

# Financial Plan



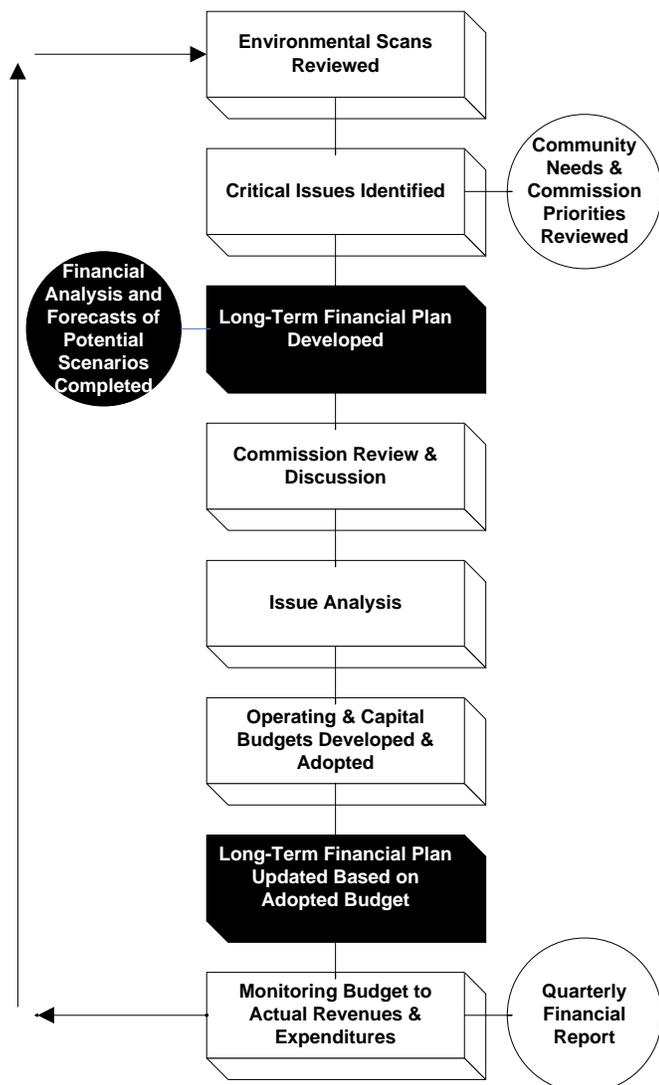
## For the Period of 2009 - 2014



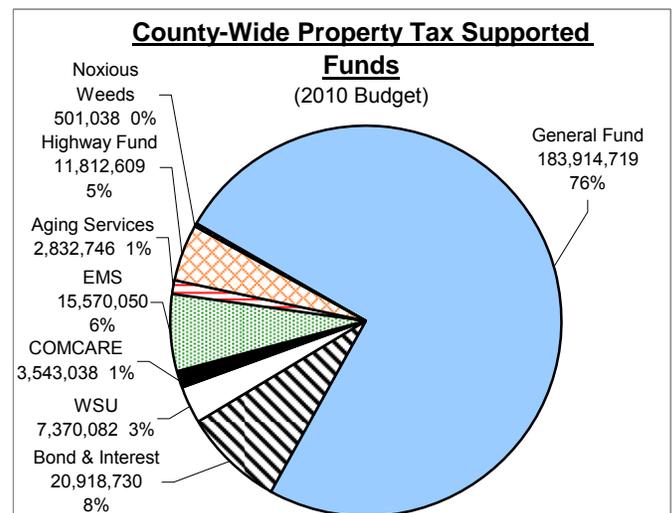
**Introduction**

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 essential 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 the use of 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 as of mid August, 2009. In addition, the estimates incorporate the financial guidelines included in the 2010 adopted budget.

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	Aa1
Fitch	AAA

For the next five years, this financial plan confronts a variety of financial challenges. The national economy is in a period of transition and the only certainty is that the next two years will not resemble the last two. Although Sedgwick County hasn't been impacted by the economic conditions to the same extent as many other regions, we have experienced significant reductions in several key revenues as outlined in the table below.

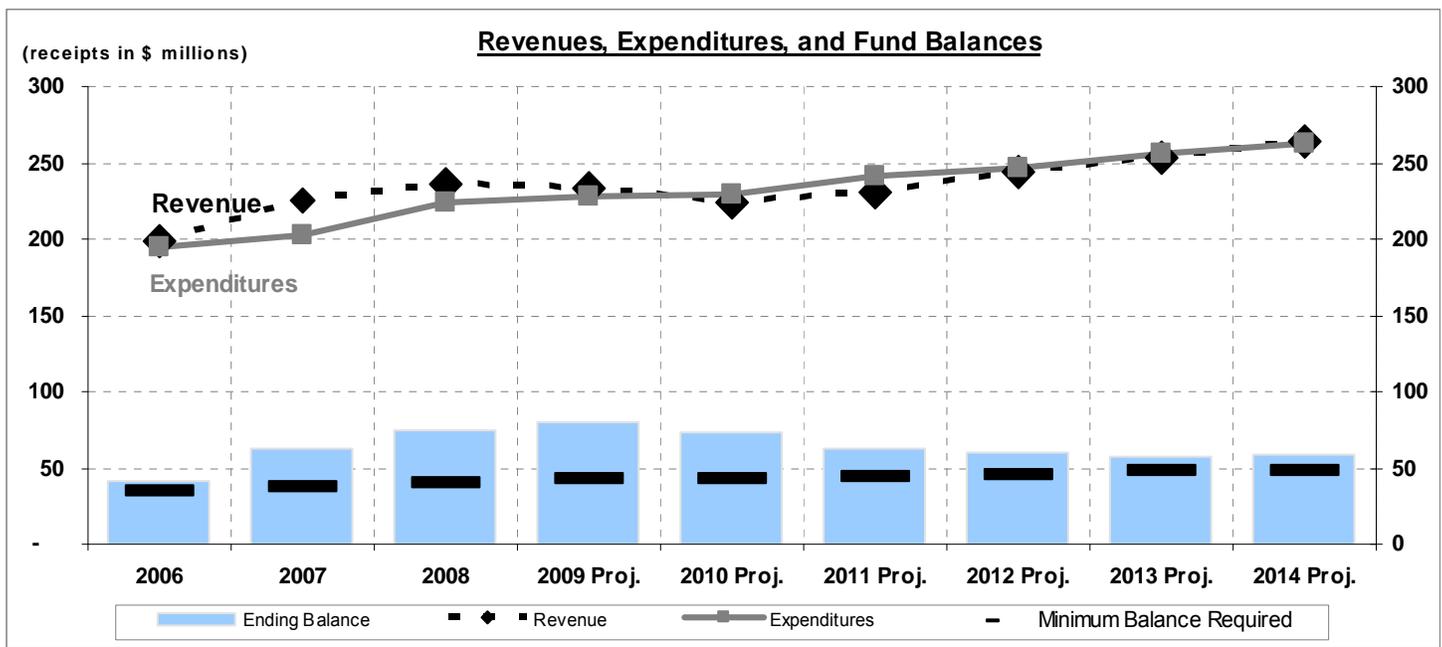
Revenue	2008		2009		% Chg.
	Jan. - Aug.	Jan. - Aug.	Jan. - Aug.	Jan. - Aug.	
● Retail Sales Tax	16,370,876	15,158,583			-7.4%
● Use Tax	1,857,962	1,612,299			-13.2%
● Investment Income	11,460,993	4,945,626			-56.8%
● Mortgage Reg. Fees	4,994,177	4,322,936			-13.4%
● Motor Vehicle Taxes	5,512,607	5,765,025			4.6%
● Special City/County Highway Fund	2,505,547	2,023,206			-19.3%

**Previous Management Decisions**

- **2003:** Economic growth remains stagnant and the State enters a financial crisis. Retail Sales Tax revenue declines by \$1.1 million and the State eliminates revenue sharing, reducing revenues by \$6.8 million.
  - 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.

As a result of these unfavorable trends, coupled with an estimated 0.548 mill reduction in the property tax rate, as included in this adopted budget, the financial plan estimates a structural imbalance in which expenditures exceed revenues over the planning horizon until 2014.

To minimize the overall impact of the tax reduction and to remain above the County's minimum balance policy, this adopted budget and corresponding financial plan includes required operational adjustments. These



adjustments, as outlined in the following table, allow the County to remain above the minimum fund balance policy over the planning horizon based on these estimates.

2010 Operational Adjustments (Property Tax Supported Funds)	
Adjustments	Amount
<b>Revenue Adjustments</b>	
RFSC: Increase Fees for Cremation Permits, ● Post Mortem Toxicology Tests, and Autopsies	68,251
● Code Enforcement: Increase Inspection Fees	36,600
<b>Employee Compensation</b>	
● Suspend Performance Compensation and Implement a General Pay Adjustment of 2.0% for Eligible Employees with Salaries Below \$75,000	(2,470,540)
● Adjust Health Benefit Plan to Reduce Projected Contractual Increase	(366,561)
<b>Other Operating Adjustments</b>	
● BoCC: Reduce Commodities Budget	(6,000)
● Project Access: Reduction Based on Historical Expenditures	(10,000)
● Community Dev.: Freeze GWEDC Contract	(25,000)
● County Manager: Eliminate Contract Lobbyist	(27,720)
● MAPD: Match City Contribution	(28,540)
● ERP: Cashiering System Replacement	(34,983)
● Culture & Rec: Eliminate Itemized Funding to Riverfest/Flightfest	(45,000)
● DIO: Facilities Reduction	(49,211)
● COMCARE/SCOAP: Reduction Based on Historical Expenditures	(75,000)
● Public Works: Eliminate Storm Water Director	(92,918)
● Flood Control: Match City Contribution	(98,770)
● Zoo: Reduce Annual Contract	(100,000)
● Exploration Place: Reduce Annual Contract	(100,000)
● Corrections/Day Reporting: Reduction Based on Historical Expenditures	(125,000)
● Aging: Reduce Physical Disabilities Funding	(150,000)
● DIO: Reallocate Tax System Maintenance Costs to Land Tech. Fund	(276,000)
● BoCC: Reduce BoCC Contingency	(315,000)
● Pavilions: Shift Cost of Estimated Subsidy to the Downtown Arena Subfund	(584,989)
● Eliminate Extended Vacancies - 14.5 FTEs	(590,887)

The financial plan also includes a variety of revenues and expenditures to plan for the community's changing needs and emerging challenges that are principally concentrated in the areas of:

- **PUBLIC SAFETY**
- **ECONOMIC DEVELOPMENT**
- **CAPITAL IMPROVEMENTS**

**Public Safety – Protecting Our Community:**

Sedgwick County's jail facility has a current capacity of approximately 1,038 beds. However, the average daily inmate population placed in the Sheriff's custody can often exceed this amount by up to 500 inmates. Our current practice in addressing the difference between capacity and actual population involves renting jail space from other surrounding counties, but this isn't a long-term solution.

To address the safety of the community, the BoCC has already taken action to enhance alternatives to the jail by previously implementing double bunking (2005), expanding diversion programs (2005), expanding pre-trial programs (2005), implementing a Day Reporting and Offender Assessment program (2006), and a Drug Court program (2008). This financial plan also includes expenditures to expand the alternative programs in 2010 by providing mental health services through COMCARE to the City of Wichita's planned Mental Health Court and implementing a Work Center in 2011 with an estimated annual cost of \$1.8 million.

With the adoption of the 2009 budget, the BoCC chose to defer indefinitely the previously planned 384 bed expansion to the current jail facility. The deferral of the expansion, which included annual debt and operational costs of approximately \$12.0 million, is expected to continue over the planning horizon.

**Economic Development - Investing in Jobs:**

Wichita is well known as the air capital of the world. As a result, the aviation industry is vital to the County's economic condition. The County's Economic Development Incentive Policy outlines conditions under which the County may provide tax abatements or forgivable loans as inducements to businesses considering the possibility of locating in the community or moving existing jobs out of the community.

In 2009, the Board of County Commissioners approved a forgivable loan in the amount of \$150,000 for Flight Safety International and \$225,000 for Nex-Tech. This plan also includes expenditures for the Spirit Aerosystems Incentive Package which was approved in 2008 to be paid over the span of four years and will total



\$1.6 million. In addition, the planning estimates also include a \$5.0 million incentive reimbursement from Cessna Aircraft in 2009 when the company chose to not proceed with the development of the Citation Columbus business jet. The financial plan does not include expenditures for a proposed industrial park.

projects over the planning horizon are outlined in the adjacent table.

**Capital Improvements – Maintaining Our Community’s Infrastructure**

In addition to a five-year financial plan, Sedgwick County also adopts a five-year Capital Improvement Program (CIP), which is included in this budget document. The CIP lists the County’s plans for the building, remodeling, and repairing of public facilities and infrastructure systems.

Capital projects are funded through three primary sources: cash, debt issuance, and contributions from other governmental organizations. The 2010 – 2014 CIP includes planned cash and debt funded projects totaling \$174.7 million. The funding of these projects from cash and the debt service on issued debt is included in this financial plan. Some of the most significant individual

Major Capital Improvements			
Project	Cash	Debt	Amount
• 2010 Levee Repairs Required for FEMA Accreditation	√		\$ 1,050,000
• 2010- Heartland Preparedness Center	√	√	16,478,950
• 2010- Convert 800 MHz Radio System to Digital	√	√	24,219,000
• 2011 71st St. S. from 135th W. to K-42	√	√	2,600,000
• 2012 Maize Rd. from 45th St. N. to 53rd St. N.	√		6,545,752
• 2010- ADA Compliance	√		1,984,203
• 2010- Bridge Repair & Construction	√	√	20,710,000
• 2010- Preventive Maintenance - Roads	√	√	38,050,000

Please review the Capital Improvement Plan for a list of all projects

PLANNING FOR CHANGING NEEDS						
2009-2014 Financial Plan						
	2009	2010	2011	2012	2013	2014
<b>PUBLIC SAFETY - PROTECTING OUR COMMUNITY</b>						
<u>Jail Alternative Programs</u>						
Work Center			1,768,000	1,838,720	1,912,269	1,988,760
Mental Health Court		277,674	286,004	294,584	303,422	312,525
<u>Jail Housing Fees</u>						
Municipal Jail Housing Fees (Revenue)	(69,632)	(71,025)	(73,866)	(4,039,028)	(4,119,808)	(4,202,204)
<b>ECONOMIC DEVELOPMENT - INVESTING IN JOBS</b>						
<u>Forgivable Loan Incentives</u>						
Spirit AeroSystems Incentive Package	250,000	250,000	250,000			
Nex-Tech Forgivable Loan	225,000					
Flight Safety International Forgivable Loan	150,000					
Economic Development Contingency	275,000	900,000	900,000	900,000	900,000	900,000
Cessna Columbus Reimbursement (Revenue)	(5,000,000)					
<b>CAPITAL IMPROVEMENTS - MAINTAINING OUR COMMUNITY'S INFRASTRUCTURE</b>						
<u>New Capital Projects (based on adopted CIP)</u>						
Cash Funded - Prop. Tax Supported Funds	5,398,570	3,446,027	1,721,403	1,055,062	2,799,141	556,128
Cash Funded - Local Sales Tax (estimated transfer)	10,752,199	10,937,445	11,438,846	11,960,302	12,502,617	13,066,624
Debt Funded -Cumulative Debt Service on New Debt Issued	3,547,844	4,666,583	5,301,340	7,636,597	8,052,612	8,546,662
<b>OPERATIONAL</b>						
<u>Abosorb State Grant Reductions (Aging/CDDO)</u>		817,509	842,403	868,058	894,498	921,747
<u>27th Pay Period</u>			3,588,499			
<u>Sumner County Casino (Revenue)</u>					(1,323,329)	(1,389,495)

**Summary:**

With a changing financial environment and growing financial responsibilities, particularly as a result of State grant reductions, the County's financial plan presents a challenging outlook over the next five years. Based on the adopted budget's 0.548 mill reduction in the estimated property tax rate, in addition to declining collections from our key revenues, weak growth in assessed valuations, and State budget reductions, the County's overall financial position (even with the adopted operation adjustments) is estimated to deteriorate. However, with the operational adjustments, the plan estimates the County will remain above its minimum fund balance policy over the planning horizon.

Gap closure between projected revenues and expenditures over the planning horizon prior to the beginning of 2015 will require the County to continue to make additional operational changes. Doing so will require the County to continue to concentrate on a variety of core financial principles. These include:

• **Revenues**

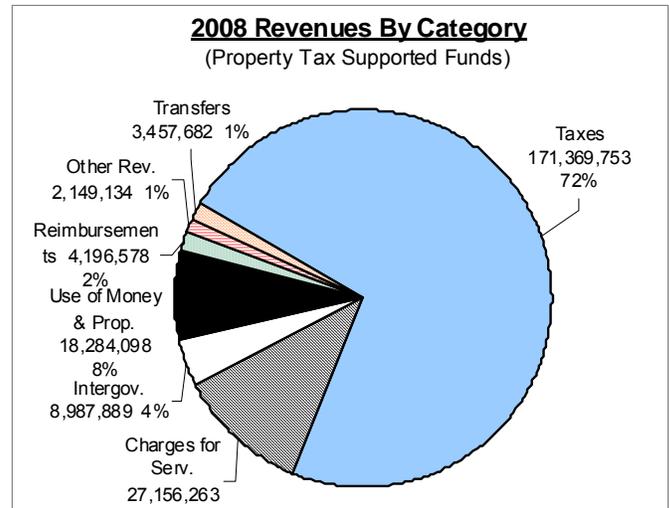
- Continue to seek new revenue sources, balancing between those receiving the public benefit and those paying for the service.
- Adjust current fees when appropriate.
- Ensure the State maintains its financial and revenue sharing promises.
- Enforcement of the recently implemented Jail Housing Fee.

• **Expenditures**

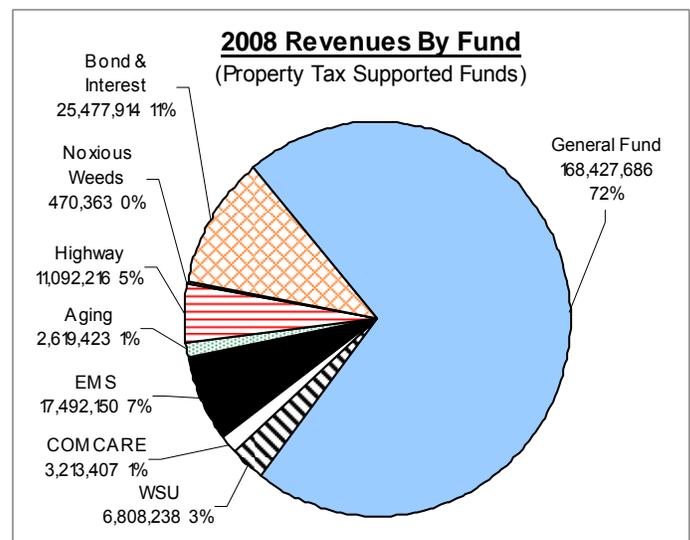
- Concentrate public services on those considered core County services and vital to the development of the community.
- Seek innovative programs for delivering public services beyond current operating standards.
- Educate State Legislators on the impact of new and pending State mandates, particularly as they relate to Public Safety.

**Revenues & Transfers In**

Sedgwick County's revenue structure related to property tax supported funds is assigned 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 2008, a total of \$235,601,397 in revenue was received, with 72 percent collected from tax sources.



Of the funds receiving property tax support, the largest is the General Fund with 72 percent of total revenue collections in 2008, followed by the Bond and Interest Fund, and Emergency Medical Services.



**Specific Revenue Projections in the Financial Plan**

Of the total revenue collections and transfers in from other funds, 93 percent is collected from 12 distinct revenue sources. The following discussion on revenue projections included in the financial plan will center on the majority of those revenues outlined in the table below.

<b>Major Revenues</b>		
All Property Tax Supported Funds*		
	<b>2008 Actual</b>	<b>% of Total</b>
Total Revenues & transfers in	\$ 235,601,398	100%
Property taxes	121,177,463	51%
Local sales & use tax	26,754,282	11%
Motor vehicle tax	16,406,520	7%
Medical charges for service	13,052,848	6%
Investment income	15,620,358	7%
Mortgage registration & officer fees	8,022,983	3%
Special city/county highway	5,212,769	2%
Special assessments	3,527,804	1%
Administrative reimbursement	3,906,753	2%
Back taxes	2,938,409	1%
State revenue - SRS	1,701,154	1%
Prisoner Housing	1,150,263	0%
<b>Total</b>	<b>\$ 219,471,605</b>	<b>93%</b>

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

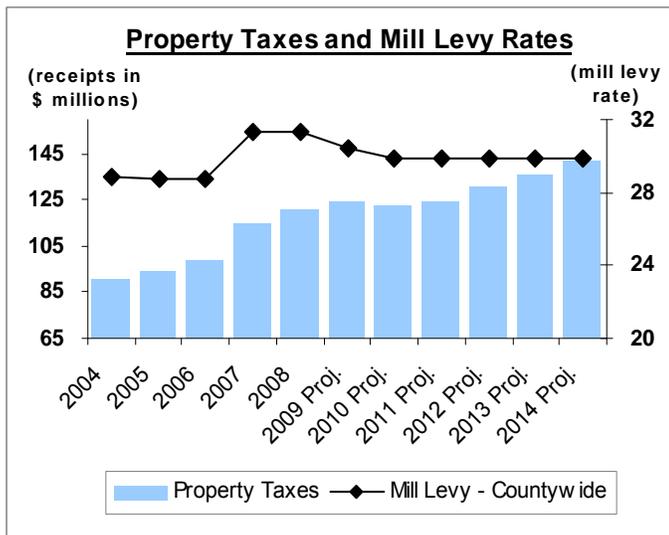
for facilities and infrastructure. This reliable revenue source has no attached mandates as many other state and federal revenues often do.

The County-wide property tax rate, expressed in mills, remained relatively unchanged for seven years until the 2007 budget when the Board of County Commissioners (BoCC) adopted a 2.5 mill increase, bringing the total rate to 31.315 mills, to meet community needs. For 2009, the BoCC adopted a budget which included a 1.0 mill reduction in the property tax rate that was primarily accomplished by deferring construction of a planned 384 bed expansion to the County Jail that was previously expected to open in 2011. For 2010, the adopted budget includes an estimated 0.548 mill reduction to bring the property tax rate to 29.829 mills.

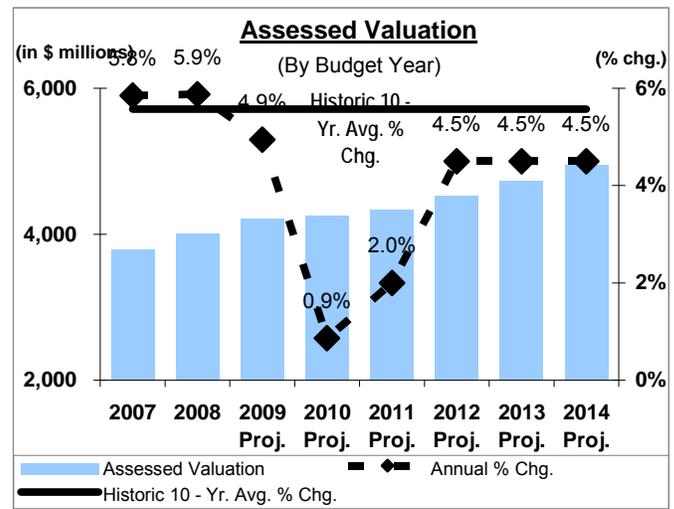
Projected revenue from property tax collections in this financial plan are based on:

- an assumption that the recommended property tax levy of 29.829 mills will remain unchanged through the planning period,
- and increases in property tax revenues following 2010 will result from an estimated increase in assessed valuations and not a planned increase in the mill levy rate.

**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

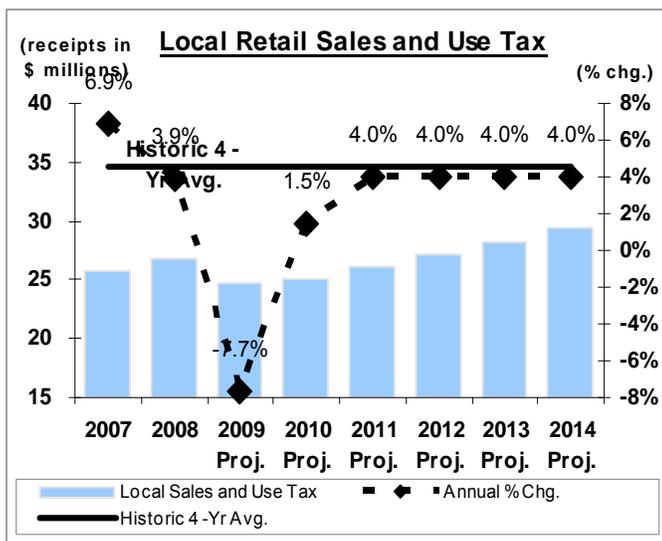


Over the past ten years, Sedgwick County’s assessed valuation has grown an average of 5.6 percent. In 2007 and 2008, valuations exceeded that average. However, for the 2009 budget year at a 4.9 percent increase and the 2010 budget year at an estimated 0.86 percent increase, a trend has emerged in which future growth in assessed valuation is not likely to be as strong as the past decade. This results from essentially two variables.

The local real estate market has slowed, in addition to the commercial personal property tax exemption passed by the 2006 Legislature. Based on the decrease in the valuation of assessed personal property from \$419,610,749 in the 2007 budget year to \$328,074,560 as estimated for the 2010 budget year, this exemption is estimated to reduce property tax revenues to Sedgwick County by \$2.7 million in 2010. Parameters of the legislation included the following variables.

- Exempts qualifying commercial personal property acquired or transported into the State after June 30, 2006.
- Local jurisdictions were to be reimbursed on a sliding scale (90 percent in 2008 to 10 percent by 2012) the difference between the amounts of taxes levied on commercial property in budget year 2006 to the current year. However, the State has reneged on that commitment, reducing previously anticipated County revenues by approximately \$1.0 million in 2010.

**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:

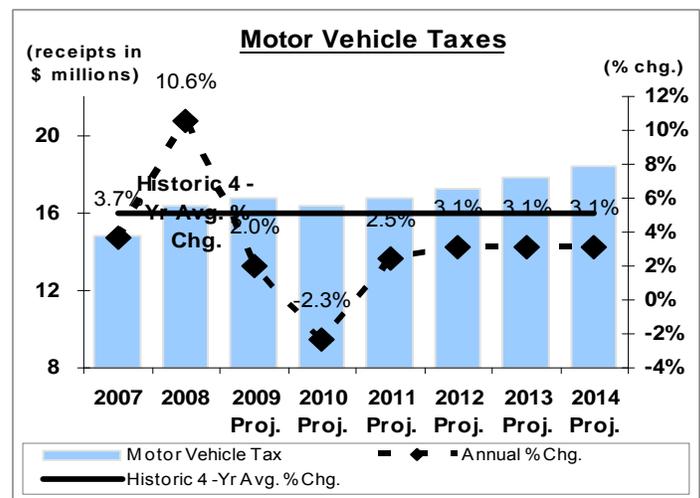
- Total taxable retail sales in Sedgwick County,
- population in the unincorporated areas of the County as a percentage of total County population and,
- the County’s property tax levies as a percentage of total taxes levied by all governmental entities.

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. The 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, collections for the current year for retail sales and use tax is 8.0 percent less than the previous year. This financial plan projects that growth won’t return to more traditional levels until 2011.

Changes in State statutes that define the scope of taxable sales have a large impact on local retail sales tax collections. In 1993, when materials used in construction of new buildings and utilities became taxable, revenue increased by more than 10.0 percent. When the 1995 Legislature again exempted these items from sales taxation, collections declined. In 2004, when statutory changes to the application of the use tax took effect, total retail sales and use tax collections increased by 10.0 percent from the previous year.

**Motor Vehicle Taxes**



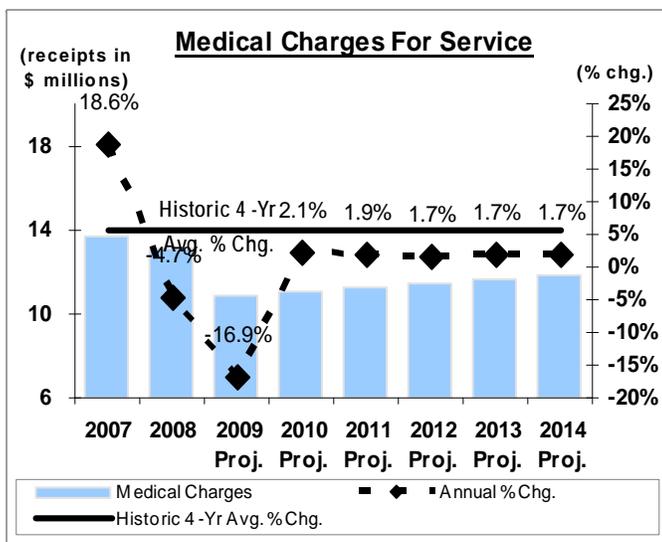
The collection and distribution of Motor Vehicle Taxes are outlined in K.S.A. 79-5101 et seq.

- 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. 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 then distributed by the State to the County Treasurer, who then distributes the collections 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 by the County 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 recommended for 2010, it is estimated to become less consistent over the next several years.

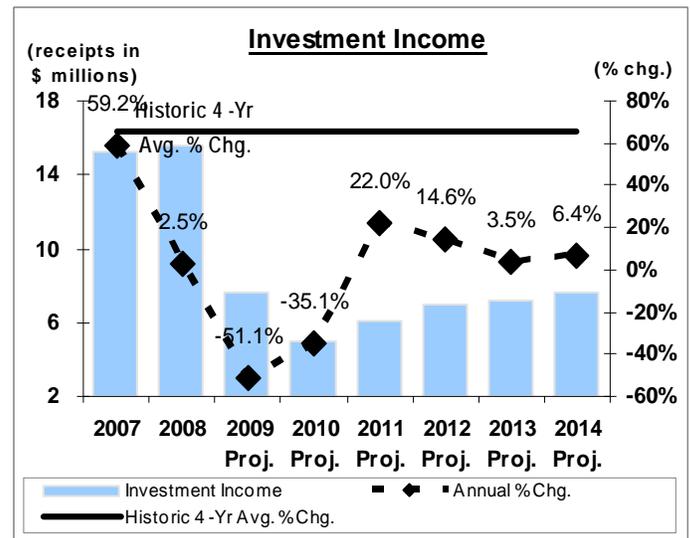
**Medical Charges for Service**



Medical charges for service include Medicaid, Medicare, insurance, and patient fees for delivered medical services. These services are primarily delivered through EMS, generating 75.6 percent of total 2008 collections, followed by the Judge Riddell Boys Ranch, and the Health Department.

In 2006 and 2007, the County witnessed abnormally strong growth, largely resulting from increases in the delivery of EMS services and delayed Medicare receipts. Such strong growth did not continue, with a 4.7 percent decrease in 2008, and a 16.9 percent decrease projected for 2009. However, moderate growth is projected throughout the remaining planning horizon.

**Investment Income**

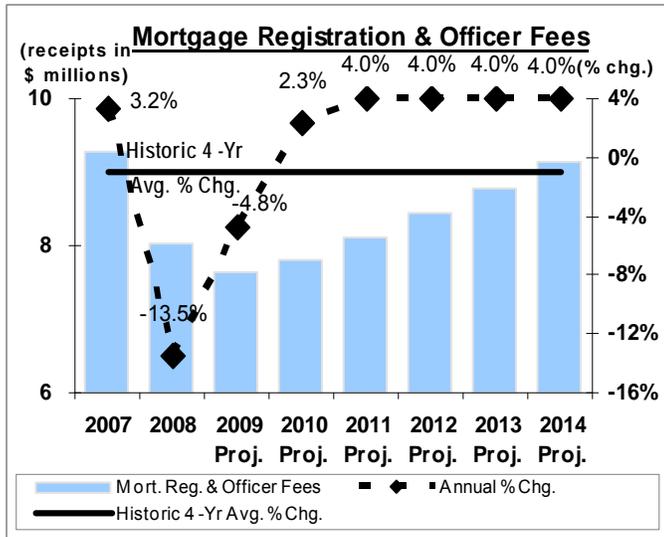


Investment income accounts for revenues generated from the investment of idle County funds. Traditionally, this revenue source can be volatile with collections dependent on interest rates in the investment markets, the timing in which investments mature, and the size of the investment portfolio.

Since 2006, investment income has grown substantially as a result of increasing interest rates on investments and a growing investment portfolio largely related to construction of the Downtown INTRUST Bank Arena. The arena project, funded with a thirty month one-percent sales tax, received legislative approval following a local election. As required by state statute, all investment income is to be deposited in the General Fund unless otherwise directed by statute.

Investment income collections reached its highest point at \$15.2 million in 2007. As construction of the arena progresses, the collection of investment income has declined as the amount of idle funds available to be used for investment purposes decreases. Beginning in 2009, investment income receipts are estimated to decrease to more traditional levels as construction of the arena is completed.

**Mortgage Registration & Officer Fees**

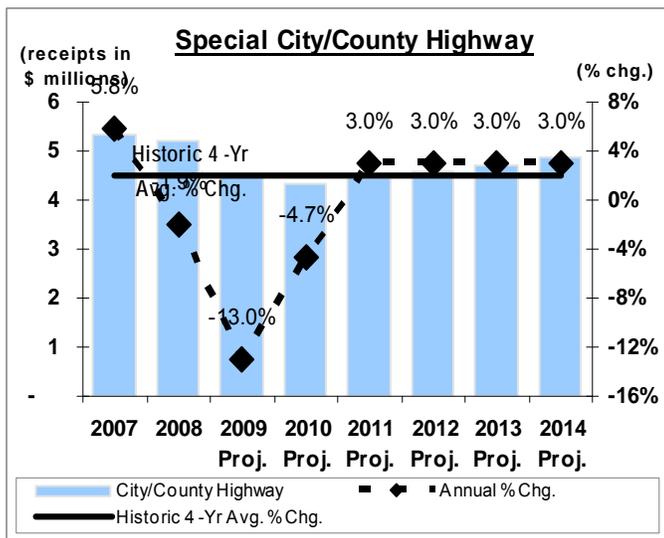


Mortgage registration and officer fees are primarily collected by the Register of Deeds.

- 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 market. This is predominately the basis for collections and the cause of the reductions in 2008 and 2009.

**Special City/County Highway Funding**

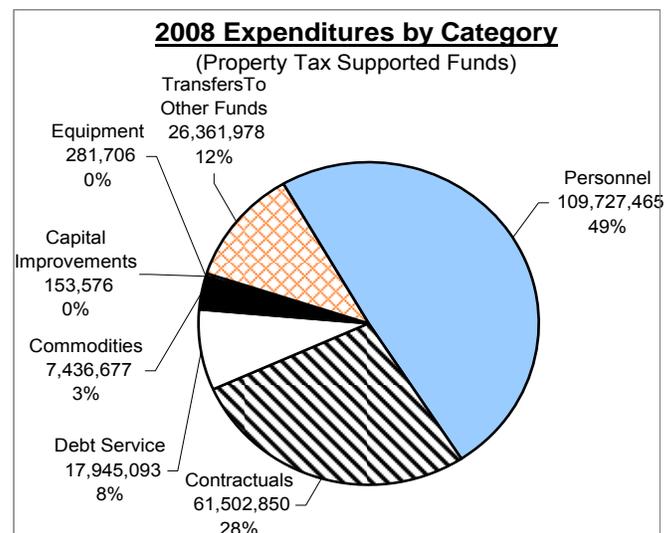


The Highway Department is financed through the Highway Fund to construct and maintain the County's roads, bridges, and intersections. Of the revenues used to fund these operations, the largest is the state's special city/county highway fund authorized under K.S.A. 79-3425. Through the fund, the state 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.

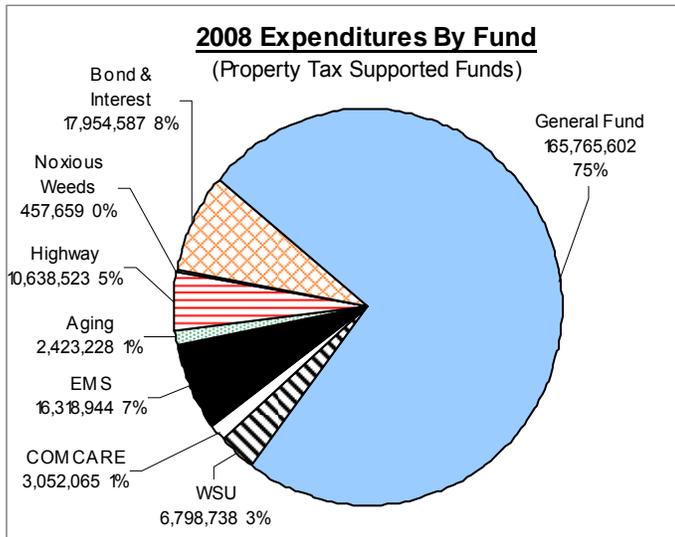
This revenue source fell below historical growth patterns in 2008 and 2009. The County has witnessed significant revenue reduction in 2008 as the State's collections from the Motor Fuel Gas Tax declined. In addition, for 2009 and 2010, the State has altered its contribution to the Fund which in turn is estimated to reduce County collections. Over the past six months, the County has witnessed this revenue source decline by 19.3 percent in comparison to the previous year.

**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

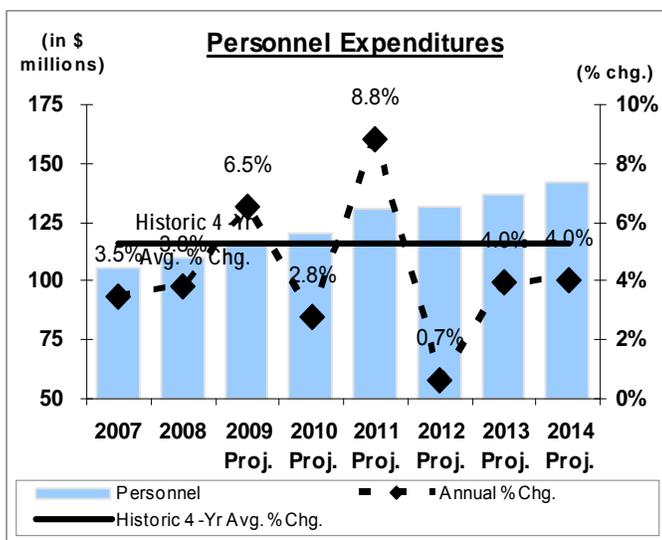
incurred in 2008 for property tax supported funds, 49 percent was attributed to personnel and 28 percent to contractals. Not only are these the two largest expenditure categories but also the two fastest growing.



Of the funds receiving property tax support, the largest is the General Fund with 75 percent of total 2008 expenditures, followed by the Bond & Interest Fund, and Emergency Medical Services.

**Specific Expenditure Projections in the Financial Plan**

**Personnel**

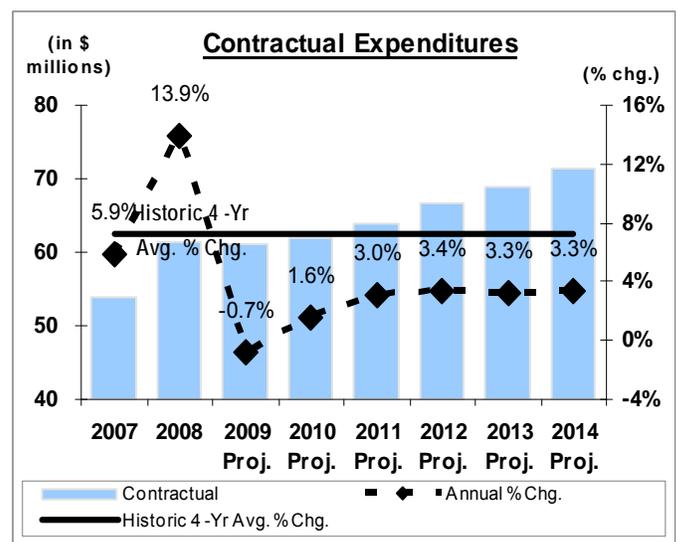


Similar to most government and proprietary entities, personnel expenditures represent the largest cost in

delivering services. Historically, significant increases in personnel costs have been related to service expansions.

- **2009:** A 6.5 percent increase is estimated based on the full implementation of the new Drug Court program.
- **2010:** An increase of 2.8 percent is anticipated as a result of a smaller compensation plan for employees than past years with a General Pay Adjustment of 2.0 percent for eligible employees whose salaries are less than \$75,000 annually. The increase is also influenced by an increase of over 10.0 percent for Health insurance benefits and increases in the KPERS retirement rates.
- **2011:** An 8.8 percent increase primarily isn't related to a service expansion, but instead an additional pay period occurs in that fiscal year. The County operates off a bi-weekly pay schedule. As a result of that schedule, an additional pay period occurs in a single fiscal year approximately every seven years. Ours will occur in 2011. This year also includes the anticipated costs from the implementation of a new jail alternative program – a work center. For 2011 – 2014, the plan assumes that the performance based compensation plan will be restored with a 4.0 percent annual compensation pool.

**Contractual**



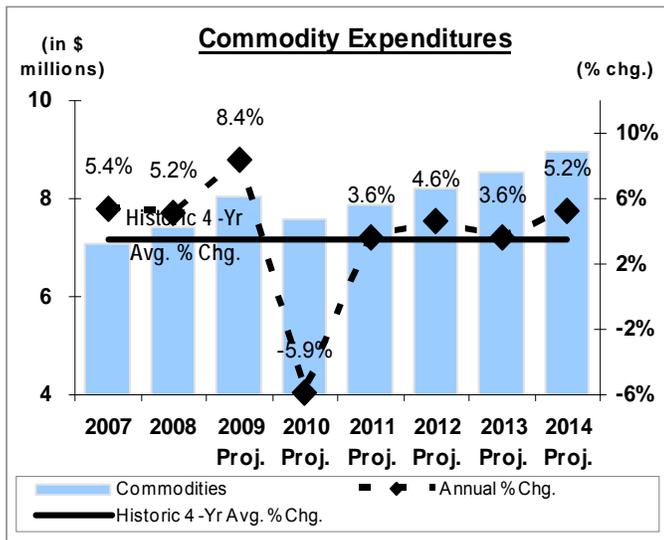
Contractual expenditures, the second largest expenditure category, include those services purchased from and delivered by an external entity. This may include utility services, insurance services, billing contracts, software agreements, or social services delivered by other community providers.

Historically, growth in contractual expenditures has averaged 7.2 percent over the past four years due to the implementation of the alternative jail programs and economic development contributions previously mentioned. The principle reasons for these increases include:

- **2007:** The Day Reporting jail alternative program was implemented through a contract with a private vendor. For the first year of operation, contractual payments totaled \$1.4 million.
- **2008:** The County made a one-time contractual payment to the City of Wichita for \$5.0 million to satisfy our obligation related to the economic incentive package to locate the new Cessna Columbus plant in Wichita. In addition, \$850,000 was paid to Spirit AeroSystems for an incentive package for facility construction and improvements.

However, the growth rate is estimated to decline in 2009, but will stabilize throughout the planning horizon.

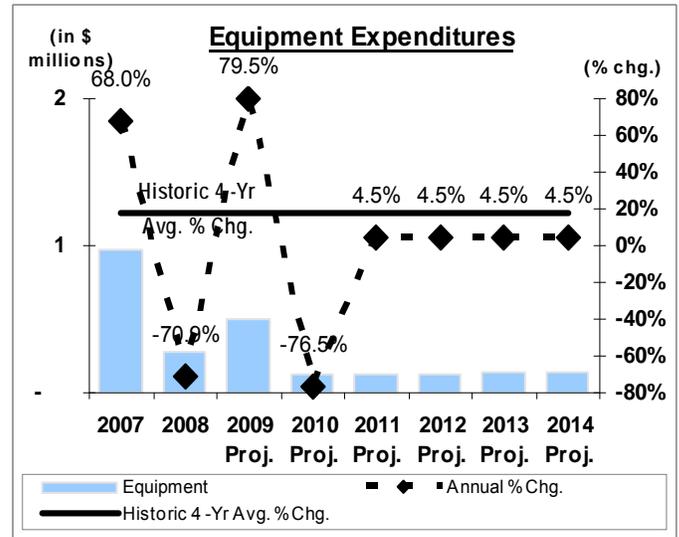
**Commodities**



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. Since implementation of these programs is now complete, commodity expenditures are anticipated to decrease by 5.9 percent in 2010.

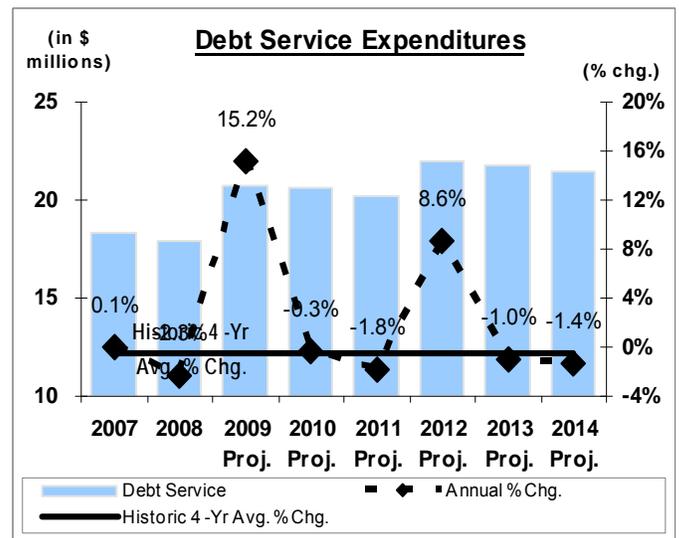
**Equipment (Capital Outlay)**



Equipment includes expenditures for office, technical, operating, and vehicular equipment that cost more than \$10,000. 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 dropped in 2008 to slightly more than \$280,000. 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.

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 most recently adopted five-year Capital Improvement Program. The debt service calculations in the financial plan include the following major projects as outlined in the table below.

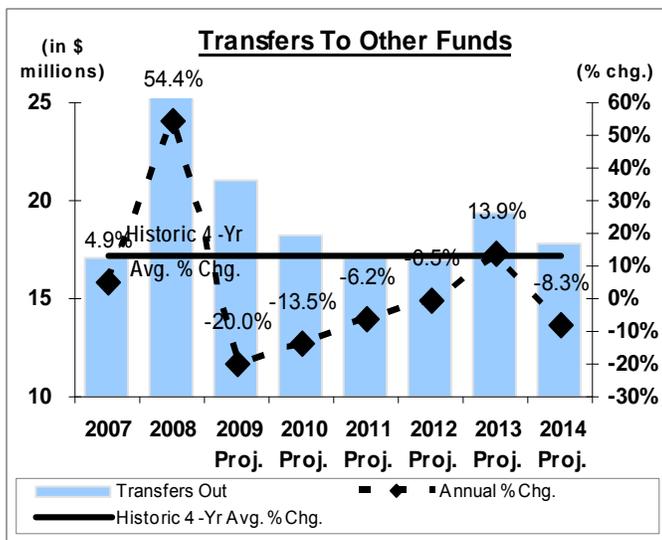
Major Capital Projects Funded with Debt Proceeds		
Year	Project	Amount
● 2010	Adult Detention Entrance Remodel	2,854,578
● 2010-2011	Lake Afton Spillway	3,083,762
● 2013-2014	Heartland Fire/Law Enforcement Training Center	14,757,847
● 2011	Replace Public Safety Radio System	23,569,000
● 2010-2014	Road/Bridge Improvements	27,060,000
● 2014	Courthouse Improvements	4,757,017

Please review the Capital Improvement Plan for a list of all projects

- \$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 most recently adopted capital improvement program.

Primary Recurring Transfers				
	Sales Tax To LST Road & Bridge Fund	Sales Tax To Bond & Interest Fund	Other Cash Funded Capital Projects	General Fund to Risk Mgmt.
● 2009 Proj.	10,752,199	1,597,566	5,398,570	1,238,708
● 2010 Proj.	10,937,445	1,597,566	3,446,027	1,326,385
● 2011 Proj.	11,438,846	1,597,566	1,721,403	1,392,704
● 2012 Proj.	11,960,302	1,597,566	1,055,062	1,434,618
● 2013 Proj.	12,502,617	1,597,566	2,799,141	1,492,002
● 2014 Proj.	13,066,624	1,597,566	556,128	1,551,682

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.

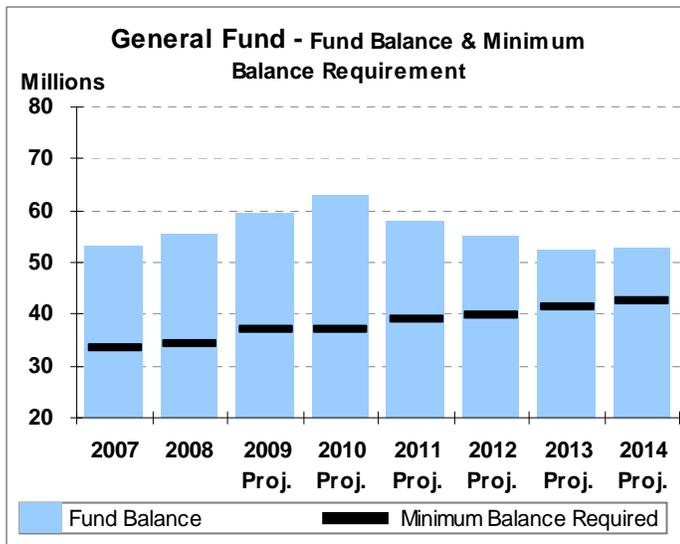
Recurring annual transfers to other funds include the following:

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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 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.

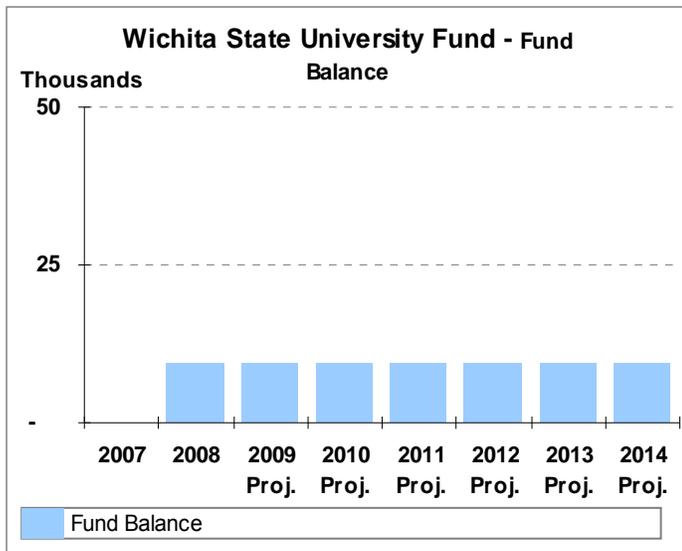
The County’s fund balance policy requires the General Fund to maintain a minimum balance equal to 20 percent of the adopted budget. Currently, the fund has built a balance exceeding this amount, which is projected to continue over the planning horizon.

**Major fiscal challenges:**

- Absorbing operating costs of up to \$2.1 Million annually with the implementation of new jail alternative programs in 2010 and 2011 – Work Center and Mental Health Court
- Addressing the growing population served through the Sedgwick County Jail
- Addressing the collection of Jail Housing fees from local municipalities
- Absorbing the impact of the state commercial machinery and equipment exemption and the cancellation of the State “slider” reimbursement
- Maintaining funding availability for cash funded capital projects
- 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



**Wichita State University**



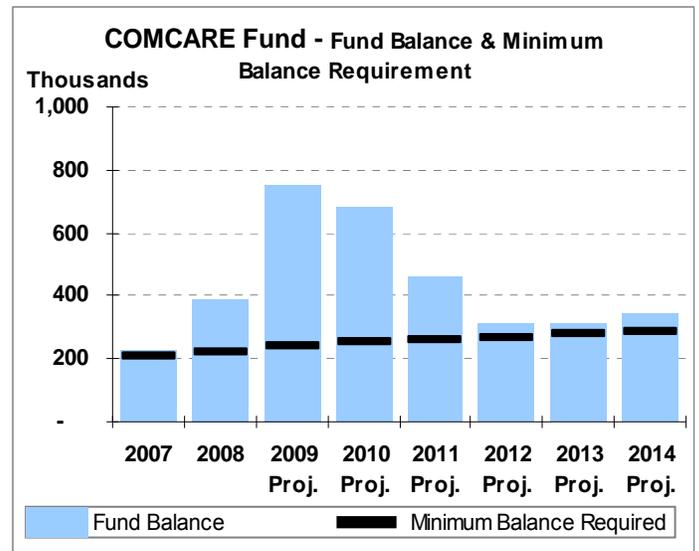
In June 1987, the Board of County Commissioners and the Wichita City Council approved an inter-local agreement in which the City agreed to stop levying its 1.5 mill property tax and the County created a countywide levy of an equal amount.

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

**Major fiscal challenges:**

- Addressing the impact of slower growth in assessed valuations and property tax revenues as a result of the economic environment

**COMCARE**



Comprehensive Community Care (COMCARE) of Sedgwick County 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 primarily 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 provided by the County.

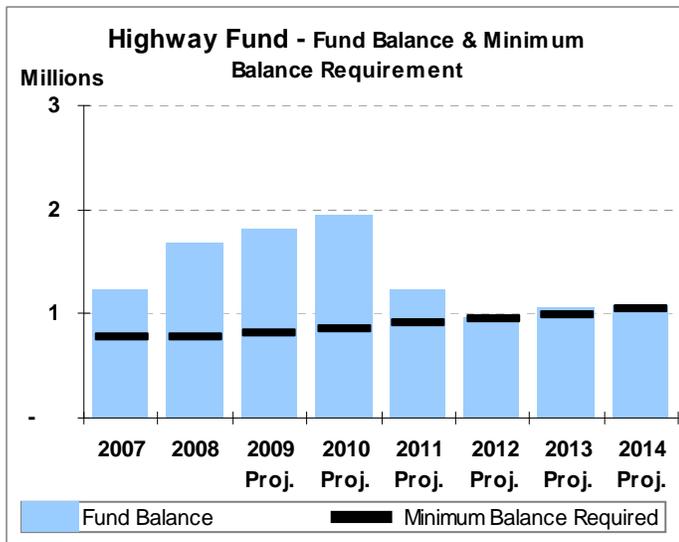
The County’s fund balance policy requires the COMCARE Fund to maintain a minimum balance equal to 7 percent of the adopted budget.

**Major fiscal challenges:**

- Addressing the impact of slower growth in assessed valuations and property tax revenues as a result of the economic environment
- Minimizing or reducing services due to reduced County resources
- Ability to absorb the impacts of the State grant funding reductions



**Highway Fund**



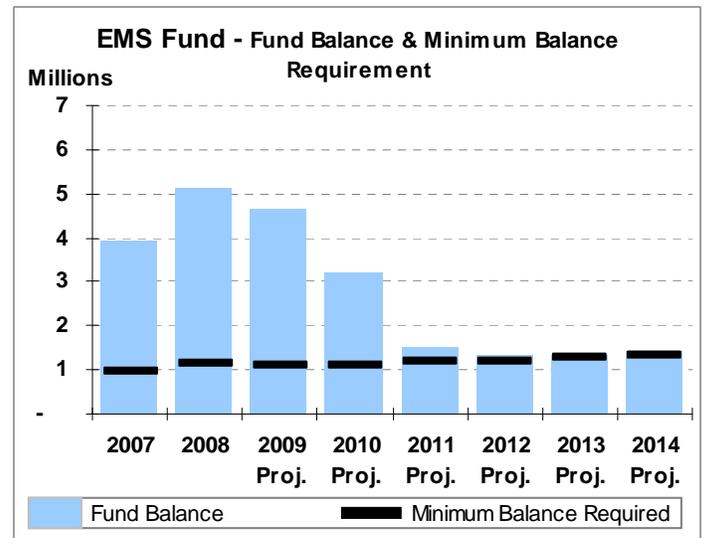
The Highway Department is financed through the Highway Fund to construct and maintain the County’s roads, bridges and intersections. The Fund is primarily supported through a property tax levy and revenue from the State’s Special City/County Highway Fund.

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

**Major fiscal challenges:**

- Addressing the impact of slower growth in assessed valuations and property tax revenues as a result of the economic environment
- Addressing expanding operations and infrastructure needs

**Emergency Medical Services Fund**



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.

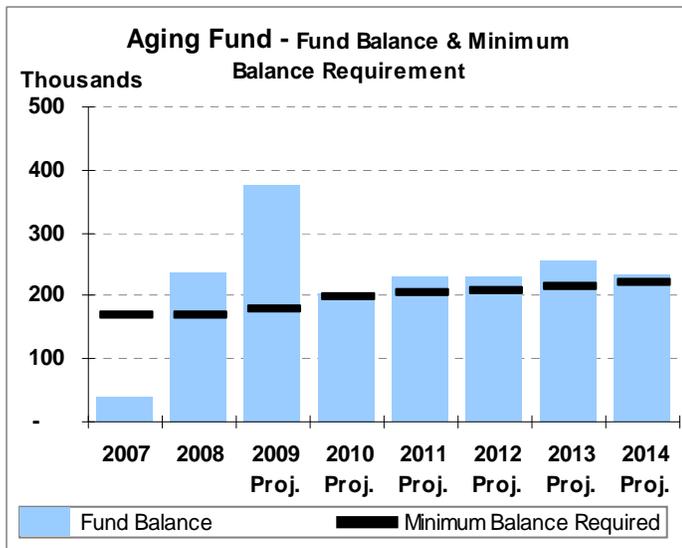
The County’s fund balance policy requires the EMS Fund to maintain a minimum balance equal to 7 percent of the adopted budget.

**Major fiscal challenges:**

- Addressing the impact of slower growth in assessed valuations and property tax revenues resulting from the commercial machinery and equipment exemption
- Addressing growing needs for EMS services and meeting professional standards, such as response time goals, with limited resources



**Aging Fund**



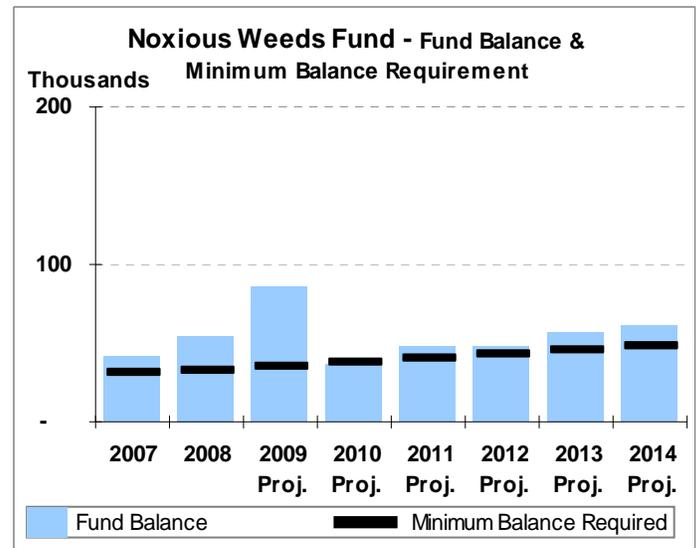
The Department on Aging was created in 1980 to serve older citizens of the County and advocate independence and quality of life. This fund primarily supports the majority of administrative costs and variety of direct services, such as funding to local senior centers. The department also operates within 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.

**Major fiscal challenges:**

- Addressing the impact of slower growth in assessed valuations and property tax revenues resulting from the commercial machinery and equipment exemption
- Ability to absorb the impacts of the State grant funding reductions

**Noxious Weeds Fund**



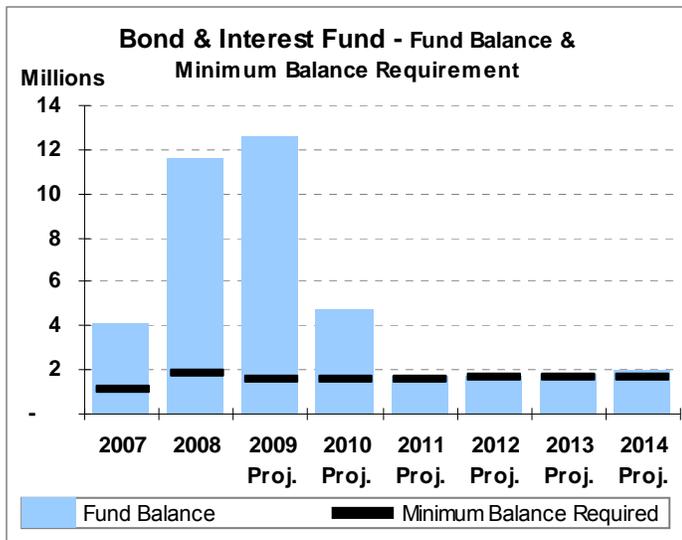
The Noxious Weeds Department was established to eradicate and control noxious weeds as required by K.S.A. 2-1318. The County’s fund balance policy requires the Fund to maintain a minimum balance equal to 7 percent of the adopted budget.

**Major fiscal challenges:**

- Addressing the impact of slower growth in assessed valuations and property tax revenues as a result of the economic environment



**Bond & Interest Fund**



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.

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**Major fiscal challenges:**

- Addressing the impact of slower growth in assessed valuations and property tax revenues as a result of the economic environment



**Financial Planning Worksheet 2006-2014**  
**All County-Wide Property Tax Supported Funds**

*Modified Accrual Basis*

	Actual			Estimated			Projected		
	2006	2007	2008	2009	2010	2011	2012	2013	2014
1									
2	<b>Beginning Fund Balance From CAFR</b>								
3	36,728,132	40,824,544	62,587,357	74,779,409	79,801,656	73,895,275	63,137,174	60,041,356	57,408,003
4	143,528,871	161,392,157	171,369,753	172,323,224	170,697,421	174,671,982	181,971,266	189,586,432	197,531,616
5	100,600,993	116,227,229	123,682,581	126,515,589	124,753,944	127,244,469	132,905,205	138,819,440	144,998,558
6	14,942,021	15,503,335	17,137,281	17,395,623	17,152,708	17,585,256	18,130,875	18,693,436	19,273,464
7	21,823,457	23,088,995	24,064,479	22,313,627	22,648,331	23,554,265	24,496,435	25,476,293	26,495,344
8	2,256,909	2,662,473	2,689,802	2,385,903	2,421,692	2,518,559	2,619,302	2,724,074	2,833,037
9	3,905,491	3,910,125	3,795,610	3,712,482	3,720,746	3,769,434	3,819,449	3,873,190	3,931,212
10	8,363,544	8,484,165	8,987,889	9,997,632	10,084,733	10,323,645	10,571,001	10,827,059	11,091,938
11	26,660,091	28,419,983	27,156,263	25,171,688	26,071,851	26,780,720	31,573,729	32,378,753	33,253,875
12	10,311,808	17,260,420	18,284,098	11,306,424	7,850,760	9,009,331	9,960,759	10,273,369	10,805,265
13	4,998,577	2,674,737	3,457,682	2,546,159	2,546,122	2,492,996	2,495,689	2,494,858	2,495,069
14	5,273,040	6,681,400	6,345,713	6,953,271	6,393,180	6,751,419	6,819,520	8,175,794	8,583,433
	<b>199,135,930</b>	<b>224,912,863</b>	<b>235,601,398</b>	<b>233,298,398</b>	<b>223,644,067</b>	<b>230,030,094</b>	<b>243,391,974</b>	<b>253,736,265</b>	<b>263,761,196</b>
15	<b>Operating Expenditures</b>								
16	Personnel and Benefits	102,129,578	105,676,021	109,727,465	116,878,907	120,253,976	131,678,602	136,912,233	142,407,705
17	Contractual Services	50,986,712	53,993,708	61,502,850	61,049,289	62,162,544	66,846,301	69,028,879	71,561,787
18	Debt Service	18,345,041	18,359,424	17,945,093	20,680,589	20,767,031	22,141,943	21,926,426	21,624,466
19	Commodities	6,707,711	7,072,042	7,436,677	8,061,990	7,724,480	8,372,283	8,675,216	9,125,623
20	Capital Improvements	12,072	4,219	153,576	15,000	-	-	-	-
21	Capital Outlay	575,627	966,878	281,706	505,693	259,065	268,628	278,573	299,672
22	Interfund Expenditure	16,282,777	17,077,758	26,361,978	21,084,683	18,383,352	17,249,501	19,537,947	17,943,231
23	<b>Total Expenditures</b>	<b>195,039,518</b>	<b>203,150,050</b>	<b>223,409,346</b>	<b>228,276,151</b>	<b>229,550,448</b>	<b>246,487,792</b>	<b>256,369,618</b>	<b>262,962,484</b>
24	<b>Operating Income</b>	<b>4,096,412</b>	<b>21,762,813</b>	<b>12,192,052</b>	<b>5,022,247</b>	<b>(5,906,381)</b>	<b>(3,095,819)</b>	<b>(2,633,352)</b>	<b>798,712</b>
25	<b>Year-End Fund Balance</b>	<b>40,824,544</b>	<b>62,587,357</b>	<b>74,779,409</b>	<b>79,801,656</b>	<b>73,895,275</b>	<b>63,137,174</b>	<b>60,041,356</b>	<b>58,206,715</b>
26	Less: Minimum Fund Balance Requirement	34,391,441	36,662,570	38,558,443	40,908,693	40,994,729	44,000,623	45,907,305	47,084,631
27	<b>Available Fund Balance</b>	<b>6,433,103</b>	<b>25,924,787</b>	<b>36,220,966</b>	<b>38,892,963</b>	<b>32,900,546</b>	<b>16,040,732</b>	<b>11,500,698</b>	<b>11,122,084</b>
28	Sedgwick County Assessed Valuation	\$ 3,412,388,480	\$ 3,583,856,664	\$ 4,016,400,804	\$ 4,214,913,405	\$ 4,251,315,758	\$ 4,531,477,466	\$ 4,735,393,952	\$ 4,948,486,680
29	Mill Levy	28,758	31,315	31,333	30,377	29,829	29,829	29,829	29,829
30	Mill Levy Change	-2,557	0,018	(0,956)	(0,548)	0,000	0,000	(0,000)	0,000

