

Fiscal Condition of Cities & Counties in Kansas

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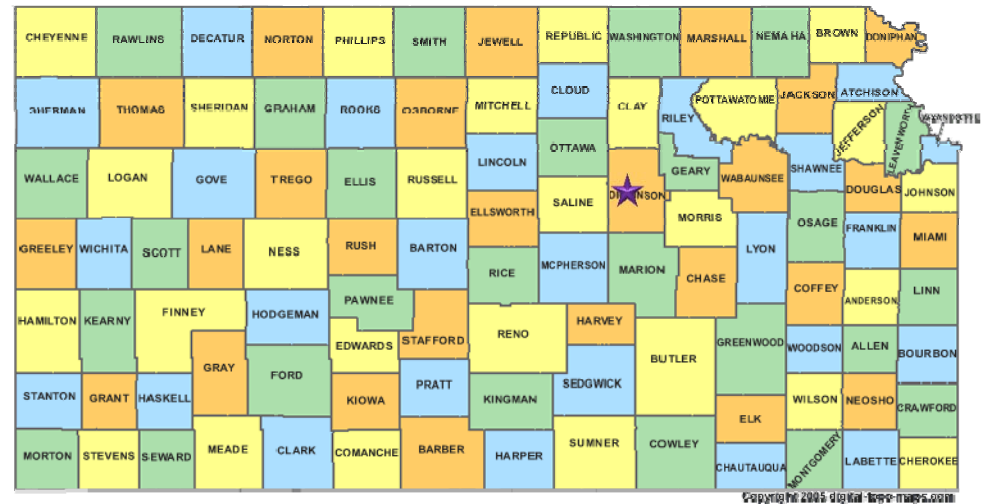
Office of Local Government

- Educational Outreach
- Technical Assistance
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- Info & Referral Services
- City & County Governments
- Local Organizations
- County Extension Network
- Citizens



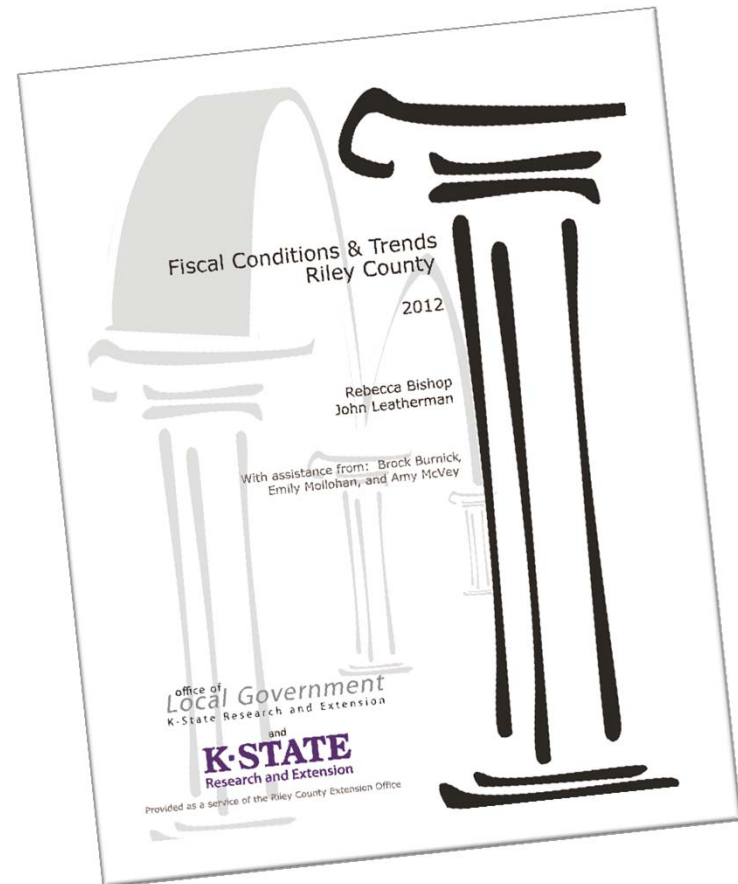
Kansas Organization

- 105 Counties
 - County Seat City
- 626 Cities
 - Cities of the 1st Class (25)
 - population >15,000
 - Cities of the 2nd Class (96)
 - population 2,000-14,999
 - Cities of the 3rd Class (506)
 - population < 2,000



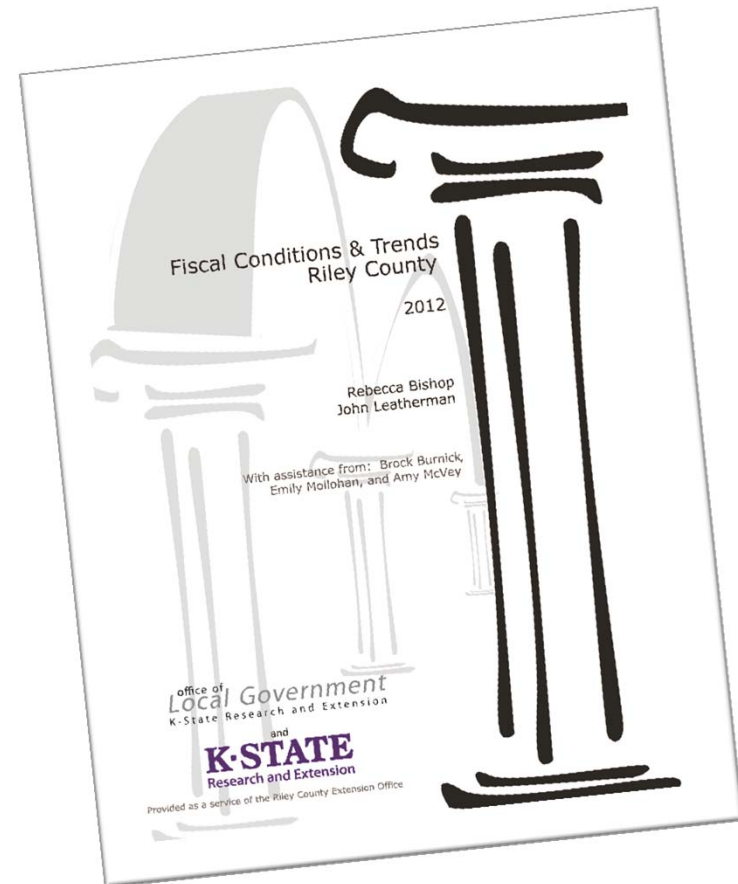
County Fiscal Conditions & Trends

- Annual customized reports for all KS counties
 - Recently released 13th edition
- Working on report for cities
 - Tentative release Spring 2013



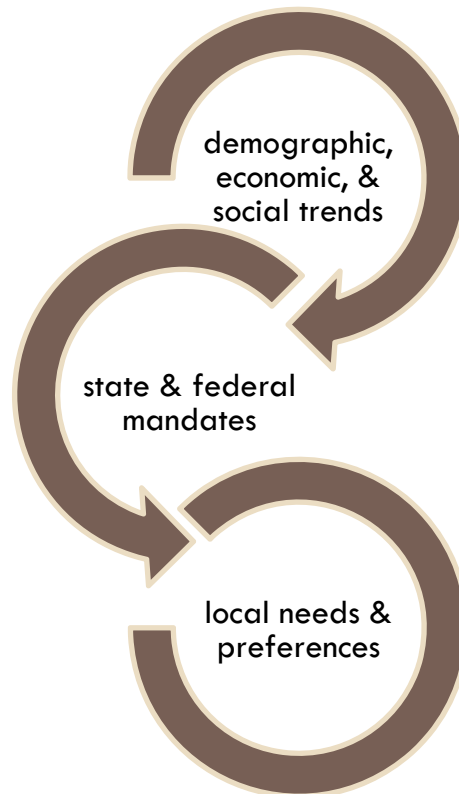
County Fiscal Conditions & Trends

- Distributed to Kansas County Commissioners, County Clerks, & County Extension Agents
- Available on website
 - http://ksu-ig.info/repub_fiscalconditionstrends.html



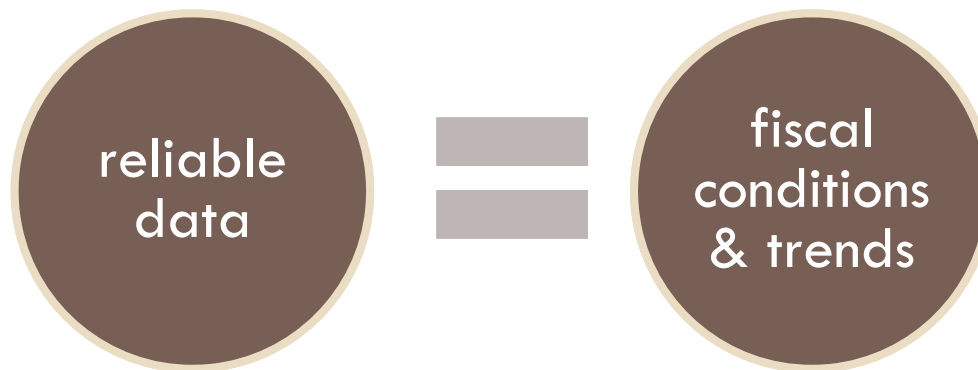
County Fiscal Conditions & Trends

- What influences local fiscal conditions?



County Fiscal Conditions & Trends

- Does this pose a problem for county officials?



County Fiscal Conditions & Trends

- Where is a good place to start?

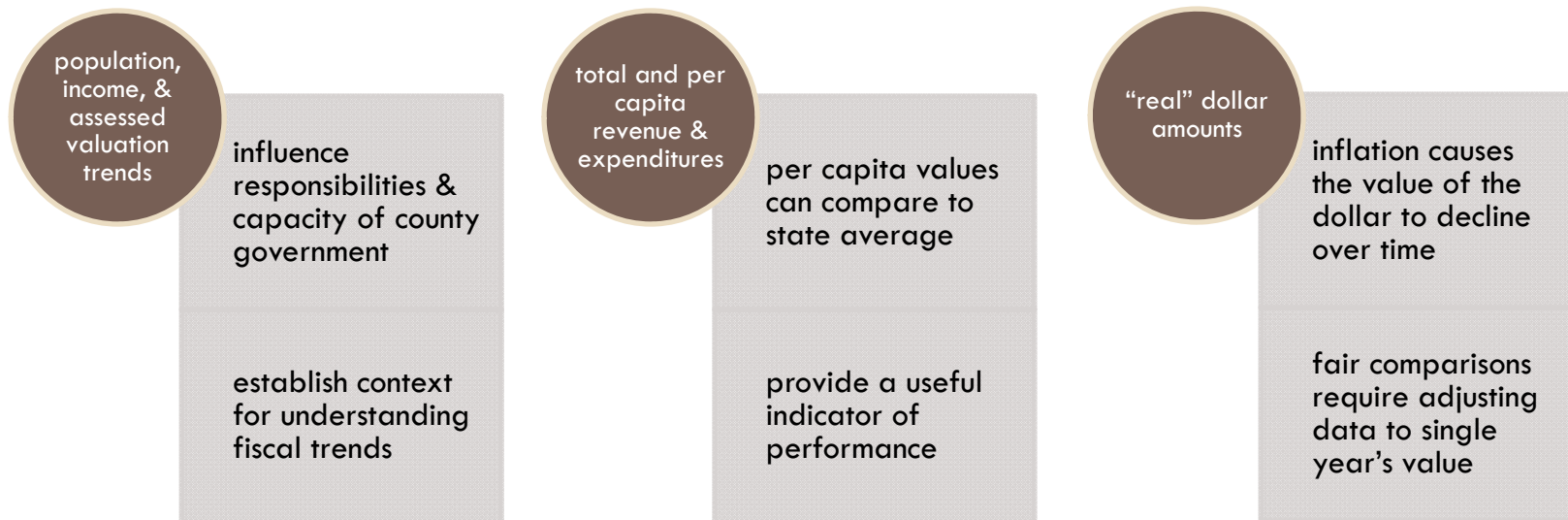


County Fiscal Conditions & Trends

- What is the *Kansas Fiscal Database*?
 - Contains 21 years of data
 - County budget documents
 - KS Department of Administration's Division of Accounts & Reports
 - Expenditures by function
 - general , road & bridge, law enforcement
 - Revenues by source
 - property taxes, sales tax, special highway

County Fiscal Conditions & Trends

- What is included in the report?



County Fiscal Conditions & Trends

- How are calculations in the report made?

per capita

- = $\frac{\text{dollar amount}}{\text{population}}$

real vs. actual dollars

- real dollars = adjusted for inflation
- actual dollars = value at a specific date

average Kansas county

- = $\frac{\text{total dollar amount}}{104}$

Fiscal Conditions & Trends

- Kansas Fiscal Conditions & Trends Report
 - Details revenues & expenditures numbers over a given time period
 - Does not explain attitudes & efforts experienced by municipality administrators

Fiscal Stress Level Survey

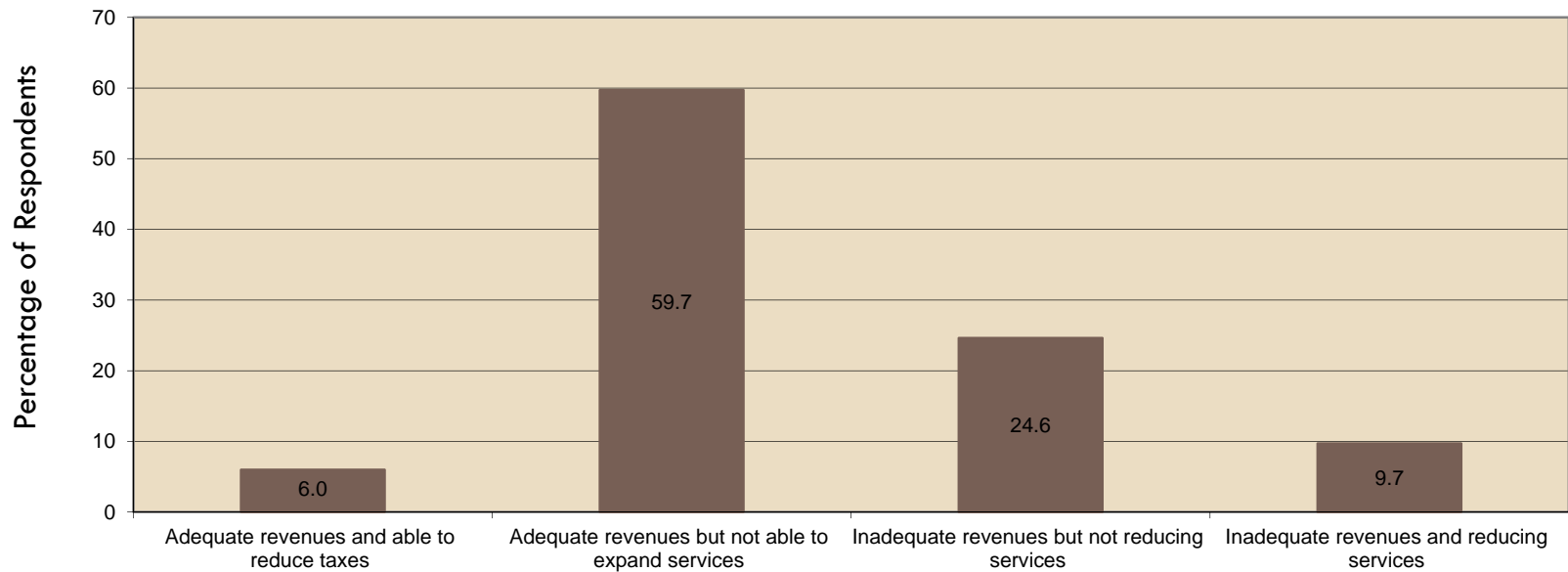
- University of Wisconsin Cooperative Extension/University of Wisconsin-Madison Department of Agricultural & Applied Economics
 - Staff Paper Series No. 557, February 2011
 - “How Stressed are Wisconsin Cities and Villages?”
 - Survey issued to administrative officials of Cities and Villages
 - 32% participation rate

Fiscal Stress Level Survey

- Web-based survey of fiscal health
 - Stress in local public finance
 - current vs projected
 - Methods used to cope with challenges
 - conditions, attitudes & strategies
- Survey administered to all city and county clerks
 - 20% participation rate
 - Solid baseline, valuable insight

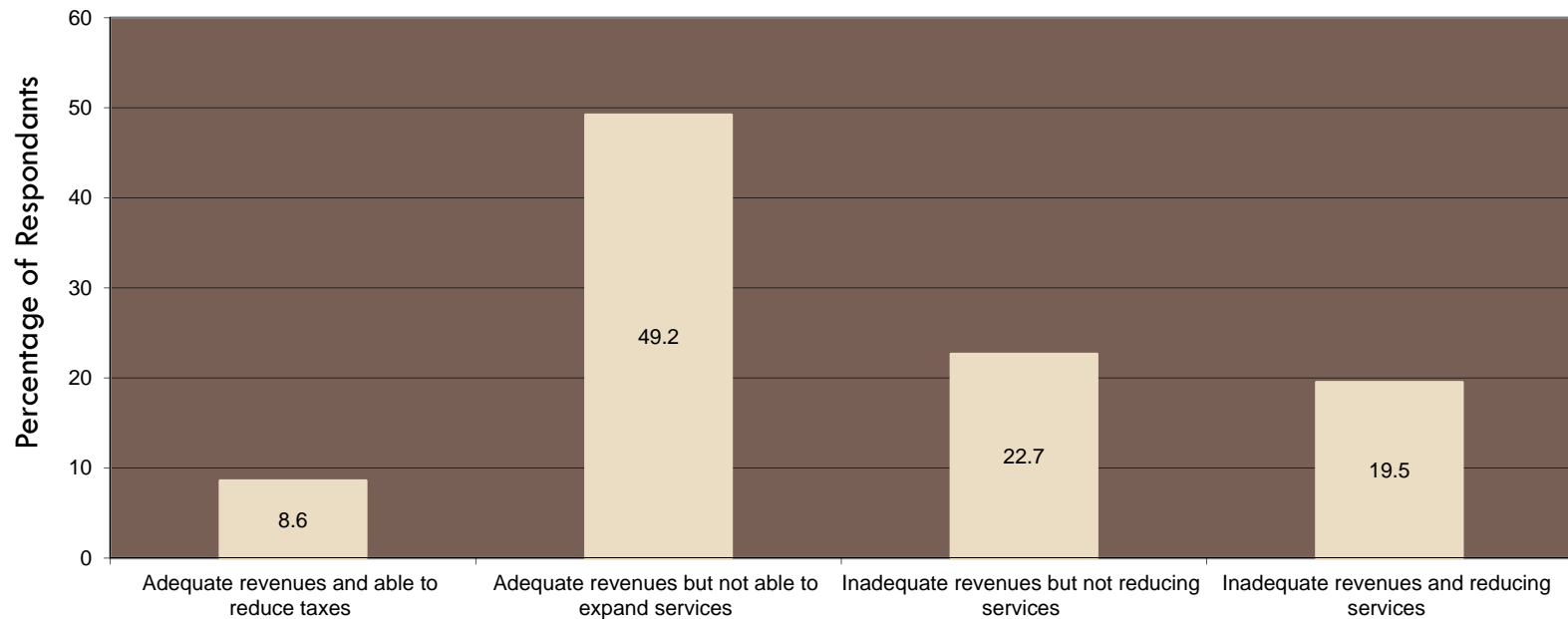
Fiscal Stress Level Survey

Question 1: Current Financial Condition



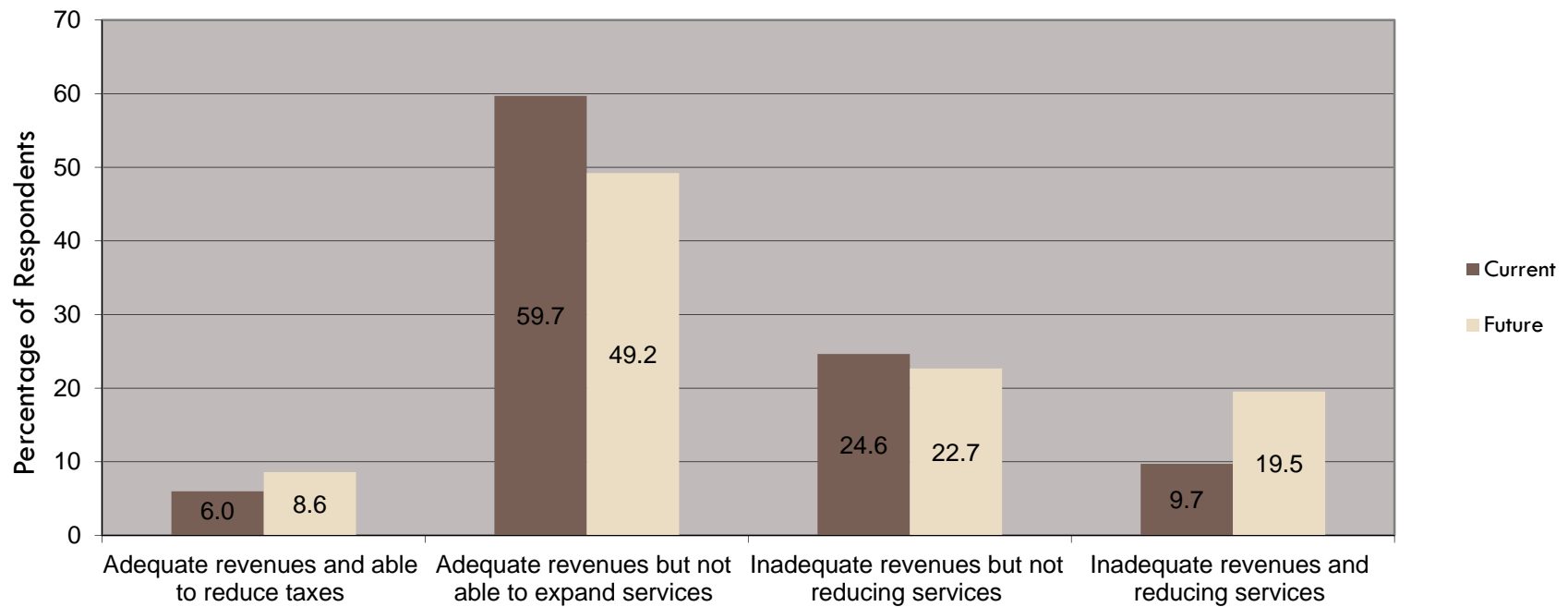
Fiscal Stress Level Survey

Financial Prospects for Next 5 Years



Fiscal Stress Level Survey

Current and Future Financial Prospects



Fiscal Stress Level Survey

Question 3	Strongly Disagree	Disagree	Neither Agree/Disagree	Agree	Strongly Agree
Our current fiscal situation is acceptable.	5.9	26.3	19.5	42.4	5.9
We are able to maintain three months of operating expenditures with current cash reserves.	6.0	12.8	11.1	43.6	26.5
Our current capital improvement plan is fully financed.	23.9	30.8	20.5	18.8	6.0
Our current credit rating is acceptable.	0.9	6.1	18.4	47.4	27.2
We are near our debt level capacity.	18.8	29.9	23.1	19.7	8.5
We have been able to roll over cash reserves from the previous budget cycle.	3.4	11.2	13.8	49.1	22.4
We are faced with unfunded post-employment responsibilities.	44.7	21.1	23.7	9.6	0.9
We are able to maintain our current employee benefits package.	6.1	14.9	16.7	43.0	19.3
The current version of the property tax lid has negatively impacted our fiscal situation.	9.5	15.5	54.3	13.8	6.9
The current version of the property tax lid has forced us to improve our efficiency.	6.0	10.3	61.2	19.0	3.4
The current version of the property tax lid is a sound public policy.	8.7	14.8	66.1	8.7	1.7
The loss of state shared revenue (demand transfers) has forced us to shift costs to the local property tax.	2.6	7.7	17.9	39.3	32.5
Compared to a year ago, our municipal financial condition has improved.	12.0	39.3	33.3	12.8	2.6

Fiscal Stress Level Survey

- Our current fiscal condition is acceptable
 - 48% agreed
- We are near our debt level capacity
 - 49% disagreed
- We have been able to roll over cash reserves
 - 72% agreed
- We are able to maintain our current employee benefits package
 - 62% agreed

Fiscal Stress Level Survey

- Our current fiscal situation is acceptable
 - 32% disagreed
- Our current capital improvement plan is fully financed
 - 55% disagreed
- The loss of state governmental aid has forced us to shift costs to the local property tax
 - 72% agreed
- Our financial condition has improved from a year ago
 - 51% disagreed

Fiscal Stress Level Survey

Question 4	Strongly Disagree	Disagree	Neither Agree/ Disagree	Agree	Strongly Agree
Improved productivity through better management	0.0	10.9	37.3	43.6	8.2
Contracted out services	12.7	39.1	30.0	13.6	4.5
Consolidated departments	14.4	36.9	27.9	14.4	6.3
Pursued regional cooperative agreements	12.7	25.5	33.6	20.9	7.3
Reduced hours for public facilities	23.6	43.6	24.5	5.5	2.7
Eliminated services	20.0	46.4	18.2	10.0	5.5
Drawn down cash reserves to meet daily operations	10.9	27.3	20.9	28.2	12.7
Raised property tax levies	9.3	33.3	14.8	25.0	17.6
Adopted or increased user fees and charges	4.5	20.0	11.8	44.5	19.1
Created or expanded enterprise funds	15.5	26.4	46.4	10.0	1.8
Pursued grants from federal/state government	3.7	12.8	12.8	46.8	23.9
Refinanced outstanding debt	23.9	25.7	22.9	18.3	9.2
Increased short-term debt	28.2	32.7	23.6	11.8	3.6
Delayed routine maintenance expenditures	4.5	30.0	17.3	34.5	13.6
Delayed capital expenditures	5.5	16.4	15.5	36.4	26.4
Laid off employees	40.9	40.0	12.7	1.8	4.5
Implemented a hiring freeze	25.5	30.9	21.8	10.0	11.8
Across the board cuts	25.5	32.7	23.6	11.8	6.4
Targeted budget cuts	13.6	16.4	19.1	38.2	12.7
Discouraged population growth	58.2	30.9	7.3	1.8	1.8

Fiscal Stress Level Survey

- Options most likely to consider when facing fiscal stress
 - Improving productivity
 - Increasing user fees
 - Pursuing state and federal grants
 - Delaying routine maintenance expenditures
 - Implementing targeted budget cuts
 - Raising property tax levies*

Fiscal Stress Level Survey

- Options less likely to consider when facing fiscal stress
 - Contracting out services
 - Consolidating departments
 - Reducing hours
 - Eliminating services
 - Laying off employees
 - Making across the board cuts
 - Discouraging population growth
 - Raising property tax levies*

Fiscal Stress Level Survey

Question 5	1st	2nd	3rd	4th	5th	N/A
Improved productivity through better management	17.0	4.1	6.1	2.7	4.8	65.3
Contracted out services	1.4	2.0	1.4	3.4	2.7	89.1
Consolidated departments	0.0	3.4	2.0	1.4	1.4	91.8
Pursued regional cooperative agreements	0.7	2.0	2.7	2.7	2.0	89.8
Reduced hours for public facilities	0.0	0.0	0.0	0.0	0.7	99.3
Eliminated services	1.4	0.7	0.0	0.0	0.7	97.3
Drawn down cash reserves to meet daily operations	11.6	4.8	1.4	4.1	8.8	69.4
Raised property tax levies	9.5	11.6	4.8	2.7	5.4	66.0
Adopted or increased user fees and charges	6.1	12.2	8.8	6.1	4.1	62.6
Created or expanded enterprise funds	0.0	0.7	0.7	0.7	0.0	98.0
Pursued grants from federal/state government	6.8	6.1	10.9	6.8	4.1	65.3
Refinanced outstanding debt	1.4	2.0	6.1	3.4	2.7	84.4
Increased short term debt	0.7	0.0	0.7	2.0	0.0	96.6
Delayed routine maintenance expenditures	2.7	6.1	6.1	10.2	4.8	70.1
Delayed capital expenditures	4.1	6.1	8.8	7.5	8.2	65.3
Laid off employees	0.0	0.7	0.7	0.0	1.4	97.3
Implemented a hiring freeze	2.0	0.7	0.7	5.4	2.7	88.4
Across the board cuts	2.7	0.7	0.7	0.7	4.8	90.5
Targeted budget cuts	2.0	4.8	4.8	3.4	3.4	81.6
Discouraged population growth	0.0	0.0	0.0	0.0	0.0	100.0

Fiscal Stress Level Survey

- **Top 5 Efforts Pursued**

1. Adopted or increased user fees and charges (37%)
2. Delayed capital expenditures (35%)
Improved productivity through better management (35%)
Pursued grants from federal/state government (35%)
3. Raised property tax levies (34%)
4. Drawn down cash reserves to meet daily operations (31%)
5. Targeted budget cuts (18%)

Fiscal Stress Level Survey

- **Least pursued efforts**
 - Discouraged population growth
 - Reduced hours for public facilities
 - Laid off employees
 - Eliminated services
 - Increased short term debt
 - Consolidated departments

Fiscal Condition & Stress Level

- What have we learned from this survey?
 - Solid baseline for understanding municipal situation
 - Larger sample size by illustrating survey merit
- Is there any correlation between the data in the Fiscal Conditions & Trends reports and the data from this survey?
 - Yes
 - Example: property tax



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