debt Limit				($752,594)
Debt Authority Remaining: September 15, 2015				$6,458,184

Current Debt Obligations

Impact of Debt on 2017 Budget

The 2017 budget includes debt obligations in the Bond & Interest Fund and the General Fund.

Debt Obligations by Fund						
	2016			2017		
Fund	**Principal**	**Interest**	**Total**	**Principal**	**Interest**	**Total**
Bond & Interest	445,000	179,125	624,125	460,000	166,855	626,855
General	65,000	31,360	96,360	65,000	28,950	93,950
Total Debt Service	510,000	210,485	720,485	525,000	195,805	720,805

- Bond & Interest payments are for special improvement districts (paid for mostly by special assessments), and city wide improvements including water and sewer line improvements. The bond and interest fund receives transfers from the water, sewer, and general fund to pay for the portions of debt not secured by special assessments.
- General Fund payments are to Kechi Public Building commission for debt payments which are $93,950.

Effects of Debt on Current Operations:

- The overall effect is that resources are tied up in debt payments, and cannot be diverted to pay for new programs, projects, or emergencies.
- One major concern with Kechi's debt obligations are delinquent special assessments. When property owners do not pay their special assessments on time, the debt those special assessments are supposed to pay for still need to be paid. In the past Kechi had to raise the property tax mill levy in order to make special assessment payments because property owners were not making their payments on their specials. Unfortunately, Kechi doesn't know with any certainty which properties won't pay their special assessments in a given year, so the city has to dedicate additional revenues to the Bond & Interest Fund to ensure that debt payments are made. Once all special assessments are paid, Kechi will have more flexibility in the General Fund.

Supplemental Section

Supplemental Section

A Place to Call Home

Community Profile

Kechi was first settled in 1868, first platted in 1888, and incorporated in 1957. Kechi is mostly a "bedroom" community, with the majority of residents being employed in the City of Wichita. However, the city has seen significant growth in its commercial and industrial sectors. In 2014 and 2015, the City of Kechi led all other suburban Wichita cities, accounting for twenty-two percent of *total* commercial and industrial subdivision activity in Sedgwick County (*source: 2016 Development Trends Summary, Wichita-Sedgwick County Planning Department*). Kechi formerly had multiple antique shops in town, and was even deemed the "Antique Capital" of Kansas by the State Legislature. Unfortunately, the antique shops have left, but they have been replaced by a number of mom & pop shops that sell vintage items and quilts. The major attraction to the City of Kechi is Karg's Art Glass, the business houses local artists that sell art sculptures around the world. Kechi is a quiet place that residents enjoy as a get-a-way from the commotion of Wichita.

Population

The Census Bureau's most recent estimate of Kechi's population is 1,996 in 2015. That would be an increase of 4.6% over 5 years from the 2010 census.

Populations Trends		
Census	**Population**	**Change**
1960	245	
1970	229	-6.5%
1980	288	25.8%
1990	517	79.5%
2000	1,038	100.8%
2010	1,909	83.9%
2015 Est	1,996	4.6%

*Data from US Census

Demographics

Kechi has one of the highest median incomes in Sedgwick County and the State of Kansas (Kanas median income = $51,872). The median age of the population is also above average for the State (Kansas median age = 36). Housing units in Kechi have increased 116% between the years 2000 and 2014.

Various Data	2000	2010	2014
Median Age	33	42.6	39.9
Median Income	$ 61,333	$ -	$ 82,065
Median Home Value	$ -	$ -	$ 167,500
Housing Units	370	732	801

*Data from 2000 and 2010 Census and 2014 American Community Survey

Another demographic of note is the racial composition of Kechi residents.

Race	2000	2010	2014
White	86.5%	87.7%	92.5%
African American	7.7%	5.5%	2.4%
Asian	0.6%	2.0%	0.7%
American Indian	0.7%	0.9%	0.7%
Hispanic/Latino	2.1%	2.8%	1.8%
Two or More	2.4%	1.2%	1.9%

Largest Property Taxpayers to the City of Kechi

Below is a list of Kechi's largest property taxpayers in 2015. This list will change as commercial development continues to grow in Kechi, and new commercial developments that were financed with industrial revenue bonds have their property abatements expire.

Top Taxpayers			
	Taxpayer	**Taxes Levied**	**Assessed Valuation**
1	Kansas Gas & Elec- A Westar Energy Co	$10,690.37	317,231
2	Chisholm Creek Properties LLC	$6,302.53	187,024
3	Southwestern Bell Telephone Co	$6,137.37	182,123
4	Quail Ridge Partners LLC	$5,284.77	156,682
5	Rollin & Patricia Karg	$4,674.05	138,700
6	Kechi Convenience Inc.	$4,037.98	119,825
7	BNSF	$3,596.12	106,713
8	Brent A & Debra L Mitchell	$3,378.53	100,256
9	F&H Insulation Sales & Services Inc	$3,231.46	95,829
10	Richard A & Cindy M Wolf	$2,887.87	85,696

* The top 10 taxpayers account for 8.9% of Kechi's total assessed valuation.
*Data from County Treasurer

A Place to Call Home

Major Employers

Kechi is part of the Wichita Metropolitan Area, which was estimated to have a population of 644,610 people in 2015. Commercial activity is beginning to grow in Kechi, but local businesses have never been surveyed to determine the number of people they employ. The majority of Kechi residents commute to Wichita for work; as stated earlier, Kechi is primarily a "bedroom" community.

- According to the US Census Bureau 2014 American Community Survey (most recent data available):
  - 90.9% of Kechi residents work outside of Kechi.
  - 3.9% of the Kechi labor force was unemployed in 2014.

Below is a list of the top 15 employers in the Wichita Metropolitan Area.

Company	Product/Service	Local Full-Time Employment
Spirit AeroSystems	Aircraft Assemblies	10,900
Via Christi Health	Health Care	6,027
Unified School District 259 Wichita	Public School District	5,620
Cessna Aircraft -- Division of Textron Aviation	Aircraft	5,400
McConnell Air Force Base	Air Force Base	5,094
State of Kansas	State Government	4,803
Koch Industries	Manufacturing, Energy and Commodities	3,600
Beechcraft -- Division of Textron Aviation	Aircraft	3,400
City of Wichita	Municipal Government	2,752
U.S. Government	Federal Government	2,658
Sedgwick County	County Government	2,542
Wesley Medical Center	Health Care	2,072
Wichita State University	Public Higher Education	1,913
Bombardier Learjet	Aircraft	1,845
Dillons Food Stores	Grocery Stores	1,250

*Data from Greater Wichita Partnership

Municipal Services and Utilities

The city owns and operates its own water, sewer, and gas utilities. Kechi buys treated water from Wichita and resells it to residents, and for sewer the city charges residents for their usage and then pays Wichita a fee to take and treat the sewage. Westar Energy supplies electricity to Kechi residents. Telephone, cable, and internet services are offered by Cox and AT&T.

Kechi has 4 full-time police officers and a number of part-time officers that provide law enforcement protection to citizens. The city receives fire protection from the Sedgwick County Fire District #1 and emergency medical services (EMS) from Sedgwick County.

Education

Most of Kechi is served by USD 259. Chisholm Trail Elementary, Stucky Middle School, and Heights High School are the primary schools that children who live in Kechi attend. All USD 259 students are also eligible to attend the different magnet schools in the district. There are also a large number of private schools in the Wichita Metro area, the closest to Kechi being Resurrection Catholic School (Pre K- 8) and Sunrise Christian Academy (Pre K- 12), both only 3 miles away in Bel Aire.

Kechi is also relatively close to a number of higher education institutions: Wichita State University, Friends University, Newman University, and Butler County Community College are all only short drives from Kechi.

Medical Facilities

Kechi is less than 6 miles from Wesley Woodlawn Hospital and ER, and less than 10 miles from Wesley Hospital's main facility and Via Christi's St. Francis location. Wichita is also home to a branch of the University of Kansas Medical Center. The Wichita Metropolitan area is the major medical hub for all of western and central Kansas, and residents have access to a number of high quality facilities.

Quality of Life and Recreation

Kechi is a quiet, calm, supportive, family-oriented community. The city has low crime rates, and is a very safe place to raise a family. A major amenity provided by the city is Kechi City Park. The park has a walking trail, playground, pond that is stocked by the State of Kansas, plenty of beautiful trees for shade, pavilion, and picnic tables. There are also a number of community groups that engage citizens including the Kechi Chamber of Commerce, Over 55 Club, and the Fair Committee. The Fair Committee provides a number of family oriented programs year-round starting with the annual Easter Egg Hunt in March, the Kechi Fair in June, the Halloween Open House in October, and Santa Claus and Christmas Baskets in December. On top of that, Kechi is located on Kansas highway 254, which gives Kechi citizens easy access to downtown Wichita to enjoy restaurants, events at Intrust Bank Arena and Century II Event Center, the Sedgwick County Zoo, and Wichita State Athletics.

Glossary

Appraised Value	The market value of real property, personal property, and utilities as determined by the County Appraiser.
Assessed Valuation	The official value placed on real estate, personal property, and utilities as a basis for levying taxes. The value is determined by applying a mathematical factor to the appraised value. That factor is determined by the property classification; residential real estate is assessed at 11.5%; commercial real estate is assessed at 25%.
Audit	An examination of the financial activities of an agency and the report based on such examination.
Balanced Budget	Kansas statute requires that the city adopt a balanced budget, this means that appropriations shall be limited to the total of estimated revenues and the unencumbered fund balances estimated to be available at the close of the current fiscal year.
Bonds	Process for the long-term borrowing of funds. Bonds are used to finance large capital projects. Lenders, the purchasers of bonds, are repaid the principal amount in annual installments and accrued interest semi-annually.
Budget	A financial plan of operation which includes an estimate of proposed revenues and expenditures for a fiscal year. A formal budget constitutes a legal spending limit for local governments in Kansas and provides a level of control for most government activities.
Budget Adoption	A formal process by which the budget is approved by the governing body and property tax levy and expenditure limits are set.
Budget Amendment	The legal means by which an adopted budget may be increased. The budget may only be increased with revenues other than property taxes. The amendment process follows similar steps as the budget adoption.
Capital Expenditure	Kechi defines capital expenditures as any significant physical acquisition, construction, engineering study, replacement, or improvement to a city department or service that costs over $10,000 and has a useful life of at least 10 years. Capital expenditures are normally funded with cash, but debt may be used as needed.
Capital Improvement Plan	A long term plan to align resources with needed capital expenditures. Also known as the CIP.
Capital Outlay	Different than capital expenditures. Typically they are lower value items that have a long useful life or are expenditures for the maintenance of capital assets.
Commodities	Supplies required by the City in order to perform the services to its citizens.
Contractuals	Costs of services provided by external entities that the city employs to provide services to its citizens.
Contingency	A budgetary reserve set aside for emergencies or unforeseen expenditures.
Council	Elected official of a city who set the general policies under which the city operates. Kechi has a five member council.
Debt Service	The annual payments required to support debt issues, including interest and principal.

Glossary

Department	A functionally similar group of employees and/or duties. All departments also have their own budgets for expenditures.
Expenditure	An outlay of cash for the purpose of acquiring items or providing a service.
Fines, Fees, Permits	Terminology used for any charge levied by local governments in connection with providing a service, permitting an activity, or imposing a fine or penalty. Kechi groups fines, fees, and permits together under the General Fund.
Fiscal Year	Period used for accounting year. January 1 through December 31. Also known as FY.
Full-Time Equivalent	Also known as FTE's. It is a tool used to measure the amount of work that an employee contributes to the city based on a 40 hours per week scale. Employees who work 40 hours per week are equal to 1 FTE, and employees who work 20 hours per week are equal to 0.5 of an FTE, and so on.
Fund	An independent fiscal and accounting entity for recording expenditures and revenues, comparable to an individual bank account. Funds are established for specific activities and are subject to special limitations.
Fund Balance	Fund balance is the amount of unencumbered cash that ensures services can be provided for a short time, even if commitments exceed revenues. The goal for the minimum fund balance in the General Fund at the end of the year is equal to 25% of previous year actual expenditures, however the Council has discretion. Excess fund balance may be transferred to the Capital Reserve or Equipment Reserve depending on the Council's budget priorities.
General Fund	The fund that accounts for all revenues and expenditures which are not accounted for in specific purpose funds (special funds, proprietary funds, or reserve funds). It finances the ordinary operations of the city.
General Obligation Bond	A financial instrument giving borrowing power to a municipality, based upon pledging of taxing power to retire the debt and pay interest.
Mayor	Elected leader of the Governing Body tasked with building consensus among Council members, presiding over meetings of the Governing Body, assisting the City Council in setting goals and policies, serving as an ambassador and defender of the community, nominating persons to serve on boards and committees, and then appointing them after Council approval. Together, the Mayor and City Council form a policy-development team.
Mill	A monetary unit used to express the property tax rate. One mill is equivalent to one-thousandth of a dollar, or $1 of tax per $1,000 of assessed value.
Personnel Expense	Costs related to employee wages, benefits, and training.
Property Tax	A tax levied on the assessed value of real and personal property (also referred to as the property tax).
Proprietary Fund	Proprietary funds are funds that support activities that receive significant revenue from user fees and charges. Proprietary funds are used for departments that perform "business" like activities. Kechi's five municipal utilities are as follows: Water, Sewer, Gas, Solid Waste, and Stormwater.

Glossary

Reserve Fund	Funds set aside for particular purposes. According to Kansas Law reserve funds are "unbudgeted" which means that the City Council does not need to set a budget authority amount for the upcoming fiscal year during the budget process.
Special Assessments	Charges assessed against property in a special district formed to pay for specific capital improvements such as streets, sewers, curbs, gutters, waterlines, and sewer. While charges are normally assessed on the basis of the square footage of the lot, charges alternatively may be assessed against the value of the lot, or on the basis of both lot square footage and value.
Special Fund	Funds used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Kechi's special funds are the Bond & Interest Fund and Special Highway Fund.