

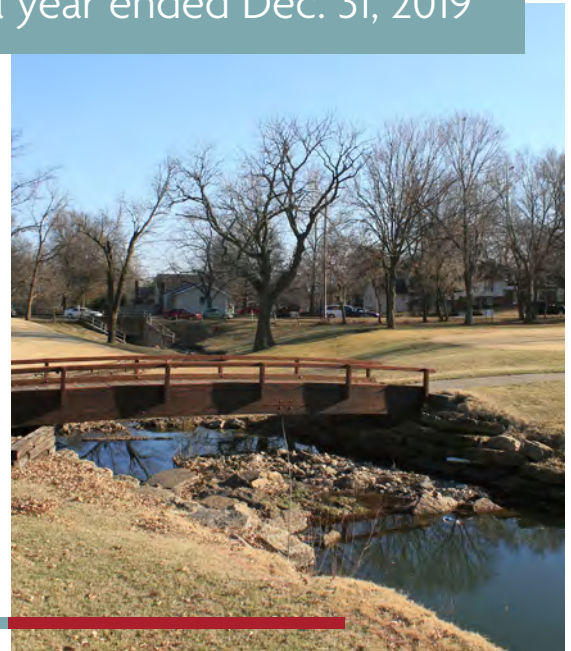


JOHNSON COUNTY
KANSAS

Trend Monitoring Report



for the fiscal year ended Dec. 31, 2019



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 2019 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 2019 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. 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

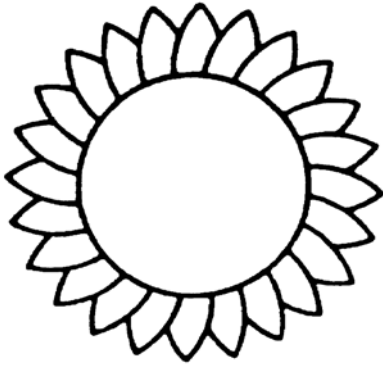


Table of Contents

Revenues

| | |
|--|----|
| Revenues for all Budgeted Funds..... | 3 |
| Comparison of Actual and Budgeted Revenues in all Budgeted Funds..... | 6 |
| Per Capita Revenue from Ad Valorem Tax and Ad Valorem Tax as a Percentage of Assessed Valuation..... | 8 |
| Budgeted and Actual Tax Collection Rates as a Percentage of Current Tax Levy..... | 10 |

Expenditures

| | |
|--|----|
| Expenditures Overview..... | 14 |
| Expenditures by Strategic Program for all Budgeted Funds..... | 15 |
| Expenditures per Capita by Strategic Program for all Budgeted Funds, Excluding Capital Outlay..... | 18 |
| Budgeted FTE Employee Positions per 1,000 County Residents..... | 22 |
| Change in Budgeted FTE Employee Positions as a Percentage of Total FTE Position Growth..... | 24 |
| County Provided Services on Behalf of the State..... | 26 |

Operating Position

| | |
|---|----|
| Fund Balances for the General Fund and Debt Service Fund..... | 30 |
| Compensated Absences Payable..... | 32 |

Debt Structure

| | |
|--|----|
| Debt Management Overview..... | 37 |
| Direct General Obligation Net Debt..... | 38 |
| Direct and Overlapping General Obligation Net Debt..... | 40 |
| Direct and Overlapping General Obligation Net Debt per Capita..... | 42 |
| General Obligation Net Debt as a Percentage of Estimated Market Value of Property..... | 44 |
| Net Debt Payable by Type of Obligation..... | 46 |
| Principal and Interest Retirement for General Obligation Bonds and PBC Leases..... | 48 |
| Principal and Interest Retirement for PBC Debt..... | 50 |

Demographics

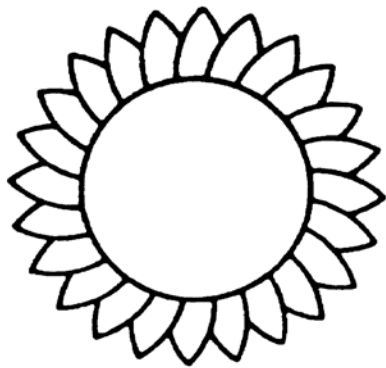
| | |
|---|----|
| Population..... | 54 |
| Median Age Estimates..... | 55 |
| School Age Share of Total Population..... | 56 |
| Personal Income per Capita..... | 58 |
| Employment Base..... | 60 |

Property Tax Base

| | |
|---|----|
| Glossary of Terminology..... | 64 |
| Estimated Market Value of Real and Personal Property and Public Utilities..... | 66 |
| Assessed Value of Real and Personal Property, Public Utilities, Motor, and Recreational Vehicles..... | 68 |
| New Construction Market Value..... | 70 |

Business Activity

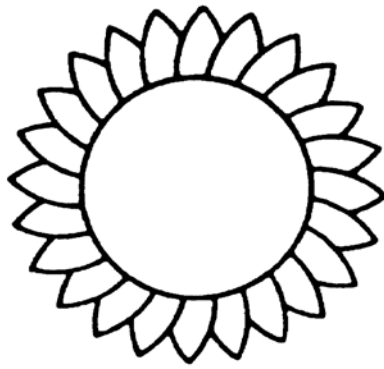
| | |
|--|----|
| Retail Sales and Sales Tax Revenues..... | 74 |
| Building Permits..... | 76 |



Revenues

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. Ad Valorem Tax revenues increased 42.20% from 2015 to 2019. Assessed Values and Mill Levy increased 29.71% and 9.58% respectively over the same period. Ad Valorem tax as a percentage of total revenues increased from 29.24% in 2015 to 34.54% in 2019.

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 increased from 0.34% in 2015 to 0.37% in 2019.

Special Assessments revenue increased 199.81% from 2015 to 2019. As a percentage of total revenues, Special Assessments increased from .07% in 2015 to 0.18% in 2019.

Sales, Compensating Use, and Other Taxes increased 38.67% from 2015 to 2019. Increases are primarily due to increased consumer spending benefited from improvements in the labor market. That being said, collections for Public Safety Sales Tax III began in April of 2017 which contributed an additional \$17M. 2018 was the first full year for Public Safety Sales Tax III which contributed \$22.7M for the period. Sales, Compensating Use, and Other Taxes as a percentage of total revenue has increased from 17.01% in 2015 to 19.59% in 2019.

The State sales and use tax rate changed from 6.15% 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 2019 were from Human Services and Aging (\$16.4M) and Public Works (\$12.5M). Intergovernmental revenues increased 13.02% from 2015 to 2019. Intergovernmental revenues as a percent of total revenues decreased from 8.36% in 2015 to 7.85% in 2019.

Charges for Services revenues decreased 8.98% from 2015 to 2019. Annual revenue decreased in 2017 due to a change in the budgetary Risk Management cost allocation method for the General Fund. The 2017 net actual to budget variances were not impacted by the elimination since the entry offset revenue to expense within the General Fund. Charges for Services revenue as a percent of total revenues decreased from 35.99% in 2015 to 27.21% in 2019. JCW generated the largest portion, 59.24%, of Charges for Services revenue in 2019 compared to 47.81% in 2015.

Interest revenues have largely reflected the influence of prevailing interest rates available in the markets and issuances of new interest-accruing debt (i.e. bonds). Interest revenues increased 331.56% from 2015 to 2019. In

2015, interest revenues increased by a moderate 2.60% 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. Since 2016, interest revenues have increased due to larger investment portfolio size related to capital projects. Interest revenues as a percent of total revenues increased from 0.50% in 2015 to 1.79% in 2019.

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 2.16% from 2015 to 2019. License fees as a percentage of total revenues decreased from 0.78% in 2015 to 0.63% in 2019.

Other revenues increased from 2015 to 2019. 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:

2015- \$ 30M

2016- \$ 32M

2017- \$ 15M

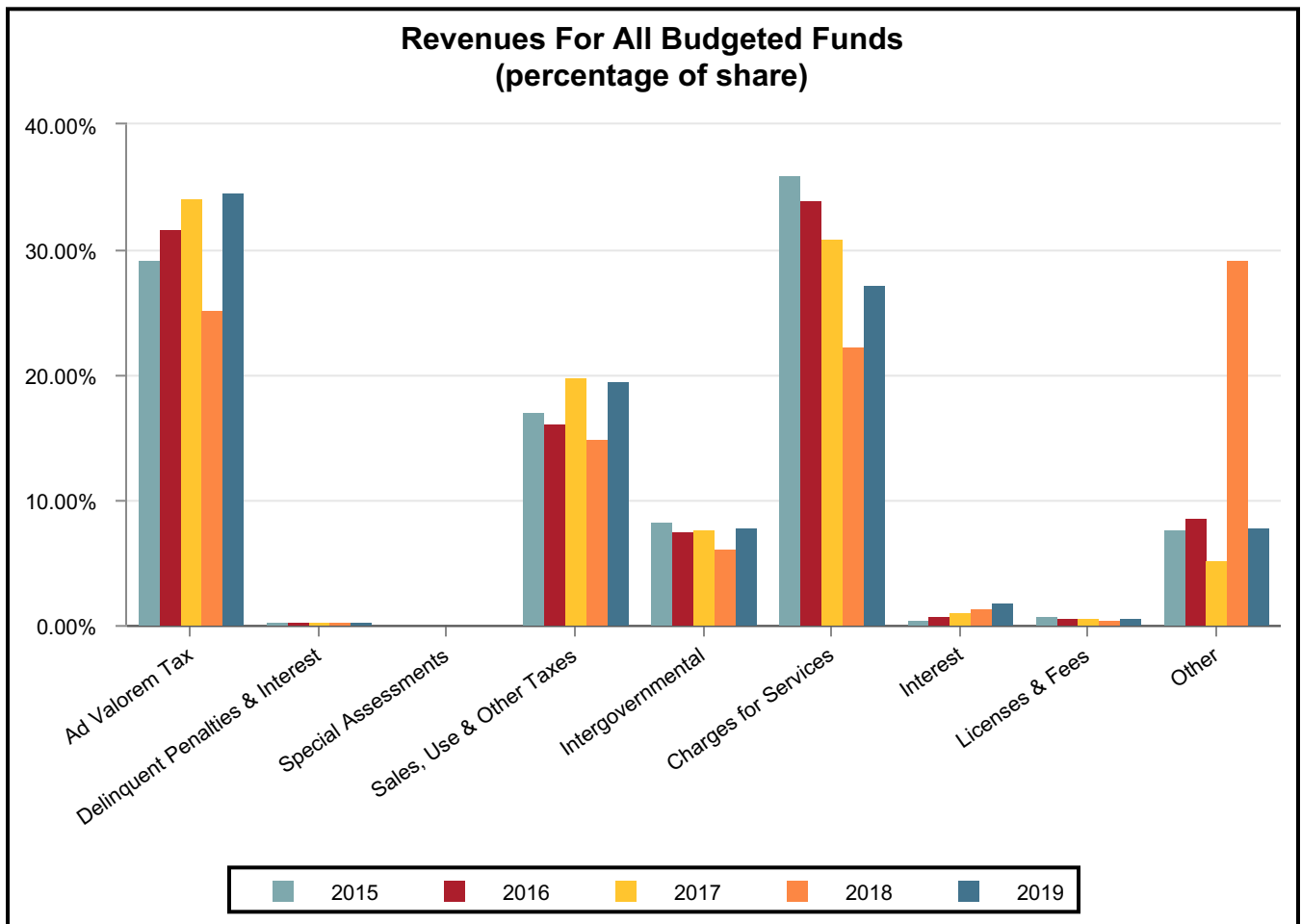
2018- \$223M (Tomahawk Creek Expansion Project)

2019- \$ 19M

Other sources of revenue within this category include rental income, court settlements, and proceeds from the sale of capital assets. Other revenues as a percentage of total revenues increased from 7.71% in 2015 to 7.84% in 2019.

REVENUES FOR ALL BUDGETED FUNDS

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|
| Ad Valorem Tax | \$ 163,128,484 | \$ 196,522,312 | \$ 208,522,730 | \$ 219,987,699 | \$ 231,961,386 |
| Delinquent Penalties & Interest | 1,923,115 | 1,923,367 | 1,667,479 | 2,492,493 | 2,500,591 |
| Special Assessments | 403,898 | 372,691 | 369,381 | 635,028 | 1,210,933 ¹ |
| Sales, Use & Other Taxes | 94,894,461 | 99,919,366 | 121,003,760 | 130,176,506 | 131,593,887 |
| Intergovernmental | 46,652,490 | 47,019,539 | 47,263,956 | 53,827,292 | 52,728,358 |
| Charges for Services | 200,805,502 | 210,631,714 | 189,571,986 | 194,345,174 | 182,775,085 |
| Interest | 2,783,378 | 4,914,562 | 7,045,136 | 12,157,843 | 12,011,972 |
| Licenses & Fees | 4,324,338 | 4,076,265 | 3,667,561 | 4,070,370 | 4,231,052 |
| Other | 43,004,661 | 53,441,449 | 32,341,002 | 254,677,692 | 52,660,875 |
| Total (Actual Dollars) | \$ 557,920,327 | \$ 618,821,265 | \$ 611,452,991 | \$ 872,370,097 | \$ 671,674,139 |
| Consumer Price Index - Urban | 99.83 | 100.63 | 102.49 | 101.81 | 104.01 |
| Total (Constant Dollars) | \$ 558,870,407 | \$ 614,947,098 | \$ 596,597,708 | \$ 856,860,914 | \$ 645,778,424 |



Source: Johnson County Financial Records

¹ New special assessments were added in 2019 which totaled \$619,585.

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 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 \$8.0M, 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 due to Transit revenue being \$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.

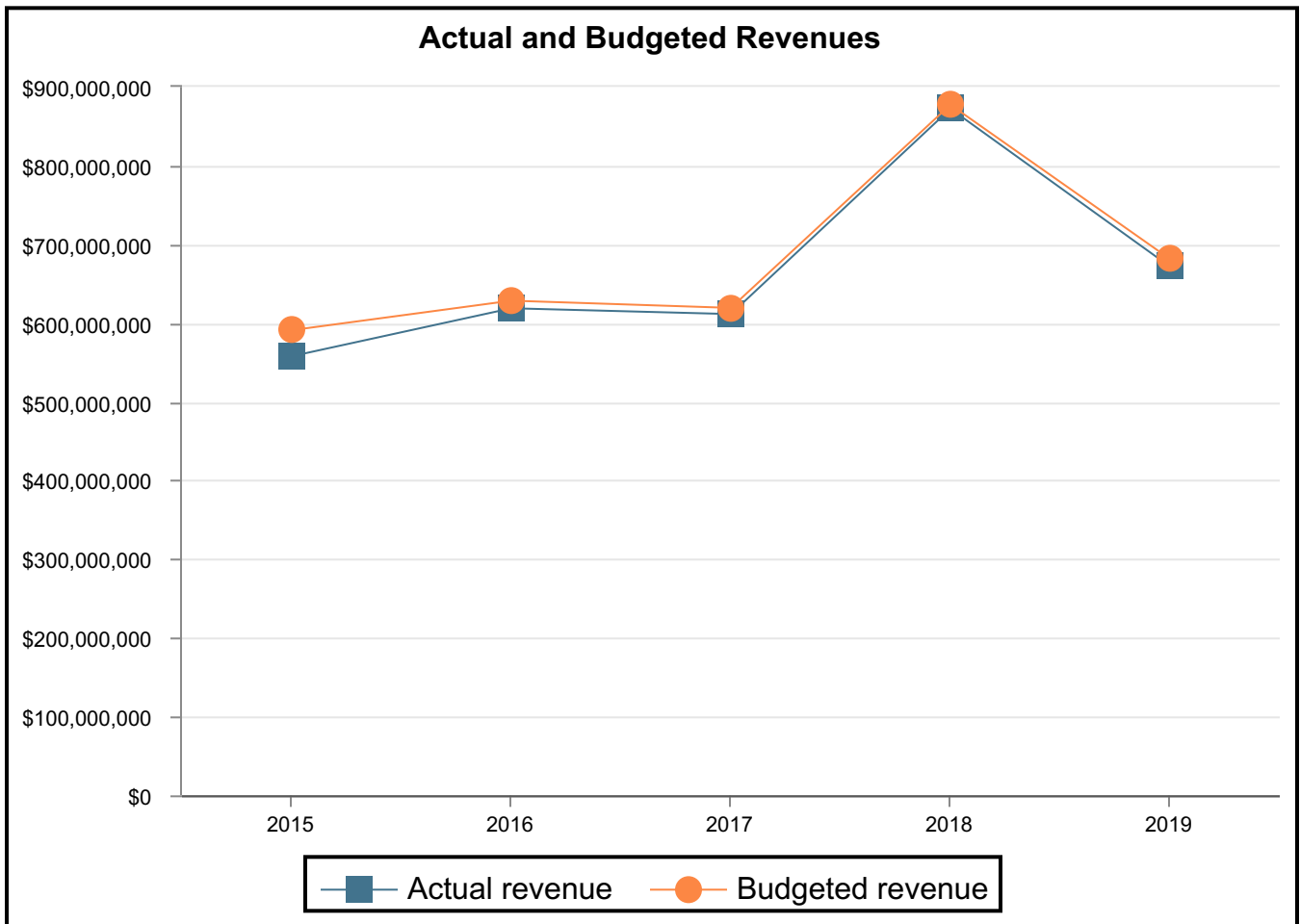
In 2017, actual revenues were \$7.9M, or 1.27%, less than budgeted expectation. The largest revenue variances in 2017 were due to Wastewater being \$14.6M, or 9.48%, less than budget due to less bond revenue being received than expected, General Fund being \$11.0M, or 3.71%, more than budget due to increased 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.

In 2018, actual revenues were \$5.0M, or 0.57%, less than budgeted expectation. General Fund revenues were overall \$6.8M, or 2.06%, less than budget due to a combination of variances in Intergovernmental, Charges for Services, and Investment revenues. Mental Health was \$1.8M, or 5.31%, less than budget due to variances in Intergovernmental and Charges for Services revenues. Wastewater was \$6.6M, or 1.82%, more than budget due to a combination of variances in Charges for Services, Interest, and Bond revenues. Risk Management was \$1.5M, or 26.53%, less than budget mainly due to timing of claims reimbursement.

In 2019, actual revenues were \$9.7M, or 1.42%, less than budgeted expectation. The largest revenue variances for 2019 were due to changes in Charges for Services in Mental Health overall \$4.5M, or 12.24%, less than budgeted and Transportation overall \$4.5M, or 66.50%, less than budgeted. The General Fund revenues were \$4.4M, or 1.32%, less than budget due to a combination of Intergovernmental and Charges for Services variances. Wastewater was \$5.6M, or 3.72%, more than budget due to a variance in Charges for Services revenues. Risk Management was \$1.1M, or 49.85%, less than budgeted.

COMPARISON OF ACTUAL AND BUDGETED REVENUES IN ALL BUDGETED FUNDS

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|----------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Actual revenue | \$ 557,920,327 | \$ 618,821,265 | \$ 611,452,991 | \$ 872,370,097 | \$ 671,674,139 |
| Budgeted revenue | 590,990,530 | 628,490,530 | 619,303,954 | 877,401,397 | 681,364,376 |
| Over (under) budget | <u>\$ (33,070,203)</u> | <u>\$ (9,669,265)</u> | <u>\$ (7,850,963)</u> | <u>\$ (5,031,300)</u> | <u>\$ (9,690,237)</u> |
| Percent of revenue | | | | | |
| Over (under) budget | <u>-5.60%</u> | <u>-1.54%</u> | <u>-1.27%</u> | <u>-0.57%</u> | <u>-1.42%</u> |



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 2019 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.

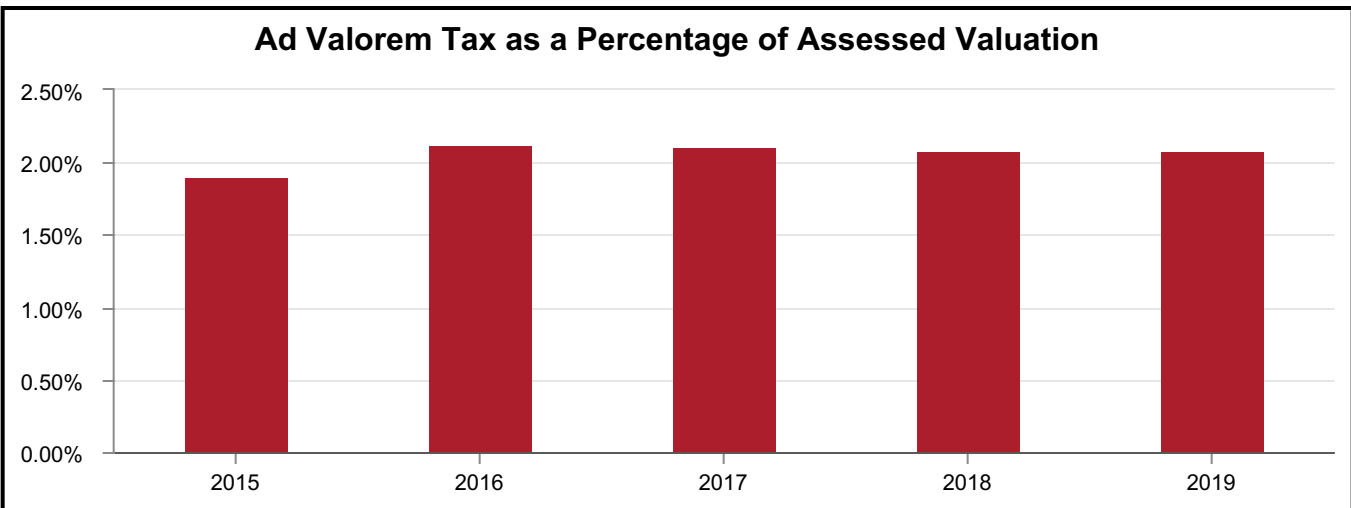
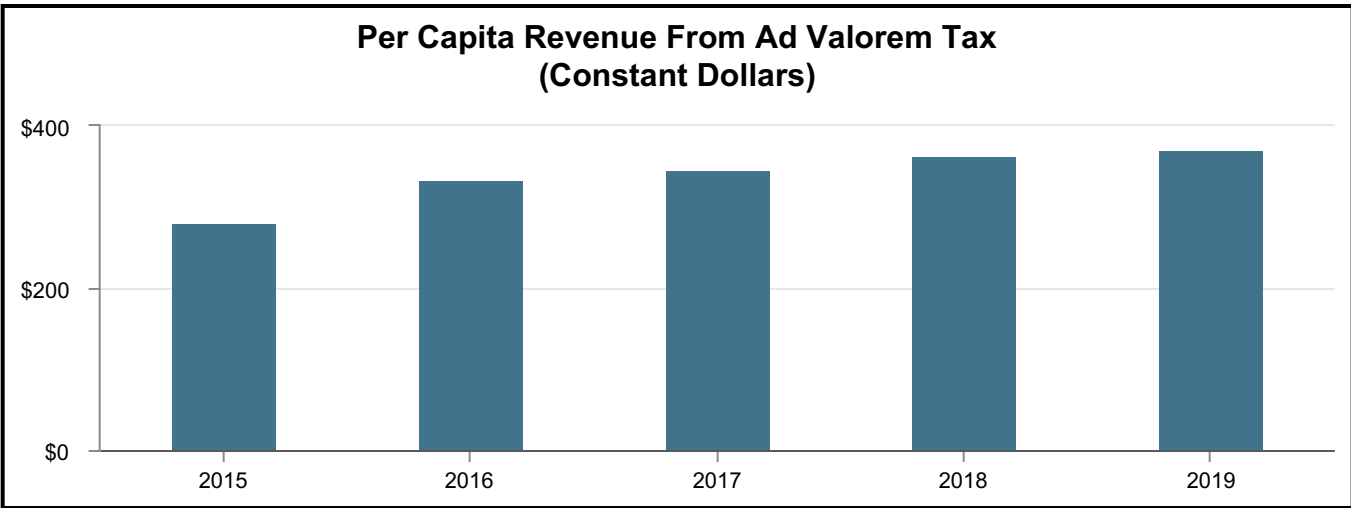
In constant dollars, the *ad valorem* tax *per capita* fluctuated from a low of \$281.66 in 2015 to a high of \$370.22 in 2019. These fluctuations correspond to changes in assessed valuation, tax levies, population and adjustment from inflation.

The 2019 County mill levy, including the County Library and Park and Recreation District, decreased from 26.351 in 2018 to 26.013 in 2019.

The *ad valorem* tax as a percentage of assessed valuation increased from 1.90% in 2015 to 2.08% in 2019.

Per Capita Revenue From Ad Valorem Tax (In Constant Dollars)

| | 2015 | 2016 | 2017 | 2018 | 2019 | Five Year Change |
|---|-----------------|-----------------|-----------------|------------------|------------------|---------------------|
| Ad Valorem Tax | \$ 163,128,484 | \$ 196,522,312 | \$ 208,522,730 | \$ 219,987,699 | \$ 231,961,386 | |
| Consumer Price Index - Urban | 99.83 | 100.63 | 102.49 | 101.81 | 104.01 | |
| (In Constant Dollars) | \$ 163,406,275 | \$ 195,291,973 | \$ 203,456,659 | \$ 216,076,711 | \$ 223,018,350 | 36.48 % |
| Population* | 580,159 | 584,451 | 589,609 | 596,767 | 602,401 | 3.83 % |
| Ad Valorem Tax Per Capita | | | | | | |
| (In Constant Dollars) | \$ 281.66 | \$ 334.15 | \$ 345.07 | \$ 362.08 | \$ 370.22 | 31.44 % |
| Change from Previous Year | | 18.64 % | 3.27 % | 4.93 % | 2.25 % | |
| Assessed Valuation | \$8,596,593,490 | \$9,229,880,308 | \$9,858,473,397 | \$10,558,374,635 | \$11,150,320,050 | |
| Consumer Price Index - Urban | 99.83 | 100.63 | 102.49 | 101.81 | 104.01 | |
| (In Constant Dollars) | \$8,611,232,585 | \$9,172,096,103 | \$9,618,961,262 | \$10,370,665,588 | \$10,720,430,776 | 24.49 % |
| Ad Valorem Tax as a percentage of Assessed Valuation | 1.90 % | 2.13 % | 2.12 % | 2.08 % | 2.08 % | |



Source: Johnson County Financial Records
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 in mid November and April with the first half due before December 20th and the remaining half due May 10th of the following year. Property tax bills mailed in calendar year 2018 are referred to as 2018 taxes, even though these funds support operations in fiscal year 2019. The year 2018, 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.

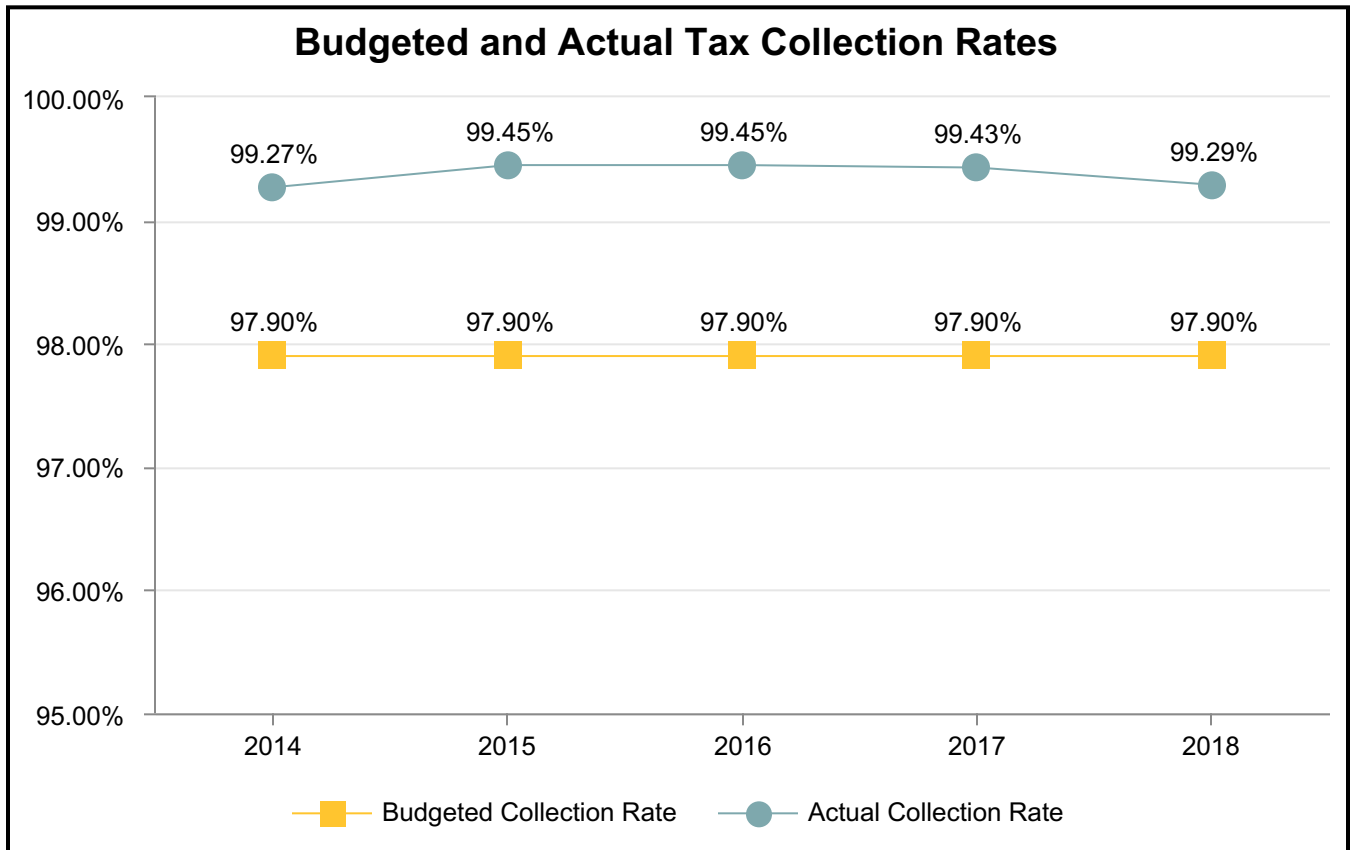
ANALYSIS:

The budgeted collection rate has remained constant at 97.90% since 2013.

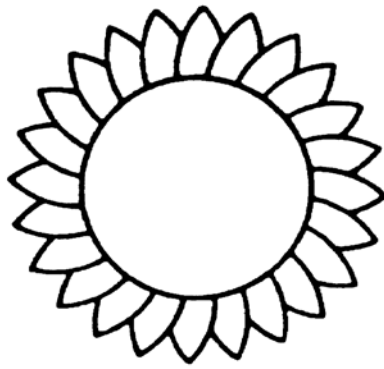
The actual collection rate since 2014 has been above 99%.

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

| | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Budgeted Current Tax Levy | \$162,711,129 | \$193,777,554 | \$207,617,559 | \$219,353,184 | \$230,801,574 |
| Budgeted Collection Rate | 97.90 % | 97.90 % | 97.90 % | 97.90 % | 97.90 % |
| Actual Current Tax Collections | \$161,523,261 | \$192,702,540 | \$206,471,779 | \$217,792,966 | \$229,163,345 |
| Actual Collection Rate | 99.27 % | 99.45 % | 99.45 % | 99.43 % | 99.29 % |



Source: Johnson County Financial Records
2014-2018 Capital & Operating Budgets



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 | |
|--|--|
| <p><u>General Government</u></p> <p>Appraiser Archives & Records Management Board of County Commissioners Budget & Financial Planning County Building Fund County Manager's Office Countywide Support Elections/Registrations Facilities Fleet Human Resources Legal Print Shop Records and Tax Administration Risk Management Technology & Innovation Treasury & Financial Management</p> <p><u>Public Safety & Judiciary</u></p> <p>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 Fire Districts</p> | <p><u>Public Works & Transportation</u></p> <p>Airport Public Works Stormwater Transportation Wastewater Operations and Maintenance (O & M) Wastewater SRCFP**</p> <p><u>Health & Human Services</u></p> <p>Alcohol Tax Developmental Supports Extension Council Health & Environment Human Services Mental Health</p> <p><u>Culture & Recreation</u></p> <p>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</p> <p><u>Planning & Economic Development</u></p> <p>Contractor Licensing Economic Development Programs Planning, Development, & Codes</p> |
| <p>**Sewer Repair and Construction Finance Plan (SRCFP)</p> | |

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. As the County population grows, expenses related to essential community services grows.

POLICY REFERENCES:

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

ANALYSIS:

In actual dollars, total expenditures increased 12.63% from 2015 to 2019. In 2017, elimination of the annual General Fund Cost Allocation entry reduced overall expenses by \$25.5M. The cost allocation entry was used to allocate General Fund expense to Strategic Programs within the General Fund. The entry offset expense with revenue within the General Fund and, when combined, had a \$0 net impact on the General Fund financial statements. Also in 2017, Public Safety Sales Tax III (PSSTIII) was implemented part way through the second quarter. PSSTIII revenue is transferred to the Public Building Commission (PBC) to fund construction of the new Courthouse and Medical Examiner facilities. Elimination of the cost allocation entry expense in 2017 was offset by an increase in PSSTIII revenue transfer expense and increase in general wage/benefit related expenses. This net effect was a modest 0.17% increase in total expense from 2016 to 2017. 2018 total expenses increased 8.44% over 2017 due to 2018 being the first full year for PSSTIII revenue transfer expense and an increase in FTE's and associated wage/benefit related costs. 2019 total expenses increased 1.30% over 2018.

General Government expenditures increased 10.04% from 2015 to 2019. In 2015 expenditures increased 7.58% mainly due to \$3M in accounting entries recorded to move Museum Capital Lease debt from the General 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 increase was County departments transitioning responsibility for maintenance of buildings and grounds to the Facilities department. In 2016, expenses remained fairly level with a 1.58% increase compared to 2015. In 2017, expenditures decreased by 3.12% due mainly to elimination of the annual General Fund Cost Allocation entry. The reduction in allocation expense was offset by increases in wage related expense from the addition of approximately 13 FTE's during the year. 2018 expenditures increased mainly due to wage related expenses, additional budgeted FTE's, and Risk Management claims related Airport hangar storm damage. In 2019 General Government expenditures accounted for approximately 18.82% of total County expenditures for budgeted funds.

Public Works and Transportation expenditures increased 3.78% from 2015 to 2019 overall. Expenditures remained relatively constant from 2015 to 2017 then had the largest increase from 2017 to 2018. 2019 Public Works and Transportation expenditures accounted for approximately 14.47% of total County expenditures for budgeted funds.

Public Safety & Judiciary expenditures increased 10.89% from 2015 to 2019. In 2017, the elimination of the General Fund Cost Allocation entry reduced expenses by \$17.2M; however, the reduction was offset by \$13.0M in Public Safety Sales Tax III (PSSTIII) transfer expense to the Public Building Commission (PBC) for the new Courthouse and Medical Examiner facility construction projects. Wage/benefits related costs also offset a portion of the reduction. Combination of the above translated into a marginal .76% increase from 2016 to 2017. 2018 expenditures increased 12.97% over 2017 mainly due to the increase in transfer expense of PSSTIII revenues, \$23.2M in total, from the County to the PBC. 2018 was the first full year for Johnson County to receive PSSTIII revenues hence the increase in transfer expense over 2017. Transfers were lower as planned in 2019 and resulted in lower overall Public Safety expenditures by \$10M.

Health and Human Services expenditures increased 14.41% from 2015 to 2019. 2016 and 2017 expenditures moderated with annual increases of 2.72% and 1.94% respectively. Elimination of the General Fund Cost Allocation entry had minimal effect on the 2016 to 2017 change. 2018's 6.75% increase in expenditures was, again, mainly due to grant related expenditures. 2019 Health and Human Services expenditures accounted for approximately 18.07% of total County expenditures for budgeted funds.

Planning and Economic Development expenditures decreased 4.27% from 2015 to 2019. In 2017 expenditures decreased 13.49% mainly due to elimination of the General Fund Cost Allocation entry. 2018 expenditures moderately increased by 8.57% compared to 2017 mainly due to wage and benefits costs. 2019 Planning and Economic Development expenditures accounted for approximately 0.68% of total County expenditures for budgeted funds.

Culture and Recreation expenditures increased 34.96% from 2015 to 2019. In 2016 annual expenditures rose 26.02%, or \$5.9M, mainly due to the Monticello Library construction project and other Library Master Plan projects. Elimination of General Fund Cost Allocations in 2017 had minimal impact on total expenditures which was reflected in the marginal total increase of .89% from 2016 to 2017. 2018 expenditures decreased minimally by 3.83% over 2017. 2019 Culture and Recreation expenditures accounted for approximately 5.68% of total County expenditures for budgeted funds.

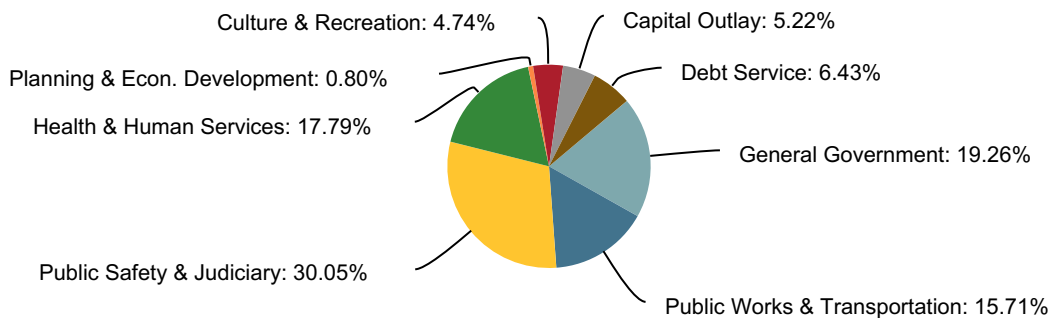
Capital Outlay expenditures increased 29.48% from 2015 to 2019. Capital Outlay represents only capital expenditures within departments' operating budgets, including PBC lease payments. Projects within the five year Capital Improvement Program are not included in this analysis. In 2016 Capital Outlay expenditures continued to decrease by 9.03%, or \$2.3M, 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. 2018 expenditures increased 19.16% mainly due to Transit operations purchase of buses. 2019 Capital outlay expenditures accounted for approximately 6.00% of total County expenditures for budgeted funds.

Debt Service expenditures increased 17.29% from 2015 to 2019. 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. Expenditures minimally increased by 3.11% in 2018. 2019 Debt Service expenditures accounted for approximately 6.69% of the total County expenditures for budgeted funds.

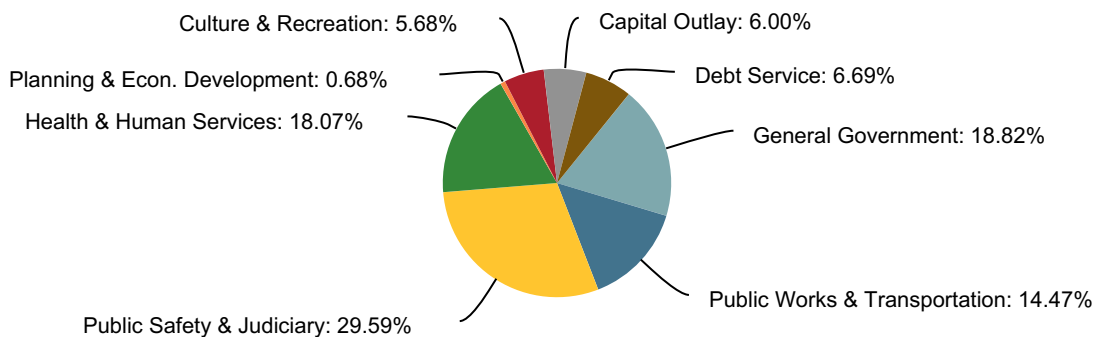
EXPENDITURES BY STRATEGIC PROGRAM FOR ALL BUDGETED FUNDS

| | 2015 | 2016 | 2017 | 2018 | 2019 | Five Year Change |
|--|---------------|---------------|---------------|---------------|---------------|---------------------|
| General Government | \$92,112,395 | \$93,564,452 | \$90,646,875 | \$98,999,005 | \$101,356,480 | 10.04% |
| Public Works & Transportation | 75,084,702 | 77,707,406 | 76,570,650 | 79,819,033 | 77,919,781 | 3.78% |
| Public Safety & Judiciary | 143,665,791 | 149,213,956 | 150,347,179 | 169,854,425 | 159,317,609 | 10.89% |
| Health & Human Services | 85,023,970 | 87,339,316 | 89,030,891 | 95,043,225 | 97,274,729 | 14.41% |
| Planning & Econ. Development | 3,838,991 | 3,765,196 | 3,257,093 | 3,536,319 | 3,674,980 | -4.27% |
| Culture & Recreation | 22,647,400 | 28,541,003 | 28,794,607 | 27,691,870 | 30,565,154 | 34.96% |
| Capital Outlay | 24,929,174 | 22,679,068 | 24,382,818 | 29,053,724 | 32,279,165 | 29.48% |
| Debt Service | 30,719,780 | 34,639,275 | 35,279,784 | 36,376,835 | 36,032,198 | 17.29% |
| Total (Actual Dollars) | \$478,022,203 | \$497,449,672 | \$498,309,897 | \$540,374,436 | \$538,420,096 | 12.63% |
| Consumer Price Index - Urban | 99.83 | 100.63 | 102.49 | 101.81 | 104.01 | 4.19% |
| Total (Constant Dollars) | \$478,836,225 | \$494,335,359 | \$486,203,432 | \$530,767,543 | \$517,661,856 | 8.11% |

**2015 Expenditures by Strategic Program
(Actual Dollars)**



**2019 Expenditures by Strategic Program
(Actual Dollars)**



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 increased 6.42% from 2015 to 2019 while annual County population grew 3.83%. This caused an increase in the total expenditures per capita of 2.49% from 2015 to 2019. Large contributors to change in expenditures per capita over the five years were the elimination of the General Fund Cost Allocation entry, implementation of Public Safety Sales Tax (PSSTIII) transfer expense to the Public Building Commission, and increase in FTE's and associated salaries and benefits expense.

General Government expenditures per capita increased 1.72% from 2015 to 2019. The increase in expenditures per capita during the five year period was mainly due to addition of 33 FTE positions and the associated salaries, wages, and benefits expense.

Public Works and Transportation expenditures per capita decreased 4.07% from 2015 to 2019. The increase since 2014 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 salaries, wages, and benefit costs.

Public Safety & Judiciary expenditures per capita increased 2.51% from 2015 to 2019. 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. 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 by a \$13M increase in transfer expense for the new Public Safety Sales Tax III (PSSTIII) revenues to the Public Building Commission for construction of the new courthouse and medical examiner facilities. Due to this, Public Safety expenditures per capita decreased marginally by 1.94% compared to 2016. 2018 was the first full year for the County to receive PSSTIII revenues (\$22.8M). This caused an increase in transfer expense to the Public Building Commission for continued funding of construction project expenses. 2018 expenditures per capita increased 12.36% compared to 2017 then decreased 9.05% in 2019.

Health and Human Services expenditures per capita increased 5.76% from 2015 to 2019. Fluctuations in Health and Human Services per capita amounts can be tied to changes in grant spending activity within departments. From 2016 and 2017 expenditure growth was minimal. 2018 expenditures per capita increased 6.18% over 2017 mainly due to grant spending but decreased 0.75% from 2018 to 2019.

Planning and Economic Development expenditures per capita decreased 11.46% from 2015 to 2019. Expenditures per capita followed an overall decreasing trend since 2015. Elimination of the Cost Allocation entry in 2017 increased that trend and caused a 15.78% decrease in per capita expense over 2016. 2018 expenditures per capita moderated with a 7.98% increase over 2017. Despite the increase over 2017, 2018 was the second lowest per capita amount over the five year period.

Culture and Recreation expenditures per capita increased by 24.76% from 2015 to 2019. In 2016 expenditures increased by 24.12% mainly due to the Monticello Library Construction and Library Master Plan project spending. With the continuation of existing and addition of new capital projects, expenditures per capita remained at a relatively constant level from 2016 through 2019.

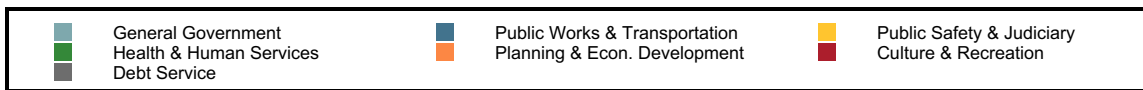
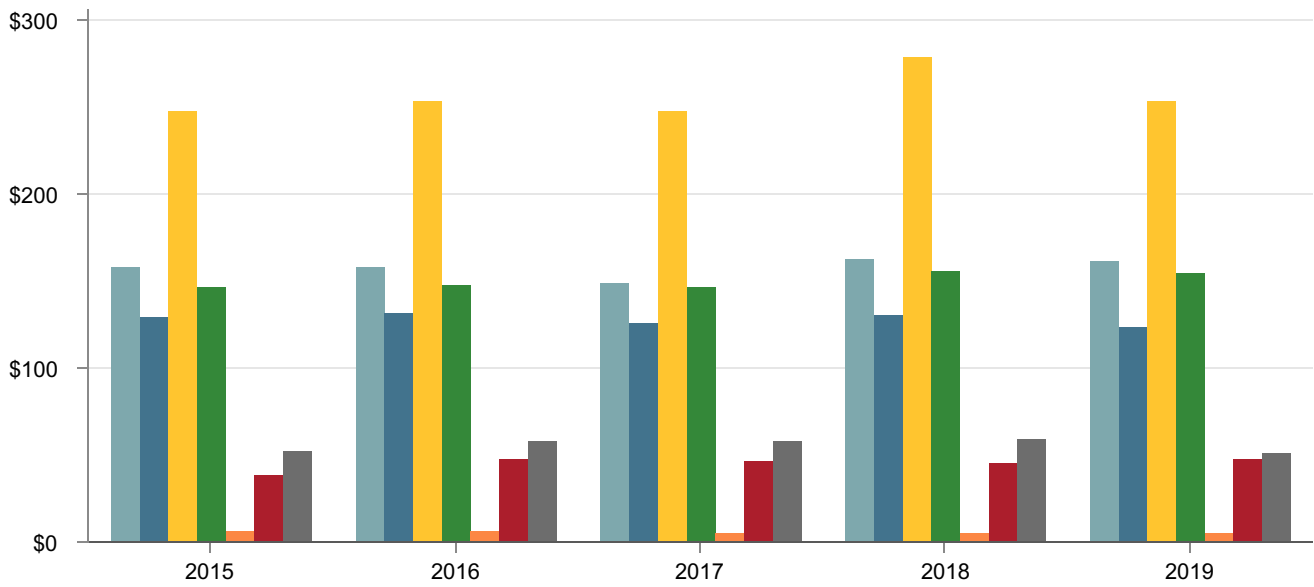
Debt Service expenditures per capita decreased by 2.87% from 2015 to 2019. Johnson County's policy is to consider "pay-as-you-go" methods before issuing any tax-supported debt. With the help of this practice, the County's fixed-cost burden has been kept low. Fluctuations can be attributed to savings from refunding existing debt at more favorable terms, which results in lower total principal and interest payments being made when compared to earlier years, and issuance of additional debt. Expenditures per capita decreased in 2015; however, rebounded in 2016. In 2019 Debt Service expenditures per capita decreased by 13.95% over 2018 with a increase in 0.94% in population over the same time.

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

Five Year

| CONSTANT DOLLARS | 2015 | 2016 | 2017 | 2018 | 2019 | Change |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------------|
| General Government | \$ 92,269,253 | \$ 92,978,686 | \$ 88,444,604 | \$ 97,238,979 | \$ 97,448,784 | 5.61% |
| Public Works & Transportation | 75,212,563 | 77,220,914 | 74,710,362 | 78,399,993 | 74,915,663 | -0.39% |
| Public Safety & Judiciary | 143,910,439 | 148,279,793 | 146,694,486 | 166,834,717 | 153,175,280 | 6.44% |
| Health & Human Services | 85,168,757 | 86,792,523 | 86,867,881 | 93,353,526 | 93,524,401 | 9.81% |
| Planning & Econ. Development | 3,845,528 | 3,741,624 | 3,177,962 | 3,473,450 | 3,533,295 | -8.12% |
| Culture & Recreation | 22,685,966 | 28,362,320 | 28,095,040 | 27,199,558 | 29,386,746 | 29.54% |
| Debt Service | 30,772,093 | 34,422,414 | 34,422,660 | 35,730,120 | 31,034,675 | 0.85% |
| Total | \$ 453,864,599 | \$ 471,798,274 | \$ 462,412,995 | \$ 502,230,343 | \$ 483,018,844 | 6.42% |
| Population | 580,159 | 584,451 | 589,609 | 596,767 | 602,401 | 3.83% |
| Expenditures Per Capita | | | | | | |
| General Government | \$ 159.04 | \$ 159.09 | \$ 150.01 | \$ 162.94 | \$ 161.77 | 1.72% |
| Public Works & Transportation | 129.64 | 132.13 | 126.71 | 131.37 | 124.36 | -4.07% |
| Public Safety & Judiciary | 248.05 | 253.71 | 248.80 | 279.56 | 254.27 | 2.51% |
| Health & Human Services | 146.80 | 148.50 | 147.33 | 156.43 | 155.25 | 5.76% |
| Planning & Econ. Development | 6.63 | 6.40 | 5.39 | 5.82 | 5.87 | -11.46% |
| Culture & Recreation | 39.10 | 48.53 | 47.65 | 45.58 | 48.78 | 24.76% |
| Debt Service | 53.04 | 58.90 | 58.38 | 59.87 | 51.52 | -2.87% |
| Total Expenditures Per Capita | \$ 782.31 | \$ 807.25 | \$ 784.27 | \$ 841.59 | \$ 801.82 | 2.49% |

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



Source: Johnson County Financial Records

(This page left blank intentionally)

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 3.12% higher in 2019 than in 2015 an increase of 106 FTE's. The County population increased by 3.83% between 2015 and 2019 while the overall number of Budgeted Positions per 1,000 County Residents decreased by 0.68% over the same period. Johnson County has been successful in maintaining a steady workforce level given increases in population and need for services. County employees have risen to the challenge of heavier workloads.

General Government strategic area FTE's increased by 33 from 2015 to 2019. The largest increases occurred within the Facilities (8), Human Resources (8), and Technology & Innovation (14) departments. Growth in these departments was mainly attributable to centralization and consolidation of services. 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 increased 1.90% from 2015 to 2019.

Public Works & Transportation strategic area FTE's decreased by 1 from 2015 to 2019. This was largely attributable to budget reductions and the transfer of Johnson County Transit operations to Kansas City Area Transit Authority (KCATA). Public Works & Transportation budgeted FTEs per 1,000 County residents decreased 3.85% from 2015 to 2019.

Public Safety & Judiciary strategic area FTE's increased by 10 from 2015 to 2019. Public Safety & Judiciary budgeted FTE's per 1,000 County residents decreased 3.04% from 2015 to 2019.

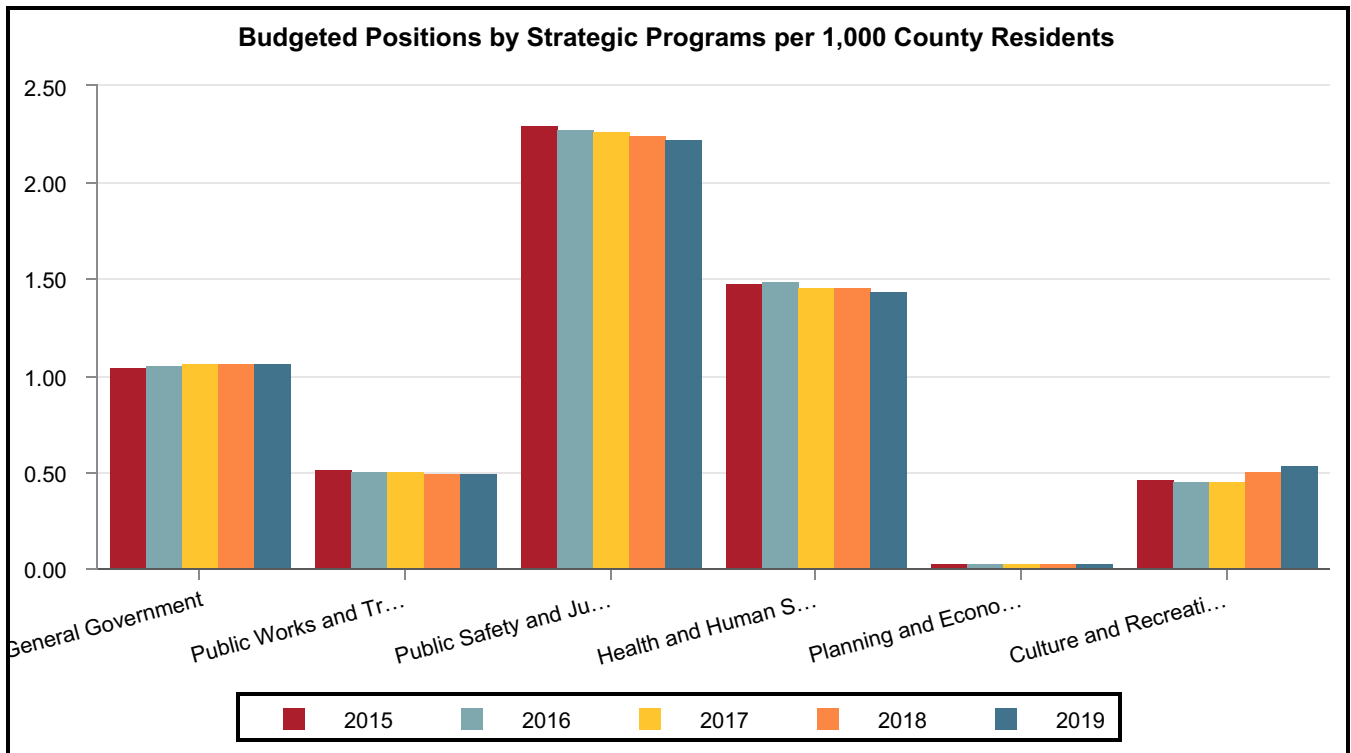
Health & Human Services strategic area FTE's increased by 7 from 2015 to 2019. Johnson County Mental Health increased 18 FTE's and Johnson County Human Services decreased by 26 FTE's from 2015 to 2019. Health & Human Services budgeted FTE's per 1,000 County residents decreased 2.70% from 2015 to 2019.

Planning and Economic Development strategic area FTE's remained the same from 2015 to 2019. Planning and Economic Development budgeted FTE's per 1,000 County remained relatively constant for the same five year period.

Culture & Recreation strategic area FTE's increased by 57 from 2015 to 2019. The increase is related to additional staff needed at the new Monticello library facility that opened in 2018. Culture & Recreation budgeted FTE's per 1,000 County residents increased 14.89% from 2015 to 2019.

**BUDGETED FTE EMPLOYEES POSITIONS PER
1,000 RESIDENTS**

| Budgeted Positions | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|---------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | Five Year Change |
| *General Government | 612 | 617 | 629 | 637 | 645 | 33 |
| Public Works and Transportation | 304 | 300 | 300 | 299 | 303 | (1) |
| Public Safety and Judiciary | 1,334 | 1,335 | 1,338 | 1,344 | 1,344 | 10 |
| Health and Human Services | 859 | 868 | 863 | 870 | 866 | 7 |
| Planning and Economic Development | 18 | 18 | 18 | 18 | 18 | — |
| Culture and Recreation | 271 | 271 | 271 | 304 | 328 | 57 |
| Budgeted Positions | 3,398 | 3,409 | 3,419 | 3,472 | 3,504 | 106 |
| Population | 580,159 | 584,451 | 589,609 | 596,767 | 602,401 | |
| Budgeted Positions per 1,000 County Residents | | | | | | |
| | 2015 | 2016 | 2017 | 2018 | 2019 | Change |
| *General Government | 1.05 | 1.06 | 1.07 | 1.07 | 1.07 | 0.02 |
| Public Works and Transportation | 0.52 | 0.51 | 0.51 | 0.50 | 0.50 | (0.02) |
| Public Safety and Judiciary | 2.30 | 2.28 | 2.27 | 2.25 | 2.23 | (0.07) |
| Health and Human Services | 1.48 | 1.49 | 1.46 | 1.46 | 1.44 | (0.04) |
| Planning and Economic Development | 0.03 | 0.03 | 0.03 | 0.03 | 0.03 | — |
| Culture and Recreation | 0.47 | 0.46 | 0.46 | 0.51 | 0.54 | 0.07 |
| Budgeted positions per 1,000 county residents | 5.85 | 5.83 | 5.80 | 5.82 | 5.81 | (0.04) |



*General Government includes twenty unfunded FTE positions available for countywide use. These additional FTE's are reset each budget cycle so there is no cumulative effect on total budget.

Source: Johnson County Financial Records
2015 -2019 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 2015, the number of budgeted full-time-equivalent employee positions (FTEs) approved by the Board of County Commissioners has increased by 106. This represents a 3.12% increase from 2015 to 2019. The General Government includes 20 budgeted but unfunded FTE positions for countywide use, if needed, based on current economic conditions.

The largest changes from 2015 to 2019 occurred in the following areas:

General Government FTE's increased by 33 over the period mainly due to the Facilities (8), Human Resources (8), and Technology & Innovation (14) departments. Growth in these departments was mainly attributable to centralization and consolidation of services.

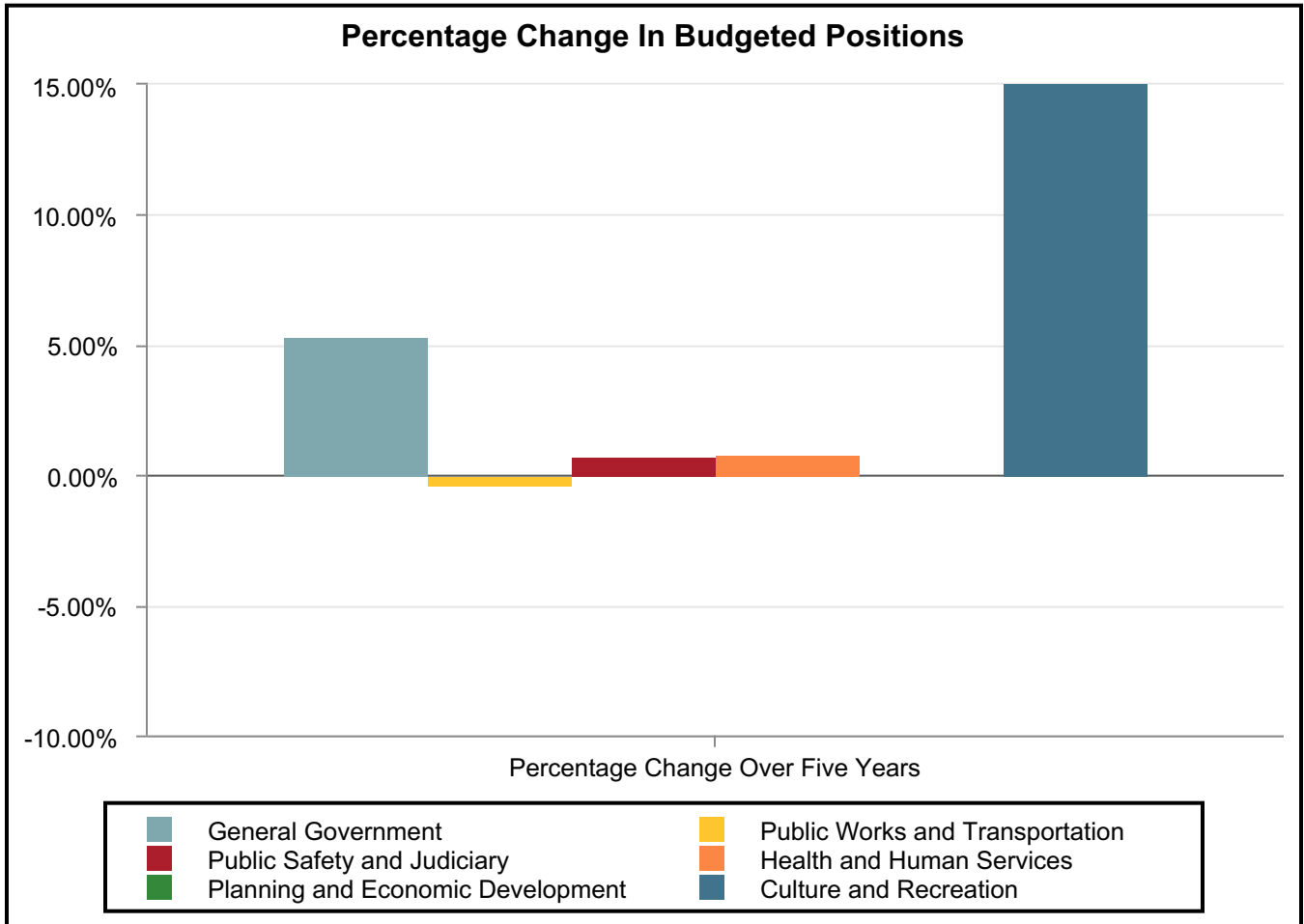
Public Safety FTE's increased by 10 from 2015 to 2019. No changes in FTE's from 2018 to 2019

Health and Human Services FTE's increased by 7 from 2015 to 2019. 2019 FTE's decreased 4 FTE's from 2018

Culture and Recreation FTE's increased by 57 mainly due to opening of the new Monticello library in 2018 and Lenexa City Center in 2019.

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

| Budgeted Positions | | | | |
|-----------------------------------|-------------|-------------|------------------|--------------|
| | 2015 | 2019 | Five year Change | % Change |
| General Government | 612 | 645 | 33 | 5.39% |
| Public Works and Transportation | 304 | 303 | -1 | -0.33% |
| Public Safety and Judiciary | 1334 | 1344 | 10 | 0.75% |
| Health and Human Services | 859 | 866 | 7 | 0.81% |
| Planning and Economic Development | 18 | 18 | — | —% |
| Culture and Recreation | 271 | 328 | 57 | 21.03% |
| Budgeted Positions | 3398 | 3504 | 106 | 3.12% |



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 2015 to 2019, total spending in those programs increased 21.65%. State Support decreased 2.90% over the same period. County spending increased 24.96% from 2015 to 2019 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's expenditures of County dollars increased by \$812,935 or 12.80% from 2015 to 2019. This agency receives no State funding.

Developmental Supports' expenditures of County dollars increased by \$3,371,208 or 39.88% from 2015 to 2019. Over those five years, State funding increased \$77,120 or 5.2%. The increase was primarily caused by reduction in Medicaid revenues.

District Attorney's expenditures of County dollars increased by \$1,760,539 or 25.41% from 2015 to 2019. This agency receives no State funding.

District Courts and Court Services' expenditures of County dollars increased by \$286,864 or 7.56% from 2015 to 2019. State funding during the same period increased \$42,697 or 155%.

Election's expenditures of County dollars increased by \$1,574,852 or 100.72% from 2015 to 2019. 2016 was a Presidential election year. This agency receives no State funding.

Emergency Management's expenditures of County dollars increased by \$166,191 or 34.48% from 2015 to 2019. This agency receives Federal grants in addition to County funding. It also receives some State funding.

Extension Council's expenditures of County dollars increased by \$88,778 or 12.16% from 2015 to 2019. This agency receives no State funding.

Health and Environment's expenditures of County dollars increased by \$2,770,768 or 56.83% from 2015 to 2019. During this same time period, State funding decreased by \$275,447 or 16.9%.

Juvenile and Community Corrections' expenditures of County dollars increased by \$3,825,995 or 22.68% from 2015 to 2019. State funding in that time period increased \$156,456 or 3.6%.

Mental Health's expenditures of County dollars increased by \$3,944,564 or 35.55% from 2015 to 2019. State funding in that time period has decreased by \$568,022 or 5.4%.

Multi-Service Center's expenditures of County dollars increased by \$1,053,297 or 72.27% from 2015 to 2019. This agency receives no State funding. Its primary sources of revenue are local city contributions and County reserves.

Sheriff's expenditures of County dollars increased by \$12,834,231 or 18.95% from 2015 to 2019. State funding for Prisoner Boarding has increased \$30,815 from 2018 to 2019.

Tax Administration's expenditures of County dollars increased by \$505,280 or 25.45% from 2015 to 2019. This agency receives no State funding.

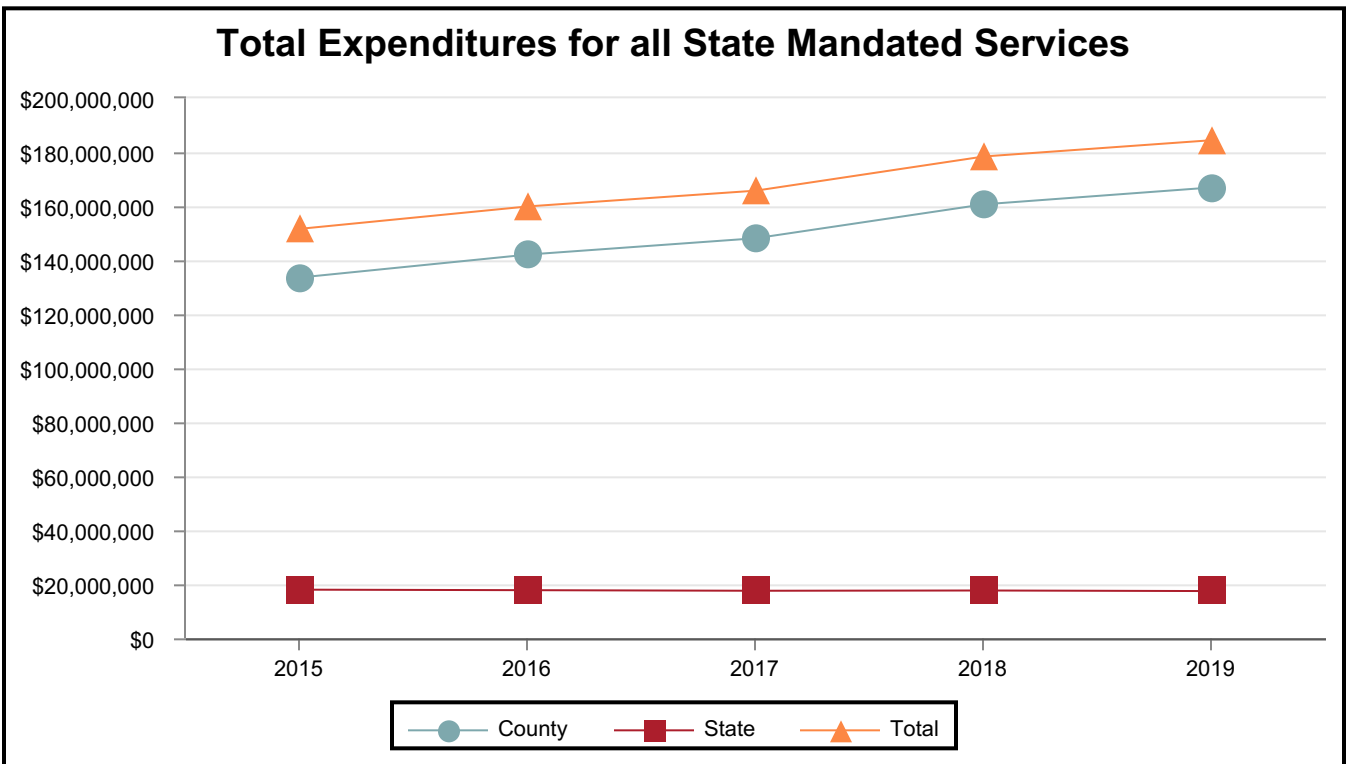
The Treasurer's functions of Tax Division, Treasury Management and Accounts Receivable increased expenditures of County dollars by \$167,837 or 14.92% from 2015 to 2019. This agency receives no State funding.

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. In 2018, the net expense change was due to an increase in personnel costs while "Walk-In" fee revenues remained constant. The overall increase from 2015 to 2019 was \$190,889 or 97.37%.

COUNTY PROVIDED SERVICES ON BEHALF OF THE STATE

(In Actual Dollars)

| ACTUAL DOLLARS | 2015 | 2016 | 2017 | 2018 | 2019 | Five Year Change |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| Appraiser | \$ 6,353,313 | \$ 6,652,713 | \$ 7,078,240 | \$ 7,470,009 | \$ 7,166,248 | 12.80% |
| Developmental Supports | 8,453,115 | 8,976,057 | 10,038,185 | 11,344,732 | 11,824,323 | 39.88% |
| District Attorney | 6,927,232 | 7,200,698 | 7,723,203 | 8,350,713 | 8,687,771 | 25.41% |
| District Courts and Court Svcs | 3,796,396 | 3,938,462 | 3,586,257 | 3,716,838 | 4,083,260 | 7.56% |
| Elections | 1,563,654 | 4,096,055 | 2,449,998 | 3,913,509 | 3,138,506 | 100.72% |
| Emergency Management | 482,031 | 559,797 | 460,476 | 551,959 | 648,222 | 34.48% |
| Extension Council | 729,824 | 748,296 | 748,296 | 793,602 | 818,602 | 12.16% |
| Health and Environment | 4,875,391 | 5,149,079 | 5,737,348 | 6,503,340 | 7,646,159 | 56.83% |
| Juv and Comm Corrections | 16,871,270 | 17,552,905 | 19,159,772 | 20,554,402 | 20,697,265 | 22.68% |
| Mental Health | 11,096,739 | 11,237,650 | 11,316,784 | 14,274,059 | 15,041,303 | 35.55% |
| Multi-Service Centers | 1,457,514 | 1,599,147 | 1,561,124 | 2,427,319 | 2,510,811 | 72.27% |
| Sheriff | 67,727,780 | 70,878,697 | 74,966,294 | 77,017,029 | 80,562,011 | 18.95% |
| Tax Administration | 1,985,433 | 2,054,073 | 2,193,601 | 2,407,294 | 2,490,713 | 25.45% |
| Treasurer | 1,124,940 | 1,131,631 | 1,429,471 | 1,370,437 | 1,292,777 | 14.92% |
| Motor Vehicle | 196,038 | 360,957 | (257,769) | 53,420 | 386,927 | 97.37% |
| Total (Actual Dollars) | \$ 133,640,670 | \$ 142,136,217 | \$ 148,191,280 | \$ 160,748,662 | \$ 166,994,898 | 24.96% |
| State Support* | 18,027,790 | 17,836,176 | 17,619,027 | 17,718,297 | 17,504,291 | -2.90% |
| Total County and State Spending | \$ 151,668,460 | \$ 159,972,393 | \$ 165,810,307 | \$ 178,466,959 | \$ 184,499,189 | 21.65% |



Source: Johnson County Financial Records

2015 to 2019 Capital & Operating Budgets

*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.

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 2015 to 2019. 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.

Classifications of fund balances reflect the implementation of GASB 54. Classifications are 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 classifications are as follows:

Non spendable 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.

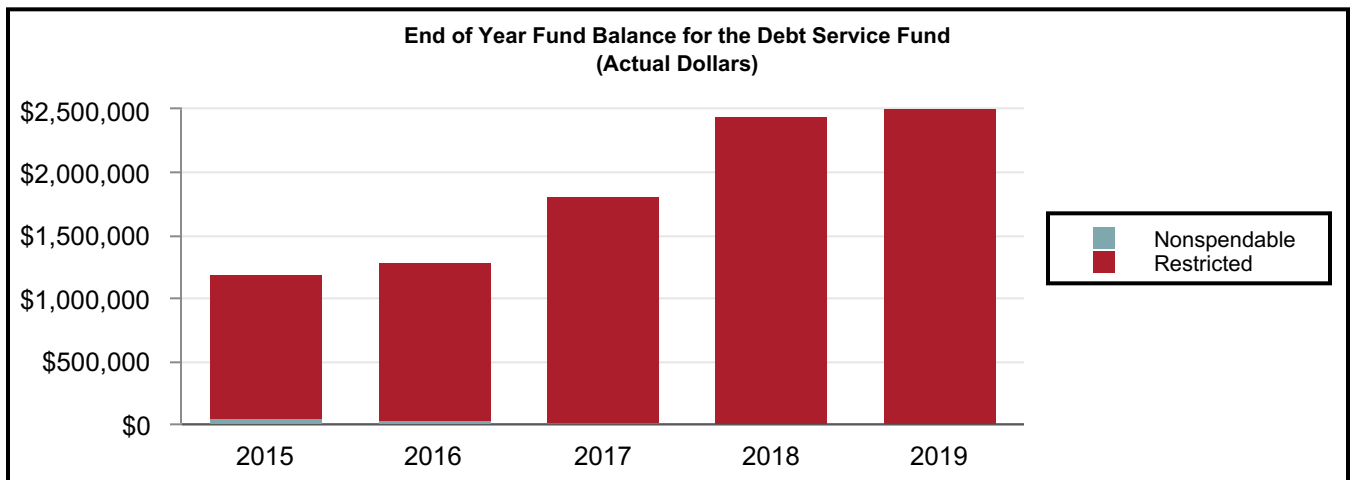
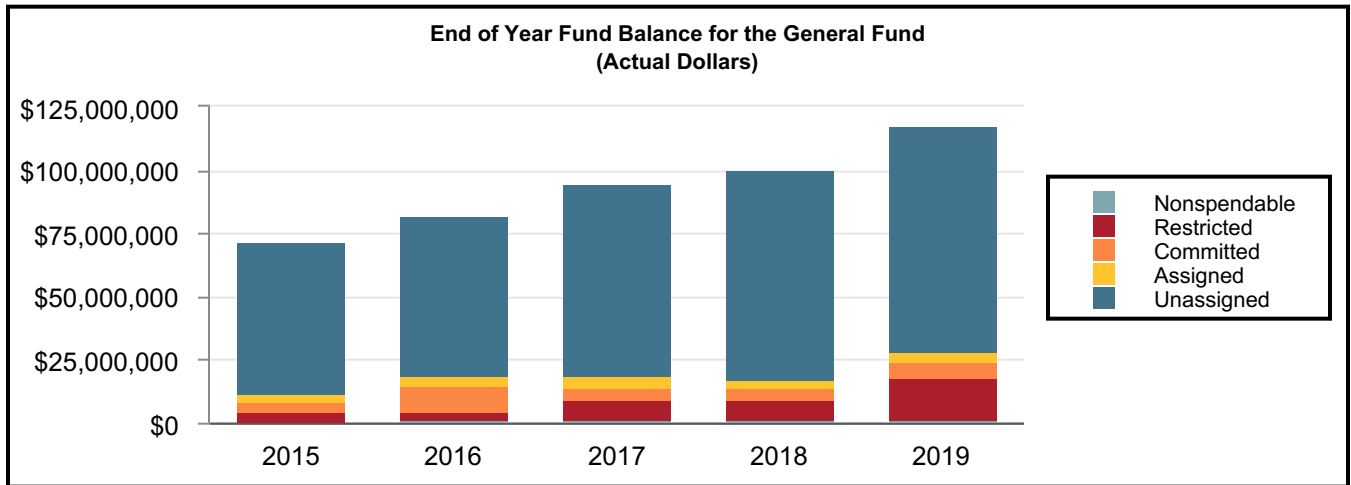
ANALYSIS:

The General Fund balance increased 63.61% from 2015 to 2019 which 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 2016 the total fund balance increased 14.34% or \$10.3M 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. The total General Fund balance increase by 16.88% or \$17.0M in 2019 due mainly to increase in restricted and unassigned balances.

In actual dollars, the year-end Debt Service Fund balance increased 117.82% from 2015 to 2019. 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

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| General Fund | | | | | |
| Nonspendable | \$ 1,020,908 | \$ 1,328,124 | \$ 1,349,915 | \$ 1,409,029 | \$ 1,266,732 |
| Restricted | 3,791,768 | 3,464,810 | 8,392,120 | 7,944,361 | 16,959,551 |
| Committed | 3,555,804 | 10,105,049 | 4,859,001 | 4,922,745 | 6,466,215 |
| Assigned | 3,356,758 | 3,816,143 | 4,325,488 | 3,485,388 | 3,513,974 |
| Unassigned | 60,132,601 | 63,447,847 | 76,166,316 | 82,826,738 | 89,360,208 |
| General Fund Total (Actual Dollars) | \$ 71,857,839 | \$ 82,161,973 | \$ 95,092,840 | \$ 100,588,261 | \$ 117,566,680 |
| Consumer Price Index - Urban | 99.83 | 100.63 | 102.49 | 101.81 | 104.01 |
| Total (Constant Dollars) | \$ 71,980,205 | \$ 81,647,593 | \$ 92,782,554 | \$ 98,799,981 | \$ 113,034,016 |
| Debt Service Fund | | | | | |
| Nonspendable | \$ 44,455 | \$ 29,637 | \$ 14,818 | — | — |
| Restricted | 1,157,440 | 1,263,814 | 1,799,722 | 2,454,823 | 2,618,008 |
| Debt Service Fund Total (Actual Dollars) | 1,201,895 | 1,293,451 | 1,814,540 | 2,454,823 | 2,618,008 |
| Consumer Price Index - Urban | 99.83 | 100.63 | 102.49 | 101.81 | 104.01 |
| Total (Constant Dollars) | \$ 1,203,942 | \$ 1,285,353 | \$ 1,770,456 | \$ 2,411,181 | \$ 2,517,073 |



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.

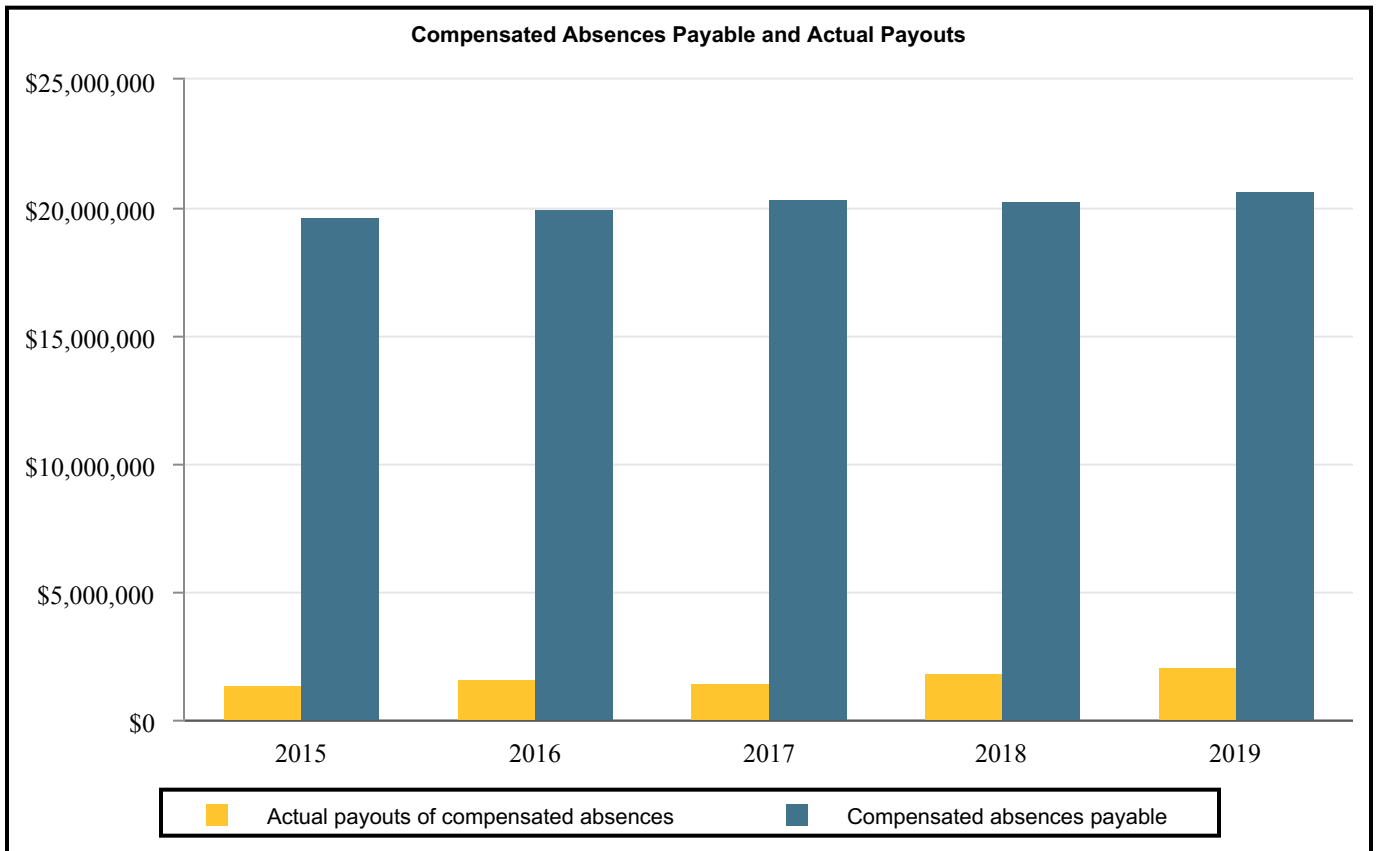
ANALYSIS:

Over the past five years, compensated absences payable increased by a minimal 5.35% which can be attributed to a fairly stable average level of tenured employees. The budgeted merit increase pool was 3.0% for years 2015 to 2019. Turnover rate fluctuated between a low of 11.60% in 2017 to a high of 13.42% in 2019.

The actual payouts of compensated absences over the period of 2015 to 2019 increased 45.42%. 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.

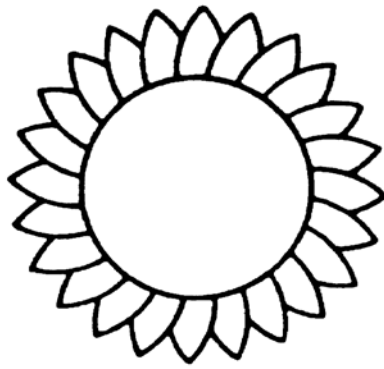
COMPENSATED ABSENCES PAYABLE

| | | | | | | Five Year |
|---|--------------|--------------|--------------|--------------|--------------|-----------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | Change |
| Compensated absences payable (1) | \$19,674,473 | \$19,971,900 | \$20,417,765 | \$20,317,001 | \$20,726,104 | 5.35% |
| Actual payouts of compensated absences (2) | \$ 1,425,627 | \$ 1,626,964 | \$ 1,479,447 | \$ 1,851,121 | \$ 2,073,164 | 45.42% |
| Turnover rate (2) | 12.75 | 13.22 | 11.60 | 12.64 | 13.42 | 5.25% |
| Number of full-time employees as of December 31 (2) | 2,952 | 2,913 | 2,973 | 3,109 | 3,118 | 5.62% |
| Number of part-time employees as of December 31 (2) | 166 | 171 | 146 | 168 | 172 | 3.61% |

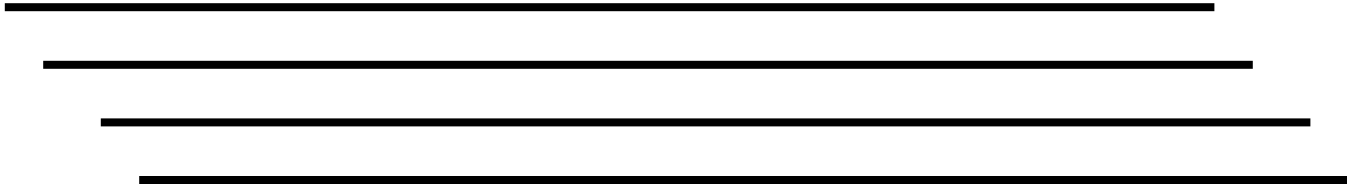


Source: (1) Johnson County Financial Records

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

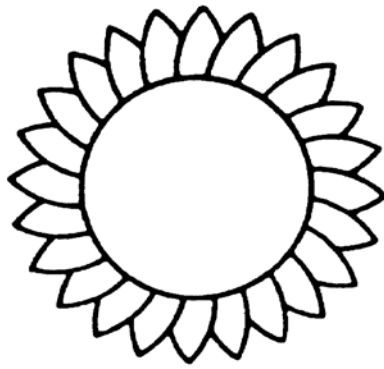


Debt Structure



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 (\$15 million in budgeted expenditures for FY 2019.) 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 380.34% increase of direct, net general obligation debt from 2015 to 2019.

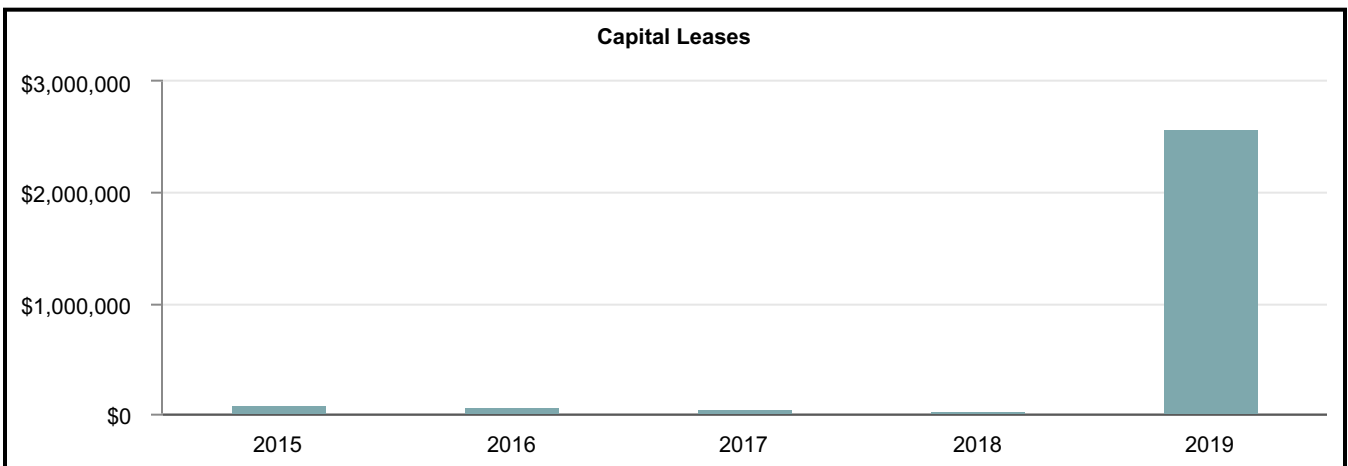
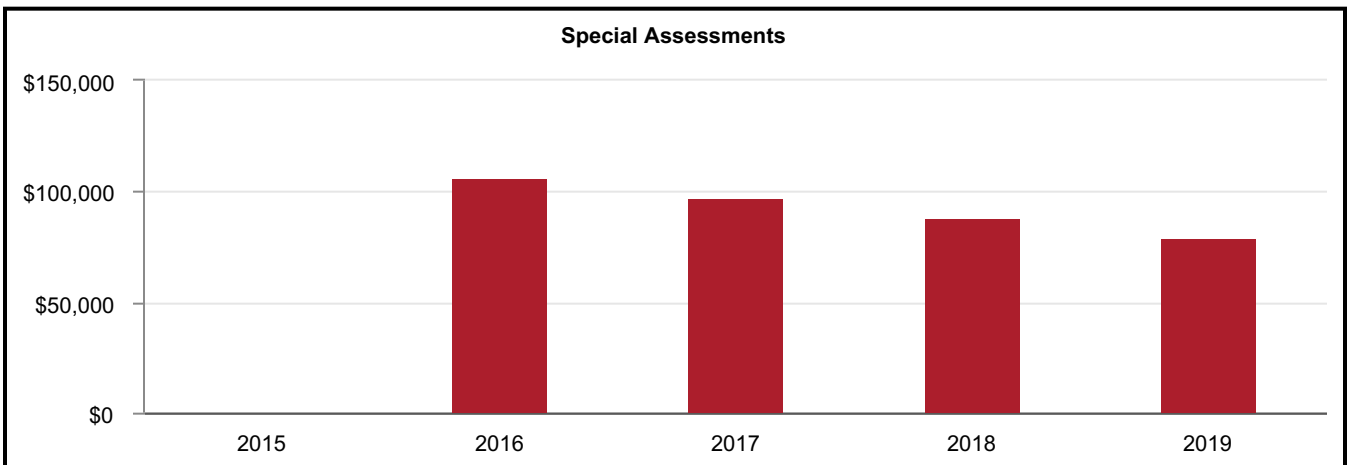
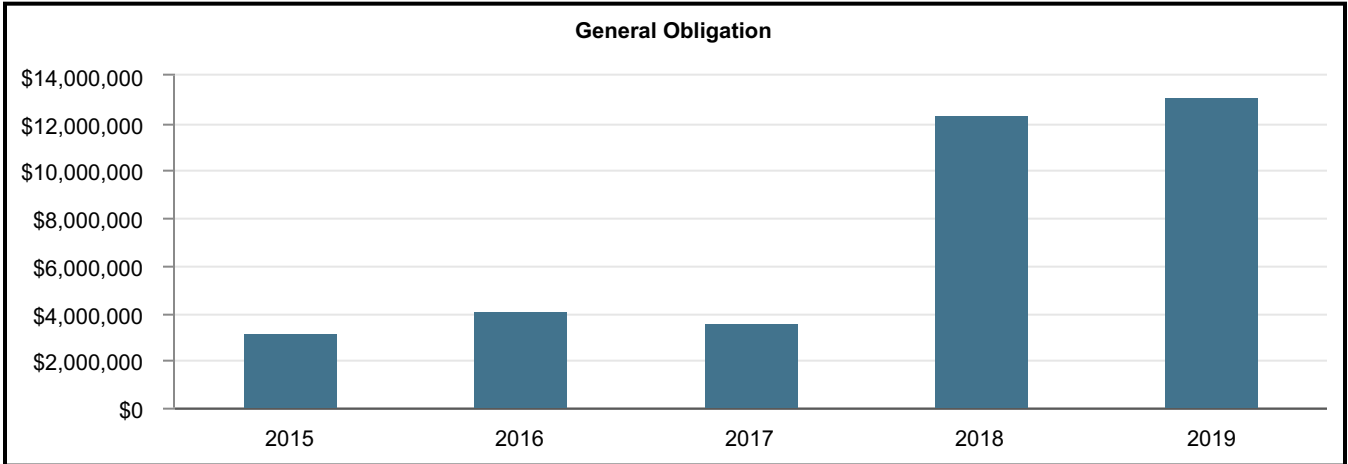
General obligation bond debt increased 311.20% from 2015 to 2019. The County previously switched to the use of PBC Lease Purchase Revenue Bonds to finance facility construction and renovation costs. The PBC is empowered to issue revenue bonds to finance capital facilities and, in turn, lease the facilities to the County. Generally, the increased use of PBC bonds results in a decreased need for general obligation bond financing. That being said, bond issuance is still utilized for non-construction and renovation costs. In 2016, \$1.5M in general obligation bond debt due was issued for the Countywide Radio System Channel Expansion project. In 2018, \$9.2M in general obligation bond debt was issued for new electronic voting systems in the Elections office. General obligation bond debt represented 83.24% of total direct, net general obligation debt in 2019.

Special assessments debt increased 100.00% from 2015 to 2019. \$107k Special assessment bonds were issued in 2016 for construction improvements in special benefit districts within the County. Special assessment debt represented 0.50% of total direct, net general obligation debt in 2019.

Capital lease debt increased 2725.69% from 2015 to 2019. Capital lease debt represented 16.26% of total direct, net general obligation debt in 2019. In 2019 the county entered into an equipment lease, which has a bargain purchase option.

DIRECT GENERAL OBLIGATION NET DEBT

| | 2015 | 2016 | 2017 | 2018 | 2019 | Five Year Change |
|----------------------------|---------------------------|---------------------|---------------------|----------------------|----------------------|---------------------|
| | General Obligation | \$ 3,209,668 | \$ 4,109,684 | \$ 3,620,091 | \$ 12,415,697 | \$ 13,198,128 |
| Special Assessments | — | 106,900 | 97,700 | 88,800 | 79,500 | 100.00% |
| Capital Lease | 91,228 | 75,301 | 57,836 | 38,844 | 2,577,823 | 2725.69% |
| Total: | \$ 3,300,896 | \$ 4,291,885 | \$ 3,775,627 | \$ 12,543,341 | \$ 15,855,451 | 380.34% |



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:

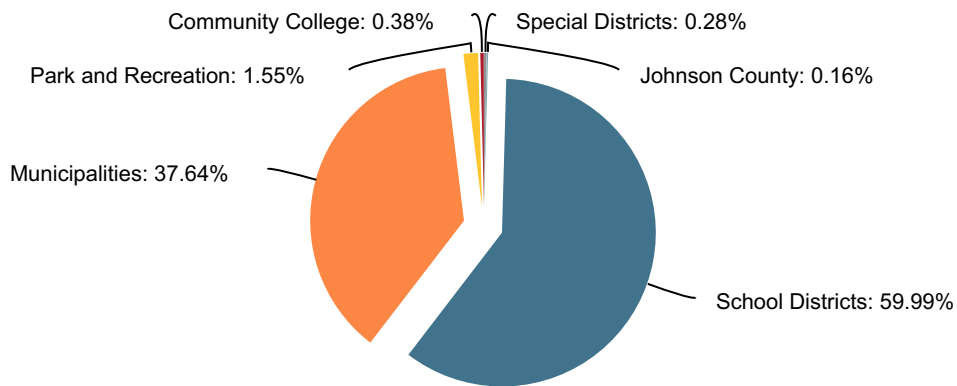
The table and graphs on the next page depict an overall constant dollar increase of 8.69% in direct and overlapping net general obligation debt from 2015 to 2019. This is a reflection of Johnson County's maintenance of service levels compared to inflation rate over the same period.

- **Johnson County** debt accounted for 0.67% of total net debt in 2019 compared to 0.16% in 2015. The increase in percentage of total net debt is attributed to the increase in County debt being issued and decrease in municipalities debt balances. The County's general obligation bond debt increased 311.20% from 2015 to 2019 for capital projects not related to the Public Building Commission.
- **School District** debt accounted for 61.37% of total net debt in 2019 compared to 59.99% in 2015. School District debt increased 15.86% from 2015 to 2019. This is a reflection of continuing capital maintenance of school facilities across the County. Total school enrollment increased 1.93% from 2015 to 2019.
- **Municipalities** debt accounted for 34.53% of total net debt in 2019 compared to 37.64% in 2015. Municipal debt increased 3.89% from 2015 to 2019. Slowing 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 0.67% of total net debt in 2019 compared to 1.55% in 2015. Parks and Rec debt decreased 51.28% from 2015 to 2019.
- **Community College** debt accounted for 2.18% of total net debt in 2019 compared to 0.38% in 2015. Community College debt increased 544.83% or 43.7 million from 2015 to 2019. The large increase in debt balance was due to \$50 million in Certificates of Participation debt being issued in 2017 for various capital improvements.
- **Special Districts** debt accounted for 0.58% of total net debt in 2019 compared to 0.28% in 2015. Special District debt increased 133.08% 2015 to 2019. Special districts are comprised of various Fire Districts within the County.

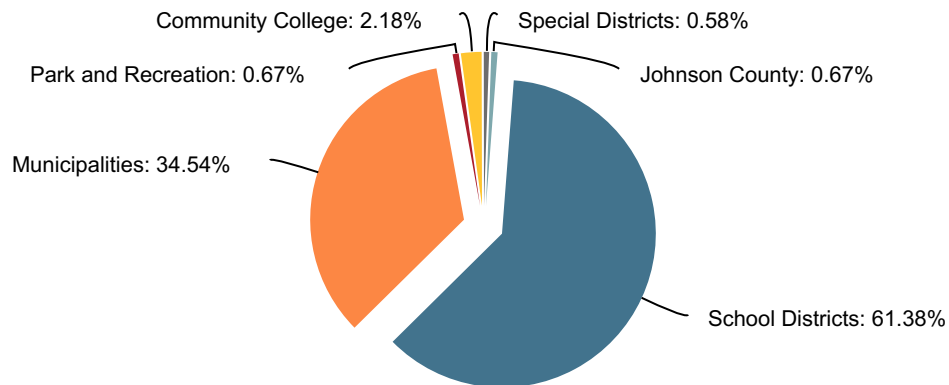
DIRECT AND OVERLAPPING GENERAL OBLIGATION NET DEBT

| | 2015 | 2016 | 2017 | 2018 | 2019 | Five Year 5yr Change |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|----------------------------|
| Johnson County | \$ 3,300,896 | \$ 4,291,885 | \$ 3,775,627 | \$ 12,543,341 | \$ 15,855,569 | 380.34% |
| School Districts | 1,259,068,344 | 1,441,951,769 | 1,587,171,512 | 1,528,162,616 | 1,458,768,718 | 15.86% |
| Municipalities | 789,825,503 | 722,136,050 | 666,841,012 | 704,302,763 | 820,574,766 | 3.89% |
| Park and Recreation | 32,459,228 | 28,584,434 | 35,832,712 | 22,747,394 | 15,814,871 | -51.28% |
| Community College | 8,019,219 | 12,130,000 | 58,850,000 | 53,665,000 | 51,710,000 | 544.83% |
| Special Districts | 5,875,000 | 7,990,000 | 7,869,211 | 13,252,621 | 13,693,426 | 133.08% |
| Total (In Actual Dollars) | \$ 2,098,548,190 | \$ 2,217,084,138 | \$ 2,360,340,074 | \$ 2,334,673,735 | \$ 2,376,417,350 | 13.24% |
| Consumer Price Index - Urban | 99.83 | 100.63 | 102.49 | 101.81 | 104.01 | 4.19% |
| Total (Constant Dollars) | \$ 2,102,121,797 | \$ 2,203,203,953 | \$ 2,302,995,486 | \$ 2,293,167,405 | \$ 2,284,796,991 | 8.69% |

2015 Direct and Overlapping General Obligation Net Debt



2019 Direct and Overlapping General Obligation Net Debt



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 increased 333.33% from \$6 in 2015 to \$26 in 2019. Generally, Public Building Commission bond debt is issued to finance construction and renovations of County facilities versus issuing County debt. The increased use of PBC bonds results in a decreased need for general obligation bond financing by the County. That being said, general obligation debt is still issued by the County for certain capital projects. In 2017 general obligation bond debt was issued in the amount \$975K to fund a station alerting system for the County's Emergency Communications Department. In 2018, \$9.2M in general obligation bonds were issued by the County for new electronic voting systems in the Elections office.

Countywide Overlapping Debt:

Countywide Overlapping Net Debt Per Capita increased 8.50% from \$3,612 in 2015 to \$3,919 in 2019. Countywide per capita peaked at \$3,997 in 2017 as debt balance growth outpaced population growth. 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.

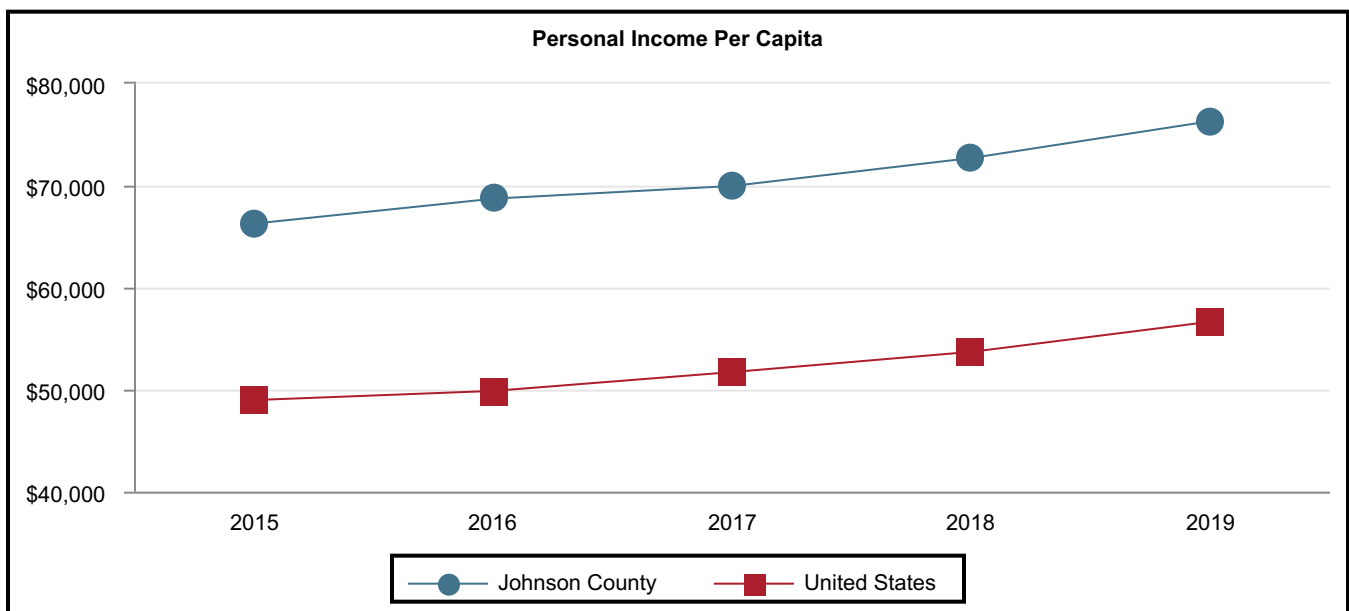
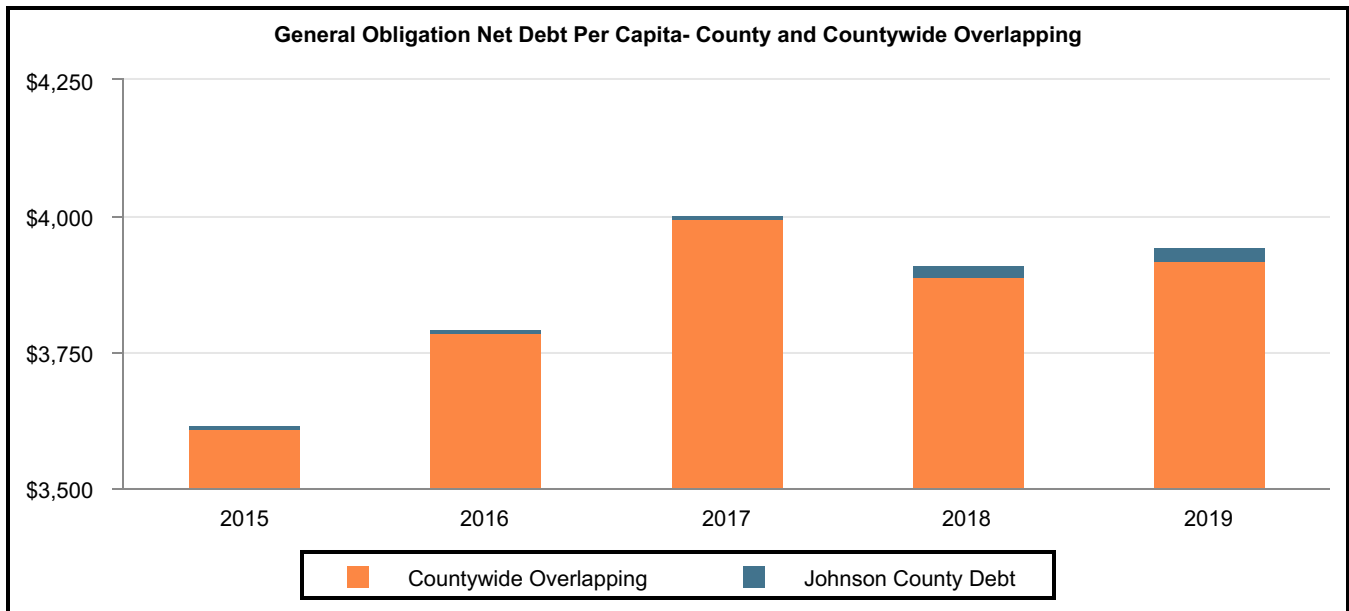
Total Debt as a Percent of Personal Income Per Capita:

Total County Direct and Overlapping Net Debt Per Capita increased 9.04% from \$3,618 in 2015 to \$3,945 in 2019. During the same period, County Personal Per Capita Income increased 13.15%. Due to both factors, Total Direct and Overlapping Net Debt as a Percent of County Personal Income Per Capita decreased from 5.46% in 2015 to 5.17% in 2019.

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|------------------|------------------|------------------|------------------|------------------|
| Johnson County Direct G.O. Net Debt | \$ 3,300,896 | \$ 4,291,885 | \$ 3,775,627 | \$ 12,543,341 | \$ 15,855,569 |
| Countywide Overlapping G.O. Net Debt | \$ 2,095,247,294 | \$ 2,212,792,253 | \$ 2,356,564,447 | \$ 2,322,130,394 | \$ 2,360,561,781 |
| Population | 580,159 | 584,451 | 589,609 | 596,767 | 602,401 |
| Johnson County Net Debt | | | | | |
| Per Capita | \$ 6 | \$ 7 | \$ 6 | \$ 21 | \$ 26 |
| Countywide Overlapping Net Debt | | | | | |
| Per Capita | \$ 3,612 | \$ 3,786 | \$ 3,997 | \$ 3,891 | \$ 3,919 |

DIRECT AND OVERLAPPING GENERAL OBLIGATION DEBT PER CAPITA

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---------------|---------------|---------------|---------------|---------------|
| Johnson County Direct G.O. Net Debt Per Capita | \$ 6 | \$ 7 | \$ 6 | \$ 21 | \$ 26 |
| Countywide Overlapping G.O. Net Debt Per Capita | 3,612 | 3,786 | 3,997 | 3,891 | 3,919 |
| Total Direct and Overlapping G.O. Net Debt Per Capita | 3,618 | 3,793 | 4,003 | 3,912 | 3,945 |
| Personal Income per Capita: | | | | | |
| Johnson County (1) | \$ 66,294 | \$ 68,731 | \$ 69,977 | \$ 72,717 | \$ 76,328 |
| United States (2) | \$ 48,985 | \$ 49,883 | \$ 51,731 | \$ 53,712 | \$ 56,663 |
| Total Direct and Overlapping G.O. Net Debt Per Capita as a % of Personal Income per Capita | 5.46 % | 5.52 % | 5.72 % | 5.38 % | 5.17 % |



Source: Treasury and Financial Management Department
 (1) 2015-2019 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.

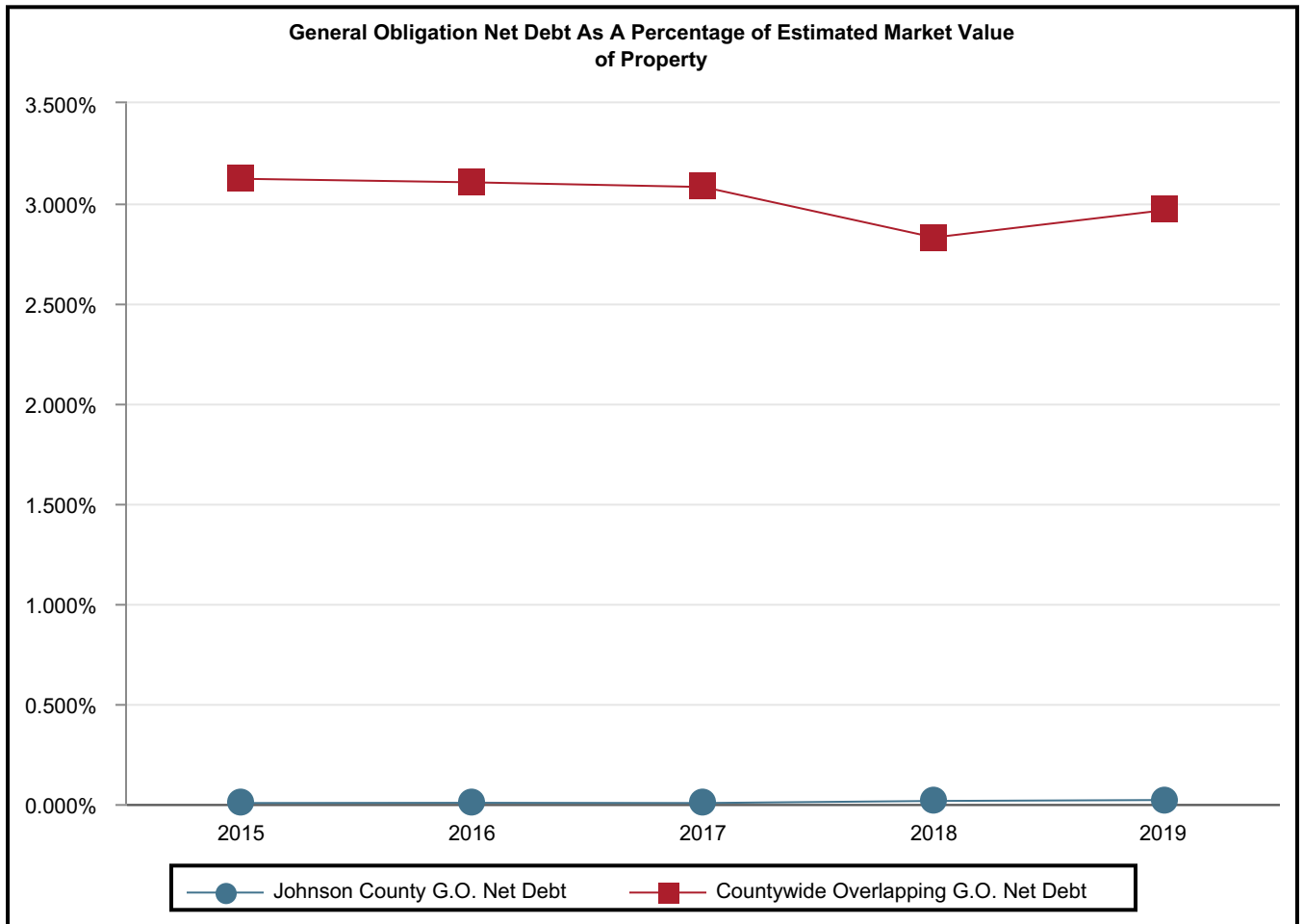
ANALYSIS:

Johnson County's Net Debt as a Percentage of Estimated Market Value of Property increased 300.00% from 0.005% in 2015 to 0.020% in 2019. Generally the County's general obligation debt has decreased as the Public Building Commission has taken over construction and renovation of County facilities along with associated debt. That being said, the County does issued general obligation debt for capital related projects within the County. In 2018 \$9.2M in general obligation bonds were issued to purchase new electronic voting systems in the Elections office.

Countywide Overlapping Net Debt as a percentage of market value decreased 4.81% from 3.12% in 2015 to 2.97% in 2019. Estimated Market values of property increased 18.61% over the five year period while Countywide Overlapping Net debt increased 12.66%.

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

| | 2015 | 2016 | 2017 | 2018 | 2019 | Five Year Change |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------------|
| Johnson County G.O. Net Debt | \$ 3,300,896 | \$ 4,291,885 | \$ 3,775,627 | \$ 12,543,341 | \$ 15,855,569 | 380.34% |
| Countywide Overlapping G.O. Net Debt | \$ 2,095,247,294 | \$ 2,212,792,253 | \$ 2,356,564,447 | \$ 2,322,130,394 | \$ 2,360,561,781 | 12.66% |
| Market Value of Property (Actual) in County | \$67,091,395,124 | \$71,258,958,403 | \$76,464,420,387 | \$82,057,372,161 | \$79,575,726,276 | 18.61% |
| Johnson County G.O. Net Debt as a Percentage of Market Value | 0.005 % | 0.006 % | 0.005 % | 0.015 % | 0.020 % | 300.00% |
| Increase/Decrease Over Previous Year | | 20.00 % | (16.67)% | 200.00 % | 33.33 % | |
| Countywide Overlapping G.O. Net Debt as a Percentage of Market Value | 3.12 % | 3.11 % | 3.08 % | 2.83 % | 2.97 % | -4.81% |
| Increase/Decrease Over Previous Year | | -0.32 % | -0.96 % | -8.12 % | 4.95 % | |



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 leases, 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 40.43% from 2015 to 2019. 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 38.97% of the County's total debt in 2019. PBC revenue bond debt increased 41.33% from 2015 to 2019. The following issuances of PBC revenue bonds occurred for Capital projects from 2015 to 2019 (excludes refunding issuances):

2015: \$21M- Arts & Heritage Center project.

2016: \$13M- Monticello Library project.

2017: \$16.3M- Lenexa City Center Library and Criminal Justice Complex Improvements projects.

2018: \$148.6M- New Courthouse and Medical Examiner Facility projects.

2019: \$1.39M- Various asset replacement projects.

Wastewater debt, which funds the sewer infrastructure of the County, comprised approximately 59.16% of the County's total debt portfolio in 2019 and increased 38.58% from 2015 to 2019. The following issuances of Wastewater general obligation bond debt occurred for Capital projects and improvements from 2015 to 2019 (excludes refundings):

2015: \$28.6M- Wastewater Improvement Bonds

2016: \$32.8M- Wastewater Improvement Bonds

2017: \$14.8M- Wastewater Improvement Bonds

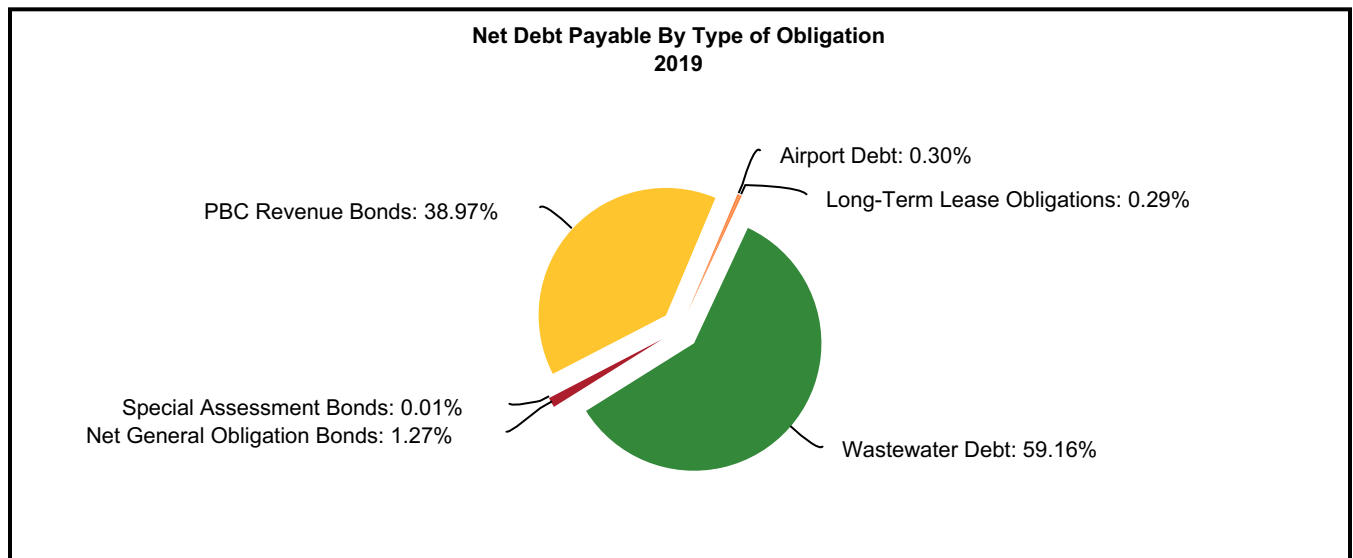
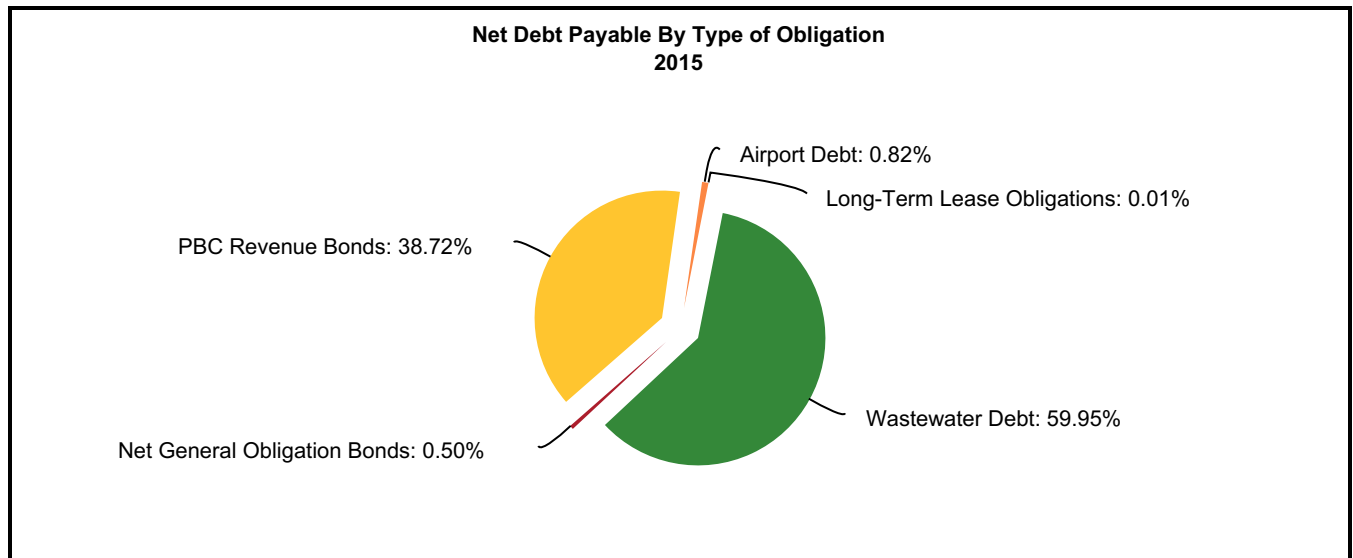
2018: \$223.6M- New Tomahawk Creek Treatment Facility Project and Improvements Bonds

2019: \$19.5M- Wastewater Improvement Bonds

NET DEBT PAYABLE BY TYPE OF OBLIGATION

| | 2015 | 2016 | 2017 | 2018 | 2019 | Five Year Change |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Net General Obligation Bonds | \$ 3,138,105 | \$ 3,706,549 | \$ 3,075,460 | \$ 10,590,177 | \$ 11,291,992 | \$ 8,153,887 |
| Special Assessment Bonds | 19,375 | 121,430 | 107,384 | 93,638 | 79,500 | 60,125 |
| PBC Revenue Bonds | 244,120,000 | 256,700,000 | 274,945,000 | 368,180,000 | 345,025,000 | 100,905,000 |
| Airport Debt | 5,155,623 | 4,665,468 | 4,210,313 | 2,835,156 | 2,665,000 | (2,490,623) |
| Long-Term Lease Obligations | 91,228 | 75,301 | 57,836 | 38,844 | 2,577,823 | 2,486,595 |
| Wastewater Debt | 377,960,228 | 404,098,869 | 360,405,480 | 536,312,010 | 523,766,082 | 145,805,854 |
| Grand Total: | \$ 630,484,559 | \$ 669,367,617 | \$ 642,801,473 | \$ 918,049,825 | \$ 885,405,397 | \$ 254,920,838 |

| Percent of Grand Total: | 2015 | 2016 | 2017 | 2018 | 2019 | Five Year Change |
|-------------------------------------|----------|----------|----------|----------|----------|---------------------|
| Net General Obligation Bonds | 0.50 % | 0.55 % | 0.48 % | 1.16 % | 1.27 % | 0.77% |
| Special Assessment Bonds | — % | 0.02 % | 0.02 % | 0.01 % | 0.01 % | 0.01% |
| PBC Revenue Bonds | 38.72 % | 38.35 % | 42.77 % | 40.10 % | 38.97 % | 0.25% |
| Airport Debt | 0.82 % | 0.70 % | 0.65 % | 0.31 % | 0.30 % | -0.52% |
| Long-Term Lease Obligations | 0.01 % | 0.01 % | 0.01 % | — % | 0.29 % | 0.28% |
| Wastewater Debt | 59.95 % | 60.37 % | 56.07 % | 58.42 % | 59.16 % | -0.79% |
| | 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:

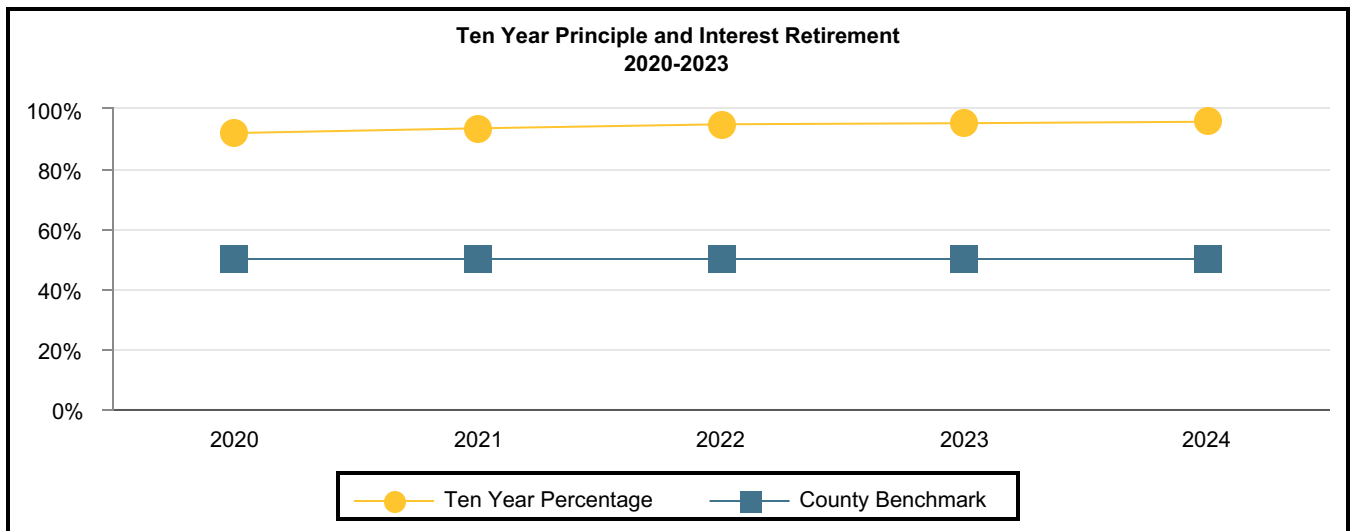
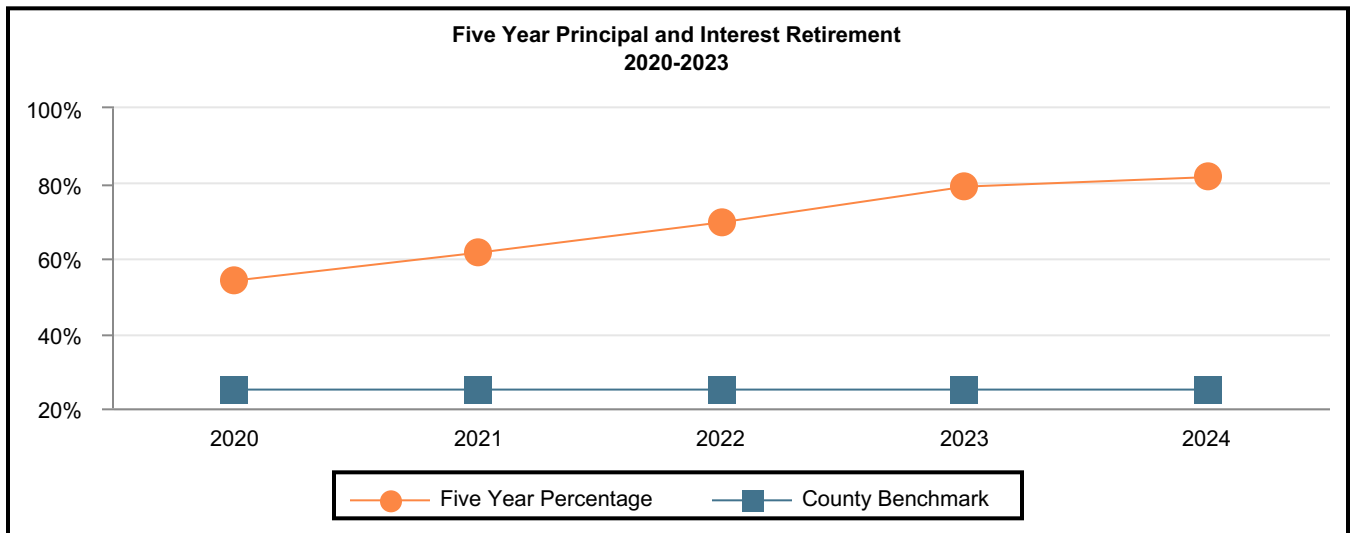
- **Section 150.2.12**, which states the "scheduled maturities [of debt] should be less than the expected economic life of the capital project or assets financed."

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 54.09% in 2020 to 81.66% in 2024. The ten-year percentage will increase from 91.99% in 2020 to 95.75% in 2024. In other words, for the County's existing G.O. and PBC debt, 54.09% will be paid off in the next five years, and 91.99% 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 RETIREMENT FOR GENERAL
OBLIGATION BONDS AND PUBLIC BUILDING COMMISSION LEASES**

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|----------------|----------------|----------------|----------------|----------------|
| Five Year Maturities (Principal and Interest) | \$ 227,918,548 | \$ 236,074,161 | \$ 237,772,925 | \$ 230,672,427 | \$ 197,361,455 |
| Ten Year Maturities (Principal and Interest) | \$ 387,601,203 | \$ 359,031,970 | \$ 324,135,230 | \$ 277,737,029 | \$ 231,413,356 |
| Total Outstanding Bonds (Principal and Interest) | \$ 421,349,907 | \$ 383,688,464 | \$ 341,537,799 | \$ 291,536,054 | \$ 241,679,756 |
| Five Year Percentage | 54.09 % | 61.53 % | 69.62 % | 79.12 % | 81.66 % |
| County Benchmark | 25.00 % | 25.00 % | 25.00 % | 25.00 % | 25.00 % |
| Ten Year Percentage | 91.99 % | 93.57 % | 94.90 % | 95.27 % | 95.75 % |
| 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 2015 through 2019, 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 41.33%, from 2015 to through 2019, in outstanding PBC Lease Purchase Revenue Bonds issued to finance facility construction and renovation.

The following Lease Purchase Revenue Bonds were issued by PBC for construction and renovation projects from 2015 to 2019 :

2015: \$21M- Arts & Heritage Center project.

2016: \$13M- Monticello Library project.

2017: \$16.3M- Lenexa City Center Library and Criminal Justice Complex Improvements projects.

2018: \$148.6M New Courthouse and Medical Examiner Facility projects.

2019: \$1.39M- Various asset replacement projects.

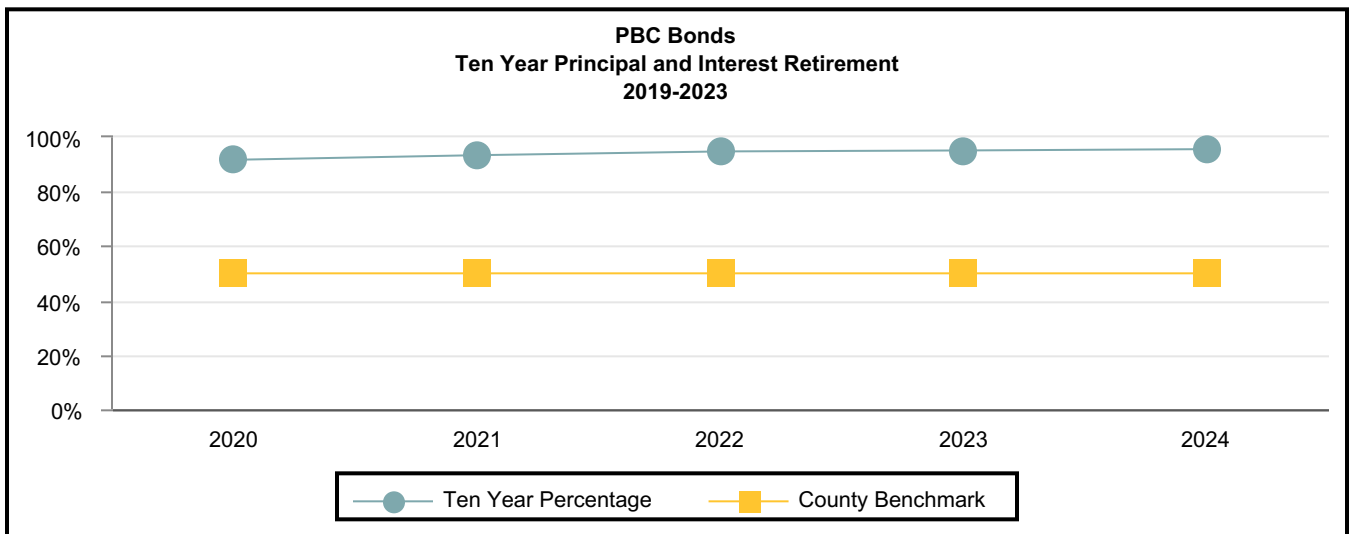
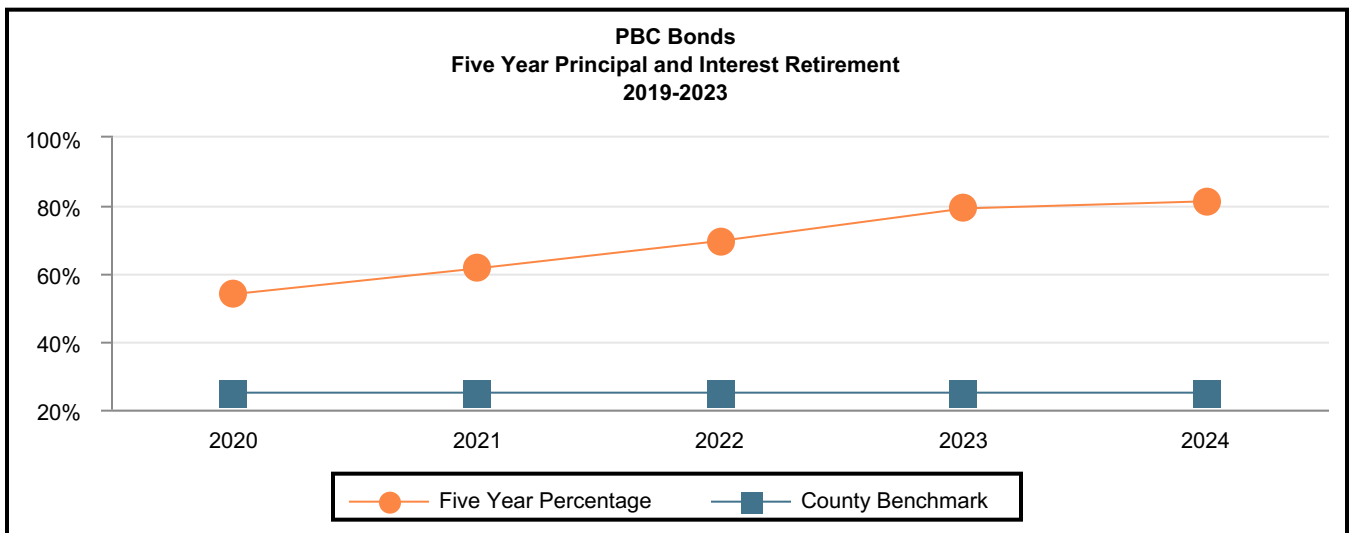
As also shown in the following table and graphs, the five year maturity percentage is scheduled to increase from 54.03% of outstanding total debt in 2020 to 81.30% in 2024. The ten-year maturity percentage will increase from 91.75% in 2020 to 95.66% in 2024. Approximately 54.03% of the existing PBC debt will be paid off in the next five years, and approximately 91.75% 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:

| Building or Improvements Financed | Principle Amount Issued |
|---|--------------------------------|
| 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 & 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 |
| New Courthouse/Medical Examiner Facilities | 148,595,000 |
| Asset replacement projects | 1,390,000 |
| Total Projects Financed: | \$ 522,175,000 |

PRINCIPAL AND INTEREST RETIREMENT FOR PUBLIC BUILDING COMMISSION DEBT

| Outstanding Principal Amount of Public Building Commission Debt | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|----------------|----------------|----------------|----------------|----------------|
| | \$ 244,120,000 | \$ 256,700,000 | \$ 274,945,000 | \$ 368,180,000 | \$ 345,025,000 |
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Five Year Maturities (Principal and Interest) | \$ 216,542,873 | \$ 225,031,211 | \$ 226,804,450 | \$ 220,001,177 | \$ 187,114,580 |
| Ten Year Maturities (Principal and Interest) | \$ 367,735,403 | \$ 341,572,295 | \$ 308,734,355 | \$ 264,406,741 | \$ 220,161,756 |
| Total Bond Maturities (Principal and Interest) | \$ 400,815,356 | \$ 365,550,926 | \$ 325,595,761 | \$ 277,802,566 | \$ 230,158,719 |
| Five Year Percentage | 54.03 % | 61.56 % | 69.66 % | 79.19 % | 81.30 % |
| County Benchmark | 25.00 % | 25.00 % | 25.00 % | 25.00 % | 25.00 % |
| Ten Year Percentage | 91.75 % | 93.44 % | 94.82 % | 95.18 % | 95.66 % |
| County Benchmark | 50.00 % | 50.00 % | 50.00 % | 50.00 % | 50.00 % |



Source: Treasury and Financial Management Department
2015-2019 Capital & Operating Budgets

Demographics

DEMOGRAPHICS

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

POPULATION

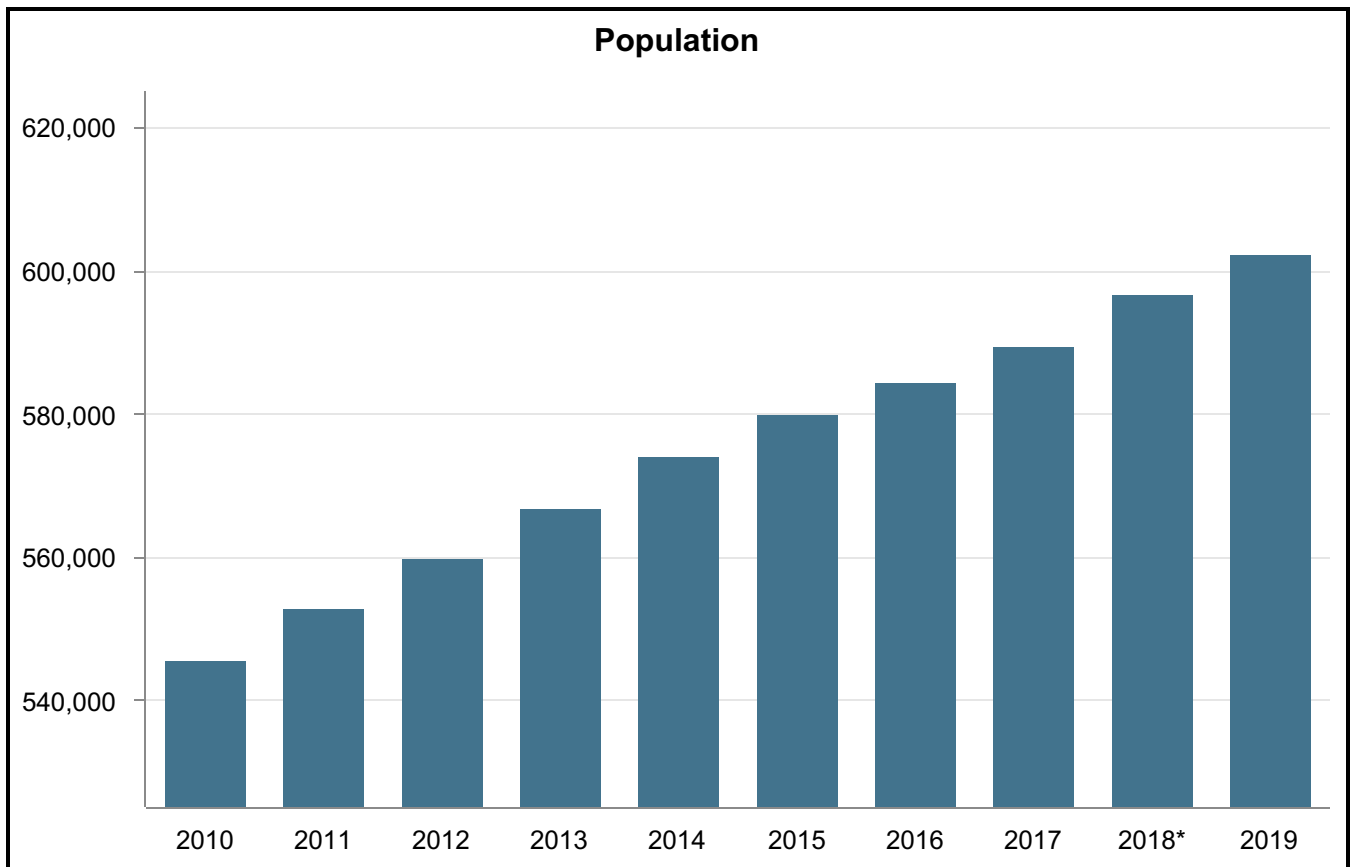
DESCRIPTION:

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 growth rate from 2010 to 2019 was 10.39%. The average annual growth rate since 2010 has been 1.10% .

| Population Growth | | | | | | | | | |
|-------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018* | 2019 |
| 545,696 | 552,874 | 559,836 | 566,933 | 574,096 | 580,159 | 584,451 | 589,609 | 596,767 | 602,401 |



Source: Bureau of Economic Analysis

*County estimate based on U.S. Bureau of Economic Analysis information.

MEDIAN AGE ESTIMATES

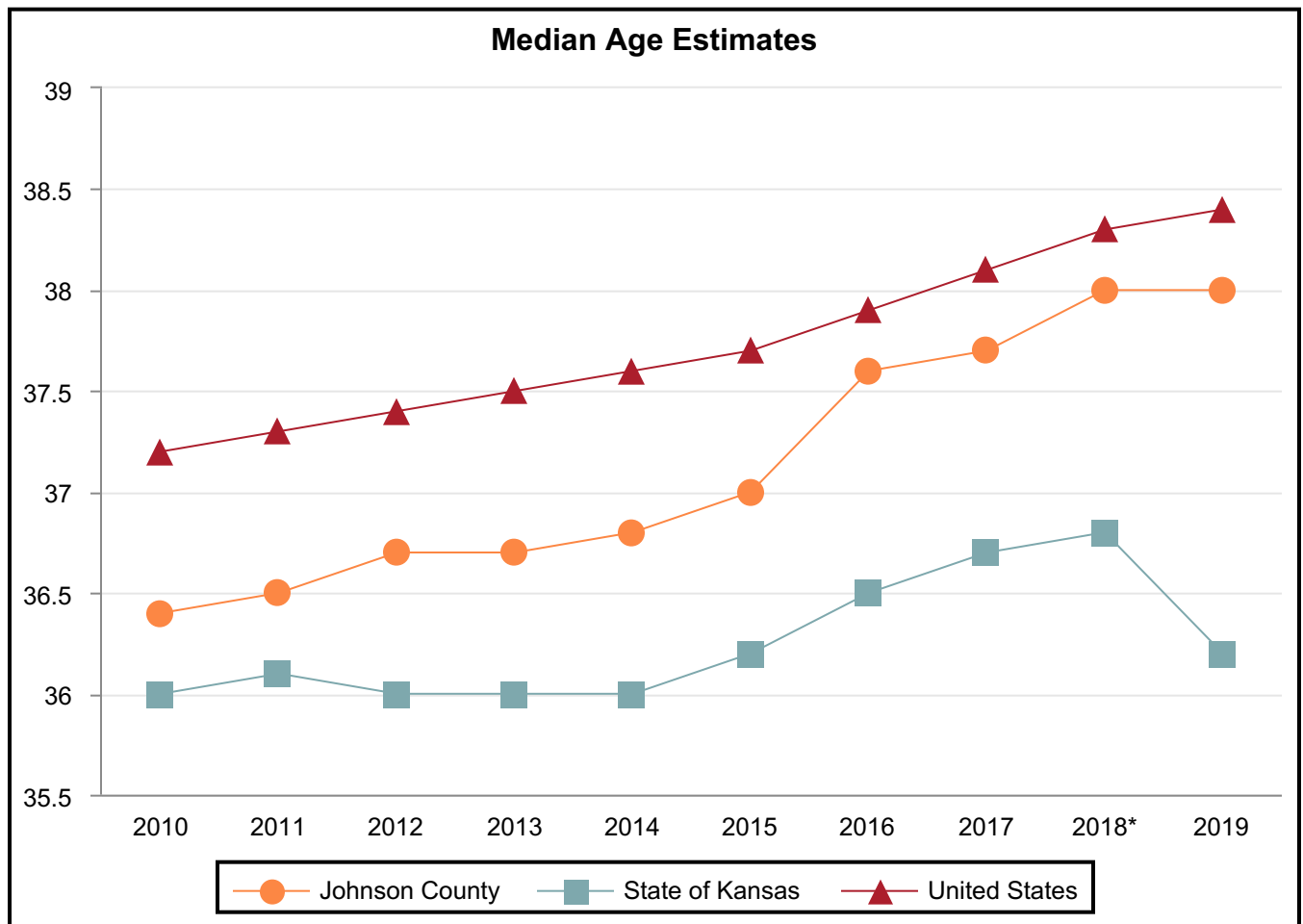
DESCRIPTION:

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 4.40% from 2010 to 2019. The State of Kansas and United States median ages increased 0.56% and 3.23%, respectively, over the same period.

| MEDIAN AGE ESTIMATES | | | | | | | | | | |
|------------------------|------|------|------|------|------|------|------|------|-------|------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018* | 2019 |
| Johnson County | 36.4 | 36.5 | 36.7 | 36.7 | 36.8 | 37.0 | 37.6 | 37.7 | 38.0 | 38.0 |
| State of Kansas | 36.0 | 36.1 | 36.0 | 36.0 | 36.0 | 36.2 | 36.5 | 36.7 | 36.8 | 36.2 |
| United States | 37.2 | 37.3 | 37.4 | 37.5 | 37.6 | 37.7 | 37.9 | 38.1 | 38.3 | 38.4 |



Source: U.S Census Bureau

*County estimate based on U.S. Census Bureau information.

SCHOOL AGE SHARE OF TOTAL POPULATION

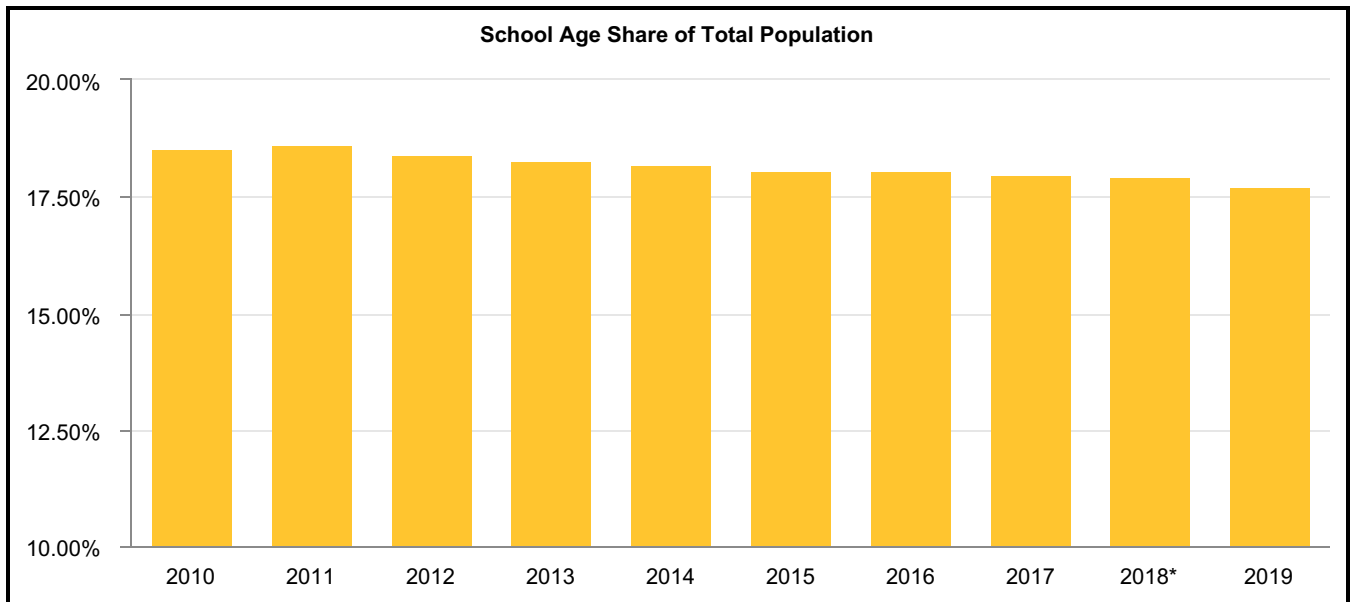
DESCRIPTION:

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 2010 to 2019 outpaced the growth of the County school age population by 5.42%. The percentage of school age children compared to the overall population decreased by 4.42% from 2010 to 2019.

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018* | 2019 | Ten Year Change |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------------|
| School Enrollment | 101,684 | 101,899 | 102,331 | 103,260 | 103,741 | 104,721 | 105,082 | 105,684 | 106,157 | 106,740 | 4.97 % |
| Population* | 545,696 | 552,874 | 559,836 | 566,933 | 574,096 | 580,159 | 584,451 | 589,609 | 596,767 | 602,401 | 10.39 % |
| School Age Share of Population | 18.54 % | 18.63 % | 18.43 % | 18.28 % | 18.21 % | 18.07 % | 18.05 % | 17.98 % | 17.92 % | 17.72 % | |



Source: Kansas Department of Education

*County population estimate based on U.S. Bureau of Economic Analysis information.

(This page left blank intentionally)

PERSONAL INCOME PER CAPITA

DESCRIPTION:

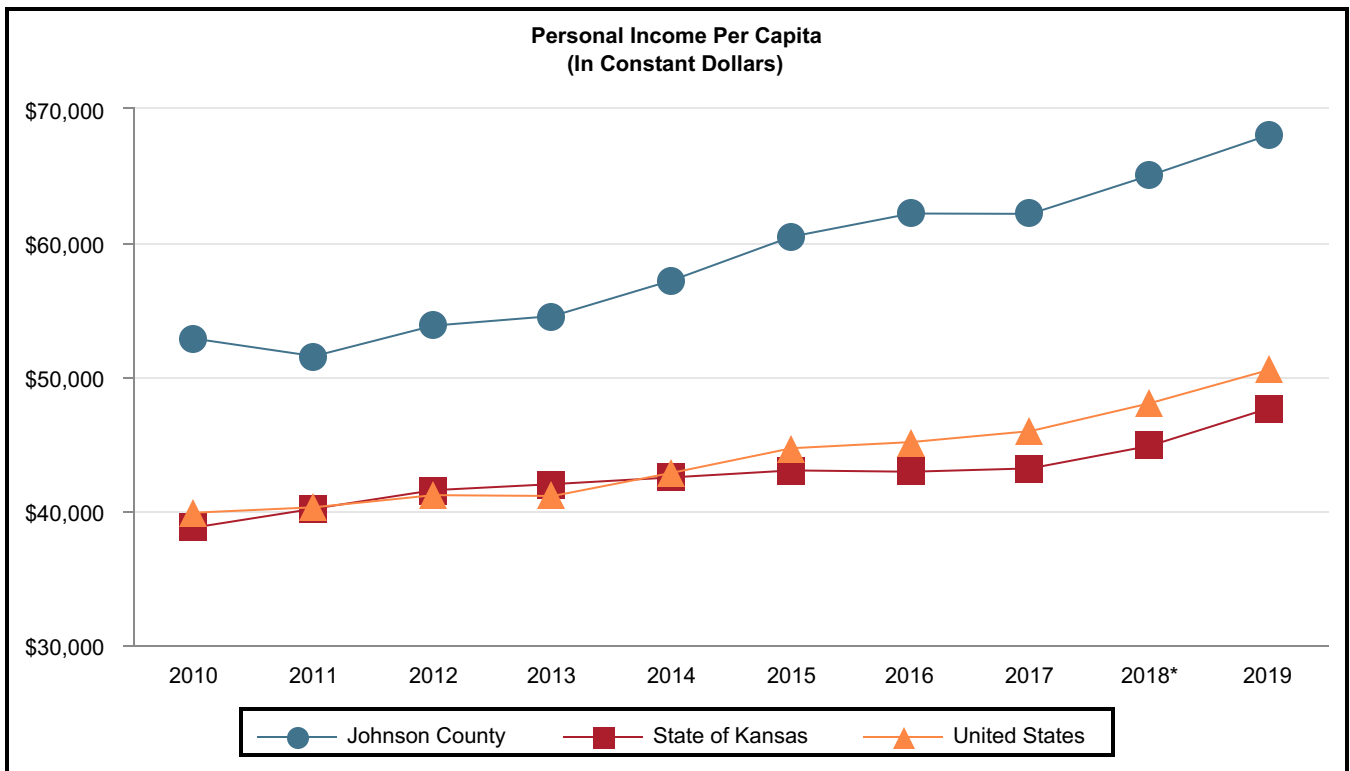
On the following page, the table and graph illustrate personal income in actual and constant dollars per capita for Johnson County, the State of Kansas and the United States. The per capita personal income is calculated by using the amount of personal income for each entity and dividing it by the population 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 constant dollars, the County's 2019 per capita income premium over the State of Kansas and the United States was 42.79% and 34.71% respectively versus 36.33% and 32.56% in 2010.

PERSONAL INCOME PER CAPITA
(In Actual and Constant Dollars)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018* | 2019 | Ten Year Change |
|------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------------|
| Actual Dollars | | | | | | | | | | | |
| Johnson County | \$ 53,746 | \$ 54,699 | \$ 58,302 | \$ 59,499 | \$ 62,832 | \$ 66,294 | \$ 68,731 | \$ 69,977 | \$ 72,717 | \$ 76,328 | 42.02 % |
| State of Kansas | 39,424 | 42,626 | 45,004 | 45,816 | 46,680 | 47,169 | 47,438 | 48,600 | 50,155 | 53,453 | 35.58 % |
| United States | 40,546 | 42,735 | 44,599 | 44,851 | 47,060 | 48,985 | 49,883 | 51,731 | 53,712 | 56,663 | 39.75 % |
| Consumer Price Index - Urban | 101.68 | 106.10 | 108.30 | 109.07 | 109.81 | 109.62 | 110.50 | 112.55 | 111.80 | 112.13 | 10.28 % |
| Constant Dollars | | | | | | | | | | | |
| Johnson County | \$ 52,858 | \$ 51,554 | \$ 53,834 | \$ 54,551 | \$ 57,219 | \$ 60,476 | \$ 62,200 | \$ 62,174 | \$ 65,042 | \$ 68,071 | 28.78 % |
| State of Kansas | 38,773 | 40,175 | 41,555 | 42,006 | 42,510 | 43,030 | 42,930 | 43,181 | 44,861 | 47,671 | 22.95 % |
| United States | 39,876 | 40,278 | 41,181 | 41,121 | 42,856 | 44,686 | 45,143 | 45,963 | 48,043 | 50,533 | 26.73 % |



Source: U.S. Bureau of Economic Analysis.
*County estimate based on U.S. Bureau of Economic Analysis information.

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.

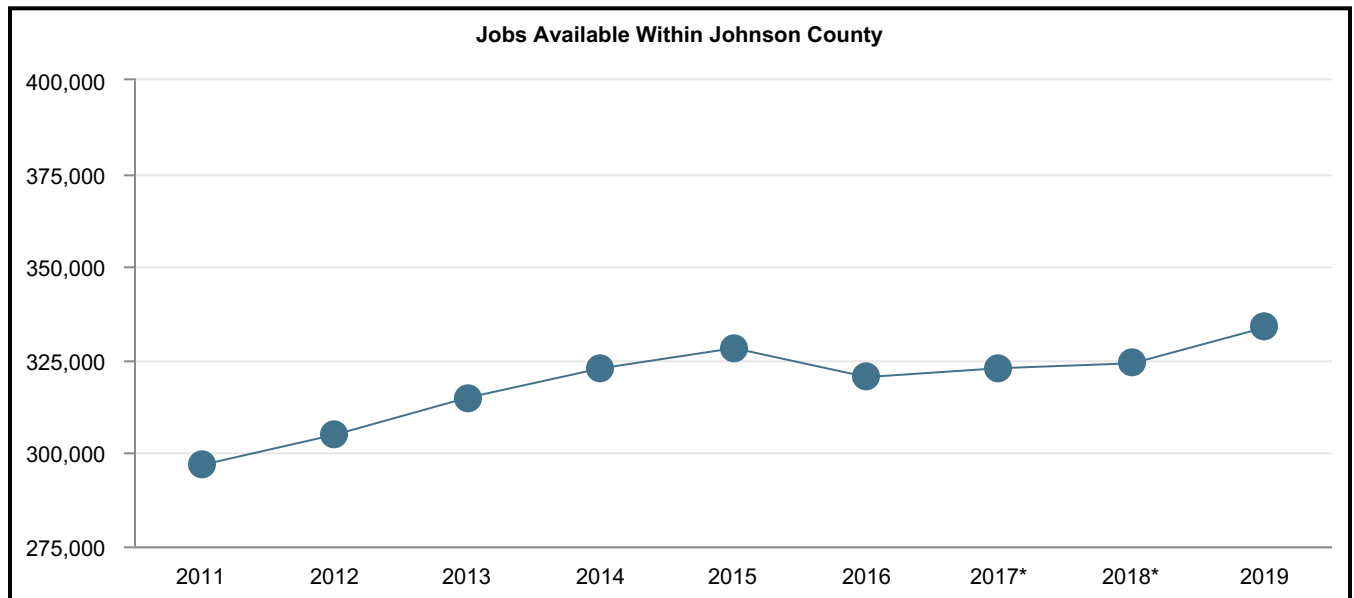
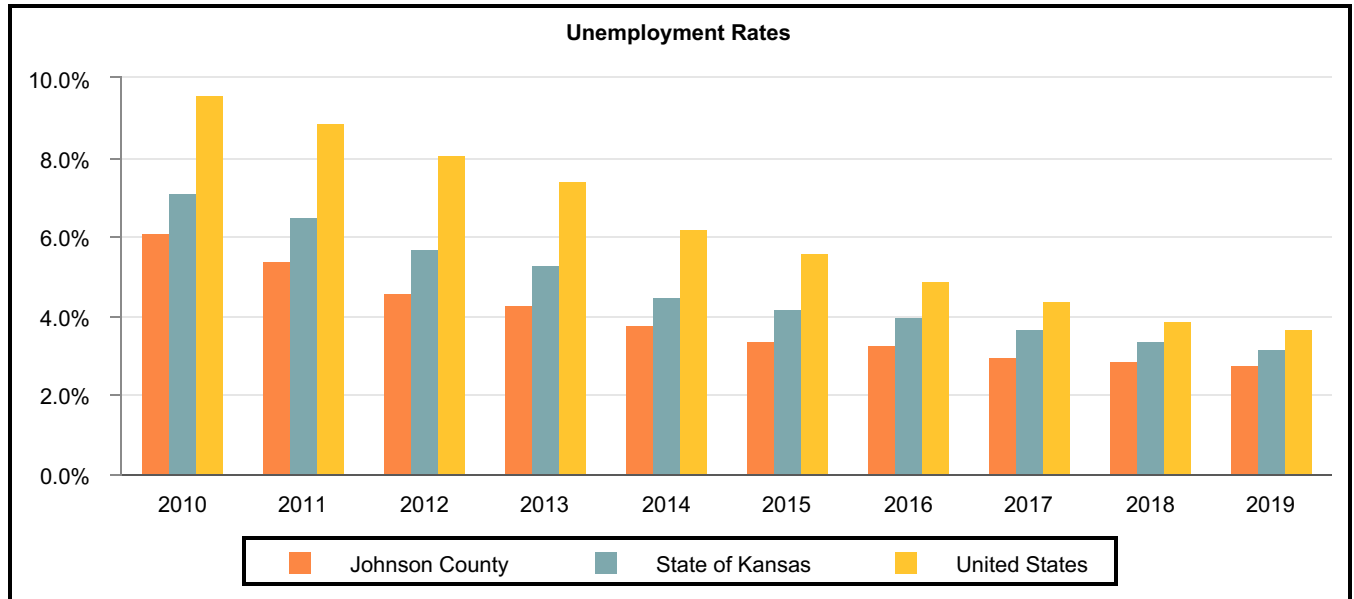
ANALYSIS:

The County's unemployment rate decreased 54.10% from 2010 through 2019. The County's unemployment rate of 2.8% continued to be lower than both the State of Kansas and the United States rates of 3.2% and 3.7% respectively.

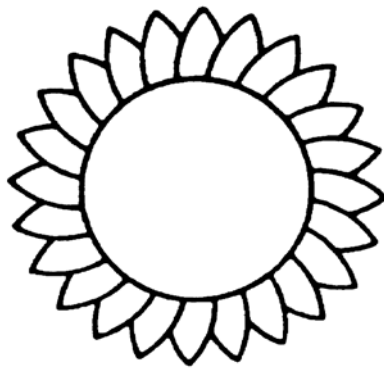
EMPLOYMENT BASE

| UNEMPLOYMENT RATE (1) | | | | | | | | | | |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Johnson County | 6.1 % | 5.4 % | 4.6 % | 4.3 % | 3.8 % | 3.4 % | 3.3 % | 3.0 % | 2.9 % | 2.8 % |
| State of Kansas | 7.1 % | 6.5 % | 5.7 % | 5.3 % | 4.5 % | 4.2 % | 4.0 % | 3.7 % | 3.4 % | 3.2 % |
| United States | 9.6 % | 8.9 % | 8.1 % | 7.4 % | 6.2 % | 5.6 % | 4.9 % | 4.4 % | 3.9 % | 3.7 % |

| JOBS AVAILABLE IN THE COUNTY (2) | | | | | | | | | | |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017* | 2018* | 2019 |
| | 294,278 | 296,871 | 304,973 | 314,916 | 322,765 | 328,159 | 320,408 | 322,790 | 324,104 | 333,751 |



Source: (1) U.S. Bureau of Labor Statistics
 (2) U.S. Census Bureau, County Business Patterns
 *County estimate based on U.S. Census Bureau information.



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 13.84% from 2015 to 2019.

Real Property

In constant dollars, estimated market value increased 14.19% from 2015 to 2019. In 2019 Real Property values decreased 5.15% over 2018.

Personal Property

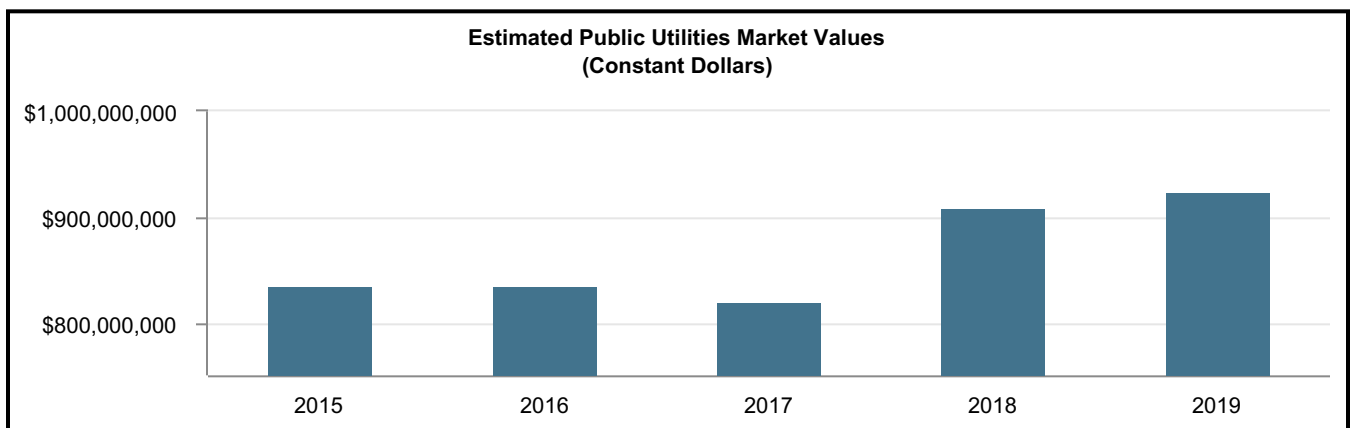
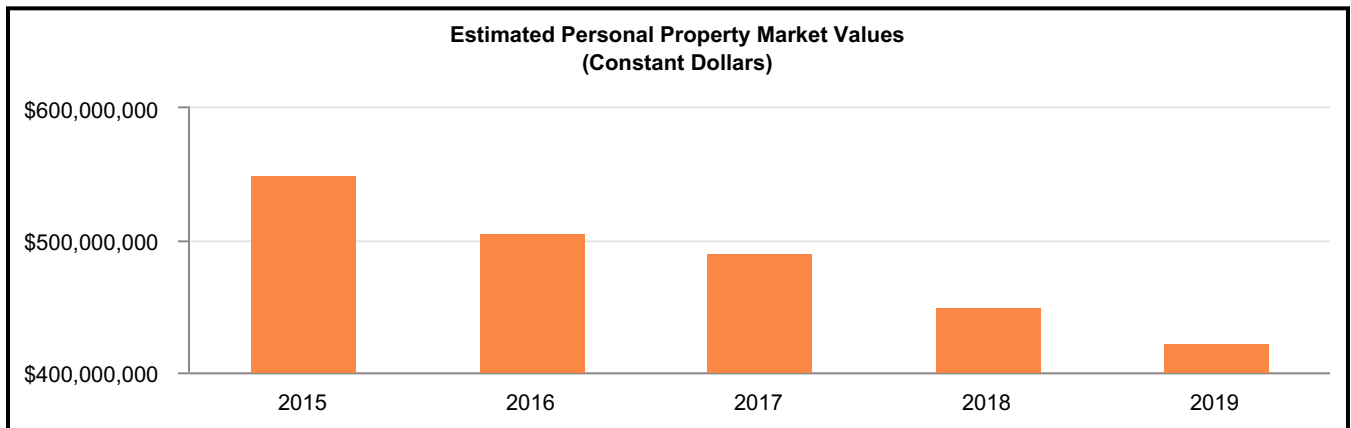
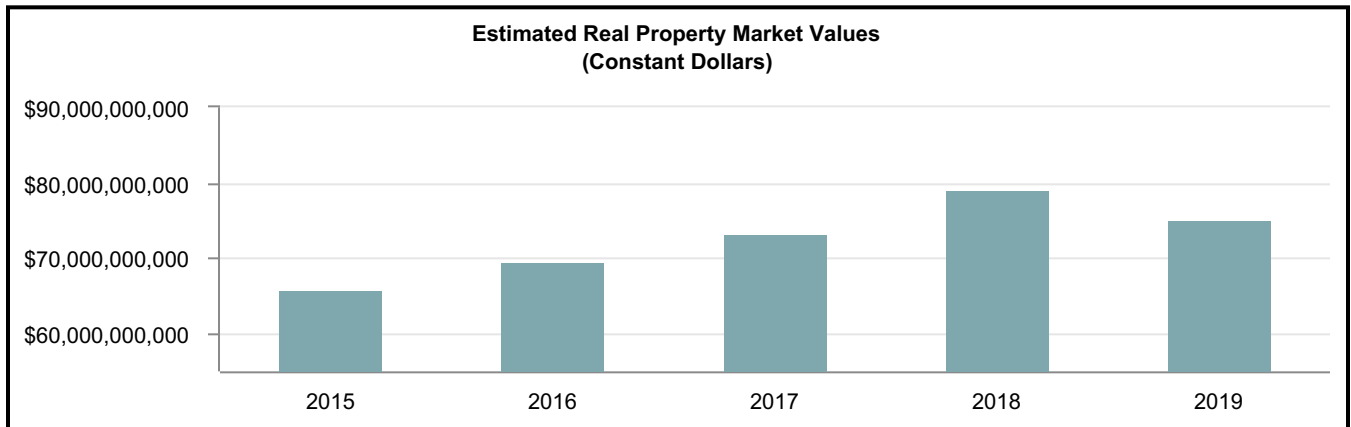
In constant dollars, estimated market value decreased by 23.00% from 2015 through 2019. This continual decrease is due to Kansas State law K.S.A. 79-223, adopted in 2006, that began phasing out commercial personal property from the tax rolls. As a result of this law, there is an agreement between the 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 10.73% from 2015 through 2019. Increase of estimated Real Property values continued in 2019 with a year-over-year increase of 1.67% which was the second largest for the five year period.

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

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Real Property | \$ 65,709,994,902 | \$ 69,909,536,090 | \$ 75,121,151,114 | \$ 80,674,468,455 | \$ 78,174,775,710 |
| Personal Property | 548,432,543 | 509,107,654 | 503,191,914 | 457,693,681 | 439,965,932 |
| Utilities | 832,967,679 | 840,314,659 | 840,077,359 | 925,210,025 | 960,984,634 |
| Total (Actual) | 67,091,395,124 | 71,258,958,403 | 76,464,420,387 | 82,057,372,161 | 79,575,726,276 |
| Consumer Price Index - Urban | 99.83 | 100.63 | 102.49 | 101.81 | 104.01 |
| Total (Constant Dollars) | \$ 67,205,644,720 | \$ 70,812,837,527 | \$ 74,606,713,228 | \$ 80,598,538,612 | \$ 76,507,764,903 |



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.

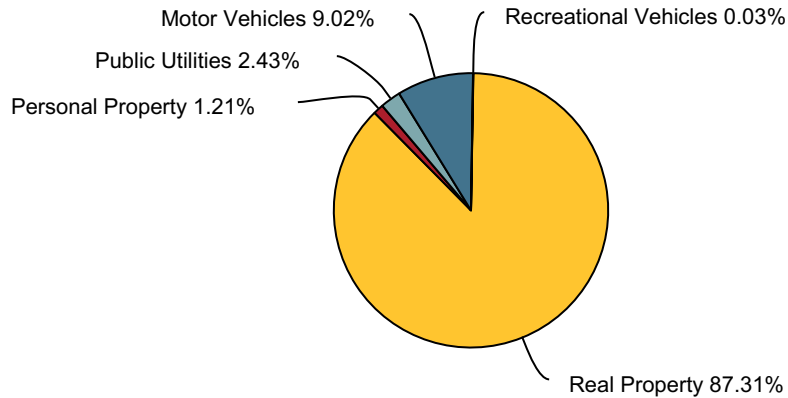
ANALYSIS:

In constant dollars, total assessed value for real and personal property, public utilities, motor vehicles, and recreational vehicles increased in constant dollars by 23.45% from 2015 to 2019. All categories of assessed value have increased over the five year period with the exception of personal property which has seen a 25.73% constant dollar decrease since 2015. 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.

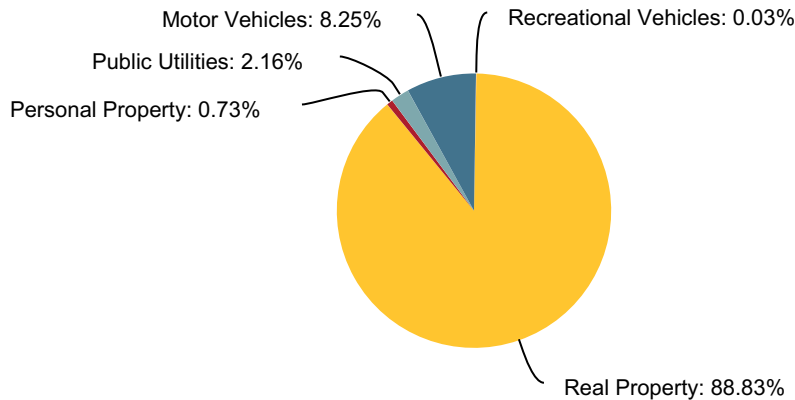
**ASSESSED VALUE OF
REAL AND PERSONAL PROPERTY, PUBLIC UTILITIES,
MOTOR VEHICLES, AND RECREATIONAL VEHICLES
(IN CONSTANT DOLLARS)**

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|-------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| Real Property | \$ 8,252,498,338 | \$ 8,890,885,708 | \$ 9,517,381,583 | \$ 10,210,064,665 | \$ 10,798,575,181 |
| Personal Property | 114,802,168 | 105,767,510 | 104,554,778 | 93,893,548 | 88,837,196 |
| Public Utilities | 229,292,984 | 233,227,090 | 236,537,036 | 254,416,422 | 262,907,673 |
| Motor Vehicles | 852,835,812 | 896,326,571 | 933,587,337 | 969,135,376 | 1,003,422,493 |
| Recreational Vehicles | 3,058,590 | 3,245,620 | 3,400,024 | 3,660,159 | 3,941,750 |
| Total (Actual) | 9,452,487,892 | 10,129,452,499 | 10,795,460,758 | 11,531,170,170 | 12,157,684,293 |
| Consumer Price Index - Urban | 99.83 | 100.63 | 102.49 | 101.81 | 104.01 |
| Total (Constant Dollars) | \$ 9,468,584,486 | \$ 10,066,036,469 | \$ 10,533,184,465 | \$ 11,326,166,555 | \$ 11,688,957,113 |

**2015 Assessed Value Percentages
(Actual Dollars)**



**2019 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 abatement 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.

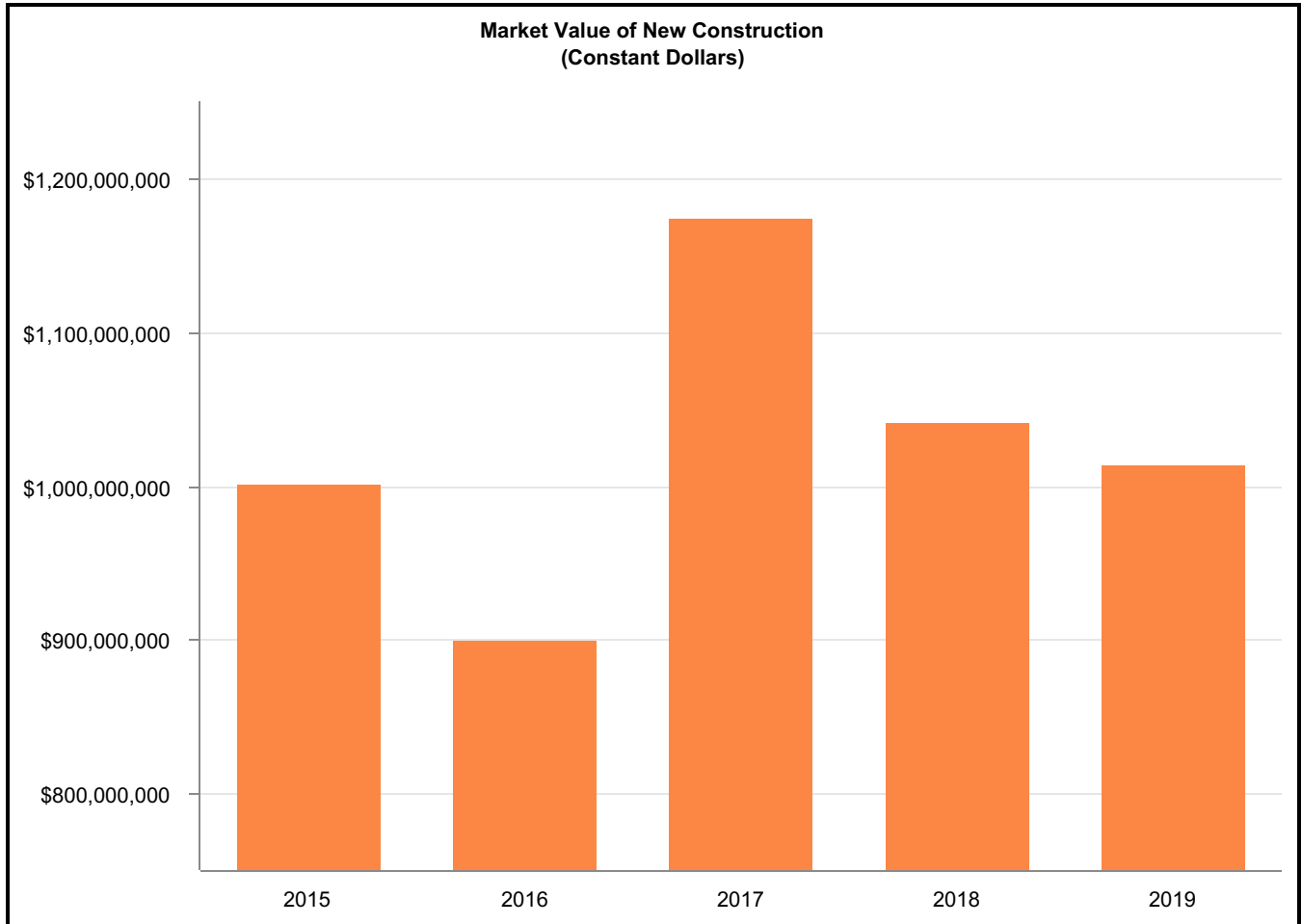
ANALYSIS:

New construction market value in constant dollars increased 1.32% from 2015 to 2019.

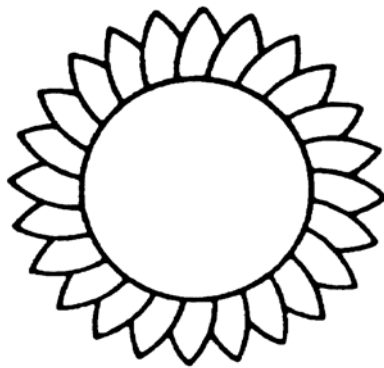
NEW CONSTRUCTION MARKET VALUE

(In Actual and Constant Dollars)

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| Market Value of New Construction (Actual) | \$ 1,000,133,570 | \$ 905,679,020 | \$ 1,204,682,890 | \$ 1,060,529,910 | \$ 1,055,739,750 |
| Consumer Price Index - Urban | 99.83 | 100.63 | 102.49 | 101.81 | 104.01 |
| Market Value of New Construction (Constant Dollars) | <u>\$ 1,001,836,692</u> | <u>\$ 900,008,964</u> | <u>\$ 1,175,415,055</u> | <u>\$ 1,041,675,582</u> | <u>\$ 1,015,036,775</u> |



Source: Johnson County Financial Records



Business Activity

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 five 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:

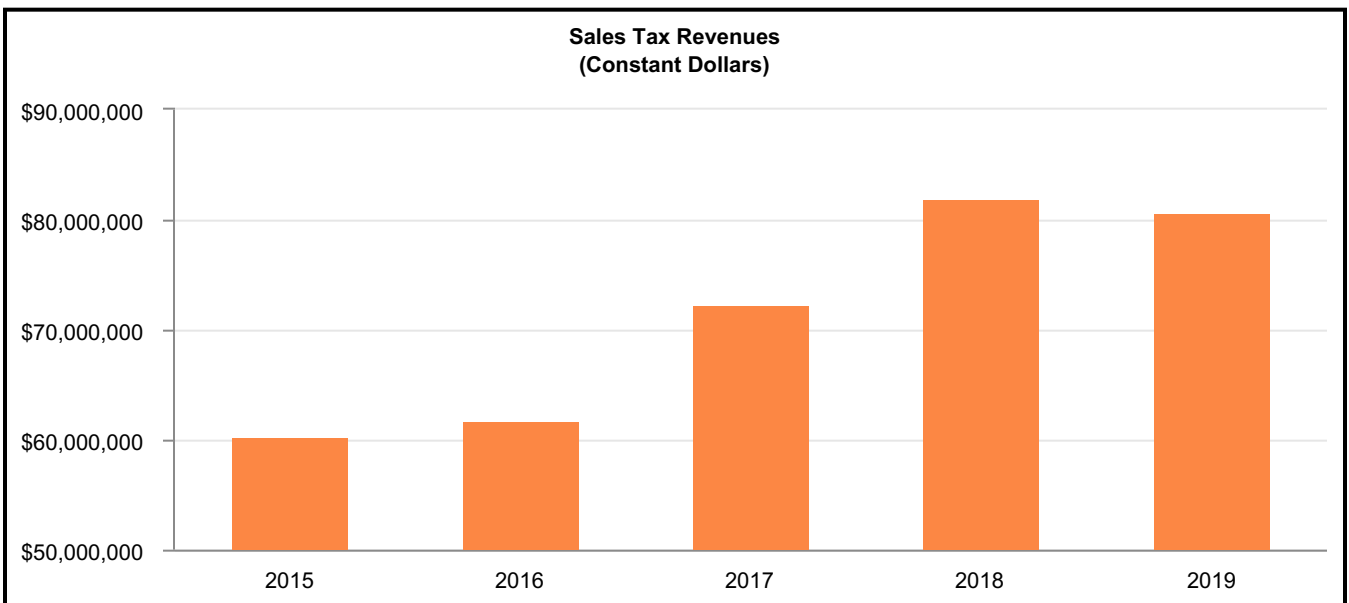
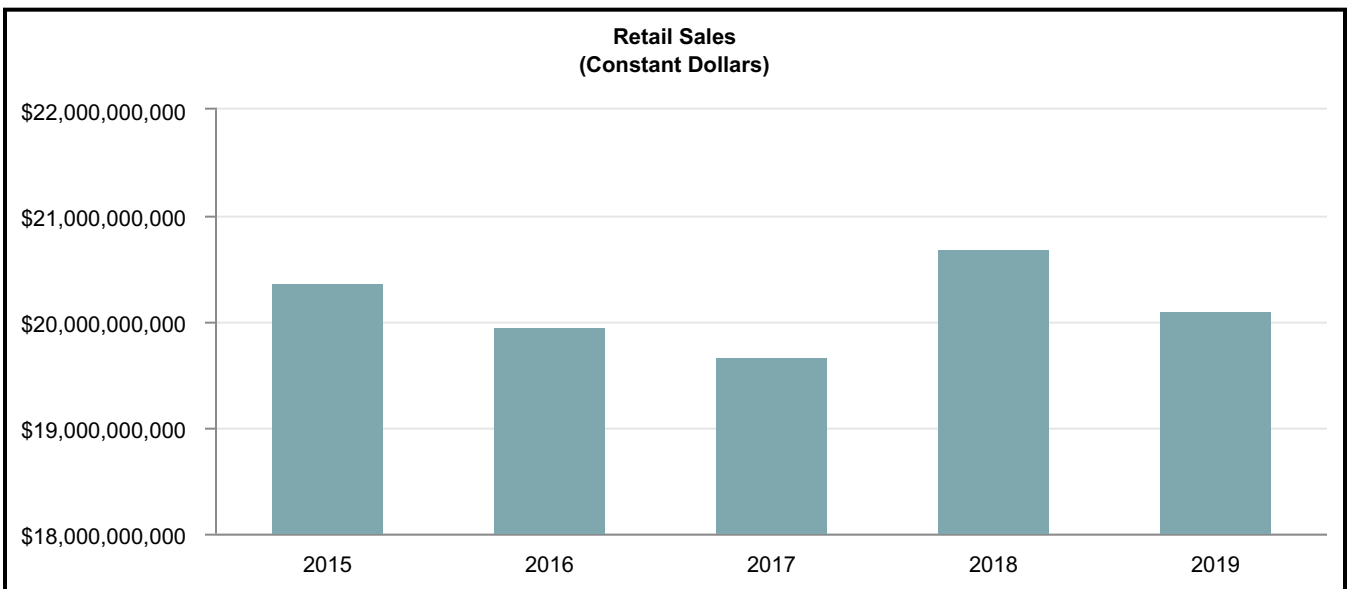
This section is prepared in compliance with Financial Policies developed pursuant to Resolution 122-02.

ANALYSIS:

Improving economic conditions have contributed to the overall growth of retail and sales taxes from 2015 to 2019. In addition to improved economic conditions, Public Safety Sales Tax III (.25%) was implemented in April of 2017 which added to the sales tax base. In constant dollars, retail sales decreased by 1.31% while sales tax revenues increased 33.95% from 2015 thru 2019.

RETAIL SALES AND SALES TAX REVENUES

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Retail Sales (Actual \$) | \$ 20,344,258,077 | \$ 20,084,092,444 | \$ 20,164,576,414 | \$ 21,069,978,069 | \$ 20,917,422,529 |
| Sales Tax Revenues (Actual \$) | 60,186,871 | 62,118,350 | 74,121,978 | 83,555,310 | 83,997,989 |
| Consumer Price Index - Urban | 99.83 | 100.63 | 102.49 | 101.81 | 104.01 |
| Annual Growth (Reduction) Rate | -0.17% | 0.80% | 1.85% | -0.66% | 2.16% |
| Retail Sales (Constant \$) | \$ 20,378,902,211 | \$ 19,958,354,809 | \$ 19,674,676,958 | \$ 20,695,391,483 | \$ 20,110,972,531 |
| Annual Growth (Reduction) Rate | 4.22% | -2.06% | -1.42% | 5.19% | -2.82% |
| Sales Tax Revenues (Constant \$) | \$ 60,289,363 | \$ 61,729,454 | \$ 72,321,181 | \$ 82,069,846 | \$ 80,759,532 |
| Annual Growth (Reduction) Rate | 2.66% | 2.39% | 17.16% | 13.48% | -1.60% |



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

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. The number of permits issued indicates how many companies and people are moving into Johnson County.

ANALYSIS:

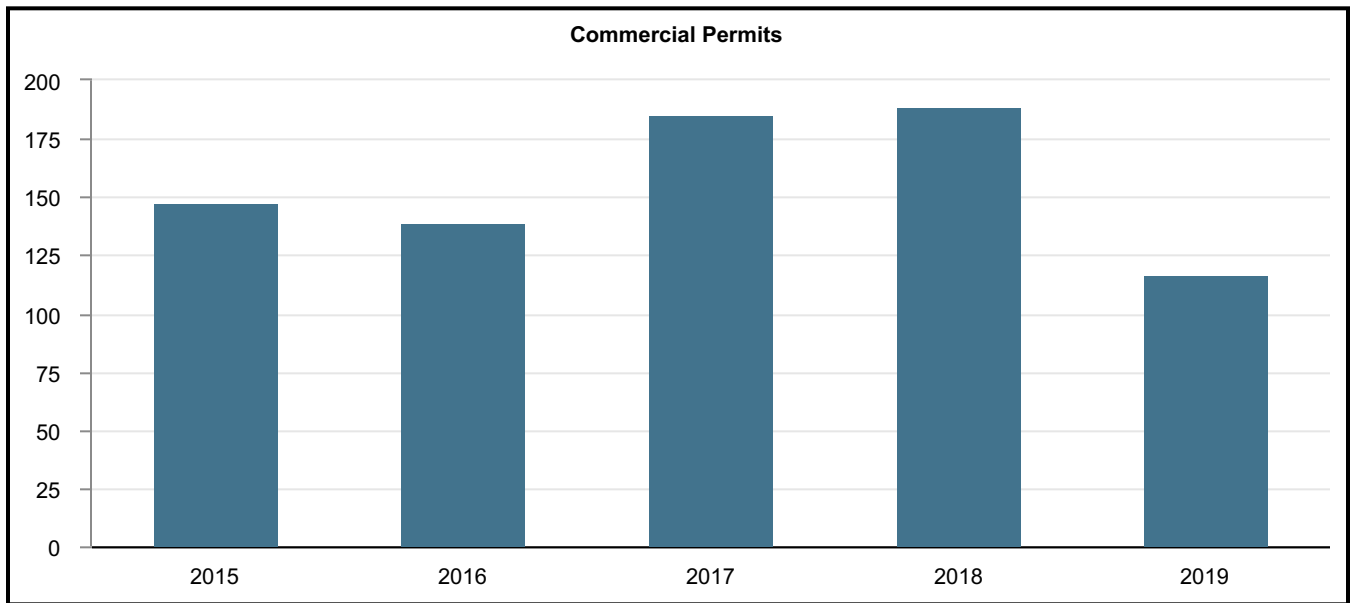
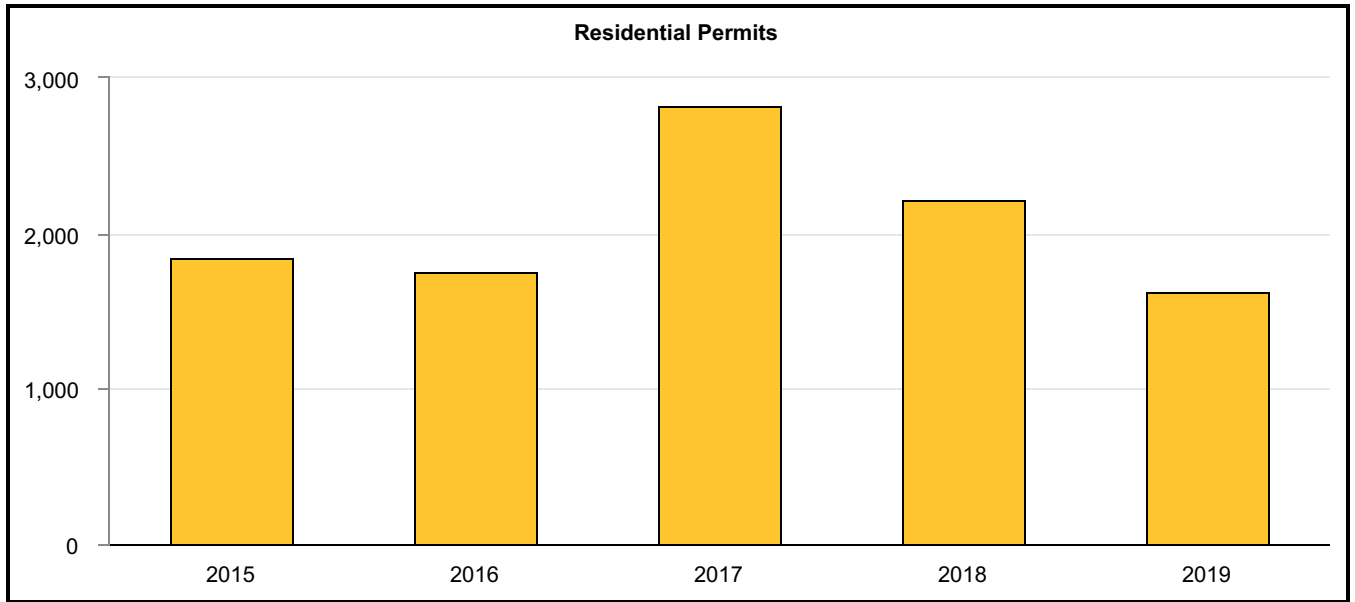
The total number of permits issued for new residential and commercial construction decreased 12.36% from 2015 to 2019. 2017 reflected the highest number of total permits issued during the five year period. 2019 total permits issued decreased 27.79% compared to 2018 and was the least amount of total permits issued for the five year period.

Residential permits issued decreased 11.66% from 2015 to 2019. 2017 reflected the highest number of residential permits issued during the five year period. 2019 residential permits issued decreased 26.92% compared to 2018 and was the smallest number of residential permits issued during the five year period.

Commercial permits issued decreased 20.95% from 2015 to 2019. 2018 reflected the highest number of commercial permits issued during the five year period. 2019 commercial permits issued decreased 38.10% compared to 2018 and was the least amount of commercial permits for the five year period.

BUILDING PERMITS

| | 2015 | 2016 | 2017 | 2018 | 2019 | Five Year Change |
|-----------------------------------|-------|-------|-------|-------|-------|------------------------|
| Residential Permits Issued | 1,835 | 1,754 | 2,824 | 2,218 | 1,621 | (11.66)% |
| Commercial Permits Issued | 148 | 139 | 185 | 189 | 117 | (20.95)% |
| Total Permits Issued | 1,983 | 1,893 | 3,009 | 2,407 | 1,738 | (12.36)% |



Source: Johnson County Appraiser