

# Trend Monitoring Report



for the fiscal year  
ended Dec. 31, 2017

## Treasury & Financial Management

Honorable Members of the Board of County Commissioners and  
County Manager  
Johnson County, Kansas

Ladies and Gentlemen:

The Johnson County Treasury and Financial Management Department is pleased to present the 2017 Trend Monitoring Report. This document presents financial and operational information which facilitates evaluation of past performance and allows for future planning. The County adheres to financial policies adopted by the Board of County Commissioners. These policies can be viewed using the following internet link: <http://www.jocogov.org/dept/budget-and-financial-planning/financial-policies>.

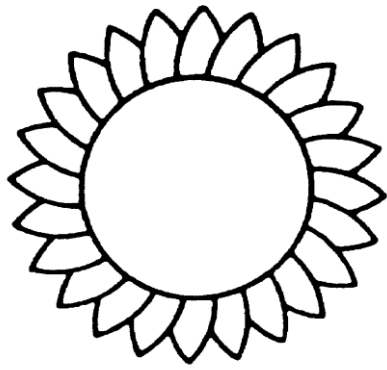
The 2017 Trend Report is organized to provide pertinent information regarding the County's programs and related budgetary, financial and demographic information. This document is divided into the following sections:

- ◆ Revenues
- ◆ Expenditures
- ◆ Operating Position
- ◆ Debt Structure
- ◆ Demographics
- ◆ Property Tax Base
- ◆ Business Activity

The information on the Consumer Price Index - Urban (CPI-U) has been added to those indicators where it is appropriate to factor out the effects of inflation. In all cases, the raw numbers, as well as the CPI-U adjusted figures, are displayed for your analysis. The CPI-U is the Consumer Price Index for all Urban Consumers. It is the broadest, most comprehensive, and most commonly used Consumer Price Index. The CPI-U figures are shown rounded to two decimal places, but the actual formulas used to calculate the resulting "constant dollar" figures carried the CPI-U decimal places out to their ultimate result.

Treasury and Financial Management thanks the Board of County Commissioners and County Management for their continued support in maintaining the highest standards for financial reporting. We also extend our gratitude to the personnel involved in gathering the data and producing the report.

Thomas G. Franzen, CTP, CPFO  
Director of Treasury and Financial Management



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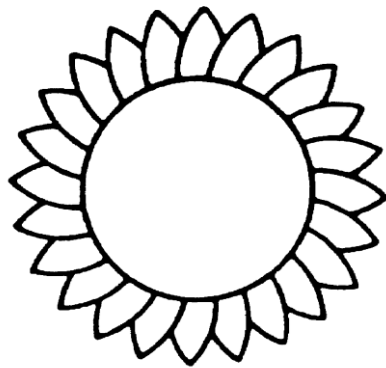
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# Revenues

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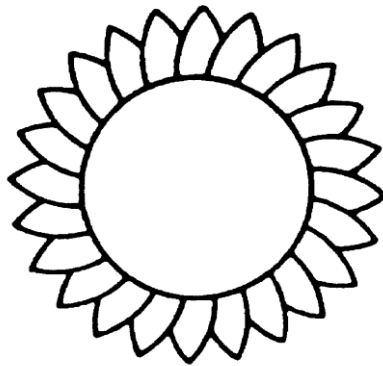
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## **REVENUES**

- Revenues for all Budgeted Funds
- Comparison of Actual and Budgeted Revenues in all Budgeted Funds
- Per Capita Revenue from *Ad Valorem* Tax and *Ad Valorem* Tax as a Percentage of Assessed Valuation
- Budgeted and Actual Tax Collection Rates as a Percentage of Current Tax Levy





# REVENUES FOR ALL BUDGETED FUNDS

## DESCRIPTION:

The tables and graphs on the following page illustrate the revenue collections of the County by major categories. Some categories include multiple revenue sources. Revenues collected are shown in dollars and by percentage of total revenue for all budgeted funds. Significant changes in revenues may indicate a high degree of sensitivity to the state of the economy, timing of receipts from the State of Kansas and the United States Government, and rate adjustments resulting in tax increases or decreases.

## POLICY REFERENCES:

This section is prepared in compliance with Financial Policies developed pursuant to Resolution 122-02.

## ANALYSIS:

**Ad Valorem Tax** revenues are derived from taxes levied on real estate, tangible personal property (excluding motor vehicles), and state assessed utilities. Property taxes reflect changes in real estate prices, which are affected by interest rates and changes in the local economy. Ad Valorem Taxes are recognized as revenue in the year following assessment of real estate, tangible personal property, and state assessed utilities values. Annual assessed values remained relatively constant through 2013 due to lingering effects of the recession. In 2014, assessed values increased by 5.94% compared to 2013 and maintained an annual average increase of 6.33% through 2017. The County mill levy maintained a <1% annual increase until 2016 when a 3.325 mill levy increase was adopted. The mill levy increase produced a 20.47% increase in 2016 Ad Valorem tax revenues. 2017 Ad Valorem tax revenues increased 6.11%, similar to the change in assessed value. Ad Valorem tax as a percentage of total revenues increased from 27.86% in 2013 to 34.10% in 2017.

**Delinquent Penalties and Interest** revenues can vary widely, often depending on the state of the economy. Due to diligent collection efforts, the County Treasurer's Office has maintained a 99% collection rate of total taxes due. Delinquent penalties and interest as a percentage of total revenues continued a downward trend from 0.47% in 2013 to 0.27% in 2017.

**Special Assessments** revenue as a percentage of total revenue remained flat around 0.07% for the five-year period 2013 to 2017 as a result of fewer benefit districts being created.

**Sales, Compensating Use, and Other Taxes** have maintained an annual average growth rate of 4.27% from 2013 thru 2016. Increases are primarily due to increased consumer spending benefited from improvements in the labor market. That being said, Public Safety Sales Tax III was implemented in 2017 which contributed an additional \$17M and 21.10% increase in sales tax related revenue over 2016. For the five year period, tax revenues have increased 37.17%. Sales, Compensating Use, and Other Taxes as a percentage of total revenue has increased from 16.03% in 2013 to 19.79% in 2017.

The State sales and use tax rate changed from 6.3% to 6.15% effective on July 1, 2013 and then to 6.50% effective July 1, 2015. Johnson County levies five countywide sales taxes totaling 1.35% (Local – 0.50%, Stormwater – 0.10%, Public Safety – 0.25%, Public Safety II – 0.25%, Public Safety III – 0.25%). The Research Triangle Sales tax of 0.125% is not included in the total of 1.35% because it is a pass through sales tax with the total being immediately distributed to the Johnson County Education Research Triangle Authority. While the County will levy a rate of 1.35%, excluding the Research Triangle Sales Tax, an estimated effective rate of .698% is retained by the County. The reason for the variation is a portion of the Local Sales Tax and the Public Safety Sales Taxes are remitted to the cities.

**Intergovernmental** revenues are those revenues received from the Federal, State and other local governments. Generally speaking, intergovernmental revenues are largely comprised of grant funds. County departments with the largest share of intergovernmental revenues in 2017 were Human Services (\$15.2M) and Public Works (\$11.7M). Intergovernmental revenues decreased \$11M in 2014 mainly due to the transfer of Transit to KCATA and the County spending down existing grants (new Transit grants will be applied for and managed by KCATA). Since 2014, revenues have remained relatively constant around \$47M annually.

**Charges for Services** revenues increased .21% from 2013 to 2017 and were 31.00% of total revenues in 2017. 2017 annual revenue decreased 10.00% (\$25M) compared to 2016 due to a change in the budgetary Risk Management cost allocation method for the General Fund. 2017 actual to budget variances were not impacted by this change because General Fund Cost Allocation revenue is no longer included in the budget. Johnson County Wastewater (JCW) is the largest contributor to Charges for Services revenue at 59.60% of total in 2017.

JCW Charges for Services revenue increased 29.08% from 2013 to 2017. The increase was related to increases in Wastewater user and capital finance Equivalent Dwelling unit (EDU) charges, an increased connection fee rate, as well as the increased number of connections due to local building activity growth. EDU charges have historically provided funding for major capital expenditures and associated debt service. In 2013, the EDU charge was transitioned from the tax rolls to JCW customer bills along with bi-monthly user charges that fund Operations and Maintenance. Starting in 2014, customers began receiving a true combined bill wherein the former EDU portion is replaced with a Capital Finance charge based on similar criteria used for the Operations and Maintenance user charges. The combined charges are in line with industry best practices.

**Interest** revenues have largely reflected the influence of prevailing rates of interest available in the markets. Interest revenues in 2014 increased by 49.84%, to \$2.7M, in part due to selection of longer maturity investments yielding higher returns in addition to continuation of the prevailing interest rate environment. In 2015, interest revenues increased by a moderate 2.60% to \$2.8M which reflected the current selection of shorter maturity investments yielding more moderate returns. The strategy of selecting shorter maturity investments was intended to provide increased flexibility to meet current liquidity needs of the County. 2016 reflected a 76.57% increase in revenues from \$2.8M in 2015 to \$4.9M in 2016. In 2017 interest revenues followed the same pattern as 2016 with a 43.35% increase or over prior year. In 2016 and 2017 the increase in income was due to new debt issuances held in accounts and longer term investments yielding higher interest rates. Interest revenue was .60% of total revenues in 2017.

**Licenses and Fees** represent a small part of the overall revenue for budgeted funds. They fluctuate depending on permits issued for commercial property, residential property, and sewers within the County. These fluctuations are the result of economic conditions and the infrastructure needs of County residents. Licenses and fees decreased 17.90% from 2013 to 2017. License fees as a percentage of total revenues was 0.60% in 2017.

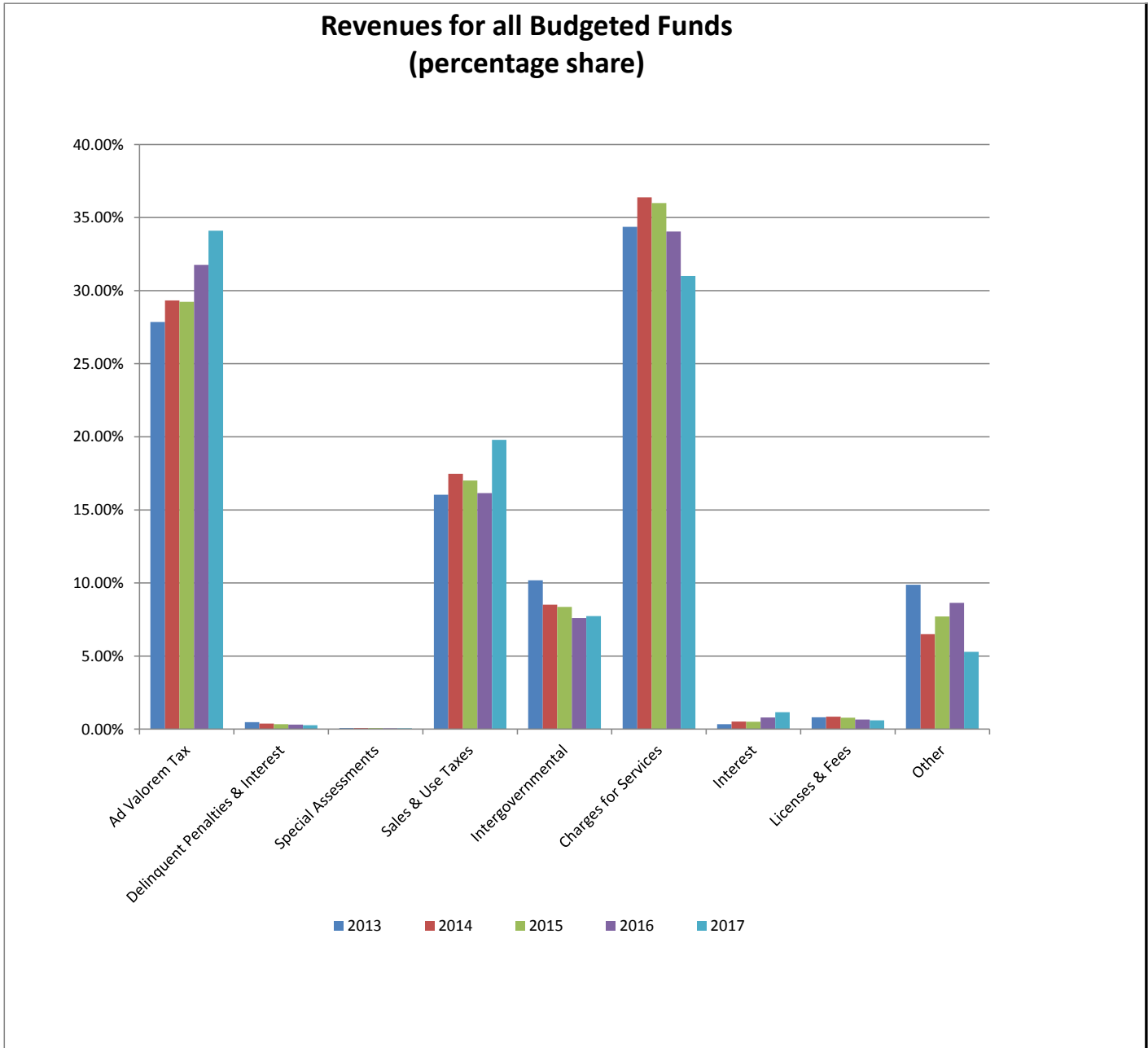
**Other** revenues have fluctuated as a percentage of total revenues from a high of 9.87% in 2013, to a low of 5.29% in 2017. Significant increases in Other revenues can be tied to years where larger amounts of Wastewater debt were issued. Wastewater issuances of General Obligation Internal Improvement bonds that contributed to increased revenues over the last five years were:

2012- \$37M  
2013- \$41M  
2014- \$20M  
2015- \$30M  
2016- \$32M  
2017- \$15M

Other sources of revenue within this category include rental income, court settlements, proceeds from the sale of capital assets, and bond proceeds which can all vary dramatically from year to year. Other revenues as a percentage of total revenues was 5.29% in 2017.

## REVENUES FOR ALL BUDGETED FUNDS

	2013	2014	2015	2016	2017
<b>Ad Valorem Tax</b>	\$ 153,307,184	\$ 154,811,729	\$ 163,128,484	\$ 196,522,312	\$ 208,522,730
<b>Delinquent Penalties &amp; Interest</b>	2,611,385	2,008,269	1,923,115	1,923,367	1,667,479
<b>Special Assessments</b>	402,734	380,949	403,898	372,691	369,381
<b>Sales, Use &amp; Other Taxes</b>	88,213,303	92,216,285	94,894,461	99,919,366	121,003,760
<b>Intergovernmental</b>	56,031,991	44,949,847	46,652,490	47,019,539	47,263,956
<b>Charges for Services</b>	189,178,073	192,066,387	200,805,502	210,631,714	189,571,986
<b>Interest</b>	1,810,572	2,712,919	2,783,378	4,914,562	7,045,136
<b>Licenses &amp; Fees</b>	4,466,925	4,469,402	4,324,338	4,076,265	3,667,561
<b>Other</b>	54,333,324	34,291,287	43,004,661	53,441,449	32,341,002
<b>Total (Actual Dollars)</b>	<b>\$ 550,355,491</b>	<b>\$ 527,907,074</b>	<b>\$ 557,920,327</b>	<b>\$ 618,821,265</b>	<b>\$ 611,452,991</b>
<b>Consumer Price Index - Urban</b>	100.00	100.67	99.83	100.80	101.85
<b>Total (Constant Dollars)</b>	<b>\$ 550,355,491</b>	<b>\$ 524,393,637</b>	<b>\$ 558,870,407</b>	<b>\$ 613,909,985</b>	<b>\$ 600,346,579</b>



Source: Johnson County Financial Records

# COMPARISON OF ACTUAL AND BUDGETED REVENUES IN ALL BUDGETED FUNDS

## DESCRIPTION:

Actual revenues collected are compared with budgeted revenues for all funds. This indicator highlights the importance of revenue estimation to Johnson County decision makers.

## POLICY REFERENCES:

This section is prepared in compliance with Financial Policies developed pursuant to Resolution 122-02.

## ANALYSIS:

The County formed a Revenue Estimating Committee in 1994. The mission of this group, composed of representatives from the offices of the County Manager, Budget, Treasury and Financial Management, Records and Tax Administration, and Appraiser, is to review projections of the County's major revenue sources and provide recommendations on projected revenues to the County Manager. By using staff from various County departments and agencies, a more diverse view of the local economy can be gained and incorporated into revenue modeling activities. The success of this group is measured by the percentages of variance between budgeted and final major revenue figures for the years in which the Committee has been active.

In 2013, actual revenues were slightly below the budget expectations by \$6.0M or 1.07%. This variance is primarily caused by significant revenue shortfalls from Mental Health, specifically in the fees for services area, which were running far behind projections.

In 2014, actual revenues were \$26.5M or 4.78% less than the budget expectations. There are several components to this variance. A shortfall of \$4.3M is due to fewer registered mortgages and recording fees received. Budgeted grant revenue was about \$9M more than actually received. The bond proceeds for Johnson County Wastewater are \$12M less than budgeted.

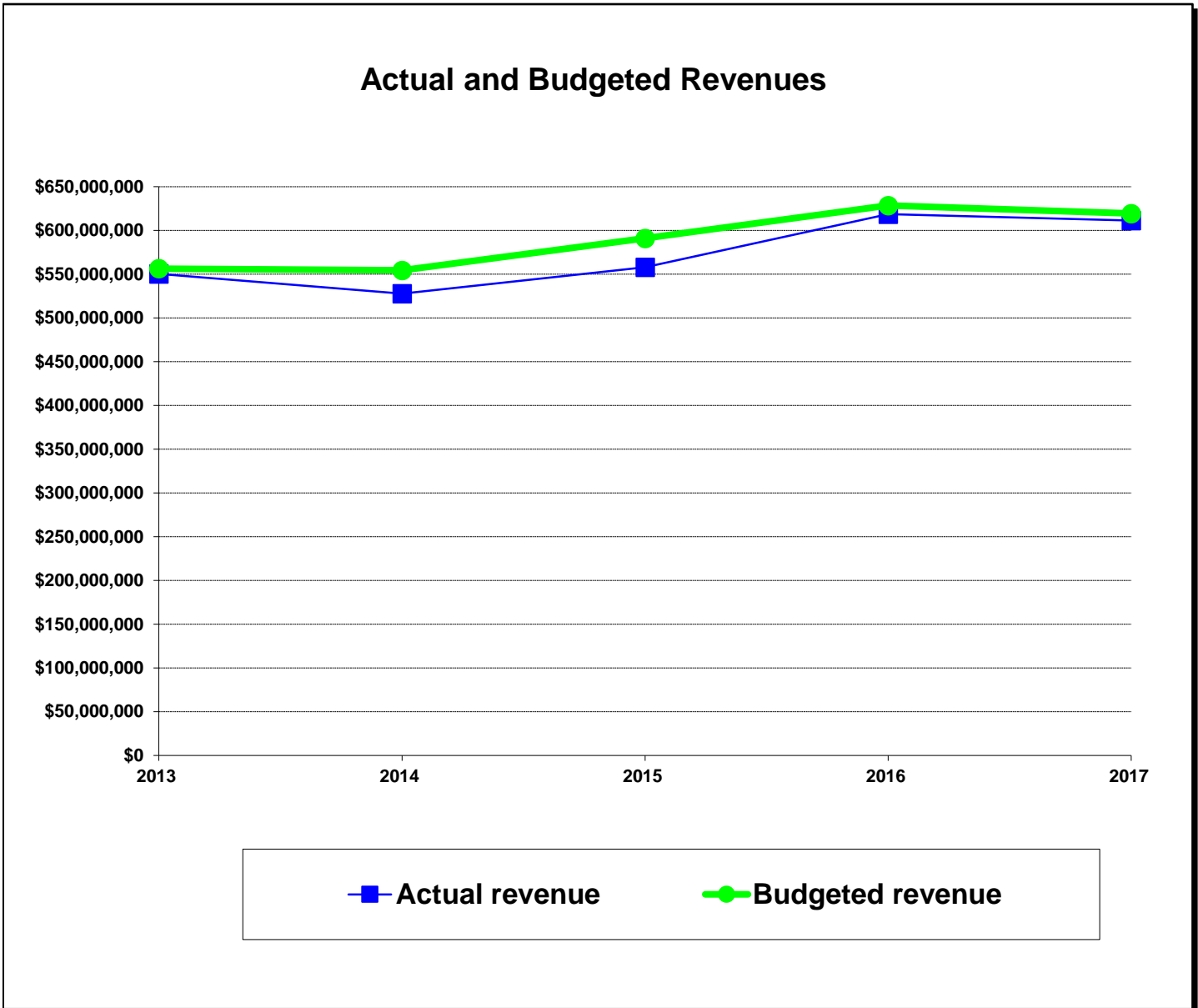
In 2015, actual revenues were \$33M or 5.60% less than budget expectations. The largest variances were due to actual Wastewater Bond revenue being \$23M or 55.28% less than budget and actual General Fund grant revenue being \$8M or 2.74% less than budget.

In 2016, actual revenues were \$9.7M or 1.54% less than budgeted expectation. The largest budget variances in 2016 were Transit revenue \$4.5M or 66.5 % less than budget due to migration of management and operations to the Kansas City Area Transportation Authority along with service and grant revenues. Wastewater revenues were \$4.4M or 2.92% more than budget due to increases in Charges for Services, Special Assessment Charges, and Governmental loan revenues. Mental Health revenues were \$3.0M or 9.99% less than budget due to decreased Intergovernmental and Charges for Services revenues. General Fund Intergovernmental revenues were \$7.6M or 2.42% less than budget due to decreased Intergovernmental and Charges for Services revenues.

In 2017, actual revenues were \$7.9M or 1.27% less than budgeted expectation. The largest revenue variances in 2017 were from Wastewater being \$14.6M or 9.48% less than budget mainly due to less bond revenue being received than expected, General Fund being \$11.0M or 3.71% more than budget due to increased tax revenues received, Transit revenue being \$7.4M or 92.33 % less than budget due to migration of management and operations to the Kansas City Area Transportation Authority, and Mental Health being \$2.4M or 8.02% more than budget due to increased Charges For Services and Intergovernmental revenues.

## COMPARISON OF ACTUAL AND BUDGETED REVENUES IN ALL BUDGETED FUNDS

	2013	2014	2015	2016	2017
Actual revenue	\$ 550,355,491	\$ 527,907,074	\$ 557,920,327	\$ 618,821,265	\$ 611,452,991
Budgeted revenue	556,320,767	554,398,013	590,990,530	628,490,530	619,303,954
Over (under) budget	\$ (5,965,276)	\$ (26,490,939)	\$ (33,070,203)	\$ (9,669,265)	\$ (7,850,963)
Percent of revenue Over (under) budget	-1.07%	-4.78%	-5.60%	-1.54%	-1.27%



Source: Johnson County Financial Records

# PER CAPITA REVENUE FROM AD VALOREM TAX AND AD VALOREM TAX AS A PERCENTAGE OF ASSESSED VALUATION

## DESCRIPTION:

*Ad valorem* tax revenues are analyzed based on the number of residents in the County and as a percentage of assessed valuation. The 2017 population figure is the County estimate based upon information from the Bureau of Economic Analysis. This *per capita* indicator illustrates the average property tax obligation each resident bears to support functions of the county government. The *ad valorem* tax as a percentage of assessed valuation indicates how much of the tax revenue is attributable to increases or decreases in assessed valuation as opposed to changes in the mill levy.

## POLICY REFERENCES:

This section is prepared in compliance with Financial Policies developed pursuant to Resolution 122-02.

## ANALYSIS:

*Ad valorem* tax revenues are derived from taxes levied on real estate, tangible personal property (excluding motor vehicles) and state assessed utilities.

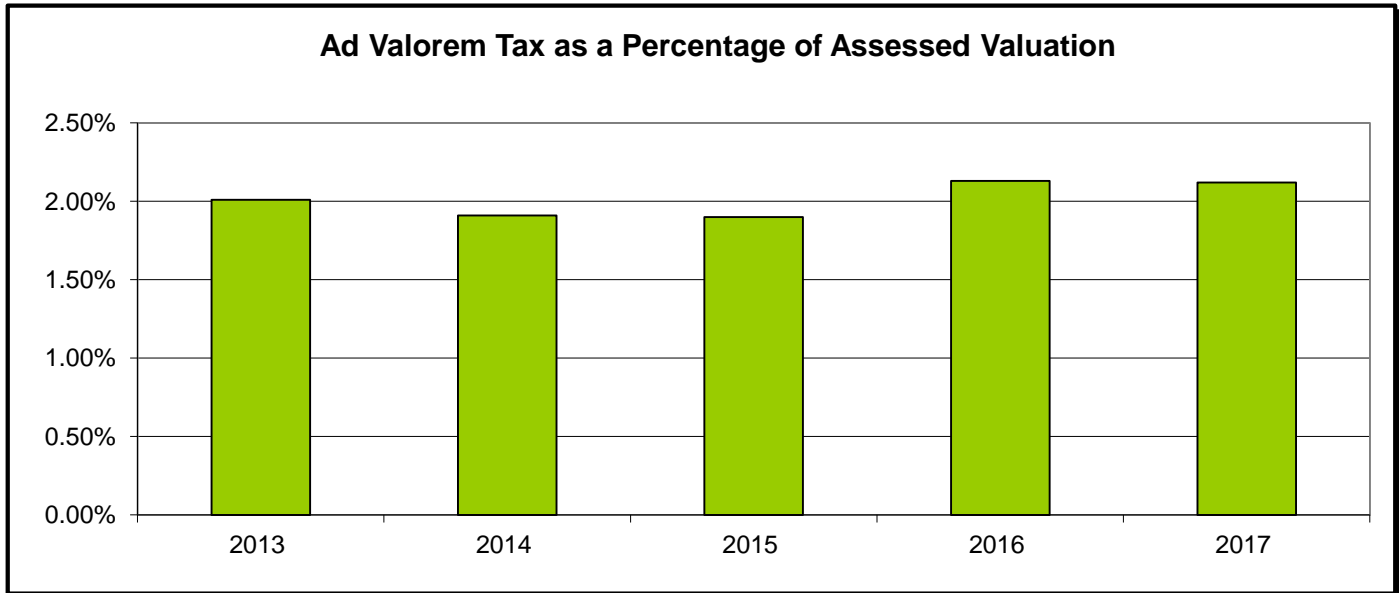
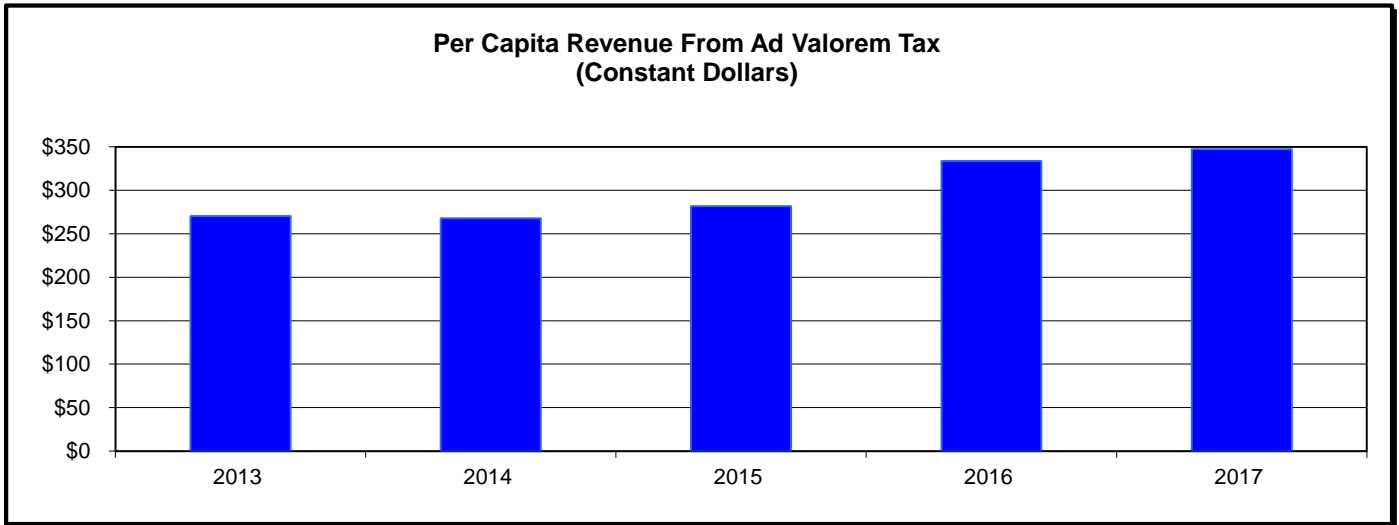
In constant dollars, the *ad valorem* tax *per capita* fluctuated from a low of \$268 in 2014 to a high of \$347 in 2017. These fluctuations correspond to changes in assessed valuation, tax levies, population and adjustment from inflation.

The 2017 County mill levy, including the County Library and Park and Recreation District, increased from 26.595 in 2016 to 26.607 in 2017.

The *ad valorem* tax as a percentage of assessed valuation was on a downward trend until 2016. 2016 and 2017 percentages remained constant around 2.13%. The percentage fluctuated from a low of 1.90% in 2015 to a high of 2.13% in 2016.

**PER CAPITA REVENUE FROM AD VALOREM TAX**  
(In Constant Dollars)

	2013	2014	2015	2016	2017	Five Year Change
Ad Valorem Tax	\$ 153,307,184	\$ 154,811,729	\$ 163,128,484	\$ 196,522,312	\$ 208,522,730	
Consumer Price Index - Urban	100.00	100.67	99.83	100.80	101.85	
(In Constant Dollars)	\$ 153,307,184	\$ 153,781,394	\$ 163,406,275	\$ 194,962,611	\$ 204,735,130	33.55%
Population*	566,933	574,096	580,159	584,451	589,609	4.00%
Ad Valorem Tax Per Capita						
(In Constant Dollars)	\$ 270.41	\$ 267.87	\$ 281.66	\$ 333.58	\$ 347.24	28.41%
Change from Previous Year		-0.94%	5.15%	18.43%	4.09%	
Assessed Valuation	\$ 7,630,978,170	\$ 8,084,290,606	\$ 8,596,593,490	\$ 9,229,880,308	\$ 9,858,473,397	
Consumer Price Index - Urban	100.00	100.67	99.83	100.80	101.85	
(In Constant Dollars)	\$ 7,630,978,170	\$ 8,030,486,347	\$ 8,611,232,585	\$ 9,156,627,290	\$ 9,679,404,415	26.84%
Ad Valorem Tax as a percentage of Assessed Valuation	2.01%	1.91%	1.90%	2.13%	2.12%	



Source: Johnson County Financial Records  
Source: Bureau of Economic Analysis

## **BUDGETED AND ACTUAL TAX COLLECTION RATES AS A PERCENTAGE OF CURRENT TAX LEVY**

### **DESCRIPTION:**

Johnson County adopts annual budgets for thirty-one separate and distinct funds. Ten of these funds levy *ad valorem* property taxes to support operations and honor obligations. When determining the revenues needed to support these budgets, the County assumes some portion of tax bills will be delinquent. The amount of the taxes collected compared to the amount levied is commonly known as the collection rate.

Johnson County tax bills are mailed to property owners or their lending institutions on or about November 1<sup>st</sup> and May 1<sup>st</sup> of each year. Property tax bills mailed in calendar year 2016 are referred to as 2016 taxes, even though these funds support operations in fiscal year 2017. The year 2016, in this example, is also known as the tax levy year. The tax levy years are illustrated in the table and graph on the next page.

### **POLICY REFERENCES:**

This information is presented in conformity with K.S.A. 79-2930.

### **ANALYSIS:**

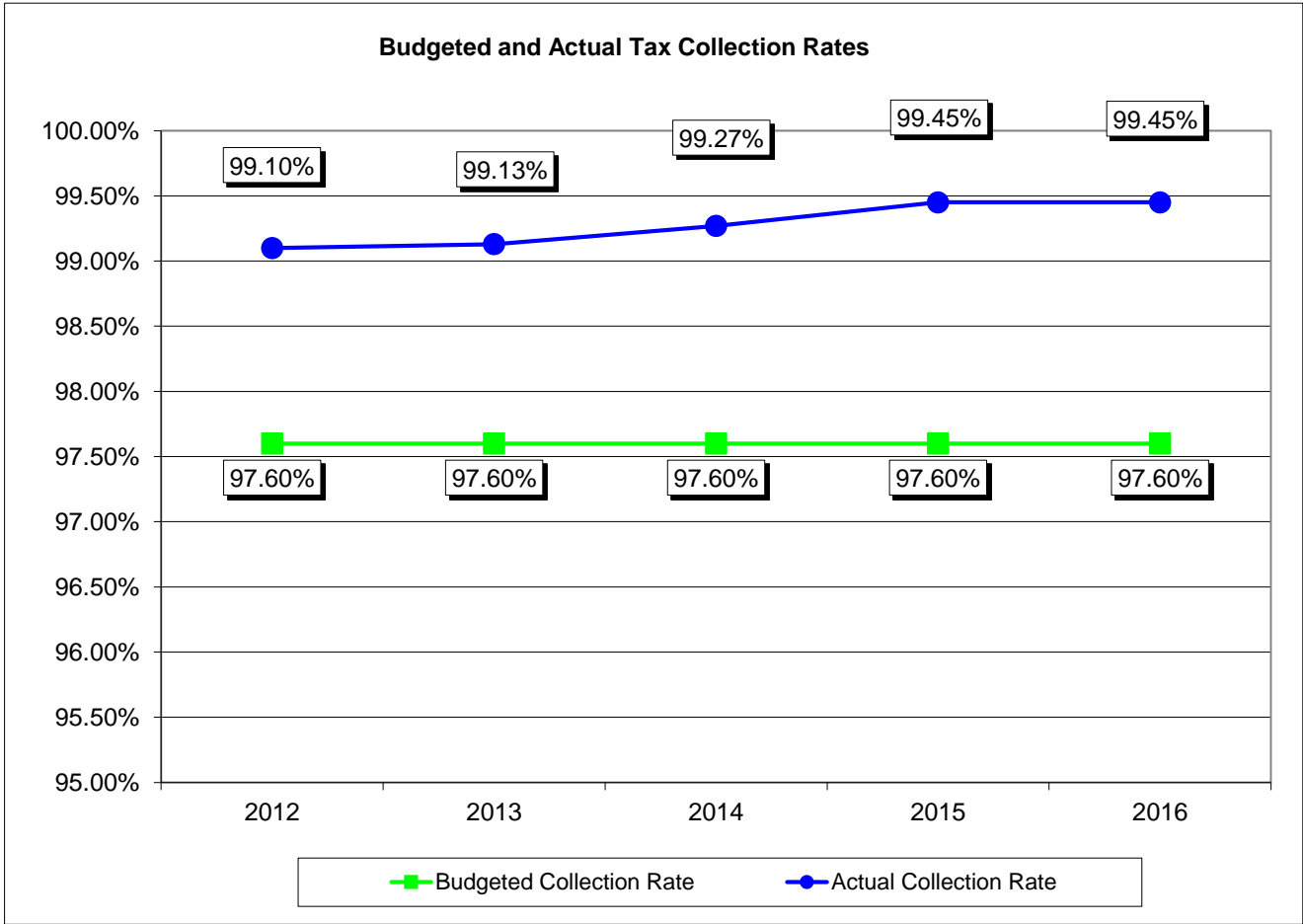
The budgeted collection rate has remained constant at 97.60% since 2005.

The actual collection rate since 2012 has been above 99%.



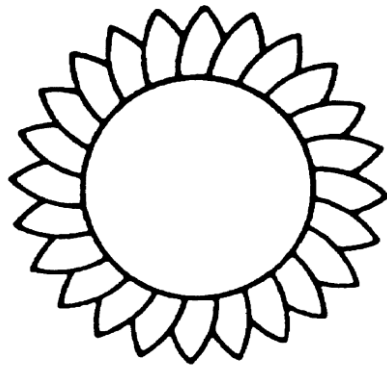
**BUDGETED AND ACTUAL TAX COLLECTION RATES  
AS A PERCENTAGE OF CURRENT TAX LEVY**

	2012	2013	2014	2015	2016
<b>Budgeted Current Tax Levy</b>	<b>\$152,289,988</b>	<b>\$154,533,291</b>	<b>\$162,711,129</b>	<b>\$193,777,554</b>	<b>\$207,617,559</b>
<b>Budgeted Collection Rate</b>	97.60%	97.60%	97.60%	97.60%	97.60%
<b>Actual Current Tax Collections</b>	<b>\$150,921,324</b>	<b>\$153,184,349</b>	<b>\$161,523,261</b>	<b>\$192,702,540</b>	<b>\$206,471,779</b>
<b>Actual Collection Rate</b>	99.10%	99.13%	99.27%	99.45%	99.45%



Source: Johnson County Financial Records  
2012-2016 Capital & Operating Budgets

\*Prior years 2010-2013 restated for consistency in TIF/NRA adjustments to tax levies and collections.



# Expenditures


## **EXPENDITURES**

- Expenditures Overview
- Expenditures by Strategic Program for all Budgeted Funds
- Expenditures Per Capita by Strategic Program for all Budgeted Funds, Excluding Capital Outlay
- Budgeted FTE Employee Positions per 1,000 County Residents
- Change in Budgeted FTE Employee Positions as a Percentage of Total FTE Position Growth
- County Provided Services on Behalf of the State

# EXPENDITURES OVERVIEW

Expenditures are a cost measurement of the County's service output. Expenditures by strategic programs are shown in actual dollars, constant dollars, and constant dollars *per capita* within this section of the Trend Report. Capital Outlay analysis is across all agencies, excluding expenditures for projects in the five-year Capital Improvement Plan.

## Classification of Agencies and Departments By Strategic Program

### General Government

Appraiser  
 Archives & Records Management  
 Board of County Commissioners  
 Budget & Financial Planning  
 County Building Fund  
 County Manager's Office  
 Countywide Support  
 Elections/Registration  
 Facilities  
 Fleet  
 Human Resources  
 Legal  
 Print Shop  
 Records and Tax Administration  
 Risk Management  
 Technology & Innovation  
 Treasury & Financial Management

### Public Safety & Judiciary

911 Funds  
 Controlled Substance  
 Corrections  
 District Attorney  
 District Attorney Forfeited Property  
 District Court Trustee  
 District Courts  
 Emergency Management & Communications  
 Justice Information Management System (JIMS)  
 Law Library  
 Med-Act  
 Prosecutor Training & Assistance  
 Public Safety Sales Tax  
 Sheriff  
 Sheriff Forfeited Property  
 Weapons Licensure

### Public Works & Transportation

Airport  
 Public Works  
 Stormwater  
 Transportation  
 Wastewater Operations and Maintenance (O & M)  
 Wastewater SRCFP \*\*

### Health & Human Services

Alcohol Tax  
 Developmental Supports  
 Extension Council  
 Health & Environment  
 Human Services  
 Mental Health

### Culture & Recreation

Developer Fees  
 Fair  
 Heritage Trust  
 Library Operating  
 Library Special Use  
 Museums  
 Park & Recreation General  
 Park & Recreation Employee Benefits  
 Park & Recreation Bond & Interest  
 Park & Recreation Enterprise  
 Stream Maintenance

### Planning and Economic Development

Contractor Licensing  
 Economic Development Programs  
 Planning, Development & Codes

\*\* Sewer Repair and Construction Finance Plan (SRCFP)

## EXPENDITURES BY STRATEGIC PROGRAM FOR ALL BUDGETED FUNDS

### DESCRIPTION:

Expenditures by strategic programs are shown in actual dollars, and the total expenditures are shown in both actual and constant dollars. The graphs represent the expenditures by strategic program in actual dollars for all budgeted funds. This indicator allows the County to review changes in expenditure structure and is a measurement of the County's service output.

### POLICY REFERENCES:

This section is prepared in compliance with Financial Policies developed pursuant to Resolution 122-02.

### ANALYSIS:

In actual dollars, total expenditures have increased by 9.79% from 2013 to 2017. The increase in expenditures follows the trend in population growth of 4.00% from 2013 to 2017. As the County population grows, expense related to essential community services grows. Each of the strategic programs shown in the chart is detailed below.

**General Government** expenditures decreased by 2.91% from 2013 to 2017. Expenditures declined from 2013 to 2014, due District Attorney's Office cost centers being moved from the General Government strategic program area to Public Safety in an effort to better align the office's function and program area. This result was about \$8M of expenditures being reclassified between programs. From 2014 to 2015, expenditures increased 7.58% mainly due to \$3M in accounting entries recorded to move Museum Capital Lease debt from the General Governmental fund to the Public Building Commission (PBC) Enterprise fund. For accounting purposes, \$3M in revenue and associated expenditures were recognized on the General Fund's books in 2015 to retire the lease obligation. The lease debt was consolidated with the Arts & Heritage Center project under PBC's revenue bond issuance 2015A. Also contributing to the 2014 to 2015 net change was County departments transitioning responsibility for maintenance of buildings and grounds to the Facilities department. In 2016, the Election office experienced a 43.50% or \$2M increase in expenditures related to the 2016 Presidential election year. In 2017, expenditures declined by 3.12%. In actual dollars, 2017 General Government expenditures accounted for approximately 18.19% of total County expenditures for budgeted funds.

**Public Works and Transportation** expenditures increased by 23.51% from 2013 to 2017. From 2013 to 2014, expenditures increased 15.18% driven mainly by the increased costs associated with the inter-local agreement with Kansas City, Missouri and postage, chemicals, electricity, trash hauling and other contractual services for wastewater treatment. From 2015 thru 2017 expenditures remained relatively constant with single digit fluctuations of 5.15%, 3.49%, and -1.46% respectively. Public Works and Transportation accounted for approximately 15.37% of total 2017 County expenditures for budgeted funds.

**Public Safety & Judiciary** expenditures increased by 14.92% from 2013 to 2017. Beginning in 2014, District Attorney's Office cost centers were moved from the General Government strategic program area to Public Safety in an effort to better align the office's function with the program area. This amounted to approximately \$8M of expenditures being reclassified between programs. Excluding this change, the expenditure change from 2013 to 2014 amounted to a 1.1% increase due in large part to the costs of the enhanced 911 system, for equipment used to receive, process and distribute 911 calls to emergency responders, and for maintenance and operation of the Countywide Radio System. Expenditures from 2015 through 2017 have remained relatively constant with annual increases of 2.33%, 3.86%, and .76% respectively. Public Safety accounted for approximately 30.17% of total 2017 County expenditures for budgeted funds.

**Health and Human Services** expenditures increased by 7.77% from 2013 to 2017. 2015 expenditures increased by 4.08% due to additional grant related expenditures by Housing and Mental Health. 2016 and 2017 expenditures moderated with annual increases of 2.72% and 1.94% respectively. Health and Human Services accounted for approximately 17.87% of total 2017 expenditures for budgeted funds.

**Planning and Economic Development** expenditures decreased by 3.76% from 2013 to 2017. In 2014, the expenditures increased by 11.7% due to the one-time matching fund to Enterprise Center of Johnson County (ECJC) with the purpose to expand ECJC's funding base to include more private sector sources and better leverage current County support. In 2015 the annual increase in expenditures moderated to 1.52%. In 2016 annual expenditures decreased by 1.92%. In 2017 expenditures decreased 13.49% due to change in Risk Management cost allocations. Planning and Economic Development expenditures accounted for approximately 0.65% of total 2017 County expenditures for budgeted funds.

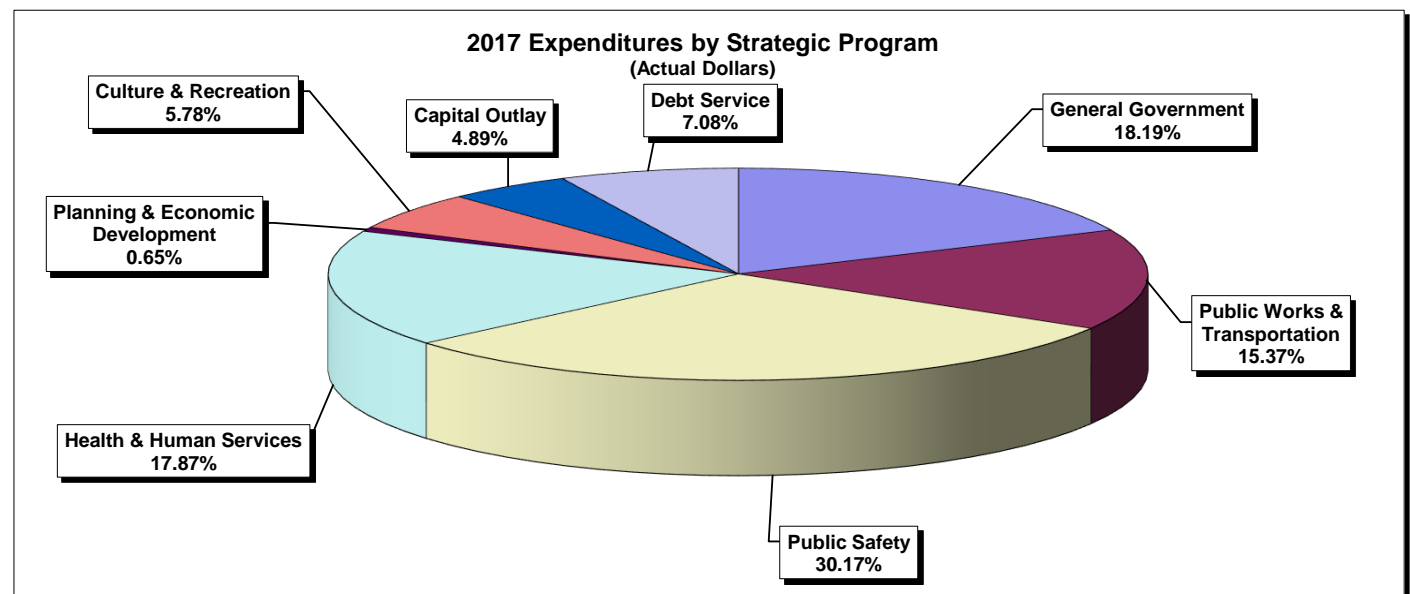
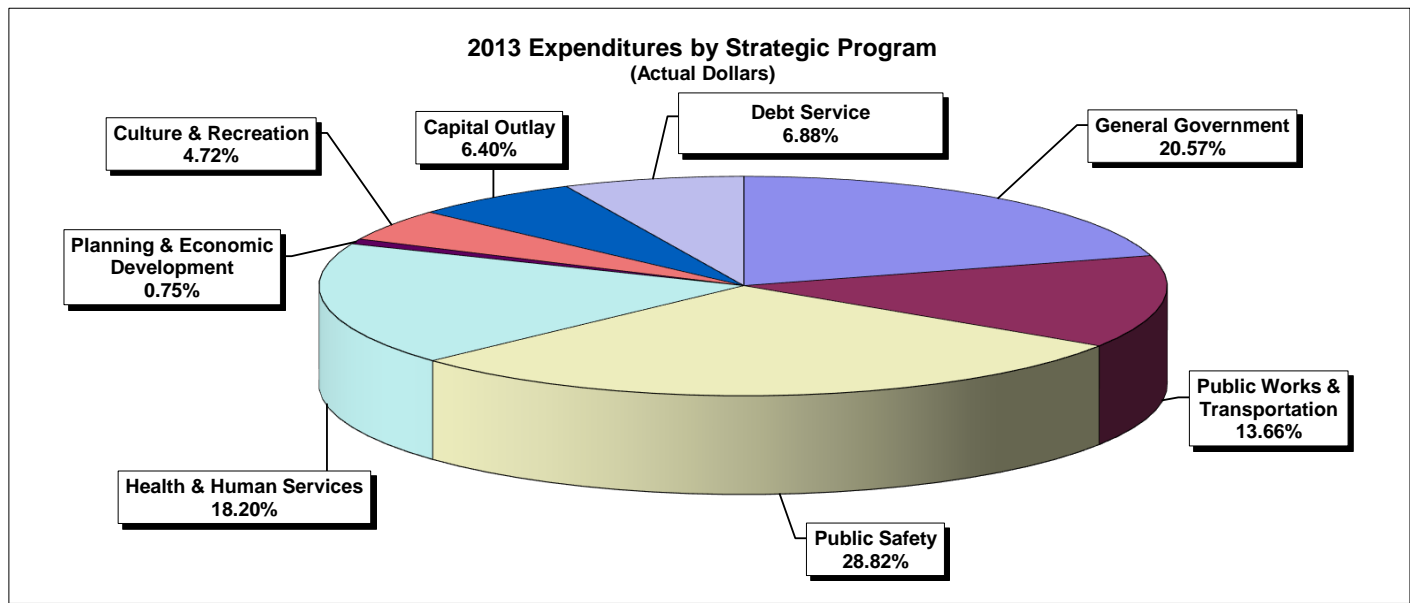
**Culture and Recreation** expenditures increased 34.55% from 2013 to 2017. From 2013 to 2014, expenditures increased 4.4% primarily due to contractual services related to the Central Library upgrade, the Monticello Library Phase I project, additional sorter equipment maintenance, and increased one-time collections restoration costs. Expenditures rose a minimal 1.40% from 2014 to 2015. In 2016 annual expenditures rose 26.02% or \$5.9M mostly due to the Monticello Library construction project and other Library Master Plan projects. 2017 expenditures remained constant with a .89% increase over 2016. Culture and Recreation expenditures accounted for approximately 5.78% of total 2017 County expenditures for budgeted funds.

**Capital Outlay** expenditures decreased 16.01% from 2013 to 2017. Capital Outlay represents only capital expenditures within departments' operating budgets, including PBC lease payments. Projects within the five year Capital Improvement Program are not included in this analysis. 2014 expenditures decreased by 7.58% due to reduced federal grant funding for transportation. The \$10.7M in TIGER grant funding for transit infrastructure improvements in Johnson County that started in 2010 was spent down by 2014. Capital outlay expenditures decreased 7.09% from 2014 to 2015 due to a \$3.4M decrease in the County's transportation department grant spending related to the migration of department functions to the Kansas City Area Transportation Authority (KCATA). In 2016 Capital Outlay expenditures continued to decrease by 9.03%, or \$2.3M, again due to transfer of Johnson County Transit operations to KCATA and decreased project spending at Johnson County Airport. 2017 expenditures increased 7.51% due to increased lease payments to the Public Building Commission. Capital outlay expenditures accounted for approximately 4.89% of total 2017 County expenditures for budgeted funds.

**Debt Service** expenditures increased 12.92% from 2013 to 2017. In 2012 and 2013, expenditures decreased by 6% attributable to the lower interest rates and the refinancing of existing debt at more favorable rates. In 2014 the expenditures increased by 7.2% compared to 2013 due to increased principal and interest payments for Wastewater SRCFP (Sewer Repair and Construction Finance Plan). From 2014 to 2015 expenditures decreased by 8.31% mainly due to decrease in Wastewater debt principal paid during the year. In 2016 expenditures increased 12.76% over 2015 due to the increase in Wastewater debt principal payments. 2017 expenditures leveled off with only a 1.85% increase over prior year. Debt Service expenditures accounted for approximately 7.08% of the total 2017 County expenditures for budgeted funds.

## EXPENDITURES BY STRATEGIC PROGRAM FOR ALL BUDGETED FUNDS

	2013	2014	2015	2016	2017	Five Year Change
General Government	\$ 93,362,647	\$ 85,853,658	\$ 92,112,395	\$ 93,564,452	\$ 90,646,875	-2.91%
Public Works & Transportation	61,995,587	71,406,640	75,084,702	77,707,406	76,570,650	23.51%
Public Safety & Judiciary	130,824,884	140,398,126	143,665,791	149,213,956	150,347,179	14.92%
Health & Human Services	82,613,917	81,687,569	85,023,970	87,339,316	89,030,891	7.77%
Planning & Econ. Development	3,384,362	3,781,544	3,838,991	3,765,196	3,257,093	-3.76%
Culture & Recreation	21,401,344	22,334,889	22,647,400	28,541,003	28,794,607	34.55%
Capital Outlay	29,031,735	26,831,834	24,929,174	22,679,068	24,382,818	-16.01%
Debt Service	31,242,679	33,503,287	30,719,780	34,639,275	35,279,784	12.92%
<b>Total (Actual Dollars)</b>	<b>\$ 453,857,155</b>	<b>\$ 465,797,547</b>	<b>\$ 478,022,203</b>	<b>\$ 497,449,672</b>	<b>\$ 498,309,897</b>	<b>9.79%</b>
Consumer Price Index - Urban	100.00	100.67	99.83	100.80	101.85	1.85%
<b>Total (Constant Dollars)</b>	<b>\$ 453,857,155</b>	<b>\$ 462,697,474</b>	<b>\$ 478,836,225</b>	<b>\$ 493,501,659</b>	<b>\$ 489,258,613</b>	<b>7.80%</b>



Source: Johnson County Financial Records



# EXPENDITURES PER CAPITA BY STRATEGIC PROGRAM FOR ALL BUDGETED FUNDS EXCLUDING CAPITAL OUTLAY

## DESCRIPTION:

This indicator shows changes in expenditures per capita by strategic program, which reflect changes in expenditures relative to changes in population. Increasing per capita expenses may indicate that the cost of providing services is growing faster than the County's per capita personal income or other relevant tax base.

## POLICY REFERENCES:

These statistics and analyses are presented for information only.

## ANALYSIS:

Constant dollar expenditures across all strategic areas combined have increased 9.53% from 2013 to 2017 while the County population has grown 4.00%. This has caused an increase in the total expenditures per capita of 5.32% from 2013 to 2017.

\*Of note in 2017, overall expenditures were reduced by approximately \$25M compared to prior years due to change in the budgetary Risk Management cost allocation method for the General Fund. 2017 actual to budget variances were not impacted by this change.

**General Government** expenditures per capita decreased 8.34% since 2013. In 2013 expenditures per capita decreased as spending decreased and population grew. In 2014 District Attorney cost centers were reclassified from General Government to Public Safety to better align department function with Strategic Program. This resulted in about \$8M in expenditures being reclassified from General Government to Public Safety. This, coupled with an additional increase in 2014 population growth, caused per capita expenditures from 2013 to 2014 to decrease. 2014 to 2015 expenditures increased \$6M which outpaced the increase in population causing a 4.47% increase in per capita expenditures. In 2016 expenditures and population increased at essentially the same rate causing the per capita amount to remain flat compared to 2015. 2017 expenditures declined 3.12% due to the Risk Management cost allocation change.

**Public Works and Transportation** expenditures per capita increased 16.61% from 2013 to 2017. The increase since 2013 was primarily due to the increased cost in wastewater treatment as a result of increased wastewater volumes being handled via the KCMO Interlocal Agreement and rising administrative and operating costs such as chemicals, electricity, and other materials and supplies. In 2016 expenditure growth slowed; however, still outpaced population growth. The result is a marginal increase in per capita expenditures growth from 2015 to 2016. 2017 showed a marginal decrease of 3.33% in per capita expenditures.

**Public Safety & Judiciary** expenditures per capita increased 8.49% from 2013 to 2017. The increase in population has caused a greater demand for public safety services which have grown through expansions of the jail, the Residential Center and Juvenile Detention, as well as widened emergency services via Med-Act Rural Responder Units. In 2014, District Attorney cost centers were reclassified from General Government to Public Safety to better align department function with Strategic Program. This resulted in about \$8M in expenditures being reclassified from General Government to Public Safety. The additional expenditures outpaced population growth causing the increase in per capita expenditures. Annual change in per capita expenditures for 2015 and 2016 remained relatively flat. In 2017, the change in Risk Management cost allocation reduced Public Safety expenditures by approximately \$17M over 2016. This reduction was offset, though, by a \$13M increase in Inter-Departmental Contractual Services expenses for transfer of the new Public Safety Sales Tax III revenues to the Public Building Commission for construction of the new courthouse. Due to this, Public Safety expenditures per capita decrease marginally by 1.15% compare to 2016.

**Health and Human Services** expenditures per capita increased only 1.74% from 2013 to 2017. This is mainly due to the steady workforce reduction upon budget request combined with overall population growth. In 2013 the former Environmental Department and Public Health Department consolidated. As a result of

the merger, Health and Environment eliminated 14 FTEs. Mental Health decreased 12 FTEs through reorganization and business process changes and Developmental Supports decreased 7 FTEs. The decrease in 2014 is due to reduced grant expenditures. From 2014 to 2015, expenditures per capita increased due to additional grant spending from housing and Mental Health programs that outpaced population growth. 2016 and 2017 expenditure growth was minimal. Coupled with marginal population growth, per capita expenditures remained relatively flat for both years.

**Planning and Economic Development** expenditures per capita decreased 9.21% from 2013 to 2017. The slight increase in 2014 was related to the additional resources requested by the Enterprise Center aimed at stimulating business creation and employment in Johnson County. Expenditures per capita from 2014 to 2015 remained relatively constant. Expenditures in 2016 decreased by 2.70% over 2015 causing expenditures per capita to decrease by 3.52%. In 2017 the approximate \$350K elimination in Risk Management cost allocation in addition to reduced salary costs caused a decline of 15.18% in expenditures per capita compared to 2016.

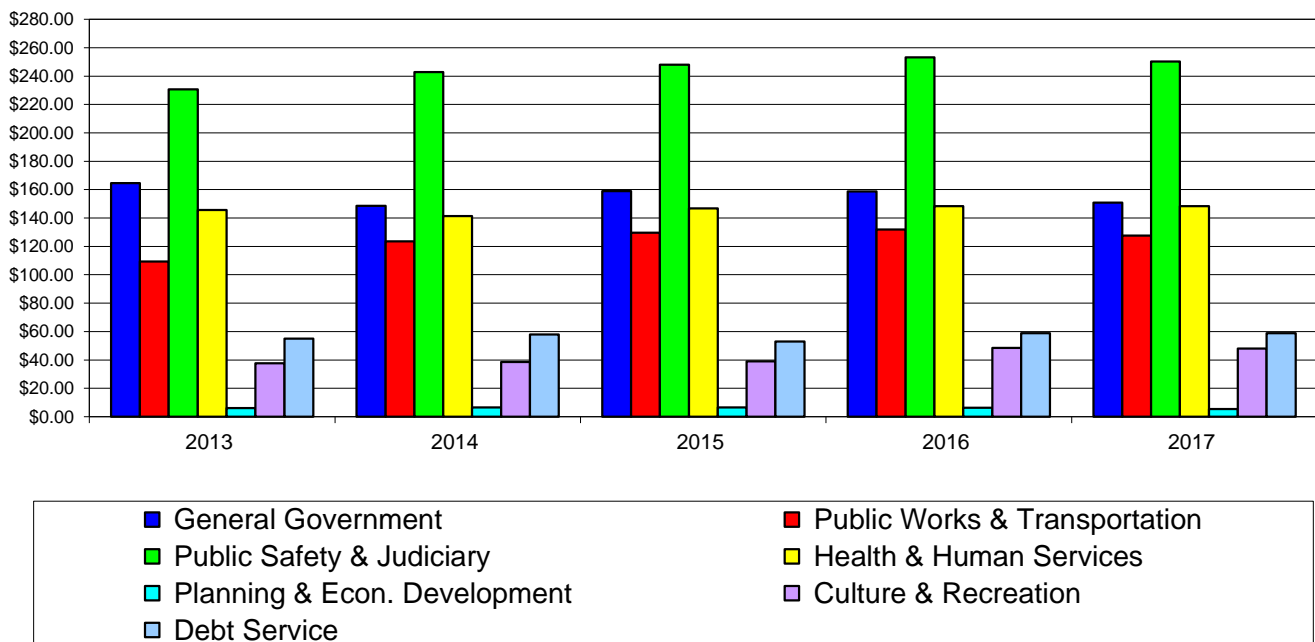
**Culture and Recreation** expenditures per capita increased by 27.02% from 2013 to 2017. Expenditures per capita from 2014 to 2015 remained relatively constant. In 2016 expenditures increased by 26.02% mainly due to the Monticello Library Construction and Library Master Plan project spending. Compared to a marginal growth in population, expenditures per capita increased 24.09% from 2015 to 2016. 2017 expenditures moderated with a .15% decrease from 2016. 2017 expenditures per capita followed suit with a decline of 1.03% compared to 2016.

**Debt Service** expenditures per capita increased by 6.60% from 2013 to 2017. Johnson County's policy is to consider "pay-as-you-go" methods before issuing any tax-supported debt. With the help of this practice, the County's fixed-cost burden has been kept low. The trend is also attributable to the savings from refunding existing debt at more favorable terms, which resulted in lower total principal and interest payments being made when compared to earlier years. The increase in 2014 is consistent with the increase in debt-funded Wastewater projects such as general renewal and replacement to existing infrastructure and sewer expansions. Expenditures per capita decreased from 2014 to 2015 due to a decrease in debt principal paid in 2015 coupled with the increase in population growth. In 2016, Wastewater debt service expenditures increased 11.67% over 2015. This, in addition to a marginal increase in population growth, caused expenditures per capita to increase 11.05% from 2015. 2017 Debt Service expenditures increased by a marginal .80% causing expenditures per capital to decline by.09% compared to 2016.

**EXPENDITURES PER CAPITA BY STRATEGIC PROGRAM  
FOR ALL BUDGETED FUNDS EXCLUDING CAPITAL OUTLAY  
(In Constant Dollars)**

CONSTANT DOLLARS	2013	2014	2015	2016	2017	Five Year Change
<b>General Government</b>	\$ 93,362,647	\$ 85,282,267	\$ 92,269,253	\$ 92,821,877	\$ 89,000,368	-4.67%
<b>Public Works &amp; Transportation</b>	61,995,587	70,931,400	75,212,563	77,090,681	75,179,823	21.27%
<b>Public Safety &amp; Judiciary</b>	130,824,884	139,463,719	143,910,439	148,029,718	147,616,278	12.84%
<b>Health &amp; Human Services</b>	82,613,917	81,143,905	85,168,757	86,646,147	87,413,737	5.81%
<b>Planning &amp; Econ. Development</b>	3,384,362	3,756,376	3,845,528	3,735,313	3,197,931	-5.51%
<b>Culture &amp; Recreation</b>	21,401,344	22,186,241	22,685,966	28,314,487	28,271,583	32.10%
<b>Debt Service</b>	31,242,679	33,280,309	30,772,093	34,364,360	34,638,963	10.87%
<b>Total</b>	<b>\$ 424,825,420</b>	<b>\$ 436,044,217</b>	<b>\$ 453,864,599</b>	<b>\$ 471,002,583</b>	<b>\$ 465,318,683</b>	<b>9.53%</b>
<b>Population</b>	<b>566,933</b>	<b>574,096</b>	<b>580,159</b>	<b>584,451</b>	<b>589,609</b>	<b>4.00%</b>
<b>Expenditures Per Capita</b>						
<b>General Government</b>	\$ 164.68	\$ 148.55	\$ 159.04	\$ 158.82	\$ 150.95	-8.34%
<b>Public Works &amp; Transportation</b>	109.35	123.55	129.64	131.90	127.51	16.61%
<b>Public Safety &amp; Judiciary</b>	230.76	242.93	248.05	253.28	250.36	8.49%
<b>Health &amp; Human Services</b>	145.72	141.34	146.80	148.25	148.26	1.74%
<b>Planning &amp; Econ. Development</b>	5.97	6.54	6.63	6.39	5.42	-9.21%
<b>Culture &amp; Recreation</b>	37.75	38.65	39.10	48.45	47.95	27.02%
<b>Debt Service</b>	55.11	57.97	53.04	58.80	58.75	6.60%
<b>Total Expenditures Per Capita</b>	<b>\$ 749.34</b>	<b>\$ 759.53</b>	<b>\$ 782.30</b>	<b>\$ 805.89</b>	<b>\$ 789.20</b>	<b>5.32%</b>

**Expenditures Per Capita by Strategic Program  
(in constant dollars)**



Source: Johnson County Financial Records

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## **BUDGETED FTE EMPLOYEE POSITIONS PER 1,000 COUNTY RESIDENTS**

### **DESCRIPTION:**

This indicator highlights the number of full-time-equivalent employee positions budgeted by the County for every 1,000 County residents.

### **POLICY REFERENCES:**

The Board of County Commissioners approves all changes in the numbers of authorized full-time and part-time employee positions.

### **ANALYSIS:**

Overall, the number of budgeted full-time-equivalent employee positions (FTE's) approved by the Board of County Commissioners was .61% lower than in 2013- a reduction of 21 FTE's. The County population increased by 4.0% between 2013 and 2017 and the overall number of Budgeted Positions per 1,000 County Residents decreased by 4.45% between 2013 and 2017. Johnson County has been successful in reducing its workforce without resorting to layoffs. County employees have risen to the challenge of heavier workloads.

General Government strategic area FTE's increased by 29 from 2013 to 2017. The largest annual increases occurred in 2017 with the net addition of 12 FTE's and 2014 with the net addition of 10 FTE's. Since 2011, twenty unfunded FTE positions have been included in the annual budget for county-wide utilization, if needed, based on economic conditions. These 20 budgeted but unfunded positions are included in the amounts presented. General Government budgeted FTE's per 1,000 County Residents decreased .94% from 2013 to 2017.

Public Works & Transportation strategic area FTE's decreased by 7 from 2013 to 2017. This was largely attributable to budget reductions and the transfer of Johnson County Transit operations to Kansas City Area Transit Authority (KCATA). The Public Works department FTE's decreased by 2 and Transportation FTE's decreased by 11 from 2013 to 2017. Conversely, Wastewater department FTE's increased by 8 over the same period. Public Works & Transportation budgeted FTEs per 1,000 County residents decreased 5.56% from 2013 to 2017.

Public Safety & Judiciary strategic area FTE's increased by 33 from 2013 to 2017. The bulk of this change occurred in 2015 when the Sheriff's department added 41 FTE's, the Corrections department added 5 FTE's, and District Court Trustee department reduced FTE's by 17- a net increase of 29 FTE's. Public Safety & Judiciary budgeted FTE's per 1,000 County residents increased 1.30% from 2013 to 2017.

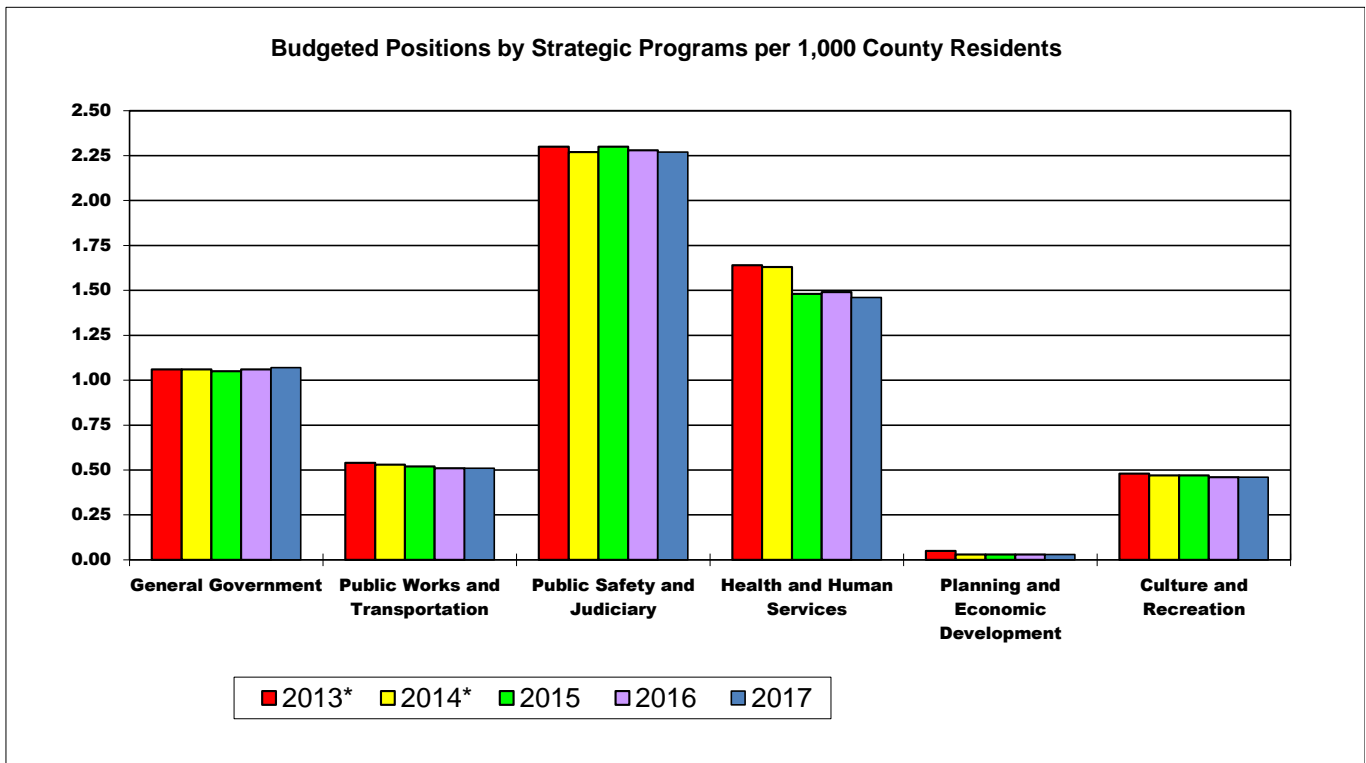
Health & Human Services strategic area FTE's decreased by 66 from 2013 to 2017. The largest reductions were due to BOCC's 2015 elimination of 76 vacant FTE positions in the Johnson County Mental Health department. Johnson County Health & Environment added 5 FTE's and Johnson County Developmental Supports added 2 FTE's from 2013 to 2017. Health & Human Services budgeted FTE's per 1,000 County residents decreased 10.98% from 2013 to 2017.

Planning and Economic Development strategic area FTE's decreased by 9 from 2013 to 2017. Planning and Economic Development budgeted FTE's per 1,000 County decreased 40.00% for the same five year period.

Culture & Recreation strategic area FTE's decreased by 1 from 2013 to 2017. Culture & Recreation budgeted FTE's per 1,000 County residents decreased 4.17% from 2013 to 2017.

## BUDGETED FTE EMPLOYEE POSITIONS PER 1,000 COUNTY RESIDENTS

Budgeted Positions						Five Year Change
	2013*	2014*	2015	2016	2017	
General Government	600	610	612	617	629	29
Public Works and Transportation	307	302	304	300	300	(7)
Public Safety and Judiciary	1,305	1,304	1,334	1,335	1,338	33
Health and Human Services	929	935	859	868	863	(66)
Planning and Economic Development	27	18	18	18	18	(9)
Culture and Recreation	272	270	271	271	271	(1)
<b>Budgeted Positions</b>	<b>3,440</b>	<b>3,439</b>	<b>3,398</b>	<b>3,409</b>	<b>3,419</b>	<b>(21)</b>
<b>Population</b>	<b>566,933</b>	<b>574,096</b>	<b>580,159</b>	<b>584,451</b>	<b>589,609</b>	
Budgeted Positions per 1,000 County Residents						Five Year Change
	2013*	2014*	2015	2016	2017	
General Government	1.06	1.06	1.05	1.06	1.07	0.01
Public Works and Transportation	0.54	0.53	0.52	0.51	0.51	(0.03)
Public Safety and Judiciary	2.30	2.27	2.30	2.28	2.27	(0.03)
Health and Human Services	1.64	1.63	1.48	1.49	1.46	(0.18)
Planning and Economic Development	0.05	0.03	0.03	0.03	0.03	(0.02)
Culture and Recreation	0.48	0.47	0.47	0.46	0.46	(0.02)
<b>Budgeted positions per 1,000 county residents</b>	<b>6.07</b>	<b>5.99</b>	<b>5.85</b>	<b>5.83</b>	<b>5.80</b>	<b>(0.27)</b>



\*Twenty unfunded FTE positions have been added to the annual budget for countywide use since 2011. These additional FTE's are reset each budget cycle so there is no cumulative effect. For years 2011-2014 the additional FTE's were reported under "Planning and Economic Development". Beginning in 2015 the additional FTE's will be reported under "General Government" given their designation for countywide use. 2011-2014 historical amounts for both functions have been re-stated accordingly.

Source: Johnson County Financial Records  
2013-2017 Capital & Operating Budgets

# **CHANGE IN BUDGETED FTE EMPLOYEE POSITIONS AS A PERCENTAGE OF TOTAL FTE POSITION GROWTH**

## **DESCRIPTION:**

This indicator targets the strategic areas where significant changes in the number of full-time-equivalent employee positions budgeted by the County have occurred and provides justification for those changes.

## **POLICY REFERENCES:**

The Board of County Commissioners approves all changes in the numbers of full-time and part-time employee positions.

## **ANALYSIS:**

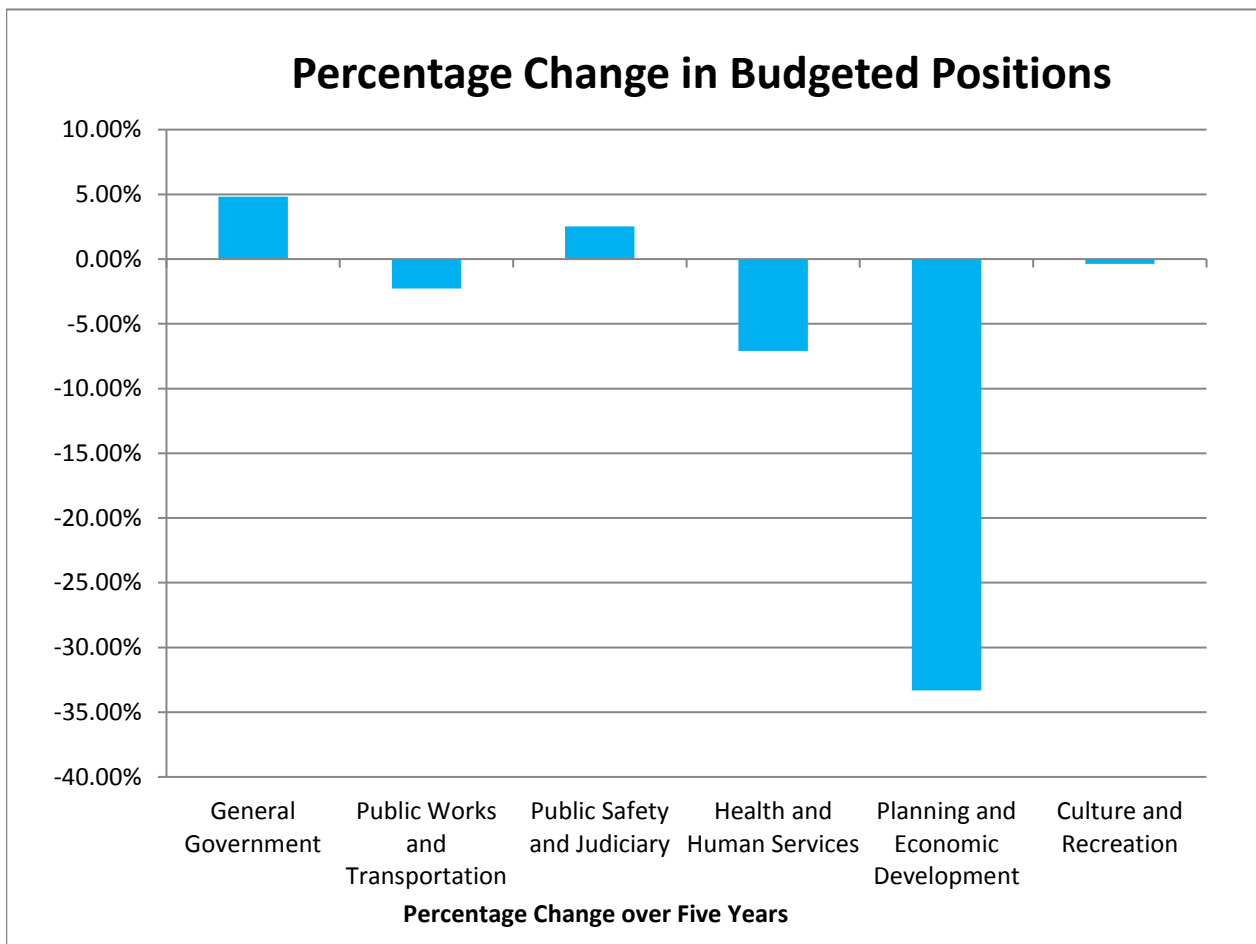
Since 2013, the number of budgeted full-time-equivalent employee positions (FTEs) approved by the Board of County Commissioners has decreased by 21. This represents a .61% decrease from 2013 to 2017. The largest decreases occurred in the Health and Human Services, Planning and Economic Development, and Public Works and Transportation. Health and Human Services budgeted FTE's decreased by 66, Planning and Economic Development FTE's decrease by 9, and Public Works and Transportation budgeted FTE's decreased by 7. The General Government includes 20 budgeted but unfunded FTE positions for countywide use, if needed, based on current economic conditions.

The decrease in Health and Human Services FTE's is mainly due to Johnson County Mental Health department's 2015 elimination of 76 budgeted but vacant positions.

The decrease in Public Works and Transportation FTE's is mainly due to budget reductions and transfer of Transit operations to the Kansas City Area Transportation Authority (KCATA).

**CHANGE IN BUDGETED FTE EMPLOYEE POSITIONS  
As a Percentage of Total FTE Position Growth**

<b>Budgeted Positions</b>				
	<b>2013</b>	<b>2017</b>	<b>Five year Change</b>	<b>% Change</b>
<b>General Government</b>	600	629	29	4.83%
<b>Public Works and Transportation</b>	307	300	(7)	-2.28%
<b>Public Safety and Judiciary</b>	1,305	1,338	33	2.53%
<b>Health and Human Services</b>	929	863	(66)	-7.10%
<b>Planning and Economic Development</b>	27	18	(9)	-33.33%
<b>Culture and Recreation</b>	272	271	(1)	-0.37%
<b>Budgeted Positions</b>	<b>3,440</b>	<b>3,419</b>	<b>(21)</b>	<b>-0.61%</b>



Source: Johnson County Financial Records



# COUNTY PROVIDED SERVICES ON BEHALF OF THE STATE

## DESCRIPTION:

Johnson County provides many services that are mandated by the State of Kansas. These programs are funded by County tax dollars with some state support. The table and graph below present five-year comparisons of State and County funding ratios, net of all other revenue sources. In challenging economic times, programs often vie for funding dollars, and jurisdictions many times share or shift responsibility for programs. The extent to which the State funds State-mandated programs typically varies from year to year and can strain the County's ability to provide overall services and maintain its mill levy rate.

## POLICY REFERENCES:

These statistics and analyses are presented for information only.

## ANALYSIS:

Fifteen Johnson County agencies or departments currently provide State-mandated services. From 2013 to 2017, total spending in those programs has increased 13.19%. State Support has remained steady with a .83% increase for the same period. County spending increased 14.87% from 2013 to 2017 which allowed services to remain generally at the same levels. For more information about causes of increased spending, please reference *Expenditures by Strategic Program for all Budgeted Funds* in this same section.

**Appraiser** expenditures of County dollars increased by \$1,325,383 or 23.04% from 2013 to 2017. This agency receives no State funding.

**Developmental Supports'** expenditures of County dollars increased by \$3,306,573 or 49.12% from 2013 to 2017. Over those five years, State funding has decreased \$198,516 or 11.12%. The decrease was primarily caused by reduction in Medicaid revenues.

**District Attorney's** expenditures of County dollars increased by \$1,568,413 or 25.48% from 2013 to 2017. This agency receives no State funding.

**District Courts and Court Services'** expenditures of County dollars increased by \$18,432 or .52% from 2013 to 2017. State funding during the same period decreased \$8,792 or 34.25%.

**Elections** expenditures of County dollars increased by \$269,377 or 12.35% from 2013 to 2017. 2016 was a Presidential election year. This agency receives no State funding.

**Emergency Management's** expenditures of County dollars increased by \$52,421 or 12.85% from 2013 to 2017. This agency receives Federal grants in addition to County funding. It also receives some State funding.

**Extension Council** expenditures of County dollars increased by \$37,634 or 5.3% from 2013 to 2017. This agency receives no State funding.

**Health and Environment** expenditures of County dollars increased by \$1,061,062 or 22.69% from 2013 to 2017. During this same time period, State funding decreased \$358,050 or 23.23%.

**Juvenile and Community Corrections** expenditures of County dollars increased by \$2,688,069 or 16.32% from 2013 to 2017. State funding in that time period increased \$124,874 or 2.92%.

**Mental Health** expenditures of County dollars increased by \$609,006 or 5.69% from 2013 to 2017. State funding in that time period has increased by \$584,140 or 5.95%.

**Multi-Service Center** expenditures of County dollars increased by \$518,539 or 49.74% from 2013 to 2017. This agency receives no State funding. Its primary sources of revenue are local city contributions and County reserves.

**Sheriff** expenditures of County dollars increased by \$7,868,418 or 11.73% from 2013 to 2017. State funding for Prisoner Boarding has increased \$4,940 or 19.72%.

**Tax Administration** expenditures of County dollars increased by \$382,491 or 21.12% from 2013 to 2017. This agency receives no State funding.

**The Treasurer's** functions of Tax Division, Treasury Management and Accounts Receivable increased expenditures of County dollars by \$183,507 or 14.73% from 2013 to 2017. This agency receives no State funding.

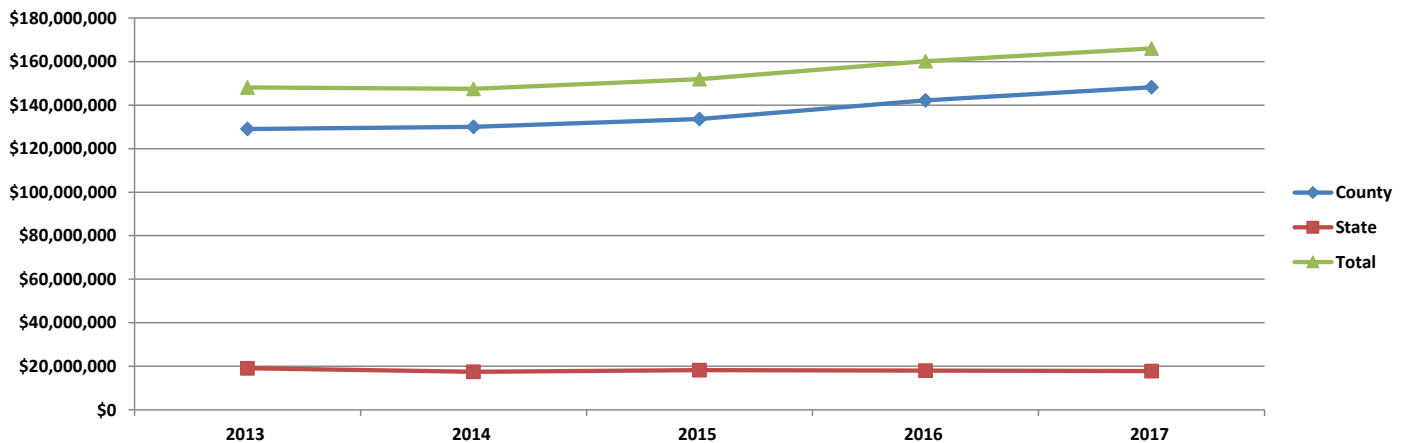
**Motor Vehicle** works as an agent of the State of Kansas in administering vehicle registration and vehicle titles. It used to be self-sufficient in funding. In recent years, however, it has experienced massive backlogs in serving citizens due to the implementation of a new State system that has proven to be significantly slower at the point of service. In order to keep the wait times manageable, the County has been forced to significantly increase staffing to handle processing through the state's DMV computer system. Net expenditures of County dollars declined dramatically in 2015 due to implementation of a new "Walk In" registration fee charged to customers paying renewal fees in person versus electronically or by mail. In 2016, personnel costs increased by \$140,521 while the "Walk-In" fee revenue remained relatively constant compared to 2015. In 2017, the "Walk In" fee was expanded to include in-person vehicle titling traffic. Due to this, "Walk In" revenues increased by 123.20%, to \$1.0M, while expenditure levels remained relatively constant. The overall decrease from 2013 to 2017 was \$707,201 or 157.35%

## COUNTY PROVIDED SERVICES ON BEHALF OF THE STATE

(In Actual Dollars)

ACTUAL DOLLARS	2013		2014		2015		2016		2017		Five Year Change
Appraiser	\$	5,752,857	\$	6,052,453	\$	6,353,313	\$	6,652,713	\$	7,078,240	23.04%
Developmental Supports		6,731,612		7,283,576		8,453,115		8,976,057		10,038,185	49.12%
District Attorney		6,154,790		6,537,820		6,927,232		7,200,698		7,723,203	25.48%
District Courts and Court Svcs		3,567,825		3,801,576		3,796,396		3,938,462		3,586,257	0.52%
Elections		2,180,621		2,545,371		1,563,654		4,096,055		2,449,998	12.35%
Emergency Management		408,055		430,189		482,031		559,797		460,476	12.85%
Extension Council		710,662		710,662		729,824		748,296		748,296	5.30%
Health and Environment		4,676,286		4,923,532		4,875,391		5,149,079		5,737,348	22.69%
Juv and Comm Corrections		16,471,703		17,128,467		16,871,270		17,552,905		19,159,772	16.32%
Mental Health		10,707,778		10,693,391		11,096,739		11,237,650		11,316,784	5.69%
Multi-Service Centers		1,042,585		1,229,732		1,457,514		1,599,147		1,561,124	49.74%
Sheriff		67,097,876		65,071,177		67,727,780		70,878,697		74,966,294	11.73%
Tax Administration		1,811,110		1,787,449		1,985,433		2,054,073		2,193,601	21.12%
Treasurer		1,245,964		1,217,136		1,124,940		1,131,631		1,429,471	14.73%
Motor Vehicle		449,432		590,590		196,038		360,957		(257,769)	-157.35%
<b>Total (Actual Dollars)</b>	<b>\$</b>	<b>129,009,156</b>	<b>\$</b>	<b>130,003,121</b>	<b>\$</b>	<b>133,640,670</b>	<b>\$</b>	<b>142,136,217</b>	<b>\$</b>	<b>148,191,280</b>	<b>14.87%</b>
<b>State Support*</b>		<b>17,474,721</b>		<b>18,255,277</b>		<b>18,027,790</b>		<b>17,836,176</b>		<b>17,619,027</b>	<b>0.83%</b>
<b>Total County and State Spending</b>	<b>\$</b>	<b>146,483,877</b>	<b>\$</b>	<b>148,258,398</b>	<b>\$</b>	<b>151,668,460</b>	<b>\$</b>	<b>159,972,393</b>	<b>\$</b>	<b>165,810,307</b>	<b>13.19%</b>

### Total Expenditures for all State Mandated Services



Source: Johnson County Financial Records

\*State Support does include Medicaid Funding. The majority of Medicaid funds are Federal funds and are included because these funds are passed through the State to the County.

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# Operating Position

## **OPERATING POSITION**

- Fund Balances for the General Fund and Debt Service Fund
- Compensated Absences Payable

# FUND BALANCES FOR THE GENERAL FUND AND DEBT SERVICE FUND

## DESCRIPTION:

The table and graphs below present fund balances for the General Fund and the Debt Service Fund from 2013-2017. The size of the County's fund balances can affect its ability to endure economic downturns or catastrophic events, which may require immediate cash resources.

Effective in 2010, categories of fund balance reflect implementation of GASB 54. Where in prior years fund balance was classified as Reserved or Unreserved, starting in 2010 new classifications have been used, based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. The new classifications are as follows:

*Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

*Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

*Committed Fund Balance* – includes amounts that can only be used for specific purposes determined by a formal action of the County's highest level of decision-making authority, the County's Board. Commitments are established by, and may only be changed or lifted by, a resolution adopted by the County's Board.

*Assigned Fund Balance* – comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. For this type of fund balance, it is the County's policy that spending authority is delegated to management by the County's Board.

*Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

In circumstances when an expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

## ANALYSIS:

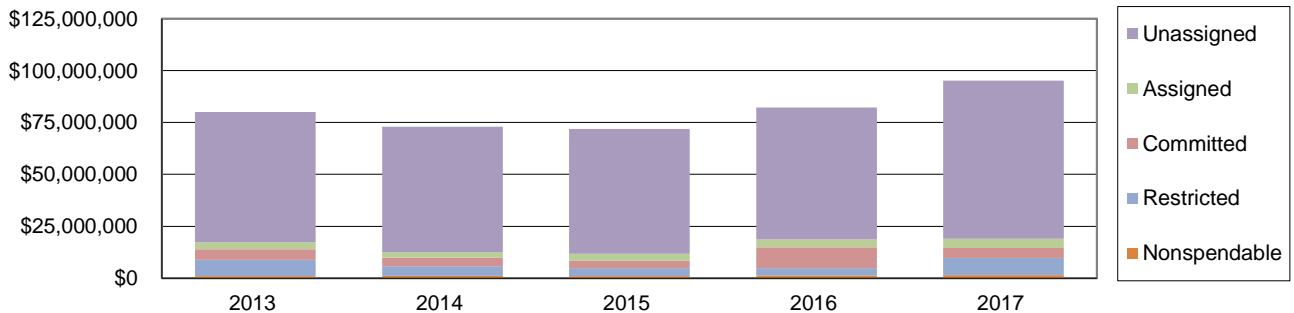
The increase in General Fund balance from 2013 through 2017 was primarily due to conservative budgeting and operating practices. In February 2013, the County adopted a revised General Fund reserve policy to generate a reserve amount that ranges between 20% and 25% of estimated General Fund net revenues. As a result, the use of fund balance has been related to the intentional spend down of restricted funds, such as Public Safety Sales Tax funds, for one-time capital needs. In 2015 the change in fund balance, in constant dollars, leveled off with a 1.35% decrease over 2014. In 2016 the constant dollar total fund balance increased 13.43% or \$9.5M compared to 2015. The increase was mainly due to Board approval of Resolution 062-16 which appropriated \$6.5M to the committed fund balance for unanticipated expenditure or revenue shortfalls and \$375k for a sick disability pay contingency. The unassigned fund balance also grew by \$3.3M in 2016. The 2017 unassigned fund balance increased by \$12.7M partly due to implementation of Public Safety Sales Tax III. In constant dollars, the General Fund balance increased 16.60% from 2013 to 2017.

In constant dollars, the year-end Debt Service Fund balance increased 16.96% from 2013 to 2017. The balance will typically fluctuate depending on the amount of any debt refunding occurring in that year. The Debt Service Fund Balance designations are in compliance with County policy.

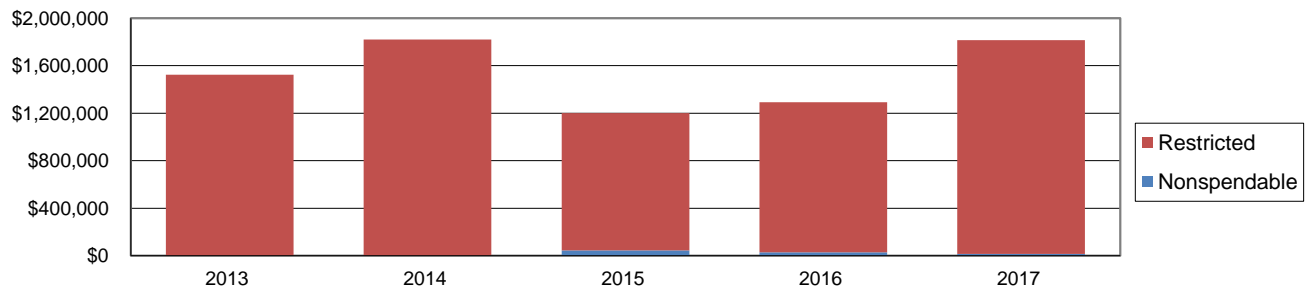
## FUND BALANCES FOR THE GENERAL FUND AND DEBT SERVICE FUND

	2013	2014	2015	2016	2017
<b>General Fund</b>					
Nonspendable	\$ 1,004,755	\$ 1,114,515	\$ 1,020,908	\$ 1,328,124	\$ 1,349,915
Restricted	7,840,276	4,610,826	3,791,768	3,464,810	8,392,120
Committed	4,993,477	4,123,040	3,555,804	10,105,049	4,859,001
Assigned	3,501,120	2,728,789	3,356,758	3,816,143	4,325,488
Unassigned	62,712,425	60,385,885	60,132,601	63,447,847	76,166,316
<b>General Fund Total (Actual Dollars)</b>	<b>\$ 80,052,053</b>	<b>\$ 72,963,055</b>	<b>\$ 71,857,839</b>	<b>\$ 82,161,973</b>	<b>\$ 95,092,840</b>
Consumer Price Index - Urban	100.00	100.67	99.83	100.80	101.85
<b>Total (Constant Dollars)</b>	<b>\$ 80,052,053</b>	<b>\$ 72,477,456</b>	<b>\$ 71,980,205</b>	<b>\$ 81,509,894</b>	<b>\$ 93,365,577</b>
<b>Debt Service Fund</b>					
Nonspendable	\$ -	\$ -	\$ 44,455	\$ 29,637	\$ 14,818
Restricted	1,523,187	1,820,629	1,157,440	1,263,814	1,799,722
<b>Debt Service Fund Total (Actual Dollars)</b>	<b>\$ 1,523,187</b>	<b>\$ 1,820,629</b>	<b>\$ 1,201,895</b>	<b>\$ 1,293,451</b>	<b>\$ 1,814,540</b>
Consumer Price Index - Urban	100.00	100.67	99.83	100.80	101.85
<b>Total (Constant Dollars)</b>	<b>\$ 1,523,187</b>	<b>\$ 1,808,512</b>	<b>\$ 1,203,942</b>	<b>\$ 1,283,186</b>	<b>\$ 1,781,581</b>

**End of the Year Fund Balance for the General Fund  
(In Actual Dollars)**



**End of the Year Fund Balance for the Debt Service Fund  
(In Actual Dollars)**



Source: Johnson County Financial Records

# COMPENSATED ABSENCES PAYABLE

## DESCRIPTION:

The County permits full-time and certain part-time employees to accumulate vacation based on tenure. Vacation leave may only be accrued to a maximum of twice the amount earned per year. Once the maximum is reached, there will be no further accrual until the employee uses vacation hours and drops below the maximum. Upon separation from employment, employees who have completed six months of employment will be paid for all accrued and unused vacation time.

All full-time and certain part-time employees accrue sick leave at the rate of one calendar day per month for full-time, and one-half day per month for part-time employees, with no maximum accumulation. Upon separation from service, employees in good standing are compensated for 20% of accrued, unused sick pay.

Vacation pay is recorded as a liability at 100% of accrued vacation. Sick pay is recorded as a liability at 20% of accrued sick time. The values of accrued vacation and sick pay are calculated using the current salary rate of employees and reflect only the vested portion.

In the governmental fund types, the amounts of vacation and sick leave benefits included in expenditures for the current year represent the amounts liquidated during the year with expendable, available resources. In the proprietary funds, vacation and sick pay benefits are accrued when incurred, and reported as a fund liability.

## POLICY REFERENCES:

This section is presented in compliance with Johnson County Human Resources Policy Number 208: Separation.

## ANALYSIS:

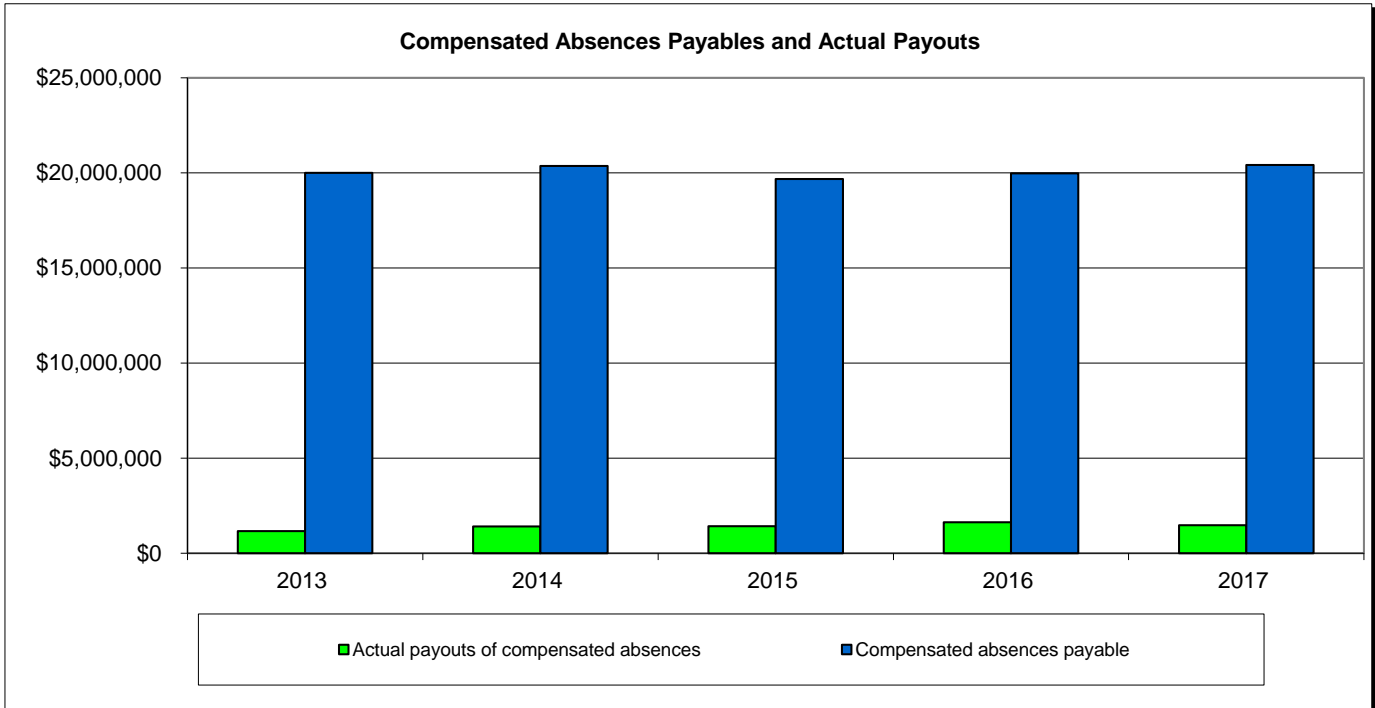
Over the past five years, compensated absences payable increased 2.05%. This growth can be attributed to increases in pay rates and a fairly stable average level of tenured employees. The 2013 budget allocated funds for a 2.5% merit increase pool while the 2014 to 2017 budgets provided a merit pool of 3%. Turnover rate fluctuated between a low of 11.60% in 2017 to a high of 13.87% in 2014.

The actual payouts of compensated absences over the period of 2013 through 2017 increased 27.52%. This can be due to a variety of factors: pay rates of actual terminations, amount of accrued vacation and sick time of actual terminations, and level of hiring to replace terminations.



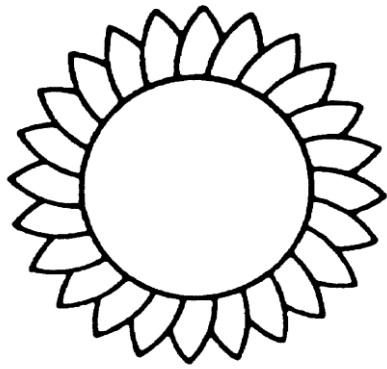
## COMPENSATED ABSENCES PAYABLE

	2013	2014	2015	2016	2017	Five Year Change
Compensated absences payable (1)	\$ 20,008,449	\$ 20,366,664	\$ 19,674,473	\$ 19,971,900	\$ 20,417,765	2.05%
Actual payouts of compensated absences (2)	\$ 1,160,156	\$ 1,414,685	\$ 1,425,627	\$ 1,626,964	\$ 1,479,447	27.52%
Turnover rate (2)	13.46	13.87	12.75	13.22	11.60	-13.82%
Number of full-time employees as of December 31 (2)	2,975	2,915	2,952	2,913	2,973	-0.07%
Number of part-time employees as of December 31 (2)	166	174	166	171	146	-12.05%

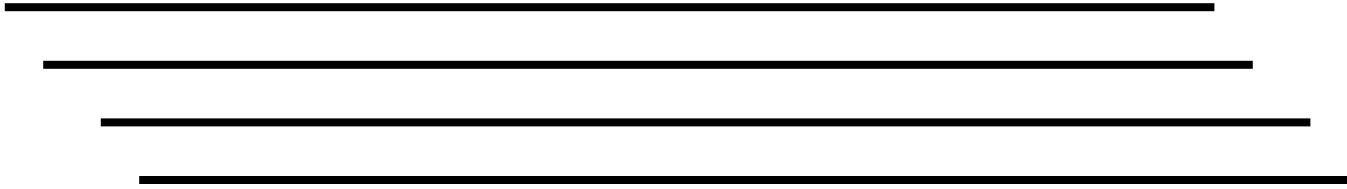


Source: (1) Johnson County Financial Records

(2) Johnson County Payroll System (Part-time employee numbers include only those employees receiving vacation and sick benefits).

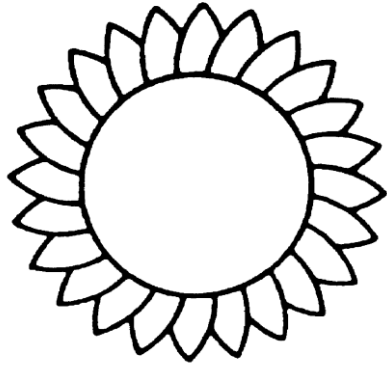


# Debt Structure



## **DEBT STRUCTURE**

- Debt Management Overview
- Direct General Obligation Net Debt
- Direct and Overlapping General Obligation Net Debt
- Direct and Overlapping General Obligation Net Debt Per Capita
- General Obligation Net Debt as a Percentage of Estimated Market Value of Property
- Net Debt Payable by Type of Obligation
- Principal and Interest Retirement for General Obligation Bonds and Public Building Commission Leases
- Principal and Interest Retirement for Public Building Commission Debt



## DEBT MANAGEMENT OVERVIEW

The demand for services in Johnson County continues to increase due to population growth. As a result, investments in capital infrastructure are required to maintain the quality of life that attracts people to Johnson County. The County finances these investments through both debt instruments and “pay-as-you-go” methods.

It is the County’s practice to consider “pay-as-you-go” methods before issuing any tax-supported debt. An example would be the one-tenth percent sales tax to fund Stormwater Capital Improvements. In addition, funding is dedicated for the County Assistance Road System (CARS) capital program (\$14.0 million in budgeted expenditures for FY 2017.) However, as capital infrastructure requirements increase with the population, it is not always feasible for the County to fund all capital improvements with currently available funds.

Each year, the County prepares a five year Capital Improvements Program (CIP) that includes “pay-as-you-go” and debt-financed capital improvement projects. With the annual CIP, the County is able to integrate capital improvement financing with the annual operating budget. This integration allows the County to assess and manage CIP impacts on tax rates, user fee rates, fund balances, and the level of outstanding debt.

### Debt Management Policies

The County adopted revised, comprehensive debt management policies with Resolution 122-02. The objectives for adopting such policies are:

- ◆ To preserve the public trust and prudently manage public assets to minimize costs to the taxpayers and ensure current decisions do not adversely affect future generations.
- ◆ To maintain the County’s ability to obtain access to the municipal bond market at favorable interest rates in amounts needed for capital improvements, economic development, and facilities or equipment to provide essential County services.
- ◆ To minimize borrowing costs and preserve access to credit markets.
- ◆ To seek to minimize debt interest costs whenever prudent in consideration of other cost factors and/or tax burden.
- ◆ To maintain a balanced relationship between debt service requirements and current operating costs, encourage growth of the tax base, actively seek alternative funding sources, minimize interest costs and maximize investment returns.
- ◆ To assess all financial alternatives for capital improvements prior to issuing debt. These could include categorical grants, loans, or state/federal aid.
- ◆ To preserve the County’s flexibility in capital financing by maintaining an adequate margin of statutory debt capacity.

# DIRECT GENERAL OBLIGATION NET DEBT

## DESCRIPTION:

The following table and graphs reflect the amounts of outstanding County general obligation, special obligation, special assessment debt, and capital lease obligations net of fund balance in the Debt Service Fund. This information is presented to show the trend of the County's debt to be repaid with *ad valorem* taxes. Direct debt is debt for which the County has pledged its full faith and credit to repay. This debt excludes Wastewater and Airport general obligation debt, as that debt is being supported by user charges and is not intended to be paid from *ad valorem* taxes. This table excludes Public Building Commission (PBC) bonds, which are considered revenue bonds.

## POLICY REFERENCES:

This section is prepared in compliance with Financial Policies developed pursuant to Resolution 122-02.

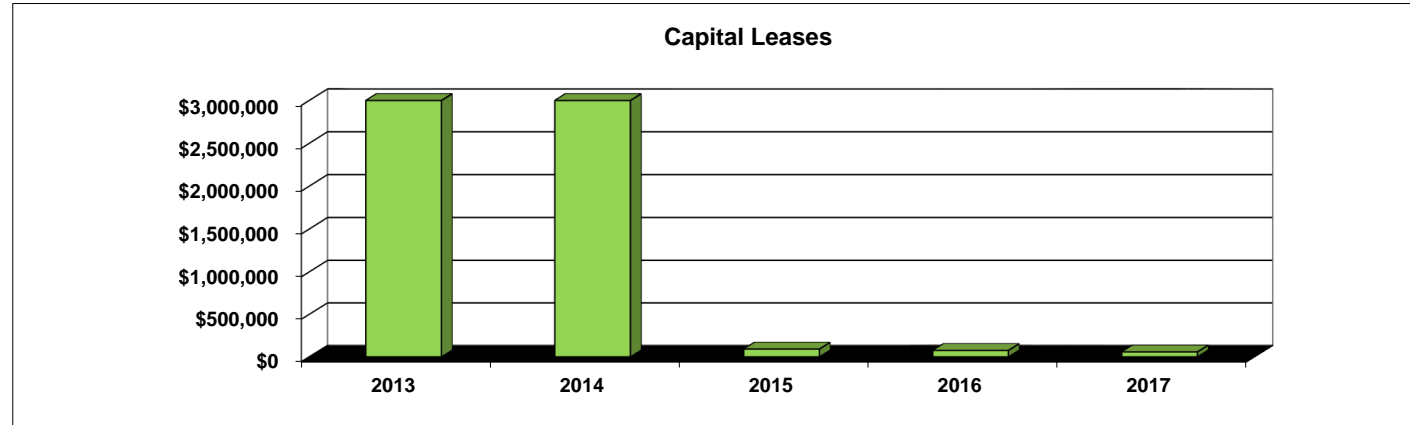
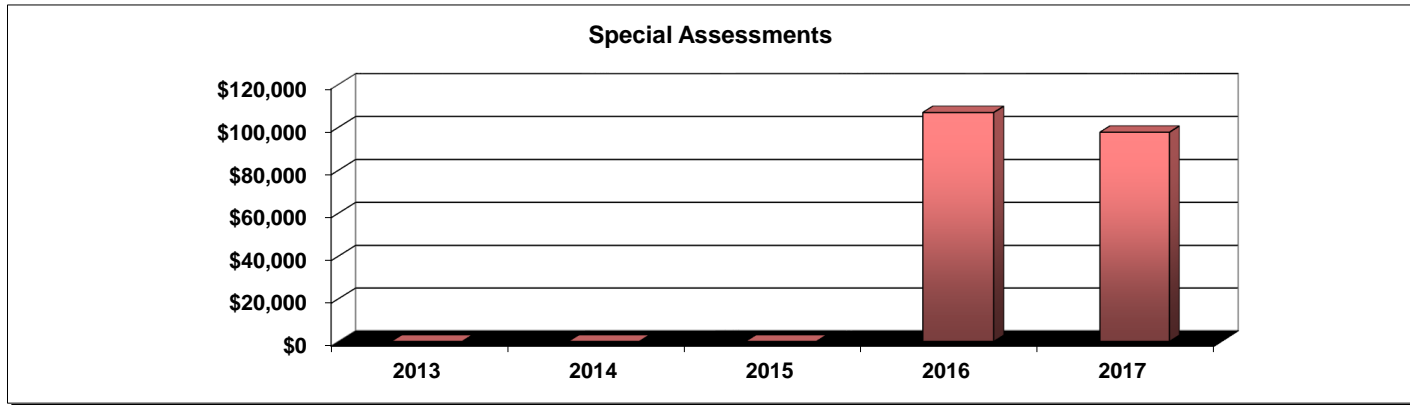
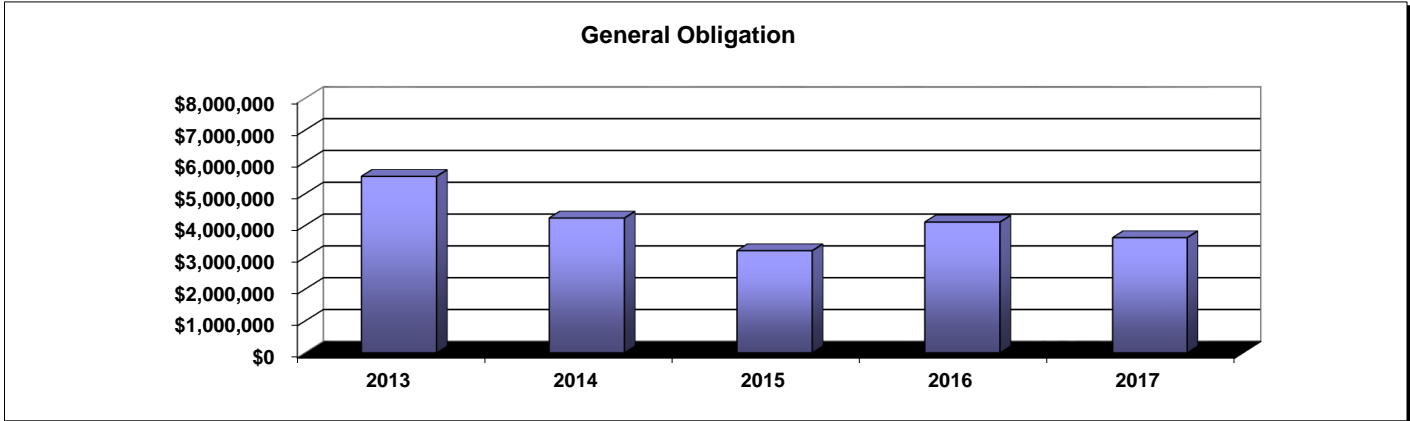
## ANALYSIS:

The table and graphs depict an overall decline of 56.58% in direct, net general obligation debt from 2013 to 2017 which is a reflection of the change in the County's debt structure. In the past five years, the County has continued to use PBC Lease Purchase Revenue Bonds to finance facility construction and renovation costs. The PBC is empowered to issue revenue bonds to finance capital facilities and, in turn, lease the facilities to the County. The increased use of PBC bonds results in a decreased need for general obligation bond financing. General obligation debt represents 95.88% of total direct, net general obligation debt.

Outstanding debt declined during the years 2013 through 2017 because principal payments exceeded the amount of new debt issued. In addition, a \$3.7M capital lease was obtained in 2012 for purchase of the King Louie/Museum property. In 2015 the remaining lease balance of \$2.9M was transferred to the Public Building Commission therefore relieving it from Governmental debt balance. In 2012, the Series 2012B Bonds were issued to crossover refund issue 2005A. The County had no additional issuance in 2013, 2014, and 2015. On September 1, 2015 the 2012B bonds, held in escrow, crossed over and prepaid the remaining principle on 2005A. As of September 1, 2015 the County began making debt service payments on the 2012B Bonds. In 2016, \$1.5M in general obligation bonds, 2016A, were issued for the Countywide Radio System Channel Expansion project. In addition, \$106,900 in special assessment bonds, also part of 2016A, were issued for construction improvements in special benefit districts within the County. In 2017, \$975,000 in general obligation bonds, 2017A, were issued to fund a station alerting system for the County's Emergency Communications Department.

## DIRECT GENERAL OBLIGATION NET DEBT

	2013	2014	2015	2016	2017	Five Year Change
General Obligation	\$ 5,545,941	\$ 4,236,182	\$ 3,209,668	\$ 4,109,684	\$ 3,620,091	-34.73%
Special Assessments	-	-	-	106,900.00	97,700	100.00%
Capital Lease	3,150,000	3,006,747	91,228	75,301	57,836	-98.16%
<b>Total:</b>	<b>\$ 8,695,941</b>	<b>\$ 7,242,929</b>	<b>\$ 3,300,896</b>	<b>\$ 4,291,885</b>	<b>\$ 3,775,627</b>	<b>-56.58%</b>



2013-2017 Capital & Operating Budgets  
Source: Johnson County Financial Records



# DIRECT AND OVERLAPPING GENERAL OBLIGATION NET DEBT

## DESCRIPTION:

The table and graphs on the following page reflect the amount of County direct and overlapping, outstanding general obligation, special assessment, and capital lease obligations net of fund balances in the Debt Service Fund. Overlapping debt is general obligation of other taxing entities located within the County. This information is presented to show which types of entities within the County are issuing debt and to reflect the total debt burden on the taxpayer. The County's portion of this debt excludes Wastewater and Airport general obligation debt and Public Building Commission debt, because it is supported by user charges.

## POLICY REFERENCES:

This section is prepared in compliance with Financial Policies developed pursuant to Resolution 122-02.

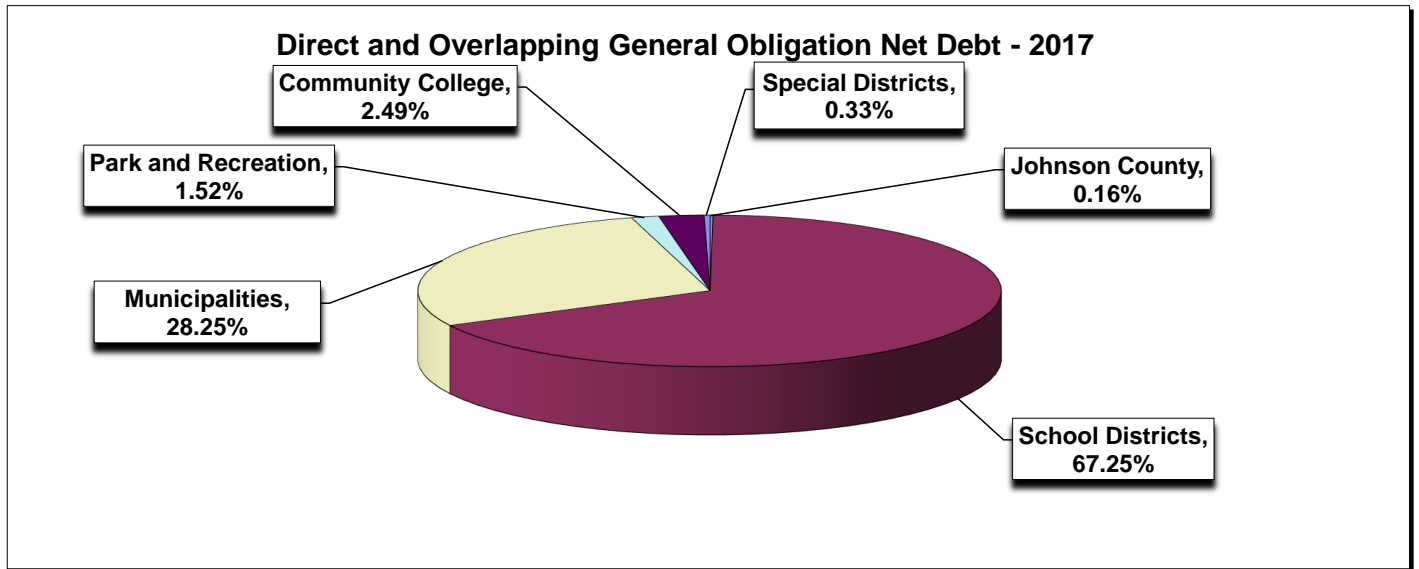
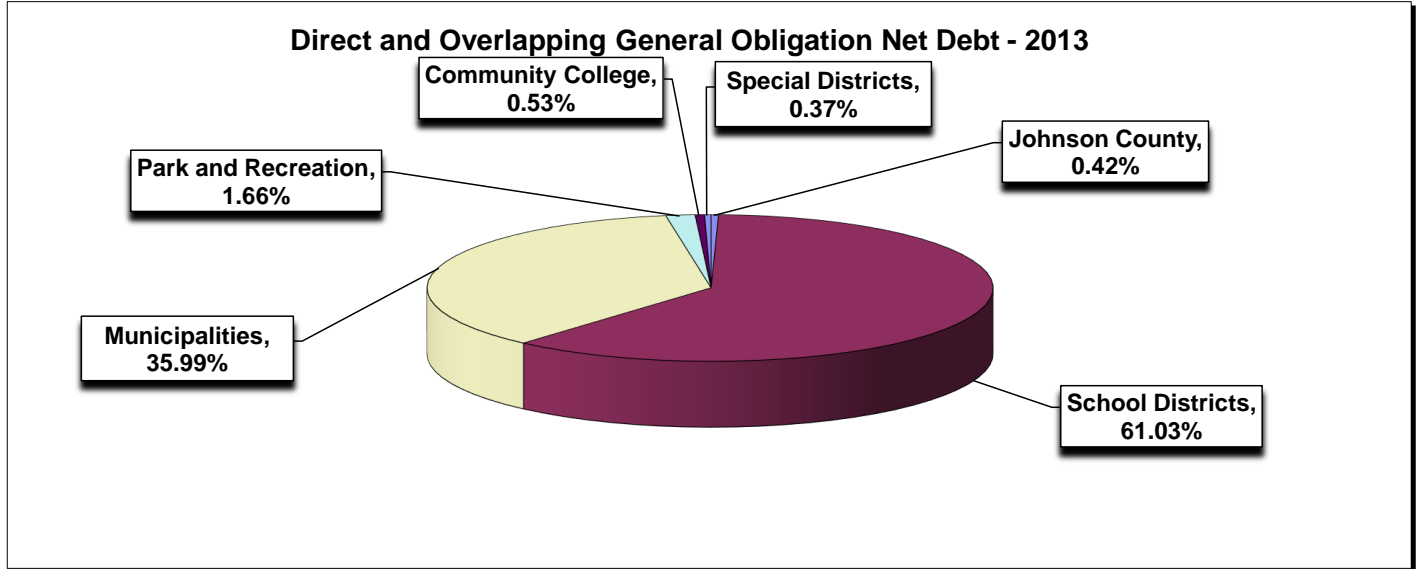
## ANALYSIS:

The table and graphs on the next page depict an overall constant dollar increase of 11.50% in direct and overlapping net general obligation debt from 2013 to 2017. This is a reflection of Johnson County's maintenance of service levels compared to inflation rate over the same period.

- ◆ **Johnson County** debt accounted for .16% of total net debt in 2017 compared to 0.42% in 2013. The decrease in percentage of total net debt is attributed to the increase in debt of school districts, as noted below, and to Johnson County's issuance of Public Building Commission revenue bonds rather than General Obligation bonds. From 2014 to 2015, the County's debt balance decreased by 54.43% due to \$3.0M dollar retirement of Capital Lease obligations. In 2016, County debt increased by 30.02% due to \$1.6M in General Obligation debt issued. In 2017, County debt decreased by 12.03% despite \$975,000 in general obligation bonds being issued.
- ◆ **School District** debt accounted for 67.25% of total net debt in 2017 compared to 61.03% in 2013. School District debt increased 25.10% or \$318.0M from 2013 to 2017. This is a reflection of continuing capital maintenance of school facilities across the County. Total school enrollment has increased 2.35% from 103,260 in 2013 to 105,684 in 2017.
- ◆ **Municipalities** debt accounted for 28.25% of total net debt in 2017 compared to 35.99% in 2013. Municipal debt decreased 10.86% or \$81.0M from 2013 to 2017. The slowing of population growth within Johnson County's municipalities caused a decrease in infrastructure expansion and the ensuing issuance of debt.
- ◆ **Johnson County Parks and Recreation District** debt accounted for 1.52% of total net debt in 2017 compared to 1.66% in 2013. Parks and Rec debt increased 4.03% or \$1.4M from 2013 to 2017.
- ◆ **Community College** debt accounted for 2.49% of total net debt in 2017 compared to .53% in 2013. Community College debt increased 437.69% or \$47.9M from 2013 to 2017. The large increase in debt balance was due to \$50.0M in Certificates of Participation debt being issued in 2017 for various capital improvements.
- ◆ **Special Districts** debt accounted for 0.33% of total net debt in 2017 compared to 0.37% in 2013. Special District debt increased 3.13% or \$240K from 2013 to 2017. Special districts are comprised of various Fire Districts within the County.

**DIRECT AND OVERLAPPING GENERAL OBLIGATION NET DEBT**

	2013	2014	2015	2016	2017	Five Year Change
Johnson County	\$ 8,695,941	\$ 7,242,929	\$ 3,300,896	\$ 4,291,885	\$ 3,775,627	-56.58%
School Districts	1,268,687,710	1,236,069,181	1,259,068,344	1,441,951,769	1,587,171,512	25.10%
Municipalities	748,102,566	807,358,714	789,825,503	722,136,050	666,841,012	-10.86%
Park and Recreation	34,443,738	31,239,770	32,459,228	28,584,434	35,832,712	4.03%
Community College	10,945,000	9,514,848	8,019,219	12,130,000	58,850,000	437.69%
Special Districts	7,630,059	6,762,553	5,875,000	7,990,000	7,869,211	3.13%
<b>Total (In Actual Dollars)</b>	<b>\$ 2,078,505,014</b>	<b>\$ 2,098,187,995</b>	<b>\$ 2,098,548,190</b>	<b>\$ 2,217,084,138</b>	<b>\$ 2,360,340,074</b>	<b>13.56%</b>
Consumer Price Index - Urban	100.00	100.67	99.83	100.80	101.85	1.85%
<b>Total (Constant Dollars)</b>	<b>\$ 2,078,505,014</b>	<b>\$ 2,084,223,696</b>	<b>\$ 2,102,121,797</b>	<b>\$ 2,199,488,232</b>	<b>\$ 2,317,466,936</b>	<b>11.50%</b>



Source: Johnson County Financial Records

# DIRECT AND OVERLAPPING GENERAL OBLIGATION NET DEBT PER CAPITA

## DESCRIPTION:

The tables and graphs below and on the following page reflect the amount of each entity's outstanding general obligation and special assessment debt, net of fund balances in the debt service funds, on a per capita basis. Overlapping debt per capita is debt of other taxing entities located within the County. This information is presented to show the burden placed on each County resident resulting from the issuance of debt. The County's portion of this debt excludes Wastewater and Airport general obligation debt and Public Building Commission debt.

## POLICY REFERENCES:

This section is prepared in compliance with Financial Policies developed pursuant to Resolution 122-02.

## ANALYSIS:

### County Direct Debt:

The County's net debt per capita decreased 60.00% from \$15 in 2013 to \$6 in 2017. This is largely due to the use of the Public Building Commission to finance construction and renovations of County facilities. The increased use of PBC bonds results in a decreased need for general obligation bond financing. In 2016 the County issued \$1.58M in General Obligation Bonds for the Countywide Radio System Channel Expansion project and \$975K in 2017 to fund a station alerting system for the County's Emergency Communications Department. County net debt per capita has remained flat since 2015 due to the increase population growth outpacing issuances of new debt.

### Countywide Overlapping Debt:

Countywide Overlapping Net Debt Per Capita increased 9.48% from \$3,651 in 2013 to \$3,997 in 2017. Countywide per capita peaked at \$3,997 in 2017 as debt balance growth outpaced population growth. Countywide debt balances remained relatively flat from 2013 through 2015 as debt issuance kept pace with population levels. 2016 debt balances increased by 5.61% or \$117.5M mainly due to school district activity. In 2017, debt balances again increased by \$144.7M mostly related to Community College projects.

### Total Debt as a Percent of Personal Income Per Capita:

Total County Direct and Overlapping Net Debt Per Capita increased 9.19% from \$3,666 in 2013 to \$4,003 in 2017. During the same period, County Personal Per Capita Income increased 15.40%. Due to both factors, Total Direct and Overlapping Net Debt as a Percent of County Personal Income Per Capita decreased from 6.21% in 2013 to 5.87% in 2017.

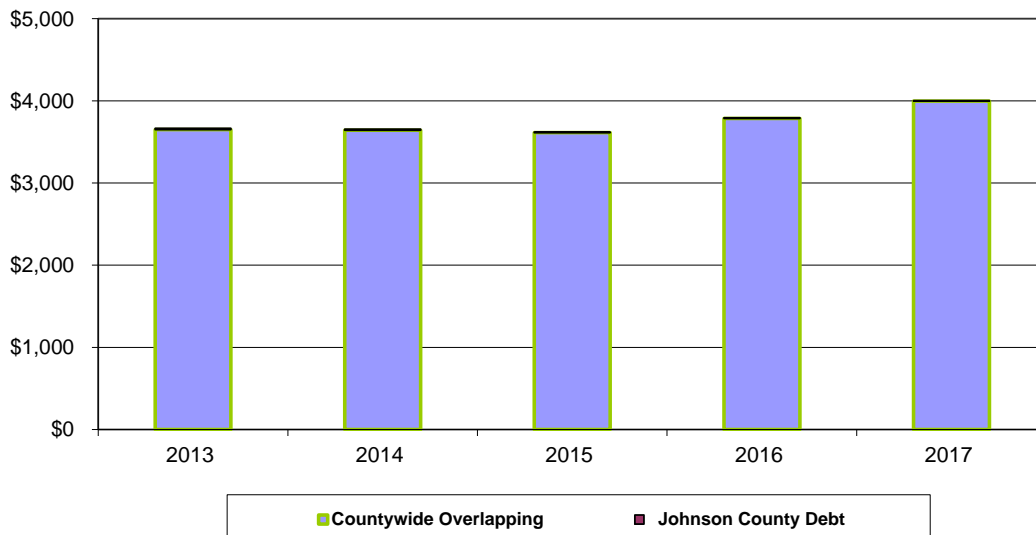
## DIRECT AND OVERLAPPING GENERAL OBLIGATION NET DEBT PER CAPITA

	2013	2014	2015	2016	2017
Johnson County Direct G.O. Net Debt	\$ 8,695,941	\$ 7,242,929	\$ 3,300,896	\$ 4,291,885	\$ 3,775,627
Countywide Overlapping G.O. Net Debt	\$ 2,069,809,073	\$ 2,090,945,066	\$ 2,095,247,294	\$ 2,212,792,253	\$ 2,356,564,447
Population	566,933	574,096	580,159	584,451	589,609
Johnson County Net Debt Per Capita	\$ 15	\$ 13	\$ 6	\$ 7	\$ 6
Countywide Overlapping Net Debt Per Capita	\$ 3,651	\$ 3,642	\$ 3,612	\$ 3,786	\$ 3,997

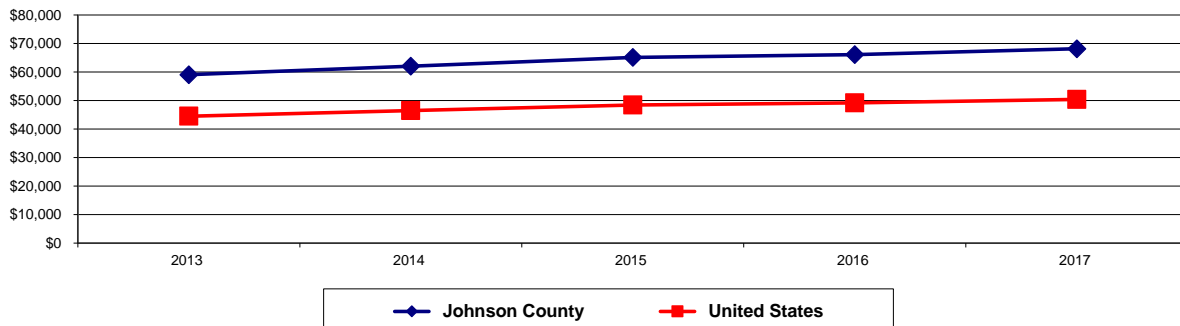
## DIRECT AND OVERLAPPING GENERAL OBLIGATION NET DEBT PER CAPITA

	2013	2014	2015	2016	2017
Johnson County Direct G.O. Net Debt Per Capita	\$ 15	\$ 13	\$ 6	\$ 7	\$ 6
Countywide Overlapping G.O. Net Debt Per Capita	3,651	3,642	3,612	3,786	3,997
<b>Total Direct and Overlapping G.O. Net Debt Per Capita</b>	<b>3,666</b>	<b>3,655</b>	<b>3,618</b>	<b>3,793</b>	<b>4,003</b>
<b>Personal Income per Capita:</b>					
Johnson County (1)	\$ 59,062	\$ 62,044	\$ 65,097	\$ 66,063	\$ 68,158
United States (2)	\$ 44,489	\$ 46,486	\$ 48,429	\$ 49,204	\$ 50,392
<b>Total Direct and Overlapping G.O. Net Debt Per Capita as a % of Personal Income per Capita</b>	<b>6.21%</b>	<b>5.89%</b>	<b>5.56%</b>	<b>5.74%</b>	<b>5.87%</b>

**General Obligation Net Debt Per Capita - County and Countywide Overlapping**



**Personal Income Per Capita**



Source: Treasury and Financial Management Department  
 (1) 2013-2017 Comprehensive Annual Financial Report  
 (2) U. S. Department of Commerce Bureau of Economic Analysis

# GENERAL OBLIGATION NET DEBT AS A PERCENTAGE OF ESTIMATED MARKET VALUE OF PROPERTY

## **DESCRIPTION:**

The following table and graph reflect the amount of Johnson County net debt and countywide overlapping net debt as percentages of the estimated market (appraised) value of tangible property in the County. This relationship is used as a measure of the burden of debt on a government's tax base. The estimated market value serves as a measure of local government wealth, and therefore reflects the capacity to service public debt. The County's portion of this debt excludes Wastewater and Airport general obligation debt and Public Building Commission debt.

## **POLICY REFERENCES:**

This section is prepared in compliance with Financial Policies developed pursuant to Resolution 122-02.

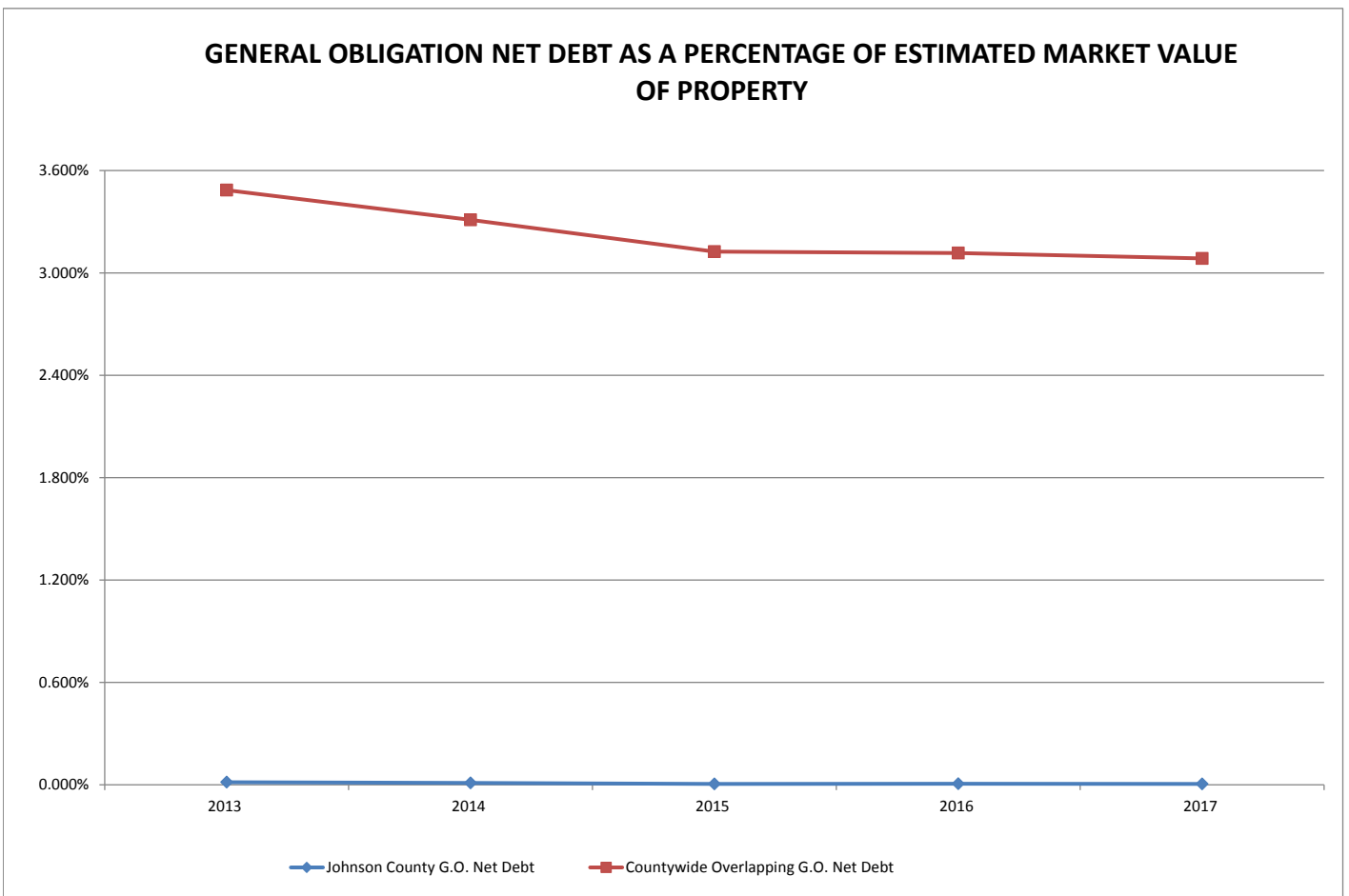
## **ANALYSIS:**

As can be seen in the table and graph on the next page, Johnson County's Net Debt as a Percentage of Estimated Market Value of Property decreased 66.67% from .015% in 2013 to .005% in 2017. This is due to the County's reduced issuances of debt, as the Public Building Commission has taken over construction and renovation of County facilities, and the 28.05% increase in market values over the last five years. This depicts a growing capacity to service public debt of the County.

Countywide Overlapping Net Debt as a percentage of market value decreased 11.24% from 3.47% in 2013 to 3.08% in 2017. This followed the same trend as County debt; however at a slower pace due to issuances of new debt by Non-County entities.

**GENERAL OBLIGATION NET DEBT AS A PERCENTAGE OF  
ESTIMATED MARKET VALUE OF PROPERTY**

	2013	2014	2015	2016	2017	Five Year Change
Johnson County G.O. Net Debt	\$ 8,695,941	\$ 7,242,929	\$ 3,300,896	\$ 4,291,885	\$ 3,775,627	-56.58%
Countywide Overlapping G.O. Net Debt	\$ 2,069,809,073	\$ 2,090,945,066	\$ 2,095,247,294	\$ 2,212,792,253	\$ 2,356,564,447	13.85%
<b>Market Value of Property (Actual) in County</b>	<b>\$ 59,714,747,704</b>	<b>\$ 63,338,501,621</b>	<b>\$ 67,091,395,124</b>	<b>\$ 71,258,958,403</b>	<b>\$ 76,464,420,387</b>	<b>28.05%</b>
Johnson County G.O. Net Debt as a Percentage of Market Value	0.015%	0.011%	0.005%	0.006%	0.005%	-66.67%
Increase/Decrease Over Previous Year		-26.67%	-54.55%	20.00%	-16.67%	
Countywide Overlapping G.O. Net Debt as a Percentage of Market Value	3.47%	3.30%	3.12%	3.11%	3.08%	-11.24%
Increase/Decrease Over Previous Year		-4.90%	-5.45%	-0.32%	-0.96%	



Source: Treasury and Financial Management Department

# NET DEBT PAYABLE BY TYPE OF OBLIGATION

## DESCRIPTION:

The following table and graphs present the outstanding principal amount, net of fund balances in the Debt Service Fund, of County debt by type of obligation. This information shows the composition of the County's debt, including general obligation bonds, special assessment bonds, revenue bonds, capital lease and State loans.

General obligation bonds are paid from property tax revenues, while special assessment debt is retired with revenues raised by special assessment levies attached to the properties that directly benefit from the issuance of the debt. Public Building Commission (PBC) bonds are supported by lease revenues paid to the PBC by the County. The lease revenues are paid pursuant to long-term lease-purchase agreements between Johnson County and the PBC. The lease payments under the agreements are approximately equal to the amounts necessary to pay principal and interest owed on the PBC's lease revenue bonds.

Although the Wastewater debt is also supported by the full faith and credit of the County, this debt is expected to be retired through revenues received from user charges, and so does not impact *ad valorem* tax rates.

## POLICY REFERENCES:

This section is prepared in compliance with Financial Policies developed pursuant to Resolution 122-02, including:

- ◆ **Section 150.2.7**, which states "For capital needs of enterprise operations, debt financing should be considered so the ratepayers who utilize the capital improvement over the life of the improvement are required to support the capital financing."

## ANALYSIS:

The County's total net debt payable has increased by 15.52% from 2013 to 2017. Generally speaking, this increase can be directly correlated to an increase in PBC and Wastewater debt.

A major component of the total debt balance is Public Building Commission (PBC) debt, which accounted for 42.77% of the County's total debt in 2017. PBC issued \$6M in Lease Purchase Improvement Revenue Bonds in 2014 to finance capital improvement projects on behalf of the County to construct County buildings. In 2015, PBC issued \$21M in Lease Purchase Improvement Bonds to construct County buildings and \$42M in Lease Purchase Revenue Refunding Bonds. In 2016, \$13M in Lease Purchase Improvement bonds were issued for Monticello Library construction and a total of \$13M in Lease Purchase Revenue Refunding bonds. In 2017, \$21.3M in Lease Purchase Revenue Refunding bonds were issued, \$15M in Lease Purchase Revenue bonds were issued to construct the Lenexa City Center Library, and \$1.9M in Lease Purchase Improvement Revenue were issued for improvements to the Criminal Justice Complex.

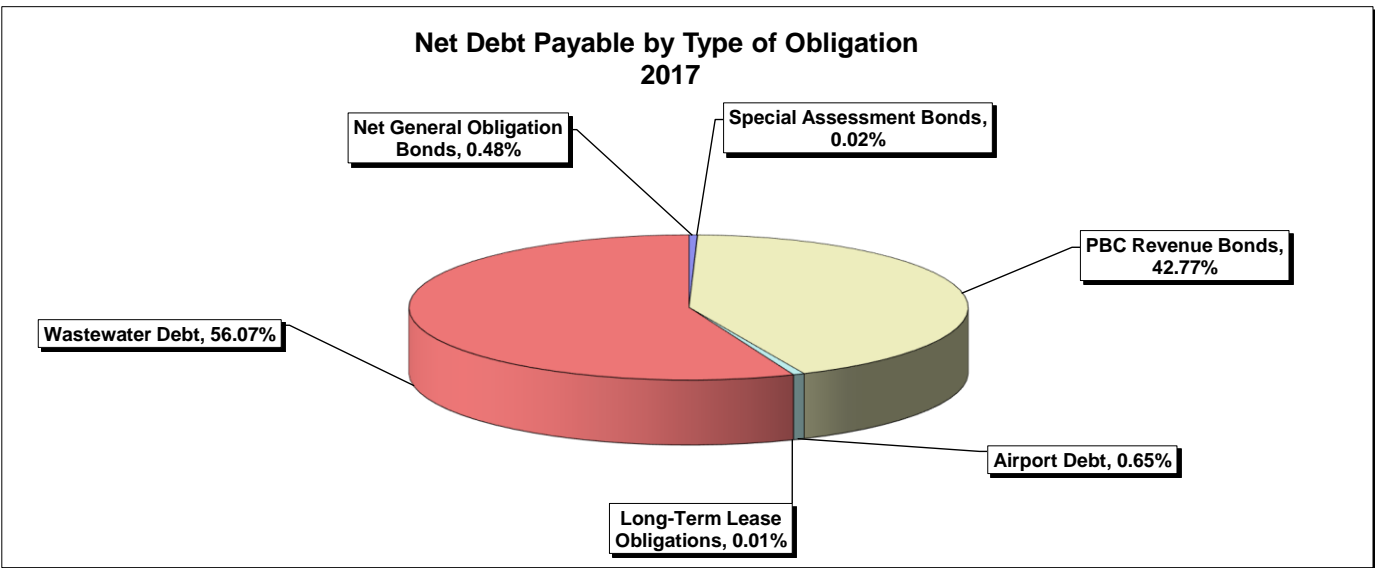
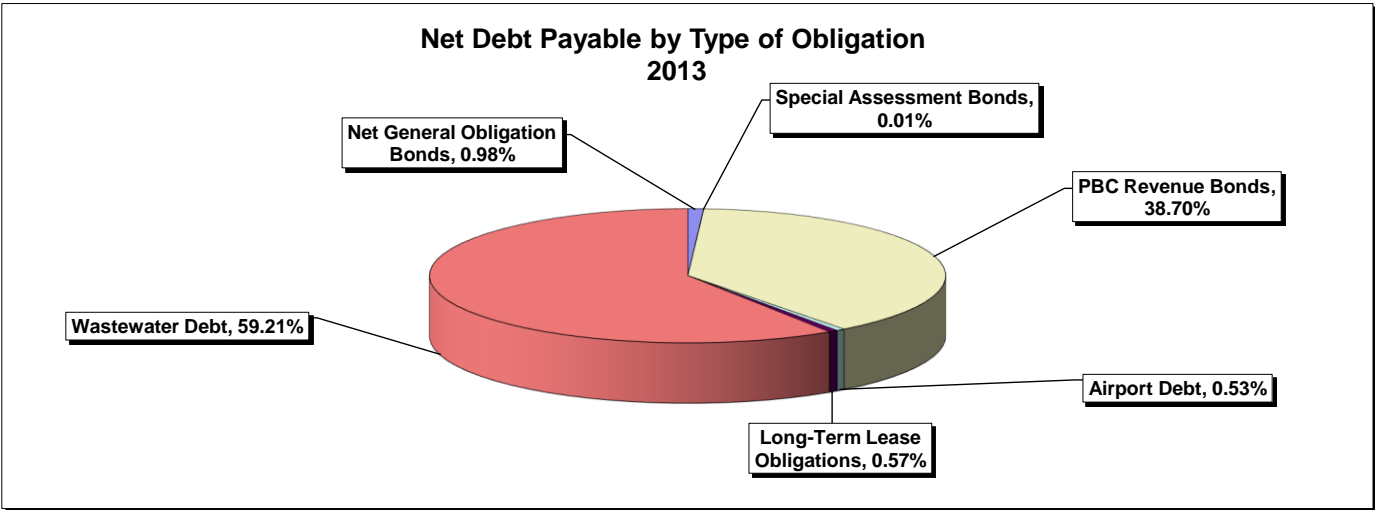
Wastewater debt, which funds the sewer infrastructure of the County, comprises approximately 56.07% of the County's total debt portfolio in 2017 and has increased 9.39% from 2013 to 2017. In 2013, \$40.6M in wastewater improvement bonds were issued. In 2014, \$20.2M in General Obligation Internal Improvement Bonds and \$38.4M in Internal Improvement Refunding Bonds were issued. In 2015, \$30.5M in General Obligation Internal Improvement Bonds for wastewater improvements and \$25.5M in advance refunding bonds were issued. The 2015 refunding bonds are scheduled to cross over and refund existing debt in 2018. In 2016, \$32.8M in wastewater improvement bonds and \$10.6M in advanced refunding bonds were issued. The 2016 refunding bonds are scheduled to cross over and retire existing debt in 2020. In 2017, \$14.8M in wastewater improvement bonds were issued.

### NET DEBT PAYABLE BY TYPE OF OBLIGATION

	2013	2014	2015	2016	2017	Five Year Change
Net General Obligation Bonds	\$ 5,451,813	\$ 4,154,371	\$ 3,138,105	\$ 3,706,549	\$ 3,075,460	\$ (2,376,353)
Special Assessment Bonds	29,065	24,220	19,375	121,430	107,384	78,319
PBC Revenue Bonds	215,410,000	209,450,000	244,120,000	256,700,000	274,945,000	59,535,000
Airport Debt	2,930,933	2,525,778	5,155,623	4,665,468	4,210,313	1,279,380
Long-Term Lease Obligations	3,150,000	3,006,747	91,228	75,301	57,836	(3,092,164)
Wastewater Debt	329,482,873	369,237,418	377,960,228	404,098,869	360,405,480	30,922,607
<b>Grand Total:</b>	<b>\$ 556,454,684</b>	<b>\$ 588,398,534</b>	<b>\$ 630,484,559</b>	<b>\$ 669,367,617</b>	<b>\$ 642,801,473</b>	<b>\$ 86,346,789</b>

	2013	2014	2015	2016	2017	Five Year Change
Percent of Grand Total:						
Net General Obligation Bonds	0.98%	0.71%	0.50%	0.55%	0.48%	-0.50%
Special Assessment Bonds	0.01%	0.00%	0.00%	0.02%	0.02%	0.01%
PBC Revenue Bonds	38.70%	35.60%	38.72%	38.35%	42.77%	4.07%
Airport Debt	0.53%	0.43%	0.82%	0.70%	0.65%	0.12%
Long-Term Lease Obligations	0.57%	0.51%	0.01%	0.01%	0.01%	-0.56%
Wastewater Debt	59.21%	62.75%	59.95%	60.37%	56.07%	-3.14%
	100.00%	100.00%	100.00%	100.00%	100.00%	0.00%



Source: Johnson County Financial Records



# PRINCIPAL AND INTEREST RETIREMENT FOR GENERAL OBLIGATION BONDS AND PUBLIC BUILDING COMMISSION LEASES

## DESCRIPTION:

The table and graphs on the following page reflect the principal and interest requirements of general obligation bonds and Public Building Commission lease obligations scheduled to mature over the next five years and ten years for the periods presented. This information is presented to show the trend of the County's retirement of debt. This debt excludes Wastewater general obligation debt, excludes special assessment debt, and includes Public Building Commission lease commitments.

## POLICY REFERENCES:

This section is prepared in compliance with Financial Policies developed pursuant to Resolution 122-02, including:

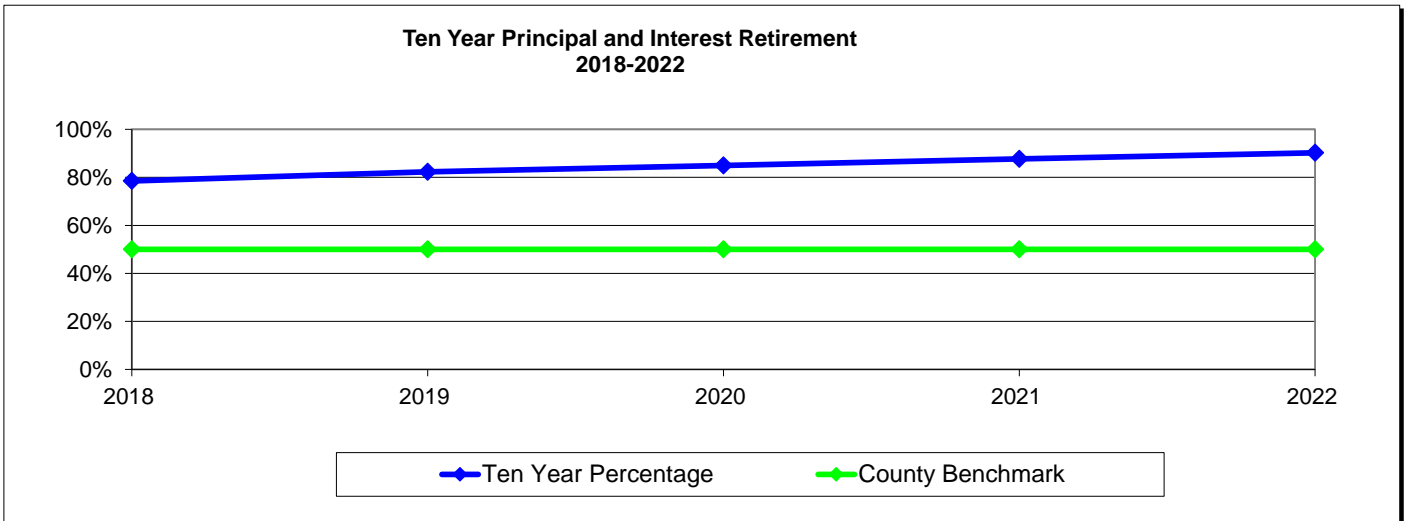
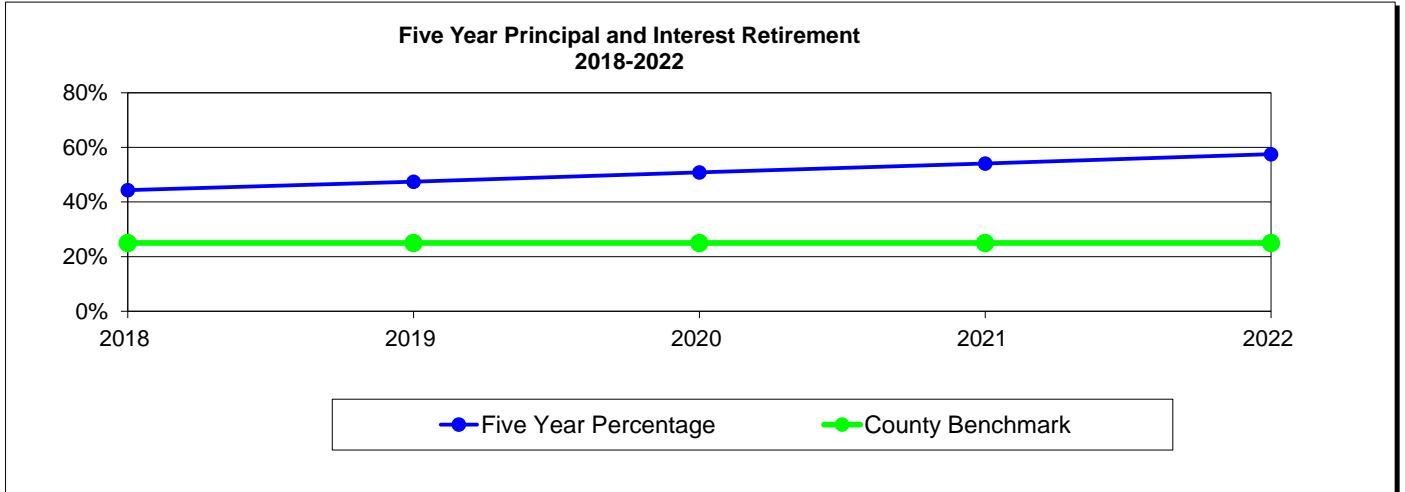
- ◆ **Section 150.2.12**, which states the "scheduled maturities [of debt] should be less than the expected economic life of the capital project or assets financed."

## ANALYSIS:

As can be seen in the following table and graphs, the five year percentage of debt payments to total general obligation and PBC lease obligations will increase from 44.35% in 2018 to 57.53% in 2022. The ten-year percentage will increase from 78.50% in 2018 to 90.21% in 2022. In other words, for the County's existing G.O. and PBC debt, 44.35% will be paid off in the next five years, and 78.50% will be paid off within the next 10 years. These charts do not take into account any possible future debt issues, which would impact the repayment schedule and the accompanying percentage paid off for future years. This trend is within internally set benchmarks for the County's debt, which is to pay 25% of outstanding principal within 5 years and 50% within 10 years. The County's debt issues have original maturities of no greater than 20 years, which falls within the guidelines noted in the County's financial policies.

**PRINCIPAL AND INTEREST RETIREMENT FOR GENERAL  
OBLIGATION BONDS AND PUBLIC BUILDING COMMISSION LEASES**

	2018	2019	2020	2021	2022
Five Year Maturities (Principal and Interest)	\$ 120,052,992	\$ 115,920,831	\$ 111,487,164	\$ 105,722,343	\$ 99,513,007
Ten Year Maturities (Principal and Interest)	\$ 212,480,651	\$ 201,098,168	\$ 186,235,301	\$ 171,303,883	\$ 156,056,743
Total Outstanding Bonds (Principal and Interest)	\$ 270,681,542	\$ 244,289,208	\$ 219,340,356	\$ 195,403,772	\$ 172,988,351
Five Year Percentage	44.35%	47.45%	50.83%	54.10%	57.53%
County Benchmark	25.00%	25.00%	25.00%	25.00%	25.00%
Ten Year Percentage	78.50%	82.32%	84.91%	87.67%	90.21%
County Benchmark	50.00%	50.00%	50.00%	50.00%	50.00%



Source: Treasury and Financial Management Department

# PRINCIPAL AND INTEREST RETIREMENT FOR PUBLIC BUILDING COMMISSION DEBT

## DESCRIPTION:

The following table and graphs reflect the outstanding principal amounts of Public Building Commission (PBC) debt at December 31 of the years 2013 through 2017, the required 5-year and 10-year payments of principal and interest to retire that debt, and a comparison of the percentages of debt to be retired to the County's established benchmarks for the five and ten year periods. This information is presented to show the trend of PBC debt issuance over the past five years and the trend of the maturities of that debt in future years.

The Public Building Commission was created in 1990 to "facilitate the purposes of constructing, acquiring or enlarging, furnishing, equipping, operating and maintaining buildings to be made available to other governmental entities." The PBC issues revenue bonds to provide funds for those purposes and repays the bonds from the lease payments received from the benefiting government entity. PBC debt is not considered a component of the County's direct, net, general obligation debt, although PBC debt repayment is appropriated through the annual budget process.

## POLICY REFERENCES:

This section is prepared in compliance with Financial Policies developed pursuant to Resolution 122-02, dated December 19, 2002.

## ANALYSIS:

The table and graphs on the next two pages depict an overall increase of 19.17%, from 2013 to through 2017, in outstanding PBC Lease Purchase Revenue Bonds issued to finance facility construction and renovation.

In 2014, \$2.0M was issued for the Courthouse and \$4M was issued for the Monticello/Central Resource Library. In 2015, \$21.4M in new bonds were issued for the Arts & Heritage Center. In 2016, \$12.7M was issued for the Monticello Library project. In 2017, \$15.1M in bonds were issued to construct the Lenexa City Center Library, \$21.3M in refunding bonds, and \$1.9M for Criminal Justice Complex improvements.

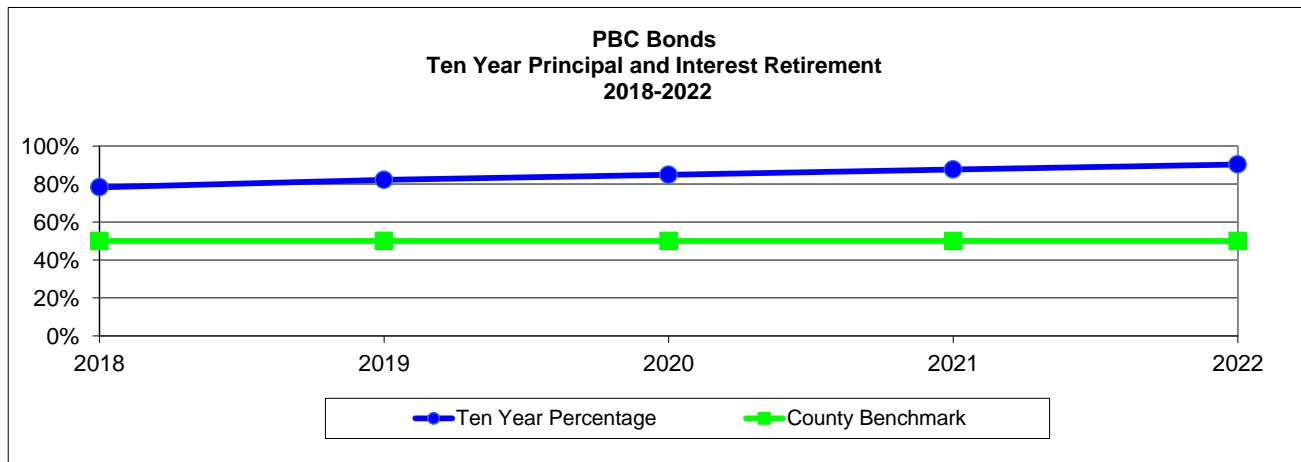
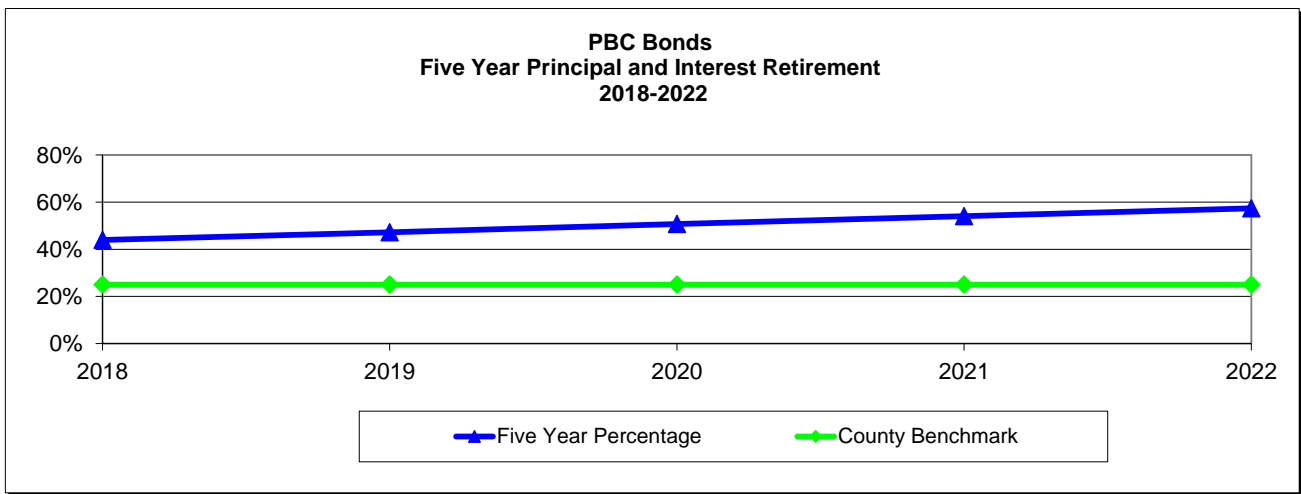
As also shown in the following table and graphs, the five year maturity percentage is scheduled to increase from 43.94% of outstanding total debt in 2018, to 57.35% in 2022. The ten-year maturity percentage will increase from 78.26% in 2018, to 90.29% in 2022. Approximately 43.94% of the existing PBC debt will be paid off in the next five years, and approximately 78.26% will be paid off within the next 10 years. This trend is within the debt management policy guidelines and objectives. The County's debt issues have original maturities of no greater than 20 years, which falls within the debt management policy guidelines.

The projects below have been funded with PBC revenue bonds since its inception in 1990:

<b><u>Building or Improvements Financed</u></b>	<b>Principal Amount Issued</b>
County Administration Building	\$13,200,000
Courthouse Renovations	14,095,000
Northeast Office Renovations	4,530,000
Community Support Services/Children's Building	3,400,000
Work Release/Low Custody Annex	1,000,000
Juvenile Detention Center	4,446,100
Health and Human Services Building	11,525,000
Election Facility	1,523,900
Med-Act Support Services	345,000
Minimum Security Facility	15,165,000
Transit Maintenance Facility	1,910,000
Property acquired for County offices and document storage	1,340,000
Office Space – Multi-Service Center	3,710,000
Sunset Office Building	29,855,000
Corrections – Adult Residential Center	11,505,000
Med-Act Station	1,245,000
Warehouse	4,905,000
Leawood Library	5,640,000
Communications Center	20,685,000
Administration/Courthouse/Health & Human Services Center	15,695,000
Jail	83,735,000
Juvenile Services Complex	17,470,000
Johnson County Developmental Support Elmore Center Bldg	4,385,000
Crime Lab	29,570,000
Public Works Building	13,245,000
Northeast Offices Renovations	2,975,000
Monticello/Central Resource Library	4,000,000
Arts & Heritage Center	21,460,000
Monticello Library	12,720,000
Criminal Justice Complex	1,850,000
Lenexa City Center Library	15,060,000
<b>TOTAL PROJECTS FINANCED</b>	<b>\$372,190,000</b>

## PRINCIPAL AND INTEREST RETIREMENT FOR PUBLIC BUILDING COMMISSION DEBT

Outstanding Principal Amount of Public Building Commission Debt	2013	2014	2015	2016	2017
	\$ 215,410,000	\$ 209,450,000	\$ 244,120,000	\$ 256,700,000	\$ 256,700,000
	2018	2019	2020	2021	2022
Five Year Maturities (Principal and Interest)	\$ 115,172,742	\$ 111,944,574	\$ 108,351,971	\$ 102,903,743	\$ 96,771,232
Ten Year Maturities (Principal and Interest)	\$ 205,143,701	\$ 194,952,936	\$ 181,362,283	\$ 167,185,358	\$ 152,358,718
Total Bond Maturities (Principal and Interest)	\$ 262,121,053	\$ 237,197,412	\$ 213,654,199	\$ 190,607,383	\$ 168,749,162
Five Year Percentage	43.94%	47.19%	50.71%	53.99%	57.35%
County Benchmark	25.00%	25.00%	25.00%	25.00%	25.00%
Ten Year Percentage	78.26%	82.19%	84.89%	87.71%	90.29%
County Benchmark	50.00%	50.00%	50.00%	50.00%	50.00%



2013-2017 Capital & Operating Budgets  
Source: Treasury and Financial Management Department

# Demographics

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## **DEMOGRAPHICS**

- Population
- Median Age Estimates
- School Age Share of Total Population
- Personal Income Per Capita
- Employment Base

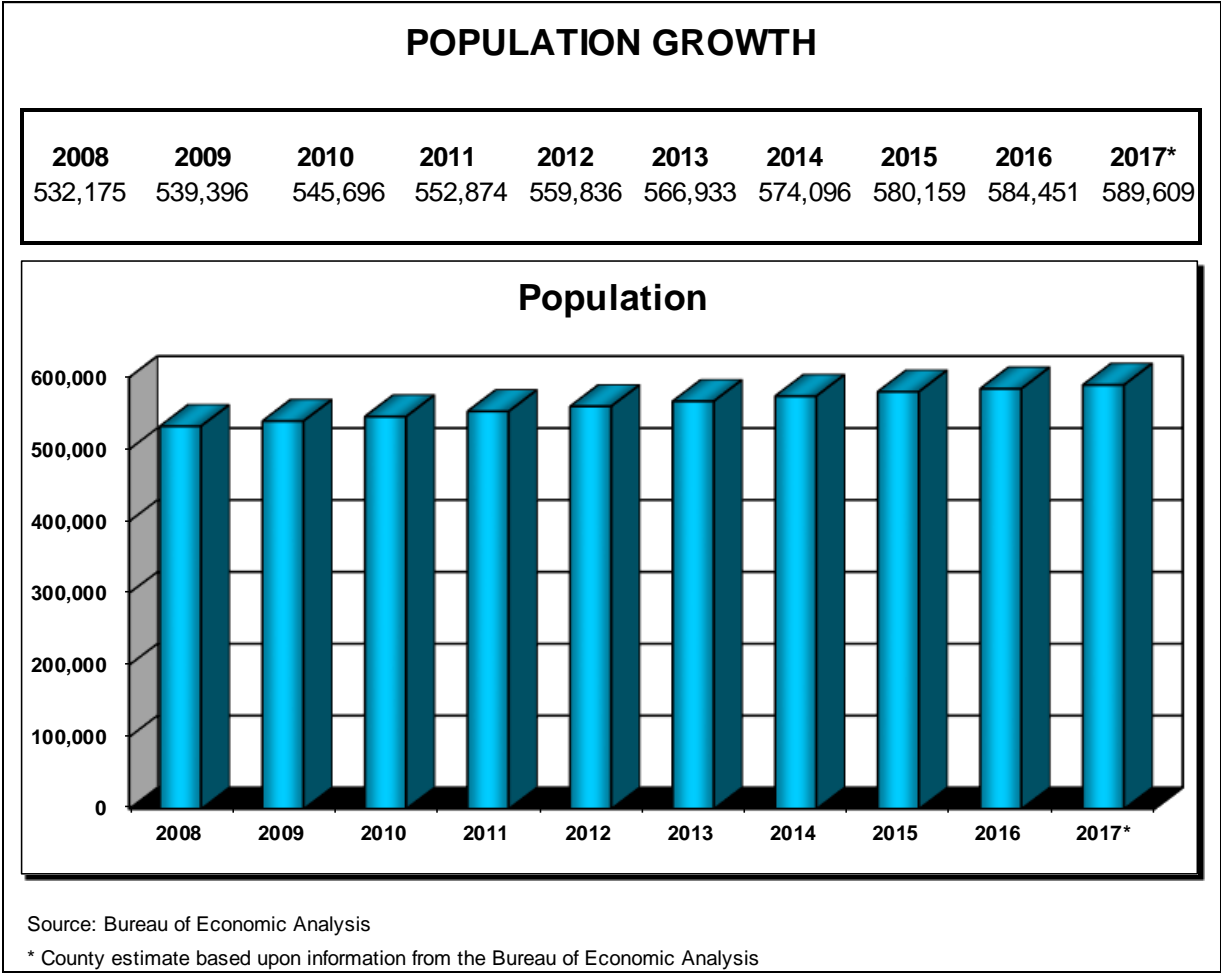
# POPULATION

**DESCRIPTION:**

Population estimates for the County are shown below. Population growth generally leads to increases in both revenues and expenditures, while population declines can lead to decreases in revenues and expenditures.

**ANALYSIS:**

The County's population continued to grow at a rate of 10.79% from 2008 to 2017. The County continues to experience annual population growth, however the annual growth rate is following a decreasing trend. 2016 and 2017 annual growth rates were less than 1% versus prior years, which averaged increases of 1.51%.





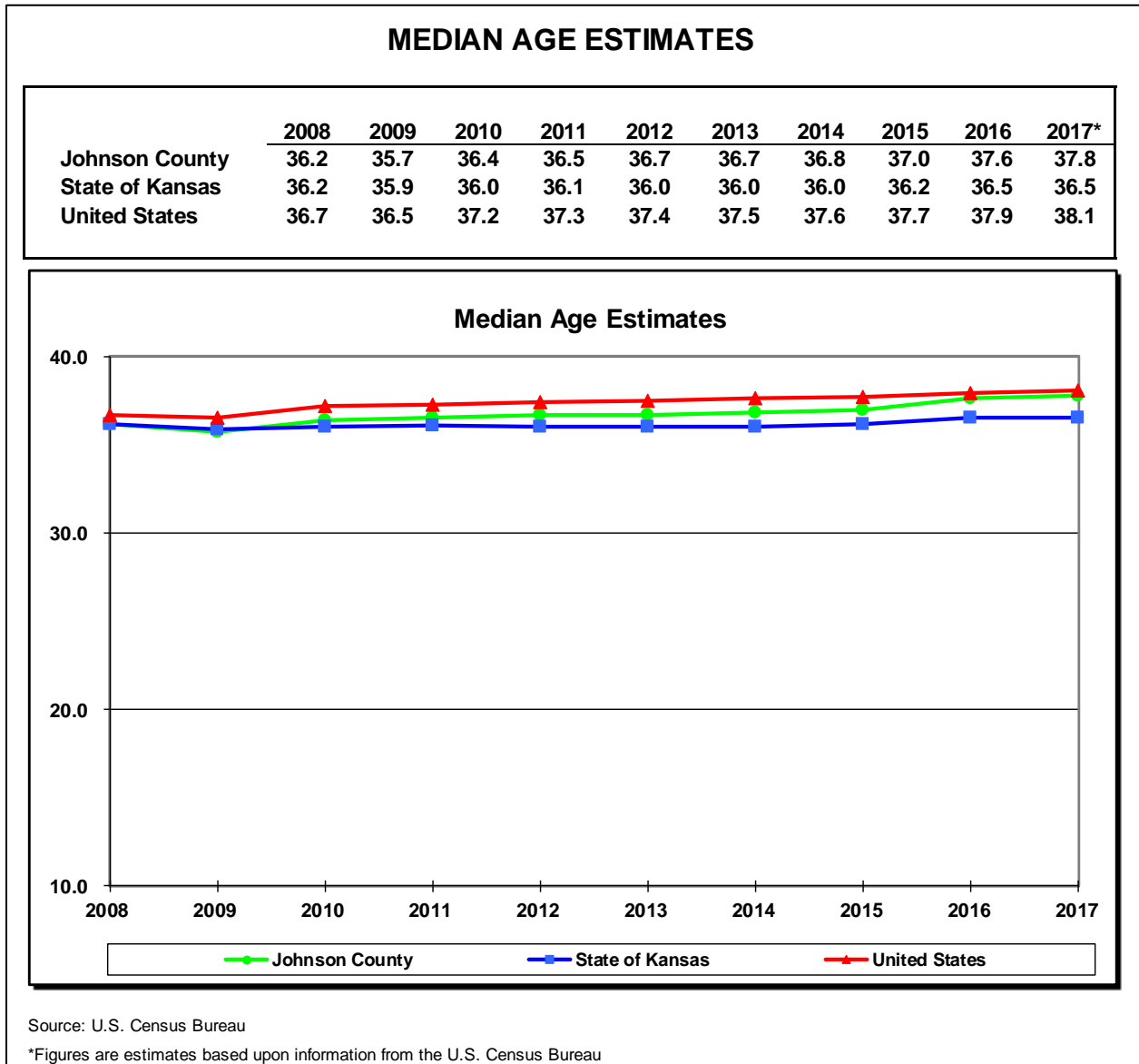
# MEDIAN AGE ESTIMATES

## DESCRIPTION:

Median age estimates for the County, the State of Kansas, and the United States are shown below.

## ANALYSIS:

The County's overall median age increased by 4.42% from 2008 to 2017. The State of Kansas median age marginally increased by 0.83%. The United States median age increased by 3.81% over the same period.



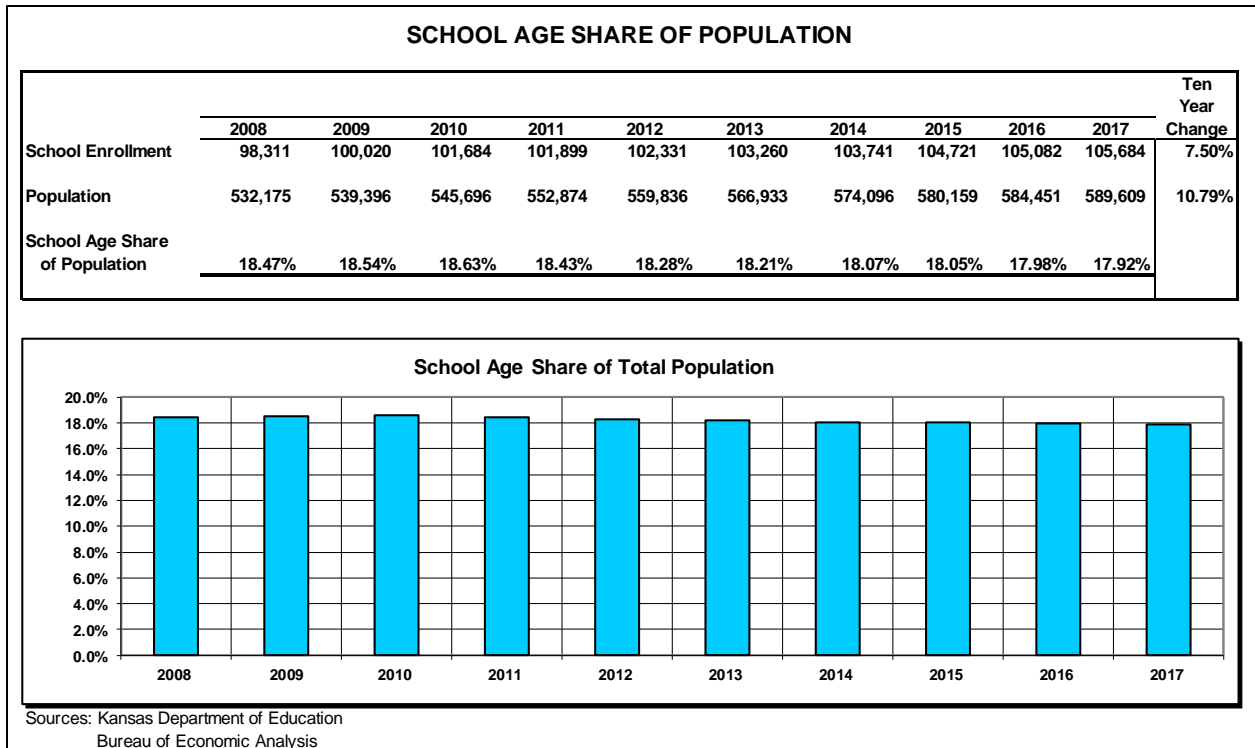
# SCHOOL AGE SHARE OF TOTAL POPULATION

## DESCRIPTION:

Johnson County's school age share of the County's population is shown below. School age represents those students in grades kindergarten through twelfth grade. An increase in this share of population can show a possible need to increase expenditures for schools and school improvements. A large decrease in this share of population can show possible problems concerning attracting families with children to the County.

## ANALYSIS:

Overall County population growth from 2008 through 2017 outpaced the growth of the County school age population by a small margin of 3.28%. From 2008 through 2017, Johnson County's school age population growth was 7.50% compared to the County's overall population growth of 10.79%. The percentage of school age children compared to the overall population has decreased 2.98% from 18.47% in 2008 to 17.92% in 2017.



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# PERSONAL INCOME PER CAPITA

## **DESCRIPTION:**

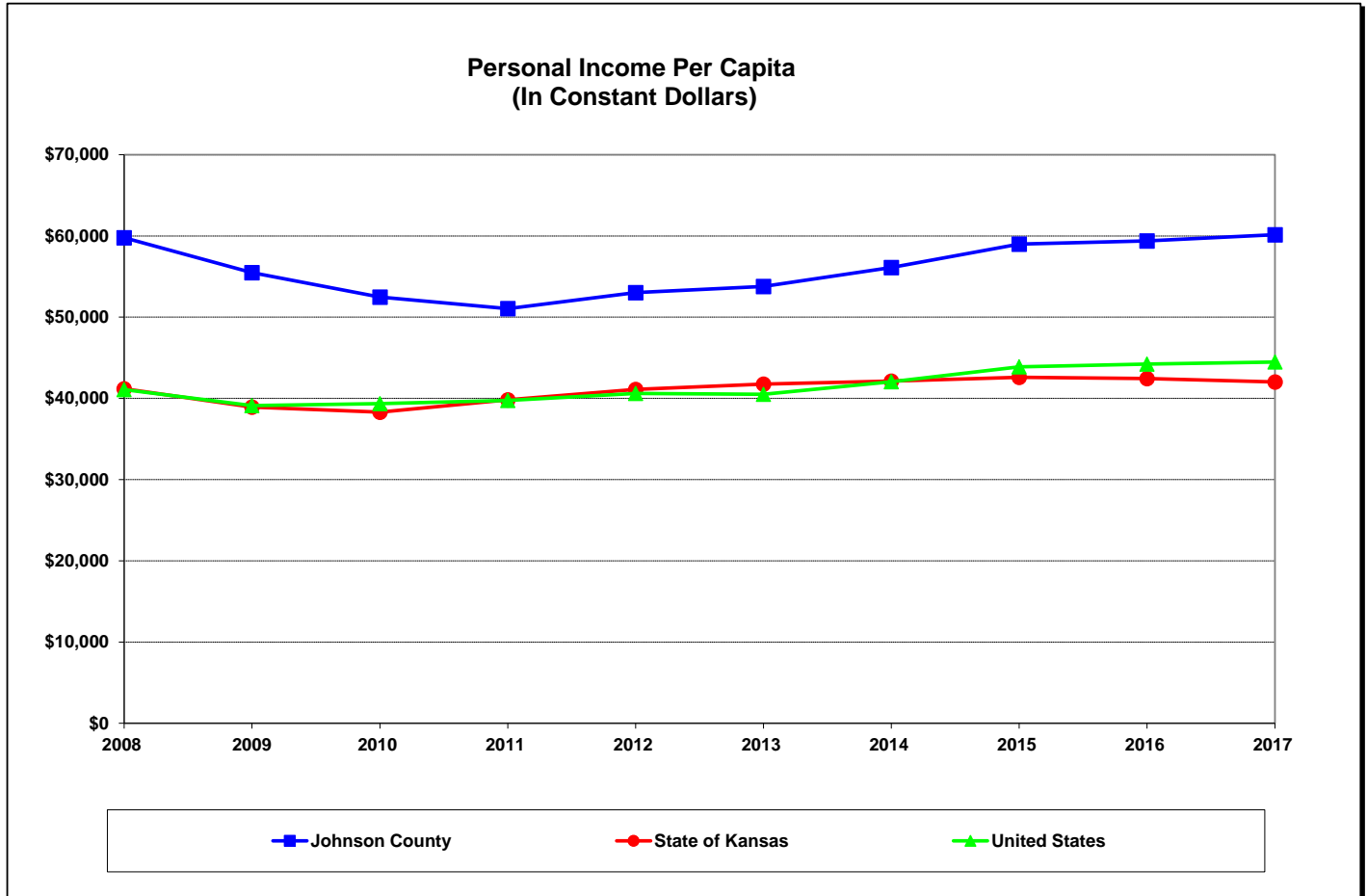
On the following page, the table and graph illustrate personal income in actual and constant dollars per capita for Johnson County, the State of Kansas and the United States. The per capita personal income is calculated by using the amount of personal income for each entity and dividing it by the population for that entity. An increase in the personal income per capita indicates greater purchasing power.

## **ANALYSIS:**

County per capita income has historically been higher than the per capita amounts for both the State of Kansas and the United States. In actual dollars, the County's per capita income premium over State of Kansas and the United States was 43.18% and 35.26% respectively. From 2008 through 2017 the County's actual dollar per capita income increased 14.01% compared to the State's increase of 15.60% and United States increase of 22.66%. Jobs available in Johnson County increased 1.75% from 2008 to 2017.

**PERSONAL INCOME PER CAPITA**  
(In Actual and Constant Dollars)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Ten Year Change
<b>Actual Dollars</b>											
Johnson County	\$ 59,783	\$ 55,856	\$ 53,716	\$ 54,525	\$ 57,803	\$ 59,062	\$ 62,044	\$ 65,097	\$ 66,063	\$ 68,158	14.01%
State of Kansas	41,179	39,204	39,212	42,532	44,810	45,865	46,565	47,009	47,221	47,603	15.60%
United States	41,082	39,376	40,278	42,463	44,283	44,489	46,486	48,429	49,204	50,392	22.66%
<b>Consumer Price Index - Urban</b>	<b>100.00</b>	<b>100.68</b>	<b>102.37</b>	<b>106.82</b>	<b>109.04</b>	<b>109.82</b>	<b>110.56</b>	<b>110.37</b>	<b>111.25</b>	<b>113.31</b>	<b>13.31%</b>
<b>Constant Dollars</b>											
Johnson County	\$ 59,783	\$ 55,479	\$ 52,472	\$ 51,044	\$ 53,011	\$ 53,781	\$ 56,118	\$ 58,981	\$ 59,382	\$ 60,152	0.62%
State of Kansas	41,179	38,939	38,304	39,817	41,095	41,764	42,117	42,592	42,446	42,011	2.02%
United States	41,082	39,110	39,346	39,752	40,612	40,511	42,046	43,879	44,228	44,473	8.25%



Source: U.S. Department of Commerce Bureau of Economic Analysis. Information for 2017 is estimated based upon previous years.

## EMPLOYMENT BASE

### **DESCRIPTION:**

The unemployment rates for the County, the State of Kansas, and the United States are shown in the following table and graph. Also depicted are the numbers of jobs available within Johnson County. An increase in the unemployment rate generally indicates a weaker economy.

### **ANALYSIS:**

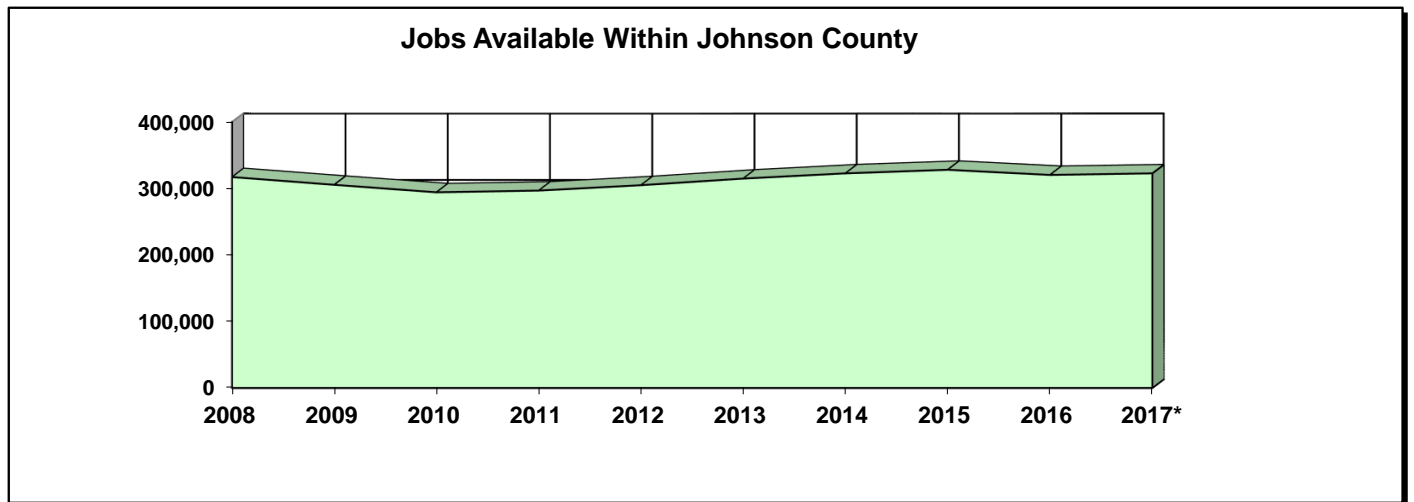
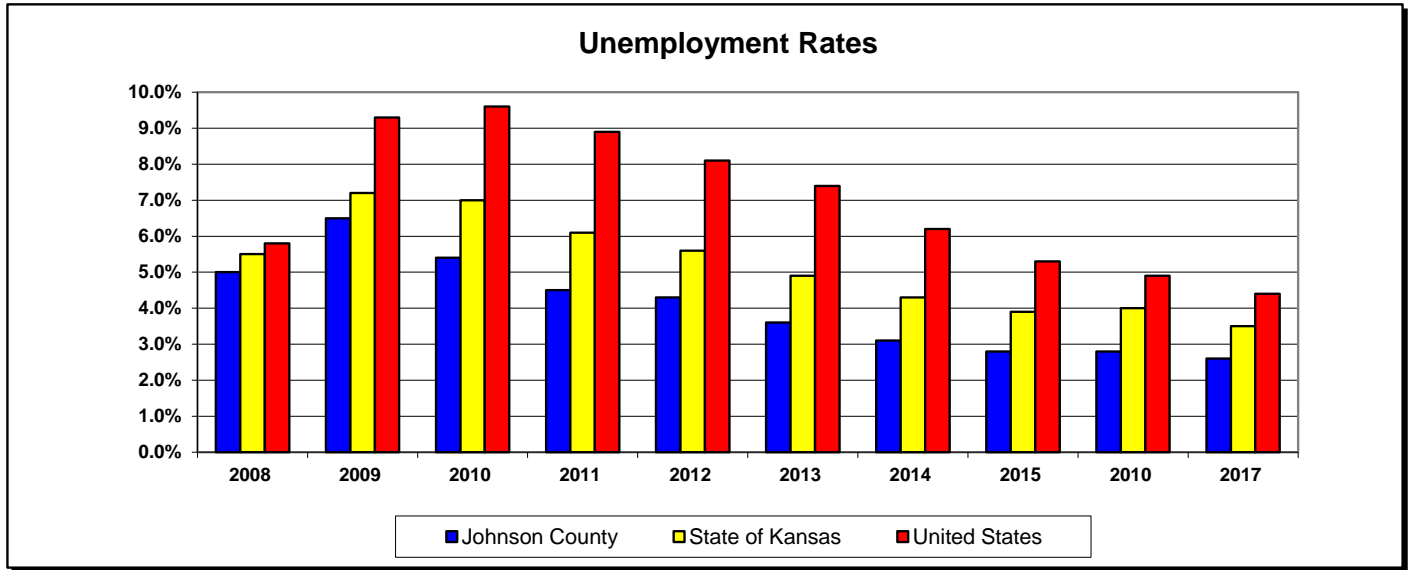
The County's unemployment rate decreased 60.0% from 2009 thru 2017. The County's unemployment rate still continues to be lower than both the State of Kansas and the United States rates of 3.5% and 4.4% respectively. As a comparison, the County's 2017 rate of 2.6% is less than half that of the recessionary years of 2009 and 2010.

## EMPLOYMENT BASE

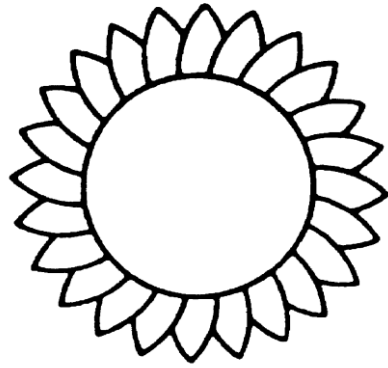
	UNEMPLOYMENT RATE (1)									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Johnson County	5.0%	6.5%	5.4%	4.5%	4.3%	3.6%	3.1%	2.8%	2.8%	2.6%
State of Kansas	5.5%	7.2%	7.0%	6.1%	5.6%	4.9%	4.3%	3.9%	4.0%	3.5%
United States	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%

JOBS AVAILABLE IN THE COUNTY (2)										
2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*	
317,238	305,554	294,278	296,871	304,973	314,916	322,765	328,159	320,408	322,790	



Source: (1) U.S. Department of Labor, Bureau of Labor Statistics  
 (2) U.S. Census Bureau, County Business Patterns  
 \* County estimate based upon information from the U.S. Department of Labor





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# Property Tax Base

## **PROPERTY TAX BASE**

- Glossary of Terminology
- Estimated Market Value of Real and Personal Property and Public Utilities
- Assessed Value of Real and Personal Property, Public Utilities, Motor Vehicles and Recreational Vehicles
- New Construction Market Value

# GLOSSARY OF TERMINOLOGY

**Abatement:** The term means “to reduce in value or amount; make less, especially by way of relief.” Abatements reduce the amount of tax that is due by giving a dollar credit against the tax liability. Typically, governments grant property tax abatements in conjunction with the issuance of economic development bonds or industrial revenue bonds (IRB’s) as incentive to businesses to move to a particular municipality. Property tax abatements are typically limited to specific periods of time rather than granted in perpetuity. Although the property tax has been abated, community services must still be provided for the property.

**Ad Valorem:** The term literally means “according to its value.” A tax on property that is computed based on the value of the property is an *ad valorem* tax. Johnson County levies *ad valorem* property taxes on all real property, tangible personal property, and public utilities within its borders.

**Appraised Value:** The value set upon a piece of real estate or personal property by the County. In Kansas, both real and personal property are appraised at market value.

**Assessed Value:** A fixed percentage of the appraised value of the property being valued. Assessed value is achieved by multiplying the appraised value by the appropriate rates of assessment, which are set by the State. In Kansas, current assessment rates are as follows:

1. Residential property	11.5%
2. Vacant Land	12.0%
3. Commercial/industrial property and agricultural improvements	25.0%
4. Public Utilities	33.0%
5. Agriculture land	30.0%
6. Not-for-Profit property	12.0%
7. All other real property not subclassed	30.0%

**Bond:** A security whereby an issuer borrows money from an investor and agrees and promises, by written contract, to pay a fixed principal sum on a specified date (maturity date) and at a specified rate of interest.

**Debt Service:** Required payments of principal and interest, paid on the maturity dates of issued bonds.

**Direct Debt:** In general obligation bond analysis, the amount of debt that a particular local unit of government has incurred in its own name or assumed through annexation.

**Fair Market Value:** According to Kansas law, K.S.A. 79-503a, fair market value is defined as “the amount in terms of money that a well informed buyer is justified in paying and a well informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion.”

**Full Faith and Credit:** The pledge of “the full faith and credit and taxing power without limitation as to rate or amount.” A phrase used primarily in conjunction with General Obligation bonds to convey the government’s pledge to use all taxing powers and resources, if necessary, to pay the bond holders.

**General Obligation (G.O.) Bond:** A bond secured by a pledge of the full faith and credit of the government issuer. Commonly the general obligation bonds of local governments are paid from *ad valorem* property taxes and other general revenues. G.O. Bonds are considered the most secure of all municipal debt.

**Industrial Revenue Bonds (IRB’s):** Used to finance facilities for private enterprises, water and air pollution control, ports, airports, resource-recovery plants, and housing, among others. The bonds are backed by the credit of the private corporation borrower rather than by the credit of the government issuer.

**Lease-Rental or Lease-Revenue Bond:** Bonds whose principal and interest are payable exclusively from rental payments from a lessee. Rental payments are often derived from earnings of an enterprise that may be operated by the lessee or the lessor. Rental payments may also be derived from taxes levied by the lessee.

Overlapping Debt: The proportionate share of the general obligation bonds of local governments located wholly or in part within the limits of the reporting unit of government that must be borne by property owners within the unit.

Personal Property: According to K.S.A. 79-102, personal property includes every tangible thing which is the subject of ownership but not forming part or parcel of real property.

Public Utilities: According to K.S.A. 79-5a01, public utilities include every individual, company, corporation, association of persons, lessees or receivers that control, manage, or operate a business of: a railroad, telegraph, telephonic message transmitter, natural gas and heating oil pipeline transport and distribution, electric power generation/distribution, water transmission, or transportation of cargo or passengers by means of vessels or boats upon navigable state waterways.

Real Property: According to K.S.A. 79-102, real property includes not only land but also all buildings, fixtures, improvements, mines, minerals, quarries, mineral springs and wells, rights and privileges appertaining thereto, except as otherwise specifically provided in statute.

Refunding Bond: A new bond issued for the purpose of retiring an already outstanding bond issue.

Revenue Bond: A municipal bond whose debt service is payable solely from the revenues derived from operating the facilities acquired or constructed with the proceeds of the bonds. Revenue bonds are often used to finance capital outlay for public utility infrastructure.

Special Assessment Bond: A bond secured by a compulsory levy of special assessments, as opposed to property taxes, made by a local unit of government on certain properties to defray the cost of local improvements and/or services that represents the specific benefit to the property owner derived from the improvement.

Tax Base: The total resource of the community that is legally available for taxation.

Tax-exempt Bond: Bonds exempt from federal or state income taxes, or state and local personal property taxes. This tax exemption results from the theory of reciprocal immunity: States do not tax instruments of the federal government, and the federal government does not tax interest income on securities of state and local governments.

# ESTIMATED MARKET VALUE OF REAL AND PERSONAL PROPERTY AND PUBLIC UTILITIES

## DESCRIPTION:

This indicator shows the estimated market values of real property, personal property, and public utilities within the County in both actual and constant dollars. Market values of property are useful in determining the health of the economy of a community. In accordance with K.S.A. 79-1476, "every parcel of real property shall be actually viewed and inspected by the county or district appraiser once every six years."

## POLICY REFERENCES:

These statistics and analyses are presented only for information.

## ANALYSIS:

In constant dollars, total estimated market value of real property, personal property, and public utilities in actual dollars increased 25.72% from 2013 to 2017.

### Real Property

In constant dollars, estimated market value increased 26.44% from 2013 to 2017. Growth of estimated Real Property values continued in 2017 with a year-over-year increase of 6.35%. The annual increase in estimated values has been above 5% since 2014.

### Personal Property

In constant dollars, estimated market value decreased by 23.47% from 2013 through 2017. This continual decrease is due to Kansas State law K.S.A. 79-223, adopted in 2006, that began phasing out commercial personal property from the tax rolls. As a result of this law, there is an agreement between the State and the various jurisdictions to cover a percentage of the loss of personal property revenue. New businesses in the County are no longer being placed on the personal property tax rolls.

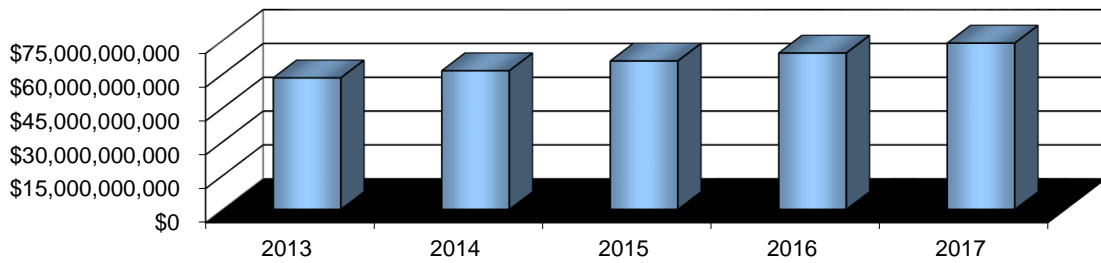
### Utilities

In constant dollars, estimated market value increased by 11.91% from 2013 through 2017. The largest annual increases occurred in 2014 and 2015, 6.17% and 6.63% respectively, while pre-2014 annual changes were less than 1.90%.

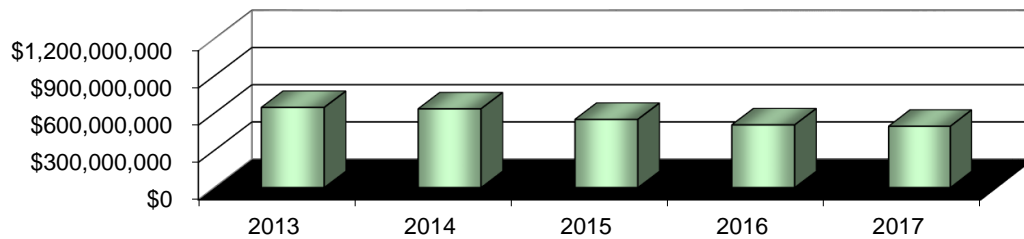
**ESTIMATED MARKET VALUE OF  
REAL AND PERSONAL PROPERTY AND PUBLIC UTILITIES**  
(In Actual and Constant Dollars)

	2013	2014	2015	2016	2017
Real Property	\$58,332,098,612	\$61,912,043,960	\$65,709,994,902	\$69,909,536,090	\$75,121,151,114
Personal Property	645,583,924	638,703,743	548,432,543	509,107,654	503,191,914
Utilities	737,065,168	787,753,918	832,967,679	840,314,659	840,077,359
<b>Total (Actual)</b>	<b>59,714,747,704</b>	<b>63,338,501,621</b>	<b>67,091,395,124</b>	<b>71,258,958,403</b>	<b>76,464,420,387</b>
Consumer Price Index - Urban	100.00	100.67	99.83	100.80	101.85
<b>Total (Constant Dollars)</b>	<b>\$ 59,714,747,704</b>	<b>\$ 62,916,958,002</b>	<b>\$ 67,205,644,720</b>	<b>\$ 70,693,411,114</b>	<b>\$ 75,075,523,208</b>

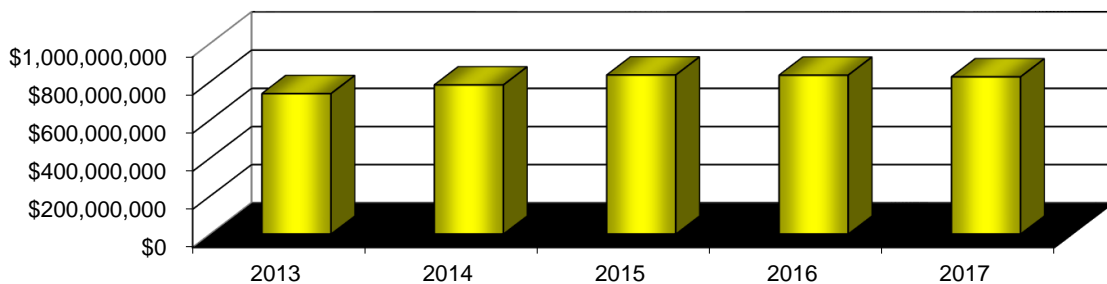
**Estimated Real Property Market Values  
(Constant Dollars)**



**Estimated Personal Property Market Values  
(Constant Dollars)**



**Estimated Public Utilities Market Values  
(Constant Dollars)**



Source: Johnson County Financial Records

# **ASSESSED VALUE OF REAL AND PERSONAL PROPERTY, PUBLIC UTILITIES, MOTOR VEHICLES AND RECREATIONAL VEHICLES**

## **DESCRIPTION:**

The table and graphs on the following page show the assessed value of all tangible property in Johnson County, in actual and constant dollars. The five categories of property listed represent all property on which taxes are levied. The actual, assessed value of tangible property is the basis for the tax levy and is also used to determine the legal debt limits of the County. Current laws in Kansas require reappraisal of each parcel of real property a minimum of once every six years.

## **POLICY REFERENCES:**

These statistics and analyses are presented only for information.

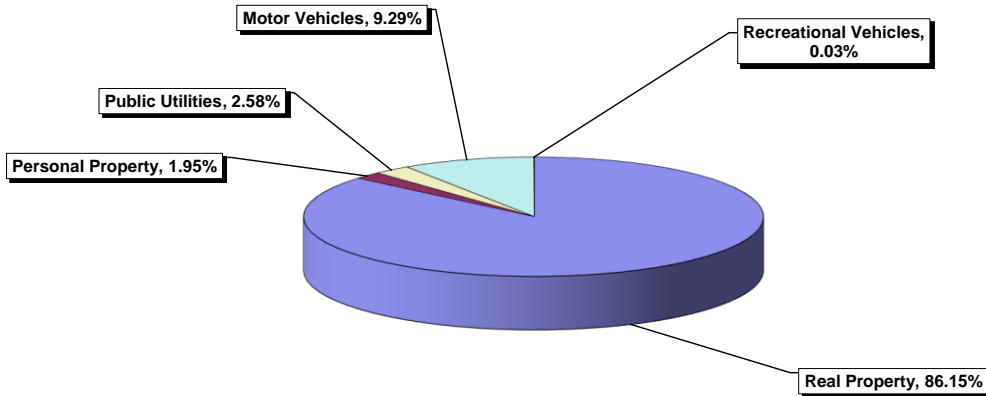
## **ANALYSIS:**

In constant dollars, total assessed value for real and personal property, public utilities, motor vehicles, and recreational vehicles increased 25.96% from 2013 to 2017. All categories of assessed value have increased over the five year period with the exception of personal property which has seen a 35.12% decrease since 2013. Since 2006, the continued decrease in personal property taxes has been attributed to Kansas State law K.S.A. 79-223 being adopted. K.S.A. 79-223 stipulates the phasing out of commercial personal property tax from the tax rolls. Composition of total assessed value has remained relatively consistent over the five year period with the exception of real and personal property. Real property assessed value has taken over a marginally larger portion of the composition as personal property taxes continue to decrease.

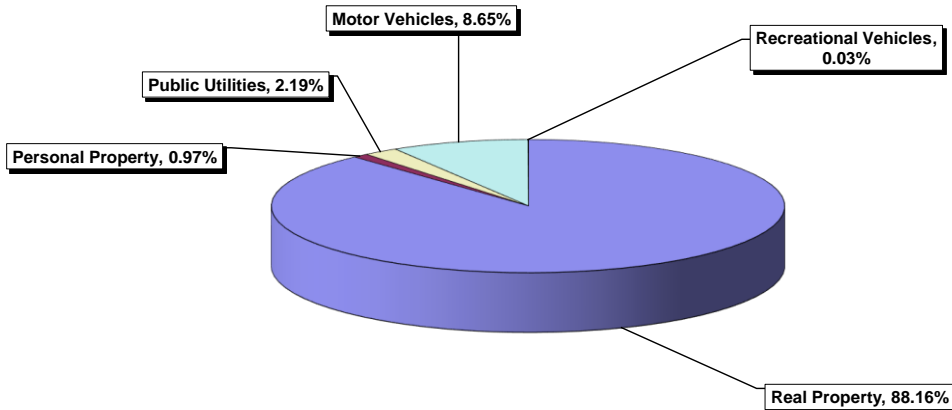
**ASSESSED VALUE OF  
REAL AND PERSONAL PROPERTY, PUBLIC UTILITIES,  
MOTOR VEHICLES AND RECREATIONAL VEHICLES**  
(In Constant Dollars)

	2013	2014	2015	2016	2017
Real Property	\$7,250,086,767	\$7,728,159,721	\$8,252,498,338	\$8,890,885,708	\$9,517,381,583
Personal Property	164,131,506	135,950,467	114,802,168	105,767,510	104,554,778
Public Utilities	216,759,897	220,180,418	229,292,984	233,227,090	236,537,036
Motor Vehicles	781,331,046	816,754,012	852,835,812	896,326,571	933,587,337
Recreational Vehicles	2,521,731	2,923,997	3,058,590	3,245,620	3,400,024
<b>Total (Actual)</b>	<b>8,414,830,947</b>	<b>8,903,968,615</b>	<b>9,452,487,892</b>	<b>10,129,452,499</b>	<b>10,795,460,758</b>
Consumer Price Index - Urban	100.00	100.67	99.83	100.80	101.85
<b>Total (Constant Dollars)</b>	<b>\$8,414,830,947</b>	<b>\$8,844,709,064</b>	<b>\$9,468,584,486</b>	<b>\$10,049,060,019</b>	<b>\$10,599,372,369</b>

**2013 Assessed Value Percentages  
(Actual Dollars)**



**2017 Assessed Value Percentages  
Actual Dollars**



Source: Johnson County Financial Records



# NEW CONSTRUCTION MARKET VALUE

## **DESCRIPTION:**

The table and graph on the next page show the combined residential and commercial market values of new construction, in actual and constant dollars. These indicators reflect the growth Johnson County is experiencing. The increase in new construction generally creates a broader tax base. It should be noted that not all of the new construction market value creates a broader tax base immediately for economic development reasons. Because of property tax abatements associated with some construction, it will increase the tax base in future years. It should also be noted that, even when taxes are abated on new construction, the need to furnish public services generally accompanies new construction growth.

## **POLICY REFERENCES:**

These statistics and analyses are presented only for information.

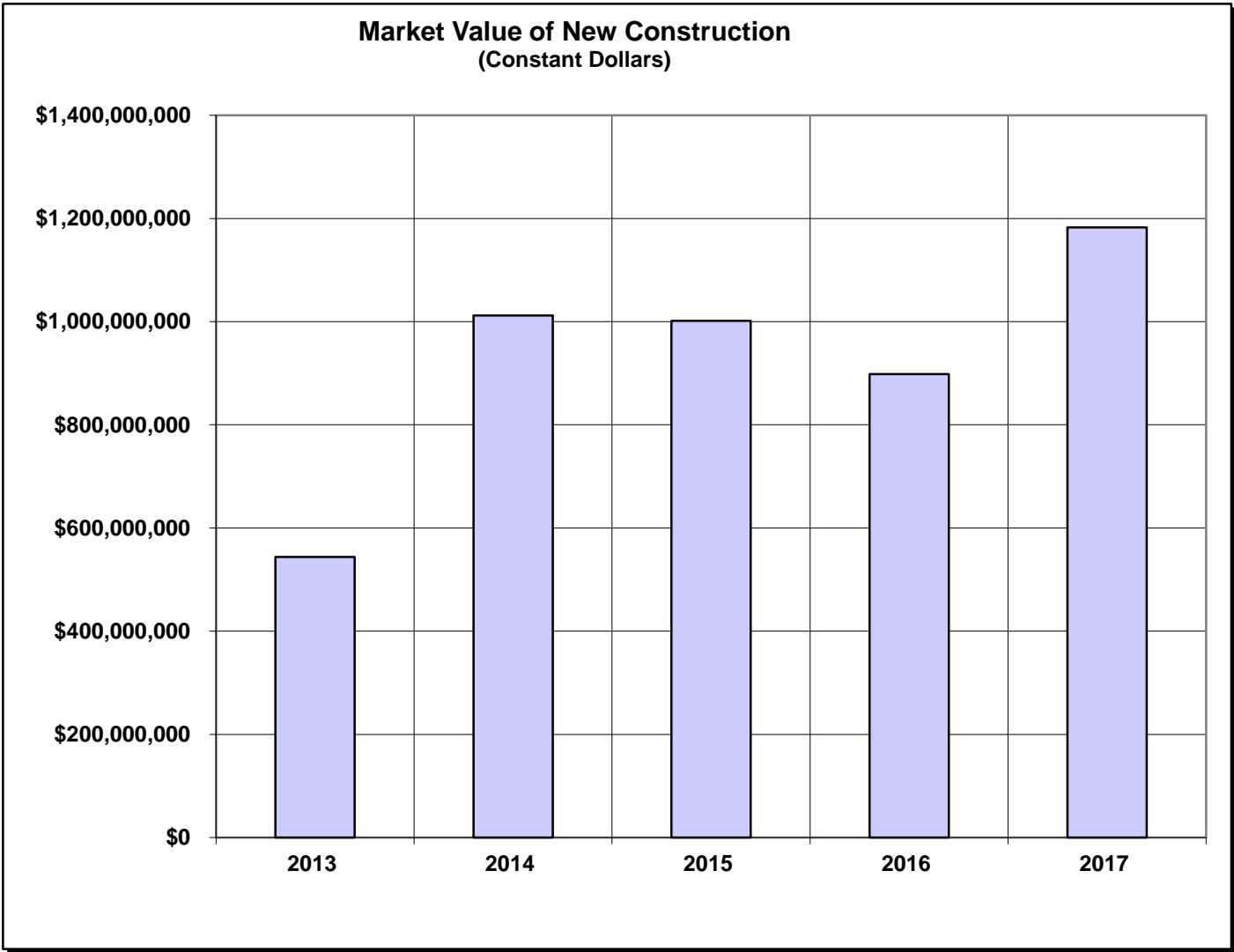
## **ANALYSIS:**

New construction market value in constant dollars increased 117.55% from 2013 to 2017. The large increase is due to 2013 being a pre-market recovery year where market value of new construction was down.

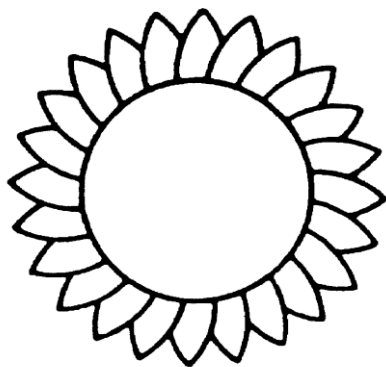
Signs of a market recovery trend commenced in 2012; however significant momentum was delayed until 2014. The constant dollar increase from 2013 to 2014 was 86.08%. Since 2014, the annual average growth rate in constant dollars was 6.78% through 2017.

**NEW CONSTRUCTION MARKET VALUE**  
(In Actual and Constant Dollars)

	2013	2014	2015	2016	2017
<b>Market Value of New Construction (Actual)</b>	\$543,685,570	\$1,018,483,410	\$1,000,133,570	\$905,679,020	\$1,204,682,890
<b>Consumer Price Index - Urban</b>	100.00	100.67	99.83	100.80	101.85
<b>Market Value of New Construction (Constant Dollars)</b>	\$543,685,570	\$1,011,704,987	\$1,001,836,692	\$898,491,091	\$1,182,801,070



Source: Johnson County Financial Records



# **Business Activity**

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## **BUSINESS ACTIVITY**

- Retail Sales and Sales Tax Revenues
- Building Permits

# RETAIL SALES AND SALES TAX REVENUES

## **DESCRIPTION:**

The table and graphs on the next page present statistics on the retail sales tax base of Johnson County and the sales tax revenue totals representing the County's portions of the four sales taxes levied in Johnson County. The five countywide sales taxes included in this analysis are the one-half percent Local Sales Tax, the one-fourth percent Public Safety Sales Tax I, the one-fourth percent Public Safety Sales Tax II, the one-fourth percent Public Safety Sales Tax III, and the one-tenth percent Stormwater Sales Tax. Revenues from both the Local Sales Tax and Public Safety Sales Tax are shared with Johnson County cities, while the County keeps Stormwater Sales Tax revenues.

The Retail Sales and Sales Tax Revenues amounts are furnished to the County by the State of Kansas.

## **POLICY REFERENCES:**

This section is prepared in compliance with Financial Policies developed pursuant to Resolution 122-02.

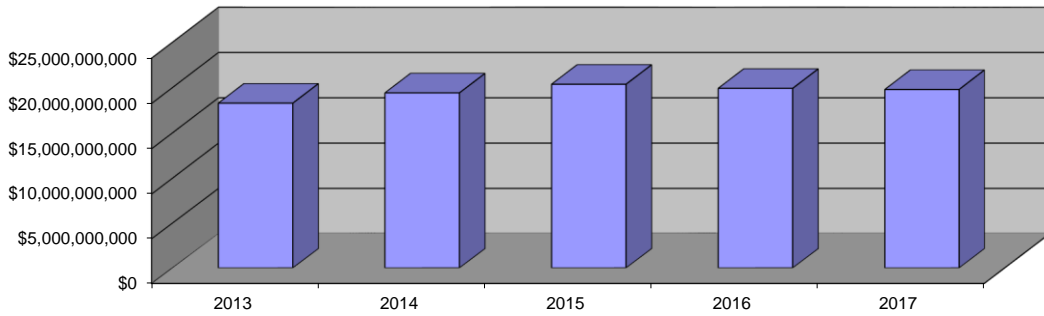
## **ANALYSIS:**

Improving economic conditions have contributed to the overall growth of retail and sales taxes from 2013 to 2017. In addition to improved economic conditions, Public Safety Sales Tax III (.25%) was implemented in April of 2017 which added \$17M in revenue to the sales tax base. In constant dollars, retail sales increased by 8.24% while sales tax revenues increased 28.64% from 2013 thru 2017.

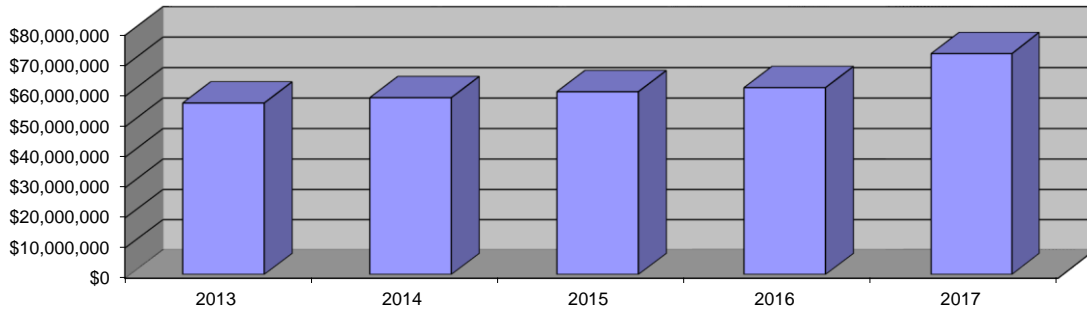
## RETAIL SALES AND SALES TAX REVENUES

	2013	2014	2015	2016	2017
Retail Sales (Actual \$)	\$ 18,291,596,707	\$ 19,554,559,954	\$ 20,344,258,077	\$ 20,084,092,444	\$ 20,164,576,414
Sales Tax Revenues (Actual \$)	56,574,719	58,728,353	60,186,871	62,118,350	74,121,978
Consumer Price Index - Urban	100.00	100.67	99.83	100.80	101.85
Annual Growth (Reduction) Rate	-	0.67%	-0.83%	0.97%	1.04%
Retail Sales (Constant \$)	\$ 18,291,596,707	\$ 19,424,416,364	\$ 20,378,902,211	\$ 19,924,694,885	\$ 19,798,307,721
Annual Growth (Reduction) Rate	-	6.19%	4.91%	-2.23%	-0.63%
Sales Tax Revenues (Constant \$)	\$ 56,574,719	\$ 58,337,492	\$ 60,289,363	\$ 61,625,347	\$ 72,775,629
Annual Growth (Reduction) Rate	-	3.12%	3.35%	2.22%	18.09%

**Retail Sales  
(Constant Dollars)**



**Sales Tax Revenues  
(Constant Dollars)**



Source: Kansas Department of Revenue and Johnson County Treasury and Financial Management Department

# BUILDING PERMITS

## **DESCRIPTION:**

The number of permits issued for new residential and commercial construction is shown on the table and graphs on the next page. An increase in the number of permits issued indicates that companies and people are moving into Johnson County.

## **ANALYSIS:**

The total number of permits issued for new residential and commercial construction increased 104.55% from 2013 to 2017. Market recession recovery began in 2013 with a 36.71% increase in total permits issued over the prior year. A significant increase in permits issued continued into 2014 with a 27.53% increase over prior year and then moderated with a 5.70% increase in 2015 and a 4.54% decrease in 2016.

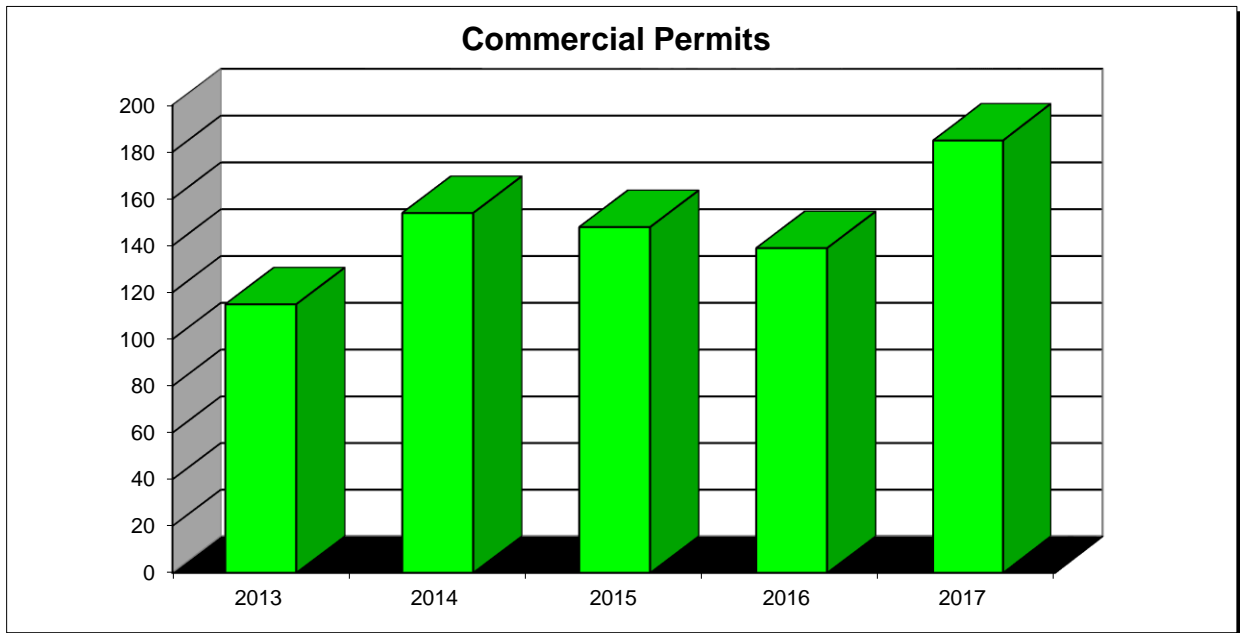
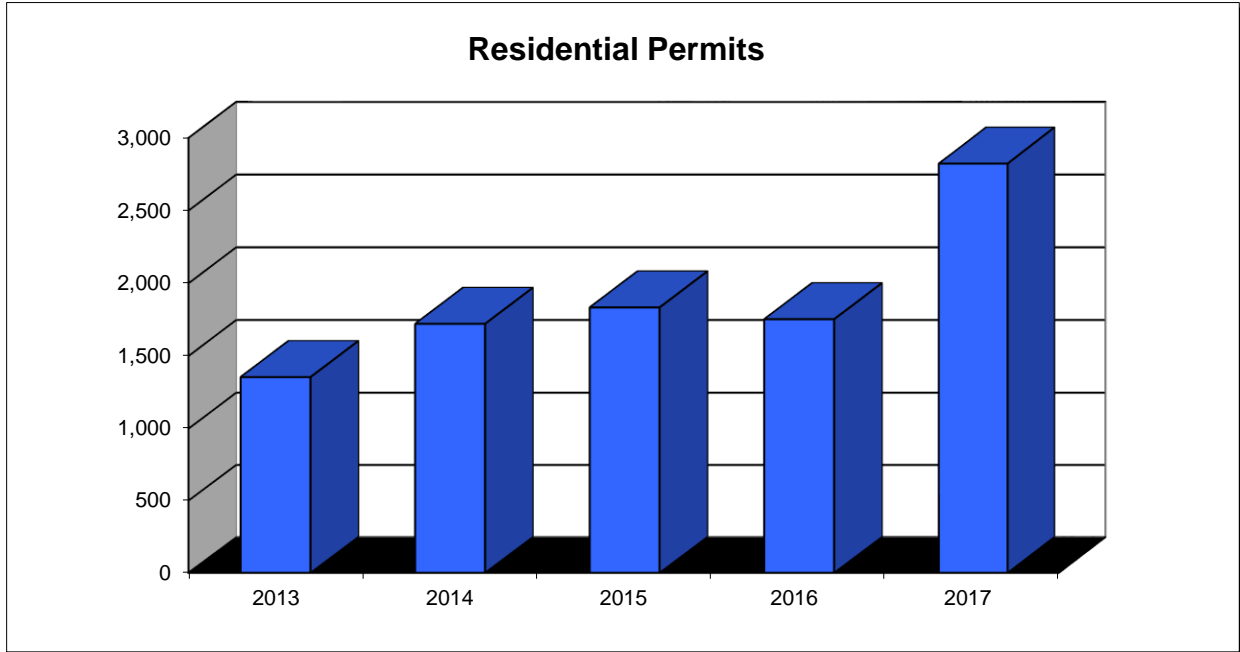
Residential permits issued increased 108.26% from 2013 to 2017. Market recovery for residential permits began in 2013 with a 39.65% increase over prior year. 2014 maintained that growth with a 26.99% increase in issuances over prior year. In years 2015 and 2016 annual growth in residential permits issued leveled off with a 6.56% increase in 2015 and 4.41% decrease in 2016. 2017 permits issued rebounded with an increase of 61.00% compared to 2016.

Commercial permits issued increased 60.87% from 2013 to 2017. Commercial permits issued have been slower to recover- not significantly increasing until 2014 with a 20.97% increase over prior year. Years 2015 and 2016 experienced a decrease in commercial permits issued with a 3.23% and 4.84% decrease over prior year respectively. That was offset, however, in 2017 by a 24.73% increase over prior year.



## BUILDING PERMITS

	2013	2014	2015	2016	2017	Five Year Change
<b>Residential Permits Issued</b>	1,356	1,722	1,835	1,754	2,824	108.26%
<b>Commercial Permits Issued</b>	115	154	148	139	185	60.87%
<b>Total Permits Issued</b>	<u>1,471</u>	<u>1,876</u>	<u>1,983</u>	<u>1,893</u>	<u>3,009</u>	104.55%



Source: Johnson County Appraiser