



MARA
MODULE:
Local
Government
Finance

MARA Committee
October 10, 2024

GENERAL OBJECTIVES AND DATA SOURCES



Provide further context to local government finances



Help facilitate the open discussion of pressures and pinch points within local governments



Data Sources

- Trial Balance files provided by municipalities
- BARS Chart of Accounts
- S&P Global Population and CPI Statistics

FUND TYPES

First Category of Funds

General Fund

Special Revenue Funds

Debt Service Funds

Capital Project Funds

Permanent Funds

Enterprise Funds

Internal Service Funds

Trust Funds

Custodial Funds

Funds that are included in visualizations:

General Fund

Special Revenue Funds

Capital Project Funds

Debt Service Funds

Enterprise Funds

REVENUE SOURCES

Revenue accounts include 9 different sources



Revenue sources are broken into further detail beyond these initial levels



EXPENDITURE CATEGORIES AND OBJECTS

The 12 expense categories include:

General Government	Social & Economic Services	Debt Service
Public Safety	Culture & Recreation	Internal Services
Public Works	Housing & Community Development	Miscellaneous
Public Health	Conservation of Natural Resources	Other Financing Uses

The 9 expenditure object categories include:

Personal Services	Building Materials	Grants, Contributions, Indemnities & Other
Supplies	Fixed Charges	Other Objects
Purchased Services	Debt Service	Capital Outlay

FORECASTING METHODOLOGIES

- Methodologies used within the forecast include:
 - Single-variate linear regression
 - CPI and Population
 - Compound annual growth rates
 - CPI growth
 - Growth limits set in statute
 - 20-year average growth in federal grants to local governments
- Limits set on certain municipalities
 - Only done with certain revenues sources due to outliers in data

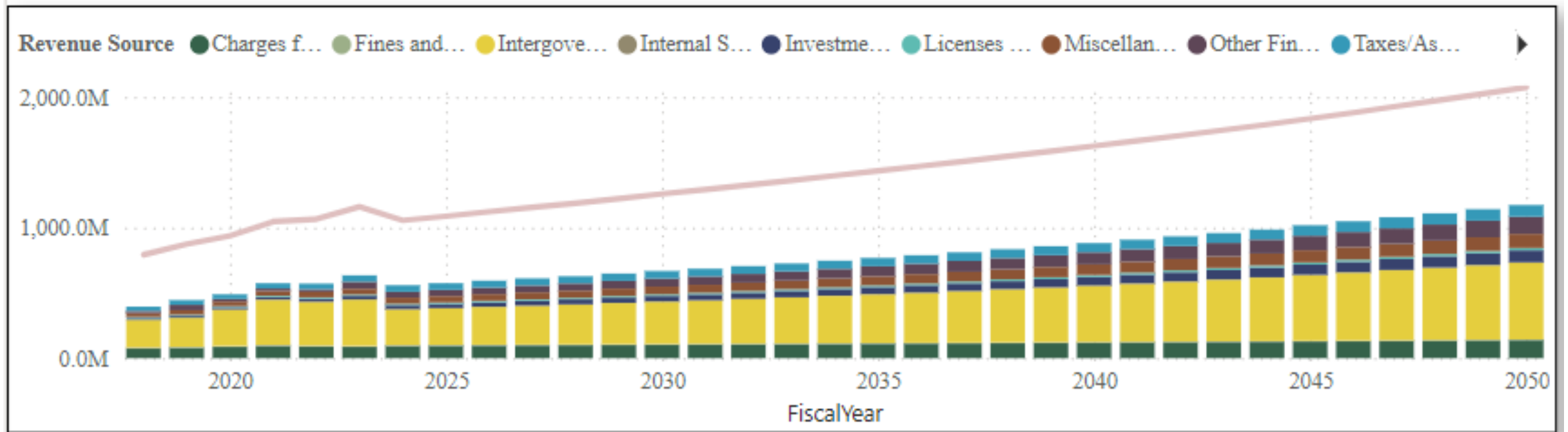
Forecast Excludes
Enterprise Funds

FORECASTING ASSUMPTIONS

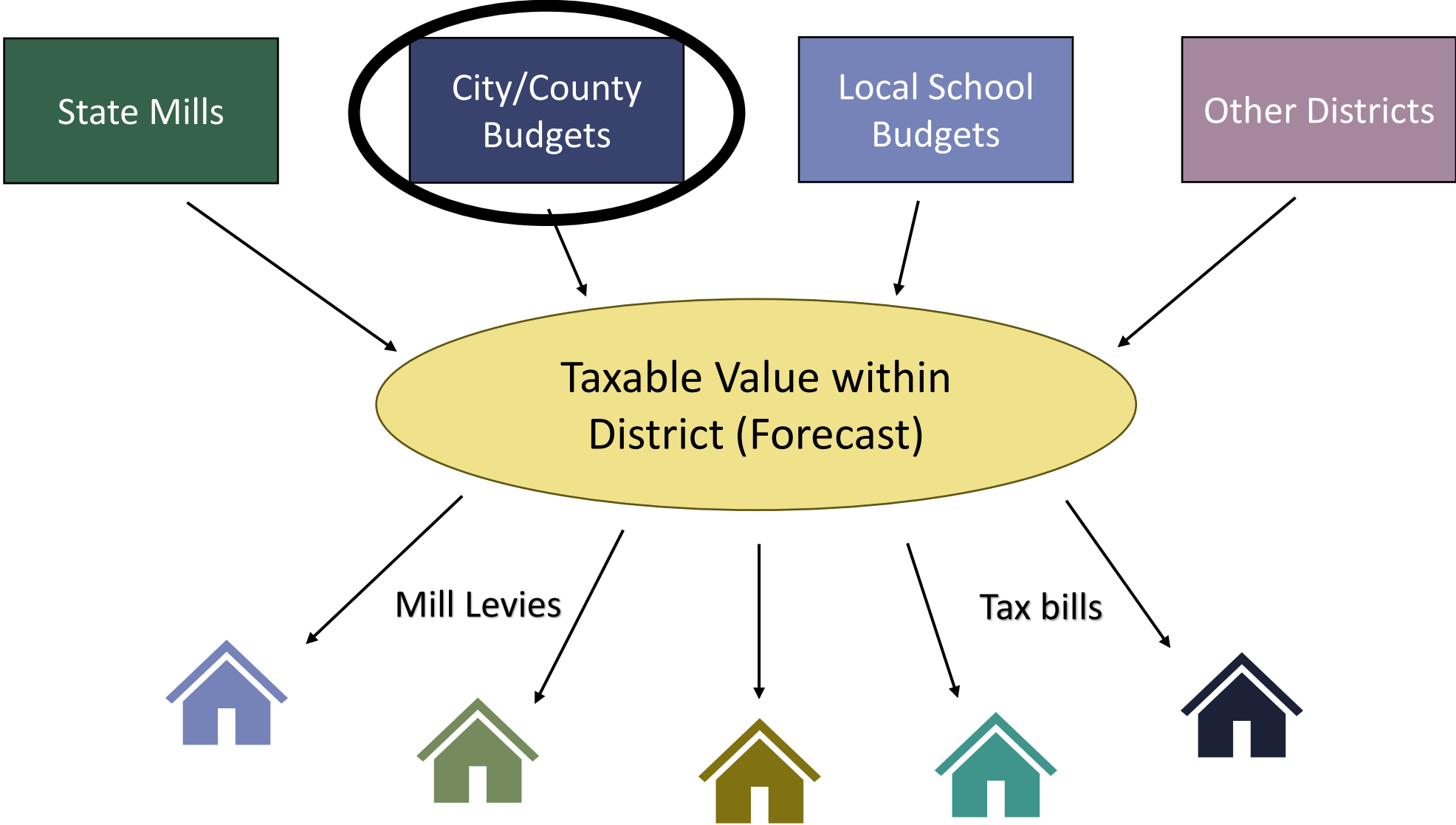
- Municipality revenues must equal expenditures
 - Expenditures and revenues are forecasted independently
 - All revenues, except property taxes, are forecasted separately
 - Expenditures are forecasted separately, by first-level category
- Other Assumptions
 - Expenditures regress on CPI and Population
 - Revenues grow as they have historically
 - Revenue sources do not all grow in the same manner

FORECASTING ASSUMPTIONS

- The forecasted property tax pressure for local municipalities is shown in the gap between the line and the bars in this graph



HOW BUDGET FORECASTS CONNECT TO PROPERTY TAXES



FORECAST CONNECTION

- This model is connected to the Property Tax MARA Model
 - Growth rate in the property taxes forecast is connected to the LFD Property Tax Model to calculate forecasted growth in mills and taxes paid
- Due to the various intricacies within each municipality, we anticipate publishing updated dashboards in the future

TRENDS IN THE COUNTY HISTORICAL DATA



Compound Annual Growth in Overall Revenue

6 Largest Counties: 5.9% growth from 2018-2023

- Growth in General Property Tax: 5.1%
- Growth in Federal Grants: 12.9%

Less Populated Counties: 5.9% growth from 2018-2023

- Growth in General Property Tax: 4.1%
- Growth in Federal Grants: 25.6%



Compound Annual Growth in Overall Expenditures

6 Largest Counties: 4.4% growth from 2018-2023

- Growth in Personal Services: 3.1%

Less Populated Counties: 4.0% growth from 2018-2023

- Growth in Personal Services: 2.8%

TRENDS IN THE CITY HISTORICAL DATA

Compound Annual Growth in Overall Revenue

- Cities within the 6 Largest Counties: 4.9% growth from 2018-2023
 - Growth in General Property Tax: 4.3%
 - Growth in Federal Grants: 22.9%
- Cities within the Less Populated Counties: 5.6% growth from 2018-2023
 - Growth in General Property Tax: 4.5%
 - Growth in Federal Grants: 25.8%

Compound Annual Growth in Overall Expenditures

- Cities within the 6 Largest Counties: 2.9% growth from 2018-2023
 - Growth in Personal Services: 4.2%
- Cities within the Less Populated Counties: 5.3% growth from 2018-2023
 - Growth in Personal Services: 3.1%

FORECAST FINDINGS

- As revenues are forecasted, certain revenue sources help to offset property tax pressures for municipalities
 - On the County Level
 - Non-Levy Revenues
 - Oil and Gas Production Tax, Coal Gross Proceeds, Mineral Mine Revenues
 - On the City Level
 - Resort and General Sales and Use Tax
 - Municipalities that have instituted a resort tax

POTENTIAL PROGRESSION OF THIS MODEL

- Gain further insight into both, what we can describe through this data, and what we can't
 - Can we see historical information regarding fees charged by municipalities?
 - How can we learn more about local government facilities through assets/liabilities?
 - Potential connection to other MARA models

DEMONSTRATION

- Walkthrough of published model and the historical comparison perspectives that are available

[Local Government Dashboard Link](#)

Questions?