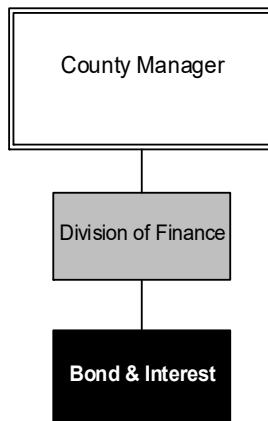




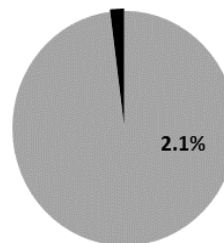
Hope Hernandez
 Accounting Director
 100 N. Broadway St., Suite 610
 Wichita, KS 67202
 316.660.7136
hope.hernandez@sedgwick.gov

Mission:

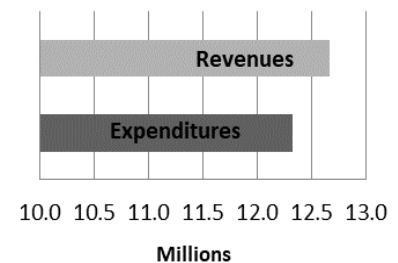
- To assure Sedgwick County government and citizens of proper use of County resources and informed financial decision-making.



% of Total Operating Budget



Expenditures & Program Revenues



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 and other revenues credited to the Fund, are sufficient to pay the principal and interest payments due throughout the year.

The County’s Debt Policy establishes guidelines pertaining to 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 is as efficient as possible; the most favorable interest rate and other related costs are obtained; and future financial flexibility is maintained.

A summary of key points from the Sedgwick County Debt Policy, which was revised in April 2024, 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.
- Consideration of new debt issuance shall take into account the preservation of the County’s applicable credit rating and the resulting access to favorable borrowing rates as well as the tax burden placed on citizens and businesses within the County. The County will not engage in debt financing unless the proposed obligation, when combined with all existing debts, will satisfy the

following benchmarks throughout the life of the proposed obligation:

- Budgetary flexibility is achieved by maintaining available unrestricted fund balance as a percentage of budgeted General Fund expenditures of at least 20.0 percent, with a target of 30.0 percent.
- Liquidity is maintained with total government available cash of at least 120.0 percent of total governmental funds debt service and at least 20.0 percent of total governmental fund expenditures.
- Debt levels are controlled by maintaining net direct debt at less than 60.0 percent of total governmental funds revenue and total governmental funds debt service at less than 8.0 percent of total governmental funds expenditures.
- Debt repayment is expedited. Debt issues are to be structured so that at least 30.0 percent of the aggregate outstanding principal amount is repaid within five years and 60.0 percent within ten years.

Budgetary Flexibility

In 2022, the available fund balance as a percentage of expenditures was 35.1 percent.

In 2023, the available fund balance as a percentage of expenditures was 40.7 percent.

Liquidity

In 2022, total government available cash as a percentage of total governmental fund debt services was 1,807.7 percent. Total government available cash as a percentage of total governmental fund expenditures was 71.1 percent.

In 2023, total government available cash as a percentage of total governmental fund debt services was 2,152.0 percent. Total government available cash as a percentage of total governmental fund expenditures was 64.5 percent.

Debt Levels

In 2022, net direct debt as a percentage of total governmental funds revenue was 30.1 percent. Total governmental funds debt service as a percentage of

total governmental funds expenditures was 3.9 percent.

In 2023, net direct debt as a percentage of total governmental funds revenue was 23.7 percent. Total governmental funds debt service as a percentage of total governmental funds expenditures was 3.0 percent.

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 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. When a project meets a specific set of criteria described in Kansas law, the County can ask the PBC to issue revenue bonds on its behalf. These bonds are secured by lease revenues paid to the PBC by the County. The lease payments to the PBC are also backed by the full faith and taxing power of Sedgwick County.

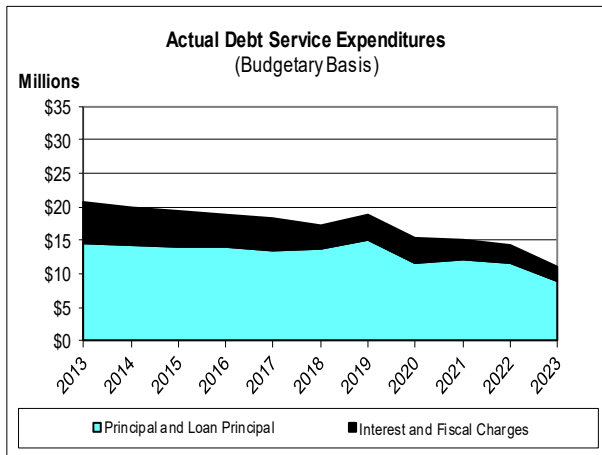
Another type of debt occasionally issued by Sedgwick County is special assessment bonds. Special assessment bonds are issued to develop basic infrastructure for the benefit of properties within a defined district. Typically, such projects are requested by property owners within the district, and as part of their petition for specified improvements, they agree to pay the project costs through specially assessed taxes. Special assessment taxes are then levied on property within the benefit district for up to 15 years to repay the principal and interest on the bonds sold by the County to finance the cost of the improvements.

When a jurisdiction issues debt, it has the option of obtaining a debt rating -- an evaluation of its credit worthiness -- by an independent rating service. Sedgwick County currently has high debt ratings from each of three credit rating agencies: "AAA" from Standard & Poor's, "Aaa" from Moody's Investors Service, and "AA+" from Fitch Rating Service.

Sedgwick County and its PBC have issued debt for various large projects including adult and juvenile detention facilities, roads and bridges, courthouse improvements, a juvenile court building, a public safety center, Exploration Place, the National Center

for Aviation Training, the Law Enforcement Training Facility (LETC), and the Ronald Reagan Building. The debt for these projects, in addition to special assessment debt, leaves the County with total outstanding direct debt of \$65.6 million as of November 30, 2024. As illustrated in the County’s most recent Annual Comprehensive Financial Report, the County’s debt is at 6.6 percent of the legal debt margin as set by State statute. Debt levels remain moderate, with some projected growth in the five-year forecast; however, significant debt is also retiring in the same timeframe, which significantly offsets the increases. The County does not anticipate any interference with current operations based on existing or anticipated debt service.

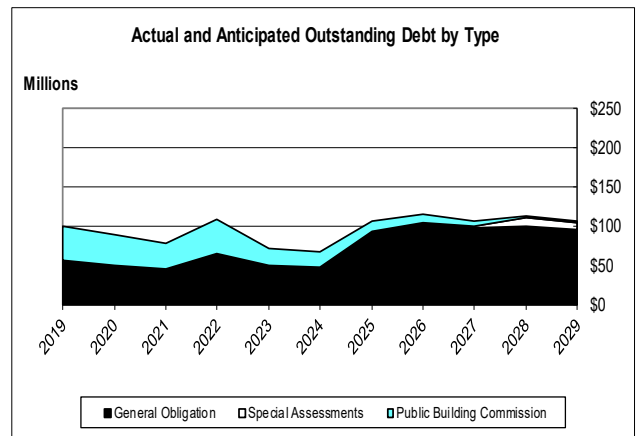
The County’s annual debt service, including both the repayment of principal and interest on outstanding bonds, had decreased from approximately \$15.3 million in 2020 to \$11.1 million in 2023.



The table on the following column shows the debt service requirements on debt existing as of November 30, 2024. If no additional bonds were issued, Sedgwick County would pay its debt in full by 2044. During this time period, yearly principal and interest payments would decrease from \$10.5 million in 2024 to \$0.8 million in 2044. When Sedgwick County issues additional bonds, debt service requirements will be extended into the future. The debt payment schedule continues to be in line with County policy and has not resulted in any issues or concerns with any credit rating agencies during annual surveillance processes.

Budget Year	Bonds Outstanding	Principal	Interest	Total
2024	\$ 65,585,000	\$ 8,540,000	\$ 1,945,266	\$ 10,485,266
2025	\$ 56,130,000	\$ 9,455,000	\$ 2,323,421	\$ 11,778,421
2026	\$ 47,500,000	\$ 8,630,000	\$ 2,099,628	\$ 10,729,628
2027	\$ 39,545,000	\$ 7,955,000	\$ 1,806,190	\$ 9,761,190
2028	\$ 31,380,000	\$ 8,165,000	\$ 1,523,280	\$ 9,688,280
2029	\$ 27,015,000	\$ 4,365,000	\$ 1,227,100	\$ 5,592,100
2030	\$ 23,085,000	\$ 3,930,000	\$ 1,049,163	\$ 4,979,163
2031	\$ 19,305,000	\$ 3,780,000	\$ 899,820	\$ 4,679,820
2032	\$ 16,665,000	\$ 2,640,000	\$ 749,280	\$ 3,389,280
2033	\$ 14,190,000	\$ 2,475,000	\$ 642,334	\$ 3,117,334
2034	\$ 11,825,000	\$ 2,365,000	\$ 544,785	\$ 2,909,785
2035	\$ 9,925,000	\$ 1,900,000	\$ 452,654	\$ 2,352,654
2036	\$ 8,420,000	\$ 1,505,000	\$ 383,729	\$ 1,888,729
2037	\$ 6,860,000	\$ 1,560,000	\$ 326,018	\$ 1,886,018
2038	\$ 5,265,000	\$ 1,595,000	\$ 266,050	\$ 1,861,050
2039	\$ 3,975,000	\$ 1,290,000	\$ 203,906	\$ 1,493,906
2040	\$ 3,095,000	\$ 880,000	\$ 154,181	\$ 1,034,181
2041	\$ 2,310,000	\$ 785,000	\$ 121,569	\$ 906,569
2042	\$ 1,505,000	\$ 805,000	\$ 90,169	\$ 895,169
2043	\$ 770,000	\$ 735,000	\$ 58,681	\$ 793,681
2044	\$ -	\$ 770,000	\$ 30,025	\$ 800,025

The 2025 budget includes projects supported with bonds in all five years, to include significant facility projects like the Juvenile Community-Based Services Building, Adult Detention Facility (ADF) Kitchen Restoration, Public Works Salt Storage Building at the East Yard, and large road and bridge projects.

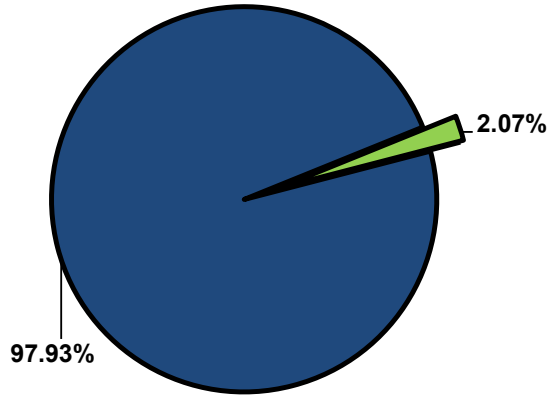


If the County chose to issue debt as included in the “Anticipated Debt with Issuance Costs” table on the last page of this narrative, it would be in compliance with the updated debt policy benchmarks.

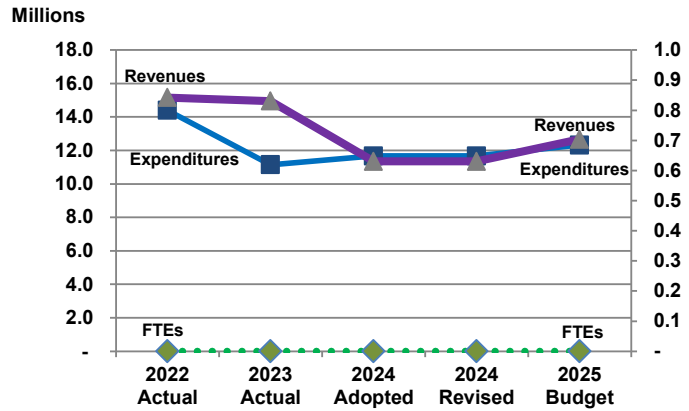
Sedgwick County Anticipated Debt with Issuance Costs					
Project	2025	2026	2027	2028	2029
Juvenile Community-Based Services Building	\$ 20,053,834				
Adult Detention Facility Kitchen Restoration	\$ 1,132,480				
Public Works Salt Storage Building at East Yard	\$ 89,191	\$ 743,843			
Road/Bridge Improvements	\$ 4,000,000	\$ 4,000,000	\$ 3,500,000	\$ 4,000,000	\$ 3,500,000
Totals	\$ 25,275,505	\$ 4,743,843	\$ 3,500,000	\$ 4,000,000	\$ 3,500,000

Departmental Graphical Summary

Bond & Interest
Percent of Total County Operating Budget



Expenditures, Program Revenue & FTEs
All Operating Funds



Budget Summary by Category

	2022 Actual	2023 Actual	2024 Adopted	2024 Revised	2025 Budget	Amount Chg '24 Rev.-'25	% Chg '24 Rev.-'25
Expenditures							
Personnel	-	-	-	-	-	-	-
Contractual Services	1,650	11,850	20,000	36,700	20,000	(16,700)	-45.50%
Debt Service	14,388,808	11,133,908	11,652,167	11,635,467	12,301,425	665,958	5.72%
Commodities	-	-	-	-	-	-	-
Capital Improvements	-	-	-	-	-	-	-
Capital Equipment	-	-	-	-	-	-	-
Interfund Transfers	-	-	-	-	-	-	-
Total Expenditures	14,390,458	11,145,758	11,672,167	11,672,167	12,321,425	649,258	5.56%
Revenues							
Tax Revenues	12,824,188	12,623,677	8,853,044	8,853,044	10,273,849	1,420,805	16.05%
Licenses and Permits	-	-	-	-	-	-	-
Intergovernmental	-	-	11,559	11,559	-	(11,559)	-100.00%
Charges for Services	-	-	-	-	-	-	-
All Other Revenue	2,333,071	2,329,388	2,474,764	2,474,764	2,392,306	(82,458)	-3.33%
Total Revenues	15,157,260	14,953,065	11,339,367	11,339,367	12,666,155	1,326,788	11.70%
Full-Time Equivalentents (FTEs)							
Property Tax Funded	-	-	-	-	-	-	-
Non-Property Tax Funded	-	-	-	-	-	-	-
Total FTEs	-	-	-	-	-	-	-

Budget Summary by Fund

Fund	2022 Actual	2023 Actual	2024 Adopted	2024 Revised	2025 Budget	Amount Chg '24 Rev.-'25	% Chg '24 Rev.-'25
Bond & Interest	14,390,458	11,145,758	11,672,167	11,672,167	12,321,425	649,258	5.56%
Total Expenditures	14,390,458	11,145,758	11,672,167	11,672,167	12,321,425	649,258	5.56%

Significant Budget Adjustments from Prior Year Revised Budget

	Expenditures	Revenues	FTEs
Increase in budget due to anticipated increase in 2025 principal and interest costs	665,958		
Decrease in all other revenue due to anticipated decrease in investment income		(82,458)	
Decrease in intergovernmental revenue due to anticipated decrease in Federal revenue		(11,559)	
Total	665,958	(94,017)	-

Budget Summary by Program

Program	Fund	2022 Actual	2023 Actual	2024 Adopted	2024 Revised	2025 Budget	% Chg '24 Rev.-'25	24'-25' FTEs
Bond & Interest	301	14,390,458	11,145,758	11,672,167	11,672,167	12,321,425	5.56%	-
Total		14,390,458	11,145,758	11,672,167	11,672,167	12,321,425	5.56%	-