

# Financial Plan



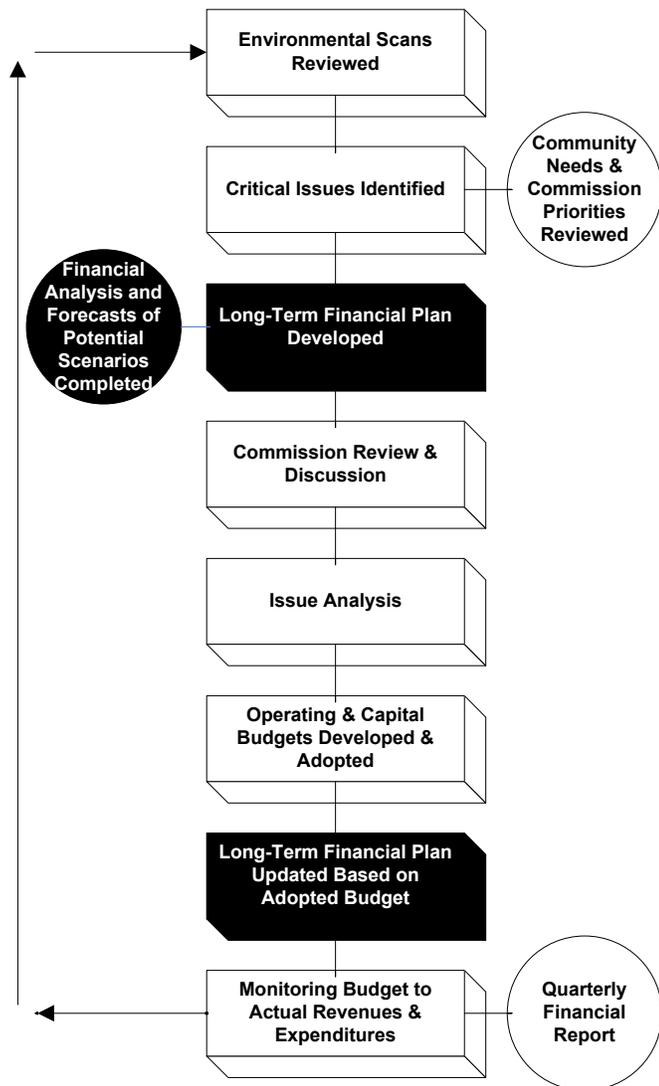
## For the Period of 2008 - 2013



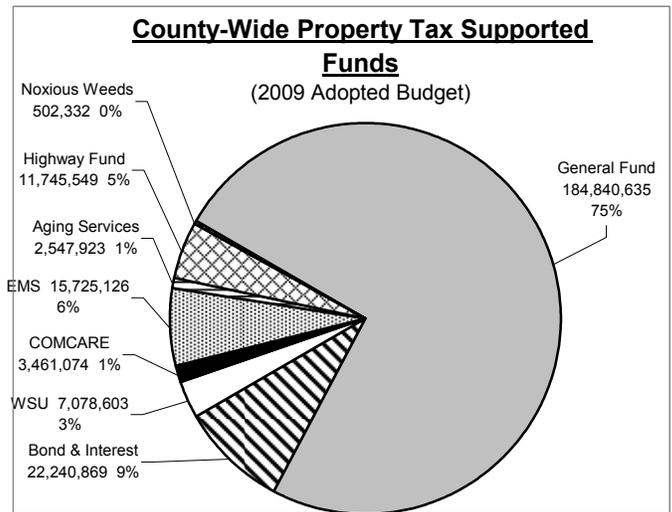
**Introduction**

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 discusses only 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 August 13th, 2008. In addition, the estimates incorporate the financial guidelines included in the 2009 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 by executing difficult management decisions.

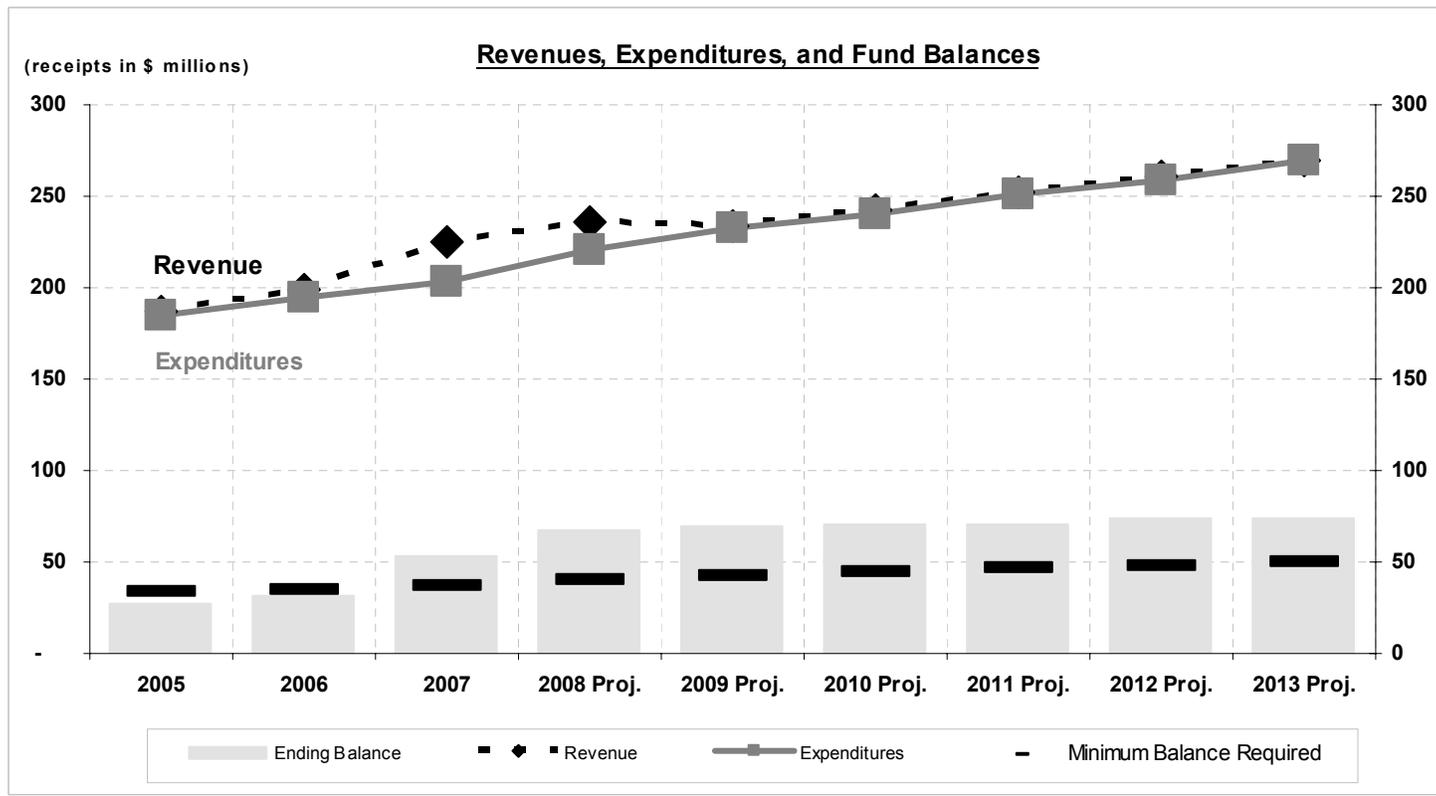
Bond Ratings	
Rating Agency	Rating
Standard & Poor's	AA+
Moody's	Aa1
Fitch	AAA

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 has not been impacted by the economic conditions to the same extent as many other regions, this financial plan assumes that we will not remain isolated. Instead, the estimates include mitigated, and in some cases declining, revenue growth in some of our key revenue sources, such as Retail Sales Tax and Mortgage Registration Fees.

Regardless of these challenges, the financial plan maintains a structural balance (no projected operating deficits), while still planning for the communities changing needs and emerging challenges that are principally concentrated in the areas of:

- 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.

- **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 600 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 implementing a Work Center and a Mental Health Court.

With the adoption of the 2009 budget, the BoCC choose, based on the success of the current alternative programs in mitigating population growth in the jail, to continue to

concentrate on implementing less costly jail alternatives. As a result, the BoCC has deferred 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, returned the long-term financial plan to a favorable structural balance. As a result, revenues are projected to exceed expenditures for each year over the planning horizon.

**Economic Development - Investing in Jobs:**

Wichita is well known as the air capital of the world and as a result the aviation industry is vital to the County’s economic condition. Over the last several years business leaders have voiced concern that the aging workforce in the aviation industry is resulting in a labor supply shortage of well-trained aviation workers. As a result, the BoCC committed in 2006 to not only lead the technical training needs of the community through the Technical Education and Training Authority but to also construct a Center for Aviation Training at the Jabara Airport dedicated not just to the training of aviation workers but also other technical training needs identified in the community. To fund this project, the County has

<b>PLANNING FOR CHANGING NEEDS</b>						
2008-2013 Financial Plan						
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>PUBLIC SAFETY - PROTECTING OUR COMMUNITY</b>						
<u>Jail Alternative Programs</u>						
Drug Court	758,494	1,053,192	1,144,000	1,189,760	1,237,350	1,286,844
Work Center			1,700,000	1,768,000	1,838,720	1,912,269
Mental Health Court			1,350,000	1,404,000	1,460,160	1,518,566
<b>ECONOMIC DEVELOPMENT - INVESTING IN JOBS</b>						
<u>National Center For Aviation Training</u>						
Debt Service		4,072,311	4,072,311	4,072,311	4,072,311	4,072,311
WSU Lease Contribution (Revenue)		800,000	800,000	800,000	800,000	800,000
Cessna Incentive Package - Columbus	5,000,000					
Spirit AeroSystems Incentive Package	850,000	250,000	250,000	250,000		
<b>CAPITAL IMPROVEMENTS - MAINTAINING OUR COMMUNITY'S INFRASTRUCTURE</b>						
<u>Capital Projects</u>						
Cash Funded - Prop. Tax Supported Funds	4,099,450	5,712,026	3,835,454	2,148,815	1,342,336	2,326,467
Cash Funded - Local Sales Tax	11,963,303	12,500,305	13,124,097	13,843,155	14,599,098	15,393,947
Debt Funded - Debt Service		726,996	1,541,302	2,046,809	3,081,368	3,398,138
Levee Certification	500,000	700,000				
<b>OPERATIONAL</b>						
<u>27th Pay Period</u>				3,588,499		
Sumner County Casino (Revenue)			600,149	1,200,298	1,260,313	1,323,329



budgeted for an annual debt payment on the facility of \$4,072,311. The majority of the facilities' operating costs will be funded through both student fees and donations from the business community.

In partnership with the City of Wichita, the BoCC also took action in 2008 to provide Cessna Aircraft Company with a financial incentive package to locate its new Columbus assembly plant in Wichita and Spirit AeroSystems for construction and improvements to plant facilities.

The Cessna Incentive Package includes a forgivable loan of up to \$10.0 million for site improvements related to the construction of the plant. The County's portion, \$5.0 million, will be paid to the City of Wichita in 2008 and distributed to Cessna as site improvements occur. The new assembly plant, an \$800 million investment by the company, is estimated to generate 1,000 new jobs with an average annual salary of \$65,000 over the next ten years. The Spirit AeroSystems Incentive Package is a \$3.2 million grant equally funded between the County and the City of Wichita for construction and improvements to plant facilities. The grant will be distributed over the next four years and is estimated to generate 700 new jobs with an average annual salary of \$60,615.

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

In addition to a five-year financial plan, Sedgwick County also adopts a five-year Capital Improvement Plan (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 2009 – 2013 CIP includes planned cash and debt funded projects totaling \$155.0 million. The funding of these projects from both cash and the debt service on issued debt is included in this financial plan. Some of the most significant individual projects over the planning horizon are outlined in the table above.

Major Capital Improvements			
Project	Cash	Debt	Amount
● 2008 National Center for Aviation Training	√		\$ 50,750,000
● 2008 Regional Forensic Science Center Annex		√	5,000,000
● 2009 Levee Repairs Required for FEMA Accreditation	√		\$ 4,000,000
● 2009 Additional Courtrooms and Chambers		√	2,975,726
● 2009-2011 Heartland Preparedness Center	√	√	8,472,140
● 2010-2011 Convert 800 MHz Radio System to Digital	√	√	23,569,000
● 2011 Recondition 151st St. W	√		3,000,000
● 2012 Widen West St.		√	4,000,000
● 2009-2013 ADA Compliance	√		2,409,352
● 2009-2013 Bridge Repair & Construction	√	√	15,480,000
● 2009-2013 Preventive Maintenance - Roads	√		34,000,000

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

**Summary:**

Over the past several years, previous financial plans presented financial scenarios where expenditures exceeded revenues, resulting in significant reductions in the County's fund balance by the end of the planning horizon. This outcome was primarily related to the plans to expand the County jail with a total annual debt and operating costs estimated at \$12.0 million, or approximately the equivalent of 3.0 mills of property tax revenues. With the jail expansion deferred indefinitely and the dedication of future resources to the implementation of alternative jail programs, the financial plan has been returned to a structural balance over the entire planning horizon.

Regardless of the favorable outlook, maintaining this financial scenario will require the County to continue to concentrated 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 it's financial and revenue sharing promises.
  - Enforcement of the recently implemented Jail Housing Fee.



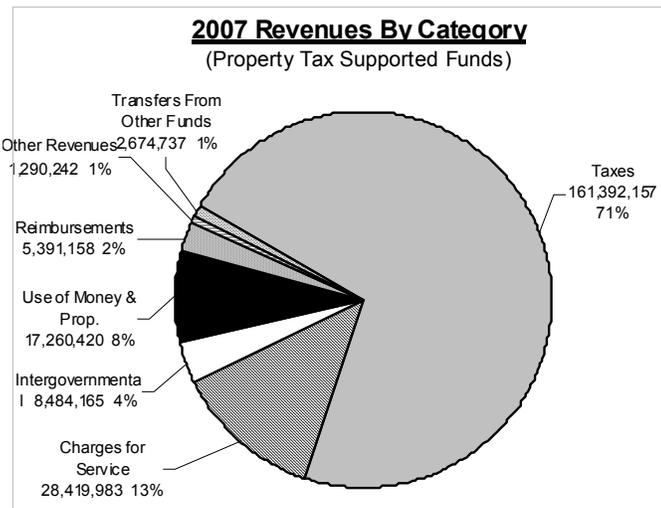
- **Expenditures**

- 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.

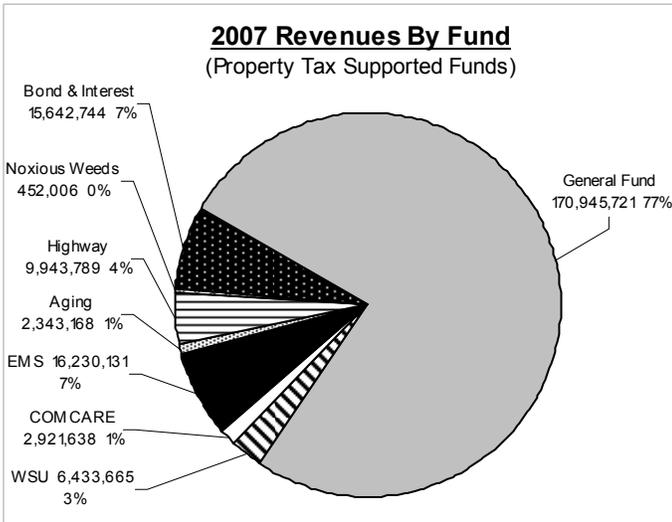
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**Revenues & Transfers In**



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 2007, a total of \$224,912,863 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 77 percent of total revenue collections in 2007, followed by the Bond & Interest Fund, and Emergency Medical Services.

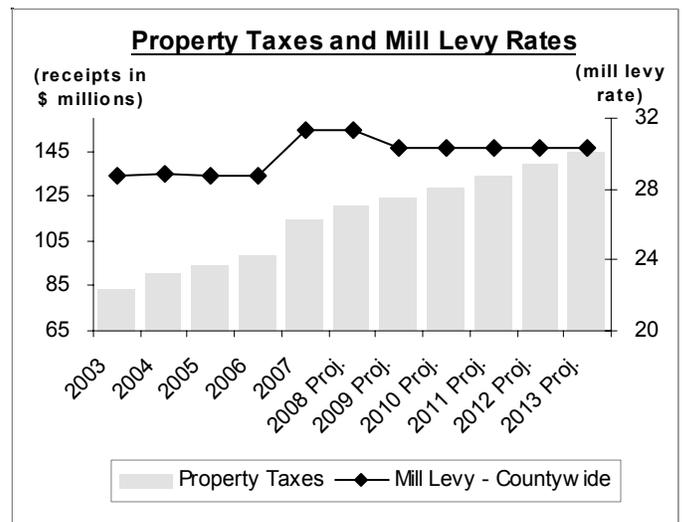
**Specific Revenue Projections in the Financial Plan**

Of the total revenue collections and transfers in, 94 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.

	2007 Actual	% of Total
Total Revenues & transfers in	\$ 224,912,863	100%
Property taxes	114,388,693	51%
Local sales & use tax	25,751,469	11%
Motor vehicle tax	14,840,353	7%
Medical charges for service	13,703,667	6%
Investment income	15,244,292	7%
Mortgage registration & officer fees	9,277,098	4%
Special city/county highway	5,315,576	2%
Special assessments	3,654,466	2%
Administrative reimbursement	3,612,614	2%
Back taxes	2,422,840	1%
State revenue - SRS	1,825,633	1%
Prisoner Housing	1,077,232	0%
<b>Total</b>	<b>\$ 211,113,934</b>	<b>94%</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

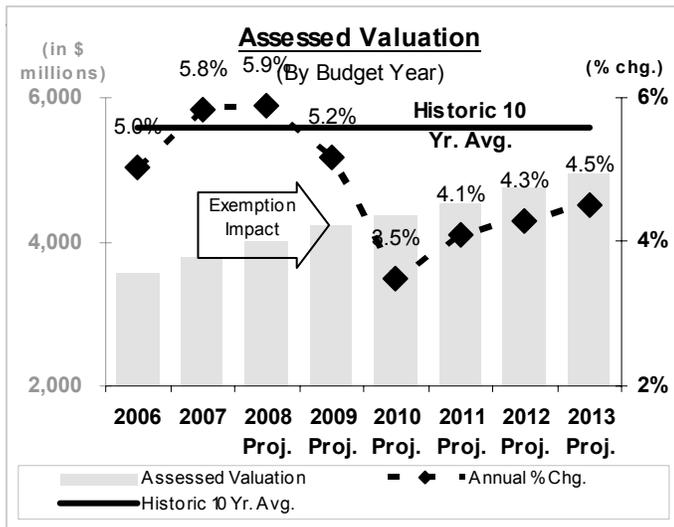


source has no attached mandates as many other state and federal revenues often do.

The County-wide property tax rate, expressed in mills, remained relatively unchanged for seven years until adoption of 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 the critical needs of the community. 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 planned to open in 2011.

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

- an assumption that the property tax levy of 30.315 mills will remain unchanged through the planning period,
- and growth in property tax revenues will result from an estimated increase in assessed valuations and not a planned increase in the mill levy rate.



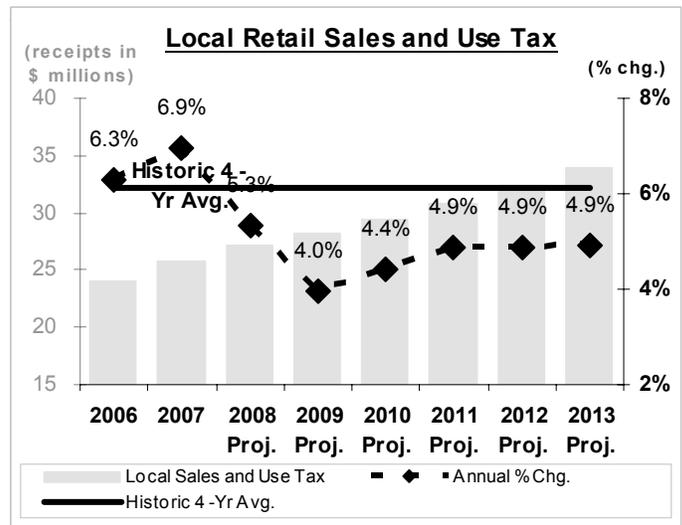
Historically, Sedgwick County’s assessed valuation has grown an average of 5.6 percent over the past ten years. In both 2007 and 2008, valuations slightly exceeded that average, while the valuation for the 2009 budget year is estimated to be slightly less. Nevertheless, the outlook for growth in assessed valuations in the future is less robust as a result of the slowing down in the local real estate market, in addition to the commercial personal property tax exemption passed by the 2006 Legislature. Parameters of the legislation include:

- Exempts qualifying commercial personal property acquired or transported into the State after June 30, 2006.
- Local jurisdictions will be reimbursed on a sliding scale (90 percent in 2008 to 10 percent by 2012) the difference between the amount of taxes levied on commercial property in budget year 2006 to the current year.

The following table outlines the estimated loss in property tax revenues to Sedgwick County if the exemption had not been put in place.

Commercial Personal Property Exemption		
Budget Year	% of Commercial Personal Property Exempted After 2006	Estimated Loss In Tax Revenue
2007 Actual	0.40%	\$ 393,226
2008 Actual	6.35%	\$ 1,438,684
2009 Est.	14.43%	\$ 1,924,908
2010 Est.	22.98%	\$ 2,978,816
2011 Est.	32.23%	\$ 4,480,533
2012 Est.	40.36%	\$ 6,295,672
2013 Est.	47.52%	\$ 7,892,077

Local Retail Sales and Use Tax



Local retail sales tax is generated from a countywide 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.

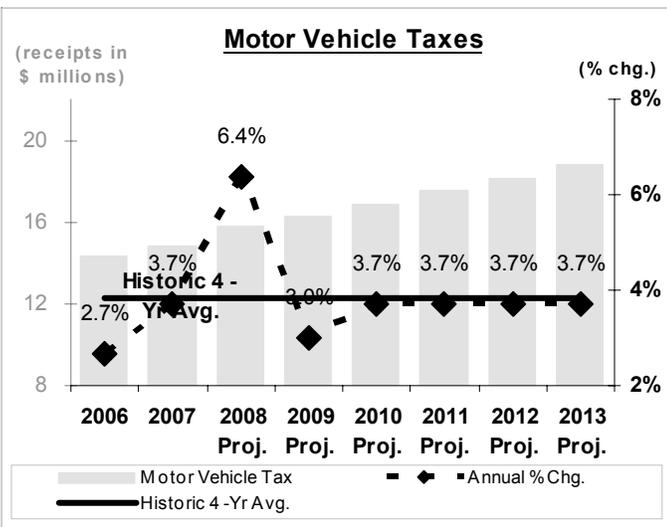
Local use tax, per state statute K.S.A. 12-198, is a tax paid on tangible personal property purchased from other states and used, stored, or consumed in Kansas on which no sales tax was paid. The use tax is also applied if the other state’s sales tax rate is less than the Kansas rate.

Historically, retail sales and use tax collections have experienced an average growth rate of 6.1 percent between 2003 and 2007. Regardless, it wasn’t until 2006 that collections exceeded the level received back in 1998 due to mitigated growth.

Projections in the financial plan estimate collections will continue to grow with a 5.3 percent increase in 2008 and more moderate increases of around 4.5 percent annually throughout the rest of the planning horizon. The reduced growth rate from previous years is based on the anticipated impacts from a slowing national economy.

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**



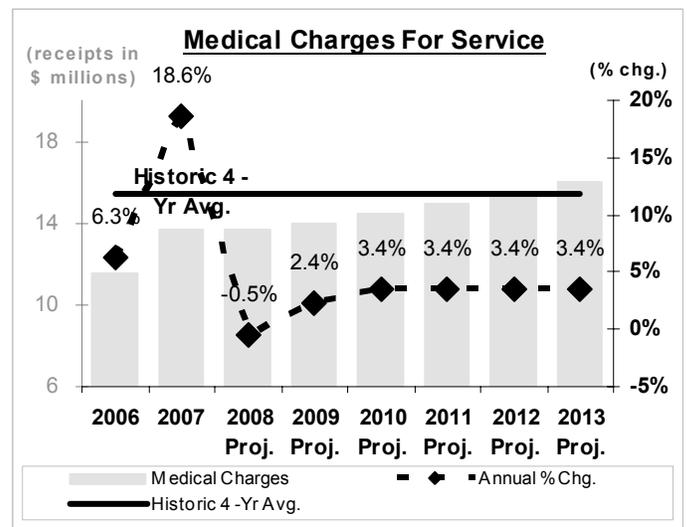
The collection and distribution of Motor Vehicle Taxes are outlined in K.S.A. 79-5101 et seq.

- Motor vehicles are distinguished by twenty different vehicle classes, and then taxed at 20 percent of the class value based on the average countywide mill levy. State statutes define the average countywide 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 residency of the owner, 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 continue to be a consistent and reliable revenue source, growing in 2007 by 3.7 percent to \$14.8 million. In 2008 receipts are estimate to increase by \$941,352 or 6.3 percent, while growth is anticipated to weaken in 2009 due primarily to economic variables.

**Medical Charges for Service**



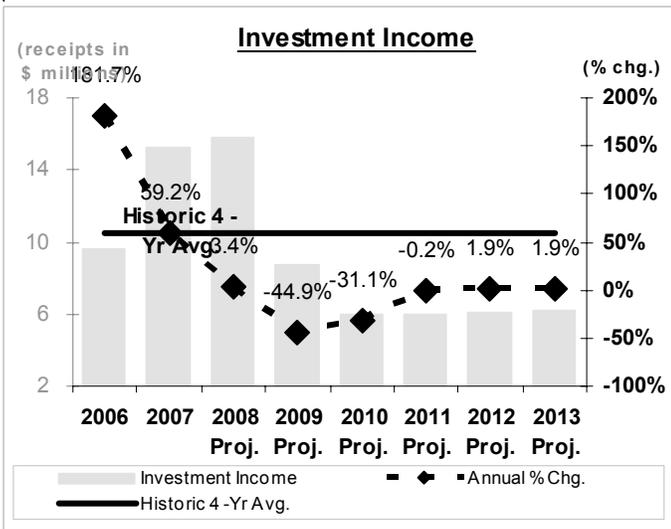
Medical charges for service include Medicaid, Medicare, insurance, and patient fees for delivered medical services. These services are primarily delivered through



EMS, generating 76 percent of total 2007 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 is not anticipated to continue, with an adjustment in 2008 with a 0.5 percent decrease, followed by moderate growth throughout the planning horizon.

**Investment Income**



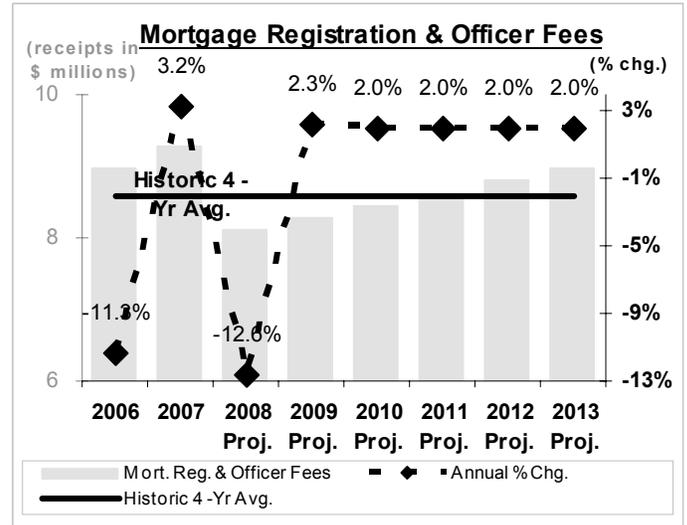
Investment income accounts for revenues generated from the investment of idle County funds. Traditionally, this revenue source can be volatile with collections dependent on interest rates in the investment markets, the timing in which investments mature, and the size of the investment portfolio.

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 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 is estimated to decline as the amount of idle funds available to be used for investment purposes decreases. Beginning in 2009, investment income receipts decrease

to a more traditional level as construction of the arena is completed.

**Mortgage Registration & Officer Fees**



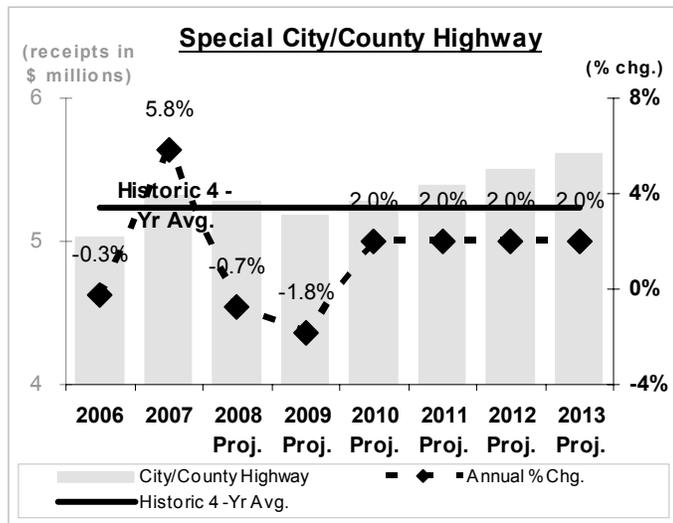
Mortgage registration and officer fees are primarily collected by the Register of Deeds.

- 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. To date, Sedgwick County has been largely isolated from the housing recession that has impacted other markets, but we have witnessed significant reductions throughout 2008 with an estimated decrease in total revenue collections of almost \$1.2 million. For future planning years, growth is estimated to be minimal as the market slows in comparison to the refinancing boom of previous years.

In fiscal year 2005, collections reached a historic high as a result of one-time revenues related to the purchase of Boeing’s commercial manufacturing service by Spirit AeroSystems.

**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: (talk about what makes up the State’s revenue).

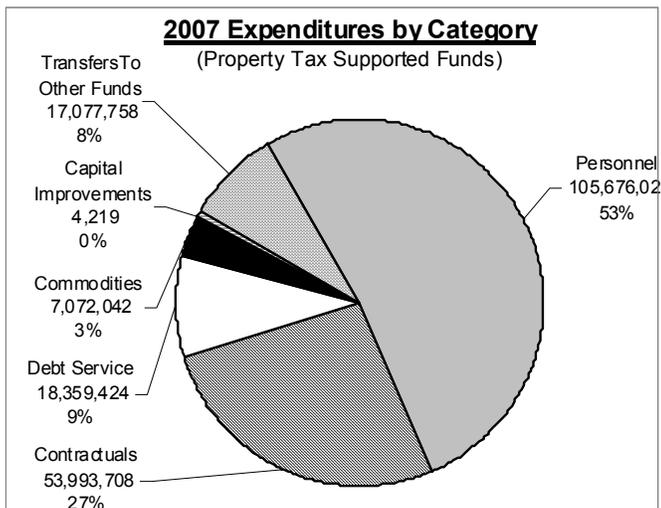
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- Each County shall receive a payment of \$5,000.
- Remaining 50 percent is allocated based on the portion of collected motor vehicle registration fees in the County compared to the amount collected in all counties.
- Remaining 50 percent is allocated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

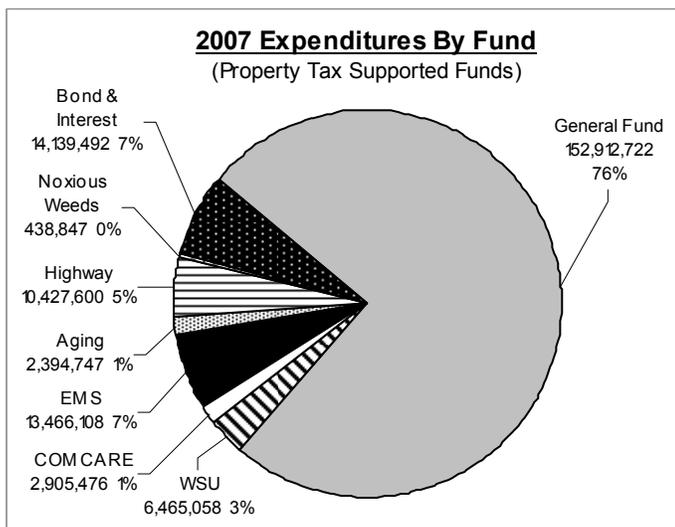
Overall, this revenue sources is projected to fall below historical growth patterns over the planning horizon. The County has witnessed significant revenue reduction in 2008 as the State’s collections from the Motor Fuel Gas Tax have declined. These declines are anticipated to continue throughout 2009 and then rebound in 2010.



**Expenditures**



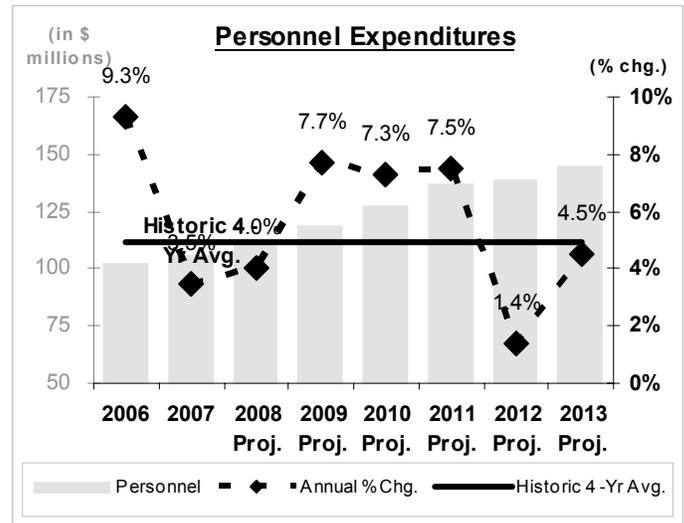
Sedgwick County’s expenditure structure is divided into seven primary categories: personnel, contractuals, debt service, commodities, capital improvements, capital outlay, and interfund transfers. Of the total expenditures incurred in 2007 for property tax supported funds, 53 percent was attributed to personnel and 27 percent to contractuals. 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 2006 expenditures, followed by the Bond & Interest Fund, and Emergency Medical Services.

**Specific Expenditure Projections in the Financial Plan**

**Personnel**



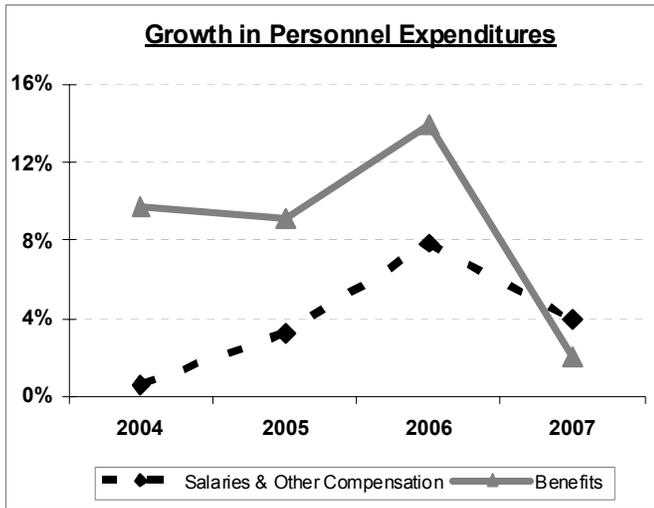
Similar to most government and proprietary entities, personnel expenditures represent the largest cost in delivering services. Historically, significant increases in personnel costs have been related to service expansions.

- **2006:** 9.3 percent increase due to implementation of a new jail alternative program titled the Sedgwick County Offender Assessment Program (SCOAP). In addition, 2006 represented the first year of full annual operations within the expanded Juvenile Detention Facility.
- **2009 - 2010:** 7.7 percent and 7.3 percent increases are principally related to the implementation of three new alternative Jail programs. In 2009, the County will fully implement the new Drug Court program. This is followed by two additional alternative programs in 2010 – a Work Center and a new Mental Health Court.
- **2011:** 7.5 percent increase 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.

Personnel expenditures are comprised of both direct compensation to employees and benefit costs. The Financial Plan assumes salary adjustments for personnel will remain moderate. Consequently, employee wages (excludes new positions or program enhancements) are estimated to increase by 3.1 percent annually. In the

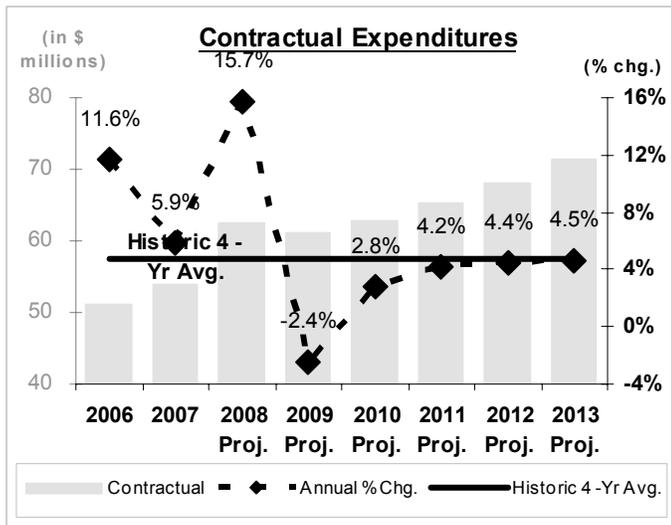


past, growth in personnel costs have been driven more by increases in benefit costs, specifically health benefits as opposed to employee compensation.



This trend was reversed in 2007 when the County migrated to a single, instead of dual provider, system for health benefits through Preferred Plus of Kansas (PPK). Through the three year contract initiated in 2007, health benefit costs are estimated to increase by about 1.5 percent in 2008 and 7.0 percent in 2009.

**Contractual**

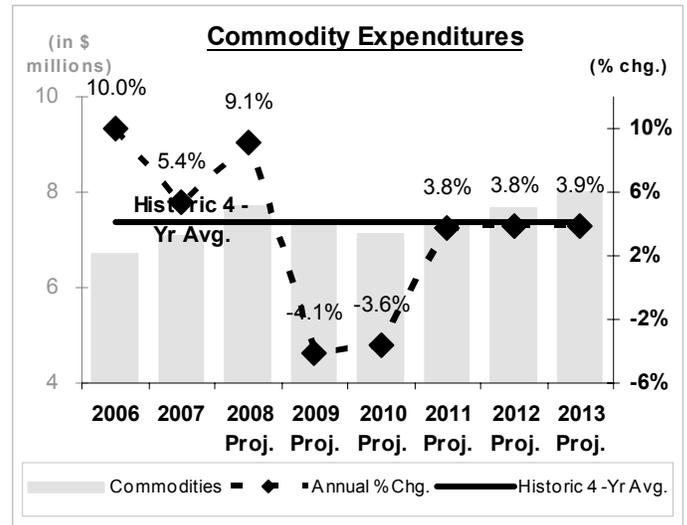


Contractual expenditures, the second largest expenditure category, include those services purchased from and delivered by an external entity. This may include utility services, insurance services, billing contracts, software agreements, or social services delivered by other community providers.

Historically, growth in contractual expenditures has averaged 4.8 percent over the past four years. However, actual expenditures in 2006 and 2007, in addition to estimated expenditures in 2008 have significantly surpassed that historical growth rate. The principle reasons for these increases include:

- **2006:** The County made a one-time, land lease payment to the Wichita Airport Authority for \$3.3 million for the site where the new National Center for Aviation Training will be located.
- **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 will make a one-time contractual payment to the City of Wichita for \$5.0 million to satisfy our obligation related to the economic incentive package accepted by Cessna to locate their new Columbus plant in Wichita. In addition, \$850,000 will be paid to Spirit AeroSystems for an incentive package for facility construction and improvements.

**Commodities**

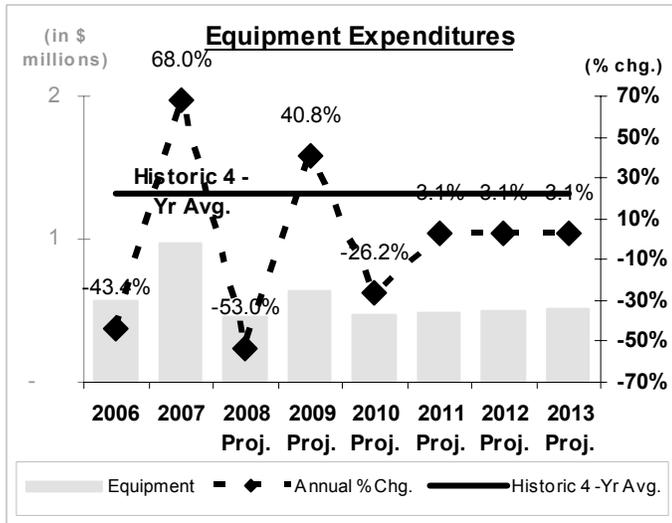


This category includes expenditures for the purchase of common tangible items. This may include office supplies, fuel, food, clothing, software, and equipment with acquisition costs of less than \$10,000.

Commodity expenditures are projected to increase by 9.1 percent due to the implementation of the Sheriff's Offender Registration Program and the new Drug Court jail alternative program.



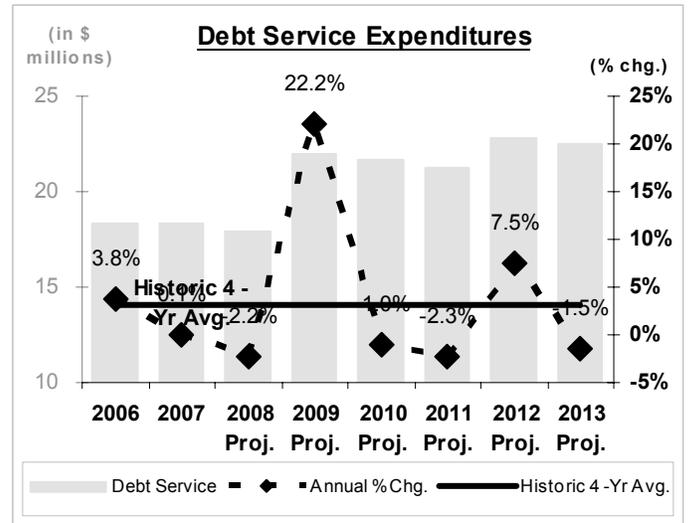
Equipment (Capital Outlay)



Equipment includes expenditures for office, technical, operating, and vehicular equipment that traditionally cost more than \$10,000. In 2007 equipment expenditures increased by 68 percent due to one-time equipment replacements in EMS, funding for equipment replacements in the Department of Corrections, and funding in the Division of Information and Operations for new Enterprise Servers and other electronic equipment. Equipment expenditures are estimated to returned to a more traditional level in 2008 of slightly more than \$500,000. However, in 2009, expenditures again grow as a result of a one-time planned expenditure of approximately \$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, with an annual increase of approximately 3.1 percent between 2011 and 2012.

Debt Service



The financial plan incorporates debt service payments on current debt obligations and includes forecasted debt service payments for capital improvement projects, as outlined in the most recently adopted five-year Capital Improvement Plan. The debt service calculations in the financial plan include the following major projects as outlined in the table below.

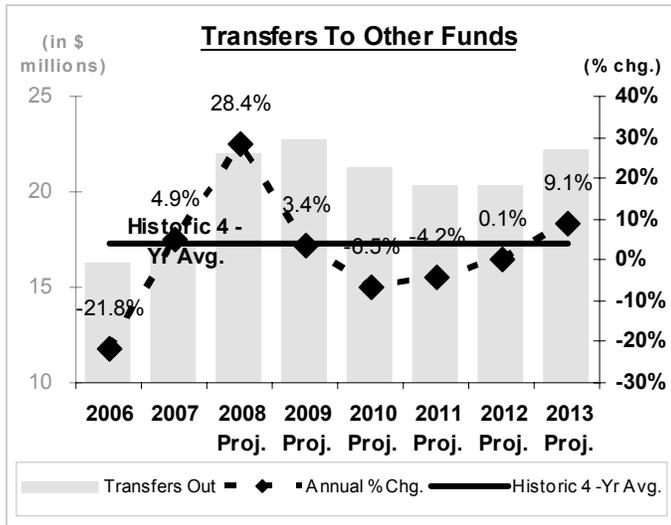
Major Capital Projects Funded with Debt Proceeds		
Year	Project	Amount
● 2008	National Center for Aviation Training	\$ 50,750,000
● 2008	Regional Forensic Science Center Annex	5,000,000
● 2009	Courthouse Improvements, courtroom and chambers	5,722,332
● 2009	Additional courtroom - Juvenile Courthouse	1,274,622
● 2010	Sheriff's squad room & Courthouse Improvements	2,027,613
● 2011	Lake Afton Spillway	2,783,099
● 2011	Heartland Fire/Law Enforcement Training Center	6,517,581
● 2012	Replace Public Safety Radio System	23,569,000
● 2008-2013	Road/Bridge Improvements	24,360,000
● 2013	Courthouse Improvements	4,420,885

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

A significant project is planned to be bonded in early 2008 with the Center for Aviation Training. As a result, debt service payments are projected to increase by 22.2 percent.

Following 2008, debt service payments are projected to remain fairly consistent through the remaining planning period.

**Transfers to Other Funds**



Within statutory limitations, the County is allowed to transfer funding from property tax supported funds to other funds to fund 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:

- \$1,597,566 annually in collected retail sales and use tax revenues from the General Fund to the Bond & Interest Fund to mitigate the cost of debt service on road & bridge projects.
- Approximately \$12 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.
● 2006 Actual	10,442,617	1,597,566	1,191,421	1,248,157
● 2007 Actual	11,278,168	1,597,566	996,305	1,025,203
● 2008 Proj.	11,963,303	1,597,566	4,099,450	1,336,770
● 2009 Proj.	12,500,305	1,597,566	5,712,026	1,031,973
● 2010 Proj.	13,124,097	1,597,566	3,835,454	1,069,222
● 2011 Proj.	13,843,155	1,597,566	2,148,815	1,114,411
● 2012 Proj.	14,599,098	1,597,566	1,342,336	1,148,639
● 2013 Proj.	15,393,947	1,597,566	2,326,467	1,191,376

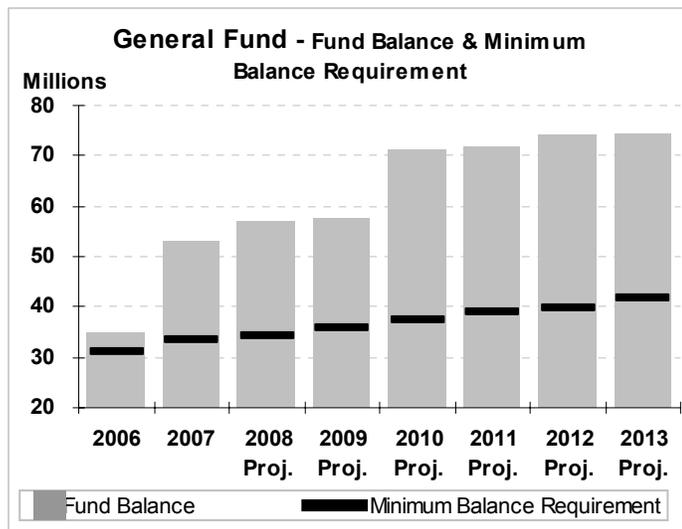
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**Summary by Fund**

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**



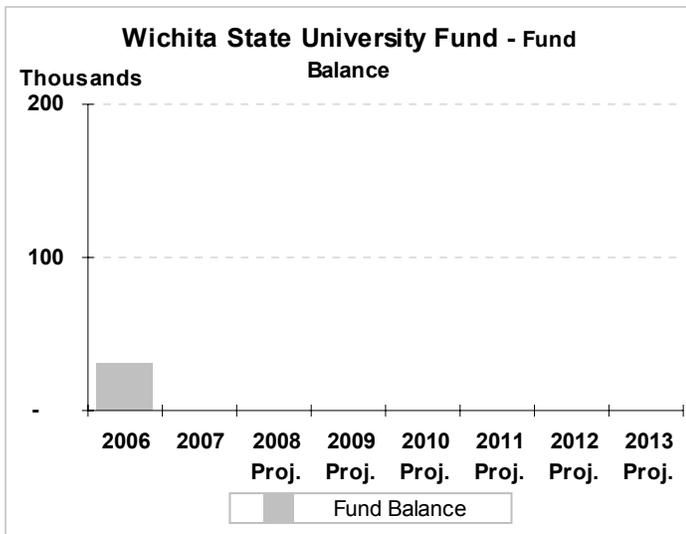
**Major fiscal challenges:**

- Absorbing operating costs of up to \$4.1 Million annually with the implementation of new jail alternative programs in 2009 and 2010 – Drug Court, Work Center, and Mental Health Court
- Absorbing the impact of the commercial machinery & equipment exemption of up to \$7.9 million by 2013
- Maintaining funding availability for cash funded capital projects
- Maintaining current services and/or service levels as the availability of funding diminishes
- Limitations in the ability to address unplanned, emergency funding needs when they arise
- Shifting of property tax revenues to cover additional debt service related to the Center of Aviation Training

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.

**Wichita State University**



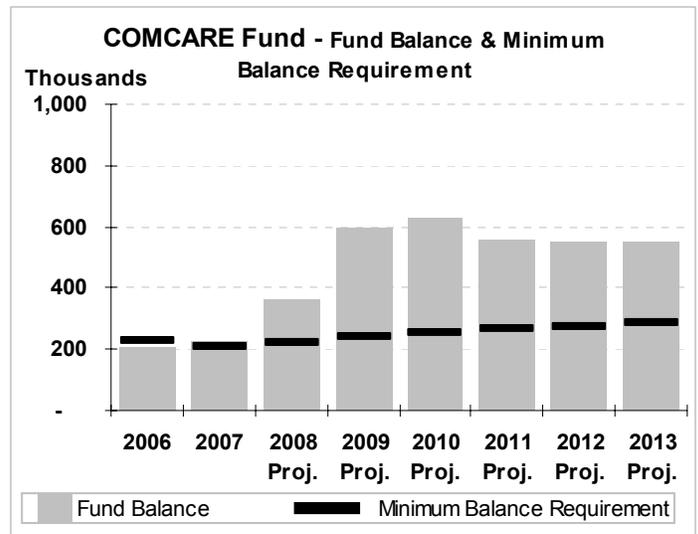
In June 1987, the Board of County Commissioners and the Wichita City Council approved an inter-local agreement in which the City agreed to stop levying its 1.5 mill property tax and the County created a countywide levy of an equal amount.

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 resulting from the commercial machinery and equipment exemption

**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.

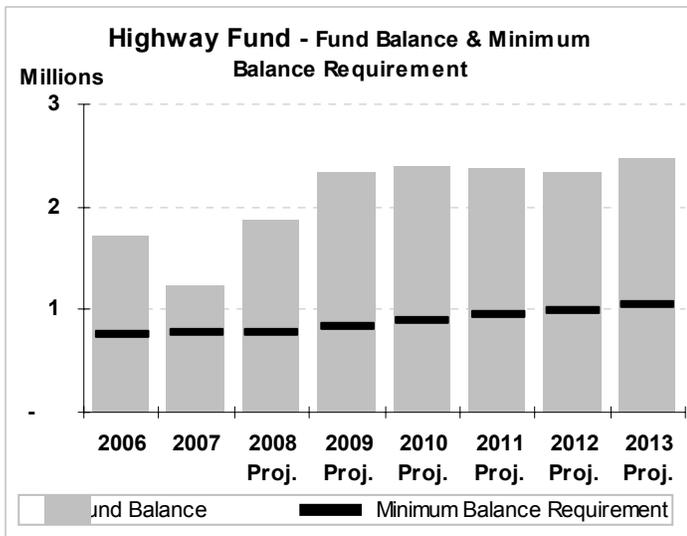
The County’s fund balance policy requires the COMCARE Fund to maintain a minimum balance equal to 7 percent of the adopted budget.

**Major fiscal challenges:**

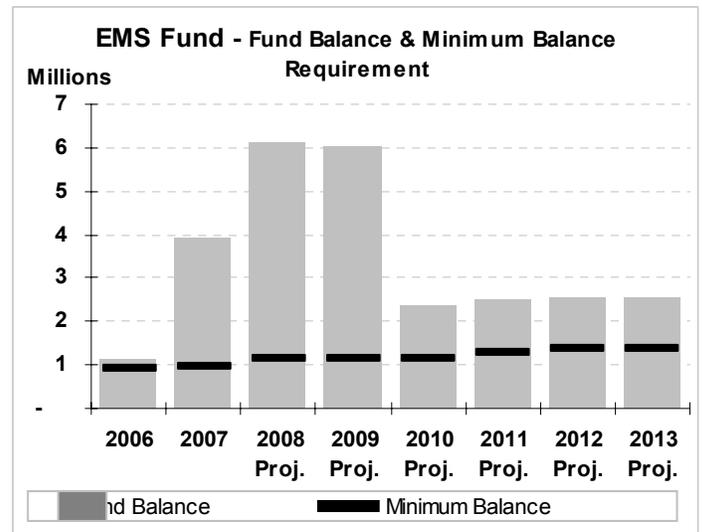
- Addressing the impact of slower growth in assessed valuations and property tax revenues resulting from the commercial machinery and equipment exemption
- Minimizing or reducing services due to reduced County resources
- Potential shifting of programs from the property tax supported fund to the grant supported fund



**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.

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 Highway Fund to maintain a minimum balance equal to 7 percent of the adopted budget.

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:**

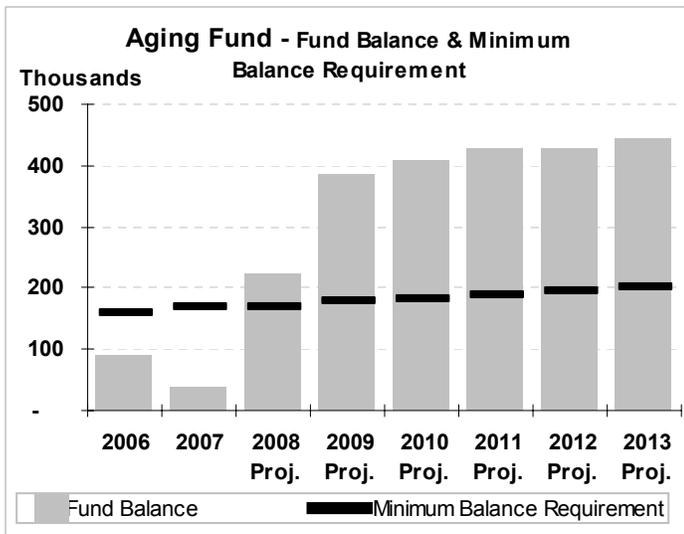
**Major fiscal challenges:**

- Addressing the impact of slower growth in assessed valuations and property tax revenues resulting from the commercial machinery and equipment exemption
- Addressing expanding operations and infrastructure needs at a time when overall county revenues have been dedicated to other projects

- 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**



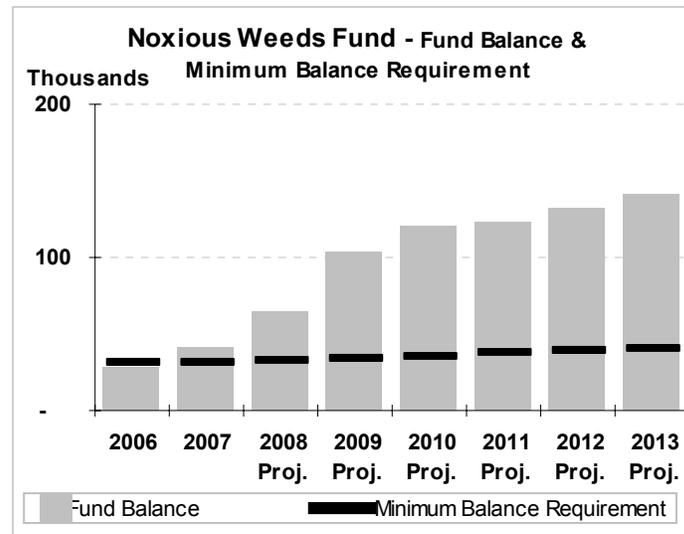
The Department on Aging was created in 1980 to serve older citizens of the County and advocate independence and quality of life. This fund primarily supports the majority of administrative costs and variety of direct services, such as funding to local senior centers. The department also operates within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

**Noxious Weeds Fund**



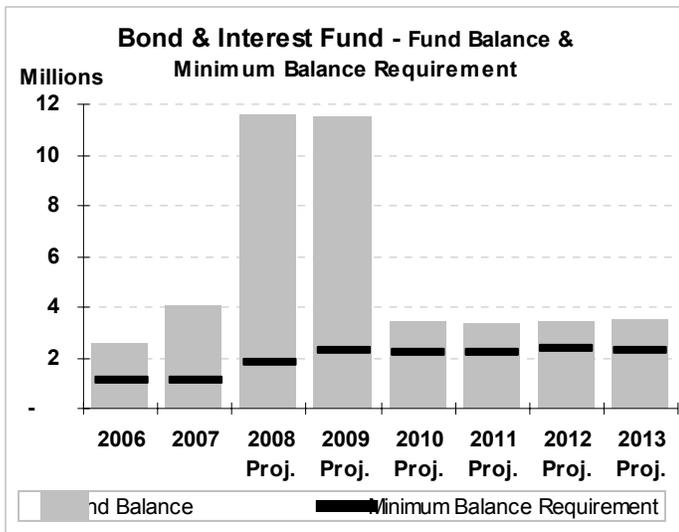
The Noxious Weeds Department was established to eradicate and control noxious weeds as required by K.S.A. 2-1318. The County’s fund balance policy requires the Fund to maintain a minimum balance equal to 7 percent of the adopted budget.

**Major fiscal challenges:**

- Addressing the impact of slower growth in assessed valuations and property tax revenues resulting from the commercial machinery and equipment exemption



**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.

**Major fiscal challenges:**

- Addressing the impact of slower growth in assessed valuations and property tax revenues resulting from the commercial machinery and equipment exemption
- Shifting of property tax revenues from other funds to support additional debt service payments resulting from the bonding of the National Center for Aviation Training and other capital projects

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# Financial Planning Worksheet 2005-2013

All County-Wide Property Tax Supported Funds General Fund/COMCARE/EMS/Aging/Noxious Weeds/Bond & Interest/Highway/WSU

Modified Accrual Basis

	Actual			Estimated			Projected		
	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Beginning Fund Balance From CAFR</b>									
<b>Operating Revenue</b>									
Tax Revenue	34,686,682	36,728,125	40,824,537	62,587,350	77,462,328	78,724,516	80,675,777	80,934,966	83,333,610
Property Taxes	137,567,087	143,528,871	161,392,157	171,116,170	175,891,191	183,494,654	191,467,358	198,917,349	207,179,203
Motor Vehicle Taxes	96,445,687	100,600,993	116,227,229	123,672,631	128,835,607	131,812,822	136,939,622	141,979,860	147,719,801
Local Retail Sales Taxes	14,521,620	14,942,021	15,503,335	16,476,493	16,974,327	17,600,945	18,250,699	18,924,441	19,623,058
Local Use Tax	20,714,031	21,823,457	23,088,995	24,349,660	25,201,898	26,209,974	27,389,423	28,621,947	29,909,934
Other Taxes	1,937,676	2,256,909	2,662,473	2,772,078	2,993,844	3,233,352	3,492,020	3,771,382	4,073,092
Intergovernmental Revenue	3,948,073	3,905,491	3,910,125	3,845,308	3,885,516	4,637,561	5,395,594	5,619,719	5,853,318
Charges for Service	8,079,983	8,363,544	8,484,165	9,124,153	8,682,552	8,841,884	9,005,252	9,172,389	9,343,900
Use of Money and Property	26,038,476	26,660,091	28,419,983	27,829,071	28,843,086	33,158,677	34,078,444	35,032,316	36,015,955
Interfund Revenue	6,384,513	10,311,808	17,260,420	18,076,337	11,068,022	8,407,562	8,436,887	8,592,862	8,753,356
Other Revenues	3,951,668	4,998,577	2,674,737	2,969,527	2,451,740	2,451,704	2,398,578	2,401,280	2,400,439
<b>Total Revenue</b>	<b>186,785,367</b>	<b>199,135,930</b>	<b>224,912,863</b>	<b>235,332,746</b>	<b>233,580,222</b>	<b>242,495,702</b>	<b>251,838,575</b>	<b>260,623,692</b>	<b>270,223,722</b>
<b>Operating Expenditures</b>									
Personnel and Benefits	93,457,997	102,129,578	105,676,021	109,907,076	118,356,322	127,013,708	136,572,734	138,438,607	144,686,617
Contractual Services	45,671,212	50,986,712	53,993,708	62,484,887	61,064,237	62,774,366	65,367,690	68,240,630	71,355,783
Debt Service	17,667,899	18,345,041	18,359,424	17,952,881	21,932,051	21,714,059	21,212,188	22,801,436	22,451,444
Commodities	6,099,538	6,707,711	7,072,042	7,716,993	7,400,738	7,134,773	7,403,652	7,685,929	7,982,440
Capital Improvements	3,357	12,072	4,219	13,015	243,093	226,464	227,192	227,940	228,710
Capital Outlay	1,016,698	575,627	966,878	454,521	639,932	472,514	486,999	502,006	517,557
Interfund Expenditure	20,827,221	16,282,777	17,077,758	21,928,395	22,681,660	21,208,557	20,308,933	20,328,500	22,179,812
<b>Total Expenditures</b>	<b>184,743,924</b>	<b>195,039,518</b>	<b>203,150,050</b>	<b>220,457,768</b>	<b>232,318,033</b>	<b>240,544,442</b>	<b>251,579,387</b>	<b>258,225,048</b>	<b>269,402,364</b>
<b>Operating Income</b>	<b>2,041,443</b>	<b>4,096,412</b>	<b>21,762,813</b>	<b>14,874,978</b>	<b>1,262,189</b>	<b>1,951,260</b>	<b>259,189</b>	<b>2,398,645</b>	<b>821,358</b>
<b>Year-End Fund Balance</b>	<b>36,728,125</b>	<b>40,824,537</b>	<b>62,587,350</b>	<b>77,462,328</b>	<b>78,724,516</b>	<b>80,675,777</b>	<b>80,934,966</b>	<b>83,333,610</b>	<b>84,154,968</b>
Less: Minimum Fund Balance Requirement	32,502,350	34,391,441	36,662,570	38,558,101	40,403,553	41,943,851	43,911,091	44,804,291	46,967,488
<b>Available Fund Balance</b>	<b>4,225,774</b>	<b>6,433,096</b>	<b>25,924,780</b>	<b>38,904,227</b>	<b>38,320,964</b>	<b>38,731,926</b>	<b>37,023,875</b>	<b>38,529,319</b>	<b>37,187,480</b>
Sedgwick County Assessed Valuation	\$ 3,412,388,480	\$ 3,583,856,664	\$ 3,793,419,298	\$ 4,016,400,804	\$ 4,223,913,612	\$ 4,371,750,588	\$ 4,550,992,363	\$ 4,746,685,034	\$ 4,960,285,861
Mill Levy	28.763	28.758	31.315	31.333	30.315	30.315	30.315	30.315	30.315
Mill Levy Change		(0.005)	2.557	0.018	(1.018)	(0.000)	0.000	(0.000)	0.000

