

May 3, 2002

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

Ladies and Gentlemen:

The Johnson County Office of Financial Management is pleased to present the 2001 Trend Monitoring Report. This document presents financial and operational information, which facilitates evaluation of past performance and allows for future planning.

The 2001 Trend Report presentation is organized to provide pertinent information regarding the County's programs and accompanying budgetary, financial and demographic information. This document is divided into sections according to the following scheme:

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

The Office of 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, CCM
Director of Financial Management

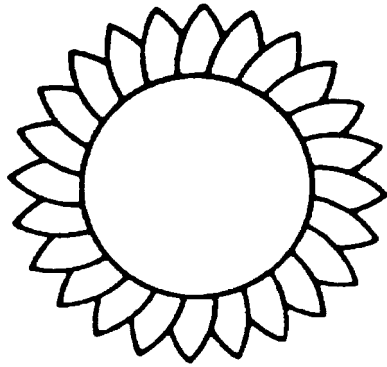


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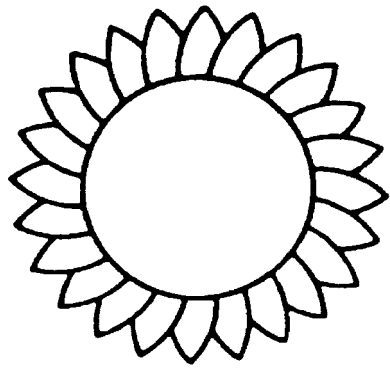
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REVENUES

- Revenues for all Budgeted Funds Excluding Expendable Trust Funds
- Comparison of Actual and Budgeted Revenues in all Funds
- Per Capita Revenue from Ad Valorem Tax
- Budgeted and Actual Tax Collection Rates as a Percent of Current Tax Levy

REVENUES FOR ALL BUDGETED FUNDS EXCLUDING EXPENDABLE TRUST FUNDS

DESCRIPTION:

The tables and graphs illustrate the revenue collections of the County by major categories. Several 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:

Operations and Revenue Provisions of Johnson County Financial Policies

ANALYSIS:

Ad Valorem revenues are derived from taxes levied on real property, personal property (excluding motor vehicles) and state assessed utilities. The percentage of ad valorem revenue compared to total revenue gradually dropped to 32%, from 1997 to 1999, due to the Board of County Commissioner's mill levy rollback resolution. The objective of this resolution was to provide tax relief to Johnson County property owners, contingent upon passage of the quarter-cent Public Safety Sales Tax. The resolution committed to a mill levy rollback by limiting expenditures to natural growth in assessed valuation or items approved by the voters, barring additional requirements imposed by the state and federal governments. The mill levy decreased 1.24 mills (4.8%) to 24.626 in FY 2001 as a result of the Board's continuing commitment to this policy.

Delinquent Penalties and Interest is a highly volatile revenue source as it is dependent upon the state of the economy. The steady decrease from 1997 to 2000 was due to the improving economy of the nation and the region. The increase in 2001 is attributable to the weaker economy for that year. Furthermore, the number and frequency of delinquent tax sales can be a factor, as was the case in 1997, when one delinquent tax case was being settled.

Special Assessments increased during 2001 after decreasing from 1997 through 2000 as the result of construction activity for road and wastewater improvements. In 1994, the voters approved a new method of financing wastewater improvements.. The new financing method is an Equivalent Dwelling Unit (EDU) Charge assessed against all property owners within the Unified Wastewater Districts.

Sales and Use Taxes have increased \$9,337,369 or 23% since 1997. A substantial portion of this increase can be tied to increases in the Local Sales Tax and the Public Safety Sales Tax revenue sources. Local Sales Tax revenues are distributed to the County according to a state mandated formula based upon population and ad valorem taxing efforts. The first 50% of Public Safety Sales Tax revenues go directly to the County, while the second 50% of revenues are distributed in the same fashion as the Local Sales Tax revenues.

Intergovernmental revenues are those revenues received from the Federal and State governments. Since 1997, these revenues have increased steadily. The County departments with the largest increases in intergovernmental revenues are Public Works, Mental Health, Human Services and Aging and Community Corrections.

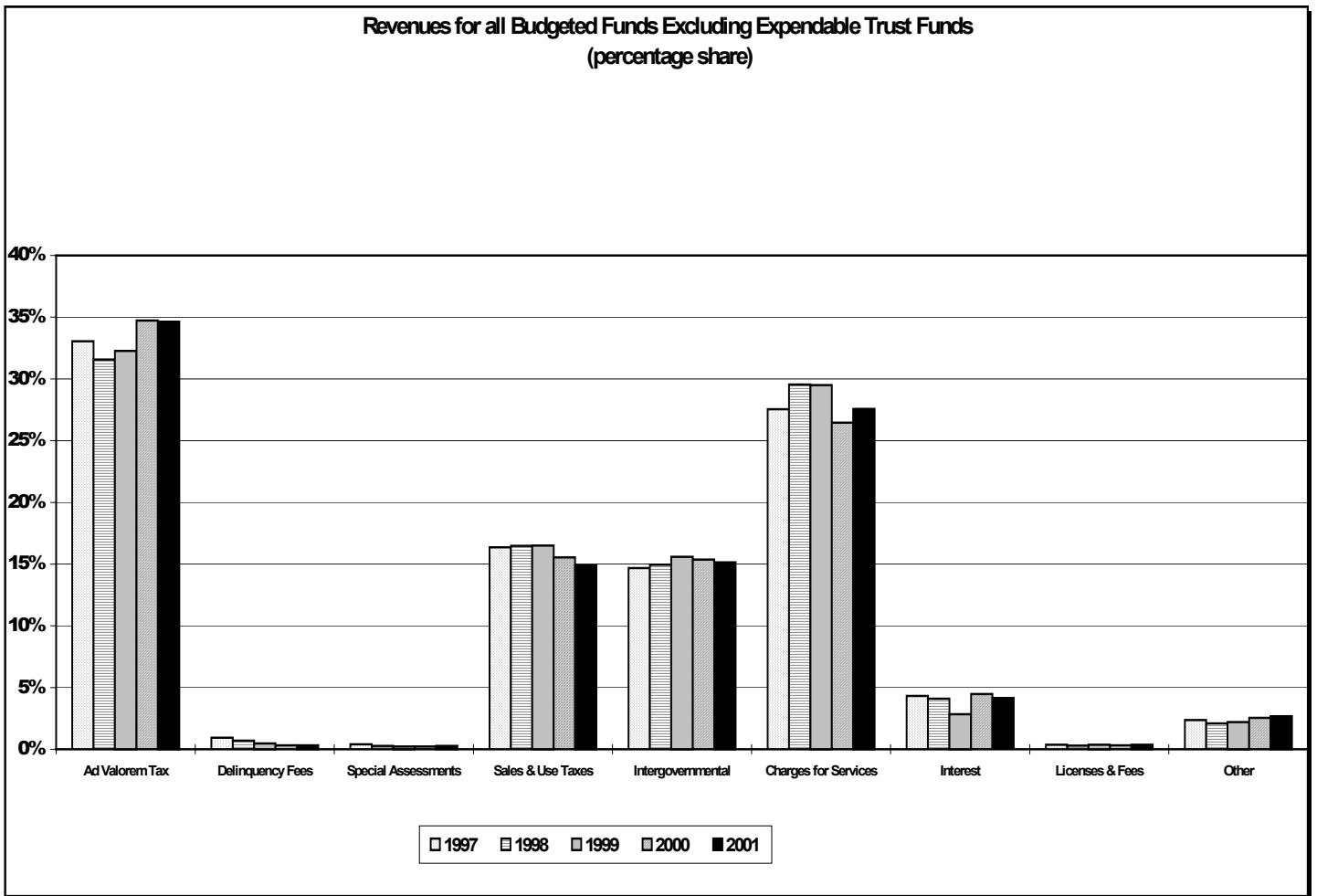
Charges for Services have experienced steady growth since 1997. A portion of this growth is due to increased Mortgage Registration and Recording Fee revenues. This growth was caused by the low long-term interest rates, which encouraged property owners to refinance existing mortgages or borrow more money when making a home purchase. The steady increases in Charges for Services can also be attributed to the Equivalent Dwelling Unit (EDU) Charge, established in 1994, which is assessed against all property owners within the Unified Wastewater District.

Interest revenues have largely reflected the prevailing rates of interest available in the bond market. However, in 1999, the bond market experienced its worst annual performance in thirty years. The low rates are reflected in a 28% interest revenue decrease in 1999. For Fiscal Years 2000 and 2001, the increase in interest revenue is a result of higher interest rates coupled with higher cash balances.

Licenses and Fees held steady from 2000 to 2001. Major fluctuations in this revenue source occur as building permit fees are collected for substantial construction projects. In 1999, building permit fees were collected for the new Blue Valley High School. In 2000 and 2001, building permit fee collection continued on the Sprint Campus, Southcreek Office Park, the Highlands Corporate Campus and multiple retail centers. Other revenues increased in 2000 due to a court settlement and a reimbursement received from the FAA. For 2001, the increase was largely attributable to payments received for housing illegal aliens. Other revenue sources in this category include rental income, sale of capital assets and court settlements.

**REVENUES FOR ALL BUDGETED FUNDS
EXCLUDING EXPENDABLE TRUST FUNDS**
(Total In Constant Dollars)

	1997	1998	1999	2000	2001
Ad Valorem Tax	\$82,076,098	\$85,507,507	\$90,636,774	\$107,097,849	\$116,294,946
Delinquent Penalties & Interest	2,292,416	1,926,822	1,349,257	995,905	1,053,763
Special Assessments	995,068	731,939	651,671	726,798	880,731
Sales & Use Taxes	40,638,489	44,621,571	46,375,298	47,939,529	49,975,858
Intergovernmental	36,480,981	40,476,317	43,818,393	47,380,686	50,861,100
Charges for Services	68,393,409	80,007,068	82,889,969	81,572,782	92,607,783
Interest	10,718,801	11,075,144	7,948,268	13,780,675	13,948,204
Licenses & Fees	904,694	783,184	1,039,316	992,681	1,193,221
Other	5,849,995	5,686,062	6,172,264	7,819,144	8,986,795
Total (Actual Dollars)	\$248,349,951	\$270,815,614	\$280,881,210	\$308,306,049	\$335,802,401
Consumer Price Index - Urban	100.00	101.09	103.45	107.54	110.29
Total (Constant Dollars)	\$248,349,951	\$267,903,618	\$271,506,930	\$286,676,968	\$304,460,844



Source: 1997 - 2001 Comprehensive Annual Financial Reports

COMPARISON OF ACTUAL AND BUDGETED REVENUES IN ALL 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:

Operations and Revenue Provisions of Johnson County Financial Policies.

ANALYSIS:

Due to large variances between budgeted and final mortgage registration fee and sales tax revenues, a consensus Revenue Estimating Committee was formed in 1994. The mission of this group, composed of representatives from the offices of the County Treasurer, Register of Deeds, County Manager, Planning, Appraiser, Budget, Wastewater, and Financial Management, is to recommend budgeted and mid-year re-estimations for the seventeen major revenue sources, and reduce the difference between budgeted and final revenues through modeling techniques. These sources of revenues represented 63% of all the County's revenues in 2001. By utilizing 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 percentage variance between budgeted and final major revenue figures for the years in which the Committee has been active.

In 1997 and 1998, revenues received exceeded budget expectations by 0.76% and 2.03%, respectively. The primary reason for this was increases in receipts from Charges for Services. Specifically, the mortgage registration and recording fees generated more revenue than originally budgeted. This significant increase was due to the low interest rates available throughout the United States, stimulating new home financing and refinancing of existing mortgages.

In 1999, revenues received exceeded budget expectations by 1.25%. The key reason for the variance was increases in the Charges for Services revenue category. In particular, the Wastewater Connection Fees, EDU Charges and System Development Fees collected were higher than originally budgeted. This increase can be attributed to the continued growth in Johnson County.

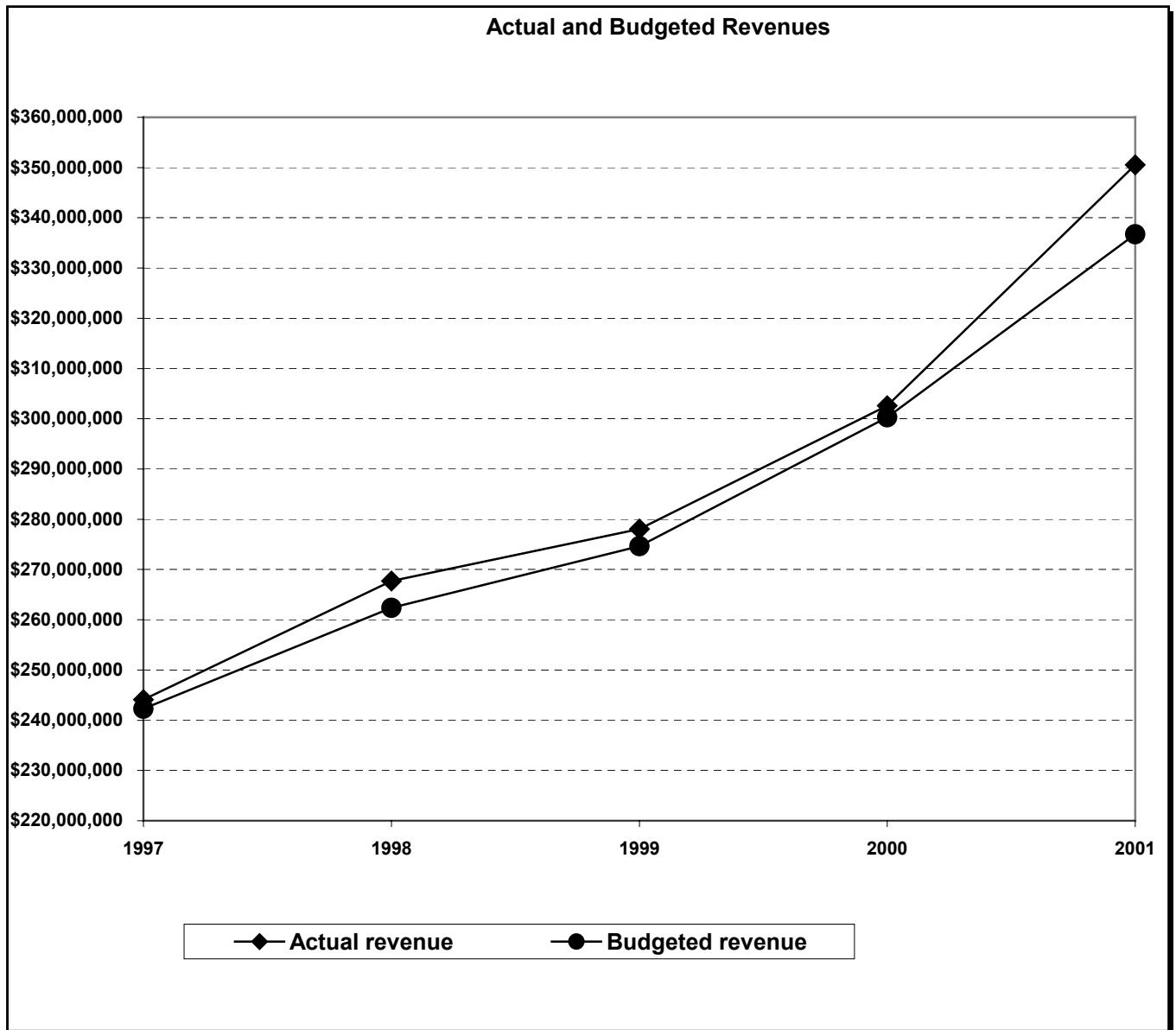
In 2000, revenues received exceeded budget expectations by 0.76%. The key reason for the variance was increases in investment interest. This increase was due to a rise in interest rates, coupled with higher County cash balances.

In 2001, revenues received exceeded budget expectations by 4.10%. The primary reason for the variance was increases in receipts from Charges for Services. Mortgage registration and recording fees generated substantially more revenue than originally budgeted, due to the favorable interest rates available, which stimulated refinancing of existing homes and new home financings. Wastewater Connection Fees and System Development Fees were also up in 2001, which can be attributed to the continued growth and development within Johnson County.

From 1997 through 2001, Charges for Services, Interest and Intergovernmental revenues have been the most volatile. This will no doubt be the case in future years as well.

COMPARISON OF ACTUAL AND BUDGETED REVENUES IN ALL FUNDS

	1997	1998	1999	2000	2001
Actual revenue	\$244,123,052	\$267,705,691	\$278,081,798	\$302,596,076	\$350,543,231
Budgeted revenue	242,278,084	262,369,826	274,649,673	300,318,038	336,733,250
Over (under) budget	\$1,844,968	\$5,335,865	\$3,432,125	\$2,278,038	\$13,809,981
Percent of revenue Over (under) budget	0.76%	2.03%	1.25%	0.76%	4.10%



Source: 1997 - 2001 Comprehensive Annual Financial Reports

PER CAPITA REVENUE FROM AD VALOREM TAX

DESCRIPTION:

Ad Valorem tax revenues are examined based on the number of residents in the County. The 1997 to 1999 population figures are estimated based upon information obtained from the U.S. Census Bureau from the 1990 Census. The 2000 and 2001 population figures are based on the April 2000 census. This indicator illustrates the average property tax obligation each resident bears to support functions of the County Government.

POLICY REFERENCES:

Operations and Revenue Provisions of Johnson County Financial Policies

ANALYSIS:

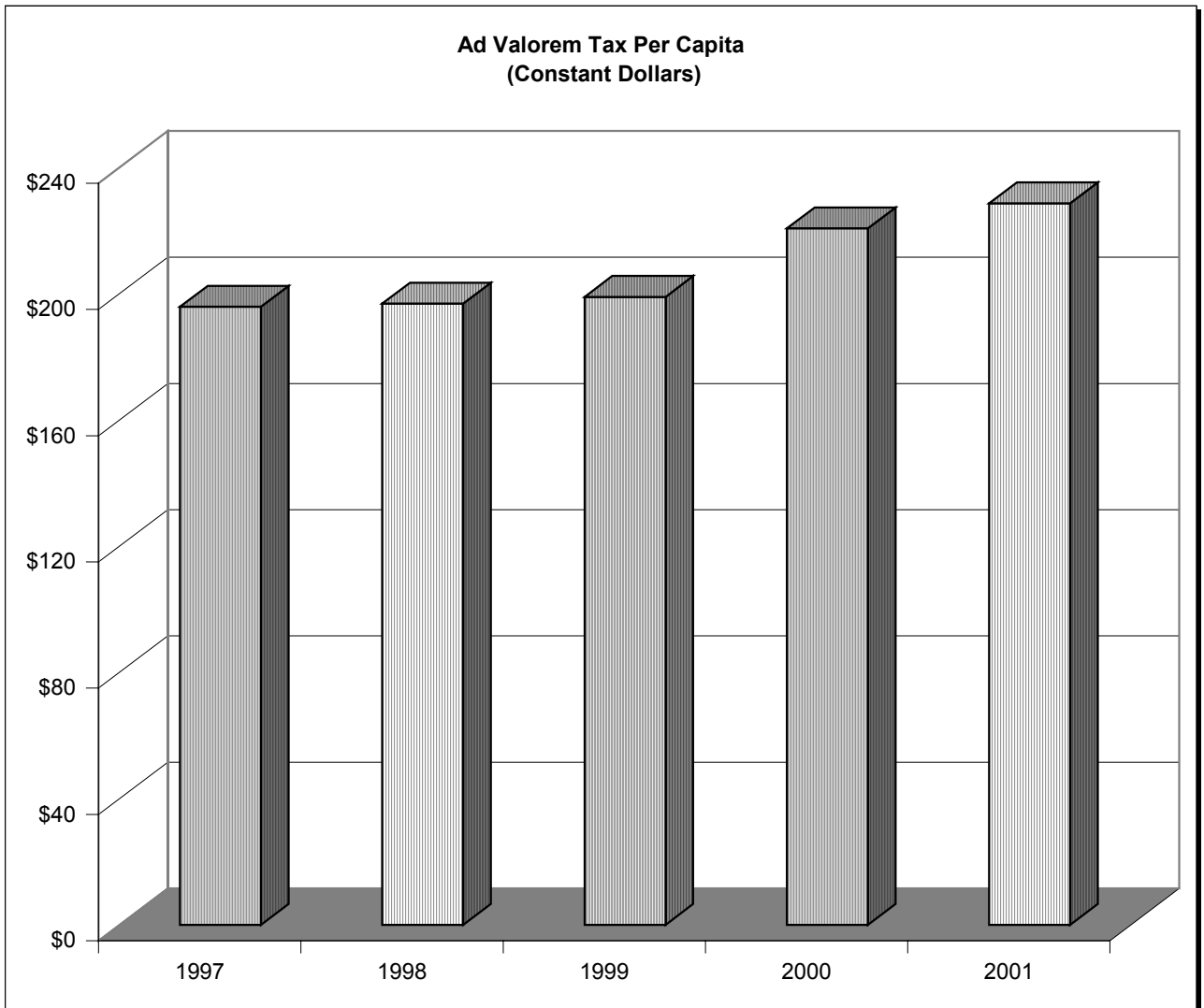
As previously noted, Ad Valorem revenues are derived from taxes levied on real property, personal property (excluding motor vehicles) and state assessed utilities.

The Ad Valorem tax per capita remained relatively stable between 1997 and 2001. The 1997, 1998 and 1999 Ad Valorem tax revenues were based upon the mill levy rollback policy adopted by the County Commission in 1995. This resolution requires the mill levy to be indexed downwards for the growth in valuation resulting from periodic property reappraisals. The 2001 Ad Valorem tax revenue increase reflects a budgeted mill levy decrease. The increase in revenues is the result of natural growth in assessed valuation.

AD VALOREM TAX REVENUE PER CAPITA

(In Constant Dollars)

	1997	1998	1999	2000	2001	Four Year Change
Ad Valorem Tax	\$82,076,098	\$85,507,507	\$90,636,774	\$107,097,849	\$116,294,946	
Consumer Price Index - Urban	100.00	101.09	103.45	107.54	110.29	
(In Constant Dollars)	\$82,076,098	\$84,588,071	\$87,611,814	\$99,584,444	\$105,440,751	28.47%
Population	418,976	429,649	440,198	451,086	461,031	10.04%
Ad Valorem Tax Per Capita						
(In Constant Dollars)	\$195.90	\$196.88	\$199.03	\$220.77	\$228.71	16.75%
Change From Previous Year		0.50%	1.09%	10.92%	3.60%	



Source: 1997 - 2001 Comprehensive Annual Financial Reports

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

DESCRIPTION:

Johnson County adopts annual budgets for twenty-one separate and distinct funds. Sixteen of these funds levy ad valorem taxes on property to support operations and honor obligations. When determining the funds 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. The actual collection rate from 1996 to 2000 has ranged from a low of 97.98% to a high of 98.38%.

Johnson County tax bills are mailed to property owners or the mortgagors each November 1. Property tax bills mailed in calendar year 1997 are referred to as 1997 taxes, even though these funds support operations in fiscal year 1998. The year 1997, 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:

K.S.A. 79-2930

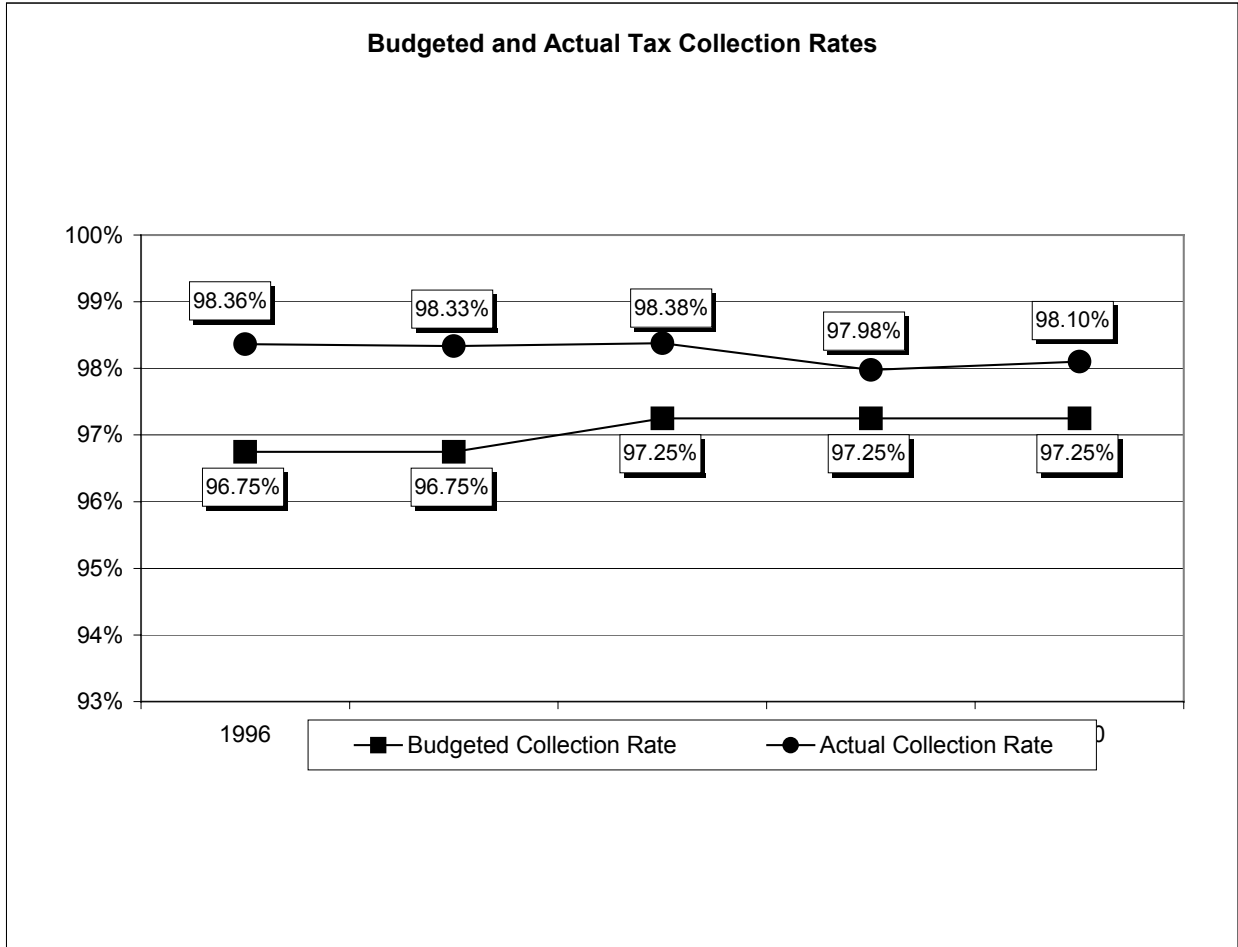
ANALYSIS:

From 1996 to 2000, the actual collection rates have remained stable from 98.36% in 1996 to 98.10% in 2000. The consistent actual collection rate is indicative of a strong local economy.

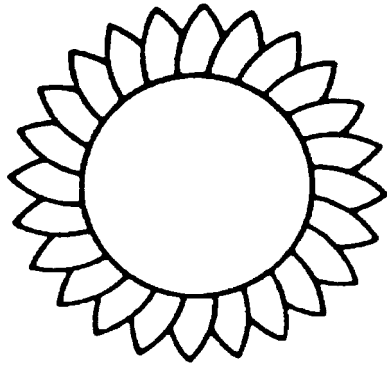
The budgeted collection rate has gradually increased. In 1996, this rate was 96.75% as compared to 97.25% in 2000. The budgeted collection rate has gradually been increased in order to more closely reflect actual collection rates.

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

	1996	1997	1998	1999	2000
Budgeted Current Tax Levy	\$86,824,509	\$90,460,635	\$96,171,411	\$115,809,497	\$125,008,795
Budgeted Collection Rate	96.75%	96.75%	97.25%	97.25%	97.25%
Actual Current Tax Collections	\$85,402,435	\$88,954,311	\$94,611,905	\$113,469,114	\$122,634,070
Actual Collection Rate	98.36%	98.33%	98.38%	97.98%	98.10%



Source: 2001 Comprehensive Annual Financial Report
1997-2001 Capital & Operating Budgets



EXPENDITURES

- Expenditures Overview
- Expenditures by Strategic Program for all Budgeted Funds Excluding Budgeted Expendable Trust Funds
- Expenditures per Capita by Strategic Program for all Budgeted Funds Excluding Budgeted Expendable Trust Funds and Capital Outlay
- Budgeted Positions per 1,000 County Residents
- Change in Budgeted Positions as a Percentage of Total Position Growth

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.

Classification of Agencies By Strategic Program

General Government

Appraiser
Archives & Records Management
Audit Services
Board of County Commissioners
Budget and Financial Planning
Central Stores
County Manager
County Building Fund
County Clerk
Countywide Support
Election & Registration
Facilities
General Revenue (Restricted Reserve)
Human Resources
Information Technology
Legal
Motor Vehicle
Office of Financial Management
Print Shop
Register of Deeds
Risk Management
Treasurer

Public Safety & Judiciary

911 Telephone
Corrections
Courts Law Library
District Attorney
District Court Trustee
District Courts
Emergency Management
Justice Information Management System
Med-Act (Emergency Medical Services)
Prosecuting Attorney
Public Safety Sales Tax
Sheriff
State Supported Alcohol Tax

Public Works & Transportation

Airports
Public Works
Stormwater Management
Stream Maintenance
Unified Wastewater Districts
Wastewater Sewer Repair Capital
Financing Plan

Health & Welfare

Developmental Supports
Environmental
Extension Council
Human Services & Aging
Mental Health
Nursing Center
Public Health

Culture & Recreation

Bi-State Cultural Tax
Fair
Heritage Trust
Library
Library Building
Museum

Economic Development

Community Development Block Grants
Economic Development Programs
Planning, Development & Codes

Debt Service

Countywide Debt Service
Library Debt Service
Special Assessment Debt Service

EXPENDITURES BY STRATEGIC PROGRAM FOR ALL BUDGETED FUNDS EXCLUDING BUDGETED EXPENDABLE TRUST 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 excluding budgeted expendable trust funds. This indicator allows the County to review changes in expenditure structure and is a measurement of the County's service output.

POLICY REFERENCES:

None

ANALYSIS:

Total expenditures have increased by 31.75% over the last five years. The increase from 2000 to 2001 was 7.47%, which is comparable to the increase from 1999 to 2000 of 7.42%. The trend reflected in the chart depicts a direct correlation with the County's population increase from 419,000 in 1997 to 461,000 in 2001. As our population increases, so does the need to continue to provide essential services to our growing number of citizens. Each of the strategic programs shown in the chart is detailed below.

General Government expenditures increased by 32.48% over the last five years. The most significant increases over the last five years in General Government have occurred in County Management, Register of Deeds, and Information Technology, and are largely attributable to increased personnel expenditures from growth. Risk Management expenditures also increased due to continuing increases in insurance costs. From 2000 to 2001, General Government expenditures, in total, increased by 4.88%.

Public Works and Transportation expenditures have increased by 48.11% over the last five years. Expenditures from 1997 to 1998 rose by 20.78%. This increase is primarily due to the Mill Creek Wastewater plant capitalization in 1998 associated with this \$53,000,000 asset. From 1998 to 1999, Public Works and Transportation expenditures, in total, increased by 2.01%. Expenditures, from 1999 to 2000, rose by 11.47%. This increase is due to the Blue River plant expansion associated with this expansion, as well as increases in engineering costs for various projects and funding for the County Assisted Roads System program. From 2000 to 2001, expenditures increased by 7.84% due to increased contractual costs for various projects.

Public Safety expenditures have increased by 43.87% over the last five years. From 2000 to 2001, expenditures increased by 10.64%, versus a 7.26% increase from 1999 to 2000.

In 1997 Community Corrections added 33 full-time employees for the expanded Juvenile Detention Center. In addition Med-Act added additional staff to serve on an additional Rural Response Unit/Team, which furnishes additional Med-Act services to the DeSoto area.

In 1998 the increase is attributed to the opening of the new Sheriff's office and the Fred Allenbrand Criminal Justice Complex. During 1998 the Sheriff's office added 49 officers and implemented a new security program in the Courthouse. The Sheriff also expanded community policing to four communities and the Juvenile Intake and Assessment Center.

In 1999, the 6.05% increase is due to additional staff hired in the Sheriff's office and Community Corrections and salary increases for current employees.

In 2000, the 7.26% increase is due in part to additional staffing for the new Minimum Security Detention Facility. The delay in the opening of the Detention Facility also caused an increase in external prisoner boarding expenditures.

In 2001, the 10.64% increase is due in part to additional staffing for Med-Act and Juvenile Case Management as well as merit increases and additional overtime for current Public Safety staff.

Health and Welfare expenditures increased by 31.98% over the last five years, which represented 20.73% of the overall increase in expenditures from 1997 to 2001. From 2000 to 2001, expenditures increased by 8.79%.

In 1997 there was a transition of services from the state to the local level in Public Health (foster care inspections), Mental Health (closing of state mental health facilities), and Developmental Supports (two new state mandates on community developmental disabilities services and the closing of state institutions), which attributed to the increase.

In 1998 the increase was attributed to Johnson County Developmental Supports expanding services with the addition of 12 staff based upon the state mandates on community developmental disabilities services and the closing of state institutions in 1997. Mental Health increased staff by 18 positions due to the closure of state Mental Health facilities in 1997.

The 1999 increase was the result of additional employees hired to staff the new Mental Health forensic unit. The increase of 4.79% from 1999 to 2000 is primarily due to increases in Mental Health County and non-County supported personal services. The 2001 increase of 8.79% is primarily due to increased personnel costs and increased grant funded expenditures in Mental Health.

Planning and Economic Development expenditures increased by 7.28% over the last five years with a decrease of 3.26% occurring from 2000 to 2001.

For 1997, the expenditures decreased due to lower Community Development Block Grant expenditures and Planning, Development and Codes expenditures. In 1998, the increase in expenditures is attributed to more Community Development Block Grant expenditures and in Planning, Development and Codes expenditures associated with the Comprehensive Arterial Road Network Plan and the preparation of a Preliminary Future Land Use Concept Plan for the Sunflower Army Ammunition Plant.

For fiscal year 1999, expenditures decreased due to lower Community Development Block Grant and Economic Development Program expenditures. In 2000 the increase in expenditures can be attributed to higher Community Development Grant expenditures. For 2001, the expenditures remained relatively constant with 2000, with the variance attributable to fluctuations in grant expenditures.

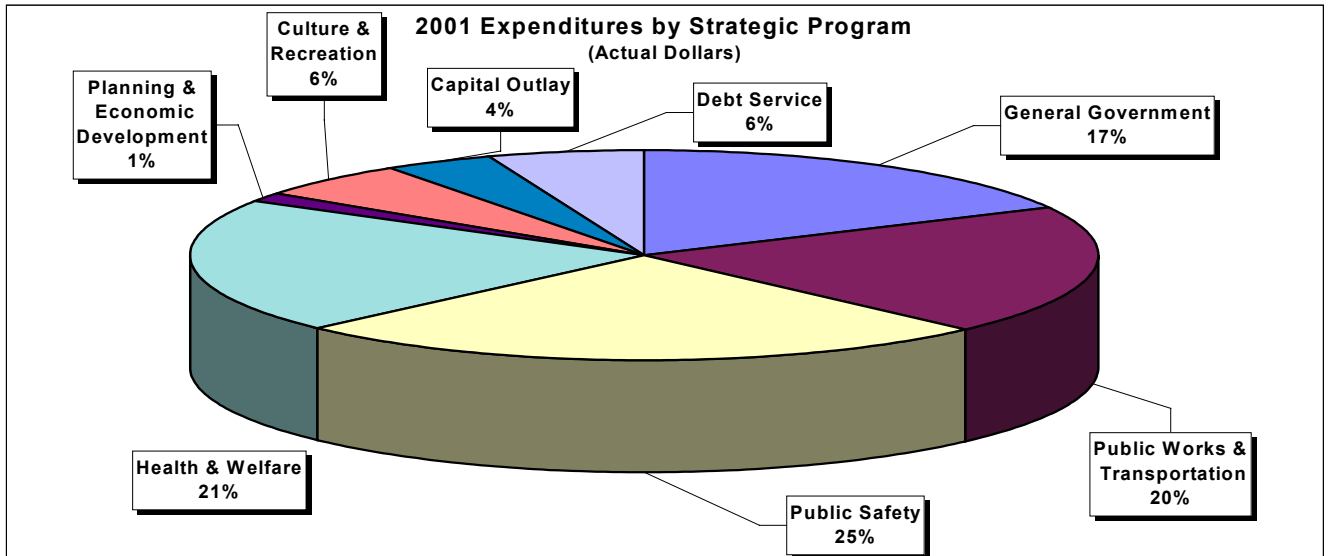
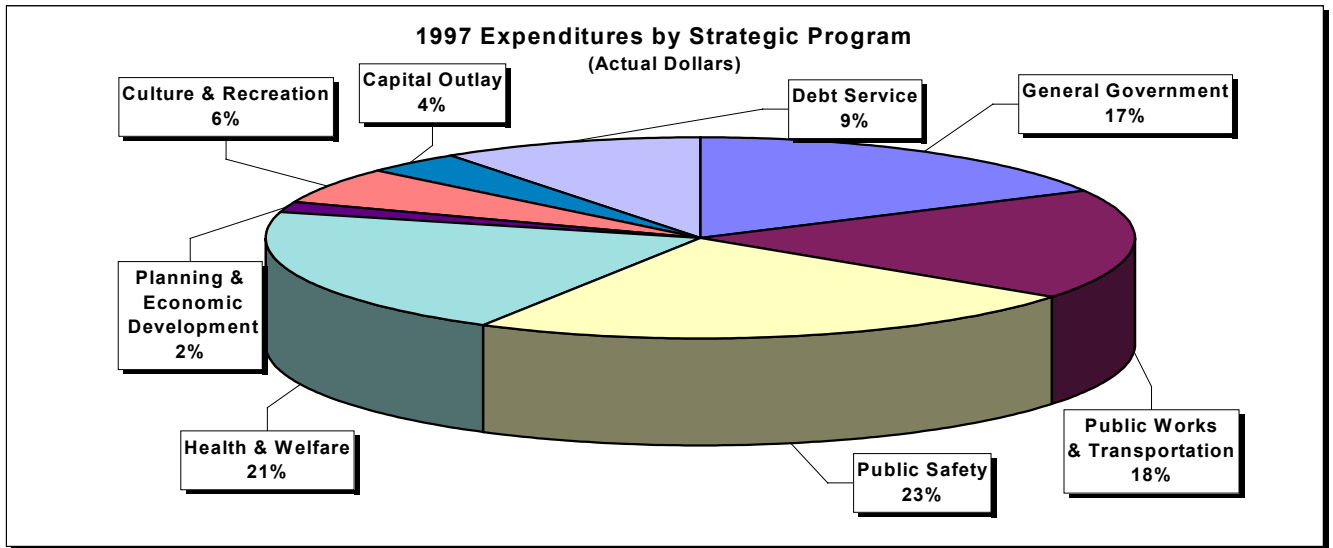
Culture and Recreation expenditures increased by 27.97% over the last five years and increased from 2000 to 2001 by 14%. The primary reasons for the increase in this area are new library facilities and the expansion of existing libraries. The Blue Valley Library was completed in 2000 and the Gardner library was completed in 2001.

Capital Outlay expenditures increased by 37.71% over the last five years with a decrease of 2.27% occurring from 2000 to 2001. The substantial increase in 1999 is the direct result of capital lease payments to the Public Building Commission for the Fred Allenbrand Criminal Justice Complex. The first lease payment for the Complex was made to the Public Building Commission in March of 1999. Capital Outlay represents only those capital expenditures within departments' operating budgets. Projects within the five-year Capital Improvement Program are not included.

Debt Service expenditures decreased by 24.72% over the last five years with an increase of 0.25% occurring from 2000 to 2001. The 1998 16.33% expenditure decrease can be attributed to the advance refundings of certain higher interest bonds. In 1999 the expenditures once again decreased due to the 1988A and 1988B series bonds retirement in the previous year. In 2000 the minimal increase can be tied to the initial payments, made in 2000, on the 1999A and 1999B series bonds. In 2001, the slight increase is attributable to the 2001A & 2001B debt, for which initial payments were made in 2001.

**EXPENDITURES BY STRATEGIC PROGRAM FOR ALL BUDGETED FUNDS
EXCLUDING BUDGETED EXPENDABLE TRUST FUNDS**

	1997	1998	1999	2000	2001
General Government	\$ 37,658,779	\$ 39,627,724	\$ 43,065,247	\$ 47,568,393	\$ 49,891,207
Public Works & Transportation	38,618,059	46,643,306	47,581,890	53,039,230	57,195,414
Public Safety	50,562,371	57,802,163	61,297,288	65,749,036	72,744,844
Health & Welfare	45,133,002	48,260,397	52,249,070	54,749,196	59,564,386
Planning & Econ. Development	3,849,639	4,073,700	3,844,708	4,269,052	4,129,758
Culture & Recreation	12,548,040	13,373,155	13,404,804	14,085,369	16,057,131
Capital Outlay	8,037,474	7,867,728	11,209,038	11,325,703	11,068,501
Debt Service	21,044,892	17,608,121	15,515,844	15,801,692	15,841,713
Total (Actual Dollars)	\$ 217,452,256	\$ 235,256,294	\$ 248,167,889	\$ 266,587,671	\$ 286,492,954
Consumer Price Index - Urban	100.00	101.09	103.45	107.54	110.29
Total (Constant Dollars)	\$ 217,452,256	\$ 232,726,656	\$ 239,885,401	\$ 247,885,325	\$ 259,753,612



Source: 1997 - 2001 Comprehensive Annual Financial Reports

EXPENDITURES PER CAPITA BY STRATEGIC PROGRAM FOR ALL BUDGETED FUNDS EXCLUDING BUDGETED EXPENDABLE TRUST FUNDS AND 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:

None

ANALYSIS:

General Government expenditures per capita overall have remained relatively constant over the last five years.

Public Works and Transportation expenditures per capita have continued to remain relatively constant over the last five years. This trend may begin to move upward as the County begins to review transit opportunities.

Public Safety expenditures per capita have steadily increased over the last five years. The increase in population has caused a greater demand for Public Safety services. As discussed previously, increases in Public Safety expenditures reflect the approved expansions of the jail, the Residential Center and Juvenile Detention as well as expanded emergency services via Med-Act Rural Responder Units. This also includes increases in the District Attorney's Office and the District Courts.

Health and Welfare expenditures per capita have steadily increased over the last five years. The increase in population has caused a greater demand for Health and Welfare services. As discussed previously, the Health and Welfare expenditures reflect the transition of services from the state to the local level. These include Public Health (foster care inspections), Mental Health (closing of state mental health facilities and a new forensic unit), and Developmental Supports (two new state mandates on community developmental disabilities services and the closing of state institutions). Also, the Nursing Center expanded from 103 beds to 120 beds.

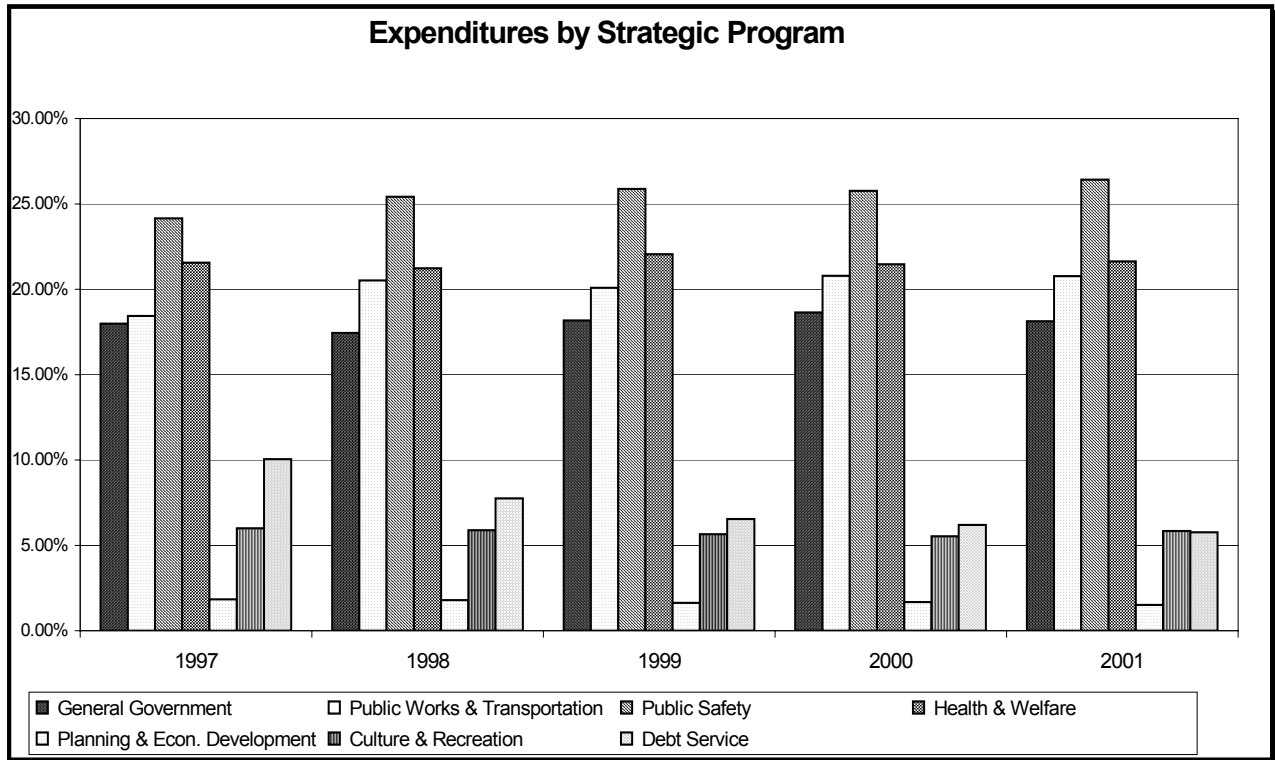
Planning and Economic Development expenditures per capita overall have remained relatively constant over the last five years.

Culture and Recreation expenditures per capita overall have remained relatively constant over the last five years. Culture and Recreation will tend to fluctuate; as population increases there is a greater demand for increased Culture and Recreation services per resident, including new libraries.

Debt Service expenditures per capita overall have experienced a downward trend over the last five years. This trend may not continue in future years as the BOCC considers new investments in infrastructure that may require debt financing.

**EXPENDITURES BY STRATEGIC PROGRAM FOR ALL BUDGETED FUNDS
EXCLUDING BUDGETED EXPENDABLE TRUST FUNDS AND CAPITAL OUTLAY
(In Constant Dollars)**

	1997	1998	1999	2000	2001
General Government	\$ 37,658,779	\$ 39,201,619	\$ 41,627,964	\$ 44,231,252	\$ 45,234,694
Public Works & Transportation	38,618,059	46,141,765	45,993,866	49,318,285	51,857,175
Public Safety	50,562,371	57,180,634	59,251,519	61,136,440	65,955,325
Health & Welfare	45,133,002	47,741,468	50,505,282	50,908,289	54,005,043
Planning & Econ. Development	3,849,639	4,029,897	3,716,393	3,969,558	3,744,314
Culture & Recreation	12,548,040	13,229,358	12,957,425	13,097,216	14,558,465
Debt Service	21,044,892	17,418,786	14,998,010	14,693,131	14,363,153
Total (In constant dollars)	\$ 209,414,782	\$ 224,943,528	\$ 229,050,459	\$ 237,354,172	\$ 249,718,171
Population	418,976	429,649	440,198	451,086	461,031
Expenditures Per Capita (In Constant Dollars)					
General Government	\$ 89.88	\$ 91.24	\$ 94.57	\$ 98.06	\$ 98.12
Public Works & Transportation	92.17	107.39	104.48	109.33	112.48
Public Safety	120.68	133.09	134.60	135.53	143.06
Health & Welfare	107.72	111.12	114.73	112.86	117.14
Planning & Econ. Development	9.19	9.38	8.44	8.80	8.12
Culture & Recreation	29.95	30.79	29.44	29.03	31.58
Debt Service	50.23	40.54	34.07	32.57	31.15
Total Expenditures Per Capita (In Constant Dollars)	\$ 499.83	\$ 523.55	\$ 520.34	\$ 526.18	\$ 541.65



Source: 1997 - 2001 Comprehensive Annual Financial Reports

BUDGETED POSITIONS PER 1,000 COUNTY RESIDENTS

DESCRIPTION:

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

POLICY REFERENCES:

Board of County Commissioners approves all new full-time and part-time positions.

ANALYSIS:

Since 1997, the number of full-time equivalent positions (FTEs) approved by the Board of County Commissioners has grown by 286.62. Most of the new positions have been added in areas where direct contact with the citizenry occurs or for public safety purposes. Only 12.71 FTEs, or 4.43% of the new positions, have been in the General Government strategic program, which is considered the administrative component of the Johnson County Government.

The growth of FTEs in the General Government area has grown at a lesser rate than the population as evidenced by the indicator falling from 1.14 in 1997 to 1.06 in 2001. Some of the agencies in this program include Facilities, County Appraiser, County Manager, Budget and Financial Planning, Register of Deeds, Treasurer, Office of Financial Management, and Board of County Commissioners (see page 12).

The Public Works & Transportation program has experienced minimal growth. Only 4.87 FTEs have been added causing the ratio per 1,000 residents to decrease from 0.79 to 0.73.

The Public Safety strategic program has experienced the greatest increase with 118.85 new FTEs. Of this amount, over one-half are funded by the Public Safety Sales Tax, and FTEs are specifically dedicated for operations of the new Community Corrections Adult Residential Facility (26.03) or the Minimum Security Facility at the New Century Air Center (144.00). As a ratio, this area has grown from 2.39 staff per 1,000 residents to 2.43 per 1,000 residents.

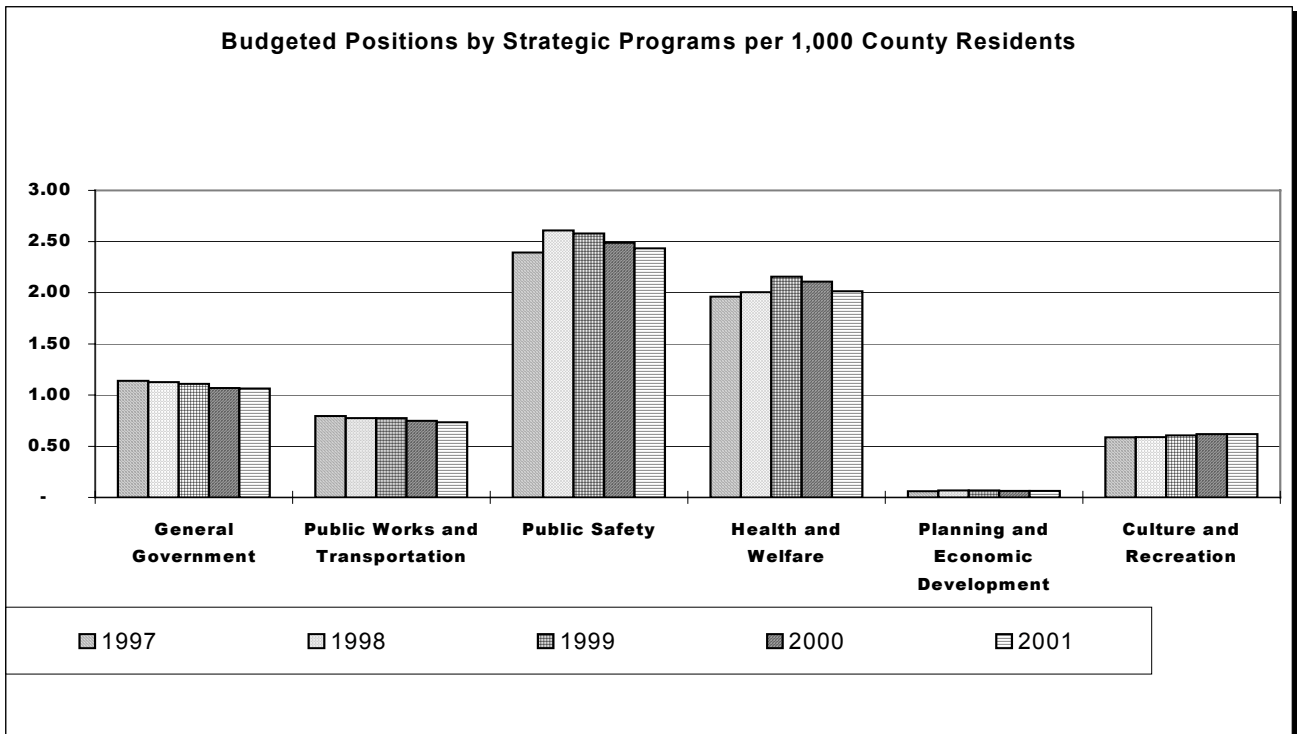
The Health & Welfare area has experienced growth due to the shifting of responsibilities for developmental disabilities, mental retardation and mental health services from the State of Kansas to the local governments. The ratio per 1,000 County residents has grown from 1.96 in 1997 to 2.01 in 2001.

The Planning and Economic Development strategic program has added only 3.48 FTEs over the last four years, causing the ratio per 1,000 residents to remain stable at .06.

The Culture & Recreation strategic program has experienced significant increases of 39.14 FTEs since 1997 due to the addition and enlargement of several library branches.

BUDGETED POSITIONS PER 1,000 COUNTY RESIDENTS

Budgeted Positions						
	1997	1998	1999	2000	2001	4 Year Growth
General Government	477.42	483.98	488.39	482.39	490.13	12.71
Public Works and Transportation	332.84	332.84	341.06	338.01	337.71	4.87
Public Safety	1,003.21	1,120.47	1,135.57	1,122.30	1,122.06	118.85
Health and Welfare	821.10	861.29	948.81	950.21	928.67	107.57
Planning and Economic Development	25.72	29.00	30.00	29.00	29.20	3.48
Culture and Recreation	245.63	253.19	266.67	279.52	284.77	39.14
Budgeted Positions	2,905.92	3,080.77	3,210.50	3,201.43	3,192.54	286.62
Population	418,976	429,649	440,198	451,086	461,031	
Budgeted Positions per 1,000 County Residents						
	1997	1998	1999	2000	2001	4 Year Change
General Government	1.14	1.13	1.11	1.07	1.06	(0.08)
Public Works and Transportation	0.79	0.77	0.77	0.75	0.73	(0.05)
Public Safety	2.39	2.61	2.58	2.49	2.43	0.04
Health and Welfare	1.96	2.00	2.16	2.11	2.01	0.05
Planning and Economic Development	0.06	0.07	0.07	0.06	0.06	(0.01)
Culture and Recreation	0.59	0.59	0.61	0.62	0.62	0.03
Budgeted positions per 1,000 county residents	6.95	7.16	7.29	7.11	6.92	(0.02)



Source: 1997 - 2001 Capital and Operating Budgets
Source: 1997 - 2001 Comprehensive Annual Financial Reports

CHANGE IN BUDGETED POSITIONS AS A PERCENTAGE OF TOTAL POSITION GROWTH

DESCRIPTION:

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

POLICY REFERENCES:

Board of County Commissioners approves all new full-time and part-time positions.

ANALYSIS:

Since 1997, the number of full-time equivalent positions (FTEs) approved by the Board of County Commissioners has grown by 286.62. Approximately four out of ten of these positions have been added to Public Safety & Judiciary functions. Some of the more significant changes in this area were:

- 144.00 FTEs for the new Minimum Security Facility operated by the Sheriff at the New Century AirCenter.
- 26.03 FTEs for the expanded Community Corrections Adult Residential Facility at the New Century AirCenter.
- 45.55 FTEs for the Juvenile Detention Center to implement a more full-time employee workforce based upon the Kansas Department of Health and Environment's requirements for a 70-bed facility.
- 29.49 FTEs for the District Attorney and Med-Act to keep up with demands related to the population growth.

The second largest increase occurred in the Health & Welfare strategic area. Since 1997, 107.57 FTEs have been added. Some of the significant changes in this area were:

- 33.91 FTEs for Developmental Supports to address the waiting lists of residents requiring services and to accommodate the closing of institutions operated by the State of Kansas.
- 35.96 FTEs for Mental Health to accommodate the closing of institutions operated by the State of Kansas and to provide mental health services for the increased inmate population as a result of the opening of the new Adult Detention Center and the Adult Community Corrections Center.
- 21.07 FTEs for Nursing Center to serve the additional residents after the facility was expanded.

The third largest increase in FTEs, 39.14, has occurred in the Culture & Recreation strategic area. Most of the significant changes in this area were:

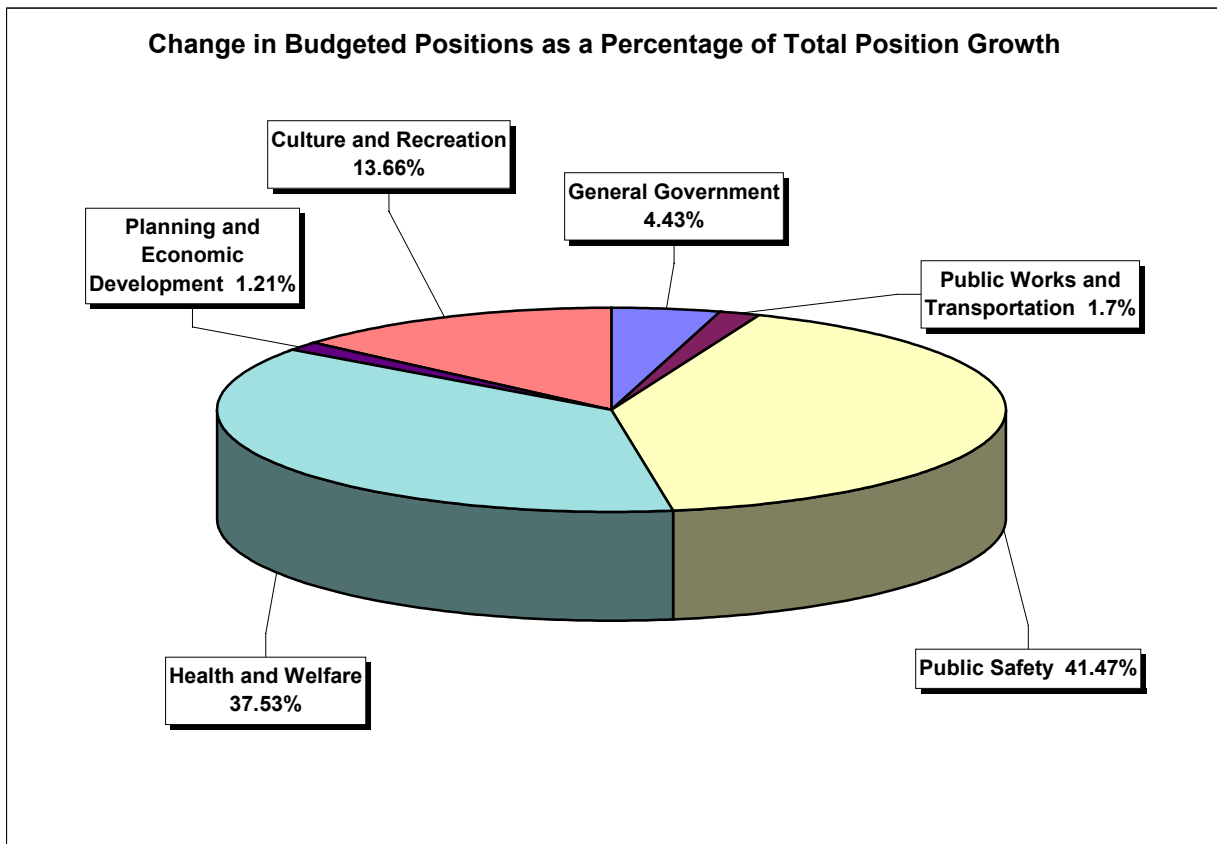
- 38.9 FTEs for the Johnson County Library to staff new branches in Shawnee, Leawood, Overland Park, and Gardner, an expanded Central Resource Library, and the conversion of the Antioch location to a branch library.

General Government, Public Works & Transportation and Economic Development functions have experienced minimal growth of 12.71 FTEs, 1.70 FTEs and 1.21 FTEs, respectively. Some of the significant changes in these areas were:

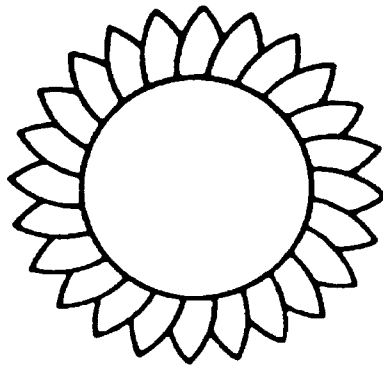
- 2.0 FTEs for the Appraiser as a result of the increased growth and development within the County.
- 3.0 FTEs for the Register of Deeds, again as a result of the increased mortgage activity within the County as a result of the growth.

CHANGE IN BUDGETED POSITIONS AS A PERCENTAGE OF TOTAL POSITION GROWTH

Budgeted Positions				%
	1997	2001	Growth	Growth
General Government	477.42	490.13	12.71	4.43%
Public Works and Transportation	332.84	337.71	4.87	1.70%
Public Safety	1,003.21	1,122.06	118.85	41.47%
Health and Welfare	821.10	928.67	107.57	37.53%
Planning and Economic Development	25.72	29.20	3.48	1.21%
Culture and Recreation	245.63	284.77	39.14	13.66%
Budgeted Positions	2,905.92	3,192.54	286.62	100.00%



Source: 1997 - 2001 Comprehensive Annual Financial Reports



OPERATING POSITION

- Unreserved Fund Balance for the General Fund and Debt Service Fund
- Compensated Absences Payable

UNRESERVED FUND BALANCE FOR THE GENERAL FUND AND DEBT SERVICE FUND

DESCRIPTION:

The table and graphs present unreserved fund balances for the General Fund and the Debt Service Fund from 1997-2001. 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. Depicted for the General Fund are the unreserved balances which include: amounts designated for public safety; amounts designated for capital expenditures; amounts designated for working capital; amounts designated for restricted agencies; and the undesignated balance. In 1997-2001, the fund balance designated for public safety for the General Fund represents the Public Safety Sales Tax. The 1997 designation for capital expenditures represents the reserve for the County Assisted Road System (CARS). The fund balance designated for working capital for the General Fund, which is detailed below, is the 10% reserve. The designation for restricted agencies represents the restricted revenue from 9-1-1, State Supported Alcohol, Public Health, Prisoner Boarding and Heritage Trust. The undesignated balance includes funds that are in excess of the County's reserve policy and are carried over to the next fiscal year.

Depicted for the Debt Service Fund are the unreserved balances which include amounts designated for debt service and amounts designated for working capital.

POLICY REFERENCES:

Working Capital Policy, Resolution No. 073-95, dated August 3, 1995 (Sections 2 & 4):

Section 2 – General Fund Reserves for Working Capital – Johnson County's General Fund reserves for working capital should equal at least 10% of the budgeted revenues for the upcoming budget year. This would equal slightly more than one month of revenues for the General Fund. "Budgeted Revenues" means all revenues budgeted in the General Fund excluding grant revenues, intrafund transfers, interfund transfers, restricted revenues, and any cost allocation amounts transferred within the General Fund.

Section 4 – County's Debt Service Fund Reserves for Working Capital – Because of the need to protect the County from any default situation, the County's Debt Service Fund should provide for a reasonable reserve for working capital. The County's Debt Service Fund has both general tax levy and special assessment levy supported debt. Therefore, the reserve limit should be 5% of the principal and interest due and any annualized amounts for all notes outstanding in the upcoming budget year.

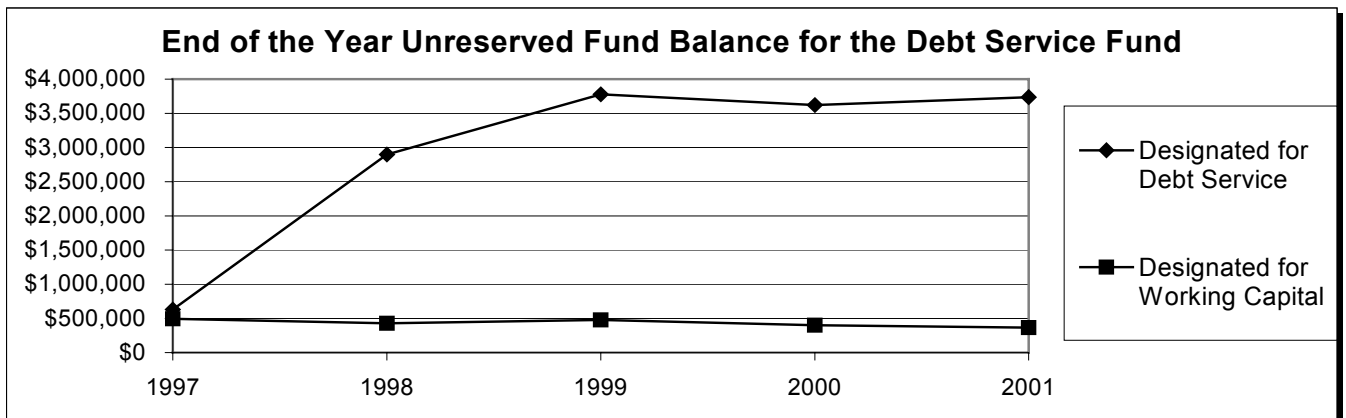
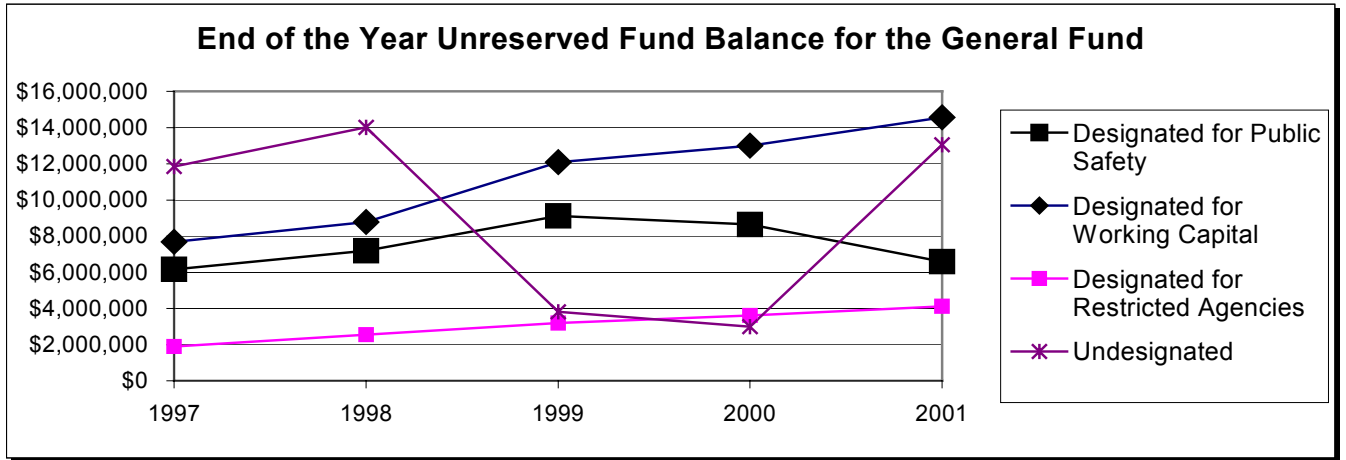
ANALYSIS:

Prior to 1998, the County experienced an overall decline in the year-end unreserved fund balance of the General Fund. However, the balance of the General Fund was in compliance with the General Fund Reserves for Working Capital Policy listed above. The increase in 1998 is attributed to the increases in the mortgage registration and recording fee revenues due to the low interest rates available throughout the United States stimulating home financing and refinancing of existing mortgages. The overall decline in the General Fund undesignated balance in 1997 and 1999 is the result of the BOCC directive to roll back the mill levy and draw down the amount of undesignated funds (use of carryover). The decrease in the undesignated balance from 1999 to 2000 can be tied to a \$4,600,000 transfer from the General Fund to the County's Self-Insured Health Care Fund. The increase in the undesignated balance for 2001 is largely attributable to increases in revenues from property and sales taxes and mortgage registration and recording fees from original budget expectations.

From 1997 to 2001, the year-end fund balance of the Debt Service Fund has fluctuated. The balance of the Debt Service Fund is in compliance with the County's Debt Service Fund Reserves for Working Capital Policy listed above. The fluctuations occurred within the fund balance designated for debt service. In 1997, the decrease in the amount designated for debt service can be credited to the retirement of outstanding debt as well as the continued utilization of Public Building Commission Lease Purchase Revenue Bonds as a method of financing long-term projects. In 1999, the increase in the amount designated for debt service can be attributed to the 1999 issuance of Internal Improvement and Library Bonds. The amount designated for debt service remained stable from 1999 to 2001. The Debt Service Fund balance designated for working capital has remained relatively constant from 1997 to 2001.

UNRESERVED FUND BALANCE FOR GENERAL FUND AND DEBT SERVICE FUND

	1997	1998	1999	2000	2001
General Fund					
Designated for Public Safety	\$ 6,159,876	\$ 7,194,165	\$ 9,120,838	\$ 8,644,360	\$ 6,582,601
Designated for Working Capital	7,676,226	8,782,689	12,083,443	12,989,712	14,571,462
Designated for Restricted Agencies	1,898,335	2,550,835	3,187,391	3,609,273	4,123,611
Undesignated	11,849,453	14,001,031	3,820,865	2,993,176	13,045,631
General Fund Total	\$ 27,583,890	\$ 32,528,720	\$ 28,212,537	\$ 28,236,521	\$ 38,323,305
Debt Service Fund					
Designated for Debt Service	\$ 629,235	\$ 2,898,023	\$ 3,776,553	\$ 3,620,639	\$ 3,738,203
Designated for Working Capital	495,404	428,221	476,358	402,129	364,114
Debt Service Fund Total	\$ 1,124,639	\$ 3,326,244	\$ 4,252,911	\$ 4,022,768	\$ 4,102,317



Source: (1) 1997-2001 Comprehensive Annual Financial Reports
 (2) County Debt Service Fund only, excludes Park & Recreation Debt Service Fund

COMPENSATED ABSENCES PAYABLE

DESCRIPTION:

The County permits full-time and certain part-time employees to accumulate vacation based on tenure, with most employees limited to a maximum of 24 calendar days. Upon termination or resignation from County service, employees are entitled to payment for all accrued vacation earned prior to separation from service.

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 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. Accrued vacation and sick pay are calculated using the current salary rate of employees and reflect the vested portion. In the governmental fund types, the amount of vacation and sick leave benefits included in expenditures for the current year represent the amount liquidated during the year with expendable available resources.

In proprietary funds, vacation and sick pay benefits are accrued when incurred, and reported as a fund liability/expense.

Beginning in 1999, estimated vacation and sick leave payouts are being budgeted annually in a payout fund. The appropriation amount for the fund is based upon the payout totals of prior years and is being reviewed annually. Prior to 1999, vacation and sick leave payouts were unbudgeted expenses incurred by County departments.

POLICY REFERENCES:

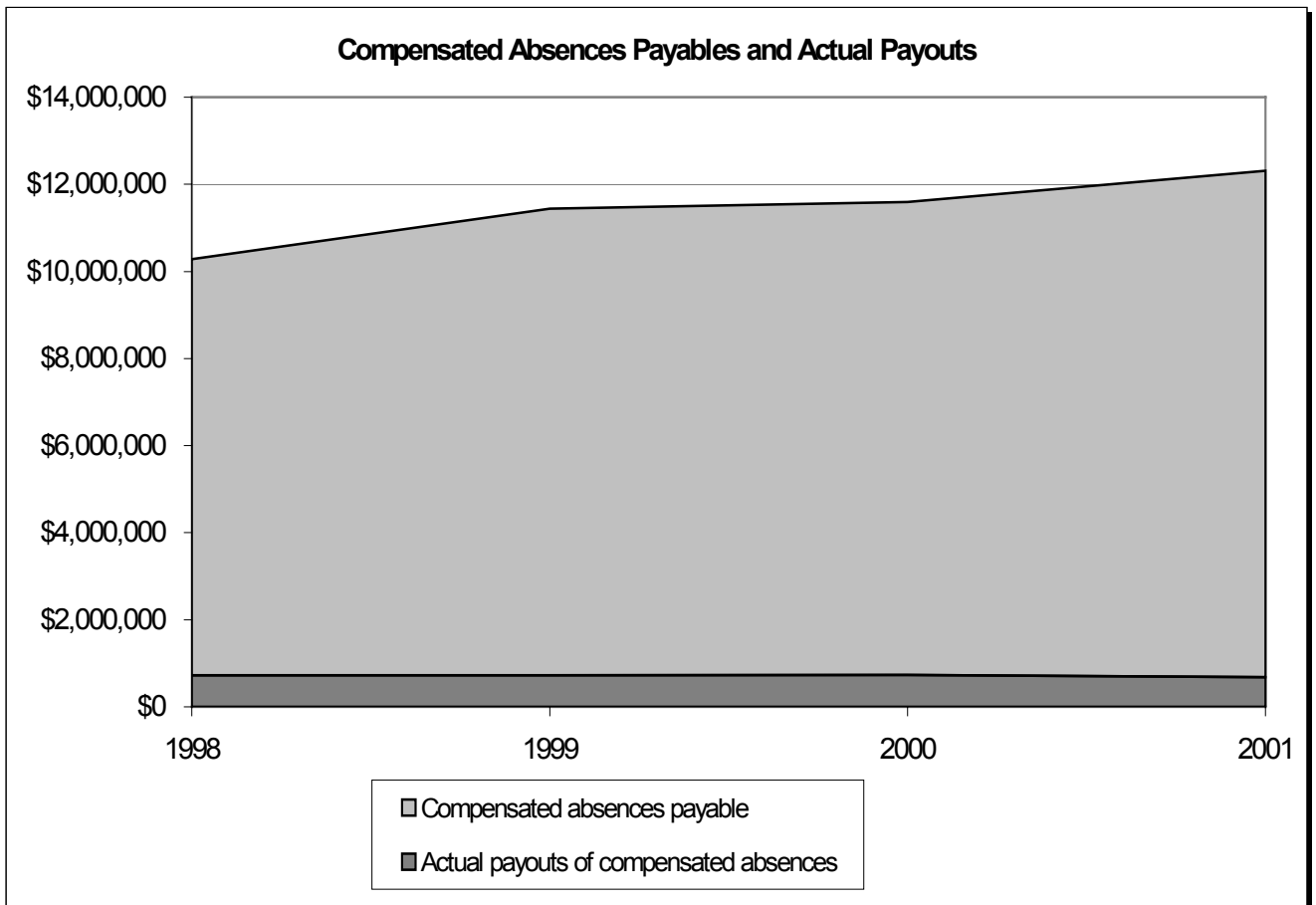
Johnson County Personnel Policy Number 272: Separation

ANALYSIS:

Over the past three years, compensated absences payable increased 21.63% from 1998 to 2001. The increases can be attributed to increases in pay rates, the increased number of employees, increased employee turnover, and a stable level for the average tenure of employees. Actual payouts of compensated absences decreased 5.8% from 1998 to 2001. The turnover rate was 14.59% in 1998, 18.20% in 1999, 19.00% in 2000 and 20.20% in 2001. The average tenure of full-time employees was 6.35 in 1998, 5.91 in 1999, 6.14 in 2000 and 6.74 years for 2001. The number of full-time and part-time employees receiving vacation and sick leave benefits increased 6.98% from 1998 to 2001.

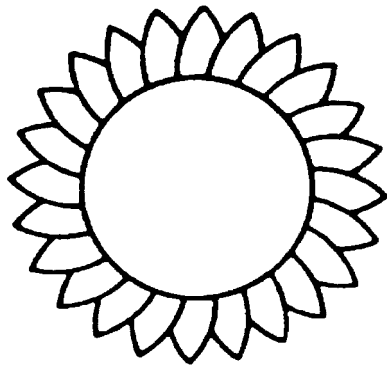
COMPENSATED ABSENCES PAYABLE

	1998	1999	2000	2001	Three Year Change
Compensated absences payable (1)	\$9,562,071	\$10,715,660	\$10,863,262	\$11,630,546	21.63%
Actual payouts of compensated absences (2)	\$721,013	\$722,126	\$731,041	\$679,211	-5.80%
Number of full-time employees as of December 31 (2)	2,623	2,712	2,716	2,806	6.98%
Number of part-time employees as of December 31 (2)	328	308	328	355	8.23%



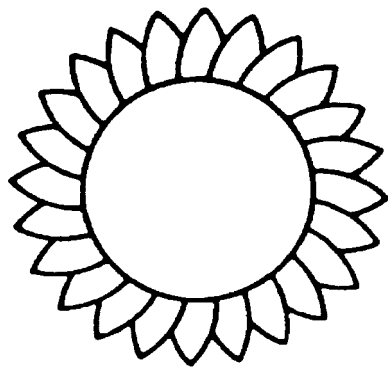
Source: (1) 1998-2001 Comprehensive Annual Financial Reports

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



DEBT MANAGEMENT

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



DEBT MANAGEMENT OVERVIEW

In Johnson County, the demand for services continues to increase due to rapid 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 policy to consider “pay-as-you-go” methods before issuing any tax-supported debt. Examples of these methods are a one-fourth cent sales tax to fund public safety projects and a one-tenth cent sales tax to fund stormwater capital improvements. However, as capital infrastructure requirements increase with the population it is not feasible for the County to fund all capital improvements with “pay-as-you-go” methods.

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 comprehensive debt management policies on July 1, 1993, with Resolution 051-93. The objectives for adopting such policies are:

- ◆ To maintain the County’s ability to access the municipal bond market at favorable interest rates in amounts needed for capital improvements, economic development, facilities, and equipment to provide essential County services.
- ◆ To continually seek to maintain and improve the County’s current credit ratings so that borrowing costs are minimized and access to credit is preserved.
- ◆ To avoid any financial decision which will negatively impact the County’s current credit ratings on the existing and future debt issues.
- ◆ To coordinate all County debt issues with local jurisdictions’ debt issuances to allow for favorable marketing of countywide debt issues, and to mitigate the aggregate debt service burden on taxpayers.
- ◆ To seek to minimize debt interest costs whenever prudent in consideration of other cost factors and/or tax burden.
- ◆ The County’s financial management policies should be oriented 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 table and graphs reflect the amount of outstanding County general obligation and special assessment debt, net of fund balances in the debt service funds. 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 general obligation debt, as that debt is supported by user charges and not by ad valorem taxes. The table does include Wastewater special assessment debt, as that debt is related to specific obligations to develop joint and lateral sewer districts, and the County has made a commitment to pay special assessment bonds in the event less than sufficient revenues are collected for the required debt service. This table excludes Public Building Commission (PBC) bonds as they are considered revenue bonds.

POLICY REFERENCES:

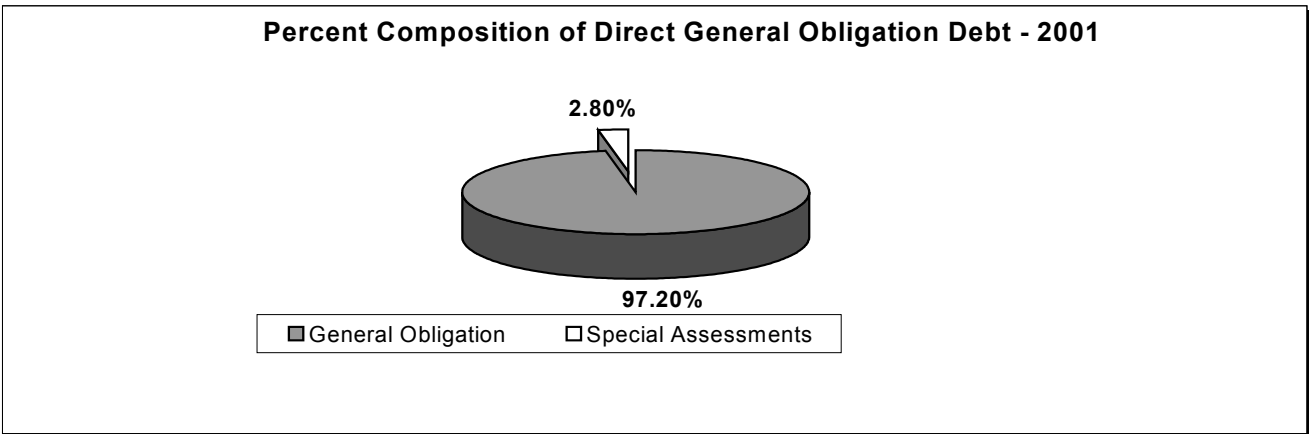
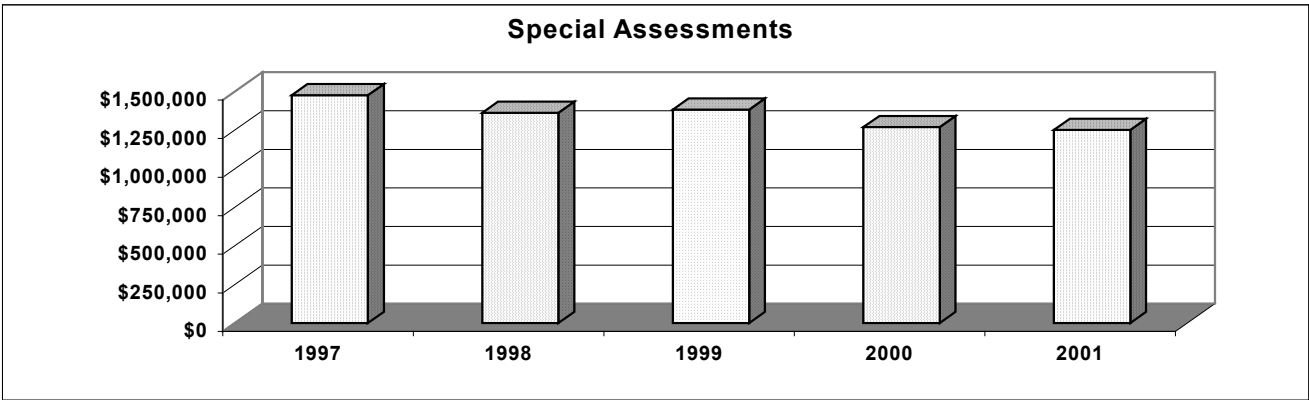
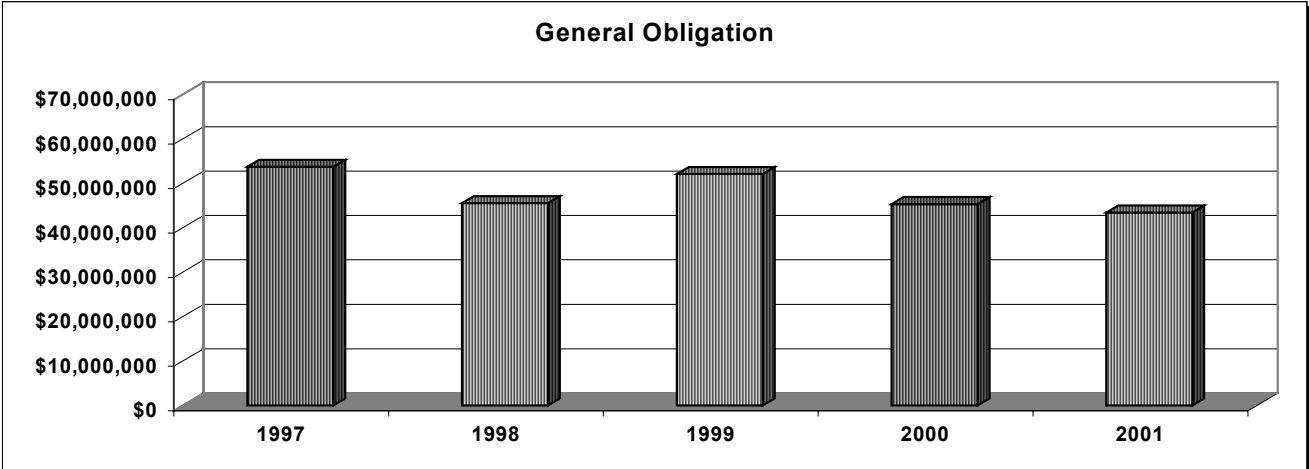
Debt Management Policy, Resolution No. 051-93, dated July 1, 1993

ANALYSIS:

The table and graphs depict an overall decline in direct general obligation net debt of 19% over the past five years, which is a reflection of the change in the structure of the County's debt. In the past five years the County has used PBC Lease Purchase Revenue Bonds to finance facility construction and renovation. The PBC is empowered to issue revenue bonds to finance capital facilities and, in turn, lease the facilities to the County. The increased use of PBC bonds results in a decreased need for general obligation bond financing. General obligation debt represents 97.2% of total direct general obligation net debt. The increase in general obligation debt in 1999 represents a combination of \$8,105,000 Series 1999A Internal Improvement bonds and \$6,415,000 Series 1999B Library Bonds, coupled with paydown of principal on existing bonds. There was no significant change to outstanding debt from 2000 to 2001. Debt for \$300,000 Series 2001C and \$3,220,000 Series 2001B Library Bonds were issued during 2001; however, the debt issued was less than the amount paid down leading to an overall decrease in outstanding debt for the year ended December 31, 2001. Special assessment debt represents 2.8% of total direct general obligation net debt.

DIRECT GENERAL OBLIGATION NET DEBT

	1997	1998	1999	2000	2001
General Obligation	\$ 53,702,353	\$ 45,515,205	\$ 52,093,078	\$ 45,321,804	\$ 43,425,841
Special Assessments	1,478,010	1,363,554	1,384,012	1,270,429	1,251,842
Total:	\$ 55,180,363	\$ 46,878,759	\$ 53,477,090	\$ 46,592,233	\$ 44,677,683



Source: 1997 - 2001 Comprehensive Annual Financial Reports

DIRECT AND OVERLAPPING GENERAL OBLIGATION NET DEBT

DESCRIPTION:

The table and graphs reflect the amount of County and countywide overlapping outstanding general obligation and special assessment debt, net of fund balances in the debt service funds. Overlapping debt is general obligation debt of 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 burden on the tax base. The County's portion of this debt includes Wastewater special assessment debt and excludes Wastewater general obligation debt and Public Building Commission debt.

POLICY REFERENCES:

Debt Management Policy, Resolution No. 051-93, dated July 1, 1993

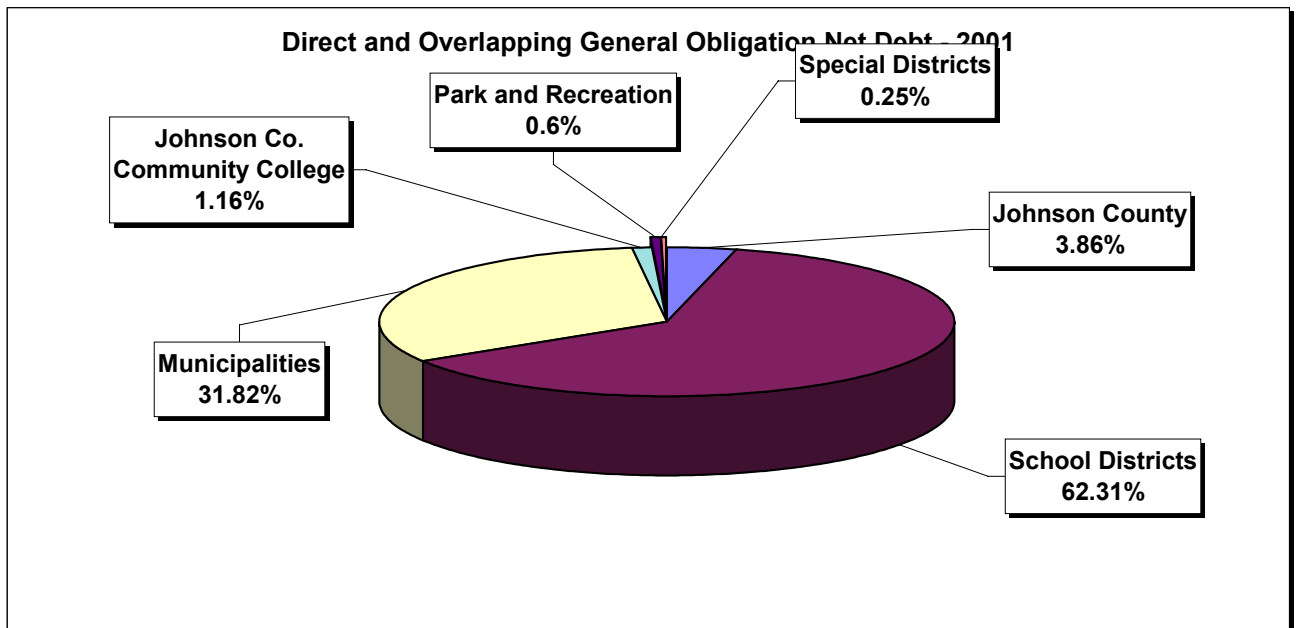
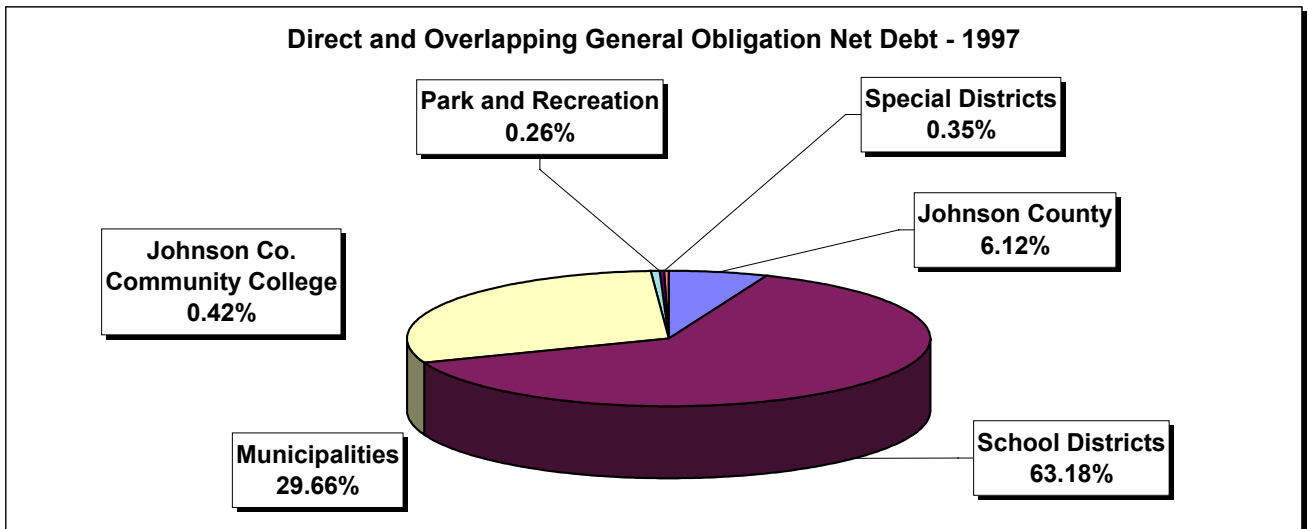
ANALYSIS:

The table and graphs depict an overall growth of 39% in direct and overlapping general obligation net debt from 1997 to 2001, which is a reflection of Johnson County's growth in population and services over the same period.

- ◆ **County** debt accounted for 3.86% of total net debt in 2001 compared to 6.12% in 1997. The decrease in percentage of total net debt is attributed to the overall increase in Municipality and School District debt as noted below and use of Public Building Commission bonds rather than General Obligation bonds.
- ◆ **School District** debt accounted for 62.31% of total net debt in 2001 compared to 63.18% in 1997. This debt has increased \$151,996,438 or 26.69% from 1997 to 2001, which is a reflection of accommodating the ever-increasing growth in school population, consistent with the overall growth of the County. Total school enrollment has increased from 82,804 in 1997 to 89,104 in 2001, a 7.61% increase. Increased school enrollment creates a need not only for continuing capital maintenance and expansion of existing school structures, but also a need for new school structures.
- ◆ **Municipalities** debt accounted for 31.82% of total net debt in 2001 compared to 29.66% in 1997. This debt increased \$101,146,345 from 1997 to 2001, which is a 37.83% increase. Again, growth in population within these municipalities made it necessary to finance infrastructure needs with bonds.
- ◆ **Johnson County Community College** debt accounted for 1.16% of total net debt in 2001 compared to 0.42% in 1997. This debt increased \$9,595,667 from 1997 to 2001. The increase is due to the construction of the Student Services Building as well as an expansion of the Commons Building/Student Services Building.
- ◆ **Johnson County Park and Recreation** debt accounted for 0.60% of total net debt in 2001 compared to 0.43% in 1997. The \$5,707,704 increase from 1998 to 1999 is due to the Big Bull Creek Park development.
- ◆ **Special Districts** debt accounted for 0.25% of total net debt in 2001 compared to 0.35% in 1997. Special districts are comprised of various Fire Districts within the County. The increase in outstanding debt corresponds to the growth within those areas and the need for increased services provided. The decrease is attributable to the continuing payment on outstanding issues. No new debt has been issued since the 1997 issue for the construction of a new fire station and remodeling of existing stations for Rural Fire District #2.

DIRECT AND OVERLAPPING GENERAL OBLIGATION NET DEBT

	1997	1998	1999	2000	2001
Johnson County	\$55,180,363	\$46,878,759	\$53,477,090	\$46,592,233	\$44,677,683
School Districts	569,499,965	589,546,303	663,425,866	665,283,005	721,496,403
Municipalities	267,347,971	289,580,931	300,296,427	327,695,333	368,494,316
Johnson Co. Community College	3,827,654	12,752,114	12,109,011	14,446,974	13,423,321
Park and Recreation	2,357,510	2,104,690	7,812,394	7,439,763	6,964,827
Special Districts	3,168,067	2,366,922	2,116,449	1,859,935	2,927,533
Total:	\$901,381,530	\$943,229,719	\$1,039,237,237	\$1,063,317,243	\$1,157,984,083



Source: 1997 - 2001 Comprehensive Annual Financial Reports

DIRECT AND OVERLAPPING GENERAL OBLIGATION NET DEBT PER CAPITA

DESCRIPTION:

The tables and graphs 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 entities located within the County. This information is presented to show the burden placed on each County resident resulting from issuance of debt. The County's portion of this debt includes Wastewater special assessment debt and excludes Wastewater general obligation debt and Public Building Commission debt.

POLICY REFERENCES:

Debt Management Policy, Resolution No. 051-93, dated July 1, 1993

Specifically policy #25:

- ◆ "Direct general obligation debt and capital leases will not exceed \$200 to \$300 per capita."
- ◆ "Direct general obligation debt and capital leases will not exceed 1.00% to 1.25% of per capita income."

ANALYSIS:

County:

- ◆ The County's net debt per capita ranges from \$132 in 1997 to \$97 in 2001. These amounts are well within the County's Debt Management Policy guidelines as noted above.
- ◆ The County's net debt per capita is approximately 0.2% to 0.4% of per capita income, which falls below the maximum noted in the policy above.

Countywide overlapping:

Countywide overlapping debt per capita has ranged from a low of \$2,151 in 1997 to a high of \$2,645 in 2000. For 2001, the Countywide overlapping debt per capita declined to \$2,512. A growing population has driven this increase. As the population has increased, there has been a need to finance new schools and expanded infrastructure.

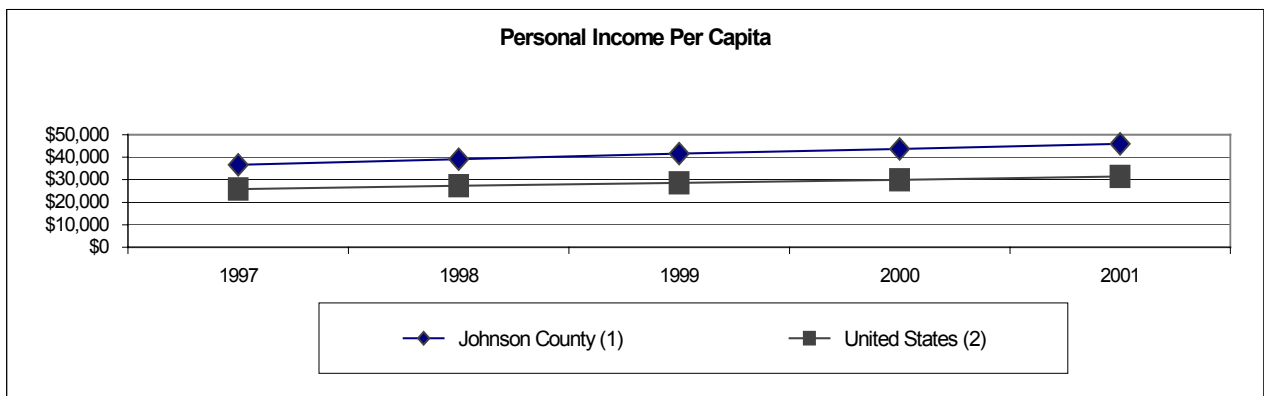
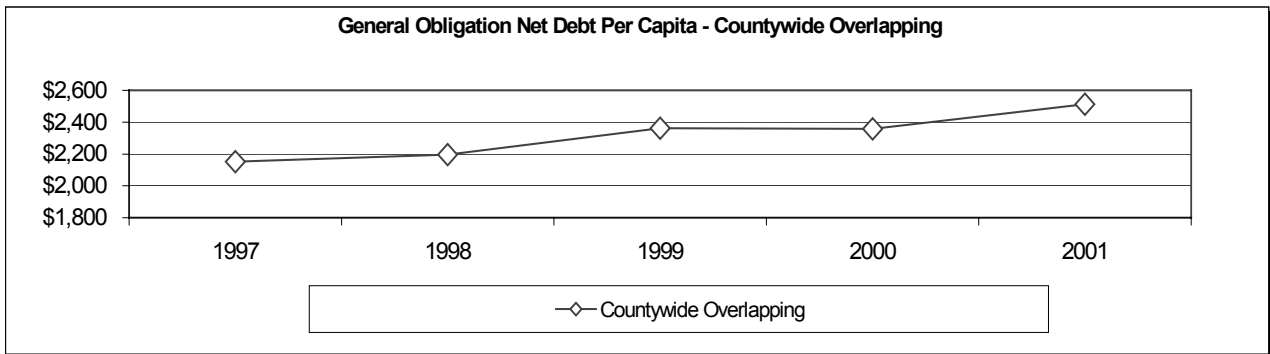
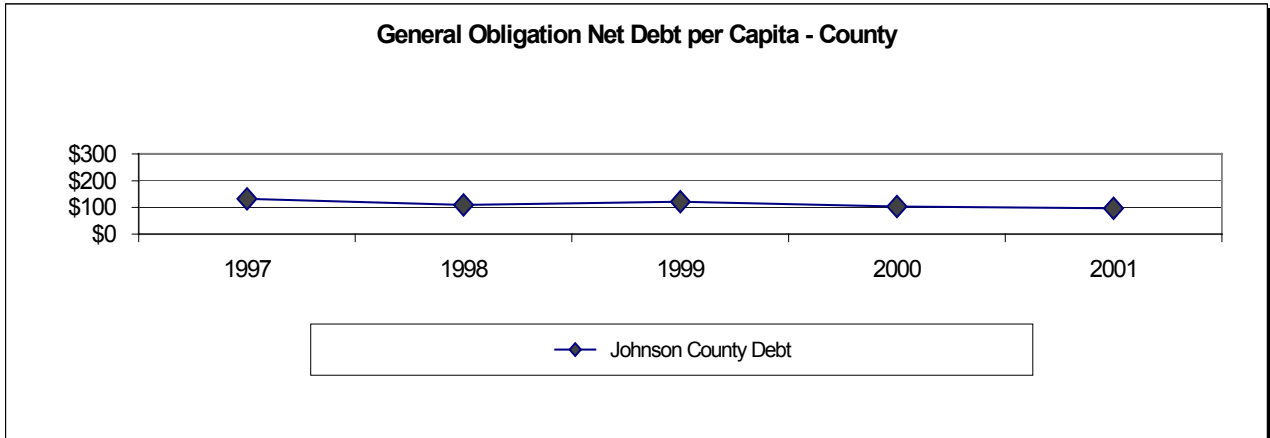
As countywide overlapping debt has increased, so has the County's personal income per capita. From 1997 to 2001, personal income per capita has increased from \$36,627 in 1997 to \$45,970 in 2001. In this same time period, personal income per capita throughout the United States has increased from \$25,874 to \$31,350.

JOHNSON COUNTY GENERAL OBLIGATION NET DEBT PER CAPITA

	1997	1998	1999	2000	2001
Johnson County Debt	\$ 55,180,363	\$ 46,878,759	\$ 53,477,090	\$46,592,233	\$ 44,677,683
Countywide Overlapping G.O. Net Debt	\$901,381,530	\$943,229,719	\$1,039,237,237	\$1,063,317,243	\$1,157,984,083
Population	418,976	429,649	440,198	451,086	461,031
Johnson County Debt Per Capita	\$131.70	\$109.11	\$121.48	\$103.29	\$96.91
Countywide Net Debt Per Capita	\$2,151.39	\$2,195.35	\$2,360.84	\$2,357.24	\$2,511.73

JOHNSON COUNTY GENERAL OBLIGATION NET DEBT PER CAPITA

	1997	1998	1999	2000	2001
Johnson County Debt Per Capita	\$ 132	\$ 109	\$ 121	\$ 103	\$ 97
Countywide Overlapping Debt Per Capita	\$ 2,151	\$ 2,195	\$ 2,361	\$ 2,357	\$ 2,512
Personal Income per Capita:					
Johnson County (1)	\$ 36,627	\$ 39,107	\$ 41,557	\$ 43,618	\$ 45,970
United States (2)	\$ 25,874	\$ 27,321	\$ 28,546	\$ 29,915	\$ 31,350



Source: Office of Financial Management

(1) 1997-2001 Comprehensive Annual Financial Report

(2) U. S. Department of Commerce Bureau of Economic Analysis

GENERAL OBLIGATION NET DEBT AS A PERCENT OF ESTIMATED MARKET VALUE OF PROPERTY

DESCRIPTION:

The table and graphs reflect the amount of Johnson County net debt and countywide overlapping net debt as a percent 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 includes Wastewater special assessment debt and excludes Wastewater general obligation debt and Public Building Commission debt.

POLICY REFERENCES:

Debt Management Policy, Resolution No. 051-93, dated July 1, 1993

- ◆ Policy #25 includes "Direct general obligation debt will not exceed 1.00% to 1.25% of the market value of taxable property."

ANALYSIS:

As can be seen by the table and graphs, Johnson County net debt as a percent of estimated market value decreased from 0.22% in 1997 to 0.10% in 2001, and countywide overlapping net debt as a percent of market value decreased from 3.58% in 1997 to 2.71% in 2001. These trends appear reasonable given the rapid growth in property values in recent years (57.75% increase from 1997 to 2001).

County:

- ◆ The favorable decrease in the County's percentage from 1997 to 2001 depicts a growing capacity to service public debt of the County.
- ◆ The County's net debt as a percent of estimated market value complies with the Debt Management Policy guidelines as noted above.

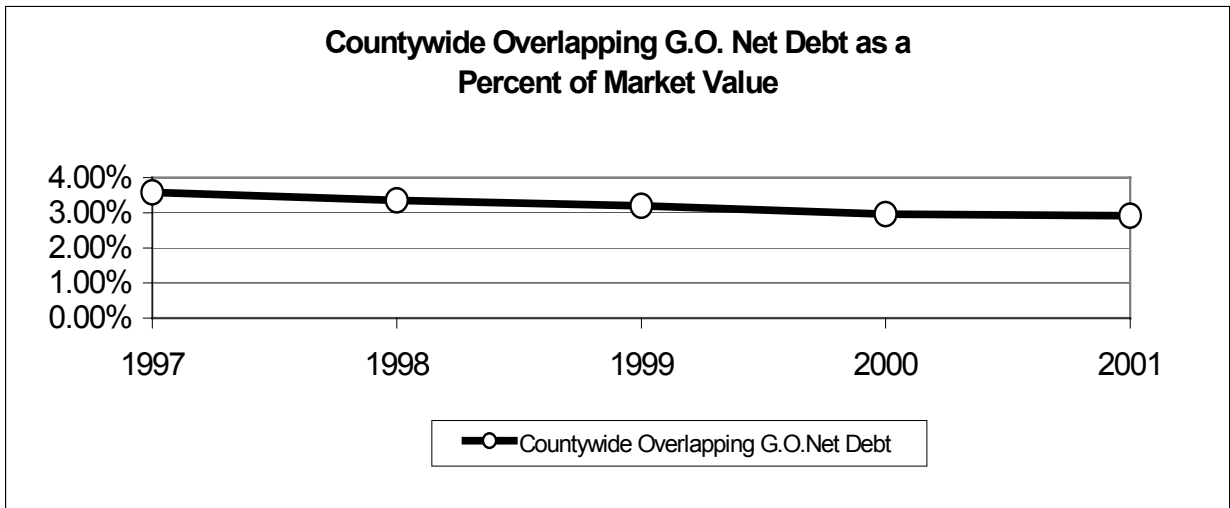
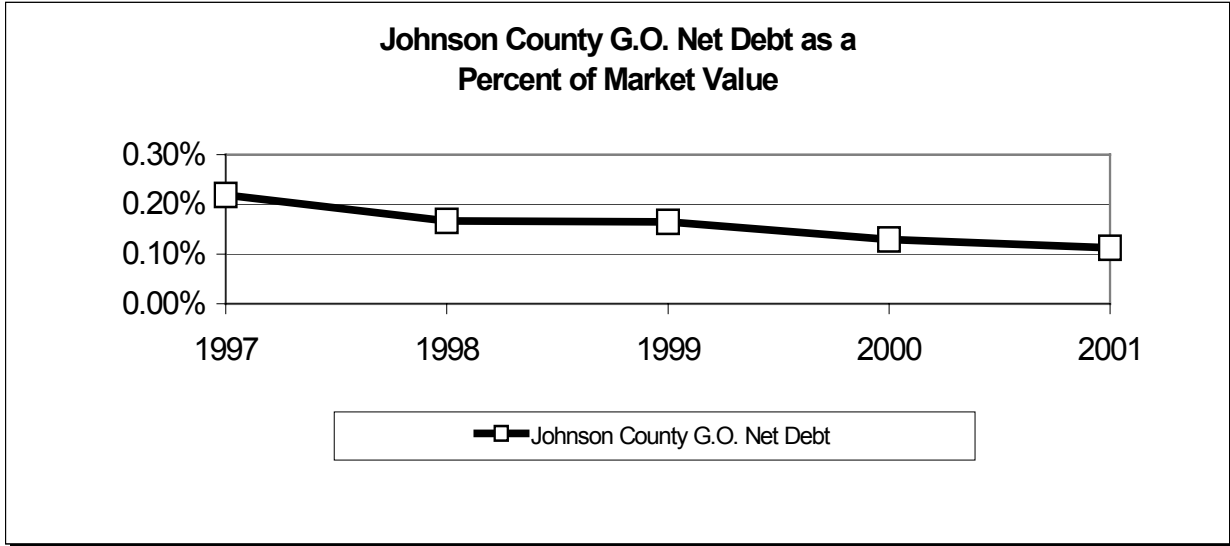
Countywide overlapping:

Countywide overlapping debt as a percent of market value has decreased from 3.58% in 1997 to 2.91% in 2001. This favorable decrease also depicts a growing capacity to service public debt.

	1997	1998	1999	2000	2001	Four Year Change
Johnson County Debt	\$ 55,180,363	\$ 46,878,759	\$ 53,477,090	\$ 46,592,233	\$ 44,677,683	-19.03%
Countywide overlapping Net Debt	\$ 901,381,530	\$ 943,229,719	\$ 1,039,237,237	\$ 1,063,317,243	\$ 1,157,984,083	28.47%
Market Value of Property (Actual) in County	\$ 25,196,700,863	\$ 28,121,598,041	\$ 32,449,663,701	\$ 35,949,292,420	\$ 39,746,865,534	57.75%
Johnson County Debt as a Percent of Market Value	0.22%	0.17%	0.16%	0.13%	0.11%	
Increase/Decrease Over Previous Year		-23.88%	-1.14%	-21.36%	-13.27%	
Countywide overlapping Net Debt as a Percent of Market Value	3.58%	3.35%	3.20%	2.96%	2.91%	
Increase/Decrease Over Previous Year		-6.24%	-4.52%	-7.64%	-1.50%	

GENERAL OBLIGATION NET DEBT AS A PERCENT OF ESTIMATED MARKET VALUE OF PROPERTY

	1997	1998	1999	2000	2001
Johnson County G.O. Net Debt as a Percent of Market Value	0.22%	0.17%	0.16%	0.13%	0.11%
Countywide Overlapping G.O. Net Debt as a Percent of Market Value	3.58%	3.35%	3.20%	2.96%	2.91%



Source: Office of Financial Management

NET DEBT PAYABLE BY OBLIGATION TYPE

DESCRIPTION:

The table and graphs reflect the principal amount outstanding of County net debt by type of obligation, net of fund balance in the debt service funds. This information is presented to show the breakdown of the County's debt, including general obligation bonds, special assessment bonds, revenue bonds and state loans. General obligation bonds are retired by property tax levy, while special assessment bonds are retired by special assessment levies attached to the properties that benefit from the issuance of the debt. Public Building Commission bonds are supported by long-term lease revenues from the County. Revenue bonds are expected to be retired from dedicated revenue sources and consist of Airport and Park and Recreation District bonds. Long-term lease obligations are the expected principal owed on "lease-purchase" arrangements.

The Wastewater debt is supported by the full faith and credit of the County; however, this debt is retired through revenue received from user charges and does not impact ad valorem tax rates.

POLICY REFERENCES:

Debt Management Policy, Resolution No. 051-93, dated July 1, 1993

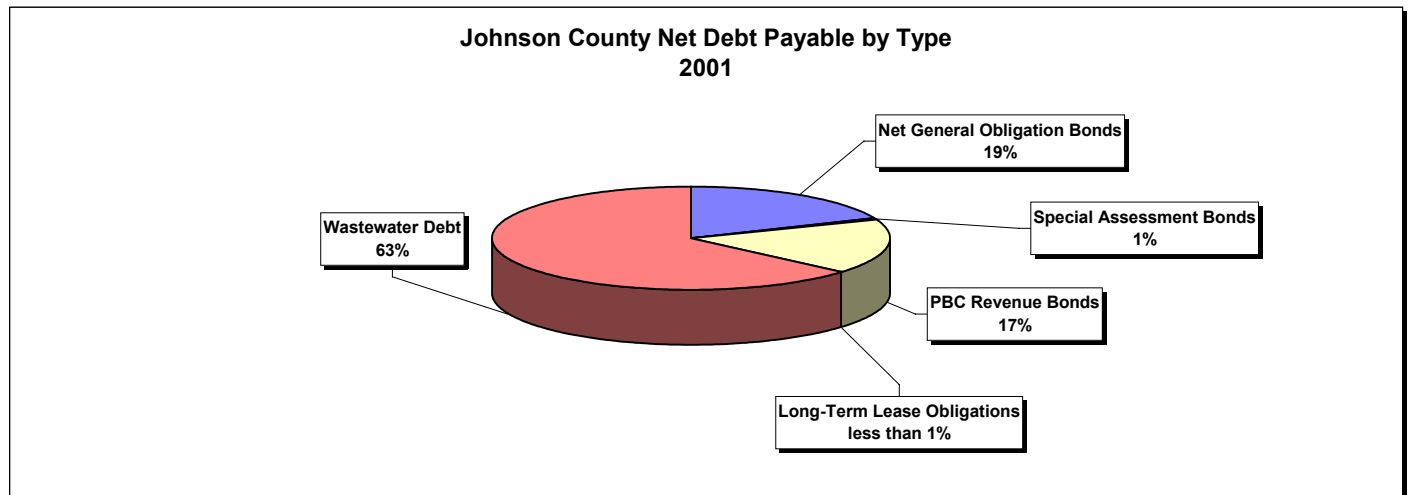
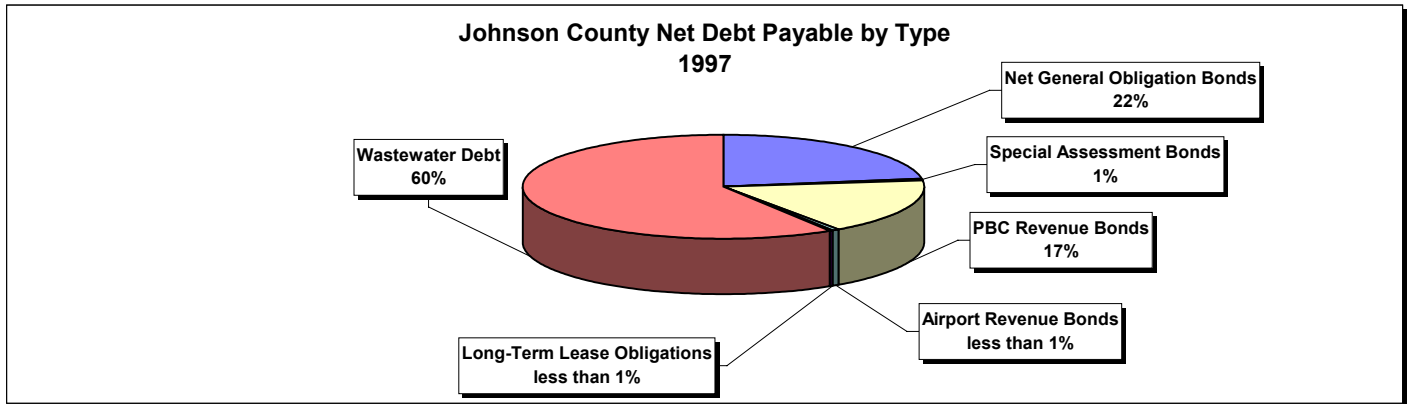
- ◆ Policy #10: For capital needs of enterprise operations, debt financing should be considered so the ratepayers who utilize the capital improvement over the life of the improvement are required to support the capital financing.

ANALYSIS:

As shown by the table and graphs, the County's total debt portfolio has decreased 2.66% from 1997 to 2001. The trend of debt composition from 1997 to 2001 reflects a 3.44% decrease in Public Building Commission (PBC) bonds, a 19.14% decrease in net general obligation bonds and notes, and a 59.7% decrease in long-term lease obligations. This trend appears reasonable given the County's debt management policies pertaining to minimizing the overall property tax burden on repayment of debt, as certain PBC bonds (for the Fred Allenbrand Criminal Justice Complex) are funded with the Public Safety Sales Tax, thus not impacting ad valorem tax rates. The Wastewater debt, which funds the sewer infrastructure of the County, comprises over 60% of the County's total debt portfolio, and its growth is consistent with the overall growth of the County, as well as the policy guidelines stated above.

JOHNSON COUNTY NET DEBT PAYABLE BY OBLIGATION TYPE

	1997	1998	1999	2000	2001
Net General Obligation Bonds	\$53,702,353	\$45,515,205	\$52,093,078	\$45,321,804	\$43,425,841
Special Assessment Bonds	1,478,010	1,363,554	1,384,012	1,270,429	1,251,842
PBC Revenue Bonds	41,740,000	55,500,000	51,890,000	46,160,000	40,305,000
Airport Revenue Bonds	905,000	655,000	395,000	120,000	-
Long-Term Lease Obligations	803,917	643,880	631,961	648,894	323,977
Wastewater Debt	141,501,465	143,978,184	143,675,815	136,534,910	148,434,342
Grand Total:	\$240,130,745	\$247,655,823	\$250,069,866	\$230,056,037	\$233,741,002
Percent of Grand Total:	1997	1998	1999	2000	2001
Net General Obligation Bonds	22%	18%	21%	20%	19%
Special Assessment Bonds	1%	1%	1%	1%	1%
PBC Revenue Bonds	17%	22%	21%	20%	17%
Airport Revenue Bonds	0%	0%	0%	0%	0%
Long-Term Lease Obligations	0%	0%	0%	0%	0%
Wastewater Debt	60%	59%	57%	59%	63%
	100%	100%	100%	100%	100%



Source: 1997 - 2001 Comprehensive Annual Financial Reports

PUBLIC BUILDING COMMISSION DEBT

DESCRIPTION:

The table and graphs reflect the amount of outstanding Public Building Commission (PBC) debt and percentage of principal and interest maturities of total outstanding maturities over the next five years. This information is presented to show the trend of PBC debt issuance over the past five years and the trend of the maturities of the 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 listed above and repays the bonds from the lease payments received from the corresponding government entity. PBC debt is not considered a component of direct general obligation net debt. PBC debt repayment is appropriated through the annual budget process.

POLICY REFERENCES:

Debt Management Policy, Resolution No. 051-93, dated July 1, 1993

ANALYSIS:

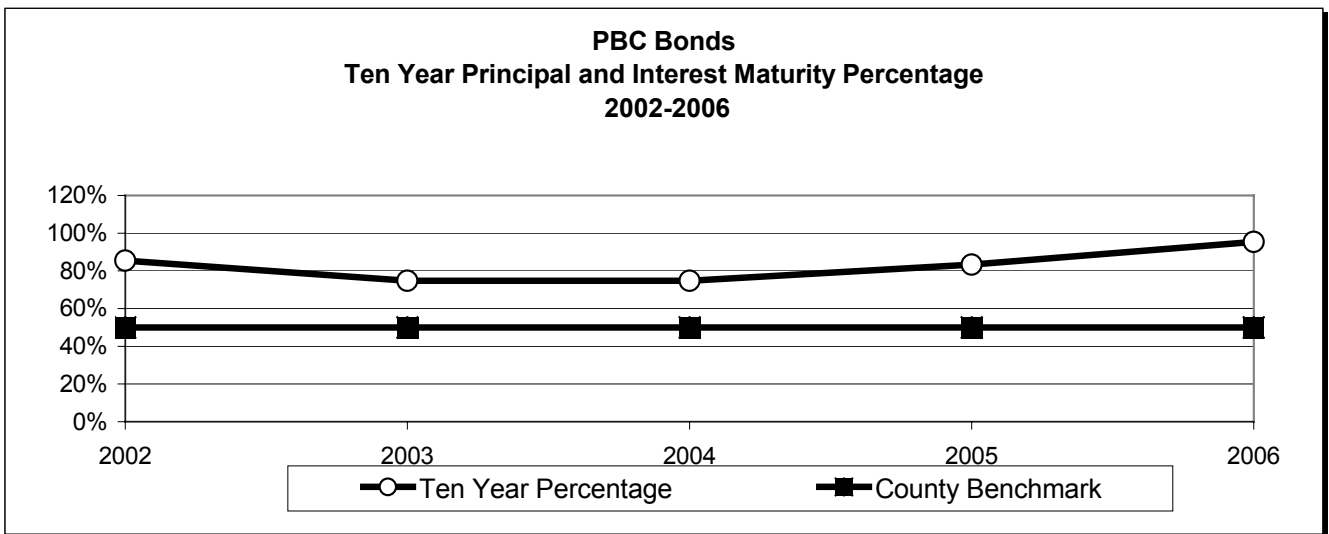
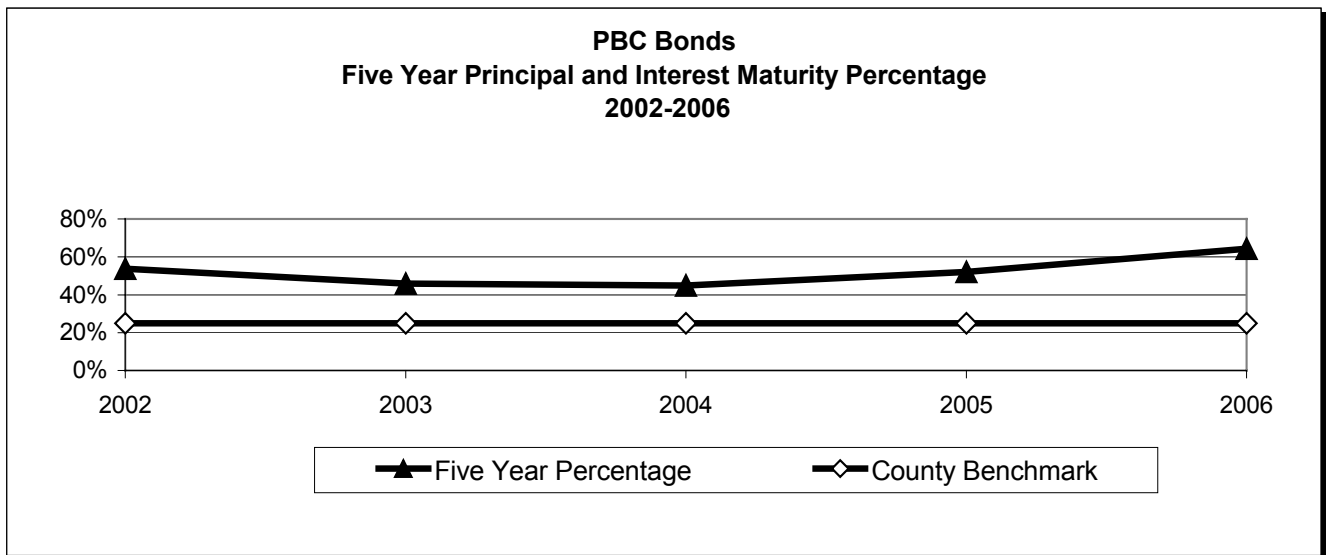
The table and graphs depict an overall decrease of 3.4% from 1997 to 2001 in outstanding PBC Lease Purchase Revenue Bonds to finance facility construction and renovation. This decrease reflects the fact that the County has not issued new Revenue Bonds since 1999 but has paid down outstanding debt payments as they matured. Due to the County's overall growth in population and related services, debt will probably be issued in the future due to the need for increased infrastructure. As noted above, the PBC is empowered to issue revenue bonds to finance capital facilities, and lease the facilities to the County. The following projects have been funded with PBC revenue bonds since its 1990 inception:

- ◆ \$13,200,000 = County Administration Building
- ◆ \$12,100,000 = Courthouse Renovations
- ◆ \$ 4,530,000 = Northeast Office Renovations
- ◆ \$ 3,400,000 = Community Support Services/Children's Building
- ◆ \$ 1,000,000 = Work Release/Low Custody Annex
- ◆ \$ 4,446,100 = Juvenile Detention Center
- ◆ \$11,525,000 = Health and Human Services Building
- ◆ \$ 1,523,900 = Election Facility
- ◆ \$ 345,000 = Med-Act Support Services
- ◆ \$15,165,000 = Minimum Security Facility
- ◆ \$ 1,910,000 = Transit Maintenance Facility

As can be seen by the table and graphs, the five-year maturity percentage will increase from 53.80% in 2002 to 64.35% in 2006, and the ten-year maturity percentage will increase from 85.46% in 2002 to 95.38% in 2006. In other words, for the existing PBC debt, approximately 54% will be paid off in the next five years, and approximately 85% will be paid off within the next 10 years. This trend is within the debt management policy guidelines. The County's debt issues have original maturities of no greater than 20 years, and these fall within the debt management policy guidelines.

PUBLIC BUILDING COMMISSION DEBT

	1997	1998	1999	2000	2001
Public Building Commission Debt	\$ 41,740,000	\$ 55,500,000	\$ 51,890,000	\$ 46,160,000	\$ 40,305,000
	2002	2003	2004	2005	2006
Five Year Maturities	\$ 28,613,000	\$ 24,422,000	\$ 20,235,000	\$ 19,332,000	\$ 18,415,000
Ten Year Maturities	\$ 45,446,000	\$ 39,735,000	\$ 33,710,000	\$ 30,968,000	\$ 27,296,000
Total Bond Maturities	\$ 53,181,000	\$ 53,181,000	\$ 45,107,000	\$ 37,165,000	\$ 28,618,000
Five Year Percentage	<u>53.80%</u>	<u>45.92%</u>	<u>44.86%</u>	<u>52.02%</u>	<u>64.35%</u>
County Benchmark	<u>25.00%</u>	<u>25.00%</u>	<u>25.00%</u>	<u>25.00%</u>	<u>25.00%</u>
Ten Year Percentage	<u>85.46%</u>	<u>74.72%</u>	<u>74.73%</u>	<u>83.33%</u>	<u>95.38%</u>
County Benchmark	<u>50.00%</u>	<u>50.00%</u>	<u>50.00%</u>	<u>50.00%</u>	<u>50.00%</u>



Source: Office of Financial Management

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

DESCRIPTION:

The table and graphs reflect the principal and interest requirements of general obligation bonds and Public Building Commission lease obligations maturing 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:

Debt Management Policy, Resolution No. 051-93, dated July 1, 1993

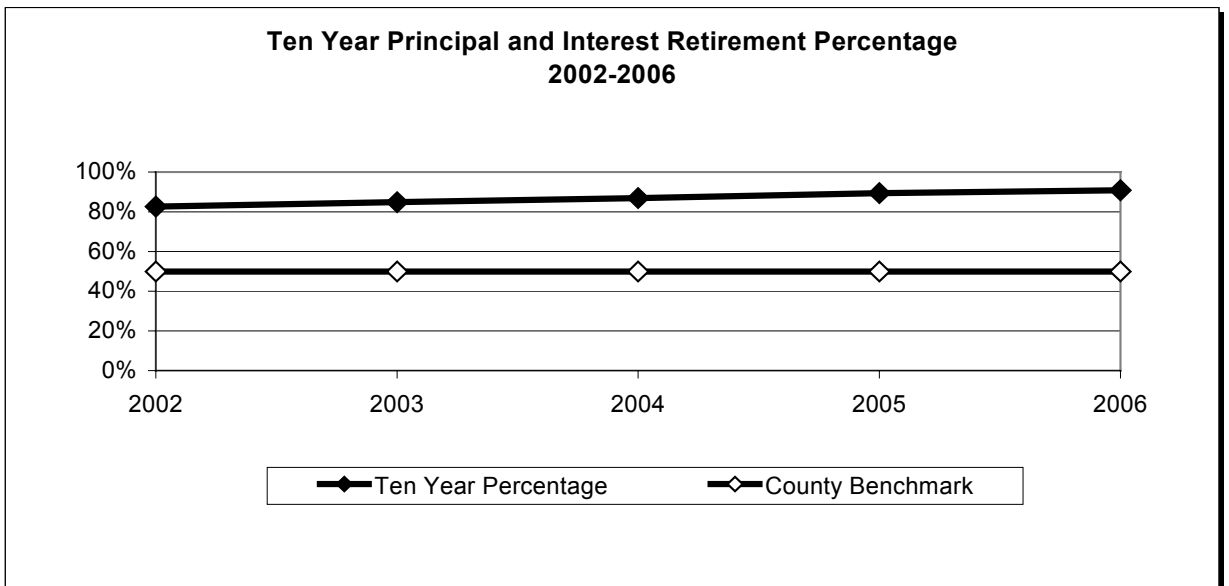
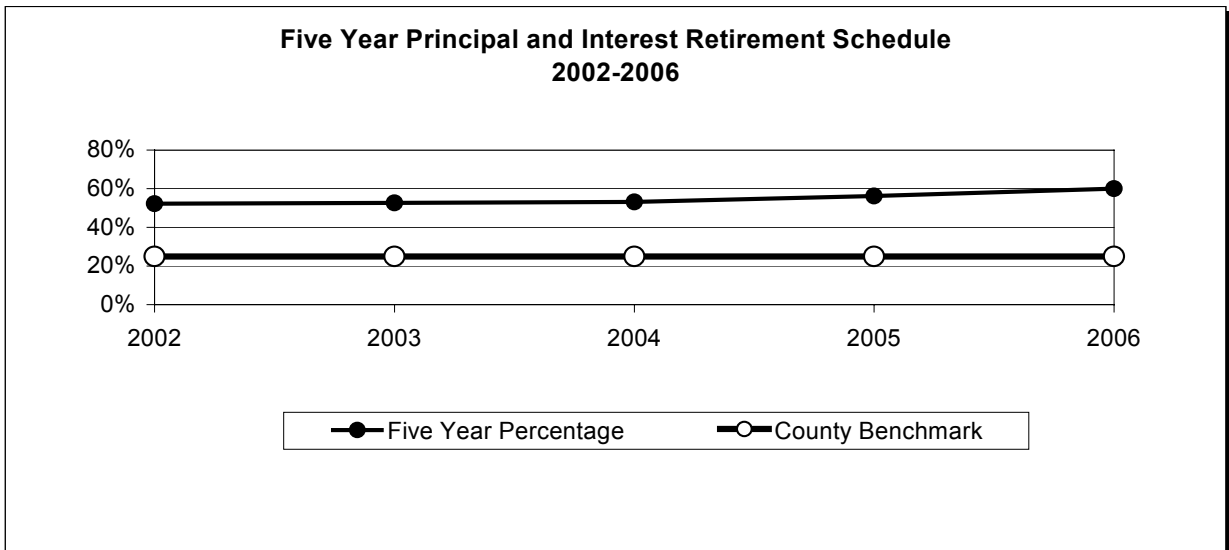
- ◆ Policy #14: The scheduled maturities of long-term obligations should not exceed the expected useful life of the capital project or asset(s) financed.
- ◆ Policy #25: Excluding refundings, the general obligation maturities shall be structured so that at least 25% of the principal and interest for each issue is repaid in five years, and 50% in ten years.

ANALYSIS:

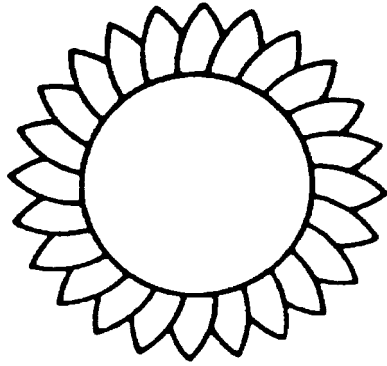
As can be seen by the table and graphs, the five-year percentage will increase from 52.25% in 2002 to 59.98% in 2006, and the ten-year percentage will increase from 82.55% in 2002 to 90.87% in 2006. In other words, for the County's existing debt, approximately 52% will be paid off in the next five years, and approximately 82% will be paid off within the next 10 years. This trend is within the debt management policy guidelines as noted in Policy #25 above. The County's debt issues have original maturities of no greater than 20 years, and these fall within the guidelines noted in Policy #14 above.

JOHNSON COUNTY'S PRINCIPAL AND INTEREST RETIREMENT SCHEDULE FOR GENERAL OBLIGATION AND PUBLIC BUILDING COMMISSION BONDS

	2002	2003	2004	2005	2006
Five Year Maturities	\$ 61,243,000	\$ 52,967,000	\$ 45,046,000	\$ 41,470,000	\$ 38,807,000
Ten Year Maturities	\$ 96,763,000	\$ 85,347,000	\$ 73,697,000	\$ 66,005,000	\$ 58,793,000
Total Bond Maturities	\$ 117,213,000	\$ 100,592,000	\$ 84,821,000	\$ 73,823,000	\$ 64,699,000
Five Year Percentage	52.25%	52.66%	53.11%	56.17%	59.98%
County Benchmark	25.00%	25.00%	25.00%	25.00%	25.00%
Ten Year Percentage	82.55%	84.84%	86.89%	89.41%	90.87%
County Benchmark	50.00%	50.00%	50.00%	50.00%	50.00%

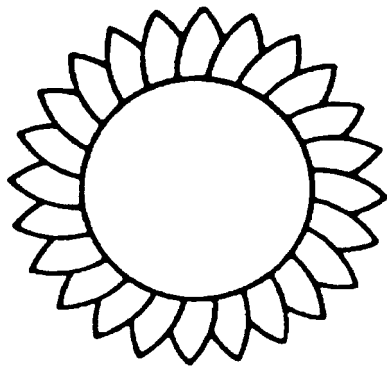


Source: Office of Financial Management



DEMOGRAPHICS

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



POPULATION

DESCRIPTION:

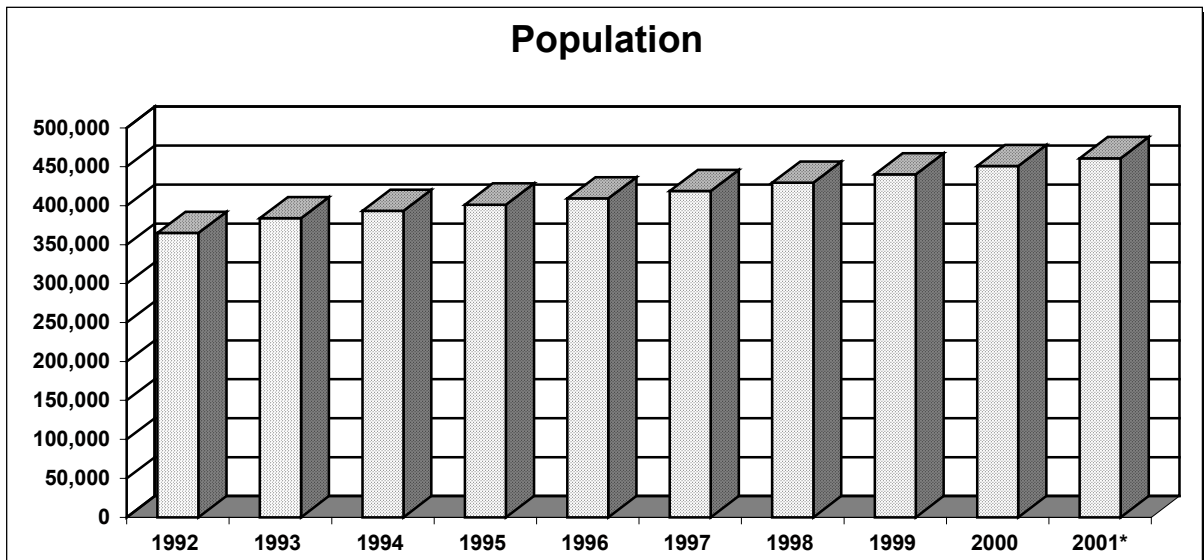
Population estimates for the County are shown below. Increases in population growth can lead to increases in expenditures and revenues. Decreases in population growth can lead to decreases in revenues and expenditures.

ANALYSIS:

The County's population continues to increase. This increase in population can account for a larger revenue base and the need for more expenditures to provide services for these additional people.

JOHNSON COUNTY'S POPULATION GROWTH

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001*
365,049	383,875	393,573	401,411	409,490	418,976	429,649	440,198	451,086	461,031



Source: U.S. Census Bureau

* County estimate based upon information from the U.S. Census Bureau.

MEDIAN AGE ESTIMATES

DESCRIPTION:

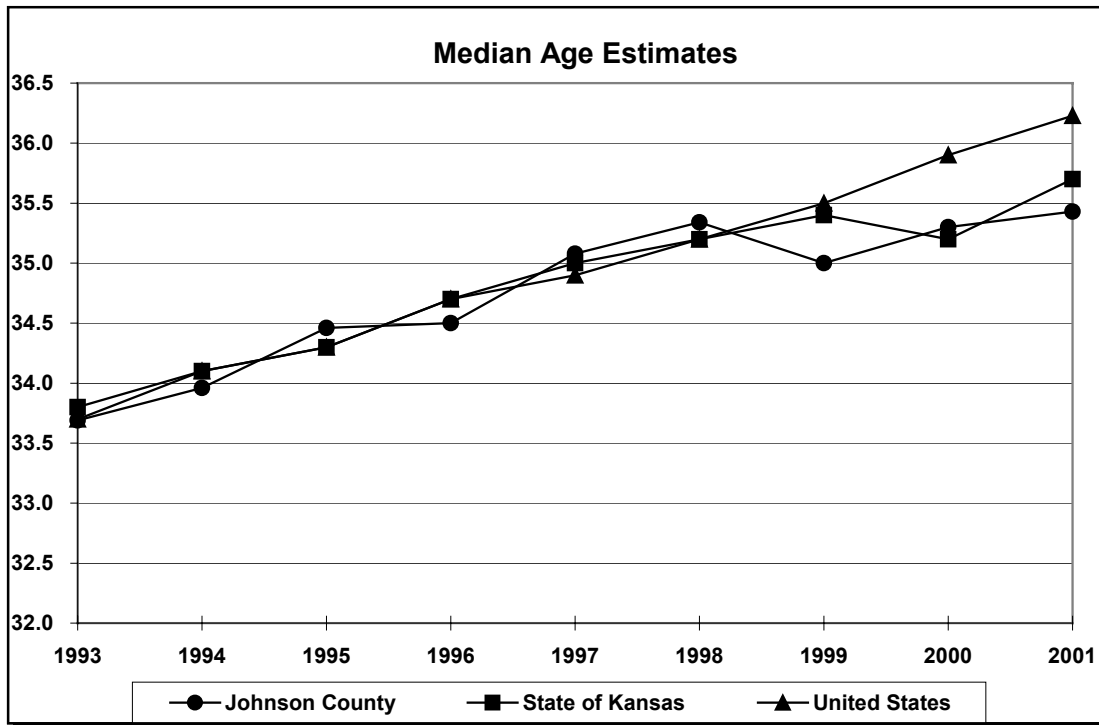
Median age estimates for the County, the State of Kansas, and the United States are shown below.

ANALYSIS:

The County's median age continues to increase at a steady pace. The trend parallels the median age estimates for the United States and the State of Kansas.

JOHNSON COUNTY'S MEDIAN AGE ESTIMATES

	1993	1994	1995	1996	1997	1998	1999	2000	2001
Johnson County (1)	33.7	34.0	34.5	34.5	35.1	35.3	35.0	35.3	35.4
State of Kansas (2)	33.8	34.1	34.3	34.7	35.0	35.2	35.4	35.2	35.7
United States (3)	33.7	34.1	34.3	34.7	34.9	35.2	35.5	35.9	36.2



Source: (1) 2001 Comprehensive Annual Financial Report

(2) Annual Summary of Kansas Vital Statistics, Mid-America Regional Council

(3) Statistical Abstract of the United States

SCHOOL AGE SHARE OF TOTAL POPULATION

DESCRIPTION:

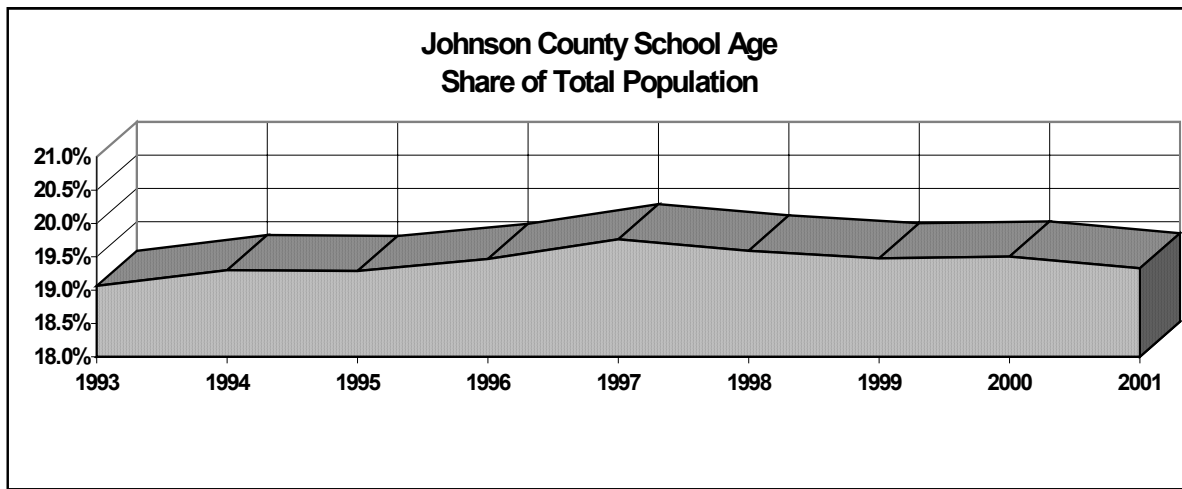
Johnson County’s school age share of the County’s population is shown below. School age represents those students in grades kindergarten through twelfth. An increase in the share of population can show a possible need to increase expenditures for schools and school improvements. A large decrease in the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

ANALYSIS:

The County’s school age share of the overall County population has increased from 19.06% in 1993 to 19.33% in 2001. This percentage increase shows more school age children are in the County each year as compared to the overall age of the County.

JOHNSON COUNTY SCHOOL AGE SHARE OF POPULATION

	YEAR									Eight Year Change
	1993	1994	1995	1996	1997	1998	1999	2000	2001	
School Enrollment	73,177	75,957	77,415	79,721	82,804	84,182	85,737	87,978	89,104	21.77%
Population	383,875	393,573	401,411	409,490	418,976	429,649	440,198	451,086	461,031	20.10%
School Age Share of Population	19.06%	19.30%	19.29%	19.47%	19.76%	19.59%	19.48%	19.50%	19.33%	



Source: 2001 Comprehensive Annual Financial Report

PERSONAL INCOME PER CAPITA

DESCRIPTION:

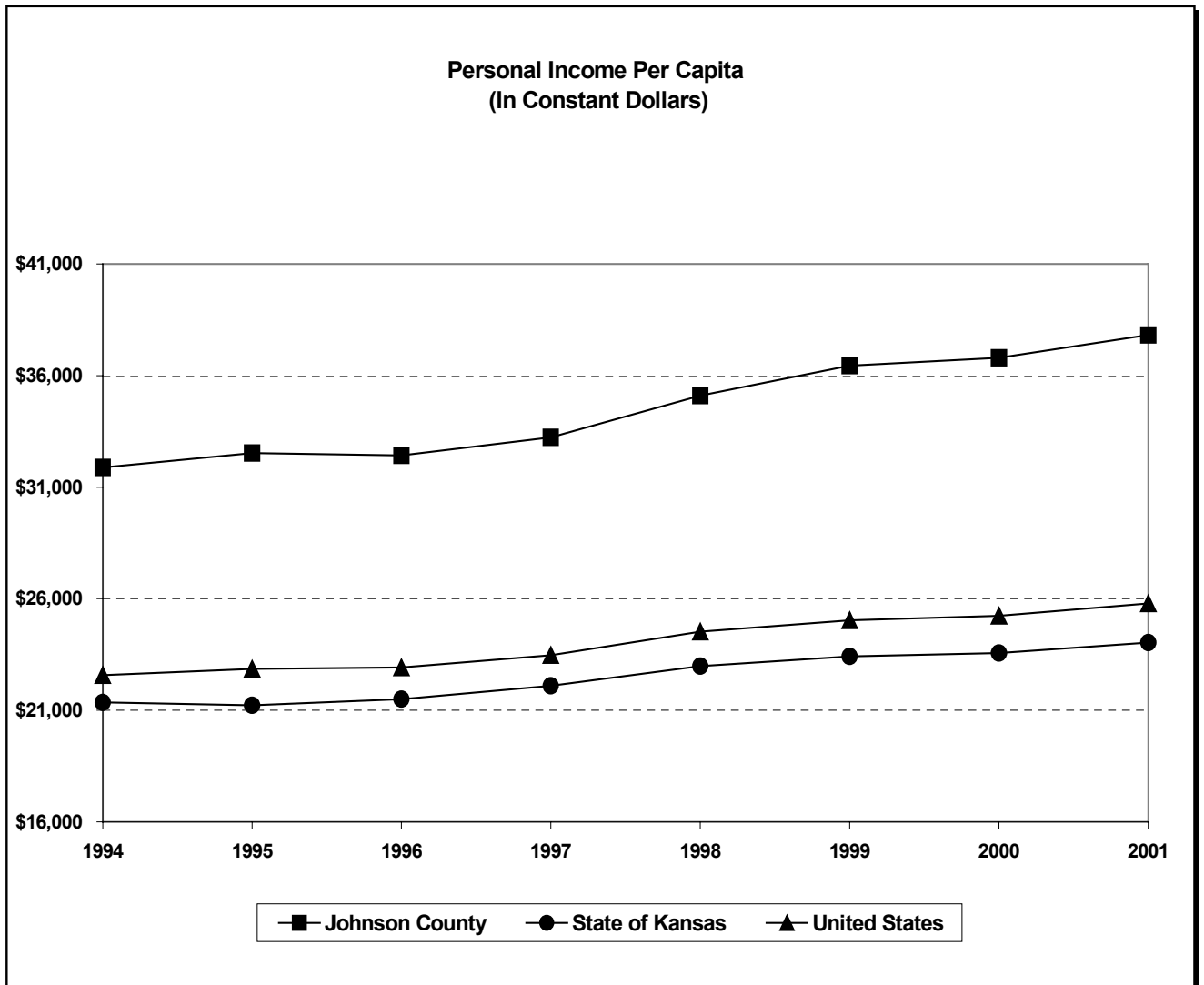
Personal income in constant dollars per capita is shown for Johnson County, the State of Kansas and the United States. This is calculated by using the amount of personal income for each entity and dividing it by the population for that entity. An increase in the personal income per capita can indicate greater purchasing power, while a decrease in the amount of personal income per capita can indicate lesser purchasing power.

ANALYSIS:

The County's personal income per capita continues to increase. This shows an increase in purchasing power for the County. The County's personal income as compared to both the State of Kansas and the United States is over ten thousand dollars higher. This indicates a higher purchasing ability for the County as compared to the state and national abilities. The seven-year percentage change for the County is also greater than the state and national rates. This indicates that the County is growing faster economically than the State of Kansas and the United States.

PERSONAL INCOME PER CAPITA
(In Constant Dollars)

	1994	1995	1996	1997	1998	1999	2000	2001	Seven Year Change
Actual Dollars									
Johnson County	\$31,882	\$33,534	\$34,865	\$36,627	\$39,107	\$41,557	\$43,618	\$45,970	44.19%
State of Kansas	21,352	21,889	23,121	24,358	25,606	26,705	27,933	29,217	36.83%
United States	22,581	23,562	24,651	25,874	27,321	28,546	29,915	31,350	38.83%
Consumer Price Index - Urban	100.00	103.10	107.54	110.22	111.42	114.02	118.53	121.56	21.56%
Constant Dollars									
Johnson County	\$ 31,882	\$ 32,525	\$ 32,420	\$ 33,231	\$ 35,100	\$ 36,446	\$ 36,798	\$ 37,815	18.61%
State of Kansas	21,352	21,231	21,500	22,100	22,982	23,421	23,565	24,034	12.56%
United States	22,581	22,853	22,923	23,475	24,522	25,035	25,237	25,789	14.21%



Source: U.S. Department of Commerce Bureau of Economic Analysis. Information for 2000 and 2001 is estimated based upon previous years.

EMPLOYMENT BASE

DESCRIPTION:

The unemployment rates for the County, the State of Kansas, and the United States are shown in addition to the jobs available within Johnson County. An increase in the unemployment rate may indicate a weaker economy, whereas a decrease in the unemployment rate may indicate a strong economy.

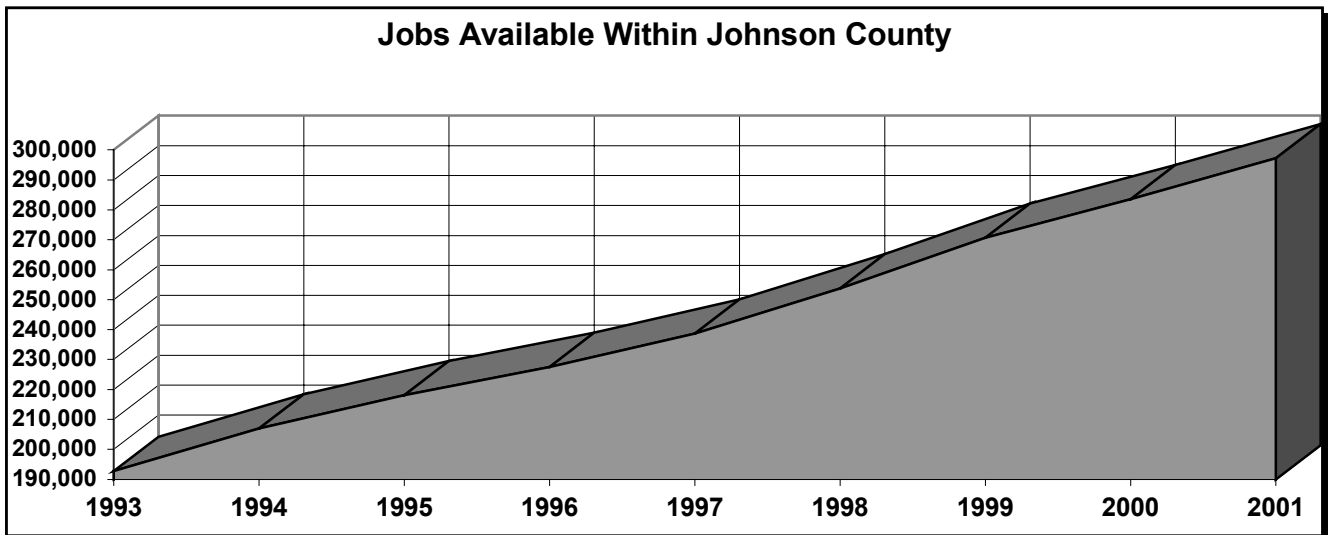
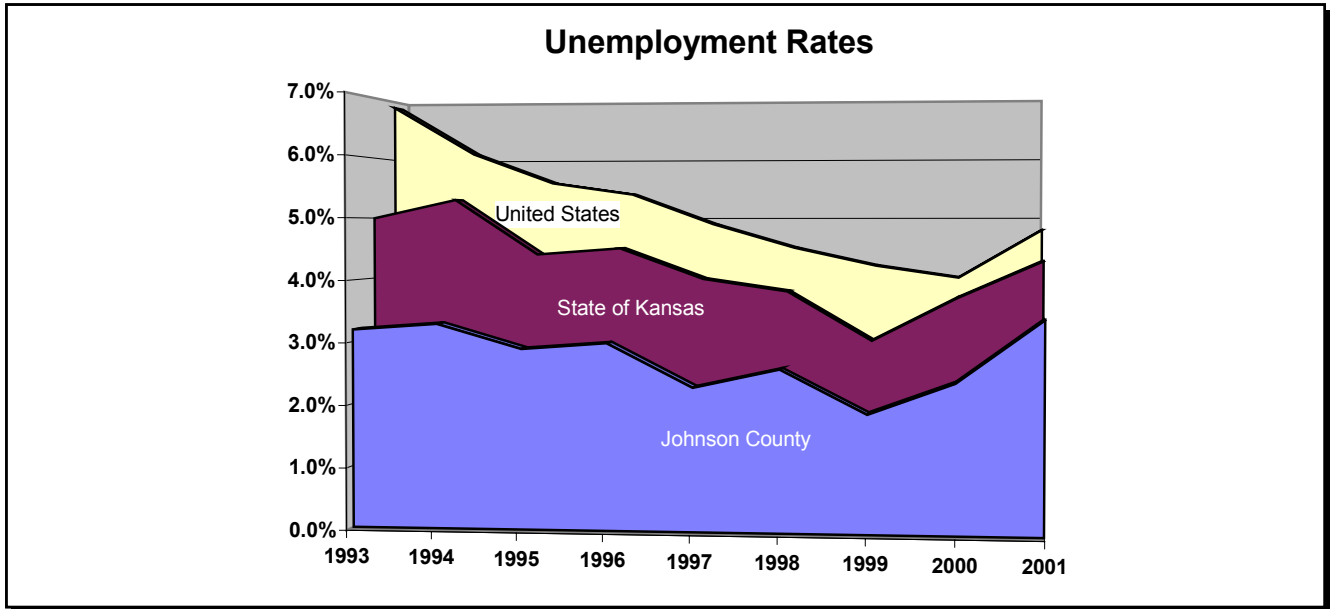
ANALYSIS:

The County's unemployment rate increased to 3.4% for 2001. The unemployment rate for 2001 at 3.4% is the highest rate recorded for the past nine years. The lowest unemployment rate for the last nine years was 1.9% in 1999. The increase in the local unemployment rate is due to the weakening of the economy in 2001 both locally and nationally. The terrorist attack of September 11, 2001 compounded the effects of a slowing economy on the unemployment rate for 2001. The County's rate is consistently lower than the national and state rates. The number of jobs available within Johnson County has risen consistently, showing an increase in Johnson County businesses hiring employees. This is primarily due to new retail areas and business relocations to the area.

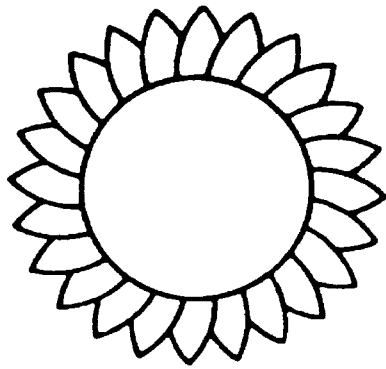
EMPLOYMENT BASE

UNEMPLOYMENT RATE									
	1993	1994	1995	1996	1997	1998	1999	2000	2001
Johnson County (1)	3.2%	3.3%	2.9%	3.0%	2.3%	2.6%	1.9%	2.4%	3.4%
State of Kansas (2)	5.0%	5.3%	4.4%	4.5%	4.0%	3.8%	3.0%	3.7%	4.3%
United States (2)	6.9%	6.1%	5.6%	5.4%	4.9%	4.5%	4.2%	4.0%	4.8%

JOBS AVAILABLE IN THE COUNTY (1)									
	1993	1994	1995	1996	1997	1998	1999	2000	2001
	192,817	207,021	218,049	227,520	238,692	253,795	270,599	283,570	297,163

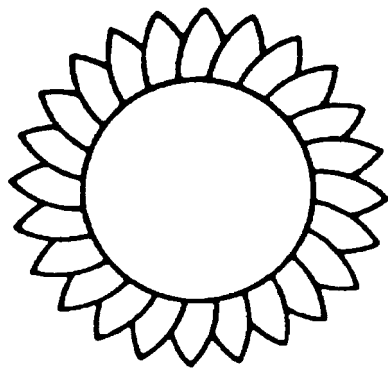


Source: (1) 2001 Comprehensive Annual Financial Report
 (2) 2001 Bureau of Labor Statistics



PROPERTY TAX BASE

- Glossary of Terminology
- Johnson County Estimated Market Value of Real and Personal Property and Utilities
- Johnson County Assessed Value of Real and Personal Property, Utilities, and Other
- Johnson County New Construction Market Value



GLOSSARY OF TERMINOLOGY

Abate: The term is defined by Webster's Dictionary as "to reduce in value or amount: make less especially by way of relief." A property may receive property tax abatement from local government through economic development bonds or internal revenue bonds as incentive to move to a particular municipality. Although the property value/tax has been abated, there continues to be a need for community services for the property.

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 market value of the property being valued. Assessed value is achieved by multiplying the appraised value by the rate of assessment set by the State. In Kansas, assessment rates are as follows:

Residential	11.5%
Vacant Land	12.0%
Commercial	25.0%
Public Utilities	33.0%
Not for Profit	12.0%

Market Value: According to Kansas Statute, K.S.A. 79-503a, 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."

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

Real Property: According to Kansas Statute, K.S.A. 79-102, real property is land and all buildings, fixtures, improvements, mines, minerals, quarries, mineral springs and wells, rights and privileges appertaining thereto, except as otherwise specifically provided.

Utilities: According to K.S.A. 79-5a01, public utilities shall mean every individual, company, corporation, association of persons, lessees or receivers that now or hereafter are in control, manage, or operate a business of:

- 1) A railroad or railroad corporation if such railroad or corporation owns or holds, by deed or other instrument, an interest in right-of-way, track, franchise, roadbed or trackage in this state;
- 2) Transmitting to, from, through or in this state telegraphic messages;
- 3) Transmitting to, from, through or in this state telephonic messages;
- 4) Transporting or distributing to, from, through or in this state natural gas, oil or other commodities in pipes or pipelines; or engaging primarily in the business of storing natural gas in an underground formation;
- 5) Generating, conducting, or distributing to, from, through or in this state electric power;
- 6) Transmitting to, from, through or in this state water if for profit or subject to regulation of the state corporation commission;
- 7) Transporting to, from, through or in this state cargo or passengers by means of any vessel or boat used in navigating any of the navigable watercourses within or bordering this state.

ESTIMATED MARKET VALUE OF REAL AND PERSONAL PROPERTY AND UTILITIES

DESCRIPTION:

This indicator shows the estimated market value of real and personal property within the County. Market values of property are useful in determining the health of the economy of a community. Current Kansas law calls for reappraisal of each parcel of real property at least once every six years.

POLICY REFERENCES:

None

ANALYSIS:

Johnson County is experiencing vibrant growth in the current economy. All areas continue to increase and the allocation of the tax revenue base continues to diversify.

The estimated market value of real property has slightly increased its share of total estimated market value from 91.59% in 1994 to 92.23% in 2001. The increase is attributable to new construction and appreciation in property values over time.

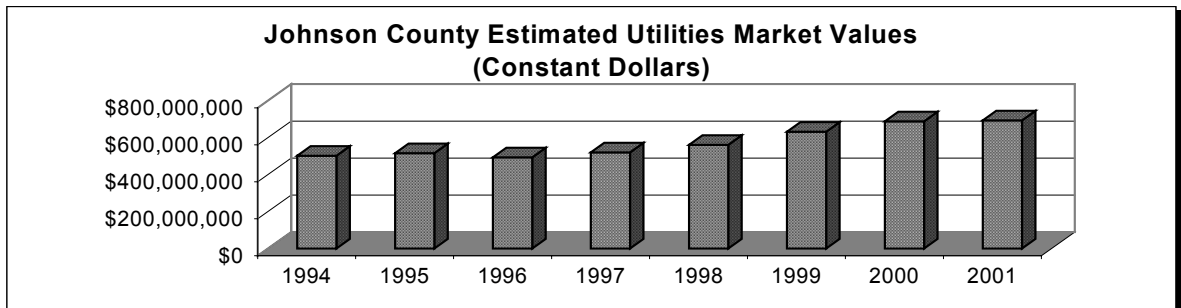
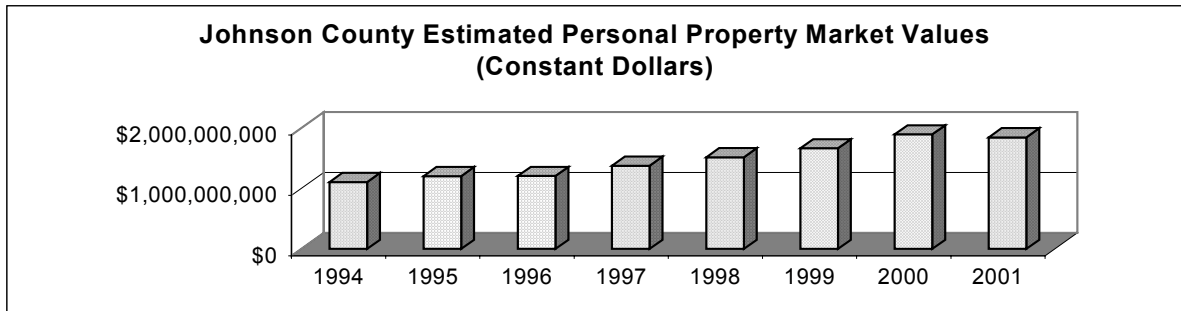
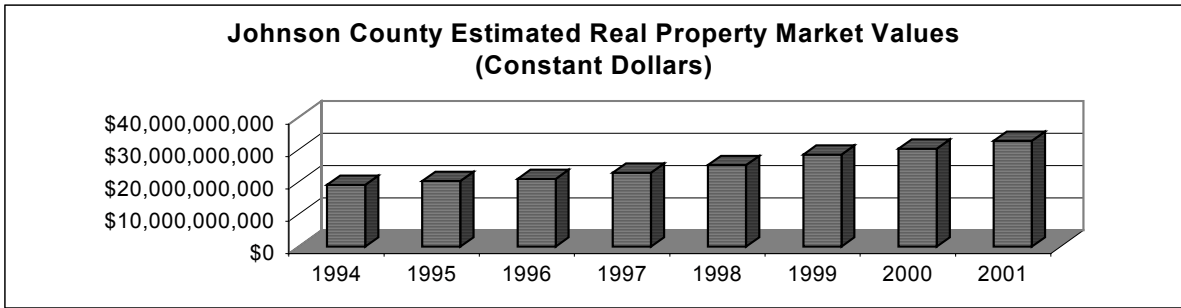
The estimated market value of personal property has slightly decreased its share of total estimated market value from 5.78% in 1994 to 5.65% in 2001. The percentage of personal property has remained relatively constant the last eight years.

The estimated market value of utilities has slightly decreased its share of total estimated market value from 2.63% in 1994 to 2.13% in 2001. The percentage has remained relatively constant the last eight years.

**JOHNSON COUNTY ESTIMATED MARKET VALUES
REAL AND PERSONAL PROPERTY AND UTILITIES
(In Constant Dollars)**

	1994	1995	1996	1997
Real Property	\$17,542,839,597	\$19,172,220,463	\$20,691,225,784	\$23,106,136,941
Personal Property	1,107,663,355	1,243,468,642	1,297,846,973	1,516,346,807
Utilities	502,355,545	533,571,625	531,448,757	574,217,115
Total (Actual)	19,152,858,497	20,949,260,730	22,520,521,514	25,196,700,863
Consumer Price Index - Urban	100.00	103.10	107.54	110.22
Total (Constant Dollars)	\$ 19,152,858,497	\$ 20,319,207,776	\$ 20,941,428,590	\$ 22,860,689,594

	1998	1999	2000	2001
Real Property	\$25,805,154,482	\$29,827,629,396	\$32,884,406,615	\$36,656,841,132
Personal Property	1,691,085,970	1,899,600,763	2,248,872,844	2,245,268,730
Utilities	625,357,589	722,433,542	816,012,961	844,755,672
Total (Actual)	28,121,598,041	32,449,663,701	35,949,292,420	39,746,865,534
Consumer Price Index - Urban	111.42	114.02	118.53	121.56
Total (Constant Dollars)	\$ 25,240,068,071	\$ 28,458,635,842	\$ 30,328,208,052	\$ 32,696,117,213



Source: 1994 - 2001 Comprehensive Annual Financial Reports

ASSESSED VALUE OF REAL AND PERSONAL PROPERTY, UTILITIES AND OTHER

DESCRIPTION:

This indicator shows the value of property on which taxes are levied. The assessed value of real and personal property is the basis for the tax levy and is used to determine the legal debt limits of the County. Other taxable property includes motor vehicles and recreational vehicles owned by the final consumer. Current laws in Kansas require reappraisal of each parcel of real property a minimum of once every six years.

POLICY REFERENCES:

None

ANALYSIS:

The assessed value of property continues to increase steadily each year. In 2001, real property accounted for 77% of the assessed values, personal property 9%, utilities 4%, motor vehicles 10% and recreational vehicles less than 1%. By comparison, real property accounted for 73% of assessed values, personal property 8%, utilities 5%, motor vehicles 14% and recreational vehicles 0% in 1994.

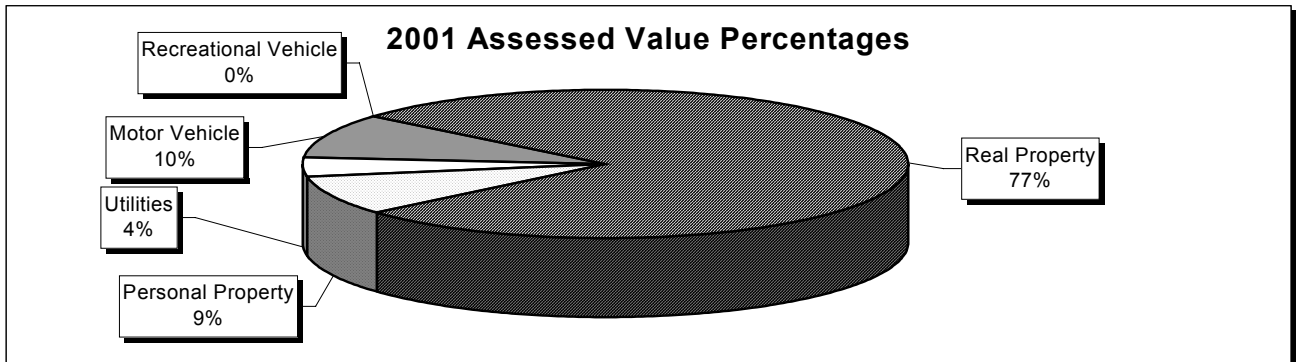
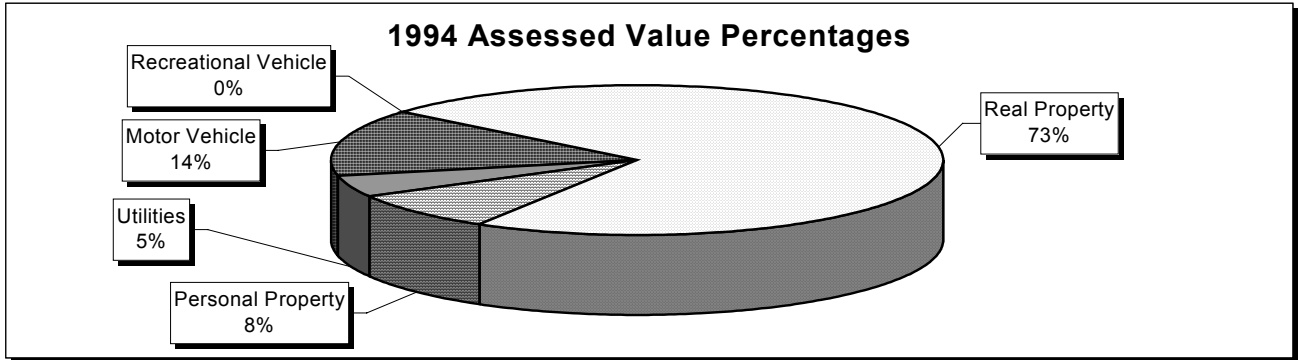
LEGISLATION ISSUES:

Effective January 1, 1996, modified recreational vehicle assessment was initiated. This defined recreational vehicles to include travel trailers and motor homes. Travel trailers previously had been assessed for ad valorem tax purposes based upon manufacturer's suggested retail price (MSRP). Beginning in 1996, they are now assessed and taxed at time of registration. When the vehicle is registered each year, the value is based upon the weight of the vehicle. The motor home assessment methodology was kept the same and continues to be assessed through taxation and registration.

**JOHNSON COUNTY ASSESSED VALUE
REAL AND PERSONAL PROPERTY, UTILITIES,
MOTOR VEHICLE AND RECREATIONAL VEHICLE
(In Constant Dollars)**

	1994	1995	1996	1997
Real Property	\$ 2,476,963,756	\$ 2,742,515,781	\$ 2,901,678,395	\$ 3,246,868,608
Personal Property	278,782,575	316,136,095	329,961,095	385,511,900
Utilities	165,777,330	174,683,679	173,944,608	187,648,427
Motor Vehicle	489,386,202	533,946,720	570,643,066	596,990,065
Recreational Vehicle	-	-	1,661,639	1,393,930
Total (Actual)	3,410,909,863	3,767,282,275	3,977,888,803	4,418,412,930
Consumer Price Index - Urban	100.00	103.10	107.54	110.22
Total (Constant Dollars)	\$ 3,410,909,863	\$ 3,653,980,552	\$ 3,698,967,373	\$ 4,008,777,460

	1998	1999	2000	2001
Real Property	\$ 3,666,132,032	\$ 4,137,964,939	\$ 4,651,597,610	\$ 5,113,300,845
Personal Property	429,937,111	482,949,346	571,747,331	570,831,033
Utilities	198,314,802	228,535,116	259,366,373	266,934,541
Motor Vehicle	622,732,907	643,393,099	662,001,465	639,284,427
Recreational Vehicle	1,623,009	1,993,308	2,372,853	2,884,953
Total (Actual)	4,918,739,861	5,494,835,808	6,147,085,632	6,593,235,799
Consumer Price Index - Urban	111.42	114.02	118.53	121.56
Total (Constant Dollars)	\$ 4,414,732,361	\$ 4,819,018,549	\$ 5,185,918,259	\$ 5,423,653,101



Source: 1994 - 2001 Comprehensive Annual Financial Reports

NEW CONSTRUCTION MARKET VALUE

DESCRIPTION:

The table and graph show the residential and commercial market values of new construction. This indicator reflects the growth the County is experiencing. The increase in growth and new construction may create 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, but will be considered new construction in future years. However, the need for community services does not diminish.

POLICY REFERENCES:

None

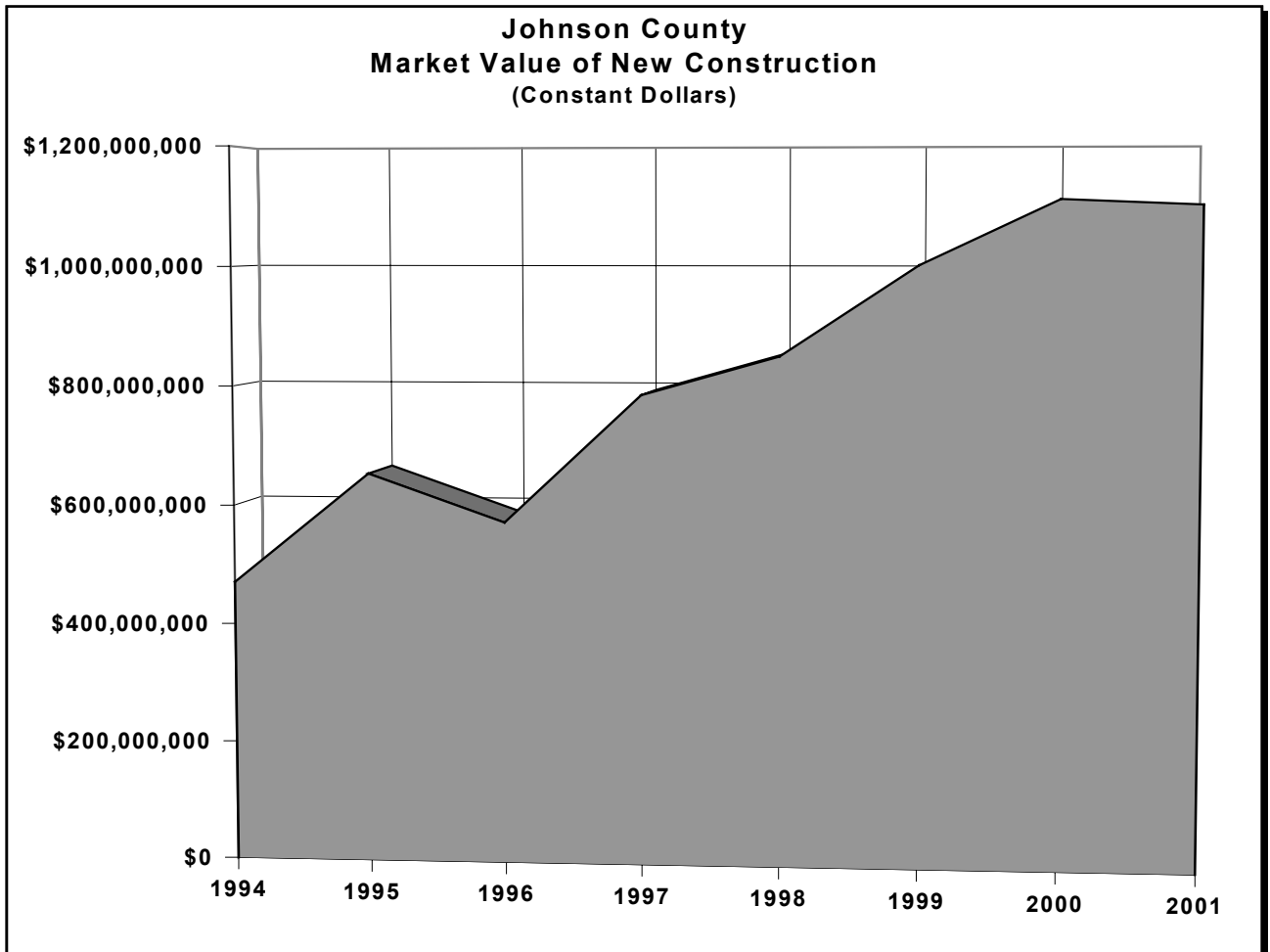
ANALYSIS:

The market value of new construction in residential and commercial real estate combined rose from \$469,953,608 in 1994 to \$1,339,638,763 in 2001, a 185% increase (actual).

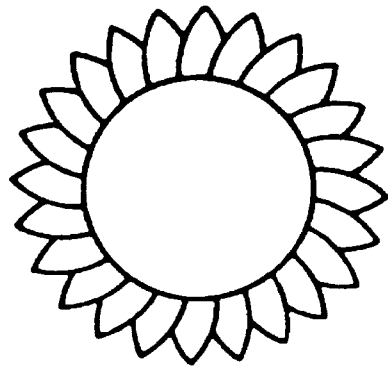
The sharp increase in 1995 was due to the retail development Town Center Plaza in Leawood. The increase for 1997 in the commercial real estate sector is attributable to the new office developments in Johnson County, including the Sprint Campus, Corporate Woods, Southcreek Office Park, and Allied Signal. In 1998, construction began on the Highlands Corporate Campus. Through 2001, construction continued on the Sprint Campus, Highland Corporate Campus, Southcreek Office Park and multiple retail centers.

JOHNSON COUNTY NEW CONSTRUCTION MARKET VALUE (In Constant Dollars)

	1994	1995	1996	1997
Market Value of New Construction (Actual)	\$469,953,608	\$675,005,902	\$617,984,787	\$868,674,347
Consumer Price Index - Urban	100.00	103.10	107.54	110.22
Market Value of New Construction (Constant Dollars)	\$469,953,608	\$654,704,973	\$574,652,957	\$788,138,682
	1998	1999	2000	2001
Market Value of New Construction (Actual)	\$950,080,133	\$1,144,148,976	\$1,316,734,248	\$1,339,638,763
Consumer Price Index - Urban	111.42	114.02	118.53	121.56
Market Value of New Construction (Constant Dollars)	\$852,728,469	\$1,003,428,552	\$1,110,847,740	\$1,101,998,495



Source: 1994 - 2001 Comprehensive Annual Financial Reports



BUSINESS ACTIVITY

- Retail Sales and County Sales Tax Revenues
- Johnson County Building Permits

RETAIL SALES AND COUNTY SALES TAX REVENUES

DESCRIPTION:

The table and graphs reflect the retail sales tax base of Johnson County and portions of the three Countywide sales taxes levied in Johnson County, which are distributed to the County Government for its own purposes. The three Countywide sales taxes included in this analysis are the one-half cent Local Sales Tax; one-fourth cent Public Safety Sales Tax; and the one-tenth cent 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. A fourth Countywide sales tax, the Bi-State Cultural Sales Tax, is not included in this analysis. It is not included because all proceeds from this tax are remitted to the Kansas and Missouri Metropolitan Culture District Commission for use in renovating the Union Station property in Kansas City, Missouri.

The Retail Sales and Sales Tax Revenue amounts are supplied to the County from the State of Kansas.

POLICY REFERENCES:

Operating and Revenue Provisions of Johnson County Financial Policies.

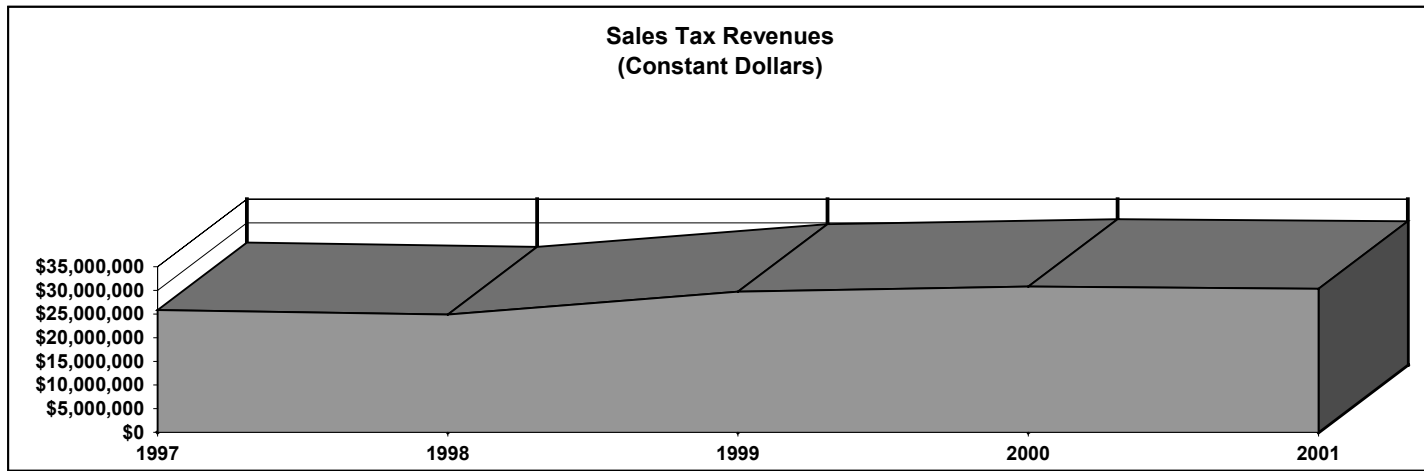
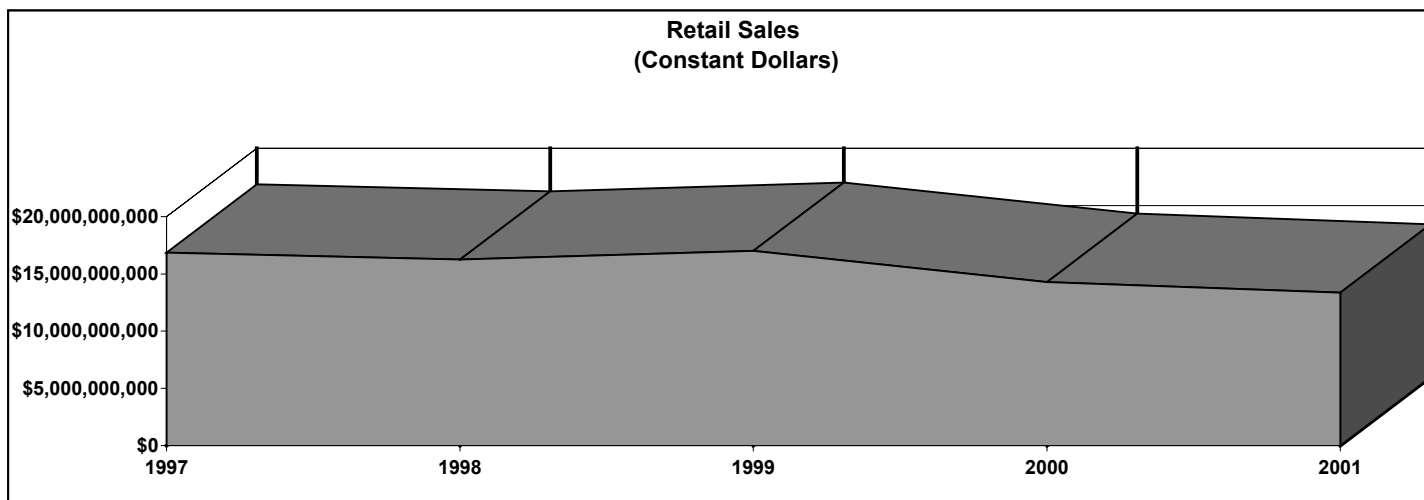
ANALYSIS:

The Constant Growth Rate in Retail Sales has varied greatly over the years. The lowest rate was a decrease of 16% in 2000 while a 4.7% increase was experienced in 1999. The retail sales indicate a decline in 2001 from 2000, which is partially attributable to the weaker economy for 2001. Another reason for the decrease is the State has changed its reporting of gross sales collections and has eliminated exempt sales from the gross retail sales.

The Constant Growth Rate in Sales Tax Revenues has varied from a decrease of 3.6% in 1998 to a high of 19.4% in 1999. Sales tax revenues overall have increased 17.5% since 1997, which is primarily attributable to the increased number of retail businesses located within Johnson County.

JOHNSON COUNTY RETAIL SALES AND SALES TAX COLLECTIONS

<u>Actual</u>	1997	1998	1999	2000	2001
Retail Sales (Actual \$)	\$ 16,864,703,540	\$ 16,425,392,804	\$ 17,601,337,162	\$ 15,364,680,548	\$ 14,739,023,333
Sales Tax Revenues (Actual \$)	25,837,426	25,184,956	30,783,150	33,125,504	33,486,705
Consumer Price Index - Urban	100.00	101.09	103.45	107.54	110.29
Growth Rate	--	1.1%	2.3%	4.0%	2.6%
Retail Sales (Constant \$)	\$ 16,864,703,540	\$ 16,248,775,677	\$ 17,013,900,693	\$ 14,286,777,870	\$ 13,363,381,155
Growth Rate	--	-3.7%	4.7%	-16.0%	-6.5%
Sales Tax Revenues (Constant \$)	\$ 25,837,426	\$ 24,914,150	\$ 29,755,777	\$ 30,801,598	\$ 30,361,279
Growth Rate	--	-3.6%	19.4%	3.5%	-1.4%



Source: 2001 Comprehensive Annual Financial Report

BUILDING PERMITS

DESCRIPTION:

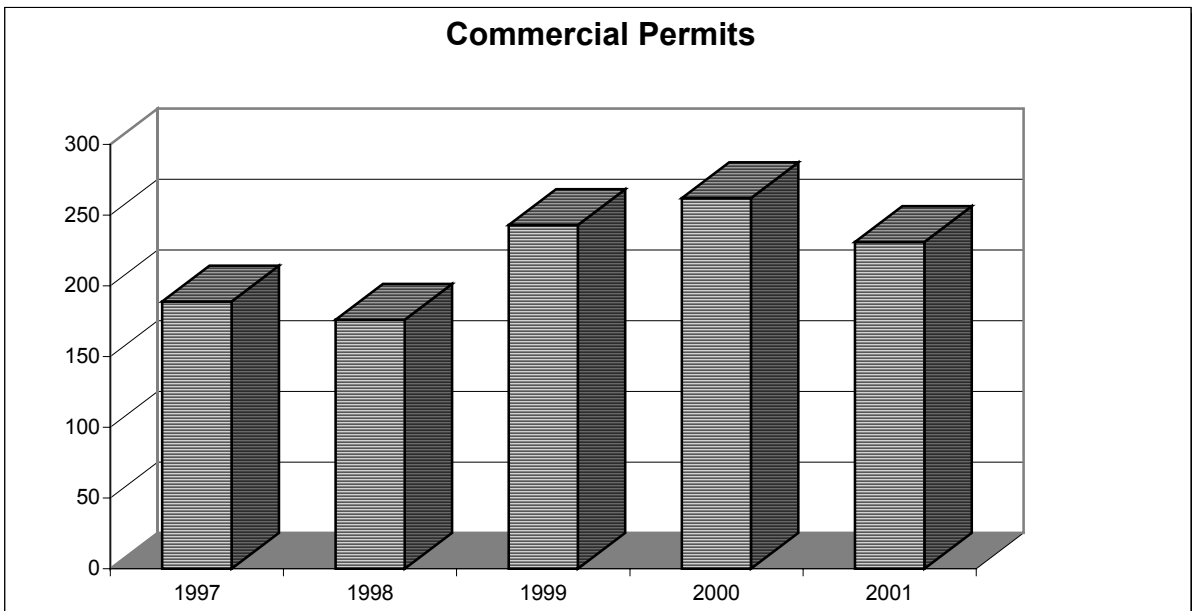
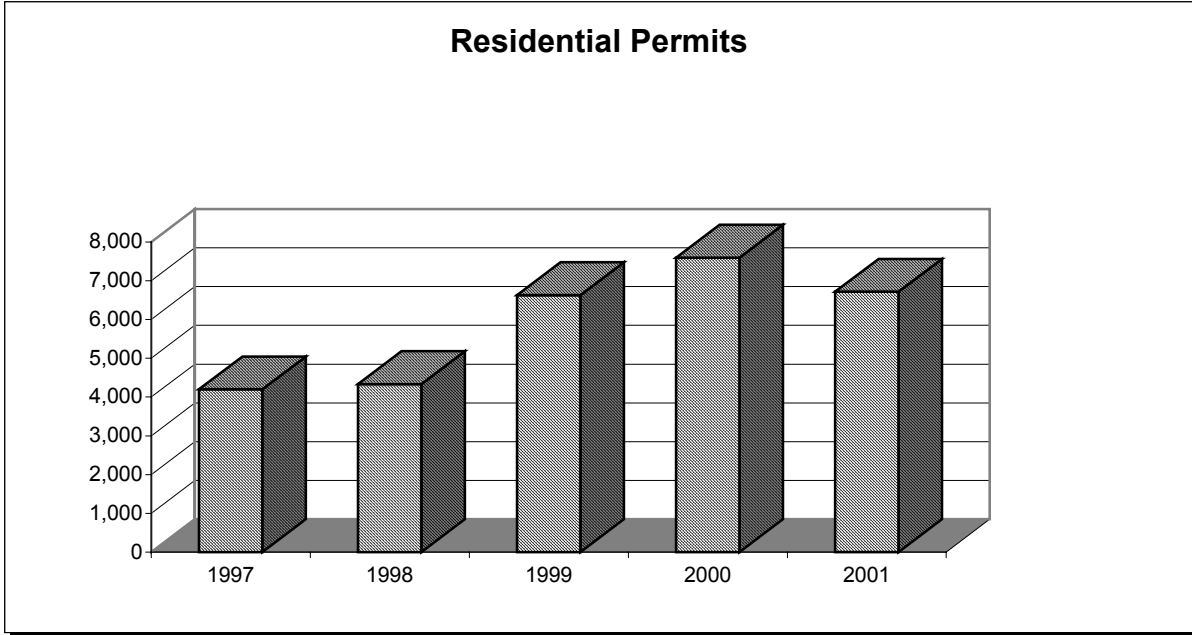
The number of permits issued for new residential and commercial construction is shown. An increase in the number of permits issued indicates a desire for companies and people to move to the Johnson County area. A decrease in the number of permits issued indicates less desire for companies and people to move to the Johnson County area.

ANALYSIS:

The number of permits issued for new residential and commercial construction decreased in 2001 almost 12% from 2000 due to a slowing economy locally. The substantial increase in residential permits, from 1998 through 2000, is reflective of the low mortgage interest rates and the locally strong economy. The increase through 2000 in the commercial permits can be attributed to new office developments still under construction in Johnson County, including the continuing construction at the Sprint Campus, Highland Corporate Campus, Southcreek Office Park and multiple retail centers. During 2001, construction continued on those projects; however, fewer permits were issued for new projects. The consistency in the number of building permits issued indicates a growing economic base because new residents and businesses are moving to the Johnson County area.

JOHNSON COUNTY BUILDING PERMITS

	1997	1998	1999	2000	2001	Four Year Change
Residential Permits Issued	4,198	4,331	6,626	7,595	6,716	59.98%
Commercial Permits Issued	189	176	243	262	231	22.22%



Source: 2001 Comprehensive Annual Financial Report

NOTICE

Johnson County Government offers employment and provides services and programs in compliance with the provisions of the Americans with Disabilities Act (ADA) and with all other federal, state and local statutes regarding race, color, national origin, sex, religion, age or disability.