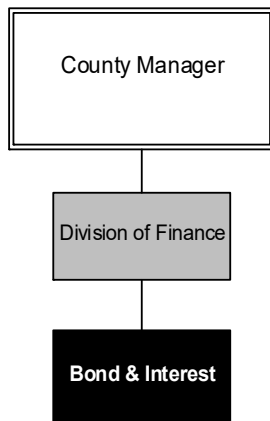




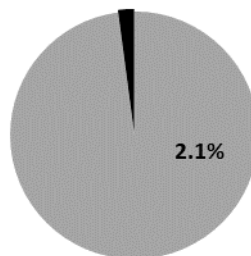
**Hope Hernandez**  
 Accounting Director  
 100 N. Broadway St., Suite 610  
 Wichita, KS 67202  
 316.660.7136  
[hope.hernandez@sedgwick.gov](mailto:hope.hernandez@sedgwick.gov)

**Mission:**

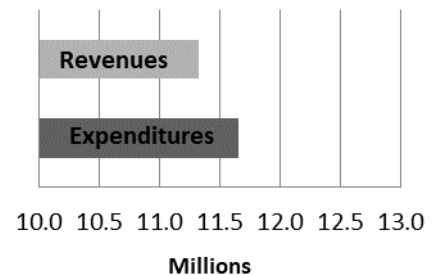
- To assure Sedgwick County government and citizens of proper use of County resources and informed financial decision-making.



% of Total Operating Budget



Expenditures & Program Revenues



**Description of Major Services**

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

The County’s Debt Policy establishes guidelines pertaining to the County’s use of debt. The objectives of the policy are to ensure financing is obtained only when necessary; the process for identifying the timing and amount of debt or other financing is as efficient as possible; the most favorable interest rate and other related costs are obtained; and future financial flexibility is maintained.

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

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

- Pay-as-you-go financing is favored when the project can be funded from available current revenue and fund balances, the project can be completed in an acceptable timeframe given available resources, additional debt could affect the County credit rating, or when repayment sources or market conditions are considered unstable or suggest difficulty in marketing the debt.
- Debt financing is favored when market conditions are favorable, a project is mandated and current revenue or fund balances are insufficient, or a project is immediately required to meet capacity needs. The useful life of each project must equal or exceed the term of the financing.
- Total outstanding debt is capped. The policy limits direct debt per capita (\$500), overlapping and underlying debt per capita (\$3,000), direct and overall debt as a percentage of estimated full market value (1.5 percent and 6.0 percent, respectively), and debt service is limited to 10.0 percent of general and debt service fund budgeted expenditures. Debt issuance is prohibited if two of the first four measures are exceeded or if the final ratio measuring debt

service as a percent of budget is exceeded on its own.

- Debt repayment is expedited. Debt issues are to be structured so that at least 30.0 percent of the aggregate outstanding principal amount is repaid within five years and 60.0 percent within ten years.

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

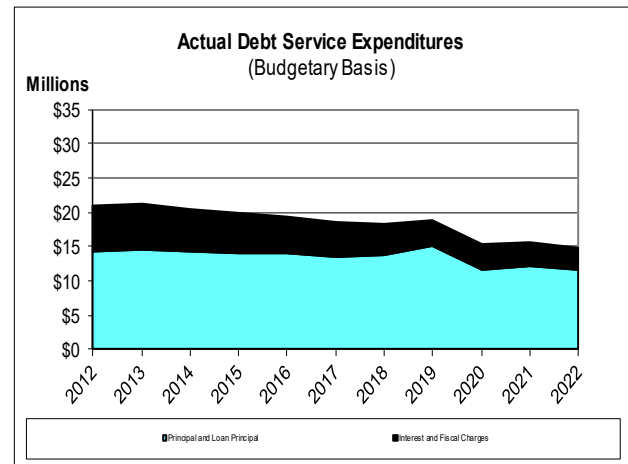
Another type of debt occasionally issued by Sedgwick County is special assessment bonds. Special assessment bonds are issued to develop basic infrastructure for the benefit of properties within a defined district. Typically, such projects are requested by property owners within the district, and as part of their petition for specified improvements, they agree to pay the project costs through specially assessed taxes. Special assessment taxes are then levied on property within the benefit district for up to 15 years to repay the principal and interest on the bonds sold by the County to finance the cost of the improvements.

When a jurisdiction issues debt, it has the option of obtaining a debt rating -- an evaluation of its credit worthiness -- by an independent rating service. Sedgwick County currently has high debt ratings from each of three credit rating agencies: “AAA” from Standard & Poor’s, “Aaa” from Moody’s Investors Service, and “AA+” from Fitch Rating Service.

Sedgwick County and its PBC have issued debt for various large projects including adult and juvenile detention facilities, roads and bridges, courthouse improvements, a juvenile court building, a public safety center, Exploration Place, the National Center

for Aviation Training, the Law Enforcement Training Facility (LETC), and the Ronald Reagan Building. The debt for these projects, in addition to special assessment debt, leaves the County with total outstanding direct debt of \$57.8 million as of November 30, 2023. As illustrated in the County’s most recent Annual Comprehensive Financial Report, the County’s debt is at 8.6 percent of the legal debt margin as set by State statute. Debt levels remain moderate, with some projected growth in the five-year forecast; however, significant debt is also retiring in the same timeframe, which significantly offsets the increases. The County does not anticipate any interference with current operations based on existing or anticipated debt service.

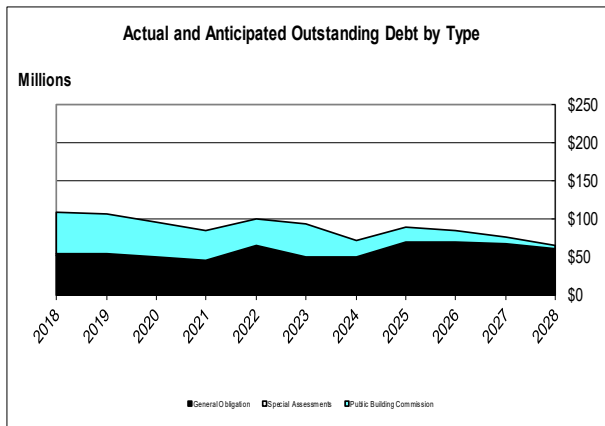
The County’s annual debt service, including both the repayment of principal and interest on outstanding bonds, had decreased from approximately \$15.3 million in 2020 to \$14.4 million in 2022.



The table on the following page shows the debt service requirements on debt existing as of November 30, 2023. If no additional bonds were issued, Sedgwick County would pay its debt in full by 2042. During this time period, yearly principal and interest payments would decrease from \$12.1 million in 2023 to \$0.1 million in 2042. When Sedgwick County issues additional bonds, debt service requirements will be extended into the future. The debt payment schedule continues to be in line with County policy and has not resulted in any issues or concerns with any credit rating agencies during annual surveillance processes.

Schedule of Existing Debt Service Requirements as of November 30, 2023				
Budget Year	Bonds Outstanding	Principal	Interest	Total
2023	57,755,000	9,865,000	2,282,653	12,147,653
2024	49,215,000	8,540,000	1,945,266	10,485,266
2025	40,720,000	8,495,000	1,614,820	10,109,820
2026	33,070,000	7,650,000	1,351,753	9,001,753
2027	26,100,000	6,970,000	1,110,665	8,080,665
2028	18,930,000	7,170,000	880,505	8,050,505
2029	15,565,000	3,365,000	637,675	4,002,675
2030	12,620,000	2,945,000	512,250	3,457,250
2031	9,825,000	2,795,000	413,208	3,208,208
2032	8,170,000	1,655,000	312,824	1,967,824
2033	6,690,000	1,480,000	256,065	1,736,065
2034	5,335,000	1,355,000	209,066	1,564,066
2035	3,965,000	1,370,000	167,435	1,537,435
2036	3,015,000	950,000	125,010	1,075,010
2037	2,035,000	980,000	95,049	1,075,049
2038	1,055,000	980,000	64,081	1,044,081
2039	410,000	645,000	32,688	677,688
2040	200,000	210,000	13,813	223,813
2041	100,000	100,000	8,000	108,000
2042	-	100,000	4,000	104,000

The 2024 budget includes projects supported with bonds in all five years, to include significant facility projects like the Juvenile Community-Based Services Building, Public Works Salt Storage Building at the East Yard, Replacing Emergency Medical Services (EMS) Post 1, and large road and bridge projects.

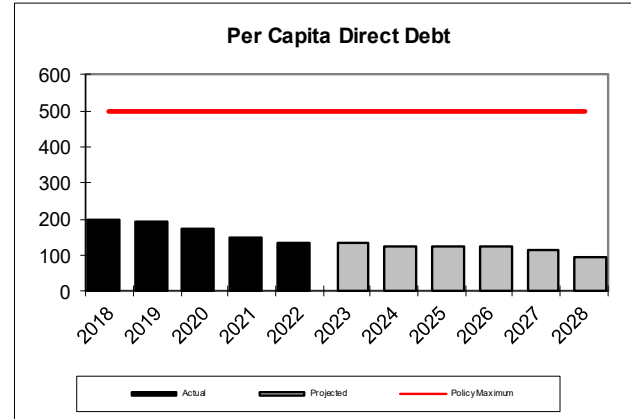


If the County chose to issue debt as included in the “Anticipated Debt with Issuance Costs” table on the last page of this narrative, it would be in compliance with four of the five County’s debt limits, discussed below.

Per Capita Direct Debt

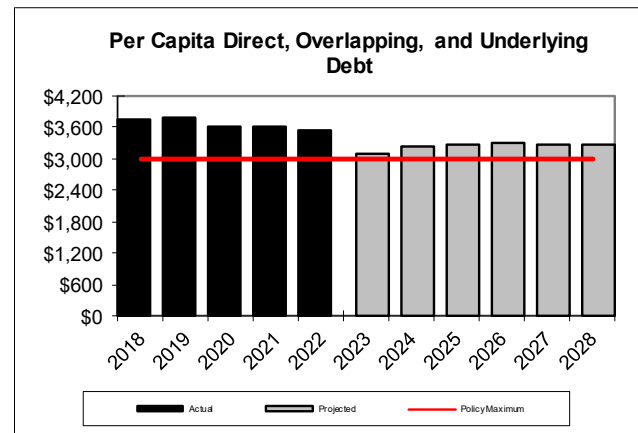
This ratio, which is figured by dividing total direct debt by the population of Sedgwick County, measures the amount of County government debt per resident. The debt policy sets \$500 per capita as the maximum limit. In 2018, Sedgwick County was

below this level by approximately \$300. The County remained below that level through 2022. The margin between County per capita direct debt and the policy maximum will increase in 2023 and then will decline in 2024. At the end of 2028, per capita direct debt is estimated to be at \$94.



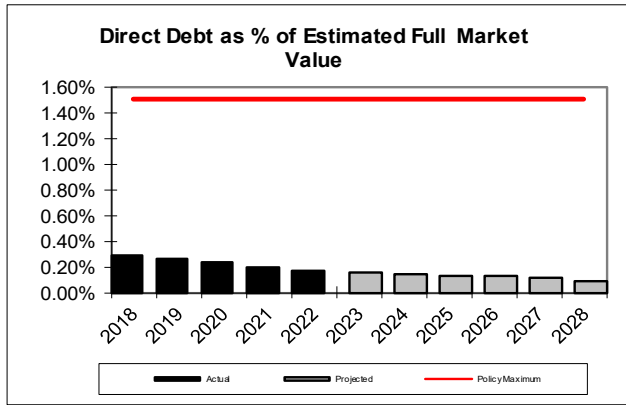
Per Capita Direct, Overlapping & Underlying Debt

This per capita ratio adds overlapping and underlying debt, which is the debt issued by cities, school districts, and special districts within Sedgwick County and backed by Sedgwick County taxpayers. Thus, this ratio measures that total amount of local government debt borne by each resident in the County. The debt policy sets a limit of \$3,000 per capita. Since 2008, due to multiple bond issuances by cities and school districts, this target ratio has been exceeded. Based on anticipated future debt issuances by cities, school districts, and other governmental units in the County, this ratio is expected to remain above the targeted maximum through 2028, and is expected to be at \$3,278 that year.



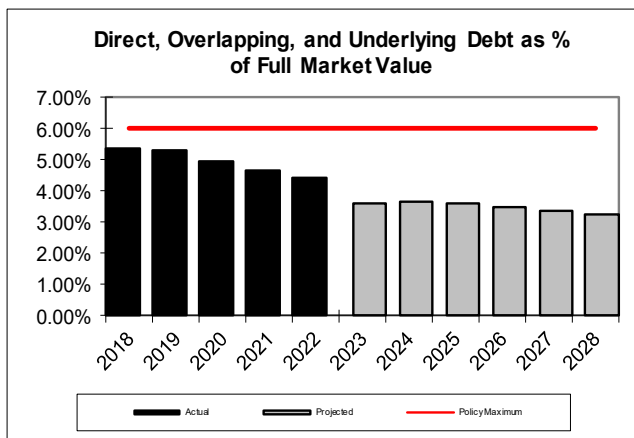
Direct Debt as Percent of Estimated Full Market Value

This ratio shows the impact of debt issued by Sedgwick County or its PBC on the property tax base. The policy limit is 1.5 percent for this measure. The County consistently has remained well below this threshold, and was at 0.3 percent in 2018. It is projected to be further reduced to 0.1 percent of the estimated full market value by the end of 2028.



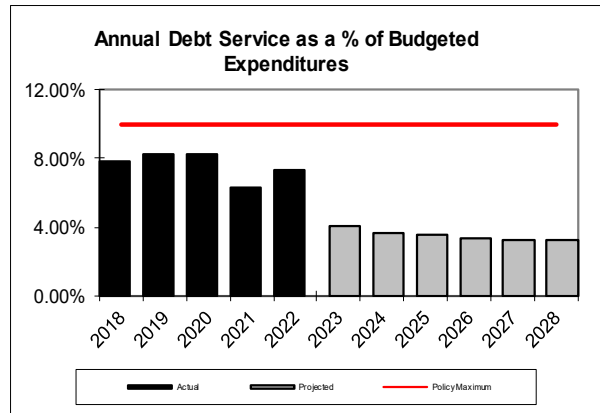
Direct, Overlapping & Underlying Debt as Percent of Full Market Value

This ratio shows the impact of all local government debt, without regard to the governmental issuer within the County, on Sedgwick County’s property tax base. The policy sets a maximum target of 6.0 percent. In 2018, the ratio was 5.4, and the ratio is projected to further decrease throughout the planning horizon, ending at 3.3 percent in 2028.



Annual Debt Service as a Percent of Budgeted Expenditures

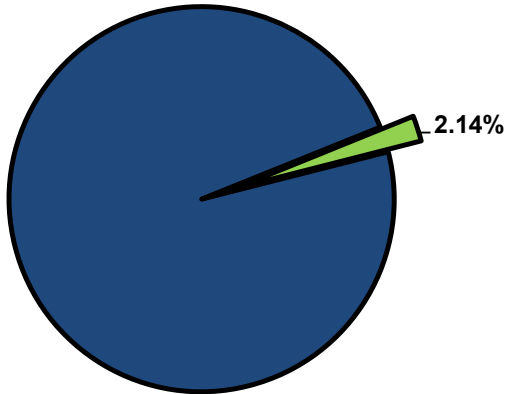
This measure shows the extent to which debt service obligations consume resources that otherwise might be used to deliver County services. Sedgwick County’s debt policy sets a limit of 10.0 percent. The County’s debt service has stayed below 10.0 percent since 2018. The ratio is expected to drop to 3.2 percent of budgeted expenditures by the end of 2028.



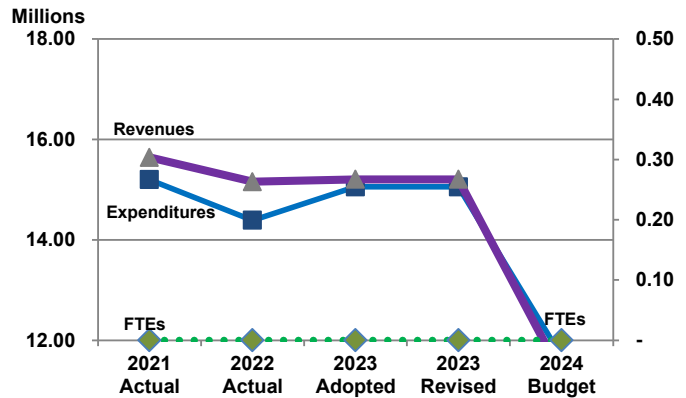
<b>Sedgwick County Anticipated Debt with Issuance Costs</b>					
<b>Project</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>
Juvenile Community-Based Services Building	\$ 2,066,415	\$ 20,053,834			
Pulic Works Salt Storage Building at East Yard		\$ 89,191	\$ 743,843		
Replace EMS Post 1			\$ 2,112,314		
Road/Bridge Improvements	\$ 4,150,000	\$ 4,000,000	\$ 4,000,000	\$ 3,850,000	\$ 3,550,000
<b>Totals</b>	<b>\$ 6,216,415</b>	<b>\$ 24,143,025</b>	<b>\$ 6,856,157</b>	<b>\$ 3,850,000</b>	<b>\$ 3,550,000</b>

**Departmental Graphical Summary**

**Bond & Interest**  
Percent of Total County Operating Budget



**Expenditures, Program Revenue & FTEs**  
All Operating Funds



**Budget Summary by Category**

	2021 Actual	2022 Actual	2023 Adopted	2023 Revised	2024 Budget	Amount Chg '23 Rev.-'24	% Chg '23 Rev.-'24
<b>Expenditures</b>							
Personnel	-	-	-	-	-	-	-
Contractual Services	1,650	1,650	20,000	20,000	20,000	-	0.00%
Debt Service	15,195,366	14,388,808	15,035,014	15,035,014	11,652,167	(3,382,847)	-22.50%
Commodities	-	-	-	-	-	-	-
Capital Improvements	-	-	-	-	-	-	-
Capital Equipment	-	-	-	-	-	-	-
Interfund Transfers	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>15,197,016</b>	<b>14,390,458</b>	<b>15,055,014</b>	<b>15,055,014</b>	<b>11,672,167</b>	<b>(3,382,847)</b>	<b>-22.47%</b>
<b>Revenues</b>							
Tax Revenues	13,170,481	12,824,188	12,585,552	12,585,552	8,832,359	(3,753,193)	-29.82%
Licenses and Permits	-	-	-	-	-	-	-
Intergovernmental	-	-	86,583	86,583	11,559	(75,024)	-86.65%
Charges for Services	-	-	-	-	-	-	-
All Other Revenue	2,469,237	2,333,071	2,533,831	2,533,831	2,474,764	(59,067)	-2.33%
<b>Total Revenues</b>	<b>15,639,718</b>	<b>15,157,260</b>	<b>15,205,966</b>	<b>15,205,966</b>	<b>11,318,682</b>	<b>(3,887,285)</b>	<b>-25.56%</b>
<b>Full-Time Equivalentents (FTEs)</b>							
Property Tax Funded	-	-	-	-	-	-	-
Non-Property Tax Funded	-	-	-	-	-	-	-
<b>Total FTEs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Budget Summary by Fund**

Fund	2021 Actual	2022 Actual	2023 Adopted	2023 Revised	2024 Budget	Amount Chg '23 Rev.-'24	% Chg '23 Rev.-'24
Bond & Interest	15,197,016	14,390,458	15,055,014	15,055,014	11,672,167	(3,382,847)	-22.47%
<b>Total Expenditures</b>	<b>15,197,016</b>	<b>14,390,458</b>	<b>15,055,014</b>	<b>15,055,014</b>	<b>11,672,167</b>	<b>(3,382,847)</b>	<b>-22.47%</b>

**Significant Budget Adjustments from Prior Year Revised Budget**

	Expenditures	Revenues	FTEs
Decrease in budget due to anticipated decrease in 2024 principal and interest costs	(3,382,847)		
Decrease in intergovernmental revenue due to anticipated decrease in Federal revenue		(75,024)	
Decrease in all other revenue due to anticipated decrease in investment income		(59,067)	
<b>Total</b>	<b>(3,382,847)</b>	<b>(134,091)</b>	<b>-</b>

**Budget Summary by Program**

Program	Fund	2021 Actual	2022 Actual	2023 Adopted	2023 Revised	2024 Budget	% Chg '23 Rev.-'24	23-'24' FTEs
Bond & Interest	301	15,197,016	14,390,458	15,055,014	15,055,014	11,672,167	-22.47%	-
<b>Total</b>		<b>15,197,016</b>	<b>14,390,458</b>	<b>15,055,014</b>	<b>15,055,014</b>	<b>11,672,167</b>	<b>-22.47%</b>	<b>-</b>