

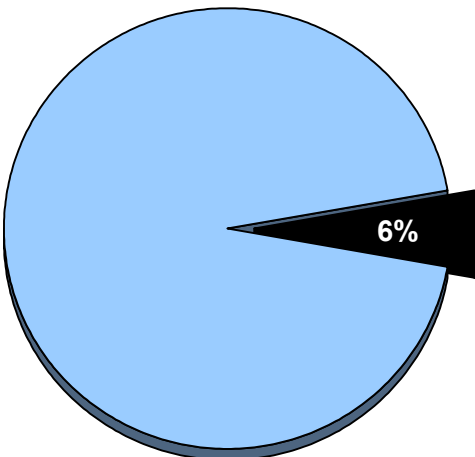
# Bond & Interest

## Inside:

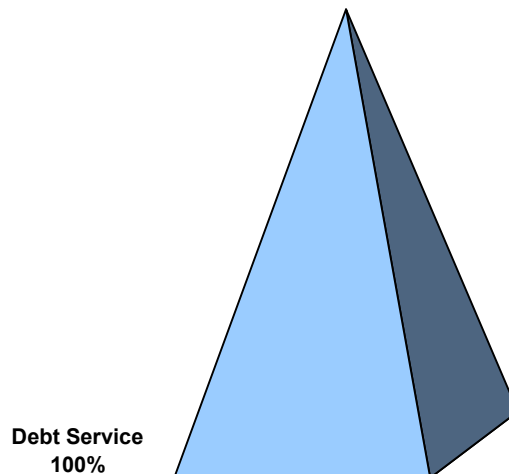
Page	Department	2009 Budget All Operating Funds	2009 Budget By Operating Fund Type				
			General Fund	Debt Service Funds	Special Revenue Funds		Enterprise/ Internal Serv.
			Property Tax Supported*	Non-Property Tax Supported			
182	Bond & Interest	22,240,869	-	22,240,869	-	-	-
<b>Total</b>		<b>22,240,869</b>	<b>-</b>	<b>22,240,869</b>	<b>-</b>	<b>-</b>	<b>-</b>



% of Total Operating Budget



Operating Expenditures by Fund Type

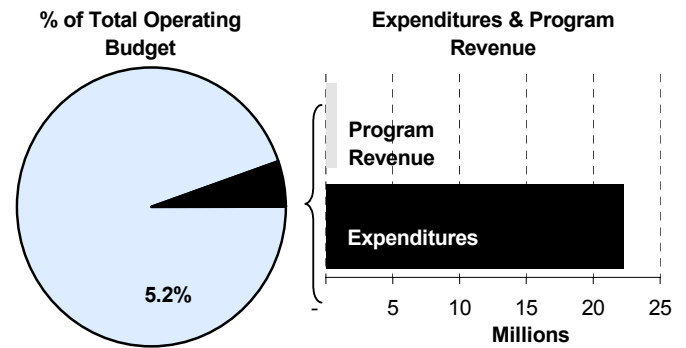
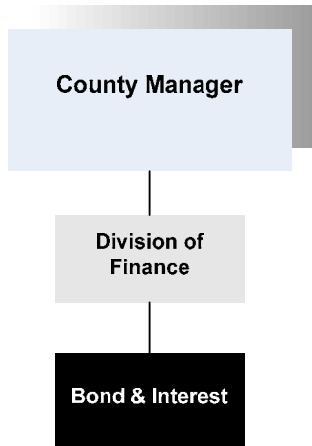




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**Mission:**

- ❑ To assure Sedgwick County government and citizens of proper use of County resources and informed financial decision-making.



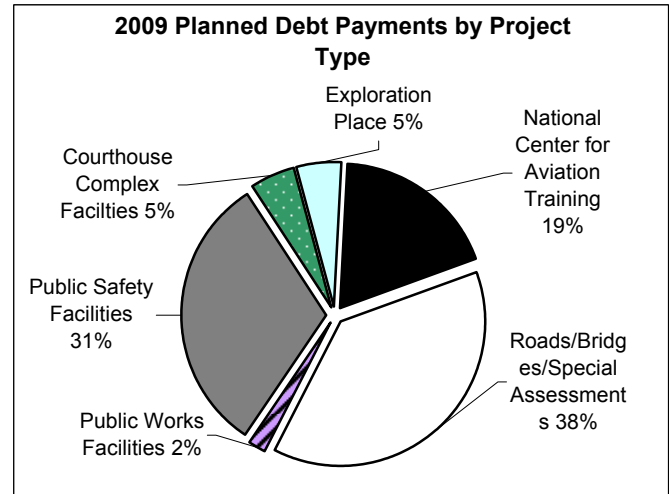
**Program Information**

The Bond and Interest Fund provides for the retirement of general obligation, Public Building Commission (PBC) revenue bonds and special assessment bonds of Sedgwick County. Each year, the County levies taxes that, together with special assessments credited to the Fund, are sufficient to pay the principal and interest payments due throughout the year.

In July 2003, the Board of County Commissioners approved a revised debt financing policy, which provides clear guidance on the County’s use of debt. The objectives of the policy are to ensure financing is obtained only when necessary; the process for identifying the timing and amount of debt or other financing be as efficient as possible; the most favorable interest rate and other related costs be obtained; and future financial flexibility is maintained.

A summary of key points from the Sedgwick County Debt Policy is presented here:

- Debt management committee is formed to ensure compliance with debt policy.



- Pay as you go financing is favored when the project can be funded from available current revenue and fund balances, the project can be completed in an acceptable timeframe given available resources, additional debt could affect the county credit rating, or when repayment sources or market conditions are considered unstable or suggest difficulty in marketing the debt.

- Debt financing is favored when market conditions are favorable, a project is mandated and current revenue or fund balances are insufficient, or a project is immediately required to meet capacity needs. The useful life of each project must equal or exceed the term of the financing.
- The policy limits direct debt per capita (\$500), overlapping and underlying debt per capita (\$3,000), direct and overall debt as a percentage of estimated full market value (1.5 percent and 6 percent, respectively), and debt service is limited to 20 percent of general and debt service fund budgeted expenditures.
- As a benchmark, the County strives to repay at least 30 percent of the principal amount of its bonded debt within five years and 60 percent within 10 years.

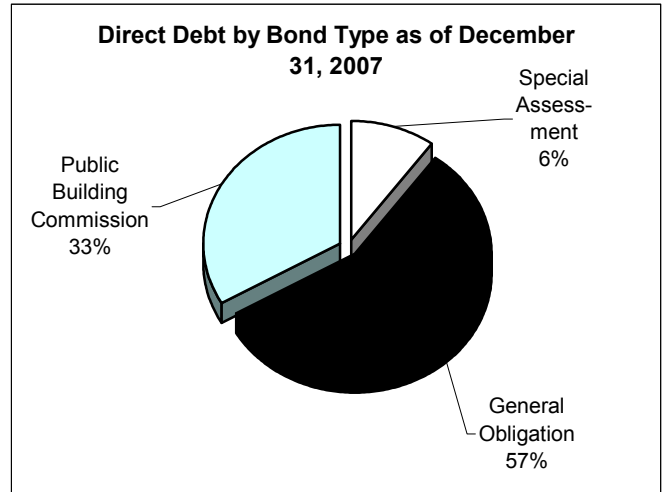
Sedgwick County issues debt primarily to finance major capital projects such as roads, bridges, buildings, or other facilities. The instruments used to finance these projects are typically general obligation bonds or Public Building Commission (PBC) revenue bonds. General obligation bonds are issued by Sedgwick County and backed by the County’s full faith and credit, meaning that bondholders have the power to compel the County to levy property taxes to repay the bonds. When a project meets a specific set of criteria described in Kansas law, the County can ask the PBC to issue revenue bonds on their behalf. These bonds are secured by lease revenues paid to the Public Building Commission by the County.

The other type of debt commonly issued by Sedgwick County is special assessment bonds. Special assessment bonds are issued to develop facilities and basic infrastructure for the benefit of properties within a benefit district. County policy allows the payment of up to 50 percent of the proposed costs related to benefit district improvements such as roads, sewers, curbs and gutters. Special assessment taxes are then levied on property within the benefit district, for up to 15 years, to repay the principal and interest on these bonds.

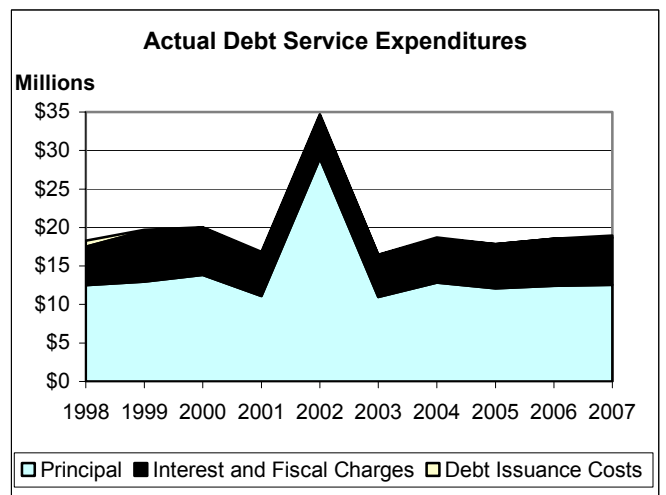
When a jurisdiction issues debt, it has the option of obtaining a credit rating, or evaluation of its credit worthiness, by an independent rating service. Sedgwick County has strong credit ratings and in the most recent bond sale, the County’s bonds were rated “AAA” by Fitch Rating Service, “AA1” by Standard & Poor’s, and “Aa+” by Moody’s Investment Service. The highest rating granted by any of the rating agencies is “AAA”. The County’s debt policy sets the minimum rating requirement for its direct, long-term, debt obligations at

“AA” or higher. If a given debt cannot meet this requirement, credit enhancement may be sought, or the obligations may be sold without a rating.

Sedgwick County has issued debt for many large projects including a detention facility, courthouse improvements, a juvenile court building, and a new public safety center. The debt for these projects, in addition to special assessment debt, leaves the County with total outstanding direct debt of \$142.6 million as of December 31, 2007.



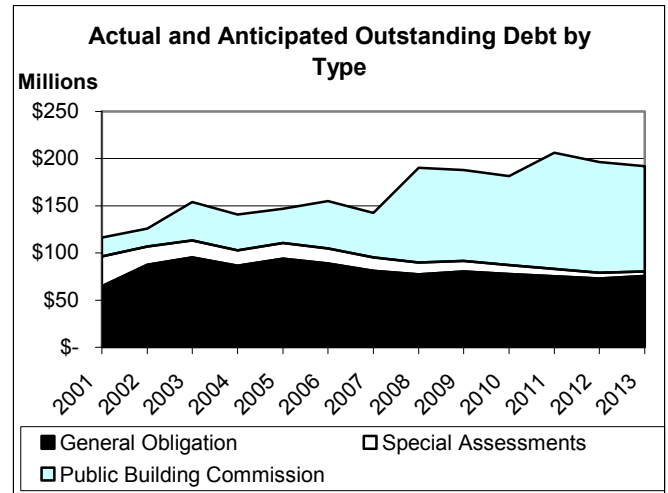
Historically, Sedgwick County’s debt service expenditures have typically remained between \$15 and \$20 million per year. The highest point between 1998 and 2007 was in 2002, when a large portion of bond principal was paid through the issuance of refunding bonds. It is expected that the amount paid annually for debt service will increase with additional bond issuances planned for 2008 through 2013.



The following table shows the debt service requirements on debt existing as of December 31, 2007. If no additional bonds were issued, Sedgwick County would pay its debt in full by 2026. During this time period, yearly principal and interest payments would decrease from \$17.9 million in 2008 to \$968,119 in 2026. When Sedgwick County issues additional bonds, debt service requirements will be extended into the future.

Schedule of Existing Debt Service Requirements as of December 31, 2007				
Budget Year	Bonds			
	Outstanding	Principal	Interest	Total
2008	142,601,631	12,078,691	5,874,190	17,952,881
2009	130,522,940	11,723,852	5,408,892	17,132,744
2010	118,799,089	11,129,211	4,971,236	16,100,447
2011	107,669,877	10,544,778	4,548,291	15,093,069
2012	97,125,100	10,370,559	4,134,787	14,505,346
2013	86,754,541	10,161,564	3,712,252	13,873,816
2014	76,592,977	9,787,800	3,290,003	13,077,804
2015	66,805,177	9,624,277	2,879,709	12,503,986
2016	57,180,900	9,196,004	2,475,917	11,671,921
2017	47,984,895	8,777,991	2,087,421	10,865,412
2018	39,206,904	8,825,248	1,710,202	10,535,450
2019	30,381,657	5,622,784	1,323,726	6,946,510
2020	24,758,873	5,920,612	1,080,383	7,000,995
2021	18,838,261	6,063,741	819,849	6,883,590
2022	12,774,520	5,537,185	549,623	6,086,807
2023	7,237,335	3,130,954	304,491	3,435,445
2024	4,106,382	1,651,382	169,114	1,820,496
2025	2,455,000	1,525,000	101,260	1,626,260
2026	930,000	930,000	38,119	968,119

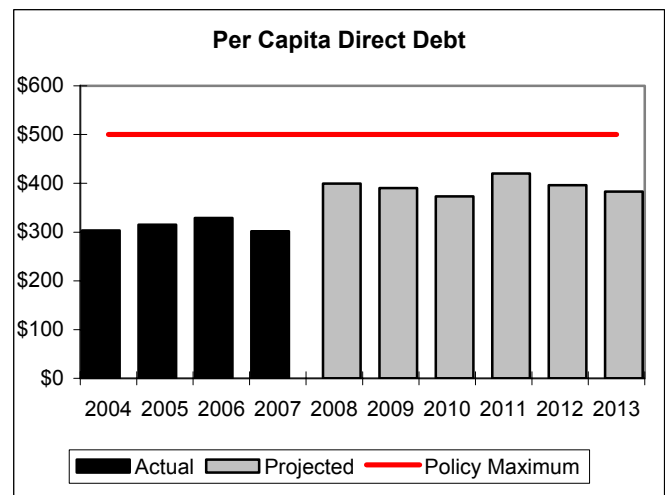
Sedgwick County anticipates issuing \$59.8 million of PBC and GO debt in 2008, to fund construction of the National Center for Aviation Training (NCAT) and improvements to the Regional Forensics Science Center as well as various road and bridge projects. Issuance of this debt is expected in December 2008 increasing the amount of bonded debt outstanding to \$190.3 million.



With these anticipated debt issuances and debt issuances planned for 2009 and 2013 (displayed on the last page of this section) Sedgwick County’s debt limits, which are set in the Sedgwick County Debt Policy and discussed above, will likely change. Each is discussed below.

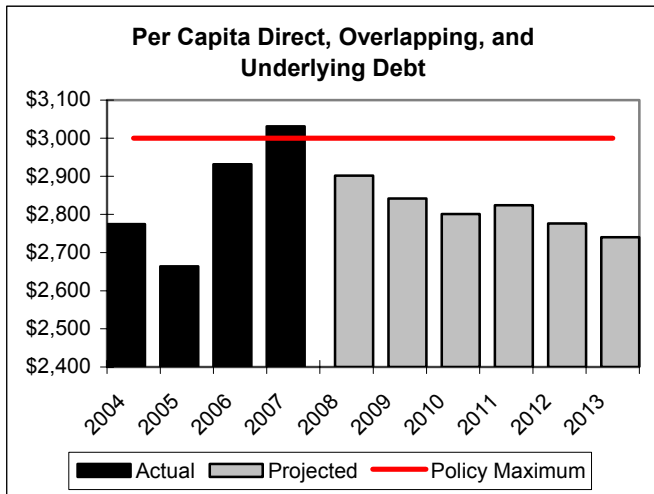
Per Capita Direct Debt

This ratio, which is figured by dividing total direct debt by the population of Sedgwick County, measures the amount of debt per resident. The debt policy sets \$500 per capita as the maximum limit. Between 2004 and 2007, Sedgwick County remained below this level, by approximately \$175. Even with all of the anticipated debt issuances between 2008 and 2013, the County will remain below the per capita direct debt limit. The County will be closest to the limit in 2011, when per capita debt reaches \$420.



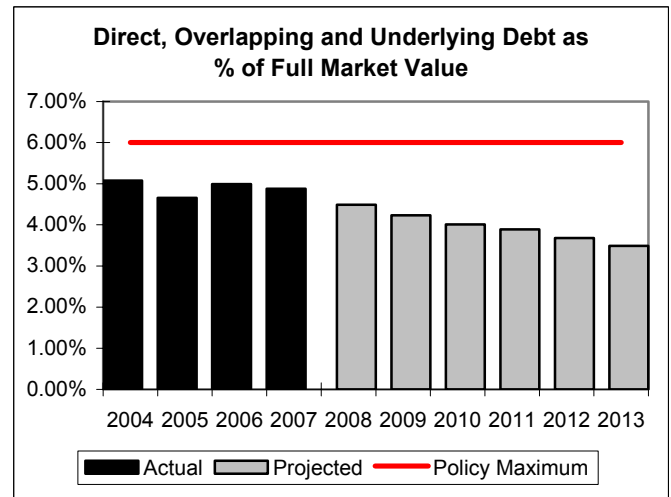
**Per Capita Direct, Overlapping & Underlying Debt**

This per capita ratio includes overlapping and underlying debt which is the debt issued by cities, school districts, and special districts within Sedgwick County. In turn, this ratio measures that total amount of debt borne by each resident in the County. The debt policy sets a limit of \$3,000 per capita. In 2007, due to multiple bond issuances by cities and school districts, the policy limit was exceeded. Based on anticipated debt issuances, this measure will remain below the policy maximum every year from 2008 to 2013.



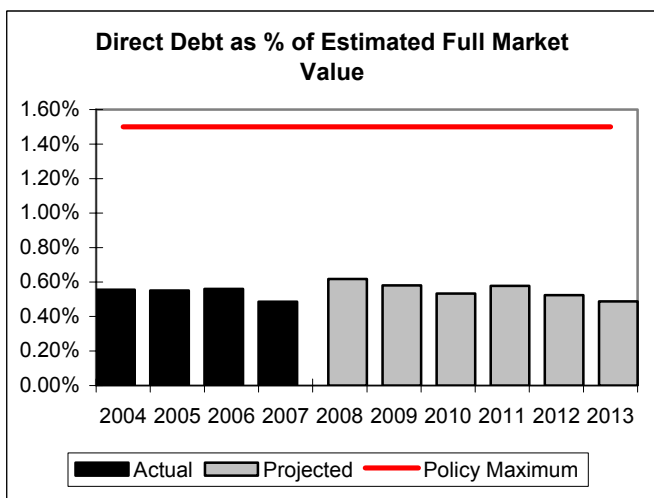
**Direct, Overlapping & Underlying Debt as % of Full Market Value**

This ratio shows the impact of direct debt, overlapping and underlying debt on Sedgwick County's property tax base, for which the debt policy sets a limit of 6.0 percent. Between 2004 and 2007 the ratio remained near 5.0 percent and is projected to decrease each year between 2007 and 2013, which is due to the continued growth in full market property value.



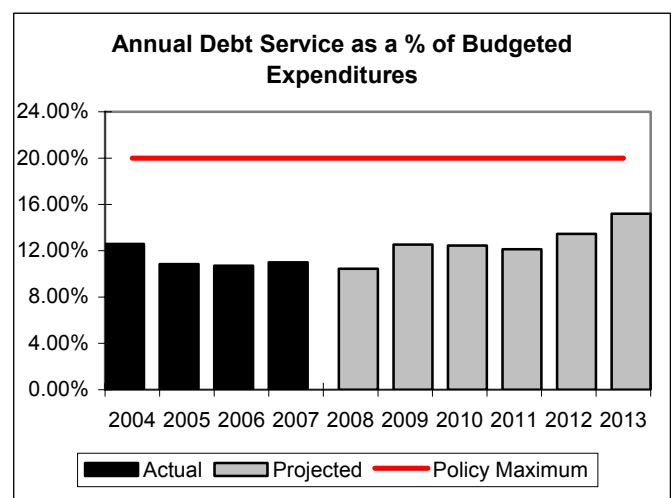
**Direct Debt as % of Estimated Full Market Value**

This ratio shows the impact of direct debt on Sedgwick County's property tax base. The policy limit is 1.5 percent for this measure. From 2004 to 2007, the County stayed well below the policy maximum holding near 0.5 percent, and is not projected to exceed even 1.0 percent of the estimated full market value.



**Annual Debt Service as a % of Budgeted Expenditures**

This measure shows the percent of budgeted expenditures dedicated to annual debt service. Sedgwick County's debt policy sets a limit of 20.0 percent. The County's debt service stayed near 11.0 percent between 2004 and 2007, but due to anticipated debt issuances, will increase in 2009. At that time, annual debt service will increase to approximately 15.0 percent of budgeted expenditures, still below the policy maximum.



<b>Direct Debt</b>					
As of December 31, 2007					
Series	Use	Issue Date	Maturity Date	Original Principal	Principal Outstanding
<b>Special Assessments</b>					
1997A	Road/Sewer/Drainage Improvements	8/1/1997	2012	4,781,803	2,035,000
1998A	Sewer Improvements	4/15/1998	2012	1,630,000	700,000
1998B	Road/Sewer Improvements	8/1/1998	2013	3,425,000	1,700,000
1999A	Road/Sewer Improvements	8/1/1999	2014	5,801,541	3,285,000
2000A	Road/Sewer Improvements	8/1/2000	2015	3,970,000	2,540,000
2001A	Road/Sewer Improvements	8/1/2001	2016	2,100,700	1,405,000
2002A	Road Improvements	8/15/2002	2017	265,000	190,000
2003A	Road Improvements	8/15/2003	2018	180,000	145,000
2005A	Road/Sewer/Drainage Improvements	6/1/2005	2020	1,475,000	1,310,000
2006A	Road Improvements	12/1/2006	2021	1,000,000	940,000
				<b>24,629,044</b>	<b>14,250,000</b>
<b>General Obligation</b>					
1998A	Adult Detention Facility	4/15/1998	2018	26,120,000	17,900,000
1998B	Road & Bridge Projects	8/1/1998	2008	6,905,000	690,000
1999A	Road & Bridge Projects	8/1/1999	2009	6,393,459	1,520,000
2001A	Road & Bridge Projects, Household Hazardous Waste Facility, Stormwater Drainage	8/1/2001	2021	9,119,300	7,125,000
2002A	Refunding and Road Projects Road & Bridge Project/Courthouse Complex Improvements	8/15/2002	2022	43,440,000	22,735,000
2003A	Improvements	8/15/2003	2018	16,415,000	12,495,000
2005A	Public Safety Center	6/1/2005	2025	14,515,000	11,560,000
2006A	Road Project	12/1/2006	2026	4,065,000	3,830,000
Revolving Loan Note		1/5/2005	2024	3,412,564	3,071,631
				<b>130,385,323</b>	<b>80,926,631</b>
<b>Public Building Commission</b>					
2003-1	Juvenile Justice Complex	12/1/2003	2023	21,400,000	17,900,000
2003-2	Advance Refunding of 1997A Exploration Place	12/1/2003	2022	14,940,000	12,460,000
2003-3	Advance Refunding of 1997B Public Works Administration Building	12/1/2003	2017	3,385,000	2,540,000
2007-1	Juvenile Court Complex	1/1/2007	2026	15,445,000	14,525,000
				<b>55,170,000</b>	<b>47,425,000</b>
				<b>Total Direct Debt:</b>	<b>142,601,631</b>

<b>Sedgwick County Anticipated Debt with Issuance Costs</b>						
Project	2008	2009	2010	2011	2012	2013
Regional Forensic Science Center Annex	5,000,000					
Adult Education (NCAT)	50,750,000					
Road/Bridge Improvements	4,060,000	4,060,000	4,060,000	4,060,000	4,060,000	4,060,000
Special Assessments		305,000	305,000	305,000	305,000	305,000
Courthouse Improvements		6,630,000				5,380,000
Sheriff/Juvenile Court			2,565,000			
Lake Afton Spillway				3,135,000		
Heartland Fire/Law Improvements				6,620,000		
Digital Radio System				23,925,000		
<b>Totals</b>	<b>\$59,810,000</b>	<b>\$10,995,000</b>	<b>\$6,930,000</b>	<b>\$38,045,000</b>	<b>\$4,365,000</b>	<b>\$9,745,000</b>



**Budget Adjustments From Previous Fiscal Year**

- Reduction in debt service costs due to Jail Expansion delay

Expenditures	Revenue	FTEs
4,229,282		

<b>Total</b>	4,229,282	-	-
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**Budget Summary by Category**

**Budget Summary by Fund**

Expenditures	2007	2008	2008	2009	% Chg.	Expenditures	2008	2009
	Actual	Adopted	Revised				Budget	08-09
Personnel	-	-	-	-	-	Bond & Interest	26,199,998	22,240,869
Contractual Services	8,010	8,815	8,815	8,815	0.0%			
Debt Service	14,131,483	26,191,183	26,191,183	22,232,054	-15.1%			
Commodities	-	-	-	-	-			
Capital Improvements	-	-	-	-	-			
Capital Equipment	-	-	-	-	-			
Interfund Transfers	-	-	-	-	-			
<b>Total Expenditures</b>	<b>14,139,492</b>	<b>26,199,998</b>	<b>26,199,998</b>	<b>22,240,869</b>	<b>-15.1%</b>	<b>Total Expenditures</b>	<b>26,199,998</b>	<b>22,240,869</b>
<b>Revenue</b>								
Taxes	13,414,168	22,649,718	22,649,718	17,594,895	-22.3%			
Intergovernmental	-	-	-	-	-			
Charges For Service	80,500	83,289	83,289	800,000	860.5%			
Other Revenue	2,148,076	2,148,348	2,148,348	2,146,159	-0.1%			
<b>Total Revenue</b>	<b>15,642,744</b>	<b>24,881,355</b>	<b>24,881,355</b>	<b>20,541,054</b>	<b>-17.4%</b>			
<b>Full-Time Equivalents (FTEs)</b>	-	-	-	-	-			

**Budget Summary by Program**

Program	Fund	Expenditures				2009	% Chg.	Full-Time Equivalents (FTEs)		
		2007	2008	2008	2009			2008	2008	2009
		Actual	Adopted	Revised	Budget	08-09	Adopted	Revised	Budget	
Bond & Interest	301	14,139,492	26,199,998	26,199,998	22,240,869	-15.1%	-	-	-	
<b>Total</b>		<b>14,139,492</b>	<b>26,199,998</b>	<b>26,199,998</b>	<b>22,240,869</b>	<b>-15.1%</b>	<b>-</b>	<b>-</b>	<b>-</b>	



