



Executive Summary

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Budget Message

October 1, 2008

Honorable Members of the Board of County Commissioners:

I am pleased to present the Johnson County operating budget and capital improvement program for Fiscal Year 2009. This FY 2009 Budget presents financial and operational information, which facilitates evaluation of past performance and allows for future planning.

Dynamic resources and dramatic needs

The FY 2009 Budget meets the needs of the community, while preparing for the challenges ahead in future budget years. In spite of a less than favorable revenue outlook, the FY 2009 Budget was balanced with a combination of austere expenditure growth and strategic budget reductions. The service requirements of the community were met while preserving our financial position to meet the formidable operating and capital needs expected in FY 2010 and beyond.

Approaching the FY 2009 Budget

Over the last several years, the organization has prepared a number of reports and plans to determine and quantify the need for expanded services in the community. In many cases, the need for expanded services translates into operating expansions and facility needs. The impact of public safety on the rest of the organization is substantial. When translated to its mill levy equivalent, current public safety expenditures overshadow what is spent on the remaining services provided by the County taxing district. The single most important function of County Government is public safety. To maintain commitment to the Board's third strategic goal of being a "Community of Choice," additional revenue is needed to finance the expansion of public safety services now and into the future.

In order to address substantial capital and operating public safety needs, Johnson County is increasing detention capacity with the New Century Adult Detention Center Phase II expansion and the Juvenile Services Complex. In the FY 2008 five year capital improvement plan, the construction of a new Crime Laboratory and the expansion of intake and booking services at the Olathe Adult Detention Center were placed in FY 2009.

To finance these vitally important public safety services, the Board of County Commissioners (BOCC) dedicated .75 mills to finance the initial costs of the Jail Expansion project in the FY 2006 Budget. Additionally in 2007, County Commissioners passed a resolution to authorize ballot language to maximize the County's existing sales tax authority by renewing a quarter cent sales tax and dedicating it to public safety operating and capital costs. The four projects proposed for financing with the sales tax revenues are the New Century Adult Detention Center Phase II expansion, Juvenile Services Complex, Crime Laboratory, and the expansion of intake and booking services at the Olathe Adult Detention Center. The sales tax was to be voted on August 5th, 2008. State Budget statutes required that the FY 2009 Budget be prepared, including maximum expenditure amounts, prior to the election. Given the timing of the Budget development process, revenues from this sales tax were not included in the FY 2009 Budget.

The sales tax was passed by the voters of Johnson County, adding an estimated \$18.8 million in sales tax revenue in FY 2009. This will eliminate the need for \$11 million use of reserves that were set aside for the FY 2009 expenses for the four projects outlined above. Because of the timing between our published budget and the passage of the sales tax, the revenues are not included in this document. They will be reflected in the FY 2010 Operating Budget.

Current Economic Climate

The last several fiscal years have been a period of transition for Johnson County Government. The FY 2003 Budget addressed numerous economic challenges. The economic slowdown reduced the growth rate in Johnson County's assessed valuation to below 4%, which was less than half of the average annual growth rate since 1999. In FY 2004, the County absorbed the loss of approximately \$10 million in revenue from the State of Kansas. Assessed valuation has seen modest increases in FY 2005 through FY 2007, but not a return to double digit increases that were experienced in the late 1990s.

Assessed Valuation – County Taxing District			
Assessment Year	Budget Year	Total	%
1998	1999	4,294,383,945	12.4%
1999	2000	4,849,449,401	12.9%
2000	2001	5,482,711,314	13.1%
2001	2002	5,951,066,419	8.5%
2002	2003	6,169,844,607	3.7%
2003	2004	6,481,292,971	5.0%
2004	2005	6,803,214,025	5.0%
2005	2006	7,178,491,041	5.5%
2006	2007	7,733,096,457	7.7%
2007	2008	8,168,949,925	5.6%
2008	2009	8,249,456,410	1.0%

As Johnson County staff began working on the FY 2009 Budget, instability in the housing market led, in part, to a downturn in the economy. Because the County's most significant revenue source is property tax revenue, a slowdown in the assessed valuation growth has a dramatic impact on revenues. The Johnson County housing market is a microcosm of what is happening nationally. Staff currently estimates the downturn in the housing market and slowed appraised valuation growth will continue into next year, thus affecting the FY 2010 and FY 2011 Budget.

The instability in the housing market has also led to a decrease in mortgage registration fees, which is another major revenue source for Johnson County Government. The dynamic nature of the current economic climate is not limited to the housing market alone. Given that interest rates remain low, revenue from investment interest is estimated to decrease from previous years. Normally, if interest rates are low, it leads to an increase in mortgage registration revenues. However, that increase is stymied by the downturn in the housing market.

FY 2009 Budget Summary

All of the factors outlined above led to an \$18.0 million dollar projected budget deficit as staff began to prepare the FY 2009 Budget. The County Manager's Office and Budget and Financial Planning staff developed a comprehensive and dynamic strategy to balance the budget. Rather than across the board budget reductions, staff sought to reduce expenditures without impacting service delivery.

The County Manager's Office and Budget and Financial Planning staff met with Corrections department staff to analyze and evaluate the current operating needs in the Adult Residential Center system, in light of their current population levels. It was determined that \$1.6 million could be reduced from their operating budget. Also, operating expenditures for the new Juvenile Services Complex were updated to match the construction timeline more closely, delaying expenditures of \$2.5 million until FY 2010.

As a part of the budget development process for the last few years, Budget and Financial Planning staff has met with the Sheriff's Office to evaluate the operating needs for detention services. These services are dynamic because of the number of Johnson County inmates housed in neighboring communities, medical contracts, and transitional operating costs of the Jail expansion. For FY 2009, the Olathe Adult Detention Center Intake and Booking Expansion project impacted the operating resources needed for detention services. This project will commence as soon as the Jail expansion is complete, allowing inmates and staff currently at the Olathe Adult Detention Center to be transferred to New Century Adult Detention Center. This saves \$4.5 million in operating costs at the New Century Adult Detention Center in FY 2009. This reduction in expenses is essential to balancing the FY 2009 Budget. In addition to the

measures outlined above, departments were asked to develop reductions that improved the efficiency of County operations, without negatively impacting services. The department budget reductions totaled \$3.0 million for FY 2009.

Given the expenditure impacts outlined above, any request to expand services was carefully reviewed and analyzed to determine the long-range financial impact. At the same time, the community and its needs continue to grow and the value of services can erode if funding is not enhanced. While the FY 2009 Budget does include reductions, it is unrealistic to assume that certain services provided by County government will not need to grow. Annually, \$3.0 million is included in budget projections for estimated funding of Requests for Additional Resources. The FY 2009 Budget includes \$1.5 million in additional resources. In essence, this allowed staff to reallocate resources internally to finance modest expenditure growth in some areas. Demands for service, and cost increases to fuel and utilities continue to put pressure on the services Johnson County provides. The needs of the community often grow during an economic downturn. Holding the line on requests for additional resources and reallocating internally to meet the needs of the organization and the community was a difficult, but necessary part of developing the FY 2009 Budget.

As outlined above, the revenue outlook in FY 2009 was less favorable than originally projected. The instability in the housing market has led to a lower assessed valuation growth. The FY 2009 assessed valuation estimate is 8,249,456,410, which is a 1.0% increase compared to FY 2008. This is the lowest growth that Johnson County has seen in recent history. FY 2010 assessed valuation growth is expected to increase only slightly by .10% to 8,254,333,291. As the FY 2009 Budget was developed, a multi-year approach was used taking into account the financial outlook in FY 2010. The FY 2009 Budget provides resources to meet the needs of the community, while ensuring that sound financial practices are continued to meet the needs of the FY 2010 Budget and beyond.

The total budget, including transfers, cost allocation, and reserves, is \$736.3 million for FY 2009. This is a decrease of \$1.0 million, or 0.14%, compared to the FY 2008 Budget of \$735.3 million. The FY 2009 Budget, adjusted to exclude transfers, cost allocation, and reserves, is \$570.3 million. When compared to the FY 2008 adjusted Budget of \$574.4 million, the decrease is \$4.1 million, or 1.0%. This decrease is due to austere expenditure growth, and does not include any revenue for the approved public safety sales tax.

The FY 2009 Budget includes \$28.2 million in the use of reserves. Several expenditures funded include the Adult Detention Center Phase II Expansion operational expenses if the sales tax renewal did not pass, a fuel reserve due to increasing prices, the Parks Okun Fieldhouse Expansion, Sheriff Equipment Reserve, and the ECC Radio Communications CIP project.

Revenues

Johnson County's revenues continue to become more diverse. The County's major revenue sources are projected to decrease by approximately \$12,264,544 (2.96%) to a total of \$402.4 million in FY 2009 as compared to revised estimates for FY 2008. Due to the downturn in the economy several major revenue sources are projected to decrease in FY 2009. As outlined above the Economic Development Sales Tax was renewed for Public Safety purposes on August 5, 2008. Because of the timing of the election and the statutory requirements on the adoption of the Budget, the FY 2009 Sales Tax projections are not included in the FY 2009 Budget.

The County's largest source of revenue is ad valorem (property) tax, which is approximately 29% of the FY 2009 Budget (excluding reserves). Under the current assumptions included in the budget, ad valorem taxes are expected to increase by approximately \$600,000 (0.33%) to a total of \$182.0 million in FY 2009 (compared to \$181.4 million in FY 2008). The mill levy decreased 0.128 mills in FY 2009. The estimated assessed valuation for the County taxing district would increase from \$8.17 billion for the FY 2008 Budget to approximately \$8.25 billion for the FY 2009 Budget.

The table below provides a summary of the current projections for these thirty-two (32) major revenue sources.

Projections for Major Revenue Sources – FY 2008 and FY 2009

General Revenue Sources	2008 Revised	2009 Preliminary	% Change from 2008 Revised
Ad Valorem Tax	\$181,385,170	\$181,990,973	0.33%
Local Sales Tax	\$13,704,562	\$13,978,653	2.00%
Public Safety Sales Tax	\$15,777,480	\$16,093,030	2.00%
Local Use Tax	\$2,366,638	\$2,413,971	2.00%
Public Safety Use Tax	\$2,740,757	\$2,795,572	2.00%
Interest on Delinquent Taxes	\$1,400,000	\$1,400,000	0.00%
Motor Vehicle Tax	\$18,297,285	\$18,330,820	0.18%
Motor Vehicle Registration Fee	\$3,305,225	\$3,305,225	0.00%
Investment Interest	\$13,980,835	\$11,250,681	-19.53%
Mortgage Registration Fees	\$16,000,000	\$16,431,000	2.69%
Recording Fees	\$1,530,000	\$1,530,000	0.00%
Delinquent Real Property Tax	\$1,071,445	\$1,065,821	-0.52%
Prisoner Boarding Charges	\$1,050,000	\$1,000,000	-4.76%
Police Protection Charges	\$785,372	\$794,436	1.15%
Diversion Fees	\$807,442	\$839,191	3.93%
Subtotal	\$274,202,211	\$273,219,373	-0.36%

Dedicated Revenue Sources	2008 Revised	2009 Preliminary	% Change from 2008 Revised
Stormwater Sales Tax	\$9,881,158	\$10,078,781	2.00%
Econ. Development Sales Tax*	\$15,777,480	\$0	-100.00%
Stormwater Use Tax	\$1,719,274	\$1,753,659	2.00%
Econ. Development Use Tax*	\$2,740,757	\$0	-100.00%
Special Highway Fund	\$12,731,066	\$12,731,066	0.00%
Heritage Trust Fund Fee	\$640,000	\$657,240	2.69%
9-1-1 Telephone Fee	\$1,032,770	\$875,000	-15.28%
9-1-1 Wireless Telephone Fee	\$1,300,000	\$1,326,000	2.00%
Contractor Licensing Fees	\$675,000	\$673,200	-0.27%
Med-Act User Fees	\$4,800,000	\$4,900,000	2.08%
Section 8 Rental Assistance	\$9,822,061	\$10,000,000	1.81%
Community Dev. Block Grant	\$1,256,000	\$1,256,000	0.00%
Parks Enterprise Charges	\$18,732,137	\$18,757,259	0.13%
System Development Fee	\$687,617	\$595,708	-13.37%
Wastewater Connection Fee	\$2,775,026	\$2,404,107	-13.37%
Capital Finance Charge (EDU)	\$24,845,366	\$30,721,162	23.65%
Wastewater User Charge	\$30,552,506	\$32,457,330	2.39%
Delinquent WW User Charge*	\$500,000	n/a	n/a
Subtotal	\$140,468,218	\$129,186,512	-8.03%
Total	\$414,670,429	\$402,405,885	-2.96%

*The Economic Development Sales Tax sunsets in December 2008.

The County has established a Revenue Estimating Committee to review and forecast the County's major sources of revenue. This committee, which is comprised of representatives from the departments of Records & Tax Administration, County Treasurer, Appraiser, Budget and Financial Planning, County Manager, and the Office of Financial Management, meets during the budget development process to review major revenue trends and to provide a revenue forecast for the annual budget.

Additional information for the County's major revenue sources is provided in the **Revenue Information** section.

Staffing

County employees are vital to the delivery of services to residents. As population growth continues, so must the number of employees in order to continue to provide those valued services. The FY 2009 Budget includes the addition of 11.95 FTE positions submitted through the Request for Additional Resources and CIP processes. Requests for over 75 FTEs were submitted to the County Manager. Positions included in the budget represent the highest needs in the county. More than half of the new positions in the FY 2009 Budget are funded with fees or grants. The remaining, tax-supported positions account for a 0.13% increase to existing FTEs. A summary of the new positions is provided below.

New FTE Positions in the FY 2009 Budget

Department	Description	FTEs	2009 Property Tax Impact	Request Type
District Courts	Administrative Assistant – Traffic	.50	\$19,999	RAR
District Courts	Youth Court Group Facilitator	.50	\$5,080	RAR
Emergency Communications	Accounting Technician	.50	\$25,884	RAR
Environmental	Solid Waste Management Specialist	1.0	\$0	CIP-RAR
Environmental	Solid Waste Management Coordinator	1.0	\$130,917	CIP-RAR
Environmental	Stormwater Specialist	1.0	\$0	RAR
Facilities	Project Manager	1.0	\$88,292	CIP-RAR
Human Services and Aging	Lead Rehabilitation Specialist	.80	\$44,988	RAR
Human Services and Aging	Data Technician	1.0	\$0	RAR
Museum	Assistant to the Director	.65	\$22,855	RAR
Parks & Recreation - Enterprise	Blazers Elite Assistant Swim Coach	1.0	\$0	RAR
Parks & Recreation - Enterprise	Sports Officials Coordinator	1.0	\$0	RAR
Public Health	Social Worker	1.0	\$55,668	RAR
Wastewater	Industrial Electrician Crew Member	1.0	\$0	RAR

*RAR = Request for Additional Resources

A total of 4,126.72 FTEs is included in the FY 2009 Budget. This is an increase of 26.79 FTE from the FY 2008 budget of 4,099.93 FTEs. Other than the addition of the new 11.95 new FTE, the remaining increase of 14.84 FTE above the FY 2008 estimate are due to the net partial year FTE impacts of previously approved CIP projects, primarily the Adult Detention Center Expansion Phase II, budget reductions, and seasonal employee adjustments throughout the year.

Additional information on FTEs and compensation is located in the **Personnel and Compensation** section.

Maintenance of Existing Services – Non-personnel Costs

An across-the-board inflation adjustment was not included in the assumptions used to develop the budget. Instead, each department was instructed to submit a formal request and justification for any inflationary increases that were impacting the budget. The Board directed staff to carefully consider increases to the operating budget, given the multi-year financial projections.

A number of requests to finance inflation and cost of living increases, including utilities, software maintenance agreements, and commodities are included in the FY 2009 Budget, as well as cost increases for statutorily mandated programs and vital community services. The cost to provide service to the community continues to grow each year, and it is important that these requests be funded to maintain the service levels expected by the community.

Capital Improvement Program

The FY 2009 Capital Improvement Program (CIP) includes a total cost of \$153.7 million. Excluding Stormwater, Wastewater projects, and other projects that have dedicated funding sources, the FY 2009 CIP includes a total of \$63.6 million for various capital projects.

The CIP Review Team is charged with the responsibility of identifying and prioritizing all capital improvement needs, and providing estimates of project impacts on the County's operating costs, debt structure, and tax levy. Each year to prepare the five-year Capital Improvement Plan, the Review Team convenes to discuss and evaluate projects. Each project is rated and placed in a year based on the overall need and appropriateness of the project. Some of the criteria evaluated include the strategic priorities of the Board, how the project contributes to the maintenance or effective re-use of existing assets, and improvement of existing service levels. There are certain projects that are "exempt" from the evaluation process since the projects are funded with dedicated revenues and do not compete for additional funding.

To finance portions of the FY 2009 Capital Improvement Program, staff attempted to align one-time resources with pressing one-time capital needs. Approximately \$2.2 million in one-time resources from the FY 2007 ending cash balance and the General Fund Reserve were identified to finance a number of capital projects.

The FY 2009 CIP is summarized in the table on the following page. It should be noted that the CIP Review Team generally placed a higher priority on projects relating to the maintenance of existing capital assets during its evaluation of project requests. Additional information regarding the CIP process is located in the **CIP Summary** section.

Summary of FY 2009 Capital Improvement Program (CIP)

Department	Project Description	FY 2009 Capital Amount	Financing Method
Airport	Self-Sufficiency Plan (Various Projects)	\$345,000	Airport Revenues
Appraiser's Office	PICS	\$110,000	On-going Ad Valorem
Elections	Voting Machine Capital Replacement Plan	\$409,685	On-going Ad Valorem
Emergency Communications	Countywide Communications	\$135,000	On-going Ad Valorem
Emergency Communications	Communications Center Replacement Plan	\$31,000	On-going Ad Valorem
Environmental	Solid Waste Management Plan	\$104,000	Fund Balance
Facilities	Capital Replacement Plan	\$1,212,000	On-going Ad Valorem
Facilities	Building Security	\$411,177	Fund Balance
Facilities	Northeast Offices Remodel – Phase II Study	\$50,000	Fund Balance
Information Technology	Infrastructure Maintenance	\$386,000	On-going Ad Valorem
Information Technology	VOIP	\$265,000	Fund Balance
Med-Act	Advanced Communications	\$116,680	On-going Ad Valorem
Park & Recreation	MAP 2020 Projects	\$4,211,078	Dedicated Parks Mill Levy
Park and Recreation	Okun Fieldhouse Expansion	\$1,000,000	Fund Balance
Public Works	Bridge, Road, & Culvert Program	\$2,300,000	On-going Ad Valorem
Public Works	CARS Program	\$15,400,000	Gas Tax/ On-going Ad Valorem
Public Works	Stormwater Management Program	\$12,383,386	Dedicated Sales Tax
Sheriff	Crime Lab	\$30,285,000	PBC Debt Proceeds/2009 Public Safety Sales Tax
Sheriff	Olathe Adult Detention Center Intake and Booking Expansion	\$24,770,000	PBC Debt Proceeds
Transportation	Bus Replacement	\$2,000,000	Grant/Fund Balance
Wastewater	SRCFP Projects	\$57,745,000	SRCFP/Debt
Total CIP		\$153,670,006	

Excluding Wastewater projects, the projects below are scheduled for additional debt financing in the FY 2009 Budget.

- \$30,285,000 debt to be issued for the Crime Lab – to be financed by the passage of the Public Safety Sales Tax – FY 2009 CIP.
- \$24,770,000 debt to be issued for the Olathe Adult Detention Center Intake and Booking Expansion project – FY 2009 CIP.

General Fund Reserve Information

In December of 2002, the County adopted a revised General Fund reserve policy. The reserve calculation in the policy is based on the following goals:

1. Maintaining working capital to meet cash flow requirements and provide contingencies for unpredictable revenue sources and emergencies.
2. Funding capital asset replacement and debt retirement.

According to the policy, the annual calculation is expected to generate a reserve amount that ranges between 10% and 15% of estimated annual General Fund net revenues (total General Fund revenues, excluding intrafund transfers and General Fund cost allocation).

The County's General Fund has built up over time as a result of unanticipated revenues above estimates and conservative departmental spending. As discussed in the Revenue Summary, revenue estimates have been adjusted to more accurately capture current revenue trends. In keeping with past Board direction, the multi-year budget projection gradually draws down the General Fund balance reserve.

Fund balance projections for the General Fund (which includes the amount reserved by policy) are presented in the table on the following page.

Projected Fund Balances for General Fund

Fiscal Year	Projected Ending Fund Balance (\$)	Projected Ending Fund Balance (%)
2009	\$46.8 million	19.8%
2010	\$65.3 million	24.3%
2011	\$65.1 million	22.7%
2012	\$64.8 million	21.4%
2013	\$64.6 million	20.3%

Standard & Poor's Rating Services has established the following benchmark ratios for general obligation bond issuers in regard to the fund balance percentage for the General Fund:

- Strong 15% or greater
- Adequate 5% to 15%
- Low 0% to 5%

The projections listed in the table indicate the County would continue to remain above the 15% reserve through FY 2013. The amount above the 15% level in FY 2009 could be used to address one-time capital improvement projects and the structural budget deficit in FY 2010 - FY 2013. The BOCC will determine how best to reduce projected fund balances each year, when appropriate and desired.

State "Truth in Taxation" Calculation

Beginning with the FY 2000 Budget, the State of Kansas requires the County to calculate the amount of ad valorem taxes that would be levied assuming no increase in property tax revenue, except for revenue generated by new properties placed on the tax roll (i.e., the "maximum tax levy"). If the estimated amount of ad valorem taxes levied in the adopted budget exceeds this maximum tax levy, the County is required to adopt a resolution stating that the maximum has been exceeded. The County is required to make the calculation for each of the three taxing districts (County, Library, and Park & Recreation).

Alignment with the Board's Strategic Goals

The FY 2009 Budget was developed in accordance with the Board's strategic goals. These goals align the financial decisions made as a part of the budget process to the services provided in the community.

Goal #1: Responsible stewards of the taxpayers' money.

The FY 2009 Budget includes an estimated mill levy of 23.114 mills. This is a decrease of 0.128 mills compared to the FY 2008 Budget. Staff has analyzed requests for additional resources and funded those that maintain existing services, within that existing mill levy.

Stewardship of taxpayer resources is also reflected in the County's budget principles. In order to maintain the County's solid financial condition, the FY 2009 Budget was developed in accordance with the following budget principles.

- Fund on-going operating expenditures with on-going revenue sources.
- Maintain a sufficient General Fund reserve for unknown and unusual circumstances.
- Estimate revenues using a conservative approach to avoid budget shortfalls during the fiscal year.

Stewardship extends beyond financial resources and into our community's natural and human resources. Sustainability of our natural resources is a key principal for the Board of County Commissioners, as demonstrated by the adoption of a green house gas emission reduction resolution and their support of internal sustainability efforts. To support these efforts, staff and resources to support the newly adopted Solid Waste Management Plan were added, as a part of the FY 2009 Budget.

Goal #2: Provide the best possible mandatory and discretionary services.

Providing quality services to residents is at the heart of what makes Johnson County government an excellent organization. The FY 2009 Budget continues to meet the needs of the community, while planning for the future. Adding resources to services for fuel, utilities, and commodities increases is important in maintaining service levels that the community has come to expect. Even in a slowed economy, some services and programs need to be enhanced. Requests for Additional Resources were approved to expand service for the Swift and Special Edition transit services that provide mass transit services for elderly, low income and disabled residents of Johnson County.

Goal #3: Build a "Community of Choice" – a place where people want to live and work.

The FY 2009 Budget continues the County's commitment to infrastructure by allocating \$15.4 million, the same level as FY 2008, for the County Assistance Road System (CARS) program. The County has contributed over \$77 million to this successful partnership with the cities during the past five years.

Continued support to public libraries and park and recreation activities are secure in the FY 2009 Budget as well. Funding has been included to increase the Park and Recreation District mill levy by 0.041 to 2.336 mills, and the Library District mill levy by 0.088 to 3.050 mills.

Taking care of the community's most vulnerable citizens is a hallmark of a community of choice. In collaboration with the cities, Johnson County has added a Lead Rehabilitation Specialist to the Minor Home Repair Program that helps low-income residents to make repairs and improve the energy efficiency of their homes. The addition of a Social Worker to the Family Health Services Division of Public Health will improve client outcomes by providing assessments of psycho-social and financial needs and matching those needs to the resources available.

Goal #4: Advance a positive organizational work environment to empower employee innovation and productivity

Maintaining employee compensation during a slowed economy and during a time when departments are asked to reduce budgets is no easy task. Johnson County recognizes that its employees are its greatest asset. Appropriate, market-based compensation is key to maintaining a positive work environment. The FY 2009 Budget includes approximately \$1.9 million to address the maintenance of employees in the pay ranges based on the market. The combination of the grid maintenance and the merit increase should allow employees to stay within their appropriate market placement and is consistent with the County's compensation philosophy.

Future Challenges

There are a number of future challenges facing the Board that will need consideration in future budget cycles. While some of these issues are immediate to intermediate in range, others are more systemic in nature. A few key decisions on these open issues could alter future financial projections and the policy direction of the County.

A summary of these open issues are provided below:

- **Instability in the Housing Market:** The current instability in the housing market has led to a slowing in assessed valuation growth. Given the expenditure increases anticipated in the multi-year financial forecast, increases in assessed valuation are needed to meet the needs of the community. The slowed economy has led to budget reductions and halted service expansions in

the FY 2009 Budget. It is anticipated that the housing market will continue to negatively impact assessed valuation increases into FY 2010 and FY 2011. Therefore, staff anticipates that additional reductions and/or additional revenues will be needed to balance future budgets.

- **Sustainability:** On December 13, 2007, the Board of County Commissioners adopted a resolution to lower the levels of greenhouse gases, such as carbon dioxide and methane, and other pollutants in Johnson County in decades to come. The effort will be aimed at curtailing greenhouse gas emissions, both within county government operations and the Johnson County community, with a goal to reduce the pollutions levels by 80% by the year 2050. Johnson County has a long tradition of stewardship that extends beyond financial resources and into our community's natural and human resources. Meeting the goals established by this resolution will require committed leadership and long range vision.
- **Solid Waste Management Plan:** The Board of County Commissioners adopted an updated Solid Waste Management Plan in December of 2007. The Plan lays out a number of actions and strategies that the County must execute over the next few years to prepare for significant changes in future waste management services provided to county residents and businesses. The Johnson County Landfill, owned and operated by Deffenbaugh Industries, will close no later than 2027 and may close sooner. Because it can take 10 to 15 years to site and build a new landfill, the new plan recommends a change in direction from past plans by assigning a much more centralized and stronger role for county government. New County responsibilities include evaluating waste reduction and disposal options, developing and providing templates and tools to reduce waste, leading the implementation of waste reduction measures county-wide, tracking and reporting on waste reduction efforts, delivering waste reduction education and outreach county-wide, and ultimately ensuring adequate and affordable waste disposal services are available once the Johnson County Landfill closes. These are services that the County is not presently providing. Providing these services is necessary for the community, but will require sound planning and adequate resources.
- **Transportation Issues:** Transportation issues continue to challenge leaders across the metropolitan area. Record high gas prices and sustainability considerations have changed what the community thinks about public transportation. The County has formed a Transportation Coordinating Council, consisting of local elected leaders, to discuss and develop recommendations on these issues. Also, the Transit Advisory Council has recently conducted a strategic plan and has presented those recommendations to the BOCC. This plan alters the services the County currently provides and evolves our role in advocating for mass transit issues in the future. The time has come for transportation services to be seen as a public good that is consistent with a community of choice.
- **Decreasing Tax Base:** In FY 2007, the County absorbed a loss of revenue from the State of Kansas by reducing and ultimately, eliminating the personal property tax on businesses. This reduction in the tax base will require Johnson County to continually evaluate the services it provides to the community. Staff is responsible for ensuring that resources are used wisely and efficiently, but it takes policy direction to determine what services should be provided and at what level. Unless the Board implements policy changes, the County is faced with property and/or sales tax increases for the foreseeable future.

In addition, a number of key decisions on strategic issues are pending and could significantly alter future financial projections.

Overall, the County is now faced with the following policy questions:

1. ***What services will the County provide?***
2. ***Who is the best provider of service?***
3. ***What level of service will be provided to the community?***
4. ***What is an acceptable level of cost for each County service?***
5. ***How will the County finance the cost of services?***

Strategic direction on the provision of services to the community, along with the alignment of service expansions with on-going sources of funding, will provide Johnson County with the direction needed to meet the challenges that lay ahead.

Conclusion

The FY 2009 Budget reflects a prudent and realistic approach with an emphasis on maintaining existing services and capital assets. Overall, the FY 2009 Budget maintains the quality of life for Johnson County residents, including a reasonable tax burden.

I would like to thank the Budget and Financial Planning Department, department directors and their staff for their diligent efforts in the preparation of the FY 2009 Budget. Much time and effort went into its development.

Both the workforce and I stand ready to assist in the Board's review and discussion of the FY 2009 Budget.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michael B. Press". The signature is written in a cursive, flowing style.

Michael B. Press
County Manager

A Brief Tour of the FY 2009 Budget

This section provides information on the organization of the FY 2009 Johnson County Budget and answers commonly asked questions.

How the Document Is Organized?

The FY 2009 Johnson County Budget document is organized into various sections, which highlight different information and areas of interest.

It is provided as a high level summary and resource that will address commonly asked questions and provide educational information for those who are new to the budget process.

Each section has a separate tab to assist the reader. Sections of the FY 2009 Johnson County Budget document are summarized below:

- **Executive Summary (Section A)**

The Executive Summary lays out for the reader the current budget situation, key areas affecting the budget, and strategic priorities. The Budget Message brings the entire budget picture together and provides an opportunity for staff to lay out where we are, how we got here, and what challenges lie ahead. Also included in this section is a Quick Reference Guide, which is provided to assist the reader in finding any information which is not included in the FY 2009 Johnson County Budget document.

- **County Profile (Section B)**

This section provides: various economic and demographic information regarding Johnson County, including factors such as population, education, and employment. In addition, an explanation of Johnson County's organizational structure is included in this section.

- **Budget Structure & Policies (Section C)**

This section is designed to provide the reader with a broad understanding of the financial and budget policies which govern Johnson County government. Additionally, this section includes information regarding the budget calendar, budget process, and basis of accounting and budgeting.

- **Budget Summary (Section D)**

This section provides a high level summary of the FY 2009 Johnson County Budget. It includes a quick overview of key budget components (FY 2009 Johnson County Budget at a Glance) and the FY 2009 Johnson County Budget by fund. In addition, this section includes detailed information on assessed valuation and mill levies.

- **Personnel & Compensation (Section E)**

This section provides information on FY 2009 Budgeted Full Time Equivalent (FTE) positions, including a listing of FTEs by agency. Also, this section contains information on the employee compensation package approved for FY 2009.

- **Multi-Year Budget Projection (Section F)**

This section forecasts estimated revenues and expenditures for FY 2008 through FY 2013, including a calculation of the amount of ad valorem tax revenue needed to balance the budget for each year. In addition, an explanation of the methodology and various assumptions used to create the projection is included.

- **Revenue Summary (Section G)**

This section provides an overview of various estimates of the County's major sources of revenue for FY 2009, including ad valorem taxes, sales taxes, motor vehicle taxes, and mortgage registration fees.

- **Capital Improvement Program (CIP) (Section H)**

This section provides an overview of the CIP, including: definition of a Capital Improvement Project (CIP), a calendar of the CIP process, details on the CIP process, how projects are prioritized and rated, the 2009-2013 rating results, the philosophy used by the CIP Review Team, and projects which are included in the FY 2009 Budget. Also included in this section is the total financial impact at the CIP has on the FY 2009 Johnson County Budget.

- **Debt Management (Section I)**

This section outlines Johnson County's existing debt policies and current debt situation as it applies to the FY 2009 Budget. Included is a summary of State mandated debt limits and a discussion of how the level of outstanding debt issues impacts the County's financial position.

- **Strategic Programs (Section J)**

This section briefly discusses Johnson County's seven strategic programs and lists the County agencies and departments that make up each strategic program. Additionally, this section lists the five agencies or departments in each program with the largest budgeted expenditures in the FY 2009 Budget.

- **Agency Budget Information (Section K-P)**

These sections provide detailed information on each agency and department for the FY 2009 budget, including mission statements, budget highlights, agency goals and objectives, major services, requests for additional resources, and CIP project requests. Please note that budget amounts in the major services for each agency or department do not include cost allocation charges and may not add up to the total agency or department budget. Agencies have been grouped into sections by strategic program as follows:

- K – Support Services
- L – Records & Taxation
- M – Public Safety, Judicial & Emergency Services
- N - Infrastructure
- O – Health & Human Services
- P – Culture & Recreation

Please refer to the Table of Contents if you have a question about where to find a specific agency or department.

- **Glossary (Section Q)**

This section contains definitions of key terms found throughout the FY 2009 Johnson County Budget which pertains to both Johnson County specifically as well as budgeting and finance as a whole. A separate section lists a number of acronyms that appear in the FY 2009 Johnson County Budget and their corresponding definitions.

Where To Find Answers To Commonly Asked Questions:

- What portion of a Johnson County citizen's tax bill goes to the County?

Explanation: Of the total property taxes a citizen in Johnson County pays in 2008, 20% fund County expenditures. Education represents the largest portion of the tax bill at 57%. Cities and Townships represent another 15%, with Special Assessments, Special Districts and the State receiving the remaining 8%.

- How much are expenditures increasing for FY 2009?

Location: Reference **FY 2009 Budget Message, Page A.4.**

- What is the dollar amount of the general fund reserve for FY 2009?

Explanation: Approximately \$46.8 million. Additional information can be found in the **FY 2009 Budget Message** and the **Multi-Year Budget Projection** section.

- Where is a calendar outlining the FY 2009 Budget process located?

Location: Reference **Budget Structure & Policies, Pages C.7-C.8.**

- How much does one (1) mill of property tax generate in dollars?

Explanation: \$8,051,469 - County Taxing District; \$6,706,132 – Library Taxing District.

- What is the mill levy for FY 2009?

Explanation: The FY 2009 mill levy is 23.114 mills. A further breakdown can be found in the **FY 2009 Johnson County Budget Summary, Page D.44.**

- What is the total assessed valuation for Johnson County?

Location: Reference **FY 2009 Johnson County Budget Summary, Page D.43.**

- What is the average appraised value for a home and a commercial property in Johnson County?

Explanation: The average value of a residential property as of February, 2008 was \$251,000. The average value of a commercial property as of February, 2008 was \$1,523,238.

- What is the average tax impact on a \$251,000 home? On a \$1,523,238 commercial business?

Location: Reference **FY 2009 Johnson County Budget at a Glance, Page D.3.**

- How many FTEs are included in the FY 2009 budget?

Explanation: The FY 2009 Johnson County Budget includes a maximum of 4,126.72 full-time equivalent (FTE) positions. Further information can be found in the **FY 2009 Johnson County Budget - Personnel & Compensation** section.

- How much did average salaries increase for FY 2009?

Explanation: The average budgeted merit increase for employees with competent to superior performance is 3% for FY 2009.

- What revenue growth assumptions were used for FY 2009?

Location: Reference **FY 2009 Johnson County Revenue Summary** section.

- What are the County's major revenue sources?

Location: Reference **FY 2009 Johnson County Revenue Summary** section.

- What is the total ad valorem tax revenue for Johnson County?

Location: Reference **FY 2009 Johnson County Revenue Summary, Page G.4.**

- What Are the Operating Impacts of the Approved CIP Projects?

Location: Reference **Capital Improvements Program Summary, Page H.4-H.5.**

- What new CIP projects are scheduled to receive funding in FY 2009?

Location: Reference **Capital Improvements Program Summary, Pages H.3-H.5.**

- What is the percentage of cash vs. debt for the Johnson County CIP?

Location: Reference **Johnson County Debt Management, Page I.6-I.7.**

- What is the level of outstanding debt in Johnson County?

Location: Reference **Johnson County Debt Management, Pages I.8 -I.13.**

- What are Strategic Programs and how do they relate to the FY 2009 Johnson County Budget?

Location: Reference **FY 2009 Johnson County Budget by Strategic Program, Pages J.2-J.4.**

- What is cost allocation?

Location: Reference **Glossary, Page Q.3.**

Additional Information and Quick Reference Guide

Information regarding the contents of the FY 2009 Budget can be obtained by calling the Johnson County Office of Budget and Financial Planning at 913-715-0605 (fax 913-715-0558) from 8:00 a.m. to 5:00 p.m. (Central time), Monday through Friday.

Internet Access: Summary information on the FY 2009 Budget is available at the following address:
<http://www.jocgov.org>.

Reference copies of the budget document can be viewed at:

Central Resource Library
9875 West 87th Street
Overland Park, KS 66212
913-495-2400

Olathe Public Library
201 East Park
Olathe, KS 66061
913-764-2259

Budget and Financial Planning
111 South Cherry, Suite 2300
Olathe, KS 66061
913-715-0605

Other Johnson County Departments

Brief Description and Phone Number

AIMS	Provides mapping and geographical services 913-715-1600
Airport Commission	Air transportation and industrial real estate development 913-715-6000
Appraiser	Appraisal of County land and property 913-715-9000
Archives and Records Management	Storage of County/historical documents 913-715-0400
Board of County Commissioners	Chief governing and policy-making body 913-715-0430
Budget and Financial Planning	Implementation and administration of annual budget and CIP 913-715-0605
Community Development	Manages Community Development Block Grant (CDBG) funds 913-715-0605
Contractor Licensing	Provides testing and licensing for County building contractors 913-715-2233
Corrections	Supervision of juvenile and adult offenders 913-715-4501
County Manager	Manages County departments and services 913-715-0725
Developmental Supports	Developmental disabilities assistance 913-826-2626
District Attorney	Prosecution of law violators 913-715-3000
District Court Trustee	Enforcement of child support and maintenance 913-715-3600
District Courts	Forum for persons with disputes 913-715-3300
Election Office	Voter registration and election results 913-782-3441
Emergency Communications	Dispatches responders for all fire and EMS calls 913-826-1000
Emergency Management & Homeland Security	Normalization of government during disasters 913-782-3038

Environmental	Waste management; food safety and septic systems 913-715-6900
Extension Council	Education of agriculture/horticulture; 4-H and youth 913-715-7000
Facilities	Physical/environmental needs of County departments 913-715-1100
Financial Management	Financial and procurement services for County departments 913-715-0525
Human Resources	Personnel training/issues 913-715-1400
Human Services and Aging	Monitors human services for all County residents 913-715-8800
Information Technology	Computer management/support 913-715-1500
Infrastructure/Public Works	Maintain and improve County roads and bridges 913-782-2640
Law Library	Legal resources and services for judges, attorneys and citizens 913-715-4154
Legal	Civil representation of County departments 913-715-1900
Library	Provides information and materials to enrich lives 913-495-2400
Med-Act	Emergency medical services 913-715-1950
Mental Health	Services for mental/emotional illness, substance abuse 913-831-2550
Motor Vehicle	Vehicle registration 913-826-1800
Museums	Collects and preserves County history 913-715-2550
Park and Recreation	Operates County parks and streamways 913-438-7275
Planning, Development, and Codes	Zoning administration/code enforcement 913-715-2200
Print Shop	Provides convenient printing needs for County departments 913-715-1385
Public Health	Health services; immunizations; disease control 913-894-2525
Records and Tax Administration	Custodian/recorder of land records, legal descriptions and documents 913-715-0775
Sheriff	Law enforcement and jail operation 913-791-5800
Transportation	Countywide public transportation 913-782-2210
Treasurer	Tax billing, collection and distribution 913-715-2600
Wastewater	Sanitary sewer service 913-715-8500

For further County information, contact the County Manager's office at 913-715-0725 or the County's Constituent Services at 913-715-0450. Visit Johnson County's web site at www.jocogov.org.