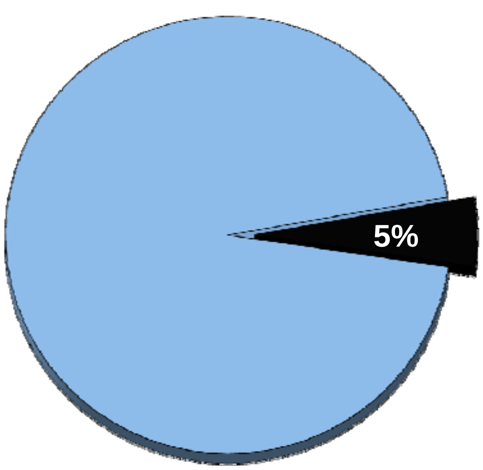
Bond & Interest

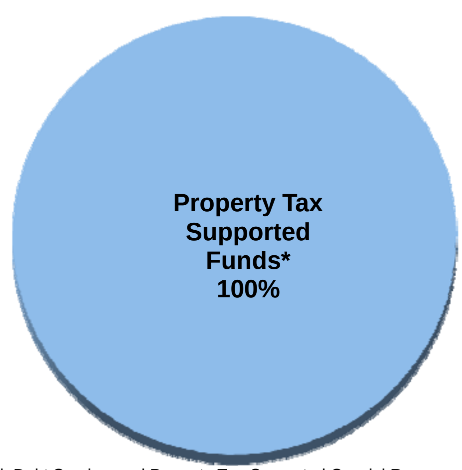
Inside:

		2013 Budget	2013 Budget By Operating Fund Type				
			Property Tax Supported			Non-Property Tax Supported	
Page	Department	All Operating Funds	General Fund	Debt Service Funds	Special Revenue	Special Revenue	Enterprise/ Internal Serv.
220	Bond & Interest	20,859,482	-	20,859,482	-	-	-
	Total	**20,859,482**	**-**	**20,859,482**	**-**	**-**	**-**

% of Total Operating Budget



Operating Expenditures by Fund Type



* Includes the General, Debt Service, and Property Tax Supported Special Revenue Funds

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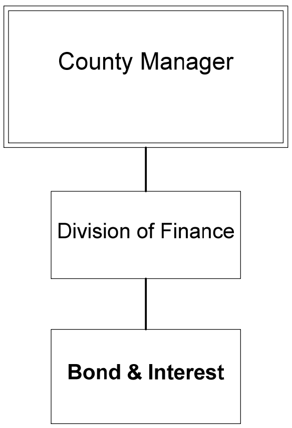
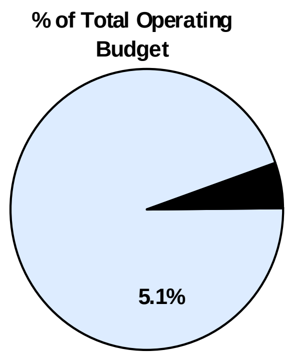
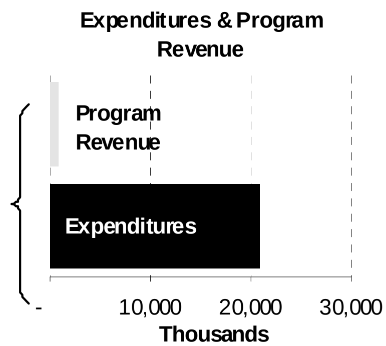
Mission:
- To assure Sedgwick County government and citizens of proper use of County resources and informed financial decision-making.







Description of Major Services

The Bond and Interest Fund provides for the retirement of general obligation, Public Building Commission (PBC) revenue bonds and special assessment bonds of Sedgwick County. Each year, the County levies taxes that, together with special assessments credited to the Fund, are sufficient to pay the principal and interest payments due throughout the year.

In October 2009, the Board of County Commissioners approved a revised debt financing policy, which provides clear guidance on the County's use of debt. The objectives of the policy are to ensure financing is obtained only when necessary; the process for identifying the timing and amount of debt or other financing be as efficient as possible; the most favorable interest rate and other related costs be obtained; and future financial flexibility is maintained.

A summary of key points from the Sedgwick County Debt Policy is presented here:

- Debt management committee is formed to ensure compliance with debt policy.
- Pay-as-you-go financing is favored when the project can be funded from available current revenue and fund balances, the project can be completed in an acceptable timeframe given available resources, additional debt could affect the County credit rating, or when repayment sources or market conditions are considered unstable or suggest difficulty in marketing the debt.
- Debt financing is favored when market conditions are favorable, a project is mandated and current revenue or fund balances are insufficient, or a project is immediately required to meet capacity needs. The useful life of each project must equal or exceed the term of the financing.
- The policy limits direct debt per capita ($500), overlapping and underlying debt per capita ($3,000), direct and overall debt as a percentage of estimated full market value (1.5 percent and 6 percent, respectively), and debt service is limited to 20 percent of general and debt service fund budgeted expenditures. Debt ratios throughout the life of the proposed obligation must be lower than three of the five benchmarks listed.
- As a benchmark, the County strives to repay at least 30 percent of the principal amount of its bonded debt within five years and 60 percent within 10 years.

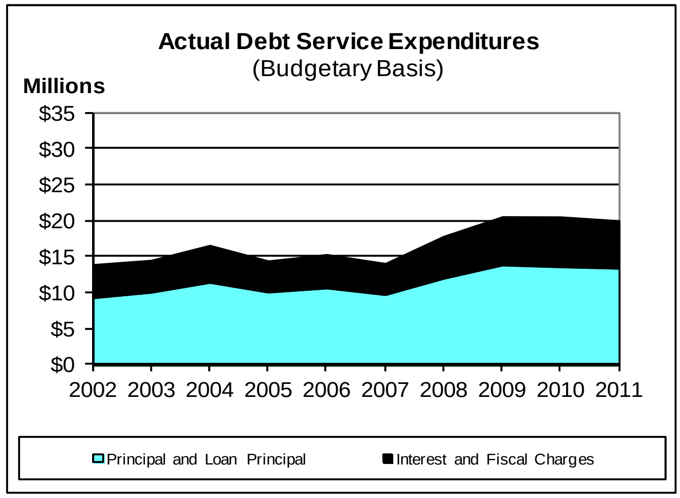
Sedgwick County issues debt primarily to finance major capital projects such as roads, bridges, buildings, or other facilities. The instruments used to finance these projects are typically general obligation bonds or Public Building Commission (PBC) revenue bonds. General obligation bonds are issued by Sedgwick County and backed by the County's full faith and taxing power, meaning that bondholders have the power to compel the County to levy property taxes to repay the bonds and State revolving loan notes. When a project meets a specific set of criteria described in Kansas law, the County can ask the PBC to issue revenue bonds on their behalf. These bonds are secured by lease revenues paid to the Public Building Commission by the County. The lease payments to the PBC are also backed by the full faith and taxing power of Sedgwick County.

The other type of debt commonly issued by Sedgwick County is special assessment bonds. Special assessment bonds are issued to develop basic infrastructure for the benefit of properties within a benefit district. County policy allows the payment of up to 50 percent of the proposed costs related to benefit district improvements such as streets, curbs, and drainage. Special assessment taxes are then levied on property within the benefit district, for up to 15 years, to repay the principal and interest on these bonds.

When a jurisdiction issues debt, it has the option of obtaining a credit rating, or evaluation of its credit worthiness, by an independent rating service. Sedgwick County currently has the highest credit rating possible from each of the credit rating agencies. "AAA" from Fitch Rating Service, "AAA" from Standard & Poor's, and "Aaa" from Moody's Investors Service. The County's debt policy sets the minimum rating requirement for its direct, long-term, debt obligations at "AA" or higher. If a given debt cannot meet this requirement, credit enhancement may be sought or the obligations sold without a rating.

Sedgwick County has issued debt for various large projects including detention facilities, roads and bridges, courthouse improvements, a juvenile court building, a public safety center and the National Center for Aviation Training. The debt for these projects, in addition to special assessment debt, leaves the County with total outstanding direct debt of $172.3 million as of December 31, 2011.

Historically, the County's annual debt service, which is the repayment of principal and interest on outstanding bonds, is approximately $20 million. The County's current plan includes anticipated bond issues of $36.9 million in 2014 and $38.0 million in 2015, increasing annual debt service payments to $27.1 million in 2016.



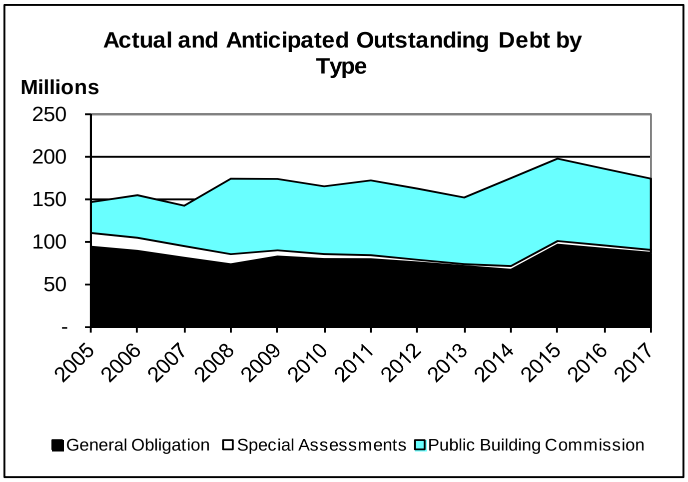
The following table shows the debt service requirements on debt existing as of December 31, 2012. If no additional bonds were issued, Sedgwick County would pay its debt in full by 2032. During this time period, yearly principal and interest payments would decrease from $20.7 million in 2012 to $0.2 million in 2032. When Sedgwick County issues additional bonds, debt service requirements will be extended into the future.

Schedule of Existing Debt Service Requirements as of December 31, 2012

Budget Year	Bonds Outstanding	Principal	Interest	Total
2013	162,659,825	14,451,952	6,312,590	20,764,543
2014	148,207,872	13,995,458	5,777,451	19,772,910
2015	134,212,414	13,789,498	5,376,271	19,165,768
2016	120,422,916	13,439,092	4,739,462	18,178,555
2017	106,983,824	12,994,264	4,273,151	17,267,415
2018	93,989,560	13,030,034	3,821,349	16,851,383
2019	80,959,526	9,896,428	3,368,339	13,264,767
2020	71,063,097	9,908,470	2,987,513	12,895,983
2021	61,154,627	10,076,185	2,602,893	12,679,078
2022	51,078,442	9,694,601	2,199,695	11,894,296
2023	41,383,841	7,538,744	1,800,998	9,339,742
2024	33,845,097	6,331,670	1,506,717	7,838,387
2025	27,513,426	6,329,649	1,236,113	7,565,762
2026	21,183,777	5,768,501	962,079	6,730,581
2027	15,415,276	5,047,710	698,465	5,746,174
2028	10,367,566	5,277,290	456,950	5,734,239
2029	5,090,277	2,075,277	203,962	2,279,238
2030	3,015,000	1,490,000	114,480	1,604,480
2031	1,525,000	1,350,000	55,625	1,405,625
2032	175,000	175,000	5,250	180,250

Sedgwick County anticipates issuing $4.1 million of general obligation debt in 2012 to fund various road projects. Year-end bonded debt outstanding is expected to be $162.7 million.

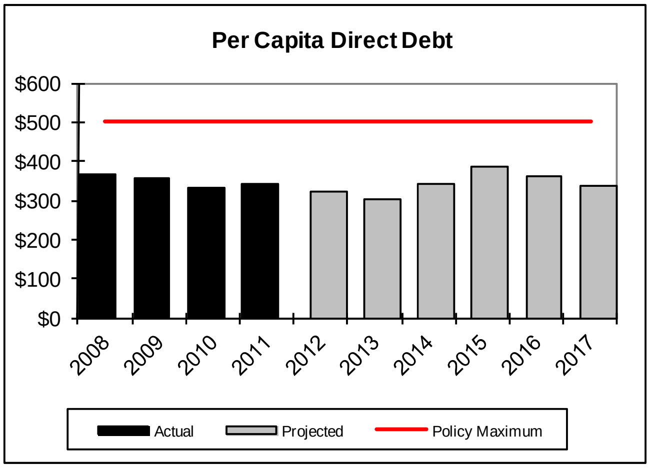
The County plans to issue $4 million per year over the next five years for road and bridge projects. The County also anticipates issuing $30.4 million for the Heartland Preparedness Center in 2014 and up to $33.9 million for a County Administration building in 2015.



With these anticipated debt issuances (displayed on the last page of this section), Sedgwick County's debt limits, which are set in the Sedgwick County Debt Policy and discussed above, likely will change. Each is discussed below.

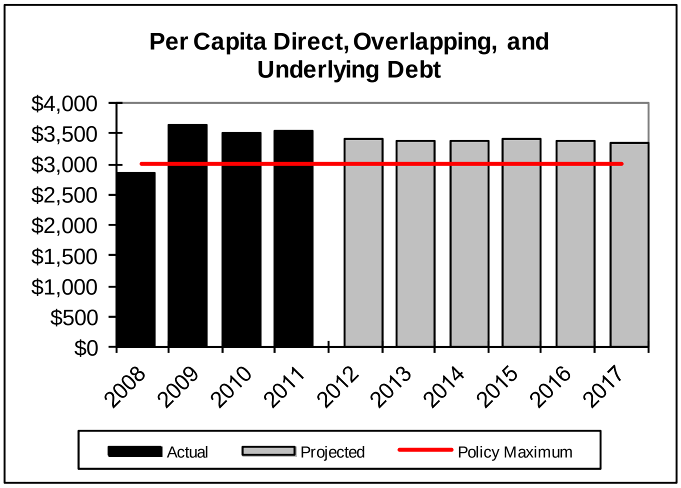
Per Capita Direct Debt

This ratio, which is figured by dividing total direct debt by the population of Sedgwick County, measures the amount of debt per resident. The debt policy sets $500 per capita as the maximum limit. Between 2008 and 2011, Sedgwick County remained below this level by approximately $150. Even with the anticipated debt issuances between 2012 and 2017, the County will remain well below the per capita direct debt limit. The County will be closest to the limit in 2015, when per capita debt reaches $387. This is driven by the issuance of debt in 2014 to construct the Heartland Preparedness Center.



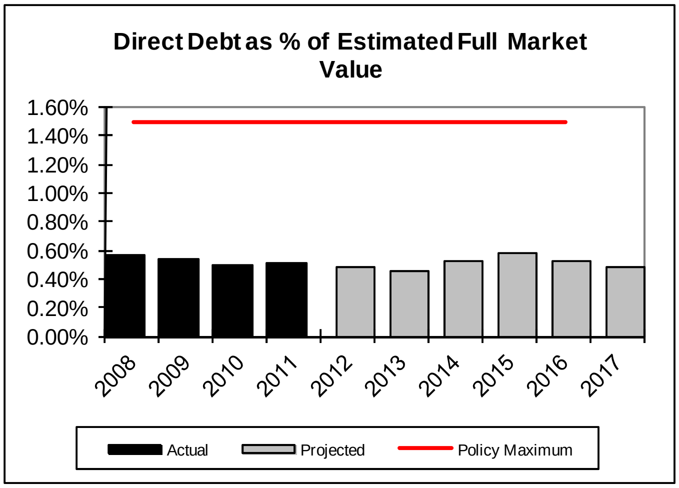
Per Capita Direct, Overlapping & Underlying Debt

This per capita ratio includes overlapping and underlying debt which is the debt issued by cities, school districts, and special districts within Sedgwick County. In turn, this ratio measures that total amount of debt borne by each resident in the County. The debt policy sets a limit of $3,000 per capita. In 2008, due to multiple bond issuances by cities and school districts, the policy limit was exceeded. Based on anticipated debt issuances, this measure will remain above the policy maximum through 2017.



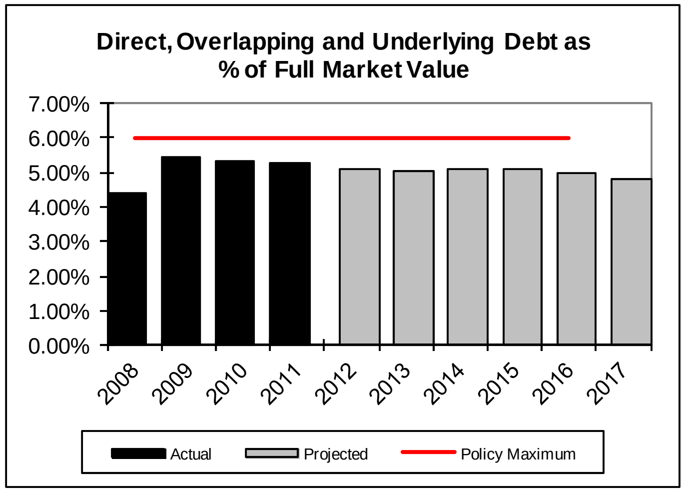
Direct Debt as Percent of Estimated Full Market Value

This ratio shows the impact of direct debt on Sedgwick County's property tax base. The policy limit is 1.5 percent for this measure. From 2008 to 2011, the County was well below the policy limit holding under 0.57 percent. The ratio is projected to remain well below the limits and near or below 0.6 percent of the estimated full market value through 2017.



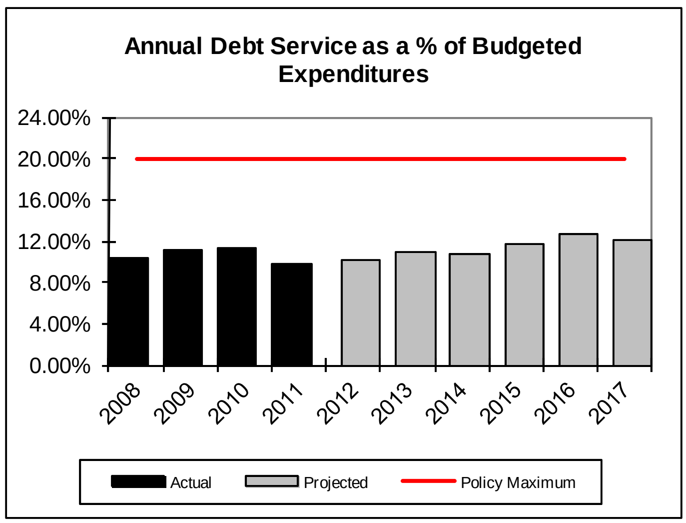
Direct, Overlapping & Underlying Debt as Percent of Full Market Value

This ratio shows the impact of direct debt, overlapping and underlying debt on Sedgwick County's property tax base, for which the debt policy sets a limit of 6.0 percent. Between 2008 and 2011, the ratio increased to nearly 5.5 percent, then decreased. The ratio is projected to increase slightly in 2014 due to the planned bond issuance that year.



Annual Debt Service as a Percent of Budgeted Expenditures

This measure shows the percent of budgeted expenditures dedicated to annual debt service. Sedgwick County's debt policy sets a limit of 20.0 percent. The County's debt service stayed at or below 11.3 percent between 2008 and 2011. In 2016, annual debt service will reach approximately 12.7 percent of budgeted expenditures, still below the policy maximum.



Sedgwick County Anticipated Debt with Issuance Costs

Project	2013	2014	2015	2016	2017
Road/Bridge Improvements	4,060,000	4,060,000	4,060,000	4,060,000	4,060,000
Special Assessments		2,400,000			
Heartland Preparedness		30,433,000			
County Administration/Tax Building			33,906,000		
Totals	**$4,060,000**	**$36,893,000**	**$37,966,000**	**$4,060,000**	**$4,060,000**

Significant Adjustments From Previous Budget Year

	Expenditures	Revenue	FTEs
• Reduce debt service payments due to decrease in outstanding existing debt	(722,072)		
Total	(722,072)	-	-

Budget Summary by Category

Expenditures	2011 Actual	2012 Adopted	2012 Revised	2013 Budget	% Chg. '12-'13
Personnel	-	-	-	-	
Contractual Services	18,748	10,804	10,804	19,813	83.4%
Debt Service	20,102,162	21,570,750	21,570,750	20,839,669	-3.4%
Commodities	-	-	-	-	
Capital Improvements	-	-	-	-	
Capital Equipment	-	-	-	-	
Interfund Transfers	-	-	-	-	
Total Expenditures	**20,120,910**	**21,581,554**	**21,581,554**	**20,859,482**	-3.3%
Revenue					
Taxes	14,209,485	18,646,435	18,646,435	14,961,489	-19.8%
Intergovernmental	179,071	205,277	205,277	199,337	-2.9%
Charges For Service	1,284,000	720,651	720,651	683,739	-5.1%
Other Revenue	2,098,995	2,838,019	2,838,019	4,091,843	44.2%
Total Revenue	**17,771,552**	**22,410,382**	**22,410,382**	**19,936,408**	-11.0%
Full-Time Equivalents (FTEs)	-	-	-	-	

Budget Summary by Fund

Expenditures	2012 Revised	2013 Budget
Bond & Interest-301	21,581,554	20,859,482
Total Expenditures	**21,581,554**	**20,859,482**

Budget Summary by Program

		Expenditures					Full-Time Equivalents (FTEs)		
Program	Fund	2011 Actual	2012 Adopted	2012 Revised	2013 Budget	% Chg. '12-'13	2012 Adopted	2012 Revised	2013 Budget
Bond & Interest	301	20,120,910	21,581,554	21,581,554	20,859,482	-3.3%	-	-	-
Total		**20,120,910**	**21,581,554**	**21,581,554**	**20,859,482**	-3.3%	-	-	-