



City of Olathe 2012 Budget-In-Brief Budget Facts

A city's budget is one of the most important policy documents, yet it can be difficult to understand. The City of Olathe strategically aligns resources, or revenues, with priorities determined by the citizens of Olathe and the City Council. The City cannot spend more money than it collects in revenue!

This Budget-In-Brief is intended to help readers understand the City of Olathe's 2012 budget, the different types of funds used, different revenue sources, and expenditures.

We hope this information is helpful and as always, we would love to hear from you! You can contact us at (913) 971-8671 or www.OlatheKS.org/contact/Budget.

-Budget Office Staff

In the 2012 budget, there are 567 full-time employees in the general fund and 819 full-time employees in all funds combined.

The 2012 budget is 10% below the 2008 budget.

The number of employees in the 2012 general fund budget has decreased 15% since 2007.

The 2012 budget includes no increase to the City's property tax or mill levy.

Every year, cash from the general fund is used to pay for capital improvements. In 2012, that amount is over \$3 million!

In the 2012 general fund budget, 66% of expenditures are allocated for public safety and transportation.

Transportation is a major priority of citizens and the City Council. The 2012 budget includes \$7.6 million for street preservation, an 89% increase from what the City spent in 2007!

The City of Olathe's Different Funds

The City uses 18 separate funds to track revenues and expenditures. Many of these funds are dedicated to specific activities such as recreation, debt service, vehicle replacement, and utilities. The City's general fund is the principal funding mechanism for general government operations. The principal revenue sources for this fund include: sales tax, property tax, franchise fees, permits and licenses, fines and forfeitures, charges for service, and intergovernmental payments.

Government Funds are tax supported funds for government operations. They include

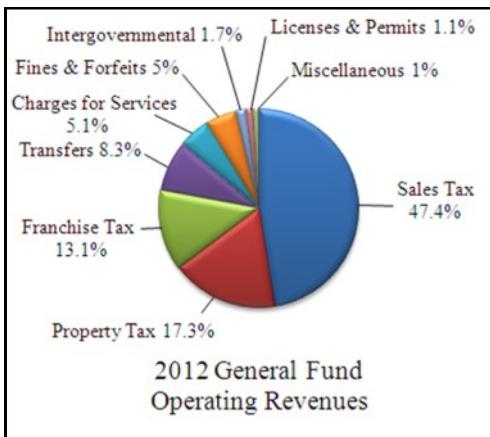
- General Fund
- Fire Levy Fund
- Library Fund
- Motor Fuel Fund
- Recreation Fund
- Park Sales Tax Fund
- Other Non-Major Funds

Proprietary Funds are fee supported. They include

- Water & Sewer Fund
- Solid Waste Fund
- Storm Water Fund

Internal Service Funds provide internal support for government activities, including

- Central Garage
- Vehicle Replacement



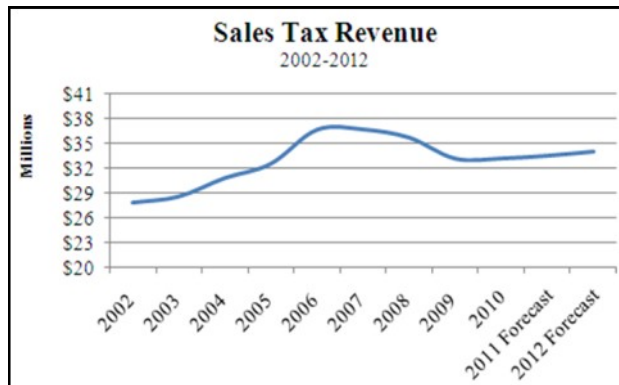
General Fund Revenue Sources

The City collects revenue from a number of sources such as sales tax, property tax, charges for service, fines and forfeitures, and others. These general fund revenues are used to fund general operations of City government, such as public safety, transportation, human resources, information technology, etc. The total revenue in the general fund for 2012 is \$83,855,099. The largest revenue sources are sales tax and property tax.

Sales Tax

Sales tax, the largest revenue source in the general fund, is collected on goods purchased within the City of Olathe and Johnson County. For every dollar spent within City limits, the City of Olathe receives 1.125 cents. You can see the local sales tax rates at www.OlatheKS.org/Finance/SalesTax.

Sales tax steadily increased from 2002-2007 (32%), before declining in 2008. From 2008-10, sales tax dropped 7%. The 2012 budget projects \$34m in sales tax revenue, approximately the same as 2005 levels.



How Much Do I Pay in Property Tax?

Property Tax is the second largest revenue source in the general fund. Olathe's property owners pay annual property tax.

The amount is calculated by multiplying the assessed valuation of a home (11.5% of fair market value) by the overall mill levy. The City's portion of the mill levy is 24.840, or approximately 19% of your annual property tax bill in 2011.

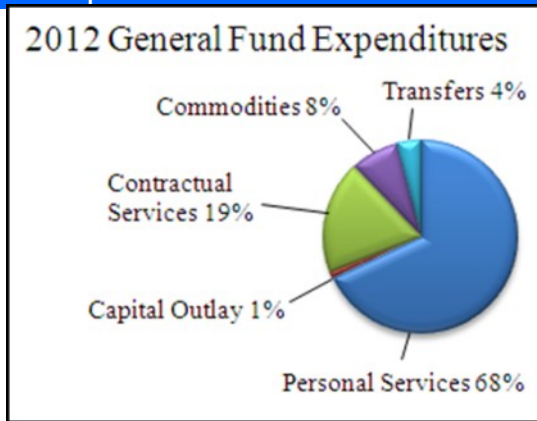
2011		
Average Price of Home Sale	Assessed Valuation (11.5%)	City Portion of Tax Bill (Mill Rate 24.870)
\$215,581	\$24,792	\$615.83

	Mill Levy	\$ Amount
Olathe Schools	72.917	\$1,808
City of Olathe	24.840	\$616
Johnson County (including Parks)	20.098	\$498
Johnson County Community College	8.799	\$218
State	1.500	\$37
	128.154	\$3,177

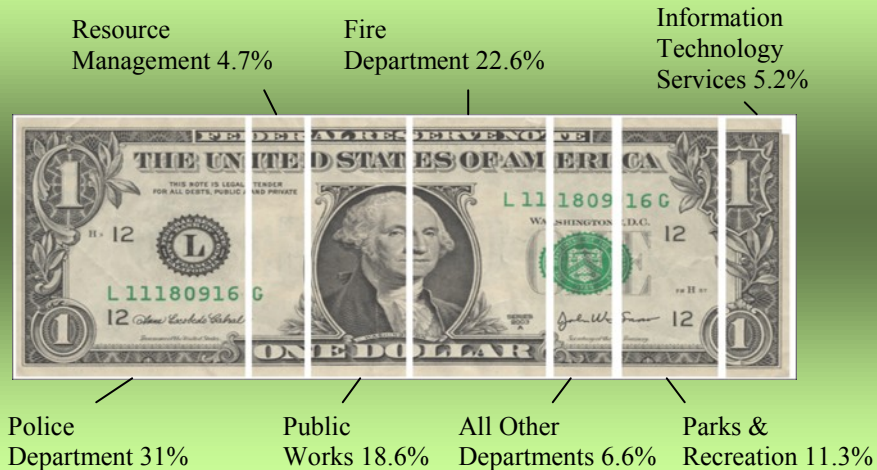


Expenditures– How are My Tax Dollars Spent?

There are five types of expenditures in the general fund: personal services, contractual services, commodities, capital outlay and transfers. Definitions of these expenditures can be found in the 2012 budget document on the City's website at www.OlatheKS.org. Personal services, which includes salaries and benefits, is the largest expenditure in the general fund and accounts for approximately 68% of all expenditures.



How Much is Each City Department's Portion of the General Fund?



Capital Improvement Plan

The Capital Improvement Plan, or CIP, is a 5-year plan for major public improvement projects. The projects must be prioritized and include project financing plans that are consistent with the City's debt management policies. The 2012-2016 CIP is \$167m, 18% less than the previous 5-year CIP. The entire CIP document can be found on the City's website at www.OlatheKS.org/Finance/Budget/CIP.



Funding for the CIP comes from a variety of sources, including:

- General Obligation (GO) Bonds
- Special Assessments
- Revenue Bonds
- CIP Fund (cash from the General Fund)
- Temporary Notes
- Park Sales Tax
- Storm Water Fund
- Water & Sewer Fund
- System Development Fees
- Street Improvement Fund



Major projects in the 2012-2016 CIP include:

- Street Preservation
- Community Center/Stagecoach Park
- 127th St. Black Bob to Pflumm
- 151st St./ Mur-Len Signal Improvements
- Santa Fe Streetscape in Downtown Olathe



Budget Process

January to April

Budget staff makes a presentation to the City Council, highlighting the previous year's budget and the five-year financial forecast. The Council establishes budget guidelines and a philosophy for staff to follow while creating the budget.

April to July

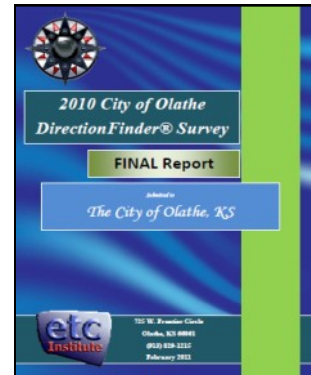
The Budget Office coordinates the budget process beginning with revenue forecasts. Local governments must adopt a balanced budget where expenditures cannot exceed revenues. Each department must prepare its own budget. During this process, the Budget Office works with departments to review expenditures and make any necessary recommendations. After final revisions have been made, the City Manager presents a balanced budget to the City Council for consideration.

July to August

There are several opportunities for the public to be involved. The e-Town Hall event (mentioned on the next page) was the first-of-its-kind in the Midwest. There is also a public hearing where citizens can speak to the City Council. The Council reviews the City Manager's proposed budget and makes recommendations/changes. It is Kansas state law that the budget be adopted by August 25th.

How Do I Get Involved?

Citizens are always encouraged to share their thoughts and ideas about the budget. The City Council and staff use a variety of methods to collect information from residents as to how resources are allocated. The City uses its annual DirectionFinder® Survey of random citizens to gather feedback about city services. In 2010, the survey showed an increase in “public involvement in program funding decisions” and “public involvement in budget process.” The survey can be viewed at www.OlatheKS.org/Council/Accountability.



There are several ways you can get involved. Here are a few:

- Contact the Budget Office and register to receive budget news at www.OlatheKS.org/contact/Budget.
- Contact your ward Council member (see below).
- Contact the City via Facebook or Twitter (see back page).
- Come to a City Council meeting and address the Council, and/or participate in the annual budget public hearing.

e-Town Hall

From July 6 to July 19, 2011, the City held its first e-Town Hall event, which was an effort to engage citizens in the budget process by using social media and electronic communications. Chris Hernandez, from NBC Action News, moderated the event where City Council members responded to questions submitted by citizens. The event was web-streamed and broadcast live on television. The event can be seen on the City’s website at www.OlatheKS.org.



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