



Capital Improvement Program

The City of Augusta completed its first ever Capital Improvement Program for FY2011-2015. A **capital improvement program** is a long term planning tool used to manage capital and infrastructure assets by prioritizing projects and resources based on the same set of criteria.

Capital Improvements Fund – Proposed 2011 Projects

The Capital Improvement Fund provides the resources for various capital projects. The revenue comes from transfers from the Electric Fund and 20% of sales tax from the General Fund. Major capital projects (\$50,000+) proposed for 2010 include the following:

- **Kelly and Ohio Intersection**

Transfer of \$50,000 to a project fund for the Kelly and Ohio Intersection project for design engineering, right-of-way acquisition costs, and local match for construction costs.

- **Levee Project**

Transfer of \$100,000 to the Levee Project Fund to be used for real estate acquisition and local match for project construction. The ultimate goal is for construction to begin in late fall of 2011, but the exact timeline is at the mercy of the land acquisition process.

- **Spillway/Dam Project**

Transfer of \$100,000 to the project fund for the City Lake Dam/Spillway repair project for design engineering and local match. This project is anticipated to begin in 2011 but is contingent on funding from the State Conservation Commission. The remaining balance for the project will have to be covered through the issuance of debt.

- **Indianola Road**

There is \$75,000 to be used for materials towards a chip seal along Indianola Road that runs along the west side of the airport. This project is a partnership between the City, County, and Bruno Township. The money for this project was budgeted in 2010, but the funds were carried over to 2011 as construction was postponed because of weather.

- **Parallel Taxiway Relocation**

This is a 95/5 FAA grant funded project with a total cost of around \$1.5 million. The City's local 5% match of \$75,000 is budgeted in the Capital Improvement Fund for 2011. The purpose of this project is to rehab the existing taxiway and relocate it to bring the airport in compliance with all relevant safety standards.



2011 Budget Brief

FEBRUARY
2011

Introduction to the Budget Brief

This document is intended to provide an overview to the City of Augusta's budget for Fiscal Year (FY) 2011. The graphics and charts provide a visual perspective of the City's projected revenues and expenditures.

CALENDAR OF EVENTS

Dept. Meetings	May-Jun
1 st Work Session	Jul. 12
2 nd Work Session	Jul. 26
Public Hearing	Aug. 9
Budget Adoption	Aug. 9



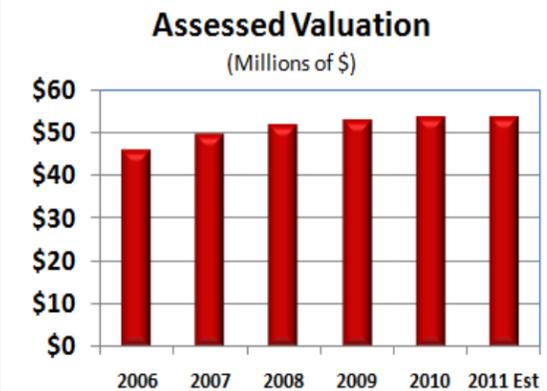
this brief

- Property Tax Outlook **P.1**
- Wages & Benefits Outlook **P.2**
- Special Revenue Funds Outlook **P.3**
- Capital Projects Outlook **P.4**

Property Tax Outlook

In developing the 2011 Budget, the City of Augusta was very conscientious about the economy, job losses, and the need to be fiscally responsible. With that in mind, the City Council and staff passed a mill levy of 39.71, less than a one mill increase over 2010. The majority of this increase goes towards a new fire truck purchase that the Council committed to last year.

The estimated total assessed valuation for 2011 is just over \$53.4 million. This represents an increase of \$129,884 from last year's final assessed valuation total. The 2011 budget uses the assessed valuation number as the basis for the City's tax supported funds.



The **General Fund** is the primary operating fund that provides for such basic services as administration, public safety, street maintenance, planning and codes inspection, parks, etc. The General Fund is made up of a number of individual departmental budgets that provide the resources for most of the non-utility services provided by the City.

FY 2011 General Fund projected resources total just under \$4.41 million, a 0.9% decline over FY 2010. The largest single source of revenue is property tax (31%), but sales tax (19%) constitutes a significant portion of general fund revenues as well.

All sales tax revenue is deposited in the General Fund and transferred as provided by Ordinance. Projected sales tax revenue for 2011 is down significantly (nearly 10%) as a result of the relocation of one of the City's biggest sales tax generating businesses. FY 2010 sales tax revenues finished higher than expected, largely the result of the influx of Keystone pipeline workers in our community and a favorable shopping season.

Property Tax 101: Understanding the Basics

The **appraised value** of your property is set by the County Appraiser and represents the market value of your home at the time of the appraisal.

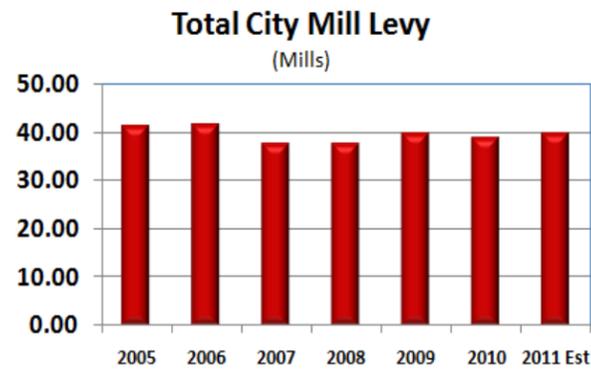
Assessed value is used as the basis for calculating property taxes on a given property. For residential property, assessed value is currently equal to 11.5% of the appraised value (this percentage rate is set by the State of Kansas).

A **mill levy** is a tax rate applied to the assessed value to calculate your annual tax liability. One mill is equal to \$1 per \$1,000 of assessed value.

Calculating your City Tax Bill

Step 1:
Find the Assessed Value
Appraised Value x 11.5%

Step 2:
Find Annual Tax Liability
Assessed Value x Mill Levy/1000



2011 Property tax Outlook for the City of Augusta

City maintains flat budget in the face of declining revenues, passes slight mill levy increase to pay for new fire truck.

Given the state legislature's \$500 million plus budget shortfall, revenue transfers to cities for the Machinery & Equipment (M&E) Slider will be limited or non-existent. Instead, the state will use these revenues to address their own budget woes, which places a significant burden on the City to pick up the slack given the decline in local revenues and increase in delinquency rates. The City has been slowly building

a cash reserve over the years to act as a "rainy day" fund, and will utilize this reserve to cover the gap in financial resources for 2011. Prudent use of our "rainy day" fund is what allows the City to sustain service and staffing levels during these tough economic times without passing the financial burden on to our citizens or negatively impacting the overall quality of life in our community. The 2011

2011 General Fund Revenue Source %

Revenue Source	%
Property Taxes	30.9
1 Cent Sales Tax	19.4
Revenue Forward	23.6
Franchise Fees	5.8
Transfers	5.1
Permits, Fines & Fees	7.1
Miscellaneous	8.1

General Fund reserve balance is \$700,000, which is equivalent to two (2) months of operating revenue.

Wages & Benefits Outlook

Over the past two years, the Council has generously supported implementation of the City's first pay plan and job classification system. The City has demonstrated its commitment to providing competitive wages through annual Cost of Living Adjustments (COLAs) and/or Merit increases. The 2011 Budget supports the pay plan

at a level that that reflects the current downed economy and our ability to fund the plan. No COLA adjustments will be provided, but a 2% merit increase is built into departmental budgets (which is in line with nearby cities based on regional studies). The City budgeted for a 10% increase in health insurance costs in 2011 but the City

successfully minimized the increase to only 4% by switching insurance carriers and slightly modifying the amount employees must contribute to their plans. To help offset increases to employee's deductibles, the City is now providing a Health Reimbursement Account (HRA).



Special Revenue Funds Outlook

Special revenue funds are dollars legally earmarked for a specific purpose. Several of these funds are paid for by monies redistributed to local governments by the State.

The City of Augusta has a number of special revenue funds: Special Alcohol Fund, Emergency Communications Fund, Special Parks Fund, Special City County Highway Fund, Cemetery Endowment Fund, and the Convention & Tourism Fund,

With the major budget shortfalls that the State has incurred the past two years, many of the funding sources earmarked for cities and counties have been slashed.

Of particular concern is the Special City County Highway Fund (fuel taxes). This is a significant source of revenue for the city's Street Department. YTD the City has seen a 12% reduction from FY 2009 revenues and a 20% reduction since 2008.

There is \$25,000 built in to the Cemetery Endowment Fund to pay for extension of wrought iron fencing along 12th Street (contingent on a Council resolution).

The Special Alcohol Fund is a statutorily created fund that provides resources for drug/alcohol education and is funded by state liquor taxes. An additional \$1,000 was budgeted in the grants line item for 2011 in anticipation of a larger applicant pool.

EYE ON IT – City Utilities Outlook



2009-2010 Utility Rate Increases Help Balance Budget. Major Capital Investments in Store for 2011!

In 2009 & 2010, the City Council took action to address revenue shortfalls in the Sanitation, Water, and Wastewater funds by increasing utility rates. These increases were essential to help maintain a positive operating margin and put the City in a position to make some capital investments to improve service delivery in the future. With the passage of a Water Bond issue last fall, the City plans to invest in a SCADA system upgrade at the water plant to replace obsolete and inefficient hardware and software. The City is also in the process of investigating the possibility of creating a Stormwater Utility.



TAX BILL City Tax Liability

The City of Augusta is one of several taxing entities that make up your total property tax bill. Your property tax bill includes taxes levied by the County, USD 402, Butler County Community College, as well as any other special assessments against your property.

City's Portion of 2010 Property Tax Bill:

24.9%

UTILITY PAYMENTS Online Bill Pay



The City of Augusta offers citizens the option of paying their utility bills online with a credit card. A processing fee may apply. Direct Debit is also available (registration form available on the City website).

For more details, visit the City of Augusta website @ www.augustagov.org.