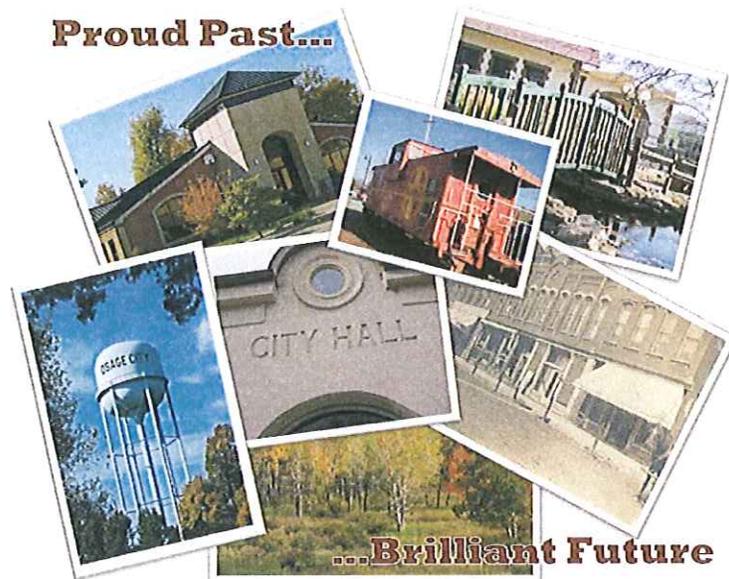




2010 OPERATING BUDGET



Included Within:

- Budget Message from the City Manager
 - Overview of revenues and expenditures for all funds
 - Summaries of all City Departments
 - Capital Improvement and Equipment Reserve Program details
 - State Budget Forms for all appropriated funds
-



Statement of Organizational Values

We Value Professional Ethics, which includes:

- Honesty
- Compassion
- Fairness
- Confidentiality
- Reliability
- Stewardship of resources
- Respectfulness
- Non-discriminatory behavior
- Professionalism and personal courtesy

We Value our Commitment to Citizens through Customer Service, which includes:

- Courteous interaction with the public
- Pride and ownership
- Programs that address citizen needs
- A sense of urgency and responsiveness
- A service-oriented approach to patrons
- Listening as well as hearing

We Value a Commitment to Excellence, which includes:

- An ability to see the big picture
- A sense of pride
- A commitment to employee knowledge
- Employee professionalism
- Accountability
- Teamwork
- Protection of health, safety and public welfare
- A willingness to embrace change
- A commitment to organizational goals
- Clear communication

It is our commitment to uphold these core values to the highest degree possible while representing the City of Osage City in carrying out our municipal duties as public servants. As a result, these values form the basis for our interactions with the general public, with other agencies and with each other.

City of Osage City, Kansas

List of Principal Officials

ELECTED OFFICIALS

Mayor	Quintin Robert
Council Member, 1 st Ward	Dan Mollnow
Council Member, 1 st Ward	Matt Brewer
Council Member, 2 nd Ward	Loren DeBaun
Council Member, 2 nd Ward	Gary Griffith
Council Member, 3 rd Ward	Edwin Mueller
Council Member, 3 rd Ward	Frank Towle
Council Member, 4 th Ward	Becky Brewer
Council Member, 4 th Ward	Jason Croucher

APPOINTED OFFICIALS

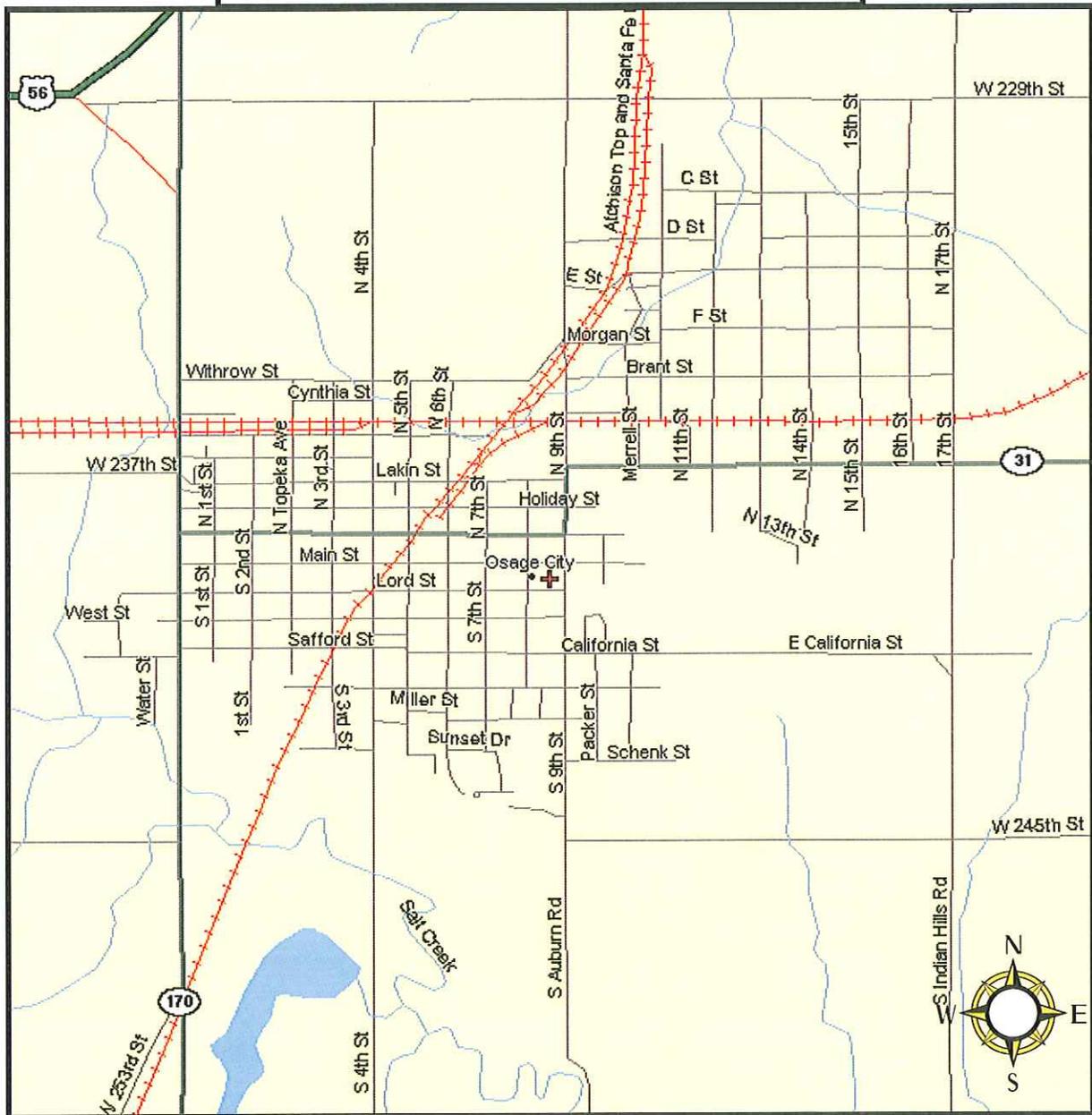
City Manager	Nick Hernandez
City Clerk	Linda Jones
City Treasurer	Robyn Liebelt
City Attorney	Rick Godderz
Director of Utilities	Mike Gilliland
Director of Facilities	Gary Thompson
Street Superintendent	Fred Hallowell
Chief of Police	Fred Nech
Parks and Recreation Director	Corey Linton

BOARDS AND COMMISSIONS

Planning & Zoning Commission	Tom DeBaun, Chair
Industrial Development Board	Casey Mussatto, Chair
Parks & Recreation Board	Melody Baker, President
Tree Board	Cheryl Mussatto, Chair
Library Board	Tim Gogolski, President
Public Building Commission	Jeff Crocker, Chair



Osage City Vicinity Map



City of Osage City

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Proud Past • Brilliant Future

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nhernandez@osagecity.com

Letter of Transmittal – Fiscal Year 2010 Budget

July 14, 2009

The Honorable Mayor and Councilors and Citizens of Osage City:

Submitted herewith is the FY 2010 Budget for all budgetary funds of the City of Osage City. It is presented in accordance with Kansas Statutes and all applicable ordinances and policies of the City.

This letter of transmittal and subsequent manager's message section is provided as a general overview of the balanced FY 2010 Annual Budget. As such, it is intended to point out noteworthy economic trends and describe the environment that has impacted the development of the budget. Because a budget is also a significant planning and policy tool, the Manager's Message will highlight those changes in the budget that are a significant departure from past years insofar as these changes may have impacted either programs or service levels. This could include increases, decreases, additions, or deletions to programs or services. Further details of revenue and expenditure items are contained in the body of the budget document and in accompanying reports on specific budget issues as were deemed needed.

The formation and ultimate deliberation surrounding a contracting or reducing budget involves a far different discussion than that of an expanding budget. In an expanding environment, the debate generally involves who gets what piece of the new pie. However, in a contracting environment it must be realized that to increase one area demands a like reduction in another area. The budget situation over the past few years has no longer simply been a matter of reducing one proposed increase to fund another proposed increase. It now is taking from an existing, perhaps assumed to be supported area, to give to another. Or it could be taking proportionately more from one area than another to support that area. In any case, let me assure you it is far more enjoyable to be working with an expanding economy than a contracting one!

Nonetheless, what is contained in this budget is staff's best effort at working within our means to provide resources necessary to achieve both the expectations of the City Council and of the citizens of an outstanding community. With this budget, core and important services and programs will be maintained and Capital Improvement Projects will be expanded.

I would like to give particular thanks to Robyn Liebelt, Mike Gilliland, and Linda Jones for their invaluable assistance in the preparation of this budget. Thanks also to the department heads and city staff for their support with our new budget paradigm.

Respectfully submitted,

A handwritten signature in blue ink that reads "Nickolaus J. Hernandez".

Nickolaus James Hernandez
City Manager

Manager's Message

Introduction

Each year, the City Manager recommends and the Osage City City Council approves a budget for providing essential services to residents. This budget document is a plan; it is the framework for how the City will allocate its resources to assure continuing excellence in the community's quality of life.

The enclosed budget for fiscal year 2010 was developed by city staff with input from the governing body as informed by the public. It includes departmental operating budgets, a five-year Capital Improvement Plan (CIP), and an Equipment Replacement Plan (ERP).

Overview of the 2010 Budget

Capital Improvement Plan (CIP)

A CIP is a major public infrastructure and planning tool for municipalities. The CIP is a statement of the City's policies and financial abilities to manage the physical development and redevelopment of the community. The development of a five-year CIP provides a systematic plan for providing infrastructure improvements within a prioritized framework.

The five-year CIP for the City of Osage City sets the general schedule within which public improvements are proposed to be undertaken. The plan serves as a guide for the efficient and effective provision of public infrastructure facilities, outline a timeline and schedule of capital projects for a five-year period of time.

There are several benefits to developing and adopting a CIP. Not only does the CIP become a management tool for the governing body and city staff, a CIP also provides valuable information to the Planning Commission, citizens, developers, and businesses who are interested in the development and redevelopment of Osage City. The CIP document will assist in leveraging available resources through improved timing of projects, and coordination of the City's projects with those of other public or private entities.

Following are some of the major projects included in the 2010 CIP:

Airport

The continuing airport project includes land acquisition with appropriations totaling \$57,300.

Power Plant

It is necessary to install sync protection on all generator units and add an automatic reset for the Westar intertie line. This project is a preventative maintenance item and continues ongoing upgrades to the electric utility. The length of the project is expected to be two years. The City also purchased a used engine/generator and related appurtenances from the City of Greensburg, KS in June 2009. Costs associated with the purchase and transportation of the unit totaled \$99,200 as of July 1, 2009, and the total project cost is expected to reach \$500,000-\$750,000 in order to bring the apparatus to working order. Construction of a new cooling tower is also expected to begin in 2010.

Filter Media

Aging media and more stringent water quality standards make it increasingly difficult to remain in compliance with these standards, thus resulting the need to replace the filter media at the Water Treatment Plant. \$40,000 has been reserved for this project.

Streets

\$586,000 has been set aside from the Capital Improvement Fund for 2010 to continue the improvement and maintenance of City streets. The major areas that will be addressed in 2010 include reconstruction of Holliday Street from the railroad track to 7th Street and an overhaul of Nichols Road. These areas are all in need of reconstruction and will be prioritized according to available funds.

Parks and Recreation

2010 will see the construction of a second shelter to be located near the concession stand at the ball fields in Jones Park. Painting and caulking will also be necessary at the Aquatics Center for aesthetics as well as safety for swimmers. Some areas of the concrete deck are also in disrepair and will need mending. The pump's motor has had reliability issues in the past swimming seasons as well. The pool cannot operate without a motor and thus will need to be replaced.

Equipment Replacement Plan

In 2010 the City will make a stronger effort to produce more a concrete equipment replacement plan. The 2010 Equipment Reserve Fund budget includes a cash balance of \$205,843 on January 1, 2010. The fund has been accumulating a balance over the past several years through interfund transfers in order to begin implementation of such a plan. Highlights of the plan include:

- Continuation of the CAT Loader Lease Purchase
- Purchase of a Replacement Dump Truck
- Backhoe Purchase
- Street Department Equipment Upgrades
- Replacement Furnace for the Water Plant

2010 Revenue Projections

The City Council has historically dictated that conservative fiscal projections be used in all budget processes. Staff has dedicated itself to that goal in the preparation of this year's budget which resulted in conservative revenue estimates for the coming fiscal year.

To plan a City budget, staff must evaluate the condition of the local, regional, and national economy to properly forecast revenues. The current economic conditions are less than ideal as Federal and State budget difficulties usually trickle down to the local level. State budget cuts have annually threatened the local liquor tax and special city/county highway funds that local governments rely on. The 2009 Legislative Session did actually eliminate the machinery and equipment slider. The 2010 budget will be stretched thin as revenues continue to be uncertain.

This budget is presented with a slight mill levy increase from 2009. The City's current property tax rate is 39.478 and will increase to 43.190. At this rate, the City will receive 778,722 in property taxes in 2010, which is \$85,589 more than in 2009.

For the future, the City will continue to explore new and alternative revenue sources. With the State budget cuts to local governments, diversifying revenue streams will become even more important in the years ahead to maintain a strong financial footing.

Summary

2009 has been a difficult year, as the state of the nation's economy took a drastic turn in late 2007 and has slowed even further in the months since. The current recession is arguably the worst the nation has experienced since the 1930s. Osage City has certainly felt the aftershocks of the economic downturn, but the great pride its people take in their community has enabled the City to continue business as usual. The City of Osage City has been able to position itself for further success through scheduled capital improvement projects in 2010. It is the intention of City Staff to continue increasing various opportunities and the quality of life in Osage City.