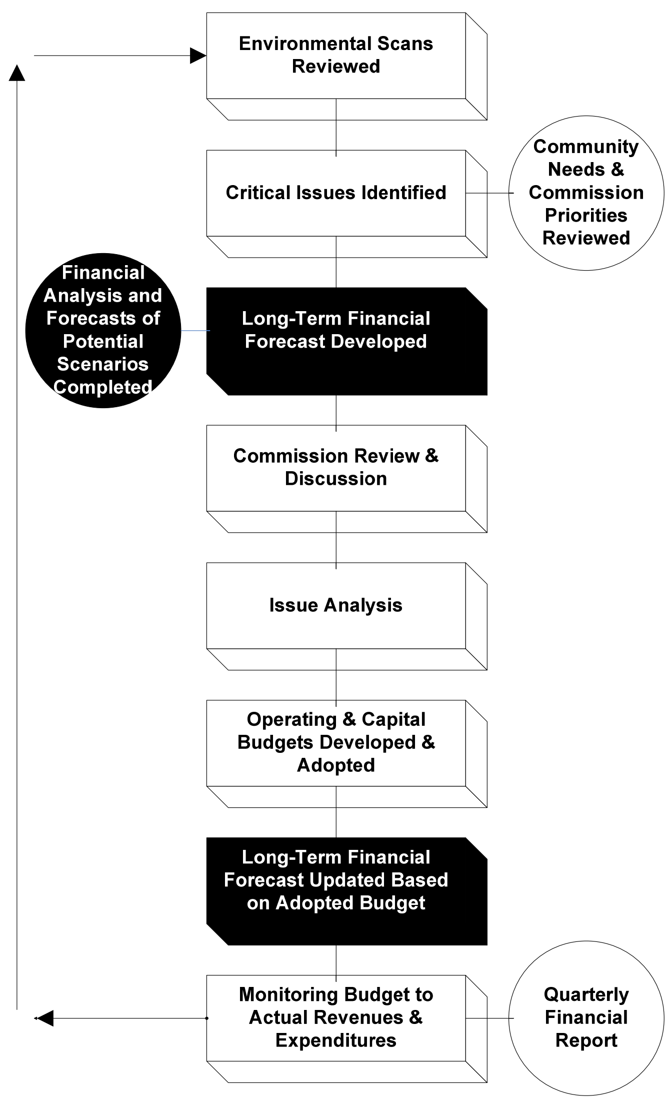
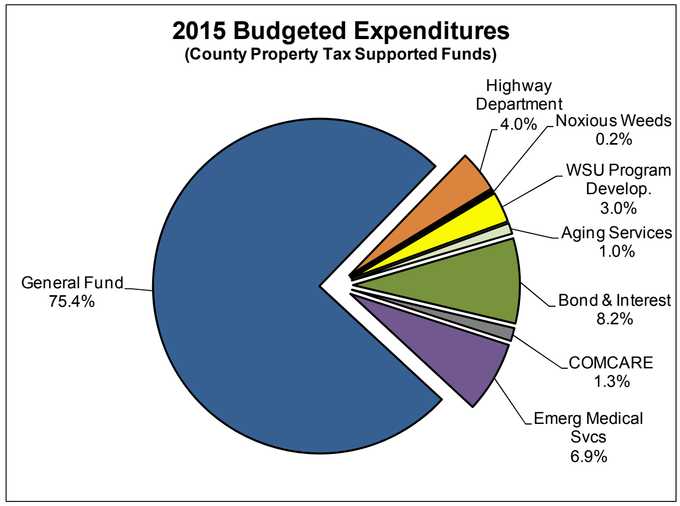
Introduction

Sedgwick County prepares an annual long-term financial forecast as a fundamental element of the budget process. The purpose of the forecast is to evaluate current and future fiscal conditions to guide policy and programmatic decisions. A financial forecast is a fiscal management tool that presents estimated information based on current and projected financial conditions to identify future revenue and expenditure trends that may have an immediate or long-term influence on County policies, strategic goals, or community services. The forecast assists in the formation of decisions that exercise fiscal discipline and deliver essential community services as an integral part of the annual budgeting process.

Financial Forecast and the Budget Process



The revenue and expenditure estimates included in this financial forecast pertain only to County property-tax-supported funds. These funds are outlined in the pie chart below.



Forecasting Methodology

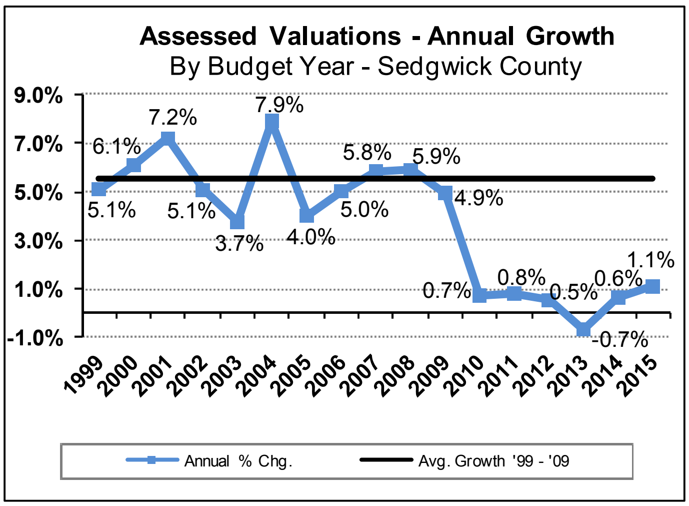
The estimates included in the forecast are based on estimates formulated through the utilization of both quantitative and qualitative methods. Quantitatively, historical revenues and expenditures were analyzed primarily through trend analysis and percentage growth patterns. In addition, national, state, and local economic conditions were evaluated to determine what impact they may have on the County's ability to generate specific types of revenue. Qualitatively, the forecast draws upon the experience and knowledge of finance staff to outline the most likely results.

Whenever forecasts are performed, such as a local weather forecast, one often loses sight that these forecasts are performed based on the most recently available variables. For the financial forecast, these variables include economic data through October 2014, along with the changes included in the 2015 adopted budget.

Unfortunately, financial variables are constantly changing. The forecasts included here are subject to unforeseen and uncontrollable national, state, and local events, in addition to the timing of large capital projects and operational decisions that may make the forecasts less accurate.

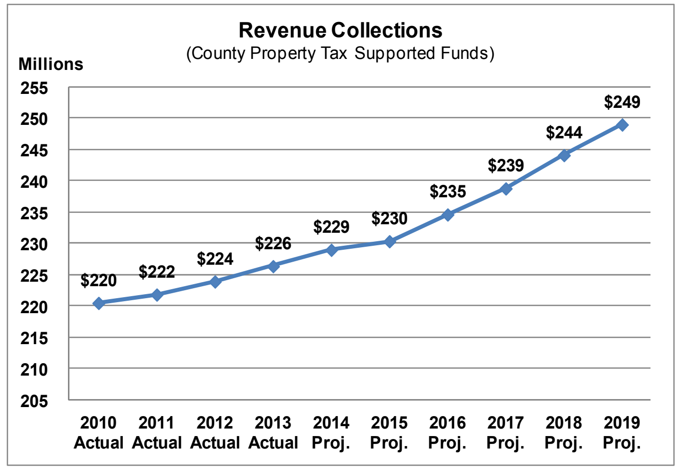
■ Executive Summary

Similar to other state and local governments, Sedgwick County government remains challenged by slight revenue growth, though reports in a few areas point to gradual improvement in the local financial condition. Since 2010, valuations driving property tax collections (more than 50 percent of total revenues) experienced less than one percent growth. Then, for the first time in 20 years, assessed property tax valuations for the 2013 budget experienced a negative assessment of 0.7 percent. Growth returned for the 2014 budget, when assessed property valuations increased 0.6 percent. For the first time since 2009, assessed valuation growth for the 2015 budget exceeds one percent, with final assessed values growing 1.1 percent over the previous year.

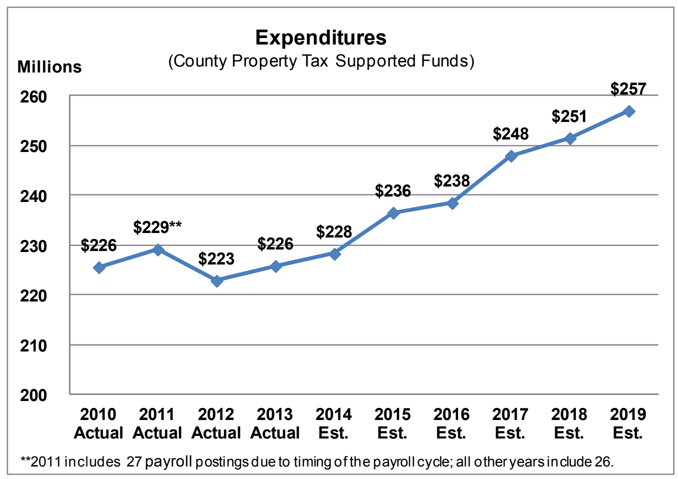


Additionally, other key revenues comprising approximately 30 percent of total revenues in County property-tax-supported funds are slowly returning to pre-Great Recession levels. These key revenues do not include property taxes and are highlighted and discussed within this section of the budget document.

As shown in the revenue table in the next column, revenue collections since the Great Recession have remained relatively flat, after falling significantly in 2009. Projections outline collections gaining some growth in 2014, with slightly stronger revenue growth returning in 2015 as property valuations slowly improve. However, the Kansas Legislature's decision during the 2014 legislative session to phase out the mortgage registration fee by 2019 has a significant impact on the long-term forecast.



At the same time that revenue collections fell and then slowly began to increase, the County has maintained expenditure control. Actual expenditures are expected to remain below 2011 levels through 2014 due to previous budget reductions.



Because of the challenging revenue environment and flat expenditure growth over an extended period, Sedgwick County has experienced significant changes in both the services it delivers and how those services are delivered. The County continues to work through the current environment to achieve the goals identified by the Board of County Commissioners:

- Balanced budget, maintaining fiscal integrity
- Focused government
- Being clear and concise about services provided

The County was able to meet its goals, as illustrated in the "Bending the Curve" graph on the next page. The light grey line near the bottom of the chart illustrates the projected deficits the County was facing when the Board met to discuss the 2012 budget in February 2011; the light blue line shows the County's actual experience each year since. In February 2011, projections included an operating deficit of $15.4 million in 2015. When the Board met in February 2014, the deficit for 2015 was projected at $2.4 million. However, the County Manager's 2015 recommended budget presented in July 2014 resolved the 2015 deficit, and a modest operating surplus was projected.

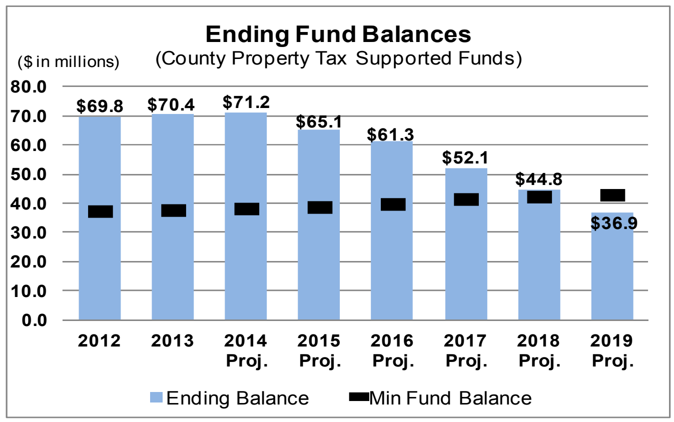
Since the 2015 budget was adopted, two actions have been taken to reduce 2015 estimated operating income:

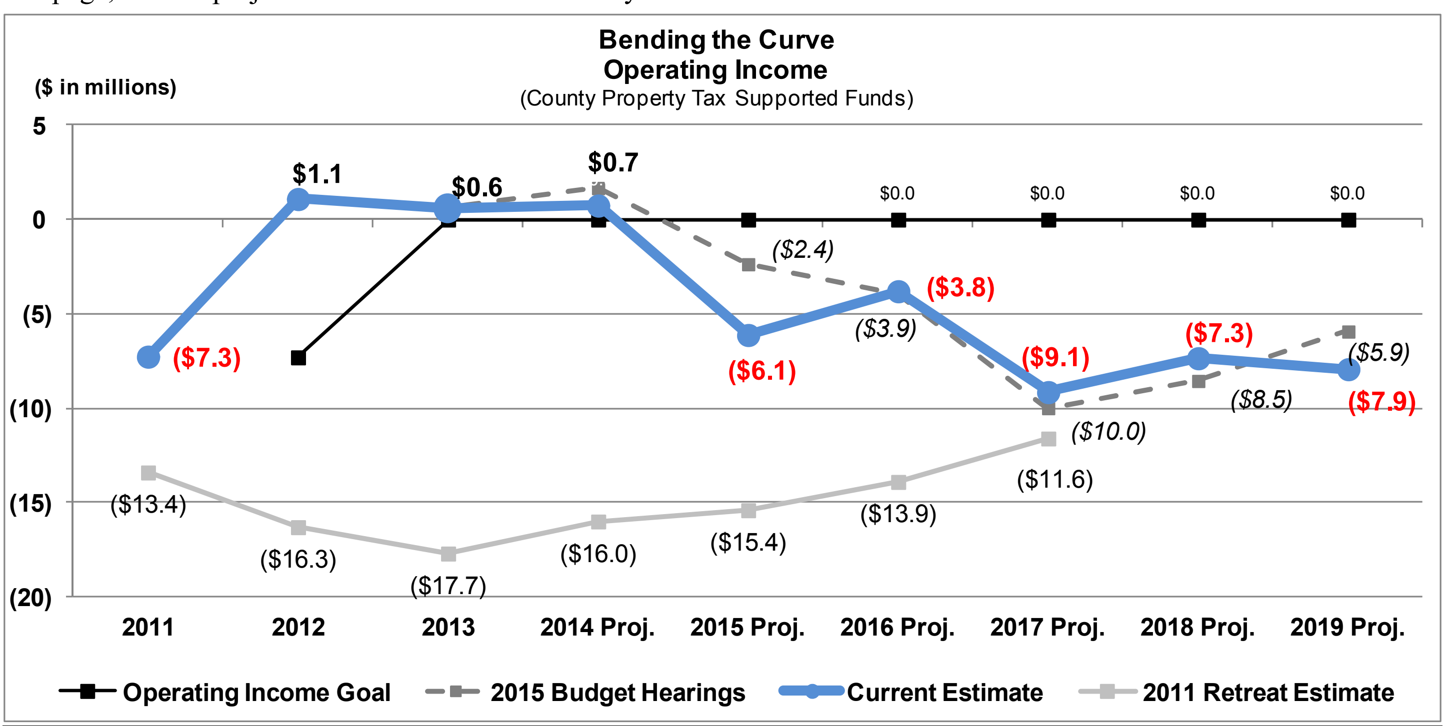
- The Board of County Commissioners approved the one-time use of $5.3 million of General Fund fund balance in 2015 to sponsor an elephant barn at the Sedgwick County Zoo, Kansas' largest tourist attraction
- A capital improvement project for a facility to house the merged City of Wichita-Sedgwick County Metropolitan Area Building and Construction Department, the Treasurer's downtown tag office, and other departments that currently lease space was approved; to fund the project, $1.3 million in funds that had been planned for use in the Bond and Interest Fund in 2015 are planned for use, and transfers from the General Fund to the Bond and Interest Fund are now included in the forecast for 2015, 2016, and 2017 to make up the difference

But for these expenses for capital projects, the projection for 2015 would show operating income of approximately $0.5 million. As outlined in the graph at the bottom of this page, current projections outline deficits in each year through 2019 as projected expenditures outpace projected revenue growth.

With the projections included in this forecast, ending balances would remain above the minimum fund balance policy through 2018, but fall below in 2019. Though projections show the County falling below the minimum balance in 2019, fund balances remain well in the black.

The organizaton's strategic efforts are significantly influenced by the forecast. The forecast is a valuable planning tool that is used to ensure the long-term continuity of essential services. Prior to the national recession, Sedgwick County proactively implemented an initiative to increase its fund balances during the good times to weather significant economic downturns later through a "rainy day reserve". As a result, although the County ended 2011 with an operating loss for the second consecutive year, County property-tax-supported funds





retained fund balances of $68.8 million, exceeding County policy at the end of the year. In 2012 and 2013, the County added to the fund balance.

Due to the County's previous actions to develop a "rainy day reserve," the County has been able to make strategic decisions regarding how and when to make service changes to minimize the impact on community services. With the extended recovery, the sustainability of the County is placed at risk if existing operations are not monitored and adjusted to address current economic conditions and revenue collections that appear to be slowly rebounding.

Over the planning horizon of the financial forecast, the County will continue to confront a variety of challenges. In addition to challenges from an uncertain economy, actions at the State level continues to cause concern to County management. These challenges will require the County to continue to concentrate on a variety of core financial principles, as outlined in the following section.

- **Revenue Core Principles**
    - A diversified revenue base is key to fiscal health. Continue to seek new revenue sources, balancing between those receiving the public benefit and those paying for the service.
    - Maintaining a diversified revenue base requires diligence. Adjust current fees when appropriate.
    - Effective governance is the result of effective partnerships. Ensure the State maintains its revenue sharing promises. County services mandated by another government should be funded by that government.

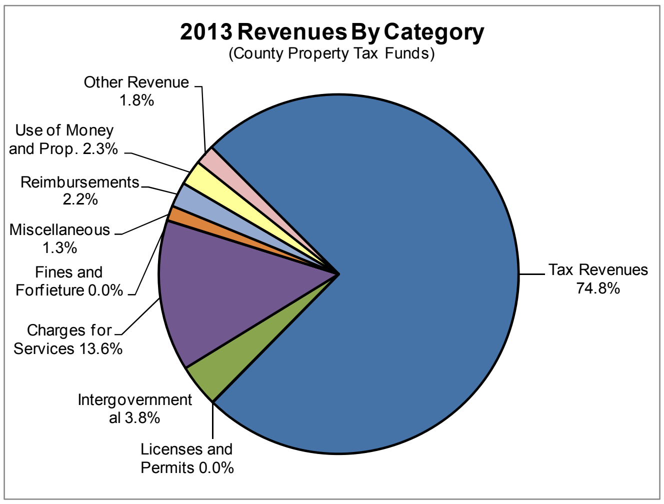
- **Expenditure Core Principles**
    - Concentrate public services on those considered core County services and vital to the development of the community
    - Seek innovative programs for delivering public services beyond current operating standards
    - Educate State legislators on the impact of new and pending State mandates, particularly as they relate to public safety
    - Continue to seek opportunities to minimize growth in the jail population and maintain existing programs

Previous Management Decisions

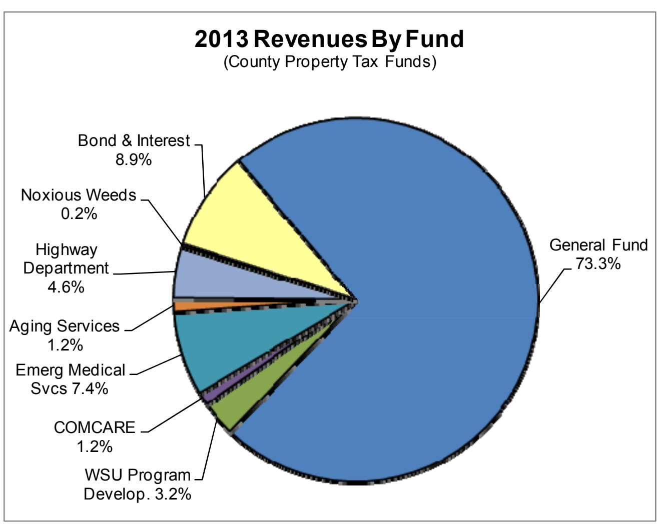
- **2002:** $1.0 million in operating costs are eliminated.
- **2003:** County eliminates 41 positions and freezes 10.5. It eliminates $2.8 million in operating costs, reduces funding to local partners by $406,000, and defers $1.1 million in capital projects.
- **2004**: County eliminates 42.8 positions and departments' base budgets are maintained at the 2002 level.
- **2005**: County reallocates funding to meet critical needs ─ 14 positions eliminated and 10 frozen, departmental base budgets set at a 4 percent reduction.
- **2006**: County maintains 8th year of no increase in the property tax levy. The new Juvenile Detention Facility opens and alternative jail programs are implemented to mitigate population growth in the jail.
- **2007**: 2.5 mill increase to address public safety issues with a growing jail population, maintaining other public safety services, and construction of the Center for Aviation Training.
- **2008**: Implementation of Drug Court Jail Alternative.
- **2009**: County eliminates 1.0 mill from the property tax levy by deferring a 384 bed expansion to the jail.
- **2010**: Suspended performance compensation and implemented a general pay adjustment of 2.0% for eligible employees with salaries below $75,000. Implemented a ½ mill reduction in the property tax rate, combined with $3.3 million in budget reductions. In May, deferred and/or reduced capital projects totaling $1.8 million and established a position review team.
- **2011:** Implemented a ½ mill reduction in the property tax rate, 2.0% performance-based compensation pool combined with adjustments to employee benefits, deferred a capital project, implemented $2.5 in annual recurring operating reductions in April, and initiated a voluntary retirement program.
- **2012:** Implement budgetary reductions of $10.3 million (impacting both 2011 and 2012 budgets) and no employee compensation adjustment.
- **2013:** Implemented budget reductions of $7.2 million with a 2.5% performance-based merit compensation pool combined with an adjusted health benefits plan which was designed to encourage employees to take responsibility for their health to reduce future increases in benefit costs
- **2014:** Implement a 2.5% performance-based compensation pool. Fund the recommendations of a market pay study for full-time employees. Shift programs to alternative revenue sources. Implement a mental health pod at the Adult Detention Facility. Closure of the Judge Riddel Boys Ranch, a State program, due to insufficient State funding

■ Revenues & Transfers In

Sedgwick County's revenue structure related to property-tax-supported funds is grouped into seven primary revenue categories, with aggregate tax collections as the largest revenue source, followed by charges for service and use of money and property. In 2013, a total of $226.4 million in revenue and transfers was received in these funds, with 75 percent collected from multiple tax sources.



Of the funds receiving property tax support, the largest is the General Fund, with 73 percent of total revenue collections in 2013, followed by the Bond and Interest, EMS, and Highway funds.



Major Revenues
County Property Tax Supported Funds*

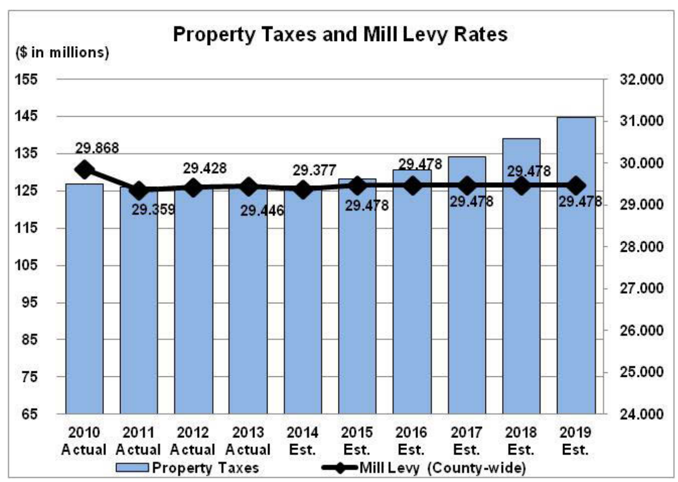
	2013	% of Total
Total Revenues & Transfers In	$226,360,870	100%
Property taxes	$120,968,317	53%
Local sales & use tax	$ 24,082,547	11%
Motor vehicle tax	$ 15,269,899	7%
Medical charges for service	$ 13,938,101	6%
Mortgage registration & officer fees	$ 6,313,667	3%
Investment income	$ 1,099,688	0%
Special city/county highway	$ 4,317,885	2%
Total	$185,990,103	82%

*General Fund, Wichita State University, COMCARE, EMS, Aging, Highway, Noxious Weeds, Bond & Interest

Specific Revenue Projections in the Financial Forecast

Of the total revenue collections and transfers from other funds in 2013, 82 percent was collected from seven distinct revenue sources. The following discussion on revenue projections included in the financial forecast will concentrate on these revenues as outlined in the table below.

Property Taxes



Property taxes play a vital role in financing essential public services. Property tax revenues are primarily used to fund services County-wide in the General Fund and various special revenue funds that do not have the capacity to self-finance their services, in addition to retiring the County's long-term debt on capital projects for facilities and infrastructure. This reliable revenue source has no attached mandates as many other State and Federal revenues often do.

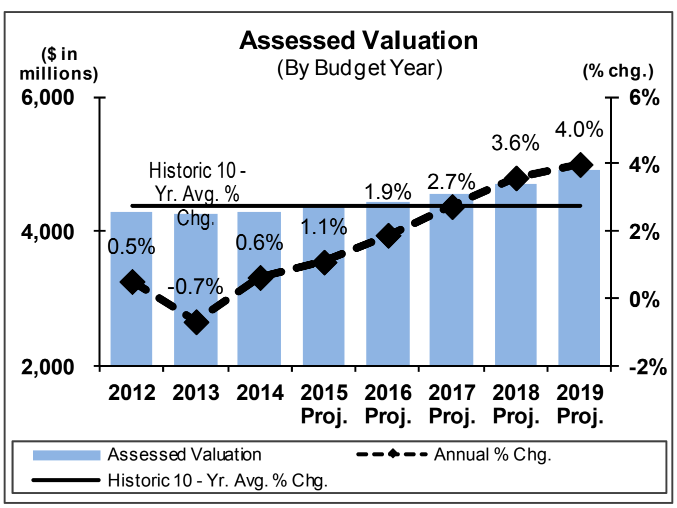
For three consecutive years, the BoCC reduced the County-wide property tax rate, expressed in mills. In 2009, the BoCC reduced the rate by nearly a full mill (.956 mills), followed by slightly over half a mill (.509 mills) in 2010, and by slightly over half a mill again in 2011 (.509 mills). This forecast assumes that the property tax rate will remain relatively unchanged at 29.5 mills over the planning horizon.

In all three previous property tax reductions, the Commission offset the reduction with budgetary adjustments comparable to the amount of eliminated revenue. The property tax reduction in 2009 was accomplished by deferring indefinitely construction of a planned 384 bed expansion to the County Jail previously expected to open in 2011. In 2010, the half-mill reduction was offset by a variety of budgetary reductions totaling $3.3 million. And in 2011, the BoCC reduced property taxes by 0.509 mills by reducing employee compensation.

Projected revenue from property tax collections in this financial plan are based on:

- An assumption that the property tax rate will remain relatively unchanged through the rest of the planning period at 29.5 mills (absent technical adjustments).
- Increases or decreases in property tax revenues following 2015 will result from an estimated increase or decrease in assessed valuations and not an increase in the mill levy rate.
- An assumption that collection delinquencies will be slightly higher than historical standards, but continue to improve from our experience in 2010, when the delinquency rate was 4.2 percent.

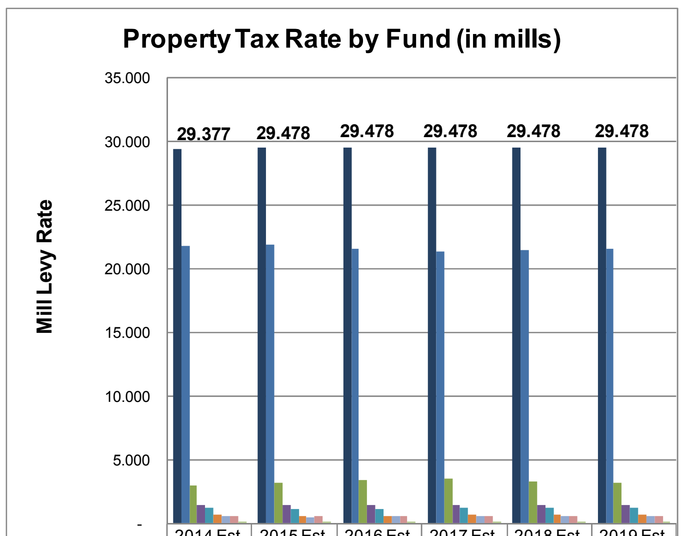
Over the past 10 years, Sedgwick County's assessed valuation has grown an average of 2.8 percent annually.



Like many other jurisdictions, the County experienced strong valuation growth between the years of 2000 to 2009 with an average growth rate of 5.5 percent. That trend changed notably in 2010 when valuation increased by less than a percent. Growth was held to less than one percent through 2012; then, for the first time in 20 years, assessed valuation decreased for the 2013 budget year. Growth returned in the 2014 budget year, but at a rate of 0.6 percent. For the 2015 budget year, assessed valuation figures reflect growth of 1.1 percent.

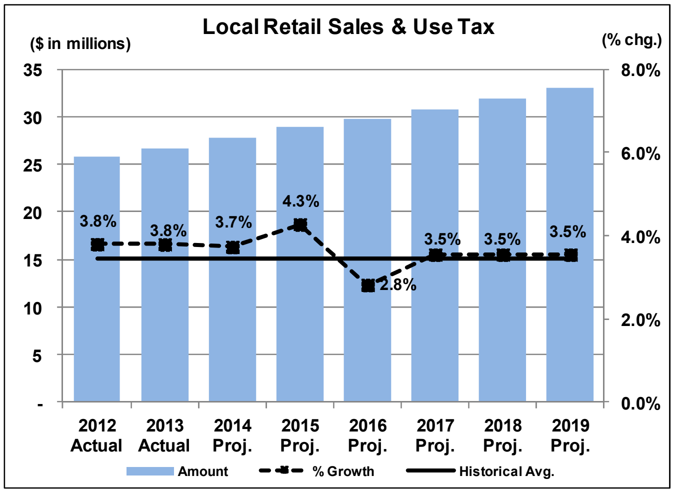
This forecast estimates that future growth will not be as strong as the past decade, but that as economic conditions improve in the latter portion of the planning horizon, more traditional rates of growth will occur.

Within the financial forecast, property tax rates among different County property-tax-supported funds can and are distributed based on the total available resources to achieve the greatest outcomes in service delivery. In some instances, distribution of the total property tax rate is adjusted due to changing operations, one-time projects such as capital improvements, or the availability of unexpected resources. The table below outlines the property tax rate movements estimated within this plan.



	2014 Est.	2015 Est.	2016 Est.	2017 Est.	2018 Est.	2019 Est.
All Funds	29.377	29.478	29.478	29.478	29.478	29.478
General	21.790	21.915	21.570	21.379	21.479	21.595
Bond & Interest	2.998	3.202	3.405	3.505	3.340	3.203
WSU	1.500	1.500	1.500	1.500	1.500	1.500
Highway	1.194	1.093	1.114	1.199	1.239	1.248
EMS	0.688	0.577	0.635	0.670	0.695	0.705
Aging	0.539	0.497	0.579	0.545	0.545	0.545
COMCARE	0.584	0.613	0.589	0.589	0.590	0.592
Noxious Weeds	0.084	0.081	0.086	0.091	0.090	0.090

Local Retail Sales and Use Tax



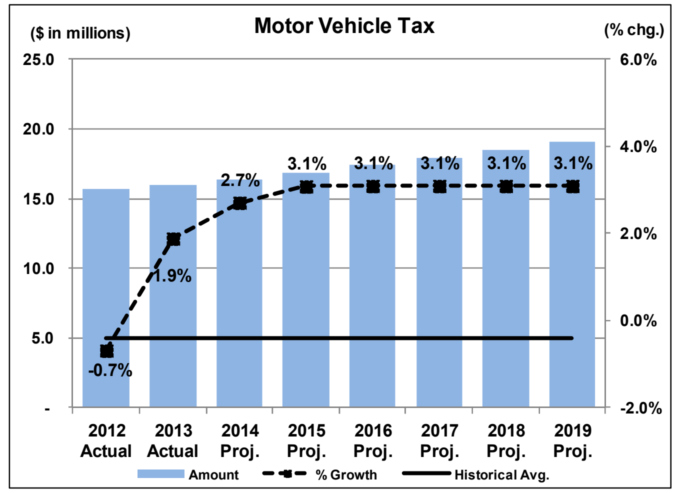
Local use tax, per State statute K.S.A. 12-198, is a tax paid on tangible personal property purchased from other states and used, stored, or consumed in Kansas on which no sales tax was paid. Use tax is also applied if the other state's sales tax rate is less than the Kansas rate. Local retail sales tax is generated from a County-wide one-percent tax on retail sales, imposed pursuant to voter approval in July of 1985.

Distribution of these revenues to the County and cities is based half on their individual population levels and half on property tax levies per State statute K.S.A 12-187. There are three principal factors that influence the County's collection of local retail sales tax revenue:

- Total taxable retail sales in Sedgwick County
- Population in the unincorporated areas of the County as a percentage of total County population
- The County's property tax levies as a percentage of total taxes levied by all governmental entities

Historically, retail sales and use tax collections have experienced an average growth rate of 2.1 percent over the past 10 years, but averaged 5.7 percent from 2004 to 2008. As a result of economic stress and the County's reduction in its mill levy over three consecutive years, collections declined from a high of $26.8 million in 2008 to $25.7 million in 2012; however, revenues of $26.7 million were collected in 2013 as the economy has improved.

Motor Vehicle Tax



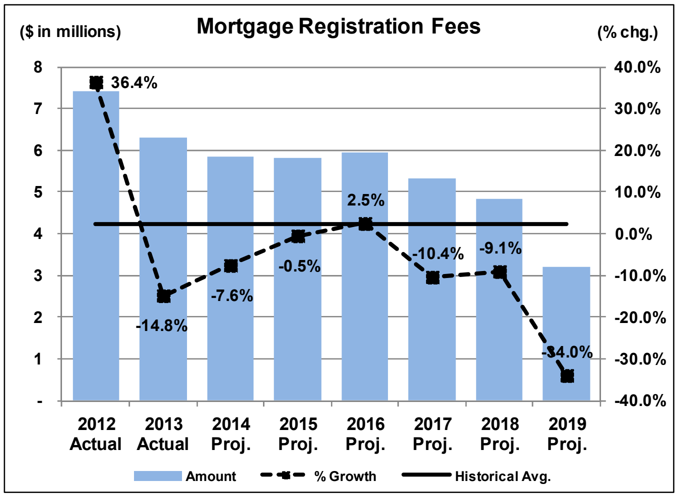
The State statute describing the collection and distribution of Motor Vehicle Taxes is outlined in K.S.A. 79-5101 et seq.

- Motor vehicles are distinguished by 20 vehicle classes, and then taxed at 20 percent of the class value based on the average County-wide mill levy during the previous year. State statutes define the average County-wide mill levy as the amount of general property taxes levied within the County by the State, County, and all other property taxing subdivisions; and then divided by the County's total assessed valuation.
- The 2012 Legislature enacted legislation requiring that an annual commercial vehicle fee be paid in lieu of current property taxes for both interstate and intrastate commercial vehicles registered in Kansas.
- Collected taxes are distributed by the County Treasurer to the taxing jurisdictions based on the owner's residency, and the ratio of levied taxes by the jurisdiction to the total taxes levied.

Collections are dependent not only on economic conditions and vehicle sales, but also on the ratio of County property taxes to all of the other property taxing jurisdictions.

Previously, motor vehicle taxes have been a consistent and reliable revenue source. However, with the changing economy and impact of past tax reductions it has become more inconsistent. This revenue source reached a high of $16.5 million in 2009, with current projections not expecting to exceed this level until 2015 with anticipated collections of $16.9 million.

Mortgage Registration Fees



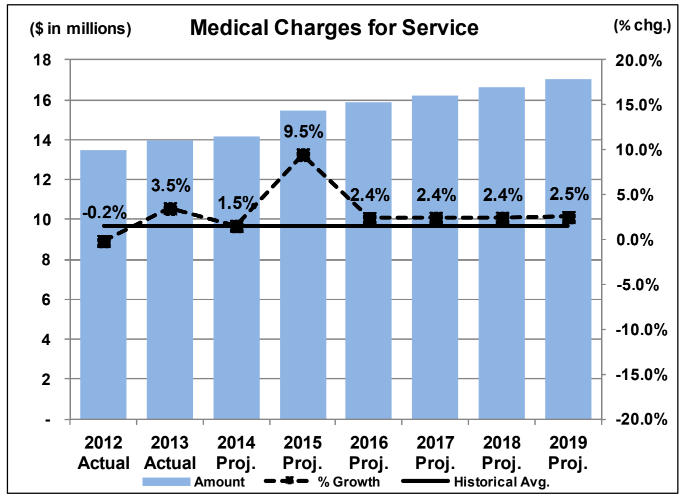
Mortgage registration fees are collected by the Register of Deeds.

- Mortgage registration fees are established under K.S.A. 79-3102 and set the fee rate at 26 cents per $100 of mortgage principal registered through 2014
- Legislative action in 2014 will begin a phase-out of the fee in 2015, with complete elimination by 2019
- Additional per-page fees were implemented by the 2014 legislative action
- The estimated impact of the reduction is $3.8 million in 2019

Within this revenue source, collection levels historically have been strongly correlated with the strength of the local real estate and refinancing market. This is predominately the basis for the falling collections that occurred between 2008 and 2010. Collections grew in 2011 as a result of a few large mortgage registrations. The significant increase in 2012 was the result of one-time fee revenues. The increase in projected 2016 collections also is the result of an expected issuance of a large mortgage that occurs approximately every eight years.

Mortgage registration fees reached a high of $8.7 million in 2003 and are projected to generate $5.8 million in 2014. Due to the Legislature's phase-out of the fee, revenues are estimated to be about $3.9 million in 2019.

Medical Charges for Service

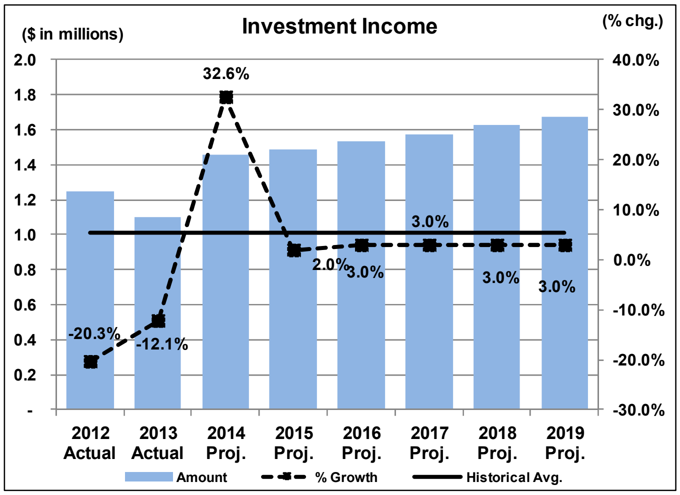


Medical charges for service include Medicaid, Medicare, insurance, and patient fees for delivered medical services. In the property-tax-supported funds, these services are predominately delivered through EMS, generating 92 percent of the total 2013 collections, followed by the Health Department and the Sedgwick County Offender Assessment Program (SCOAP).

The County also receives substantial amounts of medical charges for service revenue in grant funds delivering mental health, developmentally disabled, and aging services. Because those revenues are not received within property-tax-supported funds, they are not included within this forecast.

In July 2014, the County moved the EMS billing function in-house. In 2015, revenue is anticipated to have a one-time spike due to the effects of the billing transition and a change in the base rate for each EMS transport category in 2015. After 2015, growth in this revenue sources it projected to return to more traditional levels. Traditionally, medical charges for service have grown an average of approximately 3.5 percent annually.

Investment Income

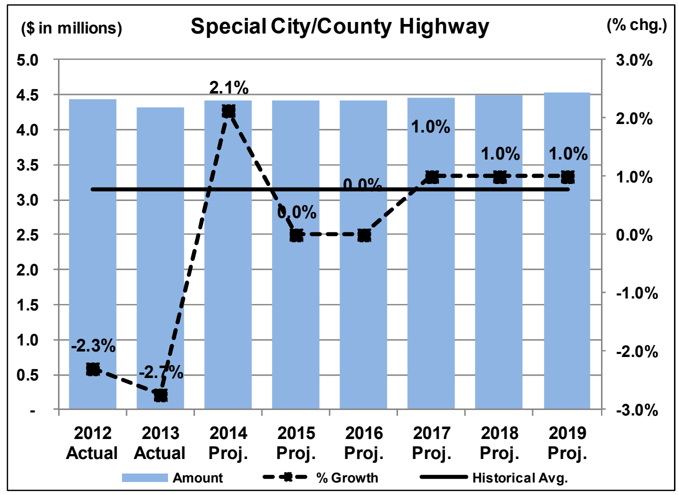


Investment income accounts for revenues generated from the investment of idle County funds. Traditionally, this revenue source can be volatile with collections dependent on interest rates in investment markets, the timing in which investments mature, and the size of the investment portfolio. State law outlines that all investment income is to be deposited in the General Fund unless otherwise directed by statute.

Prior to 2009, investment income had grown substantially as a result of increasing interest rates and a growing investment portfolio. The size of the investment portfolio was largely related to construction of the downtown INTRUST Bank Arena. The downtown arena project, funded with a 30-month, one-percent sales tax, received legislative approval following a local election. As required by State statute, investment income generated by investing the sales tax receipts was deposited in the General Fund.

Following the completion of the INTRUST Bank Arena and declining investment yields, the County's investment income began to experience significant declines. For 2014, collections are expected to increase for the first time in several years, though the amount of revenue generated is still expected to be limited at $1.5 million.

Special City/County Highway



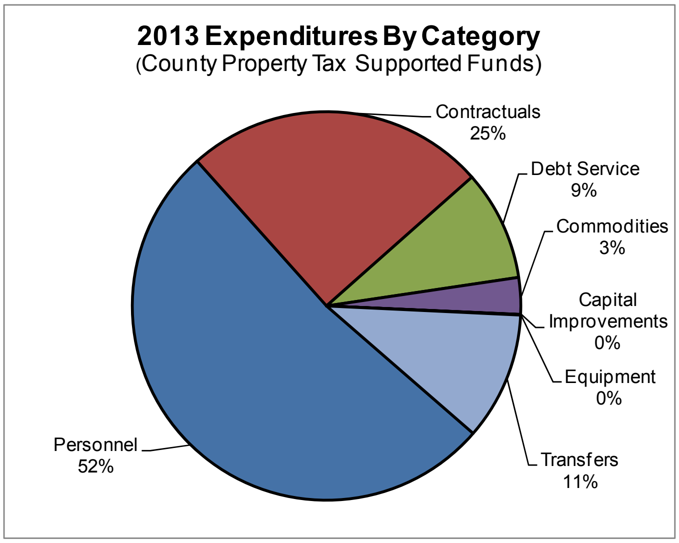
The Highway Department is financed through the Highway Fund to construct and maintain the County's roads, bridges, and intersections. Of the revenues used to fund these operations, the largest is the State's special city/county highway fund authorized under K.S.A. 79-3425. Through the Fund, the State distributes motor-fuel taxes among local jurisdictions based on a distribution formula that includes:

- Each county shall receive a payment of $5,000.
- Remaining 50 percent is allocated based on the portion of collected motor vehicle registration fees in the county compared to the amount collected in all counties.
- Remaining 50 percent is allocated based on the portion of average daily vehicle miles traveled in the county compared to the amount traveled in all counties.

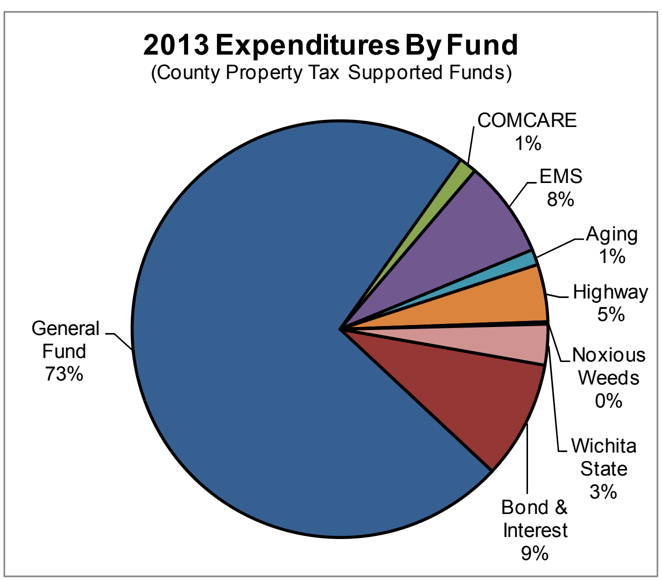
This revenue source has demonstrated considerable variability over the past several years as State Motor Fuel Gas Tax collections fluctuated, the Legislature altered its demand transfer contribution, and the State corrected previous distributions made in error. The State's Fiscal Year 2014 budget reduced the County's allocation by just more than $0.1 million. Collections are anticipated to remain mostly flat through 2019.

■ Expenditures

Sedgwick County's expenditure structure is divided into seven primary categories: personnel, contractuals, debt service, commodities, capital improvements, equipment, and interfund transfers. Of the total expenditures incurred in 2013 for County property-tax-supported funds, 52 percent was attributed to personnel and 25 percent to contractuals.



Of the funds receiving property tax support, the largest is the General Fund with 73 percent of total 2013 expenditures, followed by the Bond and Interest Fund and Emergency Medical Services.



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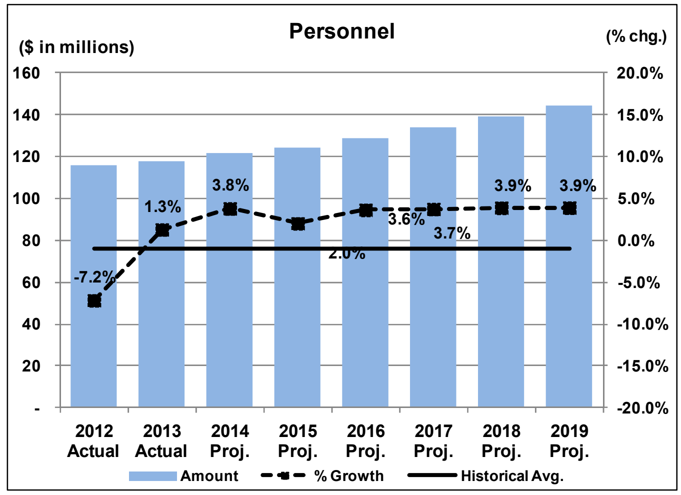
Specific Expenditure Projections in the Financial Forecast

Personnel

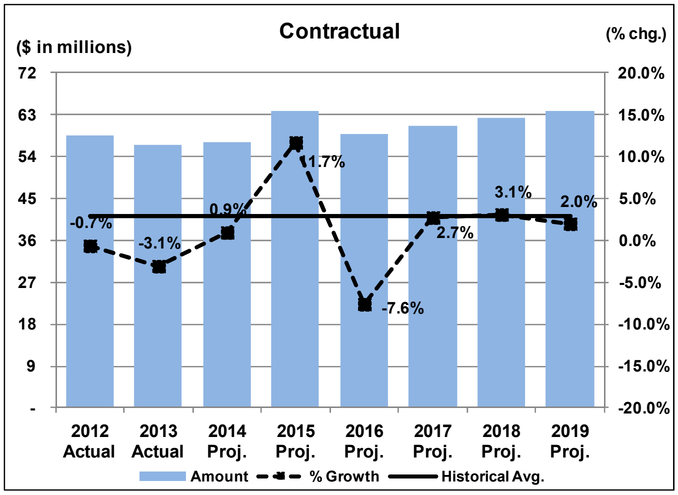


Similar to most government and proprietary entities, personnel expenditures represent the largest cost in delivering services. The projections included in this financial forecast incorporate the following variables:

- A 2.5 percent performance-based compensation pool in 2015, followed by 3.0 percent in 2016 through 2019.
- A 2.9 percent increase in the employer-paid portion of health benefit premiums in 2015. For each year thereafter, a 7.0 percent increase.
- Increases in retirement rates through the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Following the increases for the 2014 budget as outlined in the table below, this forecast anticipates rates increasing by significant margins in 2015.

	2010	2011	2012	2013	2014	2015
KPERS - Retirement Rates						
	7.14%	7.74%	8.34%	8.94%	9.69%	10.33%
KP&F - Retirement Rates						
Sheriff	13.20%	14.91%	16.88%	17.26%	20.28%	21.72%
Fire	12.86%	14.57%	16.54%	17.26%	19.92%	21.36%
EMS	13.25%	14.93%	16.88%	17.26%	20.08%	21.36%

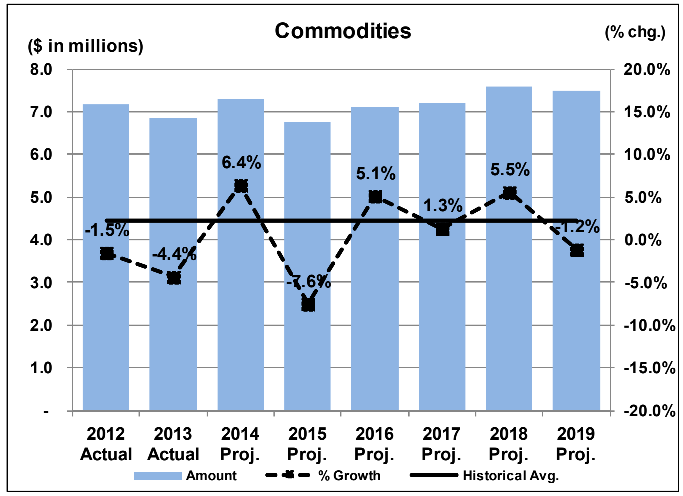
Contractuals



Contractual expenditures, the second largest expenditure category, include those services purchased from and delivered by an external entity and internal departmental charges to other non-property-tax-supported funds. These may include utility services, insurance services, billing contracts, software agreements, forgivable economic development loans, social services delivered by other community providers, or internal fleet and administrative charges.

Historically, growth in contractual expenditures has averaged 2.3 percent over the past 10 years, with the most significant growth occurring due to the implementation of alternative jail programs and economic development funding. Increases included in this forecast anticipate continuing increases in electricity, water, natural gas, inmate medical and food service contracts, and software and technology equipment maintenance costs. The cyclical nature of national, state, and local elections also contributes to expenditure variations in this category.

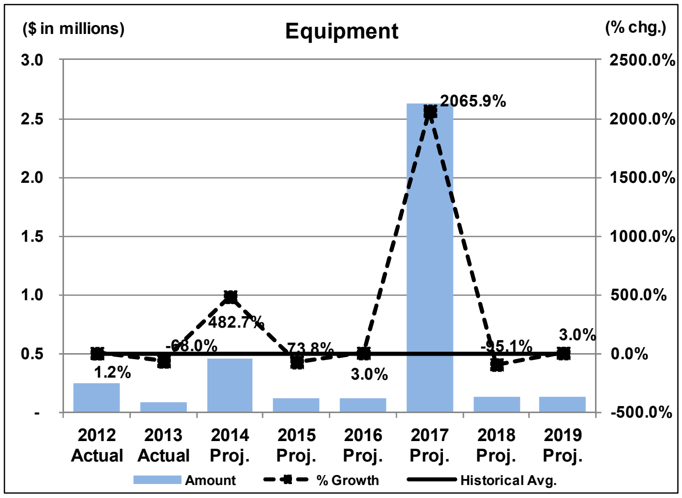
Commodities



This category includes expenditures for the purchase of common tangible items. This may include office supplies, fuel, food, clothing, software, and equipment with acquisition costs of less than $10,000 per unit.

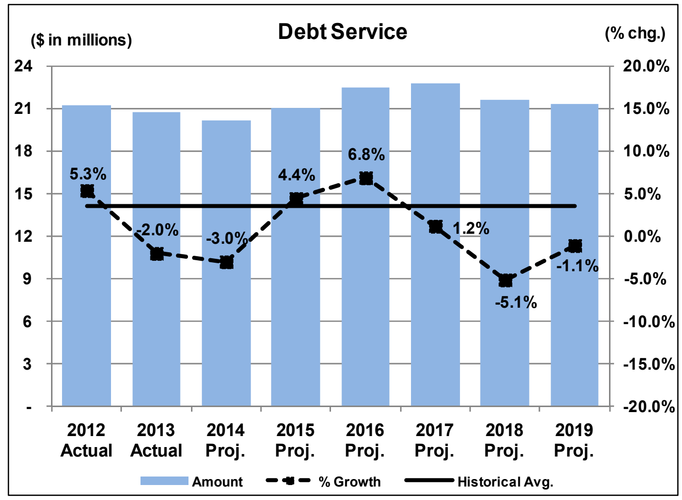
Commodity expenditures often fluctuate from year to year, often due to the election cycle due to commodity expenses within the Election Commissioner's Office that vary from odd years to even years (even years representing either gubernatorial or presidential election cycles).

Equipment (Capital Outlay)



Equipment includes expenditures for office, technical, operating, and vehicular equipment that are more than $10,000. Overall, the County spends relatively small amounts for equipment in the tax-supported funds, so isolated purchases can often result in sizable year-to-year percentage changes. Over the last several years, those increases have largely been related to enhancements to EMS services. In the current forecast, equipment expenditures are anticipated to increase dramatically in 2017 related to the replacement of voting equipment in the Election Commissioner's Office.

Debt Service

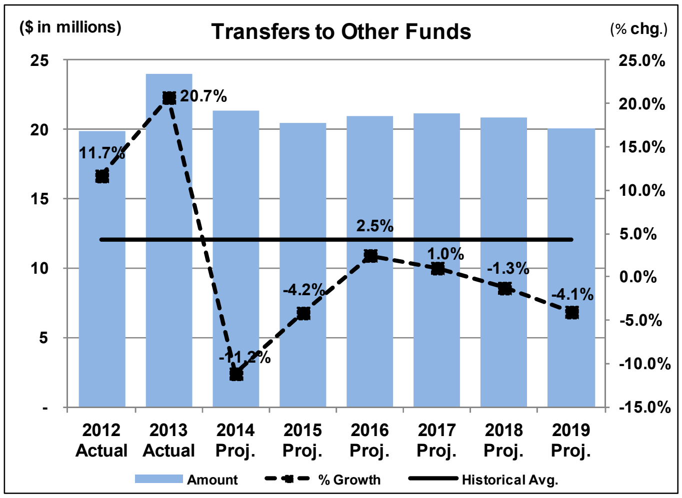


Bond Ratings	
Rating Agency	**Rating**
Standard & Poor's	AAA
Moody's	Aaa
Fitch	AAA

The financial forecast incorporates debt service payments on current debt obligations and includes forecasted debt payments for capital improvement projects, as outlined in the five-year Capital Improvement Program (CIP). Sedgwick County continues to enjoy the highest bond ratings from all three rating agencies. In a previous rating evaluation, Fitch outlined that "financial performance has benefited from strong management systems, including extensive long-term financial and capital planning efforts."

The debt service calculations in the financial plan include the projects listed within the Capital Improvement section of the budget book.

Transfers to Other Funds



Within statutory limitations, the County is allowed to transfer funding from property-tax-supported funds to other funds to finance equipment purchases, capital improvements, or grant matches. Traditionally, transfers to other funds are relatively consistent from one year to the next with the exception of transfers for capital improvement projects and transfers for one-time equipment and software purchases to the Equipment Reserve Fund.

Recurring annual transfers to other funds include the following:

- $1,597,566 annually in collected retail sales and use tax revenues from the General Fund to the Bond and Interest Fund to mitigate the cost of debt service on road and bridge projects.
- Approximately $11.0 million to $14.0 million annually in collected retail sales and use tax revenues from the General Fund to the Sales Tax Road and Bridge Fund for related capital projects.
- Approximately $1.0 million annually from the General Fund to the Risk Management Fund.
- Annual transfers of varying amounts for cash-funded capital projects as included in the recommended capital improvement program (CIP).

As outlined in the adjacent table, significant changes in transfers from one year to the next are largely related to cash-funded capital projects included in the County's Capital Improvement Plan (CIP).

Primary Recurring Transfers

	Sales Tax To LST Road & Bridge Fund	Sales Tax To Bond & Interest Fund	Other Cash Funded Capital Projects*	General Fund to Risk Mgmt.
• 2012 Actual	11,269,805	1,597,566	3,446,027	936,643
• 2013 Actual	11,757,477	1,597,566	2,886,288	1,061,118
• 2014 Proj.	12,485,582	1,597,566	364,129	1,192,079
• 2015 Proj.	12,847,248	1,597,566	2,103,787	1,156,015
• 2016 Proj.	13,463,991	1,597,566	1,970,601	1,173,355
• 2017 Proj.	13,999,055	1,597,566	2,093,058	1,190,956
• 2018 Proj.	14,553,162	1,597,566	1,936,404	1,208,820
• 2019 Proj.	15,126,993	1,597,566	425,757	1,226,952

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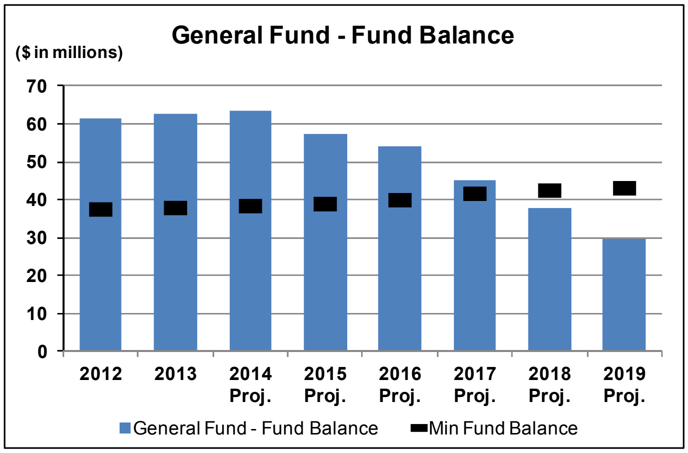
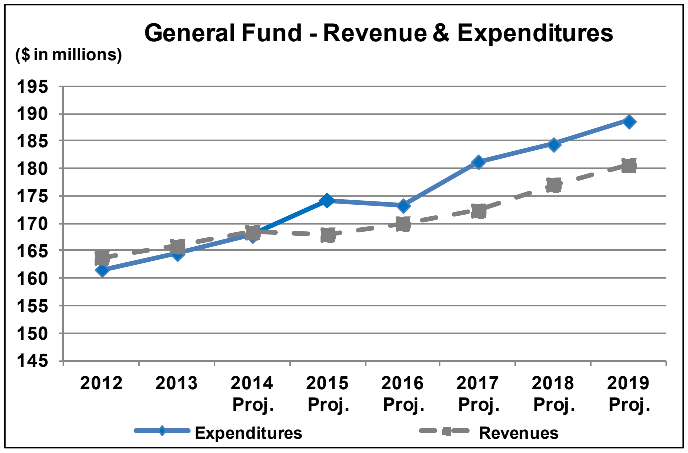
■ Summary by Fund

The following section will provide a brief discussion of each property-tax-supported fund included in the forecast, outline current and future fund balance projections, and discuss major fiscal challenges anticipated to impact the fund over the planning period.

General Fund





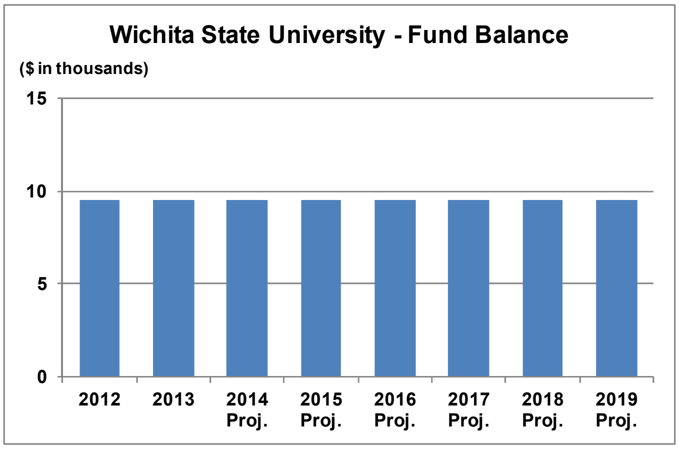
The General Fund is the County's primary operating fund and accounts for County services that do not have a designated fund of their own. The General Fund includes most general government and law enforcement functions and receives the broadest variety of revenues. Currently, the General Fund provides funding for the operations of 42 departments.

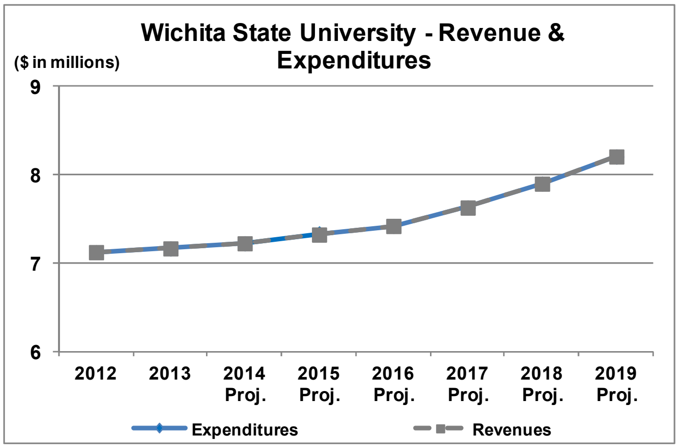
The County's fund balance policy requires the General Fund to maintain a minimum balance equal to 20 percent of the adopted budget. As shown in the table above, the fund has built a balance exceeding this amount, which is projected to continue through 2017. Without increased revenues or expenditure adjustments, the fund is projected to fall below the minimum fund balance required by policy in 2018.

Major fiscal challenges:

- Diminished revenues due to State of Kansas actions, including 2014 legislation that began the phase-out of the mortgage registration fee, a key revenue for the General Fund
- Impact of slowly improving economic conditions on various key revenues, such as property taxes, retail sales tax, mortgage registration fees, and investment income
- Maintaining services and/or service levels as the availability of funding diminishes due to the economic environment
- Limitations in the ability to address unplanned, emergency funding needs when they arise as the fund balance declines

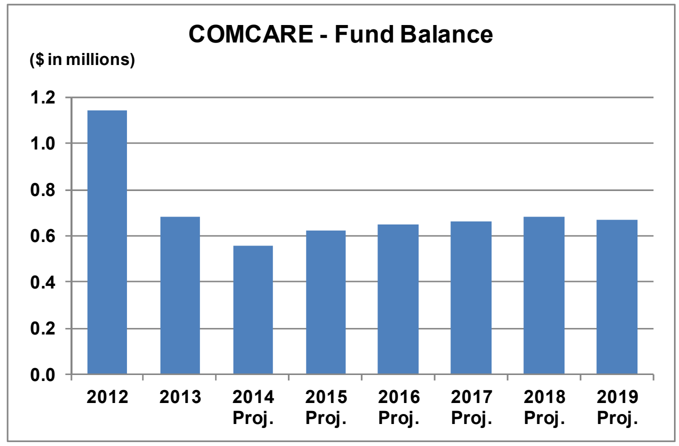
Wichita State University Fund

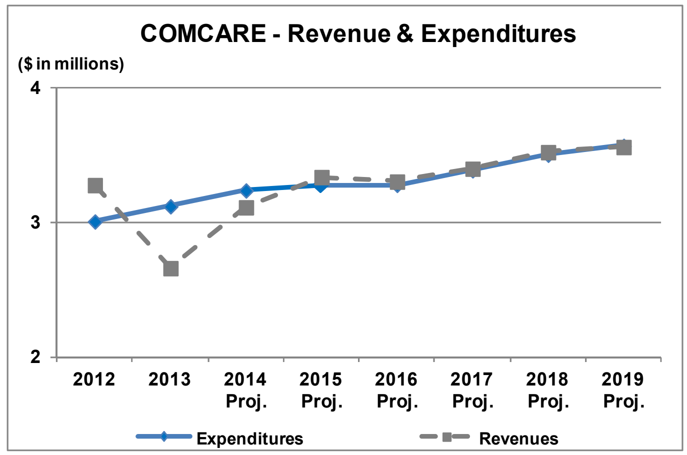




In June 1987, the Board of County Commissioners and the Wichita City Council approved an inter-local agreement in which the City agreed to stop levying its 1.5 mill property tax and the County created a County-wide levy of an equal amount.

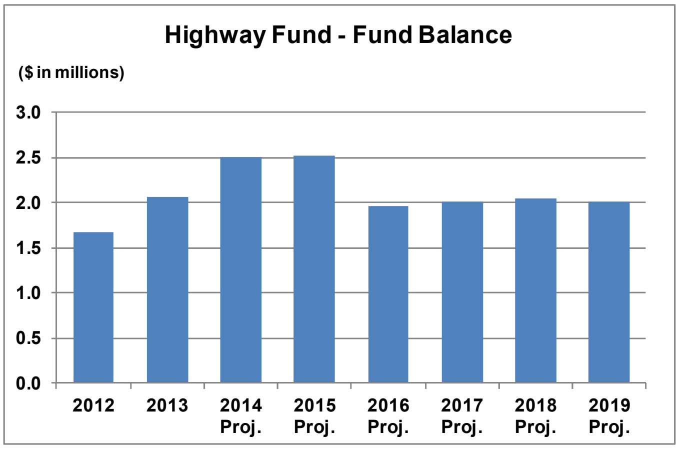
COMCARE Fund

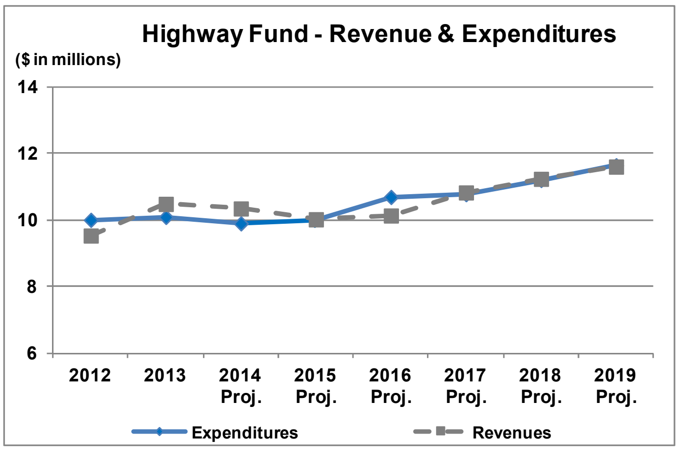




Comprehensive Community Care (COMCARE) provides mental health services and substance abuse treatment to adults, families, and children. COMCARE was established after the passage of the State's Mental Health Reform Act in 1990 and is one of 29 agencies in the State of Kansas. This fund supports the majority of administrative costs related to the delivery of mental health services, while a separate grant fund supports the majority of direct services.

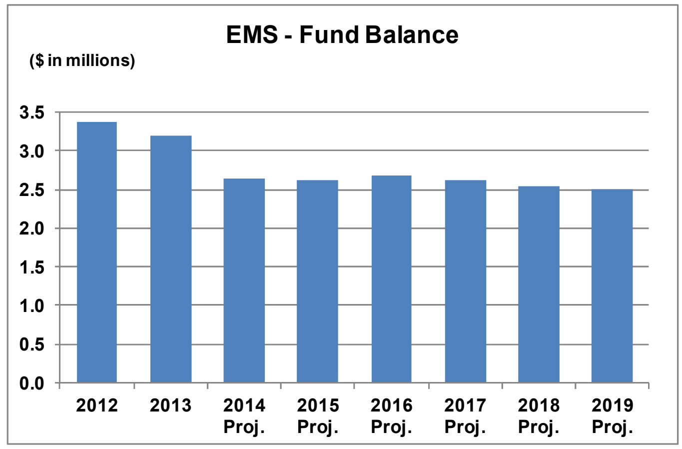
Highway Fund

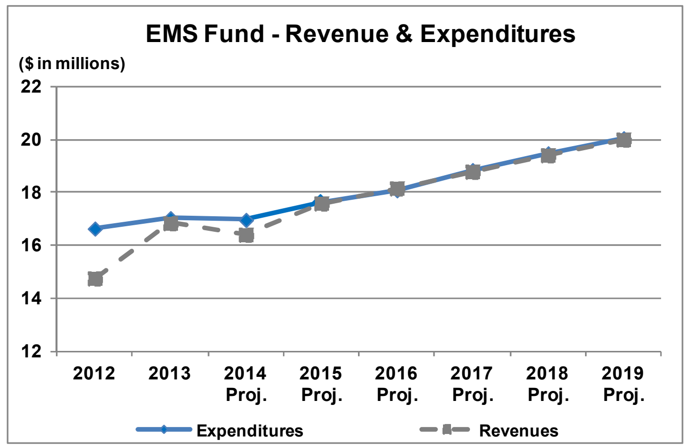




The Highway Department is financed through the Highway Fund to construct and maintain the County's roads, bridges and intersections. The Fund is primarily supported through a property tax levy and revenue from the State's Special City/County Highway Fund.

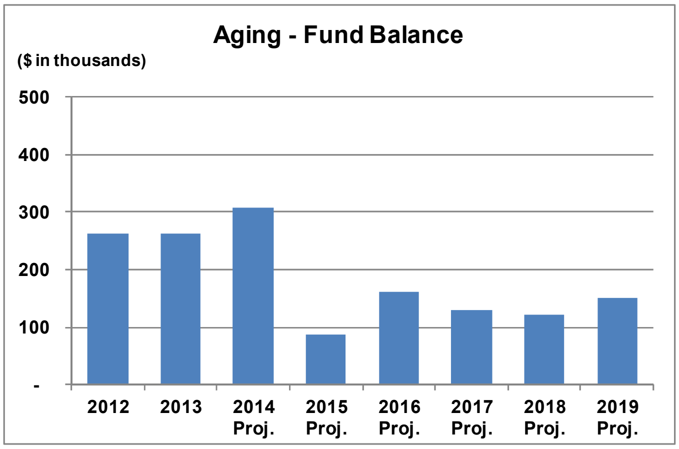
Emergency Medical Services Fund

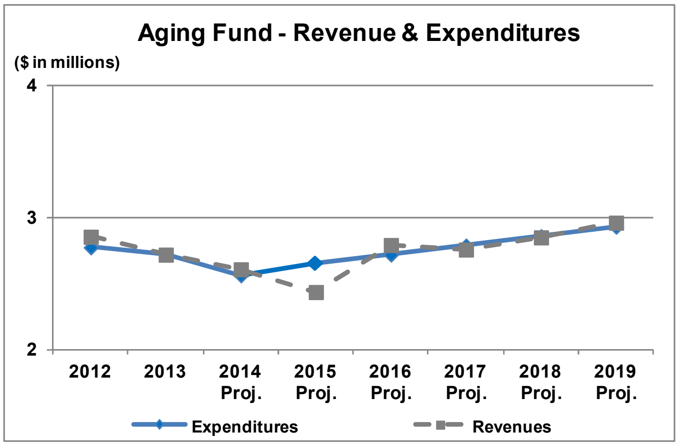




Emergency Medical Services (EMS) was created in 1974 per a City/County agreement to provide emergency response and scheduled ambulatory transfers. Prior to 1974 a private provider delivered EMS services to the community.

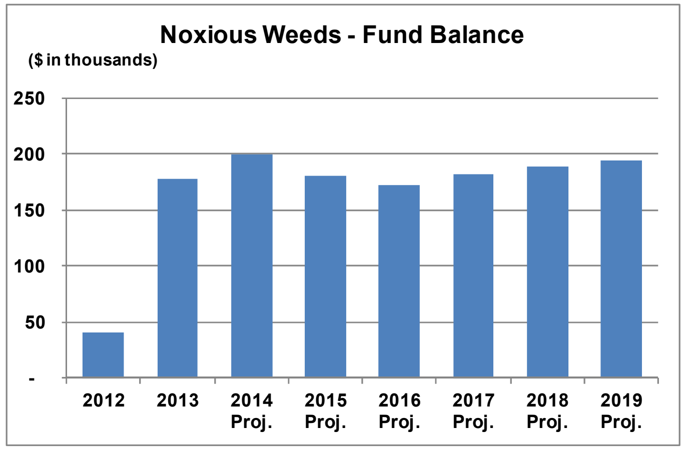
Aging Fund

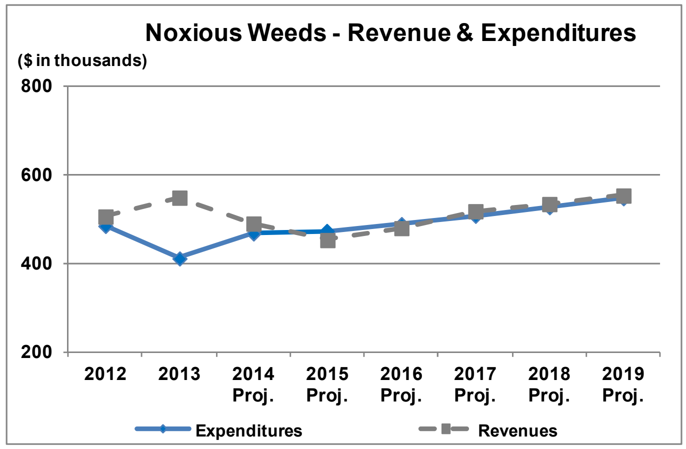




The Department on Aging was created in 1980 to serve older citizens of the County and advocate independence and quality of life. This fund supports the majority of administrative costs and a variety of direct services, such as funding to local senior centers. The Department also operates within a grant fund in which direct services are also funded.

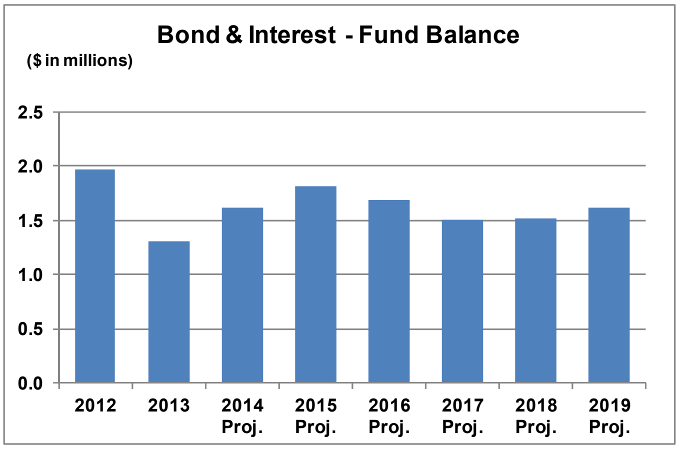
Noxious Weeds Fund

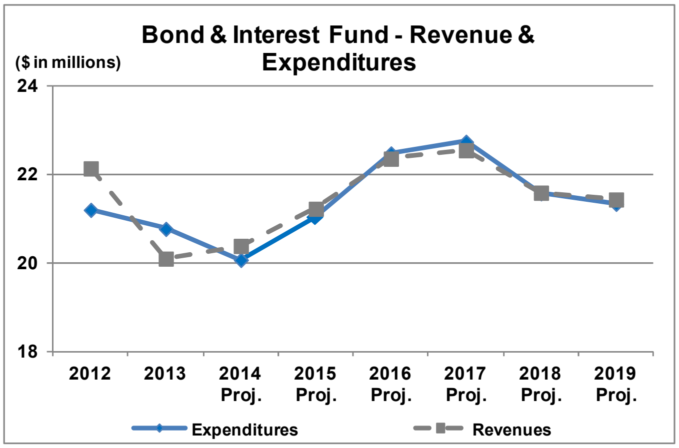




The Noxious Weeds Department was established to eradicate and control noxious weeds as required by K.S.A. 2-1318.

Bond & Interest Fund





The Bond and Interest Fund provides for the retirement of the County's general obligation bonds. Each year, the County levies taxes, together with special assessments credited to the Fund, which are sufficient to pay the principal and interest payment due throughout the year.

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Financial Forecast 2011 - 2019

All Property Tax Supported Funds

Modified Accrual Basis

		Actual			Estimated					
		2011	2012	2013	2014	2015	2016	2017	2018	2019
1	***Beginning Fund Balance***	*76,019,846*	*68,757,915*	*69,848,639*	*70,436,060*	*71,179,746*	*65,063,988*	*61,266,842*	*52,125,005*	*44,778,749*
2	**Operating Revenue**									
3	**Taxes**	165,581,045	167,883,383	169,408,756	171,244,467	173,702,198	176,337,024	181,075,935	187,232,633	194,224,814
4	Current property taxes	119,262,429	120,890,284	120,968,317	122,206,743	123,714,566	125,190,661	128,675,016	133,361,789	138,756,786
5	Back property taxes & warrants	2,509,077	3,075,686	3,642,095	3,071,777	2,674,529	2,543,808	2,507,767	2,470,610	2,438,575
6	Special assessment property taxes	2,987,439	2,375,128	1,954,984	1,617,407	1,310,296	1,260,998	957,321	816,003	740,847
7	Motor vehicle taxes	15,777,423	15,669,085.38	15,964,587	16,396,977	16,902,825	17,426,143	17,965,667	18,521,899	19,095,357
8	Local retail sales tax	22,473,163	23,319,686	24,082,547	24,956,182	26,047,682	26,748,038	27,683,162	28,650,974	29,652,615
9	Local use tax	2,320,607	2,415,055	2,627,539	2,750,361	2,841,946	2,955,624	3,073,849	3,196,803	3,324,675
10	Other taxes	250,907	244,519	295,802	366,927	268,906	271,475	274,069	276,690	279,337
11	**Intergovernmental**	9,929,979	9,089,611	8,712,929	8,356,161	7,410,021	7,521,100	7,683,240	7,853,929	8,029,469
12	**Charges for service**	29,608,670	30,640,503	30,786,203	30,668,451	32,078,000	32,826,234	32,853,534	33,017,445	32,055,643
13	**Reimbursements**	4,635,802	4,586,515	5,043,657	5,631,418	5,137,165	5,241,692	5,348,376	5,457,261	5,568,394
14	**Use of money and property**	5,706,510	4,494,424	5,124,831	5,166,778	4,843,260	5,089,948	5,078,382	4,498,600	3,020,641
15	**Other revenues**	3,002,846	4,644,163	3,206,030	4,108,556	3,380,098	3,809,335	3,459,286	3,499,969	3,541,399
16	**Transfers from other funds**	3,363,725	2,568,902	4,077,670	3,791,967	3,790,685	3,790,922	3,271,082	2,523,348	2,530,156
17	***Total Revenue***	*221,828,577*	*223,907,501*	*226,360,076*	*228,967,798*	*230,341,426*	*234,616,255*	*238,769,834*	*244,083,185*	*248,970,517*
18	**Operating Expenditures**									
19	**Personnel and benefits**	124,858,482	115,914,010	117,411,580	121,873,891	124,335,564	128,857,747	133,676,162	138,866,087	144,273,347
20	**Contractual services**	58,764,650	58,380,753	56,584,481	57,114,364	63,780,663	58,920,277	60,526,501	62,391,576	63,621,439
21	**Debt service**	20,102,162	21,177,428	20,749,043	20,125,588	21,013,126	22,452,118	22,715,441	21,550,584	21,314,859
22	**Commodities**	7,296,350	7,183,808	6,869,614	7,307,030	6,754,805	7,100,057	7,192,459	7,590,365	7,502,505
23	**Capital improvements**	(1,399)	8,814	46,862	7,741	-	-	-	-	-
24	**Capital outlay > $10,000**	238,532	241,350	77,163	449,642	117,660	121,190	2,624,825	128,570	132,427
25	**Transfers to other funds**	17,831,731	19,910,614	24,033,913	21,345,856	20,455,365	20,962,011	21,176,283	20,902,259	20,053,955
26	***Total Expenditures***	*229,090,508*	*222,816,778*	*225,772,656*	*228,224,113*	*236,457,183*	*238,413,400*	*247,911,671*	*251,429,441*	*256,898,533*
27	***Operating Income***	*(7,261,931)*	*1,090,723*	*587,421*	*743,686*	*(6,115,758)*	*(3,797,145)*	*(9,141,838)*	*(7,346,255)*	*(7,928,016)*
28	***Ending Fund Balance***	*68,757,915*	*69,848,639*	*70,436,060*	*71,179,746*	*65,063,988*	*61,266,842*	*52,125,005*	*44,778,749*	*36,850,733*
29	**Less: minimum fund balance**	(41,465,677)	(37,402,381)	(37,780,976)	(38,290,214)	(39,671,514)	(39,999,718)	(41,593,287)	(42,183,479)	(43,101,054)
30	***Available Fund Balance***	*27,292,238*	*32,446,258*	*32,655,084*	*32,889,532*	*25,392,474*	*21,267,125*	*10,531,718*	*2,595,270*	*(6,250,321)*
31	**Assessed valuation**	4,279,583,271	4,302,212,481	4,273,459,432	4,301,084,880	4,348,562,089	4,431,184,769	4,553,042,350	4,716,951,874	4,905,629,949
32	***Assessed valuation % chg.***	0.8%	0.5%	-0.7%	0.6%	**1.1%**	1.9%	2.8%	3.6%	4.0%
33	**Mill levy**	29.359	29.428	29.446	29.377	**29.478**	29.478	29.478	29.478	29.478
34	***Mill levy change***	*(0.509)*	*0.069*	*0.018*	*(0.069)*	***0.101***	*0.000*	*0.000*	*0.000*	*0.000*

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