



313 West Main
P.O. Box 313
Council Grove, Ks. 66846

City Hall Phone (620)-767-5417
Water Dept. Phone (620)-767-5321
Fax: (620)-767-6749

November 2, 2005

Dave Baker
E-13A Lake Rd.
Council Grove, KS 66846

Dear Mr. Baker,

Enclosed please find the workup for the 2004 Income / Expense report that was used for County Tax purposes. Also included is Mayor Montgomery's workup estimating expenses in the future. Councilman Jones asked that I mail you a copy.

The 2004 Income / Expense Report only includes 90 % of the caretaker's wages plus the hourly rates paid to the other employees when they mow, blade, or work at the lake. It does not include any wages for Ted King's inspections at the lake or any other type of work pertaining to building, plumbing, sewer, or mechanical permits for the lake. It also does not include any type of expenses from the City Administrator's salary. It also does not include any fees that are currently charged to all other departments for city hall expenses. It also does not include any salary paid to the Mayor or Council Members for any meetings they have received wages for attending lake meetings in 2004 or discussions at regular meetings pertaining to the lake. Lastly, none of the city attorney's wages have been taken out of the lake budget.

Ted King indicated to me that he has spent 65% of his time in 2005 doing inspections or borderline establishments at the lake. Ted is making \$35,353.80 per year. 65% of \$35,353.80 is \$22,979.97. However, for example purposes only, I am calculating \$197.30 per pay period to the lake, which calculates out to \$5,129.80.

I also am calculating \$125.00 per pay period out of the City Administrator's salary to the lake, which has never been done before. That equals \$3,250 per year.

I have included in this packet a spread sheet that gives the total paid to the governing body in 2004. I calculated 10% that could be added to the lake expenses.

The city attorney made \$1173.46 per month in 2004. Taking 10 % of his wage would calculate to \$1408.08 that could have been added in 2004.

\$5,129 from Ted's wages as calculated above, \$3,250 from the City Administrator's wages, \$1,600 dollars from the governing body's wages, and \$1408.08 from the city attorney's wages that were not included to the following report totaling \$11, 387.88 dollars.

I also would like to point out that there are services like Auditors, City Treasurer, Municipal Judge, Fire Chief, Assistant Fire Chief, Fire Department Secretary, Training Officer, and Water Department Employees, that could also have some of their wage taken out of the lake department for work that is specifically done for the lake, which has never been done because the budget will not allow it.

Lastly, there has been concern because the city is calculating normal equipment rates into the expense report. This is allowed because no fuel expense, mechanical repairs and mechanic wages, depreciation values, or replacement cost are calculated into any expense for the lake. These costs have been traditionally charge to the general budget.

Sincerely,

A handwritten signature in black ink, appearing to read "D. L. Matthews", with a long, sweeping flourish extending to the right.

Danny L. Matthews
City Administrator

Actual

Council Grove City Lake

064-123-07-1-00-00-001.00-0

2004 Income / Expense Report

Income:

Boat Licenses	\$8,917.00
Boat Licenses	1,330.00
Fish Licenses	\$5,109.00
Caretaker Boat Licenses	\$1,330.00
Caretaker Fish Licenses	\$580.00
Gas	2,555.55
2004 Cabin Leases & King's Rent	\$109,224.78
2004 Leases Paid In 2003	\$9,400.00
Total Income	\$189,270.16

Expenses:

Person. Services	\$34,685.35
Benefits (wages x .095)	\$3,295.11
Management Fee (5% of Income)	\$9,463.51
	\$47,443.97
Equipment Expense	\$10,540.00
Police Protection Expense	\$19,731.00
	\$30,271.00
Contractual Services	\$13,842.84
Commodities	\$5,516.61
Gravel	\$72,614.70
	\$78,131.31
Capital Outlay	\$12,751.72
Total Expenses	\$182,543.44

90% of caretakers wages
of other emp, on duty work
at fact.

	2004	2005
Personal Services	\$37,980.46	\$60,399.99
Management Fee	\$9,463.51	\$9,463.51
Equipment Expense	\$10,640.00	\$31,210.00
Police protection expense	\$19,731.00	\$20,413.92
Contractual Services	\$13,842.44	\$13,842.44
Commodities	\$5,519.61	\$5,519.61
Gravel	\$72,614.70	\$40,000.00
Capital Outlay	<u>\$12,751.72</u>	<u>\$12,751.72</u>
Total	\$182,543.44	\$193,601.19

	2004	2005	2006	2007	2008	2009	2010	2011
Income from leases	\$172,235.00	\$176,453.00	\$180,671.00	\$185,295.00	\$191,919.00	\$197,543.00	\$203,519.00	\$209,494.00
Estimate of costs	\$182,543.44	\$193,601.19	\$199,409.22	\$205,391.49	\$211,553.73	\$217,899.87	\$224,435.81	\$231,169.91
Gain or Loss	*****	*****	*****	*****	*****	*****	*****	*****

1. Inflation rate used for all leases = 3%
2. Fuel costs adjusted for 2005 current prices.
3. Inflation rate used for 2006 and beyond costs = 3%
4. 2004 costs = what was reported to County Clerk for tax purposes
5. 2005 costs = 2004 plus fuel adjustment plus increased salary expense less excessive rock expense in 2004

What if the lease is a real lease and not trying to be a tax?

Income to City		\$17,886.43	\$18,443.21	\$18,999.98	\$19,556.76	\$20,148.38	\$20,739.01
Administrative cost		\$62,211.99	\$64,078.35	\$66,000.70	\$67,980.72	\$70,020.14	\$72,120.74
Capital outlay		\$13,528.30	\$13,934.35	\$14,352.17	\$14,782.74	\$15,226.22	\$15,683.01
Available for large projects such as dredging		\$87,044.28	\$89,839.30	\$92,566.13	\$95,222.78	\$98,124.26	*****

Income from Boat and Fishing Licenses available for fish stocking and habitat management		\$14,446.78	\$14,880.18	\$15,326.59	\$15,786.39	\$16,259.08	\$16,747.78
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Where would full time residents vote? Ward 1 Ward 2 Ward 3
 Current voters per ward? 476 353 674
 If we added the lake residents to ward 2
 The total would bring ward 2 closer or equal in voters to ward 1.