

# Introducing the Kansas County Fiscal Conditions & Trends Report

Katie Morris  
Office of Local Government



office of  
**Local Government**  
K - State Research and Extension



Fiscal Conditions & Trends  
Your County

2011

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With assistance from: Brock Burnick,  
Emily Mashie, and Emily Mollohan

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and



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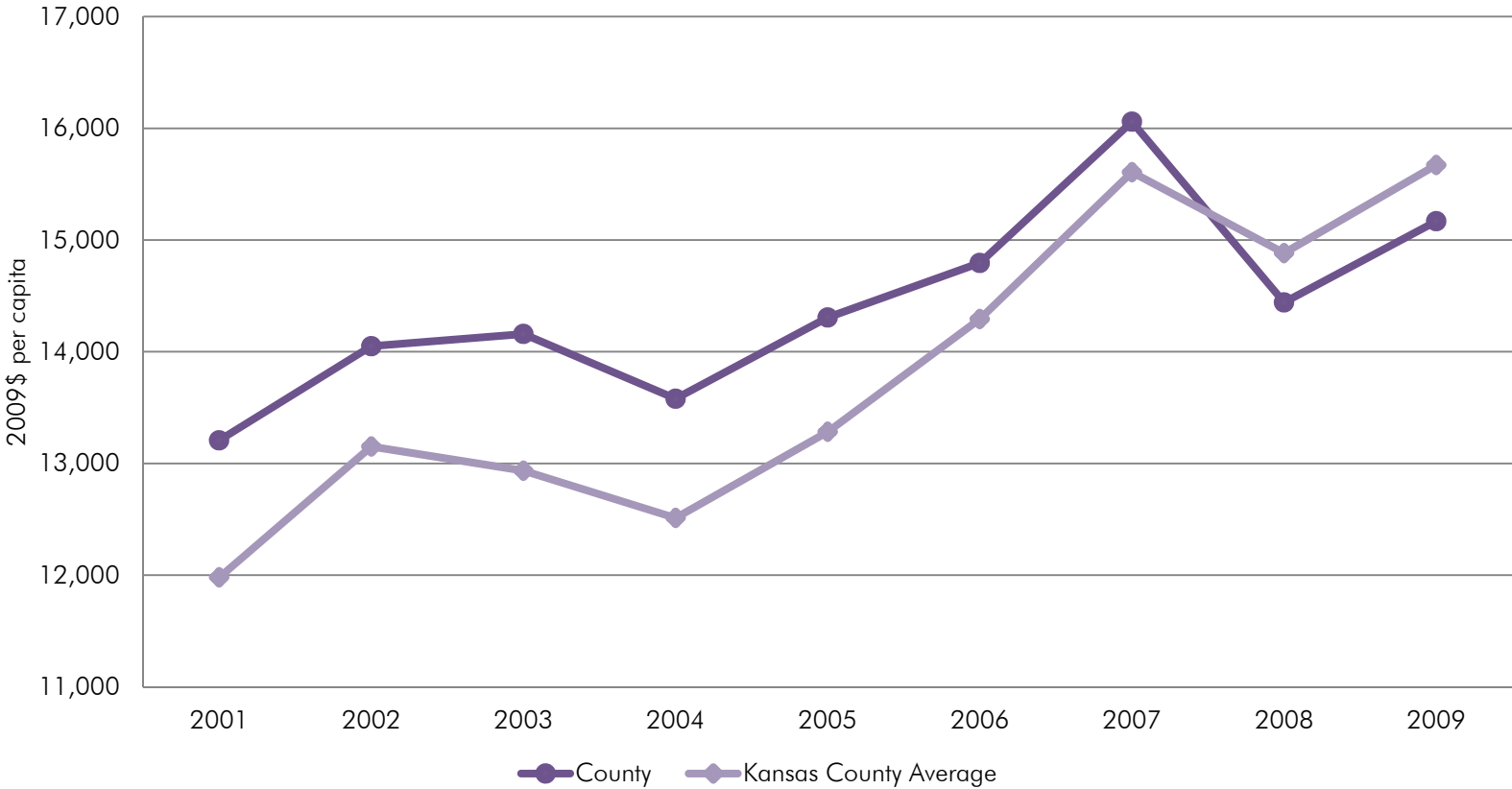
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# Local fiscal conditions are influenced by...

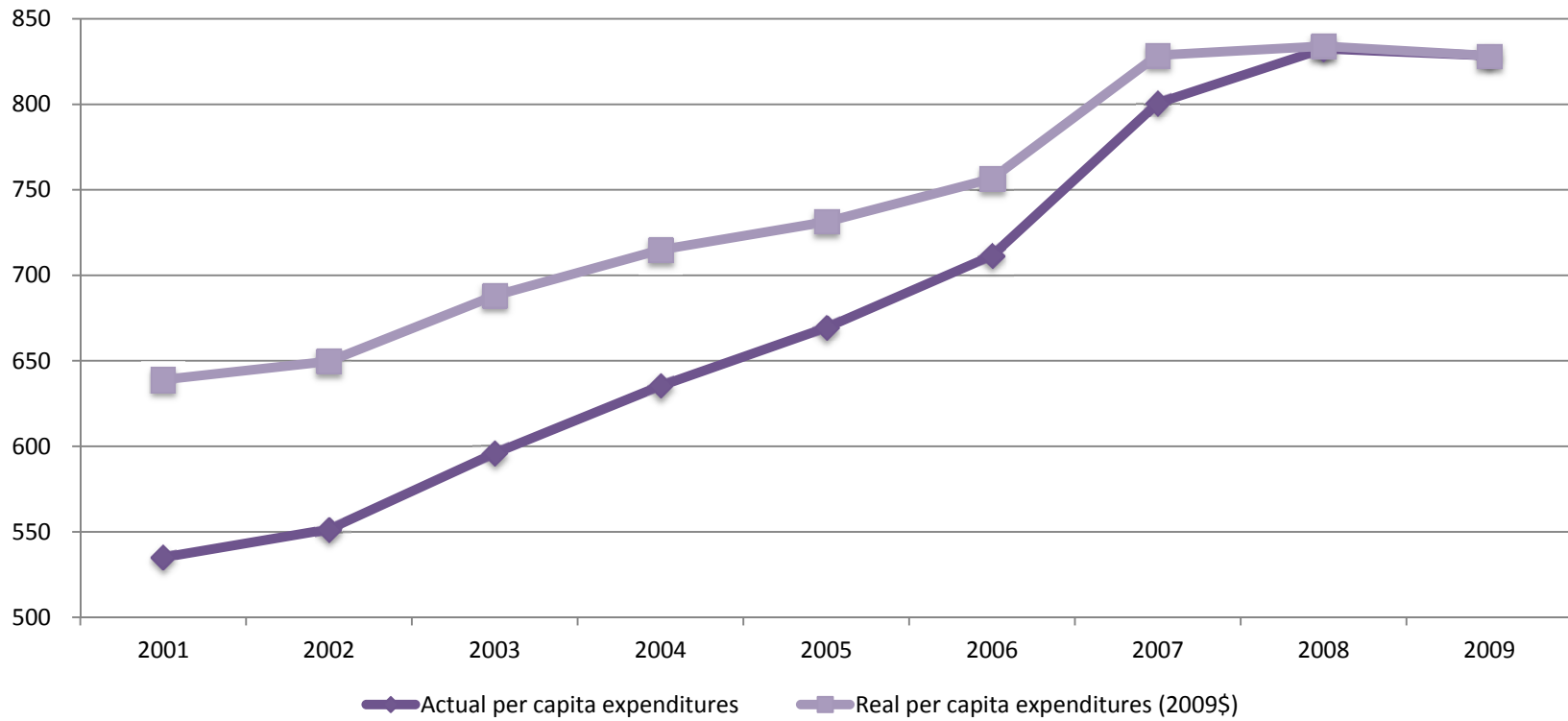
- Demographic, Economic, & Social Trends
- State & Federal Mandates
- Local Needs & Preferences



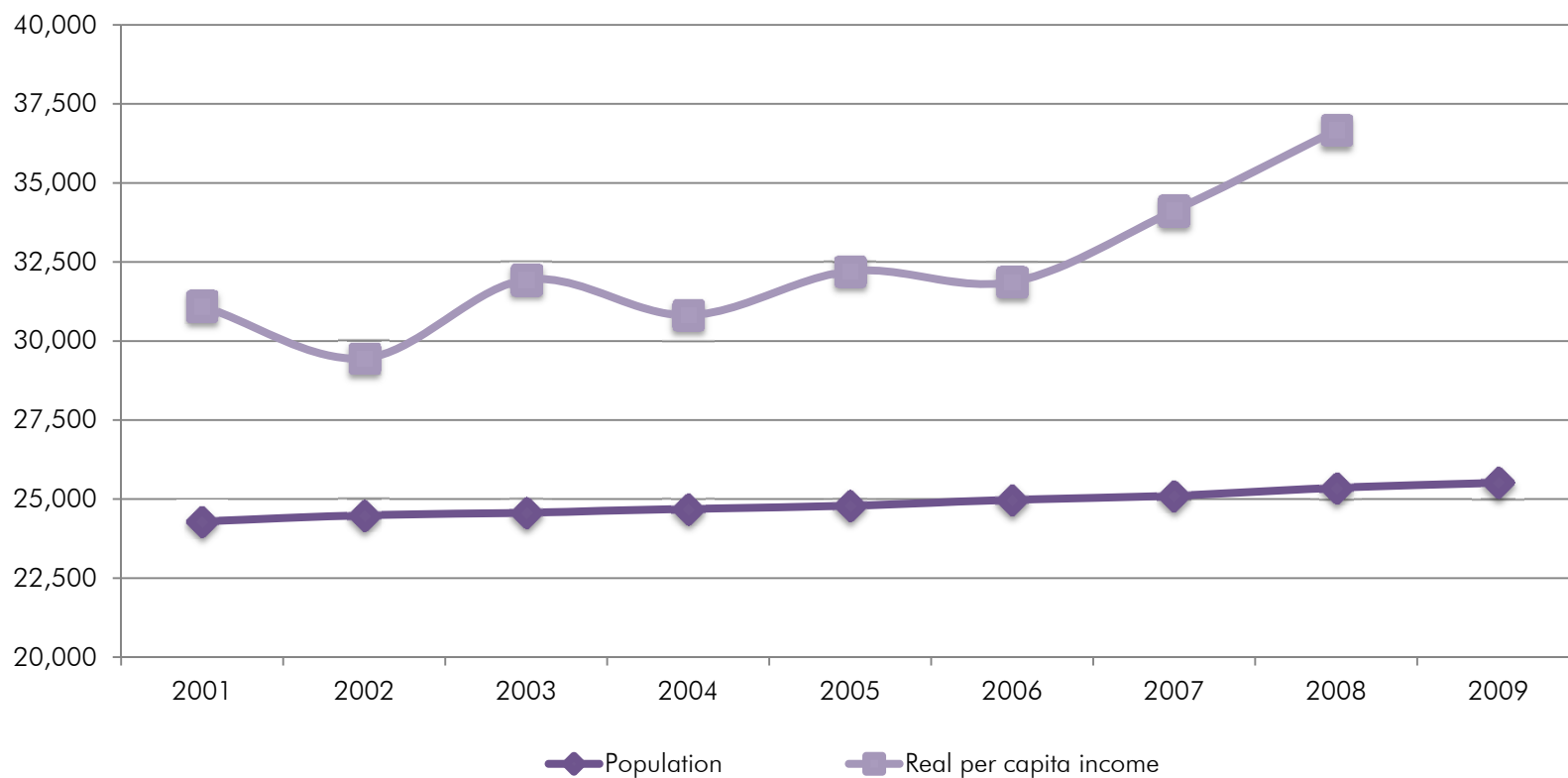
# Figure 2. Real per capita assessed valuation, Your County and Kansas County Average, 2001-2009



# Figure 3. Per capita expenditures, actual and real, Your County, 2001-2009



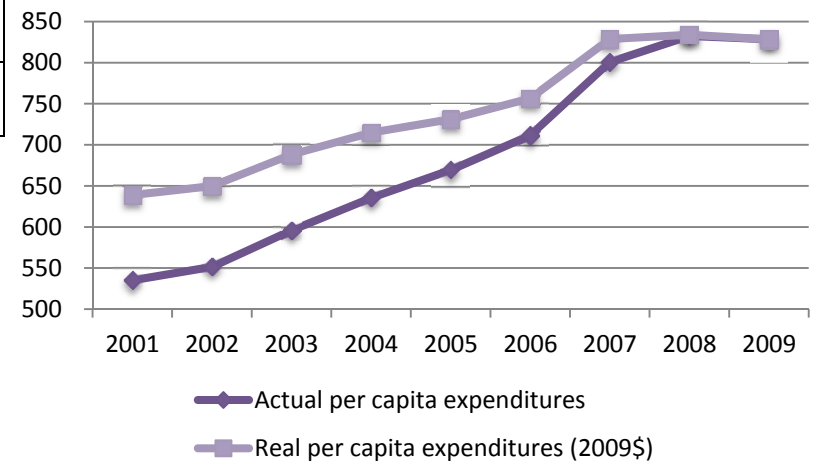
# Figure 1. Population and real per capita income, Your County, 2001-2009



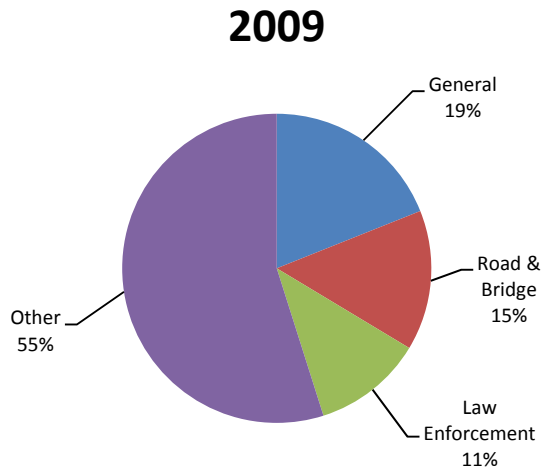
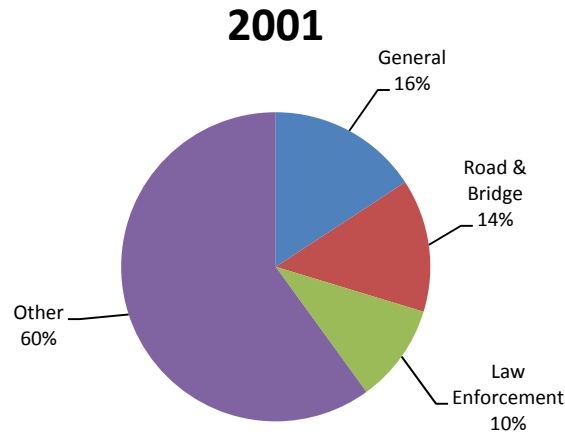
# Expenditures

Year	Total Expenditures (actual\$)	Per Capita Expenditures (actual\$)	Real Expenditures (2009\$)	Real Per Capita Expenditures (2009\$)
2001	12,997,817	535	15,522,423	639
2002	13,502,995	551	15,908,711	650
2003	14,640,345	596	16,904,893	688
2004	15,685,153	635	17,649,472	715
2005	16,591,142	669	18,127,150	731
2006	17,768,515	711	18,894,677	757
2007	20,103,699	801	20,807,188	829
2008	21,110,354	833	21,148,486	834
2009	21,134,907	828	21,134,907	828
% change 2001-2005	28%	25%	17%	14%
% change 2005-2009	27%	24%	17%	13%
% change 2001-2009	63%	55%	36%	30%

Figure 3. Per Capita Expenditures, actual & real, 2001-2009



# Revenues



Function	2005 (2009\$)	2006 (2009\$)	2007 (2009\$)	2008 (2009\$)	2009 (2009\$)	% change 2005-2009
Total Revenues <sup>a</sup>	18,968,222	20,344,521	21,173,785	21,327,768	21,175,914	12%
Property Tax	8,295,253	8,676,311	9,072,472	9,142,593	9,544,944	15%
LAVTR <sup>b</sup>	0	0	0	0	0	0%
Delinquent Tax	158,633	142,629	149,066	150,319	171,415	8%
Interest on Delinquent Tax	84,007	60,839	79,951	95,777	96,173	14%
Motor Vehicle Tax	1,019,538	992,256	998,440	983,426	979,797	-4%
Recreational Vehicle Tax	12,336	11,604	11,710	11,550	11,834	-4%
1/6/20M Vehicle Tax	18,664	21,153	22,145	24,595	24,451	31%
In Lieu of Tax	9,184	12,673	13,136	24,898	20,540	124%
Retail Sales Tax <sup>c</sup>	2,051,213	2,723,097	2,762,130	2,066,309	1,786,163	-13%
Severance Tax <sup>d</sup>	41,530	49,992	45,475	52,185	33,294	-20%
Intangible Tax <sup>c,e</sup>	13,430	12,353	14,060	16,897	20,468	52%
Special Highway <sup>f</sup>	750,810	729,110	726,501	694,811	647,674	-14%
911 Tax <sup>g</sup>	125,736	136,910	142,086	136,315	132,098	5%
Bingo Tax	0	0	0	0	0	0%
Transient Guest Tax <sup>c,h</sup>	11,043	12,296	15,479	17,430	17,230	56%
Mortgage Reg. Fee	537,017	488,891	459,347	371,380	370,082	-31%
Motor Vehicle Reg. Fee	77,826	76,109	116,275	118,352	118,492	52%
Interest on Idle Funds	365,474	638,562	830,554	639,309	283,101	-23%
Other Revenues <sup>i</sup>	5,396,527	5,559,739	5,714,959	6,781,622	6,918,159	28%

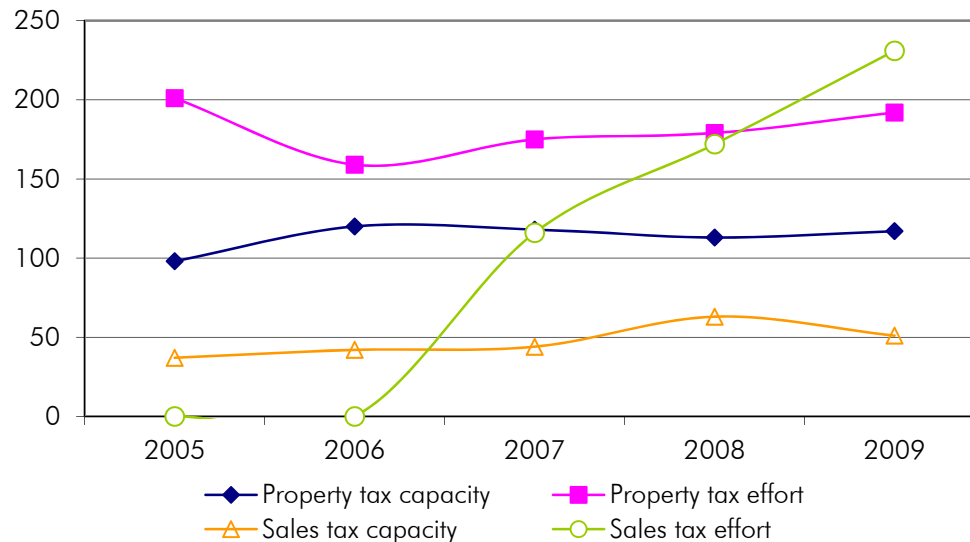




# Fiscal Capacity & Effort

Capacity is a measure of county's ability to raise revenues from a given source.

Effort indicates how intensively a county is taxing its available revenue base.



# User Fees

- Motor Vehicle Registration Fees, Mortgage Registration Fees, Utility Charges
- More than tripled in U.S.
- 17% of total US county revenue, 24% of total Kansas county revenue
- Follow benefit principle rather than ability to pay



# Local Fiscal Policy

- Revenues
  - Reliance on property tax
  - Opposition to sales tax
  - Increasing importance of user fees
  - Local initiative required
  - No universally optimal mix
- Expenditures
  - Cut spending
  - Delay infrastructure maintenance
  - Change how services are provided
  - Long-term planning
  - Effective use of debt



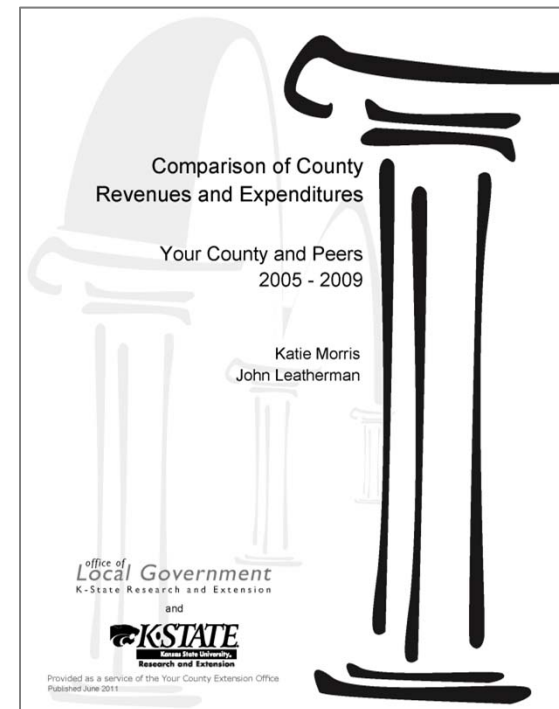
# What Your County's FC&T Report Does

- Provides an alternative view of the local government budget situation
- Provides a starting point for understanding how local public finance has changed over time
- Provokes meaningful thought
- Provokes meaningful discussion



# What Comes Next

- Commissioner Webinar May 25<sup>th</sup>  
at 12:30 at  
<http://connect.ksre.ksu.edu/olg/>
- FC&T Presentation
- Comparative Analysis Report
- Comparative Analysis  
Presentation





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## **Slide 1**

Good afternoon! I'm Katie Morris, Public Finance Specialist with the Office of Local Government. And welcome to my webinar that attempts to equip you with some basic background knowledge that you can use when you deliver your county's Fiscal Conditions & Trends report to your commissioners. If you attended the webinar last year, you may remember a lot of what I'm going to discuss today.

This year, like every other year that I've produced these reports, more county Extension Agents requested to personally deliver their county's Fiscal Conditions & Trends report to their commissioners. And again I was more than happy to oblige as this helps commissioners realize the relationship between the services provided by K-State Research & Extension at the University and county levels. The time you have with your commissioners is valuable and I hope the information you get from this webinar will help you maximize on this opportunity.

Today's webinar isn't a presentation of the report like your commissioners will see in their May 25<sup>th</sup> webinar or like they would see in a personal presentation but instead it covers basic information regarding the FC&T report: what the FC&T reports are, why they were created, what information is covered in them, how your commissioners can benefit from this report, and what follow-up services OLG provides.

## **Slide 2**

The FC&T report is a custom report created annually for each county using data collected from its local government's budget.

The report shows revenue and expenditure trends from 2001 to 2009, providing the reader with a long-term view of the county's fiscal situation. It's intended to be an aid for county officials as they make decisions regarding their county's fiscal future but it's also useful to citizens as it can be a starting point for questions about taxing and spending.

## **Slide 3**

Local fiscal conditions are influenced by demographic, economic, and social trends; state and federal mandates; and local needs and preferences making it difficult for county officials to find reliable data to evaluate county fiscal conditions and performance.

As Commissioners look through their FCT report, remind them that they need to keep in mind what was happening at the time within the county and the state. Was the county's population experiencing a sharp increase or a steady decrease? What was the status of the state's finances? Had some new legislation just been introduced? Was the county in the middle of a large capital improvement project? Had a new bond issue just passed? Questions like these are essential to fully understanding trends seen in the FCT reports.



#### **Slide 4**

The report presents several measurements in per capita values: income, assessed valuation, expenditures, and revenues. Per capita values represent revenues or expenditures per person in the county. By measuring data on a per capita basis, a county's data can be compared to state averages & peer counties.

This is also a much more useful indicator of performance as changes in population over time can greatly affect a county's local government finances. One would assume that as the population changes, the level of service required changes. The per capita measurement can show whether a county is spending the same amount on the same level of service provision.

While the main objective of the Kansas County Fiscal Conditions and Trends report is to provide a look at trends occurring in the county's spending and revenues, a Kansas county average is also referenced several times in both the text and graphics. This is done to provide county officials with an idea of where their county falls when compared to a state-wide benchmark.

#### **Slide 5**

The value of a dollar declines over time due to inflation. To make fair comparisons, data must be adjusted to a single year's value. In this report, values are expressed in "real dollars" and are adjusted to 2009 dollars. By removing the effects of inflation, the focus shifts to the "real" forces affecting budget trends – economic conditions, changing wants and needs, and legislation.

#### **Slide 6**

Each county's Fiscal Conditions & Trends report begins with a presentation of that county's population, income, and assessed valuation trends. These characteristics influence the responsibilities and capacity of county governments and establish a context for understanding fiscal trends.

#### **Slide 7**

Then the report takes a broad look at total and per capita revenues and expenditures...

#### **Slide 8**

...then narrows the focus and looks at the individual categories.

## **Slide 9**

The report continues by discussing the county's property and sales tax capacity and effort. These measurements compare the county's ability to raise revenues & how intensively they raise revenues from a given source to the Kansas county average of 100.

## **Slide 10**

The report then discusses the increasing importance of user fees.

## **Slide 11**

And it concludes by making some key points regarding local fiscal policy.

## **Slide 12**

There are several benefits to county officials taking a serious look at their county's Fiscal Conditions and Trends report, especially as they deal with the effects of the recent recession. The report allows commissioners to take a step back and look at the big picture that their budget creates. It references nine years of data and adjusts for inflation, allowing readers to see the real trends underlying changes in local government finance.

Because we group revenues and expenditures of similar nature, county officials can see if the trends shown are representative of what their expectations are, and if they are representative of what the needs and wants in the county. If citizens in a county complain about poor road quality, does the budget show an increase in road & bridge expenditures? If citizens in a county are concerned about available recreational options, does the budget reflect an increase in parks & recreation spending?

This report also provokes meaningful thought and discussion between individuals in a county. If a reader thinks that the report shows a county's budget does not reflect the vision of the county, the reader wonders and asks why. Conversation will open between officials and citizens of the county.

### **Slide 13**

So what comes next?

This year is the first year that the Office of Local Government is offering a webinar for county commissioners. In the webinar I will walk commissioners through their county's Fiscal Condition & Trends report & will be similar to the presentation I gave at Annual Conference last year. Please encourage your commissioners to log in on May 25<sup>th</sup> at 12:30 at <http://connect.ksre.ksu.edu/olg/> just as you logged in for this webinar.

This does not necessarily replace a personal visit with your county commissioners. I will be happy to visit with your county officials upon request to explain your specific county report in more detail and answer any questions they may have.

Additionally, a comparative analysis report can be created for your county. This report presents your county's budget data in comparison to a group of selected peer counties. As follow up to the comparative analysis report I can again visit with your commission to discuss the data in the supplemental report.

I suggest you urge your commissioners to take advantage of these services which are provided at no cost other than their support of the local Extension office.

### **Slide 14**

As county commissioners struggle to meet the needs and wants of their constituents with limited funds, it's even more important for them to take another look at their fiscal trends and determine if the distribution of revenues and expenditures is an accurate reflection of where they want their county to be and where they want their county to go in the future.

The Office of Local Government's Kansas County Fiscal Conditions & Trends report provides a starting point in this evaluation. The county specific report provides an alternative look at county budget trends that allow the reader to step back and look at the big picture. It also can provoke meaningful discussion between county commissions and the members of the counties.

### **Slide 15**

I hope that with this webinar you feel better prepared to deliver your county's Fiscal Conditions & Trends report to your commissioners. If there are any questions, please feel free to ask now.