

# BUDGET IN BRIEF





# BUDGET IN BRIEF

The City of Hays 2014 budget continues the practice of sound fiscal management. At \$36 million, the budget is approximately \$2.4 million less than 2013. A majority of the difference consists of transfers to reserves and large one-time projects.

## **Key aspects of the 2014 budget:**

- **Balanced budget**
- **Sales tax revenues decline slightly**
- **Adequate reserves maintained**
- **No additional employees requested**
- **No mill levy increase**
- **No increase in Solid Waste fee**
- **Early payoff of the Welcome Center**
- **Continued maintenance and upkeep of facilities**

With the 2014 budget 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 transfer is required to offset requested property taxes
  - Past four years \$1 million in excess cash have been used
  - Equivalent to 1.2 mills a year
- ✓ **Paying cash for large projects** – No new general debt
  - Past five years \$8.3 million excess cash have been used
  - Equivalent to 8.2 mills a year
- ✓ **Cap employee health insurance** - \$9,500 per average employee
  - Previous years the City's property tax was impacted with 15%-20% in annual increases

Annually \$1.8 million, on average, is spent reducing property tax through these endeavors.

## **Significant projects/equipment within operating budgets include:**

- Rewrite of zoning & development regulations
- Snow removal equipment
- Way-finding signs & banners
- I-70 way-finding marker
- Sewer main cleaning & manhole rehabilitation
- Pump & boiler replacement at Utilities facilities
- Enhanced water conservation program/incentives
- Core to Campus path

## **Capital Improvement Projects include:**

- Airport terminal building improvement
- Bike Hays system
- 41<sup>st</sup> Street multiuse path
- UP plaza walking path – Core to Campus
- 13<sup>th</sup> Street – Main to Milner design
- Vine Street UPRR crossing repairs
- Levee repairs, cap & upgrades
- Metal storm pipe rehabilitation
- Big Creek Well Field improvements
- Utilities maintenance facility
- Multiple water line upgrades
- Wastewater bio-solids dewatering improvements
- Rehabilitation of sand filters

The Budget in Brief gives citizens a general overview of the City's 2014 operating budget. For more detailed information, the entire budget is available at the Hays Public Library, City Hall or at [www.haysusa.com](http://www.haysusa.com).



# BUDGET SUMMARY

## 2014 TOTAL BUDGETED REVENUES

All Revenues	2013	2014	\$ Difference	% Difference
General Funds	\$ 12,237,338	\$ 12,243,831	\$ 6,493	0.1%
Levy Funds	\$ 6,820,457	\$ 6,891,783	\$ 71,326	1.0%
Enterprise Funds	\$ 9,954,152	\$ 10,299,047	\$ 344,895	3.5%
Miscellaneous Funds	\$ 2,588,291	\$ 2,638,481	\$ 50,190	1.9%
<b>Total Revenues</b>	<b>\$ 31,600,238</b>	<b>\$ 32,073,142</b>	<b>\$ 472,904</b>	<b>1.5%</b>

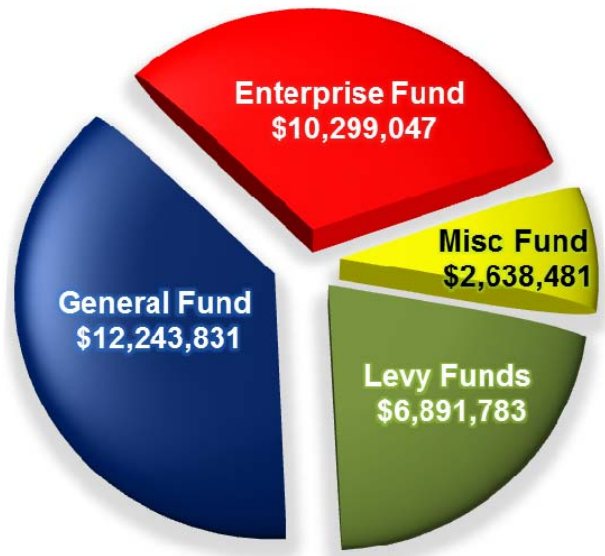
The City is financed through a wide variety of revenues. The greatest sources include sales, property, transient guest taxes, permits, state funds, and franchise fees. Enterprise funds (Water, Wastewater, Stormwater, and Solid Waste) are supported mainly by user fees and operate as a business.

Total 2014 revenues are budgeted at \$32 million.

The largest revenue sources include:

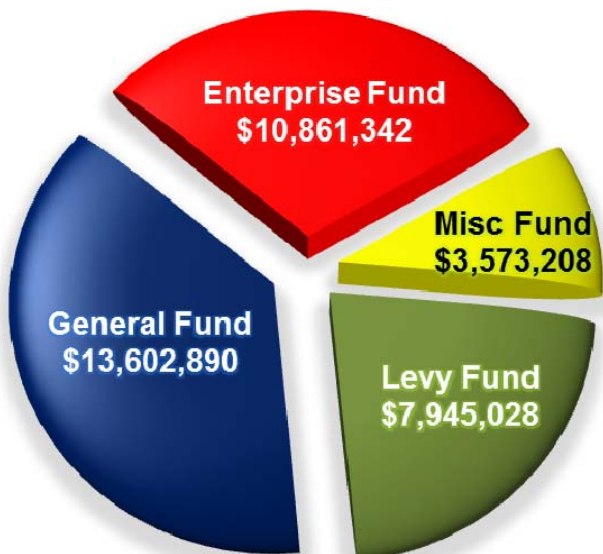
- General Fund - sales tax \$7.2 million
- Enterprise Fund - fees \$6 million
- Levy Fund - property taxes \$5 million.

2014 budgeted revenues are a result of 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. Cash carryover/reserves are not included in revenue totals.



## 2014 TOTAL BUDGETED APPROPRIATION

All Funds Appropriated	2013	2014	\$ Difference	% Difference
General Funds	\$ 14,682,885	\$ 13,602,890	\$ (1,079,995)	-7.4%
Levy Funds	\$ 7,842,663	\$ 7,945,028	\$ 102,365	1.3%
Enterprise Funds	\$ 11,612,622	\$ 10,861,342	\$ (751,280)	-6.5%
Miscellaneous Funds	\$ 4,235,055	\$ 3,573,208	\$ (661,847)	-15.6%
<b>Total Funds Appropriated</b>	<b>\$ 38,373,225</b>	<b>\$ 35,982,468</b>	<b>\$ (2,390,757)</b>	<b>-6.2%</b>



Total 2014 expenditures are budgeted at \$36 million. Nearly every fund contains a decrease that can be attributed to:

- Less projects
- Transfer to reserves
- Capital projects paid with cash
- 1% merit increase

When these elements are factored in operational expenditures are comparable. 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 services to the public.



# GENERAL FUND

## 2014 GENERAL FUND REVENUES

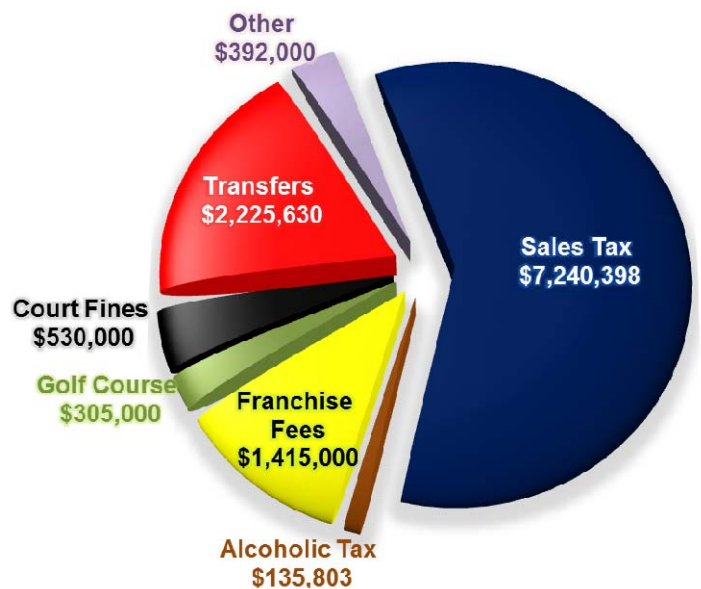
All Revenues	2013	2014	\$ Difference	% Difference	
Sales Tax	\$ 7,311,628	\$ 7,240,398	\$ (71,230)	-1.0%	pg 26
Local Alcoholic Liquor Tax	\$ 126,153	\$ 135,803	\$ 9,650	7.6%	pg 26
Franchise Fees	\$ 1,430,000	\$ 1,415,000	\$ (15,000)	-1.0%	pg 26
Golf Course	\$ 305,000	\$ 305,000	\$ -	0.0%	pg 26
Court Fines	\$ 465,000	\$ 530,000	\$ 65,000	14.0%	pg 26
Transfers	\$ 2,245,882	\$ 2,225,630	\$ (20,252)	-0.9%	pg 26
Other	\$ 353,675	\$ 392,000	\$ 38,325	10.8%	
<b>Total Revenues</b>	<b>\$ 12,237,338</b>	<b>\$ 12,243,831</b>	<b>\$ 6,493</b>	<b>0.1%</b>	

In 2004 a ¾% sales tax was passed to shift the budget's dependency from property taxes to sales tax revenue. The sales tax provides 60% of the total General Fund revenues. Sales tax fluctuates according to our local economy. This requires the city to budget within our community's means.

### 2014 General Fund Revenue Facts:

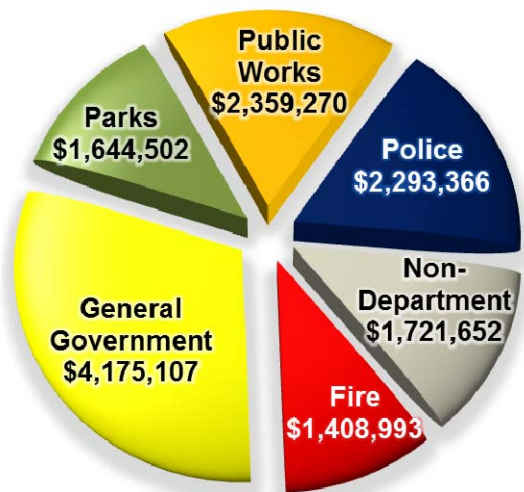
- Balanced budget
- Total revenues are flat despite declining sales tax
- Court fines and other revenues increase
- Cash reserves remain sound
- financial policy projects \$1.7 million for 2014

Cash reserves are not included within the revenues noted above. General Fund reserves are 53% of operating expenditures. Best management practice for cash reserves is 15%. A higher reserve is necessary with fluctuating sales tax revenues.



## 2014 GENERAL FUND EXPENDITURES

All Expenditures	2013	2014	\$ Difference	% Difference	
General Government	\$ 5,041,776	\$ 4,175,107	\$ (866,669)	-17.2%	pg 32+
Fire	\$ 1,387,544	\$ 1,408,993	\$ 21,449	1.5%	pg 68
Parks	\$ 1,666,781	\$ 1,644,502	\$ (22,279)	-1.3%	pg 72
Police	\$ 2,250,591	\$ 2,293,366	\$ 42,775	1.9%	pg 50
Public Works	\$ 2,416,952	\$ 2,359,270	\$ (57,682)	-2.4%	pg 54
Non-Departmental	\$ 1,919,241	\$ 1,721,652	\$ (197,589)	-10.3%	
<b>Total Expenditures</b>	<b>\$ 14,682,885</b>	<b>\$ 13,602,890</b>	<b>\$ (1,079,995)</b>	<b>-7.4%</b>	



### 2014 General Fund Expenditures Facts:

- Primary projects/equipment include:
  - Rewrite of zoning & subdivision regulation
  - HVAC efficiency controls at city hall
  - Snow removal equipment





# LEVY FUND

## 2014 LEVY FUND REVENUES

All Revenues	2013	2014	\$ Difference	% Difference
Ad Valorem Property Tax	\$ 4,784,679	\$ 4,992,741	\$ 208,062	4.3%
Motor Vehicle Tax	\$ 442,276	\$ 430,013	\$ (12,263)	-2.8%
Transfers	\$ 1,015,279	\$ 887,252	\$ (128,027)	-12.6%
Special Assessment Tax	\$ 431,319	\$ 452,891	\$ 21,572	5.0%
Other	\$ 146,904	\$ 128,886	\$ (18,018)	-12.3%
<b>Total Revenues</b>	<b>\$ 6,820,457</b>	<b>\$ 6,891,783</b>	<b>\$ 71,326</b>	<b>1.0%</b>

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.

### 2014 Levy Fund Revenue Facts:

- 25 mill levy for 5<sup>th</sup> year, **NO** levy increase
- Total valuation is expected to increase by 4%
- Transfer required to buy down the levy is less



## 2014 LEVY FUND EXPENDITURES

All Expenditures	2013	2014	\$ Difference	% Difference
Airport	\$ 507,086	\$ 351,504	\$ (155,582)	-30.7%
Public Safety Equipment	\$ 463,006	\$ 460,636	\$ (2,370)	-0.5%
Library	\$ 1,386,533	\$ 1,451,957	\$ 65,424	4.7%
Bond & Interest	\$ 1,487,873	\$ 1,524,263	\$ 36,390	2.4%
Employee Benefit Contribution	\$ 3,998,165	\$ 4,156,668	\$ 158,503	4.0%
<b>Total Expenditures</b>	<b>\$ 7,842,663</b>	<b>\$ 7,945,028</b>	<b>\$ 102,365</b>	<b>1.3%</b>

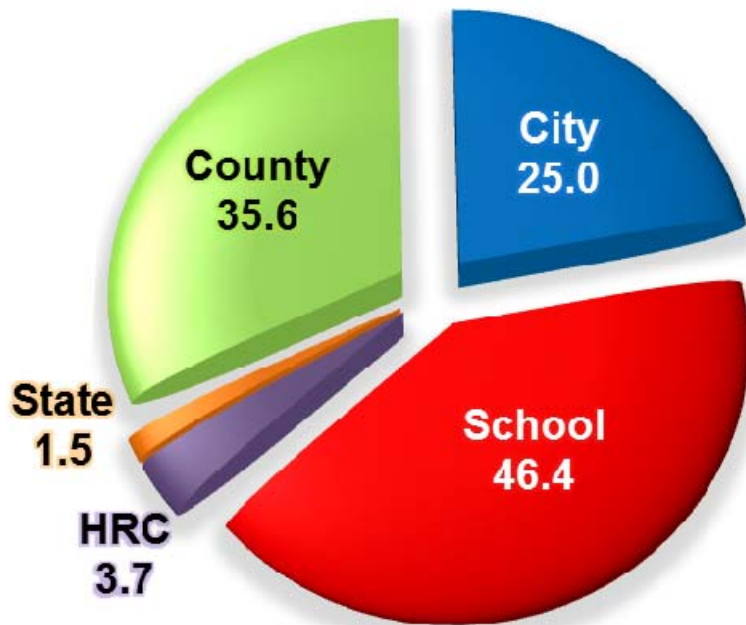


### 2014 Levy Fund Expenditures Facts:

- Airport reduction is a result of 2013 transfer to reserves
- Airport budgeted a large snow blower
- Public safety decrease is attributed to the previous years transfer to reserves
- Library & Library Employee Benefit is combined for this document
- Library increase reflects a payment for carry over funds from previous years
- Continuation of employee health insurance cap
- Employee Benefits increase is due to KPERS and other contractual services



# PROPERTY TAXES EXPLAINED....



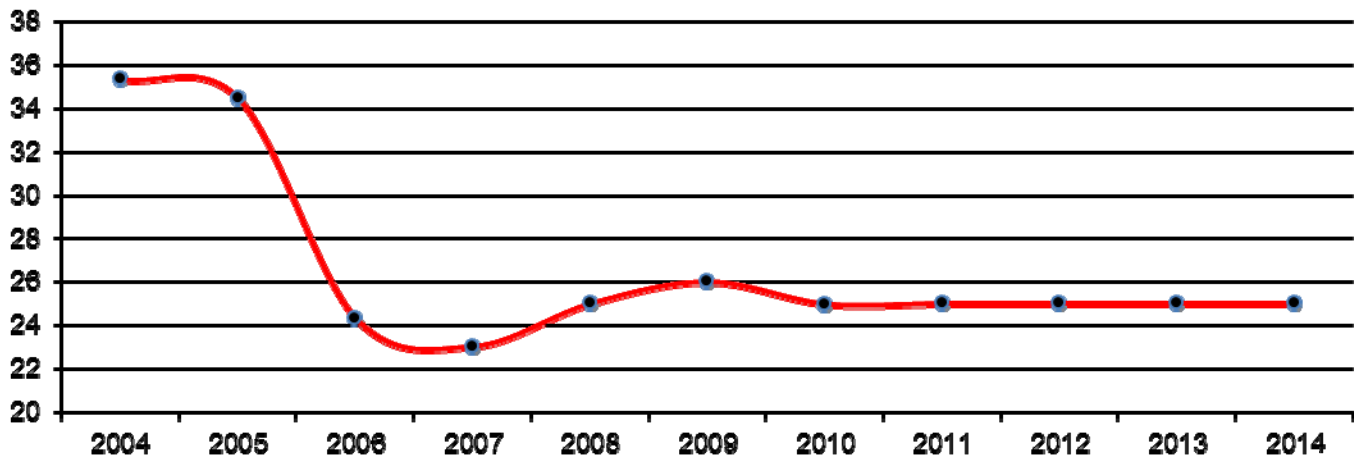
The City of Hays mill levy is 25. The Library receives 6.44 mills. This leaves the City of Hays levy dedicated for municipal purposes at 18.56 mills.

One mill is equivalent to \$199,707. The total valuation of the city has a proposed increase of 4%.

**The City of Hays kept the mill levy at 25 for the fifth year in a row. This is accomplished utilizing reserves to buy down the mill, paying cash for various projects, no increased debt and capping employee benefits.**

Total 2012 Community Levy = 112.2 mills

City of Hays Mill Levy  
2004 – 2014



In 2005 a ¾% 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.

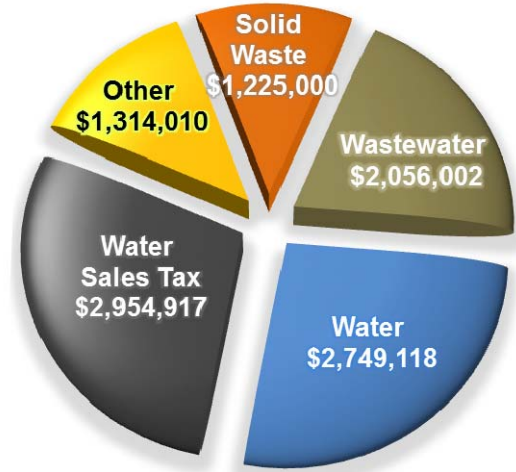


# ENTERPRISE FUND

## 2014 ENTERPRISE FUND REVENUES

All Revenues	2013	2014	\$ Difference	% Difference	
Solid Waste	\$ 1,225,000	\$ 1,225,000	\$ -	0.0%	pg 108
Wastewater	\$ 2,214,500	\$ 2,056,002	\$ (158,498)	-7.2%	pg 112
Water	\$ 2,626,500	\$ 2,749,118	\$ 122,618	4.7%	pg 112
Water Sales Tax	\$ 2,984,252	\$ 2,954,917	\$ (29,335)	-1.0%	pg 112
Other	\$ 903,900	\$ 1,314,010	\$ 410,110	45.4%	
<b>Total Revenues</b>	<b>\$ 9,954,152</b>	<b>\$ 10,299,047</b>	<b>\$ 344,895</b>	<b>3.5%</b>	

The Enterprise Funds are primarily financed and operated in a manner similar to private business enterprises. 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.



### 2014 Enterprise Fund Revenue Facts:

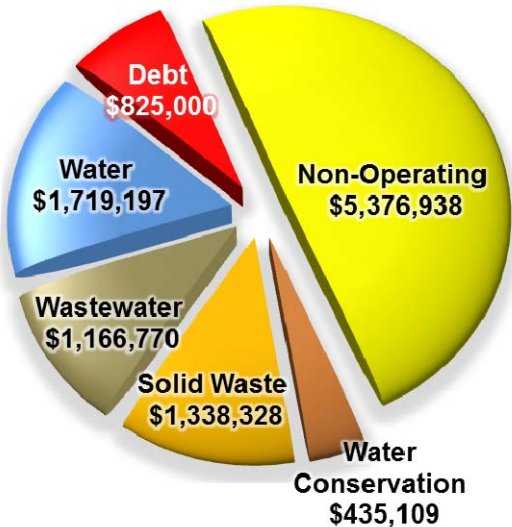
- No rate increase for Solid Waste
- Wastewater revenue reflects residential and commercial decreased usage
- A transfer to fully fund increased water conservation initiatives creates an increase in the Other revenues

## 2014 ENTERPRISE FUNDS EXPENDITURES

All Expenditures	2013	2014	\$ Difference	% Difference	
Solid Waste	\$ 1,477,452	\$ 1,338,328	\$ (139,124)	-9.4%	pg 108
Wastewater	\$ 1,103,900	\$ 1,166,770	\$ 62,870	5.7%	pg 116
Water	\$ 1,647,476	\$ 1,719,197	\$ 71,721	4.4%	pg 118
Debt Service	\$ 823,949	\$ 825,000	\$ 1,051	0.1%	pg 132
Non-Operating	\$ 6,472,280	\$ 5,376,938	\$ (1,095,342)	-16.9%	pg 134
Water Conservation	\$ 87,565	\$ 435,109	\$ 347,544	n/a	pg 122
<b>Total Expenditures</b>	<b>\$ 11,612,622</b>	<b>\$ 10,861,342</b>	<b>\$ (751,280)</b>	<b>-6.5%</b>	

### 2014 Enterprise Fund Expenditures Facts:

- Much of the reduction in expenditures is a result of previous year's transfers to capital to pay for future infrastructure replacement noted in the Capital Improvement Plan
- Solid Waste contains a lower transfer in 2014 as increased expenditures decrease available funds
  - A potential fee increase in 2015 will be examined
- Non-operating decrease as there is no transfer to capital improvements for water/wastewater
- Water Conservation efforts dramatically increased to include:
  - Urinal & toilet rebates
  - Lawn program
  - Washing machine rebate
  - Leak detection
  - Facility retrofit
  - Education
- Primary Water/Wastewater projects include:
  - Sewer line cleaning
  - Manhole repair
  - Pump & boiler replacement
  - Water tower inspection





# MISCELLANEOUS FUND

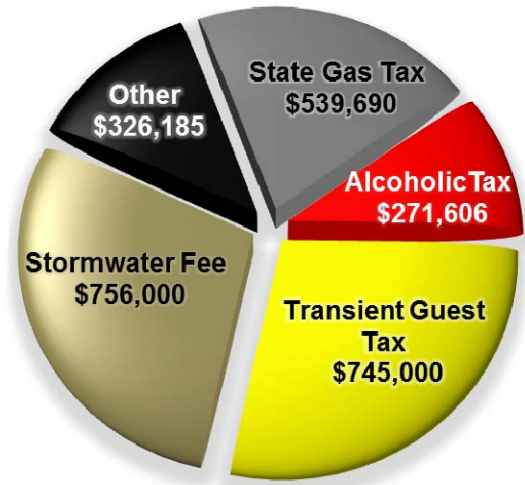
## 2014 MISCELLANEOUS FUND REVENUES

All Revenues	2013	2014	\$ Difference	% Difference	
State Gas Tax	\$ 533,800	\$ 539,690	\$ 5,890	1.1%	pg 136
Local Alcoholic Liquor Tax	\$ 252,306	\$ 271,606	\$ 19,300	7.6%	pg 138+
Transient Guest Tax	\$ 725,000	\$ 745,000	\$ 20,000	2.8%	pg 142
Stormwater Fees	\$ 756,000	\$ 756,000	\$ -	0.0%	pg 148
Other	\$ 321,185	\$ 326,185	\$ 5,000	1.6%	
<b>Total Revenues</b>	<b>\$ 2,588,291</b>	<b>\$ 2,638,481</b>	<b>\$ 50,190</b>	<b>1.9%</b>	

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

### 2014 Miscellaneous Fund Revenue Facts:

- The total revenue increase for the Miscellaneous Funds is less than 2%
- Each fund is autonomous and therefore revenues do not intermingle with other miscellaneous funds
- The State notifies the city of projected Alcohol Tax which is evenly distributed in thirds between Special Parks, Special Alcohol and General Fund with governance directed by statute
- Transient Guest Tax (5%) continues to increase and is directly attributed to motel/hotel lodging



## 2014 MISCELLANEOUS FUND EXPENDITURES

All Expenditures	2013	2014	\$ Difference	% Difference	
Special Highway	\$ 1,085,329	\$ 598,352	\$ (486,977)	-44.9%	pg 136
Special Park & Recreation	\$ 382,099	\$ 235,786	\$ (146,313)	-38.3%	pg 138
Special Alcohol	\$ 299,538	\$ 315,781	\$ 16,243	5.4%	pg 140
Convention Visitors Bureau	\$ 1,310,497	\$ 1,424,386	\$ 113,889	8.7%	pg 142
Stormwater	\$ 944,974	\$ 782,170	\$ (162,804)	-17.2%	pg 148
Home Depot	\$ 212,618	\$ 211,706	\$ (912)	-0.4%	pg 156
Park Development	\$ -	\$ 5,027	\$ 5,027	0.0%	pg 154
<b>Total Expenditures</b>	<b>\$ 4,235,055</b>	<b>\$ 3,573,208</b>	<b>\$ (661,847)</b>	<b>-15.6%</b>	

### 2014 Miscellaneous Fund Expenditures Facts:

- Special Highway reflects true annual expenditures, in 2013 two years of maintenance projects was accomplished
- Special Parks had major projects expended in 2013
- **CVB is projected to pay off the Welcome Center early saving interest**
- Special Parks projects include:
  - Tree Rebate
  - Civic Group Match
  - 41<sup>st</sup> Hike Bike Path
  - Core to Campus Path
- Convention and Visitors Bureau projects include:
  - Way finding signs
  - Banners
  - I-70 Welcome sign









