

Contingency Reserves

Mission: To assure accurate financial reporting and informed planning and decision making through continuous employment of best practices to ensure effective and proper stewardship of public resources.

Lindsay Poe Rousseau
Chief Financial Officer

525 N. Main, Suite 823
 Wichita, KS 67203
 316.660.7591

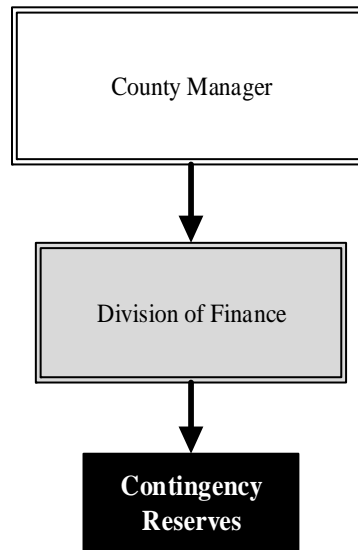
lindsay.poerousseau@sedgwick.gov

Overview

Contingency Reserves are used to set aside funds for unexpected events or events not anticipated at the time of budget adoption. These events include unforeseen increases in expenditures or reductions in revenues, public emergencies, mandates, and disasters.

The Contingency Reserves are comprised of allocated funding assigned to five contingencies based on the organizational unit it is intended to support:

- Operating Contingency
- Board of County Commissioners Contingency
- Public Safety Contingency
- General Fund Reserve
- Compensation & TRB Contingency



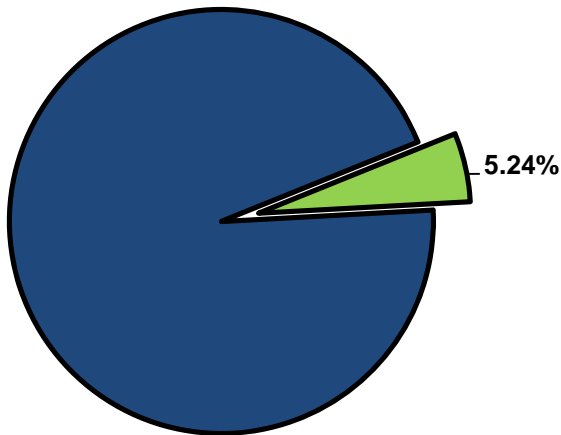
Significant Budget Adjustments

Changes to the Contingency Reserves' 2020 Recommended Budget includes an increase of \$2,500,000 in the General Fund Reserve to restore to historic levels; an increase of \$2,276,737 in the Operating Reserve to restore to historic levels; an increase of \$1,765,899 in the Compensation & Technology Review Board (TRB) Contingency for targeted pay adjustments of 1.25 percent; an increase of \$648,000 in the Public Safety Contingency for potential funding of ICT-1, community mental health response team in 2020; an increase of \$117,500 in the BOCC Contingency to restore to historic levels; and the elimination of the CIP Contingency (\$356,742).

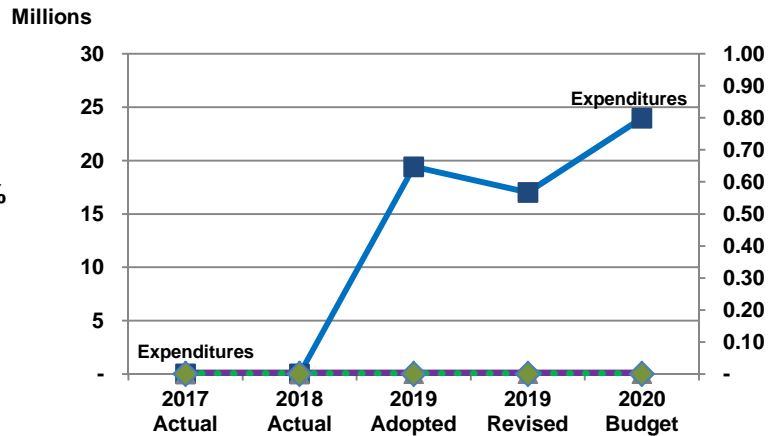


Departmental Graphical Summary

Contingency Reserves
Percent of Total County Operating Budget



Expenditures, Program Revenue & FTEs
All Operating Funds



Budget Summary by Category

| | 2017 Actual | 2018 Actual | 2019 Adopted | 2019 Revised | 2020 Budget | Amount Chg '19 Rev.-'20 | % Chg '19 Rev.-'20 |
|------------------------------------|-------------|-------------|-------------------|-------------------|-------------------|-------------------------|--------------------|
| Expenditures | | | | | | | |
| Personnel | - | - | 908,950 | 855,950 | 2,520,771 | 1,664,821 | 194.50% |
| Contractual Services | - | - | 18,504,577 | 16,164,505 | 21,350,000 | 5,185,495 | 32.08% |
| Debt Service | - | - | - | - | - | - | - |
| Commodities | - | - | - | - | 101,078 | 101,078 | - |
| Capital Improvements | - | - | - | - | - | - | - |
| Capital Equipment | - | - | - | - | - | - | - |
| Interfund Transfers | - | - | - | - | - | - | - |
| Total Expenditures | - | - | 19,413,527 | 17,020,455 | 23,971,849 | 6,951,394 | 40.84% |
| Revenues | | | | | | | |
| Tax Revenues | - | - | - | - | - | - | - |
| Licenses and Permits | - | - | - | - | - | - | - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for Services | - | - | - | - | - | - | - |
| All Other Revenue | - | - | - | - | - | - | - |
| Total Revenues | - | - | - | - | - | - | - |
| Full-Time Equivalent (FTEs) | | | | | | | |
| Property Tax Funded | - | - | - | - | - | - | - |
| Non-Property Tax Funded | - | - | - | - | - | - | - |
| Total FTEs | - | - | - | - | - | - | - |

Budget Summary by Fund

| Fund | 2017 Actual | 2018 Actual | 2019 Adopted | 2019 Revised | 2020 Budget | Amount Chg '19 Rev.-'20 | % Chg '19 Rev.-'20 |
|---------------------------|-------------|-------------|-------------------|-------------------|-------------------|-------------------------|--------------------|
| General Fund | - | - | 19,039,130 | 16,646,057 | 22,708,084 | 6,062,026 | 36.42% |
| EMS Fund | - | - | 22,804 | 22,804 | 163,134 | 140,330 | 615.38% |
| Corrections Grants | - | - | 37,338 | 37,338 | 120,969 | 83,631 | 223.98% |
| Health Dept. Grants | - | - | 62,230 | 62,230 | 112,754 | 50,524 | 81.19% |
| Multi. Funds | - | - | 252,026 | 252,026 | 866,909 | 614,883 | 243.98% |
| Total Expenditures | - | - | 19,413,527 | 17,020,455 | 23,971,849 | 6,951,394 | 40.84% |



Significant Budget Adjustments from Prior Year Revised Budget

| | Expenditures | Revenues | FTEs |
|--|------------------|----------|----------|
| Increase in General Fund Reserve to restore to historic levels | 2,500,000 | | |
| Increase in Operating Fund Reserve to restore to historic levels | 2,276,737 | | |
| Increase in Compensation & TRB Contingency for 1.25% targeted pay adjustment | 1,765,899 | | |
| Increase in Public Safety Contingency to fund potential ICT-1 in 2020 | 648,000 | | |
| Increase in BOCC Contingency to restore to historic levels | 117,500 | | |
| Elimination of CIP Contingency | (356,742) | | |
| Total | 6,951,394 | - | - |

Budget Summary by Program

| Program | Fund | 2017 Actual | 2018 Actual | 2019 Adopted | 2019 Revised | 2020 Budget | % Chg '19 Rev.-'20 | 2020 FTEs |
|-------------------------|--------|-------------|-------------|-------------------|-------------------|-------------------|--------------------|-----------|
| Operating Reserve | 110 | - | - | 8,907,835 | 6,723,263 | 9,000,000 | 33.86% | - |
| BOCC Contingency | 110 | - | - | 340,000 | 232,500 | 350,000 | 50.54% | - |
| Public Safety Cont. | 110 | - | - | 1,400,000 | 1,352,000 | 2,000,000 | 47.93% | - |
| General Fund Reserve | 110 | - | - | 7,500,000 | 7,500,000 | 10,000,000 | 33.33% | - |
| CIP Contingency | 110 | - | - | 356,742 | 356,742 | - | -100.00% | - |
| Comp. & TRB Contingency | Multi. | - | - | 908,950 | 855,950 | 2,621,849 | 206.31% | - |
| Total | | - | - | 19,413,527 | 17,020,455 | 23,971,849 | 40.84% | - |



• Operating Reserve

The Operating Reserve sets aside funding to address potential changes in service delivery, emergency situations, and establishes a funding source for services whose scope or full cost is undefined at the time the budget is adopted. It is allocated as a general contingency reserve to support County operations.

Traditionally, when budget authority allocated to the Operating Reserve is needed, funding is transferred to the appropriate department and then expended.

Fund(s): County General Fund 110

| Expenditures | 2017 Actual | 2018 Actual | 2019 Adopted | 2019 Revised | 2020 Budget | Amnt. Chg. '19 - '20 | % Chg. '19 - '20 |
|-------------------------------------|-------------|-------------|------------------|------------------|------------------|----------------------|------------------|
| Personnel | - | - | - | - | - | - | 0.0% |
| Contractual Services | - | - | 8,907,835 | 6,723,263 | 9,000,000 | 2,276,737 | 33.9% |
| Debt Service | - | - | - | - | - | - | 0.0% |
| Commodities | - | - | - | - | - | - | 0.0% |
| Capital Improvements | - | - | - | - | - | - | 0.0% |
| Capital Equipment | - | - | - | - | - | - | 0.0% |
| Interfund Transfers | - | - | - | - | - | - | 0.0% |
| Total Expenditures | - | - | 8,907,835 | 6,723,263 | 9,000,000 | 2,276,737 | 33.9% |
| Revenues | | | | | | | |
| Taxes | - | - | - | - | - | - | 0.0% |
| Intergovernmental | - | - | - | - | - | - | 0.0% |
| Charges For Service | - | - | - | - | - | - | 0.0% |
| All Other Revenue | - | - | - | - | - | - | 0.0% |
| Total Revenues | - | - | - | - | - | - | 0.0% |
| Full-Time Equivalents (FTEs) | - | - | - | - | - | - | 0.0% |

• BOCC Contingency

The Board of County Commission (BOCC) Contingency represents funding reserved to address unanticipated costs due to public emergency, service expansion, or State mandates.

Traditionally, when budget authority allocated to the BOCC Contingency is needed, funding is transferred to the appropriate department and then expended.

Fund(s): County General Fund 110

| Expenditures | 2017 Actual | 2018 Actual | 2019 Adopted | 2019 Revised | 2020 Budget | Amnt. Chg. '19 - '20 | % Chg. '19 - '20 |
|-------------------------------------|-------------|-------------|----------------|----------------|----------------|----------------------|------------------|
| Personnel | - | - | - | - | - | - | 0.0% |
| Contractual Services | - | - | 340,000 | 232,500 | 350,000 | 117,500 | 50.5% |
| Debt Service | - | - | - | - | - | - | 0.0% |
| Commodities | - | - | - | - | - | - | 0.0% |
| Capital Improvements | - | - | - | - | - | - | 0.0% |
| Capital Equipment | - | - | - | - | - | - | 0.0% |
| Interfund Transfers | - | - | - | - | - | - | 0.0% |
| Total Expenditures | - | - | 340,000 | 232,500 | 350,000 | 117,500 | 50.5% |
| Revenues | | | | | | | |
| Taxes | - | - | - | - | - | - | 0.0% |
| Intergovernmental | - | - | - | - | - | - | 0.0% |
| Charges For Service | - | - | - | - | - | - | 0.0% |
| All Other Revenue | - | - | - | - | - | - | 0.0% |
| Total Revenues | - | - | - | - | - | - | 0.0% |
| Full-Time Equivalents (FTEs) | - | - | - | - | - | - | 0.0% |



• Public Safety Contingency

The Public Safety Contingency reserves funding for both unanticipated operating costs resulting from a public emergency or State mandates, in addition to funding Public Safety services whose full cost cannot be precisely estimated due to variances in uncontrollable variables or changes in service composition.

Traditionally, when budget authority allocated to the Public Safety Contingency is needed, funding is transferred to the appropriate department and then expended.

Fund(s): County General Fund 110

| Expenditures | 2017 Actual | 2018 Actual | 2019 Adopted | 2019 Revised | 2020 Budget | Amnt. Chg. '19 - '20 | % Chg. '19 - '20 |
|-------------------------------------|-------------|-------------|------------------|------------------|------------------|----------------------|------------------|
| Personnel | - | - | - | - | - | - | 0.0% |
| Contractual Services | - | - | 1,400,000 | 1,352,000 | 2,000,000 | 648,000 | 47.9% |
| Debt Service | - | - | - | - | - | - | 0.0% |
| Commodities | - | - | - | - | - | - | 0.0% |
| Capital Improvements | - | - | - | - | - | - | 0.0% |
| Capital Equipment | - | - | - | - | - | - | 0.0% |
| Interfund Transfers | - | - | - | - | - | - | 0.0% |
| Total Expenditures | - | - | 1,400,000 | 1,352,000 | 2,000,000 | 648,000 | 47.9% |
| Revenues | | | | | | | |
| Taxes | - | - | - | - | - | - | 0.0% |
| Intergovernmental | - | - | - | - | - | - | 0.0% |
| Charges For Service | - | - | - | - | - | - | 0.0% |
| All Other Revenue | - | - | - | - | - | - | 0.0% |
| Total Revenues | - | - | - | - | - | - | 0.0% |
| Full-Time Equivalents (FTEs) | - | - | - | - | - | - | 0.0% |

• General Fund Reserve

Sedgwick County has a minimum fund balance requirement set by County policy. The minimum unrestricted fund balance in the General Fund is set at 20.0 percent of budgeted expenditures. Unrestricted fund balance above the minimum requirement is considered the County’s General Fund Reserve. County policy allows this excess to be budgeted, but only for the following specific purposes: cash-funded capital projects or equipment replacement originally intended to be funded with debt; expected claims associated with risk management or workers' compensation; one-time expenditures that reduce future operating costs; and start-up expenditures for new programs approved by the BOCC. The amount included in this budget is not related to any specific purpose. These funds will only be expended if consensus on a purpose is reached by the BOCC.

Fund(s): County General Fund 110

| Expenditures | 2017 Actual | 2018 Actual | 2019 Adopted | 2019 Revised | 2020 Budget | Amnt. Chg. '19 - '20 | % Chg. '19 - '20 |
|-------------------------------------|-------------|-------------|------------------|------------------|-------------------|----------------------|------------------|
| Personnel | - | - | - | - | - | - | 0.0% |
| Contractual Services | - | - | 7,500,000 | 7,500,000 | 10,000,000 | 2,500,000 | 33.3% |
| Debt Service | - | - | - | - | - | - | 0.0% |
| Commodities | - | - | - | - | - | - | 0.0% |
| Capital Improvements | - | - | - | - | - | - | 0.0% |
| Capital Equipment | - | - | - | - | - | - | 0.0% |
| Interfund Transfers | - | - | - | - | - | - | 0.0% |
| Total Expenditures | - | - | 7,500,000 | 7,500,000 | 10,000,000 | 2,500,000 | 33.3% |
| Revenues | | | | | | | |
| Taxes | - | - | - | - | - | - | 0.0% |
| Intergovernmental | - | - | - | - | - | - | 0.0% |
| Charges For Service | - | - | - | - | - | - | 0.0% |
| All Other Revenue | - | - | - | - | - | - | 0.0% |
| Total Revenues | - | - | - | - | - | - | 0.0% |
| Full-Time Equivalents (FTEs) | - | - | - | - | - | - | 0.0% |



• CIP Contingency

The Capital Improvement Program (CIP) Contingency was an allocation of funding to be set aside for future use as a capital project funding source.

Fund(s): County General Fund 110

| Expenditures | 2017 Actual | 2018 Actual | 2019 Adopted | 2019 Revised | 2020 Budget | Amnt. Chg. '19 - '20 | % Chg. '19 - '20 |
|-------------------------------------|-------------|-------------|----------------|----------------|-------------|----------------------|------------------|
| Personnel | - | - | - | - | - | - | 0.0% |
| Contractual Services | - | - | 356,742 | 356,742 | - | (356,742) | -100.0% |
| Debt Service | - | - | - | - | - | - | 0.0% |
| Commodities | - | - | - | - | - | - | 0.0% |
| Capital Improvements | - | - | - | - | - | - | 0.0% |
| Capital Equipment | - | - | - | - | - | - | 0.0% |
| Interfund Transfers | - | - | - | - | - | - | 0.0% |
| Total Expenditures | - | - | 356,742 | 356,742 | - | (356,742) | -100.0% |
| Revenues | | | | | | | |
| Taxes | - | - | - | - | - | - | 0.0% |
| Intergovernmental | - | - | - | - | - | - | 0.0% |
| Charges For Service | - | - | - | - | - | - | 0.0% |
| All Other Revenue | - | - | - | - | - | - | 0.0% |
| Total Revenues | - | - | - | - | - | - | 0.0% |
| Full-Time Equivalents (FTEs) | - | - | - | - | - | - | 0.0% |

• Compensation & TRB Contingency

The Compensation Contingency was created to reserve funding for targeted compensation adjustments as well as adjustments as a result of changes to the Fair Labor Standards Act (FLSA). The personnel budget authority is in place to cover potential increased salary and wage costs associated with a review of position duties and whether those positions should be exempt or non-exempt from overtime under FLSA rules, as well as a 1.25 percent contingency for targeted pay adjustments in 2020. The Technology Review Board (TRB) was established in 2019 to centralize the process of managing Information Technology (IT) projects, positions for technology support, and hardware and software needs to ensure the needs of the County are being met while also supporting the County’s strategic plan. As budget authority is shifted from departments for the TRB it is placed in the contingency for future IT needs.

Fund(s): Multi.

| Expenditures | 2017 Actual | 2018 Actual | 2019 Adopted | 2019 Revised | 2020 Budget | Amnt. Chg. '19 - '20 | % Chg. '19 - '20 |
|-------------------------------------|-------------|-------------|----------------|----------------|------------------|----------------------|------------------|
| Personnel | - | - | 908,950 | 855,950 | 2,520,771 | 1,664,821 | 194.5% |
| Contractual Services | - | - | - | - | - | - | 0.0% |
| Debt Service | - | - | - | - | - | - | 0.0% |
| Commodities | - | - | - | - | 101,078 | 101,078 | 0.0% |
| Capital Improvements | - | - | - | - | - | - | 0.0% |
| Capital Equipment | - | - | - | - | - | - | 0.0% |
| Interfund Transfers | - | - | - | - | - | - | 0.0% |
| Total Expenditures | - | - | 908,950 | 855,950 | 2,621,849 | 1,765,899 | 206.3% |
| Revenues | | | | | | | |
| Taxes | - | - | - | - | - | - | 0.0% |
| Intergovernmental | - | - | - | - | - | - | 0.0% |
| Charges For Service | - | - | - | - | - | - | 0.0% |
| All Other Revenue | - | - | - | - | - | - | 0.0% |
| Total Revenues | - | - | - | - | - | - | 0.0% |
| Full-Time Equivalents (FTEs) | - | - | - | - | - | - | 0.0% |

