

# 2019 Budget & Financial Audit

## Background

A strong overall national economy, accelerated local residential redevelopment activity, and a strong real estate market in the Westwood area continues to have positive impacts on the city. The proposed FY 2019 Westwood city budget sufficiently funds daily operational expenses for desired city service, while also addressing other longer term matters, like on-going staff compensation needs.

The FY 2019 Budget reflects a commitment, which was ratified by Westwood voters in May 2018, to provide increased funding levels for needed city infrastructure improvement projects. A new 10-year ½-cent special sales tax that goes into effect on October 1, 2018 will help fund a number of city infrastructure projects for street reconstruction, sidewalk improvements, curb and gutter replacements, improved street lighting and storm water improvements. This new tax measure was approved by a vote of 354 - Yes (81.38%) to 81 - No (18.62%)

## Mill Rate / Ad Valorem & Other Revenues

The proposed FY 2019 Budget calls for the mill level to be maintained at a rate of **21.307** mills for FY 2019. The amount of Ad Valorem Tax revenue (property tax) anticipated to be collected will increase from the \$556,846 amount approved in the city's FY 2019 budget, to **\$584,531** for FY 2019.

The proposed FY 2019 Budget is based on a conservative estimate of anticipated on-going revenue sources. Local Sales Tax revenues, building permit fees, utility franchise fees, and liquor tax revenues continue to increase year-over-year. Increases in utility franchise fee revenues are a result of the tax policy changes implemented by past City Councils to set all at 5%. Increases in many the city's other revenue sources, like sales and liquor taxes, are a direct result of the Economic Development policy decisions made by former Westwood City Councils. Some potential fees, like the building permit fees associated with the Woodside Club expansion project and construction of Phase II of the Woodside Village development project, are included in the propose budget, but only on a contingency basis for one-time expenses.

## New Budget Fund - Debt Service

The proposed FY 2019 Westwood City Budget does include the creation of a new budget fund: Debt Service Fund. Interest payments and any principal payments on the 5050 Rainbow Blvd lease-purchase agreement will be paid from this new Debt Service Fund in 2019, versus from the CIP Fund in past years. In future years, bond and interest payments will be made from this budget fund on any long-term bond financing that will be implemented in 2019 or 2020 on the street and stormwater construction projects noted with the Special Sales Tax vote. This is a

significant public policy departure from the decades-long tradition of Westwood utilizing a budget “pay-go” basis for financing most all needed infrastructure improvements.

**Budget Fund Balances**

The proposed FY 2019 Westwood City Budget also proposed to spend down the cash reserves, or Fund Balance of the General Fund, Storm Water Fund, and Special Highway Fund to pay for several capital improvement costs and debt principal on the 5050 Rainbow Blvd property.

**City Valuation**

The June 15th valuation estimates have been release by Johnson County. Property valuations and the overall 2018 assessment for Westwood is increasing, even though personal property valuations is lower. The one State Assessed property in Westwood, the Southern Star Gas Exchange property, is about 4% higher.

This year, the Johnson County Appraiser’s Office reports that **\$1,730,278** in total new improvements was assessed in Westwood within the **\$26,970,003** June 15th Real Estate total assessed valuation estimate. The reported New Improvement valuation increase amount is exempt under the Kansas Property Tax-Lid provisions.

**Revenues**

The overall General Fund Budget revenues are projected to increase from a budgeted amount of \$2,727,112 in FY 2018, to **\$3,063,403** in FY 2019. The projected revenue stems from increases in some revenues sources like local sales taxes, franchise fees, and liquor receipt revenues. The city’s share of Sales & Use Tax continues to be a larger share of the city’s overall revenue total than in past years. The biggest change for the FY 2019 City Budget is the anticipated use of up to **\$267,999** of cash reserves, noted as General Fund Cash Balance.

**Supporting Documents**

- 2019\_financial\_audit.pdf 954.99 KB
- 2019\_budget.pdf 4.48 MB