



Manager's MESSAGE

Honorable Board of Sedgwick County Commissioners and Citizens of Sedgwick County

We continue on the journey through ever-changing and challenging times. Last year in preparing the 2011 budget, I shared that the economic challenges in our community and state provided us financial budgeting challenges as well. But, because of our strategic financial planning and establishing “rainy day” reserves, our organization was better positioned to weather the storm. Unfortunately, the key revenue sources that support so many of our services are either in decline or unstable, including sales tax and investment income. The financial struggles at the state level also have a direct trickle down effect to us and impact our ability to sustain services with less state funding.

While we are in a stronger financial position because of our intentional planning, it is for the short term, not a long-term sustainable approach to funding services. We know we have a “revenue problem,” which in turn means we need to reduce expenditures accordingly. We believe this will be our new normal going forward for several years as we watch for signs of economic recovery. We have taken a thoughtful, strategic approach to changing course over a period of time, rather than drastic cuts in service or increases in taxes. The budget is a plan for how we will provide and fund services for 2012.

In February 2011, the Board of County Commissioners held its annual retreat to discuss the financial plan and issues that are important to them. At that time, the commissioners provided us with three goals:

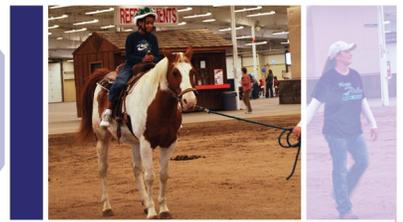
- Zero deficit by 2013
- Smaller government
- Reduce debt

With that direction, coupled with our financial constraints, we know that our organization will look different and we will change the way we do business. We developed a two-year process to achieve the zero deficit goal by establishing a \$9 million reduction target for the 2012 budget and an additional \$8 million reduction for 2013. Because we are a service organization, we are dependent on personnel to deliver the needed services to citizens – if we reduce funding for those services, we will in fact be reducing staff or becoming a smaller organization. And, as we continue to review our priorities for spending, we will make determinations of delaying capital projects or using cash to limit debt where we can.





2012



Sedgwick County

**When we are no longer able to change a situation,
we are challenged to change ourselves ~**
Viktor Frankl, Austrian psychiatrist

In March, we developed a “picture” to better depict our financial situation and to define the changes we must make for organizational and financial sustainability. The graph below describes the county’s fund balance reserves, and the predicted path if we do not alter our expenditures to align with revenues. We established the goal of “bending the curve” to guide our work in changing our financial situation going forward – to make adjustments to “bend the curve” to zero deficit.

“Bending the Curve”



We also initiated several strategies to begin to reduce expenditures and change how we do business ahead of the 2012 budget process, totaling \$2.9 million, including:

- Reduce the corrections’ adult residential program
- Delay construction of maintenance building at Sedgwick County Park
- Eliminate software maintenance agreements in DIO/IT
- Close Sedgwick County and Lake Afton Park stores
- Combine maintenance personnel from corrections and COMCARE into DIO-facilities
- Eliminate Sedgwick County Developmental Disability Organization “safety net” funding
- Eliminate six positions in finance, county manager, DIO-IT



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Special Voluntary Retirement Program (SVRP)

As both a means to reap financial savings and reduce the size of the organization, we offered a Special Voluntary Retirement Program (SVRP). Approximately 385 employees were KPERs eligible for full or partial retirement benefits; of those, 119 enrolled in the SVRP, with retirements to take place no later than December 31, 2011. Of the 119, 27 were positions that departments identified as potential eliminations as part of their 2012 budget target, and 13 others were included as part of departmental reorganizations. The remaining 79 positions will be reviewed to determine if they are critical staffing needs within the organization or can remain unfilled for future savings. This review process will occur over the next few months in conjunction with the 2013 budget process.

Departmental Inventory Process

In preparation for the 2012 budget process, departments were asked to conduct a program inventory process for their departments, to identify the critical services they deliver, along with costs, to look for areas of improvement for efficiency, duplication or elimination. In March, department managers were asked to consider:

- What will we stop doing?
- How will we change what we're doing?
- How do we have a continued focus on quality public services?

At the same time, we engaged both employees and citizens via an online process to hear their ideas for efficiency, changing the way we deliver services and efforts to “work differently.” Both processes were invaluable to helping us understand our internal and external customers’ perspectives.

Wichita State University’s Hugo Wall School also assisted us with a preliminary review of several of our departments to identify areas of functional consolidation or opportunities to reduce duplication of services with other providers. Several initiatives emerged from this study including:

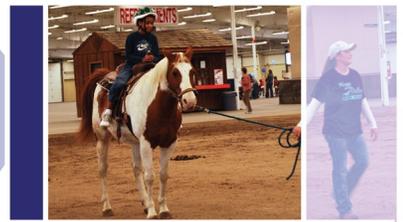
- Combining administrative functions of human services and health
- Developing a task force to create a shared services model for administration services (finance, DIO-IT, human resources)
- Reviewing funding for all the functions of the Extension Center for duplication of effort



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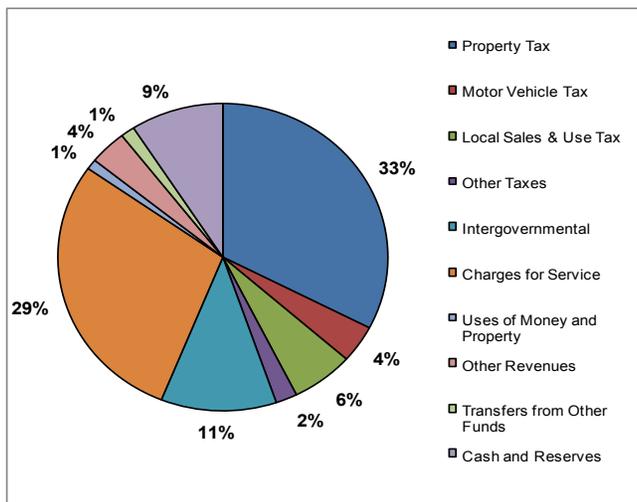
2012



Sedgwick County

2012 ADOPTED BUDGET

2012 Revenues & Fund Balance ~ \$411,883,410



Long-term Financial Viability

Our strong financial standing and strategic financial planning help us to maintain long-term financial viability. Because of our stable, thoughtful financial approach, Sedgwick County continues to secure some of the financial institutions' highest levels of rating available to local governments.

Standard & Poors	AAA
Moody's	Aaa
Fitch	AAA

2012 Expenditures ~ \$411,883,410

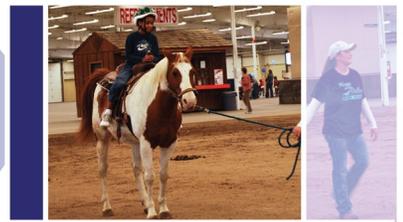
	Share of Dollar	Total Expenditure
Public Safety	34 cents	\$ 140,452,782
General Government	28 cents	117,794,213
Health & Welfare	19 cents	78,540,950
Public Works	7 cents	28,228,665
Bond & Interest	5 cents	21,581,554
Community Development	4 cents	14,310,907
Culture & Recreation	3 cents	10,974,339
Total:	\$ 1.00	\$ 411,883,410



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2012 ADOPTED CAPITAL IMPROVEMENT PROGRAM

Sedgwick County uses a five-year capital improvement program (CIP) planning horizon to plan for the financing and construction of various types of infrastructure. The CIP includes the building, maintenance and repair of public facilities, roadways, bridges and drainage systems. The five-year CIP process began in 1982 as a means of coordinating and prioritizing capital infrastructure needs. Our five-year CIP investment is \$142,877,805, with \$33.1 million budgeted for 2012. Significant projects for 2012 include:

<u>Amount</u>	<u>Area</u>	<u>Service</u>
\$ 3,831,635	Sheriff	Update master control and related peripheral technology at the Adult Detention Facility
\$ 391,442	Sheriff	Replace kitchen equipment at the Adult Detention Facility
\$ 3,045,000	Emergency Communications	Upgrade radio system to 800 MHz and convert to digital
\$ 143,175	Courthouse Complex	Repair Soldiers and Sailors Civil War Monument
\$ 7,100,000	Public Works	Preventive maintenance on Sedgwick County roadways
\$ 4,060,000	Public Works	Rehabilitation of the roadway on 71st Street South from 135th Street West to K-42

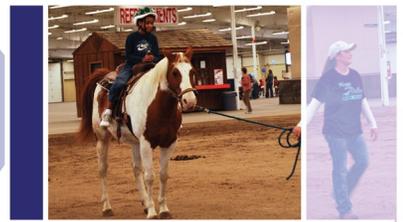


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2012



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2012 ADOPTED OPERATIONAL ADJUSTMENTS (Property Tax Supported Funds)

This proposed budget represents the first steps of restructuring of our county organization to reflect the changing needs and changing times we live in. It addresses the structural budget deficit, sets the foundation for streamlining county operations and pursuing opportunities for shared services. The 2012 adopted budget includes just the first phase adjustments; the 2013 budget will be the second phase, with a zero deficit as the outcome. Departments were provided “target reductions” which helped us capture in excess of \$9 million in reduced expenditures needed – 3.3 percent reduction for public safety agencies, 6.6 percent reduction for all other county departments. But, this budget is not just about cutting operational budgets. It encourages greater efficiencies, fiscal accountability and our commitment to cutting spending while minimizing the impacts to services our citizens rely on every day.

I am proud of the work of the managers and employees of this organization who continue to step up to make changes to the way they deliver services, offer reductions of staff and resources, and recognize that we cannot continue to sustain all of our services as they are delivered today and have been delivered in the past. We simply cannot afford it. For 2013, our managers will help lead us to identify core service functions, as well as the areas of business that we need to stop or do less of in the future. They will help us right-size the organization, both structurally by services and need, as well as the size of our organization. We will look different. And, both internally and with our external partners, we must stop doing year-to-year comparisons and looking at what we’ve had to “cut.” Until there is greater economic stability, no one should expect that funding will be available from one year to the next. Instead, we need to change the focus to what we will be able to do to meet community needs with the resources we have.

**Don't tell people how to do things; tell them what to do
and let them surprise you with the results. ~**
General George S. Patton

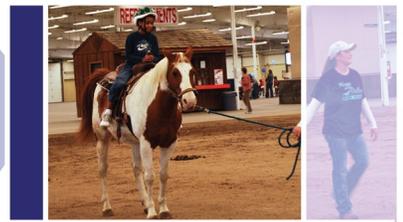


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2012



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2012 ADOPTED OPERATIONAL ADJUSTMENTS (Property Tax Supported Funds)

For the 2012 adopted budget, some operational adjustments include:

- Reduction of 106.6 net positions in the organization
- Increase funding for annual medical contract for the adult detention facility
- Restoration of funding to EMSS first responders for medical supplies and durable medical equipment
- Addition of government relations liaison
- Reduction of funding to community cultural and entertainment entities, including:
 - Sedgwick County Zoo
 - Exploration Place
 - Kansas African American Museum
 - Sedgwick County Fair
 - Kansas Junior Livestock
 - Arts Council
 - Wichita/Sedgwick County Historical Museum
 - Visioneering Wichita
- Reduction of funding to community agencies, including:
 - Communities in Schools
 - Big Brothers/Big Sisters
 - Extension Council
 - Project Access
 - Retired Senior Volunteer Program
 - Foreign Trade Zone
 - Sedgwick County Conservation District
 - Wichita Area Technical College
- Continued support of criminal justice system initiatives, including:
 - Exploited/Missing Children's Unit
 - Juvenile crime prevention programs
 - Drug Court, Mental Health Court, Child Advocacy Center
 - Sedgwick County Offender Assessment Program
 - District Attorney's witness fees and sexual assault examination fees

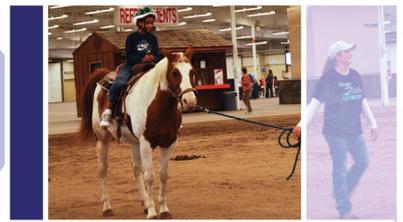


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2012

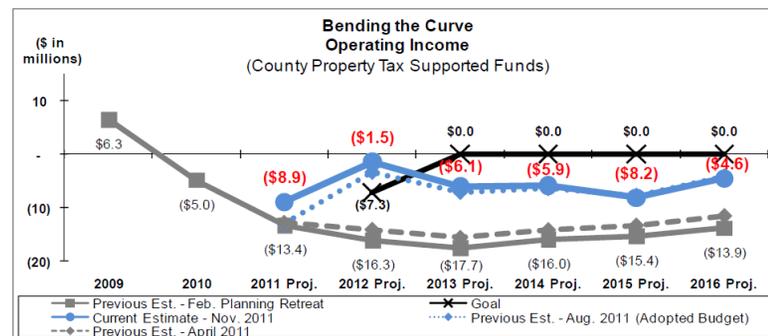


Sedgwick County

2012 ADOPTED BUDGET ~ \$411,883,410

- 2012 adopted budget will not include a mill levy rate increase
- 2012 adopted Fire District 1 budget is \$16,576,003
- Takes into account:
 - Continued reductions in key revenue indicators - the revenues for 2011 are at the same level as 2002 revenues
 - Flat assessed valuation
 - No compensation adjustment for employees
- Minimal impact to direct service delivery
- Continued focus on core missions and shared services
- Financial sustainability and organizational restructuring

Our efforts in preparing the 2012 recommended budget have helped bring us closer to the commission's goal of zero deficit by 2013. Rather than a \$16.3 million deficit in 2012, we reduced expenditures and minimized our reliance on fund balance in excess of the \$9 million we targeted. Because of our managers' efforts, we moved a \$16.3 million deficit to an adjusted \$7.3 million deficit, and to this point, a \$1.5 million deficit. That is significant work and exemplifies the great talent and teamwork in this professional organization.



We will continue to work through 2011 to make further adjustments through the remaining SVRP positions as well as the organizational restructure process to establish the required additional reductions that stabilize our finances and position Sedgwick County as an agile, flexible and responsive local government. I can assure you that we will continue to focus services on citizens' needs for safety and care, demand for effective and efficient government, and a desire to be a vibrant community that offers a great place to live.

Respectfully submitted,

William P. Buchanan
County Manager



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