

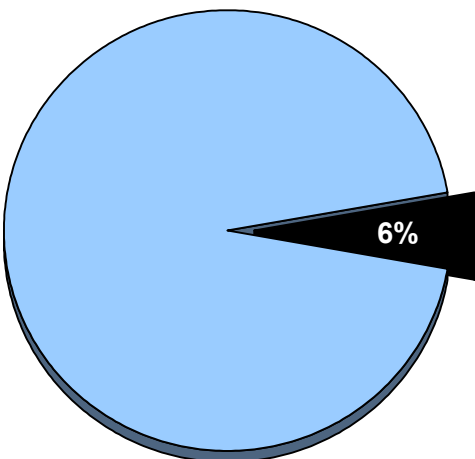
# Bond & Interest

## Inside:

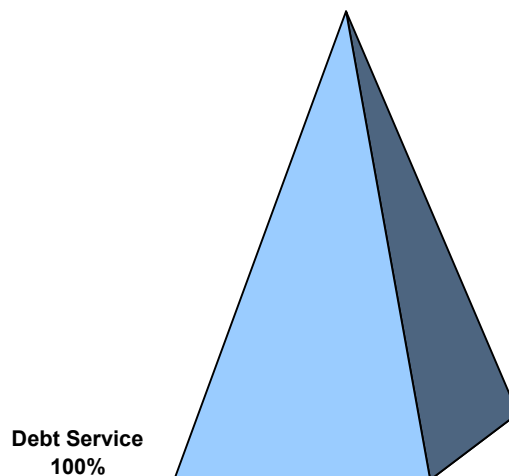
| Page         | Department      | 2009 Budget<br>All Operating<br>Funds | 2009 Budget By Operating Fund Type |                               |                       |          |                               |
|--------------|-----------------|---------------------------------------|------------------------------------|-------------------------------|-----------------------|----------|-------------------------------|
|              |                 |                                       | General<br>Fund                    | Debt Service<br>Funds         | Special Revenue Funds |          | Enterprise/<br>Internal Serv. |
|              |                 |                                       | Property Tax<br>Supported*         | Non-Property<br>Tax Supported |                       |          |                               |
| 182          | Bond & Interest | 22,240,869                            | -                                  | 22,240,869                    | -                     | -        | -                             |
| <b>Total</b> |                 | <b>22,240,869</b>                     | <b>-</b>                           | <b>22,240,869</b>             | <b>-</b>              | <b>-</b> | <b>-</b>                      |



% of Total Operating Budget



Operating Expenditures by Fund Type

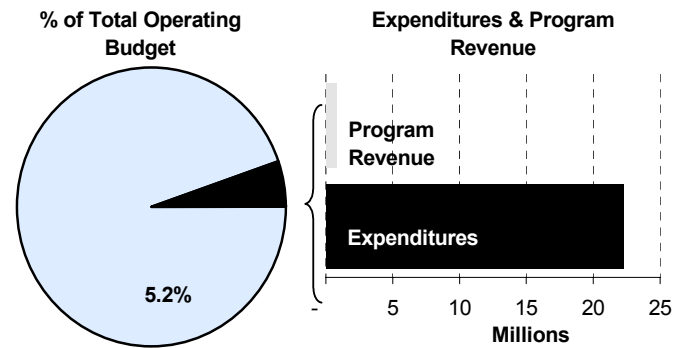
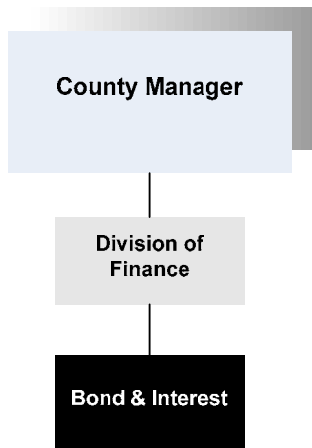




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**Mission:**

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



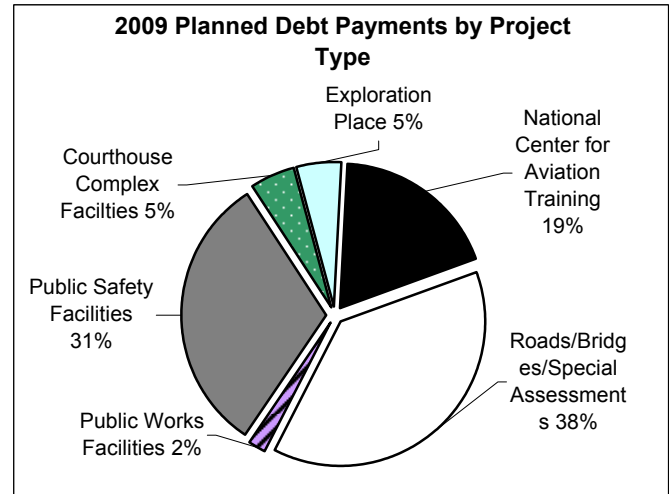
**Program Information**

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 credited to the Fund, are sufficient to pay the principal and interest payments due throughout the year.

In July 2003, the Board of County Commissioners approved a revised debt financing policy, which provides clear guidance on 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 be as efficient as possible; the most favorable interest rate and other related costs be 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.
- 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 percent, respectively), and debt service is limited to 20 percent of general and debt service fund budgeted expenditures.
- As a benchmark, the County strives to repay at least 30 percent of the principal amount of its bonded debt within five years and 60 percent within 10 years.

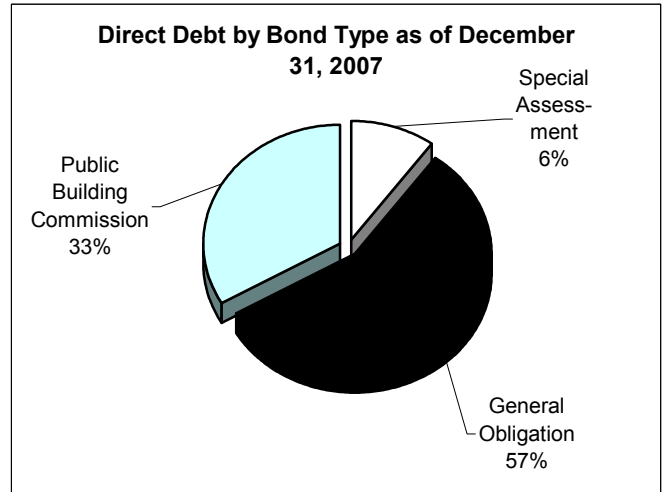
Sedgwick County issues debt primarily to finance major capital projects such as roads, bridges, buildings, or other facilities. The instruments used to finance these projects are typically general obligation bonds or Public Building Commission (PBC) revenue bonds. General obligation bonds are issued by Sedgwick County and backed by the County’s full faith and credit, 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 their behalf. These bonds are secured by lease revenues paid to the Public Building Commission by the County.

The other type of debt commonly issued by Sedgwick County is special assessment bonds. Special assessment bonds are issued to develop facilities and basic infrastructure for the benefit of properties within a benefit district. County policy allows the payment of up to 50 percent of the proposed costs related to benefit district improvements such as roads, sewers, curbs and gutters. Special assessment taxes are then levied on property within the benefit district, for up to 15 years, to repay the principal and interest on these bonds.

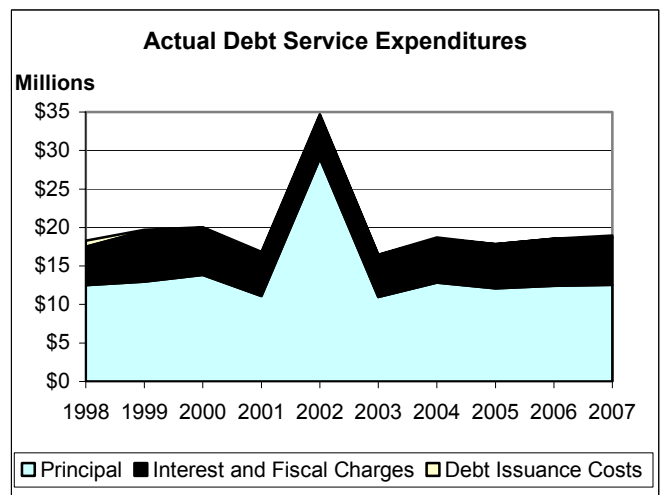
When a jurisdiction issues debt, it has the option of obtaining a credit rating, or evaluation of its credit worthiness, by an independent rating service. Sedgwick County has strong credit ratings and in the most recent bond sale, the County’s bonds were rated “AAA” by Fitch Rating Service, “AA1” by Standard & Poor’s, and “Aa+” by Moody’s Investment Service. The highest rating granted by any of the rating agencies is “AAA”. The County’s debt policy sets the minimum rating requirement for its direct, long-term, debt obligations at

“AA” or higher. If a given debt cannot meet this requirement, credit enhancement may be sought, or the obligations may be sold without a rating.

Sedgwick County has issued debt for many large projects including a detention facility, courthouse improvements, a juvenile court building, and a new public safety center. The debt for these projects, in addition to special assessment debt, leaves the County with total outstanding direct debt of \$142.6 million as of December 31, 2007.



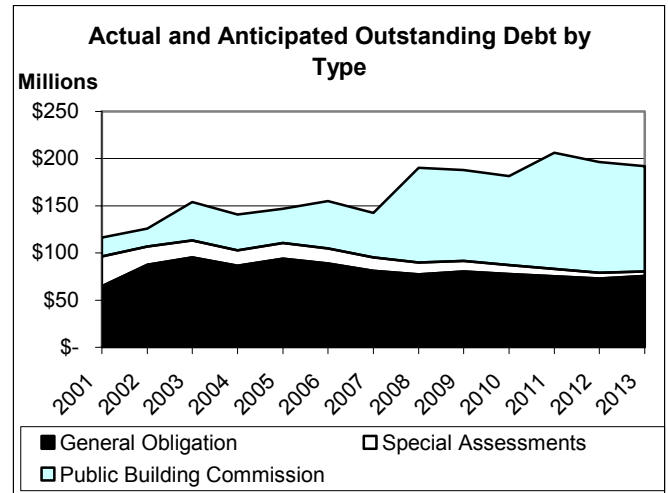
Historically, Sedgwick County’s debt service expenditures have typically remained between \$15 and \$20 million per year. The highest point between 1998 and 2007 was in 2002, when a large portion of bond principal was paid through the issuance of refunding bonds. It is expected that the amount paid annually for debt service will increase with additional bond issuances planned for 2008 through 2013.



The following table shows the debt service requirements on debt existing as of December 31, 2007. If no additional bonds were issued, Sedgwick County would pay its debt in full by 2026. During this time period, yearly principal and interest payments would decrease from \$17.9 million in 2008 to \$968,119 in 2026. When Sedgwick County issues additional bonds, debt service requirements will be extended into the future.

| Schedule of Existing Debt Service Requirements as of December 31, 2007 |             |            |           |            |
|--|-------------|------------|-----------|------------|
| Budget Year  | Bonds       |            |           |            |
|  | Outstanding | Principal  | Interest  | Total      |
| 2008   | 142,601,631 | 12,078,691 | 5,874,190 | 17,952,881 |
| 2009   | 130,522,940 | 11,723,852 | 5,408,892 | 17,132,744 |
| 2010   | 118,799,089 | 11,129,211 | 4,971,236 | 16,100,447 |
| 2011   | 107,669,877 | 10,544,778 | 4,548,291 | 15,093,069 |
| 2012   | 97,125,100  | 10,370,559 | 4,134,787 | 14,505,346 |
| 2013   | 86,754,541  | 10,161,564 | 3,712,252 | 13,873,816 |
| 2014   | 76,592,977  | 9,787,800  | 3,290,003 | 13,077,804 |
| 2015   | 66,805,177  | 9,624,277  | 2,879,709 | 12,503,986 |
| 2016   | 57,180,900  | 9,196,004  | 2,475,917 | 11,671,921 |
| 2017   | 47,984,895  | 8,777,991  | 2,087,421 | 10,865,412 |
| 2018   | 39,206,904  | 8,825,248  | 1,710,202 | 10,535,450 |
| 2019   | 30,381,657  | 5,622,784  | 1,323,726 | 6,946,510  |
| 2020   | 24,758,873  | 5,920,612  | 1,080,383 | 7,000,995  |
| 2021   | 18,838,261  | 6,063,741  | 819,849   | 6,883,590  |
| 2022   | 12,774,520  | 5,537,185  | 549,623   | 6,086,807  |
| 2023   | 7,237,335   | 3,130,954  | 304,491   | 3,435,445  |
| 2024   | 4,106,382   | 1,651,382  | 169,114   | 1,820,496  |
| 2025   | 2,455,000   | 1,525,000  | 101,260   | 1,626,260  |
| 2026   | 930,000     | 930,000    | 38,119    | 968,119    |

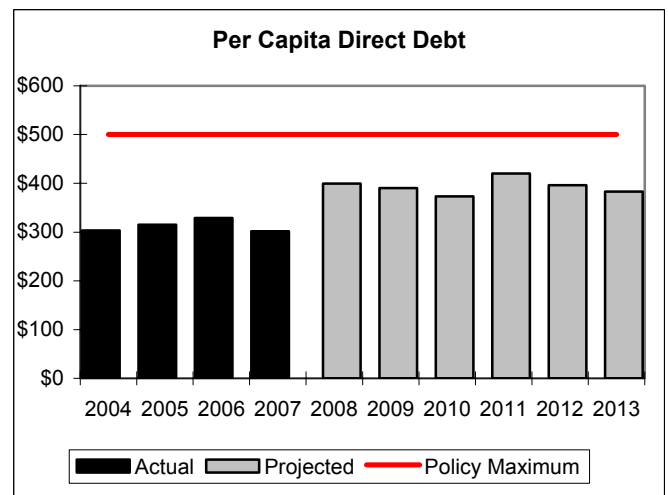
Sedgwick County anticipates issuing \$59.8 million of PBC and GO debt in 2008, to fund construction of the National Center for Aviation Training (NCAT) and improvements to the Regional Forensics Science Center as well as various road and bridge projects. Issuance of this debt is expected in December 2008 increasing the amount of bonded debt outstanding to \$190.3 million.



With these anticipated debt issuances and debt issuances planned for 2009 and 2013 (displayed on the last page of this section) Sedgwick County’s debt limits, which are set in the Sedgwick County Debt Policy and discussed above, will likely change. Each is discussed below.

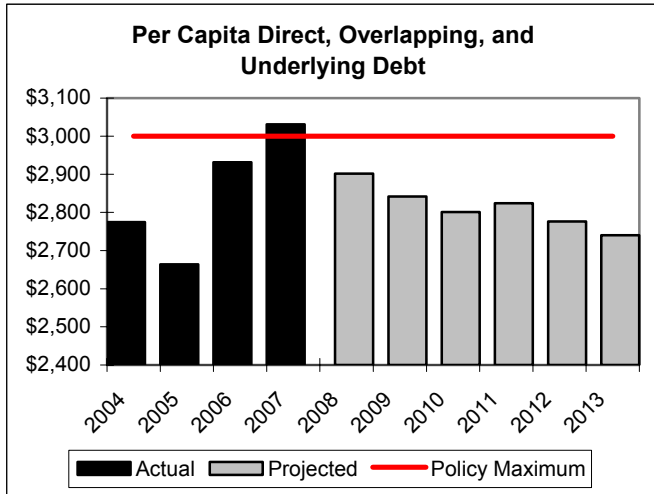
Per Capita Direct Debt

This ratio, which is figured by dividing total direct debt by the population of Sedgwick County, measures the amount of debt per resident. The debt policy sets \$500 per capita as the maximum limit. Between 2004 and 2007, Sedgwick County remained below this level, by approximately \$175. Even with all of the anticipated debt issuances between 2008 and 2013, the County will remain below the per capita direct debt limit. The County will be closest to the limit in 2011, when per capita debt reaches \$420.



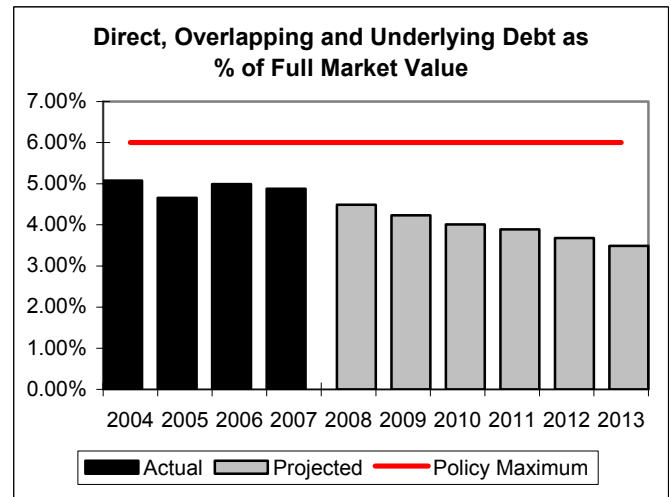
**Per Capita Direct, Overlapping & Underlying Debt**

This per capita ratio includes overlapping and underlying debt which is the debt issued by cities, school districts, and special districts within Sedgwick County. In turn, this ratio measures that total amount of debt borne by each resident in the County. The debt policy sets a limit of \$3,000 per capita. In 2007, due to multiple bond issuances by cities and school districts, the policy limit was exceeded. Based on anticipated debt issuances, this measure will remain below the policy maximum every year from 2008 to 2013.



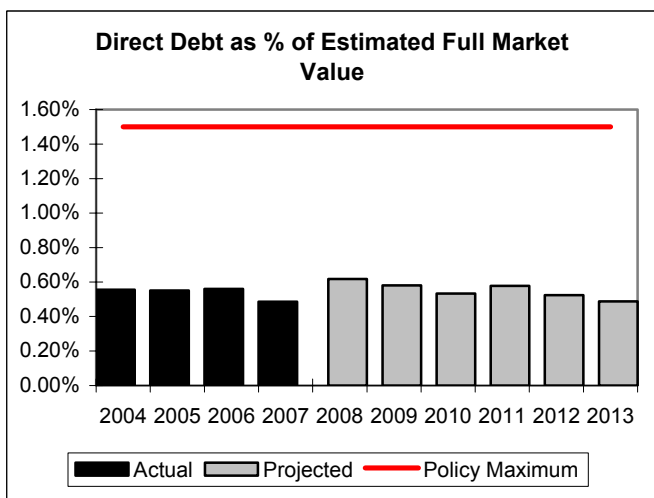
**Direct, Overlapping & Underlying Debt as % of Full Market Value**

This ratio shows the impact of direct debt, overlapping and underlying debt on Sedgwick County's property tax base, for which the debt policy sets a limit of 6.0 percent. Between 2004 and 2007 the ratio remained near 5.0 percent and is projected to decrease each year between 2007 and 2013, which is due to the continued growth in full market property value.



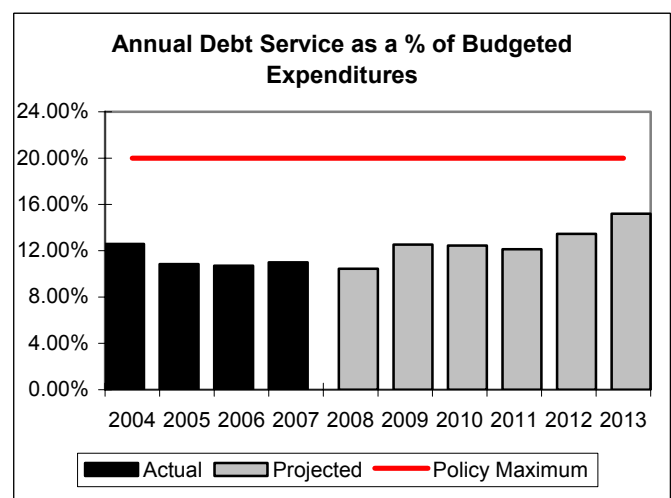
**Direct Debt as % of Estimated Full Market Value**

This ratio shows the impact of direct debt on Sedgwick County's property tax base. The policy limit is 1.5 percent for this measure. From 2004 to 2007, the County stayed well below the policy maximum holding near 0.5 percent, and is not projected to exceed even 1.0 percent of the estimated full market value.



**Annual Debt Service as a % of Budgeted Expenditures**

This measure shows the percent of budgeted expenditures dedicated to annual debt service. Sedgwick County's debt policy sets a limit of 20.0 percent. The County's debt service stayed near 11.0 percent between 2004 and 2007, but due to anticipated debt issuances, will increase in 2009. At that time, annual debt service will increase to approximately 15.0 percent of budgeted expenditures, still below the policy maximum.



| <b>Direct Debt</b>                |  |            |               |                           |                       |
|-----------------------------------|--|------------|---------------|---------------------------|-----------------------|
| As of December 31, 2007           |  |            |               |                           |                       |
| Series                            | Use  | Issue Date | Maturity Date | Original Principal        | Principal Outstanding |
| <b>Special Assessments</b>        |  |            |               |                           |                       |
| 1997A                             | Road/Sewer/Drainage Improvements   | 8/1/1997   | 2012          | 4,781,803                 | 2,035,000             |
| 1998A                             | Sewer Improvements   | 4/15/1998  | 2012          | 1,630,000                 | 700,000               |
| 1998B                             | Road/Sewer Improvements  | 8/1/1998   | 2013          | 3,425,000                 | 1,700,000             |
| 1999A                             | Road/Sewer Improvements  | 8/1/1999   | 2014          | 5,801,541                 | 3,285,000             |
| 2000A                             | Road/Sewer Improvements  | 8/1/2000   | 2015          | 3,970,000                 | 2,540,000             |
| 2001A                             | Road/Sewer Improvements  | 8/1/2001   | 2016          | 2,100,700                 | 1,405,000             |
| 2002A                             | Road Improvements  | 8/15/2002  | 2017          | 265,000                   | 190,000               |
| 2003A                             | Road Improvements  | 8/15/2003  | 2018          | 180,000                   | 145,000               |
| 2005A                             | Road/Sewer/Drainage Improvements   | 6/1/2005   | 2020          | 1,475,000                 | 1,310,000             |
| 2006A                             | Road Improvements  | 12/1/2006  | 2021          | 1,000,000                 | 940,000               |
|                                   |  |            |               | <b>24,629,044</b>         | <b>14,250,000</b>     |
| <b>General Obligation</b>         |  |            |               |                           |                       |
| 1998A                             | Adult Detention Facility   | 4/15/1998  | 2018          | 26,120,000                | 17,900,000            |
| 1998B                             | Road & Bridge Projects   | 8/1/1998   | 2008          | 6,905,000                 | 690,000               |
| 1999A                             | Road & Bridge Projects   | 8/1/1999   | 2009          | 6,393,459                 | 1,520,000             |
| 2001A                             | Road & Bridge Projects, Household Hazardous Waste Facility, Stormwater Drainage      | 8/1/2001   | 2021          | 9,119,300                 | 7,125,000             |
| 2002A                             | Refunding and Road Projects<br>Road & Bridge Project/Courthouse Complex Improvements | 8/15/2002  | 2022          | 43,440,000                | 22,735,000            |
| 2003A                             | Improvements   | 8/15/2003  | 2018          | 16,415,000                | 12,495,000            |
| 2005A                             | Public Safety Center   | 6/1/2005   | 2025          | 14,515,000                | 11,560,000            |
| 2006A                             | Road Project   | 12/1/2006  | 2026          | 4,065,000                 | 3,830,000             |
| Revolving Loan Note               |  | 1/5/2005   | 2024          | 3,412,564                 | 3,071,631             |
|                                   |  |            |               | <b>130,385,323</b>        | <b>80,926,631</b>     |
| <b>Public Building Commission</b> |  |            |               |                           |                       |
| 2003-1                            | Juvenile Justice Complex   | 12/1/2003  | 2023          | 21,400,000                | 17,900,000            |
| 2003-2                            | Advance Refunding of 1997A Exploration Place   | 12/1/2003  | 2022          | 14,940,000                | 12,460,000            |
| 2003-3                            | Advance Refunding of 1997B Public Works Administration Building                      | 12/1/2003  | 2017          | 3,385,000                 | 2,540,000             |
| 2007-1                            | Juvenile Court Complex   | 1/1/2007   | 2026          | 15,445,000                | 14,525,000            |
|                                   |  |            |               | <b>55,170,000</b>         | <b>47,425,000</b>     |
|                                   |  |            |               | <b>Total Direct Debt:</b> | <b>142,601,631</b>    |

| <b>Sedgwick County Anticipated Debt with Issuance Costs</b> |                     |                     |                    |                     |                    |                    |
|---|---------------------|---------------------|--------------------|---------------------|--------------------|--------------------|
| Project   | 2008                | 2009                | 2010               | 2011                | 2012               | 2013               |
| Regional Forensic Science Center Annex                      | 5,000,000           |                     |                    |                     |                    |                    |
| Adult Education (NCAT)                                      | 50,750,000          |                     |                    |                     |                    |                    |
| Road/Bridge Improvements                                    | 4,060,000           | 4,060,000           | 4,060,000          | 4,060,000           | 4,060,000          | 4,060,000          |
| Special Assessments   |                     | 305,000             | 305,000            | 305,000             | 305,000            | 305,000            |
| Courthouse Improvements                                     |                     | 6,630,000           |                    |                     |                    | 5,380,000          |
| Sheriff/Juvenile Court                                      |                     |                     | 2,565,000          |                     |                    |                    |
| Lake Afton Spillway   |                     |                     |                    | 3,135,000           |                    |                    |
| Heartland Fire/Law Improvements                             |                     |                     |                    | 6,620,000           |                    |                    |
| Digital Radio System  |                     |                     |                    | 23,925,000          |                    |                    |
| <b>Totals</b>   | <b>\$59,810,000</b> | <b>\$10,995,000</b> | <b>\$6,930,000</b> | <b>\$38,045,000</b> | <b>\$4,365,000</b> | <b>\$9,745,000</b> |



**Budget Adjustments From Previous Fiscal Year**

- Reduction in debt service costs due to Jail Expansion delay

| Expenditures | Revenue | FTEs |
|--------------|---------|------|
| 4,229,282    |         |      |

|              |           |   |   |
|--------------|-----------|---|---|
| <b>Total</b> | 4,229,282 | - | - |
|--------------|-----------|---|---|

**Budget Summary by Category**

**Budget Summary by Fund**

| Expenditures                        | 2007              | 2008              | 2008              | 2009              | % Chg.        | Expenditures              | 2008              | 2009              |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|---------------|---------------------------|-------------------|-------------------|
|                                     | Actual            | Adopted           | Revised           |                   |               |                           | Budget            | 08-09             |
| Personnel                           | -                 | -                 | -                 | -                 | -             | Bond & Interest           | 26,199,998        | 22,240,869        |
| Contractual Services                | 8,010             | 8,815             | 8,815             | 8,815             | 0.0%          |                           |                   |                   |
| Debt Service                        | 14,131,483        | 26,191,183        | 26,191,183        | 22,232,054        | -15.1%        |                           |                   |                   |
| Commodities                         | -                 | -                 | -                 | -                 | -             |                           |                   |                   |
| Capital Improvements                | -                 | -                 | -                 | -                 | -             |                           |                   |                   |
| Capital Equipment                   | -                 | -                 | -                 | -                 | -             |                           |                   |                   |
| Interfund Transfers                 | -                 | -                 | -                 | -                 | -             |                           |                   |                   |
| <b>Total Expenditures</b>           | <b>14,139,492</b> | <b>26,199,998</b> | <b>26,199,998</b> | <b>22,240,869</b> | <b>-15.1%</b> | <b>Total Expenditures</b> | <b>26,199,998</b> | <b>22,240,869</b> |
| <b>Revenue</b>                      |                   |                   |                   |                   |               |                           |                   |                   |
| Taxes                               | 13,414,168        | 22,649,718        | 22,649,718        | 17,594,895        | -22.3%        |                           |                   |                   |
| Intergovernmental                   | -                 | -                 | -                 | -                 | -             |                           |                   |                   |
| Charges For Service                 | 80,500            | 83,289            | 83,289            | 800,000           | 860.5%        |                           |                   |                   |
| Other Revenue                       | 2,148,076         | 2,148,348         | 2,148,348         | 2,146,159         | -0.1%         |                           |                   |                   |
| <b>Total Revenue</b>                | <b>15,642,744</b> | <b>24,881,355</b> | <b>24,881,355</b> | <b>20,541,054</b> | <b>-17.4%</b> |                           |                   |                   |
| <b>Full-Time Equivalents (FTEs)</b> | -                 | -                 | -                 | -                 | -             |                           |                   |                   |

**Budget Summary by Program**

| Program         | Fund | Expenditures      |                   |                   |                   | 2009          | % Chg.   | Full-Time Equivalents (FTEs) |          |      |
|-----------------|------|-------------------|-------------------|-------------------|-------------------|---------------|----------|------------------------------|----------|------|
|                 |      | 2007              | 2008              | 2008              | 2009              |               |          | 2008                         | 2008     | 2009 |
|                 |      | Actual            | Adopted           | Revised           | Budget            | 08-09         | Adopted  | Revised                      | Budget   |      |
| Bond & Interest | 301  | 14,139,492        | 26,199,998        | 26,199,998        | 22,240,869        | -15.1%        | -        | -                            | -        |      |
| <b>Total</b>    |      | <b>14,139,492</b> | <b>26,199,998</b> | <b>26,199,998</b> | <b>22,240,869</b> | <b>-15.1%</b> | <b>-</b> | <b>-</b>                     | <b>-</b> |      |

