

On August 15, 2007 the Board of County Commissioners adopted the 2008 budget of \$386,459,272. Composing the budget is a yearlong process that converts strategic plans and community needs into a one-year spending plan. The recommended budget allocates public resources to fund essential services to assist citizens in need, provide cultural and recreational opportunities, maintain and improve our transportation infrastructure, and provide for a safe community.

The recommended budget maintains current property tax rates, expressed as mills, for both Fire District No. 1 at 18.469 mills and 31.315 mills for Sedgwick County. Of all 105 Kansas counties, Sedgwick County's property tax rate, expressed as mills, for the 2007 budget year was the tenth lowest, as reported by the League of Kansas Municipalities.

○ The 2008 adopted budget maintains current property tax rates.

Kansas Counties		
Property Tax Levies (2007 Adopted Budgets)		
County	Rank	Mill Levy
Johnson	1	17.949
Pottawatomie	2	22.680
Haskell	3	24.822
Seward	4	24.958
Saline	5	27.955
Harvey	6	28.181
Leavenworth	6	28.181
Douglas	7	30.013
Unified Government	8	30.399
McPherson	9	31.142
<b>Sedgwick County</b>	<b>10</b>	<b>31.315</b>
Grant	11	31.416

### ■ Budgeted Revenue

The 2008 budget is comprised primarily of five different fund types. They include the General Fund, Debt Service Fund, Special Revenue Funds (both property tax and non-property tax supported), Enterprise Fund, and Internal Service Funds. Of these, the largest is the General Fund, which totals \$155.9 million or 43.1 percent of total revenue. The General Fund is the primary funding source for the majority of County

### 2008 Adopted Budget (By Fund Type)

	Special Revenue Funds							
	General Fund	Debt Service Fund	Property Tax Supported*	Non-Property Tax Supported	Fire District No. 1 General Fund	Federal/State Assistance Funds	Enterprise Fund Ks Coliseum	Internal Service Funds
<b>Revenues by category</b>								
Property tax	\$ 80,528,469	\$17,900,005	\$22,218,620	\$ -	\$12,617,563	\$ -	\$ -	\$ -
Motor vehicle tax	12,404,175	1,183,209	2,635,157	-	1,484,690	-	-	-
Local sales & use tax	26,045,215	-	-	-	-	-	-	-
Other taxes	227,258	3,566,504	-	2,757,310	(0)	45,114	-	-
Intergovernmental	2,888,792	-	5,687,815	21,065	29,056	36,872,441	-	2,152
Charges for service	20,815,533	83,289	8,781,693	5,636,450	149,774	35,530,286	2,431,003	33,312,578
Uses of money & property	7,845,278	-	-	122,647	143,735	17,884	-	-
Other revenues	5,124,199	-	333,098	123,611	11,588	7,034,980	178	472,315
Transfers from other funds	-	2,148,348	-	-	-	421,529	584,989	1,240,257
<b>Total revenues</b>	<b>155,878,919</b>	<b>24,881,355</b>	<b>39,656,384</b>	<b>8,661,083</b>	<b>14,436,405</b>	<b>79,922,235</b>	<b>3,016,170</b>	<b>35,027,303</b>
<b>Expenditures by functional area</b>								
General Government	50,137,762	-	6,857,795	4,829,378	-	-	-	38,274,495
Bond & Interest	-	26,199,998	-	-	-	-	-	-
Public Safety	80,932,167	-	16,373,252	2,785,410	15,001,033	16,335,916	-	-
Public Works	17,387,260	-	11,569,351	1,736,875	-	-	-	-
Health & Welfare	9,354,999	-	5,551,486	68,431	-	57,770,609	-	-
Culture & Recreation	10,420,466	-	-	59,093	-	-	3,081,876	-
Community Development	3,617,689	-	-	-	-	8,113,932	-	-
<b>Total expenditures</b>	<b>171,850,343</b>	<b>26,199,998</b>	<b>40,351,885</b>	<b>9,479,187</b>	<b>15,001,033</b>	<b>82,220,457</b>	<b>3,081,876</b>	<b>38,274,495</b>
<b>Revenues over (under) expenditures</b>	<b>\$(15,971,423)</b>	<b>\$(1,318,643)</b>	<b>\$(695,501)</b>	<b>\$(818,104)</b>	<b>\$(564,628)</b>	<b>\$(2,298,222)</b>	<b>\$(65,706)</b>	<b>\$(3,247,192)</b>

Personnel by functional area								
	General Government	Bond & Interest	Public Safety	Public Works	Health & Welfare	Culture & Recreation	Community Development	Total personnel (FTEs)
General Government	396.67	-	-	61.00	-	-	-	27.00
Bond & Interest	-	-	-	-	-	-	-	-
Public Safety	1,036.45	-	169.90	0.50	138.00	258.55	-	-
Public Works	7.50	-	122.72	12.00	-	-	-	-
Health & Welfare	88.14	-	48.70	-	-	562.73	-	-
Culture & Recreation	115.50	-	-	-	-	-	41.50	-
Community Development	4.50	-	-	-	-	2.40	-	-
<b>Total personnel (FTEs)</b>	<b>1,648.76</b>	<b>-</b>	<b>341.32</b>	<b>73.50</b>	<b>138.00</b>	<b>823.68</b>	<b>41.50</b>	<b>27.00</b>

\* WSU, COM CARE, EMS, Aging, Highway, Noxious Weeds



services financed with local resources. Some of these services include the County Sheriff, District Attorney, Community Developmental Disability Organization, and the Health Department.

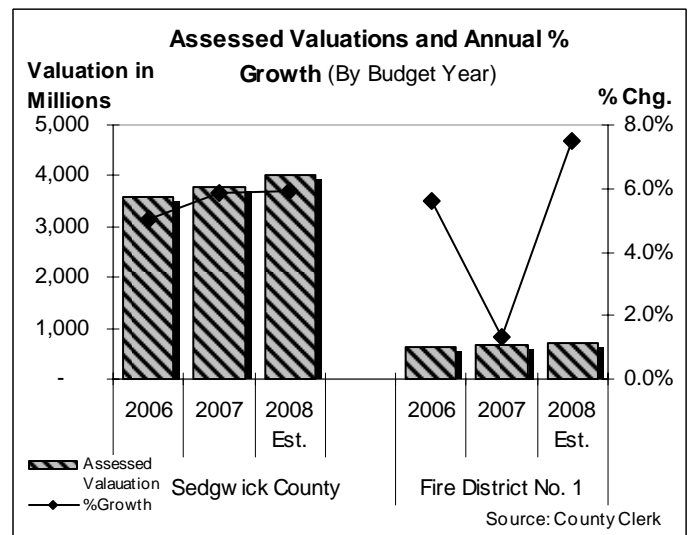
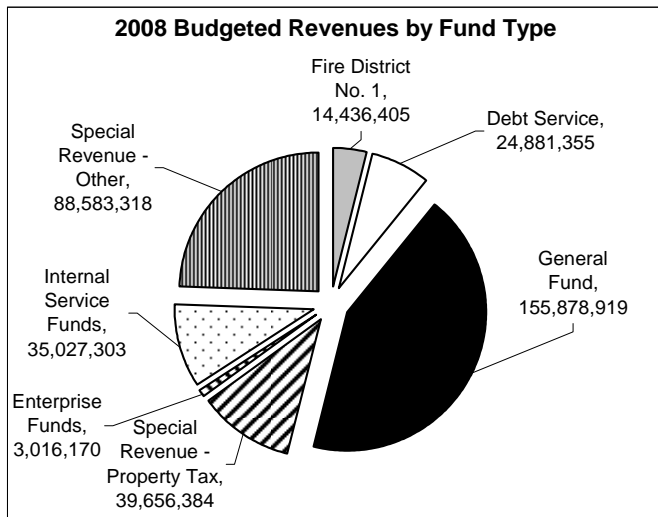
The second largest fund type is Special Revenue Funds. These funds were established to account for certain revenue sources which can only be expended for specific purposes. Some of the County services funded through Special Revenue Funds include: Emergency Medical Services, Noxious Weeds, and mental health services through COMCARE. For the 2008 budget, revenue collections through Special Revenue Funds are budgeted at \$142.7 million, of which 24.2 percent is generated from an aggregate property tax levy of 5.765 mills for County Funds and 18.469 mills for Fire District No.1.

With a property tax levy of 4.674 mills, the Debt Service Fund, also known as the Bond & Interest Fund, provides for the retirement of all County general obligation, special assessment, and Public Building Commission bonds. The final two fund types include an Enterprise Fund used to budget for the operations of the Kansas Coliseum and Internal Service Funds; which include employee benefit funds, Fleet Management, and Risk Management.

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, and it is one of the few revenue sources in which the governing body has legislative authorization to adjust the tax rate based on budgetary needs and community priorities.

The 2008 budget maintains current property tax rates for both Sedgwick County and Fire District No. 1. As a result, increases in anticipated property tax revenues is not from an increase in the tax rate, but instead an increase in the appraised value of taxable properties, often referred to as assessed valuation.

The following graph displays annual changes in assessed valuation from 2006 to 2008 by budget year. For 2008, the assessed valuation for Sedgwick County is estimated to increase by approximately 5.9 percent and 7.5 percent for Fire District No. 1. For Sedgwick County, 51 percent of the increase in assessed valuation for 2008 is generated as a result of new improvements to current property, such as the construction of a new building, and 34 percent results from changes in the use of property, such as the reclassification of land from agricultural use to residential property. In Fire District No. 1, 46 percent of the increase results from new improvements and 28 percent from changes in the use of property.



**Property Taxes**

Of the total revenues budgeted in 2008, property taxes comprise 36.5 percent. Property taxes play a vital role in financing essential public services. Property tax revenues are primarily used to fund services countywide 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

The 2006 State Legislature adopted House Bill 2583 to implement a property tax exemption for commercial personal property. Based on the decrease in the valuation of assessed commercial personal property from \$367,773,714 in the 2007 budget year to \$344,337,728 in the 2008 budget year, this exemption is estimated to reduce property tax revenues to Sedgwick County by \$1.4 million in 2008.

**Local Retail Sales and Use Tax**

The second largest revenue source for Sedgwick County is local retail sales and use tax receipts, budgeted at \$26.0 million in 2008. Local retail sales tax is generated from a countywide 1.0 percent tax on retail sales approved in July of 1985. Local use tax is paid on tangible personal property purchased from other states and used, stored, or consumed in Kansas where no sales tax was paid. Of the total retail sales and use tax receipts, the General Fund retains 50.0 percent and the remaining balance is transferred to other funds. The Bond and Interest Fund receives a set amount of \$1,597,566 to retire capital debt and the Sales Tax Road/Bridge Fund receives the remaining balance to finance Highway construction and maintenance.

**Motor Vehicle Taxes**

Motor vehicle taxes are collected in accordance with K.S.A. 79-5111 which requires those taxes be allocated to each fund with a property tax levy in proportion to the property tax levied during the previous year’s budget. In 2008, motor vehicle tax collections for Sedgwick County are estimated at \$16,222,541 and \$1,484,690 for Fire District No. 1.

**Intergovernmental Revenue**

Intergovernmental revenue accounts for receipts from other governmental entities, such as the State of Kansas. Of the total \$45.5 million budgeted in 2008, 81.0 percent is generated from grant revenues and deposited in Federal/State Assistance Funds, 12.5 percent is received from the State’s Special City/County Highway Fund and deposited in the property tax supported Highway Fund, and the remaining portion is deposited in the General Fund. The majority of the intergovernmental revenue deposited in the General Fund is generated through State revenues related to the operation of the Juvenile Detention and Juvenile Residential Facilities, in addition to the City of Wichita’s contribution to the community’s affordable airfares program.

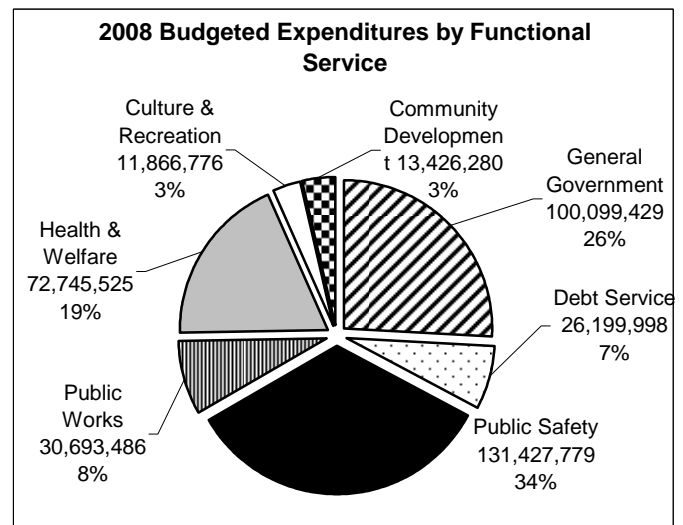
**Charges for Service**

Charges for service account for receipts individuals and businesses pay for part or all of County services received, as well as cost allocations to various internal funds. In 2008, charges for service is budgeted to generate \$106.7 million for all funds, of which 31.2 percent is generated from Internal Service Funds, 33.3 percent from program income generated by grant

programs assigned to Federal/State Assistance Funds, and 27.9 percent from community services supported within property tax supported funds. For 2008, the General Fund budget also includes \$3.3 in anticipated revenues from the implementation of municipal jail housing fees beginning in 2008.

**Budgeted Expenditures**

The 2008 budget of \$386.5 million for All Funds represents a 3.3 percent increase from the 2007 revised budget. The 2008 budget is divided into seven functional service sections based on the type of public service delivered. These functional services include: General Government, Debt Service, Public Safety, Public Works, Health and Welfare, Culture and Recreation, and Community Development.

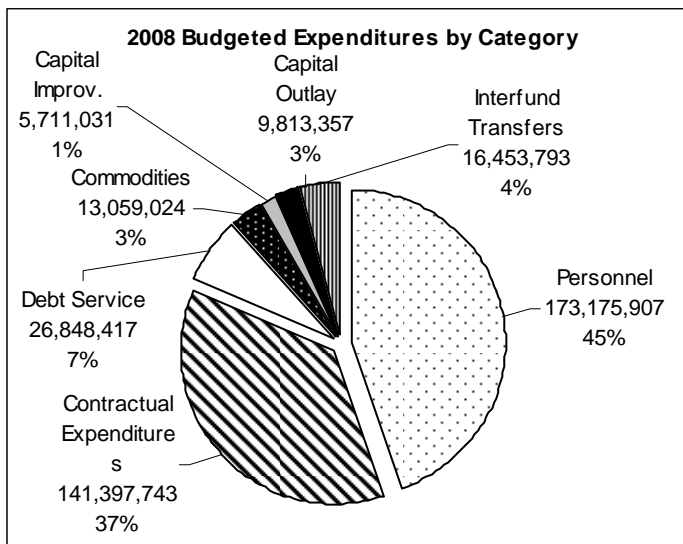


Of the seven functional areas, the largest increase from the 2007 revised budget occurred in Debt Service – Bond & Interest Fund. The increase is largely a function of a change in how the County accounts for some debt payments. In the past the County has accounted for the debt service on capital facilities financed through the Public Building Commission in the operating budgets of the appropriate department. Beginning in 2008, these debt payments will be made out of the Debt Service - Bond & Interest Fund. As a result, the General Government budget has increased, while a corresponding decrease has occurred in the departments in which these debt service payments were previously made.

The second largest increase occurs in the functional area of Public Works at a 13.0 percent increase from the previous year. This increase is primarily related to the allocation of additional budget authority for a joint levee certification study with the City of Wichita as reflected in the Storm Drainage budget.

The third largest increase occurs in the function of General Government and results primarily from the County's internal budgeting practices. Each year, the County budgets approximately \$14.0 million in Contingency Reserves to address changes in service delivery or emergency needs. As the County pursues these needs, the budget authority from Contingency Reserves has consequently been transferred to other functional areas, such as Community Development as reflected in the 2007 revised budget. However, the 2008 budget restores a similar amount of budget authority in the Contingency Reserves budget, consequently presenting an increase in the General Government budget when comparing the 2007 revised budget to the 2008 budget.

The County's financial structure also includes seven primary expenditure categories as outlined below.



**Personnel**

Of these categories, the largest is personnel with a 2008 budget of \$173.2 million. The growth in the personnel budget is influenced by a number of variables. These include additional employees, increases in employee health benefit costs, increases in retirement rates with the Kansas Public Employees Retirement System, and the employee compensation plan.

The 2008 employee compensation plan continues the strategic plan adopted in 2005. This plan was built on a philosophy to support the County's Mission to encourage excellence in public service; be perceived as fair, both internally and within prevailing markets; and provide equitable incentives, holding employees accountable for results and rewarding high performance.

**Long Term Strategic Compensation Plan**

**2006**

- Performance Based Merit Pay for Leadership Team and Sheriff's Office
- Customer Service and Outstanding Performance Recognition Award Programs
- Adjustments to compensation structure as needed
- Employee General Pay Adjustment

**2007**

- Performance Based Merit Pay for Leadership Team and Phase I Pilot. Departments: Register of Deeds, Department of Corrections, Code Enforcement, Environmental Resources, Sheriff Clerical and Fire Management
- Begin phase out of Customer Service and Outstanding Performance Award Programs
- Adjustments to compensation structure as needed
- General Pay Adjustment for employees not participating as a Pilot for Performance-Based Merit Pay

**2008**

- Performance-Based Merit Pay for Leadership Team and Phase I, II and III Pilot groups
- Customer Service and Outstanding Performance Award Programs phased out
- Adjustments to compensation structure as needed
- General Pay Adjustment for employees not participating as a Performance-Based Merit Pay Pilot

**2009**

- County-wide Performance-Based Merit Pay
- Adjustments to compensation structure as needed

The 2008 budget continues this strategic plan with a four percent salary pool. That pool will be allocated through a general pay adjustment to employees not yet assigned to the Performance Based Merit Pay plan in conjunction with the Customer Service Recognition Awards and Outstanding Performance Recognition Programs, which gave monetary awards for exemplary performance. In addition, the four percent salary pool will be utilized to fund the compensation plans for those assigned to the Performance-Based Merit plan. Staff assigned to this plan will not be eligible for the General pay adjustment or either of the Recognition Award Programs.

Other items influencing personnel expenditures include employee benefit costs. Over the past five years the County has experienced consistent and significant increases in the retirement rates charged by the Kansas Public Employees Retirement System (KPERS) as the system addresses imbalances in its actuarial valuation. In 2008, the rate increases, as outlined below, result in additional budgetary costs for all funds of \$866,921.

	2003	2004	2005	2006	2007	2008
<b>KPERS - Retirement</b>						
Sheriff	7.15%	9.74%	11.95%	12.74%	13.66%	14.23%
Fire	7.40%	9.88%	12.07%	12.75%	13.32%	13.88%
EMS	7.27%	9.98%	12.16%	12.85%	13.76%	14.33%
Other County Dept.'s	3.67%	3.52%	4.21%	4.71%	5.31%	5.93%

Although KPERS retirement rates are increasing, the restructuring of the County's employee health benefits in 2006 continues to mitigate costs while providing employees with a competitive health benefits package. In 2008, the rates charged by the County's health benefit providers is estimated to remain virtually unchanged from the previous fiscal year.

The 2008 budget also includes personnel enhancements as listed in the following table to continue to meet ongoing critical service needs. Some of the additional positions include 10.0 FTE positions assigned to EMS, an additional Animal Control Officer, and additional personnel in the District Attorney's Children in Need of Care services.

Staffing Changes			2008	
Department	Description	FTE	Amount	
<b>General Fund:</b>				
Finance	Bookkeeper	(1.00)	\$	(32,792)
Finance	Sr. Revenue Accountant	(1.00)		(48,607)
Finance	Purchasing Agent	1.00		57,658
Finance	Internal Audit	1.00		49,558
DIO - Technology	CJCC Technology Interface	3.00		258,806
Emergency Comm.	911 Call-Takers	5.00		196,657
Regional Forensic	Medical Investigator	1.00		29,600
Regional Forensic	PT Office Specialist to FT	0.50		12,976
District Attorney	CINC Staffing Addition	2.00		84,683
District Attorney	Consumer Investigator	1.00		124,851
Health Department	Upgrade PT Dental Hygienist	0.25		28,314
Animal Control	Animal Control Officer	1.00		60,303
<b>Total General Fund</b>		<b>13.75</b>	<b>\$</b>	<b>822,007</b>
<b>Emergency Medical Services Fund:</b>				
EMS	Ambulance Crew s	10.00		714,741
<b>Total EMS Fund</b>		<b>10.00</b>	<b>\$</b>	<b>714,741</b>
<b>All Funds Total</b>		<b>23.75</b>	<b>\$1,536,748</b>	

**Contractual**

Contractual expenditures is the second largest expenditure category and includes those services purchased from and delivered by an external entity. In 2008, budgeted contractual expenditures of \$141.4 million represents a 2.0 percent decrease from the 2007 revised budget.

This decrease is primarily a result of the one-time contractual lease payment to the City of Wichita for land dedicated to the construction of the Center for Aviation Training, a leading edge technical training facility located at the Jabara Airport. In addition, the 2008 budget includes a change in how the State distributes Medicaid payments for developmental disability services. In previous years, all Medicaid payments for case management services were paid to the Sedgwick County Community Developmental Disability Organization (SCDDO), which then paid local service providers. In 2008, all payments will be paid directly to the service providers instead of the SCDDO. This changes results in the elimination of \$4.2 million in Medicaid revenue from Sedgwick County and a reciprocal reduction in contractual expenditures to these local service providers.



**Debt Service**

Historically, Sedgwick County has a record of strong financial performance, as demonstrated through strong bond ratings with the three major bond rating agencies.

Bond Ratings	
Rating Agency	Rating
Standard & Poor's	AA+
Moody's	Aa1
Fitch	AAA

In 2008, budgeted debt service expenditures are planned to increase by \$5.3 million from the previous year as a result of the planned issuance of capital debt in the spring of 2008 for a variety of capital projects and special assessments. Current debt previously issued by Sedgwick County, including general obligation, special assessments, and Public Building Commission debt totaled \$142,601,631 as of January 1<sup>st</sup>, 2007.

**Planned Issuance of Capital Debt in 2008**

- Adult Detention Expansion
- Center for Aviation Training
- Regional Forensic Science Center Annex
- Road/Bridge Projects
- Special Assessments

In 2003, the County Commission adopted a debt policy to strengthen its bond ratings and provide guidance to the governing body when making decisions on the issuance of capital debt. The County is currently in compliance with the debt policy, and projections indicate the County will be near some of the policy limits over the five year capital improvement program but will not exceed those limits based on planned capital projects.

**Budgeted Fund Balances**

The 2008 recommended budget includes the use of budgeted fund balances within each of the individual fund types. The largest budgeted use of fund balances in 2008 occurs in the General Fund at \$16.0 million. However, this is largely a result of the General Fund's contingency budget. Consequently, the General Fund's fund balance would be drawn down only to the extent that those budgeted contingencies are utilized.

The recommended budget also includes the use of budgeted fund balances of \$1.3 million in the Debt Service Fund, \$695,501 in the Special Revenue Funds supported by property taxes, \$564,628 in Fire District No. 1 as a result of the final transfer for the cash funded

portion of the five station relocation plan, \$2.3 million in Federal/State Assistance Funds, and \$3.2 million in the Internal Service Funds largely due to planned vehicle acquisitions in 2008.

**Capital Planning and Budgeting**

**Planned Facility Projects Funded With Cash**

**Resources**

• Roof Replacements	\$364,537
• Clifton Channel Improvements	\$1,500,000
• Channel Realignment: 55 <sup>th</sup> & Oliver	\$300,000
• EMS – Construct Post 10	\$756,482
• EMS – Construct Post 3	\$881,242
• Adult Detention – Upgrade Control System	\$87,980
• Adult Detention – Joint Sealant	\$115,975
• JRBR – Boiler Replacement	\$48,676
• Emergency Mgmt. – Install Outdoor Warning Devices	\$44,558
• Fire Dist. No. 1 – Remodel Station 34	\$228,891
• Fire Dist. No. 1 – Relocate Station 35	\$1,971,913
• Fire Dist. No. 1 – Construct Water Tender Facilities	\$198,014

Sedgwick County's five-year Capital Improvement Program (CIP) includes the building, remodeling, and repairing of public facilities and infrastructure systems. This long-range CIP planning process began in 1982 with the goal of facilitating area-wide economic development by updating the County's roads, bridges, and drainage systems, as well as maintaining facilities. It is a dynamic plan that specifies the capital spending budget for the 2008 budget year and projects it for 2009 through 2012, the planning years of the program.

Total planned 2008 capital spending is \$43,385,259. Of this amount, \$6.5 million is funded with cash, \$18.5 million with bonds, \$11.4 million from local retail sales and use tax revenues, and \$7.0 million from other governmental agencies, such as the City of Wichita and the Kansas Department of Transportation.



The 2008 Capital Improvement Program continues to support the County's commitment to maintain and improve its facilities and infrastructure including roads, bridges and drainage. Some of these projects for 2008 include:

- Phase II of the remodel and expansion of the Adult Detention Facility
- Construction of Fire Station 35 and improvements to Station 34
- Construction of EMS Post 10 and Post 3
- Drainage improvements for the Clifton Channel
- Channel realignment and improvements at 55<sup>th</sup> St. South. & Oliver

### Impact on the Operating Budget

Capital projects can impact current and future operating budgets due to an increase or decrease in maintenance costs, or by providing capacity for new programs or services.

- **Adult Detention Expansion - 2007 & 2008 CIP:** Of the projects funded in the 2008 Capital Improvement Program for Sedgwick County, the expansion of the Adult Detention Facility by 384 beds with an estimated cost of \$49.2 million will have the most profound impact on the County's operating budget. Currently, the project is anticipated to be completed and open in early 2010 with annual operating costs related to the expansion estimated at \$7.4 million.
- **EMS Post Replacements – 2008 CIP:** Although the County has added additional resources to EMS in both the 2007 and 2008 adopted budgets to address service levels, the construction of EMS Post 10 and Post 3 should have minimal operating impacts as both are replacements to current facilities.
- **Center for Aviation Training – 2006 CIP:** Sedgwick County has committed to fund the construction and equipping of an employer driven workforce development center to be located at Jabara Airport. The cost of the training center is estimated at \$40.0 million with an anticipated completion date in 2010. Although Sedgwick County is funding the construction costs, classes in the facility will be offered through various community educational institutes and maintenance costs will be covered

by user fees to these institutes and student fees. Consequently, the facility will pose no impact to the Sedgwick County operating budget.

- **Regional Forensic Science Center Annex – 2006 CIP:** This \$2.4 million project, to be completed late 2008 to 2009, will increase secured evidence storage and expand the illicit drug identification lab. Other than minor increases in utility and maintenance costs, the project will not have a major impact on operating costs.
- **Juvenile Court Building – 2006 CIP:** A \$14.1 million projected included in the 2006 CIP is anticipated to open in 2009. The project will demolish, remodel and expand the previous Juvenile Detention Facility to provide additional courtrooms and support areas. In addition, the current court building located at the juvenile complex will be renovated to provide expanded facilities for the District Attorney's Juvenile Division staff. Although additional personnel for the District Attorney's Office is not anticipated as a result of this project, an increase in annual maintenance and operating costs is estimated at approximately \$102,000.
- **Fire District No. 1 Relocation – 2007 & 2008 CIP:** Includes the relocation of four fire stations (stations 32, 33, 35, and 36) and construction of a new station near Garden Plain (station 39). The stations are part of a carefully planned effort to adjust to changes in the district's boundaries to assure optimum response times and reduce residential insurance rates. The relocation projects are estimated to have minimum impacts on the District's operating budget as station size and staffing requirements are relatively unchanged. However, operation of an additional station beginning in 2009 is estimated to have an annual cost of approximately \$398,524 for 6.0 FTE Firefighters, equipment, and maintenance costs.

