2019 FIVE YEAR FINANCIAL PLAN

Five-Year Financial Plan
May 18, 2019

Introduction:

It is the role of the City Commission and the City's management staff to find ways to not just overcome, but also thrive. A long-term financial plan is an important tool that can assist in accomplishing this goal.

There are several reasons to prepare a long-term financial plan.

- Help develop strategies to achieve goals and objectives
- Assess the implications today's decisions have on future financial viability
- Identify programs and services that may be offered or eliminated
- Increase bond ratings by rating agencies
- Analyze revenue and expenditure trends for improved decision-making

A financial forecast is a tool used in developing a long-term financial plan by estimating future revenues and expenditures and identifying the factors that affect them. This forecast is intended to help formulate decisions that encourage financial stability while delivering essential community services.

The information in this forecast includes an analysis of major revenue sources and uses for the primary government and its enterprise funds. The estimates include both quantitative and qualitative information. Quantitative estimates are based on historical data and trends, as well as economic conditions that may affect the City's ability to collect or generate revenue. The qualitative estimates are based on the experience and knowledge of management that will indicate the most likely outcome.

Assess	Develop	Analyze	Plan	Grow
• Financial Environment • Goals and Priorities	• Financial Trends • Revenue and Expenditure Forecast	• Reserve levels • Gap Analysis	• Future Projects • Rate schedules • Structurally balanced budget	• Make data driven decisions • Achieve Goals

Financial forecasts include many economic variables that can and do change frequently. Other things that will affect the accuracy of the forecast include operational changes, the timing of large capital projects, and policy changes.

Executive Summary:

The City constantly looks for ways to maximize limited resources in order to address the priorities set by the City Commission. The current areas of focus are the result of the 2030 Visioning process, updated in 2018. The result is a list of areas of focus that allow the City to attain the overall vision of where Pittsburg should be in the year 2030. These goals will continue to be a priority in the 2019 Budget and subsequent years through 2023.

In addition to these areas of focus, the City Commission and Executive Team identified the following priorities for each:

2018 Recap

During the 2018 working day session, the following recommendations were made. The actual actions approved by the City Commission are noted at the end of each section.

To ensure our future financial stability we must consider:

- Increasing revenues incrementally
- Monitor and control expenditures
- Build reserves
- Practice long term planning
- Monitor and update written policies
- Make data driven decisions

Specifically, we recommended:

1. No change to the General Fund mill rate for years 2019-2022

Action Taken: The City Commission approved the 2019 General Fund with no mill rate increase.

2. Increasing utility rates by
   a. 1% for 2019
   b. 1% for 2020
   c. 1% for 2021
   d. 1% for 2022

Action Taken: The City Commission approved a 1% increase in utility rates for the 2019 budget.

3. Increasing the Debt Service Fund mill rate minimally as needed for the years 2019-2022

Action Taken: The City Commission approved the 2019 Debt Service Fund with no mill rate increase.

4. Adopting the following long term plans
   a. Five Year Capital Improvements Plan
   b. Five Year Equipment Replacement Plan
   c. Five Year Financial Plan

Action Taken: The City Commission adopted a., b. and c. as presented.

5. Limit salary increases to

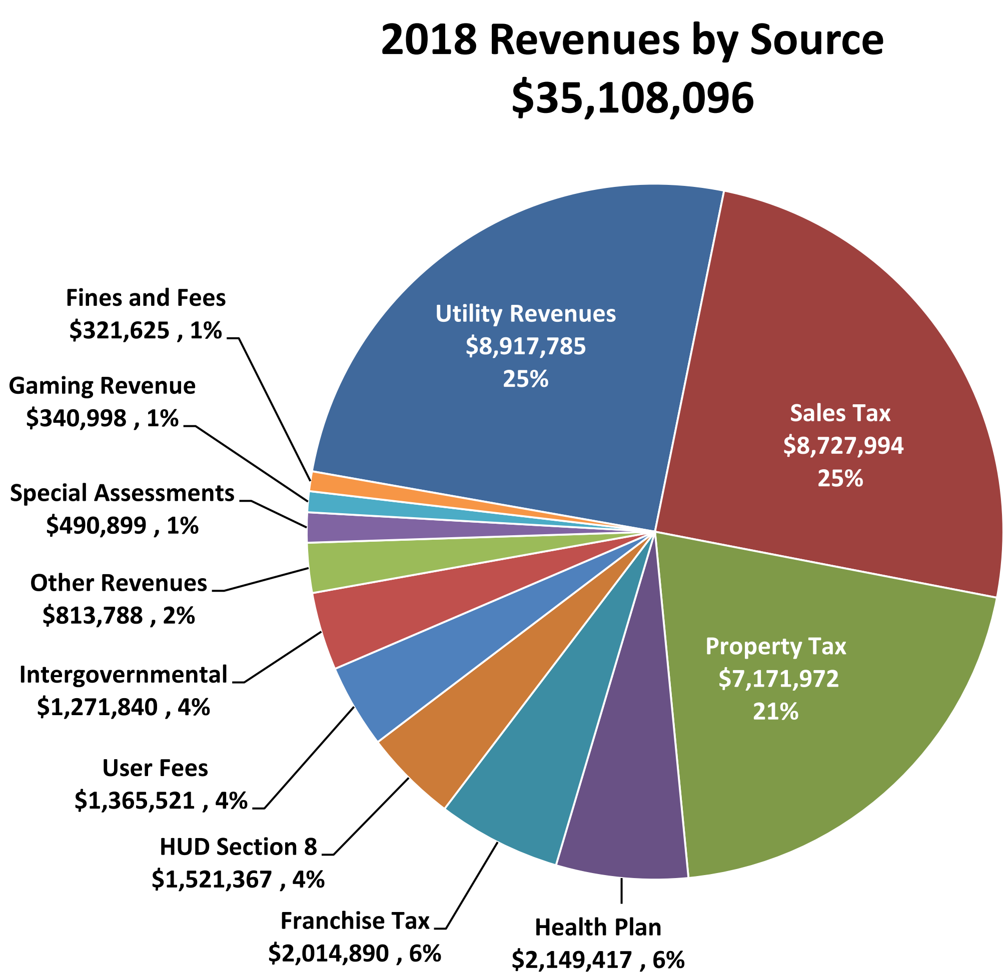
   a. 1.0% COLA in 2019-2022 and 2.0% merit salary increase in 2019 and 2021.

   Action Taken: The City Commission approved the 2019 budget with a 1.0% COLA and 2.0% merit salary increase.

Changes in our economic condition will affect projections. The City management will review the environment every year, and adjust activity to meet the City's needs.

REVENUES

The City of Pittsburg receives revenue from a variety of sources; however, nearly all revenue is collected into two main funds: the general fund and the public utility fund. When compared to 2017 total revenues, 2018 revenues increased by $54,615. The following pie chart shows the City's 2018 revenues by source and the percentage of total revenues each source represents. Utility revenue, sales tax revenue and property tax revenue comprise 71% of the City's total revenues.



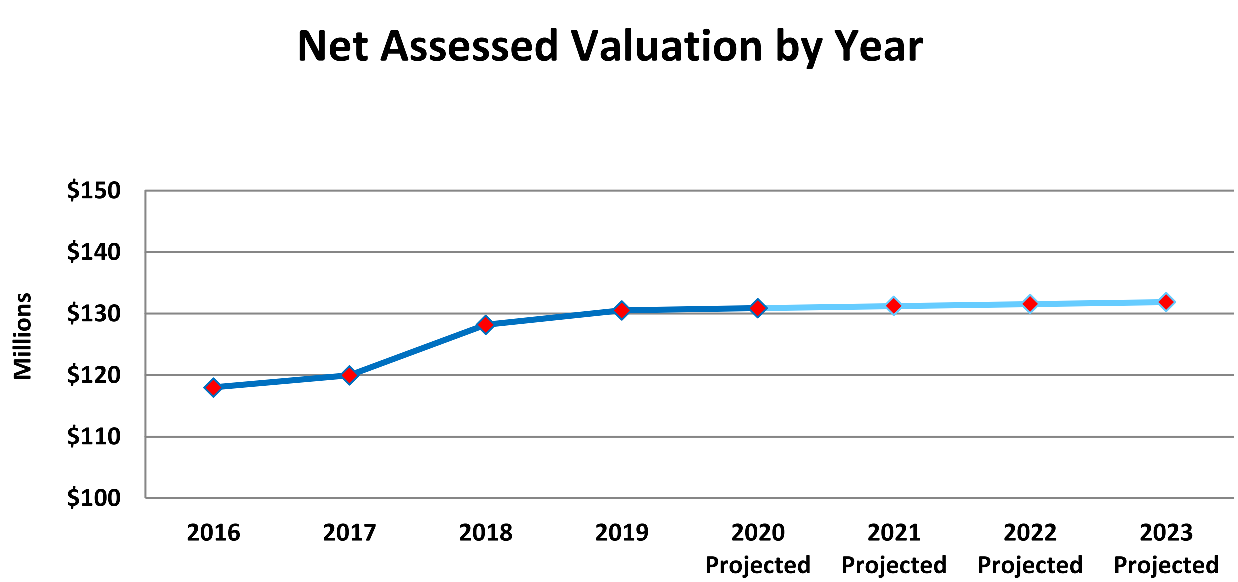
General Fund

The four main sources of revenue in the general fund are as follows: property tax, sales tax, franchise tax and transfers from the public utility fund. Gaming revenue from the Kansas Crossing Casino is a newer revenue stream in the general fund with the casino opening in April 2017.

Property Tax

The property tax is an ad valorem tax, meaning, it is based on the value of real estate or personal property owned by an individual or company. There are two components for calculating property taxes: property valuations and the mill levy. The City determines the level of service for the upcoming year and sets the property tax rate at an amount, which will pay for those services.

The City's net assessed valuation has remained relatively flat until 2018 when it increased by $8.2 million or 6.84% which was mainly due to the construction of the Kansas Crossing Casino and Hampton Inn Hotel. In 2019, assessed valuation grew another $2.1 million or 1.58% due to the construction of the LaQuinta Hotel, Tractor Supply and additional housing. For the years 2020 through 2023, staff is projecting minimal growth of 0.25% in the City's net assessed valuation. The graph below shows the projected trend in Pittsburg's net assessed valuation.

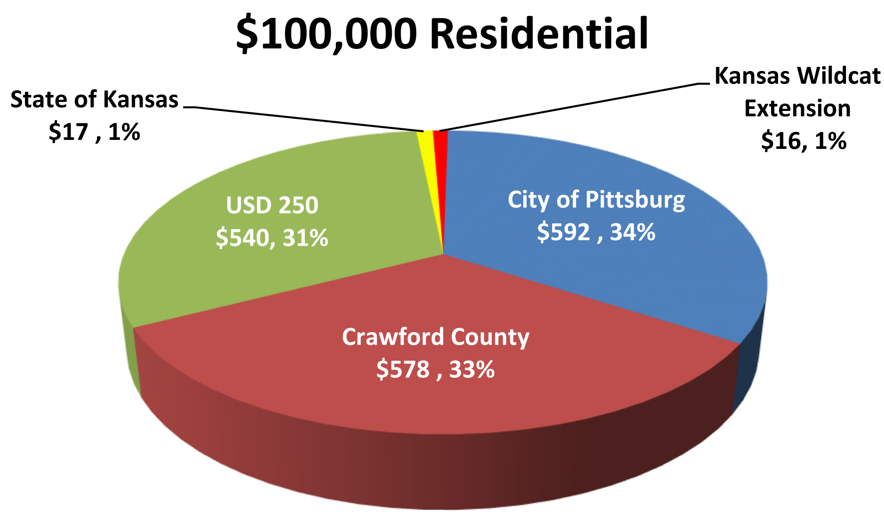


For the 2019 budget year, one mill in the City of Pittsburg generates $130,553. The City collects approximately 96% of the taxes levied using the last five-year average. The table below shows the general fund mill rate and actual tax dollars generated for the last five years and 2019 estimates.

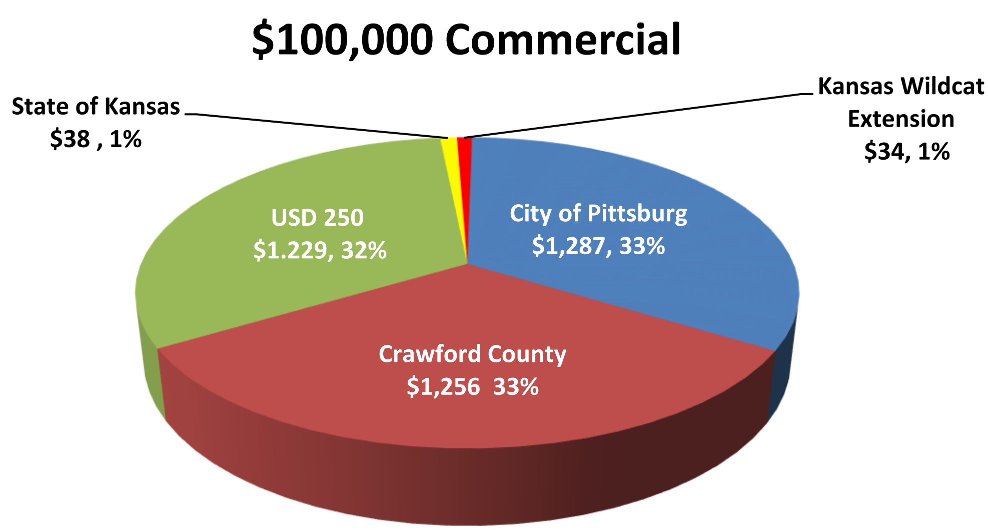
Valued for	Net Valuation	General Fund Mill Rate	Tax Dollars Collected
2014	$ 117,495,446	31.880	$ 3,737,708
2015	$ 118,098,699	33.851	$ 3,819,508
2016	$ 118,016,161	33.076	$ 3,966,486
2017	$ 119,976,319	36.946	$ 4,294,357
2018	$ 128,182,295	36.961	$ 4,505,260
2019	$130,553,454	36.984	$4,611,063 est

The City receives only a portion of the property taxes paid by residents. The State of Kansas, Crawford County, Unified School District #250 and the Kansas Wildcat Extension #14 also assess taxes on property. One mill on a residential property appraised at $100,000 will generate $11.50 in property tax annually while one mill on a commercial property appraised at $100,000 will generate $25.00 in property tax annually.

The following pie chart shows the various property tax jurisdictions within Pittsburg and their approximate 2019 cost on a residential property with an appraised value of $100,000.



The following pie chart shows the various property tax jurisdictions within Pittsburg and their approximate 2019 cost on a commercial property with appraised value of $100,000.

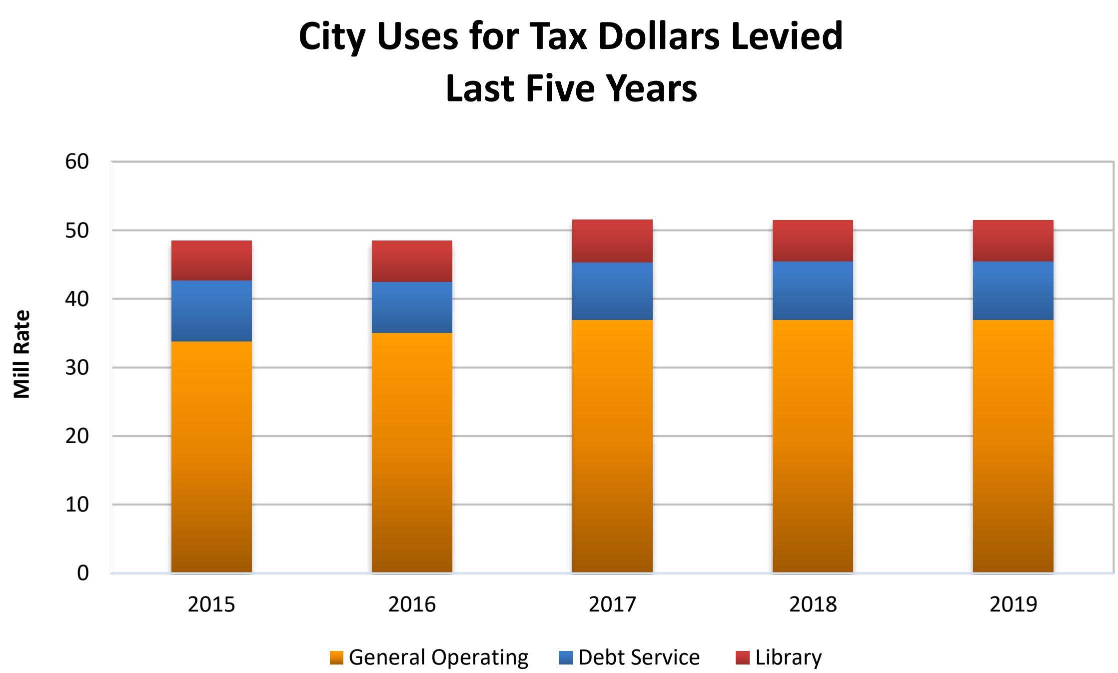


The following table shows the various property tax jurisdictions within Pittsburg and their respective 2019 mill rates.

Entity	Mill Rate
City of Pittsburg	51.493
Crawford County	50.228
USD 250*	50.990
State of Kansas	1.500
Kansas Wildcat Extension #14	1.353
TOTAL	**155.564**

*Per Kansas statute, Unified School Districts are exempt from the 20 mill statewide Portion of the mill rate which equates to $46.00 annually

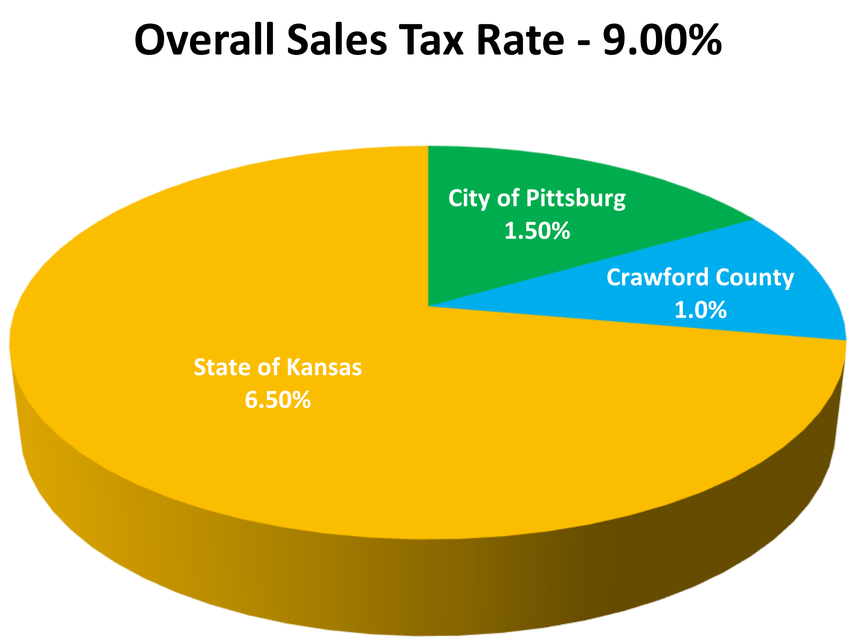
The following graph shows the breakdown of the City property taxes levied for the last five years.



Sales Tax

Sales taxes are a source of revenue paid to a government entity for the sales of certain goods and services. For most sales in Kansas, the law requires the seller to collect the tax from the consumer at the point of sale. Generally, sales tax is collected one month, then the sales tax collected is remitted to the state the following month and then the state remits the appropriate share of the tax to the appropriate governmental entity in the third month.

The following pie chart shows the total sales tax rate within the Pittsburg city limits (excluding the Tax Increment Financing District).



Sales taxes are the leading sole source revenue stream for the City of Pittsburg. However, all the City sales taxes are earmarked for specific uses. The portion of the Crawford County sales tax received by the City is unrestricted and is used to support the General Fund operations. Staff is projecting the City will receive approximately $2.44 million of the Crawford County sales tax in 2019.

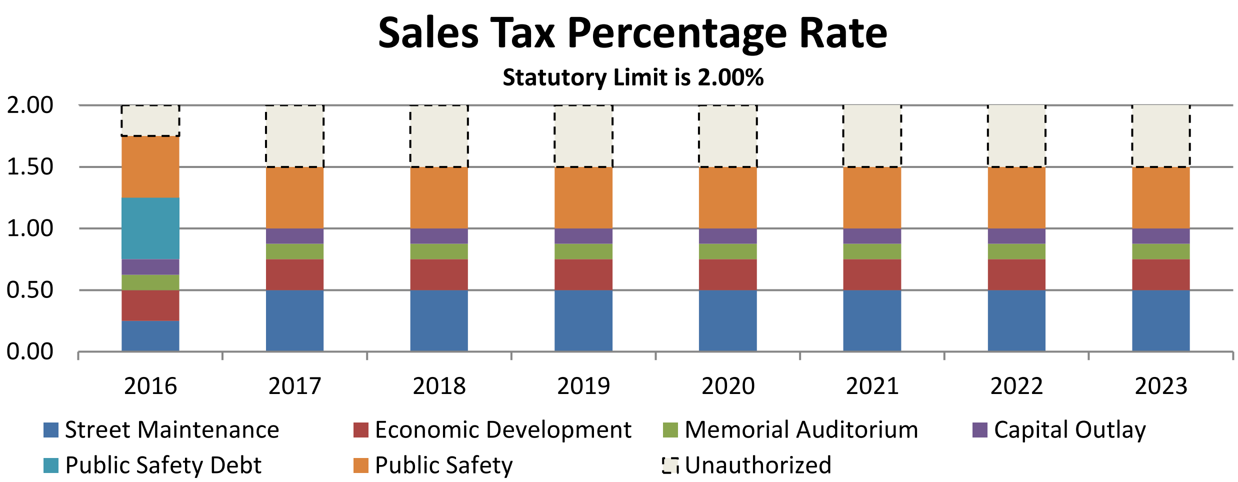
There are five programs funded by dedicated sales taxes in Pittsburg. Three have renewal or end dates. The original sales tax for street maintenance was approved by voters for another five years in 2015 and will expire March 31, 2021. An additional quarter-cent street sales tax was approved by voters in 2017 and will expire September 30, 2022. The half-cent sales tax to enhance public safety was approved by voters in 2013 and will expire December 31, 2023. The quarter-cent for economic development and the eighth-cent for the auditorium and capital outlay have no expiration date.

The State of Kansas statutory limit on sales tax rates is two percent for municipalities. The City's portion of the sales tax rate is currently one and a half percent.

Pittsburg Sales Tax Earmarks		
Purpose	**Rate**	**End Date**
Street Maintenance	.25	3-31-2021
Street Maintenance	.25	9-30-2022
Public Safety	.50	12-31-2023
Economic Development	.25	Ongoing
Capital Outlay	.125	Ongoing
Memorial Auditorium	.125	Ongoing
Total	**1.50**	

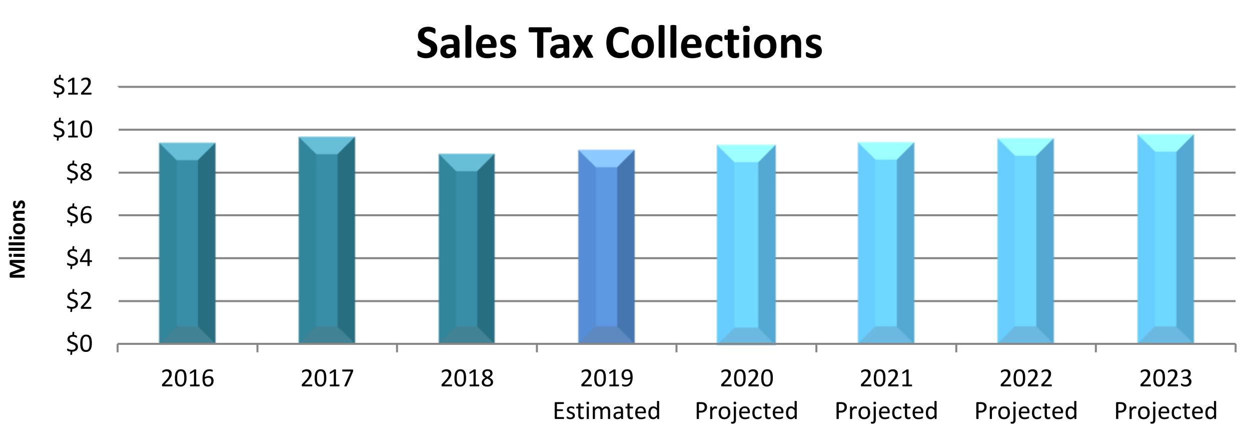
The City's Tax Increment Financing District has an additional .30 sales tax rate and is used to repay the Transportation Development District (TDD) debt which is expected to be retired in 2027. Historically, the TDD sales tax has not been sufficient to pay the annual debt payments and the general fund has to make transfers of $15,000 to $20,000 annually.

The graph below shows the City's dedicated sales tax rates over time. The projections assume the street sales taxes will be renewed.



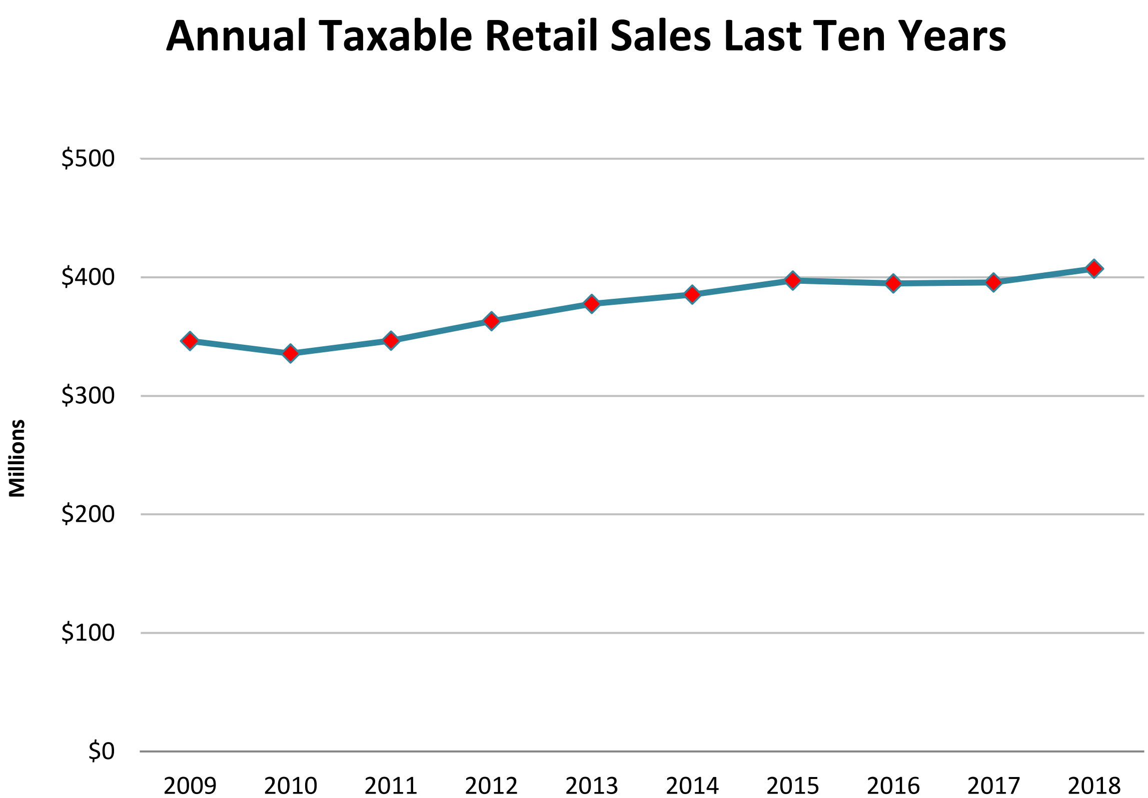
Sales tax revenue collections for 2018 were down when compared to 2017 due to a large 2017 exemption made in 2018 by the State of Kansas; the following sales tax graphs have been adjusted to reflect the adjustment in the correct periods. The revised estimate for 2019 is a 2.0% growth over 2018 and an additional 2.0% growth for years 2020-2023.

The graph below shows actual and projected sales tax revenue collections for the City through 2023. The drop in sales tax revenue from 2017 to 2018 reflect the Public Safety debt sales tax retirement in the fall of 2017.



Annual Retail Sales

The following graph shows the City's annual taxable retail sales for the last ten years.



Due to the great recession taxable retail sales bottomed out in 2010; dropping by over $11 from 2009. Since then, taxable retail sales have steadily increased. Keep in mind, however, that sales tax collections include costs of inflation, so not all of the taxable sales growth is due to increased volume. However, retail sales do indicate that the economy in Pittsburg is showing strong growth.

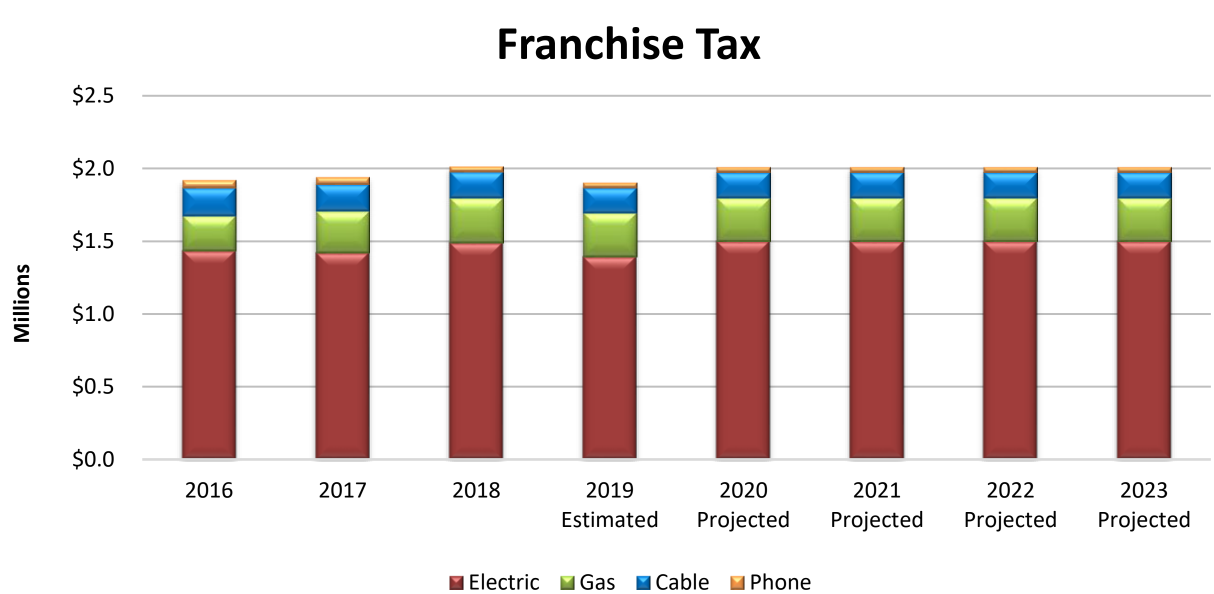
Franchise Taxes

Franchise taxes are the general governments' third largest revenue source; and the second largest unrestricted revenue source - second only to property taxes. Franchise taxes for the City include:

- Electric
- Natural Gas
- Cable
- Telephone

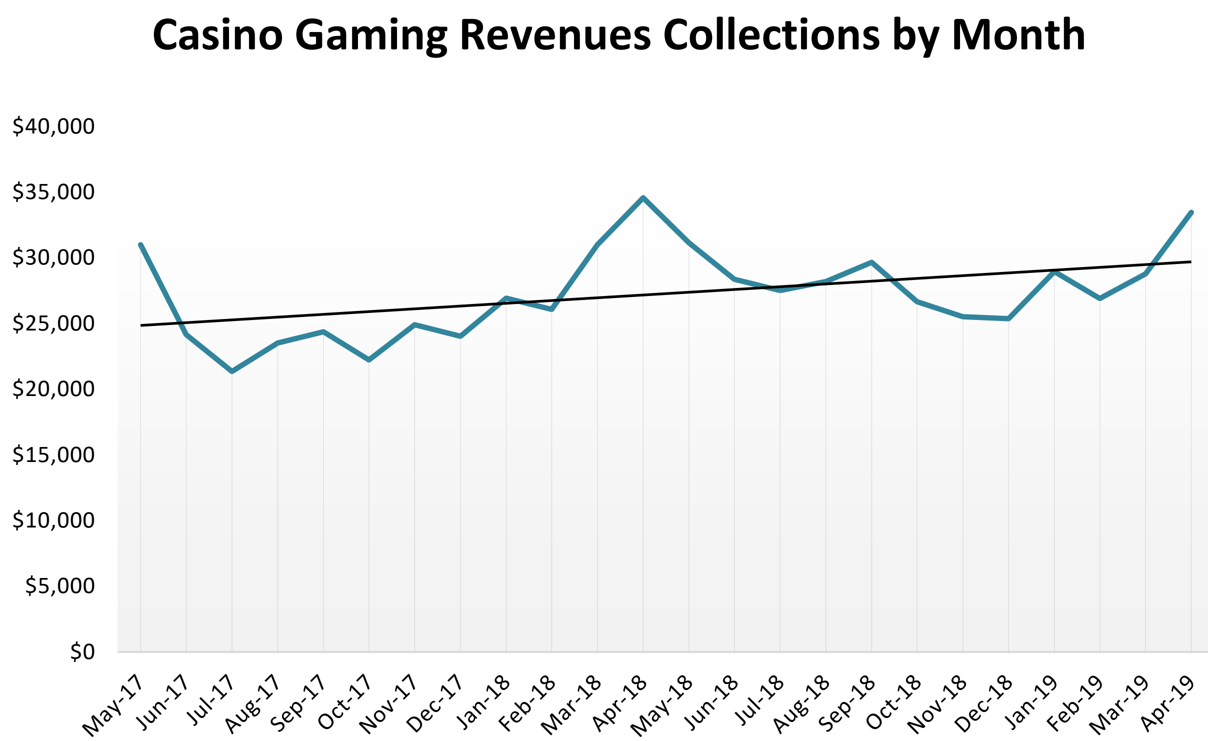
Franchise taxes are not consistent; their unpredictability is based more on annual climatic conditions and the commodities market instead of the economy. The electric franchise taxes comprised 74% of the total franchise taxes collected in 2018 and are specifically driven by the climate and stockholder demands. Natural gas franchise tax collections increased 7% in 2018 compared to 2017 due to weather conditions and the commodities markets. Cable franchise taxes have been declining for several years and cell phones have reduced the dependence on landline telephones, so that portion of franchise tax continues to decline. Staff is projecting a 5% decline in 2019 franchise tax collections due to electric merger credits between Westar and Kansas City Power and Light. Franchise collections are expected to return to the 2018 level in 2020 and then have flat growth for years 2021-2023.

The graph below shows actual and projected franchise tax collections.



Casino Gaming Revenue

The City receives one percent of the gaming revenues generated by the Kansas Crossing Casino plus property taxes and utility charges for service. In 2018, the City collected $340,988 of gaming revenue. Staff is estimating $345,000 in gaming revenue for years 2019 through 2023.

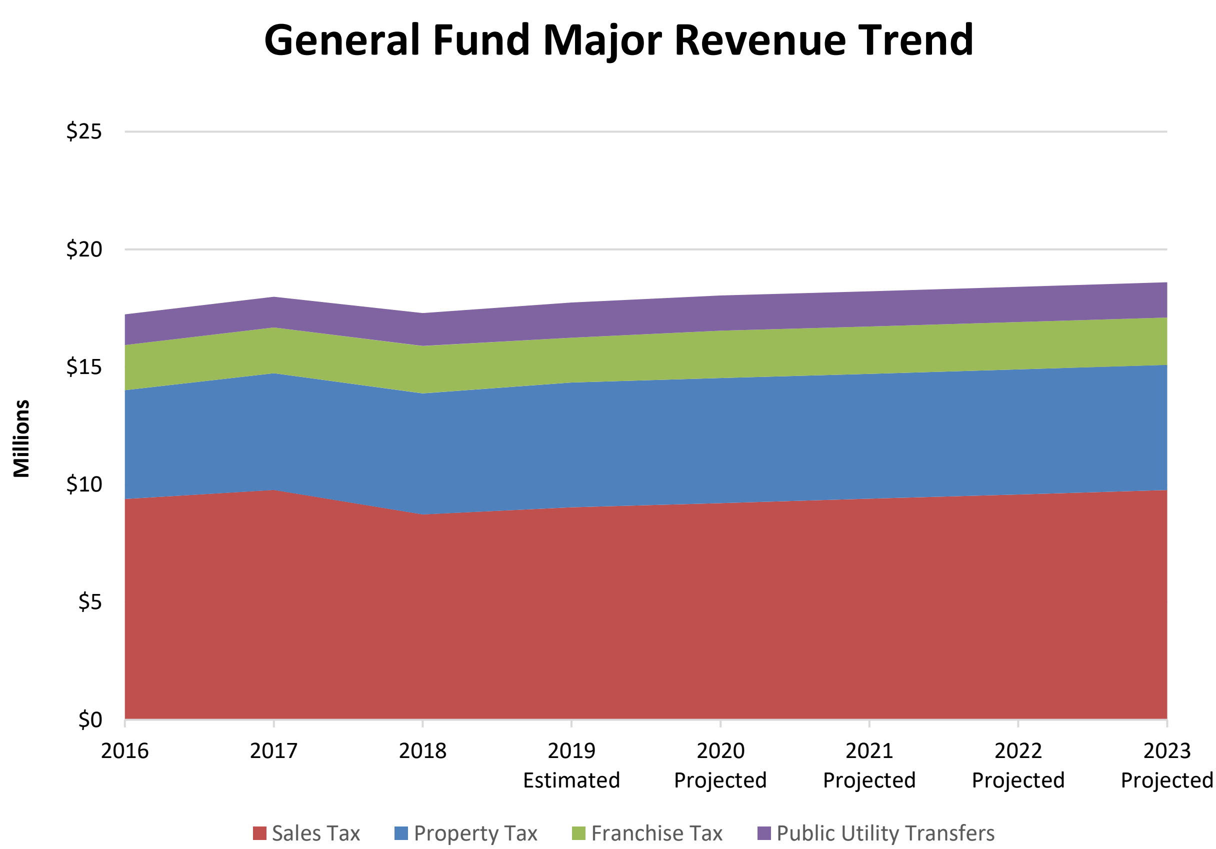


Other types of Revenues

The City receives other types of revenue; however, the total is insignificant compared to property taxes, sales taxes, and franchise taxes. Other revenue sources are:

- **Intergovernmental Revenues**
- **Investment Income**
- **Fines and Fees**
- **User fees**
- **Licenses and permits**
- **Miscellaneous revenues**

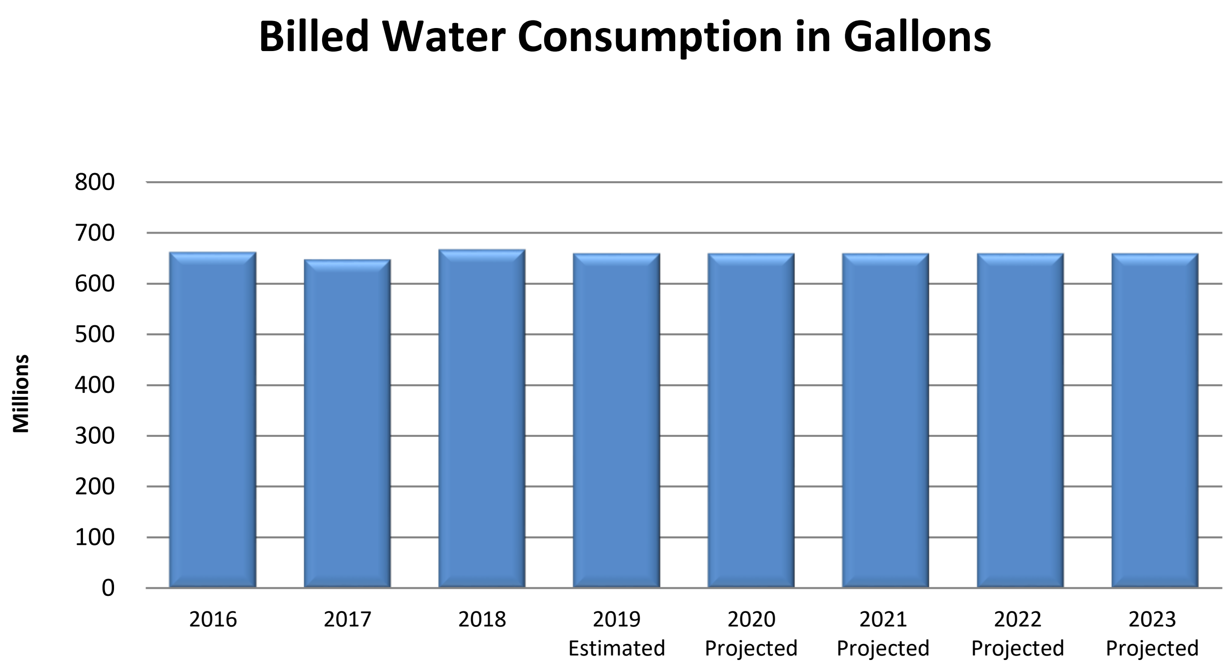
The following graph depicts the City's major sources of revenue for the General Fund with sales taxes being the largest source. The slight dip in 2018 sales tax is due to the Public Safety debt being paid off one year early and the dedicated half-cent sales tax ending on October 1, 2017.



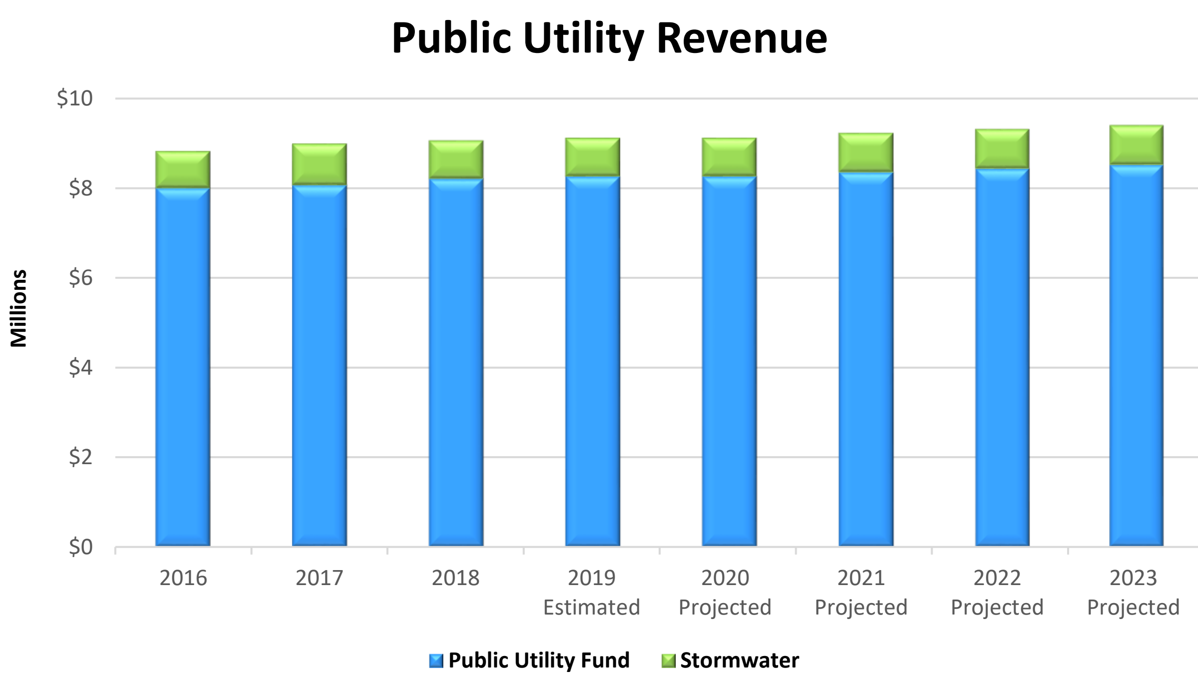
Public Utilities

The primary revenue source for public utility activities is user fees. In the case of water and wastewater, the levels of usage are volatile and based on climatic conditions, as well as types of consumer base. Also, if the season is mild and wet, water use is lower than during high heat and drought conditions.

The graph below depicts actual and projected billed water consumption for the City's water utility. The billed 2017 water consumption level is slightly lower than the 2016 level due to a cooler and wetter year in 2017. Since we cannot predict what climate conditions will be or what economic development will occur to impact water and wastewater usage, consumption is projected to remain at the average of the years 2016 thru 2018 for years 2019 through 2023.



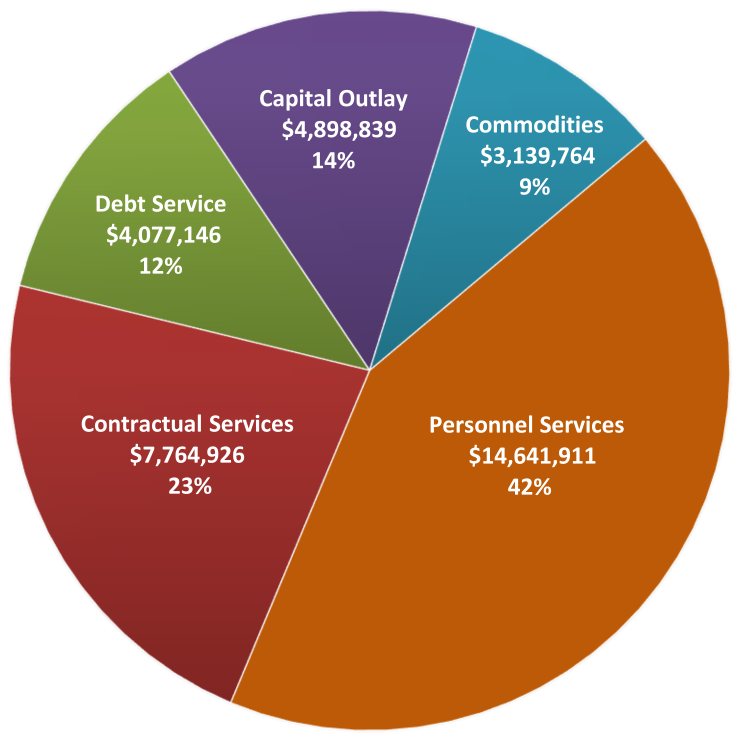
Things that affect utility revenues are annual climate conditions, water loss, whether through aged meters or unidentified leaks, changes in impervious areas, and rate changes. During the 2019 budget process, the City Commission approved a 1% increase in rates that became effective January 1, 2019. The graph below shows actual and projected utility revenue. The slight revenue increase in 2017 is due to excess stormwater project funds being transferred in the Stormwater Fund. The assumptions used in the graph below are no rate increase in 2020 and for years 2021 through 2023 an annual rate increase of 1% to cover annual operating cost increases.



EXPENDITURES

The City directs its financial focus to program-based initiatives and is budgeting expenditures accordingly, in order to accomplish goals. The following chart shows the expenditures by category for 2018 excluding inter-fund transfers.

2018 Expenditures by Category
$34,522,586



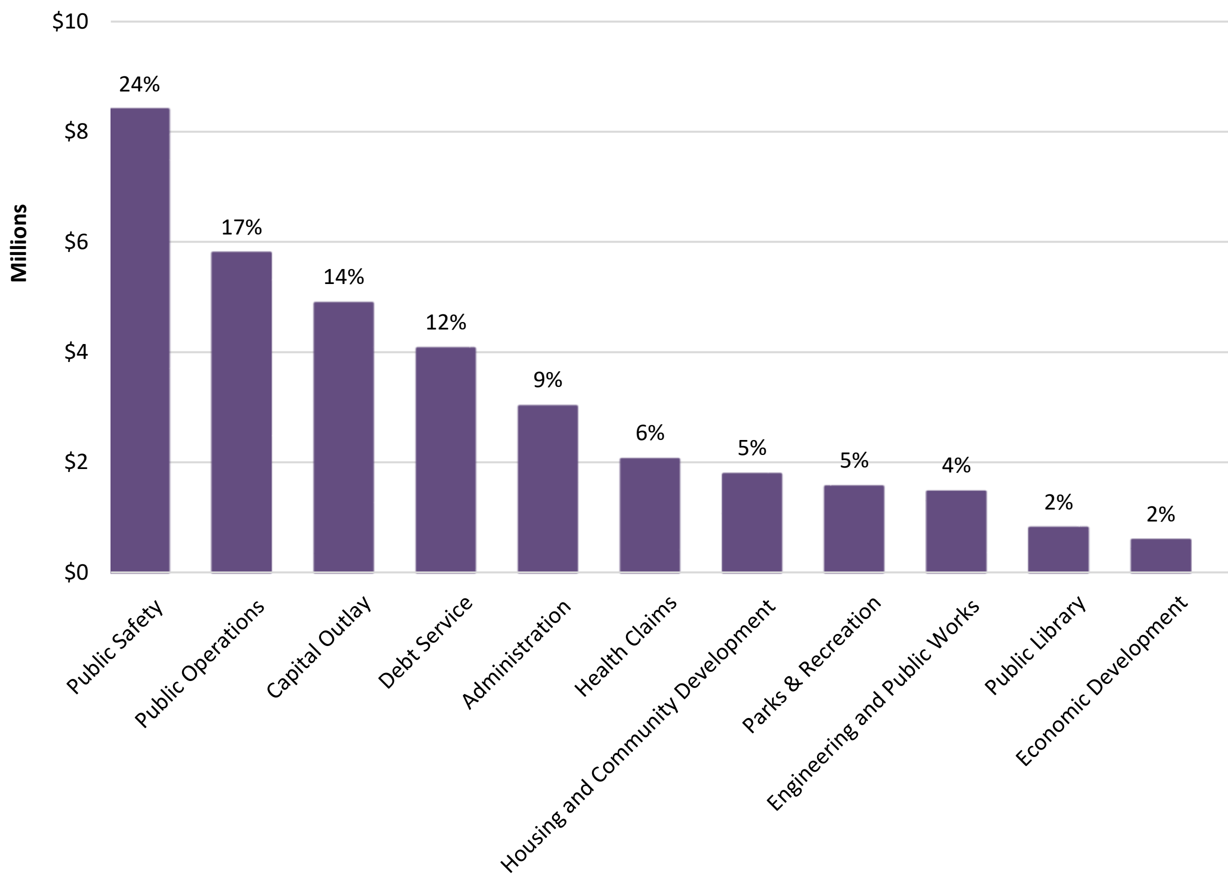
Personnel expenditures, as is the case with most entities, represent the majority of the City's expenditures. The personnel costs include salaries and benefits. For 2019 there are approximately 295 full time equivalent employees, with 242 positions having full time status. The City's benefit costs include health insurance, pensions, social security, worker's compensation insurance, Medicare and unemployment insurance.

Contractual services include a variety of expenses including but not limited to property and liability insurance, group health claims expense, software license agreements, utility costs, professional services and lease payments for certain equipment.

Commodities include operating materials needed to perform City services and include but are not limited to equipment maintenance, gas and oil, chemicals, concrete, rock, computer and network materials, uniforms, janitorial supplies and office supplies.

Another useful way to view the City's expenditures is by program. The 2018 expenditures by program excluding inter-fund transfers are shown below. In 2018 four program categories comprise 67% of City expenditures. They are Public Safety at 24%, Public Operations (utilities and streets) at 17%, Capital Outlay at 14% and Debt Service at 12%.

2018 Expenditures by Program
$34,522,586



City Health Insurance Plan

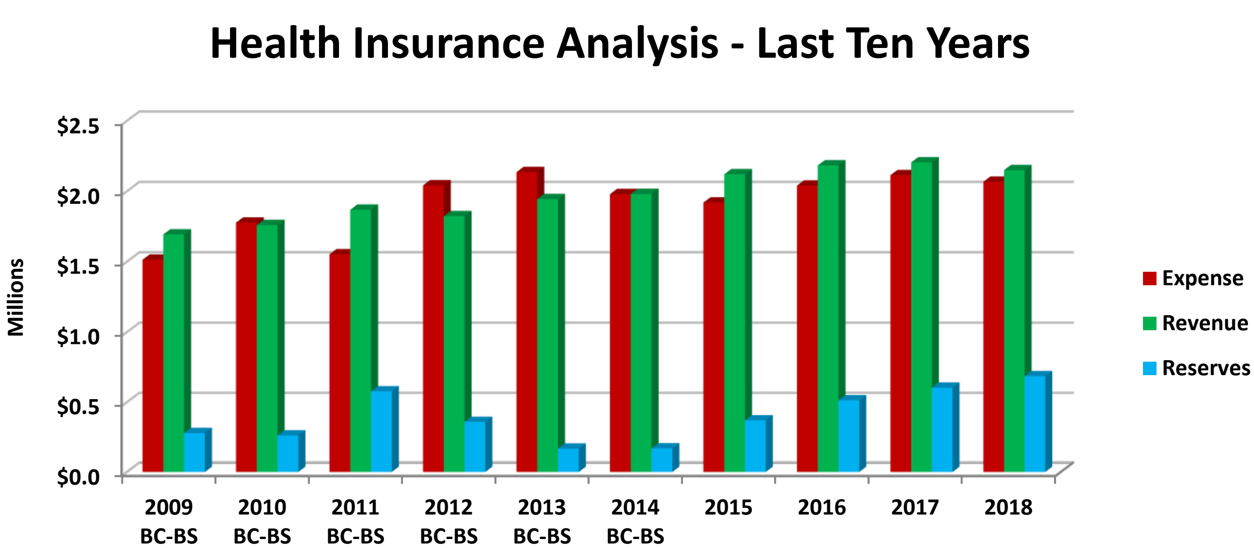
The City offers health insurance coverage to active employees and their dependents. Retired employees have the option to remain on the City's plan until they are eligible for Medicare or become covered or are eligible to be covered under another plan.

The City's health insurance plan is a self-funded plan paid for by employer and employee contributions to the plan based upon the tier of coverage selected. Self-insured plans are often referred to as "pay as you go." This is because the claims are paid as they are incurred rather than paying premiums. Any balance that is unused stays in the fund to help offset future costs.

While being self-funded has the advantage of paying for only what is used, health care costs generally increase annually. Based on the City's annual costs for the past five years, the average annual increase in health plan costs were three percent.

In 2015, the City changed its health insurance plan from a single provider and carved out the provider's network, the pharmaceutical provider, the dental provider, the stop loss insurance provider and the third party administrator with the expectation of getting better service and saving money. The City's health plan reserves were $168,669 at the start of 2015 and were $685,319 at the end of 2018, an increase of $516,650. The Five Year Financial Plan projections are for 3% cost increases for years 2019 through 2023. Due to the volatility of health insurance costs, staff will review the City's health plan every fiscal year to address affordability and cost containment.

The graph below shows a comparison of revenues to expenditures for the last ten years of the City's health insurance program.



Capital Improvements

Capital expenditures are resources used to acquire, maintain, repair, replace, or upgrade fixed assets. Fixed assets are typically those assets with a life span exceeding a normal business cycle and whose cost exceeds a minimum dollar threshold established by management.

These assets are used to provide services to the public and during the course of their lifetime will require maintenance to keep them operating safely and efficiently. The performance and continued use of assets is essential to the health, safety, economic development, and quality of life for the public.

Budgetary pressures often cause maintenance to be delayed due to lack of resources. This is referred to as deferred maintenance. Prolonged deferred maintenance results in higher costs, asset failure, and health and safety issues. Therefore, in order to adequately address these issues, a capital improvement plan is essential.

Currently, the City's fixed assets have a net value of approximately $99.4 million dollars. It is estimated that the city should spend about 5% of the value of assets annually on maintenance. This equates to approximately $5 million dollars each year.

In the City's 2018 Five Year Capital Improvements Plan, staff identified approximately $64 million of needs for years 2019 through 2023 and beyond; $36 million of this total is unfunded. During the 2018 budget year the following major needs were addressed for approximately $8 million:

- The south Rouse street improvements project which will consist of a new three lane road with center turn lane with curb and gutters from the Centennial and Rouse intersection south to the City limits began - **$3,000,000**
- In conjunction with the south Rouse street project, construction began on a new ten foot wide hike and bike trail on the west side of south Rouse - **$325,000**
- New block of North Walnut Street between 29th and 30th expanding development opportunities in the north shopping district- **$370,000**
- Milled and paved West Quincy from Broadway to Georgia - **$120,000**
- Milled and paved the Countryside addition streets - **$359,000**
- Repaved south Olive from Kansas to the U.S. 69 bypass - **$177,000**
- Concrete panel repairs were made on Rouse from Quincy to 23rd Street - **$197,000**
- Construction began on Silverback Way, a new street connecting East Centennial to the planned Silverback Landing housing development - **$1,500,000**
- Downtown fiber and security cameras were installed - **$275,000**
- New turf was installed at Jaycee Ball Park - **$153,000**
- New construction completed on a 600 foot runway taxiway at the airport - **$200,000**

- Sandblasted/repainted the northeast industrial park and south water towers - **$824,000**
- New water lines on Homer and Deill including the Fieldcrest area - **$150,000**
- New water lines on east 7th and 8th Streets from Water to Fairview - **$63,000**
- Various sanitary sewer improvements - **$101,000**
- Various water meter and fire hydrant replacements - **$182,000**
- Various stormwater improvements - **$47,000**

DEBT SERVICE

Effective financial management includes analyzing several funding mechanisms to determine what option is the most beneficial to the City. In some cases, issuing debt is the best available option. The City of Pittsburg traditionally uses debt for infrastructure improvements, which have a long useful life and are unable to be paid from the operating budget. The revenues for making the debt payments are derived from the following sources based upon the nature of the improvement and the type of debt that has been issued:

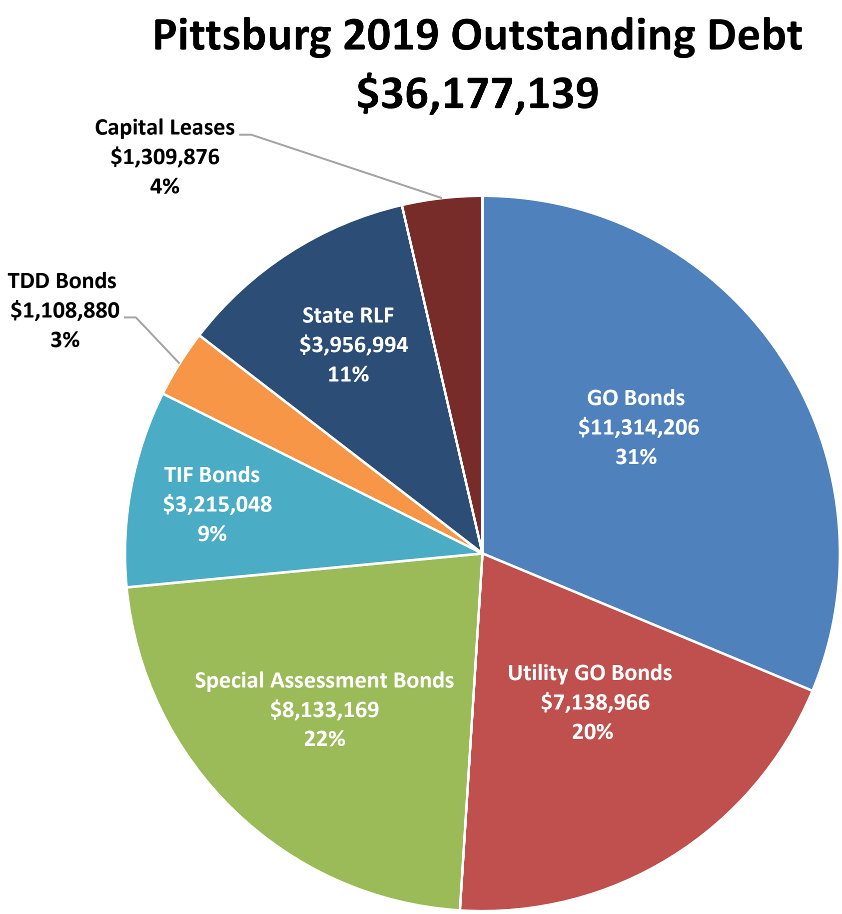
- Property Taxes
- Charges for Services
- Sales Taxes
- Special Assessments
- Transfers

The City's bond rating was upgraded from A+ to AA- by Standard and Poor's in 2015 and reaffirmed in 2019. The upgraded bond rating was due to the City's enhanced financial management practices coupled with stable budgetary performance and projected stability in future years.

The current plan is for the City to issue new debt in 2021 and 2023 for needed capital projects and to keep the debt service fund mill levy rate between 8 and 10 mills annually. This levy is used to fund debt payments.

Types of Debt

The City of Pittsburg uses several types of debt to pay for capital improvements and expensive equipment. The total debt amount of outstanding debt including principal and interest is $36,177,139. The graph on the following page shows the type of debt and the category percentage of the City's total debt.

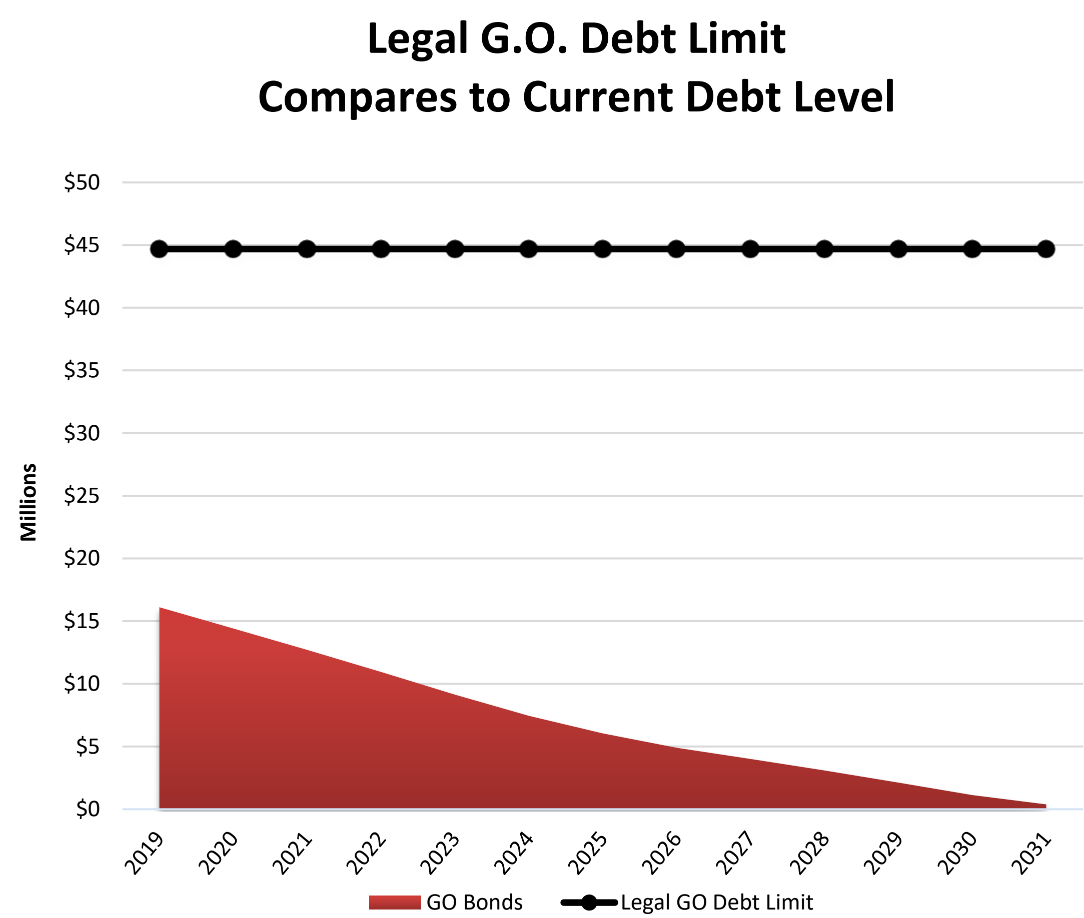


Effective debt management requires monitoring debt levels to ensure the soundness of the City's financial position and continued credit worthiness.

For Fiscal Year 2019

City's property tax supported G.O. debt as a percentage of net assessed valuation	8.7%
City's property tax supported G.O. debt per capita	$560
Mill Rate	8.506 mills

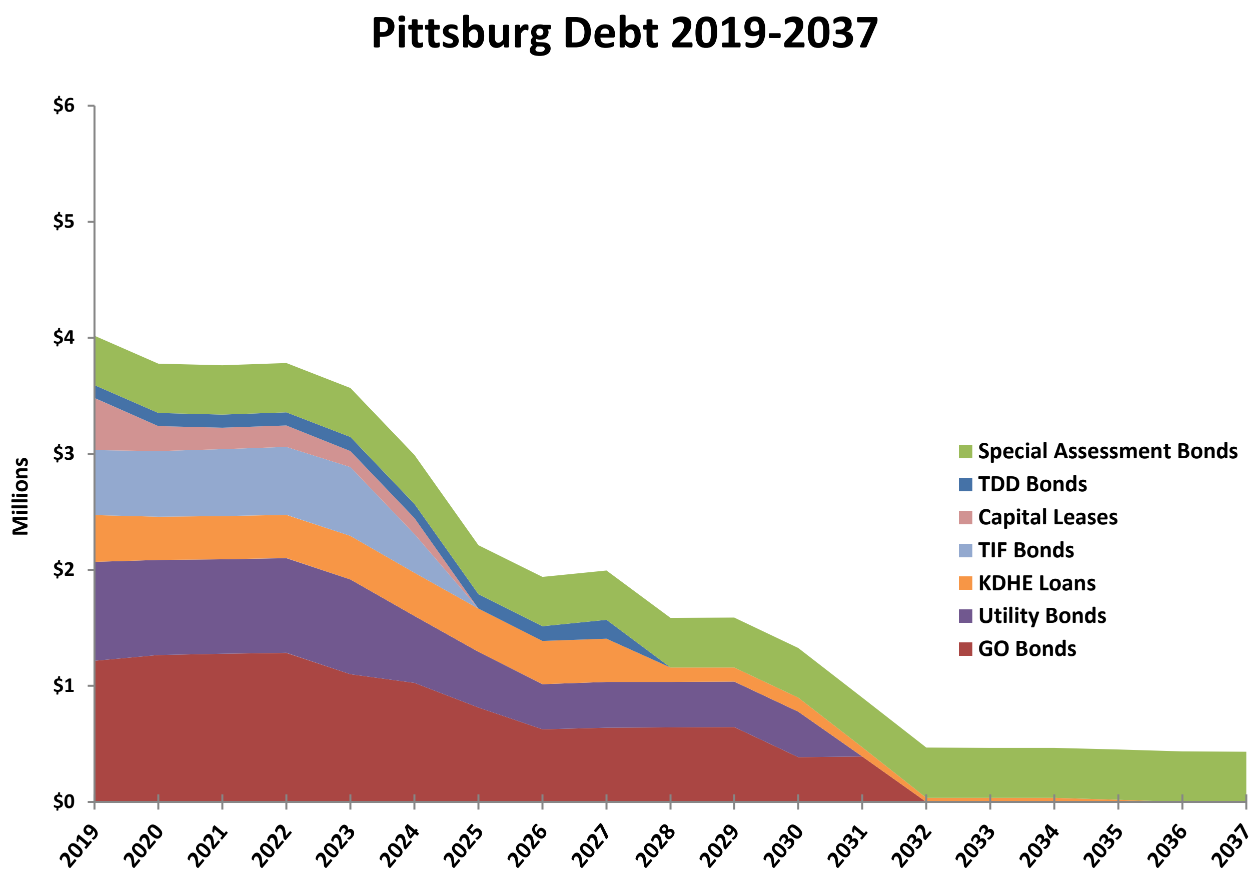
There are two main types of municipal bonds: general obligation bonds and revenue bonds. A general obligation bond (GO) is a municipal bond backed by the full credit and taxing power of the City. When GO bonds are issued, the City pledges to use all available resources, including general funds and taxes, to repay the bondholders. General obligation bonds are used to finance public projects that do not make money such as parks. Revenue bonds, rather, are used to finance projects with a built-in revenue stream, such as the City's utilities. Revenue bonds are backed by specific sources of revenue. With GO bonds, the City can, and is expected to, use all means necessary to repay bondholders.



Kansas statutes require general obligation debt to be less than 30% of assessed valuation including motor vehicle. The current legal debt margin is $44.7 million. The graph above shows the difference between the City's current total outstanding G.O. Debt (principal only) of $16.1 million compared to what is allowed according to state statutes. The red indicates the City's level of G.O. Debt as compared to the black line which indicates the legal limits (30% of assessed valuation including motor vehicle).

Cumulative Debt

The following graph depicts the City's total annual debt by type and the year the bonds are scheduled to retire.



RESERVES

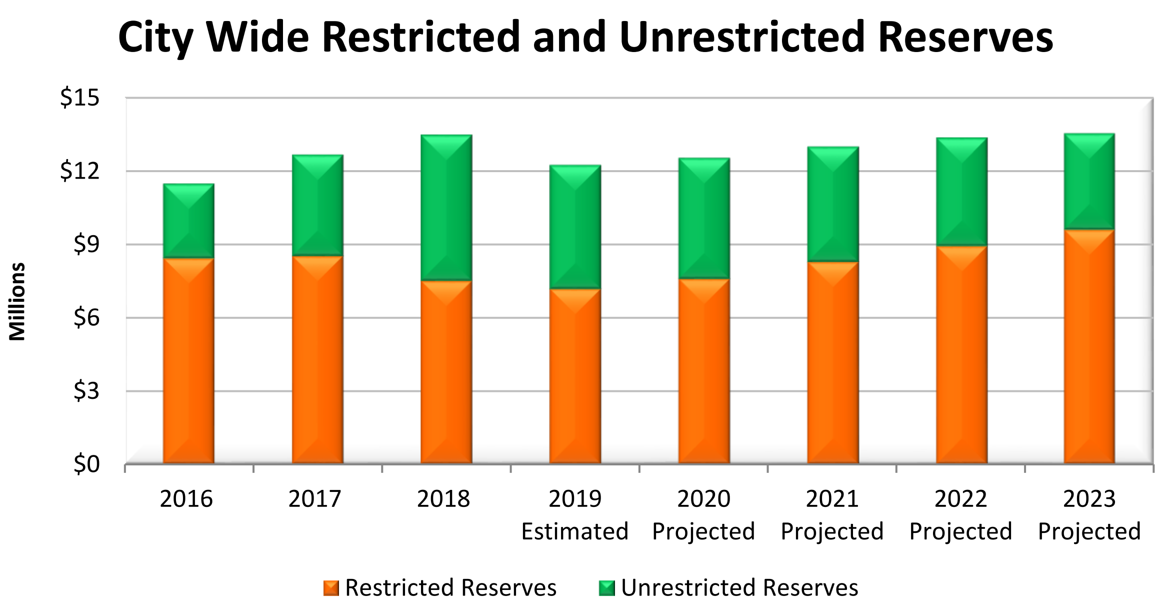
Reserves are the cornerstone of financial stability and flexibility, providing options to respond to unforeseen risks. The Government Finance Officers Association (GFOA) recommends minimum reserve levels at 16% of revenues or two months of expenditures. The City's goal is two months of expenditures.

Several risk factors to consider are:

- Revenue volatility
- Infrastructure condition
- Extreme events such as weather
- Other external Factors

During the great recession, some measures were taken to offset the decrease in property tax revenues including staffing reductions through attrition and some reductions of expenditures, however, reserves were used to maintain programs and services. With the growth in property and sales tax collections, reserve levels are improving.

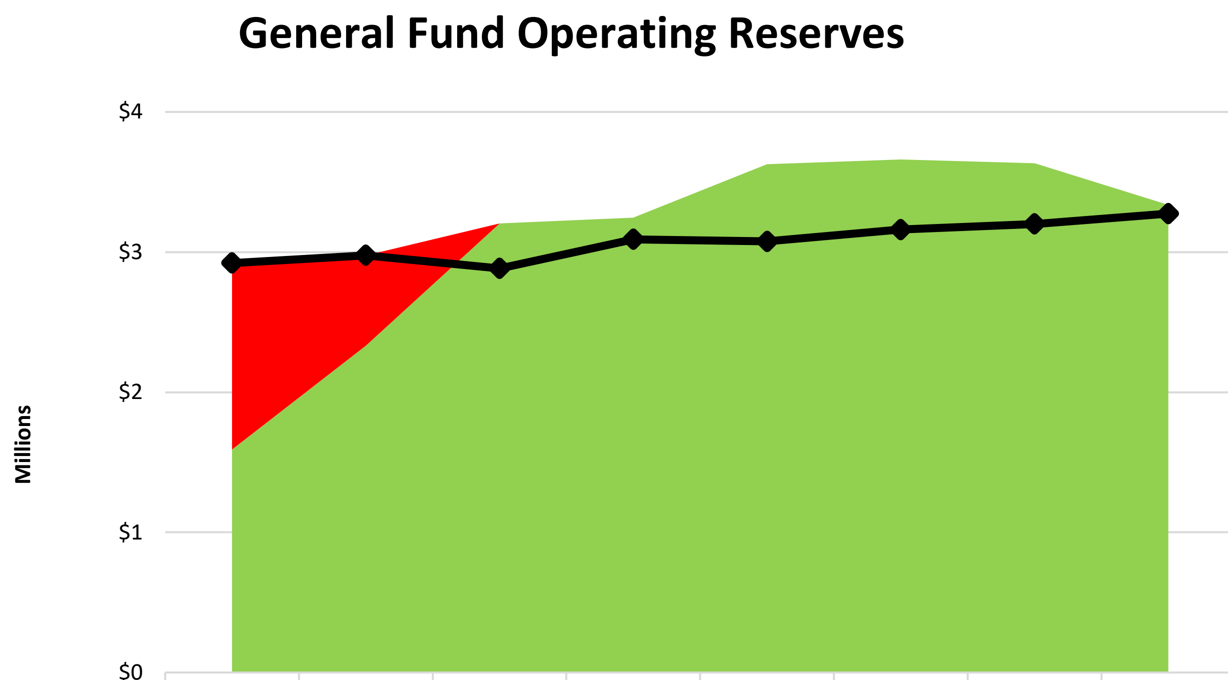
The chart below shows the impact of staff projections on restricted and unrestricted reserves. The 2018 decrease in restricted reserves is due to the Public Utility south water tower expenditures. The unrestricted reserves peaked in 2018 and are projected to slowly decline through 2023. The decline is mainly in the general fund and public utility fund reserves. The restricted reserves are trending up in 2020-2023 mainly due to the RLF Sales Tax and Public Safety Sales Tax.



Potential Future Municipal Electricity Utility

City staff, along with City Commissioners, and area stakeholders have studied the feasibility of creating a City-owned electric utility for several years. In the fall of 2018, the City contracted with municipal electricity consultants to review the City's current power infrastructure to see if it is financially feasible for the City to acquire, stand up and operate a municipally owned electric utility. The preliminary results were very favorable for the City. As a result, in the spring of 2019, the City assembled a team of experts and the City Commission approved both a legal services agreement and a consulting services agreement to further the effort to municipalize. To pay the costs of this effort, the City Commission set aside $600,000 from reserves in 2019 and $400,000 from reserves in 2020 to accomplish this goal. These costs will split evenly between the General Fund, Utility Fund and Revolving Loan Sales Tax Fund and paid back in the future.

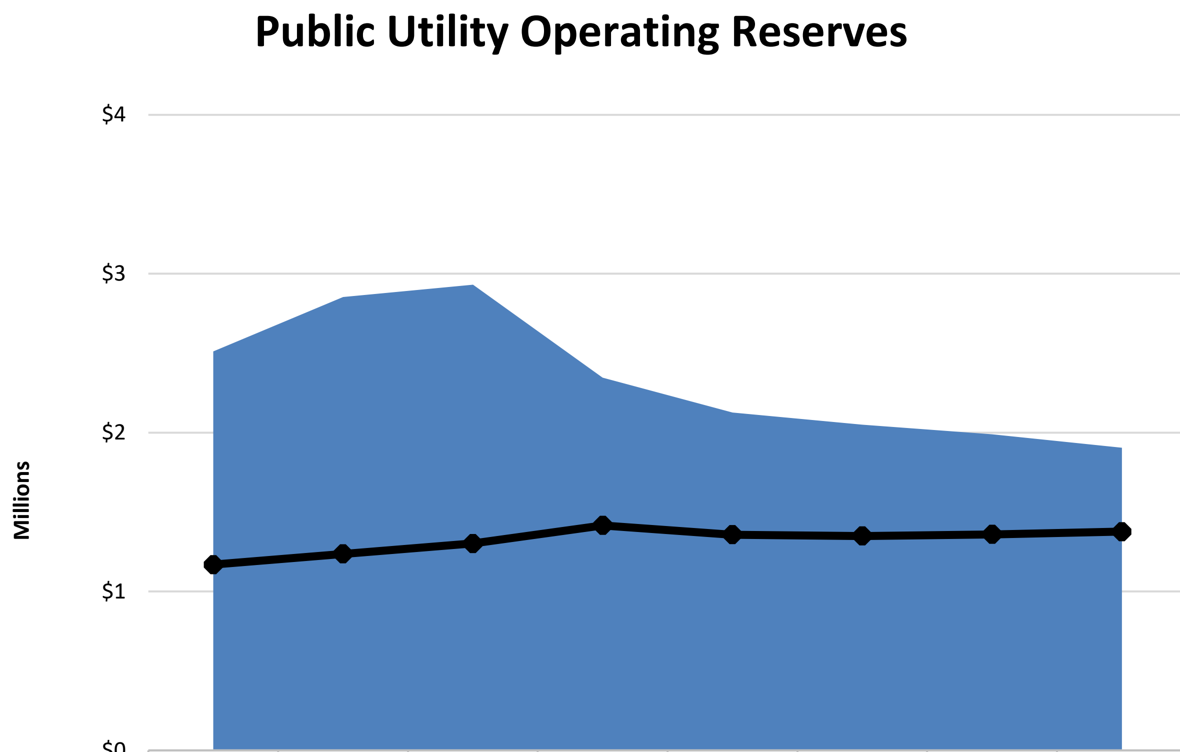
The following graph shows the projected operating reserves of the General Fund compared to the reserve goal of 16% of expenditures.



	2016	2017	2018	2019 Estimated	2020 Projected	2021 Projected	2022 Projected	2023 Projected
Below Goal	$1.331	$0.645	$0.000	$0.000	$0.000	$0.000	$0.000	$0.000
Reserves	$1.591	$2.332	$3.204	$3.246	$3.627	$3.661	$3.633	$3.338
16% Goal	$2.922	$2.977	$2.883	$3.091	$3.076	$3.161	$3.201	$3.274

The red portion shows that the General Fund was not meeting the reserve goal in years 2016 through 2017. Year 2018 is the first year that the reserve goal of 16% of expenditures was met since the great recession. The years 2019 thru 2023 are projected meet the reserve goal.

The graph below shows the projected operating reserves for the Public Utility compared to the reserve goal of 16% of expenditures.



	2016	2017	2018	2019 Estimated	2020 Projected	2021 Projected	2022 Projected	2023 Projected
Reserves	$2.512	$2.852	$2.931	$2.346	$2.127	$2.051	$1.990	$1.904
16%	$1.169	$1.237	$1.302	$1.416	$1.357	$1.350	$1.360	$1.377

The spike building up to 2017 is from the City holding back reserves gradually to pay for the South Water Tower and the Northeast Industrial Park Water Tower sandblasting and painting project that took place in 2018. Staff is projecting the Public Utility Fund will meet the 16% of expenditures reserve goal for years 2019-2023.

SUMMARY AND RECOMMENDATION

Current decisions and plans will have a direct impact on the financial stability of the City. External factors are those that the City has very little control over and yet those factors have a significant impact on our financial position. Some of those factors are property valuations, extreme or unusual weather, intergovernmental funding source reductions, health insurance costs, property and liability insurance costs, retirement costs, legislative mandates, electricity and natural gas costs and other operating cost increases.

In 2016, the Kansas legislature approved a property tax lid for municipalities, which became effective with the City's 2018 budget. This means, going forward, the City can no longer increase the General Fund tax levy over valuation gains greater than the Consumer Price Index (CPI) change from the prior year without a vote of the people. For 2020, the State of Kansas CPI is set at 1.5% for municipalities. There are some exceptions for new construction values and public safety. This provides yet another mandated challenge to managing the task of providing adequate, affordable services to the citizens of Pittsburg.

Based upon our projections of revenues and expenditures, using historical data and other known factors, this financial plan was prepared using the following assumptions, considerations and recommendations. Staff will continue to review the City's financial position each year and make recommendations to the Five Year Financial Plan for your consideration.

Assumptions

- 2.0% annual sales tax collection growth for years 2019-2023
- Assessed valuation increase of 0.25% for years 2019 thru 2023
- Gaming revenue from the Kansas Crossing Casino is projected at $345,000 for years 2019-2023
- No utility rate increase in 2020 and a 1% rate increase for years 2021-2023
- All other revenues project flat to minimal growth
- The City's Health Insurance costs will increase 3% annually based on the City's last five years average
- Retirement costs will continue to rise in years 2021-2023 with a 0.25% KPERS and 0.25% KPF increases per annum
- Worker's compensation insurance will continue to increase at a rate of 3% annually
- Electric utility expense will continue to rise at 3% annually
- Property and liability insurance will continue to increase at an average rate of 3% annually
- Contractual and commodities expenses are projected to increase 2% annually for years 2020-2023

Considerations

- Adjust revenues based upon historical trends
- Monitor and control expenditures
- Maintain a structurally balanced budget
- Maintain minimum reserve levels
- Continue to practice long term planning
- Make data driven decisions
- Provide programs and services guided by IP2030 goals

Recommendations

- 1% cola increase in years 2020-2023
- 2.0% merit increase in years 2021 and 2023
- Minimal changes to the Debt Service Fund mill rate for years 2020-2023
- Increase utility rates by 1% annually for years 2021-2023