

THE CITY OF KIRKWOOD, MISSOURI

LONG TERM FINANCIAL PLAN

GENERAL FUND

FOR THE FISCAL YEARS

2015/2016 THROUGH 2019/2020



Director of Finance: John Adams, CPA
Assistant Director of Finance: Sandra Stephens, CPFO
Russell B. Hawes, Chief Administrative Officer

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CITY OF KIRKWOOD, MISSOURI

MAYOR

Timothy Griffin

COUNCIL MEMBERS

Ellen Edman
Maggie Duwe

Nancy Luetzow
Bob Sears
Paul W. Ward

CHIEF ADMINISTRATIVE OFFICER

Russell B. Hawes, AICP

DIRECTOR OF FINANCE

John Adams, CPA

**ASST. CHIEF ADMINISTRATIVE
OFFICER**

Georgia Ragland

ASST. DIRECTOR OF FINANCE

Sandy Stephens, CPFO

THE CITY OF KIRKWOOD

General

The City is located in St. Louis County approximately 14 miles west of the City of St. Louis. The City covers approximately 9.1 square miles and is within a Metropolitan Statistical Area (“MSA”).

The City is bounded by Interstate 44 on its southern boundary and traversed by Interstate 270 near its western boundary. Together, the interstate highways provide excellent access to all parts of the St. Louis metropolitan area.

The City was the first planned suburban residential area west of the Mississippi River. The City was incorporated in 1865, reincorporated as a fourth-class city in 1899, and as a third-class city in 1930. In 1984, the City became a home-rule city as permitted under a 1971 amendment to the Missouri Constitution.

Known as “The Green Tree City,” the City is an attractive suburban residential community with tree-lined streets. The City has a diverse economic base which includes several large retailers, limited industries, many small specialty shops and support services.

Government

The City is a home-rule city as permitted under the Missouri Constitution. Under its charter, adopted on April 5, 1983, the City is governed under the Council/Manager form of government. The legislative body of the City is the City Council which is comprised of six council members and a mayor. Council members are elected at large to serve four year terms, one half of which expires every two years.

The Mayor is elected at large to serve a four year term and, pursuant to the Charter, may not serve longer than two consecutive terms. The Mayor is the presiding officer of the City Council. The Mayor may vote on any matter before the City Council but has no veto power.

The Chief Administrative Officer is appointed by the City Council. The Chief Administrative Officer is responsible for the day-to-day management of the City’s government business and staff. The Chief Administrative Officer is also responsible for the employment and discharge of non-elected City officials under policies established by the City Council.

The chief financial officer of the City is the Director of Finance, who is appointed by the Chief Administrative Officer. The Director of Finance is responsible for preparation of the City’s budget, investments, and management of the City’s other financial functions

City services and functions are divided into the following eleven departments: Parks and Recreation, Administration, Public Works, Finance, Water, Electric, Purchasing, Police, Fire, Management Information Systems, and Sanitation.

The City also has several committees and advisory boards comprised of citizens appointed by the City Council. The advisory boards are the Aquatic Advisory Committee, Architectural Review Board, Audit Committee, Board of Adjustment, Civil Service Commission, Civilian Pension Plan, Downtown Business District Advisory Commission, Finance Committee, Greentree Festival Committee, Human Rights Commission, Industrial Development Authority, Kirkwood Arts Commission, Landmark Commission, Library Board, Local Housing Authority, Market/Commons Committee, Park Board, Planning and Zoning Commission, Police Officers and Firefighters Pension Board, Public Facilities Authority, Urban Forestry Committee, and Committee to Develop Guidelines for Commercial properties.

Employees

The City has approximately 270 full-time and 82 regular part-time employees. 17 employees of the Electric Department are members of the International Brotherhood of Electrical Workers, Local Number 2 (“IBEW”) and 43 employees of the Fire Department are members of the International Association of Firefighters, Local 2665 (“IAFF”). The contract with IBEW expires on March 31, 2018 and the memorandum of understanding with IAFF expired on March 31, 2013. At this time the IAFF is operating under the terms of the expired memorandum of understanding.

Utilities

Stormwater drainage and sewage collection and disposal for Kirkwood are provided by the Metropolitan St. Louis Sewer District, a separate taxing authority established under Section 30 of Article VI of the Constitution of Missouri and financed by ad valorem taxes and user fees. Gas is provided by Laclede Gas Company.

All electric production facilities serving the City of Kirkwood are owned by investor owned utilities, cooperatives, joint action agencies or independent power producers. Approximately two-thirds of Kirkwood’s residents and 1,175 commercial enterprises obtain electrical service through the City owned distribution system. The remaining residents are served by Ameren Missouri. The distribution system includes 132 miles of line, six substations, and four transmission lines. The City’s distribution capacity is 106 megawatts.

The City owns and operates the Waterworks System. The Waterworks System includes approximately 135 miles of waterworks mains and pumping stations. Pursuant to a contract, the City purchases all water for distribution to its customers from the Missouri American Water Company.

Communications and Media

Telecommunication services are provided by several vendors. The City receives all St. Louis radio stations and television channels. Local newspapers include The St. Louis Post Dispatch, a daily paper, The West County Journal, a weekly paper, the St. Louis Countian, a legal newspaper published daily, and the Webster-Kirkwood Times, a local newspaper published weekly. The City receives cable television from Charter Communications.

There is a public tax-supported library in the City. The library has approximately 115,500 books, over 8,000 recordings, compact discs, 8 mm films, cassettes, framed prints, newspapers, periodicals and large print books.

Public Safety

The Kirkwood Fire Department (the “Department”) provides fire protection and emergency ambulance transport throughout the corporate limits of the City. The Department has 48 full-time firefighters, of which 29 are also licensed paramedics, a Fire Chief and an Assistant Fire Chief. Services are provided from three fire stations. The City’s fire insurance rating is “4” among ratings ranging from 1 to 10 with 1 as the highest rating. This rating is based on several factors including the number of firefighters and their training, the water distribution system, response time, fire fighting equipment and fire prevention programs of the Department. Fire prevention and safety programs provided by the Department include CPR, first aid and fire prevention. Firefighting vehicles and equipment owned by the City include four pumpers, an aerial ladder, two ambulances and a rescue truck.

The Kirkwood Police Department provides police protection throughout the corporate limits of the City in addition to the City of Oakland. The Kirkwood Police Department provides four School Resource Officers and a Juvenile Officer to the R-7 Kirkwood School District. Services are provided by 60 full-time officers. The Police Department sponsors several community service programs including “Neighborhood Watch,” a home safety program, and “Operation Ident,” a property identification program.

Recreation Activities

The City owns and operates 14 parks covering approximately 326 acres. Recreational facilities owned by the City include a community center, an outdoor amphitheater, an indoor ice skating rink, twelve tennis courts, a 2.2 acre lake and an aquatic center. The community center is a multi-purpose building which has a skating rink, a gymnasium, meeting rooms and a 400-seat theater. Facilities are also available at City parks for baseball, basketball, softball, football, soccer, picnicking and hiking.

The City owns an 88 acre park, known as Kirkwood Park. A portion of this park is occupied by the city’s community center including an enclosed ice rink.

The City also has an aquatic center located on 4 acres of land located adjacent to the community center. The aquatic center is a swimming pool with water play structures such as slides and water falls. The aquatic center also has a lazy river, a 25 yard by 25 meter eight-lane competitive swimming pool and a concession stand. In addition to providing recreational opportunities to residents of Kirkwood, the City has entered into an intergovernmental cooperation agreement with the adjacent cities of Glendale and Oakland. Pursuant to the cooperation agreement, residents of these cities are entitled to use the aquatic center, and the cities have agreed, subject to annual appropriation, to pay a portion of the debt service and operating cost of the facility.

A private country club located in the City offers tennis, swimming, an 18-hole golf course and other activities for its members.

The Missouri Department of Conservation owns and operates the Powder Valley Nature Center (the “Center”), located in the cities of Kirkwood and Sunset Hills. The Center encompasses 112 acres. Three buildings are located at the Center, all within the corporate limits of the City. The principal buildings are a covered shelter with seating and a 22,000 square foot building with classrooms, an auditorium with seating for 250, two levels of exhibits and approximately twelve offices for employees of the Missouri Department of Conservation. Three trail systems are available for hiking.

A children's museum, The Magic House, is also located in the City. The Magic House provides "hands-on" learning exhibits for children. Approximately 300,000 people visit the Magic House each year.

Solid Waste Collection

The State of Missouri Solid Waste Management Law requires cities with a population over 500 to develop adopt and implement a solid waste management plan to ensure that all solid wastes in a community are stored, collected, transported and disposed of properly. The City provides solid waste collection through City-owned vehicles and staff. Citizens pay for this service through monthly billings.

The City started curbside single-stream recycling in January, 2011. Recycling containers were delivered to the residents in December, 2010. The carts are emptied curbside once a week and the materials are sent to Resource Management in Earth City. The City has a 5-year contract with Resource Management for the receiving of the recyclable materials. The contract has a price guarantee for the materials to protect the City against market fluctuations in the recycling industry.

Medical

There are numerous hospitals within close proximity to the City. The hospital closest to the City is Des Peres Hospital, located less than one mile from the City. Des Peres Hospital is a 167-bed acute care community hospital. Des Peres Hospital provides medical and surgical services and programs, including geriatrics, cardiology, bariatrics (surgical weight loss management), orthopedics and emergency care. Des Peres Hospital is a fully accredited Chest Pain Center, as recognized by the Society of Chest Pain Centers.

In addition, numerous dentists, chiropractors and doctors provide medical services from offices and clinics located in the City. The healthcare needs of the elderly are provided by two Long-term care facilities located in the City.

Education

The public school system within the City is operated under the administration and control of the Kirkwood School District R-7 and the St. Louis Community College, a junior college district, in the St. Louis Metropolitan area. These districts are independent of the City, having their own elected or appointed officials, budgets and administrators. The districts are empowered to levy taxes, separate and distinct from those levied by the City.

The Kirkwood School District R-7 (the "District") owns and operates five elementary schools, two middle schools and one high school serving residents of the City. Also located in Kirkwood are Vianney High School and the Ursuline Academy.

The Junior College District of St. Louis, St. Louis County, Missouri (the "College") operates four campuses. The Meramec campus is located within the corporate limits of the City. The Meramec campus consists of 78 acres with over 440,000 square feet of space. Enrollment in the College, including both full-time and part-time college credit students, is approximately 15,000, and approximately 8,000 additional students are enrolled in adult education courses.

In addition to the College, numerous other institutions of higher education are located in the St. Louis metropolitan area and are easily accessible to City residents including Saint Louis University, Washington University and the University of Missouri-St. Louis.

Economic and Demographic Data

Population

The following table sets forth population statistics for Kirkwood:

<u>Year</u>	<u>Population</u>
1980	27,987
1990	27,291
2000	27,324
2010	27,540
2013	27,596

Source: Official Census Counts of United States Department of Commerce, Bureau of Census except for 2013 which is an unofficial estimate.

Transportation

The City is bounded by Interstate 44 on its southern boundary and traversed by Interstate 270 near its western boundary. Interstate 44 provides direct access to the City of St. Louis, approximately 14 miles east of the City. Interstate 270 is a circumferential surrounding much of the St. Louis metropolitan area. Together, the interstate highways provide excellent access to all parts of the St. Louis metropolitan area.

Regularly scheduled air passenger and freight service is available at Lambert St. Louis International Airport located approximately 12 miles northeast of the City. Bus service is provided by the Bi-State Development Agency, a body corporate and politic established by an act of Congress. Rail service is provided by Burlington Northern and Union Pacific. In addition, Kirkwood is the only city located in St. Louis County served by Amtrak Railroad.

Economy

The City is an attractive suburban residential community with a diverse economic base represented by a mixture of several large retailers, limited industries, many small specialty shops and support services.

The City currently has approximately 1,140 business establishments of which 12 are involved in manufacturing.

Economic Development

To foster the continued development of the City, the City maintains a close relationship with local businesses, both large and small. In addition, the City has an Industrial Development Authority which provides funding for a variety of business improvement programs. These programs have included partial grants for facade and awning improvements, architectural design services, and disability accessibility renovations. Kirkwood Mainstreet, Inc., a not-for-profit corporation, was established to facilitate such programs as well as to seek grants from state sponsored Neighborhood Assistance Programs. (Neighborhood Assistance Programs provide a means whereby corporations can contribute to an area such as the City's commercial district and to have such contributions eligible for a 50% state tax credit.)

The Kirkwood Special Business District (“SBD”), a self-taxing and self-governing body, was formed in 1975 to enhance the City’s central business district. The area comprising the SBD, known as Kirkwood Junction, includes tree-lined streets, quaint stores, a historic and busy train station, an open air farmer’s market, lovely fountains and a pedestrian passageway lined with benches. The SBD is responsible for preservation and maintenance of historic landmarks, enrichment of the business climate, advertising and promoting local merchants, and promotional events.

Major Employers

See page 124 in the 2015 Comprehensive Annual Financial Report.

Employment

According to the 2011-2013 American Community Survey 3-Year Estimates, the City had a civilian labor force of 15,109 people. There were 390 people unemployed which represented an unemployment rate of 2.6%.

Building and Construction Data

The following table sets forth the number and value of building permits issued by the City for the Fiscal Years ended March 31, 2011 through 2015:

Fiscal Year	Total Permits	New Residential		New Commercial		Total ⁽¹⁾ Value
		Number Permits	Value	Number Permits	Value	
2011	20	20	\$ 5,512,812	0	0	\$ 5,512,812
2012	26	26	8,642,938	0	0	8,642,938
2013	41	38	13,777,229	3	\$1,262,794	15,040,023
2014	55	54	19,179,524	1	590,900	19,770,424
2015	73	66	21,929,309	7	11,868,917	33,798,226

(1) Excludes alterations, improvements and additions.

Source: Office of the City of Kirkwood Building Commissioner.

Housing

The following table sets forth statistics relating to housing for the City and, for comparative purposes, St. Louis County, St. Louis MSA, and the State of Missouri:

	Median Value of Owner Occupied Housing	% Built in 2000 or Later	Units Built Before 1940
The City	\$241,200	11.2%	16.0%
Other Entities:			
St. Louis County	171,000	6.3	10.0
St. Louis MSA	155,000	12.8	16.6
State of Missouri	135,100	15.3	14.2

Source: U.S. Census Bureau, 2011-2013 American Community Survey, 3-Year Estimates.

Income

The following table sets forth certain income statistics for the City and, for comparative purposes, St. Louis County, St. Louis MSA, and the State of Missouri:

	<u>Per Capita Income In 2013 Dollars</u>	<u>Median Family Income In 2013 Dollars</u>	<u>% People Below Poverty Level</u>
The City	\$44,151	\$100,777	5.8%
Other Entities:			
St. Louis County	34,189	74,165	11.6
St. Louis MSA	29,234	67,855	13.6
State of Missouri	25,332	58,626	16.0

Source: U.S. Census Bureau, 2011-2013 American Community Survey, 3-Year Estimates.

THE CITY'S FINANCES

Accounting and Reporting Practices

The accounts of the City are organized on the basis of funds in conformance with generally accepted accounting principles applicable to governments. All government-wide financial statements reflect the accrual basis of accounting and governmental funds use the modified accrual basis of accounting. The City Council annually engages an independent certified public accountant for the purpose of performing an audit of the books of account, financial records, and transactions of the City. See the Comprehensive Annual Financial Report available on the City's web site.

Investment Policies

All funds except pension funds are pooled for investment purposes. The City has a written investment policy. Except for pension funds, the City presently invests in United States, Government obligations, federal agency obligations, and repurchase agreements. Periodically, the City also invests in certificates of deposit that are collateralized by securities authorized under state law. Collateral for repurchase agreements is held at a Federal Reserve Bank.

Budget Process

The Director of Finance prepares an annual budget, under the direction of the Chief Administrative Officer for the ensuing fiscal year. The budget is based upon information provided by the various City department heads and other City employees. After a proposed budget is prepared, it is submitted to a citizens finance committee and the City Council for review. The City Council may revise, alter, increase or decrease the items contained in the proposed budget, provided that total authorized expenditures from any fund do not exceed the estimated revenues to be received plus any unencumbered balance or less any deficit estimated for the beginning of the budget year. The budget is legally enacted by ordinance following public hearings on the proposed budget.

Pursuant to the Missouri Revised Statutes, the annual budget must present a complete financial plan for the ensuing fiscal year, and must include at least the following information:

- (1) A budget message describing the important features of the budget and major changes from the preceding year;

- (2) Estimated revenues to be received from all sources for the budget year, with a comparative statement of actual or estimated revenues for the two years next preceding, itemized by year, fund and source;
- (3) Proposed expenditures for each department, office, commission, and other classifications for the budget year, together with a comparative statement of actual or estimated expenditures for the two years next preceding, itemized by year, fund, activity and object;
- (4) The amount required for the payment of interest, amortization and redemption charges on debt; and
- (5) A general budget summary.

Following adoption of the budget, the Chief Administrative Officer may transfer appropriations between departments provided that total appropriations do not exceed the authorized amount established by ordinance. The City Council may revise the approved budget provided that the total authorized expenditures do not exceed the estimated revenues plus cash on hand at the beginning of the year. Appropriations lapse at the end of each fiscal year.

A City policy, not required by state statute, requires all budget amendments or transfers of \$10,000 or more to be approved by the City Council.

Capital Plan

The City Charter requires the establishment of a capital plan every year. The Charter requires that the capital plan be submitted to the Council prior to the operating budget. The capital budget is approved at the same time as the City's operating budget.

The General Fund

In accordance with established accounting procedures for governmental units, the City records its financial transactions under various funds. The largest is the General Fund, from which all general operating expenses are paid and to which taxes and all other revenues not specifically allocated by law or contractual agreement to other funds are deposited.

The following table sets forth certain operating results of the Electric Fund for the past five Fiscal Years:

**SUMMARY OF OPERATIONS
ELECTRIC FUND
(\$ in thousands)**

	Fiscal Year Ended March 31				
	2011	2012	2013	2014	2015
Operating Revenues	\$19,989	\$20,632	\$21,374	\$22,403	\$21,786
Operating Expenses					
Other Than Depreciation	22,675	15,509	17,419	20,928	20,949
Operating Income Prior to Depreciation	\$ (2,686)	\$ 5,123	\$ 3,955	\$ 1,475	\$ 837

Source: Audited financial statements of the City.

Capital Improvement Sales Tax

In November 1994, voters approved a ½% sales tax for capital improvements that included a ten-year sunset provision. On April 6, 2004 voters approved the extension of the tax for an additional 15 years. The tax is a point-of-sale tax with 15% of the tax contributed to the County sales tax pool. See the caption “SOURCES OF REVENUE – General Fund Revenue Sources – *Sales Taxes*” hereinbefore. By statute, this tax may be used solely for funding capital improvements and for the cost of operating such improvements. The money is deposited in the City’s Capital Improvement Fund.

The following table sets forth the total capital improvement sales tax receipts of the City for the Fiscal Years 2011 through 2015 based on the modified accrual basis of accounting:

Fiscal Year	Amount
2011	\$1,921,405
2012	1,999,992
2013	2,068,301
2014	2,050,842
2015	2,216,989

Source: Audited financial statements of the City.

Park Sales Tax

On April 7, 1998, voters approved a ½% sales tax for parks. The City began receiving funds from this tax in October 1998. The tax is a point-of-sale tax with 100% of the revenues distributed to the City, other than collection fees. The tax may be used solely in connection with parks. The City uses a portion of this sales tax to pay Basic Rent on that portion of its outstanding certificates of participation allocable to park projects. The balance of the park sales tax is used to finance the cost of capital projects for parks and to pay for a portion of the cost of operating and maintaining parks.

The following table sets forth the total park sales tax receipts of the City for the Fiscal Years 2011 through 2015 based on the modified accrual basis of accounting:

<u>Fiscal Year</u>	<u>Amount</u>
2011	\$2,244,674
2012	2,342,214
2013	2,422,225
2014	2,402,275
2015	2,604,584

Source: Audited financial statements of the City.

Fire Protection Tax

On April 7, 2015 voters approved a ¼% sales tax for fire protection. The City began receiving funds from this tax on October 1, 2015 and expects to receive approximately \$1,200,000 annually.

General

Pursuant to the Missouri Constitution, the vote required to pass a proposition to issue general obligation bonds payable from unlimited ad valorem taxes from two-thirds (2/3) to four-sevenths (4/7) of the qualified voters voting thereon for elections held at the general municipal election day, primary or general elections. A vote of two-thirds (2/3) of the qualified voters voting on the specific general obligation bond proposition is required at all other elections.

The Missouri Constitution provides that the amount of bonds payable out of tax receipts shall not exceed 10% of the total assessed valuation of the taxable property of a city. The Missouri Constitution permits cities to become indebted for an additional 10% of the value of taxable, tangible property for the purpose of acquiring rights-of-way, constructing, extending, and improving streets and avenues; and constructing, extending and improving a sanitary or storm sewer system.

Outstanding Bonds

The City's only outstanding general obligation bonds are \$2,440,000 principal amount of General Obligation Refunding Bonds, Series 2009.

Lease Obligations and Other Obligations

Lease Obligations

Obligations secured by annually appropriated funds do not constitute indebtedness for purposes of any City Charter or Missouri statutory or constitutional debt limit. Such obligations are payable solely from available funds of a governmental body and neither taxes nor a specific source of revenues may be pledged to make payments on such obligations. Any increase in taxes required to generate additional funds with which to make payments on such obligations would be subject to voter approval.

The following is a list of the City's outstanding lease obligations as of March 31, 2015:

<u>Issue</u>	<u>Date</u>	<u>Amount</u>
Taxable Certificates of Participation, Series 2009 (Build America Bonds-Direct Pay)	September 29, 2009	\$ 5,255,000
Refunding Certificates of Participation, Series 2012	June 28, 2012	5,745,000
Certificates of Participation, Series 2014	September 25, 2014	<u>3,605,000</u>
Total		<u>\$14,605,000</u>

Other Obligations

The City has issued various notes in connection with tax increment financing areas. In addition, the City periodically enters into short-term loans and leases for equipment and/or vehicle acquisitions. These obligations are described in Note 6 in the 2015 Comprehensive Annual Financial Report.

Legal Debt Limit and Debt Margin

	<u>City Purposes Basic Limit</u>	<u>Street and Sewer Additional Limit</u>
2014 Assessed Value	<u>\$725,012,667</u>	<u>\$725,012,667</u>
Debt Limit - 10% of Assessed Value	\$72,501,267	\$72,501,267
Less: General Obligation Bonds	<u>2,440,000</u>	<u>-0-</u>
Legal Debt Margin	<u>\$70,061,267</u>	<u>\$72,501,267</u>

Direct and Overlapping Debt

The following table sets forth information relating to the direct and overlapping general obligation debt of the City as of March 31, 2015:

	Outstanding Bonds ⁽¹⁾	Percent Applicable to the City ⁽²⁾	City's Direct and Overlapping Debt ⁽³⁾
City of Kirkwood	\$ 2,440,000	100.00%	\$ 2,440,000
St. Louis County	105,615,000	3.29	3,474,734
Kirkwood School District	30,930,000	57.52	17,790,936
Total	<u>\$138,985,000</u>		<u>\$23,705,670</u>

- (1) Excludes overlapping taxing districts with assessed valuations applicable to the City that are less than 1%.
- (2) Estimate based on 2014 real and personal property assessed valuation.
- (3) Excludes lease obligations and other annual appropriation financings of overlapping taxing districts and \$395,000 of St. Louis County's Neighborhood Improvement District Bonds that are a general obligation of St. Louis County but are expected to be paid from special assessments and for which St. Louis County may not levy a general property tax.

Source: Bond amounts were provided by the respective taxing districts or from publicly available documents. Assessments were derived from St. Louis County's report "2014 Assessment Roll Dec. 31, 2014."

Debt Service Requirements

General Obligation Bonds

The following table sets forth the debt service requirements on the City's outstanding general obligation bonds:

Calendar Year	Principal	Interest	Total Debt Service
2015		\$ 37,596	\$ 37,596
2016	\$ 455,000	69,050	524,050
2017	470,000	56,093	526,093
2018	485,000	41,639	526,639
2019	505,000	25,794	530,794
2020	525,000	8,794	533,794
Total	<u>\$2,440,000</u>	<u>\$238,966</u>	<u>\$2,678,966</u>

Leasehold Revenue Bonds

The following table sets forth the debt service requirements on the City's outstanding lease obligations as of March 31, 2015:

Fiscal Year	2009 Certificates			2012 and 2014 Certificates		Total Debt Service
	Principal	Interest	Subsidy ⁽¹⁾	Principal	Interest	
2016	\$ 255,000	\$ 281,343	\$ (98,470)	\$1,140,000	\$ 203,438	\$1,781,311
2017	260,000	270,943	(94,830)	1,160,000	186,400	1,782,513
2018	270,000	259,475	(90,816)	1,170,000	169,294	1,777,953
2019	275,000	247,074	(86,476)	745,000	153,293	1,333,891
2020	285,000	233,769	(81,819)	395,000	141,654	973,604
2021	295,000	219,409	(76,793)	400,000	131,873	969,489
2022	305,000	204,030	(71,411)	410,000	121,585	969,204
2023	315,000	187,674	(65,686)	425,000	110,654	972,642
2024	325,000	170,391	(59,637)	435,000	99,018	969,772
2025	340,000	151,250	(52,938)	440,000	86,843	965,155
2026	350,000	130,378	(45,632)	455,000	73,993	963,739
2027	365,000	108,749	(38,062)	475,000	60,238	970,925
2028	380,000	86,213	(30,174)	485,000	45,575	966,614
2029	395,000	62,769	(21,969)	500,000	30,269	966,069
2030	410,000	38,418	(13,446)	515,000	14,500	964,472
2031	430,000	13,008	(4,553)	200,000	3,250	641,705
Total	<u>\$5,255,000</u>	<u>\$2,664,893</u>	<u>\$(932,712)</u>	<u>\$9,350,000</u>	<u>\$1,631,877</u>	<u>\$17,969,058</u>

(1) The Certificates of Participation, Series 2009 are Build America Bonds for which issuers were to receive a 35% interest subsidy from the U.S. Treasury. Under the budget sequestration provisions of the Budget Control Act of 2011 the subsidy may be reduced. The amount of any subsidy reductions are not known at this time and are not reflected in the figures above.

Although payment of Basic Rent and Supplemental Rent on the City's certificates of participation may be made, subject to annual appropriations, from any funds of the City legally available for such purpose, the City currently intends to make such payments from the sources of revenue set forth below.

Fiscal Year	Lease Obligations to be Paid from Park Sales Tax	Lease Obligations to be Paid from Waterworks System	US Treasury Interest Subsidy ⁽¹⁾	Total ⁽²⁾
2016	\$ 810,773	\$ 1,069,008	\$ (98,470)	\$ 1,781,311
2017	809,985	1,067,358	(94,830)	1,782,513
2018	805,079	1,063,690	(90,816)	1,777,953
2019	367,555	1,052,811	(86,476)	1,333,890
2020	—	1,055,423	(81,819)	973,604
2021	—	1,046,281	(76,793)	969,488
2022	—	1,040,615	(71,411)	969,204
2023	—	1,038,328	(65,686)	972,642
2024	—	1,029,409	(59,637)	969,772
2025	—	1,018,093	(52,938)	965,155
2026	—	1,009,370	(45,632)	963,738
2027	—	1,008,986	(38,062)	970,924
2028	—	996,788	(30,174)	966,614
2029	—	988,038	(21,969)	966,069
2030	—	977,918	(13,446)	964,472
2031	—	646,258	(4,553)	641,705
Total	<u>\$2,793,392</u>	<u>\$16,108,374</u>	<u>\$(932,712)</u>	<u>\$17,969,054</u>

(1) The Certificates of Participation, Series 2009 are Build America Bonds for which issuers were to receive a 35% interest subsidy from the U.S. Treasury. Under the budget sequestration provisions of the Budget Control Act of 2011 the subsidy may be reduced. The amount of any subsidy reductions are not known at this time and are not reflected in the figures above

(2) The variances from the prior table are attributable to rounding.

Future Debt

The City is considering financing the construction of a new Community Center and a Theater. The tentative plans are based on separate locations for each facility with the theater complex being located in downtown. The tentative financing plans assume \$24 million to be financed by a combination of some type of leasehold revenue or revenue bond paid with the park sales tax, City reserves and fees from theater/entertainment groups. The plan is still conceptual and the timing of the project is not yet known but could be within the next two years.

Kirkwood Chief Administrative Officer
FY 2015-2016 Budget Priorities
September 30, 2014

Russell B. Hawes, AICP

The City of Kirkwood Charter stipulates that the Chief Administrative Officer develop budget and program priorities and submit them to City Council 180 days prior to budget adoption. As we move through the 2015-2016 Budget process, we look to you for direction in moving the City into the next fiscal year. Budget analysis began with a meeting of the department heads and City Council to discuss items for budget consideration at a planning retreat in July. Since then, finance and administration staff have been working with the leaders of the various departments to develop programmatic budgets to guide the delivery of services to our citizens.

The budget priorities outlined below, may be used as guiding principles while reviewing budget and capital improvement program drafts. This document will be distributed to all who have a hand in framing the City of Kirkwood's FY 2015-2016 financial plans including City Council, Citizens Finance Committee, and department heads.

Priority Item:

• *Manage the City's budget and finances with heightened transparency, accountability, and measures of effectiveness to result in the delivery of top quality services to our citizens in a challenging fiscal environment, while preserving and building upon the fund balances of the city.*

Service delivery is paramount. The citizens of Kirkwood are accustomed to, demand, and rightly expect exceptional services from their city. Police and Fire operations unfailingly meet the need. From Electric to Water to all levels of public works services, the city continues to strive to provide the highest quality and value. In order to do this, we face many challenges. Operational costs have steadily increased due to unfunded mandates and inflationary pressures. We must identify where our limited City funding is most wisely invested. This year we will use a professionally conducted comprehensive community survey to help set the course, indicate deficiencies, and to identify what our citizens believe needs improvement. This new survey, together with the comprehensive planning process, will allow the leaders of the City to make well informed decisions that will most benefit our citizens.

In order to continue to deliver the high quality of life for our citizens, we must have strong stewardship of our finances. The City's finance staff monitors closely the day to day cash flow and budget expenditures. Our strong fund balance, at 34% of operating revenues, is one of the primary reasons the City of Kirkwood has been able to attain and keep the Aa2 bond rating. This is only one level from the highest rating possible. The strong investment grade bond rating has allowed the City broad access to the credit markets over the years and provided opportunity to borrow funds at the some of the lowest possible borrowing costs, which can save our citizens hundreds of thousands of dollars whenever new debt is issued. We must strive to maintain and to build upon our strong fund balance in the general fund.

We are working now to place, for the citizens' approval, a ballot measure to create a one-quarter cent fire services sales tax. This would allow us a dedicated means to provide the necessary support for the employees of our fire department, in order to deliver the best fire and emergency medical services. We continue to evaluate our business license tax for equitable application, and the fee structures for services throughout the City for appropriate levels. We need to strengthen all revenue streams to ensure the sustainable operation of the City.

Our employees are what make the quality services happen. It is extremely important that the City's compensation packages remain competitive year to year. It is far more costly to lose a good employee to another location, than to have gained the benefit of accumulated experiences and expertise by compensating at a competitive amount at the start. We are having analysis completed in the next month that will help us determine the competitive equilibrium of compensation. As part of that package we will be proposing a one percentage point increase in the City's pension plan contribution.

Priority Item:

- *Develop a culture of innovation and efficiency initiatives to improve services and reduce costs, thereby demonstrating value and tangible results to our community.*

I have been working our new leadership team, a group of select department heads, to help guide the City through the processes necessary to maximize efficiency and effectiveness of operations. We are incorporating ways to involve all levels of the organization in defining best practices and procedures.

Our safety program is second to none. The culture of always being safe in everything a City of Kirkwood employee does has reaped benefits through reduced workers compensation and health insurance costs borne by the City. We now have the lowest experience modifier in Missouri, which continues to keep costs down.

We are embarking on a new program to provide all commercial sanitation service in the City of Kirkwood. This program is expected to run operationally net positive for the sanitation fund from its inception. When the program is fully instituted in April 2016, it will be tracked very closely for process and performance. This will be benchmarked against comparable commercial operations in other locations. We will also solicit feedback from the new customers on any issues with the service. These analytics will be shared with the line employees to gain their input in bettering procedure.

Priority Item:

- *Pursuant to Kirkwood Council's 2011 strategic policy direction, continue to implement the City's Capital Improvement Program to ensure appropriate levels of funding are directed to priority capital projects.*

Much of the City's water and road infrastructure is aging and deteriorating or losing functionality. Public Services have been evaluating the decline and began implementing a plan to address it this year. The Water Master Plan has provided a blueprint for how to get the most bang for the buck on our investment in water infrastructure. Multiple funding

scenarios were developed, with the recommended approach involving strategic repair and replacement and pay as you go funding. Step one is the installation of new smart readers throughout the system. Strategic water main replacement throughout the city will follow. A similar effort is underway for the roads in the City with a computer-based pavement quality inventory and analysis. We have learned from the City Hall enhancement project that delaying maintenance can be costly. The support beams for the columns on the West side were highly deteriorated by rust and may have failed had we not identified the issue through the project. Deferred maintenance and capital investment will most often result in higher costs down the road.

Kirkwood Electric is also upgrading its physical assets. We are replacing old equipment at the Alfred substation, implementing aesthetic improvements at the Essex substation, and continuing the operating voltage conversion to a 12 kV system for more reliable and cost effective electric service. Our fleet department has built on its analytics to guide vehicle purchases based on the true cost and benefit of retaining or replacing vehicles and equipment. Capital improvement funds are limited by the receipts from a dedicated sales tax and any transfers from the three enterprise funds, Water, Electric, and Sanitation.

With the completion of parks and recreation citizen survey and analysis, we will be moving forward with the Kirkwood Community Center upgrade feasibility study. This will help outline the types of investments that reap long term benefits for all our citizens. These may include new parking, an enhanced or rebuilt theater, new meeting space, gymnasium and lobby improvements. This year's budget will need to contemplate funding scenarios for the capital investment. There will also be some major reconstruction of the water infrastructure at the aquatic complex. These capital improvements will allow for the long term operation of all the amenities at that location.

One of the icons of the City is in need of substantial structural upgrades and continuing maintenance. A special committee is currently assessing needs at the Train Station for its continued operation by the City. The analysis will identify costs associated with the proposed upgrades and means to fund the improvements. Dedicated citizens and city leaders have donated their time and efforts to preserving the cultural heritage that is embodied in our downtown train station. A report on those improvements will be forthcoming.

Priority Item:

- *Execute transparency of purpose through neighborhood outreach meetings and citizen communication initiatives.*

We must engage our citizens in a continuing dialog about their desires and needs and the city's initiatives to address them. There is a level of apathy and distrust engendered when the lines of communication are not open and reciprocal. Occurrences at the federal, state, and other locality levels can influence our citizens' perception of Kirkwood's government and its programs. The light must be shone brightly on our intent to serve. This can be emphasized through neighborhood meetings, the internet, and social media. The Citizen Action Center and the new Neighborhood Caretaker Alert form are effective tools to address citizens' concerns. These are experiencing a wave of use recently as we have made concerted efforts to publicize them. We are working to incorporate a smartphone

application that will allow citizens to interact with the city instantaneously with photography and geo-coding of concerns. We are also working on new and interactive ways to present information on City programs through our website and e-mail blasts.

Priority Item:

• *Continue the creation of a new comprehensive plan, and procedural improvements in development review that preserve the city's unique character and values while delivering fair and well-reasoned results.*

The steering committee will soon be named for our comprehensive planning process entitled "EnVision Kirkwood 2035". The plan will encompass a very high level of citizen participation to drive what this city can be during the next fifteen years and beyond. All departments of the city will be involved reassessing their services and how they will integrate within the future built environment in Kirkwood.

Infill and redevelopment pressures will continue. Kirkwood's unique character and close proximity of neighborhood residential uses to commercial uses will always make achieving high quality compatible development a challenge. Having a strong plan, created and supported by the citizens of this city to guide decision making, will lessen the burden and result in a sustainable quality of life for all of Kirkwood's residents.

Priority Item:

• *Further efforts to strengthen Kirkwood's long term viability in the region by working cooperatively with other leaders in the area to strategically advance Kirkwood's interests through intergovernmental agreements and partnerships.*

The City of Kirkwood is not an island unto itself. We exist in a muddled and sometimes complex metropolitan governance structure. In order to preserve our sovereignty that allows local voices to protect our character and quality of life, we must be proactive in strengthening our place in St. Louis County. As opportunities present themselves we must engage with neighboring jurisdictions on ways to improve services to our constituents. Currently we have agreements with Rock Hill and Oakland that provide those cities with services that they otherwise could not provide to our level. These agreements have been shown to be mutually beneficial financially, and we look to continue them. We must also reach out to other close neighbors to identify cost and service delivery efficiencies. In the changing climate of Saint Louis County, it is in our citizens' best interests for our city to be proactive in leading the charge on innovative service delivery, performance measurement and other tangible benefits of our local government operation on their quality of life.

Kirkwood Chief Administrative Officer
FY 2016-2017 Budget Priorities
October 1, 2015

Russell B. Hawes, AICP

The City of Kirkwood Charter stipulates that the Chief Administrative Officer develop budget and program priorities and submit them to City Council 180 days prior to budget adoption. As the City moves through the FY 2016-2017 budgeting process, I will be working together with the Citizens Finance Committee to produce the best recommendations for City Council on our financial plan for the next fiscal year and beyond. Staff will look to the City Council for direction in moving Kirkwood into the next fiscal year. Budget analysis this fiscal year began with a meeting of the department heads and City Council to discuss items for budget consideration at a planning retreat in late June. Since then, finance and administration staff has been working with the leaders of the various departments to develop programmatic budgets to guide the delivery of services to our citizens.

The budget priorities outlined below, in combination with the guiding principles I outlined in last year's priorities letter, present management's perspective in its review and development of the proposed budget and capital improvement program. This document will be distributed to all who have a hand in framing the City of Kirkwood's FY 2016-2017 financial plans including City Council, Citizens Finance Committee, and department heads.

Priority Item:

•Address Operation and Funding Deficiencies in the Sanitation Department

The Sanitation Department operated at a deficit in the past year. Reserves in that fund would be further eroded without a change in course. There is an immediate need to set the department on a path to fiscal sustainability. With the assistance of an expert consultant, we are evaluating all business operations of the sanitation function. As an enterprise fund its funding is derived from fees charged for services. It must be a business-type operation that sustains itself. The appropriate fee structure across all services provided is imperative to the continued viability of the operation.

The operations and rate analysis will assist in identifying the program adjustments necessary to provide the range of services and method of delivery appropriate for long term fiscal health within the sanitation fund. We must determine whether the City should be in the commercial sanitation business, and if so at what level. We also must examine the costs and benefits of roll-away containers for residential non-recyclable solid waste.

Priority Item:

•*Employ Strategies for Quality Redevelopment and Enhancements*

The City is considering some major projects that could transform Kirkwood for years to come. There is always the temptation to innovate, but we would not want to jeopardize the things that are so great about Kirkwood. We must review all aspects of the community center project to ensure that, in whatever form it ultimately takes, it brings value added and raises our citizens' quality of life. The economics here are paramount. We will need to account for what portion of operating expenses may be expected to be recovered from participatory fees. Comprehensive cost recovery will solidify the business aspects of both the community center and theater operations. There are opportunities here to create and drive new revenue streams for the City. Framing the financing of the project with contributions from non-profit or private entities will also be a challenge that, with proper input from our financial advisors, will allow the city to take on this large project in the most fiscally-prudent way.

Opportunity abounds in the controlled redevelopment of our commercial corridors. The Envision Kirkwood 2035 Plan will guide development that is sustainable, and complimentary to the character and current land uses throughout the City. The City will benefit by engaging in strategic investment through the SBD, and in underutilized locations of the City. These investments will provide the seeds of change to more fully realize great potential in underdeveloped sites.

The City needs to refocus its efforts regarding economic development opportunities. The Planning and Zoning Committee has worked diligently to provide an innovative tool that will allow flexibility in certain redevelopment situations. This will be a key piece of the puzzle in securing quality private investment in some of the City's more difficult to develop properties. Obtaining highest and best use on these underutilized land parcels will grow the property and sales tax bases to provide the highest quality services our citizens' demand and expect. To this end we plan to include in the budget a reorganization of the planning function to include more of an economic development component.

Priority Item:

•*Strengthen Downtown Kirkwood and its Anchors*

Downtown is the jewel of Kirkwood. Its anchors, the Train Station and the Farmers Market, draw people into the City who otherwise might spend their time and money elsewhere. Once here, they have the opportunity to experience downtown's family-friendly atmosphere, fun shopping, and excellent dining options. We must preserve and maintain them. Both are showing signs of their age.

The Farmers Market is a magnet that draws people from near and far into the heart of our city. We must nurture and build upon its strengths in driving business throughout downtown and beyond. The restrooms are woefully inadequate for what downtown Kirkwood should be presenting to our visitors. The roof is leaking in places, and if left to continue, will present a much larger and more expensive problem to remedy. Staff is developing a plan for some of the needed repair work to be addressed over the upcoming winter months. This will allow the market to open this spring in much better condition.

Now is the time to create a development strategy that supports our thriving downtown area. We are adjusting how we respond to, and direct, the captive demand from the Amtrak train ridership. Uncontrolled parking from the overnight train patrons has placed an unnecessary strain on parking in the Argonne area. The lot on the South side of Argonne functions best with high turnover to serve our businesses. The better and more efficient approach is to involve more lot-specific permitting that will free high turnover spaces in the heart of downtown for our businesses' patrons. I support, upon completion of the City's comprehensive plan, employing a consultant to produce a downtown master plan and parking analysis, to encompass the urban area bounded by Essex, Taylor/Fillmore, Woodbine, and Clay.

Priority Item:

•*Preserve Current Funding Streams into the Future*

Another priority this year will be preparing for a citizen vote to continue the one-half cent capital improvements sales tax. This tax brings \$2.2 million each year to provide for street resurfacing, infrastructure improvements, vehicle replacement, and public safety capital needs. It is essential to providing our current level of service. This current revenue source will sunset in 2020 if it is not renewed prior to that date. A timely approach for this initiative would place the question on the April 2017 election.

Threats to the City's fiscal health do not stop at the sunset of our capital projects sales tax. There are sure to be more initiatives at the state level that follow the course of SB 5, that erode Home Rule, and could bring more restrictions on municipalities. One need only to read a randomly selected issue of the St. Louis Post-Dispatch to glean that the issues in some cities are generalized and broadly extended to encompass other, better operated municipalities.

Priority Item:

•*Continue to Build a Culture of Exceptional Citizen/Customer Service*

It is always my priority to address the concerns of the citizens of Kirkwood in a timely and effective manner. We are implementing a new Citizen Request Module to our website that includes a versatile mobile application. This will allow citizens to initiate a service request from their smartphones. The app will allow them to include GIS coordinates for a specific location, as well as attach a photo of the issue. We are looking to integrate this application into our work order system for any calls for service, no matter from what medium they originate.

We will also be working on incremental adjustments to our web presence. In the works is an active projects web page that will list not only information from City projects, but also projects that may impact residents from MoDOT, St. Louis County, MSD, and even private interests. This is planned to be in a convenient format with links to maps and schedules so our citizens are never in the dark on projects that may affect their daily activities.

Priority Item:

•*Tighten the Budget and Track Expenditures*

The City needs to continually track budget and finance trends to sustain our strong financial position. Short term decisions can have great impact on long term results. One primary goal is to lessen the rise in program expenditures that do not have a corresponding revenue stream. The City strengthened its overall financial position with the passage of a new one-quarter cent sales tax for Fire/EMS. The additional revenues will enable funding for continued growth of fire and ambulance services to match the call demand. The new revenue source will also free-up some monies in the general fund to help build the currently stagnant fund balance year to year.

We are instituting a new and more interactive approach with the Citizens Finance Committee. Rather than each department head presenting a description of that department's line items, the department's service programs will be reviewed. This will allow the CFC to better review the effectiveness of existing or proposed program within departments and enhance accountability with a focus on performance measures.

Priority Item:

•*Lead in Police Department Best Practices and SB5 Compliance*

The City of Kirkwood will be leader in implementing police best practices including national accreditation, incident tracking, body cameras, and progressive community policing. The department will be implementing a process to attain national accreditation through CALEA. There will be a significant cost to review and adjust or create best practice policies. There is also a cost each year to maintain accredited status once it is earned. Chief Plummer is working to develop the most cost-effective approach to this process. It could eventually include a new compliance officer to monitor and prepare compliance materials.

Priority Item:

•*Maintain Recommended Fund Balances*

The rating agencies have recognized the City's history of having strong fund balances. It is imperative that the City maintains its fund balances through all funds. This supports cash flow and the continued effective operation of all departments.

Objective

To provide City Council and management with insight into the overall financial position of the City by analyzing the City's General Fund past five-year history. This annual financial trend analysis will focus on the General Fund major revenue sources and expenditures by category.

Background

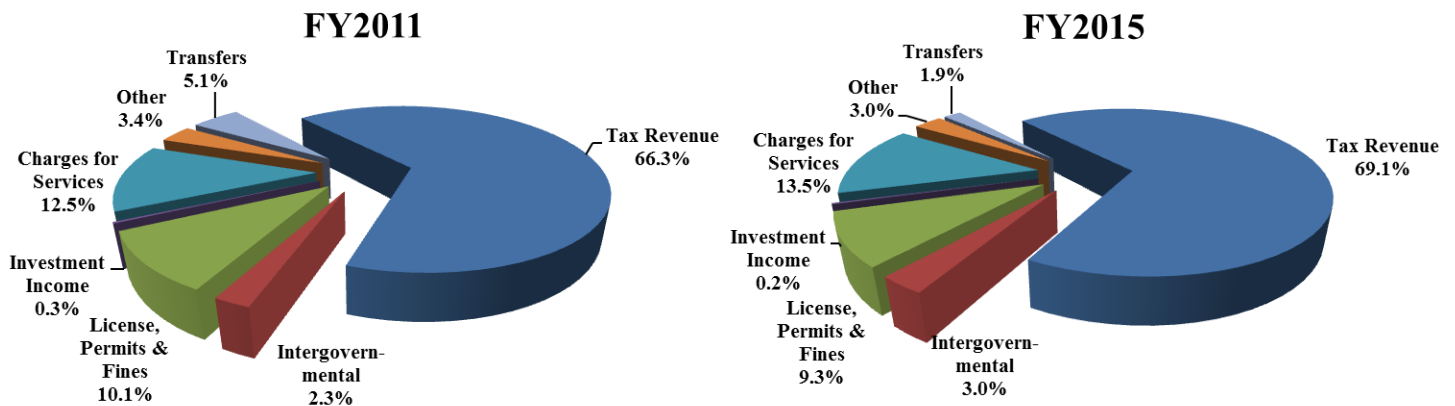
The City's financial trends will become a part of the annual update of the Long-term Financial Plan. Since this is the first formal trend analysis compiled by the City, the focus will be on major revenue sources and expenditures by category. Factors utilized in performing this analysis include:

- The economic condition of the City and the surrounding region;
- Types and amount of revenues;
 - Revenue volatility and external drivers
 - Economy
 - Weather
 - Political
- Expenditure levels and whether these expenditures are sufficient to provide the current desired level of services;

Data used in developing this financial trend report is from the City's Comprehensive Annual Financial Reports for fiscal years FY2011 through FY2015. All trends are based on data available as of March 31, 2015, and do not incorporate any changes that have occurred since that time.

Revenue Trend Analysis

Comparison of Revenues by Source FY2011 vs. FY2015



Comments: These charts, which compare current revenue sources to those five years ago, show changes in the revenue percentages by source for General Fund revenue in the tax, intergovernmental, licenses, permits & fines, investments, charges for services, other, and transfers from other funds. Tax revenue and transfers had the most notable change during this period due to management decision not to transfer the \$1,000,000 from the Electric Fund in FY2015. Individual revenue information and changes are discussed in the next section.

The Hancock Amendment-Revenue Limitation

In 1980 Missouri voters approved an amendment to the Missouri Constitution to limit taxation and governmental spending. The amendment limits the rate of increase and the total amount of taxes on property which may be imposed in any year without voter approval. If the assessed valuation of property, excluding the value of new construction and improvements, increases by a larger percentage than the increase in the general price level from the previous year, the maximum authorized current levy applied thereto in each political subdivision must be reduced to yield the same gross revenue from existing property, adjusted for changes in the general price level, as could have been collected at the existing authorized levy on the prior assessed value.

The Hancock Amendment also requires political subdivisions of the State of Missouri to obtain voter approval in order to increase any “tax, license or fee.” Since the Hancock Amendment was adopted in 1980, the Missouri Supreme Court has rendered numerous opinions addressing the question of whether certain types of fees and charges are subject to voter approval. In *Keller v. Marion County Ambulance District*, 820 S.W.2d 301 (Mo. 1991) (en banc), the Supreme Court analyzed the question under a five-prong test and concluded that an increase in fees charged by an ambulance district for transporting patients did not require voter approval. Subsequently, in *Beatty v. Metropolitan St. Louis Sewer District*, 867 S.W.2d 217 (Mo. 1993) (en banc), the Supreme Court applied the five-prong test developed in *Keller* and concluded that sewerage fees that were not directly related to the amount of service a customer received required voter approval. Applying the same analysis to different billing structures, however, the Missouri Court Appeals in *Missouri Growth Association v. Metropolitan St. Louis Sewer District*, 941 S.W.2d 615 (Mo. App. E.D. 1997) and *Mullenix - St. Charles Properties v. City of St. Charles*, 983 S.W.2d 550 (Mo. App. E.D. 1998), found that the sewerage fees and water and sewer charges at issue in these cases did not require voter approval. The City believes that, based on these and other cases, volume-based increases in charges for users of the Waterworks System are not subject to the voter approval requirement of the Hancock Amendment. Nevertheless, if the Missouri Supreme Court were to subsequently change its interpretation of the Hancock Amendment, or if future initiatives limited the ability of the City to raise its charges without voter approval, the City’s ability to raise revenues to pay the Certificates could be adversely impacted.

The Hancock Amendment does not apply to taxes imposed for the payment of principal and interest on general obligation bonds or other indebtedness authorized by referendum.

General Fund Revenue Sources

Composition

The City derives its revenues from a variety of sources. The following chart reiterates the FY2015 General Fund primary sources.

Revenue Source	Revenues (In thousands)	Percentage of Total Revenues
<i>Taxes:</i>		
Property	\$ 2,100	10.2 %
Sales Taxes (All types)	4,863	23.6
Utility Gross Receipts	4,933	24.0
Motor Vehicle (Includes fuel and vehicle fees)	1,057	5.1
Other Taxes	1,255	6.1
<i>Total Taxes:</i>	14,208	69.1
Intergovernmental	621	3.0
Licenses, Permits, Fines and Fees	1,919	9.3
Investment Income	50	0.2
Charges for services	2,772	13.5
Other Revenue	615	3.0
Transfers from Other Funds	382	1.9
Total Revenues:	\$ 20,567	100.0 %

Property Tax Revenues

Tax Procedures: Not later than September 30th of each year, the City Council sets the rate of tax for the City and files the tax rate with St. Louis County by October 1st. The County is responsible for reviewing the rate of tax to insure that it does not exceed constitutional rate limits.

Taxes are levied on all taxable real and personal property owned as of January 1 in each year. Certain properties, such as those used for charitable, education, and religious purposes, are excluded from ad valorem taxes for both real and personal property.

Real property within the City is assessed by the County Assessor. The County Assessor is responsible for preparing the tax rolls each year and for submitting tax rolls to the County Board of Equalization. The Board of Equalization has the authority to question and determine the proper value of property and then adjust and equalize individual properties appearing on the tax rolls. By statute, tax bills are to be mailed in October; however, the volume of assessment complaints required to be reviewed by the County Board of Equalization can affect the date on which bills are actually mailed.

Payment of tax on real and personal property is due by December 31 after which date they become delinquent and accrue a penalty of one percent per month. The County Collector of Revenue deducts a commission equal to 1.5% of the taxes collected for this service. After such collections and deductions of commission, taxes are distributed according to the taxing body's pro-rata share.

Assessed Valuation: Assessment of real property, pursuant to the Constitution of Missouri, requires such property to be classified in subclasses consisting of agricultural, residential or commercial, permits different assessment ratios for each subclass and requires uniformity in taxation of real property within each subclass. Pursuant to the Constitution, agricultural property is assessed at 12% of its productivity value, residential property is assessed at 19% of true value, and commercial property is assessed at 32% of true value. Personal property is assessed according to book value. In 1986, the Missouri General Assembly passed a bill requiring reassessment of all real properties every two years, beginning in 1987.

Major Taxpayers: See page 112 of the 2015 Comprehensive Annual Financial Report.

The increases and decreases in property tax revenues over the period can be attributed to one or more of four factors: 1) assessed property values; 2) property tax rates; 3) delinquent property tax collections; and 4) termination of Tax Increment Financing (TIF) district.

Assessed property values experienced a 3.25% decrease from FY2011 to FY2012. It is difficult to pinpoint the direct factor(s) for this decrease but it is important to document changes that occurred during this period that may have influenced these changes. In August 2010, St. Louis County voters approved an amendment to the county's charter that allowed the county assessor to be an elected position rather than an appointed position. In April 2011, a newly elected county assessor was sworn into office. From FY2012 to FY2015 the assessed property values increased a total of 5%. See page 110 of the 2015 Comprehensive Annual Financial Report.

Property tax rates are set by City Council who are diligent in maintaining stable rates for the citizens of Kirkwood. Residential property tax rate for general governmental services was increased in FY2013 from \$0.276 to \$0.296. See page 111 of the 2015 Comprehensive Annual Financial Report.

Delinquent property tax collection is the third factor that influences fluctuations with property tax revenues. During the five-year period, current property tax collections averaged 89% of original tax levy. After the receipt of delinquent tax collections in subsequent years, the City's average collection rate is 98% of original tax levy. The 2% of original tax levy for uncollected taxes that remain includes write-offs from successful property tax protests, as well as, non-payment of tax bills. At the time of this report, we do not have the detailed make-up and/or disposition on uncollected accounts because St. Louis County is responsible for the billing, collecting, distributing, and accounts receivable maintenance. See page 113 of the 2015 Comprehensive Annual Financial Report.

Tax increment financing (TIF) districts are one of the lesser common reasons for an increase in property tax revenues. In November 2012, the trustee for Pioneer Place TIF District had received monies to cover the final debt service payment scheduled in April 2013. City Council terminated the TIF district allowing the City to receive Kirkwood's portion of the pledged PILOTs from the Pioneer Place TIF District.

Sales Tax Revenues

During the 2015 Fiscal Year, sales taxes were the second largest source of City receipts, accounting for approximately 23.6% of total General Fund receipts. The sales tax receipts are from a 1¼% City sales tax used for general City purposes. 1% of the general corporate sales tax was authorized by special election in 1971 and became effective on October 1 of that year. The remaining ¼% City sales tax was authorized by special election in November 1994 and became effective on April 1, 1995.

In St. Louis County (the "County"), all sales taxes for cities are collected by the State and remitted to the County and then distributed to the cities within the County. Within the County, some cities are "pool" cities and some cities are "point-of-sale" cities. Point-of-sale cities receive sales tax revenues generated within their borders. Pool cities receive sales tax from a pool of tax revenues which are distributed on a per capita basis. Kirkwood is a point-of-sale city except for approximately 2.3% of its area which was annexed in 1991.

Under Missouri law, a portion of the sales tax attributable to point-of-sale cities is included as a part of the funds distributed to pool cities, except for cities with revenues below the county-wide average, which retain all the sales tax revenue collected within their point-of-sale boundaries. Under legislation passed in 1993, modifications were made to the distribution of sales tax to point-of-sale cities that were phased in over a three-year period, beginning in 1994. Pursuant to the statute, 12.5% of the City's ¼% general sales tax is contributed to the pool. A portion of the 1% general sales tax is also contributed to the pool and varies from city to city depending upon per capita sales tax for the city compared to the per capita countywide average. The City loses to the "pool" approximately 84% to 86% of the 1% general sales tax generated from Kirkwood Commons annually.

Sales tax revenues are a reliable source of revenues however they are affected by changes in the economy and inflation. Sales tax revenues have steadily increased from FY2011 through FY2015 (page 105, Comprehensive Annual Financial Report).

In 2015 Kirkwood citizens approved a ¼% cent fire protection sales tax. Fire protection tax proceeds were received starting in November 2015. We have collected just over five hundred thousand dollars in five months of receipts.

Local use sales tax is collected by the State of Missouri and distributed directly to the local government net of the 1% collection fee. The local use sales tax includes both the 1% sales tax and the 0.25% local option sale tax on purchases made outside the State of Missouri. Over the five-year period, the local use tax has increased a total of 10%.

Utility Gross Receipts

Utility gross receipts are another highly volatile revenue source, influenced by the weather and to a small degree the economy. The City charges 7.5% on the gross receipts of private and City-owned utilities. The receipts accounted for approximately 24.0% of General Fund receipts during the 2015 Fiscal Year. The City receives five different utility gross receipts: 1) natural gas 2) electric 3) water 4) city owned utilities and 5) telecommunications.

Natural gas gross receipts are up with the extreme cold adverse winters and decrease with the mild warmer winters. It is because of this volatility to weather conditions that the yearly growth over the five-year period averages to less than 0.5% per year.

Electric gross receipts respond opposite to the natural gas, increasing during the extremely hot summers, and decreasing during the cooler milder summers. Over the past five-year period the electric gross receipts have averaged a 2% yearly increase.

Water gross receipts increase with the dry warm summers and decrease with the wet summers. This revenue source represents less than 0.5% of tax revenue category.

Kirkwood utilities gross receipts is from the City owned electric and water distribution systems and are highly volatile to the weather conditions described above for water and electric gross receipts. This revenue source is 14.5% of the tax revenue category and realized an average increase of 3% over the five-year period.

The economy, potential changes in laws, interpretation of taxable services, and individuals giving up landlines for cellular communications heavily influences the telecommunication

gross receipts. Since FY2013, telecommunications gross receipts have been decreasing for a total decrease of 9%.

Intergovernmental Revenue

Intergovernmental revenues represent approximately 2.3% of the general fund revenues and include grants and receipts for shared services provided to the Kirkwood School District, City of Oakland, and the City of Rock Hill. During the last five years, this revenue source increased a total of 9%.

Licensing, Permits, Fines and Fees

The revenues received in this category are sensitive to changes in the economy. While court fines and fees are also subject to social/environmental forces and legislative changes.

Business and liquor licenses have averaged a 1.7% increase each year. Building permits have averaged a 1% increase each year over the five-year period but can be misleading. A large project such as Aberdeen Heights can mask the fact that normal building project permits are down due to the economy.

Court fines have shown a marked decrease. The City of Kirkwood has chosen not to rely on court revenues to fund our general government operations. The City's court fines represent 1.78% of the total general fund operating revenues for FY2015, which well below the 12.5% cap under Senate Bill 5. See Note 10, page 72 of the 2015 Comprehensive Annual Financial Report.

Charges for Services

Revenue sources in this category are from the end users of the city service. The ambulance fees and recreation fees make up the largest revenues in this category.

Ambulance fees increased a total of 4.5% over the five-year period. With the passage of the voter approved 0.25% fire prevention sales tax, the fire department will begin to staff a third ambulance 24 hours per day, 7 days per week.

Recreation fees along with a transfer from the Park Sales Tax Fund provide 100% funding for the recreation department expenditures in the General Fund.

Transfers from Other Funds

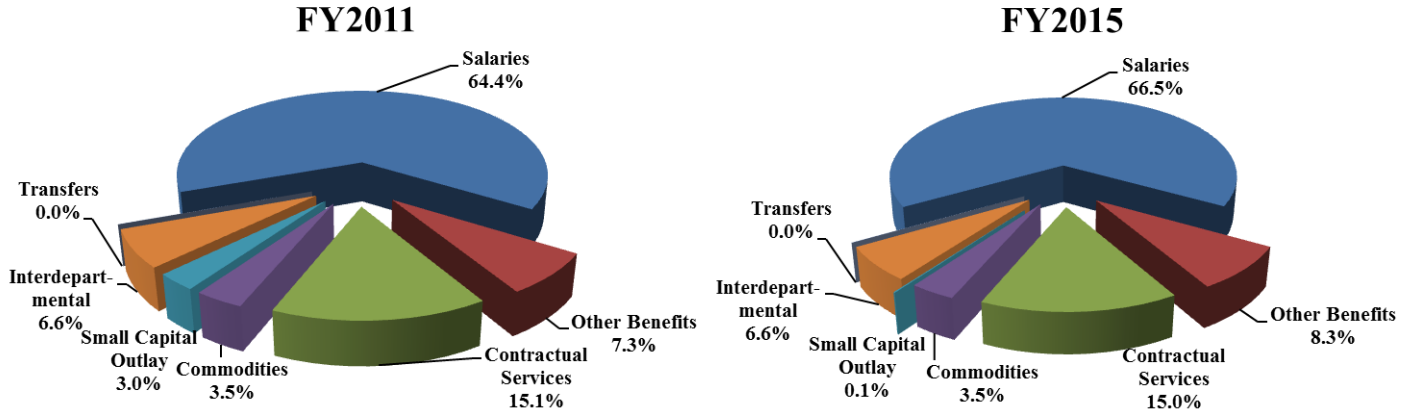
In addition to the revenues set forth in the table above, historically, a portion of General Fund revenue comes from transfers and dividends. Transfers have historically come from the Parks/Stormwater Capital fund while dividends come from our Electric Fund. Transfers represent funds which by law must first be deposited in a fund other than the General Fund and may later be transferred to the General Fund. Budgeted transfers are treated as revenue of the General Fund for purposes of establishing a balanced budget.

Revenue Summary

The General Fund total revenues have averaged a 1% increase per year during the past five years. The City has been fortunate in the past to have various revenue sources that together help mitigate the financial impact from periods of economic downturns.

Expenditure Trend Analysis

Comparison of Expenditures by Category FY2011 vs. FY2015



Comments: These charts reiterate the fact that salaries and other benefits comprise almost 75% of the total General Fund expenditures. Salaries and other benefits continue to increase. The challenge for managers is to look for efficiencies and different ways to accomplish our mission and continue to perform detail analysis before recommending the need for additional positions.

Trend Summary

The following chart provides the General Fund actual results for FY2011 through FY2015 and includes the beginning unassigned fund balances, operating and other financing sources revenues and expenditures. In the chart below, the term revenues is defined as, revenues and other financing sources and the term expenditures is defined as expenditures and other financing uses.

General Fund – Five-Year Historical Trend Summary (In thousands)

	<u>FY2011</u>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>
Beginning Unassigned Fund Balance	\$ 8,641	\$ 8,738	\$ 7,703	\$ 8,640	\$ 8,690
Revenues:					
Taxes	13,088	13,160	13,629	13,966	14,208
Intergovernmental	453	410	442	490	621
Licenses, Permits & Fees	1,996	2,054	1,867	1,881	1,919
Investment Income	55	147	49	20	50
Charges for Services	2,472	2,541	2,683	2,725	2,772
Other Revenues	675	630	630	618	615
Transfers from Electric	800	1,000	1,000	920	-
Transfers from Other Funds	200	200	307	272	382
Total Revenues	19,739	20,142	20,607	20,892	20,567
Expenditures:					
Salaries	12,645	12,676	12,860	13,339	13,684
Benefits	1,443	1,492	1,508	1,684	1,712
Contractual Services	2,975	3,156	3,140	3,212	3,092
Commodities (Supplies)	690	761	630	693	722
Small Capital Outlay	581	39	59	26	27
Interdepartmental Charges	1,303	1,411	1,472	1,364	1,325
Transfers to Other Funds	5	1,642	1	524	9
Total Expenditures	19,642	21,177	19,670	20,842	20,571
Revenues Over(Under) Expenditures	97	(1,035)	937	50	(4)
Ending Unassigned Fund Balance	\$ 8,738	\$ 7,703	\$ 8,640	\$ 8,690	\$ 8,686
Fund Balance % of Expenditures	44%	36%	44%	42%	42%

Objective

To prepare a comprehensive five-year financial forecast for the General Fund, incorporating adopted City fiscal policies, expenditure patterns, revenue trends, fund balances and other known financial impacts. Subsequent updates to this five-year financial forecast will be completed on annual basis and concurrent with the budget process.

Executive Summary

The five-year financial forecast was prepared in conjunction with the FY2017 budget process and will be updated annually hereafter.

Forecast (In thousands)	2016	2017	2018	2019	2020
Revenue and Other Financing Sources	\$22,385	\$23,582	\$24,543	\$24,892	\$25,249
Expenditures and Other Financing Uses	\$22,005	\$23,063	\$23,514	\$23,929	\$24,279
Projected surplus/deficit	\$ 380	\$ 519	\$ 1,029	\$ 963	\$ 970

The Long-term Financial Plan (LTFP) five-year financial forecast reflects a positive operating position in all years of the forecast.

Revenue increases are projected at 13% over the five-year period. The largest projected increase occurs in FY2017 due to voters approving a ¼-cent fire prevention sales tax in April 2015. The new fire prevention sales tax became effective October 1, 2015, providing the City with five months of receipts in FY2016 and 100% of the receipts thereafter. November 2017, the Kirkwood Commons Public Improvement Revenue Notes will expire and the City will begin receiving the revenues pledged toward the debt service for these notes. Under the leadership of the Chief Administrative Officer, who is a certified planner, the City has a new focus on economic development. This forecast includes modest potential revenue growth from new economic development.

Expenditure increases are projected at 9.8% over the five-year period. In FY2016 and FY2017, the forecast includes the addition of twelve (12) full-time positions into the General Fund. The forecast allows for a 3% salary increase with additional 0.5% for merit increases. Health insurance premiums include a 4% increase for FY2017, with a 4% increase for the remaining three years. Dental and vision insurance premiums have two year contracts so this forecast allows for a 2% increase in the renewal years. Pension contributions are projected using the current level of benefits. Personnel services are over 70% of the General Fund forecasted expenditures. The challenge for managers is to look for efficiencies within their departments and perform detail analysis before recommending the need for additional positions.

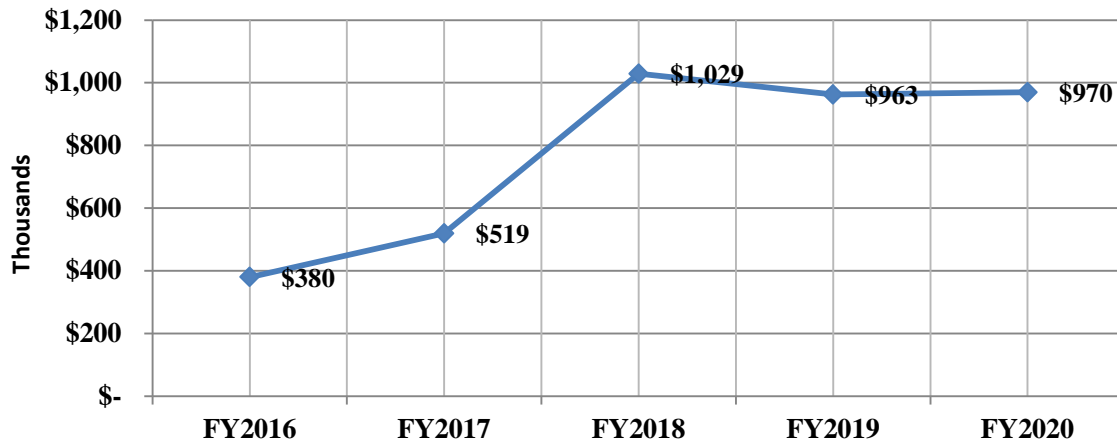
Background and Discussion

The City will prepare a five-year financial forecast as a part of the Long-term Financial Plan, annually. The forecast identifies the City's current and projected financial condition to determine whether funding levels are adequate and if projected expenditures can be sustained. The financial forecast, along with the Financial Trend Analysis, provides the foundation of the Long-term Financial Plan process.

The forecast is developed based upon guidelines provided by the Government Finance Officers Association (GFOA). The financial forecast allows the City to determine how current spending plans will influence future budgets. The base forecast is developed using the present level of services provided by the City. Inflation or historical growth rates are used to predict expenditure patterns. Revenues are projected by inflation, current trends, and/or by specific circumstances that are projected to occur during the forecast period.

Operating position – The financial forecast indicates a negative operating position in all five years of the forecast period. Results of the forecast with respect to operating position are shown in the following chart.

FORECASTED CHANGE IN FUND BALANCE

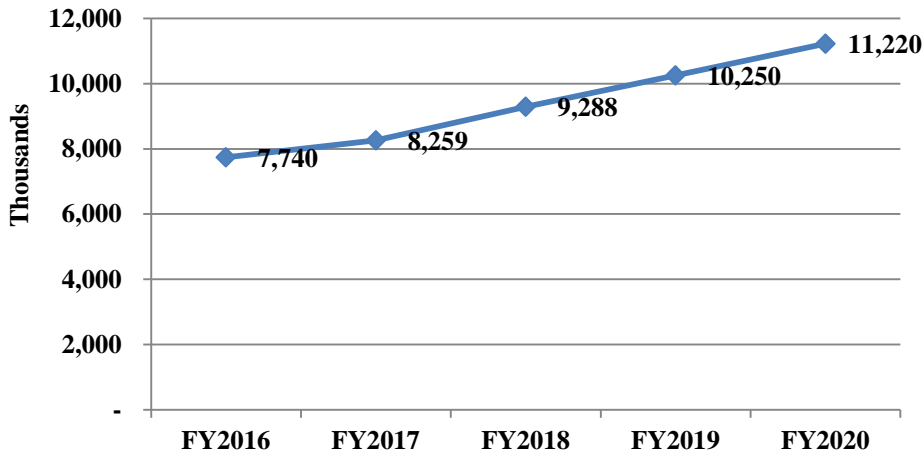


Historically the City does not spend 100% of the budget. The expected actual results should be significantly reduced or positive, as adjustments are made by management to ensure the city remains in a healthy financial position.

Fund balances – Fund balance is the net position of a governmental fund (difference between assets, liabilities, deferred outflow of resources, and deferred inflows of resources). The unassigned fund is the portion that is available for appropriation by the City Council, based on current policies. A positive fund balance represents a financial resource available to finance expenditures of a future fiscal year. The City’s assigned fund balance is the current fiscal year’s projected use of reserves.

The chart on the next page illustrates projected unassigned fund balance in the General Fund based on this financial forecast. The beginning unassigned fund balance is the actual unassigned fund balance as of March 31, 2015 (FY2015).

Projected General Fund - Unassigned Fund Balance



The projected unassigned fund balance remains positive for the five-year forecast period. According to the fund balance guideline, the General Fund's unassigned fund balance should be 30% to 50% of anticipated General Fund annual expenditures.

Forecast Assumptions

Beyond the economic and growth/trend assumptions used in the forecast, information specific to Kirkwood is included in the forecast:

Revenues:

- Voters approved a ¼-cent fire prevention sales tax in April 2015. The tax became effective in October 2015. FY2016 includes projected five months of receipts and in FY2017 and thereafter includes 100% of projected receipts.
- November 30, 2017, the Kirkwood Commons Public Improvement Revenue Notes will reach the final maturity. These notes are a special, limited obligation of the City, payable solely from the incremental sales taxes generated by the Kirkwood Commons redevelopment project. Beginning in FY2018, the projected revenue increase is \$500,000 per year distributed among the following revenues.
 - 1% Sales tax - \$121,000
 - ¼% Local option - \$126,000
 - Kirkwood gross receipts - \$58,000
 - Business licenses - \$195,000

Expenditures:

- New positions
 - FY2016 – November 2015 seven (7) full-time positions were added to the fire department.
 - FY2017 – Five (5) full-time positions are included in this forecast.
- Salary increases are projected at 3% with an additional 0.5% for merit increases for each of the five-year forecast period.
- Health insurance premiums are projected at 2% in FY2017 and 4% for the remaining three years.
- Dental and vision insurance premiums have two year contracts so this forecast allows for a 2% increase in the renewal years.
- Pension/deferred compensation – This forecast does not have any projected increases for pension benefits.
- Expenditures are based on using 96% of the authorized budget.

Factors Not Included in the Forecast

- This forecast is based on the General Fund only.
- No new or enhanced programs have been included.
- The forecast does not include any spending for capital or one-time maintenance projects.

Forecast Results

The following five-year forecast summary includes the beginning unassigned fund balances, operating and other financing sources revenues and expenditures. The summary does not have any capital projects. In the chart below, the term revenues is defined as, revenues and other financing sources and the term expenditures is defined as expenditures and other financing uses.

General Fund – Five-Year Forecast Summary (In thousands)

	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>
Beginning Unassigned Fund Balance	\$ 7,360	\$ 7,739	\$ 8,258	\$ 9,287	\$ 10,250
Revenues:					
Taxes	13,871	14,809	15,300	15,493	15,693
Intergovernmental	576	584	584	584	584
Licenses, Permits & Fees	1,926	1,877	2,090	2,111	2,132
Investment Income	20	35	36	37	37
Charges for Services	2,775	2,852	2,909	2,968	3,029
Other Revenues	617	824	824	822	822
Transfers from Electric	1,000	1,000	1,000	1,000	1,000
Transfers from Other Funds	300	300	400	439	477
Total Revenues	22,384	23,582	24,542	24,892	25,249
Expenditures:					
Salaries	15,551	16,350	16,734	17,082	17,363
Contractual Services	3,816	3,904	3,943	3,983	4,023
Commodities (Supplies)	857	1,029	1,039	1,049	1,060
Small Capital Outlay	43	36	37	37	37
Interdepartmental Charges	1,467	1,469	1,483	1,498	1,493
Transfers to Other Funds	271	273	276	279	282
Total Expenditures	22,005	23,064	23,514	23,930	24,280
Revenues Over(Under) Expenditures	379,677	519,010	1,028,723	962,663	969,730
Ending Unassigned Fund Balance	\$ 7,740	\$ 8,259	\$ 9,288	\$ 10,250	\$ 11,220
Fund Balance % of Expenditures	35%	36%	39%	43%	46%

General Fund, Global Objectives

The City of Kirkwood exists for one purpose and that is to serve the needs of its citizens. Having said this, the simplicity stops. Serving the needs of citizens requires the provision of services such as public works, police, fire, leisure opportunities, and the behind the scene support necessary to allow these services to be provided. In order to meet these needs and others, planning, particularly longer term strategic planning is essential. With all of this in mind, the Kirkwood City Council undertook an extensive strategic planning process in August 2010.

The City Council – the direct representatives of the residents – spent many hours discussing and establishing a vision, mission, and goals for City government. These three statements form the basis for all tasks and initiatives that must follow in order to make this happen. In support of the City Council and staff's planning, several citizen focus groups were conducted along with citizen surveys. The City Council, having accomplished the above, tasked the City's management staff with the responsibility of proposing specific objectives and initiatives necessary to achieve the established goals. Finally, the work of management staff was discussed and consensus reached by the City Council on the content of the City of Kirkwood's five-year Strategic Plan.

MISSION / VISION STATEMENTS

Mission Statement: The mission of the City of Kirkwood is to enhance the quality of life for current and future generations of Kirkwood residents through strong leadership, effective stewardship, and exceptional service.

Vision Statement: Kirkwood will be one of the most livable communities in the United States; a place recognized for its beauty, historic charm, strong neighborhoods, vibrant businesses and involved citizenry.

A unique part of Kirkwood's budget process is our Citizen's Finance Committee. This is a group of Kirkwood citizens appointed by council whose purpose is to:

- 1) Serve as an advisory body to the City Council and provide suggestions, recommendations, and comments to the City Council concerning preparation of the City's annual operating and capital budget, and the three-year capital program. The primary objective of the committee is to ensure citizen input on both the short-term and long-term financial condition of the City, the reasonableness and appropriateness of specific budget requests, and to provide other financial direction as may be requested by City Council.
- 2) Work with the Chief Administrative Officer and the Director of Finance in a mutually cooperative fashion, including the interviewing of department heads annually during the budget process, in order to gain an understanding of the needs and costs of operating and capital requests.
- 3) Work with the Chief Administrative Officer and the Director of Finance in a mutually cooperative fashion in reviewing revenue forecasts and the assumptions upon which they are based.
- 4) Conduct such other reviews as may be deemed necessary or as requested to adequately formulate recommendations on the City's financial condition, budgetary actions, and fiscal policies.
Ord. No. 8007, § 1, 11- 15- 90)

Additionally, a carefully scheduled chain of events that leads up to the creation of the Chief Administrative Officer's Budget takes place from between July and January. Some of these functions are:

- Preparation, review, and finalizing of the five-year Capital Review Plan.
- Preparation, review and presentation of the draft budget to the Citizen's Finance Committee. At this time, the draft budget is posted on the City's website so all of our citizens can follow along with the budget process.
- Staff meets with the Citizens Finance Committee and continues working with the Chief Administrative Officer carefully analyzing their budget requests to ensure we can provide the level of services Council wants.

- At the end of the budget process, the Chief Administrative Officer presents his budget with his budget message to the Council for their consideration.
- The Citizen Finance Committee prepares their report to City Council that can include comments, accolades and suggestions regarding programs the City provides.
- Council starts their review of the budget in January and has two months to meet with the Chief Administrative Officer and ultimately decide if they want to pass the budget ordinance.

CORE VALUES

Responsiveness: We provide services that address our citizens' wishes and needs.

Stewardship: We prudently and efficiently manage financial and human resources while promoting a sustainable environment.

Family: We design services and facilities that enhance a family atmosphere.

Tradition: We honor our community's historic past and build upon it for the future.

Involvement: We involve our citizens in local government activities.

Respect: We value the contributions and needs of all members of our community.

Integrity: We foster the highest ethical standards.

STRATEGIC GOALS

1. Enhance the quality of life of citizens
2. Strengthen relations between citizens and their government
3. Support business community
4. Improve public infrastructure
5. Provide adequate financial resources

Pursuing Kirkwood's objectives requires a carefully considered strategy for achieving the strategic goals. Carrying out the initiatives, projects, and actions will require the City to invest both financial and non-financial resources. The availability of resources will guide us on establishing priorities and timing. Implementation of various parts of the Plan can be adjusted so that costs are spread out to better match available resources.

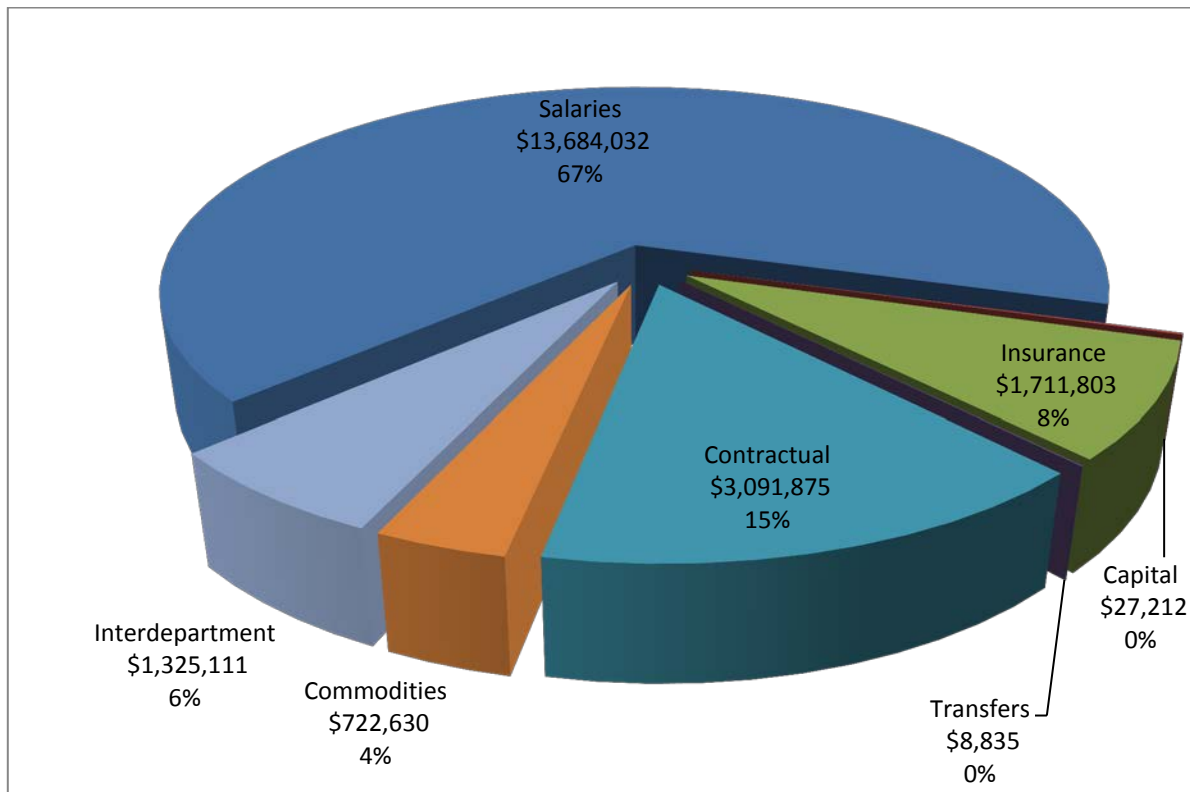
All activities require money in one way or another. There are numerous sources of funding for City programs and initiatives. Most have legal limitations as to how the sources are accessed. General sources are traditional receipt of taxes of all sorts, fees, and intergovernmental revenue.

General Fund, Expenditures, Analysis and Challenges

The departments are challenged each year to operate as efficiently and effectively as possible in delivering services. All the department heads involved in the preparation of budgets understand the fiscal constraints of the City, and continually review process and procedures in their departments. The City's budget is developed through the best efforts of staff to anticipate and evaluate departmental needs and fund programs efficiently and effectively. With personnel costs approximately 74% of all operating costs, we strive to maintain and improve services as much as possible without adding people. There are situations where a new position is a value-added proposition: Where it directly or indirectly leads to more revenue and better service to our citizens.

- Continue to analyze our operations with an eye on innovation and new processes, which could help us to become more efficient.
- Utilize our Citizens' Finance Committee to assist in the creation and review of our annual operating and five-year capital plans.

Salaries for the fiscal year ending March 31, 2015 equaled 67% of our General Fund Budget. Salaries and benefits equaled 75% of the General Fund Budget. This tells us two things. One is that personnel costs are the expense in accomplishing our mission. Second, if we ever have to make substantial reductions, this will not be possible without reducing personnel costs.



CITY OF KIRKWOOD, MISSOURI
 GENERAL FUND
 FIVE-YEAR HISTORICAL DATA

FY2011 FY2012 FY2013 FY2014 FY2015

**STAFFING - FULL TIME
 EQUIVALENT**

Clerk/Council	2.0	2.0	2.0	2.0	2.0
Administration	4.3	4.3	4.3	4.3	4.3
MIS	5.5	5.5	5.5	5.5	6.0
Personnel	2.0	2.0	2.0	2.0	2.0
Purchasing	4.3	4.5	4.5	3.5	4.5
Building Maintenance	2.5	2.5	2.5	2.5	2.5
Finance	7.5	7.5	8.0	8.0	8.0
Municipal Court	2.0	2.5	2.5	2.8	3.0
Police	72.3	73.0	73.0	73.7	76.0
Fire	47.0	47.0	47.0	47.0	47.0
Street	13.0	12.0	12.0	13.0	12.0
Engineering	5.0	5.0	5.0	5.0	5.0
Building Commissioner	7.0	7.2	7.3	7.5	7.7
Recreation	18.8	17.0	17.0	17.0	17.0
Total	193.2	192.0	192.6	193.8	197.0

CITY OF KIRKWOOD, MISSOURI
GENERAL FUND
FIVE-YEAR HISTORICAL DATA

	FY2011	FY2012	FY2013	FY2014	FY2015
EXPENDITURES					
Train Station	34,987	29,334	31,065	59,193	48,108
Clerk/Council	217,406	218,394	224,398	241,287	244,158
Administration	1,648,719	2,816,971	1,177,920	1,727,829	1,156,220
MIS	772,587	835,731	770,256	805,694	798,590
Personnel	178,622	185,442	182,287	189,001	185,077
Purchasing	352,360	368,232	381,965	350,107	360,834
Building Maintenance	381,080	401,363	430,097	453,570	457,798
Finance	341,008	350,487	380,020	393,096	413,277
Municipal Court	206,207	225,748	228,173	229,068	226,291
Police	6,306,529	6,457,885	6,620,382	6,897,527	7,029,459
Fire	4,770,912	4,812,100	4,816,298	4,958,967	5,041,420
Street	1,466,423	1,531,135	1,448,800	1,482,172	1,473,146
Engineering	337,230	332,092	338,605	364,662	381,688
Building Commissioner	635,225	579,710	580,762	612,944	646,781
Recreation	1,993,181	2,031,879	2,058,678	2,076,745	2,108,685
Total	19,642,476	21,176,503	19,669,706	20,841,862	20,571,532

General Fund, Expenditures Analysis and Challenges

From fiscal year 2011 to 2015, the City had an increase in full-time equivalents (FTE) of 3.8. Kirkwood has a history of carefully analyzing all new and vacant positions before filling them. Additionally Kirkwood's General Fund expenditures from 2011 to 2015 increased by less than 5% percent.

Kirkwood has many programs and procedures that enable us to meet the City Council's strategic goals while keeping expenditures flat in the General Fund. Personnel costs make up 75 percent of expenditures in the General Fund so carefully monitoring our staffing levels is crucial. There is a lot of work going on behind the scenes to put together a budget the size and complexity of Kirkwood's. Our Chief Administrative Officer coordinates all the moving parts and brings together his budget for Council's consideration. Once Council passes the budget ordinance, this becomes Kirkwood's Plan.

Kirkwood has a transparent budget process. Budget materials are available for public review on our website from the beginning of each year's budget cycle. The manner in which several reviews take place by the CAO, staff, and our citizens will continue to ensure we have a reasonable budgetary plan that will provide for the level of service Council requires.

In conclusion, we started our long term planning process with our general fund. Each year we will update our projections with actual figures from the audited financial statements so our long term financial plans will be a useful tool in our planning processes.

In addition, we will create a long term financial plans for our enterprise funds and our two capital improvement funds in the coming year. We believe these documents, when complete, will be an invaluable tool in planning the City of Kirkwood's path into the future.