

BUDGET IN BRIEF



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The City of Hays 2015 budget continues the practice of sound fiscal management. At \$35.8 million, the budget is approximately \$175,168 less than the 2014 budget. A majority of the difference consists of transfers to reserves, projects and a onetime 2% bonus.

Key aspects of the 2015 budget:

- **Balanced budget**
- **Sales tax revenues decline slightly**
- **Creation of Commission Capital Reserves**
- **Adequate reserves maintained**
- **No mill levy increase**
- **No increase in Solid Waste fee**
- **2014 Early payoff of the Welcome Center**
- **No additional employees requested**

The Commission's objective of ensuring measures are taken to limit the impact on property taxes is upheld. Taking advantage of sound financial practices, the plan is to:

- ✓ **Maintain 25 Mill Levy** – A \$270,276 transfer from Commission Capital Reserve is required
 - Over seven years \$1.9 million in excess cash has reduce the mill levy
- ✓ **Paying cash for large projects** – No new general debt
 - Past six years \$8.4 million excess cash utilized
- ✓ **Cap employee health insurance since 2010** - \$9,500 per average employee
 - Previous years the City's property tax was impacted with 15%-20% in annual increases

2009 – 2014 approximately \$10.1 million was spent reducing property tax through these endeavors. This amount is the equivalent of eight mills per year.

Significant projects/equipment within operating budgets include:

- New development training/guidebooks
- Fleet maintenance software
- Snow plow, sand spreader & message board
- Police car cameras
- Sewer main cleaning
- Water Treatment Plant airflow replacement
- Continued water conservation program/incentives
- Kiwanis Club Project

Capital Improvement Projects include:

- Airport runway 4-222 rehab
- Pro-shop & bathroom remodel
- 13th Street – Main to Milner
- Water Treatment Plant Co2 Tank
- Levee repairs, cap & upgrades
- Lincoln Draw 205 Study
- 8th Street drainage project
- Sanitary sewer manhole rehab & collection system repairs

The Budget in Brief gives citizens a general overview of the City's 2015 operating budget.

BUDGET SUMMARY

TOTAL BUDGETED REVENUES

All Revenues	2014	2015	\$ Difference	% Difference
General Funds	\$ 12,243,831	\$ 12,212,256	\$ (31,575)	-0.3%
Levy Funds	\$ 6,891,783	\$ 7,114,154	\$ 222,371	3.2%
Enterprise Funds	\$ 10,299,047	\$ 10,017,510	\$ (281,537)	-2.7%
Miscellaneous Funds	\$ 2,638,481	\$ 2,661,539	\$ 23,058	0.9%
Total Revenues	\$ 32,073,142	\$ 32,005,459	\$ (67,683)	-0.2%

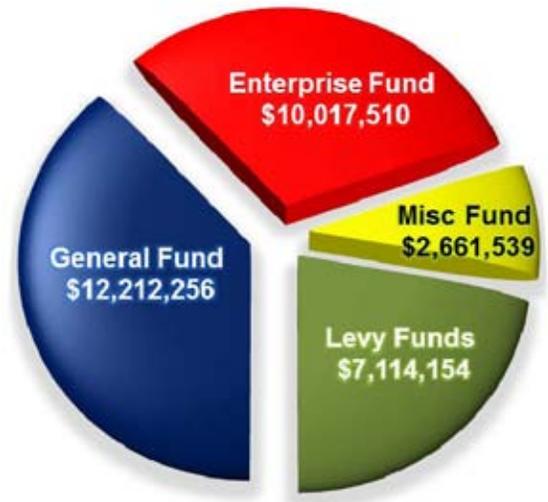
The City is financed through a wide variety of revenues. The greatest sources include sales, property, transient guest taxes, permits, state funds, and franchise fees. Enterprise funds (Water, Wastewater, Stormwater, and Solid Waste) are supported mainly by user fees and operate as a business.

Total 2015 revenues are budgeted at \$32 million.

The largest revenue sources include:

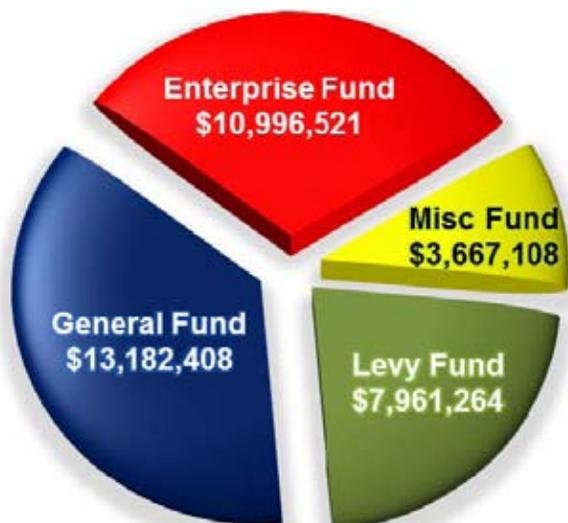
- General Fund - sales tax \$7.2 million
- Enterprise Fund - fees \$6.1 million
- Levy Fund - property taxes \$5.1 million.

2015 budgeted revenues contain declining sales tax. The impact is minimized as other revenues are budgeted with a slight increase. Revenues from each fund are detailed within this document. Total revenues do not contain carryover or reserves and are accounted for as expenses.



TOTAL BUDGETED APPROPRIATION

All Funds Appropriated	2014	2015	\$ Difference	% Difference
General Funds	\$ 13,602,890	\$ 13,182,408	\$ (420,482)	-3.1%
Levy Funds	\$ 7,945,028	\$ 7,961,264	\$ 16,236	0.2%
Enterprise Funds	\$ 10,861,342	\$ 10,996,521	\$ 135,179	1.2%
Miscellaneous Funds	\$ 3,573,208	\$ 3,667,108	\$ 93,900	2.6%
Total Funds Appropriated	\$ 35,982,468	\$ 35,807,300	\$ (175,168)	-0.5%



Total 2015 expenditures are budgeted at \$35.8 million, or a decrease of -0.5%. Significant changes can be attributed to:

- Reduced City Commission Financial Policy Projects
- Transfer to reserves
- 2% Onetime Bonus
- Trimming of salaries for more accurate budget projections based on historical and operational analysis

Ensuring low growth in expenses is imperative given the largest revenue source has a slight decrease. Proper budgeting practices ensure a slight decrease in revenue will not hinder operational services to the public.

GENERAL FUND

GENERAL FUND REVENUES

All Revenues	2014	2015	\$ Difference	% Difference
Sales Tax	\$ 7,240,398	\$ 7,156,155	\$ (84,243)	-1.2%
Local Alcoholic Liquor Tax	\$ 135,803	\$ 132,061	\$ (3,742)	-2.8%
Franchise Fees	\$ 1,415,000	\$ 1,479,164	\$ 64,164	4.5%
Golf Course	\$ 305,000	\$ 300,000	\$ (5,000)	-1.6%
Court Fines	\$ 530,000	\$ 530,000	\$ -	0.0%
Transfers	\$ 2,225,630	\$ 2,217,876	\$ (7,754)	-0.3%
Other	\$ 392,000	\$ 397,000	\$ 5,000	1.3%
Total Revenues	\$ 12,243,831	\$ 12,212,256	\$ (31,575)	-0.3%

2015 General Fund Revenue Facts:

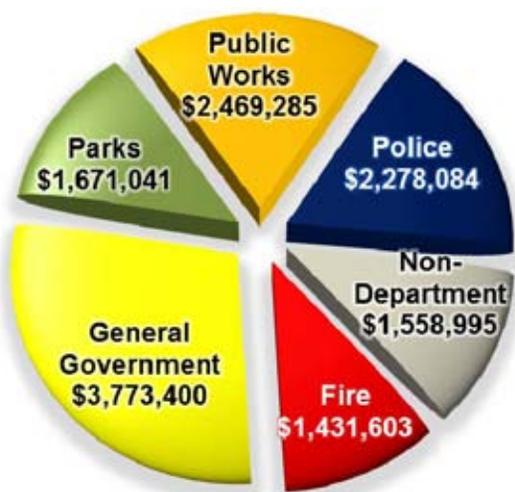
- Balanced budget
- Total revenues are slightly negative
- Strong franchise revenues reduce the impact of projected decrease in sales tax
- Cash reserves remain sound
- 2014 Commission Capital Reserve transfer \$1,725,000
- 2015 Financial Policy Projects \$1.4 million

General Fund reserves are budgeted at 67% of operating expenditures. Best management practice for cash reserves is 15%.



GENERAL FUND EXPENDITURES

All Expenditures	2014	2015	\$ Difference	% Difference
General Government	\$ 4,175,107	\$ 3,773,400	\$ (401,707)	-9.6%
Fire	\$ 1,408,993	\$ 1,431,603	\$ 22,610	1.6%
Parks	\$ 1,644,502	\$ 1,671,041	\$ 26,539	1.6%
Police	\$ 2,293,366	\$ 2,278,084	\$ (15,282)	-0.7%
Public Works	\$ 2,359,270	\$ 2,469,285	\$ 110,015	4.7%
Non-Departmental	\$ 1,721,652	\$ 1,558,995	\$ (162,657)	-9.4%
Total Expenditures	\$ 13,602,890	\$ 13,182,408	\$ (420,482)	-3.1%



2015 General Fund Expenditures Facts:

- Total budget decreased by -\$420,482, or -3.1%
- In 2014, a transfer to the new Commission Capital Reserve of \$1.7 reduces 2015 General Government expenditures
- Non Dept. reduced with no transfer to offset the mill
- Primary projects/equipment include:
 - PIE - training & guidebooks for development rewrite
 - Fleet - maintenance software
 - Service - Snow plow, sand spreader & message board
 - Golf Course – Pro-shop & bathroom remodel

LEVY FUND

LEVY FUND REVENUES

All Revenues	2014	2015	\$ Difference	% Difference
Ad Valorem Property Tax	\$ 4,992,741	\$ 5,126,200	\$ 133,459	2.7%
Motor Vehicle Tax	\$ 430,013	\$ 326,308	\$ (103,705)	-24.1%
Transfers	\$ 887,252	\$ 1,070,066	\$ 182,814	20.6%
Special Assessment Tax	\$ 452,891	\$ 441,006	\$ (11,885)	-2.6%
Other	\$ 128,886	\$ 150,574	\$ 21,688	16.8%
Total Revenues	\$ 6,891,783	\$ 7,114,154	\$ 222,371	3.2%

Levy funds are primarily dependent on ad valorem property taxes. No property taxes are used for General Fund expenditures or salaries. The City Commission has developed a plan to restrain large increased expenditures realized in years past.

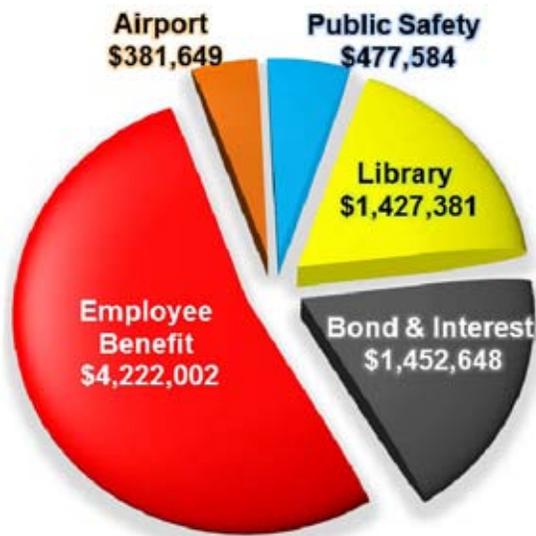
2015 Levy Fund Revenue Facts:

- 25 mill levy 6th year, **NO** levy increase
- Total valuation increased 2.7%
- Motor Vehicle Tax reduced
- Transfer required to buy down the levy in 2015 is \$270,276 and in 2014 it was \$96,500



LEVY FUND EXPENDITURES

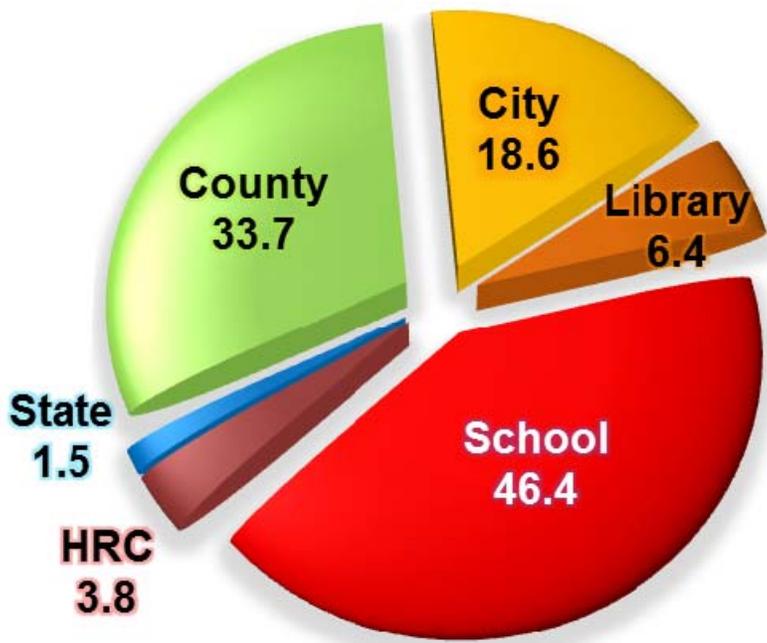
All Expenditures	2014	2015	\$ Difference	% Difference
Airport	\$ 351,504	\$ 381,649	\$ 30,145	8.6%
Public Safety Equipment	\$ 460,636	\$ 477,584	\$ 16,948	3.7%
Library	\$ 1,451,957	\$ 1,427,381	\$ (24,576)	-1.7%
Bond & Interest	\$ 1,524,263	\$ 1,452,648	\$ (71,615)	-4.7%
Employee Benefit Contribution	\$ 4,156,668	\$ 4,222,002	\$ 65,334	1.6%
Total Expenditures	\$ 7,945,028	\$ 7,961,264	\$ 16,236	0.2%



2015 Levy Fund Expenditures Facts:

- Airport increases transfer for future capital projects
- Library & Library Employee Benefit is combined for this document & shows a decrease
- Bond & Interest is reduced with the elimination of levy stabilization
- Continuation of employee health insurance cap
- Levy buy down paid from new Commission Capital Reserves
- Employee Benefits increase is due to KPERS and other benefits that increase with the 2% onetime bonus

PROPERTY TAXES EXPLAINED....



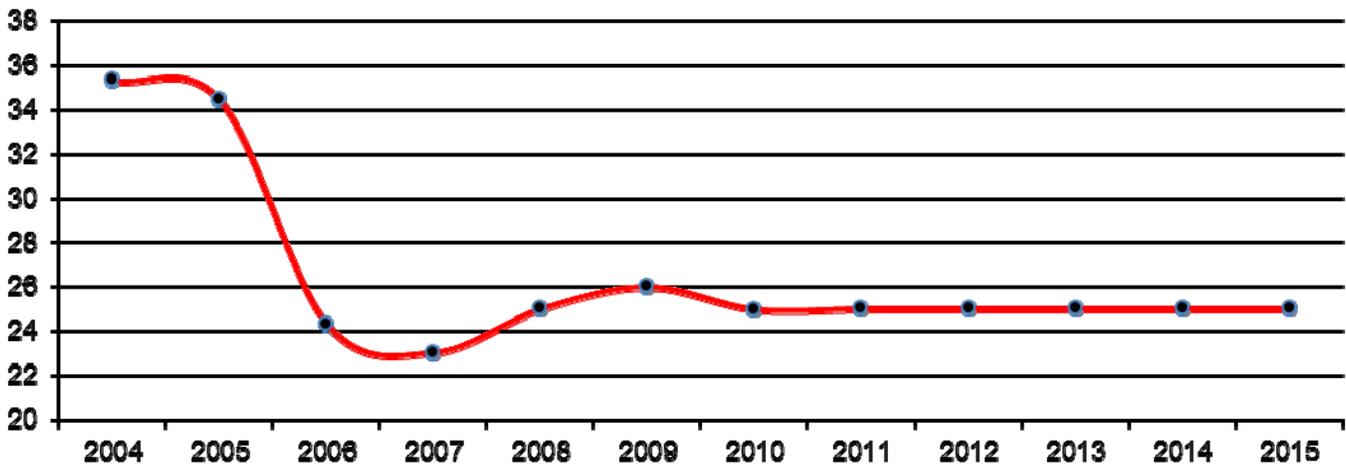
The City of Hays mill levy is 25. The Library receives 6.4 mills. This leaves the City of Hays levy dedicated for municipal purposes at 18.6 mills.

One mill is equivalent to \$205,056. The total valuation of the city has a proposed increase of 2.7%.

The City of Hays kept the mill levy at 25 for 6 years. This is accomplished in 2015 by utilizing Commission Capital Reserves to offset the mill, pay cash for various projects, no increased debt and capping employee benefits.

Total 2014 Community Levy = 110.3 mills

City of Hays Mill Levy
2004 – 2015



In 2004, a sales tax was enacted for budget stabilization. Since 2006 it has been utilized for the General Fund to offset property taxes necessary to fund general government activities. This graph shows the sales tax reduces the dependence on property taxes as the mill dropped between 2005 and 2006. The sales tax offset this drop/property tax need.

ENTERPRISE FUND

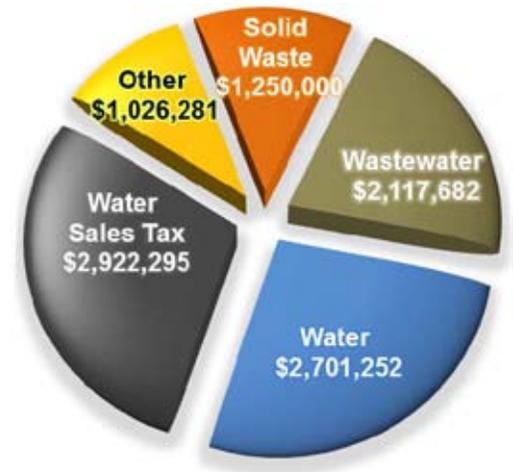
ENTERPRISE FUND REVENUES

All Revenues	2014	2015	\$ Difference	% Difference
Solid Waste	\$ 1,225,000	\$ 1,250,000	\$ 25,000	2.0%
Wastewater	\$ 2,056,002	\$ 2,117,682	\$ 61,680	3.0%
Water	\$ 2,749,118	\$ 2,701,252	\$ (47,866)	-1.7%
Water Sales Tax	\$ 2,954,917	\$ 2,922,295	\$ (32,622)	-1.1%
Other	\$ 1,314,010	\$ 1,026,281	\$ (287,729)	-21.9%
Total Revenues	\$ 10,299,047	\$ 10,017,510	\$ (281,537)	-2.7%

The Enterprise Funds are primarily financed and operated in a manner similar to private business. The intent of the governing body is to provide goods or services to the general public on a continuing basis financed or recovered primarily through user fees.

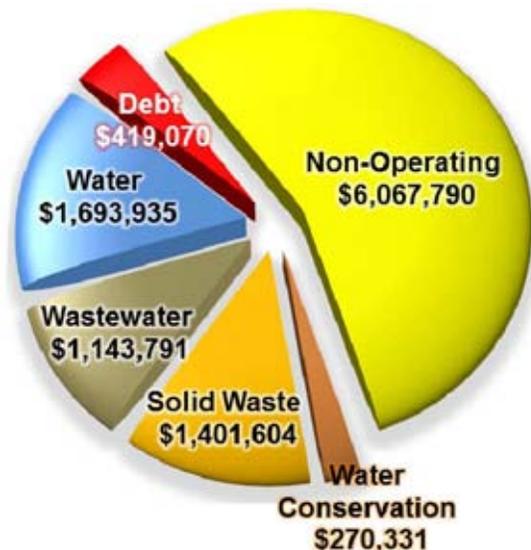
2015 Enterprise Fund Revenue Facts:

- No rate increase for Solid Waste
 - Last increase occurred in 2006
- Water revenue reflects residential and commercial decreased usage based on historical analysis and new conservation tier
- Water Sales Tax reflects a negative 2%
- Other revenues reflects a decreased transfer as water conservation initiatives are reduced



ENTERPRISE FUNDS EXPENDITURES

All Expenditures	2014	2015	\$ Difference	% Difference
Solid Waste	\$ 1,338,328	\$ 1,401,604	\$ 63,276	4.7%
Wastewater	\$ 1,166,770	\$ 1,143,791	\$ (22,979)	-2.0%
Water	\$ 1,719,197	\$ 1,693,935	\$ (25,262)	-1.5%
Debt Service	\$ 825,000	\$ 419,070	\$ (405,930)	-49.2%
Non-Operating	\$ 5,376,938	\$ 6,067,790	\$ 690,852	12.8%
Water Conservation	\$ 435,109	\$ 270,331	\$ (164,778)	-37.9%
Total Expenditures	\$ 10,861,342	\$ 10,996,521	\$ 135,179	1.2%



2015 Enterprise Fund Expenditures Facts:

- Solid Waste increases transfer to reserves
- Water/Wastewater reduced due to less projects & repairs
- Debt Service is reduced as revolving loan is paid off
- Non-Operating increased as a transfer to capital occurs
- Water Conservation efforts dramatically decreased as programs are evaluated
- Primary Water/Wastewater projects include:
 - Sewer line cleaning
 - Water treatment plant treatment airflow replacement

MISCELLANEOUS FUND

MISCELLANEOUS FUND REVENUES

All Revenues	2014	2015	\$ Difference	% Difference
State Gas Tax	\$ 539,690	\$ 539,870	\$ 180	0.0%
Local Alcoholic Liquor Tax	\$ 271,606	\$ 264,122	\$ (7,484)	-2.8%
Transient Guest Tax	\$ 745,000	\$ 770,000	\$ 25,000	3.4%
Stormwater Fees	\$ 756,000	\$ 767,000	\$ 11,000	1.5%
Other	\$ 326,185	\$ 320,547	\$ (5,638)	-1.7%
Total Revenues	\$ 2,638,481	\$ 2,661,539	\$ 23,058	0.9%

Miscellaneous Funds contain various departments, divisions and projects which contain funding sources from the State, Special Tax or Fees.

2015 Miscellaneous Fund Revenue Facts:

- Gas tax remains consistent
- Transient Guest Tax is expected strong as historical revenues have increased



MISCELLANEOUS FUND EXPENDITURES

All Expenditures	2014	2015	\$ Difference	% Difference
Special Highway	\$ 598,352	\$ 708,082	\$ 109,730	18.3%
Special Park & Recreation	\$ 235,786	\$ 283,679	\$ 47,893	20.3%
Special Alcohol	\$ 315,781	\$ 316,686	\$ 905	0.3%
Convention Visitors Bureau	\$ 1,424,386	\$ 1,226,536	\$ (197,850)	-13.9%
Stormwater	\$ 782,170	\$ 911,574	\$ 129,404	16.5%
Home Depot	\$ 211,706	\$ 215,524	\$ 3,818	1.8%
Park Development	\$ 5,027	\$ 5,027	\$ -	0.0%
Total Expenditures	\$ 3,573,208	\$ 3,667,108	\$ 93,900	2.6%

2015 Miscellaneous Fund Expenditures Facts:

- Special Highway increased \$100,000 with previous year's carryover
- Special Parks contains tree rebates, matching funds for civic groups and additional matching for Kiwanis Club Park at \$40,000
- Special Alcohol shows no increase, however a portion of the contingency will be used to purchase car cameras for DUI enforcement
- CVB is projected to pay off the Welcome Center in 2014
- CVB funds quality of life outside agencies and ½ downtown
- Convention and Visitors Bureau projects include:
 - Wayfinding signs
 - Banners
 - I-70 Welcome sign #2
- Stormwater contains the first payment for a large stormsewer lining project





CITY OF HAYS, KANSAS

2015

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