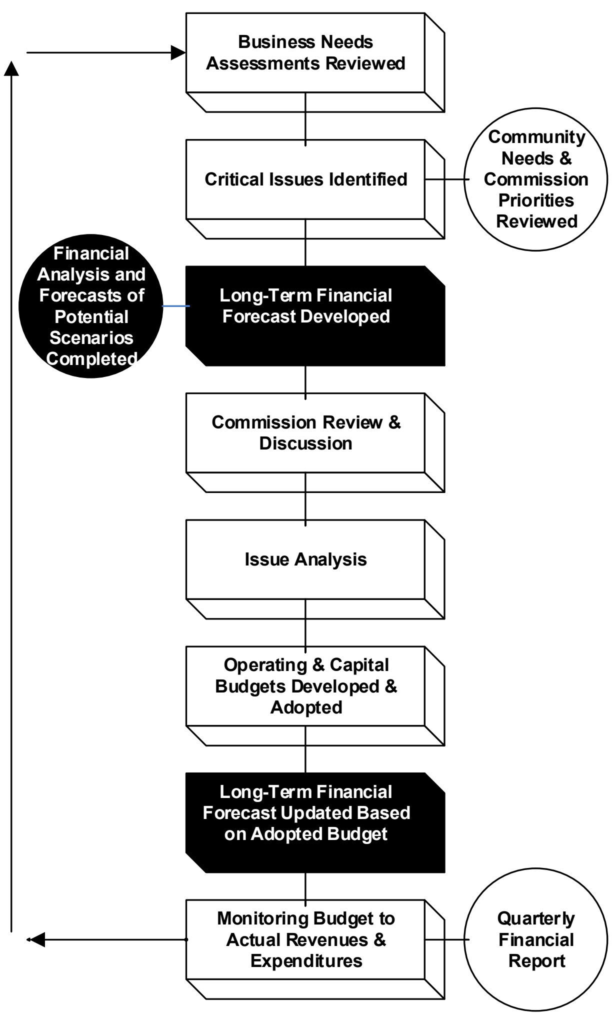
Sedgwick County
General Fund Financial Forecast

For the Period of 2022 - 2027

■ Introduction

Sedgwick County prepares an annual long-term financial forecast as a fundamental element of the budget process. The purpose of the forecast is to evaluate current and future fiscal conditions to guide policy and program decisions. A financial forecast is a fiscal management tool that presents estimated 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 services. The forecast assists in the formation of decisions that exercise fiscal discipline and deliver essential community services as an integral part of the annual budgeting process.

Financial Forecast and the Budget Process



■ Financial Forecast vs. Budget

The long-term financial forecast should be distinguished from the annual budget, as the forecast projects expected revenues and expenditures for the current year and five years into the future, while the budget sets the maximum amount of spending for one year. Additionally, the budget typically includes contingencies to provide additional budget authority beyond the amount allocated to an individual division for unanticipated uses. For 2023, General Fund contingencies are nearly $29.0 million. While budgeted, these contingencies typically are not anticipated to be spent in the forecast. To illustrate the difference: the total expenditure budget for the County General Fund is $284,575,792 in 2023. However, the financial forecast projects actual expenses of $255,962,056, a difference of more than $28.6 million. Almost all of the difference can be attributed to the nearly $29.0 million in budgeted contingencies.

The revenue and expenditure estimates included in this financial forecast section pertain only to the County's General Fund. Beginning in 2022 the EMS, COMCARE, and Noxious Weeds tax funds were consolidated into the General Fund to allow for flexibility and efficiencies within those departments. All information is presented on a budgetary basis unless otherwise indicated.

■ Forecasting Methodology

The estimates included in the forecast are formulated through the use of quantitative and qualitative methods. Quantitatively, historical revenues and expenditures were analyzed primarily through 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, along with input from department managers, to outline the most likely results.

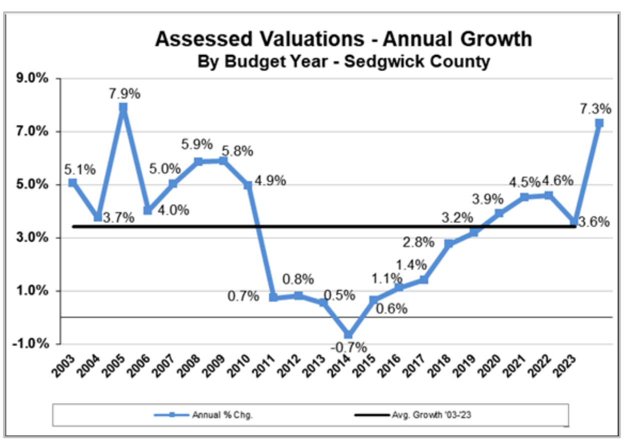
Whenever forecasts are done, even a local weather forecast, one often loses sight that they are performed based on the most recently available variables. For the financial forecast, these variables include economic data through October 2022, along with the changes included in the 2023 budget.

Unfortunately, financial variables are constantly changing. The County's forecast is subject to unforeseen and uncontrollable national, state, and local events, in addition to the timing of large capital projects and operational decisions that may make the forecast less accurate.

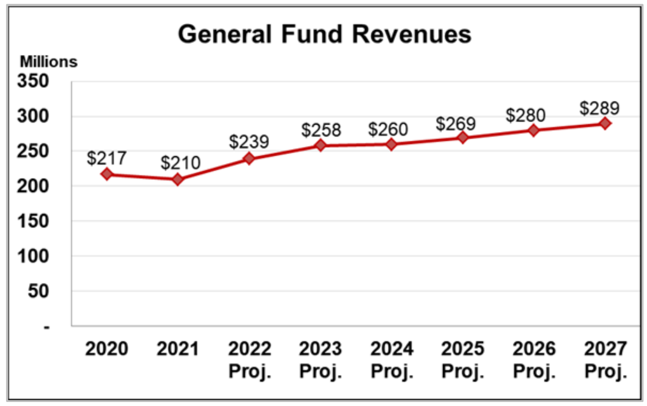
■ Executive Summary

The 2023 budget of $520.9 million is presented as the economy is entering an unpredictable period, with inflation nearing historic levels, the Kansas unemployment rate at a historic low, and a heated job market making competition for qualified workforce incredibly challenging. While the Federal government is taking action to attempt to stabilize the economy, the Sedgwick County Board of County Commissioners (BOCC) identified some key priorities as part of the County's 2023 budget process: address workforce shortages with compensation adjustments to preserve service levels while maintaining a level property tax rate.

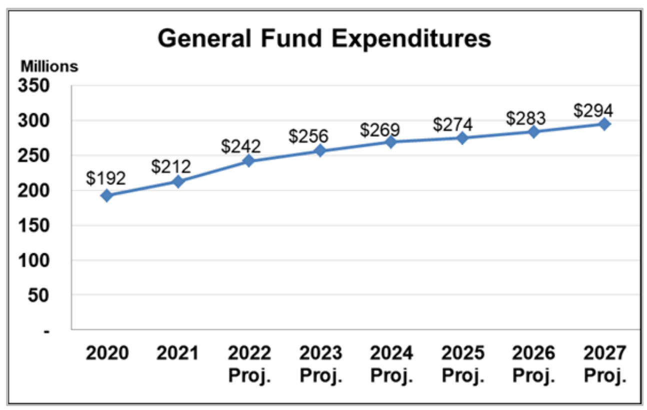
Before the issues with the 737 Max production were identified in January 2020, affecting production work at Spirit Aerosystems, the largest employer in Sedgwick County, and the COVID-19 pandemic, the County was seeing a gradual return in property valuation growth closer to prior levels. Growth in assessed valuation to support the 2022 budget was 3.6 percent, while growth for the 2023 budget is 7.3 percent due to a very strong residential home market in 2020 and 2021; it is estimated that this growth will level off to more typical levels as the economy is expected to cool in the near future The table below illustrates changes in Sedgwick County's assessed valuation since 2003.



In 2021, property taxes made up 57 percent of revenues received in the General Fund. Another 31 percent of the revenues received in the General Fund in 2021 came from seven key revenue sources, which are highlighted later in this section. As shown in the table below, projections outline increased revenue in 2022, largely related to strong economic growth at least through the first three quarters of the year. Additional growth expectations are moderated in future years due to an anticipated slow-down in the economy based on the challenges outlined above.



As explained earlier in this section, the anticipated revenue declines following the challenges presented by the 737 Max production reductions and the COVID-19 pandemic, the County has made great efforts to control expenditures to maintain fiscal integrity.

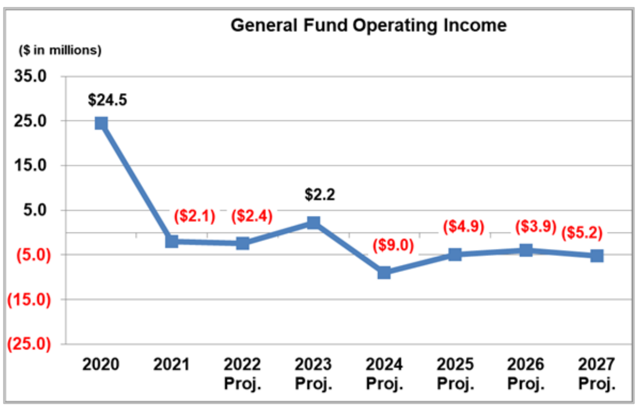


The County has been responsive to the financial challenges outlined in the financial forecast to not only maintain a positive balance in the General Fund, but to ensure adherence to the County's minimum fund balance policy, which calls for a minimum unrestricted balance of 20 percent of budgeted expenditures and transfers out.

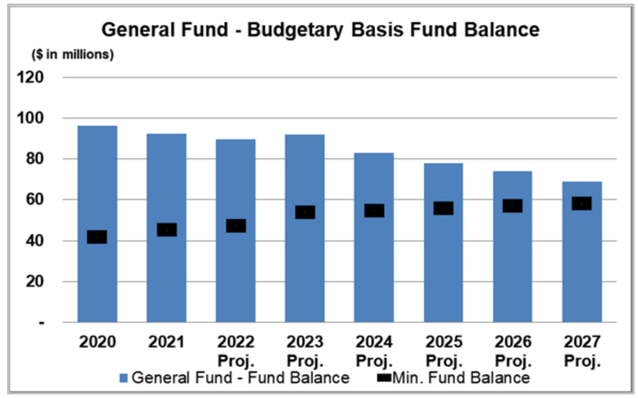
Prior to the national recession, Sedgwick County proactively implemented an initiative to increase its fund balances during the good times to weather significant economic downturns later through a "Rainy Day Reserve".

As a result of the current economic conditions, the Board of County Commissioners has authorized limited use of 'Rainy Day Reserves', or use of fund balance that has been accumulated to withstand unanticipated downturns.

The table below outlines projected operating results in each year of the forecast. Current projections outline deficits in all years of the forecast except for 2023 as expenditures are projected to exceed revenues in each of those years. The County's General Fund is projected to have a surplus of $2.2 million in 2023; however, $6.2 million in one-time revenues is included in this amount due to the transfer of the remaining fund balances and the final payment of administrative charges from the EMS, COMCARE, and Noxious Weeds tax funds after their consolidation into the General Fund in 2022. As illustrated in the table below, the General Fund ending balance is projected to remain above the minimum policy requirement in all years.



The 2023-2027 Capital Improvement Program (CIP) includes projects supported with a mix of cash and debt in all five years, to include significant facility projects like improvements to the camera system at the Juvenile Detention Facility, the addition of a DNA Lab at the Regional Forensic Science Center, and facility upgrades at the Health Department.



As outlined previously, the organizaton's strategic efforts are significantly influenced by the forecast. The forecast is a valuable planning tool that is used to ensure the long-term continuity of essential services. Due to the County's previous actions to develop a "Rainy Day Reserve", the County has been able to make strategic decisions regarding how and when to make service changes to minimize the impact on community services. As the economy enters an unpredictable phase, the sustainability of the County is placed at risk if existing operations are not monitored and adjusted to address current economic conditions.

Over the planning horizon of the financial forecast, the County will continue to confront a variety of challenges beyond the COVID-19 pandemic. In addition to challenges from an uncertain economy, actions at the Federal and State levels continue to cause concern to County management. These challenges will require the County to continue to concentrate on a variety of core financial guidelines, as outlined in the following section.

- **Revenue Core Guidelines**
  - Maintaining a consistent property tax rate
  - Maintaining a diversified revenue base requires diligence. Adjust current fees when appropriate
  - Effective governance is the result of effective partnerships. County services mandated by another government should be funded by that government

- **Expenditure Core Guidelines**
  - Concentrate public services on those areas of greatest need for resources
  - Strategically use debt and bonding
  - Seek innovative programs for delivering public services beyond current operating standards
  - Educate State legislators on the impact of new and pending State mandates

■ Minimum Fund Balance Requirement

When determining the appropriate level of fund balance and evaluating the use of fund balance, Sedgwick County adheres to standards set by the Governmental Accounting Standards Board (GASB). In 2010, GASB updated its fund balance reporting standards through a document called Statement No. 54. The standard establishes six different categories of fund balance to provide clear and consistent classifications: non-spendable, restricted, committed, assigned, unassigned, and unrestricted. Classifications are based on the strength of limitations and the extent to which the government is bound to honor such limitations.

When the County evaluates its General Fund fund balance in the context of the GASB standards, it does so on an accounting basis referred to as the Generally Accepted Accounting Principles (GAAP), rather than the budgetary basis used in budget materials.

On a GAAP basis, the County must account for more than just revenues received by the County's General Fund; it also must take into account assets in terms of cash, accounts receivable, inventories, and amounts due from other funds. It must account for more than just payroll and costs paid to vendors; it also must take into account all liabilities, including accounts payable and unearned revenues. This is done by classifying six types of fund balance:

- Nonspendable: amounts not in spendable form (i.e., inventories, prepaid amounts, long-term amounts for loans, and notes receivable), or legally or contractually required to be maintained
- Restricted: constrained by creditors, grantors, and contributors, through constitution or legislation. Such limitations are externally enforceable by constitution or legislation.
- Assigned: used for specific purposes which do not meet the criteria of restricted or committed. Limitations are self-imposed by government or management.
- Committed: used for specific purposes. Limitations are self-imposed and determined by formal action of the BOCC. Restrictions are removed in the same manner in which formal action was taken.
- Unassigned: excess portion of fund balance over nonspendable, restricted, committed, and assigned fund balances.
- Unrestricted: combined balances of committed, assigned, and unassigned fund balances

The BOCC adopted a revised minimum fund balance policy in 2011. The policy outlines that, "County finances will be managed so as to maintain balances of the various funds at levels sufficient to mitigate current and future risks, such as revenue shortfalls and unanticipated expenditures, ensure stable tax rates, and protect the County's creditworthiness."

The policy further states that the County's General Fund will be managed to maintain a minimum unrestricted fund balance equal to at least 20 percent of budget annual expenditures and transfers out. If fund balance exceeds the minimum requirement at the end of a fiscal year, the policy outlines how the excess may be used:

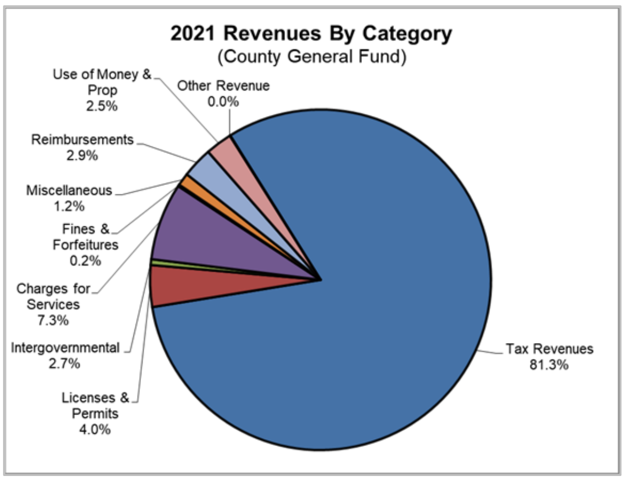
- Appropriated in the following budget cycle to lower the amount of bonds needed to fund capital projects in the County's Capital Improvement Program.
- Appropriated in the following budget cycle to fund the County's expected liabilities in risk management and workers compensation.
- Appropriated in the following budget cycle as one-time expenditures that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs.
- Appropriated in the following budget cycle to increase reserves for equipment replacement.
- Start-up expenditures for new programs, provided that such action is approved by the Board of County Commissioners and is considered in the context of multi-year projections of revenue and expenditures as prepared by the Finance Division.

At the beginning of the 2023 budget development process in January 2022, the General Fund's unrestricted fund balance was $81,732,437 on a GAAP basis. Based on the policy outlined above, the minimum required in 2022 is $45,011,886, resulting in excess, "spendable" fund balance of $36.7 million. To compare, on a budgetary basis, the fund balance was $92,335,932 in January 2022.

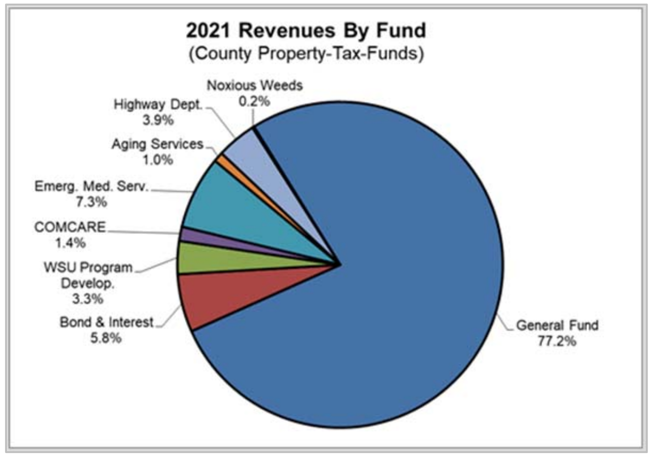
Based on 2022 activity, revenues are estimated to exceed expenditures by $2.2 million at year-end, which would result in an unrestricted fund balance of $83.9 million to start 2023, $38.9 million more than the minimum required by policy.

■ Revenues & Transfers In

Sedgwick County's revenue structure for the General Fund groups the revenues into seven primary revenue categories, with aggregate tax collections as the largest revenue source, followed by charges for service, reimbursements, and uses of money and property. These revenue categories are shown in the chart below. In 2021, a total of $209,809,552 in revenue and transfers in was received in the General Fund, with 81 percent collected from multiple tax sources. These actual results are the baseline from which financial estimates in the financial forecast are made.



Of the funds receiving property tax support, the largest is the General Fund, with 77 percent of total revenue collections in 2021. Revenues by fund are outlined in the chart in the next column. Due to the consolidation of the COMCARE, EMS, and Noxious Weeds tax funds into the General Fund for 2022, the General Fund will be a greater portion of the budget in 2022 and beyond.



Specific Revenue Projections in the Financial Forecast

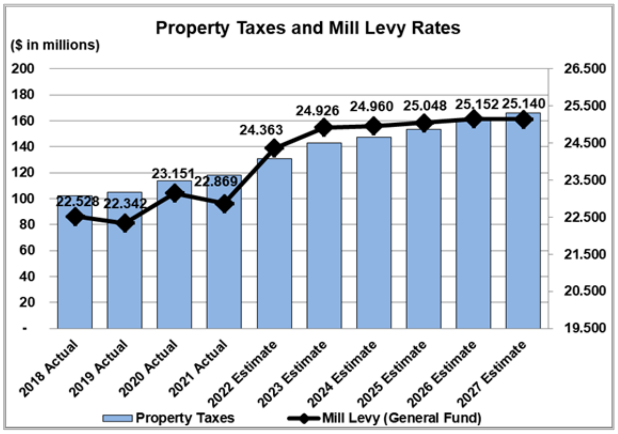
Of the total revenue collections and transfers from other funds in the General Fund, about 86 percent is collected through eight distinct revenue sources. The following discussion on revenue projections included in the financial forecast will concentrate on these key revenues, which are listed in the table in the next column.

Key Revenues
County General Fund

	2021	2022	2023	% of Total
Total Revenues & Transfers In	$ 209,809,552	$ 239,251,868	$ 258,158,981	100%
Current property taxes	$ 117,395,133	$ 130,006,667	$ 142,231,935	55%
Local sales & use tax	34,586,866	38,818,620	39,594,992	15%
Motor vehicle tax	16,118,566	17,077,081	17,298,845	7%
Licenses & permits	8,296,120	9,021,939	8,746,722	3%
Administrative reimbursements	5,248,452	3,705,302	5,208,911	2%
Officer fees	6,138,710	4,433,287	3,648,059	1%
Prisoner housing fees	3,881,562	3,998,008	4,117,949	2%
Investment income	707,116	1,303,712	1,320,633	1%
Key Revenues Sub-Total	$ 192,372,525	$ 208,364,616	$ 222,168,046	86%

Property Taxes

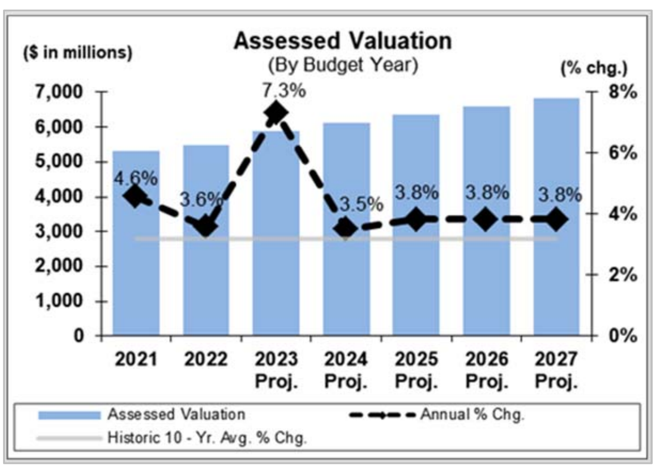
Property taxes play a vital role in financing essential public services. Property tax revenues are used to fund services County-wide in the General Fund. This reliable revenue source has no attached mandates as many other State and Federal revenues often do. The table on the next page shows the estimated mill levy rate and property tax levy in the General Fund throughout the forecast. The table reflects the total property tax levy, not just estimated collections, which are shown in the table above. Collections are often significantly less than the levy due to delinquent taxpayers and certain economic development incentives that allow property owners to divert property taxes in a defined area toward an economic development or public improvement project.



The 2023 budget includes a total mill levy rate of 29.368 mills. This forecast assumes that the property tax rate will remain unchanged at an estimated 29.370 mills through 2027. However, as illustrated in the table above, the mill levy rate assigned to the General Fund will shift as resources are needed across the five total County property-tax-supported funds.

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

- An assumption that the property tax rate will remain at 29.370 mills through 2027, absent technical adjustments.
- Increases or decreases in property tax revenues will result from estimated changes in assessed valuations and not changes to the mill levy rate.
- An assumption that collection delinquencies will remain at about 3.0 percent, after the delinquency rate reached 4.2 percent in 2010.



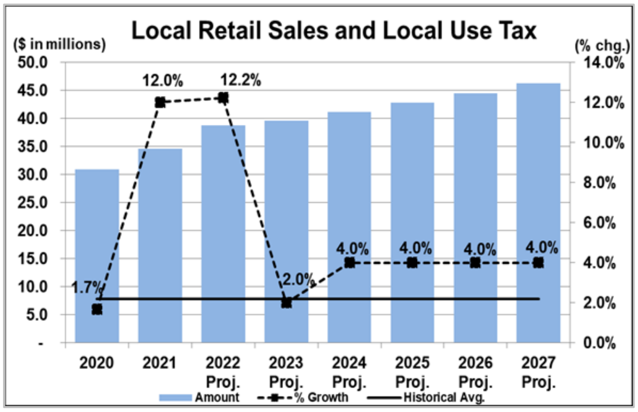
Over the past 10 years, Sedgwick County's assessed valuation has grown an average of 3.2 percent annually. Like many other jurisdictions, the County experienced strong valuation growth between the years of 2000 to 2009 with an average growth rate of 5.6 percent. That trend changed notably in 2010 when valuation increased by less than a percent. Growth was less than one percent through 2012; then, for the first time in 20 years, assessed valuation decreased for the 2013 budget year. Growth returned at a rate of 0.6 percent in the 2014 budget year. Assessed valuation growth for the 2017 budget was 2.8 percent over the previous year. Growth was 3.2 percent for the 2018 budget, 3.9 percent for the 2019 budget, 4.5 percent for the 2020 budget, and 4.6 percent for the 2021 budget. Growth in assessed valuation to support the 2022 budget was 3.6 percent, while growth for the 2023 budget is 7.3 percent due to a very strong residential home market in 2020 and 2021; it is estimated that this growth will level off to more typical levels as the economy is expected to cool in the near future.

Within the financial forecast, property tax rates among different County property-tax-supported funds can be and are distributed based on the total available resources to achieve the greatest outcomes in service delivery. In some instances, distribution of the total property tax rate is adjusted due to changing operations, one-time projects such as capital improvements, or the availability of unexpected resources. The table below outlines the property tax rate movements estimated within this plan for all County property-tax-supported funds.

Property Tax Rates by Fund (in mills)

	2022	2023	2024 Est.	2025 Est.	2026 Est.	2027 Est.
General	24.363	24.926	24.960	25.048	25.152	25.140
Bond & Int.	2.035	1.861	1.717	1.684	1.533	1.426
WSU	1.500	1.500	1.500	1.500	1.500	1.500
Highw ay	0.990	0.710	0.801	0.749	0.800	0.923
Aging	0.482	0.371	0.392	0.389	0.385	0.381
Total	**29.370**	**29.368**	**29.370**	**29.370**	**29.370**	**29.370**

Local Retail Sales and Use Tax



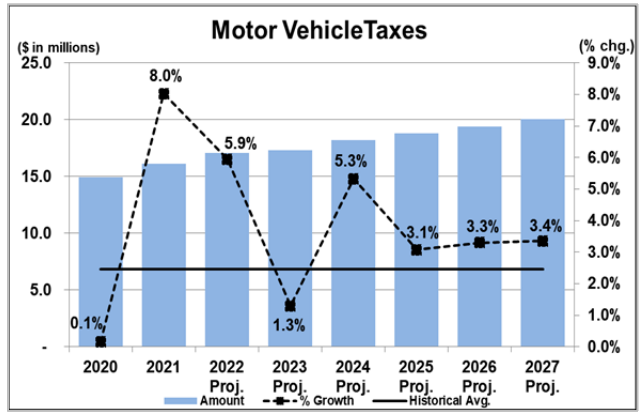
Local retail sales tax is generated from a County-wide one-percent tax on retail sales, imposed pursuant to voter approval in July 1985. Local use tax, per State statute K.S.A. 12-198, is a tax paid on tangible personal property purchased from other states and used, stored, or consumed in Kansas on which no sales tax was paid. Use tax is also applied if a taxable item is relocated to Sedgwick County from another state and that state's sales tax rate is less than the Kansas rate.

Distribution of these revenues 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. Sedgwick County receives 28.5 percent of the revenue produced by the County-wide sales tax in its General Fund; the balance is distributed by the State government to the 20 cities located within the county. 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
- The County's property tax levies as a percentage of total taxes levied by all governmental entities

Historically, retail sales and use tax collections have experienced an average growth rate of 2.2 percent over the past 10 years. Total revenues of $34.6 million were collected in 2021; with estimated increases to $38.8 million in 2022 and to $39.6 million in 2023. As the economy improves, revenues in this category are estimated to generally increase in the outer years of the forecast.

Motor Vehicle Taxes



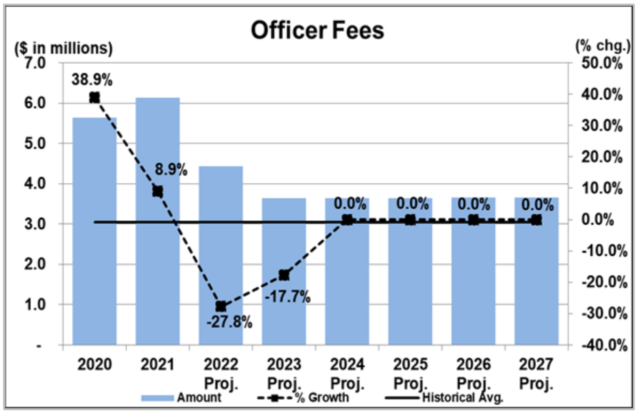
The State statute describing the collection and distribution of Motor Vehicle Taxes is outlined in K.S.A. 79-5101 et seq. Motor vehicles are distinguished by 20 vehicle classes, and then taxed at 20 percent of the class value based on the average County-wide mill levy during the previous year. State statutes define the average county-wide mill levy as the amount of general property taxes levied within the county by the State, county, and all other property taxing subdivisions; and then divided by the county's total assessed valuation.

The 2012 Legislature enacted legislation requiring that an annual commercial vehicle fee be paid in lieu of current property taxes for both interstate and intrastate commercial vehicles registered in Kansas.

Collected taxes are distributed by the County Treasurer to the taxing jurisdictions based on the owner's residency and the ratio of levied taxes by the jurisdiction to the total taxes levied. Once the County's portion is distributed, statute further directs revenues be shared across the eight County property-tax-supported funds based on each fund's mill levy rate for the previous year.

Collections 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. Collections in 2022 and 2023 are estimated to have slight decreases before returning to more normal levels of growth in 2024.

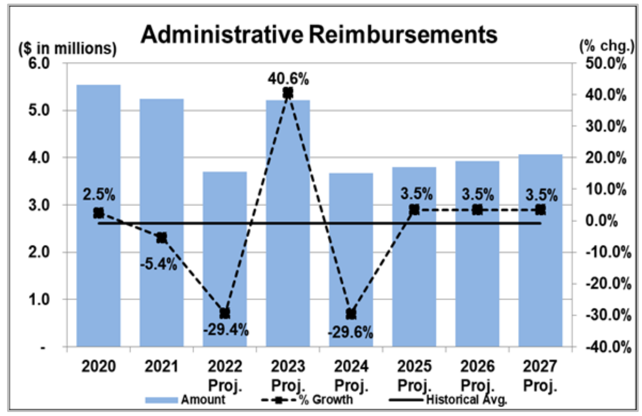
Officer Fees



Officer fees were established under K.S.A. 28-115 to replace mortgage registration fees, which were phased out by legislative action starting in 2015, with complete elimination by 2019. These fees are a per-page fee that varies based on the type and length of document being filed.

Within this revenue source, collection levels are strongly correlated with the strength of the local real estate and refinancing market. After a large increase in 2021, due to historically low interest rates, officer fees are expected to stabilize in 2023 with what is anticipated to be normal annual collections, remaining fairly flat through 2027. Collections are estimated at $4.4 million for 2022.

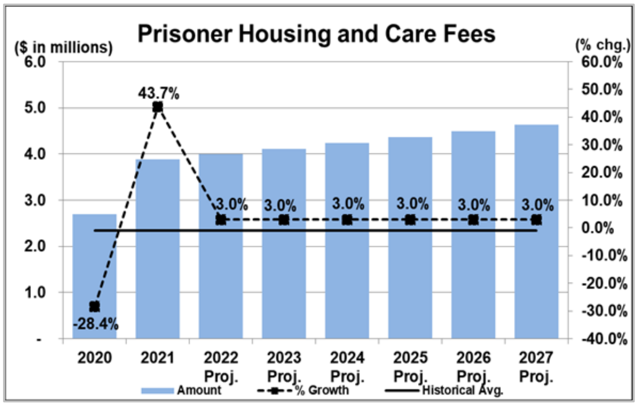
Administrative Reimbursements



Administrative reimbursements to the General Fund are charges that are passed along to departments operating outside of the General Fund for the indirect support of those operations. Consultants prepare a Cost Allocation Plan annually as a basis for budgeted reimbursements. For the General Fund to receive reimbursement revenue from those funds receiving grants from the Federal government, an annual allocation plan following specific accounting guidelines is required.

The decrease in 2022 is due to the consolidation of three County tax funds (EMS, COMCARE, and Noxious Weeds) into the General Fund in 2022. The increase in 2023 is due to the final payment of Administrative Reimbursements from the consolidated funds before returning to more normal levels in 2024.

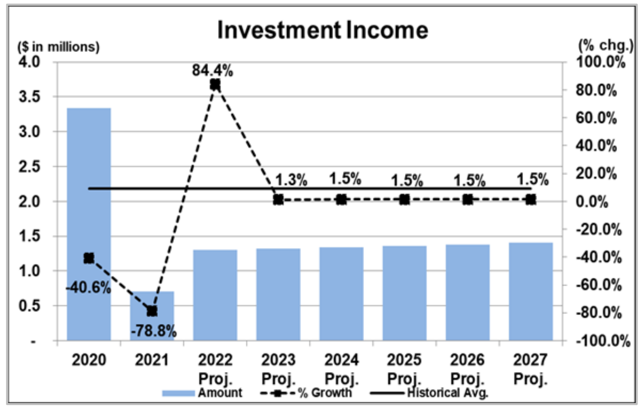
Prisoner Housing and Care Fees



Prisoner housing and care fees are received from Federal, State, and local authorities for housing their prisoners in the Sedgwick County Adult Detention Facility and care in Sedgwick County Correction facilities.

In 2007, the BOCC adopted a municipal housing fee for all cities located within Sedgwick County to mitigate the overcrowding issues in the Adult Detention Facility. Collections began in 2008. Some cities chose not to pay immediately, including the City of Wichita, resulting in litigation. In 2010, the County settled its claims against the cities that had not paid for less than what was owed and gave rebates of 85 percent to those cities that had paid, resulting in lower revenues.

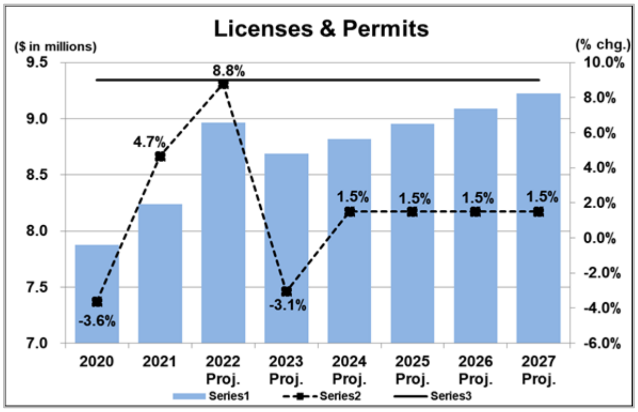
Investment Income



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 investment markets, the timing in which investments mature, and the size of the investment portfolio. State law outlines that all investment income is to be deposited in the General Fund unless otherwise directed by statute.

The County has an investment portfolio that ranges from $225 million to $600 million depending on the time of year. By law, the County’s investments are restricted to short maturities having little or no risk. In 2020, the higher income was due to a strong economy, which was eventually dampened after the effects of COVID-19 on the international economy. The forecast projects revenue of $1.4 million in 2022.

Licenses & Permits



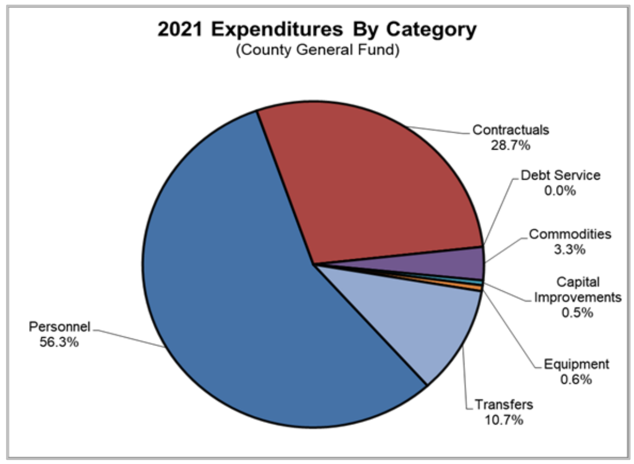
License and permit fee revenues are generated from businesses needing licenses and/or permits in order to construct new buildings or make improvements to existing structures to ensure compliance with City or County codes.

Licenses and permits became a key revenue for the County in 2017 as a result of the County-City of Wichita code function merger. In 2017, the first year with the County as managing partner, the County began receiving all revenue related to the Metropolitan Area Building & Construction Department (MABCD), the bulk of which had previously been received by the City. After a decrease in 2020, economic conditions are anticipated to improve and to stabilize at what is anticipated to be normal levels of collection in 2023.

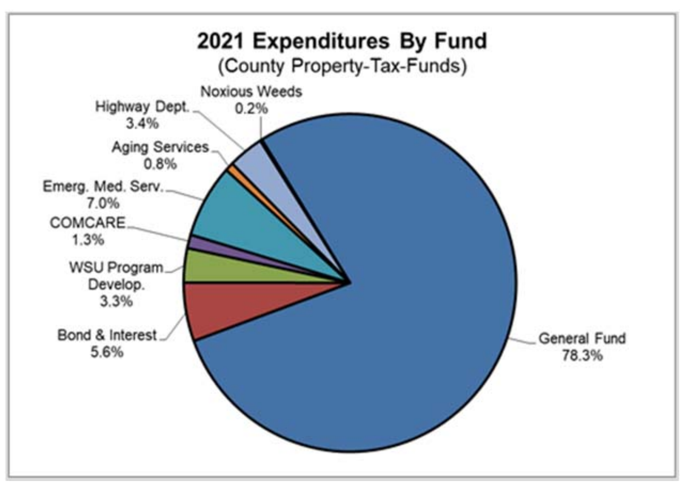
■ Expenditures

Sedgwick County's expenditure structure is divided into seven primary spending categories: personnel, contractuals, debt service, commodities, capital improvements, equipment, and interfund transfers. Total expenditures incurred in 2021 in the County General Fund were $211,866,712. Of those, 56 percent were for personnel costs and 29 percent for contractual services.

As with revenues, these actual results are the baseline from which the current financial forecast was developed.

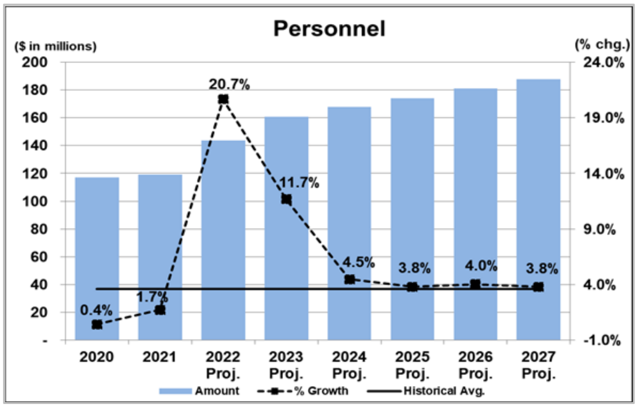


Of the total spent in funds receiving property tax support, the fund with the greatest portion of total expenses is the General Fund with 78 percent of total 2021 expenditures. Due to the consolidation of the COMCARE, EMS, and Noxious Weeds tax funds into the General Fund for 2022, the General Fund will be a greater portion of the budget in 2022 and beyond.



Specific Expenditure Projections in the Financial Forecast

Personnel



Similar to most government and proprietary entities, personnel expenditures represent the largest cost in delivering services. The projections included in this financial forecast incorporate the following variables:

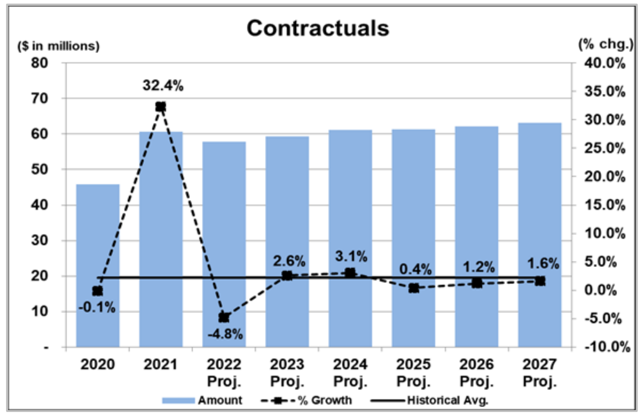
- Strategic pay adjustments for high-vacancy areas, like COMCARE, Corrections, Facilities, and Emergency Communications
- Implementation of step plans for EMS and Fire District #1 and the addition of new COMCARE and Corrections pay plans
- An eight percent general pay adjustment (GPA) for other County employees, as well as a pay structure adjustment of seven percent

Beyond 2023, the forecast includes:

- A pay pool of 4.0 percent in 2024 through 2027 to continue the multi-year compensation strategy
- Increases of 5.0 percent in employee health insurance premiums in 2024 through 2027
- Increases in retirement contribution rates through the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F)

	2018	2019	2020	2021	2022	2023
KPERS - Retirement Rates						
	9.39%	9.89%	9.89%	9.87%	9.90%	9.43%
KP&F - Retirement Rates						
Sheriff	20.22%	22.13%	21.93%	22.80%	22.99%	22.86%
Fire	20.09%	22.13%	21.93%	22.80%	22.99%	22.86%
EMS	20.09%	22.13%	21.93%	22.80%	22.99%	22.86%

Contractuals

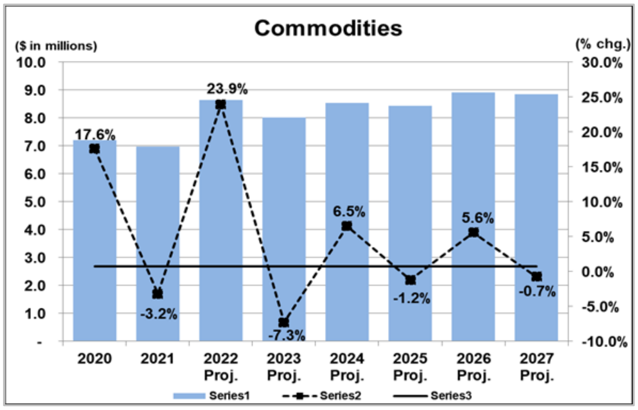


Contractual expenditures, the second largest expenditure category, include services purchased from and delivered by an external entity and internal departmental charges to other funds. These may include utility services, insurance services, software agreements, social services delivered by other community providers, or internal fleet and administrative charges.

Increased costs in 2020 and 2021 were largely due to an award to the Sedgwick County Zoo for a new entrance and administrative center ($2.0 million in each year). Additional increased costs in 2021 were also due to increases in medical costs for the Department of Corrections and the Sheriff's Office, as well as increased out of county housing cost for the Sheriff's Office for higher average daily population at the Adult Detention Facility. Increases in 2022 through 2027 are largely due to Technology Review Board (TRB) projects.

Excluding those changes, increases included in this forecast anticipate continuing increases in utilities, inmate medical and food service contracts, and software and technology equipment maintenance costs. The cyclical nature of national, State, and local elections also contribute to expenditure variations in this category.

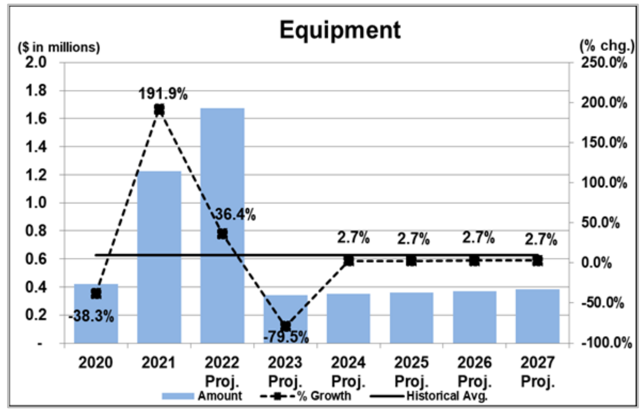
Commodities



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 per unit.

Commodity expenditures often fluctuate from year to year. These fluctuations often are due to the election cycle, when expenses vary from odd years to even year (even years representing either gubernatorial or presidential election cycles).

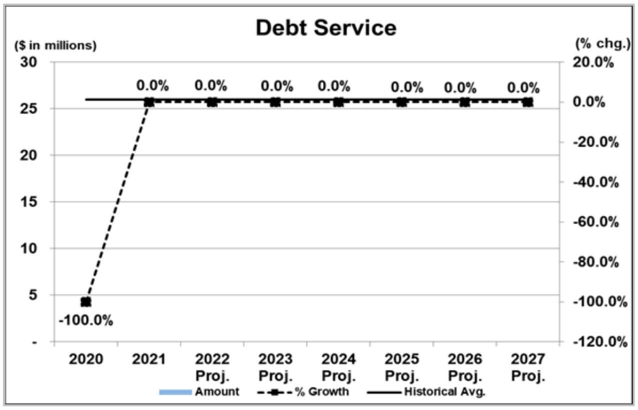
Equipment (Capital Outlay)



Equipment includes expenditures for office, technical, operating, and vehicular equipment that are more than $10,000. Overall, the County spends relatively small amounts for equipment in the property-tax-supported funds, so isolated purchases can often result in sizable year-to-year percentage changes.

Costs increased in 2021 and will continue through 2022 due to mobile and portable radio replacements across the organization as the radios reach the end of support and the addition of recurring equipment costs, such as the body cameras, for the Sheriff's Office. Costs are anticipated to return to more typical levels in 2023.

Debt Service

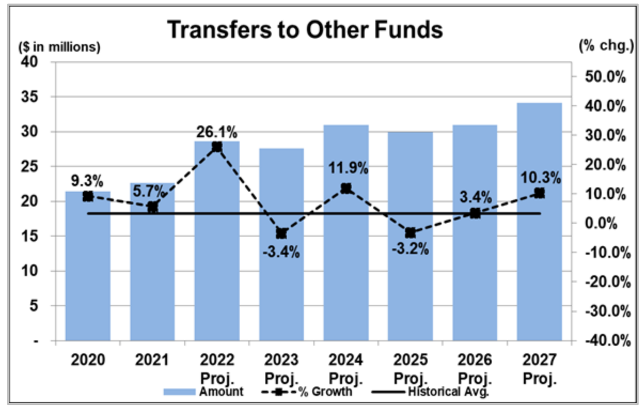


The financial forecast incorporates debt service payments on current debt obligations. Sedgwick County continues to hold high bond ratings from the three most widely used rating agencies: Moody's Investor Services, Standard & Poor's, and Fitch Ratings. In a recent rating evaluation, Standard & Poor's outlined that Sedgwick County's management is "very strong, with 'strong' financial management policies and practices…indicating financial practices are strong, well embedded, and likely sustainable."

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

The debt service calculations in the financial plan include the projects listed within the Capital Improvement section of the budget book. Typically, debt service payments are made from the Debt Service Fund.

Transfers to Other Funds



Within statutory limitations, the County is allowed to transfer funding from the General Fund to other funds to finance equipment purchases, capital improvements, or grant matches. Traditionally, transfers to other funds are relatively consistent from one year to the next with the exception of transfers for capital improvement projects and transfers for one-time equipment and software purchases to the Equipment Reserve Fund.

Recurring annual transfers from the General Fund to other funds include:

- $1,597,566 annually in collected retail sales and use tax revenues to the Bond & Interest Fund to mitigate the cost of debt service on road and bridge projects
- Approximately $13.8 million to $21.6 million annually in retail sales and use tax revenues to the Sales Tax Road & Bridge Fund for capital projects
- Approximately $1.5 to $3.8 million annually to the Risk Management Fund
- Annual transfers of varying amounts for cash-funded capital projects as included in the CIP

As outlined in the table below, significant changes in transfers from one year to the next are largely related to cash-funded capital projects included in the County's CIP.

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.
• 2020	13,841,306	1,597,566	932,238	1,500,000
• 2021	15,695,867	1,597,566	1,386,145	3,540,888
• 2022 Proj.	16,593,756	1,597,566	2,772,243	3,778,959
• 2023 Proj.	17,811,743	1,597,566	3,446,529	2,489,261
• 2024 Proj.	18,991,830	1,597,566	5,394,031	3,022,010
• 2025 Proj.	19,815,406	1,597,566	3,442,882	3,083,272
• 2026 Proj.	20,671,925	1,597,566	3,506,841	3,145,700
• 2027 Proj.	21,562,704	1,597,566	5,650,040	3,209,774

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Financial Forecast 2019 - 2027

County General Fund

Modified Accrual Basis

		Actual			Estimates					
		2019	2020	2021	2022	2023	2024	2025	2026	2027
1	***Beginning Fund Balance***	*66,400,246*	*69,874,711*	*94,393,092*	*92,335,932*	*89,890,770*	*92,087,689*	*83,135,320*	*78,248,885*	*74,309,193*
2	**Operating Revenue**									
3	**Taxes**	152,484,277	161,556,172	170,629,881	187,908,384	201,160,855	207,900,582	216,336,453	225,262,794	233,801,441
4	Current property taxes	104,511,484	113,099,293	117,395,133	130,006,667	142,231,929	146,401,909	152,604,569	159,167,356	165,241,076
5	Back property taxes & warrants	2,313,003	2,365,711	2,276,030	1,748,649	1,773,577	1,835,145	1,857,513	1,884,293	1,912,564
6	Special assessment property taxes	-	-	-	-	-	-	-	-	-
7	Motor vehicle taxes	14,900,015	14,921,769	16,118,566	17,077,081	17,298,845	18,219,010	18,778,416	19,397,799	20,048,471
8	Local retail sales tax	26,671,754	26,776,858	29,433,084	32,376,392	33,023,920	34,344,877	35,718,672	37,147,419	38,633,315
9	Local use tax	3,699,945	4,100,886	5,153,782	6,442,228	6,571,072	6,833,915	7,107,272	7,391,563	7,687,225
10	Other taxes	388,077	291,653	253,286	257,366	261,512	265,727	270,011	274,364	278,790
11	**Intergovernmental**	668,565	571,801	1,150,642	735,955	698,756	711,998	725,619	739,630	707,644
12	**Charges for service**	13,697,200	13,262,359	15,403,838	29,864,679	29,904,776	30,741,262	31,605,096	32,497,499	33,416,549
13	**Reimbursements**	5,630,223	5,630,679	6,092,597	3,899,403	5,267,841	3,727,580	3,856,557	3,990,034	4,128,167
14	**Use of money and property**	9,476,201	7,538,334	5,302,687	5,280,812	5,327,933	5,392,098	5,457,153	5,523,115	5,589,999
15	**Other revenues**	10,848,184	10,392,790	11,161,980	11,562,161	11,284,576	11,333,102	11,398,831	11,544,435	11,692,260
16	**Transfers from other funds**	39,829	17,754,736	67,927	473	4,514,238	-	-	-	-
17	***Total Revenue***	*192,845,429*	*216,706,870*	*209,809,552*	*239,251,868*	*258,158,975*	*259,806,622*	*269,379,710*	*279,557,506*	*289,336,060*
18	**Operating Expenditures**									
19	**Personnel and benefits**	116,753,507	117,217,413	119,223,197	143,862,100	160,666,970	167,824,247	174,157,468	181,163,799	188,040,657
20	**Contractual services**	45,934,351	45,881,316	60,729,477	57,818,780	59,303,990	61,118,303	61,372,243	62,083,538	63,075,103
21	**Debt service**	94,738	-	-	-	-	-	-	-	-
22	**Commodities**	6,128,415	7,206,224	6,976,945	8,647,518	8,017,561	8,538,325	8,436,041	8,909,766	8,844,558
23	**Capital improvements**	141,676	1,583	1,034,795	1,106,679	378	378	378	378	378
24	**Capital outlay > $10,000**	680,744	420,329	1,226,886	1,672,931	343,000	352,300	361,879	371,745	381,908
25	**Transfers to other funds**	19,637,534	21,461,624	22,675,412	28,589,021	27,630,158	30,925,438	29,938,136	30,967,972	34,151,742
26	***Total Expenditures***	*189,370,965*	*192,188,489*	*211,866,712*	*241,697,029*	*255,962,056*	*268,758,991*	*274,266,145*	*283,497,198*	*294,494,346*
27	***Operating Income***	*3,474,465*	*24,518,381*	*(2,057,160)*	*(2,445,162)*	*2,196,919*	*(8,952,369)*	*(4,886,434)*	*(3,939,692)*	*(5,158,286)*
28	***Ending Fund Balance***	*69,874,711*	*94,393,092*	*92,335,932*	*89,890,770*	*92,087,689*	*83,135,320*	*78,248,885*	*74,309,193*	*69,150,907*
29	**Assessed valuation**	4,858,132,534	5,077,374,541	5,309,726,413	5,499,916,842	5,901,350,627	6,107,897,899	6,341,830,388	6,584,722,492	6,836,917,364
30	***Assessed valuation % chg.***	1.41%	4.51%	4.58%	3.58%	7.30%	3.50%	3.83%	3.83%	3.83%
31	**Mill levy**	22.342	23.151	22.869	24.363	24.926	24.960	25.048	25.152	25.140
32	***Mill levy change***	(7.051)	0.809	(0.282)	1.494	0.563	0.034	0.088	0.104	(0.012)