

BUDGET IN BRIEF



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The City of Hays 2012 budget continues to be very healthy from a financial standpoint. The key aspects of the 2012 budget are:

- **Balanced budget**
- **No mill levy increase**
- **No water, sewer, or solid waste fee increase**
- **Adequate reserves maintained**

With the 2012 budget the Commission has charted a course to keep the mill levy static for the foreseeable future. Taking advantage of sound financial practices in the past, the plan is to pay cash for capital projects so as not to incur debt which will increase the mill levy.

Due to the recession, many smaller projects were put off in 2009, 2010, and 2011. With this budget, a few of those needs will be addressed. Significant project with this budget include:

- **41st Street reconstruction - Hall Street to US 183 Bypass**
- **Reconstruction of airport runway**
- **Replacement of terminal roof at Hays regional airport**
- **Golf Course back 9 irrigation replacement**
- **City well field improvement study**

The Budget in Brief gives citizens a general overview of the City's 2012 operating budget. For more detailed information, the entire budget is available at the Hays Public Library, City Hall or at www.haysusa.com.

BUDGET SUMMARY

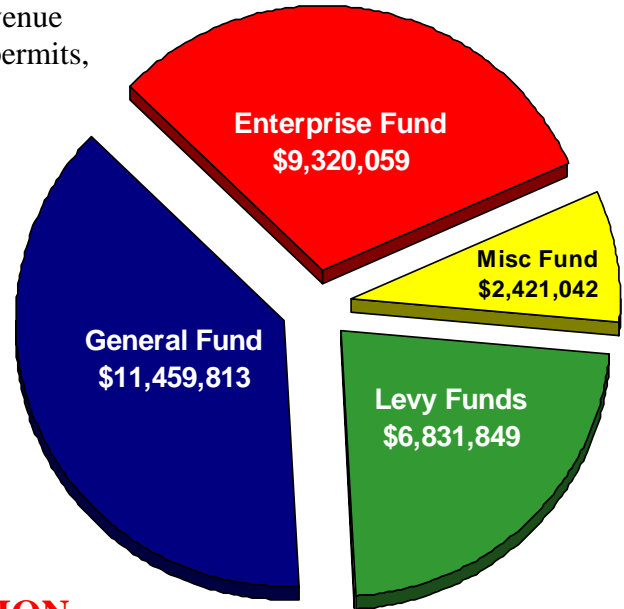
2012 TOTAL BUDGETED REVENUES

All Revenues	2011	2012	\$ Difference	% Difference	
General Fund	\$ 10,606,925	\$ 11,459,813	\$ 852,888	8.0%	pg 2
Levy Fund	\$ 6,426,292	\$ 6,831,849	\$ 405,557	6.3%	pg 3
Enterprise Fund	\$ 8,983,660	\$ 9,320,059	\$ 336,399	3.7%	pg 5
Miscellaneous Fund	\$ 2,111,489	\$ 2,421,042	\$ 309,553	14.7%	pg 6
Total Revenues	\$ 28,128,366	\$ 30,032,763	\$ 1,904,397	6.8%	

The City budget is financed through a wide variety of revenue sources, including property, sales, transient guest taxes, permits, state funds, and franchise fees. The enterprise funds are supported mainly by user fees.

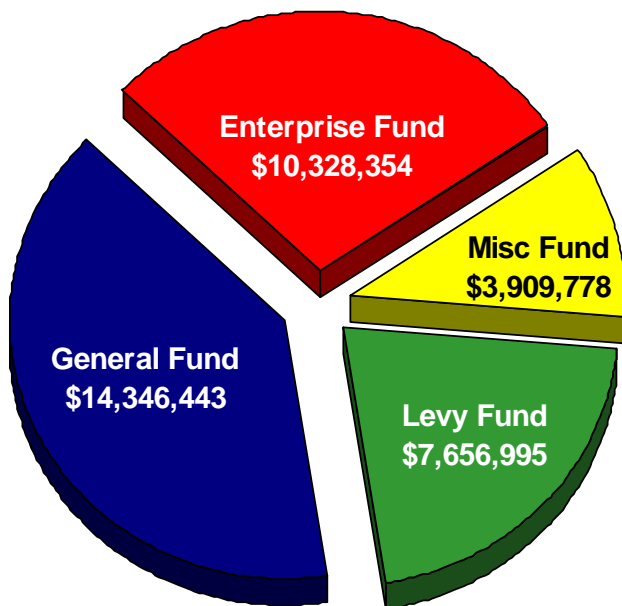
2012 Budget Revenue Facts:

- \$30 million in total revenues.
- **NO** Increase in the mill levy (25) for a third year.
- 2011 & 2012 Sales tax and franchises have projected increases.
- Increase reserves.
- **No** rate increases in Water, Wastewater, and Solid Waste.
- Enterprise funds remain solvent.



2012 TOTAL BUDGETED APPROPRIATION

All Funds Appropriated	2011	2012	\$ Difference	% Difference	
General Funds	\$ 13,803,993	\$ 14,346,443	\$ 542,450	3.9%	pg 2
Levy Funds	\$ 7,948,265	\$ 7,656,995	\$ (291,270)	-3.7%	pg 3
Enterprise Funds	\$ 9,391,240	\$ 10,328,354	\$ 937,114	10.0%	pg 4
Miscellaneous Funds	\$ 3,334,939	\$ 3,911,778	\$ 576,839	17.3%	pg 5
Total Funds Appropriated	\$ 34,478,437	\$ 36,243,570	\$ 1,765,133	5.1%	



2012 Budget Appropriation Facts:

- \$36.2 million in total Expenditures.
- Allows for the buy down (\$381,635) of the mill levy.
- Establishes a plan to pay capital projects with cash rather than increasing debt or property taxes.
- City Commissions cap of \$9,500 per average employee for health insurance is continued.
- Salary increases of 2% merit and 2% COLA.
- \$8,500,000 in Salary Expenses.

GENERAL FUND

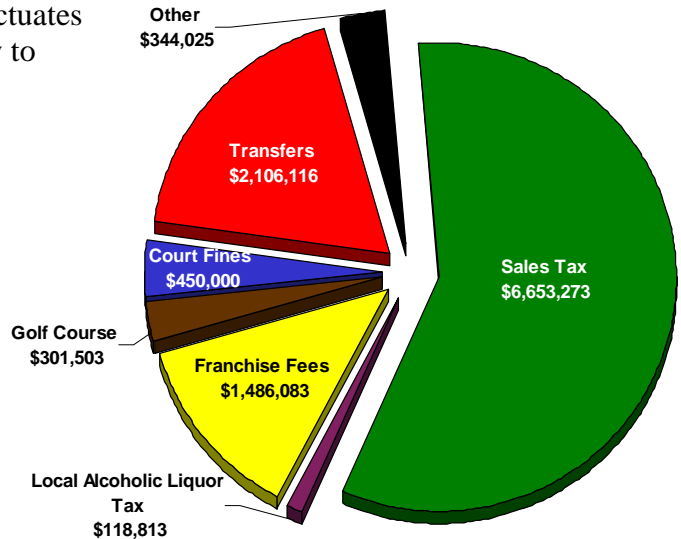
2012 GENERAL FUND REVENUES

All Revenues	2011	2012	\$ Difference	% Difference	
Sales Tax	\$ 5,902,947	\$ 6,653,273	\$ 750,326	12.7%	pg 26
Local Alcoholic Liquor Tax	\$ 117,432	\$ 118,813	\$ 1,381	1.2%	pg 26
Franchise Fees	\$ 1,312,400	\$ 1,486,083	\$ 173,683	13.2%	pg 26
Golf Course	\$ 287,500	\$ 301,503	\$ 14,003	4.9%	pg 26
Court Fines	\$ 500,000	\$ 450,000	\$ (50,000)	-10.0%	pg 26
Transfers	\$ 2,087,596	\$ 2,106,116	\$ 18,520	0.9%	pg 26
Other	\$ 399,050	\$ 344,025	\$ (55,025)	-13.8%	
Total Revenues	\$ 10,606,925	\$ 11,459,813	\$ 852,888	8.0%	

General Fund departments do not have offsetting operating revenues. 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 over half 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.

2012 General Fund Revenue Facts:

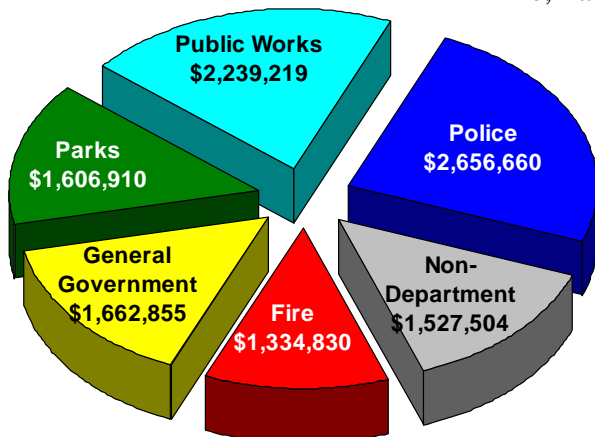
- 2012 is a balanced budget (operating expenses = operating revenue).
- Sales tax is projected with a 3% increase in 2011 & 2% increase in 2012.
- Sports complex transfer is reduced with less start up cost for the 2nd year.
- Franchise revenues increase.
- Decreased 2011 expenditures increase future available funds.



2012 GENERAL FUND EXPENDITURES

All Expenditures	2011	2012	\$ Difference	% Difference	
General Government	\$ 1,576,380	\$ 1,662,855	\$ 86,475	5.5%	pg 32+
Fire	\$ 1,308,650	\$ 1,334,830	\$ 26,180	2.0%	pg 70
Parks	\$ 1,660,280	\$ 1,606,910	\$ (53,370)	-3.2%	pg 72
Police	\$ 2,669,580	\$ 2,656,660	\$ (12,920)	-0.5%	pg 52
Public Works	\$ 2,016,460	\$ 2,239,219	\$ 222,759	11.0%	pg 56
Non-Departmental	\$ 1,457,640	\$ 1,527,504	\$ 69,864	4.8%	
Total Expenditures	\$ 10,688,990	\$ 11,027,978	\$ 338,988	3.2%	

General Fund includes General Government (City Commission, City Manager, Finance, IT), Fire, Parks, Police, Public Works and Non-department (Transfer, Intergovernmental, Outside Agencies).



2012 General Fund Expenditures Facts:

- General Fund Expenditures are increased largely by salary increases (2% merit & 2% COLA) and projects.
- \$6,640,000 in total General Fund salary expense.
- 2011 \$1.8 million transfer to capital projects to pay cash for projects.
- \$381,635 Transfer to keep the mill levy at 25.
- Parks Department Sports Complex expenditures are reduced as the second year has no start up costs.
- Non-Departmental contains \$150,000 in fuel increases.

LEVY FUND

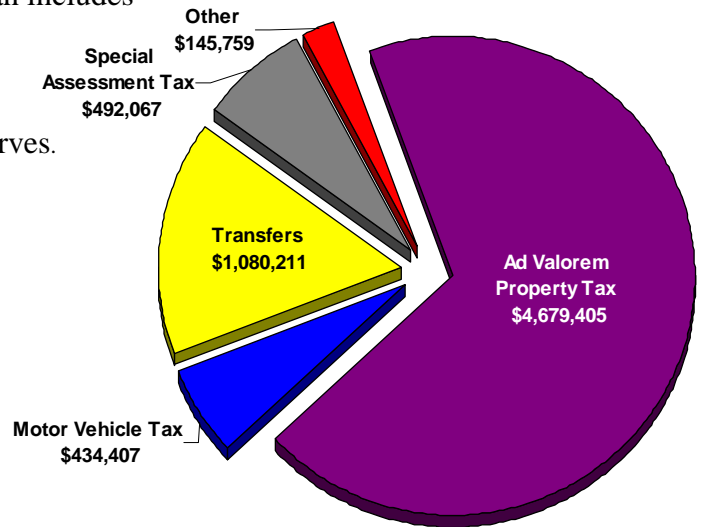
2012 LEVY FUND REVENUES

All Revenues	2011	2012	\$ Difference	% Difference
Ad Valorem Property Tax	\$ 4,563,712	\$ 4,679,405	\$ 115,693	2.5%
Motor Vehicle Tax	\$ 443,101	\$ 434,407	\$ (8,694)	-2.0%
Transfers	\$ 927,217	\$ 1,080,211	\$ 152,994	16.5%
Special Assessment Tax	\$ 365,150	\$ 492,067	\$ 126,917	34.8%
Other	\$ 127,112	\$ 145,759	\$ 18,647	14.7%
Total Revenues	\$ 6,426,292	\$ 6,831,849	\$ 405,557	6.3%

The Hays Levy funds are primarily dependent on ad valorem property taxes. No property taxes are used for General Fund expenditures or salaries. City Commission has developed a plan to restrain large increased expenditures realized in years past. This plan includes capping employee health insurance to \$9,500 per average employee and setting the mill levy at 25 for the near future and limiting bonding/debt by paying cash as well as buying down the mill with reserves.

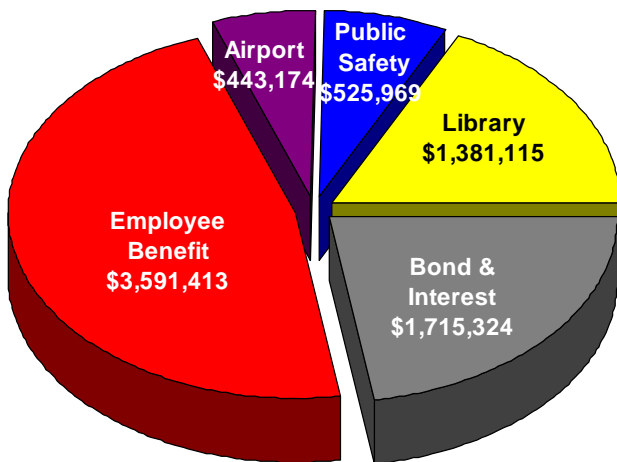
2012 Levy Fund Revenue Facts:

- 25 mill levy for 3rd year in a row, **NO** levy increase.
- Library levy accounts for 6.734 mills.
- Total valuation increased by 2.5%
- Transfer (\$381,635) to keep the levy at 25 mills.
- Special Assessments increased as bonds are issued for various new subdivision infrastructures.



2012 LEVY FUND EXPENDITURES

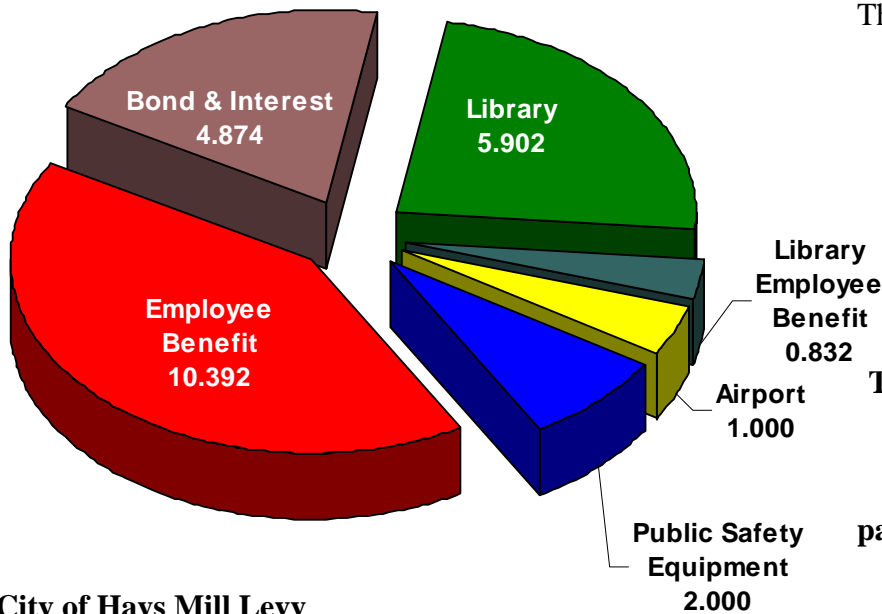
All Expenditures	2011	2012	\$ Difference	% Difference
Airport	\$ 711,715	\$ 443,174	\$ (268,541)	-37.7%
Public Safety Equipment	\$ 853,097	\$ 525,969	\$ (327,128)	-38.3%
Library	\$ 1,359,200	\$ 1,381,115	\$ 21,915	1.6%
Bond & Interest	\$ 1,585,688	\$ 1,715,324	\$ 129,636	8.2%
Employee Benefit Contribution	\$ 3,438,565	\$ 3,591,413	\$ 152,848	4.4%
Total Expenditures	\$ 7,948,265	\$ 7,656,995	\$ (291,270)	-3.7%



2012 Levy Fund Expenditures Facts:

- Airport expense decreased as a transfer to capital is made in 2011 of \$335,000 to pay cash for the new Clear Span Hanger.
- Public Safety Equipment is reduced as a transfer is made in 2011 to a new equipment reserve to pay cash for future substantial expenditures.
- Bond and Interest increased with the sale of a bond for Phase 1 of Vine Street Reconstruction and various Special Assessments.
- Employee Benefits increased with salary and state retirement adjustments.

PROPERTY TAXES EXPLAINED....

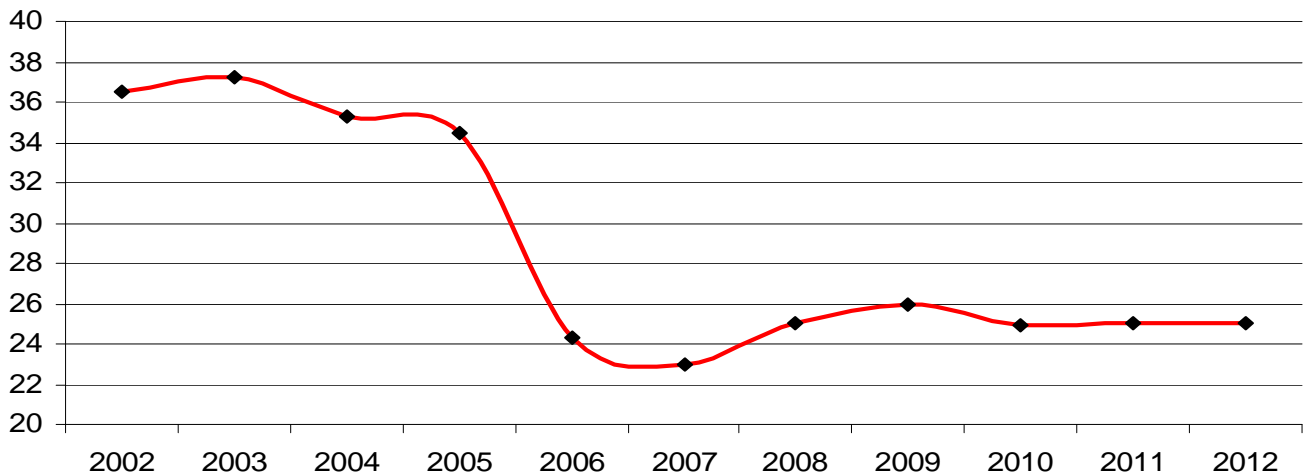


The City of Hays mill levy is 25. The Library receives 6.734 mills. This leaves the City of Hays levy dedicated for municipal purposes at 18.266 mills.

One mill is equivalent to \$187,175. The total valuation of the city increased 2.5%.

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

**City of Hays Mill Levy
2002 – 2012**

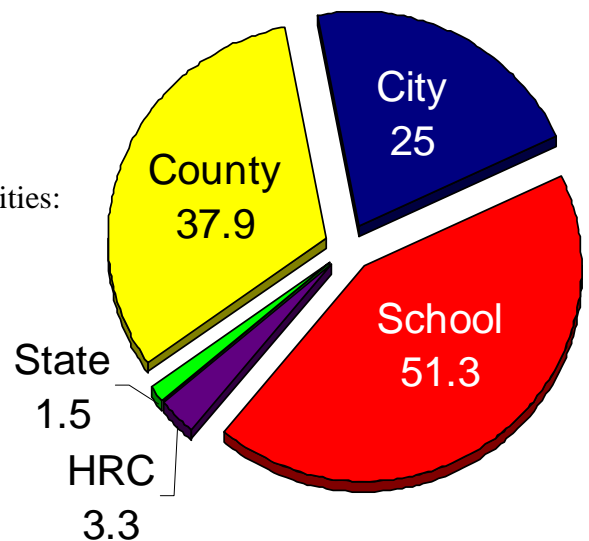


In 2005 a ¾% sales tax was enacted for budget stabilization. Since 2006 it has been utilized for the general fund to offset property taxes necessary to fund general government activities. This graph shows the sales tax reduces the dependence on property taxes as the mill dropped between 2005 and 2006. The sales tax offset this drop/property tax need.

2011 TOTAL HAYS LEVY

Hays homeowners pay property taxes to the following entities:

- 1.5 State
- 37.9 County
- 25.0 City
- 51.3 School (USD 489)
- 3.3 Hays Recreation Commission
- 119 Total Hays Levy



ENTERPRISE FUND

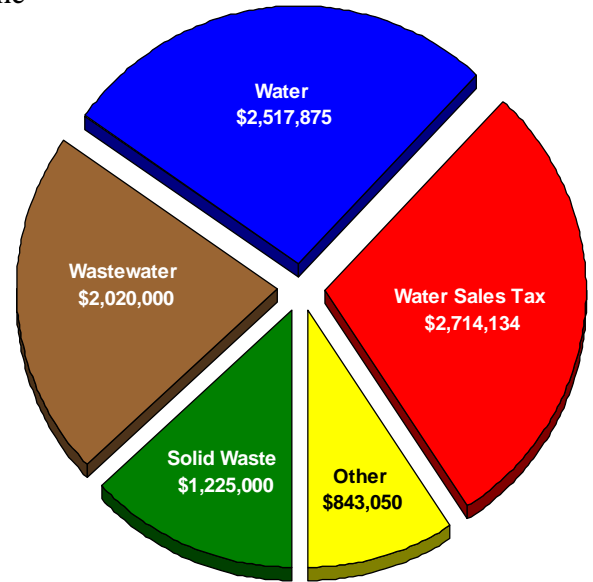
2012 ENTERPRISE FUND REVENUES

All Revenues	2011	2012	\$ Difference	% Difference	
Solid Waste	\$ 1,200,000	\$ 1,225,000	\$ 25,000	2.1%	pg 108
Wastewater	\$ 1,992,267	\$ 2,020,000	\$ 27,733	1.4%	pg 112
Water	\$ 2,471,460	\$ 2,517,875	\$ 46,415	1.9%	pg 112
Water Sales Tax	\$ 2,410,058	\$ 2,714,134	\$ 304,076	12.6%	pg 112
Other	\$ 909,875	\$ 843,050	\$ (66,825)	-7.3%	
Total Revenues	\$ 8,983,660	\$ 9,320,059	\$ 336,399	3.7%	

The Enterprise Funds are used to account for operations that 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.

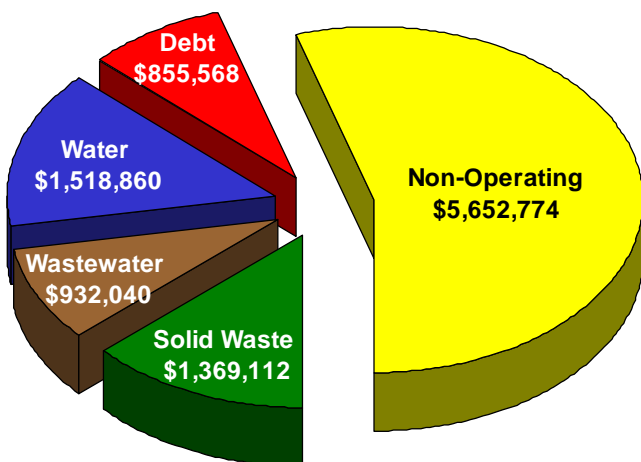
2012 Enterprise Fund Revenue Facts:

- No rate increases in 2011 & 2012.
- Revenues increased in correlation with increased use.
- Water Sales Tax is projected with a 3% increase in 2011 & 2% increase in 2012.
- Primary reduction in Other is contributed to the loss in interest on investments.



2012 ENTERPRISE FUNDS EXPENDITURES

All Expenditures	2011	2012	\$ Difference	% Difference	
Solid Waste	\$ 1,274,478	\$ 1,369,112	\$ 94,634	7.4%	pg 108
Wastewater	\$ 944,522	\$ 932,040	\$ (12,482)	-1.3%	pg 116
Water	\$ 1,445,937	\$ 1,518,860	\$ 72,923	5.0%	pg 120
Debt Service	\$ 895,558	\$ 855,568	\$ (39,990)	-4.5%	pg 126
Non-Operating	\$ 4,830,745	\$ 5,652,774	\$ 822,029	17.0%	pg 128
Total Expenditures	\$ 9,391,240	\$ 10,328,354	\$ 937,114	10.0%	



2012 Enterprise Fund Expenditures Facts:

- Solid Waste's increase is mainly due to the purchase of a screener for the compost site & street debris cleaning.
- A transfer of a position is made from Wastewater to Water and costs/savings are represented in the table.
- Non-Operating expenditures increases can be attributed to additional contingency and a transfer to capital projects. The additional contingency will only be expensed upon City Manager approval and per policy. The capital transfer provides funding for future projects without incurring debt.
- These funds remain solvent with **NO** fee increase proposed for 2012.

MISCELLANEOUS FUND

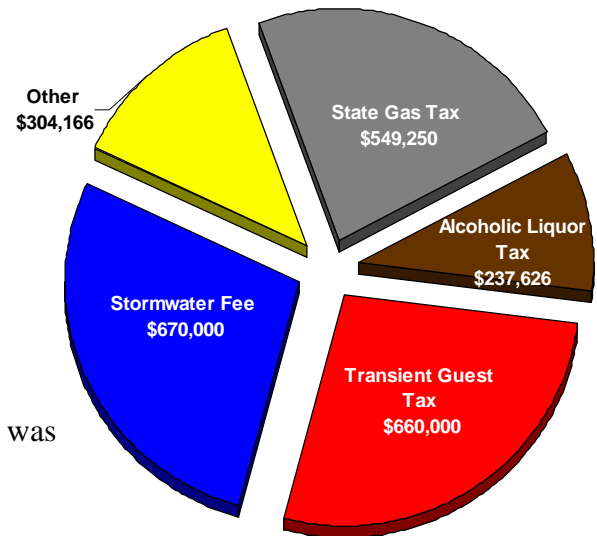
2012 MISCELLANEOUS FUND REVENUES

All Revenues	2011	2012	\$ Difference	% Difference	
State Gas Tax	\$ 555,600	\$ 549,250	\$ (6,350)	-1.1%	pg 130
Local Alcoholic Liquor Tax	\$ 234,864	\$ 237,626	\$ 2,762	1.2%	pg 132+
Transient Guest Tax	\$ 630,000	\$ 660,000	\$ 30,000	4.8%	pg 136
Stormwater Fee	\$ 360,000	\$ 670,000	\$ 310,000	86.1%	pg 140
Other	\$ 331,025	\$ 304,166	\$ (26,859)	-8.1%	
Total Revenues	\$ 2,111,489	\$ 2,421,042	\$ 309,553	14.7%	

Miscellaneous Funds contain various Departments, Divisions and projects which contain funding sources from the State, Special Tax or User Fees.

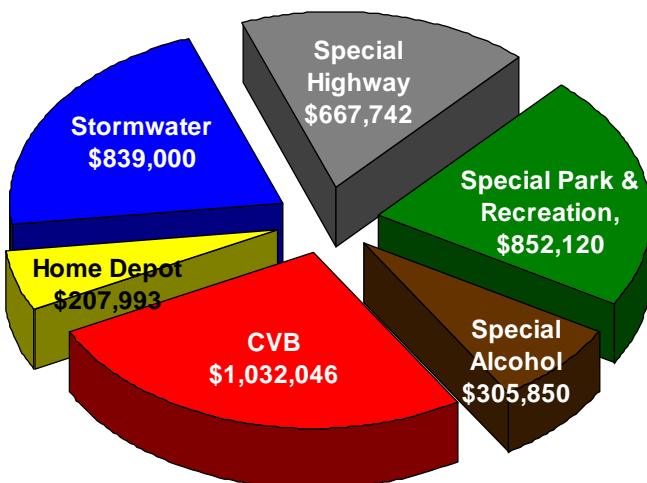
2012 Miscellaneous Fund Revenue Facts:

- Convention and Visitors Bureau Transient Guest Tax increased from 2011 Budgeted amount with increased hotel occupancy/rates.
- Stormwater increased as the City Commission enacted an ERU of \$3.62 which is charged by the property's impervious surface square footage versus the previous flat \$4 fee.
- Other shows a decrease as a transfer from Water Sewer was realized in 2011 from excess stormwater revenue.



2012 MISCELLANEOUS FUND EXPENDITURES

All Expenditures	2011	2012	\$ Difference	% Difference	
Special Highway	\$ 656,261	\$ 667,742	\$ 11,481	1.7%	pg 130
Special Park & Recreation	\$ 745,111	\$ 852,120	\$ 107,009	14.4%	pg 132
Special Alcohol	\$ 312,604	\$ 305,850	\$ (6,754)	-2.2%	pg 134
Convention Visitor Bureau	\$ 1,003,337	\$ 1,032,046	\$ 28,709	2.9%	pg 136
Stormwater	\$ 404,500	\$ 839,000	\$ 434,500	107.4%	pg 140
Home Depot	\$ 208,099	\$ 207,993	\$ (106)	-0.1%	pg 148
Park Development	\$ 5,027	\$ 5,027	\$ -	0.0%	pg 146
Total Expenditures	\$ 3,334,939	\$ 3,909,778	\$ 574,839	17.2%	



2012 Miscellaneous Fund Expenditures Facts:

- Special Park increased with additional revenues budgeted through projects. 2012 projects include the Golf Course back 9 irrigation replacement, park's shop & office renovations, and community projects matching funds.
- CVB increased with the trial of the Kansas Travel & Tourism Co-op Marketing Program. Other expenses were cut to offset a majority of this increase.
- Stormwater increased with transformation to an ERU which creates more revenue to offset projects.

