Financial Plan

For the Period of 2006 - 2011

Introduction

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.

Forecasting Methodology

The forecasts included in the Financial Plan are 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 projections.

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 October 31st, 2006. In addition, the estimates incorporate the financial guidelines included in the 2007 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

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

Historically, Sedgwick County has a record of strong financial performance, as evidenced through its current bond ratings. In addition, over the past five years, the Board of County Commissioners (BoCC) have been confronted with a variety of financial challenges requiring the execution of difficult management decisions to correct structural imbalances between revenue and expenditure growth outlined in preceding financial plans.

Previous Management Decisions

- **2002**: Stagnate economic growth.
  - County responds by eliminating $1.0 million in budgeted operating costs.
- **2003**: Economic growth remains stagnant. The State of Kansas enters a financial crisis. Retail Sales Tax revenue declines by $1.1 million (5.2 percent) and the State eliminates revenue sharing with local jurisdictions, reducing County revenues by $6.8 million.
  - County responds by eliminating 41 positions and freezing 10.5. In addition, County eliminates$2.8 million in operating costs, reduces funding to local partners by $406,000, defers capital projects totaling $1.1 million, eliminates employee merit pay, and implements new service fees generating $800,000 in additional revenue.
- **2004**: County eliminates 42.8 positions, employees receive a 2.0 percent general pay adjustment, and departments' base budgets are maintained at the 2002 level.
- **2005**: County reallocates funding to meet critical needs – 14 positions are eliminated and 10 are frozen, departmental base budgets set at a 4 percent reduction.
- **2006**: County maintains 8th 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 adult detention center.

Although previous structural imbalances have been corrected, changing community needs and State legislative mandates will have significant impacts on the County's long-term financial condition. Over the financial planning period, 2006 to 2011, Sedgwick County has embraced ownership of two significant community needs:

- **PROTECTING PEOPLE**
- **INVESTING IN JOBS**

To pursue these changing needs, the County implemented in 2006 and 2007 – in addition to discussing future execution – a variety of large capital and operational projects to address:

- a growing jail population,
- maintaining the availability of a strong workforce for the vital aviation industry, and
- sustaining the affordable airfares program initiated by the City of Wichita.

Protecting People – A Growing Jail Population:

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 is approaching 1,600. At the current time, the difference between the capacity of the jail and the actual population is addressed by renting jail space from other surrounding counties, but this isn't a long-term solution. At present, the availability of external jail space is limited while the jail population continues to grow.

To address the safety of the community, the BoCC has enhanced a variety of current programs to mitigate growth in the jail population, including double bunking and expanding diversion and pre-trial programs. In 2006, the BoCC also adopted the implementation of two new alternative jail programs ─ Day Reporting and Offender Assessment ─ and a 384 bed expansion of the current facility. The costs of these programs, including the operating costs of the expanded jail facility and the potential implementation of three other alternative jail programs in 2008, have been incorporated in this financial plan.

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 technical training facility at the Jabara Airport dedicated not just to the training of aviation workers but also other technical training needs identified in the community. Currently, the County is seeking funding from State and Federal sources that may mitigate the actual debt service costs of the facility. The majority of the facilities' operating costs will be funded through both student fees and donations from the business community.

Planning for Changing Needs
2006-2011 Financial Plan

	2006	2007	2008	2009	2010	2011
PROTECTING PEOPLE						
Jail Expansion - 384 Beds						
Debt Service	-	1,163,517	3,169,582	4,012,129	4,012,129	4,012,129
Operating Costs			1,236,436	7,789,549	8,179,026	8,587,978
Jail Alternative Programs						
Day Reporting	876,000	2,354,250	2,448,420	2,546,357	2,648,211	2,754,140
Offender Assessment	605,301	1,529,501	1,576,595	1,641,208	1,715,905	1,808,766
Drug Court	-	-	1,056,640	1,098,906	1,142,862	1,188,576
Work Center	-	-	1,560,000	1,622,400	1,687,296	1,754,788
Mental Health Court	-	-	1,248,000	1,297,920	1,349,837	1,403,830
Fire District No. 1 Relocation Project						
Cash Funded Construction Costs	1,290,221	3,201,261	407,393	-	-	-
Debt Service - Bonded Construction Costs	-	-	484,898	484,898	484,898	484,898
INVESTING IN JOBS						
Jabara Campus Training Facility						
Debt Service	-	1,604,851	3,209,703	3,209,703	3,209,703	3,209,703
Land Lease w/ City of Wichita	-	1,700,000 *	-	-	-	-
Technical Education & Training Authority	1,115,753	1,673,555	1,840,497	1,914,117	1,990,682	2,070,309
Affordable Airfares Partnership	2,071,006 *	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
LEGISLATIVE MANDATES						
Commercial Personal Property Exemption (Reduction in Property Tax Revenues)	-	-	1,072,764	2,867,032	6,298,355	10,047,491

*Net cost after revenue received from the City of Wichita

Legislative Mandates:

The 2006 Legislature adopted House Bill 2583 to implement a property tax exemption for commercial personal property. The cost of the exemption through a reduction in property tax revenues is estimated at $1.1 million in 2008 and growing to $10.0 million by 2011.

Solutions:

For 2007, funding to meet these community needs will be generated through a combination of a property tax increase of 2.547 mills and reprioritized budgeted expenses that eliminated $3.1 million in operating costs for property tax supported funds. The current financial plan estimates indicate property tax supported funds will end the 2007 fiscal year with an unreserved fund balance of $39.4 million or $2.8 million above the minimum balance policy.

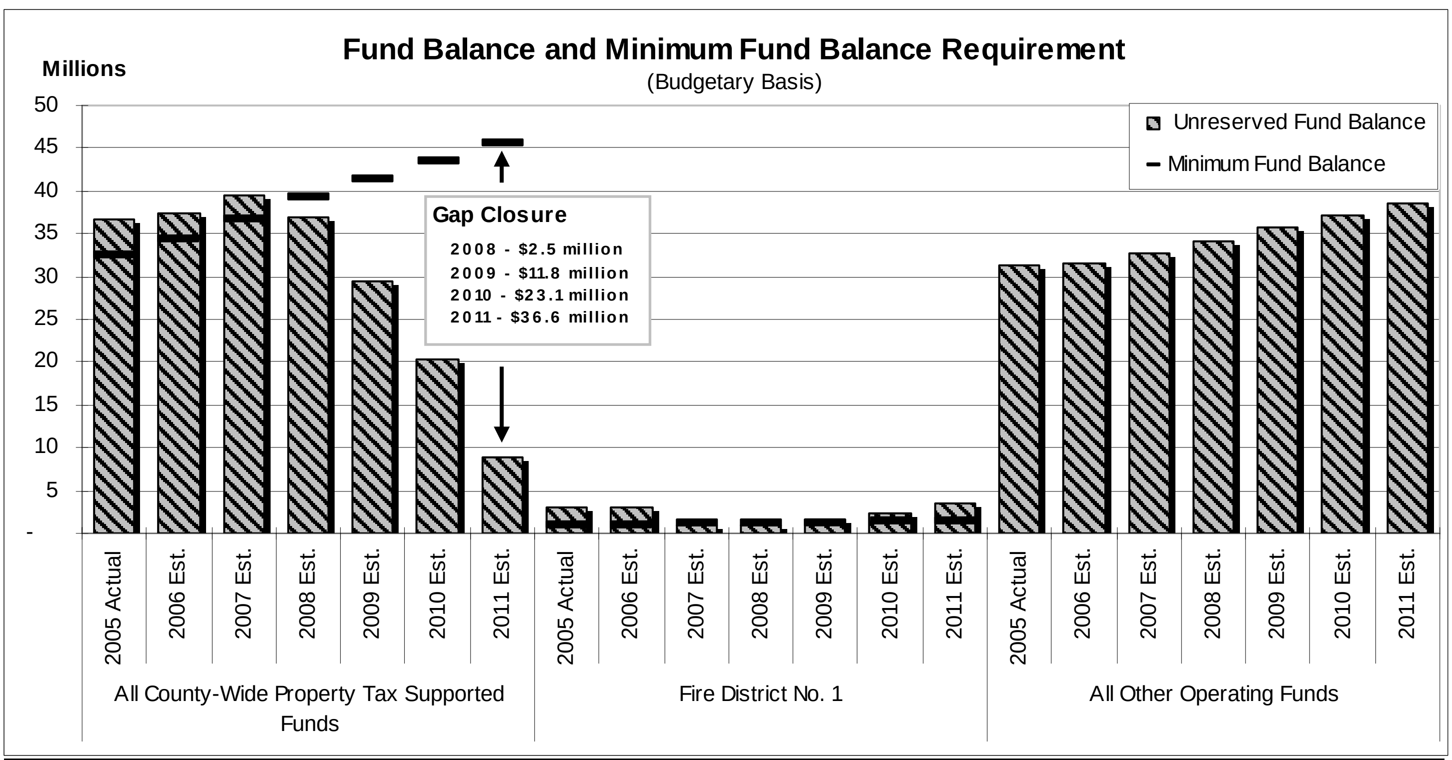
Although previous imbalances between revenues and expenditures have been corrected and strong revenue growth is projected over the planning period, full implementation of the outlined projects in 2008 and beyond again creates a higher rate of growth in annual expenditures in comparison to current revenues for those funds receiving property tax support. This imbalance contributes to an annual operating loss and declining fund balance in 2008 and beyond, as shown in the table below.

In 2008, the Financial Plan estimates the gap between unreserved fund balances for property tax supported funds and the minimum fund balance outlined by County policy is $2.5 million. By 2011, this gap grows to over $36.6 million if additional revenues or changes in operational practices are not implemented.

To avoid the operating deficits projected in the financial plan and close the financial gap between the estimated unreserved fund balance and the minimum balance policy, a variety of policy options should be considered over the planning horizon that concentrate on:

- **Revenues**
  - Seeking new revenue sources through both fees and taxes
    - Implement a Jail Housing Fee to be charged to local municipalities for municipal inmates
  - Increase current fees when appropriate
  - Increase the property tax levy beyond the 31.305 mills calculated in the financial plan over the planning horizon
  - Implement a sales tax levy to offset the costs of operating public health services

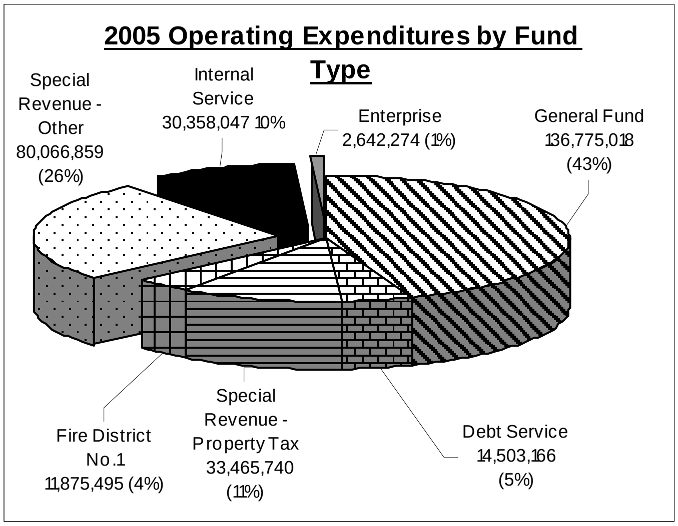
- **Expenditures**
  - Concentrate public services on those considered core County services and vital to the development of the community



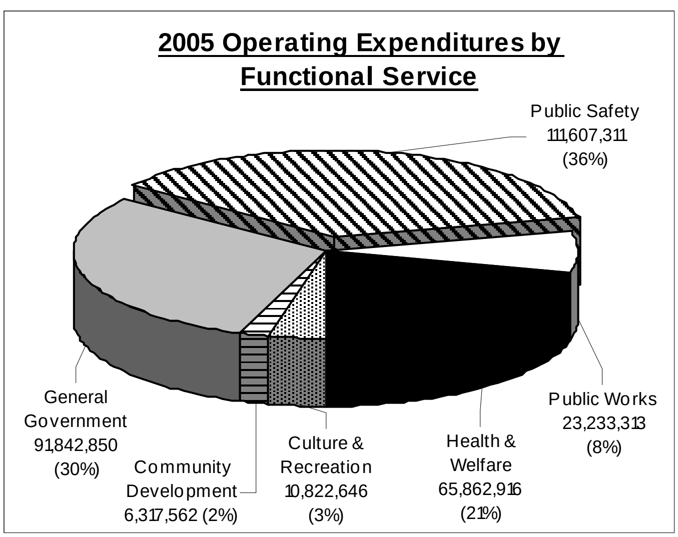
Financial Review

Financial Structure

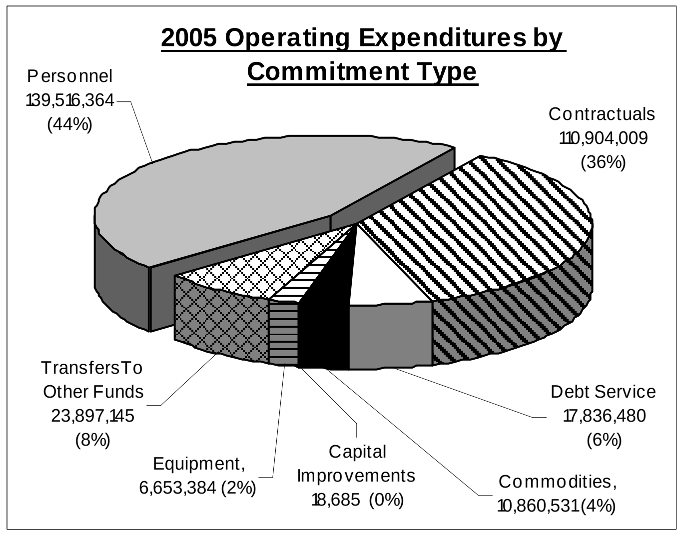
Sedgwick County's financial structure is divided among fifty different operating funds that are consolidated into a variety of different fund types. Of the total 2005 (the last complete fiscal year) operating expenditures of $309,686,598, 63.5 percent or $196.6 million was expended in funds receiving property tax support. These fund types include the General Fund, Debt Service, Special Revenue – Property Tax Supported, and Fire District No. 1.



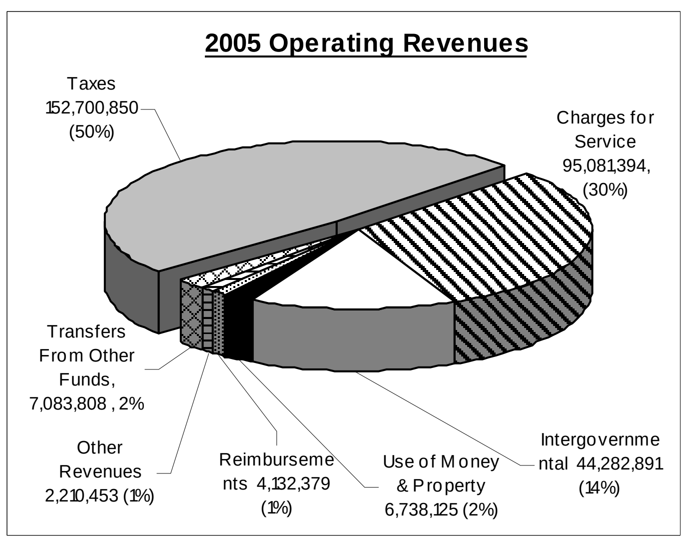
Sedgwick County operations are also grouped by six distinct functional services based on the type public service delivered. Of the total resources available, the County devoted the largest portion to Public Safety at 36 percent or $111,607,311, followed by General Government at 30 percent and Health & Welfare at 21 percent.



Expenditures in Sedgwick County are assigned to one of seven categories. These categories include personnel, contractuals, debt service, commodities, capital improvements, capital outlay, and interfund transfers to other funds. The largest expenditure category in 2005 was personnel at 44 percent of all expenditures or $139.5 million. Because labor costs require the largest allocation of resources, salaries and escalating benefit costs often have a large impact on the County's overall financial stability. The second largest expenditure category includes contractual expenditures at 36 percent, followed by interfund transfers to other funds at 8 percent.



Overall, 2005 actual operating expenditures were supported by a variety of revenue collections, the largest being taxes at 50 percent of total revenues, followed by charges for service at 30 percent and intergovernmental revenue at 14 percent.



Projected Revenues, Expenditures, and Fund Balances

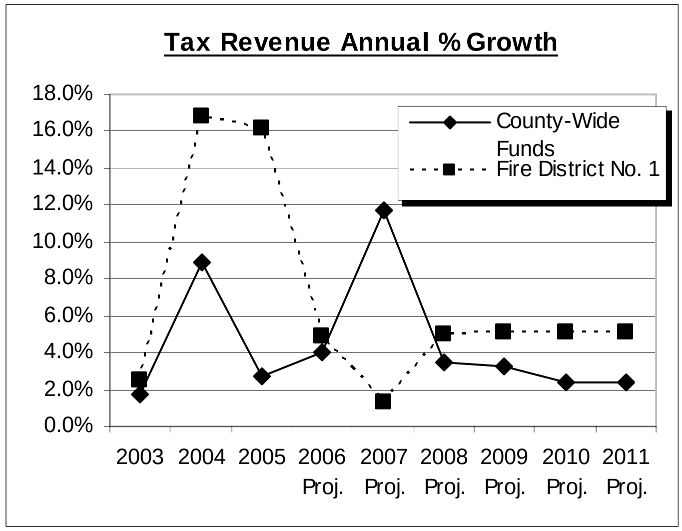
In 2005, total operating revenues of $312.2 million exceeded total operating expenditures of $309.7 million to create a net change in operating fund balances or operating income of $2.5 million. Consequently, previous actions adopted by the Board of County Commissioners to reduce expenditures and enhance revenue collections have corrected previous imbalances between revenue and expenditure growth. However, the County's current revenue structure for the funds supported by County-wide property taxes, as outlined in the executive summary, are not projected to grow at a pace that is equivalent to the rate of expenditure growth required to meet the changing needs of the community. As a result, the financial plan projects growing operating losses in these funds if adjustments to the County's financial structure are not implemented.

Revenues

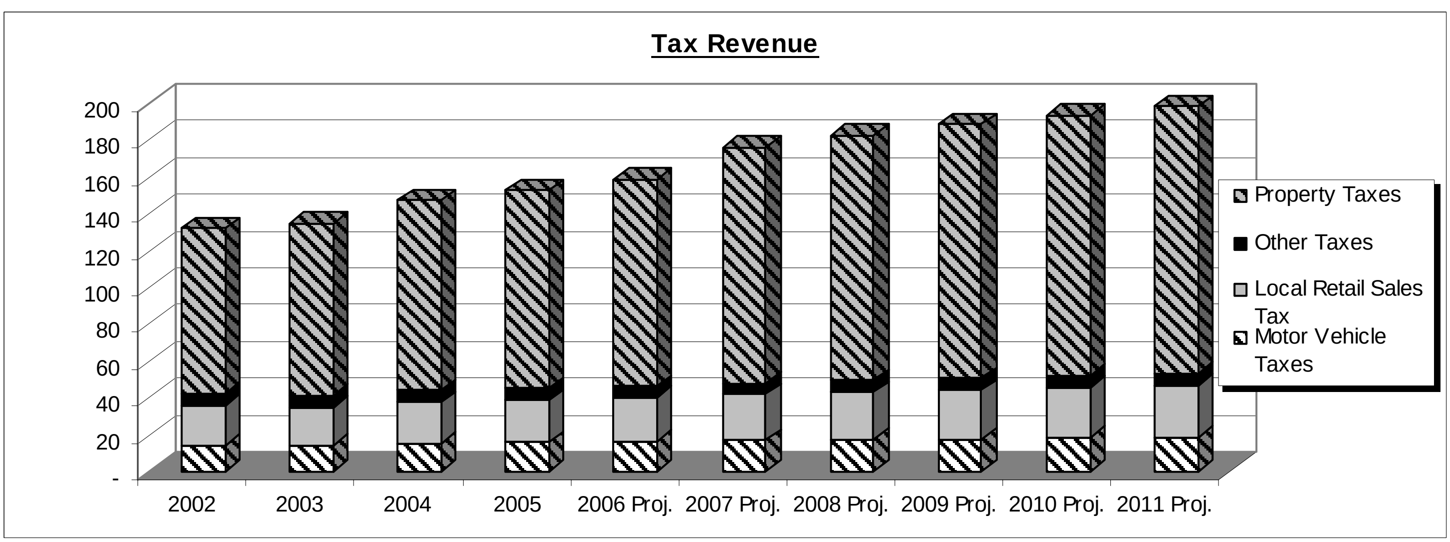
Revenue collections for County-wide property tax supported funds declined by 3.6 percent in 2003 but regained stability with a 6.6 percent increase in 2004 and 3.0 percent in 2005. In 2006 revenues are projected to increase by 4.7 percent while 2007 revenues are projected to increase by 7.9 percent as a result of the 2.547 mill increase in the property tax levy. Over the remaining planning period, revenue collections are estimated to decline from 3.4 percent in 2008 to 2.5 percent by 2011. This decline in revenue growth primarily results from the exemption for commercial personal property passed by the 2006 Legislature.

Tax Revenue

Of total operating revenue collections in 2005, 50 percent was generated through tax collections. Tax revenues are comprised of five primary sources: property, motor vehicle, local retail sales, local use, and other taxes, such as 911 taxes and special assessments. Of the total 2005 tax revenues received, property taxes comprised 70.6 percent, followed by local retail sales and local use tax at 14.8 percent, motor vehicle taxes at 10.4 percent, and other tax revenues at 4.2 percent.



Historically, the overall growth of tax collections has been sporadic. These variances have been the consequence of a combination of different variables, such as the growth in assessed property tax valuations, changes in the property tax levy, and economic conditions impacting the amount of property tax revenues in arrears.



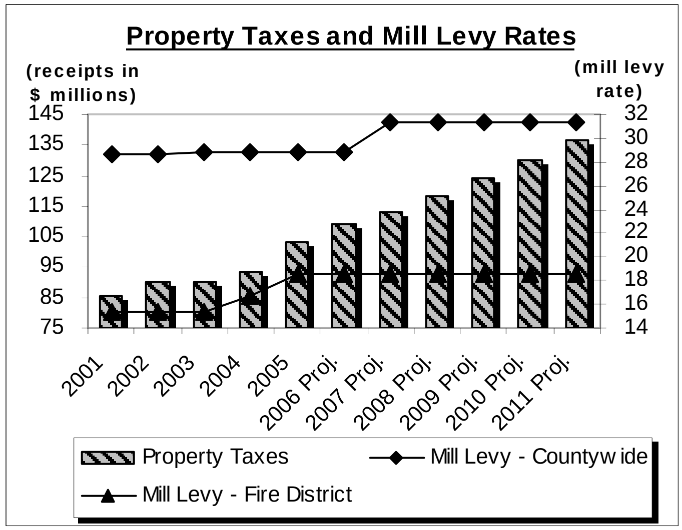
A marginal increase for both County-wide property tax supported funds (Sedgwick County) and Fire District No. 1 occurred in 2003. This was the result of a decrease in retail sales tax collections from the previous year of $1.1 million for Sedgwick County and a marginal increase in the assessed valuation of 1.6 percent for Fire District No. 1 from annexations by the City of Wichita. In 2004, both Sedgwick County and Fire District No. 1 witnessed strong growth as a consequence of healthy increases in assessed valuations of approximately 8.0 percent for both jurisdictions. In addition, Sedgwick County funds received an increase from state revisions in the local use tax provisions and Fire District No. 1's property tax levy was raised from 15.407 mills to 16.695 mills. In 2005, although assessed valuations for Sedgwick County grew by 4.0 percent, total tax revenue was mitigated by a 1.3 percent increase in retail sales and local use tax collections. However, tax collections for Fire District No. 1 increased by 16 percent from a 1.88 mill increase to fund the station relocation project.

Tax revenues collections for Sedgwick County will experience strong growth in 2007 from a 2.547 mill increase in the property tax levy to finance the changing needs of the community. However, over the remaining planning period tax collections are projected to grow annually but at a declining rate of 3.5 percent in 2008 to 2.3 percent by 2011 as a result of the commercial personal property tax exemption passed by the 2006 State Legislature.

For Fire District No. 1, tax collections in 2007 are projected to grow by only 1.3 percent as the result of a marginal increase in the District's assessed valuation. However, over the remaining planning period tax collections return to an estimated annual increase of 5 percent.

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. In addition, the County also levies a property tax in Fire District No. 1. This reliable revenue source has no attached mandates as many other state and federal revenues often do.

The County-wide property tax levy, expressed in mills, has remained relatively unchanged until adoption of the 2007 budget when the Board of County Commissioners adopted a 2.547 mill increase, bringing the total levy to

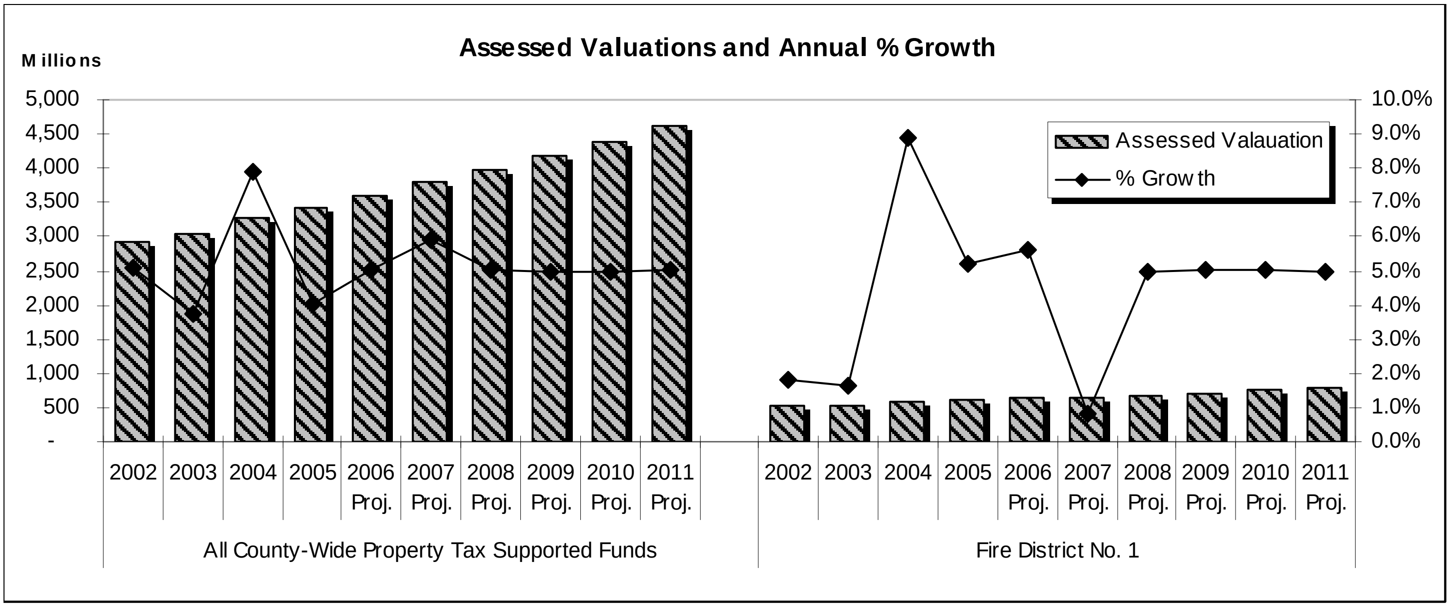


31.305 mills to meet the critical needs of the community. Regardless of this adjustment, Sedgwick County residents continue to enjoy one of the lowest property tax levies in the state. Out of one-hundred and five counties in the state, Sedgwick County had the sixth lowest property tax levy to fund the 2006 budget.

Property Tax Levies
Funding 2006 Adopted Budgets

County	Rank	Mill Levy
Johnson	1	17.922
Pottawatomie	2	22.892
Haskell	3	24.434
Seward	4	25.411
Saline	5	28.579
Sedgwick	**6**	**28.758**
Douglas	7	30.099
Harvey	8	30.442

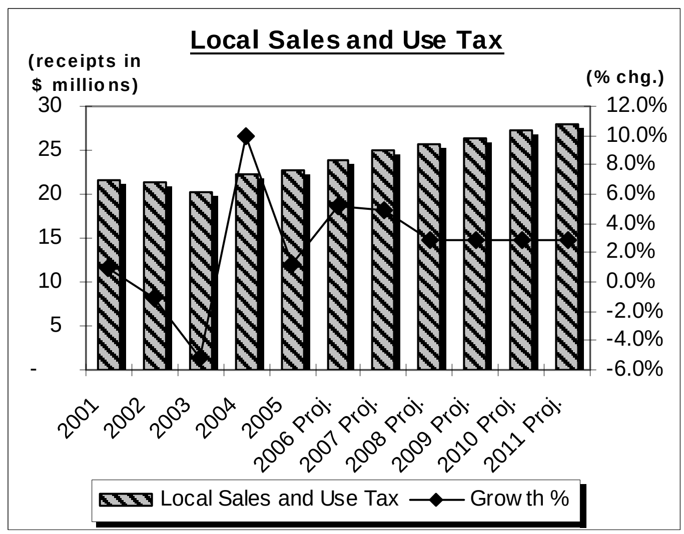
The estimates included in the financial plan are projected based on the assumption that the property tax levy of 31.305 mills will remain unchanged through the planning period. Consequently, the growth in property tax revenues after 2007 is projected as a result of the estimated growth in assessed valuations and not a planned increase in the mill levy rate. Overall, assessed valuations are projected to increase by 5.0 percent annually for both Sedgwick County and Fire District No. 1, however total tax collections will not grow by the same rate due to growth variances amount other tax revenues. In addition, the estimates include projected reductions in property tax revenues from the passage of the commercial personnel property exemption by the State Legislature. Current estimates outline revenue reductions of $1.1 million in 2008 and growing to $10.0 million by 2011.



For Fire District No. 1, the mill levy rate has grown from 15.426 mills in 2001 to 18.556 mills adopted in the 2007 budget. The mill levy increase, adopted in 2005, will allow the Fire District to pursue the relocation of five fire stations to maximize response times. The estimates included in the financial plan are projected based on the assumption that the property tax levy of 18.556 mills will remain unchanged through the planning period.

Local retail sales and use tax generated 7.4 percent of total operating revenues and 14.8 percent of total tax revenues in 2005. Local retail sales tax collections declined consecutively by 1.1 percent in 2002 and 5.2 percent in 2003, but increased by 10.0 percent in 2004 due to statutory changes to the application of the use tax adopted by the 2003 Kansas Legislature. In 2006 and 2007, retail sales and use tax collections are projected at a strong growth rate of approximately 5.0 percent due to local economic performance. For the remaining planning horizon, collections are estimated at a 2.8 percent annual increase, based on historical collection rates.

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: (1) total taxable retail sales in Sedgwick County, (2) population in the unincorporated areas of the County as a percentage of total County population, and (3) 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.



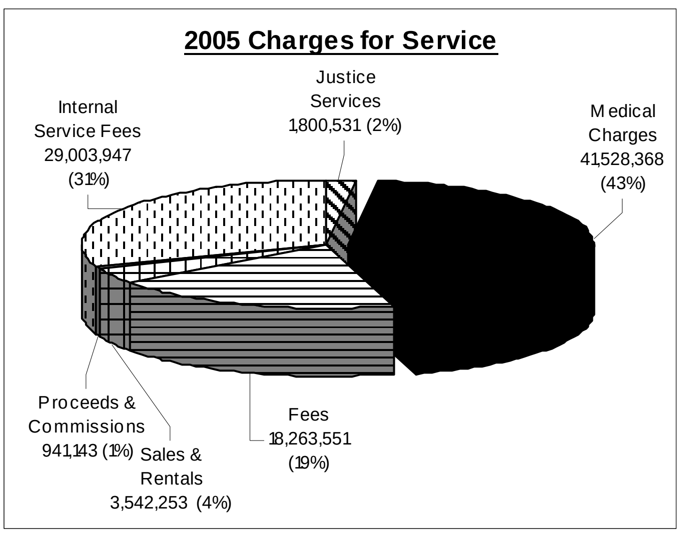
Changes in State statutes that define the scope of taxable sales and in the economy have a large impact on local retail sales tax collections. In 1993, when materials used in construction of new buildings and utilities used in manufacturing became taxable, revenue increased by more than 10.0 percent. 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 increase by 10.0 percent from the previous year.

Motor vehicle taxes grew in 2005 by 3.2 percent for county-wide property tax supported funds to $14.5 million and 10.9 percent for Fire District No. 1 to $1.3 million. In 2006, collections for County-wide property tax supported funds are estimated at $14.8 million or a 1.9 percent increase and collections for Fire District No. 1 are estimated at $1.5 million or a 9.9 percent increase from the previous year. Between 2007 to 2011, collections are estimated to increase annually at approximately 3.1 percent for County-wide property tax supported funds and 5.9 percent for Fire District No. 1.

Intergovernmental Revenue

Intergovernmental revenue accounts for receipts from other government entities to either purchase County services or to support various grant funded programs. Of the $44.3 million received in 2005, 75.3 percent was received from the State of Kansas, 23.1 percent from the Federal government, and 1.5 percent from the City of Wichita. Over the planning horizon, intergovernmental revenue is projected to increase by approximately 4.0 percent annually.

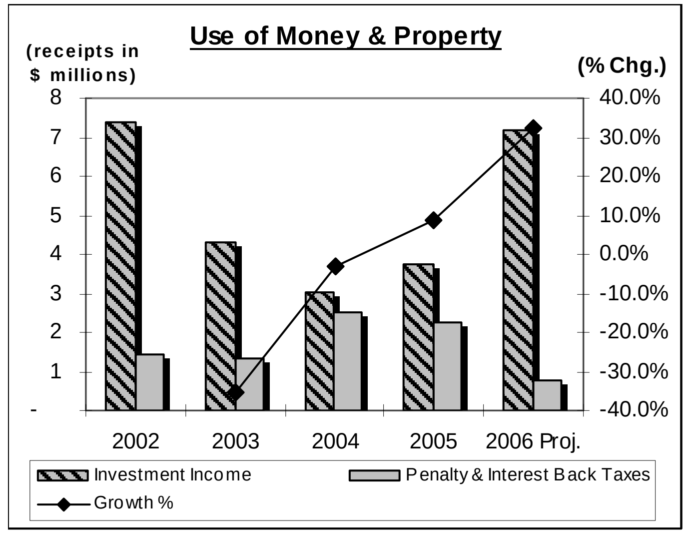
Charges for Service



Charges for service constitute the second largest revenue source for Sedgwick County after property taxes, contributing 30.5 percent of total operating revenues and transfers from other funds in 2005. The category accounts for receipts in which individuals pay for part or all of the services received. This may include medical services through the Health Department and COMCARE, spraying for noxious weeds, or emergency medical services through EMS. In addition, this category also accounts for internal service fees, such as charges for health insurance, workers' compensation, and fleet services. In 2005, these internal service fees accounted for 31 percent of the revenue in this category.

As the County continues to expand and enhance the delivery of specialized services, service charges are expected to continue to grow. Over the planning period, charges for service are projected to grow at an average annual rate of approximately 3.2 percent.

Use of Money and Property



The use of money and property category accounts for revenues generated from the investment of idle County funds and the collection of penalties and interest on back taxes. 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 amount of back taxes in arrears.

In 2005, the County experienced an 8.5 percent increase in revenue collections from $5.7 million in 2004 to $6.8 million. The increase was principally the result of increasing interest rates on County investments. For 2006, this trend is expected to continue with a 26.3 percent increase even with declining collections projected for penalties and interest on back taxes.

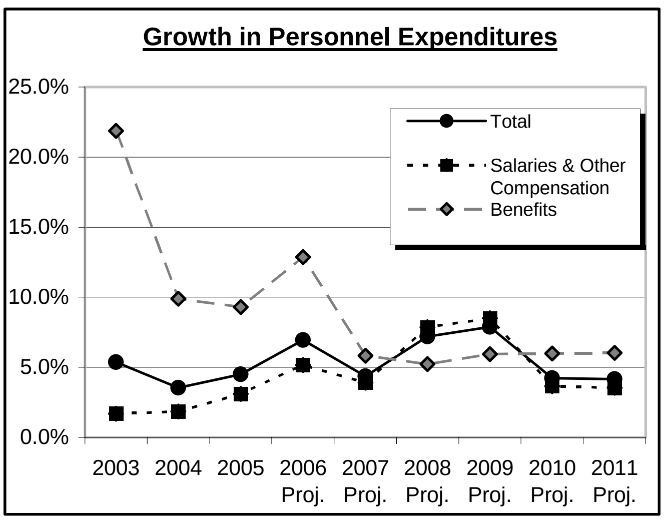
Over the planning period, interest rates are estimated to remain relatively unchanged. Consequently the Financial Plan projects an annual increase of approximately 2.2 percent as a result of changes in the amount of invested principle.

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 for all operating funds incurred in 2005, 44 percent was attributed to personnel and 36 percent to contractuals. Not only are these the two largest expenditure categories but also the two fastest growing.

Personnel

Similar to most government and proprietary entities, personnel expenditures represent the largest cost in delivering services. Over the past several years, these costs have been further enlarged by the growing impact of benefits, specifically health and dental insurance. Of the total personnel expenditures in 2005, 11.6 percent were for health and dental insurance benefits and 30.5 percent for all benefit costs. Overall, benefit costs continue to grow at a faster pace than actual compensation costs. For example, in 2005 personnel compensation grew by 3.1 percent while benefit costs grew by 9.3 percent.



To offset the rising costs of health benefits, the County has adjusted its health benefits and migrated to a single instead of dual provider system for 2007. Consequently, in 2007 and over the remaining planning period, benefit costs are estimated to increase by approximately 7.0 percent annually.

The Financial Plan assumes salary adjustments for personnel will remain moderate. Consequently, employee wages are estimated to increase by 3.5 percent annually. The spikes in total personnel costs outlined in the table above for 2006 results from the opening of the expanded Juvenile Detention Facility and again in 2008 and 2009 from the potential opening of two new jail alternative programs and staffing of the expanded Jail.

Contractuals

Contractual expenditures, the second largest expenditure category, include those services purchased from and delivered by an external entity. This may include utility services, health benefit costs as paid through the health and life fund, insurance services, consulting fees, and social services delivered by other community providers. Historically, growth in contractual expenditures has been modest at 1.4 percent in 2004 and 2.8 percent in 2003. Over the planning period contractual expenditures are projected to grow by an average annual rate of 3.1 percent.

Commodities

This category includes expenditures for the purchase of common tangible items. This may include office supplies, fuel, food, and clothing. Commodity expenditures are projected to increase by 16.7 percent in 2006. The strong growth results from expanded operations in the new Juvenile Detention Facility. Although this expenditure category is increasing, growth in the contractual expenditures category is mitigated as the increased capacity in the facility reduces the need for contractual payments to external agencies to house juveniles outside of the County. Over the planning horizon, commodity expenditures are projected to stabilize at an average annual growth of approximately 3.0 percent.

Equipment (Capital Outlay)

Equipment includes expenditures for office, technical, operating, and vehicular equipment that traditionally cost more than $10,000. In 2006 equipment expenditures are projected to decline by 12.1 percent. The majority of this decline results from the elimination of a one-time grant received in 2005 for $989,000 for the purchase of computer aided dispatch equipment to assist in equipping the new Public Safety Center for 911 services.

Over the remaining planning period, growth in equipment purchases are projected to be inconsistent between fiscal years. In 2008, expenditures are projected to decline by 15.2 percent as 2007 include a one-time software upgrade in the District Attorney's Office for case management software estimated at $470,000. Then in 2009, expenditures are projected to increase by 4.3 percent due to the procurement of vehicular equipment. For 2010 to 2011, equipment purchases are projected to grow by less than 1.0 percent annually.

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 Plan. The debt service calculations in the financial plan include the following major projects (in millions of dollars):

Year	Project	Estimated Bonded Amount
2006	Juvenile Court Complex	$14.4
2007	Jabara Campus – Phase I	$40.0
2007	Fire District Relocation	$6.0
2007	Forensic Science Addition	$2.5
2007 – 2008	Jail Expansion	$50.0
2009-2010	Heartland Preparedness Center	$6.2
2007- 2010	Road & Bridge Projects	$12.0

2006 -2011 Forecast Assumptions

Revenue Forecast Assumptions – Property Tax Supported Funds

- **Tax Revenues**
  - **Property taxes**
    - **Assessed valuation County-wide will grow 5.9 percent in 2007 and 5.0 percent each year thereafter.** Fire District No. 1 is estimated to witness 0.8 percent growth in 2007 and 5.0 percent each year thereafter.
    - **Mill levy will remain the same at 31.305 County-wide and 18.556 for Fire District No. 1.**
  - **Local retail sales taxes and local use tax will increase by 5.0 percent in 2007** and 2.8 percent for each subsequent year. Estimates for the annual transfer of local retail sales tax revenue from the General Fund to the Sales Tax Road and Bridge Fund are based on the projected local retail sales tax revenue in that specific year.
  - **Motor vehicle taxes will increase by approximately 3.1 percent** annually for the County and 5.9 percent annually for the Fire District.

- **Intergovernmental revenue will increase by approximately 4.0 percent annually.**

- **Charges for service will experience average annual growth of 3.2 percent**.

- **Use of money & property will increase in 2007 by 26.3 percent** as the interest rate on County investments increases, and the investment portfolio is temporarily increased by a short-term special purpose sales tax. Nevertheless, receipts resulting from penalties and interest on back taxes are expected to continue to decrease as delinquent property taxes decline. Overall, use of money and property is expected to increase by approximately 2.2 percent annually between 2008 and 2011.

Expenditure Forecast Assumptions

- **Personnel costs will increase by approximately 9.0 percent in 2006** as a result of the new Juvenile Detention Facility operations, implementing the Offender Assessment alternative jail program, increased contributions to the Health and Life Fund, and increased KPERS contribution rates. Personnel costs are projected to continue to grow at approximately 8.9 percent in 2008 and 9.5 percent in 2009 as the County begins operating an expanded jail facility. The financial plan for 2007 through 2011 includes a 3.5 percent annual increase in personnel wages.

- **Contractuals will increase at a rate of approximately 13.2 percent** in 2006 and 12.4 percent in 2007 as a result of the financial support provided for Affordable Airfares, the Technical Education & Training Authority, Exploration Place, the new Day Reporting alternative jail program, and operation of the new Juvenile Detention Facility. Contractual growth will then decline in 2008 by 2.5 percent as a result of the one-time payment to the City of Wichita for Jabara land lease. Over the remaining planning period, contractual expenditures are projected at a more moderate rate of growth at approximately 3.0 percent annually.

- **Debt service on current debt obligations and future projects is estimated based on the most recently adopted Capital Improvement Plan**. Major future projects include the Juvenile Court Complex, the Jabara Campus Technical Training facility, and the 384 bed expansion of the current jail facility.

- **Commodities will increase by approximately 12.5 percent in 2006** as a result of increased postage costs and operations in the expanded Juvenile Detention Facility. . Over the remaining planning period, commodity expenditures are projected at a more moderate rate of growth at approximately 3.0 percent annually.

- **Capital improvement expenditures are projected based on the most recently adopted five-year Capital Improvement Plan.** Cash funded projects are estimated at $1,191,421 in 2006, $996,305 in 2007 and $1,200,000 in each subsequent year.