



CITY OF
TOPEKA



Budget Overview

7/30/2024

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Tentative Budget Presentation Schedule

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- **July 30th** : Budget Overview
- **August 13th** : Police, Fire, IT
- **August 20th** : Public Works, Utilities, Municipal Court
- **August 27th (Special Meeting)** : Planning, HR, Legal, Finance, Community Engagement
- **September 3rd** : Other items as needed
- **September 10th** :
 - Public Hearing of RNR Rate
 - Set Mill Levy
 - Budget Hearing
 - Budget Adoption



Listening Sessions

What we heard:

- Sell the Hotel
- Enhance the City's traffic division
- Fully fund the Fire Department
- Decrease Police Funding- reduce salaried Law Enforcement
- Increase Social Services/Mental Health/Community Violence Prevention
- Increase Metro Services to other areas
- Equal Access to Economic Development
- Invest in Unsheltered population
- Affordable housing/Use the Housing Trust Fund
- Lower Property Taxes in favor of Sales Tax



2025 Revenue Scenarios for Operating Budget

Major Revenue Categories	RNR Rate @ 35.341	Current Rate @ 36.952	+1 Mill Rate @ 37.952	+2 Mill Rate @ 38.952
Sales Tax	\$40,569,000	\$40,569,000	\$40,569,000	\$40,569,000
Property Tax	\$34,292,785	\$36,611,284	\$38,050,281	\$39,489,278
Franchise Fees	\$14,331,161	\$14,331,161	\$14,331,161	\$14,331,161
Other Sources	\$23,807,096	\$23,807,096	\$23,807,096	\$23,807,096
Total Revenues	\$113,000,042	\$115,318,541	\$116,757,538	\$118,196,535

- Max Mill Rate is an increase of 2 mills from current 2024 mill rate
- Difference Between Current Mill Rate vs. RNR = \$2,318,499
- +/- 1 Mill = \$1,438,997



Taxing Entities in Topeka

Taxing Entities	2021 Mill Rates	2022 Mill Rates	2023 Mill Rates	2023 Percentage
Shawnee County	50.999	49.861	48.653	32.60%
USD 501 Topeka	48.385	46.013	44.54	29.84%
City of Topeka	39.939	38.963	36.952	24.76%
Topeka/SNCO Library	9.706	8.89	8.192	5.49%
Metro Transit Authority	4.2	4.2	4.2	2.81%
Washburn University	3.403	3.451	3.451	2.31%
Metro Topeka Airport Authority	1.93	1.75	1.75	1.17%
State of Kansas	1.50	1.50	1.50	1.01%
Totals	160.062	154.628	149.238	100.00%



City of Topeka Portion of Tax to Property Owners

Various Mill Rates	\$150,000 Appraised Property	\$200,000 Appraised Property	\$250,000 Appraised Property	\$300,000 Appraised Property
RNR Rate @ 35.341	\$609.63	\$812.84	\$1,016.05	\$1,219.26
Current COT Mill Rate @ 36.952	\$637.42	\$849.90	\$1,062.37	\$1,274.84
+1 Mill Increase @ 37.952	\$654.67	\$872.90	\$1,091.12	\$1,309.34
+2 Mill Increase @ 38.952	\$671.92	\$895.90	\$1,119.87	\$1,343.84
Variance of +/- 1 Mill	\$17.25	\$23.00	\$28.75	\$34.50

- Difference between current mill rate and RNR rate = 1.611 mills



Projected 2025 General Fund Expenses

Categories	2023 Actuals	2024 Budget	2025 Budget
Police Department	\$42,942,799	\$47,392,888	\$55,599,415
Fire Department	\$32,881,490	\$36,003,280	\$38,411,729
Public Works Department	\$6,790,654	\$8,335,471	\$8,880,728
3 Largest Department Totals	\$82,614,943	\$91,731,639	\$102,891,872
Other General Fund Departments	\$21,685,890	\$23,275,359	\$25,522,615
General Fund Expense Totals	\$104,300,833	\$115,006,998	\$128,414,487



Scenarios for the General Fund Deficit

Categories	RNR Rate @ 35.341	Current Rate @ 36.952	+1 Mill Rate @ 37.952	+2 Mill Rate @ 38.952
Total Revenues	\$113,000,042	\$115,318,541	\$116,757,538	\$118,196,535
Total Expenses	\$128,414,487	\$128,414,487	\$128,414,487	\$128,414,487
Deficit	(\$15,414,445)	(\$13,095,946)	(\$11,656,949)	(\$10,217,952)

Utilizing Unassigned Reserves - \$15,374,383*

- Move 2025 FIRM to Bonding - \$2,300,000 – relieves FY25 Operating Budget
- Move 2024 DREAMS from Cash to Bonding - \$1,500,000
- CIP Change from Bonding to Federal Funds Exchange – 2024 Traffic Signals and 2023 Infill Sidewalks which reduces bonding for FY24 by \$1,400,000
- Bonding Fleet Building - \$3,200,000 (Council Adopted Authority)



General Fund Reserve Balance Projections

Projected End of Year Fund Balance	2023	2024	2025
General Fund Balance	\$ 27,586,643	\$ 22,726,229	\$ 22,686,167
General Fund Revenue*	\$ 115,900,043	\$ 113,631,143	\$ 128,414,487
Percentage	23.80%	20.00%	17.67%
Goal	20%	20%	20%
Policy Minimum	15%	15%	15%

- * Assumes Revenue Neutral mill levy rate and previous slide recommendations
- * No remaining funds in the unassigned reserves



General Fund Operating Expense Categories

Categories	2024 Budget	2025 Budget	% Total of Expenses	% Total of Revenue
Personnel	\$87,945,650	\$97,382,103	75.83%	86.15%
Contractual	\$21,160,129	\$25,393,701	19.77%	22.46%
Commodities	\$3,419,832	\$4,222,418	3.29%	3.74%
Other Payments	\$1,600,000	\$232,100	0.18%	0.21%
Capital Outlays	\$697,803	\$1,184,166	0.92%	1.05%
Lease Payments	\$183,583	\$0	0.00%	0.00%
Expense Totals	\$115,006,998	\$128,414,487	100%	100%

*2025 Projected Minimum Revenue Collection = **\$113,040,104**



General Fund Expense Increases from FY 2024 to FY 2025

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- **\$13,407,490 increase from FY24 to FY25 Expense Budget**
 - Personnel = **+\$9,443,667**
 - Non-Union +\$1.4m, FOP +\$5.3m, IAFF +\$1.9m , AFT +\$913k, Development Services +\$97k, Health Insurance +\$1.2m, Vacancy Credit - \$1.4m
 - Hotel = **+\$425,000**
 - SNCO Prisoner Fees = **+\$300,000**
 - SAAS Fees (ERP) = **+\$700,000**
 - Vehicle Requests = **+\$486,363**
 - Engineering = **+\$600,000**
- **FTE Count Increased from 1,187 to 1,188**
 - General Fund Decreased from 803.32 to 802.35
 - Non-General Fund increased 383.68 to 385.65



Forecasting General Fund Projections for FY 2025 – FY 2027

Object Category	2025	2026	2027
Sales Tax	\$40,569,000	\$40,996,176	\$41,816,099
Property Tax*	\$36,611,284	\$38,456,288	\$40,217,586
Franchise Fees	\$14,331,161	\$15,397,669	\$15,705,622
Other Revenue Sources	\$23,807,096	\$22,974,988	\$23,447,950
Total Revenues	<u>\$115,318,541</u>	<u>\$117,825,122</u>	<u>\$121,187,258</u>
Personnel	\$97,416,430	\$102,299,641	\$108,006,340
Non-Personnel	\$30,998,057	\$32,817,747	\$34,621,387
Total Expenses	<u>\$128,414,487</u>	<u>\$135,117,388</u>	<u>\$142,627,727</u>
Net Deficit	<u>(\$13,095,946)</u>	<u>(\$17,292,266)</u>	<u>(\$21,440,469)</u>

*Assumes 2024 Mill Rate (36.952) and 4.5% Valuation Increase for FY26 and FY27



Quantifying Reductions

	2025	2026	2027
Total Revenues*	\$115,318,541	\$117,825,122	\$121,187,258
Total Expenses	\$128,414,487	\$135,117,388	\$142,627,727
Deficit	(\$13,095,946)	(\$17,292,266)	(\$21,440,469)

Utilizing one-time funds in 2025, causes the need for budget reductions in 2026 and 2027

- **2026:**
 - No reductions Police, Fire, PW, Non-Dept.: **76.12%** decrease to Planning, Finance, CM, Code Enforcement, Municipal Court, HR, City Attorney, City Council/Mayor's Office
 - Decreasing all departments across the General Fund: **12.80%** from projected 2026 budget
- **2027:**
 - No reductions Police, Fire, PW, Non-Dept.: **89.54%** decrease to Planning, Finance, CM, Code Enforcement, Municipal Court, HR, City Attorney, City Council/Mayor's Office
 - Decreasing all departments across the General Fund: **15.03%** from projected 2027 budget

*Assumes 2024 Mill Rate (36.952)



- **Half-Cent Public Safety Tax***: A public safety sales tax is a tax added to purchases within a jurisdiction, with the revenue used for funding law enforcement, fire services, and emergency response. **Council approval to set election for public vote.**
- **Half-Cent General Use Tax***: A general fund sales tax for city government is a tax on purchases within the city, with the revenue used to fund various municipal services and operations. **Council approval to set election for public vote.**
- **Fees Schedule**: Departments such as City Clerk, Planning, City Attorney, Fire, Engineering, etc. to see if we need to apply a CPI increase.
- These policy considerations will be vetted with the Governing Body over the course of 2025 for potential implementation in 2026



Implementing Proposed Sales Tax Initiatives

Categories	2025	2026	2027
Total Revenues*	\$115,318,541	\$117,825,122	\$121,187,258
Total Expenses	\$128,414,487	\$135,117,388	\$142,627,727
Current Projected Deficit	(\$13,095,946)	(\$17,292,266)	(\$21,440,469)
Proposed Public Safety Tax Revenue**	+\$19,000,000	+\$19,000,000	+\$19,000,000
Proposed General Use Sales Tax Revenue***	+\$19,000,000	+\$19,000,000	+\$19,000,000
Possible Revenues	\$153,318,541	\$155,825,122	\$159,187,258
Potential Projected Surplus	\$24,944,116	\$20,707,734	\$16,559,531

*Assumes Current Mill Rate (36.952)

** Public Safety Sales Tax to ONLY be used on Public Safety Expenditures

***General Use Sales Tax to be used for any General Fund Expenditures



Mill Levy Scenarios FY 2025 Budget

Categories	RNR Mill Rate @ 35.341	Current Mill Rate @ 36.952	+1 Mill Rate @ 37.952	+2 Mill Rate @ 38.952
Revenues	\$113,000,042	\$115,318,541	\$116,757,538	\$118,196,535
Expenses	\$128,414,487	\$128,414,487	\$128,414,487	\$128,414,487
Net Deficit	(\$15,414,445)	(\$13,095,946)	(\$11,656,949)	(\$10,217,952)
Use of Unassigned Reserve	\$15,374,383	\$13,095,946	\$11,656,949	\$10,217,952
FY25 Ending Fund Balance	\$22,686,167	\$25,004,666	\$25,682,897	\$25,682,897
Percentage	17.67%	19.47%	20.00%	20.00%
Amount Remaining in Unassigned Reserves	\$0	\$0	\$763,901	\$2,202,898



Proposed Recommendation for FY 2025 Budget

Categories	+1 Mill Rate @ 37.952
Total Revenues	\$116,757,538
Total Expenses	\$128,414,487
Net Deficit	(\$11,656,949)
Use of Unassigned Reserve	\$11,656,949
FY25 Ending Reserve Fund Balance	\$25,682,897
Percentage	20.00%
Amount Remaining in Unassigned Reserves	\$763,901

- Maintains a 20% Reserve Target @ \$25,682,897
- Allows Use of Unassigned Reserves \$763,901





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Questions?