

CITY OF LEETON, MISSOURI

December 8, 2016

Members of the Board of Aldermen;

Attached you will find the City of Leeton 2017 proposed budget. We are pleased with the progress made in reviewing the budget annually and hope that this process helps you understand where city money is spent, and ultimately prioritize the needs of the city. An overview of updates and concerns is below.

- Water fund: Revenues are maintaining current expenses, but are not providing for future capital improvement needs. The reserve fund is not sufficient for future major needs. Staff recommends reviewing rates in 2017 in anticipation of needed improvements to the water tower and other water facilities.
- Sewer fund: Revenues are supporting current expenses, but knowing the upgrades that will be mandated in our new wastewater treatment plant, which could easily exceed \$1,000,000, rates should be adjusted in anticipation of this. Our utility rates remain extremely low in comparison with surrounding communities. While this is a nice benefit for our residents, it renders the city unprepared for future needs and expenses. Many grants and loan programs for sewer upgrades require that sewer rates be at 2% of median household income (MHI), which would be around \$50 currently, based on our current MHI.
- Health insurance: The 2017 budget includes the same coverage that was purchased for 2016, at an increased rate as reflected in the budget.
- Staffing: Please see the supplemental insert to the budget for allocation of current salary expenses. We have budgeted a temporary office assistant in anticipation of an upcoming leave. Additionally, we have budgeted a reserve police officer for additional police coverage as previously discussed.
- Capital asset purchase: The city public works truck is in dire need of replacement. Staff recommends replacing that early in 2017. You will also notice that the water and sewer funds have budgeted line items for this purchase as well. Total budgeted amount for the purchase of the truck between all funds is \$18,000. This is budgeted revenue without disturbing the existing vehicle replacement fund.
- Park Fund: The Park Board has developed a recommendation for the park budget for 2017 using the newly-passed ½ cent sales tax. These funds will be maintained in a separate park fund.

Overall, the city continues to be in a very solid financial position. With attention to utility rates, we will be well positioned for future needs. With a proactive approach and adequately funding our water and sewer reserve funds, we can minimize the future impact that needed upgrades may have. This budget takes very proactive approach to managing the current and future needs of our residents.

Please take time to review this budget and contact any of us with any questions.

Sincerely,

Terry Bond, City Clerk

Taylor Elwell, Mayor

Jerry McAllister, Treasurer