Proposed 2015 General Fund Budget

ABILENE
KANSAS

Proposed 2015 Budget

- Based on input from the City Commission, the City Manager directed departments to prepare budgets that did not increase the mill levy from 2014.
- The proposed budget for the General Fund will generate approximately the same amount as the prior year unless valuations are higher than projected.
- The proposed budgets for Debt Service and Library Funds have a slight increase compared to last year.

2015 Tax-Levied Funds Summary

	2014 Taxes	2014 Mill Levy	2015 Taxes	2015 Mill Levy	% Change
General	$1,290,135	25.173	$1,311,863	25.087	1.6%
Debt Service	$434,956	8.487	$524,396	10.028	20.6%
Library	$321,835	6.280	$328,053	6.273	1.9%
Airport	$60,000	1.171	$59,404	1.136	(0.99%)
Fire Apparatus	$51,023	0.996	$50,609	0.968	(0.81%)
Capital Improvement	$0	0.000	$0	0.000	0.0%
TOTAL	**$2,157,949**	**42.107**	**$2,274,325**	**43.492**	**5.4%**

Note: Figures above assume a 2% increase in assessed valuation from 2014; the figures above are subject to change based on the actual valuation provided by the Dickinson County Appraiser's Office. Staff will not know the actual increase/decrease in assessed valuation until July.

Proposed 2015 General Fund

Expenditure (Program) Increases:

- $115,000 for 4% merit pool for employees
- $51,700 for Economic Development Corp.
- $50,000 for continuation of Business Investment Grant Program
- $20,000 for 150th Chisholm Trail Celebration in 2017
- $15,000 for Demolitions
- $10,000 for increased Mud Creek channel work
- $3,000 for Employee Christmas Party
- $6,300 for Sister City Committee (host year)
- $5,000 for increased crack sealing
- $2,000 for public transportation van

Total: $288,000

Proposed 2015 General Fund

Capital Projects/Vehicles Funded:

- Patrol Vehicles ($75,000; two vehicles in replacement schedule)
- Motor Grader ($22,000; 7-year lease purchase)
- Asphalt Planer ($12,000)

Total: $109,000

Unfunded Items:

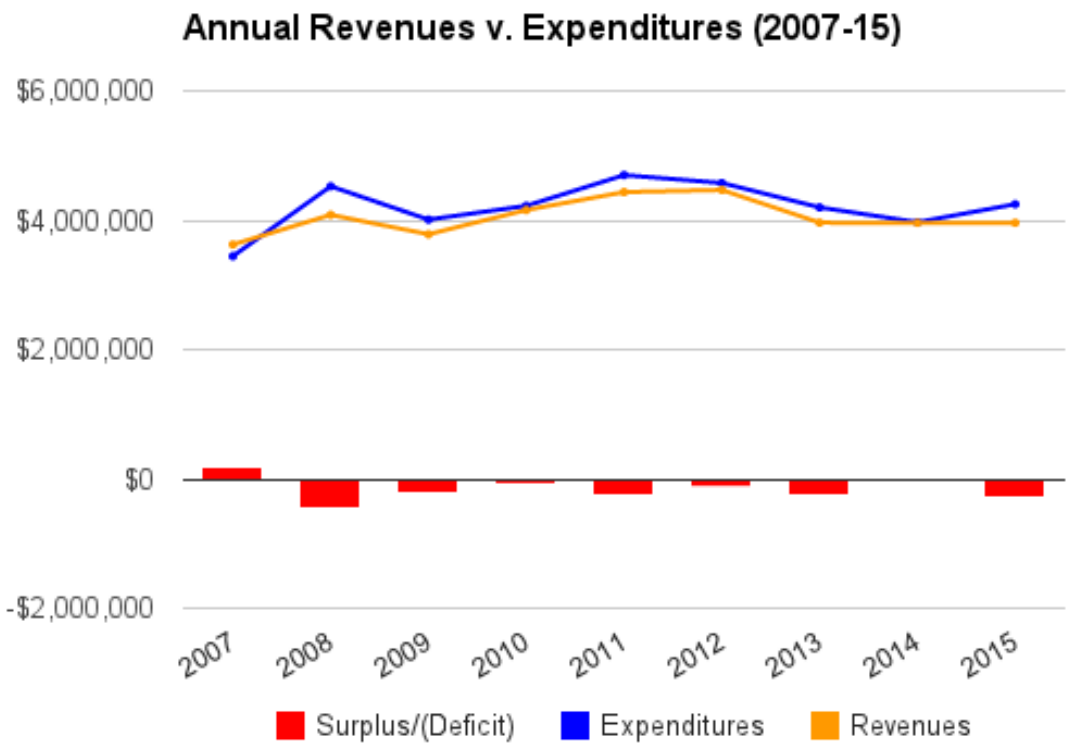
- Firefighter FTE ($66,000)
- Air Compressor ($45,000)
- Animal Control Vehicle ($44,000)

Total: $155,000

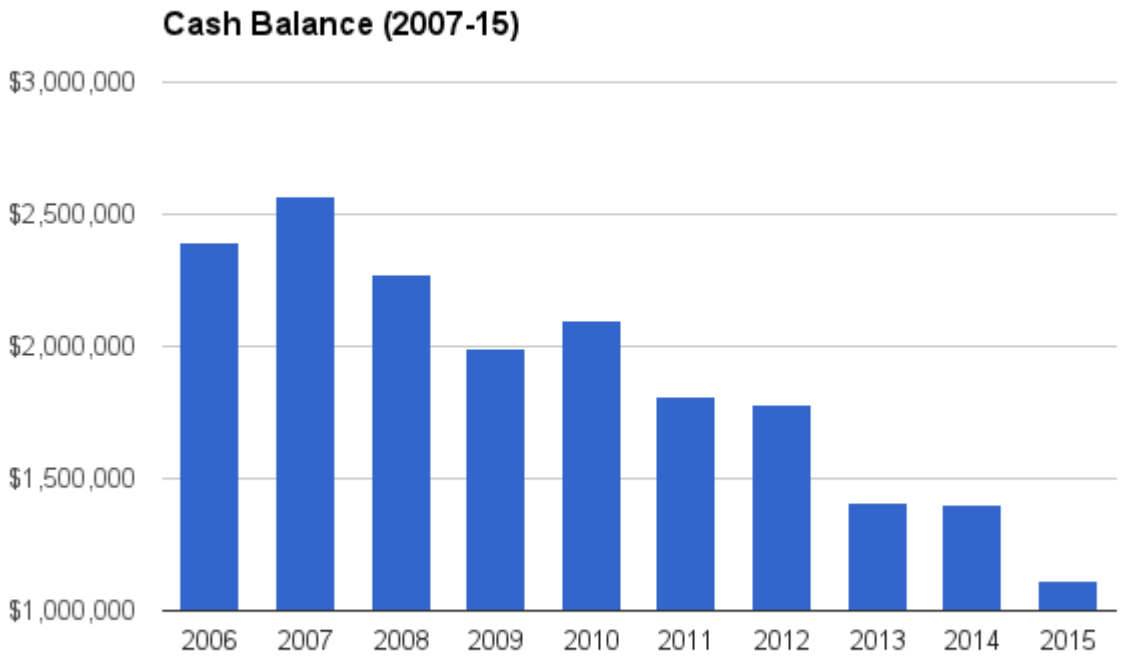
Proposed 2015 General Fund

	2012	2013	2014	2015
Revenues	$4,468,375	$3,962,396	$3,960,000	$3,960,003
Expenditures	$4,576,159	$4,198,279	$3,970,000	$4,248,003
Balance	**($107,784)**	**($235,883)**	**($10,000)**	**($288,000)**
Cash Reserve	$1,783,171	$1,412,647	$1,402,647	$1,114,647

Proposed 2015 General Fund



Proposed 2015 General Fund



Proposed 2015 General Fund

Current Reality:

- Expenditures > Revenues.
- Multi-year Structural Deficit.
- Limited ability to increase revenue.
- Increasing minor revenue sources won't generate enough revenue to change trend.
- Projected to spend reserve to below Target Balance in 2-3 years.
- Growth is not sufficient to address fiscal reality.

What Does This Mean:

- Services will require spending of reserve to maintain present levels.
- Service levels will require considerable modification in 2-3 years as reserve are projected to be below Target Balance.
- Long-term credit rating could be affected (potentially downgraded) if trend is not reversed.
- Deferring action will only require more difficult decisions to be made in future.
- Potential change on City Commission.

Proposed 2015 General Fund

Besides property taxes, what are other possible options to <u>increase</u> revenues?

If the City elected to <u>double</u> existing revenue sources it would potentially generate in “new” revenue:

- Building Permits: $5,000
- Trades Licenses: $2,200
- Parking Fees: $2,000
- Dog Registration: $1,300
- Utility Vehicle Licenses: $400

- Event Preparation: $5,000 (est.; new user fee)

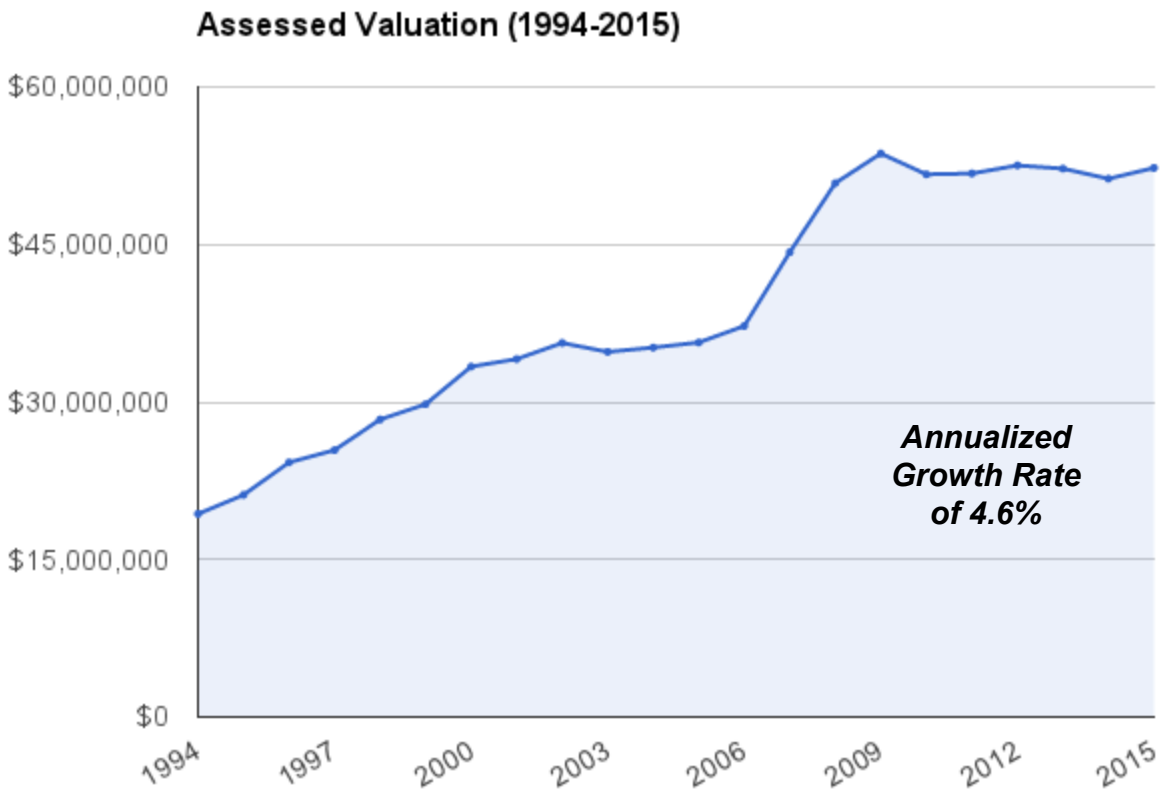
TOTAL: $15,900

Proposed 2015 General Fund

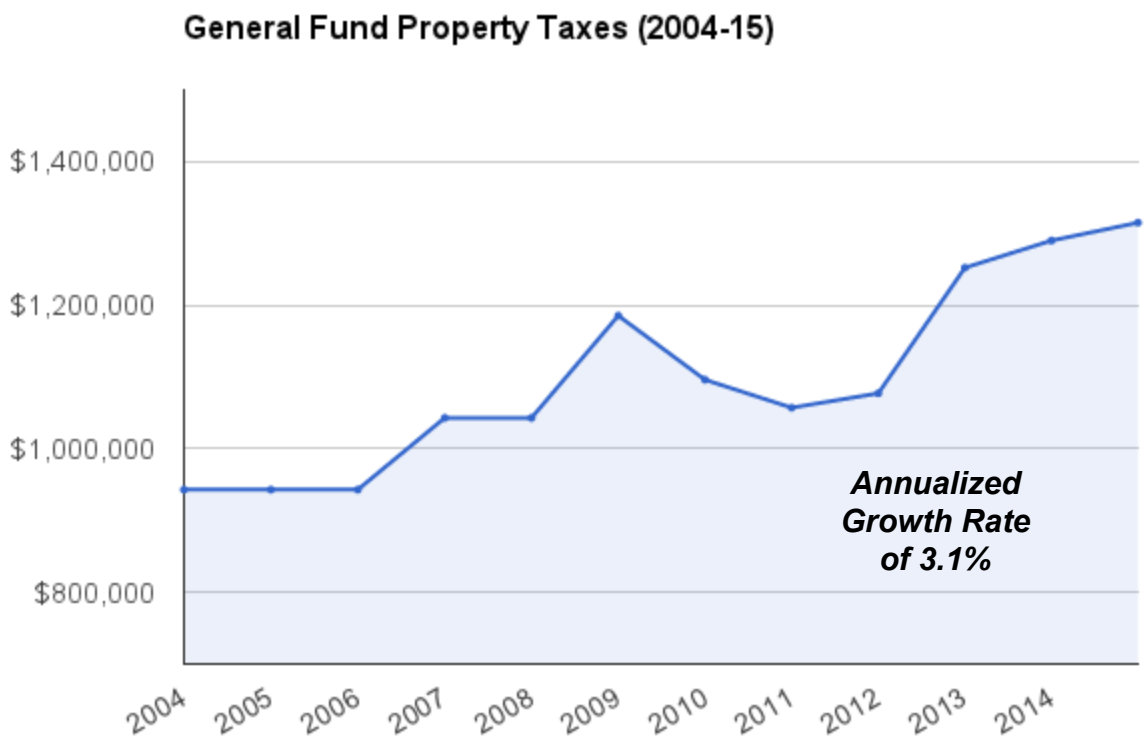
2014 Assessed Valuation	Growth Rate	"New" Revenue per Mill	Using only property taxes, it would take *x* mills to balance the budget.
$51,250,203	2%	$1,025	5.51
	3%	$1,538	5.46
	4%	$2,050	5.40

2013 Sales Tax Receipts	Growth Rate	Retail Sales	"New" Revenue	Deficit Coverage
$1,242,240	3%	$7.5 m	$37,267	7.8%
	5%	$12.4 m	$62,112	13.0%
	10%	$24.8 m	$124,224	26.1%

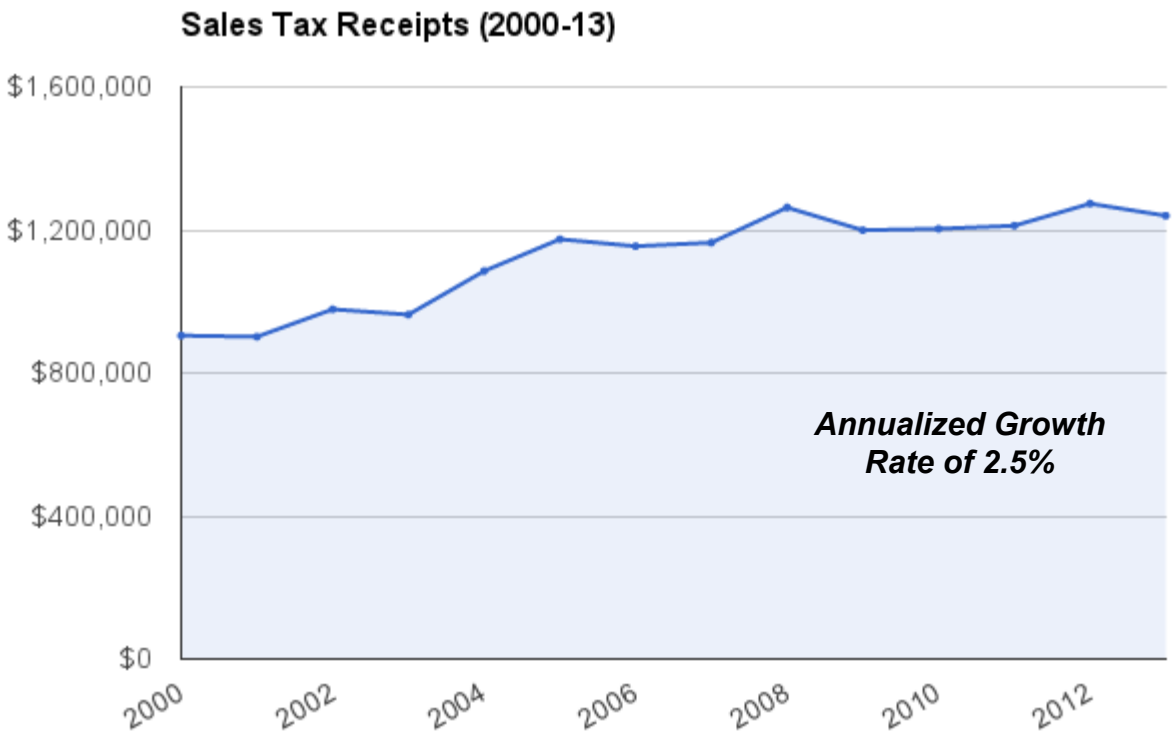
Proposed 2015 General Fund



Proposed 2015 General Fund



Proposed 2015 General Fund



Proposed 2015 General Fund

Aspired Reality:

- Structural Balance whereby Revenues > Expenditures.
- Services that meet public expectations at a price they are willing to pay.
- Removal/reduction of subsidization from General Fund that creates “revenue leakage.”
- Preservation of cash balance and responsible fiscal stewardship standard.
- Services that do not require growth in order to sustain.

What will it take to achieve this reality?

- **Revenue Only:** Between 5.40 and 5.51 mills to reverse trend.
- **Expenditures Only:** Reduction of $288,000 in expenses.
- **Combination of Revenues and Expenditures:** Between 2.70 and 2.75 mills in revenue and $144,000 in reduced expenses (50/50 combination).

Proposed 2015 General Fund

Based on feedback from Department Directors, the following reductions to the General Fund budget would have the least amount of impact to existing public services if a revenue increase is not feasible:

- Reducing 4% merit pool to 2% merit pool ($57,500)
- Removing Business Investment Grant Program ($50,000)
- Removing participation in Economic Development Corp. ($51,700)
- Restructuring legal services to contractual arrangements ($31,000)
- Removing Sequential Chisholm Trail Celebration funding ($20,000)
- Reducing funding for demolitions ($10,000)
- Removing Sidewalk Replacement Program ($12,500)
- Removing a seasonal, part-time Public Works employee ($10,000)
- Reducing Mud Creek levee work ($10,000)

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Proposed 2015 General Fund

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- Removing Municipal Band ($9,000)
- Removing Employee Christmas Party ($3,000)
- Reducing Sister City Committee ($6,300)
- Reducing crack sealing ($5,000)
- Removing Flint Hills Regional Council membership ($5,000)
- Reducing Tree Board ($5,000)
- Removing Alliance for Innovation membership ($1,000)

TOTAL: $288,000

Note: Removing capital outlay/vehicles from the budget does not decrease operational cost and only defers these expenses to future years. Consequently, it does not address the aforementioned structural imbalance.