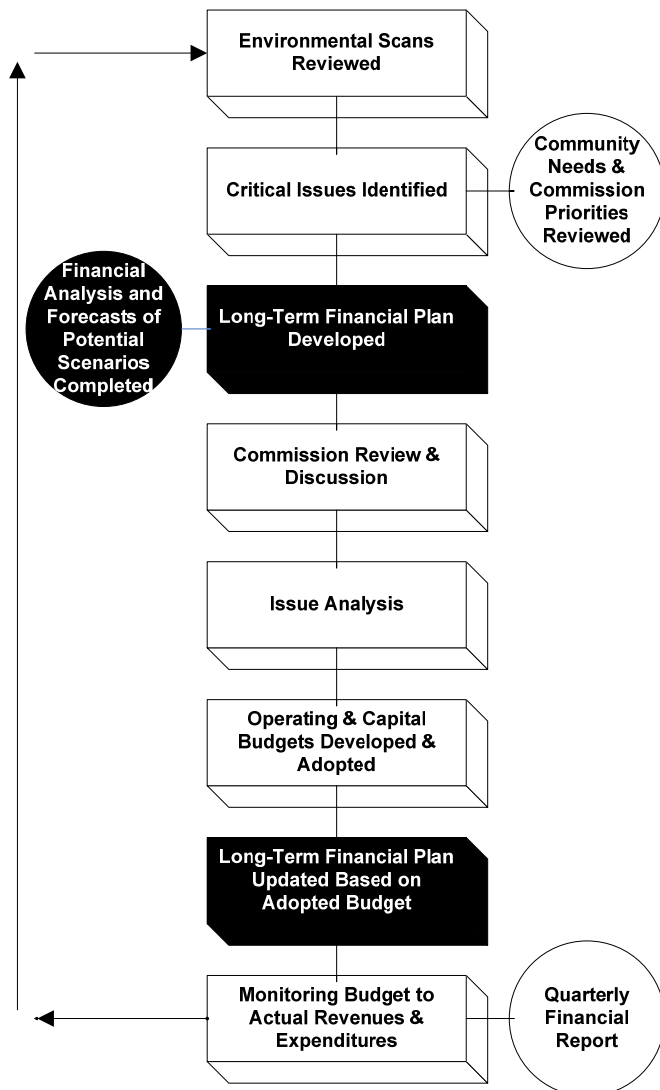


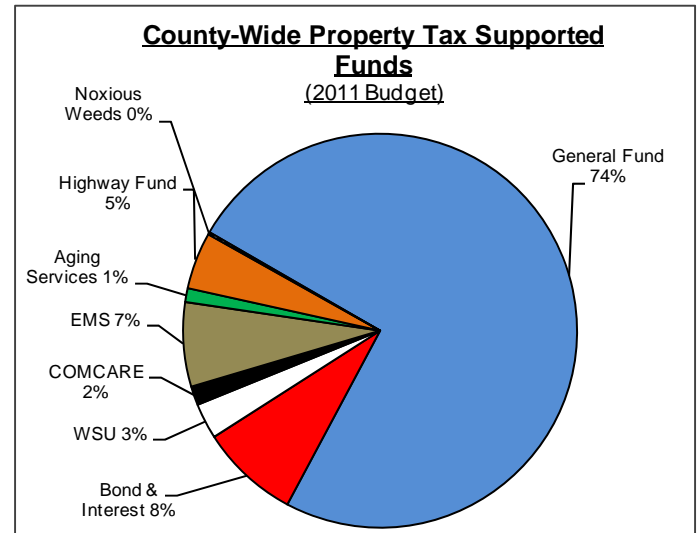
**Introduction**

Sedgwick County prepares an annual long-term financial plan as a fundamental element of the budget process. The purpose of the financial plan is to evaluate current and future fiscal conditions to guide policy and programmatic decisions. A financial plan is a fiscal management tool that presents forecasted 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 financial plan 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 Plan and the Budget Process**



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



**Forecasting Methodology**

The forecasts included in the Financial Plan 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 your local weather forecast, we often lose sight that these forecasts are performed based on the most recently available variables. For the Financial Plan, these variables include economic data and decisions by the Board of County Commissioners (BoCC) as of the date the 2011 budget was adopted on August 11, 2010.

Unfortunately, finance variables, just like the weather, are constantly changing. The forecasts included in the Financial Plan are subject to unforeseen and uncontrollable national, state, and local events, in addition to the timing of large capital projects that may make the forecasts less accurate.

**Executive Summary**

Historically, Sedgwick County has a record of strong financial performance, as evidenced through its current bond ratings. Maintaining such strong credit ratings requires confronting financial challenges and executing difficult management decisions.

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

Sedgwick County has a long record of actions taken to address current and projected future fiscal stress. Some of these actions are described in the adjacent box, with recent actions taken following the adoption of the 2010 budget involving property tax supported funds summarized below.

- Defer \$838,280 in Capital Improvement Program (CIP) projects for replacement of the HVAC system at the Extension Center and roof replacements at various County facilities.
- Return \$500,000 in cash allocated to EMS Post 10 construction and instead fund construction with bonds to be issued in 2011.
- Shift \$322,000 in GIS software maintenance, GIS aerial flight/digital oblique imagery from the General Fund to the Register of Deeds Land Technology Fund in 2011.
- Implemented on June 1<sup>st</sup> a position review team to evaluate filling vacant positions. Public safety positions and positions assigned to departments managed by elected officials are exempt.
- Reduce departmental fleet charges by \$741,036 in 2011.
- Adjust the health benefit plan through benefit changes from an 11.9 percent increase to 5.8 percent.

The financial plan projections also include service enhancements incorporated into the 2011 budget to meet the changing needs of our community, as outlined in the adjacent table. Of these enhancements, the \$1.2 million earmarked within the Public Safety Contingency for Mental Health Solutions in the Adult Detention Facility and to address state funding shortfalls in Community Corrections grant programs are not incorporated as projected expenditures in this plan.

If a decision is made to implement both or either project, the financial plan will have to be updated appropriately.

**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 8<sup>th</sup> 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:** In the adopted budget, 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.

After 2011, the financial plan does not include estimated expenditures for additional service enhancements beyond traditional inflationary growth patterns.

**Service Enhancements  
(Property Tax Supported Funds)**

Adjustments	Amount
• 911 - 2.0 FTE Dispatcher II Positions Offset by a Reduction in Overtime	-
• EMS - Restoration of Commodity Supplies for Local Fire Departments	75,974
• EMS - Add One Additional Ambulance Staffed by 4.0 FTE Emergency Medical Technician Positions	459,406
• Project Access - Allocation to Assist with Personnel Expenses	68,000
• Lake Afton - High Risk Dam Inspection	6,500
• Aging - Senior Centers Funding Increase Based on Allocation Formula	35,000
• HR - Implement Mind Leaders Training Program	64,075
• COMCARE - Child Advocacy Center, Shift Funding Allocation From COMCARE Grants	120,000
• Public Safety Contingency - Earmark Funding Within the \$3.25 Million Contingency for Mental Health Solutions in the Adult Detention Facility and to Address State Funding Shortfalls in Community Corrections Grants	1,200,000



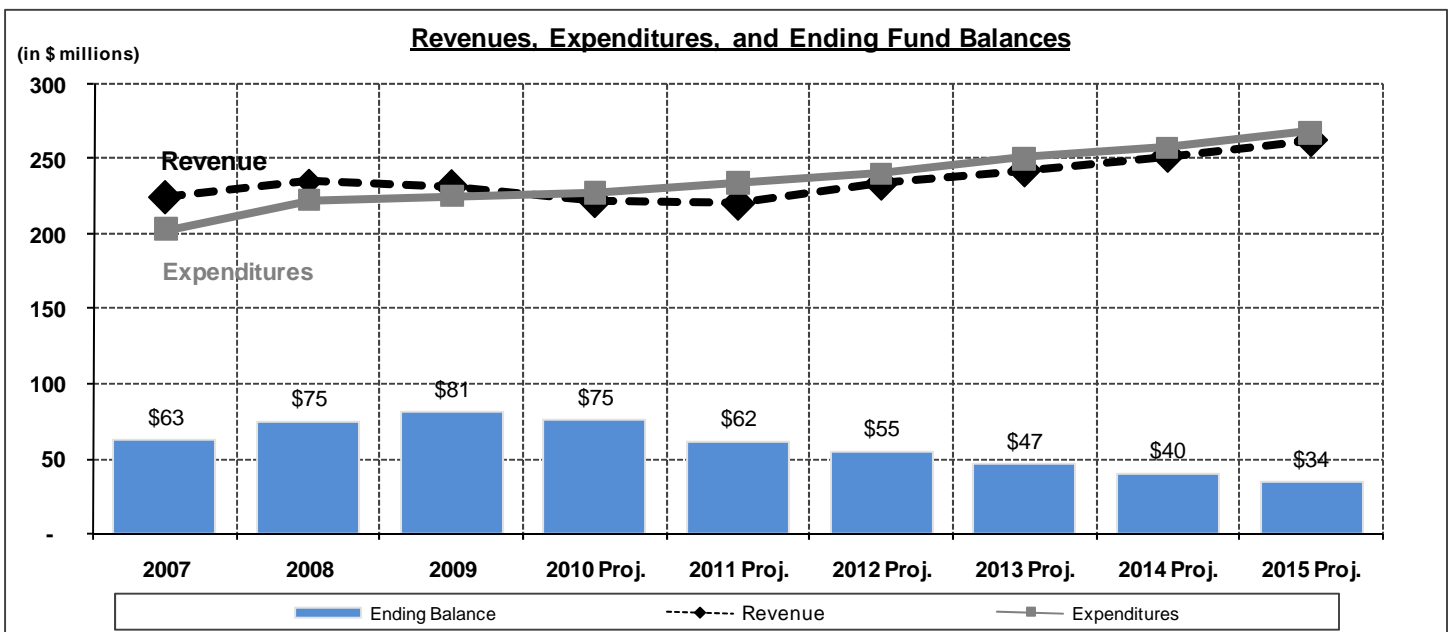
For the next five years, this financial plan confronts a variety of challenges. The national economy remains in a state of transition in which the only certainty is that the immediate financial environment will not resemble those prior to the national recession occurring. Although Sedgwick County has not been impacted by the economic conditions to the same extent as many other regions, we continue to experience significant reductions in a majority of key revenues often viewed as reflective of local economic conditions, as outlined in the table below.

Key Revenue Indicators - Sedgwick County			
Revenue	2009	2010	% Chg.
	Jan. - Oct.	Jan. - Oct.	
• Retail Sales Tax	18,979,208	18,359,238	-3.3%
• Use Tax	2,012,041	2,037,101	1.2%
• Investment Income	6,092,054	1,900,871	-68.8%
• Mortgage Reg. Fees	5,458,299	4,228,263	-22.5%
• Motor Vehicle Taxes	13,275,344	12,493,675	-5.9%

- Second, the plan includes, based on the budget, the allocation of a 2.0 percent Compensation Pool in 2011. However, the Board of County Commissioners will decide in the fall of 2010 how much of the 2.0 percent pool will be authorized for distribution to increase employee wages. A 4.0 percent pool is included in the plan for 2012 to 2015.
- Third, property tax collection delinquencies are estimated to remain higher than normal through 2011. Consequently, this financial plan assumes delinquencies will increase in 2011 to 5 percent and then decline to more traditional levels of 3.5 percent annually.
- Fourth, the property tax rate was reduced for the third consecutive year by .555 mills for the 2011 budget.
- Finally, although the plan anticipates marginal growth to return in 2011 for several key revenues, aggregate collections are expected to still remain below actual collections experienced in 2008.

As a result of these unfavorable trends, the financial plan estimates operating deficits in which expenditures exceed revenues over the entire planning horizon to 2015. The estimated operating deficits reach their highest point in 2011 at \$13.7 million due to a combination of significant events.

- First, the County experiences an extra payroll posting period in 2011, which occurs approximately every eleven years when utilizing a two-week payroll cycle.



Because of the County’s previous actions to develop a “rainy day fund”, the financial plan anticipates the cumulative fund balances of these property tax supported funds will remain above the minimum fund balance policy until 2014, even with the projected annual operating deficits. In 2014, although the County would continue to have fund balances exceeding \$40.4 million, it would fall \$5.6 million below the minimum balance requirements. By 2015, the estimates indicate the County would fall \$13.6 million below the policy, but still retain \$34.3 million in fund balances.

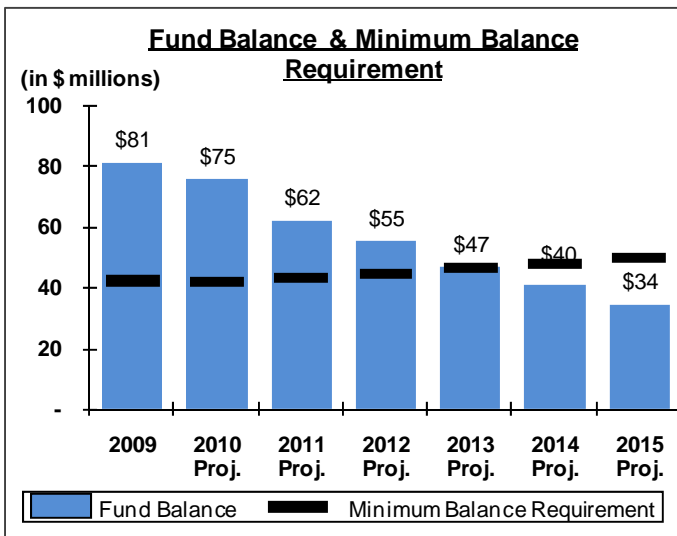
The minimum fund balance policy outlines that fund balances are not to fall below 20 percent of budgeted expenditures for the General Fund and 7 percent for all other funds subject to the policy.

• **Revenues**

- 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.
- Continue to seek full collection of Jail Housing Fees from all local municipalities. This plan assumes full collections will begin in 2012 following the conclusion of the lawsuit with the City of Wichita.

• **Expenditures**

- 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 and implement opportunities to minimize growth in the jail population.

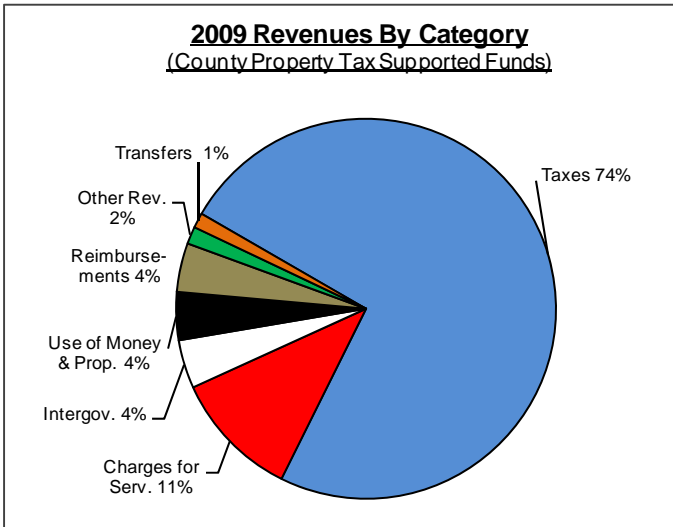


With a changing financial environment and growing community responsibilities, particularly with declining property tax revenues over the short-term horizon, the County’s financial plan presents a challenging outlook over the next five years. Based on the assumptions included in this plan, gap closure between projected revenues and expenditures over the planning horizon will require the County to be cognizant of financial conditions when making decisions and continue to make additional operational changes when possible. Such changes will require the County to continue to concentrate on a variety of core financial principles, as outlined in the adjacent section.

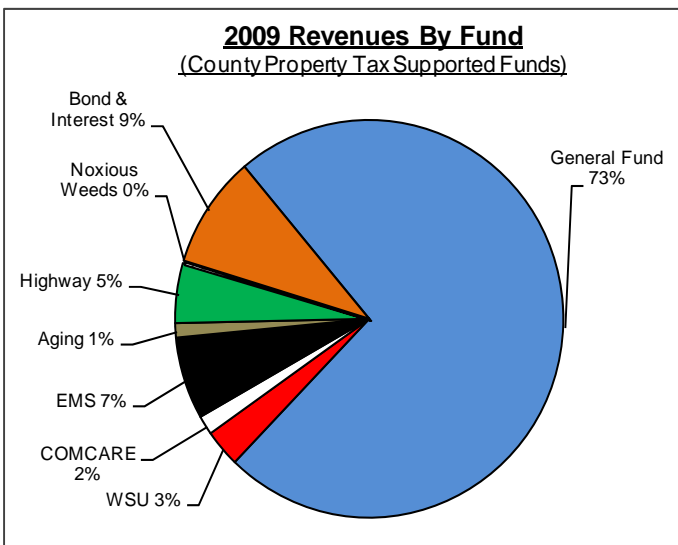
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**Revenues & Transfers In**

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 2009, a total of \$232.1 million in revenue and transfers in was received in these funds, with 74 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 2009, followed by the Bond and Interest Fund, and Emergency Medical Services (EMS).



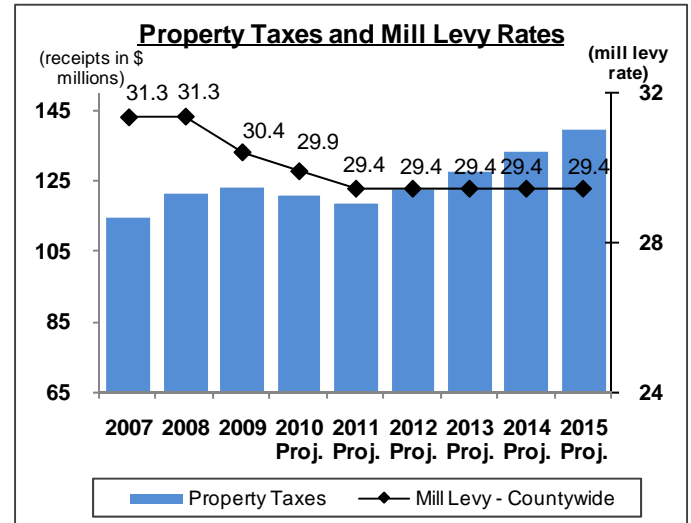
**Specific Revenue Projections in the Financial Plan**

Of the total revenue collections and transfers in from other funds in 2009, 84 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.

	2009 Actual	% of Total
Total Revenues & transfers in	\$232,082,104	100%
Property taxes	122,911,187	53%
Local sales & use tax	25,232,783	11%
Motor vehicle tax	16,455,891	7%
Medical charges for service	11,269,820	5%
Mortgage registration & officer fees	7,498,151	3%
Investment income	6,195,750	3%
Special city/county highway	4,435,116	2%
<b>Total</b>	<b>\$193,998,698</b>	<b>84%</b>

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

**Property Taxes**



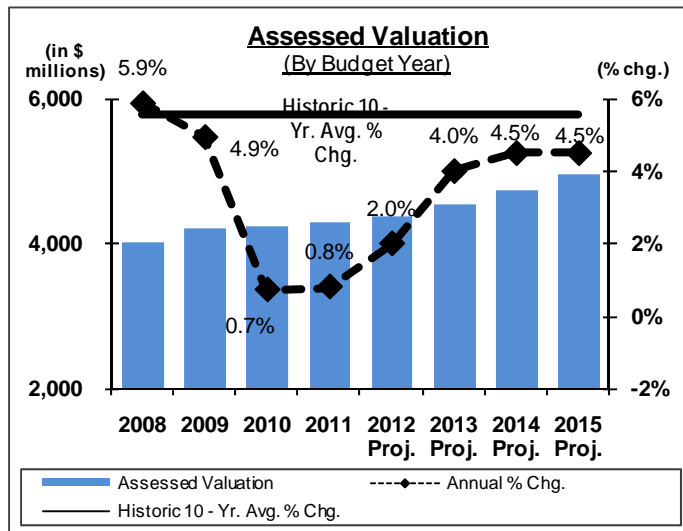
Property taxes play a vital role in financing essential public services. Property tax revenues are primarily used to fund services County-wide in the General Fund and various special revenue funds that do not have the capacity to self-finance their services, in addition to retiring the County’s long-term 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 Board of County Commissioners reduced the County-wide property tax rate, expressed in mills, as demonstrated on the previous graph. In 2009 the Board reduced the rate by nearly a full mill (.956 mills), followed by slightly over a half mill (.509 mills) in 2010, and by slightly over half a mill in 2011 (.509 mills).

In all three years, the Commission offset the property tax 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. For 2010, the half mill reduction was offset by a variety of budgetary reductions totaling \$3.3 million. And, in 2011 the Board reduced property taxes by 0.509 mills by reducing budgeted employee compensation.

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

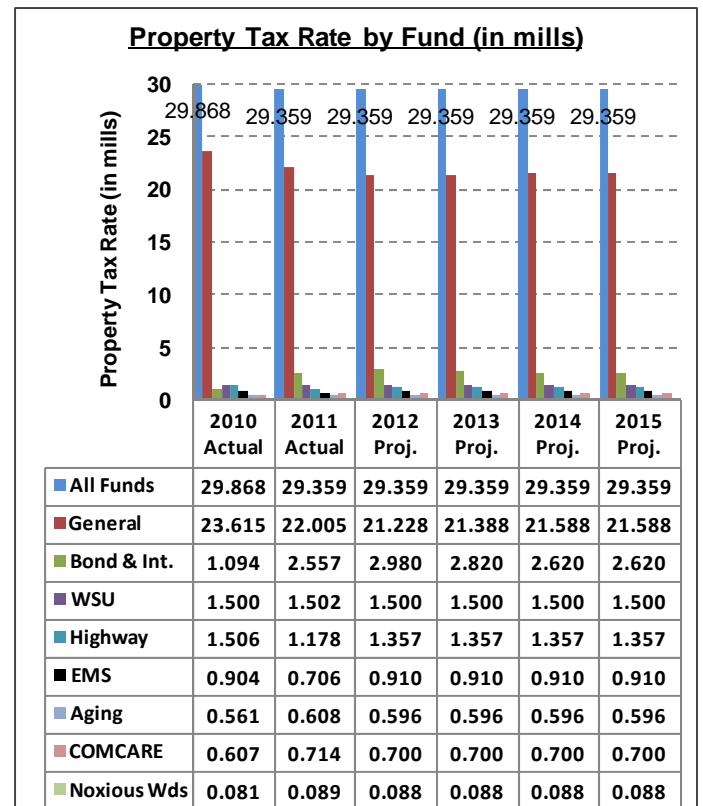
- an assumption that the property tax levy reduced to 29.359 mills for the 2011 budget year will remain unchanged through the rest of the planning period,
- increases or decreases in property tax revenues following 2011 will result from an estimated increase or decrease in assessed valuations and not an increase in the mill levy rate,
- an assumption that collection delinquencies will increase in 2011 to 5 percent and then decline to more traditional levels of 3.5 percent annually.



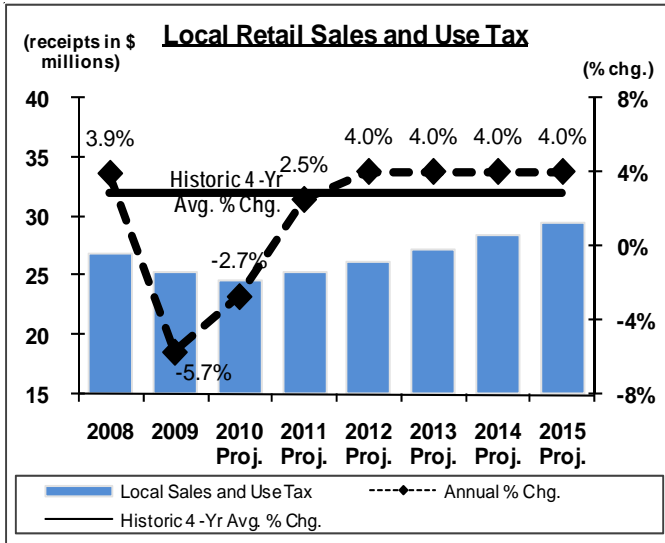
Over the past ten years, Sedgwick County’s assessed valuation has grown an average of 5.6 percent. From

2006 to 2008 valuation increases exceeded that average. However, beginning in 2009 a trend emerged in which assessed valuations fell below traditional growth levels with a 4.9 percent increase in 2009, less than 1.0 percent increase in 2010, and less than 1.0 percent increase for the 2011 budget. 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. In addition, a key component of the assessed valuation, personal property, continues to decline as a result of the State’s exemption of qualifying commercial personal property acquired or transported into the state after June 30, 2006.

Within the financial plan, property tax rates among all 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 – 29.359 mills in 2011 through 2015 – 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 included within this plan.



**Local Retail Sales and Use Tax**



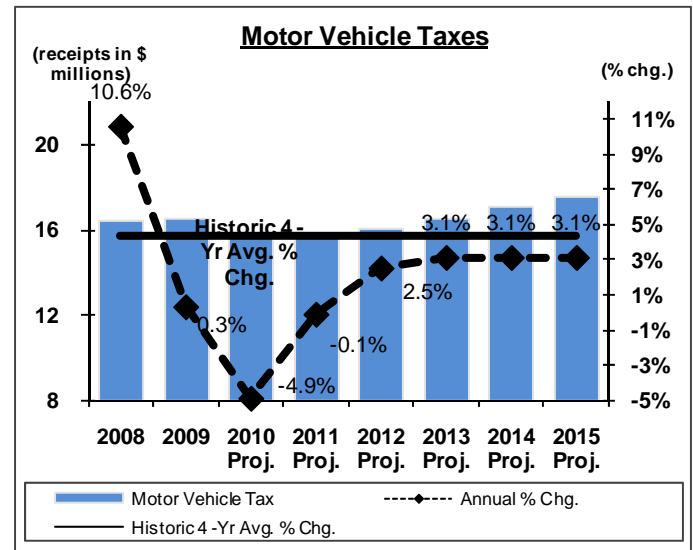
Local retail sales tax is generated from a county-wide 1.0 percent tax on retail sales, imposed pursuant to voter approval in July of 1985. Distribution of sales tax revenue to the County and cities is based half on their individual population levels and half on property tax levies per state statute 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 and,
- 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 4.6 percent between 2004 and 2008. As a result of the national recession and the County’s reduction in its mill levy, collections fell by 5.7 percent in 2009, altering the four year average historical growth between 2006 to 2009 to 2.86 percent, as shown in the graph on the previous page. Collections are projected to again decline in 2010 by 2.7 percent and then begin to return to more traditional growth rates in 2012 and 2013.

**Motor Vehicle Taxes**



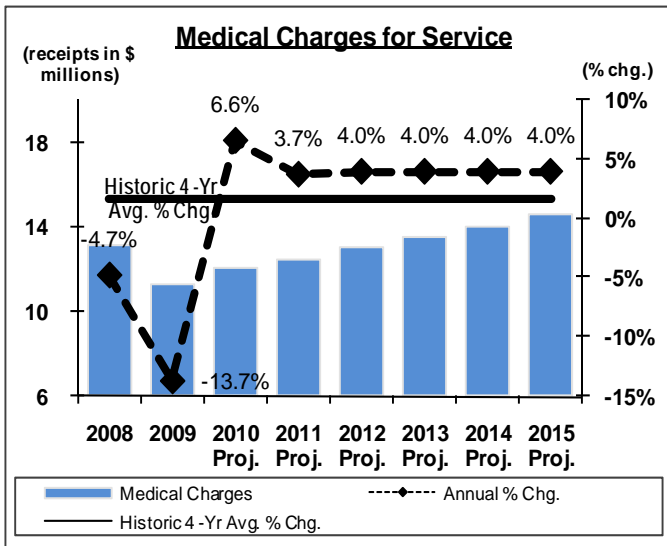
The state statute describing the collection and distribution of Motor Vehicle Taxes is outlined in K.S.A. 79-5101 et seq.

- Motor vehicles are distinguished by twenty 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 tax reductions in 2009 and 2010, it is estimated to become less consistent over the next several years. For example, at the end of 2009, motor vehicle valuations had declined by 1.1 percent in Sedgwick County.

**Medical Charges for Service**

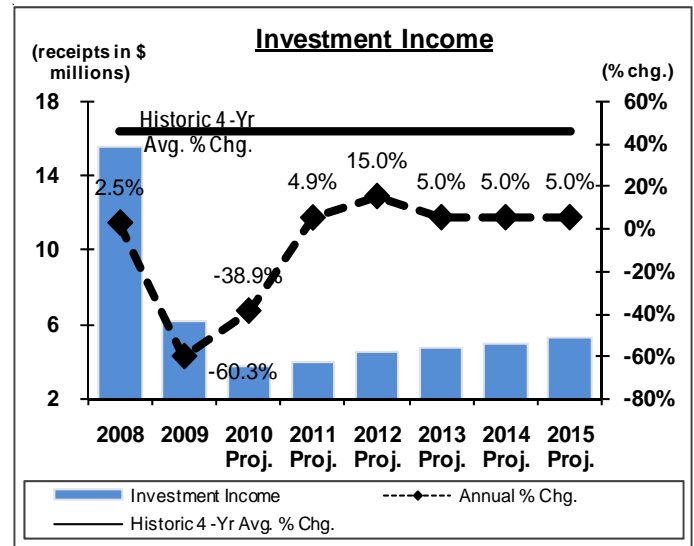


Medical charges for service include Medicaid, Medicare, insurance, and patient fees for delivered medical services. In the tax supported funds, these services are predominately delivered through EMS, generating 90.3 percent of total 2009 collections, followed by the Health Department and the Sedgwick County Offender Assessment Program (SCOAP) as managed by COMCARE.

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 financial plan.

In both 2008 and 2009, medical charges for service declined. In 2008 collections through EMS alone declined by 5.6 percent due to an abnormally large collection of insurance fees that occurred in 2007. In 2009, EMS collections increased by 2.8 percent. The overall decrease of 13.7 percent in 2008 is a result of the re-categorizing of approximately \$2.0 million in annual revenue from the Kansas Department of Social and Rehabilitation Services for the Judge Riddell Boys Ranch managed by the Department of Corrections to the category of intergovernmental revenue.

**Investment Income**



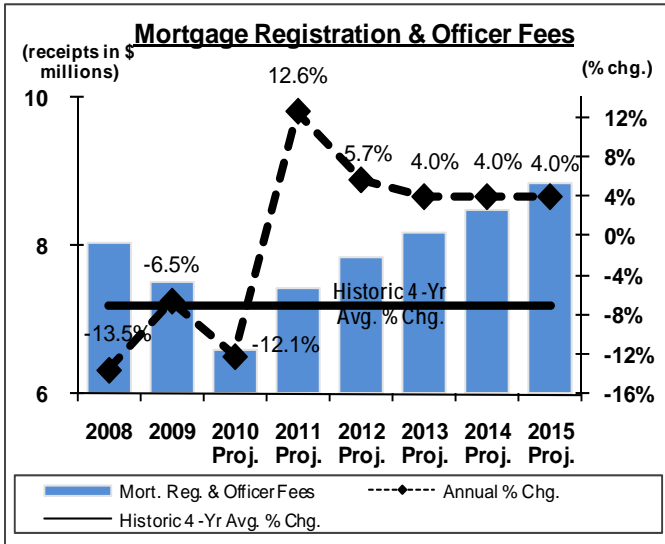
Investment income accounts for revenues generated from the investment of idle County funds. Traditionally, this revenue source can be volatile with collections dependent on interest rates in investment markets, the timing in which investments mature, and the size of the investment portfolio.

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 thirty 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. State law outlines that all investment income is to be deposited in the General Fund unless otherwise directed by statute.

Following the substantial completion of the downtown arena in early 2010 and declining investment yields, the County’s investment income is projected to continue to experience substantial decreases through 2010 and then stabilize in 2011 with growth of 4.9 percent. The growth in collections projected in 2012 at 15.0 percent results from the combination of two items. First, the County will issue a sizable amount of debt in the fall of 2011 and consequently invest those receipts for a \$25.0 million dollar project to convert the 911 – 800 MHZ radio system from analog to digital. Second, the financial plan assumes that investment yields will return to more favorable levels in late 2011 and 2012.



**Mortgage Registration & Officer Fees**

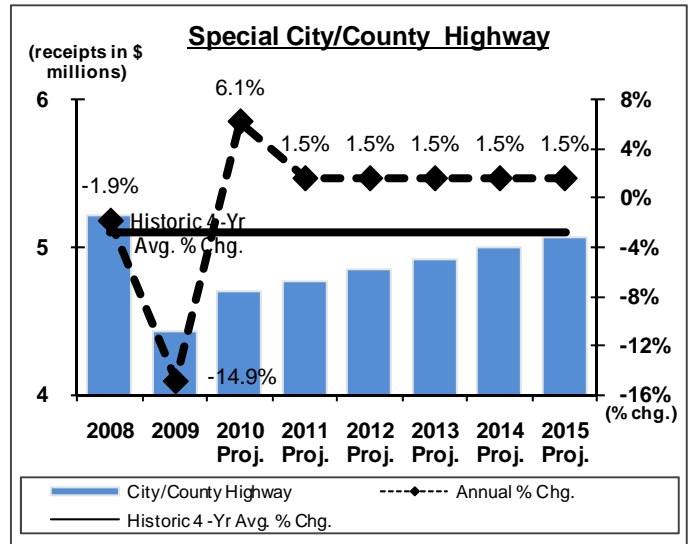


Mortgage registration and officer fees are collected by the Register of Deeds.

- Officer fees are established under K.S.A. 28-115 and include various filing fees for the recording of deeds and mortgages.
- 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 collection reductions in 2008 through 2010. Although collections are projected to increase over 12.0 percent in 2011, total collections would remain below what was experienced in both 2008 and 2009.

**Special City/County Highway Funding**

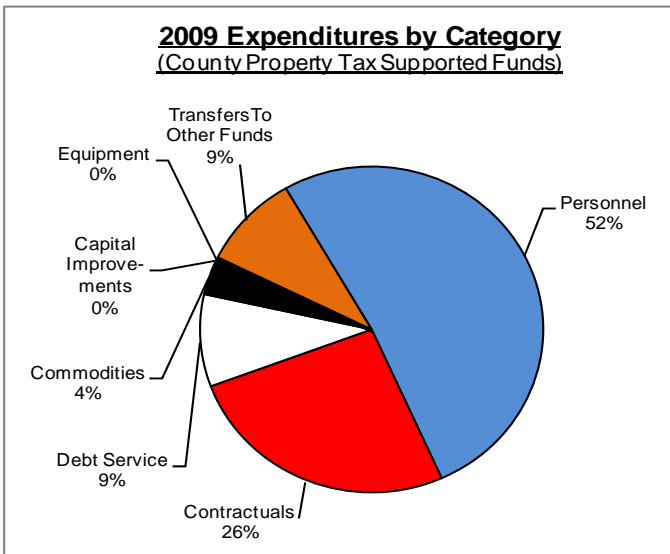


The Highway Department is financed through the Highway Fund to construct and maintain the County’s roads, bridges, and intersections. Of the revenues used to fund these operations, the largest is the state’s special city/county highway fund authorized under K.S.A. 79-3425. Through the Fund, the state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

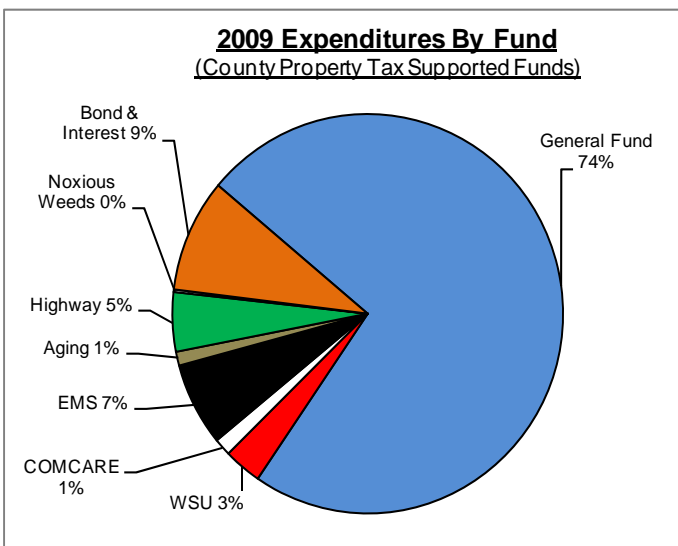
- Each County shall receive a payment of \$5,000.
- Remaining 50 percent is allocated based on the portion of collected motor vehicle registration fees in the County compared to the amount collected in all counties.
- Remaining 50 percent is allocated based on the portion of average daily vehicle miles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

This revenue source fell below historical growth patterns in both 2008 and 2009. The County witnessed significant revenue reductions in 2008 as the State’s collections from the Motor Fuel Gas Tax declined. In addition, for 2009 the state altered its demand transfer contribution to the state’s Special City/County Highway Fund, which in turn reduced County collections. Over the past six months, the County has witnessed increases in revenue collections from this revenue source, which is reflected in the 2010 estimate. For the following years, this revenue source does not traditionally generate substantial growth and the financial plan estimates are reflective of that fact.

**Expenditures**



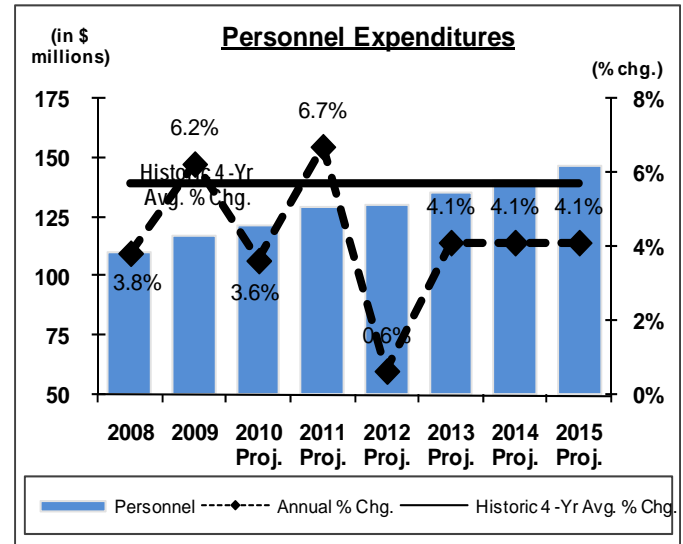
Sedgwick County’s expenditure structure is divided into seven primary categories: personnel, contractuals, debt service, commodities, capital improvements, equipment, and interfund transfers. Of the total expenditures incurred in 2009 for property tax supported funds, 52 percent was attributed to personnel and 26 percent to contractuals.



Of the funds receiving property tax support, the largest is the General Fund with 74 percent of total 2009 expenditures, followed by the Bond & Interest Fund, and Emergency Medical Services.

**Specific Expenditure Projections in the Financial Plan**

**Personnel**



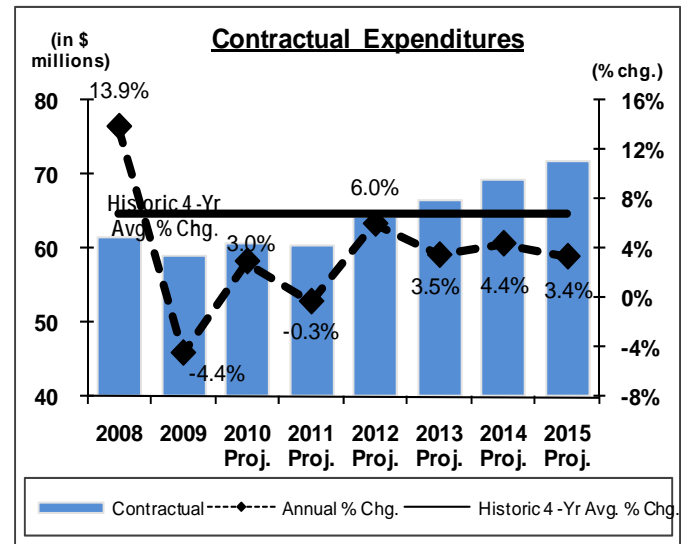
Similar to most government and proprietary entities, personnel expenditures represent the largest cost in delivering services. Historically, significant increases in personnel costs have been related to service expansions. For example, in 2009 a 6.2 percent increase was partially the result of the full implementation of the new Drug Court program. However, the projected 6.7 percent increase in 2011 is the result of a combination of items, the least of which is program expansions.

- First and foremost, the 2011 budget includes the occurrence of an additional payroll posting period in 2011. Sedgwick County utilizes a two-week payroll cycle. Traditionally, when utilizing such a cycle, approximately every eleven years an extra payroll posting period occurs. Ours occurs in 2011. The budget however is not reflective of an individual employee’s annual salary due to the timing variance between the posting of payroll and the employee’s receipt of compensation.
- Second, the plan includes, based on the recommended budget, the allocation of a 2.0 percent Compensation Pool in 2011. However, the Board of County Commissioners will decide no earlier than the fall of 2010 how much of the 2.0 percent pool will be authorized for distribution to increase employee wages. For the years 2012 to 2015, the plan includes a 4.0 percent Compensation Pool.
- Third, the 2011 budget includes additional costs for retirement rate increases for employees in the

Kansas Public Employees Retirement System (KPERs) and the Kansas Police and Firemen’s Retirement System (KP&F). Historically, KPERs retirement rates reached their lowest in 2004 at 3.52 percent of wages and have gradually increased each year to the current rate of 7.74 percent for 2011.

- Fourth, this plan includes an increase in employee medical and pharmacy benefits of 5.8 percent. This increase was reduced from an original 11.9 percent increase by changing the benefit plan. The most significant changes include increases in deductibles, increases in copayments for pharmaceuticals, and implementation of a tiered primary care physician (PCP) program in which copayments are based on the PCP’s tiered ranking.

**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 6.8 percent over the past four years due to the implementation of alternative jail programs and economic development funding. A single economic development project, a one-time payment to the City of Wichita for \$5.0 million for an economic incentive package to locate the new Cessna Columbus plant in Wichita, is the predominant factor in the 2008 increase of 13.9 percent. Plans for the construction of the plant were later canceled and the payment was returned to the County in 2009.

For 2011, contractual expenditures are projected to remain essentially flat due to two actions taken in the budget. First, departmental base budget targets for property tax supported funds were established with a 1 percent increase in contractual, commodity, and equipment from 2009 actual expenditures. As a result, two-thirds of departments have less budget authority in these categories than in 2010. Second, departmental fleet charges for these property tax supported funds were reduced by \$741,036 from the 2010 budgeted amount.

**Staffing Changes  
(Property Tax Supported Funds)**

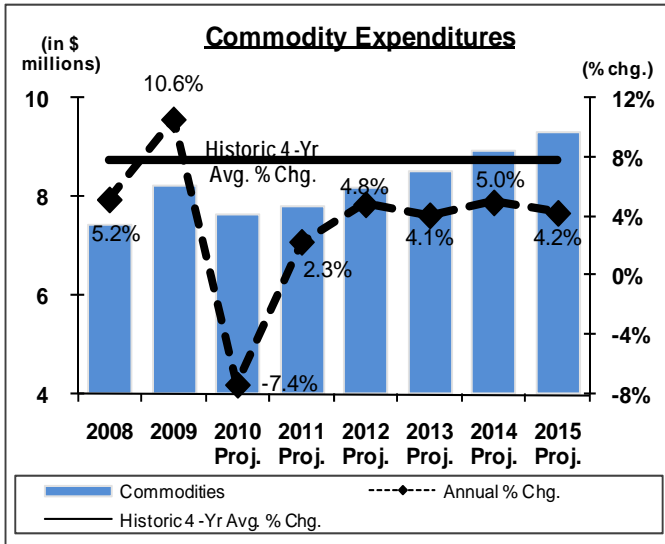
Department	Description	FTE	2011 Amount
<b>General Fund:</b>			
DIO	Service Maintenance	(0.50)	(12,872)
DIO	Network Support Analyst	1.00	61,344
Election Comm.	Office Specialist	(1.00)	(48,170)
Emerg. Comm.	Dispatcher II*	2.00	102,060
<b>EMS Fund:</b>			
EMS	EMT	4.00	188,259
<b>Highway Fund:</b>			
Highway	CAD to Sr. CAD Tech.	-	3,153
<b>Total</b>		<b>5.50</b>	<b>\$ 293,774</b>

\* Cost has been offset by a reduction in overtime

Nevertheless, the 2011 budget includes some program expansions in personnel as outlined in the table above. For property tax supported funds, these adjustments include the elimination of a Service Maintenance position in the Division of Information and Operations (DIO) and reallocating the savings to create a new Network Support Analyst. The Election Commissioner eliminated an Office Specialist and shifted the savings to their contractual budget. Two new Dispatcher II positions were created in Emergency Communications to enhance their quality assurance efforts, offset by an equal reduction in budgeted overtime costs. Four Emergency Medical Technician (EMT) positions were added in conjunction with an additional ambulance to address call volume growth. Finally, the Highway Department funded the transition of a Computer Aided Design Technician to a Senior Computer Aided Design Technician.

In 2012, contractual expenditures are estimated to increase by 6.0 percent and are attributed to departmental fleet charges returning to traditional levels, inflationary growth, and higher contractual election worker costs due to the election cycle. Cost of election workers is also the cause of the higher increase in 2014 due to the election cycle.

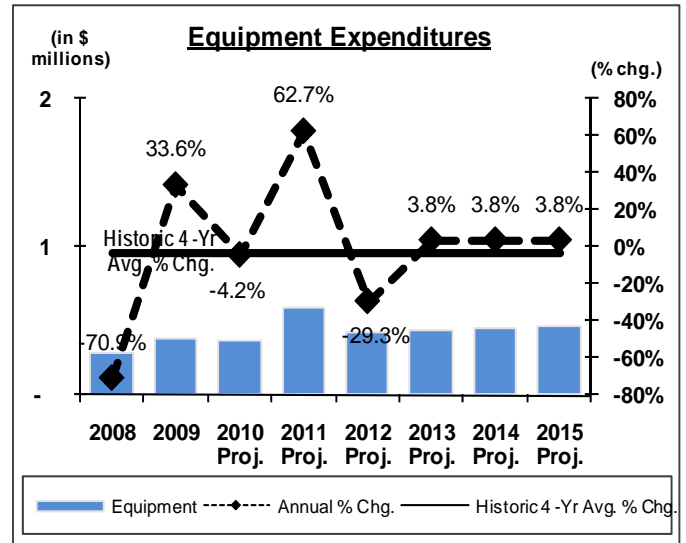
**Commodities**



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 increased in 2008 and 2009 due to the implementation of the Sheriff’s Offender Registration Unit and the new Drug Court alternative jail program. With the implementation of these programs now complete, commodity expenditures are anticipated to decrease by 7.4 percent in 2010, and then return to more traditional rates of growth, absent special projects, over the planning horizon.

**Equipment (Capital Outlay)**

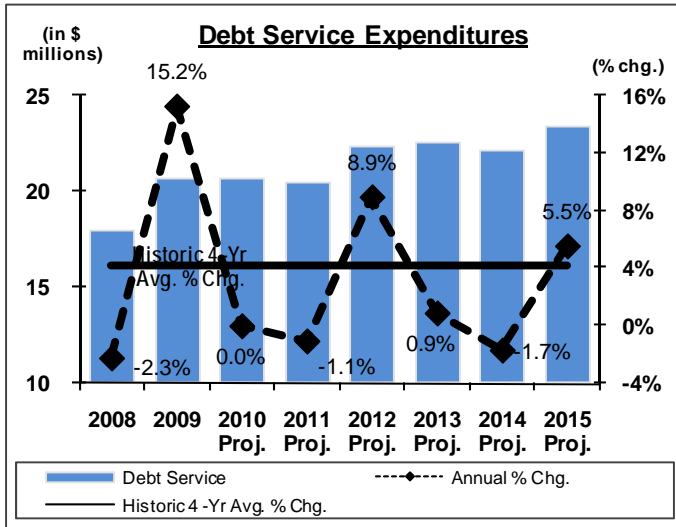


Equipment includes expenditures for office, technical, operating, and vehicular equipment that cost more than \$10,000. Overall, the County spends relatively small amounts for equipment in the tax-supported funds, so isolated purchases can often result in sizable year-to-year percentage changes.

In 2007 equipment expenditures increased by 68 percent due to one-time equipment replacements in EMS, Corrections, and funding in the Division of Information and Operations for new Enterprise Servers and other electronic equipment. Equipment expenditures then dropped in 2008 to slightly more than \$280,000 or a 70.9 percent decline. However, in 2009, expenditures again grew as a result of a one-time expenditure of \$201,397 to add an additional ambulance to the EMS fleet. In 2011, expenditures are again expected to experience substantial growth due to the addition of another ambulance to the EMS fleet in correlation to the addition of a new ambulance crew.

Over the remaining planning period, growth is projected to be more consistent with historical patterns.

**Debt Service**



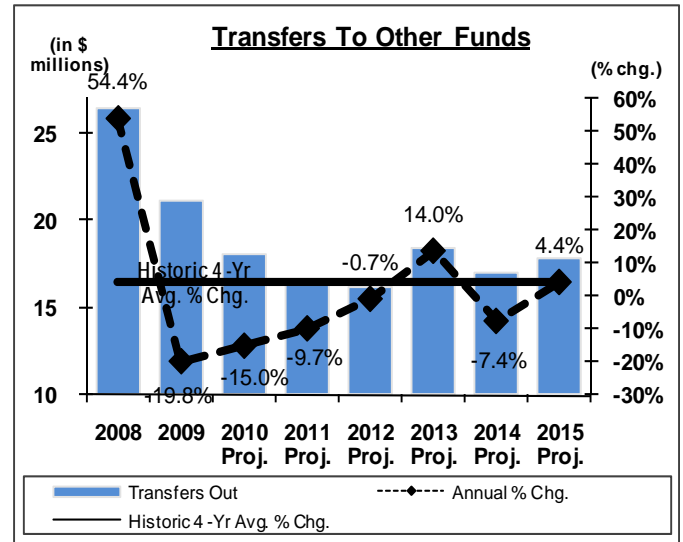
The financial plan incorporates debt service payments on current debt obligations and includes forecasted debt payments for capital improvement projects, as outlined in the recommended five-year Capital Improvement Program (CIP). The debt service calculations in the financial plan includes the following projects as outlined in the table below.

Capital Projects Funded with Debt Proceeds		
Year	Project	Amount
● 2011	EMS Post Replacement/Remodel	2,075,000
● 2011	Replace Public Safety Radio System	25,375,000
● 2012	Lake Afton Spillway	3,380,000
● 2014	Heartland Fire/Law Enforcement Training Center	15,000,000
● 2011-2014	Courthouse Improvements	12,470,000
● 2010-2014	Special Assessments	4,263,000
● 2010-2015	Road/Bridge Improvements	24,360,000

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

Existing and planned new debt to be issued during the five-year planning horizon is expected to result in County debt levels ranging from \$352 per capita to \$394 per capita and annual debt service obligations ranging from 10 percent to 11 percent of budgeted General and Debt Service Fund expenditures.

**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 through the Equipment Reserve Fund. As outlined in the table to the right, the 54.4 percent increase in 2008 was largely related to \$9.0 million transferred that year for cash funded capital projects.

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 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 \$1.2 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).

<b>Primary Recurring Transfers</b>				
	<b>Sales Tax To LST Road &amp; Bridge Fund</b>	<b>Sales Tax To Bond &amp; Interest Fund</b>	<b>Other Cash Funded Capital Projects</b>	<b>General Fund to Risk Mgmt.</b>
● 2008 Actual	11,779,575	1,597,566	9,002,587	1,058,601
● 2009 Actual	11,018,825	1,597,566	5,252,802	1,011,671
● 2010 Proj.	10,676,940	1,597,566	3,446,027*	1,549,683
● 2011 Proj.	10,983,802	1,597,566	1,754,778	1,244,846
● 2012 Proj.	11,487,057	1,597,566	1,113,929	1,271,743
● 2013 Proj.	12,010,442	1,597,566	2,373,219	1,299,178
● 2014 Proj.	12,554,762	1,597,566	1,380,431	1,327,161
● 2015 Proj.	13,120,855	1,597,566	1,012,883	1,355,705

\* Includes capital projects deferred in 2010

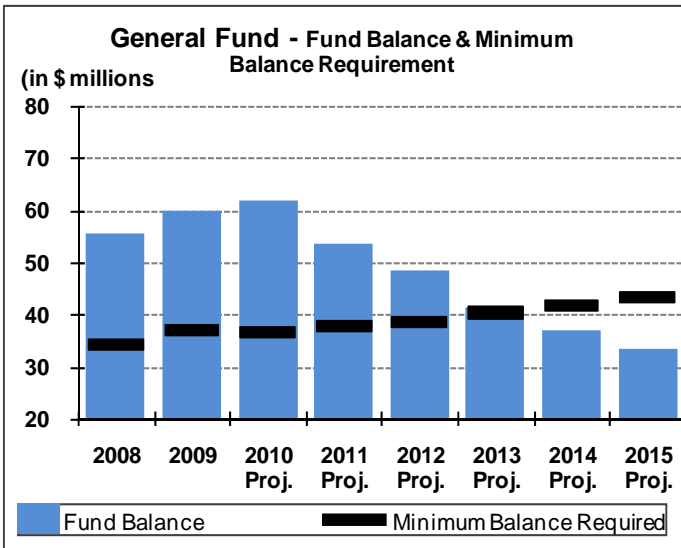
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**Summary by Fund**

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

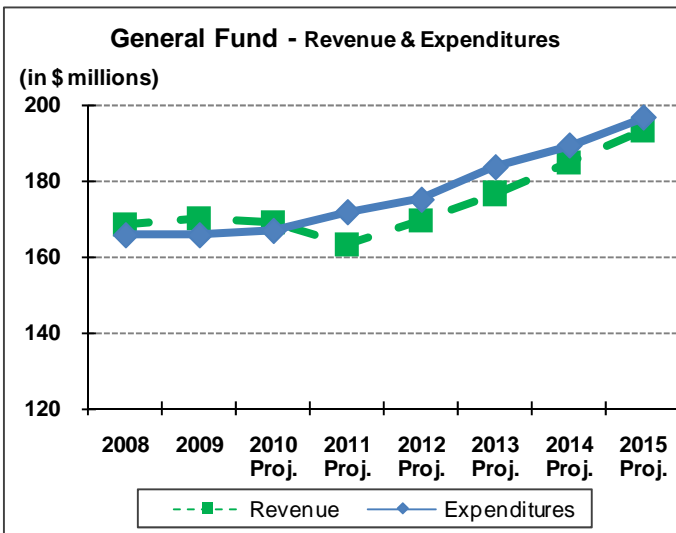
**General Fund**



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 until 2014 when the fund is projected to fall below the minimum balance requirement.

**Major fiscal challenges:**

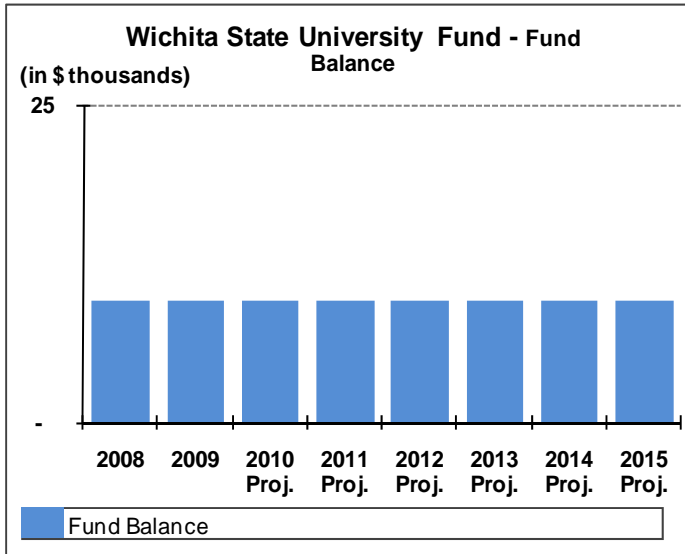
- Absorbing over the next several years the impact of economic conditions on various key revenues, such as property taxes, retail sales tax, mortgage registration fees, and investment income.
- Maintaining current services and/or service levels as the availability of funding diminishes due to the economic environment.
- Limitations in the ability to address unplanned, emergency funding needs when they arise as the fund balance declines.



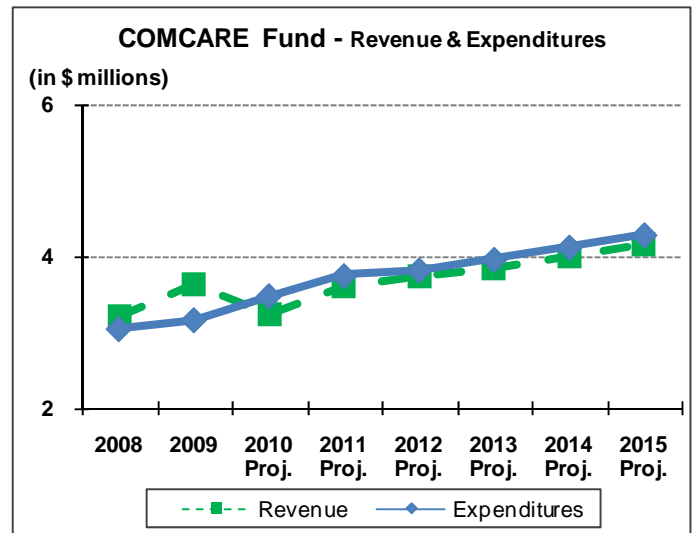
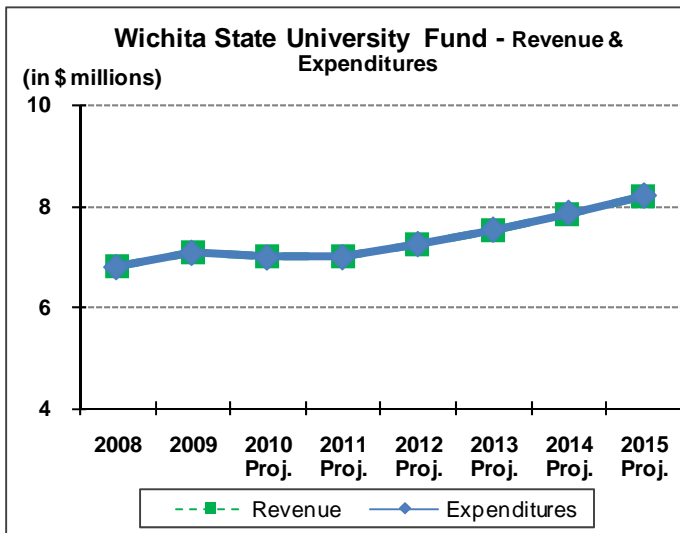
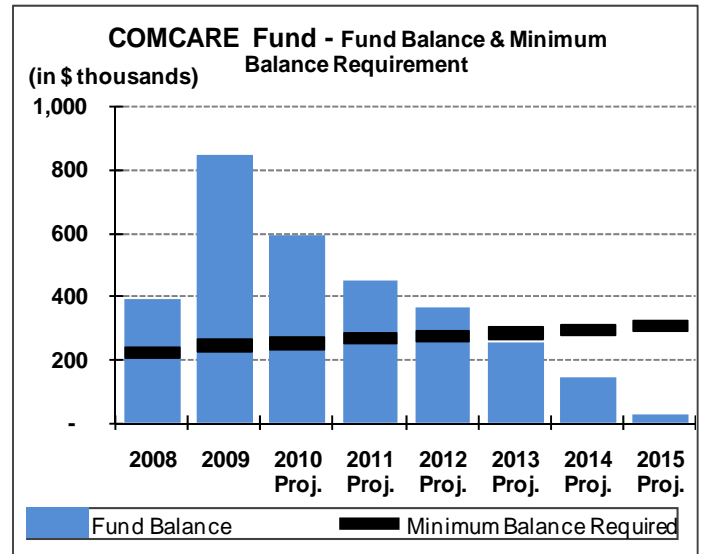
The General Fund is the County’s primary operating fund and accounts for County services that do not have a designated fund of their own. The General Fund includes most general government and law enforcement functions and receives the broadest variety of revenues. Currently, the operations of forty-four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



Wichita State University



COMCARE



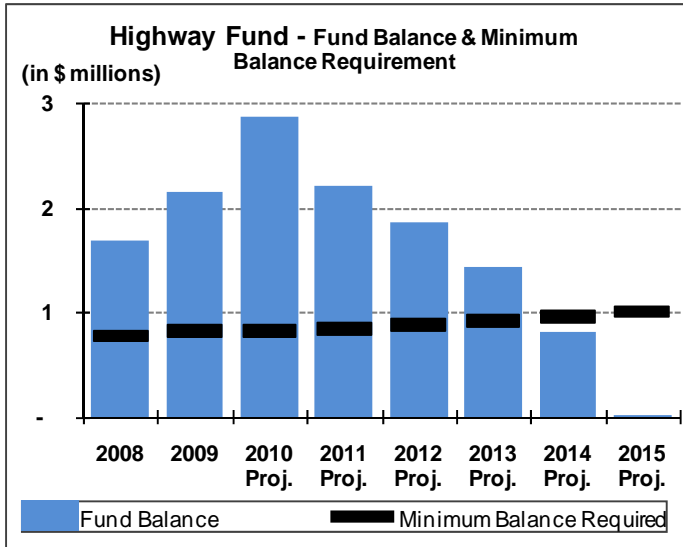
In June 1987, the Board of County Commissioners and the Wichita City Council approved an inter-local agreement in which the City agreed to stop levying its 1.5 mill property tax and the County created a countywide levy of an equal amount.

This fund is not subject to the fund balance policy as all revenue collected is paid to the university within state budgetary limitations.

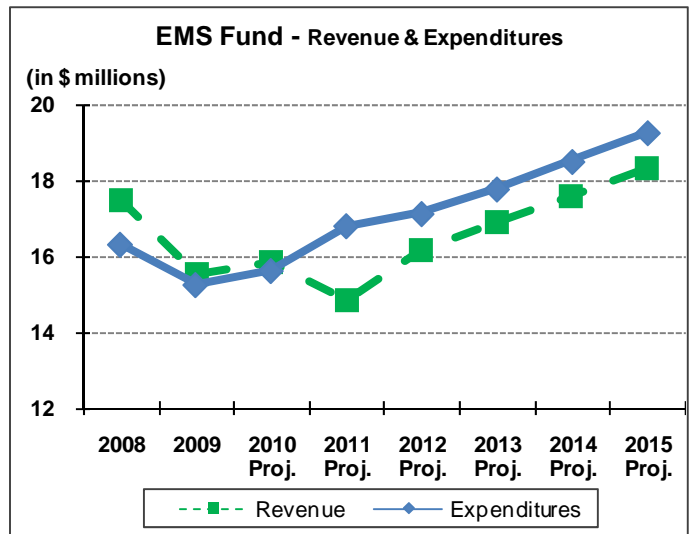
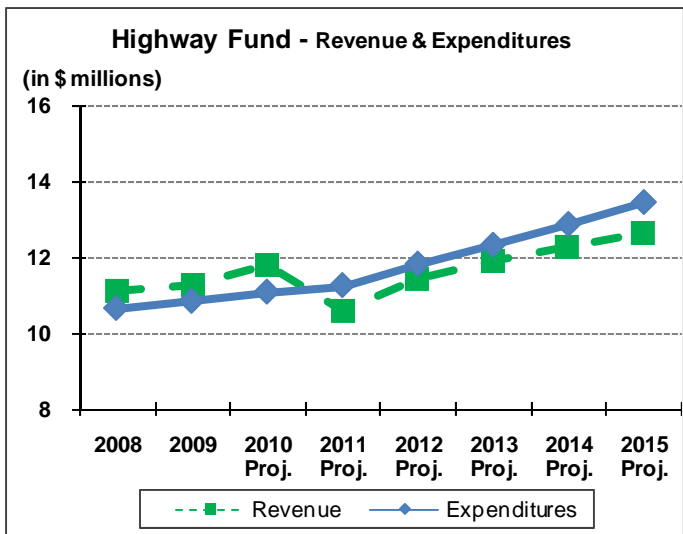
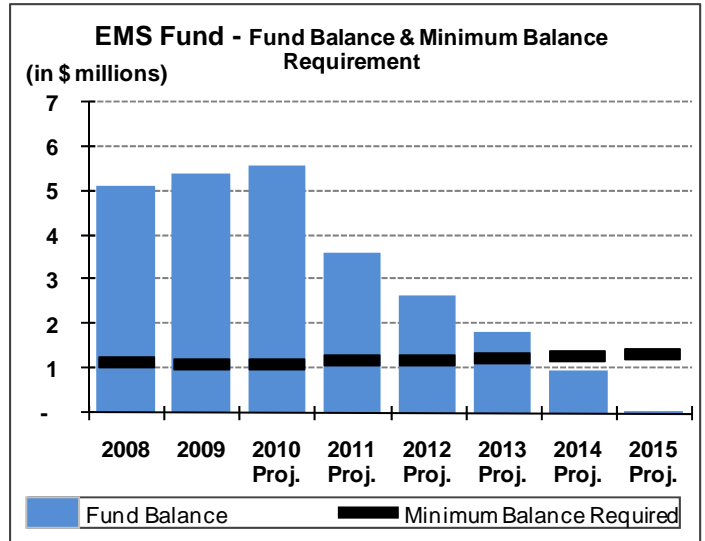
Comprehensive Community Care (COMCARE) provides mental health services and substance abuse treatment to adults, families, and children. COMCARE was established after the passage of the State's Mental Health Reform Act in 1990 and is one of 29 agencies in the State of Kansas. This fund supports the majority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

The fund balance policy requires the COMCARE Fund to maintain a minimum balance equal to 7 percent of the adopted budget.

**Highway Fund**



**Emergency Medical Services Fund**



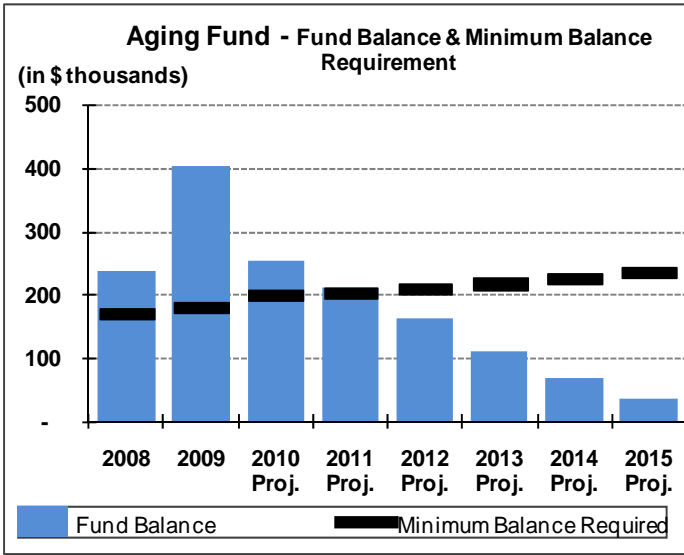
The Highway Department is financed through the Highway Fund to construct and maintain the County's roads, bridges and intersections. The Fund is primarily supported through a property tax levy and revenue from the State's Special City/County Highway Fund.

The County's fund balance policy requires the Highway Fund to maintain a minimum balance equal to 7 percent of the adopted budget.

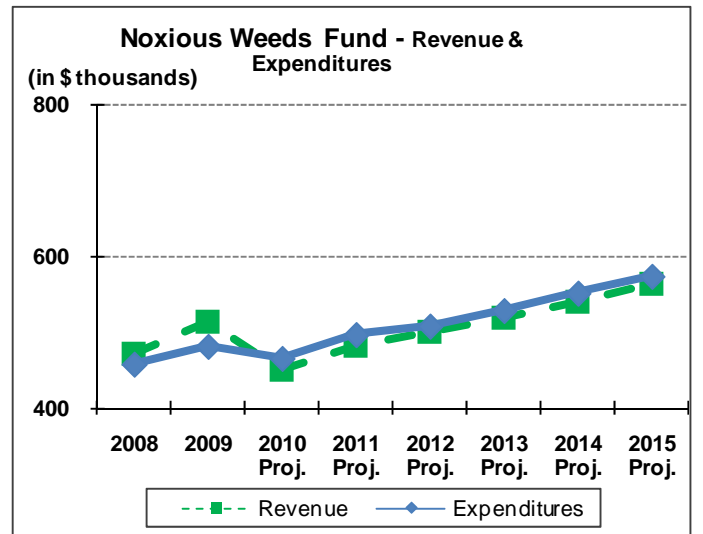
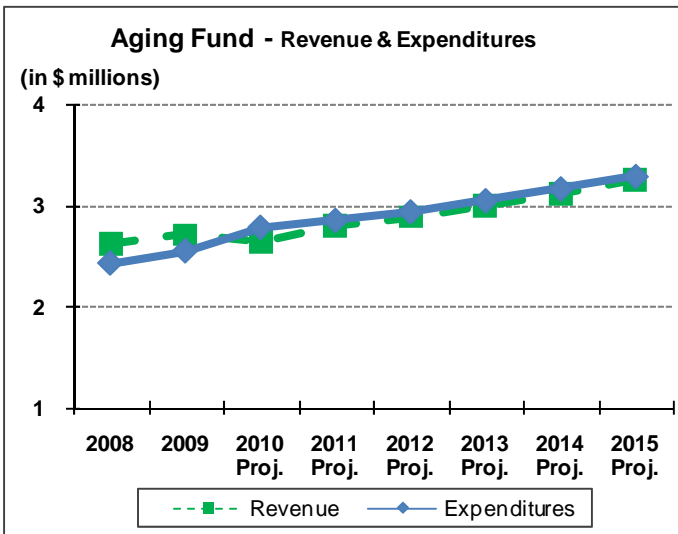
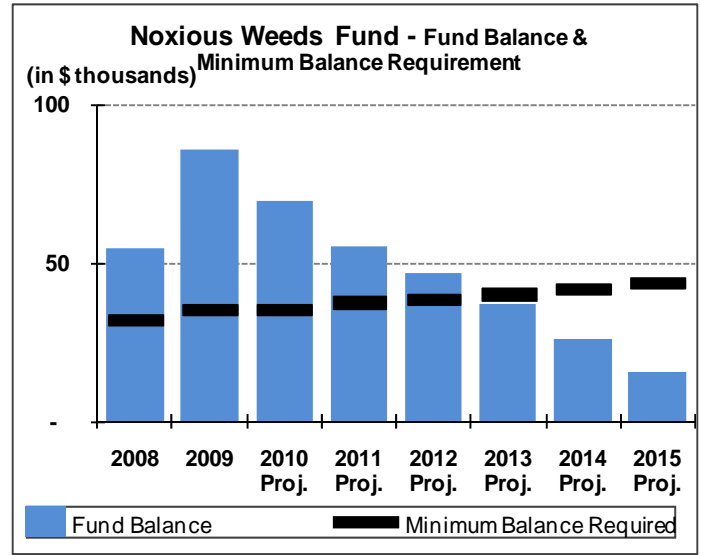
Emergency Medical Services (EMS) was created in 1974 per a City/County agreement to provide emergency response and scheduled ambulatory transfers. Prior to 1974 a private provider delivered EMS services to the community.

The County's fund balance policy requires the EMS Fund to maintain a minimum balance equal to 7 percent of the adopted budget.

**Aging Fund**



**Noxious Weeds 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.

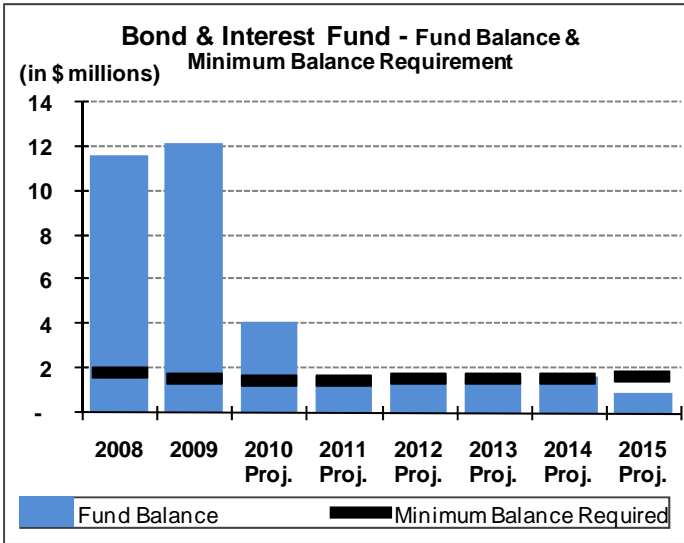
The County's fund balance policy requires the Aging Fund to maintain a minimum balance equal to 7 percent of the adopted budget.

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

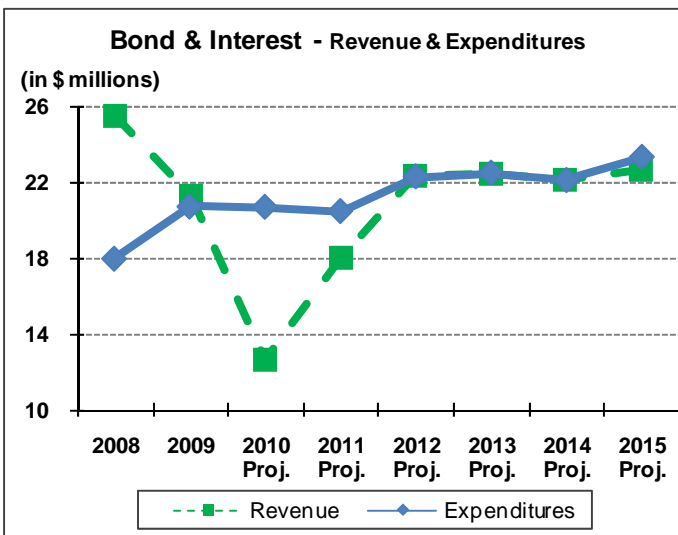
The County's fund balance policy requires the Fund to maintain a minimum balance equal to 7 percent of the adopted budget.



**Bond & Interest Fund**



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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.

The County’s fund balance policy requires the Bond and Interest Fund to maintain a minimum balance equal to 7 percent of the adopted budget.

**Financial Planning Worksheet 2007-2015**  
**All County-Wide Property Tax Supported Funds**

*Modified Accrual Basis*

	Actual			Estimated		Projected			
	2007	2008	2009	2010	2011	2012	2013	2014	2015
1 <i>Beginning Fund Balance From CAFR</i>	40,824,541	62,587,354	74,779,406	81,056,644	75,485,095	61,799,042	54,964,934	46,520,051	40,491,845
2 <b>Operating Revenue</b>									
3 <b>Tax Revenue</b>	161,392,157	171,369,753	171,756,948	167,768,507	166,006,485	171,821,085	178,421,142	185,915,173	193,730,554
4 Property Taxes & Back Taxes	116,227,229	123,682,581	125,540,835	123,053,400	120,649,811	124,990,971	129,965,417	135,774,938	141,844,720
5 Motor Vehicle Taxes	15,503,335	17,137,281	17,169,433	16,325,213	16,297,747	16,705,191	17,223,631	17,758,173	18,309,317
6 Local Retail Sales Taxes	23,088,995	24,064,479	22,831,719	22,123,936	22,677,034	23,584,116	24,527,480	25,508,580	26,528,923
7 Local Use Tax	2,662,473	2,689,802	2,401,064	2,425,075	2,485,702	2,585,130	2,688,535	2,796,077	2,907,920
8 Other Taxes	3,910,125	3,795,610	3,813,897	3,840,883	3,896,190	3,955,677	4,016,078	4,077,405	4,139,675
9 <b>Intergovernmental Revenue</b>	8,484,165	8,987,889	9,586,667	10,267,829	10,397,767	10,532,301	10,668,985	10,808,813	10,951,091
10 <b>Charges for Service</b>	28,419,983	27,156,263	25,227,100	24,493,677	27,654,450	32,446,819	33,781,393	35,021,032	36,469,484
11 <b>Use of Money and Property</b>	17,260,420	18,284,098	9,466,408	6,591,433	7,366,782	8,028,542	8,324,506	8,633,219	8,955,279
12 <b>Interfund Revenue</b>	2,674,737	3,457,682	2,955,975	4,295,654	2,731,884	3,940,974	3,946,585	3,953,314	3,960,083
13 <b>Other Revenues</b>	6,681,400	6,345,713	13,089,006	8,999,997	6,537,648	7,158,585	7,558,615	7,972,832	8,601,851
14 <b>Total Revenue</b>	<i>224,912,863</i>	<i>235,601,398</i>	<i>232,082,104</i>	<i>222,417,096</i>	<i>220,695,016</i>	<i>233,928,307</i>	<i>242,701,226</i>	<i>252,304,382</i>	<i>262,668,342</i>
15 <b>Operating Expenditures</b>									
16 <b>Personnel and Benefits</b>	105,676,021	109,727,465	116,585,264	120,822,638	128,943,294	129,770,940	135,119,684	140,689,106	146,486,826
17 <b>Contractual Services</b>	53,993,708	61,502,850	58,783,828	60,541,395	60,385,783	64,028,311	66,272,064	69,206,036	71,541,700
18 <b>Debt Service</b>	18,359,424	17,945,093	20,673,243	20,666,951	20,443,225	22,264,075	22,454,743	22,068,674	23,284,846
19 <b>Commodities</b>	7,072,042	7,436,677	8,222,398	7,617,918	7,792,686	8,168,675	8,502,513	8,923,670	9,302,657
20 <b>Capital Improvements</b>	4,219	153,576	9,521	1,440	-	-	-	-	-
21 <b>Capital Outlay</b>	966,878	281,706	376,255	360,348	586,399	414,490	430,163	446,442	463,350
22 <b>Interfund Expenditure</b>	17,077,758	26,361,978	21,154,357	17,977,955	16,229,682	16,115,924	18,366,942	16,998,659	17,753,950
23 <b>Total Expenditures</b>	<i>203,150,050</i>	<i>223,409,346</i>	<i>225,804,866</i>	<i>227,988,645</i>	<i>234,381,069</i>	<i>240,762,415</i>	<i>251,146,109</i>	<i>258,332,587</i>	<i>268,833,331</i>
24 <b>Operating Income</b>	<i>21,762,813</i>	<i>12,192,052</i>	<i>6,277,238</i>	<i>(5,571,549)</i>	<i>(13,686,053)</i>	<i>(6,834,108)</i>	<i>(8,444,883)</i>	<i>(6,028,205)</i>	<i>(6,164,989)</i>
25 <b>Year-End Fund Balance</b>	<i>62,587,354</i>	<i>74,779,406</i>	<i>81,056,644</i>	<i>75,485,095</i>	<i>61,799,042</i>	<i>54,964,934</i>	<i>46,520,051</i>	<i>40,491,845</i>	<i>34,326,857</i>
27 <b>Available Fund Balance</b>	<i>25,924,784</i>	<i>36,220,963</i>	<i>40,147,951</i>	<i>34,839,677</i>	<i>19,968,389</i>	<i>12,212,278</i>	<i>1,778,867</i>	<i>(5,586,458)</i>	<i>(13,565,376)</i>
28 <b>Sedgwick County Assessed Valuation</b>	\$ 3,793,419,298	\$ 4,016,400,804	\$ 4,214,913,405	\$ 4,245,446,780	\$ 4,279,583,271	\$ 4,365,174,936	\$ 4,539,781,934	\$ 4,744,072,121	\$ 4,957,555,366
29 <b>Mill Levy</b>	31.315	31.333	30.377	29.868	29.359	29.359	29.359	29.359	29.359
30 <b>Mill Levy Change</b>		0.018	(0.956)	(0.509)	(0.509)	0.000	0.000	0.000	0.000