

# Budget Retreat

February 16, 2024

Finance Department

All Information except forecasts as of 6/30/23



# Agenda

- Review of Current (FY 24) Budget”
  - General Fund
  - Debt Update
  - Where the Money Comes From
  - Where the Money Goes
  
- Pension Fund
  
- Market Driven Sources of Revenue
  
- Forecast
  
- Budget Considerations
  
- Timeline



# FY 23/24 Adopted Budget

Focus  
Area

▪ General Fund	\$304,041,320
▪ Special Revenue Funds	\$42,111,730
▪ Debt Service Funds	\$26,158,300
▪ Capital Projects Fund	\$37,198,670
▪ Enterprise Funds:	\$76,589,770
▪ Affordable Housing Fund:	\$7,472,960
▪ Internal Service Funds:	<u>\$70,704,050</u>
▪ Total Budget	= \$559,516,800



\$42M Less  
than Prior  
Year

# FY 23 General Fund – Fund Balance

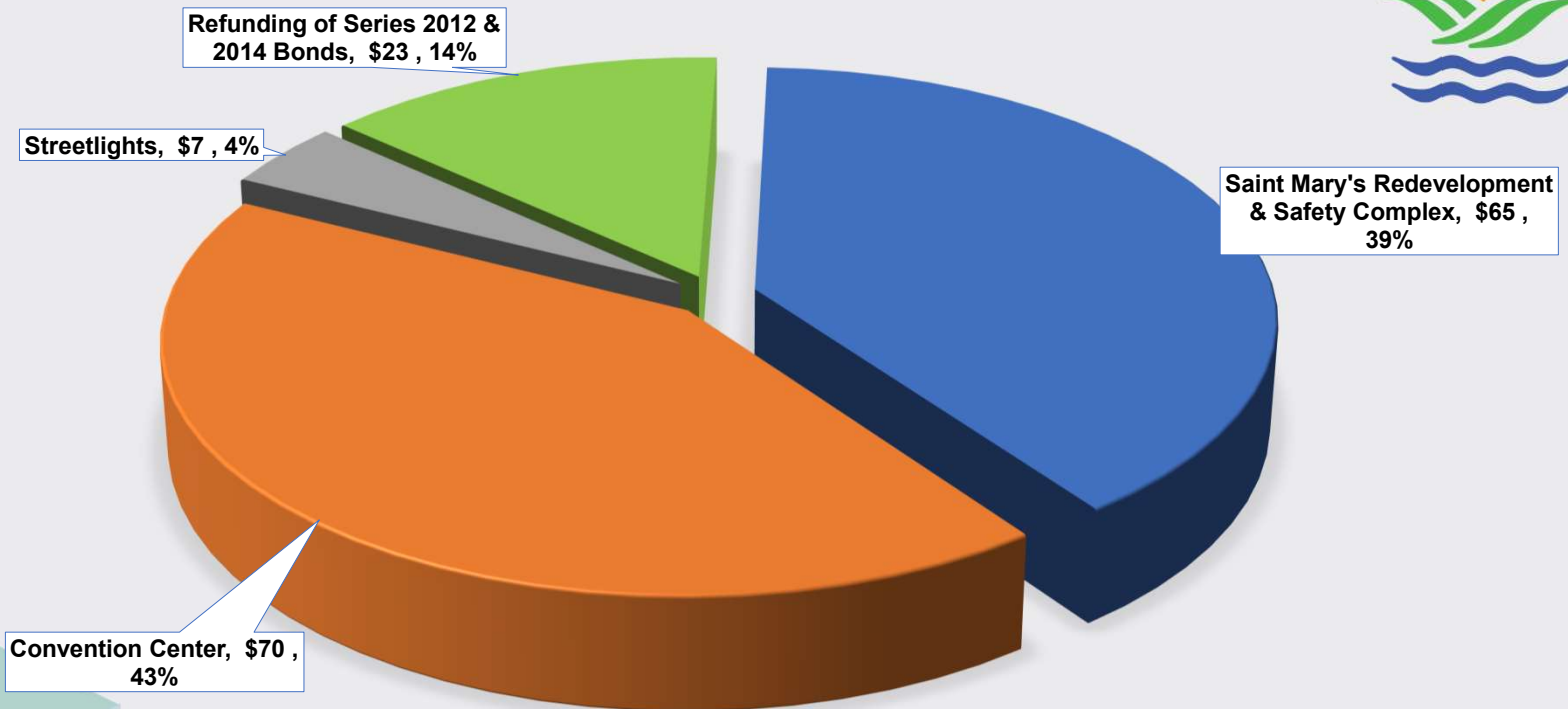


CATEGORY	AMOUNT
Non Spendable	\$ 556,198
Restricted	\$ 1,597,906
Committed	\$ 68,444,561
Assigned	\$ 26,208,418
Unassigned	\$ 46,837,398
Total GF Fund Balance	\$ 143,644,481

20% Stabilization  
Account  
+ 1% reserve

# Debt Portfolio

(Principal as of End of FY 23)



Total Debt Principal at end of FY 23: \$165M

# Annual Debt Service Payments

Will have  
paid off  
\$39.2M  
from FY 21  
to End of FY  
24

Increase from \$11.5M in FY 22 to \$14.2M in FY 24 is due to Front Loading  
Payment Structure of FY 21 Debt Issuance



# Current Bond Ratings



• Fitch: **AAA**

• Moody's **Aa1**

• Standard & Poor's **AAA**

Upgraded to AAA  
in Spring of 2022



Current Credit/Bond Ratings			
Moody's	Standard & Poor's	Fitch Ratings	Description
Aaa	<b>AAA</b>	<b>AAA</b>	<b>Prime Investment</b>
<b>Aa1</b> , Aa2, Aa3	<b>AA+</b> , AA, AA-	AA+, AA, AA-	<b>High Grade Investment</b>
A1, A2, A3	A+, A, A-	A+, A, A-	Upper medium
Baa1, Baa2, Baa3	BBB+, BBB, BBB-	BB+, BBB, BBB-	Lower Medium

# **GENERAL FUND SOURCES OF REVENUE**



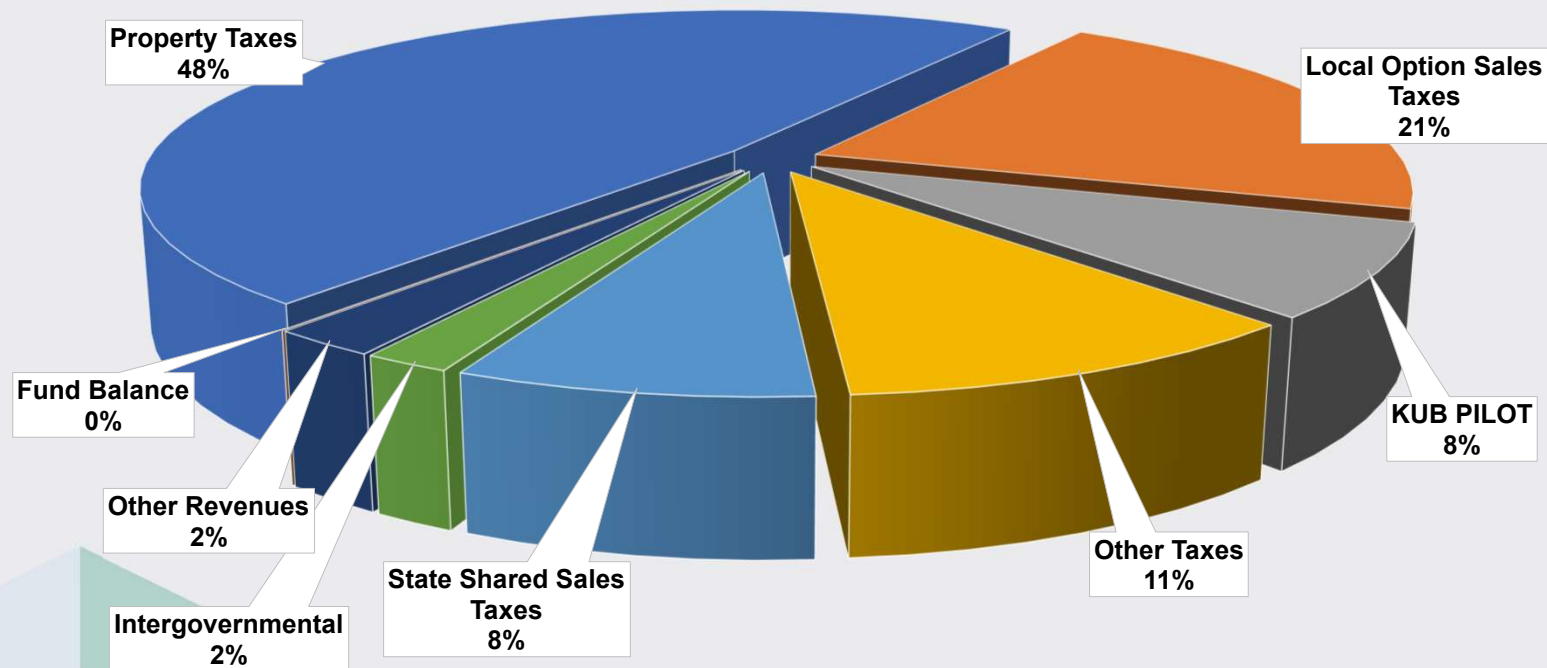


## FY 23/24 General Fund Budgeted Revenues & Sources

Estimated Revenue	Amount	%
Property Taxes	\$ 146,107,580	48.1%
Local Option Sales Taxes	\$ 62,873,720	20.7%
KUB PILOT	\$ 25,076,830	8.2%
Other Taxes	\$ 32,655,640	10.7%
State Shared Sales Taxes	\$ 24,000,000	7.9%
Intergovernmental	\$ 5,910,000	1.9%
Other Revenues	\$ 7,417,550	2.4%
Fund Balance	\$ -	0.0%
<b>TOTAL</b>	<b>\$ 304,041,320</b>	<b>100.0%</b>



# General Fund Total Revenues



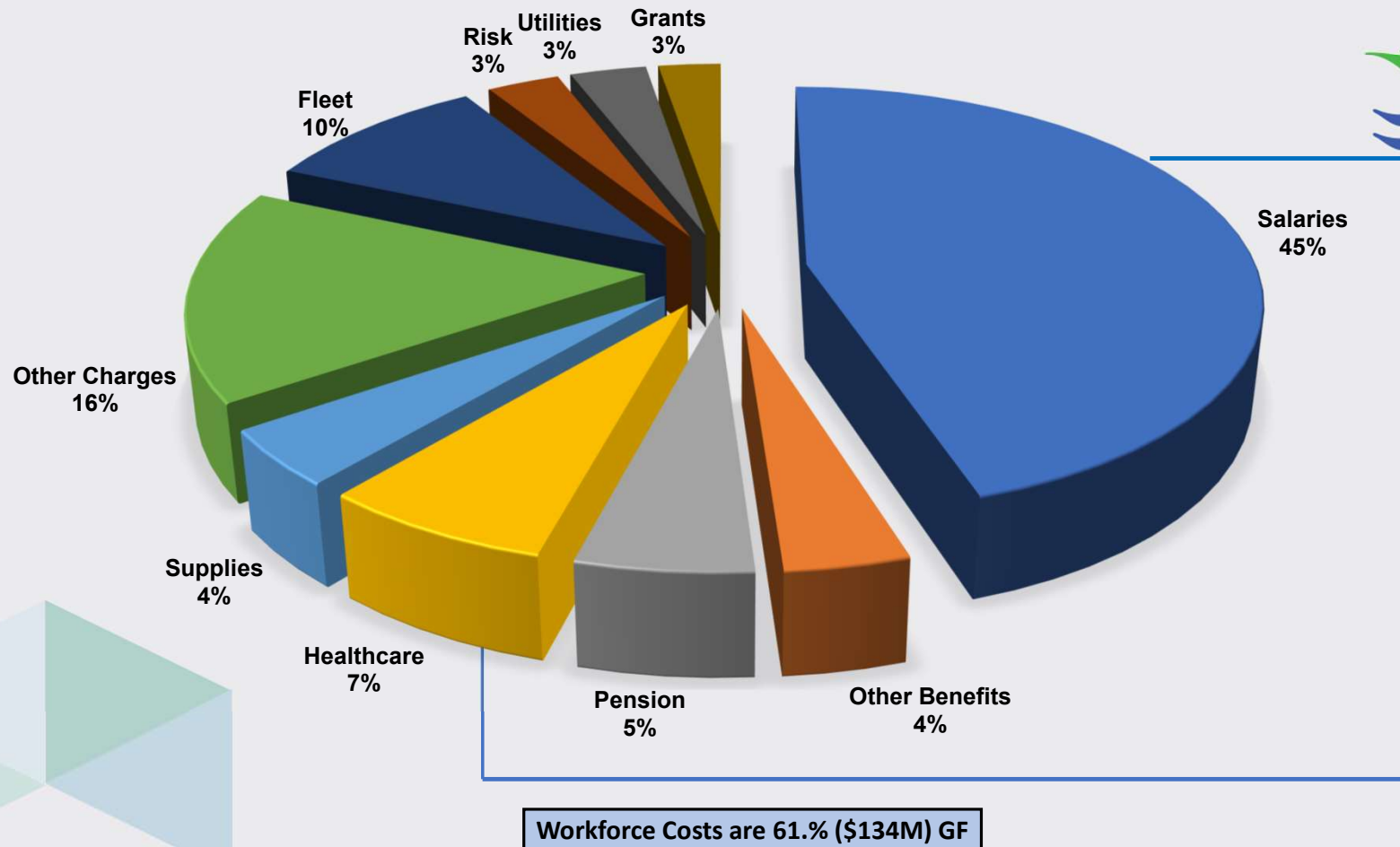
**Total Budgeted Amount = \$304M**



# GENERAL FUND EXPENDITURES

# General Fund Expenditures

(Excludes Transfers)



# Pension

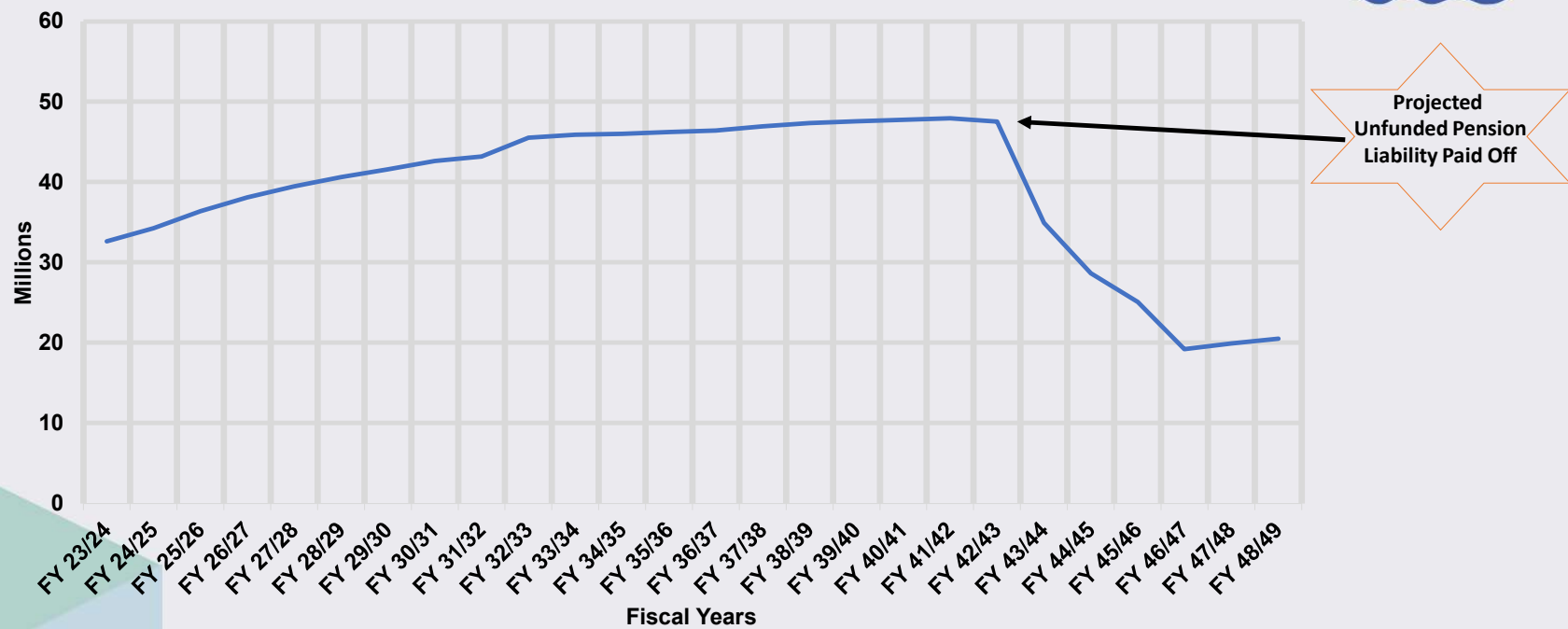


# 2023 Actuarial Valuation Report



- Asset Returns for FY 2023
- Expected Rate of Return lowered 5 bps to 7.15%
- Plan H members beginning to vest

# Estimated Future Pension Contributions from 7/1/2023 Valuation Report



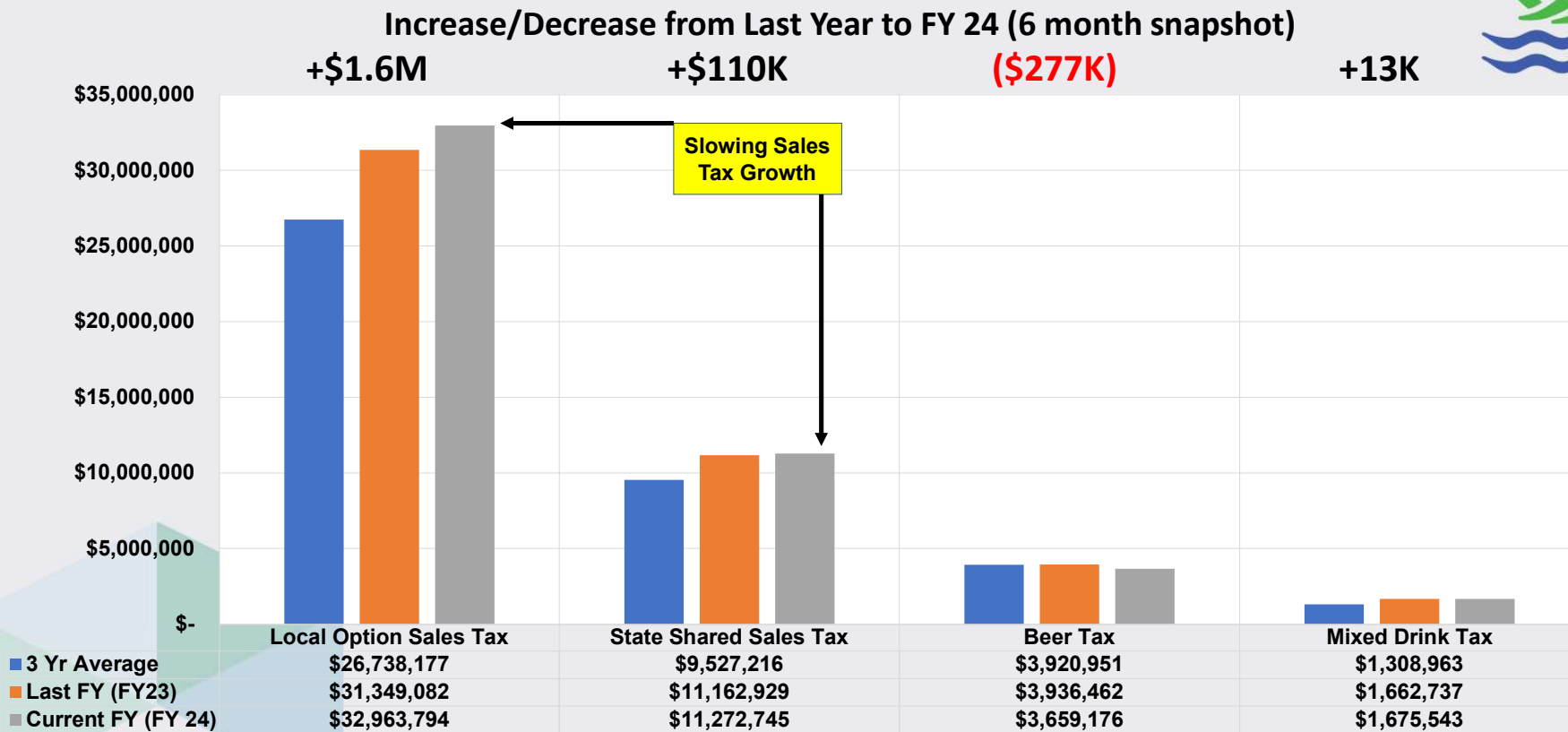


# **Selected Revenue Details**



# Market Driven Sources of Revenue

(6 month snapshot)



# Market Driven Sources of Revenue

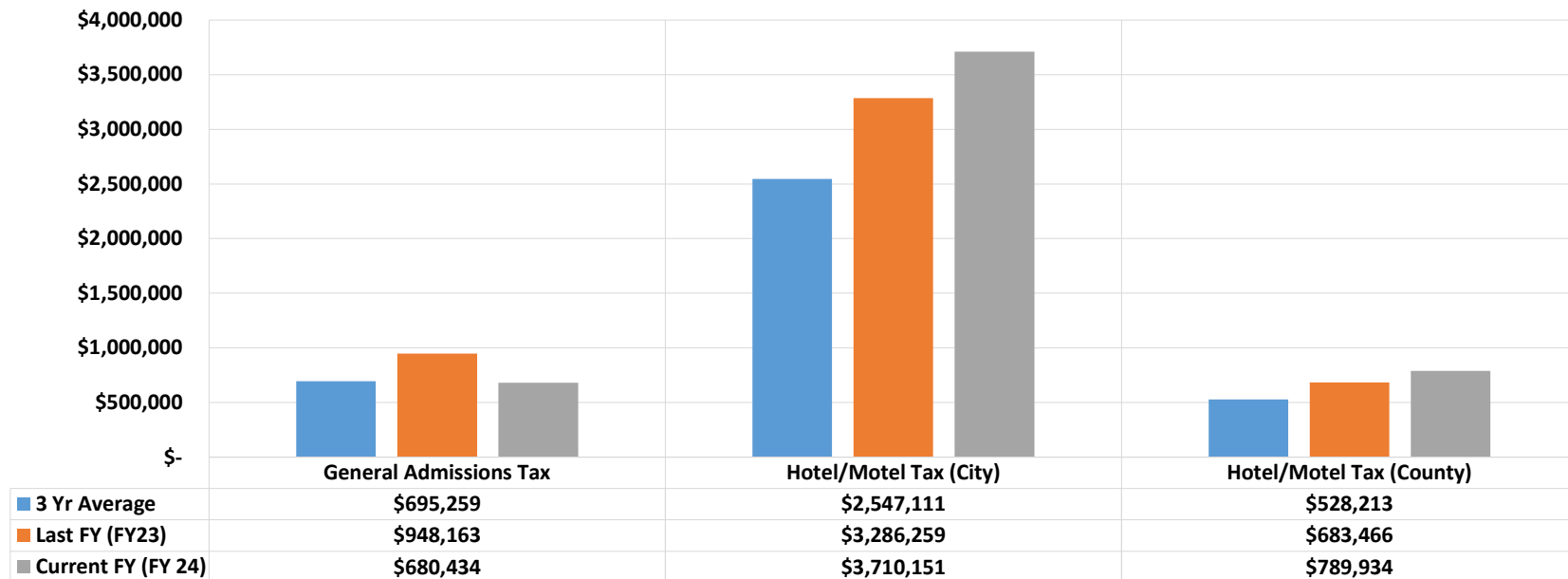
## (6 Month Snapshot)

Increase/Decrease from Last Year to FY 24 (6 month snapshot)

**(\$268K)**

**+\$424K**

**+\$107K**



# Projection for End of FY 24 (General Fund)



\$312,582,177: Total Projected Revenue  
(\$309,372,408): Total Projected Expenditures  
= \$3,209,769: Excess of Operations

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\$46,837,398	FY 23's Unassigned Fund Balance
<u>(\$4,815,900)</u>	FY 24 Budget Amendment
<u>\$3,209,769</u>	FY 24 Excess of Revenue over Expenditures
\$45,231,267	Projected Unassigned Fund Balance for FY 24



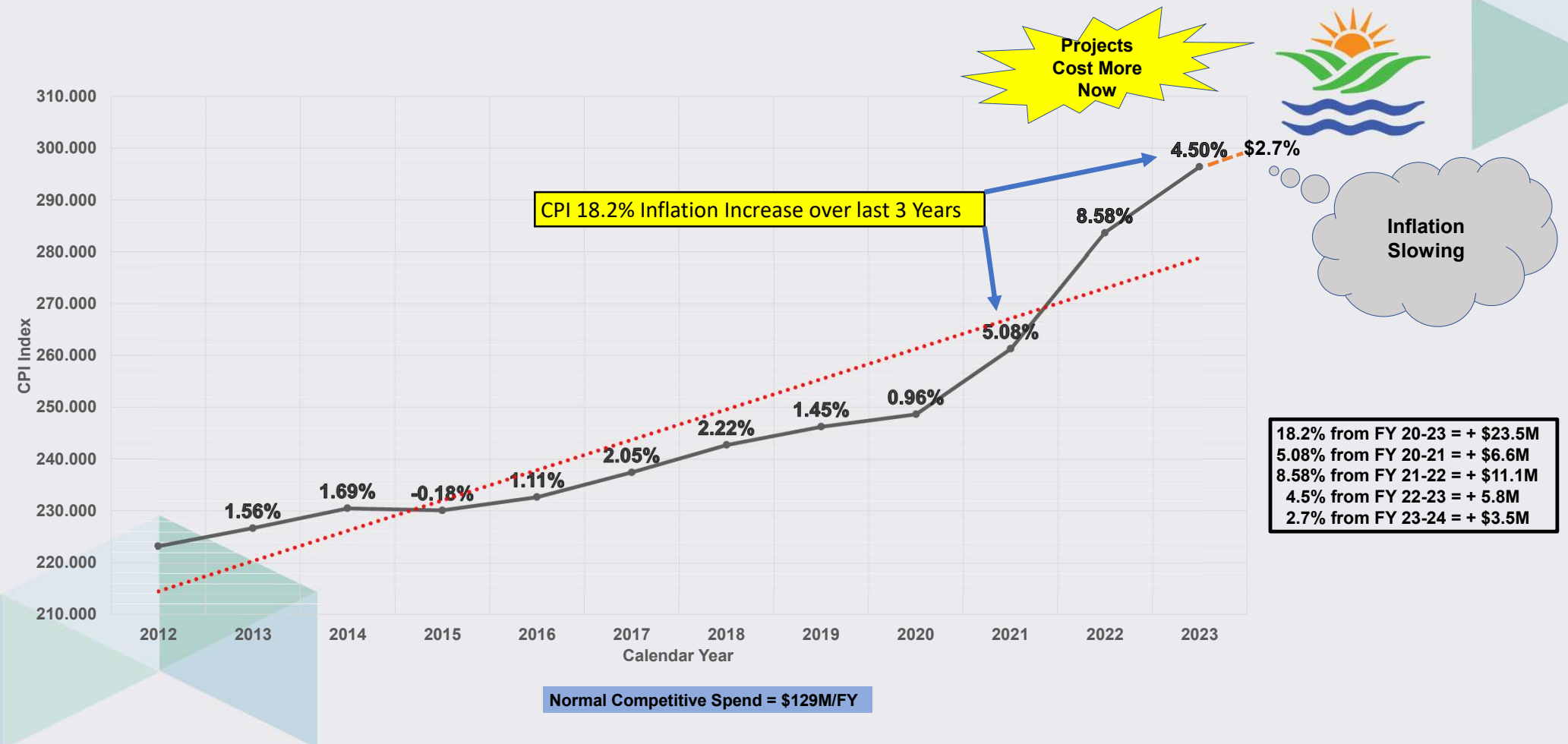
# FY 25 Budget Considerations

1. Inflation
2. Personnel Costs
3. Slowing of Sales Tax Revenue Growth
4. Growing Deferred Maintenance Costs & Investment in Public Amenities
5. Healthy Fund Balance & Reserves



# # 1 Inflation

(Historical CPI Trends)



# # 2 Rising Personnel Costs

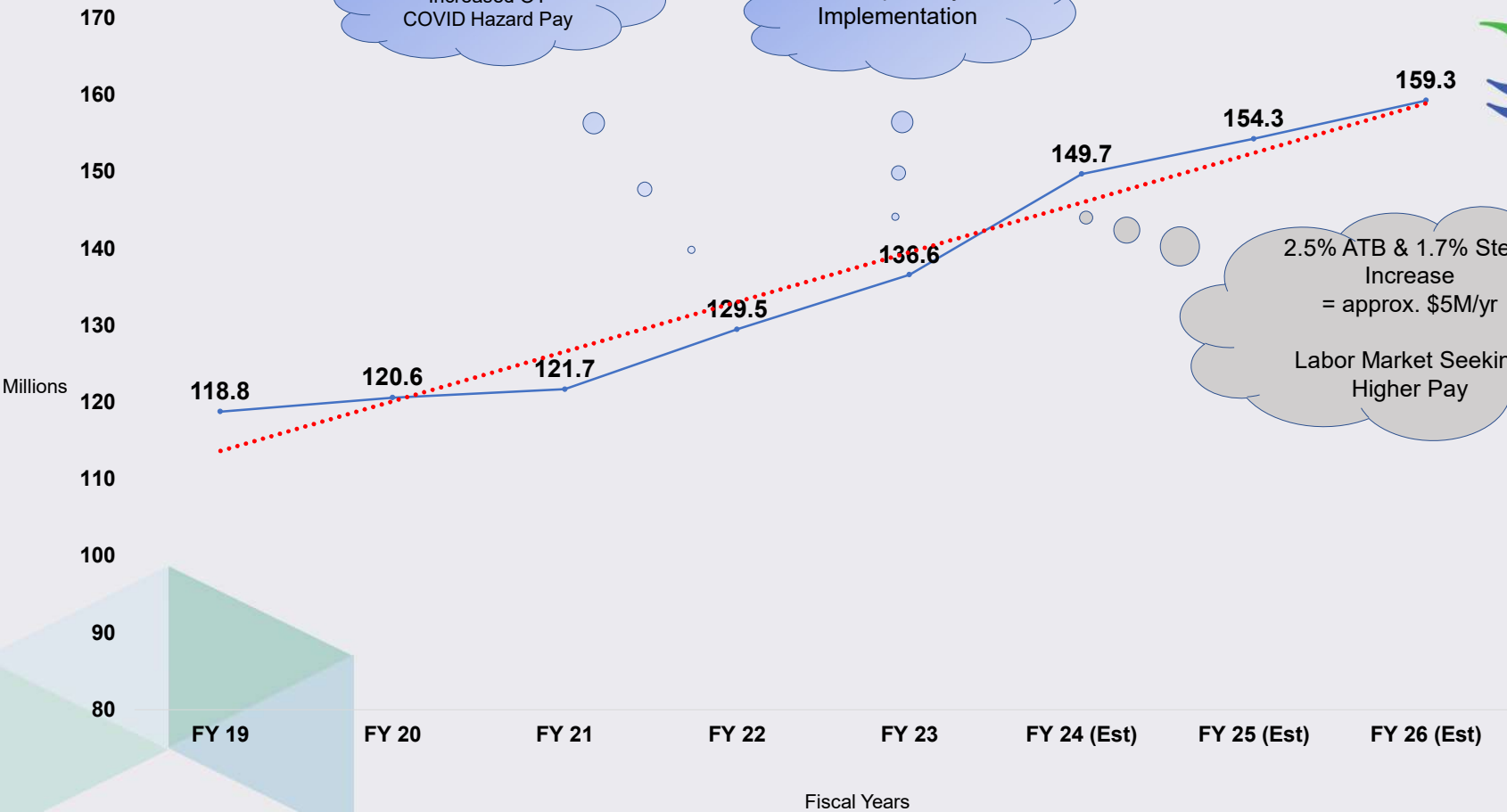
(Total Personnel Costs Excluding KAT)



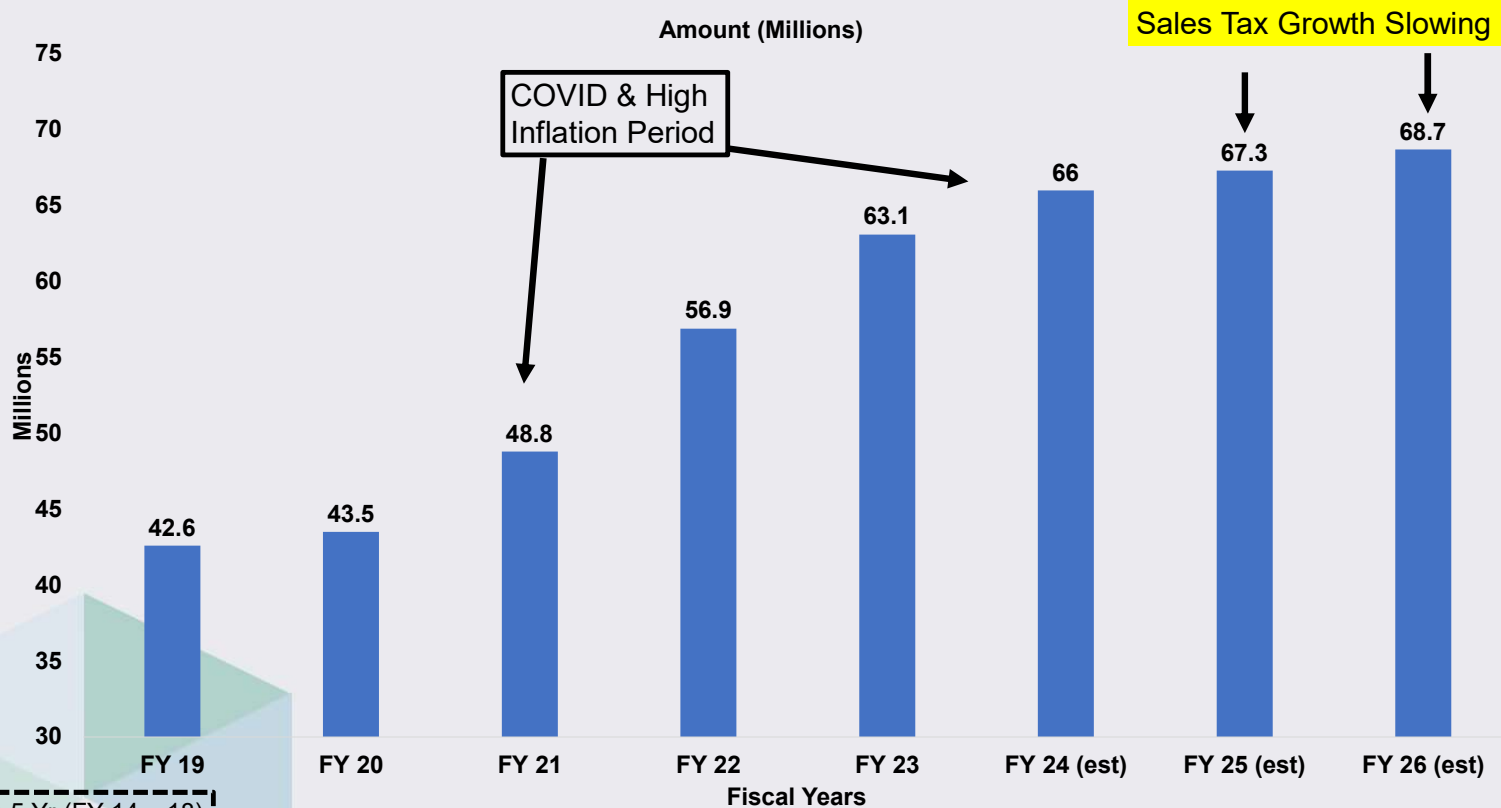
Increased Starting Pay  
Increased OT  
COVID Hazard Pay

Comp Study  
Implementation

2.5% ATB & 1.7% Steps  
Increase  
= approx. \$5M/yr  
  
Labor Market Seeking  
Higher Pay



# # 3: Slowing of Sales Tax Growth



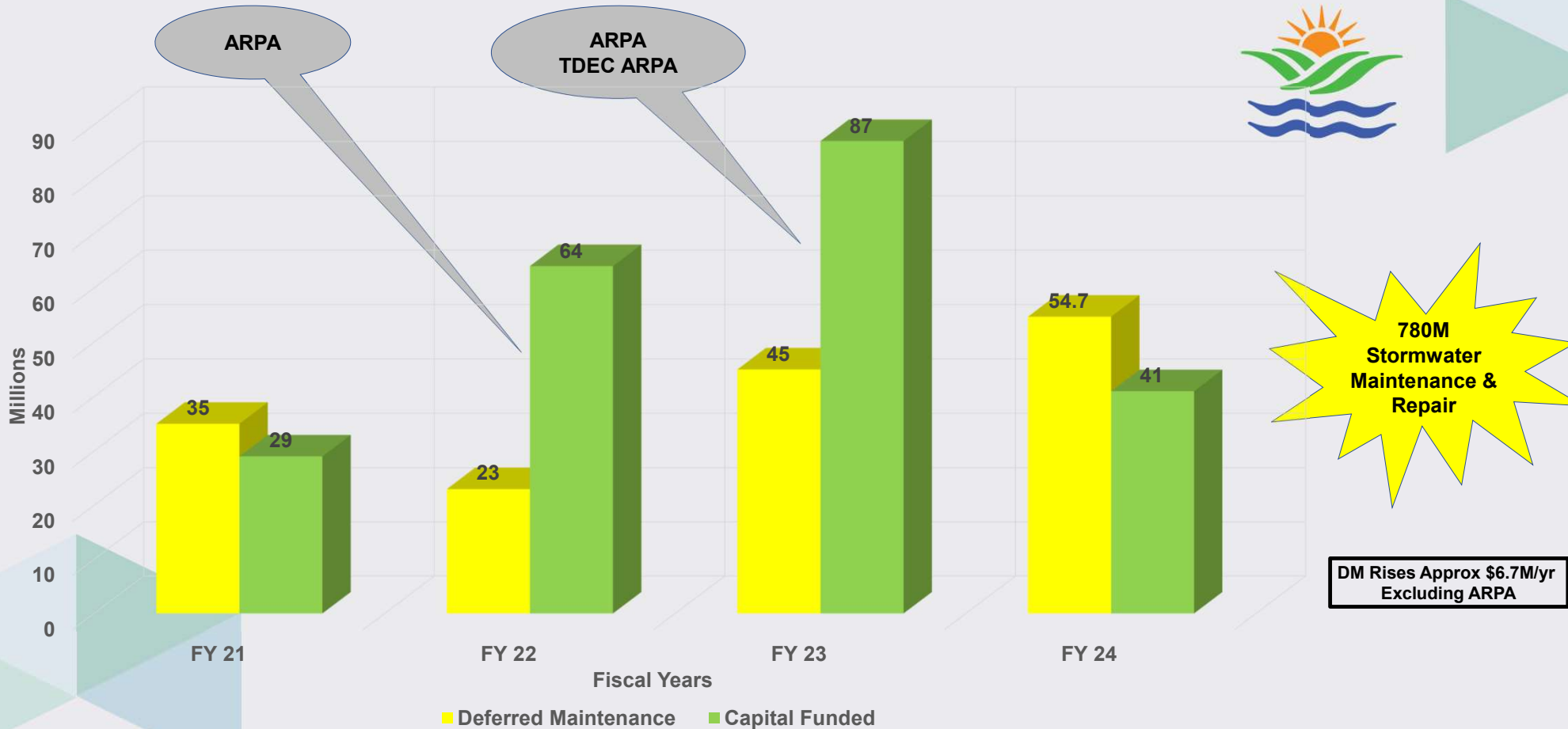
FY 20-21 = + 12.2% for \$5.3M  
FY 21-22 = +16.6% for \$8.1M  
FY 22-23 = +10.9% for \$6.2M  
FY 23-24 = + 4.5% for \$2.9M  
2% growth per yr = approx. 1.4M per FY.

Previous 5 Yr (FY 14 – 18)  
Growth Average  
was 3.2%/Yr



# # 4: Growing Deferred Maintenance

(Total Capital Approved Includes Budget Amendments)



# # 5: Healthy Fund Balance/Reserves



CATEGORIES OF FB & RESERVES

20% Committed FB (Stabilization Acct)

\$60.8

Current Est GF Unassigned FB

\$41.8

5% Assigned FB (Best Practices)

\$15.2

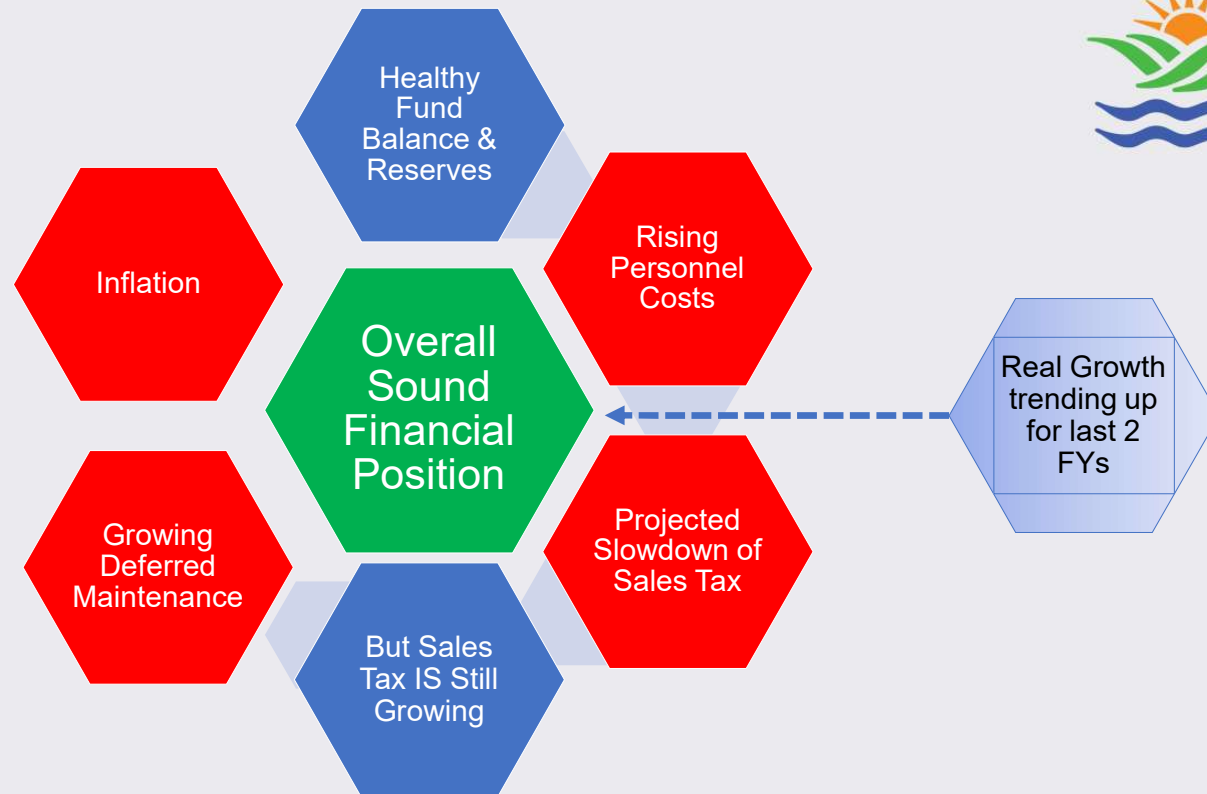
1% Reserve Required by Ordinance

\$3.0

\$- \$10.0 \$20.0 \$30.0 \$40.0 \$50.0 \$60.0 \$70.0  
MILLIONS

\$57M Relatively Flexible  
& \$63.8M for Extreme Circumstances

# Summation



Sound Financial Condition - Must Remain Disciplined

## FY 25 Budget Timeline

January 24-26, 2024	Mayor's Capital Budget Review
February 16, 2024	Mayor's Budget Retreat for Council
March 6–8, 2024	Mayor's Budget Hearings
April 26, 2024	Mayor's State of the City Address
April 30, 2024	1st Reading of Budget & Tax Ordinances
May 16th, 2024	Legislative Budget Hearings
May 28, 2024	2 <sup>nd</sup> Reading of Budget & Tax ordinances
June 15, 2024	Last Day to Approve Budget/Tax Ordinances
July 1, 2024	New Fiscal Year Begins



# Questions?

