

Budget Retreat



Finance Department

May 26, 2020



Outline



- Financial Update
- Budget Process Update
- Use of Funds
- Options to Balance the General Fund



Financial Update



Revenue	March	April	May	June	July	December	June 2021
Sales Tax			X	XXX			
MVT				XXX		XXX	
Property Tax				X		XXX	XXX
Franchise Fees		X	XXX				
Interest Earnings		XXX					
Gas Tax		X			XXX		
Fees & Rents	X	XXX					
Court fines	X	XXX					
Licenses	X	XXX					



Budget Process Update



June 1-8

DAB Presentations

Week of June 8

Review May Revenue

June Dates TBD

Online Budget Simulator

Week of July 5

Review June Revenue



Budget Process Update



Week of July 13

Proposed Budget presented, first public hearing, setting of maximum taxes levied, authorization of publication of notice

August 4

Second public hearing

August 11

Final public hearing and adoption of budget



Budget Process Update– Tax Lid



- Exceeding the tax lid changes the budget calendar
 - Public hearing is required sooner
 - An election must be held
- Tax lid computation will be completed in mid-June



Budget Process Update– Engagement



- Public Hearings – Two required by State Statute, but three are scheduled
- Budget Simulator – Would model with a deficit and require participants to decrease services to balance
- Social Media Town Hall – Present topics from the tiered list



Use of Funds



- Except for the General Fund, each fund is designated for specific purposes
- There are policy options regarding how those purposes are implemented
- Each funding option has consequences that vary based on the fund



Tourism & Convention Fund



- Established by Charter Ordinance 221
- Convention Center losses and improvements
- City-owned cultural and tourism facilities
- Tourism promotion



Special Alcohol & Drug Abuse Fund



- Created pursuant to KSA 79-41a04
- Receives one-third of liquor taxes distributed to the City from the State of Kansas
- Funds drug treatment, prevention and intervention programs



Debt Service Fund



- Receives property tax levy that can only be used for debt repayment
- Adjustments to the mill levy rate have occurred in the past
- A mill levy shift away from the Debt Service Fund reduces capacity for new projects



Pension Reserve Fund



- Established by Ordinance 44-454
- Exists to smooth pension contribution rates
- Since inception in 1999, \$12 million in contributions and \$7.4 million in withdrawals have been made
- The current balance is \$4.6 million



General Fund



- Primary operating fund for services not included in other funds
- Targeted minimum cash balance is no less than 10%
 - GFOA recommendation is two months
 - Fund balance increased gradually over past decade
 - 2008: 11.3%
 - 2018: 14.8%

13 Erosion of fund balance impacts credit rating



Internal Service Funds



- Used to account for services provided to other departments
- Rate setting methodologies are developed to ensure cost recovery and equity
- Rates are adjusted if outcome expectations are adjusted, or if reserve levels exceed benchmarks



Internal Service Funds



- Fleet Fund - Ending 2019 balance was \$2.7 million. Rate holiday would increase vehicle replacement intervals
- IT Fund - Ending balance was \$3.6 million; rate holiday would erode balance
- Self Insurance Fund - Ending balance Health Sub-Fund was \$14.7 million; rate holiday would erode balance



Options to Balance the General Fund



- Departmental staff have developed a number of options to align General Fund revenues and expenditures
- The options were guided by the City mission and goals as well as City values
- Options are provided in four tiers and seven categories



Options to Balance the General Fund



- Tier 0 – Technical adjustments
- Tier 1 - Savings from material impacts on staffing, expenditures or contracts
- Tier 2 - Savings associated with significant service reductions
- Tier 3 – Savings from significant wage and benefit changes, service reductions and reserve reductions



Options to Balance the General Fund



Ninety concepts are in nine categories:

- Century II
- Change Strategy
- Cost Recovery
- Covid-19 Response
- Partnerships
- Service Reductions
- Staffing
- Updates
- Use of Funds



Options to Balance the General Fund



Tier	2020	2021	2022
0	\$3,463,059	\$1,401,815	\$1,201,815
1	5,320,535	7,206,027	7,152,325
2	1,139,143	3,604,904	3,813,149
3	2,233,848	9,123,634	13,576,878
Total	\$12,156,585	\$21,336,380	\$25,744,167



Discussion



- Which options should be pursued?
- What issues should be included in the Social Media Town Hall?
- Is the outlined approach for the Budget Simulator acceptable?

