

County explains valuation/revenue numbers

Monday, 16 August 2010 10:37

Year	Mill levy	Valuation	Real estate	Personal property	Utilities	Oil & gas
1998	27.609	\$201,775,328	\$88,679,900	\$15,176,127	\$31,095,626	\$62,897,266
1999	28.061	\$195,984,303	\$86,179,909	\$17,546,383	\$33,663,307	\$64,644,682
2000	25.945	\$192,454,263	\$90,737,633	\$16,299,676	\$32,021,654	\$64,546,791
2001	27.282	\$218,940,971	\$101,133,282	\$16,424,132	\$36,724,139	\$65,679,744
2002	27.275	\$218,014,842	\$100,400,096	\$16,019,015	\$36,846,047	\$71,711,114
2003	26.235	\$197,049,745	\$105,842,161	\$13,579,477	\$29,079,010	\$47,649,097
2004	20.8	\$147,413,136	\$106,562,013	\$16,419,315	\$12,964,307	\$13,067,223
2005	25.411	\$287,620,682	\$109,747,133	\$16,884,809	\$33,663,644	\$107,212,776
2006	26.958	\$312,201,362	\$113,100,056	\$17,949,045	\$37,009,507	\$114,132,759
2007	25.003	\$306,378,389	\$113,896,336	\$15,615,721	\$44,418,436	\$111,047,875
2008	25.229	\$316,131,009	\$115,409,351	\$17,079,903	\$51,132,171	\$112,509,784
2009	27.547	\$316,258,314	\$121,263,258	\$10,654,210	\$53,198,882	\$129,002,164
2010	27.511	\$316,079,680	\$123,203,257	\$10,132,561	\$53,183,882	\$129,549,280
* 2011	33.701	\$369,743,438	\$127,429,366	\$10,394,235	\$49,810,987	\$82,704,309

Real estate valuations in Seward County have increased about 44 percent since 1998, while oil and gas valuations have increased greatly. Oil and gas values increased 129 percent from 1998 to 2009, but it is projected to drop from that 2009 high by 42.8 percent in 2011. Revenues from personal property taxes has been below \$11 million for two straight years (and projected to be below that for 2011, as well), whereas from 1998 to 2009, they had exceeded more than \$13 million every year. Daily Leader graphic/Robert Pierce and Larry Phillips.

By ROBERT PIERCE

• Daily Leader Seward County commissioners are expected to vote today on a proposed budget which would take the county's mill levy from 27.511 mills this year to 33.701 mills in 2011 – a jump of about 22.5 percent. According to numbers obtained from county administrator Mary Bloomer, the county has not seen that kind of rise since 2005, when the mill levy rose from 20.8 mills the previous year to 25.411 mills – a 22.2 percent increase, just slightly less than the increase in the proposed 2011 budget.

The 20.8 levy in 2004 was the lowest for the county when looking at numbers going as far back as 1998 and going forward to the projected 2011 budget, but Bloomer said the levy for that year is somewhat misleading.

"There was an event with the state where counties were allocated funds, and then, they were stopped in approximately October, November (2004)," she said.

Bloomer referred to the term loss of demand of transfer funds, which occurred in 2004.

"That's where counties lost a fair percent – some counties 10 to 15 percent – of their funding from the state," she said.

Bloomer said for this reason, the 2004 budget may not be a good reflection of recent budget history in Seward County.

"It's obviously out of sync with the rest of the years there, and that is what happened toward the latter quarter of that year," she said. "Counties were notified that they would not be receiving the funding."

Bloomer explained the county's mill levy is determined by its valuation, which is made up of four categories – real estate, personal property, utilities and oil and gas.

"Each of these categories makes up your entire county valuation," she said.

Oil and gas is projected to bring in about \$82.7 million for 2011, down nearly 36 percent from

the 2010 total of \$129.1 million. That would be the lowest amount since 2004, according to Bloomer. She added prior to that year, oil and gas brought in significantly less to the county's valuation.

Bloomer said 1 mill will raise 1/1,000 of the county's valuation, and with the projected valuation down sharply from 2010, that means one mill in 2011 will raise significantly less revenue.

The projected valuation for 2011 is nearly \$270 million. That total is almost 15 percent less than the 2010 amount of \$316.7 million, as the county is estimating it will raise its mill levy about 22.5 percent for 2011, going from 27.511 mills to 33.701 mills next year. That number is the first time the levy has reached more than 30 mills when reviewing numbers from the county dating as far back as 1998.

"This particular year, you can see the oil and gas went down significantly from the 2010 budget year," she said. "Real estate went up a little bit."

Real estate in 2010 was nearly identical with 2009 – \$123,283,257 in 2010 and \$123,283,258 in 2009. Personal property was down slightly – about \$550,000 – in 2010. The remaining categories of the budget remained fairly steady, as did the mill levy, decreasing only about 40/1,000 of a mill.

"So we didn't get hit with the punch that we did with this," Bloomer said referring to the proposed 2011 numbers.

The administrator said historically, oil and gas has been the driving factor in Southwest Kansas, particularly in Seward County, producing as much as 30 to 40 percent of its valuation.

"The highest year for oil and gas valuation was 2006 (at \$144.1 million)," she said. "You had a large increase from 2005 (\$107.3 million) to 2006 almost at the same proportionate rate we had a drop this year."

Bloomer said the county traditionally reduces the dollars in its valuation slightly due to cases being heard by the state's board of tax appeals, which likely will be approved.

"This number was reduced slightly because of that to give us a true picture so we didn't have a false higher number in our valuation," she said. "That's by about \$100,000."

Bloomer explained how the county's valuation numbers are determined.

"We get a report from the clerk's office, and I believe she gets those numbers certified through the appraiser's office," she said. "These numbers are certified by the county clerk, and that's where we get the numbers to plan our county budget. She does work with the appraiser hand in hand to determine those values."

Bloomer said many people believe the rate a mill brings in revenue is a set number, but she said that figure changes from year to year.

“A mill isn’t a mill isn’t a mill if you look and see what the valuation is,” she said. “I think that’s a misconception of a lot of people if you have 30 mills this year and 30 mills last year. They aren’t apples to apples.”

Bloomer said what the valuation is for a particular year determines what 1 mill will actually raise.

“A mill for the 2011 budget raises significantly less than it did for this year,” she said. “For us to be able to provide the same services to the constituents, the board has to raise the taxes.”

Bloomer said though the proposed 2011 mill will raise less money, it is still the highest of the levies dating back to 1998. Despite this, she said the county did not cut any services.

“They have a bare bones budget,” she said.

Bloomer said many counties surrounding Seward did cut social services last year.

“If you had the chance to look at other counties around us that rely on oil and gas, they’re all struggling for the 2011 budget,” she said. “Some got a portion of it pro-rated for 2010. Most of us got it for 2011.”

Bloomer said because many counties such as Seward have been hard hit with cuts, the state of Kansas is looking at a committee to help prevent such severe circumstances in the future.

“I don’t know who is on the committee and what the time frame is if they’re going to do it,” she said. “Obviously, it has to be within this budget year so the counties aren’t hard hit again for the 2012 budget year. There were enough counties hit that they’re going to do something to prevent it – some sort of a pro-ration. I don’t know what the plan of attack will be.”

A public hearing is scheduled for 5:30 p.m. today in the Seward County commission chambers in the Administration Building to hear and answer objections of taxpayers relating to the proposed use of all funds and the amount of 2010 ad valorem tax in the proposed 2011 budget.