

EFFECTS OF DEBT

Debt History:

- From 2005 to 2008 Fairway's revenues escalated.
- During the same time, debt rose by 13 times - without a vote of the public.

Debt Effects:

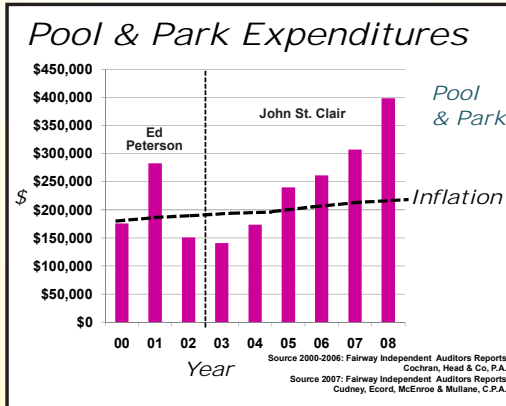
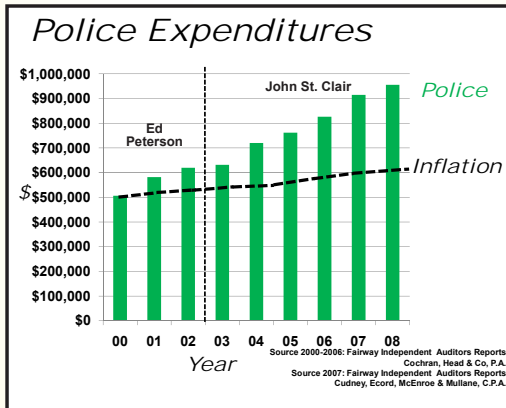
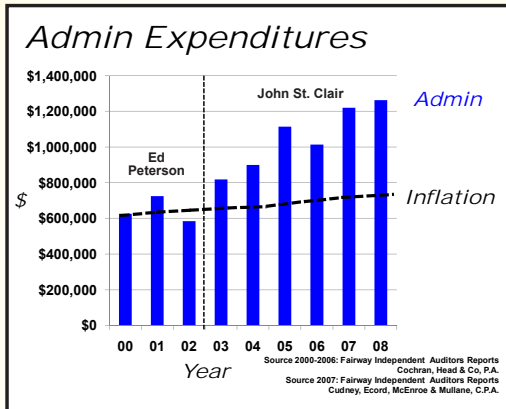
- Debt is a fixed expense, costing us \$800,000/yr
- Debt now consumes 25% of our revenue.

Debt Solutions:

- Last year voters approved a Sales Tax increase. It will bring over \$100,000/yr. for debt service for the next 19 years.
- Still, the draft 2011 Budget forecasts spending will exceed current income by nearly \$500,000
- Three weeks ago, the Fairway Council unveiled a solution: raise property taxes nearly 70%.
- Unlike the recent Fairway sales tax increase, a property tax increase will not go to a vote of the public.

SPENDING ABOVE THE RATE OF INFLATION

- Fairway has spent above the rate of inflation.



SPENDING = TAX BURDEN

- Like all households or businesses in these economic times, we must cut expenditures to meet current revenues.
- Approving a budget which is larger than current revenues will increase property taxes.

Source Material:

- "Official Public Notice of Fairway Budget Hearing with Budget Summary and Estimated Mill Levy Rate", *The Legal Record*, July 27, 2010
- *Fairway Outstanding Debt Summary 3/10/10*
- *2011 Draft Fairway Budget*
- *Fairway Auditor's Reports 2000-2008*

FAIRWAY BUDGET HEARING

MONDAY, AUGUST 9TH

7:00 PM

CITY HALL

4210 SHAWNEE MISSION PKWY

SUITE 100

ABOUT DR. MICHAEL TANSEY

- Bachelor's degree in Economics from Harvard and PhD in Economics from the University of Wisconsin.
- From 1971-1973 Dr. Tansey served with President Nixon's administration as a member of the Cost of Living Council.
- Dr. Tansey teaches Economics at the Graduate level.

THERE IS AN ALTERNATIVE TO 70% TAX INCREASE

- Now that debt represents 25% of our fixed expenses, we must reduce other spending.
- Spending can be tailored to reflect growth consistent with inflation.

Year	Dept	Spending	Percent Increase	Excess Spending above Inflation *
2000	Admin	\$626,013	101%	\$504,502
2008		\$1,262,239		
2000	Police	\$506,157	89%	\$343,664
2008		\$956,326		
2000	Pool & Park	\$175,758	127%	\$186,084
2008		\$398,825		
Total Excess Spending above Inflation				\$1,034,250

* Inflation based on Consumer Price Index (CPI)
All Figures from Fairway Annual Auditor's Report 2000-2008

FAIRWAY



Proposed 70% Tax Increase

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Fairway, Ks 66205