

KANSAS LOCAL GOVERNMENT 2005 DEBT AFFORDABILITY STUDY

By
W. Bartley Hildreth*
Principal Investigator and Regents Distinguished
Professor of Public Finance

and

Anthony Swartzendruber
George Van Riper Endowed Fellow in Public Finance

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Kansas Public Finance Center
Hugo Wall School of Urban and Public Affairs
Wichita State University

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* Authors listed in alphabetical order.

Foreword

Local governments borrow to support the delivery of public services, and in comparison to state government, Kansas local governments have been the primary issuers of debt throughout state history. State policy in Kansas grants cities, counties, school districts, and other local jurisdictions broad latitude in decision making with respect to debt issuance. As a result, local borrowing has rarely been examined from a statewide perspective.

An analysis of local government debt affordability was proposed to Secretary of Revenue Joan Wagnon in her roles as head of the Kansas Department of Revenue and chair of the Kansas Advisory Council on Intergovernmental Relations last summer. In consultation with the Kansas Advisory Council, Secretary Wagnon initiated this study, as one of three undertaken by faculty in the Hugo Wall School of Urban and Public Affairs, Wichita State University, under the auspices of the Kansas Public Finance Center.

Dr. W. Bartley Hildreth, Regents Distinguished Professor of Public Finance in the Hugo Wall School, was recruited to serve as principal investigator and primary author of this study of local government debt affordability in Kansas. He was assisted by Graduate Assistant Anthony Swartzendruber, who co-authored this study. Ms. Jo Turner oversaw final editing and publication of the report.

This study complements the study of state debt affordability, *State of Kansas 2005 Debt Affordability Report*, conducted by Professor Hildreth and published under the auspices of the Kansas Public Finance Center in 2005.

On behalf of the Hugo Wall School and the Kansas Public Finance Center, we wish to thank Secretary Wagnon for her support of research on local finance in Kansas and for her work and interest in improving state-local relations in Kansas.

H. Edward Flentje, Director
Hugo Wall School of Urban and Public Affairs

W. Bartley Hildreth, Director
Kansas Public Finance Center

Executive Summary

Kansas local governments must continually balance the increasing costs of providing the public services expected by residents with the supply of resources that citizens are willing to devote to this civic enterprise. Service provision requires the purchase of unique equipment (such as fire apparatus) and the construction of expensive public improvements (such as streets and sidewalks, water and sewer systems, court houses, city halls, and school buildings, as well as fire stations and jails). Because these expensive capital assets are expected to last for decades if not a lot longer, it is appropriate to spread their costs over the years of use and benefit. Borrowing the money and repaying it over time avoids placing the burden on current taxpayers who enjoy the benefits for only as long as they populate the jurisdiction. Therefore, it makes sense to issue debt for the acquisition of these expensive, long-lived capital assets. However, debt has to be repaid, with interest. If not careful, the yearly debt service payments for old projects can crowd out the provision of new capital improvements as the local government struggles to stay within a limited budget.

Compounding a particular local government's debt plans are the debt obligations of other local governments with the same taxpayers. For example, the citizens of a city are also residents of a unified school district and the county. Even county governments share their taxpayers with a school district and perhaps a city. Adding to the mix are townships and various specialized districts including community colleges and water districts, among numerous others. While each local government strives to separate its direct debt from the 'overlapping' debt caused by those other jurisdictions, to taxpayers the economic burden is the total of direct and overlapping debt.

The purpose of this local government debt affordability analysis is to provide state and local policymakers and local government managers with a better understanding of the debt levels of Kansas local governments, and the debt's impact on these jurisdictions and their citizens. While debt has a role, its acquisition has to be rationed. A major policy issue is to preserve capacity for accessing the capital market in the future to deal with capital improvement requirements of that time and situation. Thus, this study seeks to promote fiscal policies that will protect the credit quality of local government debt instruments and ensure the sustainability of these jurisdictions' financial position into the future.

Key findings derived from this study:*

- All Kansas local government debt increased from \$2.67 billion in 1990 to \$7.90 billion in 2005, at a compound annual growth rate of 7.50 percent.
- Local government debt per capita rose from \$1,259 per person in 1993 to \$2,865 in 2005, or an annual growth rate of 7.10 percent. The mean (or average) debt per capita is \$1,695 – a moderate level by one credit standard. By the debt burden

* There are two supplemental reports available on the website of the Kansas Public Finance Center at Wichita State University. The "Kansas County-wide Debt Sourcebook" provides details on the growth and composition of county-wide local government debt in each county for 1990 to 2005. The "Kansas Selective Cities Debt Sourcebook" provides the available financial data for 1994 to 2005, and additional graphics on debt, for the 25 cities examined in this study.

measure of debt per capita as a percentage of Kansas personal income per capita, local government debt increased from 5.95 percent in 1990 to 8.76 percent in 2005. The mean is 6.53 percent.

- School district debt comprised 18.48 percent (or \$493.5 million) of all local debt in 1990, but its share rose sharply to 39.25 percent (or \$3.10 billion) in 2005. For the entire period, the annual growth rate was 13.03 percent, while from 2000-2005, the annual growth rate was 8.46 percent. The largest increase occurred between 1993 and 1994 as debt increased 28.73 percent, reflecting the start of the 1992 School District Bond Principal and Interest Obligation State Aid Payments program. As a result, school district debt is the most significant factor in the growth of Kansas local government debt.
- County general debt comprised 12.4 percent (or \$331.1 million) of all local debt in 1990, but its share declined to 6.61 percent (or \$522.3 million) in 2005. For the 15-year period, it grew at an annual rate of 3.08 percent, but for the last five years, debt decreased by 1.23 percent per year. The largest increase was between 1992 and 1993 (by 21.67 percent) and the greatest decline was between 2003 and 2004 (by -15.14 percent).
- City debt comprised 35.03 percent (or \$935.3 million) of all local debt in 1990, but declined to a 28.90 percent share (\$2.3 billion) in 2005. The amount grew at an annual growth rate of 6.13 percent over the entire period. City debt only decreased one time during this 15-year period, and the largest increase (14.55 percent) occurred between 2003 and 2004.
- Revenue debt, the category that includes enterprise operations (e.g., water and sewer bonds) and selected dedicated tax-backed debt, declined from 22.56 percent of all local debt in 1990 to 16.66 percent in 2005. The annual growth rate was 5.35 percent.
- Industrial revenue debt increased from \$4.51 billion in 1990 to \$8.60 billion in 2005, or an annual growth rate of 4.40 percent. It is inappropriate to include Industrial Revenue Bonds in local government debt because the local government is only the conduit for the private business to access the capital market and the local government does not have any legal liability for the debt.
- The highest amount of all local government debt per capita in 2005 is found in Wyandotte County (\$5,108), Butler (\$4,782), Sumner (\$4,334), Scott (\$4,286), and Johnson (\$3,970). The lowest amounts per capita are in Meade (\$81), Jewell (\$202), Woodson (\$221), Smith (\$239), and Sheridan (\$273).
- The highest aggregate school district debt per capita in 2005 is Scott County (\$3,480), Butler (\$2,726), Johnson (\$2,068), Sumner (\$2,019), and Wabaunsee (\$1,958). Mean is \$680 per capita.

- The highest aggregate school district debt per student is Scott (\$17,772), Wabaunsee (\$13,896), Johnson (\$13,078), Butler (\$12,442), and Sumner (\$12,327). Mean is \$3,977 per student.
- In 2005, there is no School District Debt in 25 counties.
- Many of the profiles Kansas cities have higher levels of overall debt (including overlapping debt by school districts) than found in comparable national population and credit rating groupings. Moreover, few of the profiled Kansas cities enjoy a diverse local economy as measured by the top ten property taxpayers as a percentage of the tax base. These trends affect credit quality.
- State debt per capita for 1993 was \$363 and \$1,435 in 2005, representing an annual growth rate of 12.12 percent [Data from State of Kansas 2005 Debt Affordability Report].
- Local debt per capita for 1993 was \$1,259 and \$2,865 in 2005, a 7.10 percent growth rate.
- To examine the linkage that a particular taxing jurisdiction has to other debt issuing jurisdictions that share the same taxpayers, detailed debt data were collected from 25 cities in Kansas which produced comprehensive annual financial reports from 1994 through 2005. Residents in these cities represent about one-half of the state's population and have a public liability for a majority of the local debt.
- For the Kansas cities studied here, the results reveal growth in city debt driven by the strong growth of overlapping debt.
- The debt burden indicators in several of these cities are higher than selected credit industry benchmarks but their credit ratings are generally good.
- In these cities, financial flexibility, as measured by days of available reserves, is close to national norms.
- Every local government should have a formal set of debt policies governing its debt issuance and management practice. Prudent debt policies must be established to efficiently manage debt.
- Policy choices include options that reflect the need to monitor the growth of debt, balance tighter debt limits with preservation of local governing flexibility and bond security, promote debt coordination to deal with the overlapping debt problem, enhance transparency on bond transactions, and provide more information so taxpayers can compare the debt burdens they assume when they select a place to live and work.

Introduction

Kansas has 3,887 local governments.¹ This total includes 104 counties (excluding Wyandotte County), 627 municipal governments, 1,299 townships, 324 school district governments (including unified school districts, a municipal university, and community college districts), and 1,533 special district governments (e.g., cemetery, drainage, hospital, library, and sewer). Most of these entities have the power to levy ad valorem (property) taxes. Taxes provide the resources for civic goods and services, including the provision of public safety, education, social services, public works, and other quality of life services.

A counterpart to the power to tax is the power to incur debt. Debt imposes a future obligation on taxpayers or ratepayers to generate sufficient revenues to cover the debt service. In essence, debt securitizes future revenue flows. Taking the present value of future revenues allows the community to purchase or construct capital assets that provide a foundation for the provision of civic goods and services for decades into the future.

Nearly all Kansas local governments enjoy the legal authority to enter into debt, within certain conditions.² Under their home rule authority, city and county governments can legislate on matters of strictly local interest, but must yield to the state on laws of statewide concern. Cities and counties can issue general obligation bonds without a vote of the electors, unless a timely protest petition is filed, up to a maximum limit. This debt limit is defined as the amount, less certain exclusions, not to exceed 30 percent of the sum of taxable tangible property valuation and motor vehicle assessed valuation within the jurisdiction. Defined municipalities also enjoy the discretion to issue revenue bonds backed by dedicated revenue sources. The state's general bond law specifies the terms, denominations, maturity, and methods of issuing debt, including the procedures for governing body approval. Unlike the home rule authority granted to cities and counties as general forms of local government, the specialized entities such as unified school districts, townships, and special purpose districts, are restricted to the powers, including debt issuance authority, enumerated by state statute. Regardless of the form of government, before a bond is judged a valid and legal obligation, the local government must submit to the Attorney General a transcript of proceedings for a determination that the transcript is complete and the sale is consistent with state law. Other than this normally perfunctory step, state officials have no role in the decision-making or issuance process of local government debt.³

Consistent with this decentralized approach to governance, but rendering an analysis like this one difficult, is the lack of a central, electronic compilation of individual local government debt data and a similar compilation of local financial statements maintained on the basis of generally accepted accounting principles.

¹ U.S. Bureau of the Census, *2002 Census of Governments, volume 1, number 2, Individual State Descriptions*. Kansas, pp. 100-105, data as of June 2002. Available: <http://www.census.gov/prod/2005pubs/gc021x2.pdf>

² K.S.A. Chapter 10, Article 1, General Bond Law; and McMillan, C.F. "Local Government Debt in Sedgwick County, Kansas, 1985-1995." Applied Research Paper, Hugo Wall School of Urban and Public Affairs, Wichita State University, May 1997.

³ The state treasurer serves as the paying agent on behalf of local governments, but this is a ministerial role to process debt service payments received from local governments.

In spite of this information deficiency, there is a need to understand the extent and nature of local government debt in Kansas. This study seeks to inform public officials and the taxpayers of Kansas on local government debt consistent with the approach in the earlier Kansas Public Finance Center report on the State of Kansas debt.⁴ Accordingly, this report examines Kansas local government debt in the aggregate, in county-wide profiles, and in detail, for 25 cities.

Specifically, this report examines local government long-term bond obligations in Kansas.⁵ For the comparison purposes of this report, the terms “bond” and “debt” are used interchangeably as the focus here is on the principal amount owed, not the debt service obligations that combines the principal and interest amounts due in a particular year.⁶ Accordingly, this debt affordability report focuses on comparative debt levels, not the relative financial position of each jurisdiction.⁷

The section on state-wide totals, provides state-wide debt levels by type of local government for 1990 through 2005. Historical changes in the share of debt incurred by cities, counties, and school districts emerge from this analysis. Results also show significant growth in local government debt. Also covered is the critical distinction that must be made between public debt and private purpose debt because it is inappropriate to consider industrial revenue bonds as a legal obligation of local government.

Due to the way the state compiles local government debt obligations, it is only possible to discuss county-wide debt, not the debt of individual jurisdictions. The recent history and composition of debt by type of local government for each county, is provided in the county comparisons section of this report. Five measures of debt affordability are used to examine these county-wide totals, with maps displaying major distinctions. Appendix material offers detailed tables showing each county’s ranking on each measure and overview figures that display changes over time in amount and composition. Results indicate great variation in the debt burden among the counties. Accordingly, taxpayers and officials in each county can compare results to their neighboring counties or those counties for which comparison might matter.

Since 1992, the State of Kansas has helped unified school districts cover part of their debt service obligations. The section on school district debt service examines this program and provides details by participating school district. The growth of school district debt is significantly influenced by the existence of this state aid program.

⁴ Kansas Public Finance Center, *State of Kansas 2005 Debt Affordability Report* (Wichita: Wichita State University). Available: <http://hws.wichita.edu/KPF/reports-publications/>

⁵ Other forms of long-term obligations that are excluded include compensated absences, capital lease obligations, and claims and judgments. Also excluded are pension liabilities and liabilities associated with other post-employment benefits (such as health care for retirees).

⁶ Compiling the debt service schedules for all outstanding bonds for every jurisdiction is beyond the scope of this report.

⁷ There are two supplemental reports available on the website of the Kansas Public Finance Center at Wichita State University. The “Kansas County-wide Debt Sourcebook” provides details on the growth and composition of county-wide local government debt in each county for 1990 to 2005. The “Kansas Selective Cities Debt Sourcebook” provides the available financial data for 1994 to 2005, and additional graphics on debt, for the 25 cities examined in this study.

Given time and resource constraints (including the lack of a central database), it was impossible to examine every local government in detail. The attention shifted, therefore, to the debt burden imposed on the citizens of selected municipalities. Debt can be incurred directly by the city for city purposes or by one of the many overlapping jurisdictions such as school districts or the county that share the same city territory. Accordingly, a detailed analysis of the debt obligations of the 25 Kansas cities that issue Comprehensive Annual Financial Reports, prepared according to generally accepted accounting principles, is provided in the municipal debt profiles section. This data permits a comparative analysis of a subset of Kansas cities on several financial and debt indicators.

Overall, Kansas local governments issue debt in significant amounts. Many local governments, however, are infrequent and small dollar issuers. As a concept, debt is neither good nor bad. Rather debt is a financial tool that has value based upon its intended and actual use, and accumulated amounts relative to the tax base and financial position to repay debt timely and in full. The debt policy section offers suggestions on debt policies that individual local governments might consider adopting as a way to borrow money efficiently and effectively.

The final section presents conclusions and recommendations based upon this analysis of local government debt in Kansas.

State-Wide Totals

The ideal situation would be for taxpayers and analysts to have easy access to the details on the outstanding long-term debt obligations for every individual local government in the state so desired comparisons could be made with ease. Under K.S.A. 10-110, every local government must annually report its outstanding indebtedness to the County Clerk who then submits the forms to the State Treasurer. Unfortunately, the data are not compiled in electronic form except in county-wide totals by type of local government. There are two basic forms of local-reported debt: public debt and private-purpose debt issued by local governments in the form of industrial revenue bonds.

Public Debt

Given the limitations of the reported data, public purpose local government debt within the county – including that of the county itself and the debt of all cities, schools, and other taxing districts within the county – as an equal obligation of all county residents, even though this is not the actual situation. Despite this limitation, the county-wide data, by type of local government, yields interesting state-wide totals, county-wide amounts, and county-to-county comparisons.

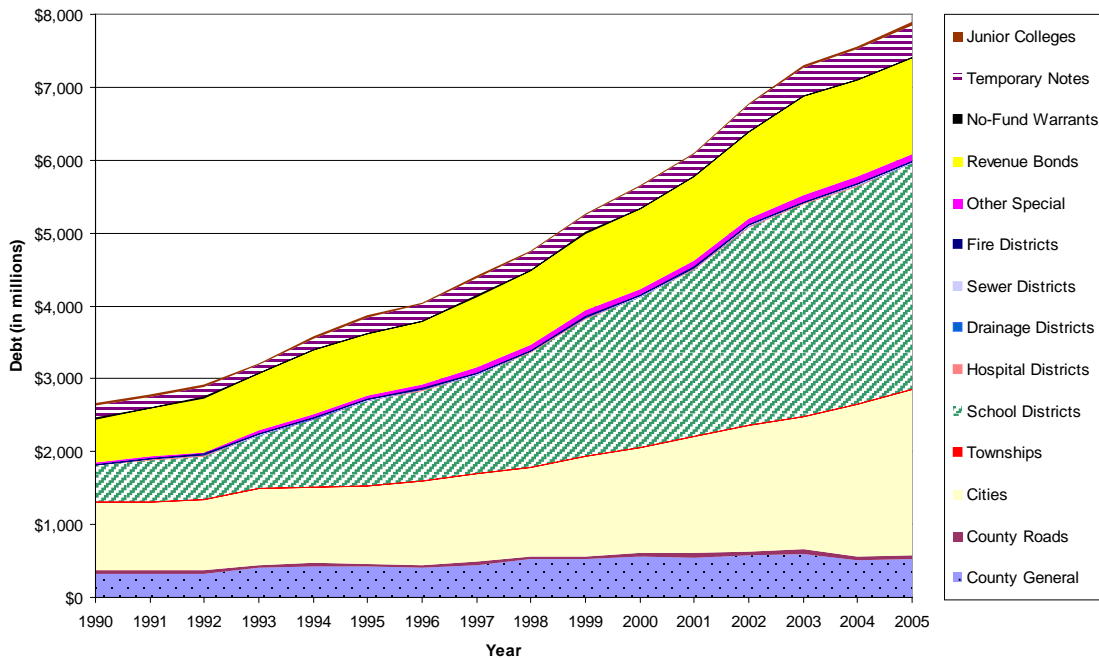
County-wide public debt is reported for the following categories:

Title	Description
County General	General Obligation debt issued at the county level for general purposes and capital projects.
County Roads	General Obligation debt issued at the county level specifically for county roads.
Cities	General Obligation debt issued by cities for general purposes and capital projects.
Townships	General Obligation debt issued by townships for general purposes.
School Districts	General Obligation debt issued by school districts for capital projects and improvements.
Hospital Districts	General Obligation debt issued by hospital districts for capital projects and improvements.
Drainage Districts	General Obligation debt issued by drainage districts for capital projects and improvements.
Sewer Districts	General Obligation debt issued by sewer districts for capital projects and improvements.
Fire Districts	General Obligation debt issued by fire districts for capital projects and improvements.
Other Special	General Obligation debt issued by other special districts for general purposes or capital projects.
Revenue Bonds	Debt issued by counties, cities, townships, or other special districts for revenue-backed capital projects and improvements.
No-Fund Warrants	Debt issued, once approved by the board of tax appeals, “whenever there is an unforeseen occurrence which causes an expense in any fund of any

	municipality or other taxing district which could not have been anticipated at the time the budget for the current budget year was prepared, and by reason of such unforeseen occurrence the governing body of any such municipality or taxing district is of the opinion that it will be impossible to pay for such unforeseen expense and pay for the imperative functions of the fund without incurring indebtedness in excess of the adopted budget of expenditures for the current budget year.” ⁸
Temporary Notes	Temporary debt issued by counties, cities, townships, or other special districts in anticipation of long-term bonds or to pay short term expenditures.

Aggregate debt levels illustrate the magnitude of Kansas’ local government debt. Between 1990 and 2005, local government debt in Kansas increased from \$2,670,256,458 to \$7,897,439,753, at a compound annual growth rate of 7.50 percent. The compound annual growth, which is the smoothed rate of return or the annual increase or decrease compounded annually, over a given time period, shows the growth of this debt over time. The largest change in local government debt took place between 1993 and 1994 as debt increased by \$367,837,567 or 11.43 percent. This increase is largely attributable to the expansion in school district debt between these two years. Alternatively, from 2003 to 2004, the smallest change in debt took place, as debt increased by 3.50 percent, or \$255,512,101. Figure 1 shows the change of the debt between 1990 and 2005, by category, as local government debt in Kansas progresses close to \$8 billion.

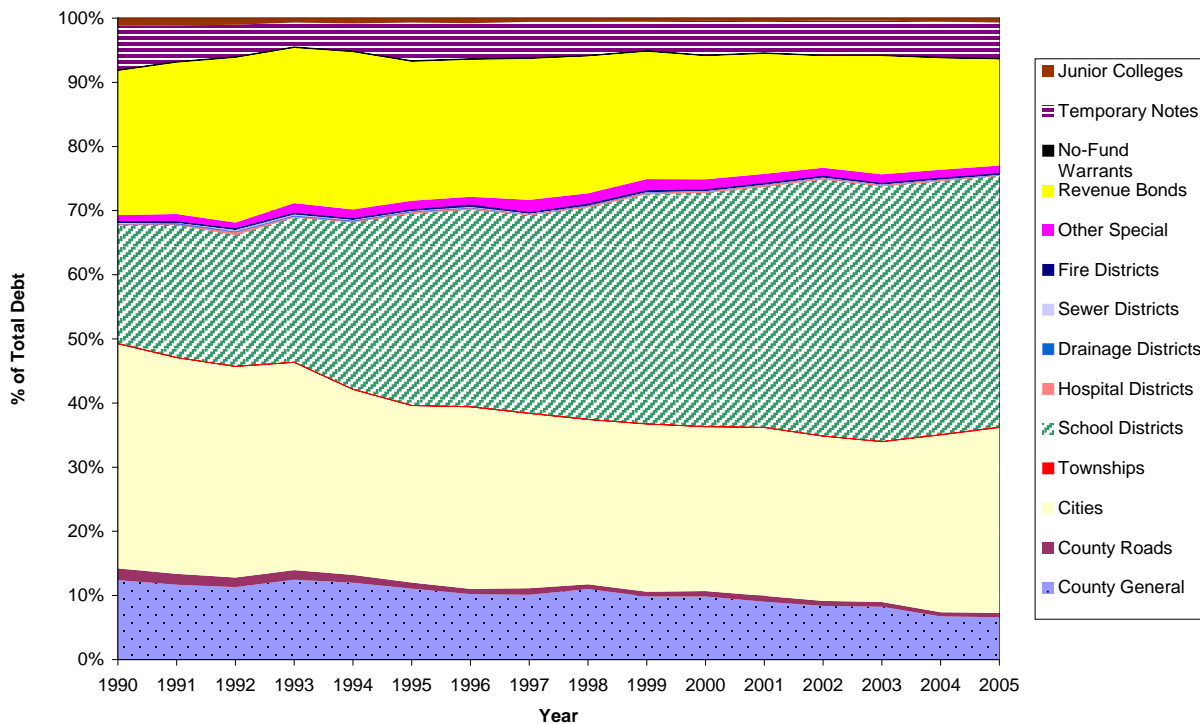
Figure 1
All Kansas Local Government Debt, 1990-2005



⁸ KSA 79-2939

In accordance with the examination of the aggregate debt totals of Kansas' local governments, the composition of the debt portrays the share of total debt attributed to a specific category. As displayed in Figure 2, the composition of all Kansas local government debt changed significantly between 1990 and 2005. In 1990, city debt occupied the largest portion of debt, encompassing 35.03 percent of total debt, while school district debt comprised 18.48 percent. The other major categories were revenue bonds (22.56 percent) and county general debt (12.40 percent). The remaining ten categories totaled 11.53 percent. In 1995, school district debt surpassed city debt, containing 29.98 percent of all local government debt. School district debt continued to encompass the largest portion of all Kansas local government debt, such that in 2005 school district debt comprised 39.25 percent of all debt, followed by city debt (28.90 percent), revenue bonds (16.66 percent), and county general debt (6.61 percent). The remaining ten categories comprise 8.58 percent of all debt in 2005. While there have been changes to the composition of all Kansas local government debt between 1990 and 2005, school district debt, city debt, county general debt, and revenue bonds have maintained their dominant shares, comprising nearly 90 percent of all debt in each year.

Figure 2
Composition of All Kansas Local Government Debt, 1990-2005



Knowing both the aggregate debt totals and the composition of the debt, further examination into Kansas' local government debt can be produced through the use of the compound annual growth rate. As shown in Figure 3, different debt categories increased and decreased at different rates between 1990 and 2005, with school district debt increasing the fastest. All categories of debt increased during this 15 year time period, except for two categories: drainage districts and sewer districts.

Figure 3
Compound Annual Growth Rates (CAGR) for All Kansas Local Government Debt, by Type

Type of Debt	CAGR 1990-2005	CAGR 2000-2005
County General	3.08%	-1.23%
County Roads	0.68	2.14
Cities	6.13	9.48
Townships	12.96	133.77
Schools Districts	13.03	8.46
Hospital Districts	2.76	-9.81
Drainage Districts	-10.36	-41.99
Sewer Districts	-1.47	13.46
Fire Districts	14.25	12.09
Other Special	8.68	0.88
Revenue Bonds	5.35	3.83
No-Fund Warrants	1.48	1.84
Temporary Notes	6.05	7.86
Junior Colleges	3.58	17.72
All Local Government Debt	7.50	6.90
Industrial Revenue Bonds	4.40	0.25
All Local Government Debt with IRB	5.71	3.11

Looking at all Kansas local government debt, debt growth between 1990 and 2005 is largely attributed to an increase in school district debt, which during this time period amplified from \$493,542,680 to \$3,100,088,218, growing annually by 13.03 percent. Between 2000 and 2005, and annual growth rate was 8.46 percent, revealing a decrease in the pace at which school district debt increased. In 1990, school district debt comprised just 18.48 percent of all local government debt, but it expanded to 39.25 percent in 2005. The highest point was in 2002, when school district debt comprised 40.06 percent of all Kansas local government debt. When viewing the amounts of school district debt by year, the largest change occurred between 1993 and 1994 when debt increased 28.73 percent from \$727,400,759 to \$936,355,370. This large increase is attributed to the State Legislature approving School District Bond Principal and Interest Obligation State Aid Payments in 1992, in which the State of Kansas pays a portion of a school district's bond and interest payments.⁹ All changes from year to year that were greater than 10 percent, took place prior to 2002, as the percent change from 2002 to 2003 was 7.13 percent, from 2003 to 2004 was 2.72 percent, and from 2004 to 2005 was 3.64 percent. Overall, school district debt has continually increased over this 15 year time period, with varying changes each year. Consequently, school district debt has played a significant role in the increasing level of all Kansas local government debt.

An additional category of debt that has contributed to the overall increase in Kansas' local government debt between 1990 and 2005 is city debt, which grew annually by 6.13 percent,

⁹ See Section IV: School Debt Service, for more details on this program.

increasing from \$935,323,881 to \$2,282,366,319. In 1990, city debt comprised 35.03 percent of all local government debt in Kansas. By 2005, city debt had increased to \$2,282,366,319, while encompassing only 28.90 percent of all debt. The compound annual growth rate for city debt between 2000 and 2005 the annual growth rate was 9.48 percent. These results reveal that city debt increased at a faster pace from 2000 to 2005 as compared to the entire 15 year time period. The largest change in city debt occurred between 2003 and 2004, when city debt increased from \$1,823,897,165 to \$2,089,330,780, or 14.55 percent. Throughout the 15 year time period, city debt has decreased once, from 1993 to 1994, by only 0.55 percent. Overall, the increase in city debt has played a contributing role in the growth of all Kansas local government debt between 1990 and 2005, and will likely continue if city debt continues its current rate of growth.

County general, another category of local government debt, increased from \$331,114,334 to \$522,252,680 between 1990 and 2005. The annual growth rate of county general debt was 3.08 percent, while between 2000 and 2005 the rate actually declined by 1.23 percent per year. In 1990, county general debt comprised 12.40 percent of all local government debt in Kansas, but in 2005 it diminished to its lowest level, encompassing only 6.61 percent of all debt. While the dollar amount of county general debt has grown, its composition in regard to all local government debt has decreased. The largest increase in county general debt occurred between 1992 and 1993 when it increased by \$71,437,393, or 21.67 percent. Alternatively, the largest decrease in county general debt took place from 2003 to 2004 as the debt level decreased by 15.14 percent, from \$600,768,760 to \$509,795,785.

County road debt grew annually by 0.68 percent from 1990 to 2005 (from \$48,695,876 to \$53,925,186). Throughout this 15 year period, county road debt has comprised between 0.66 percent and 1.82 percent of total debt; it comprised 0.68 percent in 2005.

While school district, city, and county general are significant categories of Kansas' local government debt, there are additional categories that have changed during this 15 year period, including revenue bonds, which grew annually by 5.35 percent, and in turn, increased by \$713,527,204. Fire district debt grew annually by 14.25 percent between 1990 and 2005, while increasing by \$8,284,516, and township debt showed an annual growth rate of 12.96 percent during this time period, while the total debt increase was less than \$2.5 million.

Between 2000 and 2005, all Kansas local government debt increased annually by 6.90 percent, or \$2,239,683,714. During this same time period, school district debt increased 8.46 percent, while city debt expanded by 9.46 percent. This reveals that school district debt has increased at a slower pace between 2000 and 2005, as compared to between 1990 and 2005, whereas city debt has increased at a faster pace between 2000 and 2005 than took place over the entire 15 year time period. From 2000 to 2005, junior college debt has increased annually by 17.72 percent or \$29,411,817, whereas between 1990 and 2005, the annual growth rate was just 3.58 percent. Overall, the pace at which all Kansas local government debt increased slowed down between 2000 and 2005, as compared with annual debt growth between 1990 and 2005. While the pace has slowed, the growth of Kansas local government debt continues at over 5.0 percent annually, which could burden taxpayers for years into the future. (See Appendix 1.)

Private Debt: Industrial Revenue Debt

Industrial revenue debt is an additional category of debt that is issued by local governments in Kansas. The data and exhibits previously presented do not include industrial revenue debt in the calculation of the total Kansas local government debt, nor will the industrial revenue debt be included in the remaining portions of the report. The reason for exclusion of this data from the calculation of the total Kansas local government debt is because the local government is only the conduit for the private business to access the capital market. The local government does not have any legal liability for the debt. This section describes the industrial revenue debt issued by local governments and its impact when included in the total debt of Kansas local governments.

Kansas local governments are permitted by the United States tax code – Internal Revenue Code §103(a) and Kansas statutes K.S.A. 12-1740 et seq. – to issue industrial revenue bonds (IRBs) to finance the acquisition and construction of commercial and industrial properties on behalf of private businesses or non-profit agencies.

The federal tax code permits a state or unit of local government or an agency or instrumentality of a state or local government to raise funds in the capital markets by issuing municipal bonds. Generally, under federal and state tax laws the interest on bonds issued by these governmental entities is excluded from federal income tax for the holder of the bonds. The Internal Revenue Code also permits a governmental entity to issue a conduit borrowing. A conduit borrowing is an offering that is not for its own use, but for the use of a private party (the conduit obligor).

In a conduit borrowing, the governmental entity does not have any subsequent liability or continuing involvement. In the initial offering, the governmental entity is listed as the issuer and the conduit obligor is listed as the obligor. The governmental entity does not include any of its own financial operating results in the initial debt offering or future disclosure filings. The conduit obligor is required to make all interest and principal payments as they become due, and any future financial reporting requirements are the responsibility of the conduit obligor.

Under the IRB structure, the governmental entity is the ‘issuer’ of the bonds and will hold an ownership interest in the property purchased with the bond proceeds for as long as the bonds are outstanding. The business ‘tenant’ – the conduit obligor – pays lease payments sufficient to cover the principal and interest payments on the IRBs for the term of the bonds. A bank acting as the ‘trustee’ actually handles the flow of funds, both in the disbursement of the bond proceeds at the time of the initial sale of the bonds, and in receiving rent payments from the tenant and disbursing those funds to bondholders.

Governmental accounting standards state that conduit debt obligations are certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific separate party.¹⁰ Although these bonds bear the name of the

¹⁰ Governmental Accounting Standards Board, *Interpretation #2* (1995).

governmental entity as the bond issuer, the governmental entity has no obligation for such debt beyond the resources provided by the related lease or loan. Accordingly, the bonds are not reported as liabilities in the financial statements of the governmental entity.

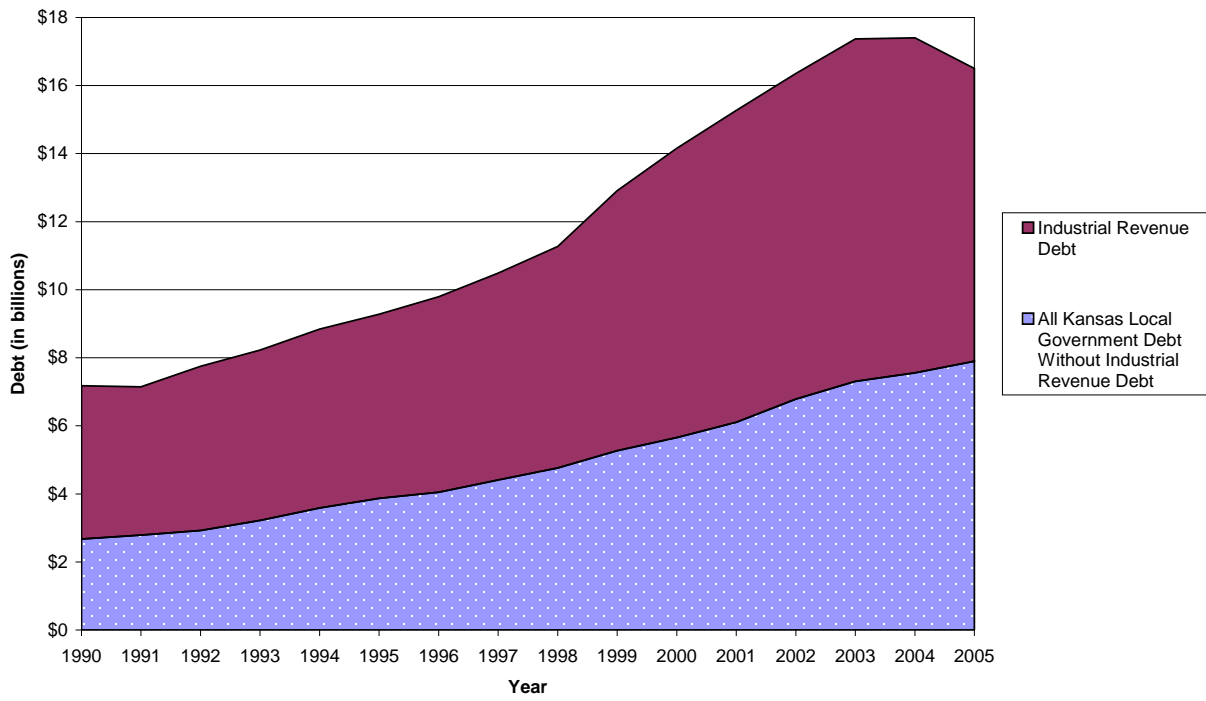
According to Kansas statute (K.S.A. 12-1743), the obligations are payable solely from rent payments. Specifically, “the principal of and interest on the revenue bonds shall be payable solely and only from the special fund herein authorized for such payments, and the revenue bonds shall not in any respect be a general obligation of such city or county, nor shall they be payable in any manner by taxation.”

Additionally, Kansas statutes require that local governments report their statement of indebtedness to the county clerk in July for the preceding year ending on June 30. The report includes the amount of its bonded indebtedness, with the date of issue and date of maturity of all outstanding bonds, and specification as to each whether it is a general obligation bond or revenue bond, including industrial revenue bonds, and the statutory authority under which each was issued. In a matter of days, the county clerk must compile all local government debt in the county on prescribed forms, and submit it to the state treasurer. Although, the state treasurer publishes this county-level data on a website, this disclosure does not change the underlying fact that industrial revenue bonds are not legal obligations of the conduit (governmental) issuer.

Industrial revenue debt totaled \$4,507,851,264 in 1990 and increased to \$8,602,756,389 in 2005. The compound annual growth rate during this time period was 4.40 percent compared to only 0.25 percent between 2000 and 2005. Industrial revenue debt marked the highest point of the 15 year period in 2003, reaching \$10,065,910,391 prior to decreasing by 2.19 percent from 2003 to 2004 and by 12.62 percent from 2004 to 2005. Figure 4, shown on the next page, reveals that when adding industrial revenue debt to the actual debt of all Kansas local government debt, the total debt nearly doubles. Combining industrial revenue debt with all Kansas local government debt equals \$7.18 billion in 1990 and an increase to \$16.50 billion in 2005. The annual growth rate during this time period would be 5.71 percent compared to 7.50 percent when industrial revenue debt is excluded. Additionally, with the inclusion of industrial revenue debt in all Kansas local government debt, industrial revenue debt comprises 62.80 percent in 1990 and decreased to 52.14 percent in 2005. In turn, this reveals that over the 15-year time period, industrial revenue debt now comprises a smaller portion of total local government debt, but remained above fifty percent throughout the time period. Also, local government debt excluding industrial revenue debt has increased at a faster pace than industrial revenue debt, which has lead to industrial revenue debt encompassing a lower percentage of total local government debt.

In summary, it is inappropriate to include industrial revenue debt in a discussion of the legal liability of a local government to repay its debt, because any outstanding conduit debt is not a liability of that local government.

Figure 4
Industrial Revenue Debt Compared to All Kansas Local Government Debt Without Industrial Revenue Debt, 1990-2005



County Comparisons

Kansas counties differ in the amount of county-wide debt outstanding and its composition. Differences are expected given varying needs and capability and local officials' response. This section presents county-wide totals and the amounts by type of local government according to several affordability indicators:

- Debt per capita – provides the proportionate amount of debt borne by each resident, with total debt divided by population.
- Debt per capita as percent of personal income per capita – gives an indication of the burden that debt places on a broad measure of local ability to pay, with total debt per capita divided by per capita estimated personal income.
- Debt as percent of assessed value – offers an indication of the burden that debt places on all property owners (a proxy for wealth), with total debt divided by taxable (assessed) value of property.
- School district debt per student – relates the total school debt by the number of students enrolled.
- Growth rate of debt – indicates the year over year growth rate for a specified period of time.

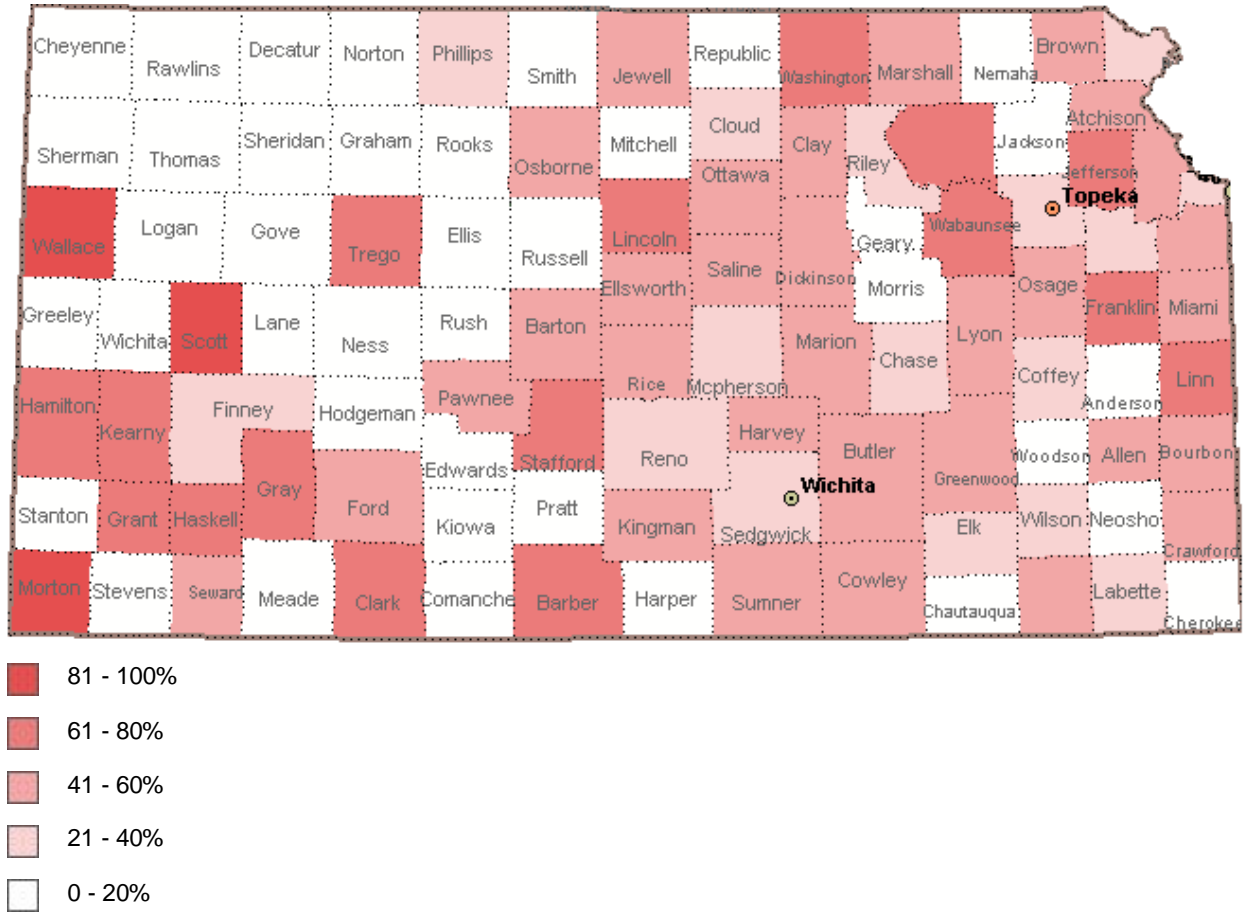
County, City, School District Debt as Percent of Total Debt

In 2005, county general debt ranged, by county, from 0 to 100 percent of total debt. As shown in Appendix 2a, twenty-six counties had no county general debt, while all of Cheyenne and Meade counties' debt was county general debt. Other counties with high percentages of county general debt as a percent of total debt include Rush (85.54 percent), Stanton (80.41 percent), and Lane (78.76 percent). The average county general debt as a percent of total debt was 15.07 percent.

Shifting to city debt, in 2005, all but five counties held city debt, with a county average of 32.02 percent. Comanche, Kiowa, and Sheridan counties' total debt was 100 percent city debt in 2005. Counties with no city debt include Cheyenne, Hamilton, Hodgeman, Lincoln, and Meade, all of which fall in the western and central portions of Kansas.

Finally, looking at 2005 school district debt as a percentage of total debt, only 80 counties had school district debt, with Wallace County having the highest percentage with 97.69 percent of total debt. The other four counties with very high percentages of school district debt as a percent of total debt include Morton (94.49 percent), Scott (81.19 percent), Kearny (80.74 percent), and Stafford (78.65 percent). The remaining top ten highest counties, in regard to composition of school district debt were Franklin, Hamilton, Haskell, Clark, and Lincoln. Overall, the average school district debt as a percent of total debt was 34.22 percent. Figure 5 shows that most counties with no school district debt are located in northwest Kansas.

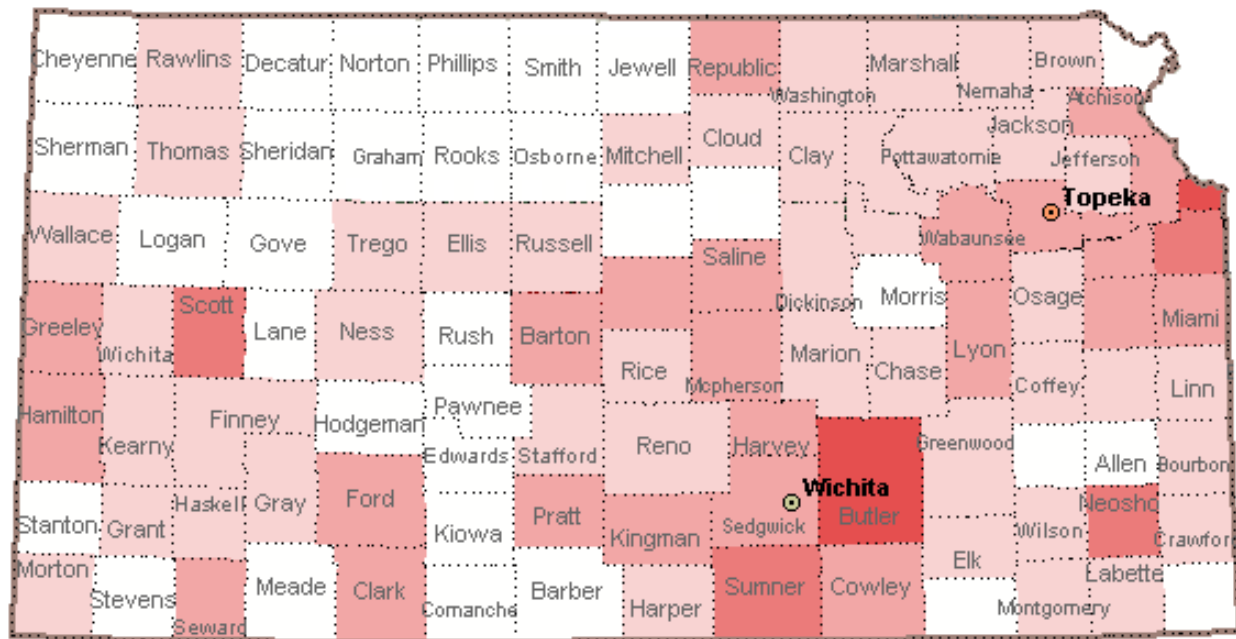
Figure 5
School District Debt as a Percent of Total Debt by County, 2005



Total, County, City, and School District Debt per Capita

Total debt per capita for Kansas counties in 2005 ranged from \$5,108 in Wyandotte County to \$81 in Meade County. The mean, or average, for all Kansas counties was \$1,695 (Appendix 2b). Other counties comprising the top ten highest amounts of total debt per capita include Butler (\$4,782), Sumner (\$4,334), Scott (\$4,286), Johnson (\$3,970), Neosho (\$3,541), Sedgwick (\$3,289), Lyon (\$3,233), Saline (\$3,147), and Miami (\$3,077). As seen in Figure 6, these counties primarily include the larger cities throughout the state, which in turn may lead to their having a larger total debt per capita.

**Figure 6
Total Debt Per Capita by County, 2005**



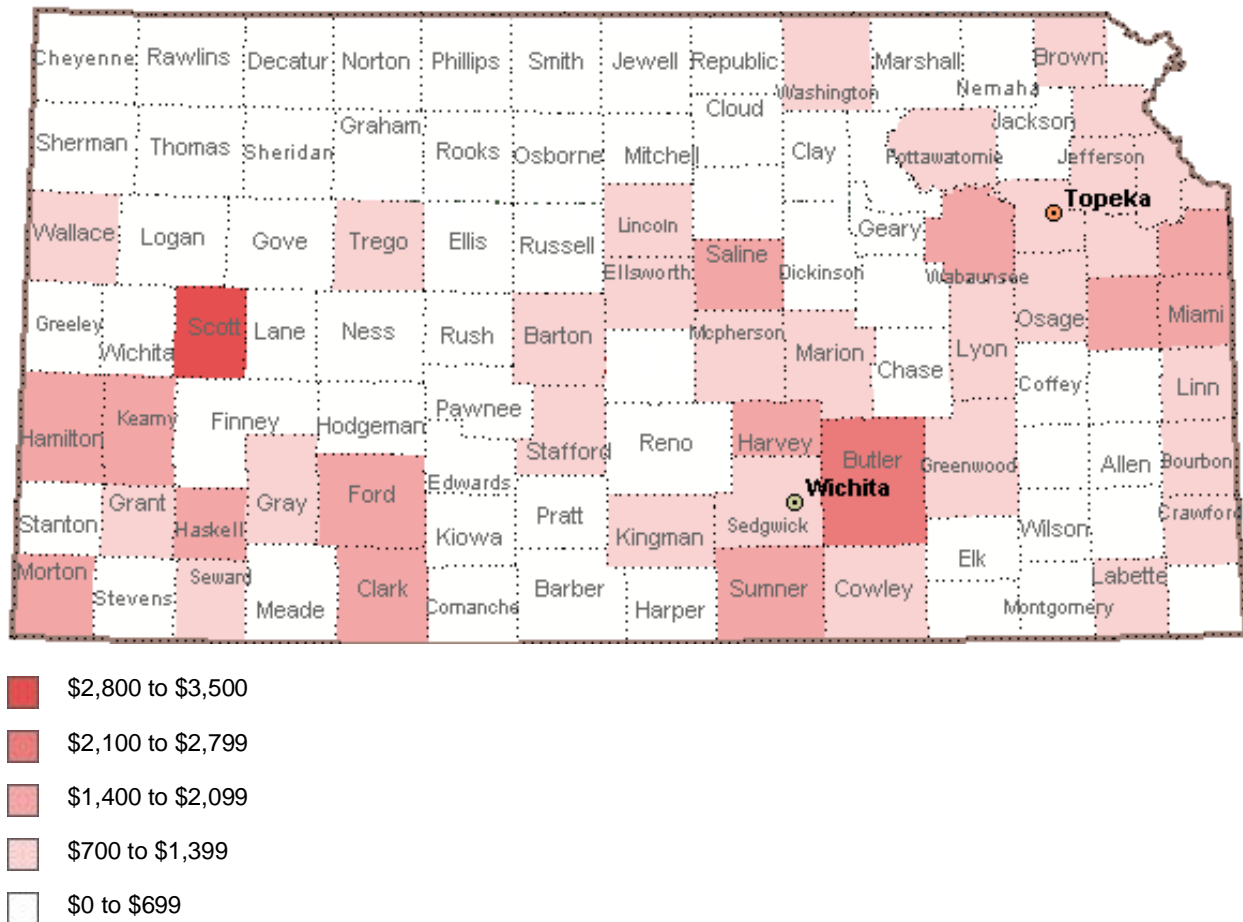
- \$4,400 to \$5,500
- \$3,300 to \$4,399
- \$2,200 to \$3,299
- \$1,100 to \$2,199
- \$0 to \$1,099

As a subset of total debt per capita, 79 counties had a county general debt per capita greater than \$0. The highest of these is Greeley County, which had a county general debt per capita of \$2,109; Wilson County had the lowest county general debt per capita, \$1. The mean county general debt per capita for Kansas counties was \$203. Counties with county general debt per capita greater than \$1,000 include Mitchell, Republic, and Wichita. The county with the tenth highest county general debt per capita, Miami County, had \$557 of debt per resident. Statewide, the county mean was slightly decreased by the 26 counties which had no county general debt.

In 2005, 100 of Kansas' 105 counties had city debt, while the city debt per capita was highest in Kingman County with \$1,734 of debt per county resident. The lowest of all the counties were Cheyenne, Hamilton, Hodgeman, Lincoln, and Meade, which had no city debt. The top 10 highest city debt per capita counties were Butler, Sedgwick, Thomas, Johnson, Labette, Neosho, Riley, Rawlins, and Nemaha County, which has a city debt per capita of \$884. The mean city debt per capita for Kansas' 105 counties was \$463.

Additionally, the 2005 school district debt per capita was existent for 80 of Kansas' counties. Scott County had \$3,480 of school district debt per capita, the highest of all the counties. The counties with the next highest school district debt per capita were Butler (\$2,726), Johnson (\$2,068), Sumner (\$2,019), and Wabaunsee (\$1,958). The mean school district debt per capita for all of the counties in 2005 was \$680, which is above the mean county general and city debt per capita. Figure 7 shows the dispersion of school district debt per capita by county throughout the State.

Figure 7
School District Debt Per Capita by County, 2005



Total, County, City, and School District Debt per Capita as Percent of Personal Income per Capita

In 2005, total debt per capita as a percent of personal income per capita ranged from 22.69 percent in Wyandotte County to 0.31 percent in Meade County (Appendix 2c). Other counties with high percentages include Sumner (16.61 percent), Butler (16.38 percent), Neosho (15.04 percent), and Scott (14.67 percent). Counties with the lowest percentages include Woodson, Smith, Sheridan, Jewell, and Meade, all of whose total debt per capita as a percent of

personal income per capita was less than 1.06 percent. The county average for total debt per capita as a percent of personal income per capita was 6.53 percent.

County general debt per capita as a percent of personal income per capita for 2005 ranged from 8.30 percent in Greeley County to 0.00 percent for 26 counties, with an average of 0.78 percent. The ten highest counties, in addition to Greeley, include Republic, Mitchell, Rush, Wichita, Lane, Russell, Chase, Stanton, and Gove. While Greeley County was at 8.30 percent, the county general debt per capita as a percent of personal income per capita decreased to 2.26 percent in Gove County.

City debt per capita as a percent of personal income per capita ranged from 6.94 percent to 0.07 percent, with five counties having no city debt. Kingman County, which ranked the highest, was followed by Butler, Thomas, Sedgwick, and Neosho counties. Lyon County, which was the tenth highest, had 3.75 percent of city debt, below which the remaining counties fell. As a result, the average for all counties was 1.79 percent.

Finally, school district debt per capita as a percent of personal income per capita is also analyzed for 2005. Scott County ranked the highest with 11.91 percent, while the lowest was Norton County with 0.02 percent, except for the 25 counties without school district debt. The five highest counties, in addition to Scott County, include Butler (9.34 percent), Morton (7.86 percent), Sumner (7.74 percent), and Kearny (7.64 percent). The average school district debt per capita as a percent of personal income per capita for all counties was 2.61 percent.

Total, County, City, and School District Debt as Percent of County Full Market Value

The assessed value is the value of property on which the tax burden to support local government services is determined. In order to determine the assessed value, the appraised value of a piece of property is multiplied times the assessment rate. Alternatively, the full market value¹¹ is the price for which a piece of property could expect to be sold. In 2005, Total debt as a percent of county full market value ranged from 10.16 percent in Wyandotte County to 0.08 percent in Meade County. In addition to Wyandotte County, other counties with high percentages of debt compared to full market value include Neosho (9.94 percent), Butler (9.68 percent), Sumner (9.33 percent), and Lyon (7.50 percent). Five counties with the lowest percentages of debt include Meade, Hodgeman, Stanton, Stevens, and Jewell, all of whose total debt as a percentage of county full market value was below 0.39 percent.

County general debt as a percent of county full market value in 2005 for all Kansas counties was at or below 2.73 percent, which was the percentage for Mitchell County. The other nine highest counties include Republic, Rush, Russell, Wichita, Chase, Clay, Lane, Lyon, and Butler, all of whose county general debt as a percentage of county full market value ranged between 2.26 percent and 0.89 percent.

In 2005, city debt as a percentage of county full market value was led by Labette County with 3.14 percent. Closely following were Kingman (2.84 percent), Butler (2.73 percent),

¹¹ The full market value was calculated by dividing the appraised value of all property by the median assessment ratio for each specific county.

Neosho (2.65 percent), and Geary (2.24 percent) counties. The remaining top 10 counties lie above Thomas County, whose city debt was 1.94 percent of the county full market value. Of all the counties which have City debt, Ness County had the lowest City debt as a percent of county full market value at 0.03 percent.

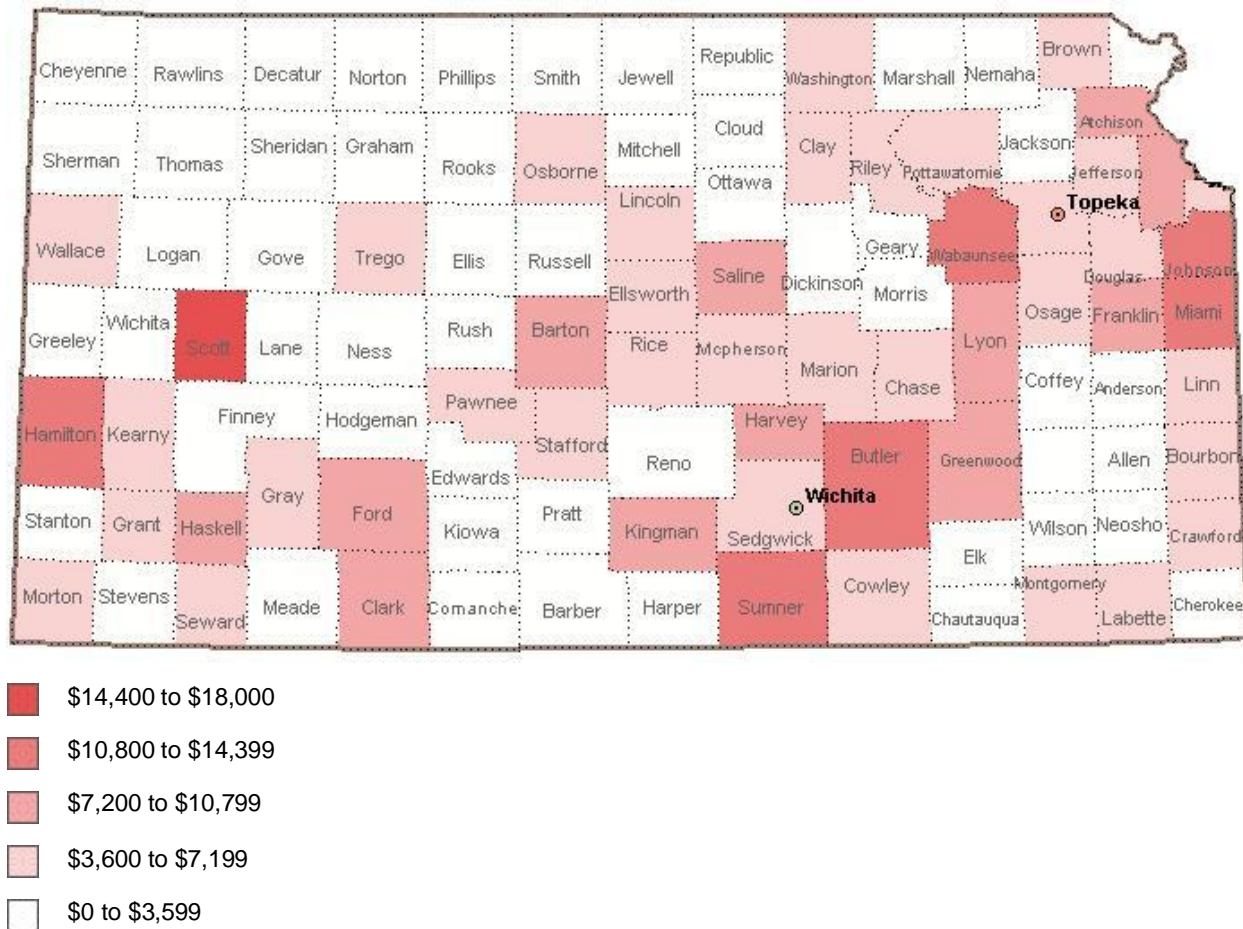
Except for total debt, school district debt as a percent of county full market values had the highest percentages. Butler County topped the list, as its school district debt comprised 5.52 percent of the county's full market value. The lowest, except for those without school district debt, was Norton County, whose school district debt comprised only 0.01 percent of county full market value. Other counties with top rankings include Scott, Sumner, Ford, Franklin, Harvey, Lyon, Barton, Cowley, and Wabaunsee, all of which ranged between 4.61 percent and 2.95 percent. (See Appendix 2d.)

Looking across all four categories of debt as a percent of county full market value, Butler and Lyon counties stand out as being in the top 10 of all categories. In fact, Butler County ranked either 1 or 3 for three categories and 10 for county general debt. On the other hand, Lyon County ranked between 5 and 9 throughout the categories. Numerous other counties ranked in the top 10 in at least two categories, typically the total debt and one of the three subsets.

School District Debt per Student

In 2005, Scott County had school district debt per student of \$17,772, the highest of all of Kansas' 105 counties (Appendix 2e). The mean school district debt per student for the state was \$3,977, which was decreased by the 25 counties with no school district debt. Of the counties with the 10 highest school district debt per student amounts, all but two were above \$10,000 per student. The counties with school district debt per student over \$10,000 included Scott, Wabaunsee, Johnson, Butler, Sumner, Miami, Hamilton, Franklin, Saline, and Ford. With the exception of the counties with no school district debt, Norton County had the lowest school district debt per student with \$28 per student. As seen in Figure 8, the counties with the highest amounts of school district debt per student were scattered throughout the state, with the majority of counties with school district debt falling in the eastern half of Kansas. Subsequently, the majority of counties with no school district debt lie in the western half of the state.

**Figure 8
School District Debt Per Student by County, 2005**



Compound Annual Growth Rate, Total and School, 1990-2005 and 2000-2005

The compound annual growth rate for total debt, between 1990 and 2005, varies by county, as seen in Appendix 2f. Wallace County’s total debt increased annually by 42.32 percent during this time period, leading all other Kansas counties in annual rate of growth. Wallace County’s debt increase from \$4,000 in 1993 to \$3,507,382 in 1994 was due to the issuance of county general debt and \$3 million in school district debt. Other counties with the highest compound annual growth rates include Gray (18.65 percent), Wabaunsee (18.59 percent), Ford (18.40 percent), and Butler (18.15 percent). On the other end of the spectrum, eight counties had negative compound annual growth rates during this time period. The lowest was Meade County, whose total debt decreased annually by 10.18 percent. Other low counties include Smith (-6.72 percent), Barber (-4.74 percent), Decatur (-4.10 percent), and Hodgeman (-4.00 percent). As previously stated, all Kansas local government debt increased annually by 7.50 percent over this 15 year time period, while individual counties ranged from 42.32 to -10.18 percent.

Between 2000 and 2005, the compound annual growth rates of several counties increased at a greater rate than throughout the entire 15 year time period. One example is Cheyenne County, whose total debt increased annually by 51.42 percent between 2000 and 2005, while increasing annually at 17.44 percent over the 15 year time period. Cheyenne County had the largest compound annual growth rate of all counties between 2000 and 2005, but was the eighth highest from 1990 to 2005. Alternatively, between 2000 and 2005, Meade County's total debt decreased annually by 27.40 percent, the greatest decline throughout both the five and 15 year time periods. For the five year time period of 2000 through 2005, all Kansas local government debt increased annually by 6.90 percent.

School district debt throughout Kansas counties expanded dramatically between 1990 and 2005. Statewide school district debt increased annually by 13.03 percent, while some counties experienced higher and lower annual growth rates during this time period. Over the entire 15 year time period, Lyon County's school district debt increased annually by 36.65 percent, leading all Kansas counties in annual growth. Additional counties with the highest annual growth rates include Atchison (36.27 percent), Osage (32.63 percent), Seward (29.35 percent), and Haskell (27.84 percent). Meanwhile, six counties' school district debt decreased by 100 percent during this same time period. Those counties include Chautauqua, Hodgeman, Mitchell, Morris, Pratt, and Thomas. In addition to these six counties, seven other counties also had decreasing compound annual growth rates for school district debt between 1990 and 2005.

From 2000 to 2005, changes in school district debt throughout the state lead to specific counties having larger or smaller compound annual growth rates. The largest during this time period was an annual increase of 63.98 percent in Scott County. This is due to Scott County's School District debt increasing from approximately \$1.4 million in 2000 to just over \$16.0 million in 2005. Large increases also took place in Clay County (56.40 percent), Crawford County (51.64 percent), Montgomery County (39.09 percent), and Sumner County (36.42 percent). Of all the counties with school district debt, between 2000 and 2005, 44 counties experienced decreasing annual growth rates for their school district debt, while only 31 experienced increasing compound annual growth rates.

Appendix 3 provides supporting information for comparing counties.

School District Debt Service

In order to provide a means for assisting school districts with the repayment of contractual bond obligations issued for capital improvements, the State Legislature approved the School District Bond Principal and Interest Obligation State Aid Payments in 1992. Kansas statute 75-2319 states that any school district which is “obligated to make payments from its bond and interest fund shall be entitled to receive payment from the school district capital improvement fund in an amount determined by the state board of education...”¹² Bond and interest payments to school districts are determined through the use of an equalization principle, which provides “state aid inversely to school district assessed valuation per pupil.”¹³ Additionally, contractual bond and interest payments incurred prior to July 1, 1992 use a state aid ratio of five percent, while contractual bond and interest payments incurred after July 1, 1992 use a state aid ratio of 25 percent. Basically, the formula for the Capital Improvements State Aid is determined by multiplying the district bond and interest payment obligation for the school year times the state aid percentage factor, as determined by the state aid formula.

State Aid Payments to school districts allow those districts with lower assessed valuation per pupil to recover part of the cost of capital improvement projects. In so doing, these payments allow school districts to pay a portion of their bond and interest payments while freeing up funds for other expenditures throughout the district. In fiscal year (FY) 2005, school districts in 65 counties received state aid payments. School districts in Sedgwick County received the largest aid payments, totaling over \$9.67 million in FY 2005. The four other highest recipients include school districts in Wyandotte, Johnson, Butler, and Shawnee counties. Other than the school districts in 45 counties not receiving any bond and interest aid, the lowest state aid payment (\$4,716) was to school districts in Jewell County. In FY 2005, the total bond and interest state aid dispersed by the State Board of Education was \$49,668,329, equaling a mean payment among 105 counties of \$473,032 per county and a mean of \$165,561 per school district. (See Appendix 4.)

By FY 2006, State bond and interest aid payment for all districts increased to \$55,573,913, an 11.89 percent increase from FY 2005. In FY 2006, school districts in 63 counties received state bond and interest aid payments in which the top five county recipients of state aid payments remained the same as in FY 2005, while school districts in Clark County received the lowest state aid payment of \$7,644. In turn, the mean aid per county was \$529,275, while the mean aid payment for the 299 school districts was \$185,866. While total state bond and interest aid payments increased between FY 2005 and FY 2006, 21 counties saw their payments decrease and 43 counties saw their payments increase.

Overall, these state bond and interest aid payments are important to the school districts, as the payments are a source of revenue to be used directly for bond and interest payments. In years directly following the implementation of this payment system, school district debt in Kansas began increasing at a faster pace, as school districts began receiving the benefits of this

¹² Kansas Legislative Research Department. School District Finance and Quality Performance Act and Bonds and Interest State Aid Program (2005-06) Edition: Attachment II: School District Finance and Quality Performance Act and Bond and Interest State Aid Program, July 13, 2005.

¹³ Ibid.

program. Today, school districts continue to utilize this aid when preparing their district budgets. While this state aid program reduces the local resources required to pay the yearly debt service on these school obligations, the debt (principal) remains as a legal liability of local taxpayers. Moreover, this means that the outstanding amount of school debt is used in calculating various debt ratios that influence the borrowing cost of the other local government jurisdictions.

Municipal Debt Profiles

Taxpayers in a particular local government bear the burden not only of the taxes levied by that jurisdiction but also the burden incurred by paying for the services provided by the overlapping (or underlying) jurisdictions. With respect to local government debt obligations, a county resident faces the burden of “underlying debt” as a feature of living in a school district and perhaps within the boundaries of a city, township, community college, and/or other taxing districts. Likewise, a city resident has “overlapping” debt burdens imposed by the school district and a county, and perhaps even a township and one or more specialized districts. Overlapping debt, then, is the debt of other (non-city) governments that also burdens the taxpayers who reside in the city. It must be recognized, however, that the city governing body (the city council) has no control over the overlapping portion of the debt. To gauge affordability, however, a study of local debt must consider the total weight of public debt, not just the direct burden imposed by a particular jurisdiction. This study targets the debt profile of Kansas municipalities to illustrate the linkage that each taxing jurisdiction has to neighboring jurisdictions.¹⁴

Cities were selected for this study based on their completion of a Comprehensive Annual Financial Report (CAFR) and receipt of the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association in 2004. The data used for this study are taken from selected pages of the financial sections and statistical sections of the CAFRs of 25 cities for the years 1994 through 2005. Some cities in the study did not complete a CAFR for the entire time period, while other cities were unwilling to provide CAFRs for the entire time period. Therefore, the findings presented in this study are based on the available data from the cities for each respective year, and may not reflect the results of all 25 cities.¹⁵

Cities covered by this analysis represent taxpayers responsible for one-half of the total local government debt in Kansas. In fact, these cities account for 53 percent of the state’s population and over 51 percent of the total municipal debt in the state. Moreover, these city taxpayers carry the additional weight of responsibility for over 47 percent of school debt and 56 percent of the county debt.¹⁶

Kansas cities differ in the amount of debt outstanding. Not only is there general obligation debt backed by the property tax, but there is limited tax obligation debt and debt backed by dedicated revenue sources such as water and sewer systems and the local sales tax. Therefore, the amount and composition of direct debt differs by city, before even considering the overlapping debt incurred by other governments that share the same taxpayers.

As with so much associated with government, there is no commonly accepted industry ratio monitored by independent credit rating firms and institutional investors or prescribed by the

¹⁴ This study does not include the debt incurred by the State of Kansas. For that information: Kansas Public Finance Center, *State of Kansas 2005 Debt Affordability Report* (Wichita, KS: Kansas Public Finance Center, Wichita State University).

¹⁵ Differences in how the various cities defined and reported debt, including the legal margin calculations, complicated the goal of developing a uniform set of data for each city for every year needed for this study. While best efforts were made to resolve these differences, errors may remain.

¹⁶ While the population indicator is for 25 cities, the other indicators account for the 24 cities reporting comparable data for 2005.

various state governments to gauge the appropriate level of debt outstanding in a city (or, for that matter, any local government). This “problem” arises from our decentralized governmental system that promotes financial innovation and diversity among the states and local governments. Therefore, a government’s long-term debt and debt-related commitments can take many forms, such as general obligation bonds (longer than a year), general obligation notes (one year or less in duration), revenue bonds backed by dedicated revenues, lease-purchase obligations, certificates of participation, appropriation-backed bonds, and other financing arrangements.¹⁷ Cities differ in the accumulation of resources to pay future debt service in accounts termed “sinking funds” or “debt service funds.” Moreover, each state determines what debt is counted against the legal debt margin. To complicate it further, credit rating firms differ in how they calculate their respective credit benchmarks. Because bond ratings may make economic sense only when debt issuers borrow a sizable amount, borrow frequently, and/or seek to sale bonds outside the region, not all cities in Kansas with outstanding debt enjoy an independent credit rating. Existing credit ratings are noted in Appendix 5.

Industry practice suggests the need to make distinctions in the forms of local debt levels, and to the extent made possible by the data from each city, the subsequent categories of debt are following:¹⁸

Total bonded debt	General obligation long-term debt incurred by the city.
Net bonded debt	General obligation debt minus that which is self-sufficient.
Direct debt	General obligation debt (including short-term notes) incurred by the city.
Overlapping debt	The city residents’ share of general obligation debt incurred by the county, school districts, and special districts with boundaries that overlap with the city.
Total direct and overlapping debt	The overall, aggregate amount of direct debt and overlapping debt.

Facilitating comparison is an adjustment of the respective debt levels by population and as a percentage of the property tax base. Per capita amounts are calculated for total bonded debt, for net bonded debt, and for total direct and overlapping debt. Calculating debt relative to the property tax base is another common credit measure that is used here. In addition, the relationship of debt to diversification in the local economy is examined. (See also Appendix 6.)

This section examines overall trends by applying common credit ratios before reviewing the debt profile of each of the 25 cities.

¹⁷ Hildreth, W. B. *State and Local Government Debt Issuance and Management Service*. (Austin, TX: Sheshunoff Information Service, 1997, updated annually to 2006). Moreover, the current study excludes long-term obligations such as liabilities associated with compensated absences, pensions, and other post-employment benefits.

¹⁸ Debt is the amount of principal (par) outstanding. Debt levels do not reflect the interest cost of borrowing nor do they reflect the debt service (principal and interest) due.

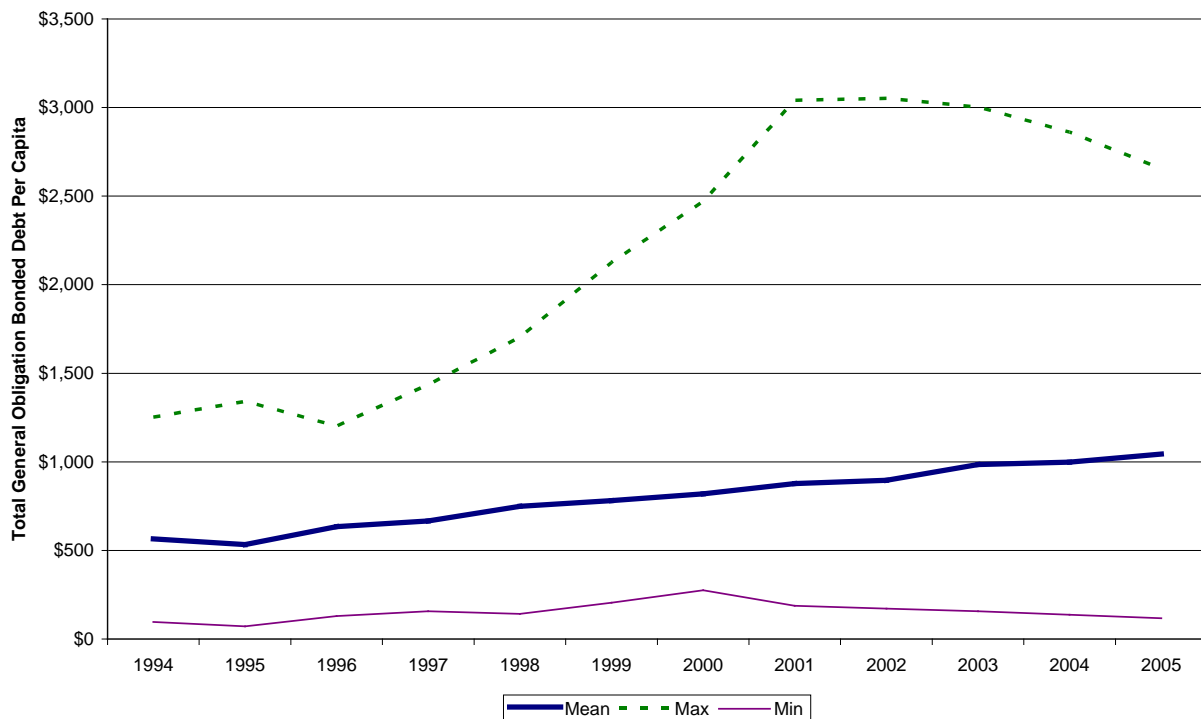
Debt Ratios and Overall Trends

Total bonded debt per capita

This measure focuses on general obligation bonded debt that, by definition, is a full faith and credit repayment obligation with collateral defined as an ultimate call on the property tax of that local government.

The mean total general obligation bonded debt per capita, shown in Figure 9, increased between 1994 and 2005 from \$551 to \$1,044. In 1994, total bonded debt per capita ranged from \$96 in Mulvane to \$1,253 in Lenexa. By 2000, the spread between the lowest and highest had increased even more, from \$275 in Prairie Village to \$2,470 in Andover. Andover remained the highest in 2005 with \$2,655 of total bonded debt per capita, while Prairie Village remained the lowest, with total bonded debt per capita of \$117.

Figure 9:
Total Bonded General Obligation Debt Per Capita for Kansas Cities, 1994-2005



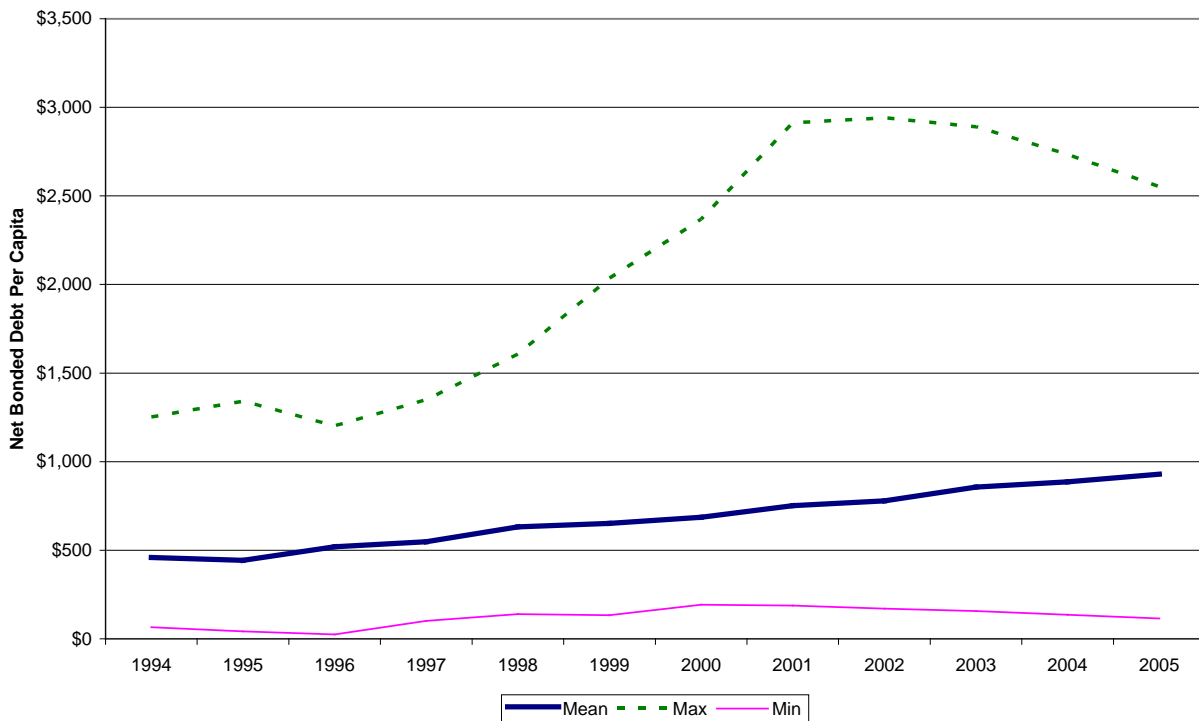
Net bonded debt per capita

Some of the general obligation debt may be sold to investors payable from other sources, such as a dedicated sales tax, special assessments on only the properties benefiting from certain capital improvements, revenues from enterprise operations such as charges for water and sewer services derived from the system being improved, and monies held in debt service accounts. The

focus is on “bonded” debt or long-term obligations with scheduled debt service. Accordingly, net bonded debt is the total general obligation bonded debt minus those self-sufficient bonds

Net bonded general obligation debt per capita is shown in Figure 10 for the years 1994 through 2005. The mean net bonded debt per capita increased from \$459 to \$930 during this time period. As expected, the “net” levels are lower than the “total” amounts conveyed in the prior ratio. In 1994, the lowest net bonded debt per capita was \$65 in Mission. In 2000, the lowest was Wichita at \$192 per capita and the highest was Andover at \$2,036 per capita. Andover remained as the highest in 2005 with \$2,552 of net bonded debt per capita, while Prairie Village held the lowest position with \$115 of net bonded debt per capita.

Figure 10:
Net Bonded General Obligation Debt Per Capita for Kansas Cities, 1994-2005



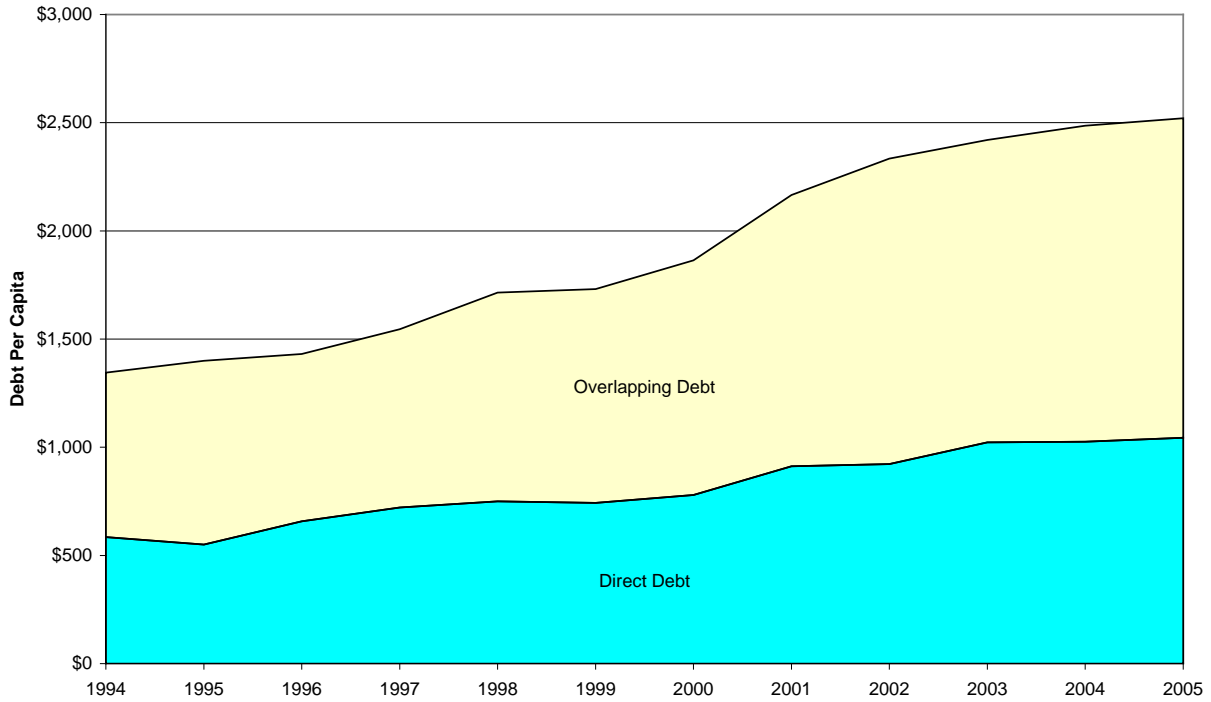
Total (direct and overlapping) debt per capita

Overlapping debt per capita provides a preferred measure of the total debt load on the taxpayer. Overlapping debt is the encompassing debt from the various governmental units for which residents of a particular community are responsible. Generally, the amount of debt attributed to a municipality from an overlapping district is determined by multiplying the total assessed value of the overlapping jurisdiction by the percentage that the jurisdiction is within the limits of the reporting municipality.

Figure 11 displays the mean total direct debt and overlapping debt per capita from 1994 to 2005. In 1994, the mean direct debt per capita was \$585; it increased to \$780 in 2000 and to

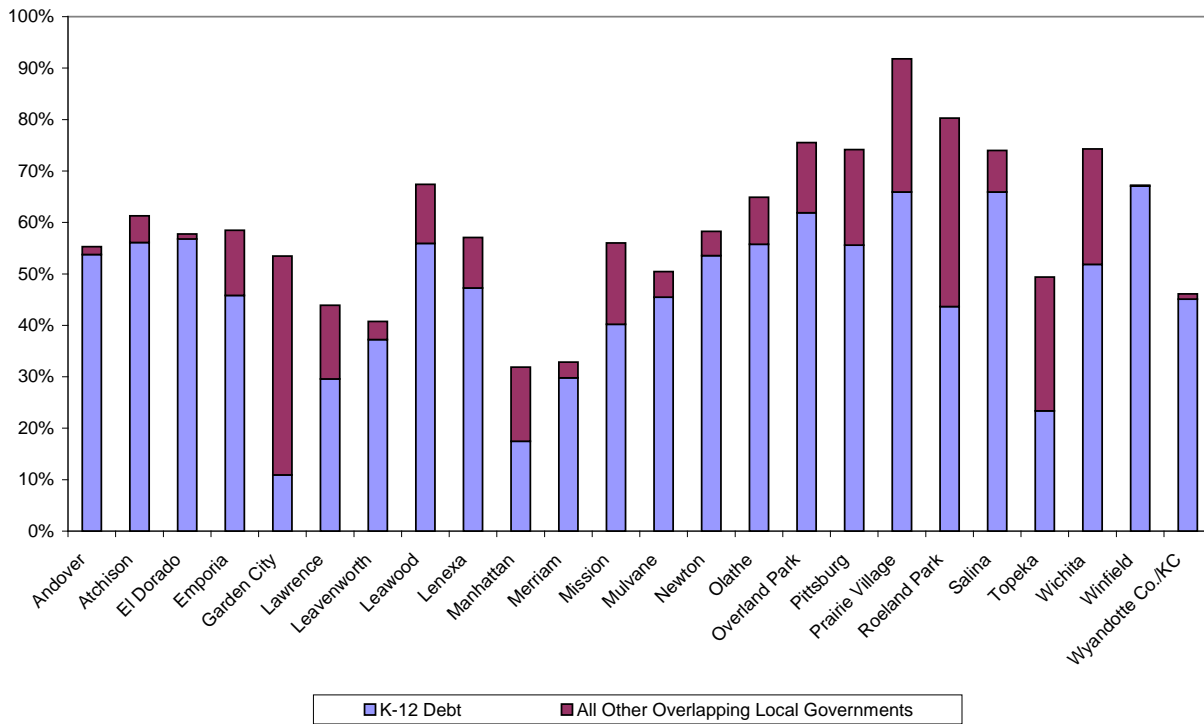
\$1,044 in 2005. Overlapping debt per capita started out at \$760 in 1994, increasing to \$1,103 in 2000 and \$1,488 in 2005. In 2005, the mean total direct and overlapping debt per capita was \$2,599, \$1,199 per capita higher than the mean total direct and overlapping debt per capita in 1994.

Figure 11:
Mean Total (Direct and Overlapping) Debt Per Capita for Kansas Cities, 1994-2005



Most of the overlapping debt facing Kansas cities is for K-12 education. Figure 12 shows the composition of overlapping debt relative to total city area debt (both direct and overlapping). Although the amounts are not shown on the chart, an example may help in reading the chart. In Andover, for example, 55.28 percent of overall debt (direct and overlapping) is, in fact, debt incurred by taxing jurisdictions other than the City of Andover. K-12 school debt accounts for 53.75 percent of the overall debt, or, alternatively, 97.24 percent of the overlapping debt.

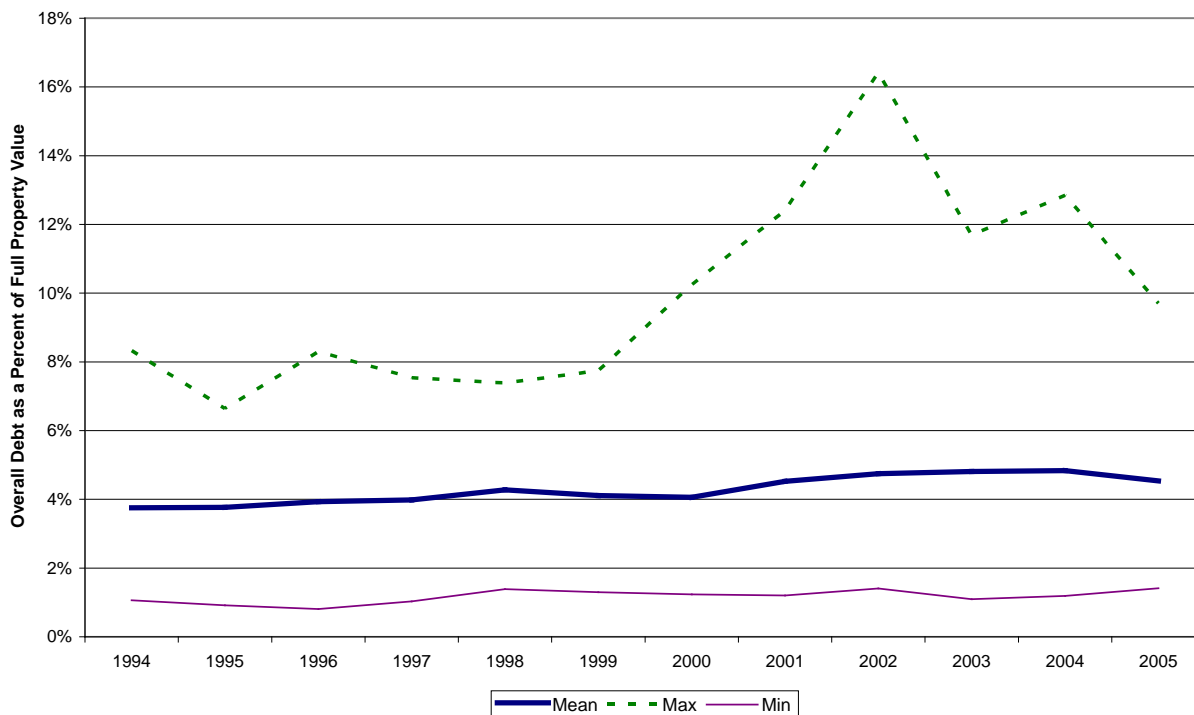
**Figure 12:
Percentage of Total City Area Debt Contributed
by K-12 Education and All Other Overlapping Local Governments**



Total (direct and overlapping) debt as a percent of full property value

Comparing the direct and overlapping debt to the estimated market value is a way of analyzing the weight of debt on the city’s property tax base (Figure 13). This ratio is a debt burden measure tracked by credit analysts. The mean overall debt as a percent of full property value was 3.75 percent in 1994; it increased to 4.12 percent in 2000 and 4.57 percent in 2005. While the mean increased, due to the large increase of the percentage of the highest city, the median remained relatively unchanged over the eleven year time period. In 1994, Salina’s debt was 1.06 percent of full property value, which was the lowest of all the cities in the study. Alternatively, the city with the highest percentage of overall debt as a percent of full property value in 1994 was Olathe, at 8.33 percent. In 2000, Andover had the highest percentage of debt as a percent of full property value, while the city of Mission had the lowest. Finally in 2005, Atchison’s overall debt as a percent of full property value was 9.70 percent, the highest of all Kansas cities, while the lowest was Prairie Village with 1.41 percent. Over the entire time period, the cities holding the highest and lowest percentages of overall debt as a percent of full property value have changed, showing the variation that has taken place within these cities’ overall debt and full property value.

**Figure 13:
Total (Direct and Overlapping) Debt as a Percent of Full Property Value for Kansas Cities,
1994-2005**



The overall debt burden is defined in the way just described—the total direct and overlapping debt per capita divided by the full market value per capita. In 2005, the overall debt burdens of the 23 cities, shown in Figure 14, range from a low of 1.41 in Prairie Village to a high of 9.70 in Atchison. The average (mean) for these cities is 4.54.¹⁹

One way to assess this information is to compare this calculated overall debt burden to benchmarks published by an independent credit rating firm. However, not all 25 cities have an outstanding general obligation bond rating with the three independent credit rating firms listed in Appendix 5.

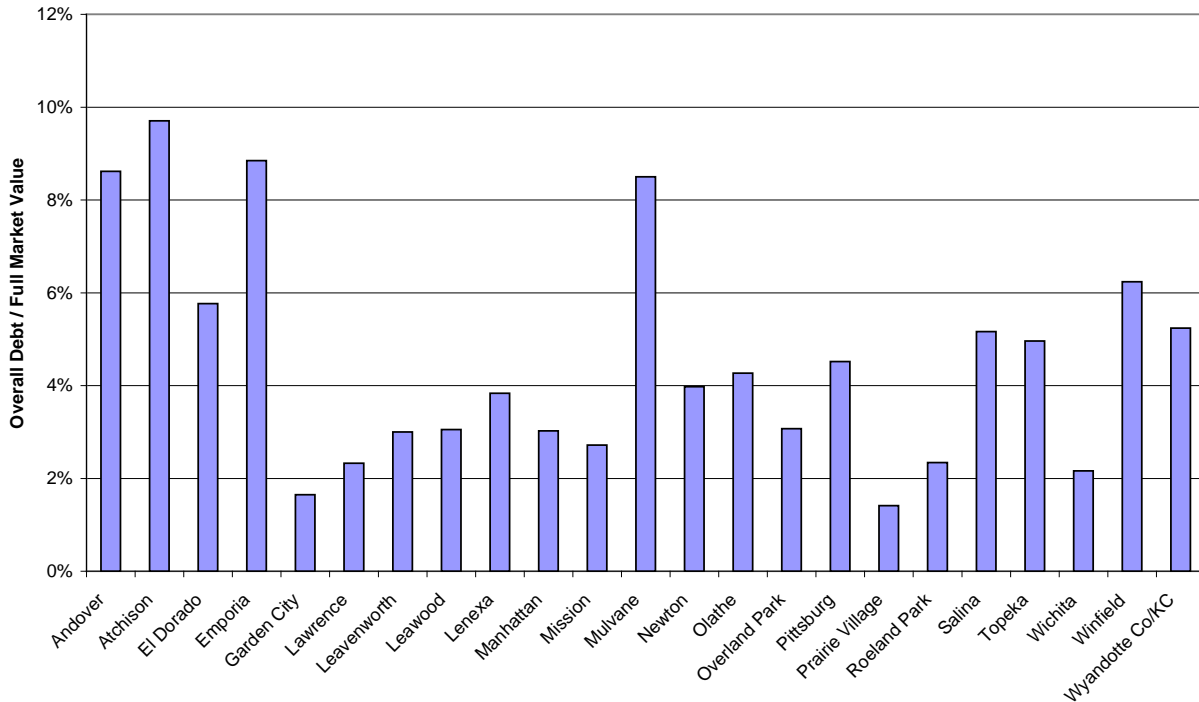
Figure 15 presents a comparison of the calculated overall debt burden for those Kansas cities with a Moody’s general obligation rating. The results show that most of the cities in this grouping have higher total direct and overlapping debt ratios than suggested by the respective Moody’s benchmark ratio for the given population and rating category. However, the assigned bond ratings are generally good and suggest that the credit rating firms assess the existing debt levels in these cities as moderate and not a cause for immediate concern. Overlapping debt is a major component that drives the overall debt burden in these cities, averaging 58.45 percent of the overall debt.

¹⁹ Junction City and Merriam did not provide data that would allow these calculations.

A similar comparison using only direct debt as a percentage of market value in Figure 16 reveals that several cities in Kansas with Moody’s ratings exceed the benchmark for their population and rating classifications.

Interesting findings emerge from comparing the calculated debt burden measures to Moody’s benchmarks (higher or lower than the benchmark) for both direct and overall debt burden ratios. Prairie Village, Garden City, and Wichita register lower on both benchmarks. On both measures, the following cities are higher than their benchmarks: Atchison, Leavenworth, Lenexa, Salina, Manhattan, Lawrence, Olathe, and Topeka. Overlapping debt, not direct debt, causes Mission, Pittsburg, Leawood, and Overland Park to exceed the overall debt burden benchmark. Wyandotte County/Kansas City faces more direct debt burden than its benchmark, but that could be due to the unified manner of its debt.

**Figure 14:
Debt Burden for Kansas Cities, 2005**



**Figure 15:
Overall Debt Burden for Cities in Kansas Compared to Benchmarks, With Impact of
Overlapping Debt, 2005**

Order by Population Size	Calculated Overall Debt Burden	Moody's Rating	Benchmark: Moody's Median for Population and Rating	Remarks: Higher or Lower than Benchmark	Calculated Overlapping Debt as Percent of Overall Debt
Mission	2.72%	A2	2.60%	Higher	56.00%
Atchison	9.70	A3	2.60	Higher	61.27
Pittsburg	4.52	A3	2.60	Higher	74.17
Prairie Village	1.41	Aa1	2.20	Lower	91.80
Garden City	1.65	A2	2.60	Lower	53.48
Leawood	3.05	Aa1	2.20	Higher	40.75
Leavenworth	3.00	A1	2.60	Higher	40.75
Lenexa	3.83	Aa2	2.20	Higher	57.09
Salina	5.16	Aa3	2.20	Higher	73.98
Manhattan	3.03	Aa3	2.20	Higher	31.88
Lawrence	2.33	Aa2	2.80	Higher	43.92
Olathe	4.27	Aa2	3.20	Higher	64.88
Topeka	4.96	Aa3	3.20	Higher	49.37
Wyandotte Co/KC	5.24	A2	4.10	Lower	46.10
Overland Park	3.07	Aaa	2.50	Higher	75.54
Wichita	2.16	Aa2	3.20	Lower	74.29
Average	3.76		2.69		58.45

Sources: Calculated figures based on data in that city's CAFR; Moody's rating from that firm; Benchmark from Moody's "Public Finance Group 2004 Regional Ratings National Medians" (November 2005) which may define debt burden differently. Overall debt is equal to the total direct and overlapping debt.

**Figure 16:
Direct Debt Burden for Cities in Kansas Compared to Benchmarks, 2005**

Order by Population Size	Calculated Direct Debt Burden	Moody's Rating	Benchmark: Moody's Median for Population and Rating	Remarks: Higher or Lower than Benchmark
Mission	1.20%	A2	1.30%	Lower
Atchison	3.76	A3	1.30	Higher
Pittsburg	1.17	A3	1.30	Lower
Prairie Village	0.12	Aa1	1.00	Lower
Garden City	0.77	A2	1.30	Lower
Leawood	0.99	Aa1	1.00	Lower
Leavenworth	1.78	A1	1.30	Higher
Lenexa	1.65	Aa2	1.00	Higher
Salina	1.35	Aa3	1.00	Higher
Manhattan	2.50	Aa3	1.00	Higher
Lawrence	1.30	Aa2	1.10	Higher
Olathe	1.50	Aa2	1.40	Higher
Topeka	2.51	Aa3	1.40	Higher
Wyandotte Co/KC	2.82	A2	2.10	Higher
Overland Park	0.75	Aaa	1.10	Lower
Wichita	0.56	Aa2	1.40	Lower
Average	1.54		1.25	

Sources: Calculated figures based on data in that city's CAFR; Moody's rating from that firm; Benchmark from Moody's "Public Finance Group 2004 Regional Ratings National Medians" (November 2005) which may define debt burden differently.

Top ten taxpayers as a percentage of the tax base

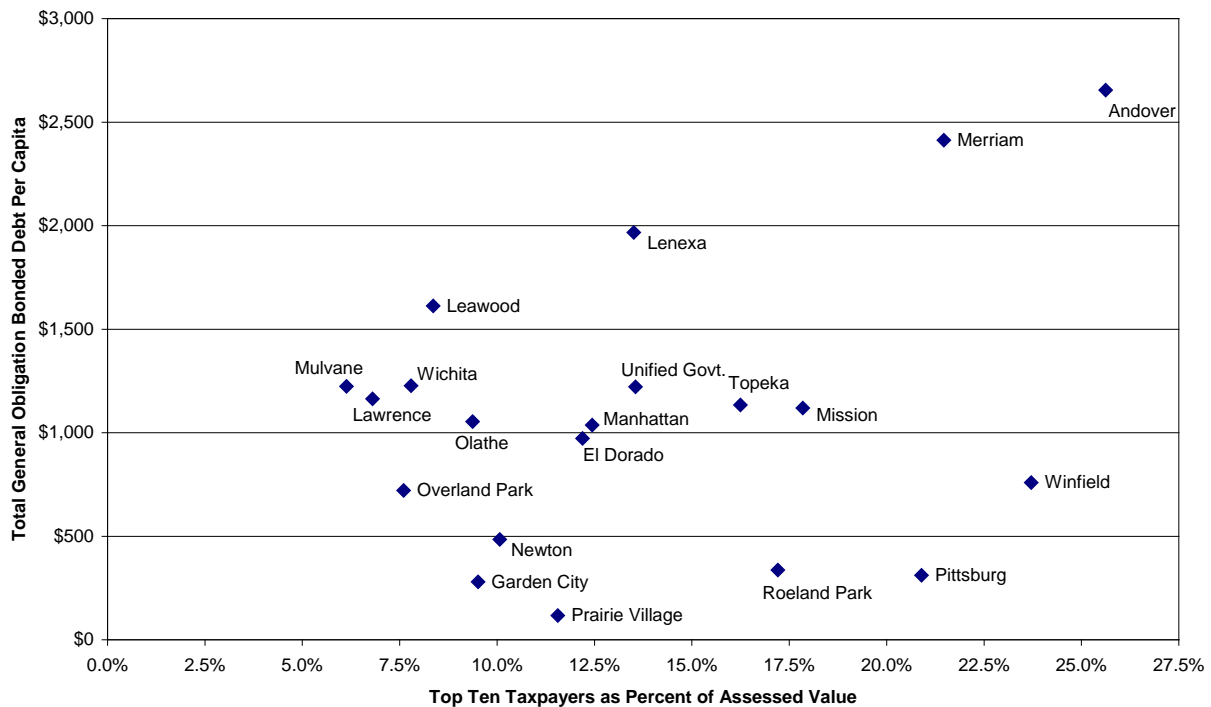
While bond rating firms refrain from emphasizing one factor as more important than all the other economic, financial, debt, and governance factors that they monitor, empirical research suggests that economic base diversification is perhaps the most important factor in determining a bond rating.²⁰ This makes sense in that a one-industry town is more vulnerable than a town with a very diverse local economy. A measure of concentration that emerges from that research and is available in the comprehensive annual financial report of these cities is the top ten taxpayers as a percentage of the property tax base.

Figure 17 plots the relationship between total bonded debt per capita and the top ten taxpayers as a percentage of assessed value. The extreme lower left area representing low debt per capita and a highly diverse economy is occupied only by Overland Park, consistent with its

²⁰ Loviscek, A. L. and F. D. Crowley, "What Is in a Municipal Bond Rating?" *The Financial Review*, vol. 25, no. 1 (February 1990); and Wilson, S.R. "Credit Ratings and General Obligation Bonds: A Statistical Alternative," *Government Finance Review*, vol. 2, no. 3 (June 1986).

status as the only triple-A credit among all cities in Kansas. There is a statistically weak but positive relationship between key debt measures and the extent of concentration of the property tax base. Total city general obligation bonded debt increases with a more concentrated tax base (indicated by a correlation coefficient of 0.30). Similarly, total direct and overlapping debt as a percentage of full market value of property increases with a more concentrated property tax base (with a correlation coefficient of 0.40).²¹ The implication is that local economies experience lower public debt when there is a more diverse property tax base.

Figure 17:
Debt and the Lack of Economic Diversity in Kansas Cities, 2005



Financial reserves

Just like individuals and firms, local governments need to have some resources on hand at the end of the year to cover new obligations before new revenues are received. Otherwise, there is a cash flow problem. A measure of this reserve for local governments is the amount of fund balance available for appropriation as a percentage of prior year expenditures.²² This level can be converted into an even more helpful tool by multiplying the result by 365 days to derive the number of days that these funds would last before new resources would be necessary to cover an expenditure pattern like the prior year's. Based on the Kansas cities examined here, the average number of days of end of year available resources has remained close to 90 days, or three months (see Figure 18). This trend masks some local governments that have substantially larger reserves. Mission enjoyed 471 days of available resources at the end of 1994, but drew it

²¹ Both measures only account for a subset of cities with relevant information for 2005.

²² Defined as the unreserved, undesignated fund balance.

down to only three months of reserves at the end of 1997, before building it back up to almost 117 days at the end of 2005. The current maximum level is Overland Park at almost 300 days at the end of 2005. At the opposite end is Winfield, which in 2005 reported no available reserves. The negative results for 2001-2003 reflect Roeland Park's negative fund balances.

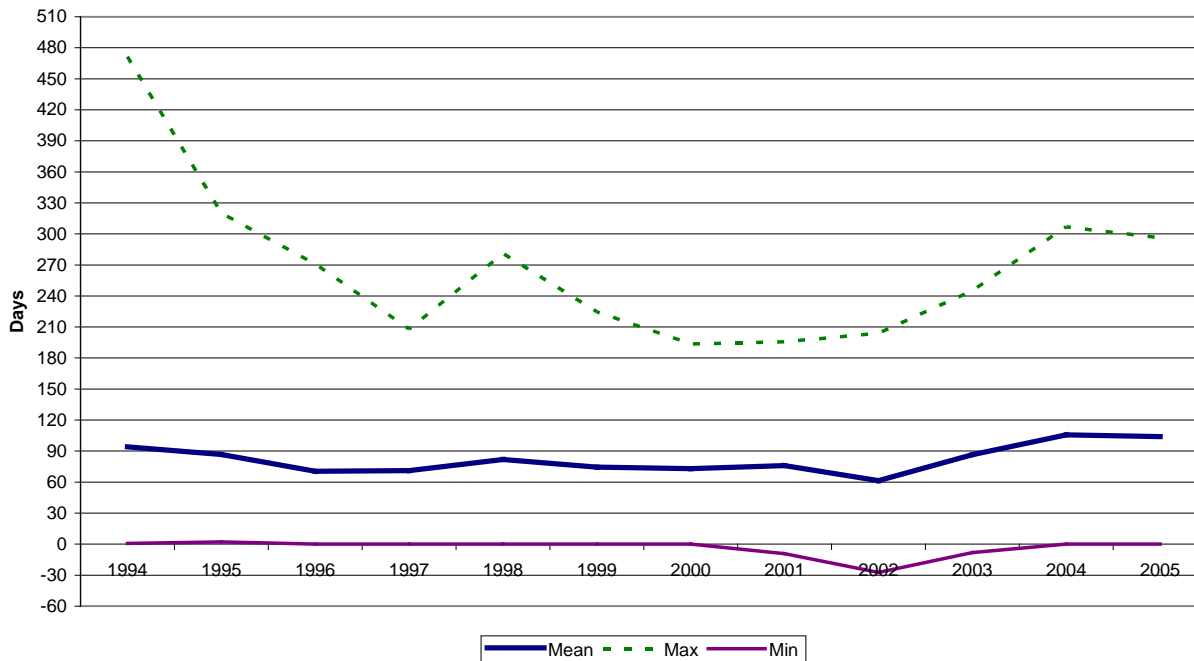
What is the appropriate level of fund balance (or as used here, the number of days of available reserves relative to spending)? Traditionally, a 5 percent balance (which translates into 18.25 days) was considered desirable based on information from the credit rating agencies. That is generally considered too low now, especially given the volatility of sales tax revenues that most local governments depend upon. There is no public dataset that allows a comparison of cities in Kansas to cities elsewhere over time. The Kansas cities examined here averaged 106 days of available reserves at the end of 2004. For that same year, a dataset of cities around the country that issue comprehensive annual financial reports reveals there was an average of 110 days of fund balance available for fund balance.²³ Two additional studies offer additional perspective. North Carolina, a state with the most cities holding the top credit rating, considers 8 percent (29.2 days) the minimum level of fund balance available for appropriation. Because North Carolina compiles data and reports the results by population size, the 2005 results show that the average is 135 days, with cities with population over 50,000 relying on 86 days, while cities with population from 10,000 to 49,999 relying on 135 days of reserves. The number of days of reserves increased for smaller sized cities.²⁴ In a study of Minnesota cities, for the period of 1990 to 2000, the equivalent fund balance available for appropriation equals a mean of 89 days.²⁵ Accordingly, the Kansas cities examined here match closely to these other states' results.

²³ Government Finance Officers Association, "2004 Financial Indicators Database for Municipalities." An examination of outliers in this data set revealed several errors that were corrected by reviewing city source material.

²⁴ North Carolina Local Government Commission, "Management of Cash and Taxes and Fund Balance Available – Municipalities for the Fiscal Year Ended June 30, 2005," Memorandum #1050, April 6, 2006. Data are for cities without electricity systems.

²⁵ Marlowe, J. "Fiscal Slack and Counter-Cyclical Expenditure Stabilization: A First Look at the Local Level," *Public Budgeting & Finance*, vol. 25, no. 3, Fall 2005.

Figure 18:
Measure of Financial Reserves: Number of Days that General Fund Could Operate in the Next
Year without New Resources
(Unreserved Undesignated Fund Balance as % of General Expenditures times 365)



In summary, for the Kansas cities studied here, the results reveal strong growth in city debt but a pattern that is overshadowed by the growth of overlapping debt. Wide variations show up among the cities. The debt burden indicators may be higher than certain benchmarks, but, thus far, credit ratings are generally good for those cities that have obtained general obligation ratings. Financial flexibility, as measured by days of available reserves, is close to national norms.

Profiles of Cities

Each city has a different debt history of its own and must deal with a variety of debt propensities exhibited by their overlapping political jurisdictions. Thus, it is instructive to examine the debt profile of each city. It is not the purpose of this comparative study, however, to provide a complete financial assessment as would be expected if the goal was to prepare an individual city’s debt affordability report. That assignment would require a detailed examination of the city’s debt structure (such as the repayment schedule of existing debt), future capital improvement plans, and a review of the city’s financial performance. Rather, the purpose of this study is to compile for each city the debt levels and debt composition in light of the overlapping burden they face.

Andover

The city of Andover, located in Butler County, had a 2005 population of 8,602, more than twice the population in 1994. Between 1994 and 2005, Andover’s population increased

annually by 7.20 percent. As would be expected, as the city's population has increased, total bonded debt increased annually by 22.58 percent during this same time period. Additionally, Andover's total bonded debt per capita has increased from \$607 in 1994 to \$2,655 in 2005. While the debt has increased, so too has the city's total estimated full property value, which more than tripled between 1994 and 2005, from \$163.9 million to \$592.8 million, growing annually by 12.40 percent. Another measure is the assessed value of the top ten principal taxpayers as a percent of total assessed value, which is an indicator of the concentration of the tax base. Percentages higher than ten percent indicate that the tax base is concentrated. The assessed value of the top ten principal taxpayers as a percent of total assessed value increased from 22.83 percent in 1994 to 25.62 percent in 2005, which is the highest percentage within this time period. The lowest percentage, 13.39 percent, was in 2001.

Andover's direct and overlapping debt also changed significantly between 1994 and 2005. The city's overlapping debt increased from \$1.6 million in 1994 to \$28.2 million in 2005, a compound annual growth rate of 30.01 percent. Total direct and overlapping debt increased annually by 26.11 percent, from \$4.0 million in 1994 to \$51.0 million in 2005. As a percent of total direct and overlapping debt, overlapping debt comprised 39.53 percent in 1994 and 55.28 percent in 2005. Overlapping debt reached a high point in 2002, comprising 69.15 percent to total direct and overlapping debt. Looking specifically at the composition of overlapping debt, its components are K-12 education debt, post-secondary education debt, and county debt. K-12 education debt comprised 89.38 percent of overlapping debt in 1994, which increased to 97.24 percent in 2005. Over this 11 year time period, county debt has occupied the next largest share, comprising anywhere from 10.36 percent in 1994 to 0.94 percent in 2005.

In 2005, the citizens of Andover were burdened by an overlapping debt per capita of \$3,282 and a total debt per capita of \$5,937. When compared to the estimated full property value, overlapping debt comprised 4.76 percent, while total debt comprised 8.62 percent of the estimated full property value. Additionally, there is no published rating for the city of Andover.

Atchison

Atchison, a city in Atchison County with a 2005 population of 10,190, has experienced a population decrease from 10,639 in 1994. While Atchison's population has decreased over this period, the city's total bonded debt increased annually by 6.88 percent from \$1.4 to \$2.9 million. Additionally, Atchison's total bonded debt per capita changed over this 11 year time period, increasing from \$131 to \$285, increasing annually at 7.30 percent. Changes have also taken place in Atchison's total assessed value of property which increased from \$27.0 to \$56.3 million from 1994 to 2005. Total assessed value grew annually at 6.89 percent during this time period, while the total estimated actual value increased annually at 7.48 percent.

The profile of Atchison's direct and overlapping debt has also changed throughout the past years. In 1996, Atchison's direct and overlapping debt totaled \$8,864,592, of which only 15.79 percent was overlapping debt. By 2005, the total direct and overlapping debt had increased to \$34,854,822, and the overlapping debt had increased to 61.27 percent. Between 2000 and 2005, total direct and overlapping debt increased annually by 27.64 percent, while overlapping debt increased annually by 48.10 percent. The composition of Atchison's

overlapping debt from 1996 through 2002 was totally county debt. In 2003, 83.20 percent of the overlapping debt was due to K-12 education debt, which expanded to 91.56 percent in 2005. The remaining overlapping debt consisted of county debt.

The city of Atchison has a rating of A3 assigned by Moody's Investors Service. In 2005, Atchison's direct debt per capita was \$1,325, with total debt per capita of \$3,420. Overlapping debt as a percentage of estimated full property value was 5.95 percent with total debt per capita reaching 9.70 percent, the highest among the cities examined here.

El Dorado

El Dorado is a city in Butler County with a 2005 population of 13,500. El Dorado's population increased by 1,409 between 1995 and 2005, growing annually by 1.11 percent. In addition to population growth, the city has also experienced increases in total bonded debt, total bonded debt per capita, and estimated full property value. Between 1995 and 2005, total bonded debt increased from \$3,995,000 to \$13,125,000, increasing annually by 12.63 percent. In turn, total bonded debt per capita nearly tripled from \$330 to \$972 during this same time period. Between 1995 and 2005, the estimated full property value for the city of El Dorado increased annually by 4.74 percent, from \$332.5 million to \$528.3 million.

Changes in El Dorado's direct and overlapping debt took place between 1995 and 2005. During this time period the city's direct debt increased annually by 12.52 percent from \$3.95 to \$12.86 million. Similarly, El Dorado's total overlapping debt increased annually by 17.94 percent. In turn, total direct and overlapping debt increased from \$7.3 million to \$30.5 million, increasing annually by 15.30 percent. This large annual increase is due in part to overlapping debt increasing from \$878,849 to \$17,593,805 between 2004 and 2005, as a result of overlapping K-12 education debt. Overlapping debt as a percent of total direct and overlapping debt ranged from 5.81 percent in 2004 to 57.77 percent in 2005. Overlapping debt includes only K-12 education debt and county debt. In 1995, K-12 education debt comprised 95.24 percent of overlapping debt, but had grown to 98.26 percent in 2005. In 2003, K-12 education debt was at its low point, encompassing only 64.57 percent of total overlapping debt.

The city of El Dorado, which has no published rating, is burdened the most by overlapping debt, which in 2005 had a per capita amount of \$1,303, while total debt per capita was \$2,256. Total debt as a percent of estimated full property value is 5.77 percent.

Emporia

Located in Lyon County, the city of Emporia experienced a slight population increase from 25,512 in 1994 to 26,760 in 2005, an annual increase of 0.44 percent. As Emporia's population has grown, so too has its total bonded debt grown, which increased from \$20.4 to \$31.3 million between 1994 and 2005. In 1994, total bonded debt per capita was \$799 prior to increasing annually by 3.54 percent to \$1,171 in 2005. Increasing annually faster than both population and total bonded debt has been the estimated full property value, which increased annually by 4.31 percent from \$536.1 million to \$852.8 million over this 11 year time period.

Total assessed value increased from \$80.0 million to \$139.0 million over the same time period, increasing annually by 5.15 percent.

Along with the above changes, Emporia's direct and overlapping debt also changed between 1994 and 2005. During this period, the city's direct debt increased annually by 8.91 percent, from \$12.3 to \$31.3 million. Similarly, Emporia's overlapping debt increased from \$12.5 to \$44.1 million, growing annually by 12.11 percent. The compound annual growth rate for total direct and overlapping debt between 1994 and 2005 was 10.64 percent. In 1994, overlapping debt as a percent of direct and overlapping debt was 50.57 percent prior to increasing in share to 58.46 percent in 2005. The lowest percentage encompassed by overlapping debt was 26.78 percent in 1998, while the largest percentage was 61.44 percent in 2002. Over this 11 year time period, the composition of overlapping debt has also changed. In 1994, 63.81 percent of overlapping debt was K-12 education debt, while the remaining debt was overlapping county debt. By 2005, overlapping K-12 education debt encompassed 78.36 percent of total overlapping debt, with the balance consisting of overlapping county debt. Overlapping K-12 education debt has always comprised over 60 percent of total overlapping debt, except in 2000, when overlapping county debt comprised a 64.16 percent share, with the remaining 35.84 percent being K-12 education debt.

Emporia's citizens are primarily burdened by overlapping debt, and in 2005, overlapping debt per capita was \$1,648, while total debt per capita was \$2,819. As a percentage of the estimated full property value, direct debt is 3.67 percent, while total debt is 8.85 percent. No published rating has been assigned to the city of Emporia.

Garden City

Located in Finney County, Garden City had a 2005 population of 27,295, which increased from 26,990 in 1995. Total bonded debt in Garden City decreased between 1995 and 2005, from \$13.9 million to \$7.6 million. In turn, total bonded debt per capita also decreased during this time period, from \$514 in 1995 to \$280 in 2005. In Garden City, increases have taken place in both assessed value and estimated full property value. Assessed value increased from \$102.8 million in 1995 to \$156.6 million in 2005, while estimated full property value increased from \$508.8 million to \$996 million during the same time period. The assessed value of the top ten principal taxpayers as a percent of total assessed value remained around 9.00 percent between 2000 and 2005 with the highest leveling being 9.51 percent in 2005.

Garden City's direct and overlapping debt has also changed between 2000 and 2005. During this time period, direct debt decreased annually by 10.56 percent, while overlapping debt decreased annually by 3.37 percent. From 2000-2005, total direct and overlapping debt decreased from \$23.8 million to \$16.4 million, an annual decrease of 7.13 percent. Overlapping debt as a share of direct and overlapping debt was 43.86 percent in 2000 prior to increasing to 53.48 percent in 2005. The composition of Garden City's overlapping debt varies from most of the other cities examined in this study. In 2000, overlapping K-12 education debt comprised 54.56 percent of total overlapping debt, with the remaining share filled by overlapping county debt. In 2005, the largest share of total overlapping debt is county debt, which comprises a 47.53

percent share, while post-secondary education debt comprises 32.21 percent and the remaining 20.44 percent is encompassed by K-12 education debt.

In 2005, Garden City's citizens are burdened by \$280 of direct debt per capita and \$322 of overlapping debt per capita. As a percent of estimated full property value, total direct and overlapping debt comprises 1.65 percent in 2005. Garden City has been issued a credit rating of A2 by Moody's Investors Service.

Junction City

Junction City, which has no published credit rating, had a 2004 population of 18,883. Located in Geary County, Junction City's population has decreased by 1,497 citizens since 1995. As the population has decreased, total bonded debt and total bonded debt per capita have increased. In 1995, total bonded debt was \$10.7 million, which by 2004, had increased to \$14.9 million. In turn, total bonded debt per capita increased from \$526 in 1995 to \$788 in 2004. The assessed value for the city of Junction City also increased during this time period, from \$66.4 million to \$88.3 million. The assessed value of the top ten principal taxpayers as a percent of total assessed value was 23.55 percent in 2004.

In 2004, Junction City's direct debt was \$14.9 million, while the overlapping debt was \$3.7 million. In the same year, overlapping debt comprised 19.73 percent to total direct and overlapping debt. Overlapping debt is comprised solely by overlapping county debt in 2004.

Lawrence

Lawrence, a city with a 2005 population of 88,541, is the largest city in Douglas County; it carries an Aa2 rating by Moody's Investors Service. Lawrence's population increased annually by 1.99 percent between 1994 and 2005, for a total increase of 17,225 citizens. Consistent with Lawrence's population increase, Lawrence's total bonded debt also increased, from \$27.4 million in 1994 to \$102.9 million in 2005, growing annually by 12.81 percent. In turn, Lawrence's total bonded debt per capita expanded from \$384 to \$1,163 during this 11 year time period. Additionally, the city of Lawrence's total assessed value grew annually by 8.64 percent between 1994 and 2005, increasing from \$312.1 to \$776.9 million. While the assessed value has increased, the assessed value of the top ten principal taxpayers as a percent of total assessed value decreased from 8.68 percent to 6.80 percent from 1994 to 2005, after peaking in 1997 at 10.45 percent. Overall, as Lawrence's assessed value of the top ten principal taxpayers as a percent of total assessed value has decreased, as the total bonded debt for the city has increased.

Looking specifically at the city of Lawrence's direct and overlapping debt profile, changes have occurred that have reduced the city's overlapping debt load. In 1994, Lawrence's total direct and overlapping debt was \$51.5 million; it increased to \$123.6 million in 2005, growing annually at 8.29 percent. In the early years of this time period, overlapping debt comprised a large share of the total direct and overlapping debt. In 1994, overlapping debt comprised 65.64 percent, and in 1995 it comprised 76.34 percent of total direct and overlapping debt. Since 1995, this share has declined, for in 2005 overlapping debt comprised only 43.92

percent of total direct and overlapping debt. The composition of the overlapping debt is twofold; it is comprised by both K-12 education debt and county debt. In 1994, K-12 debt comprised 75.5 percent and county debt comprised 24.5 percent of total overlapping debt. By 1998, K-12 debt comprised 88.68 percent of total overlapping debt prior to its decline to 67.33 percent in 2005.

Overall, Lawrence's 2005 direct debt per capita is \$783, while their overlapping debt per capita is \$613. The total debt as a percent of estimated full property value is 2.33 percent. The compound annual growth rate between 1994 and 2005 was 4.26 percent for direct debt, while overlapping debt declined 7.67 percent annually, and total debt declined 2.06 percent annually.

Leavenworth

Leavenworth, located in Leavenworth County, had a 2005 population of 35,318, which has decreased by more than 5,000 citizens since 1994, an annual decrease of 1.30 percent. Although the population has decreased, total bonded debt increased from \$16.9 million to \$26.7 million, at an annual rate of 4.21 percent. In turn, with decreasing population and increased total bonded debt, the total bonded debt per capita increased annually by 5.59 percent during the same time period; growing from \$415 per capita in 1994 to \$755 in 2005. The highest point was 2002, when total bonded debt per capita was \$865. As Leavenworth's total bonded debt has increased, so too has the city's assessed value and estimated full property value. From 1994 to 2005, assessed value increased from \$99.3 million to \$170.9 million, increasing annually by 5.06 percent. Similarly, the city's estimated full property value increased \$666.1 million to \$1.7 billion during this same period, increasing annually by 5.22 percent. The assessed value of the top ten principal taxpayers as a percentage of total assessed value was 20.63 percent in 1994, but by 2004, had decreased to 15.96 percent.

In addition to the changes described above, Leavenworth's direct and overlapping debt also changed between 1994 and 2005. In 1994, the city's direct debt was \$13.6 million, prior to increasing to \$20.7 million in 2005. While direct debt increased annually by 3.93 percent during this time period, overlapping debt increased at a faster pace, 5.58 percent annually. In 1994, there was \$7.8 million of overlapping debt outstanding, but by 2005, overlapping debt had increased to \$14.2 million. As a percent of total direct and overlapping debt, overlapping debt has ranged from 24.06 percent in 1996 to 65.33 percent in 1998. In 2005, overlapping debt as a percent of total direct and overlapping debt was 40.75 percent. The composition of overlapping debt has also changed during this 11 year time period. In 1994, 44.32 percent of overlapping debt was comprised of K-12 education debt, with the remaining being comprised of county overlapping debt. The amount of overlapping county debt decreased in 2000, and since that time overlapping K-12 education debt has comprised the majority of total overlapping debt. In fact, in 2005, 91.37 percent of total overlapping debt was K-12 education debt, while the remaining 8.63 percent was overlapping county debt.

In 2005, Leavenworth's citizens were burdened by \$587 of direct debt per capita and \$403 of overlapping debt per capita. Total direct and overlapping debt as a percent of estimated full property value was 3.00 percent in 2005. Leavenworth is assigned a credit rating of A1 by Moody's Investors Service.

Leawood

Leawood, a Johnson County city with a 2005 population of 30,070, saw its population increase annually by 2.49 percent between 1994 and 2005, while the city's total bonded debt nearly doubled during this same time period. Total bonded debt increased from \$21.9 million to \$48.5 million from 1994 to 2005, growing annually at 7.48 percent. As population and total bonded debt have both increased, total bonded debt per capita has also increased, growing from \$956 in 1994 to \$1,613 in 2005. Change has also taken place in the total assessed value of property in Leawood, which increased by 9.55 percent between 1994 and 2005, from \$241.0 to \$657.4 million. The assessed value of the top ten principal taxpayers as a percentage of total assessed value increased slightly from 6.58 percent in 1995 to 8.36 percent in 2005, after reaching a peak of 12.95 percent in 1999. Overall, Leawood's assessed value of the top ten principal taxpayers as a percentage of total assessed value has decreased, while the amount of total bonded debt has increased. Additionally, the city of Leawood has been assigned an Aa1 credit rating by Moody's Investors Service.

Leawood's total direct and overlapping debt more than doubled between 1995 and 2005, increasing from \$69.4 to \$148.9 million. This large increase is mostly attributable to the increase in overlapping debt from \$50.3 to \$100.4 million. Overlapping debt as a percentage of total direct and overlapping debt in 1995 was 72.45 percent; it decreased to 67.42 percent in 2005. On the whole, the composition of the overlapping debt displays minimal changes. In 1995, 74.58 percent of overlapping debt was K-12 education debt, compared to 82.94 percent in 2005. As the share of K-12 debt has increased, the share of county debt has decreased from 24.92 percent to 15.41 percent between 1995 and 2005.

Overall, Leawood's citizens are most heavily burdened by the debt of overlapping jurisdictions. In 2005, the overlapping debt per capita was \$3,338, more than double the direct debt per capita of \$1,613. The overlapping debt as a percent of the estimated full property value was 2.06 percent, while the total debt was 3.05 percent of the estimated full property value.

Lenexa

One of Johnson County's larger cities, Lenexa carries an Aa2 rating from Moody's Investors Service and an AA rating from Standard and Poor's. In 2005, Lenexa had a population of 43,765, which had increased by 7,029 or 1.60 percent annually between 1994 and 2005. As the population of the city has increased, Lenexa's total bonded debt has also increased, but at a much faster rate. From 1994 through 2005, the city's total bonded debt increased from \$46 million to \$86 million, increasing annually by 5.86 percent. The 2005 total bonded debt level is the largest the city has maintained during this 11 year time period. As both the population and total bonded debt have increased, total bonded debt per capita has also increased. In 1994, total bonded debt per capita was \$1,253, before dropping to its lowest level of \$815 in 2002. By 2005, total bonded debt per capita had reached its highest point, \$1,967. Additionally, the total assessed value of the property in Lenexa more than doubled between 1994 and 2005, as it increased annually by 7.03 percent from \$465.5 million to \$982.5 million. Similarly, the assessed value of the top ten property taxpayers increased during this time period, yet the top ten

assessed value as a percent of total assessed value decreased from 15.51 percent in 1994 to 13.51 percent in 2005, just one year after its lowest level of 8.56 percent in 2004.

Lenexa's total direct and overlapping debt has increased by 4.52 percent, from \$123.4 million to \$200.6 million between 1994 and 2005. The city's direct debt increased annually by 5.86 percent, and the city's overlapping debt increased annually by 3.63 percent during the same time period. Over this 11 year time period, overlapping debt as a percentage of total direct and overlapping debt slightly decreased from 62.69 percent to 57.09 percent. The composition of the overlapping debt also changed over time, yet its compositions in 1994 and 2005 are quite similar. In 1994, K-12 education debt comprised 86.47 percent and county debt comprised 12.20 percent of total overlapping debt. In 1995, the share of K-12 debt decreased to 66.37 percent, while county debt's share increased to 32.99 percent. As time has progressed, the shares have moved back toward the 1994 levels, for in 2005, K-12 debt comprises 82.79 percent and county debt comprises 15.21 percent of total overlapping debt.

In 2005, 57.09 percent of the debt burden on citizens is due to overlapping debt. Overlapping debt per capita is \$2,617 compared with direct debt per capita of \$1,967. The total debt as a percentage of estimated full property value is 3.83 percent, and the compound annual growth rate of total debt was 4.52 percent between 1994 and 2005.

Manhattan

Manhattan, a Riley County city with a 2005 population of 49,500, has experienced annual population growth of 1.32 percent from 1995 to 2005. In order to meet the needs of their growing population, the city of Manhattan's total bonded debt also increased during this time period. Between 1995 and 2005, total bonded debt went from \$27.4 to \$51.3 million, an annual growth rate of 6.49 percent. In turn, the city's total bonded debt per capita has also increased by just over \$400 per capita, from \$630 to \$1,037 per capita. Additionally, Manhattan's estimated full property value has also increased annually over this 10 year time period by 7.55 percent, while the total assessed value has increased annually by 7.27 percent. As the total assessed property value has increased, Manhattan's assessed value of the top ten principal taxpayers has decreased from 18.13 percent in 1995 to 12.44 percent in 2005.

Manhattan's direct and overlapping debt also changed between 1995 and 2005. During this time period, the city's overlapping debt decreased annually by 1.89 percent, from \$29.1 to \$24.0 million. Total direct and overlapping debt increased annually by 2.93 percent. In 1995, overlapping debt as a percentage of direct and overlapping debt was 51.53 percent before decreasing to 31.88 percent in 2005. This is due to the decrease of total overlapping debt during this time period, while the city's direct debt has increased. The composition of overlapping debt also changed between 1995 and 2005. Throughout this time period, K-12 education debt and county debt have comprised total overlapping debt. In 1995, K-12 education debt comprised 80.81 percent of total overlapping debt, prior to decreasing to 54.79 percent in 2005. This composition change has taken place as overlapping K-12 education debt has decreased annually by 5.63 percent, while overlapping county debt has increased annually by 6.88 percent between 1995 and 2005.

Overall, Manhattan's citizens are primarily burdened by the city's direct debt, which in 2005 was \$1,037 per capita. Total direct and overlapping debt per capita was \$1,523. When comparing debt to estimated full property value, direct debt comprises 2.50 percent, while total debt comprises 3.67 percent of estimated full property value. The city of Manhattan has been assigned a rating of AA+ by Fitch Ratings and Aa3 by Moody's Investors Service.

Merriam

Merriam, a city in Johnson County with a 2005 population of 10,791 has seen a population decrease of 1.07 percent between 1994 and 2005, while its total bonded debt has increased. Between 1994 and 2005, Merriam's total bonded debt expanded from nearly \$12.4 million to over \$26 million, growing annually at 6.98 percent. From 2000 to 2005, Merriam's total bonded debt increased by 15.28 percent annually. Total bonded debt per capita increased from \$1,020 in 1994 to \$2,413 in 2005, an annual growth rate of 8.14 percent. From 2000 to 2005, the compound annual growth rate was 15.74 percent. As total bonded debt has increased, so too has the total assessed value of property in Merriam. The total assessed value nearly doubled between 1994 and 2005, increasing from \$84.5 million to \$159.9 million. As the total assessed value has increased, the assessed value of the top ten principal taxpayers as a percent of total assessed value has also increased. In 1994, the top ten assessed value was 12.78 percent of total assessed value, before rising to 21.47 percent in 2005.

Merriam's total direct and overlapping debt increased also increased between 1994 and 2005. Merriam's 5.19 percent annual increase between 1994 and 2005, from \$22.2 million to \$38.8 million, is primarily attributable to the city's direct debt which nearly doubled during this time period. In 1994, Merriam's overlapping debt was \$8,978,613, comprising 40.39 percent of total direct and overlapping debt. By 2005, the overlapping debt had increased to \$12,730,079, but its share of total direct and overlapping debt had decreased to 32.84 percent. The composition of Merriam's overlapping debt has significantly changed over this 11 year time period, for in 1994, county debt comprised 55.28 percent and K-12 education debt comprised 44.72 percent of Merriam's overlapping debt. Changes began taking place in 1995, as K-12 education debt took over the largest share of total overlapping debt. In 2005, 90.72 percent of total overlapping debt was K-12 education debt, followed by county debt with a 7.49 percent share.

Merriam's citizens are primarily burdened by direct debt, as in 2005, their direct debt per capita was \$2,413, while their overlapping debt per capita was only \$1,180. Direct debt comprised 16.28 percent of the estimated full property value, while the total debt comprised 24.25 percent of estimated full property value. Between 1994 and 2005, the compound annual growth rate for total Merriam debt was 5.19 percent. Additionally, Merriam has been assigned a rating of A1 by Moody's Investors Service.

Mission

Mission, a city located in Johnson County, has a 2005 population of 10,020, an increase of 450 residents since 1994. As Mission's population has increased, the city's total bonded debt has increased annually by 19.44 percent, from \$1.6 million to \$11.2 million, between 1994 and

2005. Consequently, Mission's total bonded debt per capita increased by 18.83 percent annually, during this same time period, from \$168 per capita to \$1,120 per capita. Between 1994 and 2005, the total assessed value for the city of Mission increased annually by 5.29 percent. During the same time period, the assessed value of the top ten principal taxpayers decreased from 19.30 percent in 1994 to 17.85 percent in 2005, after peaking at 27.44 percent in 1999. The total estimated actual value increased by 6.76 percent over this 11 year time period.

Mission's profile of direct and overlapping debt also changed between 1994 and 2005. During this time period, the city's total direct and overlapping debt doubled, increasing from \$12 million to \$24 million. In 1994, overlapping debt as a percent of total direct and overlapping debt comprised 94.89 percent, or \$11.4 million. By 2005, overlapping debt comprised only 56 percent of total direct and overlapping debt, or \$13.5 million. Between 1994 and 2005, overlapping debt grew annually at 1.51 percent, while the city's direct debt grew annually at 29.52 percent during the same time period. In 1994, overlapping debt from Water District #1 of Johnson County comprised the largest share of overlapping debt at 37 percent, followed closely by overlapping county debt (36.38 percent) and overlapping K-12 education debt (26.63 percent). In 2005, the largest share of overlapping debt was comprised by K-12 education debt, encompassing 71.77 percent of total overlapping debt.

Citizens of Mission face \$1,346 of overlapping debt per capita, and \$1,058 of direct debt per capita. Total debt as a percentage of estimated full property value was 2.72 percent in 2005. The city of Mission has a published credit rating of A2 from Moody's Investors Service.

Mulvane

Mulvane is a city located on the border of Sedgwick and Sumner counties in south-central Kansas. Mulvane, which has no published credit rating, had a 2005 population of 5,568, which had increased annually by 0.80 percent since 1994. During this 11 year time period, Mulvane's total bonded debt increased from \$492,000 to \$6.8 million, increasing annually by 26.99 percent. In turn, total debt per capita increased from \$96 to \$1,224 between 1994 and 2005. As Mulvane's debt has increased, the city's estimated full value of property has more than doubled, from \$100.8 million to \$217.5 million. Between 1994 and 2005, the city's estimated full value of property increased annually by 7.24 percent. In 2005, the city's assessed value of the top ten principal taxpayers as a percent of total assessed value was 6.13 percent.

Changes can also be seen in Mulvane's direct and overlapping debt between 1995 and 2005. In 1995, overlapping debt comprised 94.25 percent of all direct and overlapping debt, but in 2005, overlapping debt occupied only 50.43 percent of direct and overlapping debt. Between 2000 and 2005, both total direct and overlapping debt increased annually by 14.56 percent. The composition of overlapping debt has made only slight variations between 1995 and 2005. In 1995, overlapping K-12 education debt comprised 89.77 percent of overlapping debt, while comprising 90.14 percent in 2005. The lowest percent that K-12 education debt has encompassed was 73.75 percent in 1999; the highest was 95.61 percent in 2004. The remaining overlapping debt is county debt.

Mulvane's overlapping debt per capita was \$1,674 in 2005, while direct debt per capita was \$1,645. As a percent of estimated full property value, total direct and overlapping debt in 2005 was 8.50 percent.

Newton

The city of Newton, located in Harvey County, had a 2005 population of 18,158, an annual increase of 0.75 percent since 1994. As the city's population increased, total bonded debt also increased. Newton's total bonded debt of \$7.2 million in 1994, increased to \$8.8 million in 2005, an annual growth rate of 1.80 percent. Total bonded debt per capita increased from \$432 to \$484 between 1994 and 2005. While minimal changes have taken place in population and total bonded debt, larger changes have occurred in total assessed value and total estimated full property value. During this 11 year time period, total assessed value increased annually by 6.92 percent, from \$53.8 million to \$112.3 million. Over the same time period, the estimated full property value of the city increased from \$530.2 million to \$828.3 million, an annual increase of 4.14 percent. Between 1995 and 2005, the assessed value of the top ten principal taxpayers as a percent of the total assessed value decreased from 12.08 percent to 10.07 percent, with the highest level being 15.56 percent in 1996.

Changes have also taken place in Newton's direct and overlapping debt. The city's overlapping debt increased from \$1.3 million to \$19.2 million between 1994 and 2005, increasing annually by 28.09 percent. Total direct and overlapping debt increased annually by 12.34 percent over the same time period. Looking at overlapping debt as a percent of direct and overlapping debt, overlapping debt comprised a 13.77 percent share in 1994, while in 2005, it comprised a 58.27 percent share of total direct and overlapping debt. In 1998, overlapping debt comprised 76.99 percent of total direct and overlapping debt, which is the largest share during this 11 year time period. In terms of overlapping debt, K-12 education debt and county debt comprise all of the overlapping debt between 1994 and 2005. In 1994, county debt comprised 100 percent of all overlapping debt, but in 1995, this changed as K-12 education debt began increasing its share of overlapping debt, growing to 91.89 percent in 2005.

Overall, Newton's citizens are burdened by total debt per capita of \$1,813 in 2005. Total debt as a percent of the estimated full property value is 3.98 percent, while overlapping debt is 2.32 percent. The city of Newton has no published credit rating.

Olathe

The city of Olathe is the second largest city in Johnson County, with a 2005 population of 116,910. Olathe's population grew annually by 4.42 percent between 1994 and 2005. As Olathe's population has grown, so too have its total bonded debt and the total assessed value of property. Total bonded debt more than doubled from 1994 to 2005, increasing annually by 6.69 percent from \$60.4 to \$123.2 million. Additionally, the total bonded debt per capita also changed during this time, increasing from \$832 in 1994 to \$1,054 in 2005, its highest point for the 11 year time period. The total assessed value of property in Olathe has grown at a much faster pace over this time period, expanding from \$350.9 million to \$1.1 billion, an annual growth rate of 11.19 percent. While assessed values have grown, the assessed value of the top

ten principal taxpayers as a percentage of total assessed value has decreased from 10.43 percent in 1994 to 9.37 percent in 2005. The highest level that the top ten principal taxpayers reached was 12.63 percent in 1999. The city of Olathe has been assigned a rating of AA by Standard & Poor's and Aa2 by Moody's Investors Service.

Olathe's profile of direct and overlapping debt has also changed over this 11 year time period. Between 1994 and 2005, the city's total direct and overlapping debt increased from \$194.4 to \$350.8 million. In 1994, overlapping debt as a percent of total direct and overlapping debt comprised 68.92 percent, or \$133,994,892. By 2005, the composition had decreased to 64.88 percent while total overlapping debt increased to \$227,597,953. Throughout this 11 year time period, K-12 education debt and county debt are the two largest components of Olathe's overlapping debt. From 1994 to 2005, K-12 debt has comprised approximately 85.0 percent of overlapping debt.

Overall, the largest debt load on the citizens of Olathe can be attributed overlapping K-12 education debt. In 2005, overlapping debt per capita was \$1,947, while total debt per capita was \$3,000. Overlapping debt as a percentage of estimated full property value was 2.77 percent, while total debt was 4.27 percent. Over the entire 11 year time period, the compound annual growth rate of total debt was 5.51 percent.

Overland Park

The city of Overland Park is the only triple-A city in Kansas, as rated by Standard & Poor's, Fitch Ratings and Moody's Investors Service. Located in Johnson County, the city had a 2005 population of 166,917 which has risen nearly 40,000 residents since 1994, an annual growth rate of 2.52 percent. As Overland Park's population has increased, the city's total bonded debt has also increased, but at a faster pace. Total bonded debt increased from \$45.8 million to \$120.4 million, or 9.19 percent annually, between 1994 and 2005. In turn, the city's total bonded debt per capita increased from \$360 to \$721 during this time period. Between 1994 and 2005, Overland Park's estimated actual value of all property increased annually by 8.63 percent, from \$6.45 billion to \$16.03 billion. As the estimated actual value and the total assessed value have increased, the assessed value of the top ten principal taxpayers has decreased from 12.10 percent in 1994 to 7.60 percent in 2005.

Overland Park's total direct and overlapping debt nearly doubled between 1994 and 2005, increasing from \$262.4 to \$492.2 million, growing annually at 5.88 percent. During this same time period, the city's direct debt increased annually by 8.78 percent, while the city's overlapping debt increased annually by 5.12 percent. Total direct and overlapping debt is comprised primarily of overlapping debt, which in 1994 was 81.82 percent, while in 2005 overlapping debt encompassed 75.54 percent of direct and overlapping debt. Specifically examining the composition of overlapping debt, two categories contain nearly all of the debt: K-12 education debt and county debt. In 1994, overlapping K-12 education debt comprised 70.89 percent of all overlapping debt, while overlapping county debt comprised 28.52 percent. In 2005, K-12 education debt had increased its share of overlapping debt to 81.90 percent, while county debt had decreased to 16.34 percent.

Overland Park's citizens are primarily burdened by overlapping debt, which in 2005 had a per capita amount of \$2,228, while total debt per capita was \$2,949. When debt is looked at as a percent of estimated full property value, overlapping debt is 2.32 percent, while total debt is 3.07 percent. Overall, Overland Park's total debt increased annually by 5.88 percent between 1994 and 2005, largely due to the rise in Overland Park's direct debt.

Pittsburg

Located in Crawford County, Pittsburg had a 2005 population of 19,243. Since 1994, Pittsburg's population has increased from 17,775, an annual rate of 0.72 percent. While the population has increased, Pittsburg's total bonded debt has also increased. In 1994, total bonded debt was \$5.0 million and in 2005, total bonded debt had increased to \$5.9 million. Total bonded debt was highest in 1995 at \$8.63 million and lowest in 1998 at \$4.64 million. In turn, total bonded debt per capita increased annually by 0.90 percent between 1994 and 2005 from \$282 to \$311. Total assessed value also increased during this time period from \$57.7 million to \$118.0 million, increasing annually by 6.72 percent. In 2002, the assessed value of the top ten principal taxpayers as a percentage of total assessed value was 25.83 percent, prior to decreasing to 20.90 percent in 2005.

Pittsburg's total direct debt decreased from \$9.9 million to \$8.4 million between 2002 and 2005. Alternatively, overlapping debt increased from \$14.6 to \$24.3 million during the same time period. In 2002, overlapping debt comprised 59.49 percent of total direct and overlapping debt, while in 2005, overlapping debt comprised 74.17 percent. The composition of overlapping debt is K-12 education debt and county debt. In 2002, K-12 education debt comprised 74.76 percent and in 2005, 79.02 percent, with the remainder being overlapping county debt.

In 2005, Pittsburg's citizens are primarily burdened by overlapping debt per capita of \$1,262, while total direct and overlapping debt per capita was \$1,702. As a percent of estimated full property value, overlapping debt comprised 3.35 percent, while total direct and overlapping debt comprised 4.52 percent. The city has a credit rating of A3 by Moody's Investors Service.

Prairie Village

Located in Johnson County, the city of Prairie Village had a 2005 population of 21,887, which had decreased annually by 0.77 percent from 23,824 in 1994. As Prairie Village's population has decreased, the city's total bonded debt has also decreased. Between 1994 and 2005, total bonded debt decreased annually 9.03 percent from \$4.78 million to \$2.57 million. Similarly, Prairie Village's total bonded debt per capita decreased from \$200 per capita in 1994 to \$117 per capita in 2005. Alternatively, the city's total estimated actual value of all property increased annually during this same time period by 6.99 percent, more than doubling from \$1.05 billion in 1994 to \$2.22 billion in 2005. In turn, the assessed value of the top ten principal taxpayers in Prairie Village decreased from 13.25 percent to 11.56 percent during this 11 year time period. Prairie Village has been issued a Aa1 credit rating by Moody's Investors Service.

Changes have also taken place in Prairie Village's direct and overlapping debt between 1994 and 2005. The city's direct debt decreased annually by 5.00 percent during this time

period, while the city's overlapping debt increased annually by 5.95 percent. In 1994, overlapping debt comprised 77.12 percent of total direct and overlapping debt, while increasing to a 91.80 percent share in 2005. By examining the composition of overlapping debt over this time period, distinct changes can be seen. In 1994, 53.88 percent of overlapping debt was due to county debt, while K-12 education debt comprised 45.00 percent of total overlapping debt. In 2005, 71.28 percent of the overlapping debt was comprised by K-12 education debt, with overlapping county debt comprising 23.12 percent.

Overall, the largest debt load on the citizens of Prairie Village is attributed to overlapping K-12 education debt and overlapping county debt. In 2005, overlapping debt per capita was \$1,314, while total direct and overlapping debt per capita was \$1,432. Overlapping debt as a percent of the estimated full property value was 1.30 percent, while total debt was 1.41 percent. The compound annual growth rate for total debt was 4.29 percent between 1994 and 2005.

Roeland Park

Roeland Park, a city with a 2005 population of 7,034, is located in Johnson County. Although outside the scope of this study, Roeland Park's financial statements reveal significant negative financial performance during the period covered by this debt analysis. Between 1994 and 2005, Roeland Park's population decreased annually by 0.80 percent. During the same time period, Roeland Park's total bonded debt has also decreased, dropping from \$3.63 to \$2.37 million, or 3.80 percent annually. While bonded debt has decreased, the total assessed value of property in Roeland Park has increased from nearly \$31 million to just below \$60 million over this 11 year period. Roeland Park's assessed value of the top ten principal taxpayers has remained around 16.0 percent of total assessed value, with only slight variations. As the population and total bonded debt have both decreased, so too has the total bonded debt per capita decreased. In 1994, total bonded debt per capita was \$472 before increasing to \$778 in 1997. By 2005, total bonded debt per capita had decreased to its lowest level of \$337, decreasing annually by 3.02 percent over the 11 year time period.

Roeland Park's direct and overlapping debt also changed between 1994 and 2005. Total direct and overlapping debt increased slightly from \$11,061,574 in 1994 to \$11,214,436 in 2005. Total overlapping debt also increased during this time period, while the city's direct debt decreased. In 1994, overlapping debt comprised 68.29 percent of total direct and overlapping debt, while in 2005 this figure increased to its highest level, 80.26 percent. The composition of the overlapping debt has also changed significantly during this 11 year time period. In 1994, overlapping debt was primarily comprised of debt from Water District #1 of Johnson County (54.14 percent), county debt (24.72 percent), and K-12 education debt (20.63 percent). While the primary sources of overlapping debt remained the same in 2005, their composition has been altered as K-12 education debt now comprises 54.40 percent, Water District #1 of Johnson county debt comprises 24.33 percent, and Johnson County debt comprises 17.45 percent of Roeland Park's total overlapping debt.

Roeland Park has no published credit rating, and its citizens are primarily burdened by overlapping debt. In 2005, their direct debt per capita was \$315, while their overlapping debt per capita was \$1,280, nearly four times greater. Overlapping debt comprised 1.88 percent of the

estimated full property value, while the total debt comprised 2.34 percent of estimated full property value. The compound annual growth rate for total Roeland Park debt was 0.12 percent between 1994 and 2005.

Salina

The city of Salina, located in Saline County, had a 2005 population of 45,956. Between 1994 and 2005, Salina's population increased annually by 0.76 percent, increasing by a total of 3,653. During this same time period, the estimated full property value increased from \$1.31 billion to \$2.13 billion, increasing annually by 4.49 percent, while total assessed value increased by 5.02 percent. Between 1994 and 2005, the assessed value of the top ten principal taxpayers as a percent of total assessed value decreased from 13.05 percent to 8.59 percent, decreasing annually by 3.73 percent.

Between the years 1994 and 2005, changes also took place in Salina's direct and overlapping debt, which increased from \$14.0 million to \$110.1 million, increasing annually by 20.63 percent. Salina's direct debt increased from \$7.1 million to \$28.7 million, while the city's overlapping debt increased from \$6.9 million to \$72.5 million during this 11 year time period. The compound annual growth rate from 1994 to 2005 for direct debt was 13.62 percent, while the annual growth rate for overlapping debt was 25.08 percent. As time has progressed, overlapping debt as a percent of total direct and overlapping debt increased from 49.56 percent in 1994 to 73.89 percent in 2005. The highest level that overlapping debt comprised was 90.50 percent in 2001. In addition to overlapping debt increasing its share of total direct and overlapping debt, its composition has also changed. In 1994, Salina's overlapping debt was comprised of 56.96 percent K-12 education debt and 43.04 percent other overlapping debt, which was solely due to the Salina Airport Authority. In 2005, K-12 education debt comprised 89.08 percent of total overlapping debt, while a 0.82 percent share was overlapping county debt, and 10.11 percent was other overlapping debt.

Overall, Salina's citizens are primarily burdened by the city's overlapping debt, which in 2005, was \$1,770 per capita. Total direct and overlapping debt per capita was \$2,396 in 2005. When comparing debt to estimated full property value, overlapping debt comprises 3.82 percent, while total debt comprises 5.16 percent of estimated full property value. Salina has been issued a credit rating of Aa3 by Moody's Investors Service.

Topeka

Topeka, located in Shawnee County, had a 2005 population of 121,886, which decreased annually by 0.05 percent between 1994 and 2005. While the population has decreased, Topeka's total bonded debt has continued to grow, especially between 2002 and 2005, when it increased from just over \$108 million to beyond \$138 million. Between 2000 and 2005, the city's total bonded debt increased annually by 4.84 percent, while during the same time period, total bonded debt per capita increased from \$877 to \$1,134, growing annually at 5.29 percent. As total bonded debt has enlarged, the assessed value of the top ten principal taxpayers for the city of Topeka has decreased. From 1994 to 2005, the top ten assessed values decreased from 20.85 percent to 16.25 percent. Additionally, during this time period, the total assessed value for

Topeka increased from \$660,600,742 to \$1,094,119,526, an annual rate of 4.69 percent. In turn, as the assessed value of property in Topeka has increased, the top ten principal taxpayers have comprised a decreased share of total assessed value.

Looking specifically at the direct and overlapping debt for Topeka between 1994 and 2005, overlapping debt comprised a larger share of total direct and overlapping debt. During the same time period, the composition of overlapping debt as a percent of total direct and overlapping debt changed from 35.21 percent to 49.37 percent. In dollars, Topeka's total overlapping debt increased from just under \$67 million in 1994 to nearly \$161 million in 2005, with a compound annual growth rate of 8.29 percent. This growth is primarily attributed to increases in K-12 education debt (12.70 percent annual growth rate) and post-secondary education debt (18.18 percent annual growth rate) during this time period. In 1994, Topeka's overlapping debt burden was primarily attributable to county debt, which comprised 57.38 percent of Topeka's total overlapping debt, and K-12 education debt, which comprised 30.49 percent. As time has progressed, the composition of Topeka's overlapping debt has changed. In 2005, K-12 education debt comprises 47.31 percent of total overlapping debt, while county debt and post-secondary education debt comprise 23.37 percent and 20.43 percent, respectively. Overall, during this time period, the overlapping debt of Topeka has increased and placed a larger debt burden on the residents of Topeka.

In 2005, Topeka's total debt per capita was \$2,672. Total debt comprised 4.96 percent of estimated full property value. Between 1994 and 2005, the compound annual growth rate for all Topeka debt was 5.01 percent. Topeka has been issued a credit rating of Aa3 by Moody's Investors Service.

Unified Government of Wyandotte County/Kansas City, Kansas

The Unified Government of Wyandotte County/Kansas City, Kansas (Unified Government), was formed October 1, 1997. Therefore, the data presented for this jurisdiction cover only the years 1997 through 2005. In 1997, the population of the Unified Government was 140,082; it had to 155,750 in 2005. As population increased, the government's total bonded debt also increased, from \$123.5 million in 1997 to \$190.4 million in 2005. In turn, total bonded debt per capita increased by over \$400 per capita during the same time period, from \$808 to \$1,222 per capita. Data for the time period between 1997 and 2005 also show that the assessed value of the top ten principal taxpayers as a percentage of total assessed value increased from 12.21 percent to 13.55 percent, after reaching a high of 18.29 percent in 2002. Between 2000 and 2005, the estimated actual value of property increased annually by 9.10 percent, while the total assessed value increased annually by 7.49 percent, from \$762.5 million to \$1.1 billion.

Between 1997 and 2005, the government's direct debt increased from \$155.2 million to \$190.4 million. Alternatively, total overlapping debt increased from \$46.2 million to \$162.8 million during the same time period. The compound annual growth rate for direct debt from 2000 through 2005 was 4.17 percent, while overlapping debt increased annually by 12.99 percent. The overlapping debt as a percent of direct and overlapping debt was 27.20 percent in 1997. By 2005, this figure had increased to 46.10 percent, which is below the high point of 55.12 percent in 2002. Looking specifically at the composition of overlapping debt, K-12

education debt and county debt comprise the majority of the overlapping debt. In 1997, K-12 education debt comprised 29.26 percent of overlapping debt, while county debt comprised 71.41 percent. In 2005, K-12 education debt comprised 97.85 percent of overlapping debt, while the remaining debt is due to post-secondary education debt.

Overall, the Unified Government's citizens are nearly equally burdened by direct debt per capita of \$1,222 and overlapping debt per capita of \$1,045. As a percentage of estimated full property value, total direct and overlapping debt comprises 5.24 percent. The Unified Government holds a credit rating of AA by Standard & Poor's and A2 by Moody's Investors Service.

Wichita

The city of Wichita, located in Sedgwick County, had a 2005 population of 353,115. Between 1994 and 2005, Wichita's population increased annually by 1.14 percent, or 41,369 citizens. In addition to population increases, Wichita's total bonded debt has also increased, growing from \$279.1 million to \$433.1 million between 1994 and 2005. As a result, total bonded debt per capita has increased from \$895 to \$1,227, an annual increase of 2.90 percent during this 11 year time period. As total bonded debt has nearly doubled, so too has the estimated full property value for the city of Wichita, which increased from \$8.89 billion to \$17.32 billion from 1994 to 2005. The annual growth of the estimated full property value was 6.25 percent, while the total assessed property value increased annually by 5.19 over these 11 years. The assessed value of the top ten principal taxpayers as a percentage of total assessed value decreased between 1994 and 2005. In 1994, the top ten assessed value was 12.23 percent of total assessed value, while in 2005, this share had decreased to 7.79 percent. Standard & Poor's has issued Wichita a credit rating of AA, while Moody's Investors Service has issued a rating of Aa2.

In addition to changes in population, total bonded debt, and assessed property value, Wichita's direct and overlapping debt has also changed. Between 1994 and 2005, the city's direct debt decreased annually by 9.68 percent from \$295.1 million to \$96.3 million. Alternatively, the city's overlapping debt has increased from \$72.2 million to \$278.2 million, increasing annually by 13.04 percent during the same time period. In turn, the total direct and overlapping debt for Wichita increased annually by 0.18 percent from 1994 to 2005. Overlapping debt, in 1994 comprised 19.66 percent of total direct and overlapping debt, but with the increase in overlapping debt during this time period, overlapping debt now comprises 74.29 percent of total direct and overlapping debt. The composition of overlapping debt has also changed over this 11 year time period. In 1994, overlapping debt was comprised by post-secondary education debt (26.12 percent) and county debt (73.88 percent). Similar compositions took place until 2000, when overlapping K-12 education debt became more prominent. In 2005, K-12 education debt comprises 69.79 percent of overlapping debt, while county debt comprises 24.83 percent.

In 2005, Wichita's citizens were burdened by \$1,060 of total debt per capita, of which \$788 is overlapping debt per capita. The total debt, in 2005, was 2.16 percent of the estimated

full property value in Wichita, while 1.61 percent was overlapping debt. The compound annual growth rate of total debt between 1994 and 2005 was 0.18 percent.

Winfield

Located in Cowley County, Winfield is a city with a 2005 population of 11,886. Between 1994 and 2005, the city's population increased annually by 0.14 percent. During this same time period, Winfield's total bonded debt increased from \$3.8 to \$9.0 million, increasing annually at 8.27 percent. In turn, the city's total bonded debt per capita grew from \$322 to \$760 between 1994 and 2005. While total bonded debt per capita has increased annually by 8.12 percent between 1994 and 2005, Winfield's assessed property value has only increased annually by 3.67 percent. In 1994, the city's assessed property value was \$41.9 million prior to increasing to \$62.3 million in 2005. In 2005, the assessed value of the top ten principal taxpayers as a percent of total assessed value was 23.71 percent.

Winfield's direct and overlapping debt changed between 1998 and 2005. In 1998, the city's direct and overlapping debt was \$8.3 million before nearly tripling to \$24.8 million in 2005. From 2000 to 2005, the compound annual growth rate for total direct and overlapping debt was 20.41 percent. Between direct and overlapping debt, the largest growth has taken place in the overlapping debt, which increased annually by 41.93 percent between 2000 and 2005, while direct debt increased annually by only 3.32 percent. In turn, in 1998, overlapping debt as a percent of direct and overlapping debt was 40.48 percent, while in 2005, overlapping debt increased to 67.24 percent. The composition of the overlapping debt is made up of K-12 education debt, post-secondary education debt, and county debt. In 1998, K-12 education debt comprised 100 percent of overlapping debt; it decreased to 99.71 percent in 2005. The lowest amount that K-12 education debt has encompassed during this 8 year time period was 85.63 percent in 2001.

In 2005, Winfield's citizens are burdened with \$2,068 of total debt per capita, of which \$1,403 is overlapping debt per capita. When comparing debt to the city's estimated full property value, overlapping debt comprises 4.19 percent, while total debt encompasses 6.24 percent. There is no published rating for the city of Winfield.

Debt Policy Suggestions

Before a local government issues any debt it should have an adopted set of debt policies. Instead, many governments rely on “rules-of-thumb” or practices commonly used over a period of time and on unconsolidated debt policies. However, debt should be the result of careful planning. This section reviews the types of debt policies and related practices that can enhance a local government’s approach to debt management.

Central to best practice planning is thinking through the goals of debt issuance and developing guidelines to follow in debt issuance and management. Many debt policy statements include most of the following elements:²⁶

- Capital improvement program. *Ensure that debt-supported projects fit within multi-year plan.*
- Citizen participation. *Address participation by citizens in the debt planning process.*
- Project life. *Tie debt to economic life of a project.*
- Legal limits. *Isolate any legal restrictions.*
- Use of short-term debt. *Specify conditions for use of debt of one year or less.*
- Use of variable-rate debt. *Address conditions when, and if, it is appropriate to use variable interest-rate obligations.*
- General obligation security. *Clarify when the full faith and credit can be extended.*
- Revenue security. *Identify when pledges of dedicated revenues can be made.*
- Interest rates. *Specify any limits on the use of variable rates instead of fixed rates.*
- Lease arrangements. *Clarify conditions for use of lease-purchase and other lease arrangements, including appropriation debt.*
- Conduit bonds. *Provide criteria for serving as conduit issuer.*
- Taxable bonds. *Identify any limits on the use of taxable debt.*
- Debt service constraints. *State the policy on structure options, such as level debt service or level principal.*
- Maturity. *State payout period in average length of maturity.*
- Redemption features. *Clarify the use of options.*
- Credit enhancement. *Establish criteria for use of bond insurance.*
- Liquidity providers. *Establish criteria for use of letter of credit and other liquidity providers.*
- Derivatives. *Specify conditions for use of derivative products.*
- Credit objective. *Maintain or improve the external credit rating.*
- Debt capacity. *Set the terms for internal debate on what is affordable.*
- Debt coordination. *Clarify any work with overlapping and underlying debt issuers to coordinate debt plans to temper joint debt appetite.*
- Competitive sales. *Give preference for competitive sales.*
- Negotiated sales. *Specify conditions under which negotiated sales can occur.*
- Winning price. *Evaluate and select winning bid based on “true interest cost.”*
- Use of financial advisor. *Specify conditions when independent financial advisors will be used to help with debt issuance.*

²⁶ W. Bartley Hildreth. *State & Local Government Debt Issuance and Management Service: Volume 1*, (Austin, TX: Sheshunoff Information Service, Inc., updated to 2006).

- Selection of outside professionals. *Provide criteria and method for selection of bond counsel, financial advisor, underwriter, trustee, and other professionals hired to assist in the transaction.*
- Refunding criteria. *Clarify criteria to be used in evaluating a proposal to re-issue debt.*
- Primary market disclosure. *Recognize the obligations under applicable securities laws, bond undertaking agreements, and market expectations.*
- Secondary market disclosure. *State the legal necessity of making event notices and the obligation to make continuing disclosure.*
- Investor relations. *Identify the contact person for investors.*
- Arbitrage compliance. *State the necessity to meet tax law regarding arbitrage rules.*
- Investment of proceeds. *Translate tax laws into spend-down policy.*
- Responsibility. *Assign responsibility for all elements of debt policy.*
- Adoption of debt policy. *Announce obligation to get legislative approval of debt policies.*
- Monitoring and revising policy. *Provide for ongoing review and revision, as necessary, of debt policy.*

Prudent debt policies promote sound credit quality and help gain political acceptance for debt activity. Such guidelines should fit within the government's overall financial policies. Given their importance, the legislative body should formally adopt the comprehensive debt policy.

The credit rating agencies also disseminate information to investors and issuers outlining how they establish credit ratings. Standard & Poor's, in particular, stated that best practices make a difference and proceeded to list what it considers best practices:²⁷

1. Establish or enhance rainy day/budget stabilization reserves. A formalized financial reserve policy is a consistent feature of most highly rated credits.
2. Establish regular economic and revenue reviews to identify potential budget problems early. Establish a formal mechanism to monitor economic trends and revenue performance at regular intervals.
3. Prioritize spending plans and establish contingency plans for operating budgets as a fallback financial strategy. What is done with surplus funds can be as important as how shortfalls are addressed.
4. Have a formalized capital improvement plan in order to assess future infrastructure requirements.
5. Establish a debt affordability model to evaluate future debt profile.
6. Develop a pay-as-you-go financing strategy as part of the operating and capital budget.
7. Consider the affordability of actions or plans before they become part of the budget by analyzing revenue and spending as part of a multi-year financial plan.
8. Plan long term for all liabilities of a government, including pension obligations, other post-employment benefits (such as health care), and contingent liabilities, allows comprehensive assessment of future budgetary risks.
9. Establish and maintain effective management systems.
10. Have a well-defined and coordinated economic development strategy.

²⁷ Standard & Poor's. "Top 10 Ways to Improve or Maintain a Municipal Credit Rating" (February 4, 2002).

In 2006, Standard & Poor’s announced that it would use an analytical approach to its assessment of financial management practices for general government tax-backed and annual appropriation-backed issues (not special districts). In the Financial Management Assessment approach, seven areas of concern are evaluated with the result judged as ‘strong’, ‘standard’, or ‘vulnerable’, with ‘good’ considered between strong and standard.²⁸ Figure 19 summarizes the evaluation matrix, but authoritative information on the rating criteria should be obtained directly from Standard & Poor’s.

**Figure 19:
S&P Financial Management Assessment Evaluation Matrix**

CRITERIA	STRONG	STANDARD	VULNERABLE
Revenue and expenditure assumptions	Formal trend analysis performed and monitored, with independent forecasting considered	Optimistic assumptions based on limited test of assumptions	Assumptions neglect prudent validation
Budget amendments and updates	At least quarterly monitoring with timely changes	Semiannual budget review of variances	No formal process
Long-term financial planning	Multi-year plan exists and discussed; structural balance a goal	Informal multi-year plan without attention to long range issues	No long-term perspective; one-shot fixes without attention to long range impact
Long-term capital planning	5-year rolling CIP with links to operating and long-term capital financing plan	1-year funding plan with 4-year wish list	No 5-year CIP, with planning done as need arises
Investment management policies	Existing investment policies with strong reporting and monitoring	Informal policies widely followed	Absence of policies
Debt management policies	Well defined formal debt policies, including SWAP management plan that follows S&P guidelines	Basic policies exist, but if SWAPS allowed, the management plan does not follow S&P guidelines	Lack of basic policies and, if allowed, SWAPS are not consistent with S&P guidelines
Reserve and liquidity policies	Formal operating reserve policy that reflects cash flow needs and resource volatility, and is followed	Less defined policy without actual basis, but still adhered to	No policy or if there is one, it is not followed

²⁸ Standard & Poor’s Corporation, “Public Finance Criteria: Financial Management Assessment” (June 27, 2006).

Fitch also specified best practices that have significant rating value for governments. Fitch calls for:²⁹

1. Fund balance reserve policy and working capital reserves
2. Multiyear financial forecasting
3. Quarterly financial reporting and monitoring
4. Contingency planning policies
5. Policies regarding nonrecurring revenue
6. Depreciation of general fixed assets
7. Debt affordability reviews and policies
8. Pay-as-you-go capital funding policies
9. Rapid debt retirement policies greater than 65 percent in 10 years
10. Five-year capital improvement plan integrating operating costs
11. Comprehensive Annual Financial Report Award from the Government Finance Officers Association (GFOA)
12. Budget presentation award from GFOA

Moody's Investor Service, in another perspective, identified the following potential signs of credit distress:³⁰

1. Declines or large swings in collection of economically sensitive taxes (e.g., sales and income tax collections)
2. Trend of operating losses; fund balance draw down
3. Declining financial margins
4. Deficit ending fund balance
5. Increasing reliance on operating transfers
6. Rising mandated or fixed cost as a percentage of budget
7. At or close to tax ceiling (no margin)
8. Increasing employee benefits
9. Pension deferrals or assumption changes
10. Decreasing capital project outlay
11. Self-insured with no corresponding reserves
12. Significant litigation or settlement
13. Sale of asset for operating revenue
14. Interest earnings as a percentage of cash on hand
15. Current tax collections less than 95% of declining trend
16. Declining taxable values
17. Loss of major employer
18. Sharply increased debt obligations
19. Debt structure not consistent with useful life of financed asset

²⁹ Fitch Ratings Public Finance. "Tax Supported Special Report: Local Government General Obligation Rating Guidelines" (May 23, 2000).

³⁰ Moody's Investors Service, "The Determinants of Credit Quality: A Discussion of Moody's Methodology for Rating General Obligation, Lease-Backed and Revenue Bonds" (May 2002).

Debt obligations impose burdens for generations. It is incumbent on local officials to enter into debt with planning and foresight, not haphazard or quick actions quarterbacked by external advisors, whether legal counsel or underwriters.

Because several government entities can impose debt on the same taxpayer, the entities may choose to work together to avoid levying too much debt. Plus, when issuers from the same state enter the market at the same time, it may result in interest rate penalties due to the market being unable to quickly accommodate so much debt from one geographic area. This requires debt coordination. Thus, the large municipality must coordinate its debt issuance with the overlapping county, school district, and any other special district enjoying debt-creating power. A county, in turn, has to work with all the underlying municipalities and taxing districts within its borders.

Uncoordinated debt issuances can result in rapid increases in the area's overall debt. This can overburden taxpayers, therefore threatening the borrowing capability of all affected debt-creating entities. Thus, political jurisdictions may benefit by jointly tempering each other's debt appetite.

Two models have garnered national attention. The first model is from St. Paul, Minnesota. The city started coordinating its debt plans with its overlapping county and the other debt issuance jurisdictions. By adopting a decision rule to stabilize the overall debt ratio, all the parties have to agree on who will get to use up any gap that exists between the acceptable level and the current level. This coordinated approach arose out of a concern that one entity's bond rating could be adversely affected by uncontrolled debt issuance by any of the others. Evidence of intergovernmental coordination and control is of value in achieving a top-quality bond rating, according to Standard & Poor's Corporation.³¹

The second nationally recognized approach is the Debt Management Advisory Council that was created in the early 1990s among 11 taxing jurisdictions in Johnson County, Kansas to deal with overlapping debt concerns. The program received the 1993 National Association of Counties Achievement Award. The bylaws of the Debt Management Advisory Council are shown in Appendix 7. The council compiled the improvement plans of each taxing jurisdiction and presented the implications of the overlapping burden to the respective jurisdictions. At this time the group is inactive. Given the growth in debt and the extent of overlapping debt in Johnson County, it would be sensible to resume this debt coordination program. Moreover, other counties should consider establishing similar debt coordinating groups.

³¹ Standard & Poor's Corporation, "St. Paul's Innovative Debt Management," *Credit Week* (22 February 1988).

Conclusions and Recommendations

Local governments in Kansas use debt to acquire or construct capital assets that facilitate the provision of public services. Citizens appear to want high quality services at bargain basement prices. There is a price tag for making these civic improvements. Debt offers a way to spread the cost over the life of the capital asset, forcing taxpayers across those years to pay their fair share of the burden.

In our decentralized, federal form of government, the decisions on whether to borrow money, for what amount, and when should be left in the hands of the local governing body. There are adequate electoral means for disciplining governing board members who misuse this responsibility. The State of Kansas has established an adequate set of rules governing local government debt issuance and debt levels. Fundamentally, the capital markets will impose the ultimate discipline by charging a local government a higher rate of interest if borrowing gets out of the acceptable boundary given that local government's ability and willingness to pay. Given this context, several policy options emerge from the study.

- **Monitor the growth.** Although Kansas local government debt has grown faster than the growth in state population and Kansas personal income, current debt levels remain in the moderate range by certain credit measures. School debt reflects significant growth consistent with the state policy of subsidizing school debt service. This state subsidy for debt service has encouraged school districts to build and renovate school buildings. By covering a portion of the local debt service, the state effectively lowers the local school budget requirements. However, the full debt principal remains as a component of the overall debt burden of other local government sharing the same property taxpayers. City and county credit ratings take into account the overlapping debt burden caused by school debt growth.
- **Weigh tighter limits.** Just as state lawmakers prefer to have flexibility to respond to state needs, local government officials prefer similar flexibility. Efforts to tighten tax limits, impose spending limits, or constrain debt issuance can adversely hinder elected officials from responding to citizen demands for local services and needed capital assets at affordable rates.
- **Preserve bond security.** Eroding local revenue sources through more exemptions to the property and sales taxes or imposing new mandates can negatively impact the ability of local governments to repay current or future obligations and borrow at the lowest possible interest rates.
- **Promote debt coordination.** Local governments could be encouraged to coordinate their debt plans when they share the tax base.
- **Enhance transparency.** On each debt transaction, locally elected officials have determined that the debt is needed for public purposes, citizens have the opportunity to express disapproval at the next election, and the market has determined that the debt issuer can repay and afford the debt. Still, local governments could formally

address the affordability of each debt transaction and make available to the public a timely and easy-to-understand “Truth in Borrowing” information statement. The concept is similar to a “fiscal note” for legislation or the “real estate property tax information sheet” associated with our property tax bill. However, any bond transaction statement must not be constructed or used in any way that might impair the legality or timeliness of a proposed bond sale. Otherwise, bond investors will expect a higher rate of interest to compensate for the increased risk of a failed sale.

- **Enable taxpayer comparison shopping.** The State could compile detailed financial records on each local government and provide timely and easy public access through a single electronic database, thereby promoting accountability by helping taxpayers vote with their feet if they are not satisfied with a local government and its finances.

Appendix 1: All Kansas Local Government Debt, 1990-2005

Panel A: Dollars															IRB as % of All Local Government Debt			
Year	County General	County Roads	Cities	Townships	School Districts	Hospital Districts	Drainage Districts	Sewer Districts	Fire Districts	Other Special	Revenue Bonds	No-Fund Warrants	Temporary Notes	Junior Colleges	Total Local Government Debt	Industrial Revenue	Total Local Government Debt with IRB	IRB as % of All Local Government Debt
1990	\$ 331,114,334	\$ 48,695,876	\$ 935,323,881	\$ 464,563	\$ 493,542,680	\$ 5,151,000	\$ 399,600	\$ 6,130,254	\$ 1,299,000	\$ 28,117,876	\$ 602,516,370	\$ 2,487,268	\$ 183,901,756	\$ 31,112,000	\$ 2,670,256,458	\$ 4,507,851,264	\$ 7,178,107,722	62.80%
1991	325,298,798	47,155,815	940,260,646	407,658	577,745,966	3,570,000	4,823,000	2,263,294	992,000	34,025,122	660,347,363	2,477,160	157,563,609	30,888,000	2,787,818,431	4,355,658,471	7,143,476,902	60.97%
1992	329,695,707	43,653,056	962,194,122	119,254	599,351,218	12,286,000	4,749,440	7,644,036	2,223,299	28,927,710	751,926,451	2,381,825	146,058,906	29,862,325	2,921,073,349	4,828,237,071	7,749,310,420	62.31%
1993	401,133,100	48,036,959	1,042,760,860	101,312	727,400,759	5,432,844	4,477,000	6,387,906	2,379,156	51,622,119	781,417,117	2,218,262	122,526,199	21,571,000	3,217,464,593	5,006,594,823	8,224,059,416	60.88%
1994	429,238,770	44,372,943	1,036,998,292	101,762	936,355,370	4,903,055	4,064,000	5,648,400	2,192,135	51,827,499	882,715,633	2,781,085	154,512,176	29,591,040	3,585,302,160	5,257,857,555	8,843,159,715	59.46%
1995	427,915,836	36,749,533	1,069,104,745	198,475	1,160,482,369	9,134,844	3,653,000	4,708,921	1,882,000	55,414,647	842,454,575	2,941,676	229,850,889	26,480,466	3,870,971,976	5,406,427,910	9,277,399,886	58.28%
1996	413,209,825	33,770,655	1,148,187,471	177,786	1,246,956,929	9,715,000	3,187,000	5,120,552	8,247,944	52,363,037	868,865,952	3,287,339	224,331,526	31,392,728	4,048,813,744	5,744,334,317	9,793,148,061	58.66%
1997	445,780,455	44,345,621	1,203,197,524	104,179	1,363,966,578	7,880,000	149,005	4,932,628	1,479,470	89,952,971	972,354,069	2,672,422	247,979,449	25,171,866	4,409,966,237	6,078,127,980	10,488,094,217	57.95%
1998	523,613,671	36,117,160	1,223,083,080	1,020,352	1,576,987,698	11,580,262	2,380,000	536,935	6,102,802	81,833,525	1,020,736,088	2,052,825	248,888,214	28,074,130	4,763,066,742	6,509,533,792	11,272,540,534	57.75%
1999	518,578,093	40,076,800	1,378,250,412	160,314	1,890,702,913	14,650,491	1,720,000	2,782,170	6,337,461	95,772,317	1,051,021,928	4,977,612	240,385,154	26,273,425	5,271,689,090	7,638,026,043	12,909,715,133	59.16%
2000	555,674,055	48,516,158	1,451,203,105	41,375	2,065,445,026	12,977,504	1,180,000	2,610,193	5,416,180	93,835,488	1,090,710,470	2,831,280	303,987,205	23,328,000	5,657,756,039	8,498,075,639	14,155,831,678	60.03%
2001	551,216,866	55,180,500	1,602,975,907	850,579	2,293,372,782	18,905,668	610,000	2,411,871	6,325,354	92,203,436	1,147,725,654	2,675,782	301,298,261	29,842,559	6,105,595,219	9,161,285,208	15,266,880,427	60.01%
2002	569,043,500	52,851,276	1,742,216,154	1,387,307	2,718,099,727	18,961,689	-	3,412,147	6,424,456	89,963,979	1,188,836,886	2,589,299	367,310,410	24,261,869	6,785,358,699	9,570,798,632	16,356,157,331	58.51%
2003	600,768,760	56,438,079	1,823,897,165	2,865,540	2,911,925,315	16,904,530	-	3,266,532	6,341,802	103,777,068	1,352,702,341	4,332,214	392,563,509	28,244,678	7,304,027,533	10,065,910,391	17,369,937,924	57.95%
2004	509,795,765	49,784,366	2,089,330,780	2,953,342	2,991,074,079	16,731,267	-	5,579,202	9,107,757	100,227,260	1,320,224,310	2,567,416	421,166,851	40,997,219	7,559,539,634	9,845,607,694	17,405,147,328	56.57%
2005	522,252,680	53,925,186	2,282,366,319	2,888,634	3,100,088,218	7,745,429	77,500	4,908,376	9,583,516	98,043,783	1,316,043,574	3,101,359	443,675,362	52,739,817	7,897,439,753	8,602,756,389	16,500,196,142	52.14%
CAGR 2000-2005	-1.23%	2.14%	9.48%	133.77%	8.46%	13.77%	-9.81%	-41.99%	13.46%	8.88%	3.89%	1.84%	7.86%	17.72%	6.90%	0.25%	3.11%	-2.78%
CAGR 1990-2005	3.08%	0.68%	6.13%	12.96%	13.03%	2.76%	-10.38%	-1.47%	14.25%	8.68%	5.35%	1.48%	6.05%	3.58%	7.50%	4.40%	5.71%	-1.23%

Panel B: % of Total															
Year	County General	County Roads	Cities	Township	School District	Hospital District	Drainage District	Sewer District	Fire District	Other Special	Revenue Bonds	No-Fund Warrants	Temporary Notes	Junior Colleges	Total Local Government Debt
1990	12.40%	1.82%	35.03%	0.02%	18.48%	0.19%	0.01%	0.23%	0.05%	1.05%	22.56%	0.09%	6.89%	1.17%	100.00%
1991	11.67%	1.69%	33.73%	0.01%	20.72%	0.13%	0.17%	0.08%	0.04%	1.22%	23.69%	0.09%	5.65%	1.11%	100.00%
1992	11.29%	1.49%	32.94%	0.00%	20.52%	0.42%	0.16%	0.09%	0.08%	1.22%	25.74%	0.08%	5.00%	1.02%	100.00%
1993	12.47%	1.49%	32.41%	0.00%	22.61%	0.17%	0.14%	0.20%	0.07%	1.60%	24.29%	0.07%	3.81%	0.67%	100.00%
1994	11.97%	1.24%	28.92%	0.00%	28.12%	0.14%	0.11%	0.16%	0.06%	1.45%	24.62%	0.08%	4.31%	0.83%	100.00%
1995	11.05%	0.95%	27.62%	0.01%	29.98%	0.24%	0.09%	0.12%	0.05%	1.43%	21.76%	0.08%	5.94%	0.68%	100.00%
1996	10.21%	0.83%	28.36%	0.00%	30.80%	0.24%	0.08%	0.13%	0.20%	1.29%	21.46%	0.08%	5.54%	0.78%	100.00%
1997	10.11%	1.01%	27.28%	0.00%	30.93%	0.18%	0.00%	0.11%	0.03%	2.04%	22.05%	0.06%	5.62%	0.57%	100.00%
1998	10.99%	0.76%	25.68%	0.02%	33.11%	0.24%	0.05%	0.01%	0.13%	1.72%	21.43%	0.04%	5.23%	0.59%	100.00%
1999	9.84%	0.78%	26.14%	0.00%	35.87%	0.28%	0.03%	0.05%	0.12%	1.82%	19.94%	0.09%	4.56%	0.50%	100.00%
2000	9.82%	0.86%	25.65%	0.00%	36.51%	0.23%	0.02%	0.05%	0.10%	1.66%	19.28%	0.05%	5.37%	0.41%	100.00%
2001	9.03%	0.90%	26.25%	0.01%	37.56%	0.31%	0.01%	0.04%	0.10%	1.51%	18.80%	0.04%	4.93%	0.49%	100.00%
2002	8.39%	0.78%	25.68%	0.02%	40.06%	0.28%	0.00%	0.05%	0.09%	1.33%	17.52%	0.04%	5.41%	0.36%	100.00%
2003	8.23%	0.77%	24.97%	0.04%	39.87%	0.23%	0.00%	0.04%	0.09%	1.42%	18.52%	0.06%	5.37%	0.39%	100.00%
2004	6.74%	0.66%	27.64%	0.04%	39.57%	0.22%	0.00%	0.07%	0.12%	1.33%	17.46%	0.03%	5.57%	0.54%	100.00%
2005	6.61%	0.68%	28.90%	0.04%	39.25%	0.10%	0.00%	0.06%	0.12%	1.24%	16.66%	0.04%	5.62%	0.67%	100.00%

Panel C: % Change															IRB as % of All Local Government Debt			
Year	County General	County Roads	Cities	Township	School District	Hospital District	Drainage District	Sewer District	Fire District	Other Special	Revenue Bonds	No-Fund Warrants	Temporary Notes	Junior Colleges	Total Local Government Debt	Industrial Revenue	Total Local Government Debt with IRB	IRB as % of All Local Government Debt
1990-1991	-1.78%	-3.16%	0.53%	-12.25%	17.08%	-30.69%	1106.98%	-63.08%	-23.63%	21.01%	9.60%	-0.41%	-14.32%	-0.72%	4.40%	-3.38%	0.48%	-2.91%
1991-1992	1.35%	-7.43%	2.33%	-70.75%	3.74%	244.15%	-1.53%	237.74%	124.12%	-14.98%	13.87%	-3.85%	-7.30%	-3.32%	4.78%	10.85%	8.48%	2.18%
1992-1993	21.67%	10.04%	8.37%	-15.05%	21.36%	-55.78%	-5.74%	-16.43%	7.01%	78.45%	3.92%	-6.87%	-16.11%	-27.77%	10.15%	3.69%	6.13%	-2.29%
1993-1994	7.01%	-7.63%	-0.55%	0.44%	28.73%	-9.75%	-9.22%	-11.58%	-7.86%	40.40%	12.96%	25.37%	26.11%	37.18%	11.43%	5.02%	7.53%	-2.33%
1994-1995	-0.31%	-17.18%	3.10%	95.04%	23.94%	86.31%	-10.11%	-16.63%	-14.15%	6.92%	-4.56%	5.77%	48.76%	-10.51%	7.97%	2.83%	4.91%	-1.99%
1995-1996	-3.44%	-8.11%	7.40%	-10.42%	7.45%	6.35%	-12.76%	8.74%	338.25%	-5.51%	3.14%	11.75%	-2.40%	18.55%	4.59%	6.25%	5.56%	0.65%
1996-1997	7.88%	31.31%	4.79%	-41.40%	9.38%	-18.89%	-95.32%	-3.67%	-82.06%	71.79%	11.91%	-18.71%	10.54%	-19.82%	8.92%	5.81%	7.10%	-1.20%
1997-1998	17.46%	-18.56%	1.65%	879.42%	15.62%	46.96%	1497.26%	-89.11%	312.50%	-9.03%	4.98%	-23.18%	0.37%	11.53%	8.01%	7.10%	7.48%	-0.36%
1998-1999	-0.96%	10.96%	12.69%	-84.29%	19.89%	26.51%	-27.73%	418.16%	3.85%	17.03%	2.97%	142.48%	-3.42%	-6.41%	10.68%	17.34%	14.52%	2.46%
1999-2000	7.15%	21.06%	5.29%	-74.19%	9.24%	-11.42%	-31.40%	-6.18%	-14.54%	-2.02%	3.78%	-43.12%	26.46%	-11.21%	7.32%	11.21%	9.65%	1.47%
2000-2001	-0.80%	13.74%	10.46%	1955.78%	11.04%	45.68%	-48.31%	-7.60%	16.79%	-1.74%	5.23%	-5.49%	-0.88%	27.93%	7.92%	7.80%	7.85%	-0.04%
2001-2002	3.23%	-4.22%	8.69%	63.10%	18.52%	0.30%	-100.00%	41.47%	1.57%	-2.43%	3.58%	-3.23%	21.91%	-18.70%	11.13%	4.47%	7.13%	-2.49%
2002-2003	5.58%	6.79%	4.69%	106.55%	7.13%	-10.85%	-4.27%	-1.29%	15.35%	13.78%	67.31%	6.88%	16.42%	7.64%	5.17%	6.20%	6.20%	-0.97%
2003-2004	-15.14%	-11.79%	14.55%	2.72%	-1.02%	70.80%	43.61%	-3.42%	-3.42%	-3.42%	-2.40%	-40.74%	7.29%	45.15%	3.50%	-2.19%	0.20%	-2.39%
2004-2005	2.44%	8.32%	9.24%	-2.19%	3.64%	-53.71%	-12.02%	5.22%	-2.18%	-0.32%	20.80%	5.34%	28.64%	4.47%	-12.62%	-5.20%	-7.83%	

Appendix 2: a through f

Appendix 2a: County General, City, and School District Debt as a Percent of Total Debt, 2005

County Name	2005 County General Debt as a Percent of Total Debt		2005 City Debt as a Percent of Total Debt		2005 School District Debt as a Percent of Total Debt	
		Rank		Rank		Rank
Allen	0.00%	80	18.78%	72	52.90%	29
Anderson	21.00	21	23.21	64	19.12	67
Atchison	9.78	36	34.87	37	48.01	40
Barber	6.00	51	19.24	71	66.60	14
Barton	10.52	33	20.42	68	56.35	25
Bourbon	6.75	48	19.36	70	50.40	33
Brown	0.00	80	31.94	40	49.97	35
Butler	9.16	40	28.18	49	57.01	23
Chase	55.86	10	4.37	96	39.77	51
Chautauqua	0.53	71	81.41	6	0.00	81
Cherokee	50.36	12	12.46	86	18.56	68
Cheyenne	100.00	1	0.00	101	0.00	81
Clark	0.00	80	4.66	95	75.20	9
Clay	38.85	17	12.00	87	49.15	37
Cloud	0.00	80	46.37	23	28.83	60
Coffey	4.37	55	8.37	92	28.98	59
Comanche	0.00	80	100.00	1	0.00	81
Cowley	0.20	78	23.25	63	51.37	31
Crawford	4.08	56	24.36	61	45.63	44
Decatur	8.47	43	82.74	5	0.00	81
Dickinson	0.00	80	42.65	28	50.01	34
Doniphan	0.00	80	30.06	44	23.15	64
Douglas	9.83	35	28.91	47	31.23	58
Edwards	0.00	80	58.81	15	10.89	73
Elk	0.54	70	52.86	19	38.51	52
Ellis	0.41	73	53.80	18	13.21	70
Ellsworth	0.87	67	21.01	65	48.75	39
Finney	32.83	18	25.58	58	37.19	55
Ford	1.39	64	11.90	88	56.16	26
Franklin	2.55	59	15.47	79	78.32	6
Geary	0.00	80	44.87	26	0.00	81
Gove	61.10	9	28.75	48	10.15	74
Graham	49.99	13	24.31	62	0.00	81
Grant	12.83	29	13.47	85	66.59	15
Gray	1.87	61	34.30	38	62.66	18
Greeley	74.93	6	10.54	89	12.91	71
Greenwood	0.00	80	24.60	60	55.59	27
Hamilton	18.43	23	0.00	101	78.22	7
Harper	9.01	41	27.37	51	1.29	79
Harvey	4.01	57	30.15	43	56.50	24
Haskell	0.00	80	4.37	97	75.69	8

County Name	2005 County General Debt as a Percent		2005 City Debt as a Percent		2005 School District Debt as a Percent	
	of Total Debt	Rank	of Total Debt	Rank	of Total Debt	Rank
Hodgeman	0.00%	80	0.00%	101	0.00%	81
Jackson	0.36	75	38.78	32	12.88	72
Jefferson	9.70	38	14.48	82	66.39	16
Jewell	0.00	80	38.32	33	59.12	22
Johnson	6.98	47	26.52	55	52.09	30
Kearny	1.94	60	17.03	75	80.74	4
Kingman	0.00	80	57.22	17	42.78	47
Kiowa	0.00	80	100.00	1	0.00	81
Labette	0.00	80	50.67	20	38.28	53
Lane	78.76	5	16.18	76	5.06	75
Leavenworth	6.00	50	34.07	39	54.51	28
Lincoln	0.00	80	0.00	101	71.99	10
Linn	0.00	80	29.65	45	67.79	12
Logan	0.00	80	78.75	8	0.00	81
Lyon	12.44	30	26.69	53	42.75	48
Marion	6.53	49	41.52	29	42.13	49
Marshall	3.15	58	45.56	25	49.14	38
McPherson	4.50	54	25.02	59	33.34	56
Meade	100.00	1	0.00	101	0.00	81
Miami	18.12	24	15.35	80	60.21	21
Mitchell	73.57	7	26.43	56	0.00	81
Montgomery	0.00	80	26.42	57	43.85	45
Morris	18.58	22	46.92	21	0.00	81
Morton	0.00	80	5.51	93	94.49	2
Nemaha	1.19	66	65.83	12	4.39	77
Neosho	0.00	80	26.64	54	1.33	78
Ness	13.09	28	1.31	99	14.13	69
Norton	49.30	14	46.85	22	0.85	80
Osage	5.20	53	43.86	27	50.84	32
Osborne	1.25	65	46.08	24	49.26	36
Ottawa	8.52	42	30.93	42	46.90	41
Pawnee	9.96	34	26.82	52	60.80	20
Phillips	29.84	19	29.59	46	37.55	54
Pottawatomie	9.77	37	20.75	66	64.60	17
Pratt	7.48	46	15.15	81	0.00	81
Rawlins	1.51	63	73.66	9	0.00	81
Reno	1.86	62	38.07	34	31.67	57
Republic	49.22	15	0.86	100	4.66	76
Rice	26.98	20	20.53	67	42.01	50
Riley	7.93	45	59.77	14	22.83	65
Rooks	0.81	68	61.35	13	0.00	81
Rush	85.54	3	13.57	84	0.00	81
Russell	52.19	11	35.21	35	0.00	81
Saline	0.52	72	14.03	83	46.71	42
Scott	9.39	39	9.42	90	81.19	3
Sedgwick	5.52	52	39.81	31	26.26	63

County Name	2005 County General Debt as a Percent		2005 City Debt as a Percent		2005 School District Debt as a Percent	
	of Total Debt	Rank	of Total Debt	Rank	of Total Debt	Rank
Seward	13.95%	25	31.64%	41	43.18%	46
Shawnee	10.90	32	27.49	50	28.61	61
Sheridan	0.00	80	100.00	1	0.00	81
Sherman	8.26	44	86.54	4	0.00	81
Smith	0.00	80	66.79	11	0.00	81
Stafford	0.21	77	9.10	91	78.65	5
Stanton	80.41	4	19.59	69	0.00	81
Stevens	39.61	16	40.54	30	0.00	81
Sumner	0.60	69	17.45	73	46.58	43
Thomas	0.29	76	72.28	10	0.00	81
Trego	11.75	31	4.99	94	69.36	11
Wabaunsee	13.27	27	15.84	77	67.59	13
Wallace	0.00	80	2.31	98	97.69	1
Washington	13.56	26	15.54	78	62.07	19
Wichita	64.89	8	35.11	36	0.00	81
Wilson	0.08	79	58.24	16	27.90	62
Woodson	0.00	80	80.91	7	0.00	81
Wyandotte	0.39	74	17.19	74	22.74	66
County Average	15.07		32.02		34.22	

Appendix 2b: Total, County General, City, and School District Debt Per Capita, 2005

County Name	2005 Total Debt		2005 County General		2005 City Debt		2005 School District	
	Per Capita	Rank	Debt Per Capita	Rank	Per Capita	Rank	Debt Per Capita	Rank
Allen	\$ 720	90	\$ 0	80	\$ 135	89	\$ 381	60
Anderson	2,020	33	424	16	469	44	386	59
Atchison	2,252	26	220	31	785	19	1,081	29
Barber	840	85	50	58	162	84	560	53
Barton	2,228	27	234	30	455	48	1,255	19
Bourbon	1,482	55	100	47	287	68	747	41
Brown	2,178	30	0	80	696	26	1,088	28
Butler	4,782	2	438	14	1,347	2	2,726	2
Chase	1,522	54	850	6	67	96	605	51
Chautauqua	484	97	3	78	394	56	0	81
Cherokee	652	92	329	24	81	94	121	71
Cheyenne	314	100	314	25	0	101	0	81
Clark	2,301	25	0	80	107	91	1,730	9
Clay	1,357	61	527	12	163	83	667	47
Cloud	1,224	70	0	80	568	36	353	65
Coffey	1,820	39	79	52	152	87	527	54
Comanche	806	87	0	80	806	17	0	81
Cowley	2,222	28	5	74	516	40	1,141	25
Crawford	1,922	35	78	53	468	45	877	36
Decatur	826	86	70	54	683	28	0	81
Dickinson	1,200	71	0	80	512	41	600	52
Doniphan	1,056	74	0	80	317	64	244	66
Douglas	2,589	20	255	29	748	22	809	38
Edwards	729	89	0	80	429	51	79	75
Elk	1,292	66	7	71	683	29	498	56
Ellis	1,316	64	5	73	708	25	174	70
Ellsworth	2,396	24	21	65	504	42	1,168	23
Finney	1,110	73	364	23	284	69	413	58
Ford	2,922	12	41	60	348	61	1,641	11
Franklin	2,420	23	62	56	374	59	1,896	7
Geary	1,899	36	0	80	852	14	0	81
Gove	891	80	545	11	256	72	90	74
Graham	853	84	426	15	207	78	0	81
Grant	1,594	48	205	33	215	77	1,062	31
Gray	1,887	38	35	62	647	31	1,182	22
Greeley	2,814	16	2,109	1	297	67	363	62
Greenwood	2,149	32	0	80	529	39	1,194	21
Hamilton	2,474	22	456	13	0	101	1,935	6
Harper	1,319	63	119	44	361	60	17	79
Harvey	2,636	18	106	46	795	18	1,489	14
Haskell	2,174	31	0	80	95	92	1,646	10
Hodgeman	412	99	0	80	0	101	0	81
Jackson	1,629	46	6	72	632	32	210	68
Jefferson	1,651	43	160	37	239	75	1,096	27

County Name	2005 Total Debt		2005 County General		2005 City Debt		2005 School District	
	Per Capita	Rank	Debt Per Capita	Rank	Per Capita	Rank	Debt Per Capita	Rank
Jewell	\$ 202	104	\$ 0	80	\$ 77	95	\$ 119	72
Johnson	3,970	5	277	27	1,053	5	2,068	3
Kearny	1,898	37	37	61	323	63	1,532	13
Kingman	3,030	11	0	80	1,734	1	1,296	18
Kiowa	878	81	0	80	878	12	0	81
Labette	1,922	34	0	80	974	6	736	43
Lane	1,044	75	823	7	169	82	53	77
Leavenworth	2,498	21	150	41	851	15	1,361	17
Lincoln	1,036	76	0	80	0	101	746	42
Linn	1,559	51	0	80	462	46	1,057	32
Logan	516	95	0	80	407	52	0	81
Lyon	3,233	8	402	18	863	13	1,382	16
Marion	1,668	42	109	45	692	27	703	45
Marshall	1,371	59	43	59	625	34	674	46
McPherson	2,875	14	129	42	719	24	958	34
Meade	81	105	81	50	0	101	0	81
Miami	3,077	10	557	10	472	43	1,853	8
Mitchell	1,644	45	1,210	2	435	50	0	81
Montgomery	1,465	56	0	80	387	57	642	48
Morris	481	98	89	49	225	76	0	81
Morton	1,704	40	0	80	94	93	1,610	12
Nemaha	1,343	62	16	69	884	10	59	76
Neosho	3,541	6	0	80	943	7	47	78
Ness	1,670	41	219	32	22	99	236	67
Norton	525	94	259	28	246	74	4	80
Osage	1,547	52	80	51	678	30	786	40
Osborne	875	83	11	70	403	54	431	57
Ottawa	796	88	68	55	246	73	373	61
Pawnee	996	78	99	48	267	71	605	50
Phillips	542	93	162	36	160	85	203	69
Pottawatomie	1,625	47	159	39	337	62	1,050	33
Pratt	2,638	17	197	34	400	55	0	81
Rawlins	1,243	69	19	67	916	9	0	81
Reno	1,649	44	31	63	628	33	522	55
Republic	2,205	29	1,085	3	19	100	103	73
Rice	1,464	57	395	19	301	66	615	49
Riley	1,568	49	124	43	937	8	358	63
Rooks	514	96	4	76	316	65	0	81
Rush	1,022	77	874	5	139	88	0	81
Russell	1,540	53	804	8	542	38	0	81
Saline	3,147	9	16	68	442	49	1,470	15
Scott	4,286	4	402	17	404	53	3,480	1
Sedgwick	3,289	7	182	35	1,310	3	864	37
Seward	2,634	19	367	22	834	16	1,138	26
Shawnee	2,822	15	308	26	776	20	807	39
Sheridan	273	101	0	80	273	70	0	81
Sherman	708	91	59	57	613	35	0	81

County Name	2005 Total Debt		2005 County General		2005 City Debt		2005 School District	
	Per Capita	Rank	Debt Per Capita	Rank	Per Capita	Rank	Debt Per Capita	Rank
Smith	\$ 239	102	\$ 0	80	\$ 160	86	\$ 0	81
Stafford	1,357	60	3	77	124	90	1,067	30
Stanton	875	82	704	9	171	81	0	81
Stevens	954	79	378	21	387	58	0	81
Sumner	4,334	3	26	64	756	21	2,019	4
Thomas	1,458	58	4	75	1,054	4	0	81
Trego	1,298	65	152	40	65	97	900	35
Wabaunsee	2,897	13	384	20	459	47	1,958	5
Wallace	1,266	68	0	80	29	98	1,236	20
Washington	1,173	72	159	38	182	79	728	44
Wichita	1,565	50	1,016	4	549	37	0	81
Wilson	1,283	67	1	79	747	23	358	64
Woodson	221	103	0	80	179	80	0	81
Wyandotte	5,108	1	20	66	878	11	1,162	24
County Average	1,695		203		463		680	

Appendix 2c: Total, County General, City, and School District Debt Per Capita as a Percent of Personal Income (PI) Per Capita, 2005

County Name	2005 Total Debt Per Capita as a % of PI Per Capita		2005 County General Debt Per Capita as a % of PI Per Capita		2005 City Debt Per Capita as a % of PI Per Capita		2005 School District Debt Per Capita as a % of PI Per Capita	
		Rank		Rank		Rank		Rank
Allen	2.92%	89	0.00%	80	0.55%	88	1.55%	60
Anderson	8.93	28	1.87	13	2.07	38	1.71	58
Atchison	9.78	16	0.96	28	3.41	12	4.70	21
Barber	3.43	84	0.21	58	0.66	82	2.29	52
Barton	7.87	35	0.83	30	1.61	51	4.44	27
Bourbon	6.18	47	0.42	46	1.20	68	3.12	39
Brown	7.95	34	0.00	80	2.54	26	3.97	33
Butler	16.38	3	1.50	21	4.62	2	9.34	2
Chase	4.88	68	2.72	8	0.21	97	1.94	55
Chautauqua	1.95	97	0.01	78	1.58	52	0.00	81
Cherokee	2.73	91	1.38	24	0.34	93	0.51	71
Cheyenne	1.78	99	1.78	15	0.00	101	0.00	81
Clark	9.41	21	0.00	80	0.44	92	7.08	9
Clay	4.71	71	1.83	14	0.56	86	2.31	51
Cloud	5.08	64	0.00	80	2.36	34	1.46	63
Coffey	5.85	53	0.26	55	0.49	89	1.69	59
Comanche	3.91	79	0.00	80	3.91	8	0.00	81
Cowley	8.62	30	0.02	74	2.00	39	4.43	29
Crawford	7.99	33	0.33	51	1.95	44	3.65	35
Decatur	3.52	82	0.30	53	2.92	20	0.00	81
Dickinson	4.68	72	0.00	80	2.00	40	2.34	49
Doniphan	4.59	73	0.00	80	1.38	64	1.06	66
Douglas	9.17	24	0.90	29	2.65	25	2.86	44
Edwards	2.66	92	0.00	80	1.57	53	0.29	75
Elk	6.07	50	0.03	71	3.21	14	2.34	50
Ellis	4.45	75	0.02	73	2.40	29	0.59	70
Ellsworth	9.48	19	0.08	66	1.99	41	4.62	22
Finney	5.06	65	1.66	17	1.29	66	1.88	56
Ford	12.91	7	0.18	60	1.54	56	7.25	8
Franklin	9.71	17	0.25	56	1.50	59	7.60	6
Geary	6.09	49	0.00	80	2.73	24	0.00	81
Gove	3.69	81	2.26	10	1.06	71	0.37	74
Graham	3.20	85	1.60	19	0.78	79	0.00	81
Grant	6.41	45	0.82	31	0.86	76	4.27	31
Gray	6.98	38	0.13	62	2.39	30	4.37	30
Greeley	11.07	10	8.30	1	1.17	69	1.43	64
Greenwood	9.39	22	0.00	80	2.31	35	5.22	13
Hamilton	8.37	31	1.54	20	0.00	101	6.55	11
Harper	5.05	66	0.45	43	1.38	63	0.06	79
Harvey	9.17	23	0.37	49	2.76	23	5.18	15
Haskell	5.86	52	0.00	80	0.26	96	4.43	28
Hodgeman	1.61	100	0.00	80	0.00	101	0.00	81

County Name	2005 Total Debt Per Capita as a %		2005 County General Debt Per Capita as a % of PI Per Capita		2005 City Debt Per Capita as a % of PI Per Capita		2005 School District Debt Per Capita as a % of PI Per Capita	
	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank
Jackson	6.14%	48	0.02%	72	2.38%	33	0.79%	67
Jefferson	6.69	40	0.65	35	0.97	74	4.44	26
Jewell	0.73	104	0.00	80	0.28	95	0.43	72
Johnson	8.70	29	0.61	37	2.31	36	4.53	24
Kearny	9.46	20	0.18	59	1.61	50	7.64	5
Kingman	12.13	8	0.00	80	6.94	1	5.19	14
Kiowa	3.00	87	0.00	80	3.00	18	0.00	81
Labette	7.87	36	0.00	80	3.99	6	3.01	41
Lane	4.33	77	3.41	6	0.70	81	0.22	76
Leavenworth	9.16	26	0.55	41	3.12	15	4.99	19
Lincoln	4.94	67	0.00	80	0.00	101	3.56	36
Linn	6.61	41	0.00	80	1.96	43	4.48	25
Logan	2.36	93	0.00	80	1.86	46	0.00	81
Lyon	14.05	6	1.75	16	3.75	10	6.01	12
Marion	7.19	37	0.47	42	2.98	19	3.03	40
Marshall	4.34	76	0.14	61	1.98	42	2.14	53
McPherson	9.53	18	0.43	45	2.39	32	3.18	38
Meade	0.31	105	0.31	52	0.00	101	0.00	81
Miami	10.92	11	1.98	11	1.68	49	6.58	10
Mitchell	5.84	54	4.29	3	1.54	55	0.00	81
Montgomery	5.88	51	0.00	80	1.55	54	2.58	47
Morris	2.02	96	0.37	48	0.95	75	0.00	81
Morton	8.32	32	0.00	80	0.46	91	7.86	3
Nemaha	4.72	70	0.06	69	3.11	17	0.21	77
Neosho	15.04	4	0.00	80	4.01	5	0.20	78
Ness	5.33	60	0.70	34	0.07	100	0.75	68
Norton	2.25	94	1.11	26	1.05	72	0.02	80
Osage	6.45	44	0.34	50	2.83	22	3.28	37
Osborne	3.73	80	0.05	70	1.72	48	1.84	57
Ottawa	3.19	86	0.27	54	0.99	73	1.50	61
Pawnee	3.97	78	0.40	47	1.06	70	2.41	48
Phillips	1.86	98	0.55	40	0.55	87	0.70	69
Pottawatomie	5.84	55	0.57	38	1.21	67	3.77	34
Pratt	10.03	15	0.75	33	1.52	58	0.00	81
Rawlins	5.37	58	0.08	67	3.96	7	0.00	81
Reno	6.28	46	0.12	63	2.39	31	1.99	54
Republic	9.10	27	4.48	2	0.08	99	0.42	73
Rice	6.97	39	1.88	12	1.43	60	2.93	43
Riley	5.54	57	0.44	44	3.31	13	1.27	65
Rooks	2.14	95	0.02	75	1.31	65	0.00	81
Rush	4.49	74	3.84	4	0.61	84	0.00	81
Russell	6.46	43	3.37	7	2.27	37	0.00	81
Saline	10.90	12	0.06	68	1.53	57	5.09	17
Scott	14.67	5	1.38	23	1.38	62	11.91	1
Sedgwick	10.14	14	0.56	39	4.04	4	2.66	45
Seward	11.55	9	1.61	18	3.65	11	4.99	20

County Name	2005 Total Debt Per Capita as a %		2005 County General Debt Per Capita as a % of PI Per Capita		2005 City Debt Per Capita as a % of PI Per Capita		2005 School District Debt Per Capita as a % of PI Per Capita	
		Rank		Rank		Rank		Rank
Shawnee	9.16%	25	1.00%	27	2.52%	27	2.62%	46
Sheridan	0.81	103	0.00	80	0.81	78	0.00	81
Sherman	2.90	90	0.24	57	2.51	28	0.00	81
Smith	0.93	102	0.00	80	0.62	83	0.00	81
Stafford	5.14	63	0.01	77	0.47	90	4.04	32
Stanton	2.95	88	2.37	9	0.58	85	0.00	81
Stevens	3.46	83	1.37	25	1.40	61	0.00	81
Sumner	16.61	2	0.10	64	2.90	21	7.74	4
Thomas	5.62	56	0.02	76	4.06	3	0.00	81
Trego	6.54	42	0.77	32	0.33	94	4.53	23
Wabaunsee	10.86	13	1.44	22	1.72	47	7.34	7
Wallace	5.14	62	0.00	80	0.12	98	5.02	18
Washington	4.77	69	0.65	36	0.74	80	2.96	42
Wichita	5.31	61	3.45	5	1.87	45	0.00	81
Wilson	5.35	59	0.00	79	3.12	16	1.49	62
Woodson	1.06	101	0.00	80	0.86	77	0.00	81
Wyandotte	22.69	1	0.09	65	3.90	9	5.16	16
County Average	6.53		0.78		1.79		2.61	

Appendix 2d: Total, County General, City, and School District Debt Per Capita as a Percent of County Full Market Value, 2005

County Name	2005 Total Debt as a Percent of Full Market Value		2005 County General Debt as a Percent of Full Market Value		2005 City Debt as a Percent of Full Market Value		2005 School District Debt as a Percent of Full Market Value	
	Full Market Value	Rank	Full Market Value	Rank	Full Market Value	Rank	Full Market Value	Rank
Allen	1.98%	68	0.00%	80	0.37%	74	1.05%	49
Anderson	4.01	30	0.84	12	0.93	46	0.77	58
Atchison	5.26	14	0.51	23	1.84	12	2.53	15
Barber	1.24	82	0.07	59	0.24	82	0.82	55
Barton	5.63	11	0.59	19	1.15	33	3.17	8
Bourbon	3.99	31	0.27	37	0.77	51	2.01	24
Brown	4.96	19	0.00	80	1.58	18	2.48	16
Butler	9.68	3	0.89	10	2.73	3	5.52	1
Chase	2.26	58	1.26	6	0.10	92	0.90	53
Chautauqua	1.27	80	0.01	77	1.04	40	0.00	81
Cherokee	1.71	73	0.86	11	0.21	83	0.32	67
Cheyenne	0.51	97	0.51	24	0.00	101	0.00	81
Clark	3.44	38	0.00	80	0.16	86	2.58	12
Clay	3.02	47	1.17	7	0.36	75	1.48	35
Cloud	3.20	42	0.00	80	1.48	21	0.92	51
Coffey	1.00	86	0.04	63	0.08	93	0.29	69
Comanche	0.99	88	0.00	80	0.99	44	0.00	81
Cowley	5.82	9	0.01	72	1.35	25	2.99	9
Crawford	4.96	18	0.20	46	1.21	29	2.26	21
Decatur	1.79	72	0.15	49	1.48	22	0.00	81
Dickinson	2.61	54	0.00	80	1.11	35	1.31	43
Doniphan	2.21	59	0.00	80	0.66	59	0.51	64
Douglas	3.52	37	0.35	30	1.02	42	1.10	48
Edwards	1.16	83	0.00	80	0.68	57	0.13	75
Elk	2.92	49	0.02	70	1.55	20	1.13	46
Ellis	2.11	64	0.01	74	1.13	34	0.28	70
Ellsworth	5.02	16	0.04	64	1.06	39	2.45	17
Finney	1.84	70	0.60	18	0.47	67	0.68	61
Ford	7.33	6	0.10	56	0.87	47	4.12	4
Franklin	4.89	21	0.12	52	0.76	53	3.83	5
Geary	4.99	17	0.00	80	2.24	5	0.00	81
Gove	1.11	84	0.68	16	0.32	79	0.11	76
Graham	1.00	87	0.50	25	0.24	81	0.00	81
Grant	0.82	93	0.11	54	0.11	90	0.55	63
Gray	3.15	43	0.06	61	1.08	37	1.98	26
Greeley	0.64	96	0.48	26	0.07	95	0.08	77
Greenwood	5.16	15	0.00	80	1.27	28	2.87	11
Hamilton	2.12	63	0.39	27	0.00	101	1.66	30
Harper	2.68	52	0.24	42	0.73	54	0.03	79
Harvey	5.84	8	0.23	43	1.76	14	3.30	6
Haskell	1.02	85	0.00	80	0.04	97	0.78	57
Hodgeman	0.27	104	0.00	80	0.00	101	0.00	81

County Name	2005		2005		2005		2005	
	Total Debt as a Percent of		County General Debt as a Percent of		City Debt as a Percent of		School District Debt as a Percent of	
	Full Market Value	Rank	Full Market Value	Rank	Full Market Value	Rank	Full Market Value	Rank
Jackson	3.01%	48	0.01%	73	1.17%	32	0.39%	66
Jefferson	3.14	44	0.30	31	0.45	68	2.08	23
Jewell	0.39	101	0.00	80	0.15	87	0.23	71
Johnson	3.77	34	0.26	38	1.00	43	1.96	27
Kearny	0.75	94	0.01	71	0.13	89	0.61	62
Kingman	4.96	20	0.00	80	2.84	2	2.12	22
Kiowa	0.87	91	0.00	80	0.87	48	0.00	81
Labette	6.20	7	0.00	80	3.1	1	2.37	18
Lane	1.29	78	1.02	8	0.21	84	0.07	78
Leavenworth	4.71	24	0.28	35	1.61	17	2.57	13
Lincoln	2.01	66	0.00	80	0.00	101	1.45	38
Linn	2.16	60	0.00	80	0.64	60	1.47	36
Logan	0.73	95	0.00	80	0.57	64	0.00	81
Lyon	7.50	5	0.93	9	2.00	8	3.21	7
Marion	3.81	33	0.25	40	1.58	19	1.61	31
Marshall	2.63	53	0.08	58	1.20	30	1.29	44
McPherson	4.74	23	0.21	45	1.19	31	1.58	32
Meade	0.08	105	0.08	57	0.00	101	0.00	81
Miami	3.94	32	0.71	14	0.60	63	2.37	19
Mitchell	3.71	35	2.73	1	0.98	45	0.00	81
Montgomery	4.05	29	0.00	80	1.07	38	1.77	28
Morris	0.90	90	0.17	48	0.42	70	0.00	81
Morton	0.86	92	0.00	80	0.0	96	0.82	56
Nemaha	3.06	46	0.04	67	2.01	7	0.13	73
Neosho	9.94	2	0.00	80	2.65	4	0.13	74
Ness	2.12	62	0.28	36	0.03	100	0.30	68
Norton	1.44	77	0.71	15	0.67	58	0.01	80
Osage	3.26	40	0.17	47	1.43	24	1.66	29
Osborne	1.83	71	0.02	69	0.84	49	0.90	52
Ottawa	1.46	76	0.12	53	0.45	69	0.68	60
Pawnee	2.27	56	0.23	44	0.61	62	1.38	41
Phillips	1.26	81	0.38	28	0.37	73	0.47	65
Pottawatomie	1.55	74	0.15	50	0.32	78	1.00	50
Pratt	4.70	25	0.35	29	0.71	55	0.00	81
Rawlins	2.46	55	0.04	66	1.82	13	0.00	81
Reno	3.52	36	0.07	60	1.34	26	1.11	47
Republic	4.60	26	2.26	2	0.04	98	0.21	72
Rice	3.07	45	0.83	13	0.63	61	1.29	45
Riley	3.31	39	0.26	39	1.98	9	0.76	59
Rooks	0.91	89	0.01	76	0.56	65	0.00	81
Rush	1.98	67	1.69	3	0.27	80	0.00	81
Russell	2.91	50	1.52	4	1.02	41	0.00	81
Saline	5.43	12	0.03	68	0.76	52	2.54	14
Scott	5.68	10	0.53	21	0.53	66	4.61	2
Sedgwick	5.30	13	0.29	32	2.11	6	1.39	39

County Name	2005		2005		2005		2005	
	Total Debt as a Percent of		County General Debt as a Percent of		City Debt as a Percent of		School District Debt as a Percent of	
	Full Market Value	Rank	Full Market Value	Rank	Full Market Value	Rank	Full Market Value	Rank
Seward	4.60%	27	0.64%	17	1.45%	23	1.98%	25
Shawnee	4.85	22	0.53	22	1.33	27	1.39	40
Sheridan	0.42	100	0.00	80	0.42	71	0.00	81
Sherman	1.27	79	0.11	55	1.10	36	0.00	81
Smith	0.51	98	0.00	80	0.34	76	0.00	81
Stafford	1.97	69	0.00	78	0.18	85	1.55	33
Stanton	0.36	103	0.29	34	0.07	94	0.00	81
Stevens	0.36	102	0.14	51	0.15	88	0.00	81
Sumner	9.33	4	0.06	62	1.63	16	4.35	3
Thomas	2.68	51	0.01	75	1.94	10	0.00	81
Trego	2.10	65	0.25	41	0.10	91	1.46	37
Wabaunsee	4.37	28	0.58	20	0.69	56	2.95	10
Wallace	1.53	75	0.00	80	0.04	99	1.50	34
Washington	2.16	61	0.29	33	0.33	77	1.34	42
Wichita	2.26	57	1.47	5	0.80	50	0.00	81
Wilson	3.20	41	0.00	79	1.86	11	0.89	54
Woodson	0.48	99	0.00	80	0.39	72	0.00	81
Wyandotte	10.16	1	0.04	65	1.75	15	2.31	20
County Average	3.05		0.31		0.88		1.17	

Appendix 2e: School District Debt Per Student, 2005

County Name	2005	
	School District Debt Per Student	Rank
Allen	\$ 2,284	61
Anderson	2,340	60
Atchison	7,925	19
Barber	3,286	55
Barton	7,975	18
Bourbon	4,797	42
Brown	7,144	20
Butler	12,442	4
Chase	3,989	47
Chautauqua	0	81
Cherokee	720	72
Cheyenne	0	81
Clark	8,807	13
Clay	4,336	44
Cloud	2,699	58
Coffey	2,719	57
Comanche	0	81
Cowley	6,586	26
Crawford	5,868	30
Decatur	0	81
Dickinson	3,085	56
Doniphan	1,291	68
Douglas	6,663	25
Edwards	611	74
Elk	2,531	59
Ellis	1,326	67
Ellsworth	7,070	22
Finney	2,080	62
Ford	8,905	10
Franklin	10,719	8
Geary	0	81
Gove	418	75
Graham	0	81
Grant	4,831	41
Gray	5,503	33
Greeley	1,942	64
Greenwood	8,881	11
Hamilton	10,977	7
Harper	106	79
Harvey	8,828	12
Haskell	7,979	17
Hodgeman	0	81
Jackson	1,163	69
Jefferson	5,322	37

County Name	2005	
	School District Debt Per Student	Rank
Jewell	\$ 892	71
Johnson	13,078	3
Kearny	7,121	21
Kingman	8,295	15
Kiowa	0	81
Labette	3,980	48
Lane	287	78
Leavenworth	8,280	16
Lincoln	5,078	38
Linn	5,327	36
Logan	0	81
Lyon	8,593	14
Marion	4,057	46
Marshall	3,524	53
McPherson	6,132	27
Meade	0	81
Miami	12,119	6
Mitchell	0	81
Montgomery	4,288	45
Morris	0	81
Morton	5,982	29
Nemaha	381	76
Neosho	308	77
Ness	1,530	66
Norton	28	80
Osage	4,540	43
Osborne	4,948	39
Ottawa	1,930	65
Pawnee	3,718	51
Phillips	1,159	70
Pottawatomie	5,732	31
Pratt	0	81
Rawlins	0	81
Reno	3,485	54
Republic	717	73
Rice	3,617	52
Riley	3,904	49
Rooks	0	81
Rush	0	81
Russell	0	81
Saline	9,652	9
Scott	17,772	1
Sedgwick	5,395	35
Seward	5,402	34
Shawnee	5,538	32
Sheridan	0	81
Sherman	0	81

2005		
School District		
County Name	Debt Per Student	Rank
Smith	\$ 0	81
Stafford	4,837	40
Stanton	0	81
Stevens	0	81
Sumner	12,327	5
Thomas	0	81
Trego	6,897	24
Wabaunsee	13,896	2
Wallace	6,022	28
Washington	3,782	50
Wichita	0	81
Wilson	2,009	63
Woodson	0	81
Wyandotte	6,923	23
County Average	3,977	

Appendix 2f: Compound Annual Growth Rates (CAGR) for Total Debt and School District Debt, 1990-2005 and 2000-2005

County Name	CAGR Total Debt 1990-2005		CAGR Total Debt 2000-2005		CAGR School District Debt 1990-2005		CAGR School District Debt 2000-2005	
		Rank		Rank		Rank		Rank
Allen	-0.64%	98	-14.05%	104	0.92%	52	-12.58%	66
Anderson	6.77	58	-1.67	82			-8.84	62
Atchison	17.90	7	9.24	39	36.27	2	12.46	16
Barber	-4.74	103	-2.78	86	21.21	13	-3.41	42
Barton	10.48	29	8.03	44	16.00	20	4.44	26
Bourbon	9.65	35	3.54	62	13.57	26	-3.77	44
Brown	7.90	50	5.79	51	12.74	29	-1.97	35
Butler	18.15	5	9.20	40	25.96	7	5.37	24
Chase	6.84	57	16.00	18	20.07	14	2.56	29
Chautauqua	0.66	94	4.95	56	-100.00	60		
Cherokee	3.59	84	11.87	28	-4.53	54	-9.51	64
Cheyenne	17.44	8	51.22	1				
Clark	9.77	34	44.46	2				
Clay	18.02	6	12.75	26			56.40	2
Cloud	9.45	38	2.03	69			-5.74	53
Coffey	0.42	96	4.68	57	9.34	39		
Comanche	10.40	30	27.12	7				
Cowley	6.36	66	11.46	29	11.10	35	15.25	13
Crawford	8.68	43	15.19	23	15.26	23	51.64	3
Decatur	-4.10	102	1.62	70				
Dickinson	11.49	22	0.13	78	24.71	10	5.98	22
Doniphan	4.14	79	8.68	41	1.74	51	-2.79	40
Douglas	11.41	23	4.64	58	17.63	17	-0.84	33
Edwards	6.73	59	20.48	13				
Elk	3.24	88	9.52	36	5.98	46	-3.20	41
Ellis	6.59	62	1.35	73	1.91	50	-5.64	52
Ellsworth	9.24	40	-1.78	84	12.51	31	-3.62	43
Finney	3.63	83	-9.06	97	2.33	49	-12.33	65
Ford	18.40	4	2.05	68			-2.38	38
Franklin	7.04	54	15.00	24	21.61	12	27.80	7
Geary	5.50	72	11.10	31				
Gove	9.17	42	-10.58	100	9.98	38	-19.62	68
Graham	6.60	60	2.10	66				
Grant	15.54	9	17.08	17				
Gray	18.65	2	12.17	27	21.91	11	7.13	21
Greeley	3.40	87	-7.97	95	-8.78	57	-15.98	67
Greenwood	6.48	64	2.08	67	4.75	47	-2.19	37
Hamilton	12.88	13	-8.48	96			-8.49	61
Harper	7.47	53	8.18	42			36.34	6
Harvey	9.45	39	7.17	46	18.67	16	9.01	19
Haskell	8.47	46	13.24	25	27.84	5		
Hodgeman	-4.00	101	-3.96	89	-100.00	60		
Jackson	6.38	65	1.35	72	7.39	44	-6.97	59

County Name	CAGR Total Debt		CAGR Total Debt		CAGR School District Debt		CAGR School District Debt	
	1990-2005	Rank	2000-2005	Rank	1990-2005	Rank	2000-2005	Rank
Jefferson	11.67%	19	10.16%	33	11.53%	33	10.52%	18
Jewell	0.52	95	34.94	4	16.59	18		
Johnson	6.59	61	6.64	49	10.84	37	8.25	20
Kearny	3.91	82	-12.07	102			-6.44	55
Kingman	12.19	16	5.44	54	13.62	25	-1.31	34
Kiowa	10.80	28	15.20	22				
Labette	14.10	11	15.73	20	24.99	9	11.35	17
Lane	-3.43	100	-10.50	99	-19.87	59	-35.98	71
Leavenworth	11.61	20	9.47	37	15.42	22	12.90	14
Lincoln	6.99	55	-3.07	87			-6.23	54
Linn	10.01	32	4.36	61	11.92	32	-0.44	32
Logan	9.18	41	-0.03	79				
Lyon	11.78	18	10.68	32	36.65	1	19.81	9
Marion	8.21	48	-1.68	83	25.69	8	-6.59	56
Marshall	8.58	45	9.54	35	8.97	41	1.95	30
McPherson	8.42	47	-4.29	90	10.99	36	-2.03	36
Meade	-10.18	105	-27.40	105			-100.00	72
Miami	12.03	17	4.42	60	12.87	28	2.81	28
Mitchell	5.53	71	33.26	5	-100.00	60		
Montgomery	4.92	76	6.76	48	12.52	30	39.09	4
Morris	1.62	92	11.16	30	-100.00	60		
Morton	1.05	93	6.64	50	8.74	42	12.70	15
Nemaha	6.13	68	-1.37	81			-25.39	69
Neosho	5.31	74	15.90	19	-12.42	58	-28.62	70
Ness	4.15	78	23.48	10	-5.69	56	-6.71	57
Norton	3.96	81	-6.17	92	-5.61	55		
Osage	10.89	27	2.33	65	32.63	3	-4.30	46
Osborne	11.06	26	0.91	75			-4.96	49
Ottawa	11.30	24	1.30	74	11.44	34	-7.12	60
Pawnee	10.35	31	-0.13	80			-5.28	51
Phillips	-0.55	97	-11.91	101	14.09	24	-9.45	63
Pottawatomie	3.57	85	8.00	45	3.68	48	15.80	12
Pratt	4.54	77	0.21	77	-100.00	60	-100.00	72
Rawlins	8.63	44	18.33	16				
Reno	5.13	75	2.46	64	6.85	45	-4.10	45
Republic	7.88	51	21.69	12			-4.72	48
Rice	11.60	21	15.26	21			18.09	11
Riley	3.99	80	-3.54	88	7.47	43	-5.25	50
Rooks	5.79	70	2.94	63			-100.00	72
Rush	6.88	56	27.18	6				
Russell	7.72	52	22.52	11				
Saline	12.38	14	7.13	47	15.63	21	4.69	25
Scott	13.70	12	24.75	9	13.36	27	63.98	1
Sedgwick	7.98	49	9.87	34	19.44	15	19.02	10
Seward	12.23	15	-2.27	85	29.35	4	-2.60	39
Shawnee	5.43	73	5.61	52	9.28	40	4.30	27
Sheridan	3.57	86	-13.20	103				

County Name	CAGR Total Debt		CAGR Total Debt		CAGR School District Debt		CAGR School District Debt	
	1990-2005	Rank	2000-2005	Rank	1990-2005	Rank	2000-2005	Rank
Sherman	2.35%	90	9.27%	38				
Smith	-6.72	104	-9.68	98				
Stafford	6.49	63	1.51	71			1.17	31
Stanton	9.52	37	-6.85	94				
Stevens	6.34	67	-6.62	93				
Sumner	11.18	25	19.24	14	27.22	6	36.42	5
Thomas	9.57	36	5.51	53	-100.00	60	-100.00	72
Trego	1.92	91	18.41	15				
Wabaunsee	18.59	3	37.25	3				
Wallace	42.32	1	-5.54	91			-4.63	47
Washington	15.20	10	5.29	55			5.80	23
Wichita	10.00	33	26.51	8				
Wilson	3.12	89	0.63	76	-1.85	53	-6.90	58
Woodson	-3.12	99	4.59	59				
Wyandotte	5.82	69	8.08	43	16.44	19	25.40	8

Some data is missing due to the respective county not having School District Debt in 1990, 2000, or for the entire time period.

Appendix 3: Population, Personal Income, School District Enrollment, Debt and Key Ratios by County

County Name	2005	2004	2005	2005
	Population*	Personal Income**	Assessed Value of All Property***	Appraised Value of All Property***
Allen	13,787	\$ 339,831,000	\$ 79,535,444	\$ 435,567,086
Anderson	8,182	185,124,000	67,129,646	366,450,915
Atchison	16,804	386,892,000	114,078,574	674,173,091
Barber	4,958	121,328,000	73,263,527	306,661,637
Barton	28,105	795,271,000	197,482,464	1,064,683,236
Bourbon	14,997	359,373,000	85,006,566	505,818,136
Brown	10,239	280,397,000	82,117,103	430,244,446
Butler	62,354	1,820,178,000	443,696,215	2,921,146,142
Chase	3,081	96,187,000	38,723,604	192,153,340
Chautauqua	4,109	102,267,000	24,091,193	115,189,497
Cherokee	21,555	514,227,000	131,440,065	747,521,220
Cheyenne	2,946	51,887,000	40,593,013	179,887,766
Clark	2,283	55,827,000	37,935,819	152,273,841
Clay	8,629	248,740,000	62,191,102	335,293,369
Cloud	9,759	235,160,000	68,736,878	348,572,478
Coffey	8,683	270,273,000	456,037,314	1,566,616,280
Comanche	1,935	39,906,000	\$42,204,903	159,606,380
Cowley	35,298	909,810,000	204,361,494	1,240,380,729
Crawford	38,222	918,860,000	220,212,847	1,357,194,835
Decatur	3,191	74,763,000	31,779,234	148,673,990
Dickinson	19,209	492,432,000	134,878,353	789,466,640
Doniphan	7,816	179,786,000	65,555,648	340,965,971
Douglas	102,914	2,906,548,000	1,039,899,490	7,095,504,243
Edwards	3,292	90,145,000	43,643,311	182,387,287
Elk	3,075	65,506,000	22,613,506	105,020,263
Ellis	26,767	791,221,000	271,384,592	1,590,066,410
Ellsworth	6,343	160,332,000	54,963,928	271,686,723
Finney	38,988	854,371,000	472,084,185	2,215,087,199
Ford	33,751	763,983,000	220,859,786	1,225,146,109
Franklin	26,247	654,557,000	177,893,289	1,134,348,920
Geary	24,585	766,353,000	134,096,848	841,168,643
Gove	2,763	66,671,000	39,005,026	170,323,235
Graham	2,721	72,627,000	42,284,206	170,620,231
Grant	7,530	187,307,000	345,550,544	1,280,370,368
Gray	5,861	158,556,000	64,094,017	324,340,712
Greeley	1,349	34,297,000	35,480,174	137,388,922
Greenwood	7,338	167,862,000	57,662,097	280,560,690
Hamilton	2,604	76,977,000	72,737,649	279,934,199
Harper	6,081	158,949,000	60,617,427	280,116,532
Harvey	33,843	972,757,000	219,639,712	1,425,949,057
Haskell	4,232	157,076,000	212,434,144	776,119,470
Hodgeman	2,110	54,005,000	33,474,394	133,508,125
Jackson	13,535	358,939,000	78,179,630	489,524,546

County Name	2005	2004	2005	2005
	Population*	Personal Income**	Assessed Value of All Property***	Appraised Value of All Property***
Jefferson	19,106	\$ 471,199,000	\$ 132,279,128	\$ 898,112,615
Jewell	3,352	92,133,000	35,915,605	144,191,550
Johnson	506,562	23,104,730,000	7,178,491,041	49,053,076,566
Kearny	4,516	90,624,000	286,457,733	1,012,433,371
Kingman	8,165	203,934,000	98,063,020	459,422,811
Kiowa	2,984	87,353,000	64,461,382	250,322,873
Labette	22,169	541,520,000	112,162,012	656,363,219
Lane	1,894	45,668,000	32,836,575	130,923,053
Leavenworth	73,113	1,994,270,000	492,783,062	3,556,187,764
Lincoln	3,411	71,572,000	34,912,680	158,907,302
Linn	9,914	233,731,000	161,948,327	722,676,727
Logan	2,794	61,213,000	40,511,437	182,203,652
Lyon	35,609	819,141,000	218,502,208	1,334,680,748
Marion	12,952	300,562,000	97,835,575	550,483,017
Marshall	10,405	328,335,000	86,182,740	440,774,432
McPherson	29,523	890,131,000	291,135,601	1,668,857,682
Meade	4,625	122,048,000	106,549,872	404,573,774
Miami	30,496	858,921,000	313,740,151	2,169,542,299
Mitchell	6,420	180,850,000	54,152,012	286,004,650
Montgomery	34,570	860,923,000	207,194,796	1,192,901,587
Morris	6,049	144,257,000	56,496,071	305,647,217
Morton	3,196	65,482,000	160,126,444	575,067,938
Nemaha	10,443	296,804,000	77,147,686	419,737,875
Neosho	16,529	389,219,000	90,053,963	522,816,287
Ness	3,009	94,210,000	53,266,516	212,628,215
Norton	5,664	132,341,000	39,828,923	194,646,689
Osage	17,150	411,306,000	118,917,858	756,382,422
Osborne	4,050	94,987,000	35,627,427	153,257,774
Ottawa	6,123	152,645,000	56,656,322	294,194,312
Pawnee	6,739	169,048,000	54,238,051	257,716,234
Phillips	5,504	160,666,000	47,911,581	220,751,723
Pottawatomie	19,129	532,625,000	369,158,836	1,603,726,615
Pratt	9,496	249,883,000	99,624,261	482,501,643
Rawlins	2,672	61,863,000	31,140,260	133,960,535
Reno	63,558	1,668,788,000	463,502,566	2,758,465,384
Republic	5,164	125,140,000	48,160,549	226,152,430
Rice	10,452	219,483,000	100,177,580	450,497,209
Riley	62,826	1,776,756,000	368,613,807	2,560,362,264
Rooks	5,351	128,481,000	60,977,000	258,792,417
Rush	3,406	77,502,000	35,404,314	157,838,062
Russell	6,845	163,188,000	69,774,873	343,177,810
Saline	53,919	1,556,338,000	470,860,345	2,935,150,540
Scott	4,600	134,390,000	71,791,733	325,122,527
Sedgwick	466,061	15,115,997,000	3,615,235,354	23,211,937,167
Seward	23,274	530,883,000	268,596,304	1,234,197,536
Shawnee	172,365	5,310,985,000	1,431,196,947	9,215,183,045
Sheridan	2,591	87,008,000	33,521,335	149,528,494

County Name	2005	2004	2005	2005
	Population*	Personal Income**	Assessed Value of All Property***	Appraised Value of All Property***
Sherman	6,153	\$ 150,257,000	\$ 62,018,141	\$ 304,999,726
Smith	4,121	105,488,000	36,013,860	160,377,589
Stafford	4,488	118,593,000	64,387,935	265,822,144
Stanton	2,245	66,703,000	102,929,575	374,589,820
Stevens	5,412	149,155,000	355,036,678	1,260,721,115
Sumner	24,797	646,956,000	161,758,211	952,169,268
Thomas	7,639	198,065,000	79,031,222	408,694,137
Trego	3,050	60,544,000	37,562,704	171,648,491
Wabaunsee	6,919	184,638,000	62,707,139	365,730,442
Wallace	1,573	38,720,000	28,652,934	118,676,108
Washington	6,009	147,777,000	56,415,323	247,213,294
Wichita	2,309	68,012,000	32,158,815	143,445,299
Wilson	9,834	235,645,000	70,874,563	362,640,293
Woodson	3,572	74,287,000	28,352,561	139,252,149
Wyandotte	155,750	3,505,664,000	1,113,317,936	6,827,202,634
Total	2,744,687	84,957,195,000	27,064,988,421	162,122,975,474

County Name	2005	2005	2005-2006	2004
	Median Ratio****	Full Market Value	Total Enrollment Per County*****	Personal Income Per Capita
Allen	86.8	\$ 501,805,399	2,301	\$ 24,649
Anderson	89.0	411,742,601	1,350	22,626
Atchison	93.8	718,734,639	2,292	23,024
Barber	91.0	336,990,810	845	24,471
Barton	95.8	1,111,360,372	4,424	28,296
Bourbon	90.9	556,455,595	2,335	23,963
Brown	95.7	449,576,224	1,560	27,385
Butler	94.8	3,081,377,787	13,661	29,191
Chase	92.7	207,285,156	468	31,219
Chautauqua	73.6	156,507,469	574	24,889
Cherokee	91.0	821,451,890	3,627	23,857
Cheyenne	100.0	179,887,766	456	17,613
Clark	99.6	152,885,383	449	24,453
Clay	86.4	388,071,029	1,327	28,826
Cloud	93.3	373,603,942	1,276	24,097
Coffey	99.5	1,574,488,724	1,685	31,127
Comanche	101.1	157,869,812	307	20,623
Cowley	92.1	1,346,776,036	6,117	25,775
Crawford	91.7	1,480,037,988	5,710	24,040
Decatur	101.0	147,201,970	442	23,429
Dickinson	89.4	883,072,304	3,736	25,635
Doniphan	91.2	373,866,196	1,480	23,002
Douglas	93.6	7,580,666,926	12,489	28,242

County Name	2005	2005	2005-2006	2004
	Median Ratio****	Full Market Value	Total Enrollment Per County*****	Personal Income Per Capita
Edwards	87.9	\$ 207,494,069	428	\$ 27,383
Elk	77.3	135,860,625	605	21,303
Ellis	95.2	1,670,237,826	3,510	29,560
Ellsworth	89.8	302,546,462	1,048	25,277
Finney	94.0	2,356,475,744	7,734	21,914
Ford	91.1	1,344,836,563	6,219	22,636
Franklin	87.3	1,299,368,751	4,642	24,938
Geary	89.9	935,671,461	5,909	31,172
Gove	77.0	221,199,006	598	24,130
Graham	73.3	232,769,756	391	26,691
Grant	87.9	1,456,621,579	1,655	24,875
Gray	92.5	350,638,608	1,259	27,053
Greeley	23.0	597,343,139	252	25,424
Greenwood	91.8	305,621,667	987	22,876
Hamilton	92.0	304,276,303	459	29,561
Harper	93.6	299,269,799	975	26,139
Harvey	93.4	1,526,712,052	5,709	28,743
Haskell	86.4	898,286,424	873	37,116
Hodgeman	41.0	325,629,573	369	25,595
Jackson	66.8	732,821,177	2,443	26,519
Jefferson	89.4	1,004,600,240	3,935	24,662
Jewell	83.9	171,861,204	449	27,486
Johnson	91.9	53,376,579,506	80,091	45,611
Kearny	89.1	1,136,288,856	972	20,067
Kingman	92.1	498,830,414	1,276	24,977
Kiowa	82.7	302,687,875	577	29,274
Labette	95.5	687,291,329	4,099	24,427
Lane	85.5	153,126,378	348	24,112
Leavenworth	91.8	3,873,842,880	12,021	27,277
Lincoln	90.5	175,588,179	501	20,983
Linn	101.2	714,107,438	1,967	23,576
Logan	92.0	198,047,448	494	21,909
Lyon	87.0	1,534,115,802	5,727	23,004
Marion	97.1	566,923,807	2,244	23,206
Marshall	81.3	542,157,973	1,989	31,556
McPherson	93.2	1,790,619,830	4,614	30,150
Meade	90.4	447,537,361	657	26,389
Miami	91.1	2,381,495,389	4,662	28,165
Mitchell	100.6	284,298,857	1,097	28,170
Montgomery	95.3	1,251,733,040	5,179	24,904
Morris	94.5	323,436,208	837	23,848
Morton	91.2	630,556,950	860	20,489
Nemaha	91.6	458,229,121	1,613	28,421
Neosho	88.8	588,757,080	2,529	23,548
Ness	89.6	237,308,276	464	31,309
Norton	94.2	206,631,305	912	23,365
Osage	93.1	812,440,840	2,970	23,983

County Name	2005	2005	2005-2006	2004
	Median Ratio****	Full Market Value	Total Enrollment Per County*****	Personal Income Per Capita
Osborne	79.2	\$ 193,507,290	353	\$ 23,454
Ottawa	88.0	334,311,718	1,184	24,930
Pawnee	87.3	295,207,599	1,097	25,085
Phillips	93.3	236,604,205	967	29,191
Pottawatomie	79.8	2,009,682,475	3,503	27,844
Pratt	90.6	532,562,520	1,530	26,315
Rawlins	99.4	134,769,150	342	23,152
Reno	92.6	2,978,904,302	9,521	26,256
Republic	91.3	247,702,552	740	24,233
Rice	90.3	498,889,489	1,778	20,999
Riley	86.1	2,973,707,624	5,761	28,281
Rooks	85.9	301,271,731	883	24,011
Rush	89.8	175,766,216	537	22,755
Russell	94.6	362,767,241	1,123	23,840
Saline	93.9	3,125,825,921	8,211	28,864
Scott	93.6	347,353,127	901	29,215
Sedgwick	80.2	28,942,565,046	74,605	32,434
Seward	92.5	1,334,267,606	4,901	22,810
Shawnee	91.8	10,038,325,757	25,132	30,812
Sheridan	88.7	168,577,784	325	33,581
Sherman	89.2	341,927,944	944	24,420
Smith	83.0	193,226,011	606	25,598
Stafford	86.2	308,378,357	990	26,424
Stanton	67.7	553,308,449	454	29,712
Stevens	88.4	1,426,155,107	1,213	27,560
Sumner	82.7	1,151,353,407	4,061	26,090
Thomas	98.4	415,339,570	1,303	25,928
Trego	91.0	188,624,715	398	19,850
Wabaunsee	79.7	458,883,867	975	26,686
Wallace	91.3	129,984,784	323	24,615
Washington	75.6	327,001,712	1,157	24,593
Wichita	89.9	159,560,956	456	29,455
Wilson	92.0	394,174,232	1,752	23,962
Woodson	84.8	164,212,440	438	20,797
Wyandotte	87.2	7,829,360,819	26,138	22,508
Total		182,118,551,911	442,654	
County Average				25,909

* University of Kansas (2006), *Kansas Statistical Abstract 2005*, "Population of Kansas Counties and Percent Change, 2000-2005."

** U.S. Department of Commerce (2006), Bureau of Economic Analysis, Regional Economic Information System, "2004 Personal Income." Available: <http://www.bea.gov/bea/regional/reis/drill.cfm>

*** Kansas Department of Revenue (2006), Division of Property Valuation, *Statistical Report of Property Assessment and Taxation*.

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***** Kansas Department of Education (2006), *2005-2006 Selected School Statistics*. Available: http://www3.ksde.org/leaf/reports_and_publications/selected_school_statistics/by_district/2005-2006sel_sch_stats_dist.pdf

Appendix 4: State Aid Payments to School Districts and Rank by County, 2004-2005 and 2005-2006

County	2004-2005		2005-2006		Percent Change from 2004-2005 to 2005-2006
	Total Estimated Aid by County	Rank	Total Estimated Aid by County	Rank	
Allen	\$ 563,955	20	\$ 623,409	19	10.54%
Anderson	16,814	62	0	64	-100.00
Atchison	387,052	27	377,327	29	-2.51
Barber	36,694	61	0	64	-100.00
Barton	1,108,533	13	1,151,070	14	3.84
Bourbon	479,331	24	490,721	26	2.38
Brown	280,987	32	237,613	34	-15.44
Butler	3,222,440	4	3,844,793	4	19.31
Chase	0	66	0	64	
Chautauqua	0	66	0	64	
Cherokee	182,338	38	192,151	37	5.38
Cheyenne	0	66	0	64	
Clark	11,148	64	7,644	63	-31.43
Clay	179,472	39	185,610	39	3.42
Cloud	145,227	42	144,762	42	-0.32
Coffey	129,473	44	129,033	46	-0.34
Comanche	0	66	0	64	
Cowley	989,331	14	1,337,780	11	35.22
Crawford	715,831	18	723,325	17	1.05
Decatur	0	66	0	64	
Dickinson	234,167	34	319,218	31	36.32
Doniphan	60,002	54	51,744	57	-13.76
Douglas	890,588	16	966,545	15	8.53
Edwards	0	66	0	64	
Elk	55,874	57	40,904	59	-26.79
Ellis	90,280	52	68,252	53	-24.40
Ellsworth	0	66	0	64	
Finney	977,158	15	869,096	16	-11.06
Ford	1,988,416	6	2,191,949	6	10.24
Franklin	581,678	19	594,476	22	2.20
Geary	0	66	0	64	
Gove	13,611	63	7,718	62	-43.30
Graham	0	66	0	64	
Grant	0	66	0	64	
Gray	127,312	45	138,139	45	8.50
Greeley	0	66	0	64	
Greenwood	244,229	33	250,773	32	2.68
Hamilton	0	66	0	64	
Harper	0	66	0	64	
Harvey	1,210,788	11	1,461,635	10	20.72
Haskell	0	66	0	64	
Hodgeman	38,315	60	56,195	56	46.67
Jackson	159,741	41	182,414	40	14.19
Jefferson	337,109	31	478,539	27	41.95

County	2004-2005		2005-2006		Percent Change from 2004-2005 to 2005-2006
	Total Estimated Aid by County	Rank	Total Estimated Aid by County	Rank	
Jewell	\$ 4,716	65	\$ 8,171	61	73.25%
Johnson	3,626,533	3	4,132,522	3	13.95
Kearny	0	66	0	64	
Kingman	228,663	36	186,726	38	-18.34
Kiowa	0	66	0	64	
Labette	383,599	29	319,255	30	-16.77
Lane	0	66	0	64	
Leavenworth	1,392,036	9	1,736,952	8	24.78
Lincoln	38,995	59	39,017	60	0.05
Linn	47,188	58	45,689	58	-3.18
Logan	0	66	0	64	
Lyon	1,195,445	12	1,330,713	12	11.32
Marion	386,795	28	404,496	28	4.58
Marshall	206,688	37	215,786	36	4.40
McPherson	529,490	22	503,222	24	-4.96
Meade	0	66	0	64	
Miami	466,645	26	623,003	20	33.51
Mitchell	0	66	0	64	
Montgomery	482,454	23	495,642	25	2.73
Morris	0	66	0	64	
Morton	0	66	0	64	
Nemaha	59,923	55	65,393	54	9.13
Neosho	230,049	35	239,635	33	4.17
Ness	0	66	0	64	
Norton	0	66	0	64	
Osage	561,023	21	576,117	23	2.69
Osborne	58,953	56	58,066	55	-1.51
Ottawa	108,671	48	112,004	49	3.07
Pawnee	123,527	46	143,270	43	15.98
Phillips	69,128	53	70,846	52	2.49
Pottawatomie	473,529	25	621,946	21	31.34
Pratt	0	66	0	64	
Rawlins	0	66	0	64	
Reno	1,238,401	10	1,260,694	13	1.80
Republic	0	66	0	64	
Rice	143,786	43	141,288	44	-1.74
Riley	355,189	30	232,694	35	-34.49
Rooks	0	66	0	64	
Rush	0	66	0	64	
Russell	0	66	0	64	
Saline	1,889,412	7	1,961,479	7	3.81
Scott	0	66	0	64	
Sedgwick	9,677,812	1	12,508,250	1	29.25
Seward	735,235	17	699,743	18	-4.83
Shawnee	2,489,965	5	2,368,623	5	-4.87
Sheridan	0	66	0	64	
Sherman	0	66	0	64	

County	2004-2005		2005-2006		Percent Change from 2004-2005 to 2005-2006
	Total Estimated Aid by County	Rank	Total Estimated Aid by County	Rank	
Smith	\$ 0	66	\$ 0	64	%
Stafford	105,946	49	118,483	47	11.83
Stanton	0	66	0	64	
Stevens	0	66	0	64	
Sumner	1,599,799	8	1,680,091	9	5.02
Thomas	110,817	47	111,272	50	0.41
Trego	0	66	0	64	
Wabaunsee	94,437	50	113,939	48	20.65
Wallace	0	66	0	64	
Washington	94,244	51	100,957	51	7.12
Wichita	0	66	0	64	
Wilson	165,359	40	161,343	41	-2.43
Woodson	0	66	0	64	
Wyandotte	4,835,981	2	5,063,748	2	4.71
Total	49,668,329		55,573,913		11.89
County Average	473,032		529,275		
School District Average	\$165,561		\$185,866		

Appendix 5: Bond Rating for Kansas Cities, 2006

City	Moody's	Standard & Poor's	Fitch
Andover			
Atchison	A3		
El Dorado			
Emporia			
Garden City	A2		
Junction City			
Lawrence	Aa2		
Leavenworth	A1		
Leawood	Aa1		
Lenexa	Aa2	AA	
Manhattan	Aa3		AA+
Merriam	A1		
Mission	A2		
Mulvane			
Newton			
Olathe	Aa2	AA	
Overland Park	Aaa	AAA	AAA
Pittsburg	A3		
Prairie Village	Aa1		
Roeland Park			
Salina	Aa3		
Topeka	Aa3		
Wichita	Aa2	AA	
Winfield			
Wyandotte Co/KC	A2	AA	

Information provided by the respective bond rating firms, December 2006.

Appendix 6: Selected Ratios for Kansas Cities, 2005

	Andover	Atchison	El Dorado	Emporia	Garden City	Lawrence	Leavenworth	Leawood	Lenexa	Manhattan	Merriam	Mission
2005 Population	8,602	10,190	13,500	26,760	27,295	88,541	35,318	30,070	43,765	49,500	10,791	10,020
Debt Per Capita												
Direct Debt	\$2,655	\$1,325	\$953	\$1,171	\$280	\$783	\$587	\$1,613	\$1,967	\$1,037	\$2,413	\$1,058
Overlapping Debt	\$3,282	\$2,096	\$1,303	\$1,648	\$322	\$613	\$403	\$3,338	\$2,617	\$485	\$1,180	\$1,346
Total Debt	\$5,937	\$3,420	\$2,256	\$2,819	\$602	\$1,396	\$990	\$4,951	\$4,584	\$1,523	\$3,592	\$2,403
Debt to Estimated Full Property Value												
Direct Debt	3.85%	3.76%	2.44%	3.67%	0.77%	1.30%	1.78%	0.99%	1.65%	2.50%	16.28%	1.20%
Overlapping Debt	4.76%	5.95%	3.33%	5.17%	0.88%	1.02%	1.22%	2.06%	2.19%	1.17%	7.96%	1.52%
Total Debt	8.62%	9.70%	5.77%	8.85%	1.65%	2.33%	3.00%	3.05%	3.83%	3.67%	24.25%	2.72%
Overlapping Debt as a % of Total Direct and Overlapping Debt												
	55.28%	61.27%	57.77%	58.46%	53.48%	43.92%	40.75%	67.42%	57.09%	31.88%	32.84%	56.00%
Compound Annual Growth Rate 1994-2005												
Direct Debt	22.70%	na	na	8.91%	na	4.26%	3.93%	na	5.86%	na	6.33%	29.52%
Overlapping Debt	30.01%	na	na	12.11%	na	-7.67%	5.58%	na	3.63%	na	3.22%	1.51%
Total Debt	26.11%	na	na	10.64%	na	-2.06%	4.56%	na	4.52%	na	5.19%	11.08%

	Mulvane	Newton	Olathe	Overland Park	Pittsburg	Prairie Village	Roeland Park	Salina	Topeka	Wichita	Winfield	Wyandotte Co./KC
2005 Population	5,568	18,158	116,910	166,917	19,243	21,887	7,034	45,956	121,886	353,115	11,886	155,750
Debt Per Capita												
Direct Debt	\$1,645	\$757	\$1,054	\$721	\$440	\$117	\$315	\$625	\$1,353	\$273	\$684	\$1,222
Overlapping Debt	\$1,674	\$1,057	\$1,947	\$2,228	\$1,262	\$1,314	\$1,280	\$1,770	\$1,319	\$788	\$1,403	\$1,045
Total Debt	\$3,319	\$1,813	\$3,000	\$2,949	\$1,702	\$1,432	\$1,594	\$2,396	\$2,672	\$1,060	\$2,086	\$2,267
Debt to Estimated Full Property Value												
Direct Debt	4.21%	1.66%	1.50%	0.75%	1.17%	0.12%	0.46%	1.35%	2.51%	0.56%	2.04%	2.82%
Overlapping Debt	4.29%	2.32%	2.77%	2.32%	3.35%	1.30%	1.88%	3.82%	2.45%	1.61%	4.19%	2.42%
Total Debt	8.50%	3.98%	4.27%	3.07%	4.52%	1.41%	2.34%	5.16%	4.96%	2.16%	6.24%	5.24%
Overlapping Debt as a % of Total Direct and Overlapping Debt												
	50.43%	58.27%	64.88%	75.54%	74.17%	91.80%	80.26%	73.98%	49.37%	74.29%	67.24%	46.10%
Compound Annual Growth Rate 1994-2005												
Direct Debt	na	5.17%	6.69%	8.78%	na	-5.00%	-4.10%	13.62%	2.68%	-9.68%	na	4.13%
Overlapping Debt	na	28.09%	4.93%	5.12%	na	5.95%	1.61%	25.08%	8.29%	13.04%	na	10.25%
Total Debt	na	12.43%	5.51%	5.88%	na	4.29%	0.12%	20.63%	5.01%	0.18%	na	6.44%

Appendix 7: Bylaws of the Debt Management Advisory Council of Johnson County, Kansas³²

ARTICLE I — NAME AND OFFICE

Section 1. Name

There is hereby established by the enactment of Resolutions of Support by debt issuing governmental agencies (the “Agencies”) in Johnson County, Kansas, a Debt Management Advisory Council (the “Council”).

Section 2. Office

The office of the Council shall be located at Johnson County Community College’s Government Services Institute, Overland Park, Kansas, or at such other place as may be designated from time to time by the Council.

ARTICLE II — BYLAWS

Section 1. Purpose

The purpose of these by-laws is to establish rules for the internal organization and administration procedures of the Council.

Section 2. Council Function, Power and Duties

The function, powers, and duties of the Council as established from time to time are authorized annually by Resolutions of support establishing the intent of the Council and its financial support by the Agencies.

ARTICLE III — MEMBERSHIP, VOTING, AND MEETINGS

Section 1. Eligibility

The Council shall be comprised of one member and an alternate person from each Agency. Any person, association, corporation, partnership, government unit, or estate having an interest in the purposes of the Council shall be eligible to apply for non-voting membership.

Section 2. Election

Application for voting or non-voting membership shall be in writing, on forms provided for such purpose, and signed by the Agency or applicant. The Executive Committee shall review all applications, and election of non-voting members shall be by the Executive Committee at any meeting thereof. Election of Agency members is automatic upon receipt of a proper Resolution of Support from the applying Agency. Applicants so elected shall become voting or non-voting members upon payment of the regularly-scheduled membership dues.

Section 3. Membership Dues

Membership dues for voting and non-voting members shall be at such rate or rates, schedule, or formula as may be provided from time to time by the Council, payable in advance in such increment or increments as may be determined by the Executive Committee.

³² This document may not be the most current version.

Section 4. Termination

Termination of membership may occur as follows:

- A. Any member may resign from the Council upon written notice to the Executive Committee.
- B. Any member shall be expelled for nonpayment of dues after thirty (30) days from the due date, unless otherwise extended for good cause by the Executive Committee.

Section 5. Voting

Only an Agency member in good standing shall be a voting member and have one vote. An Agency member in good standing is one which has made or budgeted to provide its appropriate share of the budget of the Council.

Section 6. Annual Membership Meeting

The annual meeting of the members shall be held the first week of June in each year. At such meeting, the Executive Committee shall be elected and reports of the affairs of the Executive Committee shall be considered, and any other business which is within the power of the members may be transacted. All annual meetings of members and all other meetings of members shall be held at the Office unless another place within or without Johnson County, Kansas, as designated by the Executive Committee.

Section 7. Notice of Annual Meeting

Notice of each annual meeting shall be given to each member by mail and/or telephone. All such notices shall be given to each member not less than ten (10) days nor more than forty (40) days before each annual meeting, and shall specify the place, the day, and the hour of such meeting, and shall state such other matters, if any, as may be required for consideration.

Section 8. Special Meetings

Special meetings of the Council or the Executive Committee, for any purpose or purposes whatsoever, may be called at any time by the Chairman of the Executive Committee or by a majority of the Council. In addition to place, day, and hour, the general nature of the business to be considered shall be stated.

Section 9. Quorums

At any duly called meeting of the Council, one-fourth (1/4) of the members entitled to vote at such meeting shall constitute a quorum for the transaction of business. At any duly called meeting of the Executive Committee, a majority of the Committee members shall constitute a quorum.

- A. A favorable vote of five (5) Executive Committee members shall be necessary for the adoption of the following:
 - (1) An operating budget, policy statements, goals and objectives, or addition of any part thereof;
 - (2) Any amendments or changes in the Bylaws;
 - (3) The election of officers of the Council;
 - (4) To set time and place of meetings.
- B. Any action of the Executive Committee shall be effective for the time between the vote and subsequent ratification by the Council.

Section 10. Order of Business

- A. Order: Roll Call, Approval of Minutes, Agenda Items, Old Business, New Business, Reports, and Adjournment.
- B. The Executive Committee may amend the Order of the Agenda by a majority vote of the members present.
- C. The Executive Committee may consider items not on the Agenda if a majority of the Committee members present vote approval to do so, provided the item is in compliance with the laws of the State of Kansas.

Section 11. Adjournment

If a quorum shall not be present at any meeting, a majority of those members present shall have the power to adjourn the meeting to a specified date and place for the transaction of business scheduled at the original session of the meeting.

Section 12. Parliamentary Authority

The current edition of Robert's Rules of Order shall be the final source of authority in all questions of parliamentary procedure at any duly called meetings of the Executive Committee or the Council so long as they are not inconsistent with the Laws of the State of Kansas or the provisions of these Bylaws.

ARTICLE IV -- ORGANIZATION

Section 1. Executive Committee and Council

- A. Number. The Executive Committee shall consist of at least eight voting members consisting of three members from cities, two members from school districts, one member from the county, one member from the community college, and one member from Water District #1 unless increased or decreased by amendment to these Bylaws.
- B. Election and Term of Office. The members of the Executive Committee shall be elected by the vote of the members of the Council at the annual membership meeting. Each member of the Executive Committee shall serve for a term of one (1) year.
- C. Vacancies. In case of vacancies on the Executive Committee or the Council through resignation, disqualification, disability, death, or any other cause, any such vacancies on the Executive Committee may be filled by vote of a majority of the members at the next annual membership meeting or by special meeting. In the interim, the alternate person as designated by the appropriate Agency may act in place of such Executive Committee or Council person.
- D. Voting. In any proceeding in which voting by the Executive Committee is called for, each member shall be entitled to one vote.

Section 2. Officers

The following shall constitute the officers of the Council:

Chairman
Vice Chairman
Secretary/Treasurer

Section 3. Duties of Officers

- A. **Chairman:** The Chairman shall be elected from the membership of the Executive Committee and serve a one-year term. The Chairman shall preside at all meetings of the Council and the Executive Committee. The Chairman will establish the agenda for all meetings with the help of the Secretary/Treasurer. At his discretion, a Chairman may call special meetings and may also relinquish the Chair to the Vice Chairman or other specific members. The Chairman shall appoint all committees. The Chairman shall perform all of the duties assigned to the office by the Council. If the Chairmanship becomes vacant for any reason, the Vice Chairman shall succeed to the Chairmanship for the remainder of the term.
- B. **Vice Chairman:** The Vice Chairman shall be elected from the membership of the Executive Committee and serve a one-year term concurrent with the office of the Chairman. The Vice Chairman shall act as Chairman in the absence or disability of the Chairman and be vested with the powers and shall perform the duties of the Chairman. In the event the office of Chairman becomes vacant, the Vice Chairman shall succeed to that office for the unexpired term and the Executive Committee shall select a new Vice Chairman for the unexpired term.
- C. **Secretary/Treasurer:** The Program Manager of the Government Services Institute (GSI) of Johnson County Community College shall serve as the Secretary/Treasurer of the Executive Committee and Council. The Secretary/Treasurer will work with the Chairman to establish the agenda of all meetings. The Secretary/Treasurer shall send notices of all annual membership and special meetings to the Council. The Secretary/Treasurer shall keep correct and complete books and records of account and shall keep minutes of the proceedings of the Executive Committee and the Council. The Council shall keep at its principal office a record of the name and address of each member and of each Executive Committee member.

ARTICLE V — MISCELLANEOUS

Section 1. Suspension of Bylaws

Any of these Bylaws may be suspended for stated reasons by affirmative vote of a majority of the Executive Committee at any meeting with a quorum present.

Section 2. Amendment of Bylaws

These Bylaws may be amended or repealed for stated reasons by affirmative vote of a majority of the Council at either a special or annual membership meeting.

Section 3. Fiscal Year

The fiscal year of the Council shall commence July 1. The Executive Committee shall have the power to change the fiscal year.

Section 4. Bank Account

The Secretary/Treasurer shall designate the bank in Johnson County to be the depository for funds of the Council. All payments of Council funds shall be made only by properly authorized vouchers. Checks or other withdrawals must be signed by two Executive Committee members. Those members eligible to sign checks will be the Chairman, Vice Chairman, Secretary/Treasurer, and one additional Executive Committee member. Expenditures will be presented for review at the next scheduled meeting of the Executive Committee.