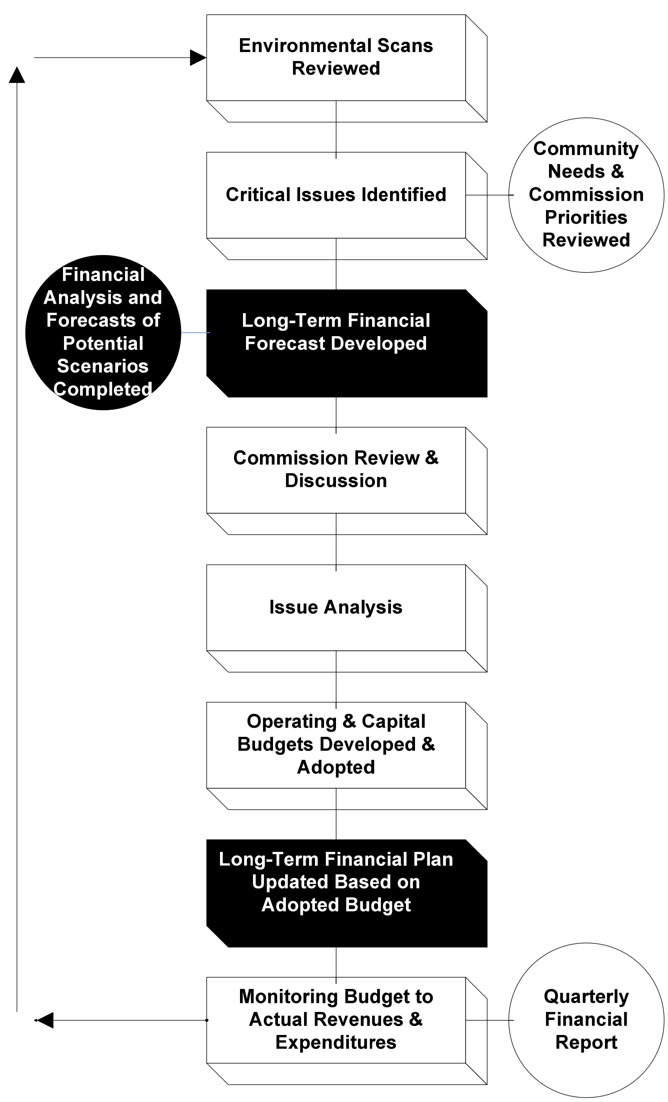
Financial Forecast

For the Period of 2012 - 2017

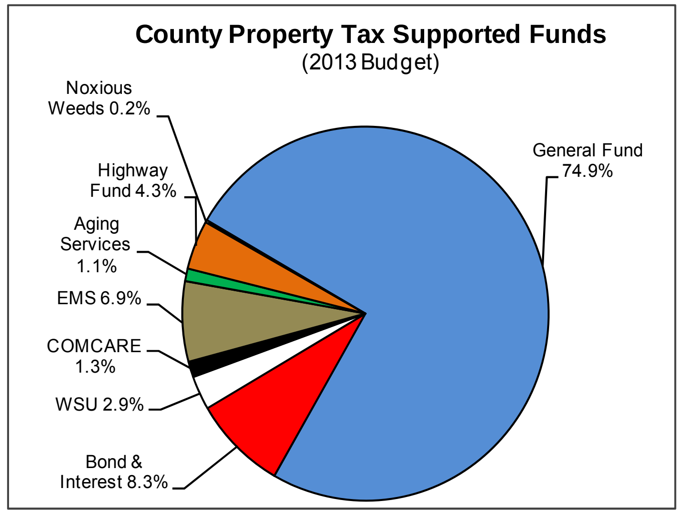
Introduction

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

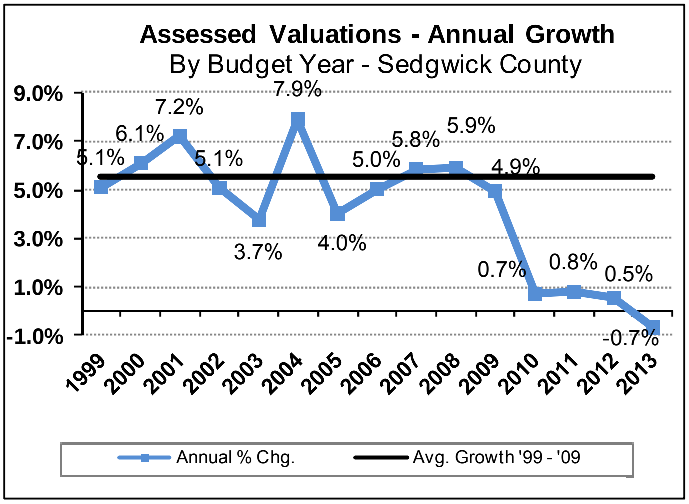
The estimates included in the forecast are based on estimates formulated through the utilization of both quantitative and qualitative methods. Quantitatively, historical revenues and expenditures were analyzed primarily through trend analysis and percentage growth patterns. In addition, national, state, 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 and changes included in the adopted budget. This version of the financial forecast has also been updated for both financial trends and decisions by the Board of County Commissioners (BoCC) as of the end of the third quarter of 2012.

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 remains challenged by weak revenue growth. Valuations driving property tax collections (over 50 percent of total revenues) have experienced less than one percent growth over the past three years, and for the first time in the last 19 years, assessed property tax valuations for the 2013 budget experienced a negative assessment of 0.7 percent by the County Appraiser.

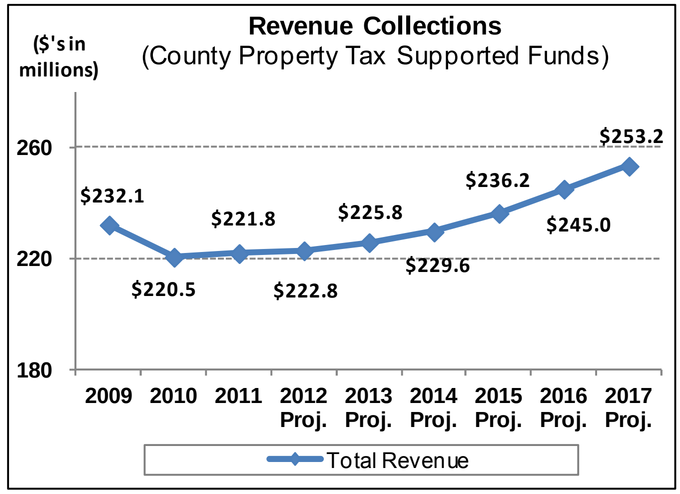


At the same time that property valuations have been weak, other key revenues comprising approximately 32 percent of total collections have also fallen significantly below their historical highs over the past six years. The table below outlines the year in which the highest revenue collection occurred in comparison to the projection included in this forecast for 2012. If collections in these key revenues had remained the same as the year in which their historical high occurred, the County would be projected to collect $21.3 million more revenue than existing projections.

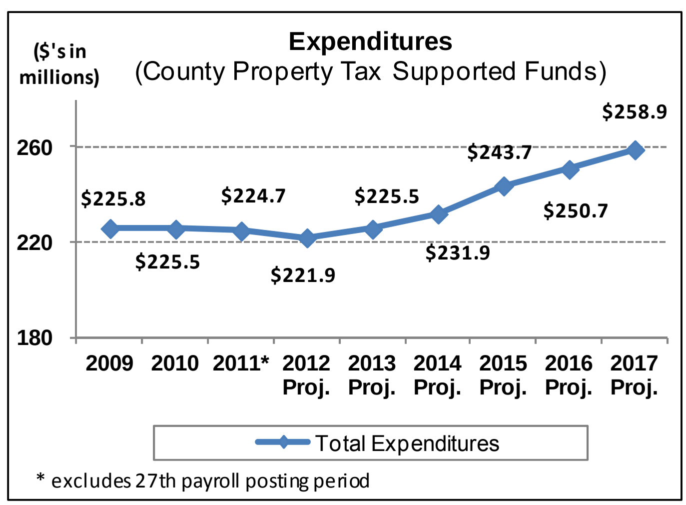
Key Non-Property Tax Revenue Changes

	Historical High		2012 Proj.
	Year	Amount	Amount
Retail sales & use tax	2008	$ 26,754,282	$ 25,832,665
Motor vehicle tax	2008	16,406,520	15,039,749
Investment income	2008	15,620,358	1,244,934
Medical chgs. for serv.	2007	13,703,667	13,476,959
Mortgage reg. fees	2007	8,025,061	6,562,831
Special city/county hwy.	2007	5,315,576	4,439,621
Housing fees - jail	2011	3,753,883	2,946,490
State mortg. bond rev.	2009	1,905,959	620,000
Gaming revenue	2012	1,756,800	1,756,800
Total		$ 93,242,106	$ 71,920,049

As a result of the combination of minimal to no growth in property valuations and weak collections within other key revenues, collections fell significantly in 2009, and remained flat in 2010 and 2011. Projections outline collections gaining some growth in 2013, with strong revenue growth returning in 2014 as property valuations slowly improve.



At the same time that revenues have fallen, the County has maintained expenditure control. Over the past two years actual expenditures have fallen (excluding 27th payroll posting period in 2011), while projections for 2012 and 2013 also outline falling expenditures after incorporating the budgetary reductions included in the 2013 recommended budget.



It is evident that as a result of a challenging revenue environment and flat expenditure growth over an extended period (2009 to 2013 projected), that Sedgwick County has been experiencing significant change in both the services it delivers and how those services are delivered. For several years now, the County has worked through the current environment with the Board of County Commissioners outlining three goals to be achieved.

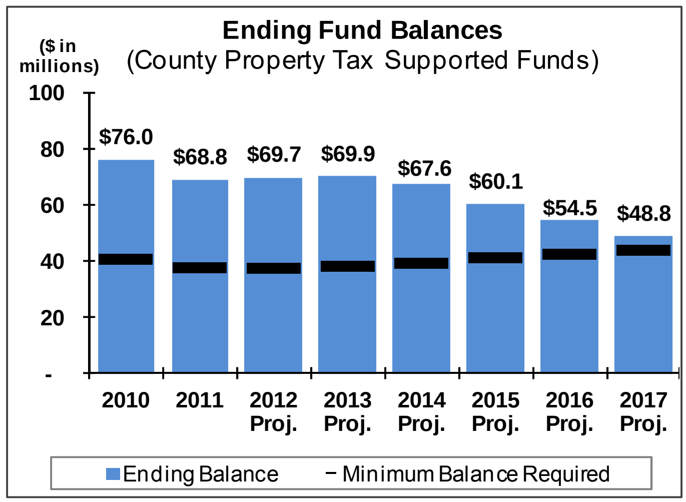
- Zero operating deficit for 2013
- Focused government
- Less debt

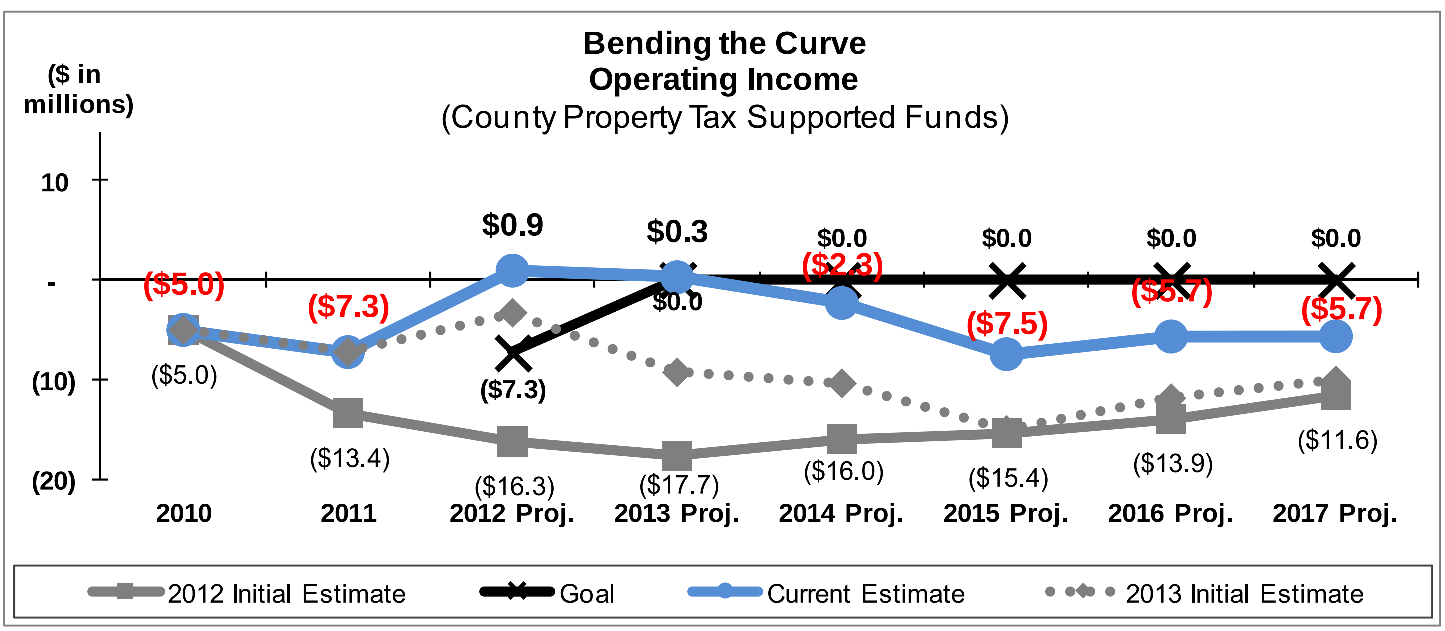
The 2013 recommended budget accomplishes all three of those goals, with the "Bending the Curve" graph at the bottom of this page outlining estimated annual deficits of up to $17.7 million (2013) when the 2012 budget process began (represented by the solid grey line). After implementing $10.3 million in budgetary reductions in 2011 and 2012, the graph outlines estimated deficits of up to $15.1 million in 2015 when the 2013 budget process began (represented by the dashed grey line).

With the inclusion of the budgetary reductions included within this budget, the operating deficit has been eliminated for 2013 (represented by the solid blue line). However, as outlined in the graph, current projections do outline estimated deficits returning in 2014 through 2017 as growth in property valuations and other key revenues do not keep pace with projected expenditures. In addition, a significant deficit emerges in 2015 as the result of larger cash contributions included in the long-term Capital Improvements Program (CIP) and the issuance of debt related to construction of the Heartland Preparedness Center takes effect.

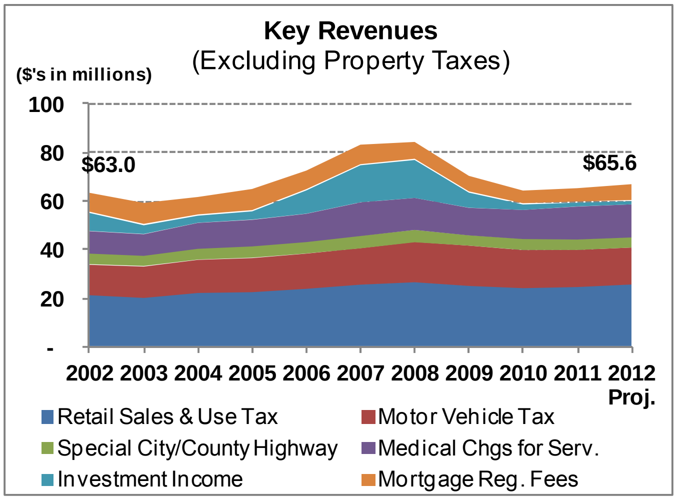
These budgetary reductions help to ensure the long-term continuity of essential services. Prior to the national recession, Sedgwick County proactively implemented an initiative to increase its fund balances during the good times to weather significant economic downturns later through a "rainy day reserve." 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. With the projections included in this financial forecast, ending balances would remain above the minimum fund balance policy through 2017.

> The minimum fund balance policy outlines that balances are not to fall below 20% of budgeted expenditures for the General Fund.





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. But, with the extended recovery, the sustainability of the County is placed in significant risk if existing operations are not changed to address current economic conditions and changing revenue collections. As outlined in the Key Revenues graph below, when excluding property taxes, the County is projected to collect a similar level of revenue from these key sources in 2012 as 10 years ago in 2002.



Over the planning horizon of the financial forecast, the County will continue to confront a variety of challenges. None, however, will be more testing than the economy. The County will continue to be confronted with a weak revenue environment that will challenge its ability to satisfy the broad-based needs of the community. 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.

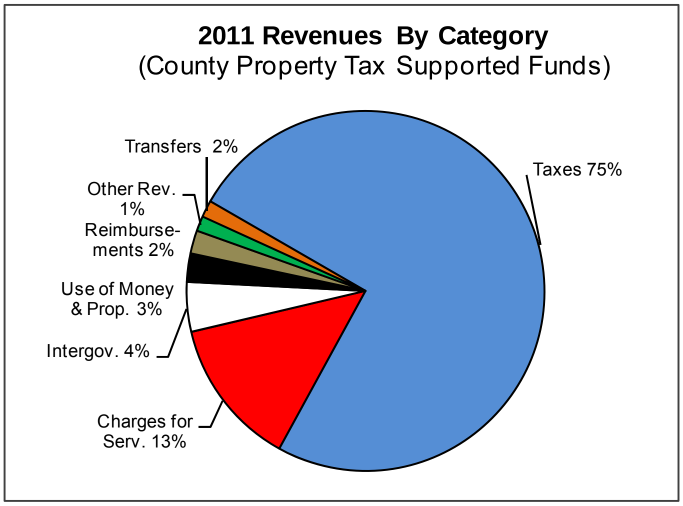
Previous Management Decisions

- **2002:** $1.0 million in operating costs are eliminated.
- **2003:** County eliminates 41 positions and freezes 10.5. In addition, 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 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.

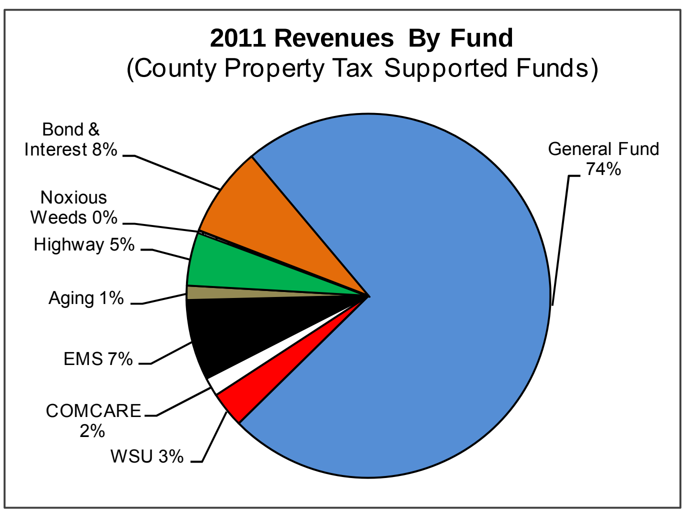
- **Expenditure Core Principles**
  - Concentrate public services on those considered core County services and vital to the development of the community.
  - Seek innovative programs for delivering public services beyond current operating standards.
  - Educate State Legislators on the impact of new 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.

■ 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 2011, a total of $221.8 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 74 percent of total revenue collections in 2011, followed by the EMS, Highway, and Bond and Interest funds.



Specific Revenue Projections in the Financial Forecast

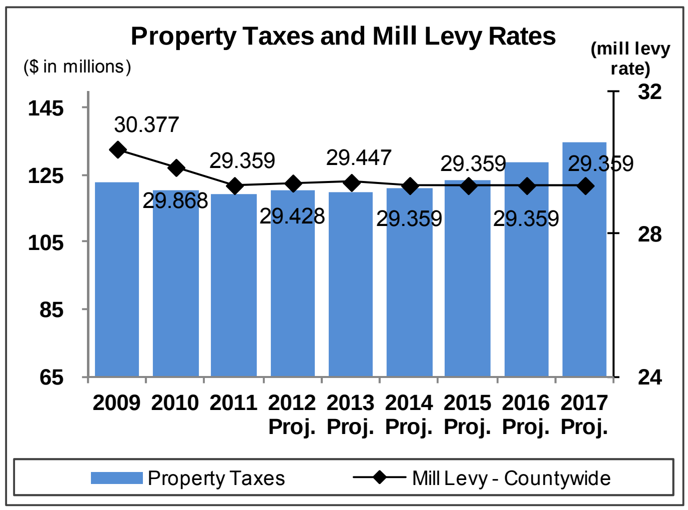
Major Revenues
County Property Tax Supported Funds*

	2011	% of Total
Total Revenues & transfers in	$221,828,577	100%
Property taxes	$119,262,429	54%
Local sales & use tax	$ 22,473,163	10%
Motor vehicle tax	$ 15,072,455	7%
Medical charges for service	$ 13,491,055	6%
Mortgage registration & officer fees	$ 5,437,539	2%
Investment income	$ 1,568,641	1%
Special city/county highway	$ 4,544,024	2%
Total	$181,849,305	82%

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

Of the total revenue collections and transfers from other funds in 2011, 82 percent was collected from seven distinct revenue sources. The following discussion on revenue projections included in the financial plan will concentrate on these revenues as outlined in the table below.

Property Taxes



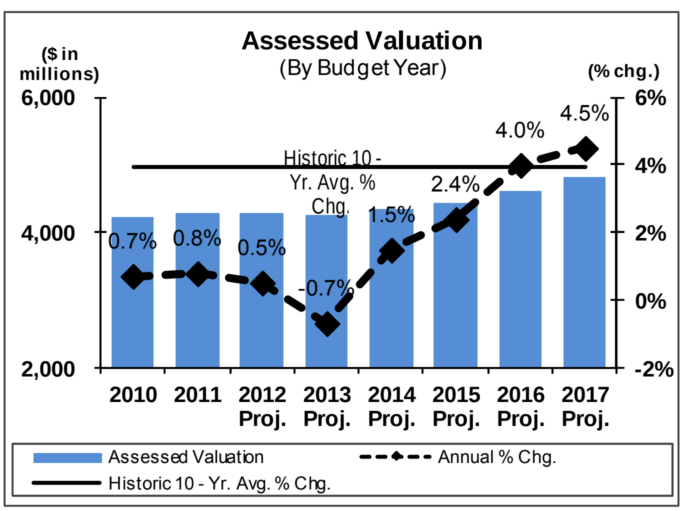
Property taxes play a vital role in financing essential public services. Property tax revenues are primarily used to fund services County-wide in the General Fund and various special revenue funds that do not have the capacity to self-finance their services, in addition to retiring the County's long-term 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, as demonstrated on the previous graph. 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 (absent technical adjustments based on State property tax statutory provisions) at 29.4 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:

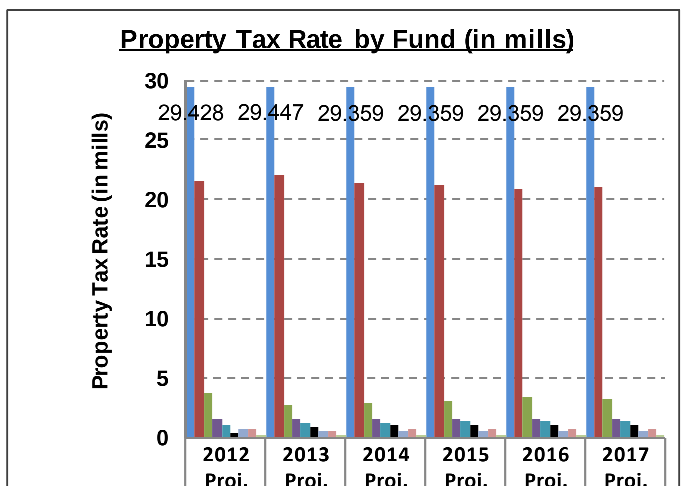
- An assumption that the property tax rate will remain relatively unchanged through the rest of the planning period at 29.4 mills (absent technical adjustments).
- Increases or decreases in property tax revenues following 2012 will result from an estimated increase or decrease in assessed valuations 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.



Over the past 10 years, Sedgwick County's assessed valuation has grown an average of 3.9 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. But, that trend changed notably in 2010 when the County experienced a significant decrease from past experiences. Since then, marginal growth was experienced in 2010 to 2012 with growth of less than 1.0 percent a year, and a decrease of 0.7 percent for the 2013 budget year.

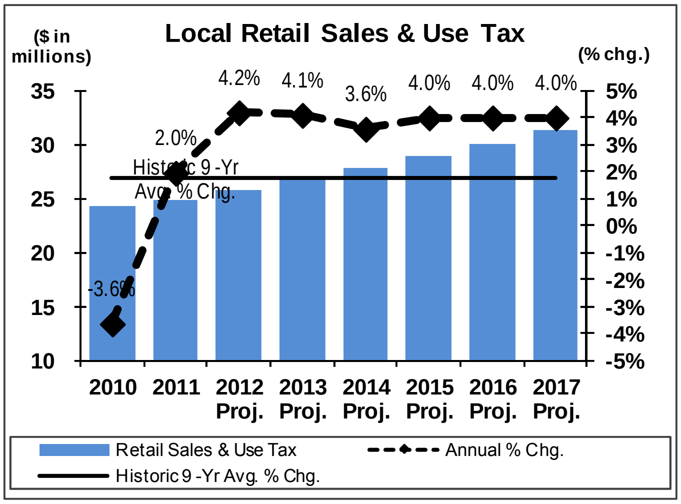
This plan estimates that future growth will not be as strong as the past decade, but as economic conditions improve during the latter portion of the planning horizon, more traditional rates of growth will occur.

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 are 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.



	2012 Proj.	2013 Proj.	2014 Proj.	2015 Proj.	2016 Proj.	2017 Proj.
All Funds	29.428	29.447	29.359	29.359	29.359	29.359
General	21.516	22.003	21.411	21.141	20.831	20.970
Bond & Int.	3.627	2.661	2.900	3.100	3.450	3.280
WSU	1.500	1.500	1.500	1.500	1.500	1.500
Highway	1.042	1.256	1.252	1.350	1.350	1.390
EMS	0.427	0.896	1.000	1.000	0.960	0.960
Aging	0.601	0.564	0.570	0.570	0.570	0.560
COMCARE	0.624	0.460	0.630	0.600	0.600	0.600
Noxious Wds	0.091	0.106	0.096	0.098	0.098	0.099

Local Retail Sales and Use Tax



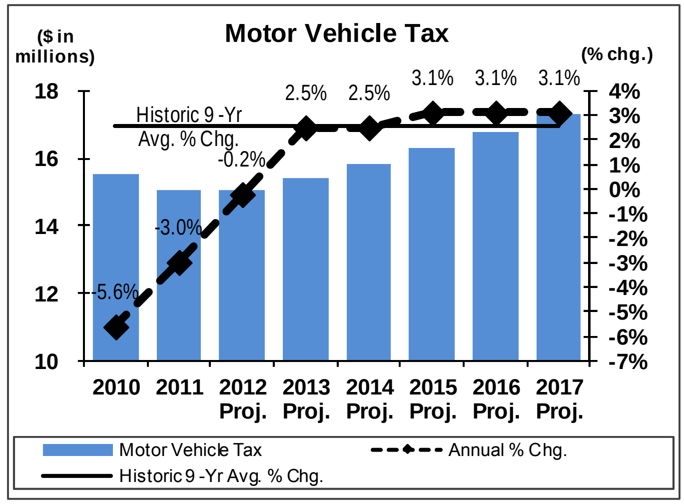
Local retail sales tax is generated from a County-wide one percent tax on retail sales, imposed pursuant to voter approval in July of 1985. Distribution of sales tax revenue to the County and cities is based half on their individual population levels and half on property tax levies per State statute 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

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.

Historically, retail sales and use tax collections have experienced an average growth rate of 1.8 percent over the past nine years, but averaged 5.7 percent between 2004 to 2008. As a result of economic stress and the County's reduction in its mill levy over three consecutive years, collections have fallen from a high of $26.8 million in 2008 to $24.8 million in 2011.

Motor Vehicle Tax



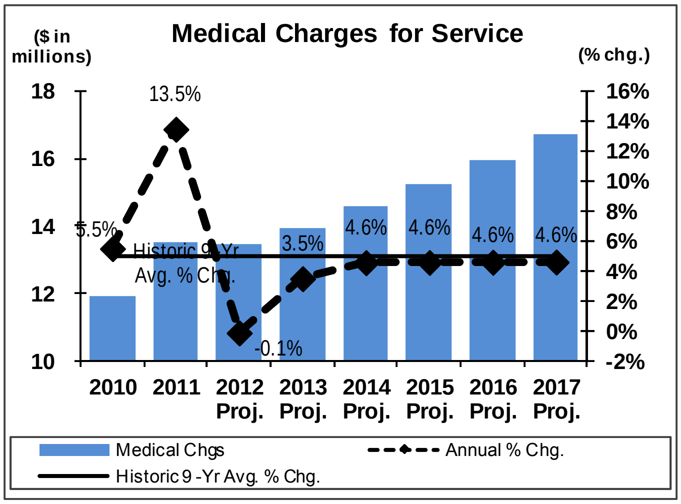
The State statute describing the collection and distribution of Motor Vehicle Taxes is outlined in K.S.A. 79-5101 et seq.

- Motor vehicles are distinguished by 20 different 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 total assessed valuation of the County.
- 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.

As a result, 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.

Motor vehicle taxes have in the past 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 $16.4 million in 2008, with current projections not expecting to exceed this level until 2016 with collections of $16.8 million.

Medical Charges for Service

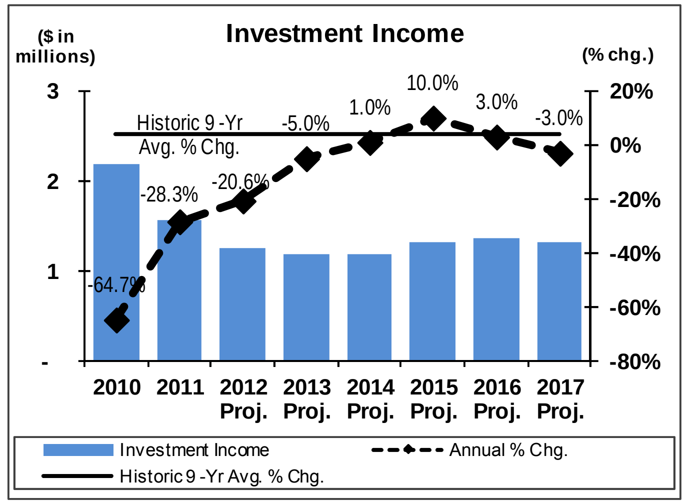


Medical charges for service include Medicaid, Medicare, insurance, and patient fees for delivered medical services. In the property tax supported funds, these services are predominately delivered through EMS, generating 92 percent of the total 2011 collections, followed by the Health Department and the 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 2011, collections grew by a substantial 13.5 percent, but are projected to remain relatively unchanged in 2012. The reduction in collections is the result of a change in the EMS billing vendor in mid 2010. The change caused a disruption in EMS' revenue stream, extending collections out into 2010. Traditionally, medical charges for service grow an average of approximately 5.0 percent annually.

Investment Income

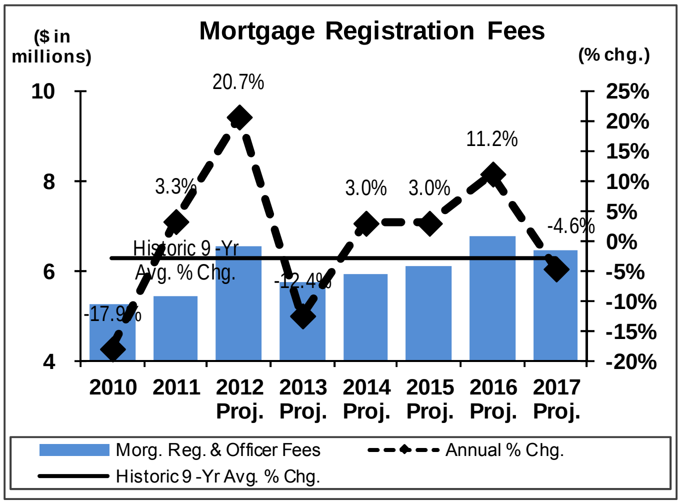


Investment income accounts for revenues generated from the investment of idle County funds. Traditionally, this revenue source can be volatile with collections dependent on interest rates in investment markets, the timing in which investments mature, and the size of the investment portfolio. State law 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 substantial completion of the downtown arena and declining investment yields, the County's investment income began to experience significant declines. For 2012, this trend is expected to continue with a 20.6 percent decrease, with more moderate decreases to follow until 2014. The significant increase in 2015 and continued into 2016 is the result of the anticipated availability of additional, temporary cash for investments. This is the result of two large bond issues. One planned for 2014 to construct the Heartland Preparedness Center and one planned in 2015 for a new administrative building.

Mortgage Registration Fees



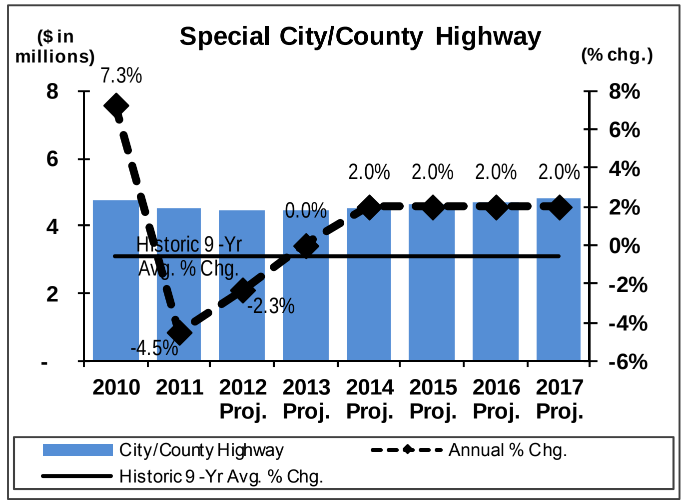
Mortgage registration fees are collected by the Register of Deeds.

- 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.

Within this revenue source, collection levels are strongly correlated with the strength of the local real estate and refinancing market. This is predominately the basis for the falling collections that have occurred between 2008 to 2010. Collections grew in 2011 as a result of a few large mortgage registrations. The significant increase in 2012 is the result of a one-time fee revenue of almost $1.0 million. In addition, the increase in projected 2016 collections 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 $6.6 million in 2012.

Special City/County Highway

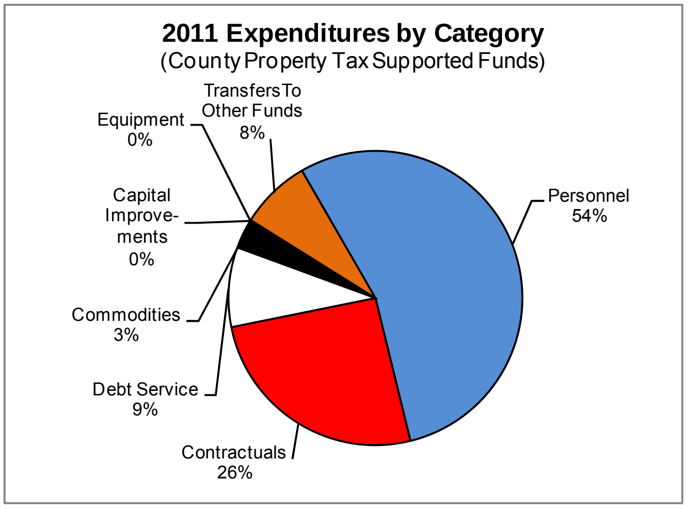


The Highway Department is financed through the Highway Fund to construct and maintain the County's roads, bridges, and intersections. Of the revenues used to fund these operations, the largest is the State's special city/county highway fund authorized under K.S.A. 79-3425. Through the Fund, the State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

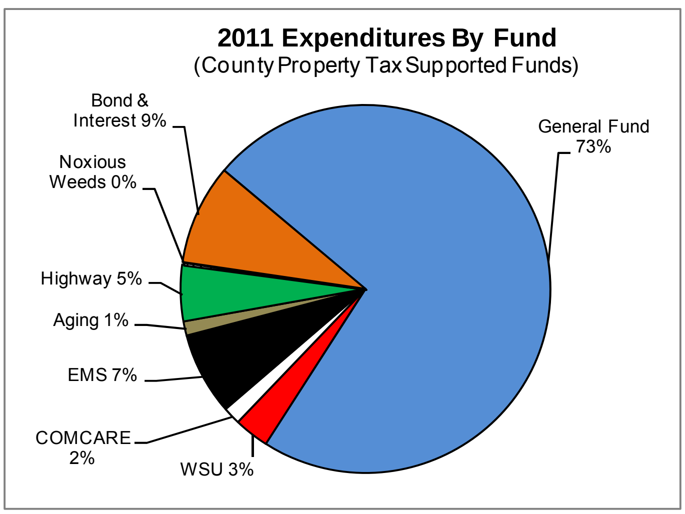
- Each county shall receive a payment of $5,000.
- Remaining 50 percent is allocated based on the portion of collected motor vehicle registration fees in the county compared to the amount collected in all counties.
- Remaining 50 percent is allocated based on the portion of average daily vehicle miles 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 County anticipates a decline of 2.3 percent in 2012, followed by a consistent level of collections in 2013, then growth of 2.0 percent between 2013 to 2017.

■ Expenditures



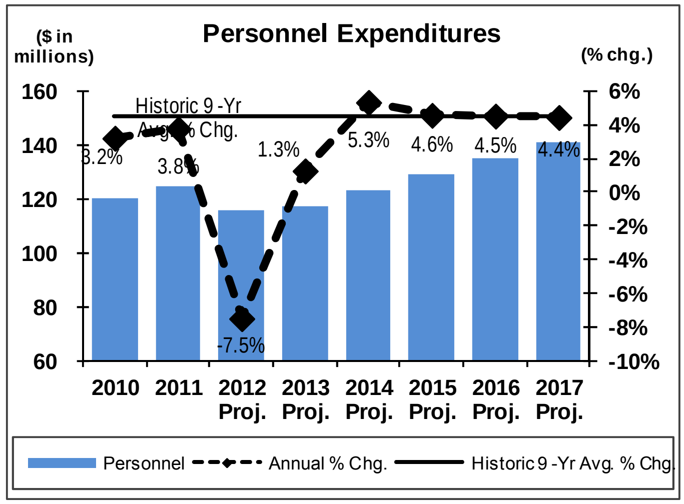
Sedgwick County's expenditure structure is divided into seven primary categories: personnel, contractuals, debt service, commodities, capital improvements, equipment, and interfund transfers. Of the total expenditures incurred in 2011 for County property tax supported funds, 54 percent was attributed to personnel and 26 percent to contractuals.



Of the funds receiving property tax support, the largest is the General Fund with 73 percent of total 2011 expenditures, followed by the Bond and Interest Fund and Emergency Medical Services.

Specific Expenditure Projections in the Financial Forecast

Personnel



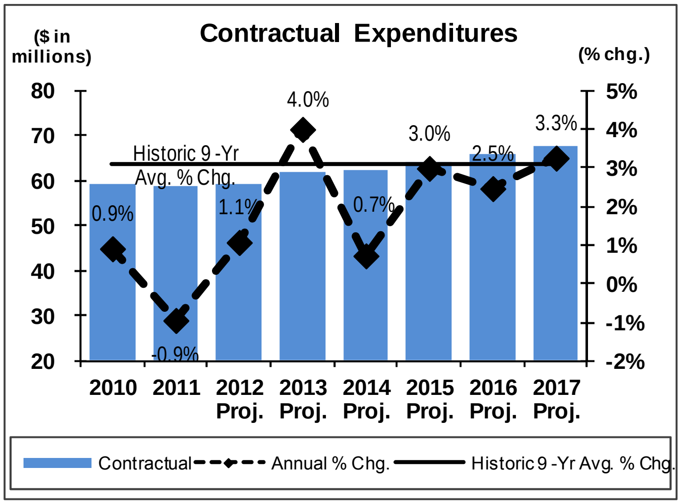
Similar to most government and proprietary entities, personnel expenditures represent the largest cost in delivering services. The projections included in this financial forecast incorporate the following variables:

- A 2.5 percent performance compensation pool in 2013, followed by 4.0 percent each year thereafter.
- A 3.5 percent increase in the employer-paid portion of health benefit premiums in 2013. For each year thereafter, a 10 percent annual increase.
- Position reductions in the 2012 and 2013 budgets.
- 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 2013 budget as outlined in the table below, this forecast anticipates rates increasing by approximately 0.6% in both 2014 and 2015.

	2008	2009	2010	2011	2012	2013
KPERS - Retirement Rates						
	5.93%	6.54%	7.14%	7.74%	8.34%	8.94%
KP&F - Retirement Rates						
Sheriff	14.23%	13.86%	13.20%	14.91%	16.88%	17.26%
Fire	13.88%	13.51%	12.86%	14.57%	16.54%	17.26%
EMS	14.33%	13.93%	13.25%	14.93%	16.88%	17.26%

The increase reflected in the estimates for 2014 of 5.6 percent results from forecasted increases in health benefit premiums, compensation, and retirement rates. In addition, 2014 includes personnel costs related to a potential EMS crew expansion representing annual personnel costs of approximately $524,077.

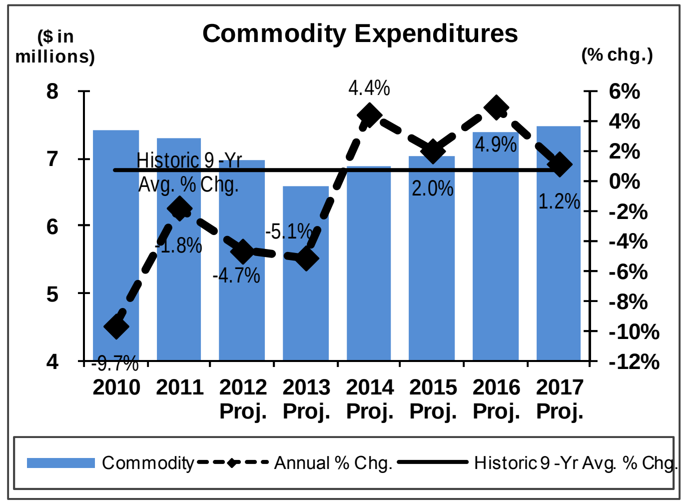
Contractual



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 3.0 percent over the past nine years, with the most significant growth occurring due to the implementation of alternative jail programs and economic development funding. The increase in 2013 reflected in this forecast is predominantly related to economic development forgivable loans expected to be paid in that year, with 2014 lower due to the conclusion of a forgivable loan in the previous year. The slight dip forecasted in 2016 occurs due to the conclusion of the five year capital pledge of $100,000 annually to the United Methodist Open Door Campaign.

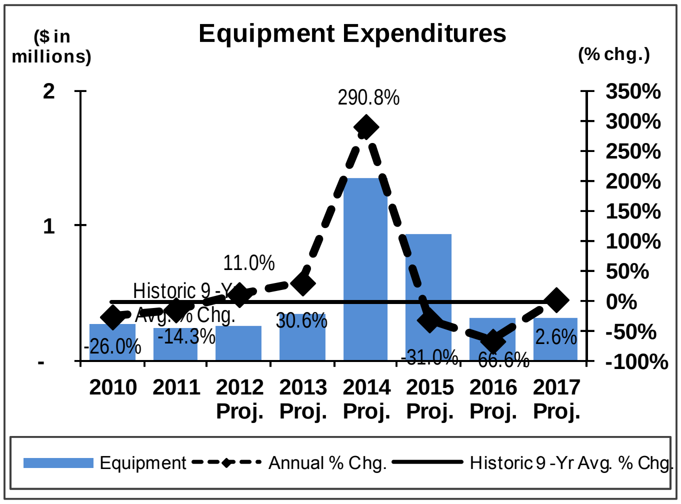
Commodities



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.

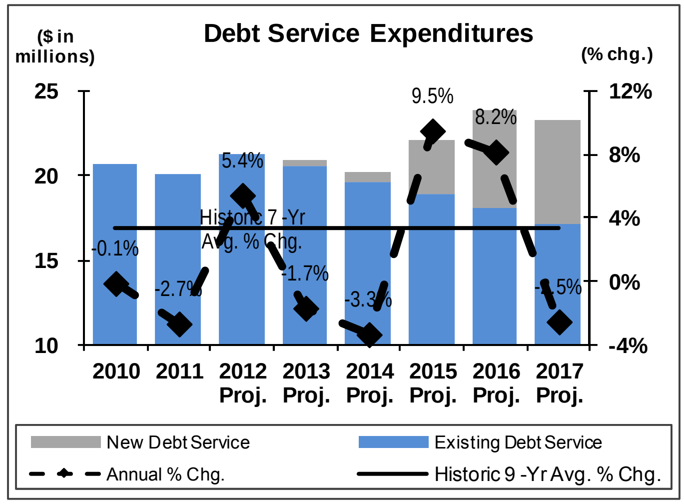
Commodity expenditures often fluctuate from year to year, often due to the election cycle due to commodity expenses within the Election Commissioner's Office that vary from odd years to even years (even years representing either gubernatorial or presidential election cycles). The decline in 2012 and 2013 are largely a reflection of budgetary reductions occurring in that year.

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. The significant increases in expenses projected for 2014 and 2015 result from equipment replacement needs in EMS and the Regional Forensic Science Center, along with the potential addition of a new EMS crew in 2014.

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."

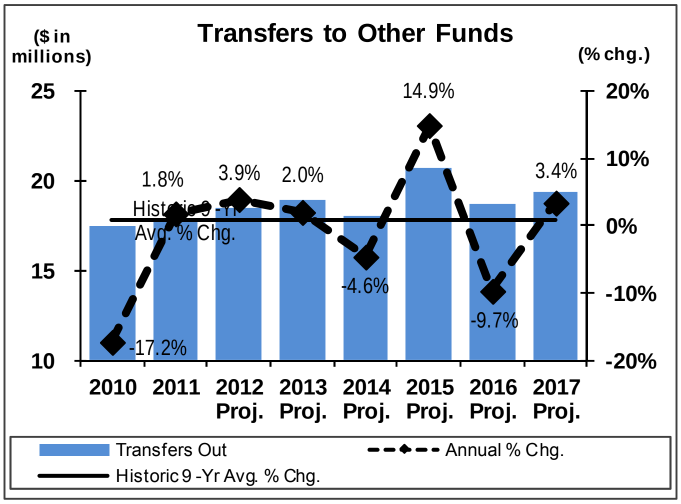
The debt service calculations in the financial plan include the following projects as outlined in the table below.

Capital Projects Funded with Debt Proceeds

Year	Project	Amount
2014	Heartland Fire/Law Enforcement Training Center	29,982,572
2014	Improve Drainage SW of Haysville	2,284,000
2015	County Administrative Building	32,108,298
2012-2017	Road/Bridge Improvements	24,360,000

Includes issuance costs. Please review the Capital Improvement Program (CIP) for a list of all projects.

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.
• 2010 Actual	10,561,985	1,597,566	3,446,027	936,643
• 2011 Actual	10,799,319	1,597,566	2,886,288	1,061,118
• 2012 Proj.	11,318,767	1,597,566	2,808,801	1,170,740
• 2013 Proj.	11,847,835	1,597,566	2,833,304	1,178,762
• 2014 Proj.	12,329,401	1,597,566	1,389,432	1,191,638
• 2015 Proj.	12,886,480	1,597,566	3,471,936	1,232,529
• 2016 Proj.	13,465,842	1,597,566	850,626	1,370,054
• 2017 Proj.	14,068,378	1,597,566	841,090	1,414,705

* Includes capital projects deferred in 2010 & 2011, proceeds returned.

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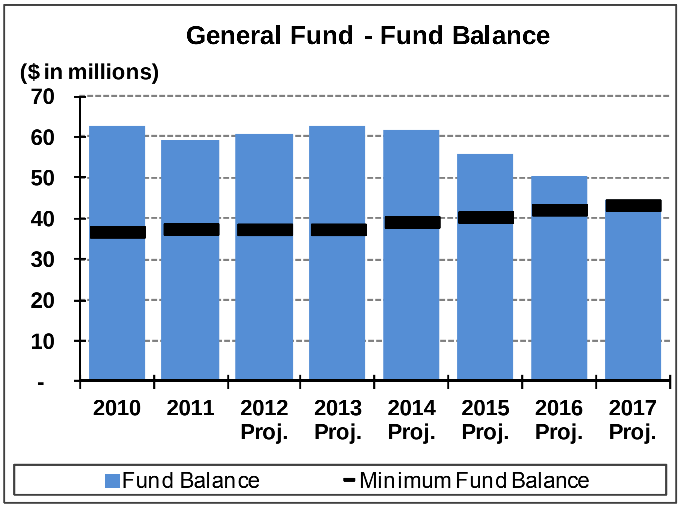
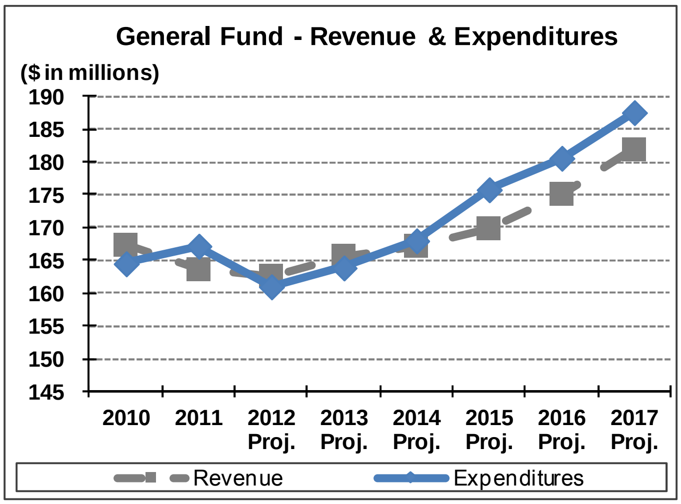
■ Summary by Fund

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





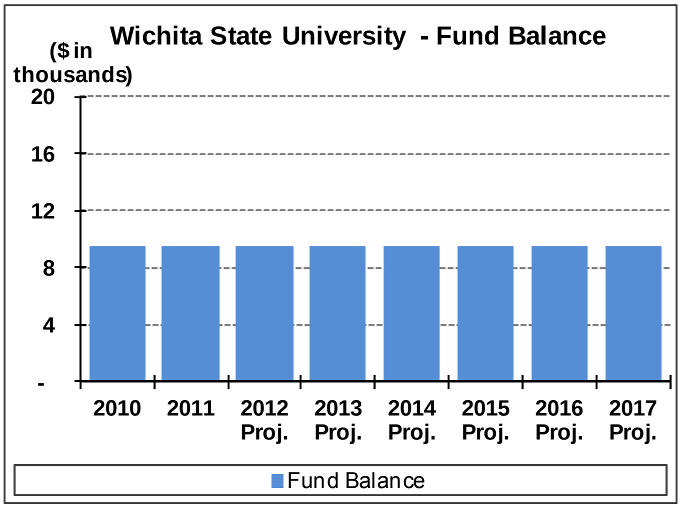
The General Fund is the County’s primary operating fund and accounts for County services that do not have a designated fund of their own. The General Fund includes most general government and law enforcement functions and receives the broadest variety of revenues. Currently, the operations of 44 different departments are funded from the General Fund.

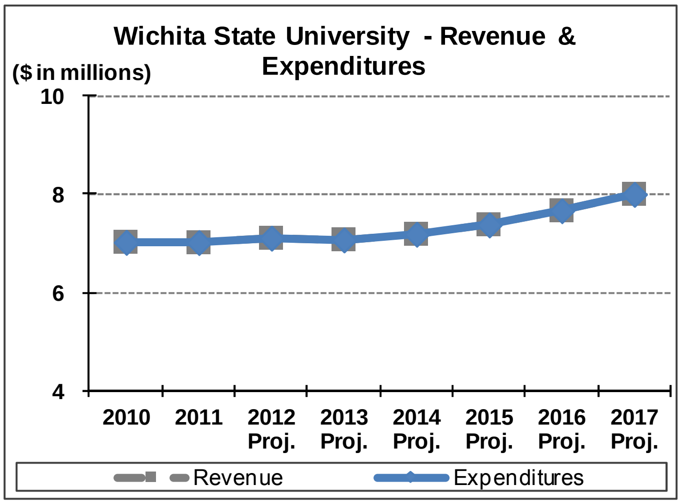
The County’s fund balance policy requires the General Fund to maintain a minimum balance equal to 20 percent of the adopted budget. Currently, the fund has built a balance exceeding this amount, which is projected to continue over the planning horizon.

Major fiscal challenges:

- Absorbing over the next several years the impact of 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.

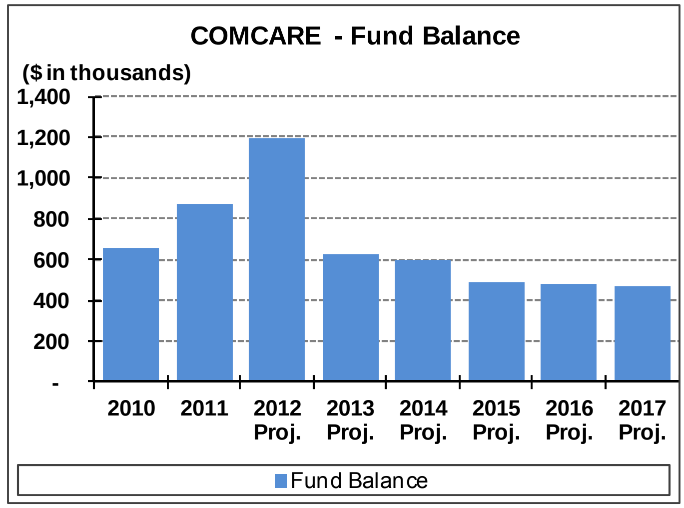
Wichita State University

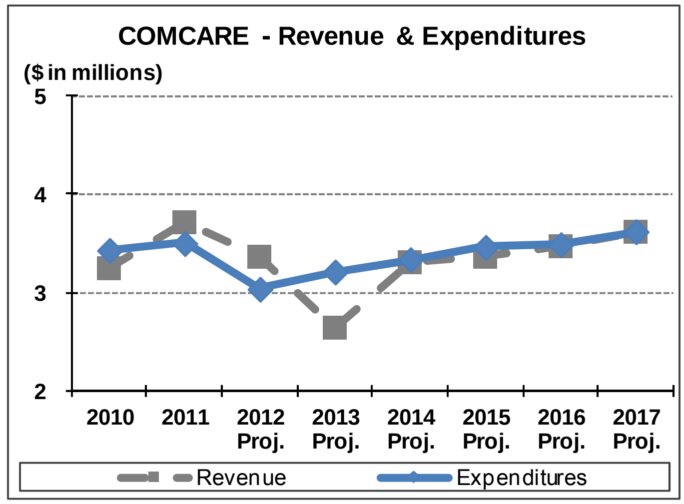




In June 1987, the Board of County Commissioners and the Wichita City Council approved an inter-local agreement in which the City agreed to stop levying its 1.5 mill property tax and the County created a County-wide levy of an equal amount.

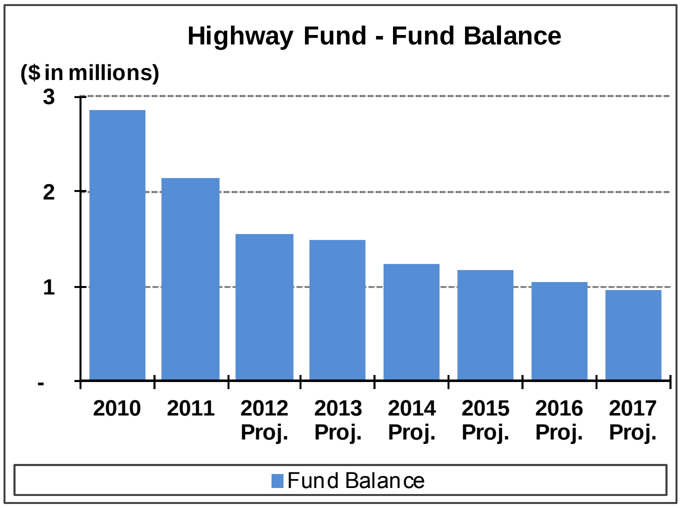
COMCARE

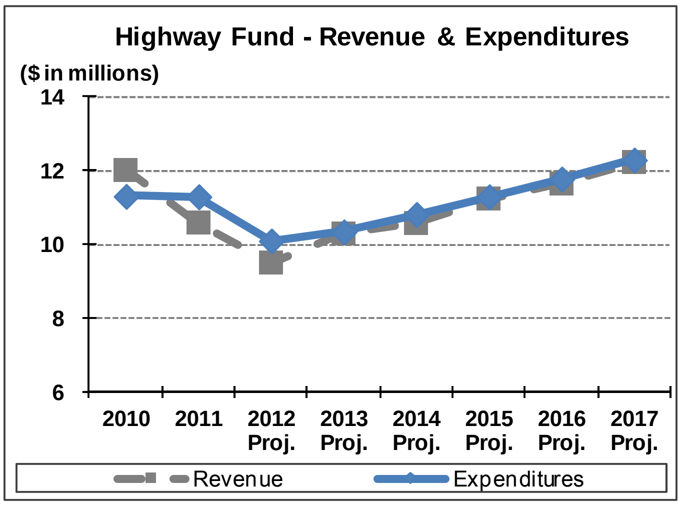




Comprehensive Community Care (COMCARE) provides mental health services and substance abuse treatment to adults, families, and children. COMCARE was established after the passage of the State's Mental Health Reform Act in 1990 and is one of 29 agencies in the State of Kansas. This fund supports the majority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

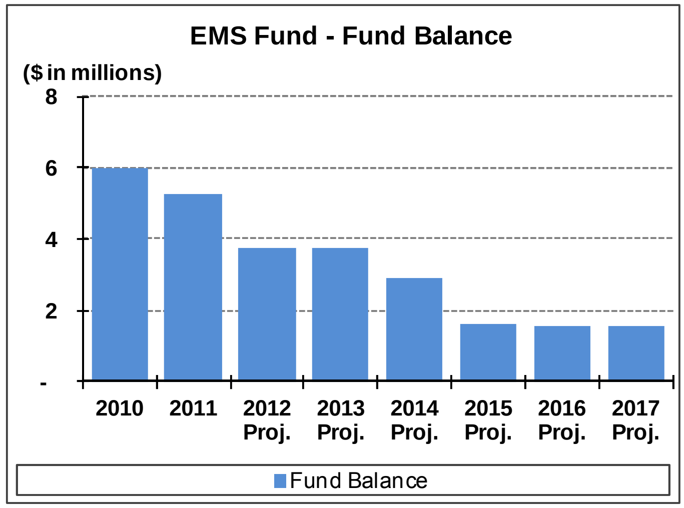
Highway Fund

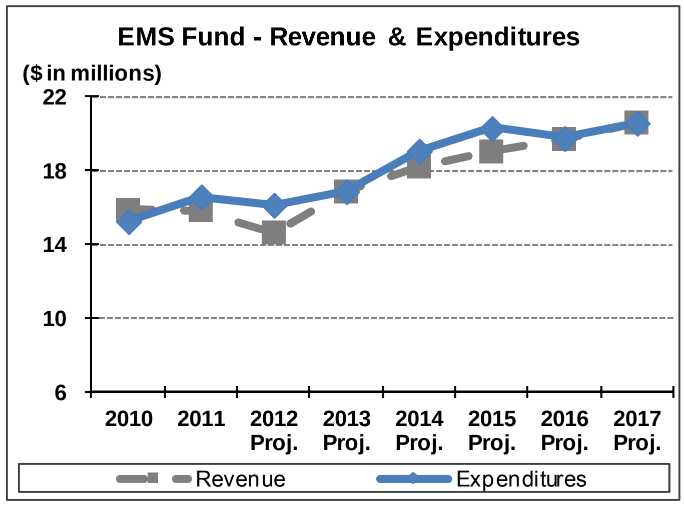




The Highway Department is financed through the Highway Fund to construct and maintain the County's roads, bridges and intersections. The Fund is primarily supported through a property tax levy and revenue from the State's Special City/County Highway Fund.

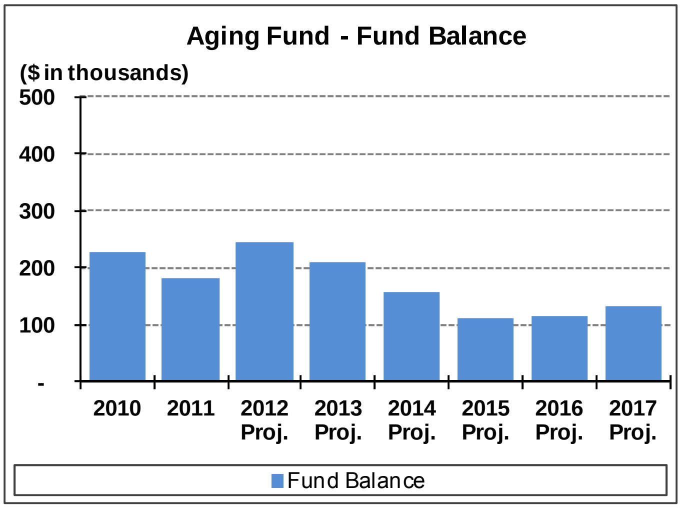
Emergency Medical Services Fund

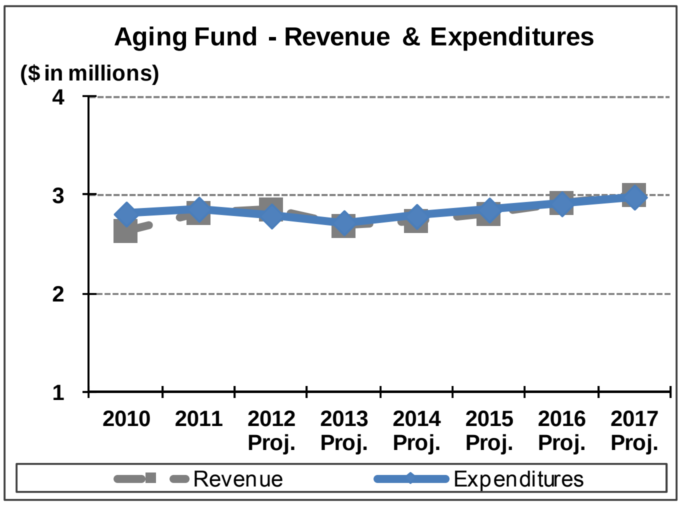




Emergency Medical Services (EMS) was created in 1974 per a City/County agreement to provide emergency response and scheduled ambulatory transfers. Prior to 1974 a private provider delivered EMS services to the community.

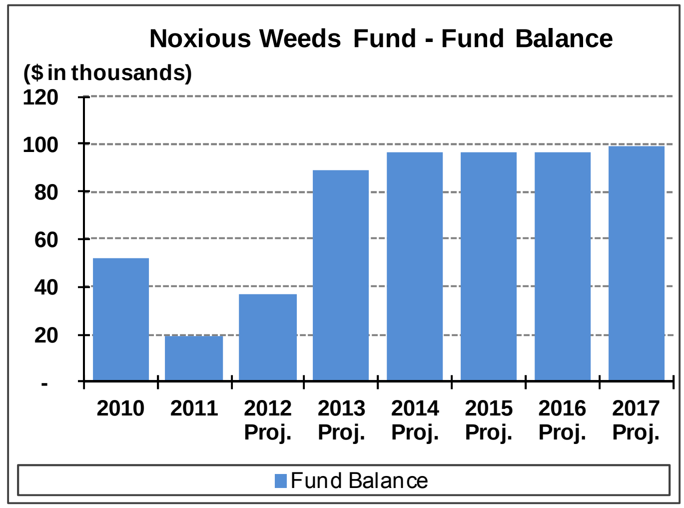
Aging Fund

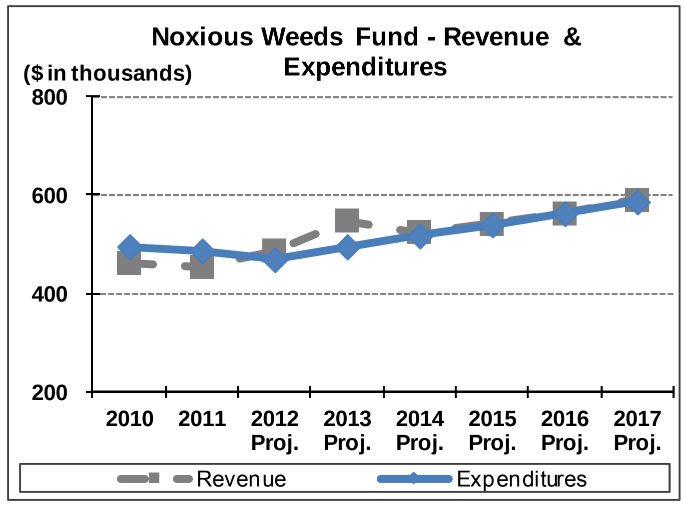




The Department on Aging was created in 1980 to serve older citizens of the County and advocate independence and quality of life. This fund supports the majority of administrative costs and a variety of direct services, such as funding to local senior centers. The Department also operates within a grant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

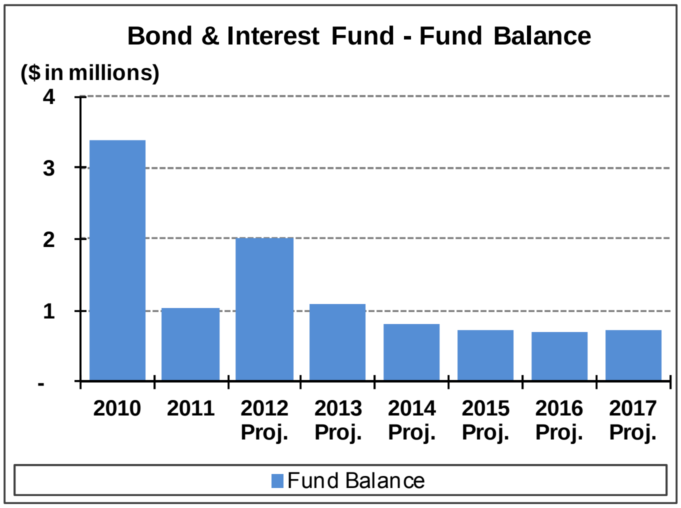
Noxious Weeds Fund

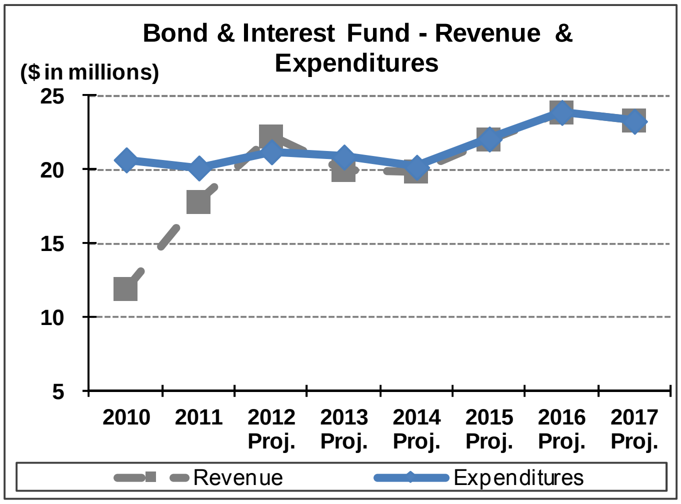




The Noxious Weeds Department was established to eradicate and control noxious weeds as required by K.S.A. 2-1318.

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. As outlined above, in 2010, the Fund had built a significant fund balance due to the tax increase to debt finance an expansion of the County Jail, which was later canceled.

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Financial Forecast 2009 - 2017

All County-Wide Property Tax Supported Funds

Modified Accrual Basis

		Actual			Estimated					
		2009	2010	2011	2012	2013	2014	2015	2016	2017
1	***Beginning Fund Balance***	74,779,406	81,056,644	76,019,846	68,751,917	69,674,402	69,937,561	67,611,730	60,142,757	54,445,479
2	**Operating Revenue**									
3	**Taxes**	171,756,948	166,928,993	165,581,045	168,083,894	168,185,790	170,759,197	174,441,900	180,814,083	188,314,147
4	Current property taxes	122,911,187	120,583,782	119,262,429	120,702,060	119,832,940	121,289,697	123,577,137	128,585,325	134,449,379
5	Back property taxes & warrants	2,629,648	2,401,086	2,509,077	3,077,914	2,984,080	3,043,504	3,104,110	3,165,919	3,228,957
6	Special assessment property taxes	3,614,658	3,176,394	2,987,439	2,382,285	1,996,355	1,678,934	1,382,772	993,658	812,581
7	Motor vehicle taxes	17,169,433	16,241,518	15,777,423	15,728,996	16,118,596	16,524,908	17,036,288	17,563,499	18,107,031
8	Local retail sales tax	22,831,719	21,886,123	22,473,163	23,349,616	24,283,601	25,142,445	26,148,142	27,194,068	28,281,831
9	Local use tax	2,401,064	2,432,980	2,320,607	2,483,049	2,607,201	2,711,490	2,819,949	2,932,747	3,050,057
10	Other taxes	199,239	207,110	250,907	359,974	363,017	368,219	373,502	378,865	384,311
11	**Intergovernmental**	9,586,667	10,010,600	9,929,979	9,322,209	9,584,345	9,725,763	10,987,717	11,132,681	11,279,426
12	**Charges for service**	25,227,100	23,508,138	29,608,670	30,221,602	30,739,457	32,034,273	33,323,224	35,157,980	36,018,406
13	**Reimbursements**	9,670,058	7,225,309	4,635,802	4,502,949	4,812,882	4,909,117	5,054,703	5,204,623	5,359,007
14	**Use of money and property**	9,466,408	4,931,913	5,700,511	4,339,852	4,314,398	4,362,261	4,542,172	4,643,218	4,665,432
15	**Other revenues**	3,418,948	2,296,288	3,002,846	3,455,062	3,589,769	3,679,358	3,770,294	3,864,494	3,962,083
16	**Transfers from other funds**	2,955,975	5,590,149	3,363,725	2,883,646	4,524,036	4,113,234	4,125,671	4,138,294	3,629,624
17	***Total Revenue***	232,082,104	220,491,390	221,822,579	222,809,215	225,750,675	229,583,202	236,245,681	244,955,373	253,228,127
18	**Operating Expenditures**									
19	**Personnel and benefits**	116,585,264	120,330,578	124,858,482	115,541,429	117,018,724	123,252,252	128,882,133	134,709,264	140,689,524
20	**Contractual services**	58,783,828	59,321,531	58,764,650	59,398,511	61,776,492	62,228,493	64,091,709	65,676,114	67,817,271
21	**Debt service**	20,673,243	20,650,683	20,102,162	21,193,750	20,839,669	20,146,264	22,057,584	23,857,684	23,255,863
22	**Commodities**	8,222,398	7,428,902	7,296,350	6,956,189	6,600,738	6,892,854	7,031,968	7,379,333	7,464,265
23	**Capital improvements**	9,521	2,492	(1,399)	-	-	-	-	-	-
24	**Capital outlay**	376,255	278,334	238,532	264,808	345,719	1,350,979	932,404	311,398	319,621
25	**Transfers to other funds**	21,154,357	17,515,667	17,831,731	18,532,043	18,906,175	18,038,191	20,718,857	18,718,859	19,354,694
26	***Total Expenditures***	225,804,866	225,528,188	229,090,508	221,886,729	225,487,516	231,909,033	243,714,654	250,652,651	258,901,237
27	***Operating Income***	6,277,238	(5,036,798)	(7,267,929)	922,485	263,159	(2,325,832)	(7,468,973)	(5,697,278)	(5,673,111)
28	***Ending Fund Balance***	81,056,644	76,019,846	68,751,917	69,674,402	69,937,561	67,611,730	60,142,757	54,445,479	48,772,369
29	**Less: minimum fund balance**	(40,908,693)	(40,671,319)	(37,480,428)	(37,402,381)	(38,070,570)	(39,029,191)	(40,838,177)	(41,951,444)	(43,567,089)
30	***Available Fund Balance***	40,147,951	35,348,527	31,271,489	32,272,021	31,866,991	28,582,539	19,304,580	12,494,036	5,205,279
31	**Assessed valuation**	$ 4,214,913,405	$ 4,245,446,780	$ 4,279,583,271	$ 4,302,212,481	$ 4,273,459,432	$ 4,337,561,324	$ 4,441,662,795	$ 4,619,329,307	$ 4,827,199,126
32	***Assessed valuation % chg.***	4.9%	0.7%	0.8%	0.5%	-0.7%	1.5%	2.4%	4.0%	4.5%
33	**Mill levy**	30.377	29.868	29.359	29.428	29.447	29.359	29.359	29.359	29.359
34	***Mill levy change***	(0.956)	(0.509)	(0.509)	0.069	0.019	(0.088)	0.000	0.000	0.000