2018

City of Overland Park
Trend Report

City of Overland Park
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The City of Overland Park Finance Department is pleased to present the 2018 Trend Report. This document has been provided to highlight the major assumptions used in developing the financial data presented.

The Fiscal Policy established by the City is used as guidelines to direct the City toward long-term financial stability and security. These standards are reviewed periodically and used to monitor the development of the five-year Financial Plan, Capital Improvements Program (CIP), Maintenance Plan, and the Annual Operating Budget.

The goal of the City’s CIP is to forecast future public improvements, facilities needed in the City, and provide data concerning cost, timing, funding sources, budget impacts and alternatives. In the CIP process, the City blends both physical and financial planning elements to utilize resources to the greatest benefit for present and future citizens of Overland Park.

This trend report includes the years 2014 through 2018. The data represents actual figures derived primarily from the City of Overland Park’s Comprehensive Annual Financial Report (CAFR), and the CAFR’s of comparable benchmark cities.

The document is divided into the following Sections:

- Revenues
- Expenditures
- Debt Structure
- Operating Position
- Supplement Data

The population estimate of 195,140 for 2018 was provided by the City’s Planning and Development Services. Where constant dollars are presented, the base year used for the index is 2014. Industry benchmarks have been identified which enable the reader to make certain conclusions as to favorable or unfavorable trends or conditions. These benchmarks are taken from Standard & Poor’s CreditWeek municipal publication or the City’s adopted financial standards. The supplemental data provides an analysis of personal services, as well as population growth in Overland Park.
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BENCHMARK CITIES

Financial data was compiled from five comparable triple-A rated cities with populations similar to Overland Park. The 2018 population data was expressed from the 2018 CAFR of each city. The data in this report was compiled for 2014 through 2018.

<table>
<thead>
<tr>
<th>City</th>
<th>2018 Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overland Park, KS</td>
<td>195,140</td>
</tr>
<tr>
<td>Lincoln, NE</td>
<td>280,364</td>
</tr>
<tr>
<td>Winston-Salem, NC</td>
<td>243,026</td>
</tr>
<tr>
<td>Scottsdale, AZ</td>
<td>238,000</td>
</tr>
<tr>
<td>Irving, TX</td>
<td>237,490</td>
</tr>
<tr>
<td>Bellevue, WA</td>
<td>140,700</td>
</tr>
</tbody>
</table>
Operating Revenue Sources (Constant Dollars)

DESCRIPTION: Operating revenue by Source - General, Special Revenue and Enterprise Funds. Constant Dollars is reported revenue and expenditure dollars adjusted to eliminate the impact of inflations. The statistical measure used for this purpose is the CPI-U (Kansas City Metropolitan area) price index, prepared by the Bureau of Labor Statistics. The base year for constant dollars is 2014.

ANALYSIS: Sales tax revenue has been stagnant since 2015, due to several factors, such as online sales, and competition from growing neighboring cities. Property tax revenue has slowly increased based on increases in citywide property tax values and new construction. Franchise tax has remained constant. User fee growth is primarily driven by construction and development activity. Development activity strengthened in 2015 and continued to be strong through the remainder of the reporting period.

Other than property tax revenue, the City's revenue base only slightly exceeded inflation. Since the City's population and related service demands are on the rise, projected revenues should be monitored closely in order to make adjustments as necessary.
Assessed Valuation Real Property

DESCRIPTION: Overland Park comparison of Assessed Valuation Growth - 2014 through 2018. The Assessed valuation (AV) placed upon real and certain personal property by the County Assessor is the basis for levying property taxes. AV is calculated as a percentage of appraised value. In accordance with state law, the current assessed valuation rates for real estate are 11.5% for residential, 25% for commercial and 30% for agricultural property. Real property entails the right of use, control and disposition of the land and its attached objects; this can include buildings, roads and machinery.

SOURCE: Audited financial statements.

ANALYSIS: The Assessed Valuation (AV) has had significant increases during the reporting period of 2014 to 2018. Assessed valuation growth is dependent on both economic expansion and ongoing development activity within the City. Economic development activity is expected to continue at strong levels for the near future.
Sales Tax Categories as a Percentage of Total Collection

DESCRIPTION: Comparison of the City of Overland Park sales tax collections in the top five retail-type categories for the period of 2014 through 2018. Sales tax is revenue collected from the one-cent tax on all non-exempt retail sales within the City.


ANALYSIS: This graph displays the diversity of the City’s sales tax base. The categories of Restaurants & Food and Department Stores – Inelastic grew to become the largest source of the City’s sales tax revenue. In 2017, Utilities reported a decrease due to a milder winter and less energy usage by customers and citizens’ cord cutting of their TV cables and landlines. The City continues to have a diverse sales tax base.
DESCRIPTION: Retail sales for Johnson County Cities between 2014 and 2018. Retail sales represent purchases of finished goods by consumers and businesses. The information for this chart comes from the State of Kansas Sales Tax Report.

ANALYSIS: The City of Overland Park has experienced a gradual increase in retail sales in the 2014-2018 reporting period. Other Johnson County cities have experienced similar growth, with Olathe, Lenexa, and Shawnee all gaining market share of retail sales within Johnson County.
Sales Tax Pull Factor - Major Johnson County Cities

DESCRIPTION: Sales tax pull factor measures the strength of retail sales within a community. A pull factor of greater than one indicates that a community is attracting sales activity in relation to their population. A pull factor of less than one indicates that a community is losing sales activity to other cities.


ANALYSIS: Overland Park's sales tax pull factor decreased slightly during this reporting period. The sales tax pull factor for the City overall is still strong. The impact of large retail development in neighboring cities has had a slight impact on Overland Park's pull factor.
2018 General Fund Revenue Sources
(Benchmark Cities)

DESCRIPTION: Comparison of 2018 Percentages of General Fund Revenues - Overland Park and benchmark Triple-A Cities. The General Fund is used to account for all the financial resources and expenditures of the City except those required to be accounted for in another fund.

SOURCE: Audited financial statements and data provided by the benchmark cities.

ANALYSIS: Overland Park and Lincoln, NE. have a higher reliance on sales tax revenue when compared to most other benchmark cities. Irving Texas and Bellevue Washington have a more balanced revenue structure with each of the three major revenue sources (property tax, sales tax, and other revenues) approximately equaling one-third of their total revenue. Scottsdale, Arizona relies heavily on other revenues (state shared sales, state revenue sharing, & auto lieu tax are just a few), While Winston-Salem, North Carolina relies heavily on property tax.

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Sales Tax</th>
<th>Property Tax</th>
<th>Other Revenues</th>
<th>Total Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overland Park, KS</td>
<td>$79,655,761</td>
<td>$48,640,195</td>
<td>$37,941,809</td>
<td>$166,237,765</td>
</tr>
<tr>
<td>Lincoln, NE</td>
<td>$89,978,538</td>
<td>$46,009,808</td>
<td>$14,635,438</td>
<td>$150,623,784</td>
</tr>
<tr>
<td>Bellevue, WA</td>
<td>$77,751,000</td>
<td>$57,667,000</td>
<td>$56,928,000</td>
<td>$192,346,000</td>
</tr>
<tr>
<td>Scottsdale, AZ</td>
<td>$116,679,000</td>
<td>$26,918,000</td>
<td>$141,602,000</td>
<td>$285,199,000</td>
</tr>
<tr>
<td>Irving, TX</td>
<td>$68,671,084</td>
<td>$102,092,890</td>
<td>$53,331,279</td>
<td>$224,095,253</td>
</tr>
<tr>
<td>Winston-Salem, NC</td>
<td>$42,370,619</td>
<td>$105,470,416</td>
<td>$46,568,901</td>
<td>$194,409,936</td>
</tr>
</tbody>
</table>

![Graph showing revenue sources comparison for different cities]
Benchmark Cities General Fund Property Tax Revenue Per Capita (Constant Dollars)

DESCRIPTION: Benchmark Cities – General Fund Property Tax Revenue per Capita - Constant Dollars are reported revenue and expenditure dollars adjusted to eliminate the impact of inflation. The statistical measure used for this purpose is the CPI-U price index for the Benchmark Cities, prepared by the Bureau of Labor Statistics. The base year for constant dollars in this report is 2014.

SOURCE: Audited financial statements and information provided by benchmark cities.

ANALYSIS: When compared to other benchmark cities, Overland Park is in the middle of the pack. In constant dollars, property tax revenues are trending slightly upward.
User Fees as a Percentage of General Fund Revenues
(Benchmark Cities)

DESCRIPTION: User fee revenue is a fee paid for direct receipt of a public service by the party benefiting from the service.

SOURCE: Audited financial statements and information from benchmark cities.

ANALYSIS: Overland Park's user fees as a percentage of total General Fund revenue is higher than most of our benchmark cities. In addition, the City's percentage has remained more consistent than other cities.
Operating Expenditures by Goal Area – (Constant Dollars)

**DESCRIPTION:** Goal Areas are reporting categories on reports that are aligned to standards or benchmarks of which the following areas are used: Finance & Administration, Police, Fire, Public Works, Parks, and Planning & Development. Expenditures reported include Governmental Fund Types: General, Special Revenue and Enterprise funds.

**SOURCE:** Audited financial statements.

**ANALYSIS:** After adjusting expenditures for inflation, most goal areas have remained stable in spending levels between 2014 and 2018 except for an increase in Information Technology spending (under Fin. & Admin.) and in fire service starting in 2015 due to the City providing Merriam fire services for which Overland Park is reimbursed. Based on historical trends the city is able to meet growing service demands due to population increases within the existing revenue structure. The City's long-term financial plan is structured to accommodate increased demand for services and corresponding increases in expenditures. Continued price inflation and a growing population will require monitoring and maintenance of a proper balance between revenues and operating expenditures to sustain the City’s financial strength.
Operating, Capital Projects, Maintenance & Debt Service Expenditures Per Capita – (Constant Dollars)

DESCRIPTION: Per Capita Expenditures for:
- **Operations** (reported day-to-day expenditures that fund on-going governmental services),
- **Capital Projects** (for improvements, which are generally financed through long-term bonded debt, pay-as-you-go {cash} or special assessments, this includes street improvements, drainage improvements, park acquisition and development, and public building improvements).
- **Debt Service** (the payment of principal and interest on the City’s bonded debt), and
- **Maintenance** (used to maintain the City’s infrastructure assets such as streets, traffic management systems, storm sewers, curbs and sidewalks). - Reported on a Constant Dollar Basis (Adjusted for Inflation).

SOURCE: Audited financial statements.

ANALYSIS: Operating expenditures per capita, have remained relatively stable since 2014. Capital project costs have trended downward slightly as resources were reallocated toward maintenance, which has trended upward. Debt service expenditures have trended downward as debt has been retired and new debt issued has been limited.
**General Fund Expenditures Per Capita Constant Dollars**
*(Johnson County Cities)*

**DESCRIPTION:** Comparison of General Fund Expenditures Per Capita for Johnson County Cities.

**SOURCE:** Audited financial statements.

**ANALYSIS:** Overland Park’s per capita General Fund expenditures remain low compared to most of Johnson County Cities.

![Chart showing per capita General Fund expenditures for Johnson County Cities](chart.png)
General Fund Expenditures Per Capita – (Constant Dollars)

DESCRIPTION: Comparison of General Fund Expenditures Per Capita for Benchmark Cities, Reported on a Constant Dollar Basis (Adjusted for Inflation).

SOURCE: Audited financial statements.

ANALYSIS: Overland Park's per capita General Fund expenditures remain low compared to most other benchmark cities.
Comparison of Debt Per Capita

**DESCRIPTION:** Per Capita comparison of direct bonded debt (A debt that is issued by the City for which the City has pledged its full faith and credit) and overlapping debt (direct bonded debt of another jurisdiction that is issued against a tax base within the boundaries of the City of Overland Park).

**SOURCE:** Audited financial statements.

**ANALYSIS:** The per capita amount of direct bonded debt and overlapping debt has steadily decreased during the five-year period of 2014-2018, as more debt has been retired than issued, and population has continued to grow. The City’s total direct debt per capita in 2018 is $562, which complies with the City’s standard of less than $1,200.

<table>
<thead>
<tr>
<th>Year</th>
<th>Overlapping Debt</th>
<th>Direct Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$2,512</td>
<td>$736</td>
</tr>
<tr>
<td>2015</td>
<td>$2,435</td>
<td>$729</td>
</tr>
<tr>
<td>2016</td>
<td>$2,385</td>
<td>$610</td>
</tr>
<tr>
<td>2017</td>
<td>$2,234</td>
<td>$518</td>
</tr>
<tr>
<td>2018</td>
<td>$2,990</td>
<td>$562</td>
</tr>
</tbody>
</table>
Indebtedness Per Capita (Johnson County Cities)

DESCRIPTION: Total direct bonded debt and temporary notes per capita for select Johnson County cities. Information shown excludes utility revenue bonds.


ANALYSIS: Overland Park shows a low level of indebtedness per capita in comparison to other Johnson County cities.

<table>
<thead>
<tr>
<th></th>
<th>Overland Park</th>
<th>Lenexa</th>
<th>Olathe</th>
<th>Leawood</th>
<th>Shawnee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$736</td>
<td>$2,693</td>
<td>$2,095</td>
<td>$1,627</td>
<td>$1,047</td>
</tr>
<tr>
<td>2015</td>
<td>$729</td>
<td>$3,566</td>
<td>$1,993</td>
<td>$1,678</td>
<td>$884</td>
</tr>
<tr>
<td>2016</td>
<td>$610</td>
<td>$3,217</td>
<td>$1,952</td>
<td>$1,491</td>
<td>$744</td>
</tr>
<tr>
<td>2017</td>
<td>$518</td>
<td>$2,889</td>
<td>$1,847</td>
<td>$1,807</td>
<td>$703</td>
</tr>
<tr>
<td>2018</td>
<td>$562</td>
<td>$2,942</td>
<td>$1,862</td>
<td>$1,672</td>
<td>$732</td>
</tr>
</tbody>
</table>

*Direct bonded debt & temporary notes*
Comparison of Actual & Budgeted General Fund Revenues

DESCRIPTION: Comparison of actual and budgeted revenues for General Fund.

SOURCE: Annual budget.

ANALYSIS: During the 2014-2018 reporting period, actual revenues have consistently exceeded budgeted revenue.

### General Fund only

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Revenue</td>
<td>$135,152,836</td>
<td>$142,569,845</td>
<td>$148,475,827</td>
<td>$158,325,157</td>
<td>$166,237,765</td>
</tr>
<tr>
<td>Budgeted Revenue</td>
<td>$129,600,000</td>
<td>$136,075,000</td>
<td>$143,160,000</td>
<td>$151,605,000</td>
<td>$159,340,000</td>
</tr>
<tr>
<td>Over(under) budget</td>
<td>$5,552,836</td>
<td>$6,494,845</td>
<td>$5,315,827</td>
<td>$6,720,157</td>
<td>$6,897,765</td>
</tr>
</tbody>
</table>

### Percentage of Revenue

| Over(under) budget | 4.3% | 4.8% | 3.7% | 4.4% | 4.3% |

### Diagram

- **Actual Revenue**
- **Budgeted Revenue**
Unassigned fund balance as a percentage of Operating Expenditures

DESCRIPTION: Unassigned fund balance represents the remaining amount that is not restricted or committed; this includes all spendable amounts not contained in other classifications. Unassigned fund balance as a percentage of operating expenditures for the General Fund measures the City's ability to withstand financial emergencies. The City's fiscal policy and financial standards state the percentage of ending cash to operating expenditures should be at least 30%.

SOURCE: Audited financial statements.

ANALYSIS: Overland Park, in comparison to the benchmark cities, has one of the highest unassigned fund balances as a percentage of operating expenditures. Since 2014, Overland Park’s fund balance has increased at a higher rate than the majority of benchmark cities. Based on the City's reliance on economically sensitive sales tax as its primary revenue source, a strong fund balance is desirable to provide extra flexibility during economic downturns. This combined with continued conservative expenditure habits has resulted in an upward trend in fund balance.
Overland Park Population Change by Age Group

**SOURCE:** US Census American Fact Finder.

**ANALYSIS:** Overland Park's population gained in all areas, with the largest gain in career-aged (20 to 64) people.
Johnson County Cities Population
(2010 Census and 2018)


ANALYSIS: Overland Park continues to be the most populous city in Johnson County.