



## Summary of Narrative

### Summary of the City of Council Grove FY2026 Budget:

The City of Council Grove's FY2026 Budget, running from January 1 to December 31, 2026, is designed to be conservative and aligns with the city's comprehensive plan for future development. Key initiatives include:

#### 1. Rural Housing Incentive District (RHID):

- Established in August 2023, the RHID aims to encourage housing development by using incremental property tax revenue from new construction to fund public infrastructure improvements (e.g., streets, water, sewer).
- The goal is to promote community growth, increasing both sales and property taxes.

#### 2. Moderate Income Housing Program (MIH):

- The city, in partnership with Morris County and the Greater Morris Council Development Corporation (GMDC), is working on the MIH program, which supports affordable housing for moderate-income families.
- MIH funds are available for building or revitalizing housing, particularly in small towns and rural areas.

#### 3. Health and Dental Insurance:

- The city hired Professional Insurance Consultants, Inc. to shop for better health insurance rates after facing a 27% increase in 2025/2026 coverage, leading to an increase of \$152,815.80 in health insurance costs.
- Dental insurance also saw a 13% increase, with the total health and dental insurance budgeted at \$558,642.36 for FY2025/2026.

#### 4. Budget Strategy:

- For the first time since its establishment in 2021, the FY2026 Budget is neutral revenue.
- The approach aims for gradual improvement, focusing on economic sustainability, infrastructure enhancement, and providing services while being fiscally responsible in light of challenging economic factors faced by small towns.

In summary, the FY2026 budget is cautious but forward-thinking, balancing growth initiatives with conservative financial management to ensure long-term community well-being.

Nick Jones – City Administrator



## **Summary of the City of Council Grove FY2026 Budget Overview:**

### **Revenues:**

#### **1. Property Tax Revenue (Ad Valorem Tax):**

- The property tax revenue for the General Fund is set at \$1,097,267 for FY2026, remaining Revenue Neutral. This means the city aims to maintain the same property tax rate as the previous year, despite an increase in property valuations.

#### **2. Interest Income:**

- The 5-year average annual interest from investments (e.g., CDs, Money Market, Checking) is \$57,991.83.
- For FY2026, the estimated income from investments is \$50,000, reflecting a conservative approach due to the uncertain economic conditions.

#### **3. Other Revenue:**

- The General Fund also receives revenue through transfers from the 1% fund. This fund supplements the general operating budget.

#### **4. Mill Levy:**

- The total mill levy is set at 62.719 mills.
- Property valuations increased, leading to higher property taxes. However, the city has lowered the mill levy to the Revenue Neutral Rate (RNR) to keep property taxes stable and avoid increases for residents.

### **Budget Philosophy:**

- The 2026 budget is designed with constraints to manage finances conservatively while addressing service demands. The city is responding to challenges such as flat or declining revenue from other sources, and it aims to strike a balance between fiscal prudence and community needs.

In summary, the City of Council Grove's FY2026 Budget reflects a careful, strategic approach to managing revenues and expenditures, with a focus on maintaining stable property tax rates and ensuring necessary services are met despite economic uncertainty.



## **Summary of Departmental Budgets for FY2026 – City of Council Grove:**

### **Administrative Department:**

- **Total Budget:** \$377,844
- **Increase:** \$16,200 (due to Full-time Salaries, Part-time Salaries, and Capital Outlay)
- **Key Details:**
  - Includes a 2% merit raise for staff.
  - Cash carryover to start FY2026: \$250,513.

### **Police Department:**

- **Total Budget:** \$525,700
- **Decrease:** \$15,026 (due to one fewer full-time officer)
- **Key Details:**
  - No major purchases planned for FY2026.
  - A 2% merit raise is budgeted for staff.

### **Street Department:**

- **Total Budget:** \$349,857
- **Increase:** \$22,900 (due to salaries, contractual services, and vehicle parts/supplies)
- **Key Details:**
  - Focus on curb and road repairs with funding from the Special Highway Fund (Kansas Gas Tax).
  - KDOT grant of \$1.88 million for Downtown Main Street improvements (sidewalks, curbs, beautification).
  - The project is scheduled to begin in Spring 2026.

### **Swimming Pool:**

- **Total Budget:** \$144,793
- **Increase:** \$11,025 (due to increases in salaries, contractual, commodities, and capital outlay)
- **Key Details:**
  - Additional funding will cover staffing and operational costs for the pool.



#### **Parks Department:**

- **Total Budget:** \$80,000
- **Increase:** \$800 (for salaries)
- **Key Details:**
  - Plans to purchase a remote-controlled slope mower for Riverwalk Park to address safety concerns with steep inclines.
  - Funds for the slope mower will come from the equipment reserve.

#### **Recreation Department:**

- **Total Budget:** \$158,683
- **Increase:** \$6,000 (for salaries, contractual services, and commodities)
- **Key Details:**
  - Primarily funded by a 1% Sales Tax Fund (\$116,500).
  - 2% raise for the department staff.

#### **Cemetery:**

- **Total Budget:** \$47,224
- **Increase:** \$2,200 (due to salaries and capital outlay for (Gworks Software)
- **Key Details:**
  - The Streets and Parks Department took over mowing responsibilities at Greenwood Cemetery in 2023 to reduce costs.

#### **City Lake:**

- **Total Budget:** \$210,968
- **Increase:** \$3,400 (due to salaries, capital outlay, and commodities)
- **Key Details:**
  - **Transfers to other funds** include equipment reserves, employee benefits, and general fund reimbursements.
  - **Average expenses** over 3 years: \$222,619.

**Fire Department:**

- **Total Budget:** \$154,442
- **Key Details:**
  - The Fire Department has successfully applied for grants to replace equipment and purchase new firefighter gear.

**Municipal Court:**

- **Total Budget:** \$31,200
- **Increase:** \$3,600 (for salaries and commodities)
- **Key Details:**
  - A minor budget increase to cover operational needs.

**Appropriations:**

1. **Greater Morris County Development Corporation:**
  - **1 mill** (\$17,495) for economic development in Council Grove.
2. **Council Grove Library:**
  - Operating Expenses: 4.113 mills (\$79,598).
  - Employee Benefits: 1.396 mills (\$27,000).

**Overall Budget Strategy:**

The budget reflects a careful, well-balanced approach, addressing staff needs, infrastructure improvements, and city services while maintaining fiscal responsibility. Each department has seen slight increases in specific areas to maintain operations, improve safety, and enhance community services. Major projects like the KDOT sidewalk and beautification grant.



## Summary of Funds with No Tax Levy – City of Council Grove FY2026:

### 1. Special Highway Fund:

- **Revenue Source:** Kansas Gas Tax Allocation (\$57,600 for FY2026).
- **Key Details:**
  - Funds support **public transportation system maintenance**.
  - **CCLIP Grant of \$400,000** awarded for **highway resurfacing** (Belfry to the west city limits) with a city matching contribution of **\$240,000**.
  - The project will occur **Summer/Fall 2026**.
  - **Current Fund Balance:** \$229,463.11.

### 2. 1% Sales Tax Fund:

- **Revenue Source:** Sales tax revenue, estimated at **\$1,157,506** for FY2026.
- **Key Details:**
  - **Encumbrances:**
    - **\$539,850** for:
      - Employee Benefits: \$68,350.
      - Recreation Department/Swimming Pool: \$186,500.
      - Convention & Visitors Bureau: \$45,000.
      - Infrastructure: \$200,000.
  - **Reserve Funds:** \$617,656.

### 3. .7% Sales Tax Fund:

- **Revenue Source:** Sales tax revenue, estimated at **\$1,141,045** for FY2026.
- **Key Details:**
  - **Encumbrances:**
    - Pool Lease Payment: \$212,475.
    - Intake Payment: \$23,455.56.
    - Pool Sandblasting & Painting: \$100,000.
  - **Reserve Funds:** \$805,114.36.
  - **Priority:** Debt payments related to the pool and its maintenance.



#### 4. Special Parks/Recreation Fund:

- **Revenue Source:** Local alcohol liquor tax.
- **Key Details:**
  - Funds support **purchases, maintenance, expansion, programs, and facilities** related to parks/recreation, but **not personnel**.
  - **Fund Balance:** \$54,613.43.

#### 5. Highway Maintenance – KLINK Fund:

- **Revenue Source:** CCLIP Funding (\$35,800 for FY2026).
- **Key Details:**
  - Used for **public transportation system and infrastructure maintenance**.
  - **CCLIP Grant of \$400,000** for **highway resurfacing** (same project as Special Highway Fund).
  - **Current Fund Balance:** \$205,760.77.

#### 6. Diversion Fund:

- **Revenue Source:** Miscellaneous funds for the **Diversion Program**.
- **Budget for FY2026:** \$3,249.
- **Key Details:**
  - The **Diversion Program** offers an alternative to formal prosecution for minor offenses (e.g., minor drug offenses, DUIs, traffic violations).

#### 7. Convention & Visitors Bureau (CVB):

- **Revenue Source:** 1% Sales Tax Fund (\$45,000), **Morris County bed tax** (\$25,000), Grants and Sales.
- **Key Details:**
  - **Promotes tourism** in Council Grove and Morris County.
  - **\$650,000 Community Development Block Grant** received to restore the historic **Katy Depot**, which houses the CVB.
  - Additional funding from **Young Foundation** (\$50,000) and **State Historic Tax Credits**.
  - Applying for up to \$100,000 in grant funding from the State Historical Society.



## 8. Water Department:

- **Water Production Revenue:**
  - **Increase of \$43,040** for FY2026, with higher costs for salaries, insurance, contractual services, and vehicle/equipment parts.
  - **Total Budget for Water Production:** \$565,640.
- **Water Distribution:**
  - **Increase of \$4,000** for vehicle and equipment services.
  - **Total Budget for Water Distribution:** \$296,600.
- **General Water:**
  - **Decrease of \$57,190** due to reduced debt service.
  - **Total General Water Budget:** \$222,317.
- **Key Details:**
  - City continues to transfer funds to the **water/maintenance reserve**.
  - A **water rate analysis** is recommended for sustainability.
  - **User fees** fund the water system, not property taxes.
  - **KDHE project** for water infrastructure replacement, estimated 3.5 million project, awaiting approval of project acceptance and funding.

## 9. Sewer Department:

- **Revenue Source:** Sewer fees (no property taxes).
- **Projected Increase:** \$7,600 for FY2026 due to salary, workers' compensation, and contractual services.
- **Total Budget for FY2026:** \$247,050.
- **Estimated Cash Balance (Start of 2026):** \$658,143.
- **Key Details:**
  - City continues to transfer funds to the **sewer/maintenance reserve**.
  - A **sewer rate analysis** is recommended.
  - **KDHE and State Revolving Loan Program** are funding sewer repair and replacement projects.



#### 10. Refuse Collection:

- **Revenue Source:** Monthly fee of **\$16.26** on customer water bills (contracted with Superior Systems).
- **Projected Costs:** Steady, with no rate changes for FY2026.

#### 11. Debt Service – Bonds:

- **Total Payments for FY2026:** \$137,157.
  - **Key Details:**
    - **General Obligation Series 2020 (Water):** Reduced payments from **\$159,050** in FY2025 to **\$56,005** in FY2026.
    - **KDOT Loan (Washington Street):** Payments of **\$53,503** for FY2026 (due by 8/1/2027).
    - **KDHE Revolving Loan (Sewer):** Payments of **\$27,649** for FY2026 (due by 9/1/2031).
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#### Summary:

The City of Council Grove's funds without a tax levy show strong financial management with revenues from various specialized funds such as sales taxes, grants, and user fees. Key initiatives for FY2026 include infrastructure improvements, debt service payments, and continued investment in water and sewer systems. The city's approach remains conservative and focused on maintaining reserves for long-term stability and addressing immediate service needs.

#### Lease Purchase Debt - City of Council Grove FY2026:

The City of Council Grove has several Lease-Purchase Agreements in place, adhering to the cash-basis law (K.S.A. 10-1101), which allows the city to make payments on leases as long as funds are available in a given fiscal year. Below is a breakdown of the city's lease purchase debts for FY2026:

##### 1. Fire Truck

- Current Balance: \$52,236
- FY2026 Payment: \$25,766
- Payment Source: Fire Department Fund / Rural Fire Contract

##### 2. Water Department Skid Steer

- Current Balance: \$8,449
- FY2026 Payment: \$2,973
- Payment Source: Water and Sewer Funds



### 3. Energy Audit – CTS Group

- Current Balance: \$925,510
- FY2026 Payment: \$98,647
- **Payment Source:**
  - Administration Fund
  - Streets and Parks Fund
  - Recreation Fund
  - Fire Department Fund
  - Water and Sewer Funds

### 4. Public Building Commission (for Pool)

- Current Balance: \$1,675,000
- FY2026 Payment: \$212,475
- Payment Source: .7% Sales Tax Fund (for pool-related expenses)

### 5. Rural Fire Truck

- Current Balance: \$49,716
- FY2026 Payment: \$18,482
- Payment Source: Rural Fire Contract

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#### Summary:

The city has significant lease-purchase obligations spread across various departments, with the largest payment due for the Energy Audit project, which is shared across several city departments. Payments for the fire trucks and water skid steer are smaller in comparison, with designated funding sources tied to specific contracts and departmental funds. The Public Building Commission debt is tied to the pool and is being paid from the .7% Sales Tax Fund. The city is managing its obligations conservatively, ensuring that lease payments are covered through various revenue streams and departmental funds.