

2018 Comprehensive Annual Financial Report



CITY OF
WICHITA
wichita.gov

.....
KANSAS

Fiscal Year Ended December 31, 2018

CELEBRATING THE 150TH YEAR OF THE CHISHOLM TRAIL



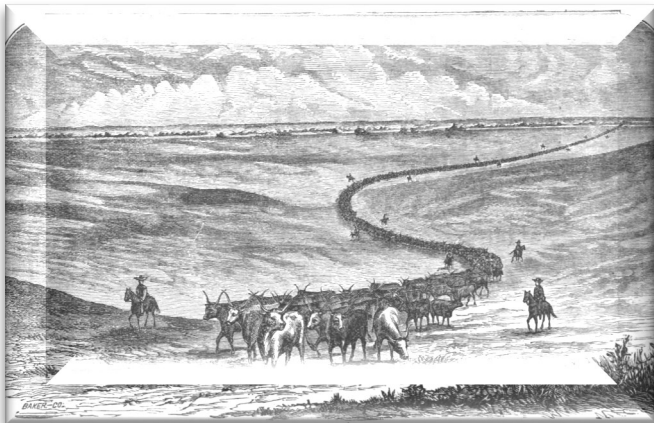
The Chisholm Trail

The Chisholm Trail

Wichita owes much of its early development to the Chisholm Trail, which celebrates its 150th anniversary this year. The trail earned its name from Jesse Chisholm, whose mother was Cherokee. Chisholm was a trader, guide, and interpreter who worked among the Plains Indians and served as a mediator in their dealings with the Cherokee Nation, the Republic of Texas, and the United States.¹ He opened a trading post at the confluence of the Arkansas and Little Arkansas rivers - where the Keeper of the Plains monument is now located in Wichita. Jesse Chisholm then blazed a trail from his trading post down to the Indian Territory, present-day Oklahoma, in order to trade with Native American tribes.²

While the trail bears his name, it was the cattle drives that made use of Chisholm's trail beginning in 1867 that established its place in American history.² At the close of the Civil War and as the railroad developed west, businessmen and cattle ranchers sought to move the overabundance of Texas longhorn cattle to market in the east where the demand and prices were much higher.² William Mathewson, the original "Buffalo Bill," went south to Texas and led what is believed to be the first herd of cattle to pass over the Chisholm Trail.²

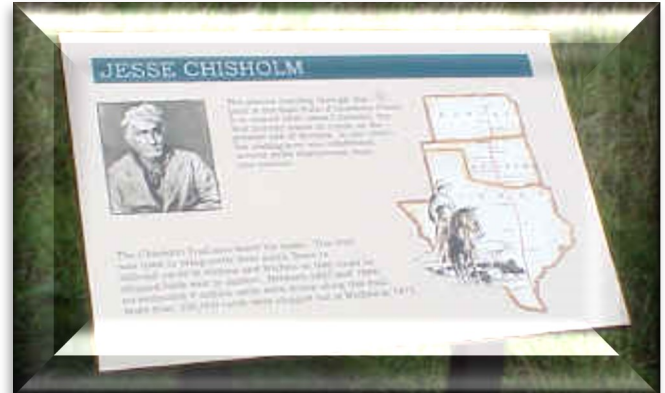
Wichita's position on the Chisholm Trail made it a popular destination for cattle drives headed north to access railroads to eastern markets. The Chisholm Trail ran along the east side of Wichita from 1867-1871.² By 1872, the railway had completed a line from Wichita to Newton, making Wichita a railhead with some of the busiest stockyards in the country.



Delano

The burgeoning cattle trade business provided an opportunity for growth in newly settled Kansas towns such as Wichita. While the economic development from the cattle was desired, the rowdy ways of the cowboys that came along with it were often in conflict with the local townspeople. Thus, it became common for towns to segregate the cowboys.³

Since Wichita required cattlemen to check their guns with the town marshal upon arrival, a neighboring town of Delano, just west of the Arkansas river bank, welcomed the cowboys, providing all manner of vice from saloons to dancehalls. This effectively drove the more nefarious behavior just outside Wichita.³ Civility was largely maintained on the east side of the river, in Wichita, thanks to well-known lawmen such as Wyatt Earp.² After much of the cattle trade activity had moved on, Wichita annexed Delano in 1880.²



An Entrepreneurial Legacy

While the cattle trade along the Chisholm Trail through Wichita only lasted four years, it greatly influenced the settlement of many towns and cities throughout Texas, Oklahoma, and Kansas. It is being celebrated in 2007 including the Adventures on the Chisholm Trail celebration at the Old Cowtown Museum with descendants of Jesse Chisholm, cowboy poetry and music, and activities for children and adults on July 22-23.³

The presence of the Chisholm Trail provided Wichita with a foundation as a center for commerce, laying the groundwork for the successful manufacturing and agriculture industries which would follow. Jesse Chisholm's entrepreneurial spirit, hard work and vision helped establish Wichita. His legacy is demonstrated today in the City of Wichita: a community proud of its longstanding history of entrepreneurship and hard work, and a community which continues to serve as a center of trade - not just for the over 1 million Kansans living within 100 miles, but also to marketplaces throughout the world.

Sources:

- ¹ <http://www.okhistory.org/publications/enc/entry.php?entry=CH067> "Chisholm, Jesse (ca. 1805-1868)."
- ² <https://www.kshs.org/p/kansas-historical-quarterly-the-chisholm-trail/12670>. "The Chisholm Trail."
- ³ <http://www.ct-150.com/cowtowns/Wichita.php>. "Chisholm Trail Anniversary 1867-2017 Kansas Cattle Town Celebrations."

City of Wichita, Kansas

Incorporated 1870

City of 1st Class 1886

Council-Manager Form of

Government Adopted 1917

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For the Year Ended December 31, 2018



CITY COUNCIL

Jeff Longwell, Mayor

Bryan Frye, Vice Mayor (V)

Brandon Johnson, Council Member (I)

Becky Tuttle, Council Member (II)

James Clendenin, Council Member (III)

Jeff Blubaugh, Council Member (IV)

Cindy Claycomb, Council Member (VI)

City Manager

Robert Layton, City Manager

Department of Finance

Shawn Henning, Director of Finance

Prepared by the Controller's Office

Department of Finance

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INTRODUCTORY SECTION



Department of Finance
Controller's Office
City Hall – Twelfth Floor
455 North Main
Wichita, Kansas 67202

June 28, 2019

To the Honorable Mayor, City Council and Citizens of the City of Wichita, Kansas:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Wichita for the year ended December 31, 2018. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City and its blended component unit.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based on a comprehensive framework of internal control that management has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Kansas statutes require an annual audit of all funds of the City by independent certified public accountants. The certified public accounting firm of Allen, Gibbs & Houlik L.C. issued an unmodified opinion on the City of Wichita's financial statements for the year ended December 31, 2018. The independent auditor's report is located on page A-1 in the Financial Section of this report.

In addition to meeting the requirements set forth in state statutes, the standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with the administration of federal and state awards. The auditor's reports related specifically to the single audit are included in the Single Audit Section. Details on the audit findings and management's responses are located in the Single Audit Section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides an introduction, overview and analysis of the basic financial statements. MD&A complements this transmittal letter and should be read in conjunction with it.

The Reporting Entity and Its Services

With a population of 390,591¹, Wichita is the largest city in Kansas and is the county seat of Sedgwick County. Major highways, including the Kansas Turnpike and Interstate I-135, link the city with a large trade area that encompasses a population of more than one million² people within a 100-mile radius. The nearest large cities are Denver to the west, Kansas City to the northeast and Oklahoma City and Tulsa to the south and southeast.

¹Source: 2017 U.S. Census Bureau population estimate.

²Source: U.S. 2010 Census. Population represents only the Kansas portion of the 100-mile radius, not the Oklahoma portion.

Wichita became a town in 1868, was incorporated in 1870 and has been a city of the first class since 1886. The original stimulus to the City's economic development was the extension of the Santa Fe Railway into Wichita in 1872. The City's early growth paralleled the expanding agricultural productivity of the Central Plains States, and by 1900 the City was an important regional center for the processing of agricultural products and the distribution of farm equipment. In 1914, the discovery of oil broadened the economic base, drawing to the City numerous services, distributive enterprises and metalworking industries. From the earliest days of the aircraft industry, Wichita has been a leading producer of general aviation and commercial aircraft. McConnell Air Force Base was activated in 1951 and has remained an important factor in the community.

In 1917, Wichita became one of the first municipalities in the United States to adopt the Commission-Manager form of government. Effective April 14, 1987, the title "City Commission" was changed to "City Council" and instead of being elected at-large, five council members were nominated by district and elected at-large. In November 1988, Wichita voters approved a referendum to elect a five-member City Council by pure district elections and a full-time Mayor by city-at-large elections. On February 10, 1989, Charter Ordinance 115 was adopted and provided for the five council member seats to be increased to six by subdividing the City into six districts based on the 1990 census. The six Council members and the Mayor serve four-year terms with the Council members' terms being overlapping. The City Manager is appointed by the City Council and is responsible to them for the management of all City employees and administration of all City affairs.

The City of Wichita and its component units provide a full range of municipal services, including police and fire protection, parks and recreation programs, libraries, cultural arts, public housing and community services, infrastructure improvements, public transportation, airports, water and sewer utilities, planning and zoning, cemetery maintenance, internal support services and general administration.

The Budget Process – The budget process is impacted by Kansas statutes, organizational policies, accounting standards and budgeting practices. In addition, other planning processes are integrated into the budget process. Annually, a long-range financial plan is developed as part of the budget process. This financial planning process includes the development of three operating budgets each year. The current year adopted budget is revised based on updated data and assumptions. A proposed budget for the next year is also prepared and will become the adopted budget upon the City Council's approval. Finally, a projected budget is also prepared, which becomes the basis for the proposed budget next year. The impact of operating costs associated with projects in the City's Capital Improvement Program (CIP) is also considered each year.

Budget formulation is developed based on the strategic priorities established by the City Council, which are clearly defined by the City's mission statement:

As an exceptionally well-run city, we will:

- *Keep Wichita safe,*
 - *Grow our economy,*
 - *Build dependable infrastructure and*
 - *Provide conditions for living well.*
-

As the City strives to reach service level excellence, the annual budget is developed based on three themes: (1) alignment to the City's mission and City Council goals; (2) review of business processes, from both a financial operations view and a customer-focused view; and (3) development of a financially sustainable and diversified revenue portfolio. Late in 2016, Zero-Based Budgeting was initiated with a service level approach. This process evaluated every service that departments provide, then reviewed the alignment of each service, not only to the City's mission statement and goals, but also to the departments' goals. This review process was implemented in 2017 with preparation of the 2018 Budget, but has continued in further depth in connection with development of the next year's budget. Senior staff and the City Manager conduct a review of revenue projections and departmental requests, balanced against current year priorities. The City Manager holds internal budget hearings, beginning in April and continuing through June. The City Council is briefed on the strategic and policy issues, the preliminary financial forecasts and the departmental performance levels. Based on the City Council's policy direction and the information from departments, a proposed budget is drafted and provided to the City Council for consideration in July. Throughout the process, presentations are made to citizens, including the District Advisory Board of each Council District and other neighborhood groups. Budget information is also communicated through various forms of

social media, providing further opportunities for citizen engagement on the budget. The City Council holds public hearings on the proposed budget in July and August, prior to adopting the final budget. The budget is required by Kansas law to be finalized, adopted and filed no later than August 25. The annual budget serves as a policy document, a financial plan, an operations guide and as a communication device.

Budgetary Control - The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund. The City also maintains an encumbrance accounting system to enhance budgetary control. Unencumbered appropriations lapse at year end, while encumbered appropriations are carried over into the next year for liquidation. As demonstrated by statements and schedules included in the Financial Section of this report, the City continues to meet its responsibility for sound financial management. Budget-to-actual comparisons are provided for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page A-25 as part of the basic financial statements, as well as a more detailed presentation beginning on page B-20. For governmental funds (other than the General Fund) with appropriated annual budgets, these comparisons are presented in the Governmental Funds Section of this report beginning on page B-25.

The Local Economy³

The Wichita metropolitan statistical area (MSA) has a diverse economic base, producing a wide variety of products and services with a focus in durable goods manufacturing. Approximately 46% of Wichita's employment is in service-providing industries, 23% is in goods-producing industries, 17% in trade, transportation and utilities, and 14% in government. The Wichita area is home to almost 15,000 business establishments, with approximately 94% of those employing fewer than 50 workers. Thirty-one employers in the Wichita area employ 500 or more workers. In recent years, the service sector has been the fastest growing portion of the local economy, adding 9,400 employees since 2011. Manufacturing employment growth increased substantially in 2018, and the production sectors are forecast to lead growth in the Wichita area in 2019.

Annual Average Wichita MSA Employment by Industry*

	2016 (a)	2017 (a)	2018 (e)	2019 (f)	2018-2019 Forecasted Level Change	2018-2019 Forecasted % Change
Production Sectors	68,200	67,700	69,000	70,200	1,200	1.7%
Trade, Transportation and Utilities	52,600	51,200	49,900	50,400	500	1.0%
Service Sectors	135,700	135,000	136,300	137,000	700	0.5%
Government	40,700	40,800	42,100	42,400	300	0.7%
Total Nonfarm Employment	297,200	294,700	297,300	300,000	2,700	0.9%

*Annual values are derived from average quarterly observations and projections. Data was downloaded from the U.S. Bureau of Labor Statistics' Website on February 11, 2019.

(a) actual (e) estimated (f) forecasted

Wichita's manufacturing sector is primarily concentrated in aerospace, which comprises more than 51% of total manufacturing employment in the area. Local aircraft companies produce a significant number of the world's general aviation aircraft and commercial aircraft parts. Wichita's manufacturing sector employment peaked in 2008 with 67,700 jobs; from 2008 to 2011, Wichita lost approximately 15,000 manufacturing jobs, with employment in the sector remaining relatively flat from 2011 to 2017. In 2018, the manufacturing sector added 1,100 new jobs and employed 52,600 workers in the Wichita area. Spirit AeroSystems, a major local aircraft parts manufacturer, announced plans to add an additional 1,400 workers to its workforce in 2019 and 2020, after adding 1,000 in jobs in 2018. The company also plans to spend \$1 billion on capital improvements to its Wichita facilities from 2018 to 2023.⁴ Textron Aviation also recently announced the company will add up to 1,000 more jobs in 2019, in addition to the roughly 1,000 jobs added last year. Non-aerospace manufacturing in Wichita

³Information in this section is largely provided by the Center of Economic Development and Business Research, Frank Barton School of Business, Wichita State University.

⁴Swaim, Chance "Spirit Aerosystems to add 1,400 more jobs in Wichita, president says" *Wichita Eagle*, December 19, 2018.

continues to diversify and expand, with the machinery manufacturing and non-durable manufacturing sectors adding 500 new jobs in 2018. Both machinery manufacturing and non-durable manufacturing have added more than 1,000 jobs since 2010. While Wichita's manufacturing base has continued to become more diverse in recent years, future growth in Wichita's manufacturing employment will continue to be tied to the aerospace industry.

Construction employment increased by 100 workers in 2018, and the construction sector is projected to continue to expand in 2019 due to positive signs in both the residential and non-residential markets. Home prices have appreciated 16.4% from 2013 to 2017, and they are projected to increase 3.8% in 2018 and accelerate to 4.6% in 2019. The number of homes sold in the Wichita area has increased for the past six years and are expected to continue to increase in 2019, reaching the highest level since 2007. Vacancy rates for retail, office, and industrial space continued to decline in 2018 as net absorption increased across the local commercial real estate market. The construction sector is forecast to be one of the fastest growing sectors in 2019 after the value of building permits increased 10% in 2018, with spillover benefits into the support sectors of the local economy.

The professional and business services sector is one of the largest and fastest-growing service sectors in the Wichita economy. The sector has added more than 5,000 new jobs since 2009, including 1,200 in 2018, the most of any Wichita industrial sector. The sector's outlook continues to be positive into 2019. In 2018, Cargill's new protein division headquarters building was completed in downtown Wichita, with a final cost of \$70 million. The facility is able to house up to 950 workers, with more than 800 workers employed there in 2018. Wichita is also the home to the headquarters of several major companies, including Koch Industries.

The education and health care sector is the single largest sector in the Wichita economy. Health care and social assistance employ 37,600 workers locally. The Wichita MSA has more than 100 nursing and assisted living facilities, as well as 18 acute care and specialty hospitals, with other specialty clinics providing comprehensive patient care and same-day surgery services. The five-county MSA is home to almost 1,400 physicians and 280 dentists. In recent years, much of the employment growth in the sector has occurred in the non-hospital portion of the sector, such as physician's offices. Policy uncertainty has likely dampened growth to a degree in the health care sector in recent years in Kansas, but the sector has bright long-term growth prospects as Wichitans' health care and education demand continues to increase.

Health care employment declined by 800 workers in 2018 in the Wichita area, but there were still several bright spots in the sector. In early 2018, the freestanding Kansas Medical Center Emergency Department opened, and in 2019, more than \$60 million in renovations are scheduled to be completed at Via Christi's St. Joseph campus in Wichita. The Robert J. Dole V.A. Hospital has planned \$40 million in renovations for the facility to be completed by 2022, including a women's clinic, an expanded surgical center, and a residential rehabilitation treatment facility.

The education sector employs about 12% of the total workforce in the education and health services sector and plays a significant role in the local economy, employing over 5,000 workers. Wichita is home to 12 colleges and universities, which provide a wide range of degrees and educational opportunities, including Wichita State University, Friends University, Newman University, and the University of Kansas School of Medicine. In addition, eight unified public school districts serve the City of Wichita, the largest of which is Wichita USD 259 with an enrollment of 49,953 students and over 80 schools.

Wichita's universities and colleges continue to grow and expand. Wichita State University Campus of Applied Sciences and Technology, formerly known as Wichita Area Technical College, officially became affiliated with Wichita State University in 2018. Wichita State University recorded its largest freshman class ever for the third consecutive year in 2018, with total enrollment of more than 15,000 students. The university is currently expanding its main campus with the Innovation Campus initiative. In 2017, the first four buildings of the Innovation Campus were completed: the \$30 million Experiential Engineering building; the Partnership One building, which houses Airbus' North American Engineering Center; a new law enforcement training center for local police, sheriffs, and criminal justice students; and the Flats, a 285-resident on-campus apartment complex. The Braeburn Square retail space and the Partnership Two building opened on the Innovation Campus in 2018, and a YMCA, Student Wellness Center, Wesley Urgent Care Clinic, and a second new residence hall are expected to be completed by early 2020.

Economic and population growth in Wichita has also led to thriving support sectors, such as the expanding leisure and hospitality sector. An abundance of new restaurant and recreation opportunities have led leisure and hospitality

employment to increase by more than 6,000 workers since 2011, including 800 added in 2018. The sector is forecast to continue to expand into 2019, with a number of new restaurants under construction, and given current trends, continued growth is expected further into the future.

The unemployment rate declined in 2018 in the Wichita area, which was the eighth consecutive year unemployment either declined or held steady in the local economy after peaking in 2010. The Wichita MSA has had a lower unemployment rate than the city of Wichita during this period, though the gap between the two has narrowed as the economy nears full employment.

Average Annual Unemployment Rates			
	Wichita	Wichita MSA	U.S.
2015	5.0%	4.6%	5.3%
2016	4.8%	4.6%	4.9%
2017	4.4%	4.2%	4.4%
2018	3.9%	3.7%	3.9%

In the coming year, the unemployment rate is expected to modestly decline, with large decreases unlikely due to the already low level of unemployment in the area. While still unlikely in the next 12 months, the risk of recession, nationally and locally, continues to increase as the current expansion lengthens, now in its eighth year.

The Wichita economy has several positive indicators that suggest the Wichita economy is likely to continue to grow in 2019. Low unemployment and tightening markets in both residential and commercial real estate are both signs that the local economy is thriving and reaching its potential. The local economy's risk factors for the near future include a national-level economic recession, the heavy concentration of Wichita manufacturing in aerospace and business jet markets, and state and national policy uncertainty. Unless weighed down by these risk factors, modest growth is expected to continue for Wichita in 2019.

City Business and Financial Plan

The City of Wichita uses a comprehensive planning approach that incorporates a long-term strategic process (five-year financial plan) and a short-term strategic process (two-year budget). In addition, the City maintains a 10-year capital expenditure and financing plan. The financial planning process integrates the City's debt capacity and operational plans, such as the technology plan, the pavement management plan, the park master plan, the pedestrian master plan and the future water supply plan.

The City continues to align financial plans with strategic priorities and policies set forth by the City Council, modifying budgets to achieve desired outcomes with available financial resources. Following strategic priorities provides clarity and flexibility in adapting to both short-term and long-term opportunities and challenges and also provides an opportunity to balance needs and resources for the best mix of services for citizens.

Adequate levels of reserves are an important foundation to the City's business and financial planning. The City maintains a policy that General Fund reserves are a minimum of 10% of the subsequent year's expenditure budget. The reserves of the General Fund assure rating agencies of the City's financial stability, translating into lower costs of financing for capital investments. Additionally, the General Fund reserve provides flexibility for cash flow and emergency needs. The City also maintains reserves equivalent to 85% of the estimated landfill post-closure liability and maintains reserves at an 85% confidence level of actuarially estimated potential claims in the Self Insurance Fund. In spite of the fluctuations in the financial markets in recent years, the City's Retirement Systems maintain funded ratios which are over 90%, well above many public pension systems.

The City manages a pooled funds investment program for all cash, following a comprehensive investment policy. The program allows the City to invest its cash in permitted investments for terms up to four years while maintaining the primary objectives (in order of priority) of safety, liquidity and yield. The City's exposure to risk is managed through various insurance policies, as well as self insurance programs.

With a combination of approaches to ensure relevant outcomes at the lowest possible cost, the City has focused on using technology to reduce operating costs, improve efficiency or enhance service levels; outsourced functions that have a varying degree of seasonal demand; and partnered with Sedgwick County to continue efforts centered around consolidation of certain services. Additionally, the City has and continues to restructure management hierarchies and realign organizational structures to meet service demands, as well as creating initiatives to manage rising health insurance costs through its wellness program.

Maintaining engagement with stakeholders – residents, the governing body, District Advisory Boards, neighborhood associations, community groups, the business community, employee bargaining units and City staff – helps the City continue its focus on the delivery of the right mix of services and careful use of resources in recognition of the community's priorities. Continuing social media town hall meetings for the last few years, the City again sought input on budget issues from citizens in this manner, in addition to seeking input through the traditional budget hearings and presentations. Furthering engagement efforts with citizens, the City of Wichita also partners with Nextdoor, a private social network for neighborhoods that improves city-wide and neighbor-to-neighbor communications. Connected with more than 200 Wichita neighborhoods, the City uses Nextdoor to engage safety and strengthen virtual neighborhood watch efforts.

In 2019, the City also implemented an online budget simulator which serves as a tool allowing residents to prioritize City services and provide feedback on the City's budget. This tool allows respondents to make changes to their estimated property tax bill and visualize the impact of desired service level changes. The community's feedback collected through these various engagement channels is valuable as the City reviews and updates its strategic priorities.

In summary, positioning the City favorably for long-term economic health remains a key objective, based on a diversified foundation of business and industry. Downtown revitalization remains a major initiative toward developing that diversified base. Collaborating with all levels of government and community partners, the City continues to incentivize job growth to attract business and industry to the area.

Relevant Policy Changes

Most of the City's key financial management policies remain unchanged, including a stable property tax rate, a balanced budget, maintenance of a General Fund balance of at least 10% of the next year's budgeted expenditures and budget decisions driven by the strategic priorities adopted by the City Council. These policies provide the foundation for the City's financial planning and budget allocation decisions in the current economic environment.

Three of the City's primary sources of general revenue are property, sales and franchise taxes. Property tax revenue did increase from 2010 through 2012, before falling from 2012 to 2014. However, these changes were largely due to a change in the General Fund mill levy rate – which was reduced approximately one mill in 2011, then increased approximately one mill between 2013 and 2014. Since 2014, property tax revenues have begun to grow at a slightly increasing pace. In 2015, sales and franchise tax revenue rose to the highest levels recorded in the last 10 years. However, these revenues have softened due to internet sales, changes in technology, and volatility in demand. Investment earnings are increasing as a result of rising interest rates and market conditions.

Despite signs of an improved economic environment, the City continues to face some challenges. The City's revenues have not fully rebounded to pre-recession levels. Innovative thinking and actions are continually pursued to manage wage costs and the associated health and pension benefits and to deliver services in the current economic and political environment. Technology will continue to be utilized to improve productivity and create opportunities for citizens to pay bills and receive information online. Exploration continues into other technologies that could affordably improve efficiency. Meanwhile, the City continues to press forward with major initiatives and to position itself for sustainable growth in the future.

Major Initiatives

The City of Wichita continues to invite private investment, striving for a diversified business and industry foundation. In December 2010, the City Council approved Project Downtown – the Master Plan for downtown Wichita. This plan provides a blueprint that assists the private sector in making key investment decisions in Wichita's core and serves as a framework for the public sector to make strategic investments that foster private sector investment.

In April 2015, a new alignment of economic organizations was created with the formation of the Greater Wichita Partnership. This new entity brought the Greater Wichita Economic Development Council (GWEDC) together with the Wichita Downtown Development Corporation (WDDC) to make the region competitive for job creation, talent attraction, capital investment and long-term economic prosperity. The continuing work of this collaborative economic organization has led to numerous commercial, residential and retail projects adding to the economy and livability in Wichita.

The WDDC, which was established to revitalize and energize downtown Wichita, reported that since Project Downtown's adoption (2010), downtown Wichita has seen over \$656 million of private investment, and a combined investment in

downtown Wichita by the private and public sectors in that period totaled \$853 million. Individuals living in downtown Wichita continues to rise. In the past decade, residential units have doubled and in 2018 over 300 units came online from the Colorado Derby Lofts and River Vista luxury apartments along the west bank of the Arkansas River. A recent study projects market capacity for an additional 2,000 units to come online over the next five years.

The City led efforts to retain and expand Cargill, a major employer in downtown Wichita. Cargill Protein Group announced its decision to keep its regional headquarters, which includes 700 jobs, in Wichita. The \$70 million headquarters building is located on the site of the former Wichita Eagle building on Douglas Avenue, directly adjacent to the Old Town entertainment district. Additionally, the \$54 million Union Station development has completed phase one of renovations and is moving into phase two which will focus on the terminal building and the southern portion of the property. Other nearby projects include a complete makeover of Naftzger Park – including pedestrian friendly enhancements along Douglas, connecting Old Town and the Intrust Bank Arena entertainment districts – the Douglas Avenue railroad underpass, the Spaghetti Works mixed-use development and the \$14 million renovation (to be completed in 2019) converting the Commerce Plaza office building into a Hilton Garden Inn. These projects further enhance downtown's connectivity and walkability and are positive additions in Wichita's urban core.

Construction of the \$38 million mixed-use River Vista project on the west bank of the Arkansas River was completed in 2018. The River Vista project includes 203 luxury apartments. Utilizing sales tax revenue (STAR) bonds, the City made improvements to the riverfront and the adjacent Delano Park. The improvements to this area connect to the trail system along the river, allowing the public to continue to enjoy the Arkansas River.

In December 2016, the City Council took action to expand the East Bank redevelopment district, a necessary first step for the approval and implementation of the River District Phase II STAR Bond Project, and formally submitted a plan for approval in May 2017. The City received authorization from the Kansas Secretary of Commerce to issue \$42 million in STAR bonds to finance and move forward with plans for a new baseball stadium and museum on the west bank of the river directly across from WaterWalk. In addition to the stadium and museum, the district will include hotels, retail/commercial buildings, multi-family housing and other entertainment venues. Total project investments are estimated in excess of \$126 million. In connection with the new baseball complex, the City announced in late 2018 that a Triple-A team and affiliate of the Miami Marlins, the New Orleans Baby Cakes (to be renamed), would be relocating to Wichita for the 2020 baseball season. These new additions are critical components to improving the quality of life in Wichita.

The City Council approved a core area development project to develop the Delano Catalyst Site located downtown on the west side of the Arkansas River. The \$40 million mixed-use Delano project will include 180 residential units, as well as a mixed-use hotel concept with commercial space. Another core area project includes a plan for redevelopment of a blighted area in College Hill near Douglas and Hillside. The \$25 million project, Uptown Landing, is a mixed-use development with 176 high-end apartment units, 15,000 square feet of initial commercial space, an enclosed garage, rooftop amenities and an "urban feel" consistent with the adjacent College Hill neighborhood. The first phase of the project opened in 2018.

The new \$200 million Dwight D. Eisenhower National Airport terminal building and 1,600-space parking garage opened in June 2015. Since opening, Allegiant Air began offering nonstop service from Wichita to Orlando and Southwest Airlines initiated nonstop service to St. Louis and Phoenix in 2016. Alaska Airlines also announced nonstop service between Wichita and Seattle that started on April 13, 2017. Frontier Airlines started nonstop service between Wichita and Denver in August 2018. Eisenhower National Airport set a passenger traffic record in 2018 with a total of 1,665,116 passengers arriving and departing from Wichita.

The new Advanced Learning Library, located at Second Street and McLean Boulevard, opened on June 16, 2018. The new 105,200 square-foot library provides a place for residents to learn and engage in the community in new ways, with numerous collaborative spaces, additional technology resources for the public, including more computers and faster internet, as well as a broader variety of programs and services that support STEM (science, technology/engineering, art and math) learning.

The City is continuing improvements with the East Kellogg freeway project, a joint effort between the City of Wichita, Kansas Department of Transportation and the Kansas Turnpike Authority (KTA). Construction began in 2015 with a redesigned Kellogg and Webb intersection and widening of Kellogg from Webb to Greenwich.

A second project, started in 2016, continues with widening Kellogg to a six-lane freeway between Greenwich Road and K-96. In addition, new ramps will be constructed for the I-35/KTA and Kellogg interchanges. Both projects are expected to be complete in late 2021.

In west Wichita, the first phase of rebuilding the Kellogg and I-235 interchange began in November 2015. The \$116 million project, known as “the Red Project,” was opened to traffic in December 2018. The project resulted from a 2007 study by the Kansas Department of Transportation (KDOT), which identified multiple safety concerns and inadequate capacity for projected future traffic flow. With funding participation from both Sedgwick County and the City, the completed project addressed several of the heaviest traffic movements between I-235 and U.S. 54/400.

The Kansas Department of Transportation completed a concept study in 2015 for the Wichita North Junction; where I-135, I-235, K-254 and K-96 meet in north Wichita. Plans were announced and the “Green Project”, which is the first of three phases of the Wichita North Junction Project, has been initiated. This phase of the project will replace aging pavement, deficient bridges over the Little Arkansas River, and obsolete bridges over Arkansas Avenue and Broadway Avenue. It will also add auxiliary lanes on I-235 and improve ramp geometry at the Broadway Avenue Interchange. The Seneca Street Bridge over I-235 will be removed and Meridian Avenue to Seneca Street will be connected via a new local roadway. The \$65 million project started in early 2019 and is expected to be complete in late 2021.

Public safety continues to be a priority. The Wichita Fire Department (WFD) responded to more than 53,000 unit responses in 2018, completed 9,000 structure inspections and conducted outreach through the Fire Loss Awareness for Safer Homes program by contacting more than 730 citizens directly and shared safety information flyers with 5,220 households.

The Wichita Police Department (WPD) added 32 positions, which include Community Service Officers (freeing up officers for emergencies) and Community Response Team Officers as part of the Investigations Unit. New crime analysis software was implemented allowing citizens to crime map their neighborhoods and Project Safe Neighborhoods was initiated in partnership with state, local and federal agencies to address violent crime.

The City of Wichita was selected by the Environmental Protection Agency (EPA) to apply for a federal loan through the Water Infrastructure and Innovation Act (WIFIA). If approved, funds from the loan will be used for the construction of a new \$524 million water treatment facility located in northwest Wichita. Wichita's project was among 62 that submitted to the EPA through a Letter of Interest to qualify for the WIFIA loan, which offers a unique combination of low interest rates and a delayed repayment schedule. The new Northwest Water Treatment Facility will replace the existing facility and was identified as a critical project by the Integrated Local Water Supply Plan nearly 25 years ago and is the next important step on the path to a sustainable water future.

In 2018, Public Works & Utilities repaired \$1.25 million worth of critical wastewater assets and completed \$11.6 million in water treatment projects to improve reliability of water service, including improvements to the raw water line from Cheney Lake, Water Treatment Plant chemical feed system, and emergency power generation. Additionally, 97 lane miles of neighborhood asphalt street repair and more than 325 lane miles of neighborhood concrete street repair was completed in 2018.

Wichita Transit, the largest transit system in the state of Kansas, successfully obtained \$6.5 million in federal funding for the purchase of 11 electric buses which are expected to be received later in 2019. The utilization of electric buses is expected to save costs on maintenance, improve air quality and reduce noise levels – all part of ongoing efforts toward transit improvements in Wichita. While increasing ridership by 12% in 2018 as compared to the prior year, Transit also launched the Safe Streets ICT Safety campaign to highlight safety practices for cyclists, pedestrians and drivers. Additionally, Transit increased program participation in the sayYES! Program, issuing more than 3,200 youth passes and 14,000 free youth bus rides during the summer.

Nearly 600 public housing units will be rehabilitated or rebuilt starting with initiation of the federally-funded pilot program. The City of Wichita's Housing Authority was awarded admittance into the Rental Assistance Demonstration (RAD) pilot program, which is part of the U.S. Department of Housing and Urban Development's (HUD) massive two-year redevelopment program. The City's public housing neighborhoods will receive an extreme makeover and participants will have an opportunity to live in newly renovated homes, providing a boost to the local economy.

To develop a plan for the future of aquatics in Wichita, the Park and Recreation Department initiated an extensive citizen engagement process in 2011. The process led to approval by the City Council of the Aquatics Master Plan in early 2017. In 2019, the City Council finalized the \$22 million Aquatics Master Plan, which includes renovations of six pools, converting four pools to splash pads and creating two new splash pads. Completion of the improvement is expected in 2021.

The City's Park and Recreation Department received national accreditation from the Commission for Accreditation of Park and Recreation Agencies (CAPRA). Wichita Park and Recreation is one of only 150 accredited agencies in the country. The City manages and maintains 144 public parks spread across over 5,000 acres of park land and 2,500 acres of right-of-way. There are also nine neighborhood recreation centers, eight swimming pools, the Riverside Tennis Center, O.J. Watson Park, the Great Plains Nature Center, Botanica, The Wichita Gardens and five 18-hole public golf courses. Wichita also expanded its commitment to the park system and the community with several new initiatives. The City held a groundbreaking ceremony in 2018 for the first phase development of the new 56-acre Pracht Wetlands Park (formerly Cadillac Lake). The project will be completed in phases to include walking paths, boardwalks and interpretive signage.

The community continues to be successful in various tourism initiatives. In 2018, the Wichita Riverfest drew about 460,000 attendees. More than 9,000 volunteers and 300 partners helped sponsor 1,400 events and attractions, including the Safelite® Autoglass Sundown Parade, Spirit AeroSystems Rockin' on the River concert, the Wagonmaster's River Tours and the Capitol Federal Fireworks Finale. Many other events are offered through the year, including the Automobilia's Moonlight Car Show and Street Party, the Wagonmasters' Downtown Chili Cook-off, the Midwest Winefest, the Great Plains Renaissance Festival, the Midwest Beerfest, Zoobilee and the Winter Illuminations at Botanica, The Wichita Gardens.

The community also continues a rich tradition in performing arts. Every year since 2002, Theater League's "Broadway Wichita" presents shows like Finding Neverland, Cinderella, Jersey Boys and Evita. In 2018, Music Theatre Wichita continued to present Broadway scale musicals such as Sister Act, Guys and Dolls, Disney's Freaky Friday and Pippin.

The Wichita area is also host to the Wichita Symphony Orchestra, summer outdoor concerts at Cowntown and WaterWalk, the Tallgrass Film Festival and many other performing arts events that enrich the community. Wichita also brings nationally recognized performing artists to venues like the INTRUST Bank Arena. In 2018, INTRUST Bank Arena hosted artists and shows, such as Sesame Street Live, Cirque du Soleil Crystal, Lynyrd Skynyrd, Jouney and Def Leppard, James Taylor, Kevin Hart, Disney on Ice, Pink and the U.S. Figure Skating Synchronized Skating Sectional Championships. According to the Arts & Economic Prosperity (AEP5) national economic impact study, the non-profit arts and cultural industry generates \$95 million annually in economic activity in Wichita⁵.

The Wichita community offers many sporting events, which provide both entertainment and participation opportunities for residents and visitors. The Prairie Fire Marathon draws runners from a wide region, offering a full marathon, a half marathon and a fun run. The National Baseball Congress annually brings teams from across the nation to compete in the national amateur tournament. Wichita has a wide variety of professional sports teams, such as the Wichita Thunder (hockey) and the Wichita Force (indoor football).

College athletics excite and unite the community. The Wichita State University men's and women's basketball teams continue to earn spots in the NCAA⁶ Division I Basketball Tournaments, with the men's team making its seventh consecutive tournament appearance in 2018. The men's team went to the final four in 2013, the round of 32 in 2014, the sweet sixteen in 2015 and the round of 32 in 2016. In March 2018, Wichita was one of eight sites to host preliminary rounds one and two of the NCAA Men's Basketball Tournament at the INTRUST Bank Arena. The event carried an estimated \$10 million direct economic benefit to the community and was widely hailed as an unequivocal success.

The aforementioned attractions and events, as well as many more, create a tight-knit community for residents and visitors alike to enjoy all that Wichita has to offer.

⁵Arts and Economic Prosperity 5, Americans for the Arts, 2017. <https://www.AmericansForTheArts.org/EconomicImpact>

⁶National Collegiate Athletic Association.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wichita, Kansas for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending on December 31, 2017. The 2017 award represents the 45th consecutive year that the City earned this award.

The GFOA awarded an Award for Outstanding Achievement for Popular Reporting to the City of Wichita, Kansas for its Popular Annual Financial Report (PAFR) for the fiscal year ending on December 31, 2017. The 2017 award represents the City's ninth award, with the City earning the award in each year of participation.

The City also received the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the Wichita Retirement Systems CAFR for the fiscal year ending on December 31, 2017. The 2017 award represents the 19th consecutive year that the Wichita Retirement Systems earned this recognition.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is valid for a period of one year only.

The City believes this current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements and it will be submitted to the GFOA to determine its eligibility for another certificate.

For the 31st consecutive year, the City earned the GFOA's Distinguished Budget Presentation Award for its 2019 budget document. The award is the highest form of recognition in governmental budgeting. To receive the award, a government must publish a budget document judged to be proficient as a policy document, a financial plan, an operations guide and a communications device. The City also received special capital recognition, as well as special performance measure recognition, for its 2019 budget document. The award is the budgetary counterpart to the Certificate of Achievement and is valid for one year only.

Appreciation is expressed to the elected members of the City's governing body for their continued interest and support in planning and conducting the financial operations of the City in a professional, responsible and progressive manner. Additionally, preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We wish to express our appreciation to all members of the department, as well as other City staff who assisted and contributed to its preparation.

Respectfully submitted,



Robert Layton
City Manager



Shawn Henning
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

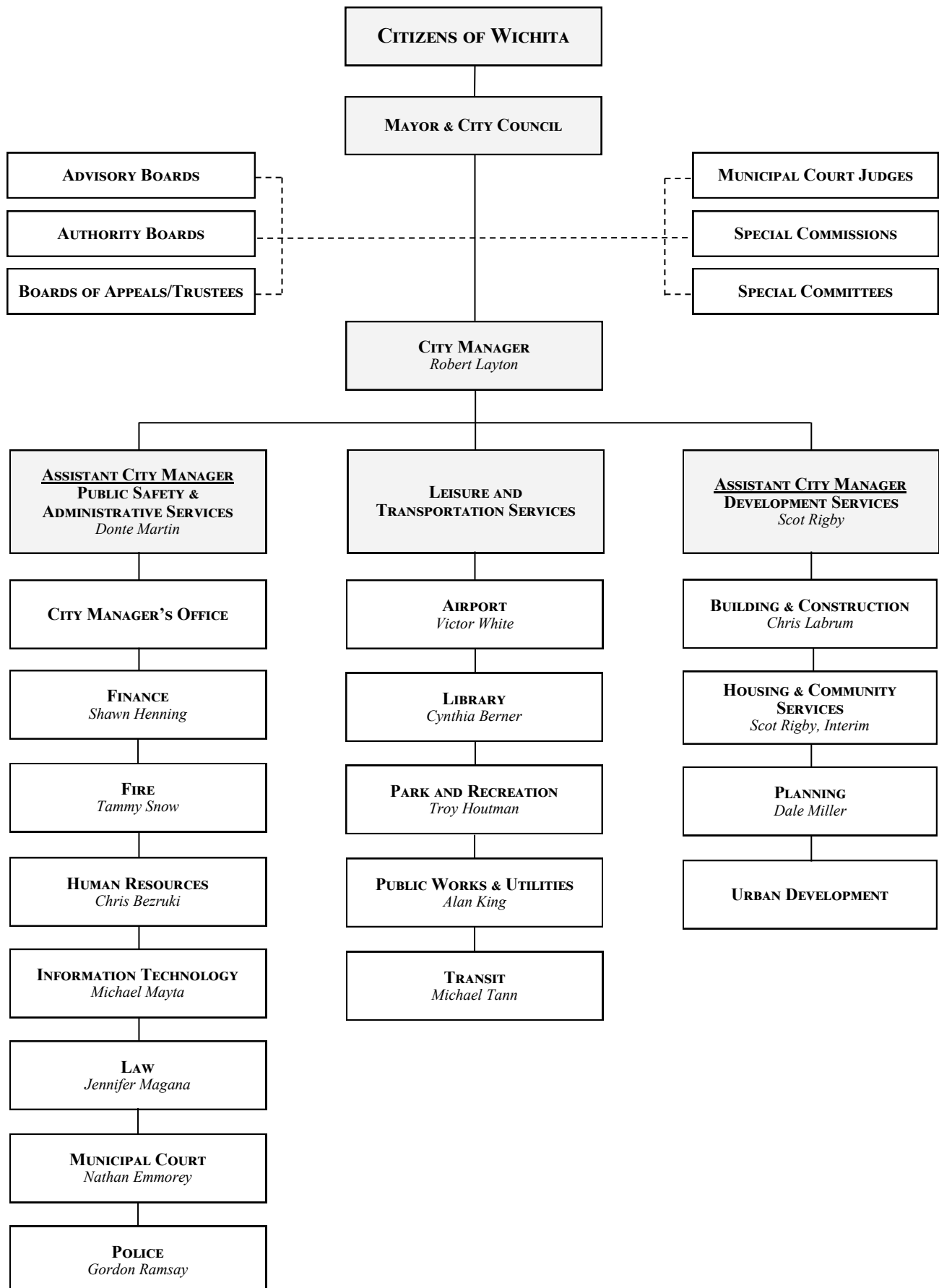
**City of Wichita
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrell

Executive Director/CEO



CITY COUNCIL MEMBERS

Jeff Longwell	Mayor	(316) 268-4331
Bryan Frye	Vice Mayor (V)	(316) 268-4331
Brandon Johnson	Council Member (I)	(316) 268-4331
Becky Tuttle	Council Member (II)	(316) 268-4331
James Clendenin	Council Member (III)	(316) 268-4331
Jeff Blubaugh	Council Member (IV)	(316) 268-4331
Cindy Claycomb	Council Member (VI)	(316) 268-4331

The Wichita City Council meets Tuesday mornings beginning at 9:00 AM at City Hall, 455 N. Main. On the fourth Tuesday of the month, to reserve time for workshop sessions, the City Council only addresses routine items that require their consent. Meetings are usually not held on the fifth Tuesday of the month. The City Council meetings can be viewed live on local channel 7 or archived video may also be viewed via the internet at: <http://www.wichita.gov/Council/Pages/default.aspx>.

CITY OFFICES

City Manager	(316) 268-4351	Robert Layton, City Manager
Assistant City Manager	(316) 268-4351	Donte Martin, Assistant City Manager
Assistant City Manager	(316) 268-4351	Scot Rigby, Assistant City Manager
Airport	(316) 946-4700	Victor White, Director
Finance	(316) 268-4300	Shawn Henning, Director
Fire	(316) 268-4451	Tammy Snow, Fire Chief
Housing and Community Services	(316) 462-3795	Scott Rigby, Interim Director
Human Resources	(316) 268-4531	Chris Bezruki, Director
Information Technology	(316) 268-4318	Michael Mayta, Chief Information Officer
Law	(316) 268-4681	Jennifer Magana, Director and City Attorney
Library	(316) 261-8500	Cynthia Berner, Director
Municipal Court	(316) 268-4611	Nathan Emmorey, Municipal Court Administrator
Metropolitan Area Building and Construction	(316) 660-1840	Chris Labrum, Director
Park and Recreation	(316) 268-4398	Troy Houtman, Director
Planning	(316) 268-4421	Dale Miller, Director
Police	(316) 268-4158	Gordon Ramsay, Chief of Police
Public Works and Utilities	(316) 268-4497	Alan King, Director
Transit	(316) 352-4802	Michael Tann, Director

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
City of Wichita, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wichita, Kansas (City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wichita, Kansas, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the financial statements, in 2018, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, Additional Information section, Water Utilities section, Schedule of Expenditures of Federal Awards required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), Schedule of Passenger Facility Charges required by the *Passenger Facility Charge Audit Guide for Public Agencies*, and the introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules, Additional Information section, Water Utilities section, Schedule of Expenditures of Federal Awards required by the Uniform Guidance, and Schedule of Passenger Facility Charges required by the *Passenger Facility Charge Audit Guide for Public Agencies* are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

June 28, 2019
Wichita, Kansas

City of Wichita, Kansas Management Discussion and Analysis

This management discussion and analysis provides an overview of the City's financial activities and performance for the fiscal year ended December 31, 2018. The management discussion and analysis is presented in conjunction with the transmittal letter at the front of this report and the City of Wichita's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's net position increased \$80.3 million during 2018 (excluding prior period adjustments), with \$45.8 million of the increase in governmental activities and \$34.5 million in business-type activities. The most significant increases in net position for business-type activities occurred in the Water, Sewer and Stormwater Utility Funds.
- Approximately 78% of the City's total assets are held in capital assets, which is consistent with prior year.
- The cost of governmental activities was \$384.1 million in 2018 compared to \$409.2 million in 2017, a decrease of \$25.1 million or 6.1%. There were three functions that had significant changes comparison with the prior year: general government decreased \$9.1 million or 14.5%; highways and streets declined \$24 million or 23.7%; and health and welfare increased \$8.7 million or 26%.

The declines in general government and highways and streets expenses are primarily due to a decreased level of non-capital expenses, including outlays for assets which will be maintained by other entities, such as freeways, which are reported in those functions. The rise in health and welfare expenses is related to an increase in the City's environmental remediation liability.

- The cost of business-type activities was consistent with the prior year, with an increase of \$1.1 million or 0.6%.
- Governmental activities' general revenues increased approximately \$6.8 million or 2.8%. Interest and investment earnings were a significant contributor, with a \$3.4 million or 87.2% increase from the prior year, due to rising interest rates and favorable market conditions in 2018.
- Property tax revenue increased \$2.8 million or 2.5% in 2018 from the prior year primarily due to increased assessed valuation.
- In 2018, bonded debt decreased by \$63.6 million, since the City retired more debt (\$90.8 million) than it issued (\$27.2 million).
- In governmental activities, capital grants and contributions are \$21.4 million higher than the prior year since: (1) the general government function declined \$9.1 million, mostly due to the contribution of the State Office Building parking garage from the Wichita Public Building Commission which was recorded in the prior year, valued at \$7.8 million; (2) the highways and streets function increased \$11.3 million due to the change in intergovernmental receivables recognized in the government-wide financial statements; and (3) the culture and recreation function increased \$19 million due to the 2018 issuance of STAR bonds of \$42 million, which are dedicated to the construction of a baseball stadium, museum and other related improvements in downtown Wichita. Approximately \$40 million of the 2018 STAR bonds is expected to be paid by state sales tax, not City resources (See Note 10.C – Revenue Bonds for further information).
- On a budgetary basis, the General Fund reported \$2.5 million of revenue and other sources in excess of expenditures and other uses for 2018, excluding the special item. The General Fund had a special item in 2018 of \$19 million for the transfer out of the remaining Hyatt Hotel sale proceeds to other funds. On December 31, 2018, the General Fund reported a budgetary fund balance of 13.3% of the 2018 Adopted Budget, including appropriated reserves of \$25 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report consists of four major sections: the Introductory, Financial, Statistical and Single Audit Sections. The financial statements include government-wide financial statements, fund financial statements and notes to the financial statements. Other supplementary information, provided in addition to the basic financial statements, is located in the sections titled Additional Information, Statistical and Water Utilities. The Water Utilities Section provides specific information for water and sewer revenue bondholders.

City of Wichita, Kansas Management Discussion and Analysis

The City presents two kinds of statements, each providing a different perspective of the City's finances. The reporting focus is on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City's overall financial status. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both perspectives allow the user to address relevant questions, broaden the basis of comparison and enhance the City's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements are prepared using accounting methods similar to those used by private-sector companies. The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position will serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating, absent extraordinary events.

The Statement of Activities reports how the government's net position changed during the most recent fiscal year. All changes in net position (current year's revenues and expenses) are taken into account regardless of when cash is received or paid. Thus, revenues and expenses are reported in the Statement of Activities for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused vacation leave).

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). Governmental activities of the City include general government, public safety, highways and streets, sanitation, health and welfare, and culture and recreation. Business-type activities include the Water Utility, Sewer Utility, Airport Authority, Stormwater Utility, Golf Course System and Transit.

FUND FINANCIAL STATEMENTS

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Wichita, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more information about the City's individual funds - not the City as a whole. All of the funds of the City of Wichita can be segregated into three categories: governmental funds, proprietary funds and fiduciary funds.

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on cash flows and other financial assets that can be readily converted to cash and are available in the near future to finance the City's programs. The differences between the short-term view of governmental fund statements and the long-term view of the governmental activities on the entity-wide financial statements are provided in reconciliations on pages A-20 and A-24. Primary differences are the impact of accounting for capital assets and long-term obligations.

The City maintains 23 individual governmental funds. Information is presented separately on the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the funds considered major funds. Information for 19 nonmajor governmental funds is combined into a single, aggregated presentation. Individual fund data for each nonmajor governmental fund is provided in the form of combining statements beginning on page B-1.

The City of Wichita adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page A-25, demonstrating compliance with the appropriated budget. For the purposes of this report, the General Fund consists of several separately appropriated subfunds. Budgetary compliance with the appropriated subfunds of the General Fund is provided in the Governmental Funds Section of this report, which begins on page B-1. A more detailed budgetary statement of the General Fund, as appropriated, is also provided in the Governmental Funds Section, along with other supplementary budgetary governmental fund statements.

City of Wichita, Kansas Management Discussion and Analysis

- Proprietary funds, which include enterprise and internal service funds, account for services for which the City charges customers a fee. Enterprise funds account for water utility, sewer utility, airport authority, stormwater utility, golf course system, and transit operations. Internal service funds are used to accumulate and allocate costs internally among the City's various functions. Internal service funds account for the City's information technology, fleet and self insurance programs. Because internal services primarily benefit governmental rather than business-type functions, the assets and activities of the internal service funds have predominately been included with governmental activities in the government-wide financial statements.

Proprietary funds report the same types of information as the government-wide financial statements, but in greater detail. The proprietary fund financial statements provide separate information for the Water, Sewer and Stormwater Utilities and the Airport Authority Funds, all of which are considered to be major funds of the City. The nonmajor funds are consolidated into an aggregated presentation on the proprietary fund financial statements, as are the internal service funds. Individual fund data for proprietary funds (enterprise and internal service funds) is provided in the form of combining statements beginning on pages C-1 and D-1 of this report.

- Fiduciary funds are used to account for activities for which the City is the trustee or fiduciary, and like proprietary funds, present information based on the full accrual basis of accounting. Fiduciary funds include the City's pension plans, a private purpose trust fund and other agency funds which may only be used for specified purposes due to trust arrangements.

The City is responsible for ensuring that the assets reported in fiduciary funds are used for the intended purposes only. Activities conducted in a fiduciary capacity are excluded from the City's government-wide financial statements because the City is prohibited from using fiduciary assets to finance its operations.

OTHER FINANCIAL INFORMATION

As mentioned previously, the Comprehensive Annual Financial Report provides other information in addition to the basic financial statements, including the following:

- The Notes to the Financial Statements provide information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements.
- Required Supplementary Information is presented following the notes to the financial statements, and includes information concerning the City's pension plans and other post-employment benefits.
- Additional Information is presented beginning on page F-1 and includes supplementary schedules pertaining to long-term debt obligations and insurance policies in force as of December 31, 2018.
- Statistical Section, presented beginning on page G-1, provides detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health. The Statistical Section provides information about financial trends, revenue capacity, debt capacity, demographic and economic indicators, as well as other operating information.
- The Single Audit Section of this report includes information about federal participation in various projects and programs of the City and relevant reports of the City's independent auditor.
- The Water Utilities Section provides for the specific informational needs of water and sewer revenue bondholders.

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GOVERNMENT-WIDE FINANCIAL ANALYSIS

NET POSITION OF THE PRIMARY GOVERNMENT

The net position of the primary government, which can serve as a useful indicator of a government's financial position over time, shows an increase of \$63 million for 2018 (including prior period adjustments). Approximately 80% of the City's net position consists of its net investment in capital assets (e.g., land, buildings, improvements, equipment), net of related debt. The City uses capital assets to provide services to citizens; consequently, capital assets are not available for future spending. An additional portion of the net position represents resources with external restrictions dedicated to specific purposes. The restricted net position of the City increased \$30.7 million from the prior year, primarily due to unspent proceeds from the 2018 STAR bonds. The unrestricted portion of the net position that may be used for the government's ongoing operations is \$80.9 million, a decrease of \$25.1 million from prior year. A major factor attributing to this decrease is the \$17.3 million restatement of the beginning net position related to the implementation of GASB 75 (*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*). The unrestricted net position of governmental activities declined \$26.4 million from the prior year due to the following reasons: (1) implementation of GASB 75; (2) the defeasance of bonds in excess of issuance of new debt and (3) capital spending which has not yet been financed through the issuance of debt. The issuance of debt will replace the unrestricted funds that were used for capital projects.

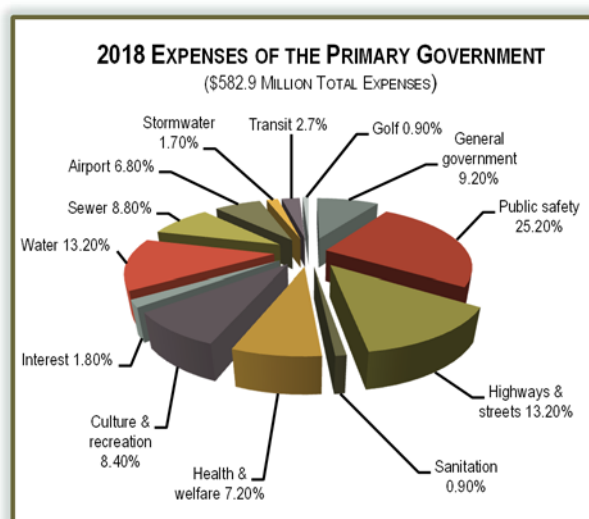
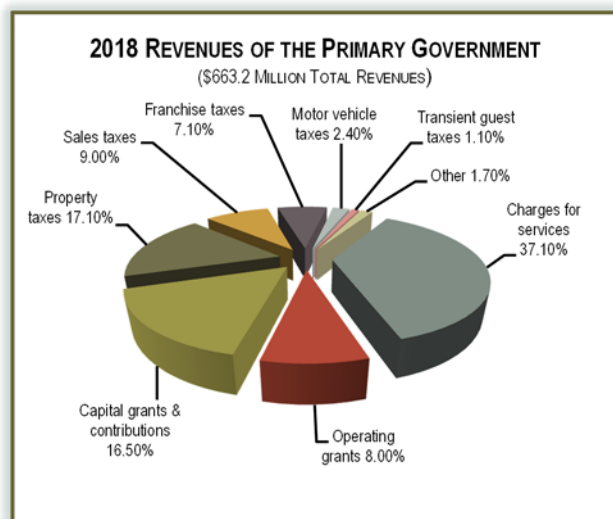
Net Position – Primary Government As of December 31, (in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 570.3	\$ 525.4	\$ 260.1	\$ 291.4	\$ 830.4	\$ 816.8
Capital assets	1,312.8	1,290.5	1,705.4	1,683.4	3,018.2	2,973.9
Total assets	1,883.1	1,815.9	1,965.5	1,974.8	3,848.6	3,790.7
Total deferred outflows of resources	65.2	85.2	28.0	32.4	93.2	117.6
Non-current liabilities	450.9	545.1	730.6	779.9	1,181.5	1,325.0
Other liabilities	152.5	119.0	27.6	31.3	180.1	150.3
Total liabilities	603.4	664.1	758.2	811.2	1,361.6	1,475.3
Total deferred inflows of resources	200.4	128.2	15.5	3.5	215.9	131.7
Net position:						
Net investment in capital assets	878.0	860.2	1,006.0	966.4	1,884.0	1,826.6
Restricted net position	272.4	228.1	127.0	140.6	399.4	368.7
Unrestricted net position	(5.9)	20.5	86.8	85.5	80.9	106.0
Total net position	\$ 1,144.5	\$ 1,108.8	\$ 1,219.8	\$ 1,192.5	\$ 2,364.3	\$ 2,301.3

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City of Wichita, Kansas Management Discussion and Analysis

The following table summarizes the revenues and expenses that contributed to the increase in the net position of the primary government. For the primary government, total revenues increased by \$30.9 million, while expenses decreased \$24 million from the prior year.

Changes in Net Position – Primary Government For the Year Ended December 31, (in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 45.5	\$ 42.2	\$ 200.5	\$ 187.6	\$ 246.0	\$ 229.8
Operating grants and contributions	45.9	49.2	7.0	6.8	52.9	56.0
Capital grants and contributions	98.2	76.8	11.0	22.3	109.2	99.1
General revenues						
Property taxes	113.4	110.6	-	-	113.4	110.6
Sales taxes	59.6	57.7	-	-	59.6	57.7
Franchise taxes	47.3	45.6	-	-	47.3	45.6
Motor vehicle taxes	16.1	15.7	-	-	16.1	15.7
Transient guest taxes	7.4	7.1	-	-	7.4	7.1
Investment earnings	7.3	3.9	1.1	0.4	8.4	4.3
Miscellaneous	2.0	5.7	0.9	0.7	2.9	6.4
Total revenues	<u>442.7</u>	<u>414.5</u>	<u>220.5</u>	<u>217.8</u>	<u>663.2</u>	<u>632.3</u>
Expenses						
General government	53.6	62.7	-	-	53.6	62.7
Public safety	146.5	150.5	-	-	146.5	150.5
Highways and streets	77.1	101.1	-	-	77.1	101.1
Sanitation	5.2	5.0	-	-	5.2	5.0
Health and welfare	42.1	33.4	-	-	42.1	33.4
Culture and recreation	49.0	45.2	-	-	49.0	45.2
Interest on long-term debt	10.6	11.3	-	-	10.6	11.3
Water Utility	-	-	77.0	77.8	77.0	77.8
Sewer Utility	-	-	51.2	50.0	51.2	50.0
Airport Authority	-	-	39.8	39.9	39.8	39.9
Stormwater Utility	-	-	10.0	9.9	10.0	9.9
Golf Course System	-	-	5.0	5.3	5.0	5.3
Transit	-	-	15.8	14.8	15.8	14.8
Total expenses	<u>384.1</u>	<u>409.2</u>	<u>198.8</u>	<u>197.7</u>	<u>582.9</u>	<u>606.9</u>
Excess before transfers and prior period adjustments	58.6	5.3	21.7	20.1	80.3	25.4
Transfers	(12.8)	(11.0)	12.8	11.0	-	-
Increase (decrease) in net position	<u>45.8</u>	<u>(5.7)</u>	<u>34.5</u>	<u>31.1</u>	<u>80.3</u>	<u>25.4</u>
Net position, beginning of year	1,108.8	1,114.4	1,192.5	1,161.4	2,301.3	2,275.8
Prior period adjustments	(10.1)	0.1	(7.2)	-	(17.3)	0.1
Net position, end of year	<u>\$ 1,144.5</u>	<u>\$ 1,108.8</u>	<u>\$ 1,219.8</u>	<u>\$ 1,192.5</u>	<u>\$ 2,364.3</u>	<u>\$ 2,301.3</u>



GOVERNMENTAL ACTIVITIES

The net position of governmental activities increased \$45.8 million in 2018 (excluding prior period adjustments). Governmental revenues, excluding transfers, were \$28.2 million higher in 2018 as compared to 2017. The most significant increase in revenues was in capital grants and contributions, which recorded a \$21.4 million increase over 2017. Under general revenues, various taxes experienced a moderate increase of \$7.1 million or 3% from the prior year. Interest earnings increased over the prior year by \$3.4 million or 87.2%, due to strengthening interest rates. The internal service funds reported a decrease in net position of \$4.6 million in 2018 (excluding the prior period adjustments) compared to an increase of \$0.3 million in 2017.

The \$25.1 million decrease in expenses from the prior year for governmental activities largely consists of a \$9.1 million decrease in general government and a \$24 million decrease in highways and streets, offset by an \$8.7 million increase in health and welfare expenses. The decrease in expenses in the highways and streets and general government functions as compared to the prior year primarily relates to a decrease in expenditures not eligible for capitalization. The prior year included the \$29.7 million change in estimate in the highways and streets function. This expense was recorded for improvements which were not eligible for capitalization, mostly representing the City's contribution for infrastructure improvements that will be maintained by other entities.

The increase in health and welfare expenses is attributable to the \$9.9 million increase in the City's environmental remediation liability, primarily due to the North Industrial Corridor (NIC) site (see Note 10.G – Environmental Remediation Obligations for further information).

The net investment in governmental capital assets increased \$17.8 million through a combination of capital additions, offset by reductions in long-term debt. Cash and cash equivalents were \$36.5 million higher at the close of 2018, primarily due to funds held in escrow for STAR bond projects.

BUSINESS-TYPE ACTIVITIES

A \$34.5 million increase in the net position of business-type activities (excluding prior period adjustments) was recorded in 2018. The greatest increase in net position resulted from activities in the Sewer Utility Fund, followed by activities in the Water Utility and Stormwater Utility Funds.

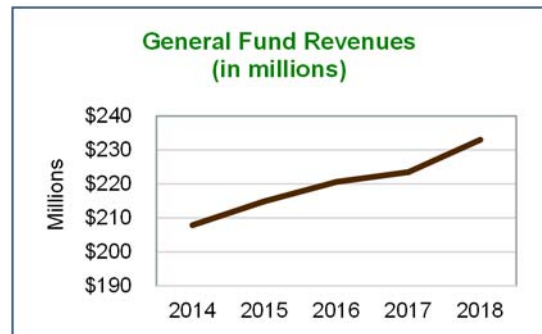
The Water and Sewer Utilities implemented rate increases in 2018, which contributed to the overall increase for charges for services of \$12.9 million for business-type activities. Additionally, the total number of customers of the Utilities also increased slightly during 2018 (see the Water Utilities section).

ANALYSIS OF THE GOVERNMENT'S FUNDS

GOVERNMENTAL FUNDS

The City of Wichita uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and budgetary compliance. The focus of the governmental funds is to provide information on near-term inflows, outflows and spendable resources.

The governmental funds reported a combined ending fund balance of \$90.9 million in 2018 as compared to \$94.1 million at the close of 2017. The \$3.2 million decline in fund balance largely results from a decrease in the Debt Service Fund related to the retirement of long-term debt.



The General Fund is the major operating and taxing fund of the City of Wichita. At the close of 2018, the unassigned fund balance of the General Fund and its combined subfunds was \$35.6 million compared to \$33.3 million last year. Revenue of the General Fund and its subfunds, excluding transfers, was \$9.5 million above last year, with expenditures also \$6.1 million higher than last year.

The increase in revenues primarily resulted from a \$3.1 million increase in investment earnings due to changing market conditions, as well as a \$5.4 million increase in tax revenues.

General Fund Expenditures by Function Fiscal years 2014 through 2018 (dollars in millions)

	2014	2015	2016	2017	2018	2018 Percent of Total
General government	\$ 32.3	\$ 33.1	\$ 34.3	\$ 34.6	\$ 36.3	15.9%
Public safety	120.8	121.9	126.2	128.0	134.9	58.9%
Highways and streets	18.4	20.3	19.8	20.2	17.6	7.7%
Sanitation	2.7	2.7	2.7	2.7	2.6	1.1%
Health and welfare	3.6	3.7	4.0	4.0	4.2	1.8%
Culture and recreation	27.9	30.2	32.7	33.3	33.3	14.6%
Total expenditures	<u>\$ 205.7</u>	<u>\$ 211.9</u>	<u>\$ 219.7</u>	<u>\$ 222.8</u>	<u>\$ 228.9</u>	<u>100.0%</u>

The fund balance of the Debt Service Fund and its subfunds decreased \$5.7 million in 2018, primarily related to the retirement of long-term debt.

In the Street Improvement Fund, the issuance of bonds and transfers from other funds, including a \$10 million transfer from the General Fund from Hyatt Hotel proceeds, contributed to the increase of fund balance of \$6.4 million in 2018. Capital expenditures of the Street Improvement Fund in 2018 of \$69.3 million were consistent with prior year capital expenditures of \$68.6 million.

In the Public Improvement Construction Fund, fund balance increased \$20.6 million during 2018, primarily due to the issuance of the 2018 STAR bonds for the baseball stadium project. Capital expenditures totaled \$47 million, an increase of \$8.6 million compared to 2017 and including \$14.2 million for a youth multi-sports complex and \$5.3 million for the Advanced Learning Library.

Fund balance in the nonmajor governmental funds declined \$7.6 million from 2017. The majority of the decrease was due to capital outlay expenditures and transfers to the debt service fund and Street Improvement Fund. The fund balance will be restored when permanent financing is issued to reimburse project expenditures.

City of Wichita, Kansas Management Discussion and Analysis

PROPRIETARY FUNDS

The increase in net position from operations of the Enterprise Funds totaled \$35.7 million in 2018, primarily due to operating income reported by the Water, Sewer and Stormwater Utility Funds.

The Water Utility, which accounts for the operation and maintenance of the water supply system, implemented a rate increase at the beginning of 2018 to ensure adequate resources for operations, capital maintenance and capital investments, resulting in an increase in net position of \$16.2 million, excluding prior period adjustments.

The Sewer Utility, which accounts for the wastewater treatment system, also implemented a 2018 rate increase which contributed to higher operating revenues of \$5.1 million. The operating income of \$19 million, combined with nonoperating expenses and capital contributions, yielded a \$16.9 million increase in the net position of the Sewer Utility, excluding prior period adjustments.

The Airport Authority Fund captures the financial activity for the Dwight D. Eisenhower National Airport, serving commercial airlines, as well as Jabara Airport which serves smaller aircraft. The net position of the Airport Authority Fund decreased \$3.6 million during 2018, compared to an increase of \$1.1 million in 2017. This change was primarily due to a decrease in capital contributions of \$4.8 million compared to 2017.

The Stormwater Utility is funded from fees paid by customers. The Utility operates eleven pump stations, which move excess surface water from heavy rains. The Utility also maintains the Wichita-Valley Center Floodway, a levee system that redirects excess river water around the city. The net position of the Stormwater Utility Fund increased \$7.3 million in 2018 as compared to \$5.9 million in 2017, primarily due to the rate increase enacted in April 2017 being in effect a full year in 2018.

In the nonmajor enterprise funds, the net position of the Golf Fund continued to decline by \$0.4 million resulting in a negative net position of \$2.8 million. To provide financial assistance to the fund, an interfund loan with a long-term repayment plan to the Debt Service Fund is recorded, as well as short-term interfund loans from the City's internal service funds in 2018.

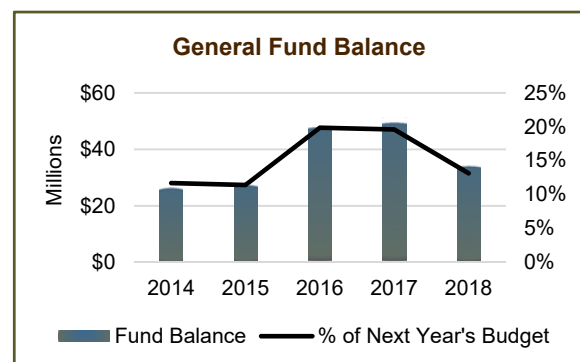
Net Position of Proprietary Funds (dollars in thousands)

	2018	2017
Water Utility	\$ 484,262	\$ 469,752
Sewer Utility	335,794	320,595
Airport Authority	203,736	208,850
Stormwater Utility	171,278	164,615
Golf Course System	(2,808)	(2,140)
Transit	24,194	26,374
Total	<u>\$ 1,216,456</u>	<u>\$ 1,188,046</u>

Also in the nonmajor enterprise funds, the Transit Fund has benefited from temporary loans to strengthen its financial position. A loss of \$6.3 million before capital contributions and operating transfers was recognized for 2018. With capital contributions of \$0.8 million and transfers from other funds of \$4.8 million, the net position of the Transit Fund decreased \$0.7 million in 2018. On December 31, 2018, \$0.8 million in interfund loans were outstanding. Additionally, as cash needs fluctuate, operations are augmented with the City's pooled funds to address temporary cash deficiencies.

GENERAL FUND BUDGETARY HIGHLIGHTS

Total revenues at year-end exceeded the projections in the original and final budgets and were \$9.1 million higher than 2017. Actual expenditures (excluding transfers) were \$1 million below the final budget and were 3.2% higher than 2017 expenditures. After transfers (including the transfer of Hyatt Hotel proceeds to other funds), the General Fund unencumbered fund balance increased \$2.5 million in 2018. After all transfers, the General Fund unencumbered fund balance decreased \$16.5 million, mostly due to the transfer of remaining Hyatt Hotel sale proceeds to other funds.



City of Wichita, Kansas Management Discussion and Analysis

Expenditures of the General Fund increased \$7 million from 2017, with public safety expenditures increasing \$7.5 million.

Police and Fire represent the bulk of public safety services and comprise the largest portion of General Fund expenditures. The higher cost of personnel services is the most significant reason for the increase in expenditures for most functions within the General Fund.

In 2016, the fund balance of the General Fund increased \$21.5 million, mostly due to the sale of the Hyatt Hotel for \$20 million. These proceeds were transferred out of the General Fund in 2017 and 2018, resulting in the General Fund balance decreasing closer to pre-Hyatt sale levels at the end of 2018. On a budgetary basis, the General Fund ended 2018 with a fund balance of \$34.8 million, or 13.1% of the 2019 Adopted Budget, which includes an appropriated reserve of \$21 million for emergency needs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of 2018, the City of Wichita reported \$3 billion in capital assets net of depreciation, which is comparable to the amount reported at the end of 2017. Assets are acquired through the City's direct investments, capital contributions, grants and from street and right-of-way dedications. The net investment in capital assets includes land, buildings, machinery, equipment, vehicles, parks, roads, water and sewer treatment facilities, airports, golf courses and many other assets. Additional information on changes in capital assets can be found in Note 6 to the financial statements.

Capital Assets Net of Depreciation As of December 31, (in thousands)							
	Governmental Activities		Business-type Activities		Total Primary Government		
	2018	2017	2018	2017	2018	2017	Percent Change
Land	\$ 293.0	\$ 294.3	\$ 43.2	\$ 43.1	\$ 336.2	\$ 337.4	(0.4%)
Airfields	-	-	31.8	36.0	31.8	36.0	(11.7%)
Buildings and improvements	246.1	217.9	1,382.8	1,390.5	1,628.9	1,608.4	1.3%
Equipment	31.2	31.0	90.5	104.1	121.7	135.1	(9.9%)
Infrastructure	600.0	620.5	-	-	600.0	620.5	(3.3%)
Construction in progress	142.5	126.8	157.1	109.7	299.6	236.5	26.7%
Total	<u>\$ 1,312.8</u>	<u>\$ 1,290.5</u>	<u>\$ 1,705.4</u>	<u>\$ 1,683.4</u>	<u>\$ 3,018.2</u>	<u>\$ 2,973.9</u>	1.5%

Major capital outlays in the City's governmental activities during 2018 included the following projects:

- Major freeway and arterial streets totaling approximately \$59.7 million, including East Kellogg improvements of \$22.8 million and 143rd Street, Kellogg to Central improvements of \$3.1 million. A portion of these outlays represent amounts expended for projects which will be contributed to other entities and will, therefore, not be capitalized by the City.
- Neighborhood paving projects totaling \$6.9 million.
- Construction of an additional multi-sports youth complex of \$14.2 million.
- Various improvements of parks totaling \$6.8 million.
- Central Library relocation investment totaling \$5.3 million.
- Purchase of fire apparatus totaling \$2.6 million.

City of Wichita, Kansas Management Discussion and Analysis

The most significant capital asset investments in 2018 for the business-type activities are listed below:

- Transit van purchases for public transportation totaling \$0.9 million.
- Stormwater improvements totaling \$1 million.
- Improvements to the City's Water Utility infrastructure totaling approximately \$19.7 million, including repairs and rehabilitation of water mains of \$2.3 million.
- Improvements to the City's Sewer Utility infrastructure totaling approximately \$33.1 million, including sanitary sewer reconstruction and rehabilitation totaling \$3.9 million, improvements to the Four Mile Creek Wastewater Plant of \$13 million and force main rehabilitation and improvements of \$13.2 million.

LONG-TERM DEBT

The City primarily finances capital projects with general obligation bonds/notes, revenue bonds, grants, capital contributions and cash. The most significant of the financing tools are general obligation bonds based on the full faith and credit of the City and revenue bonds based on the future earnings of the business-type activities. Projects that rely most heavily upon property taxes for repayment of general obligation bonds include arterial streets, bridges, parks and other public improvements. General obligation bonds issued for neighborhood improvements are repaid from special assessments that are levied on properties benefiting from such improvements. Capital financing costs are also repaid from enterprise, internal service and capital project funds, using a combination of resources, including a dedicated portion of the county-wide local sales tax.

The City adopts a ten-year Capital Improvement Program (CIP). The first two years of the plan serve as a capital budget for purposes of project initiation and the remaining period is a planning tool. The City of Wichita holds a rating of AA+ from Standard and Poor's and a rating of Aa1 from Moody's Investor Service. The Water and Sewer Utilities hold a rating of AA- from Standard and Poor's.

At year-end, the City had \$976.5 million in outstanding bonds. Of this amount, outstanding general obligation bonds payable from governmental activities revenue sources totaled \$310 million. The City also held \$117.1 million in general obligation temporary notes. The most significant temporary notes outstanding were \$112.3 million in governmental capital project funds. Bonded debt of the City of Wichita decreased by \$63.6 million in 2018.

General Obligation and Revenue Bonds						
As of December 31,						
(in millions)						
Revenue source	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Ad valorem property taxes	\$ 45.9	\$ 47.6	\$ -	\$ -	\$ 45.9	\$ 47.6
Special assessments	164.4	172.7	-	-	164.4	172.7
Tax increment financing	15.2	18.0	-	-	15.2	18.0
Transient guest tax	2.5	2.5	-	-	2.5	2.5
Local sales tax	86.6	99.4	-	-	86.6	99.4
Enterprise funds	-	-	661.9	699.9	661.9	699.9
Total	\$ 314.6	\$ 340.2	\$ 661.9	\$ 699.9	\$ 976.5	\$ 1,040.1

Kansas state statutes limit the amount of general obligation bonds a City can issue to 30% of the equalized tangible valuation. The 2018 limitation for the City was \$1.2 billion, with a legal debt margin of \$854 million. More detailed information regarding long-term debt is located in Note 10 to the financial statements, the Additional Information Section, as well as the Statistical Section of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET¹

The unemployment rate declined in 2018 in the Wichita area for the eighth consecutive year, reaching its lowest level since 1999 for both the City of Wichita and the Wichita metropolitan area. The Wichita MSA had a lower unemployment rate than the City of Wichita throughout the expansion, though the gap has narrowed as the economy has improved.

City of Wichita, Kansas Management Discussion and Analysis

In 2019, the unemployment rate is expected to decline modestly as moderate employment growth is projected to continue in the Wichita area. Large swings in unemployment are unlikely as the local workforce nears full employment. The risk of national recession still remains relatively low given current economic indicators, but the risk will likely increase as the current expansion continues into its second decade.

Average Annual Unemployment Rates ¹			
	Wichita	Wichita MSA	Nation
2015	5.0%	4.6%	5.3%
2016	4.8%	4.6%	4.9%
2017	4.4%	4.2%	4.4%
2018	3.94%	3.7%	3.9%

Other economic indicators also suggest Wichita's economic growth will continue. The Wichita Leading Index, a measure of the expected performance of the economy over the next six months, reached 97 index points in September 2018, its highest value in ten years. The increases were due to continued growth in the Aircraft Production Index, Kansas Leading Index, and the National Industrial Production Index.

The housing market in Wichita continues to strengthen, with the median home sales price increasing more than \$9,000 in 2018 to the highest level ever in the area and total sales value for all homes increasing 4.2 percent. The value of residential building permits increased by 3.2 percent in 2018, another sign of strengthening in the housing market. The number of permits for single-family homes have increased by 37.7 percent since 2011, but still remain only one-third of their pre-recession peak from 2004. In the multi-family residential market, more than 600 new units were added in 2018, part of more than 4,000 units that have been added to the market since 2013. Even with the added units, apartment occupancy rates remained steady in 2018, at approximately 93 percent. More than 1,500 units are expected to be added to the market in the next few years, with focus in the central business district and the outlying portions of the northeast and northwest quadrants of the city.

Expansion continued as well in the nonresidential market in Wichita in 2018. After doubling in 2017, the value on nonresidential building permits increased 12 percent in 2018. Several major projects were completed in the city, including the \$70 million Cargill protein division headquarters building downtown. Overall, vacancy rates have declined and net absorption has increased in 2018 for office, retail, and industrial space. The office space vacancy rate had the biggest decline in 2018, dropping from 19.6 percent to 17.0 percent by the fourth quarter of 2018, with rents remaining relatively flat. Vacancies in the retail sector declined from 11.2 percent to 10.9 percent while absorbing more than 54,000 square feet of new retail space into the market. In the industrial sector, the vacancy rate declined almost 2 percent to 5.7 percent, as both net absorption and asking rents increased.² Positive signs have continued in Wichita's aircraft industry as well, with Spirit Aerosystems planning to hire 1,400 workers in 2019 after hiring 1,000 new workers and pledging \$1 billion in capital improvements in the Wichita area.

A number of positive indicators point to continued growth in the Wichita economy in 2019. Taxable retail sales, after remaining relatively flat in 2016 and 2017, showed some growth in 2018 and are forecast to increase in 2019. Unemployment is expected to continue to decline as the job market remains tight and total employment grows. Increasing real estate values are another sign of the strength of the local economy. The local economy's risk factors for the near future include a national-level economic recession, the heavy concentration of Wichita manufacturing in aerospace and business jet markets, and state and national policy uncertainty. Unless weighed down by these risk factors, modest growth is expected to continue for Wichita in 2019.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Wichita's finances for individuals with such an interest. Additional information is provided within the notes to the financial statements. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City of Wichita, Kansas, 455 North Main Street, 12th Floor, Wichita, KS 67202.

¹ Unemployment statistics reflect revisions made by the Kansas Department of Labor to the data as originally reported.

² NAI Martens, *Wichita Kansas Market Update, Q4 2018*. <https://online.flippingbook.com/view/515476/>

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CITY OF WICHITA, KANSAS

STATEMENT OF NET POSITION

December 31, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 193,783,584	\$ 90,722,254	\$ 284,505,838
Investments	5,986,287	-	5,986,287
Receivables, net:			
Due from other agencies	1,086,534	1,247,394	2,333,928
Accounts receivable	280,989,771	24,538,251	305,528,022
Notes receivable	1,662,821	-	1,662,821
Internal balances	3,343,392	(3,343,392)	-
Inventories	1,266,192	2,854,361	4,120,553
Prepaid items	8,883,700	790,205	9,673,905
Restricted assets:			
Temporarily restricted:			
Cash and cash equivalents	72,459,819	137,813,760	210,273,579
Investments	597,594	-	597,594
Net investment in direct financing leases	-	5,460,000	5,460,000
Permanently restricted:			
Investments	235,437	-	235,437
Capital assets:			
Land and construction in progress	435,472,023	200,314,008	635,786,031
Other capital assets, net	877,352,019	1,505,092,910	2,382,444,929
Total capital assets	<u>1,312,824,042</u>	<u>1,705,406,918</u>	<u>3,018,230,960</u>
Total assets	<u>1,883,119,173</u>	<u>1,965,489,751</u>	<u>3,848,608,924</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized refunding costs	844,155	16,929,259	17,773,414
Deferred outflows related to pensions	63,240,337	10,755,122	73,995,459
Deferred outflows related to OPEB	1,114,376	290,891	1,405,267
Total deferred outflows of resources	<u>65,198,868</u>	<u>27,975,272</u>	<u>93,174,140</u>
LIABILITIES			
Accounts payable and other liabilities	35,910,807	9,825,673	45,736,480
Accrued interest payable	3,025,863	5,498,230	8,524,093
Temporary notes payable	112,348,471	4,716,529	117,065,000
Deposits	1,027,096	4,487,721	5,514,817
Unearned revenue	88,857	3,029,685	3,118,542
Due to other agencies	140,092	-	140,092
Noncurrent liabilities, including claims payable:			
Due within one year	67,833,779	37,554,787	105,388,566
Due in more than one year	383,066,404	693,090,348	1,076,156,752
Total liabilities	<u>603,441,369</u>	<u>758,202,973</u>	<u>1,361,644,342</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	106,440,899	-	106,440,899
Deferred inflows related to pensions	92,163,920	15,016,165	107,180,085
Deferred inflows related to OPEB	1,782,493	465,291	2,247,784
Total deferred inflows of resources	<u>200,387,312</u>	<u>15,481,456</u>	<u>215,868,768</u>
NET POSITION			
Net investment in capital assets	877,975,645	1,006,030,033	1,884,005,678
Restricted for:			
Capital projects	59,996,038	13,836,273	73,832,311
Highways and streets	9,226,742	-	9,226,742
Debt service	176,757,353	-	176,757,353
Revenue bond covenants	-	113,162,615	113,162,615
Cemetery:			
Expendable	1,150,451	-	1,150,451
Nonexpendable	235,437	-	235,437
Other purposes	25,062,883	-	25,062,883
Unrestricted	(5,915,189)	86,751,673	80,836,484
Total net position	<u>\$ 1,144,489,360</u>	<u>\$ 1,219,780,594</u>	<u>\$ 2,364,269,954</u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

STATEMENT OF ACTIVITIES

For the year ended December 31, 2018

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
General government	\$ 53,601,211	\$ 24,422,399	\$ 2,994,670	\$ 12,500
Public safety	146,543,190	5,019,705	2,552,527	526,906
Highways and streets	77,137,668	4,321,865	10,776,377	57,530,194
Sanitation	5,198,312	3,168,190	-	-
Health and welfare	42,045,011	3,486,055	27,034,425	-
Culture and recreation	48,997,767	5,063,394	2,521,972	40,159,400
Interest on long-term debt	10,585,409	-	-	-
Total governmental activities	<u>384,108,568</u>	<u>45,481,608</u>	<u>45,879,971</u>	<u>98,229,000</u>
Business-type activities:				
Water Utility	77,052,430	88,014,526	-	2,686,746
Sewer Utility	51,176,967	62,664,605	-	1,817,095
Airport Authority	39,852,314	30,565,243	-	5,167,339
Stormwater Utility	9,957,876	12,852,766	-	548,634
Golf Course System	5,015,787	4,190,290	-	-
Transit	15,779,513	2,151,993	7,035,833	817,436
Total business-type activities	<u>198,834,887</u>	<u>200,439,423</u>	<u>7,035,833</u>	<u>11,037,250</u>
Total primary government	<u>\$ 582,943,455</u>	<u>\$ 245,921,031</u>	<u>\$ 52,915,804</u>	<u>\$ 109,266,250</u>

General revenues:

Property taxes
Sales taxes
Franchise taxes
Motor vehicle taxes
Transient guest taxes
Interest and investment earnings
Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning, as previously reported

Prior period adjustment

Net position - beginning, as restated

Net position - ending

The accompanying notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (26,171,642)	\$ -	\$ (26,171,642)
(138,444,052)	-	(138,444,052)
(4,509,232)	-	(4,509,232)
(2,030,122)	-	(2,030,122)
(11,524,531)	-	(11,524,531)
(1,253,001)	-	(1,253,001)
(10,585,409)	-	(10,585,409)
(194,517,989)	-	(194,517,989)
-	13,648,842	13,648,842
-	13,304,733	13,304,733
-	(4,119,732)	(4,119,732)
-	3,443,524	3,443,524
-	(825,497)	(825,497)
-	(5,774,251)	(5,774,251)
-	19,677,619	19,677,619
(194,517,989)	19,677,619	(174,840,370)
113,365,807	-	113,365,807
59,602,656	-	59,602,656
47,282,423	-	47,282,423
16,116,280	-	16,116,280
7,410,794	-	7,410,794
7,362,028	1,085,481	8,447,509
1,967,578	927,169	2,894,747
(12,829,464)	12,829,464	-
240,278,102	14,842,114	255,120,216
45,760,113	34,519,733	80,279,846
1,108,786,216	1,192,547,770	2,301,333,986
(10,056,969)	(7,286,909)	(17,343,878)
1,098,729,247	1,185,260,861	2,283,990,108
\$ 1,144,489,360	\$ 1,219,780,594	\$ 2,364,269,954

CITY OF WICHITA, KANSAS

BALANCE SHEET GOVERNMENTAL FUNDS

December 31, 2018

	General Fund	Debt Service Fund	Street Improvement Fund	Public Improvement Construction
ASSETS				
Cash and cash equivalents	\$ 52,651,988	\$ 17,452,928	\$ -	\$ 3,323,459
Cash with fiscal agent	-	19,068,233	5,360	52,833,369
Investments	-	-	-	-
Receivables, net:				
Property taxes	82,003,187	24,437,712	-	-
Special assessments	-	157,431,570	-	-
Due from other agencies	-	-	-	-
Accounts receivable	2,070,377	-	7,083,841	-
Notes receivable	-	762,821	-	200,000
Due from other funds	800,000	5,668,420	-	-
Inventories	247,330	-	-	-
Prepaid items	2,500	-	-	-
Total assets	<u>\$ 137,775,382</u>	<u>\$ 224,821,684</u>	<u>\$ 7,089,201</u>	<u>\$ 56,356,828</u>
LIABILITIES				
Accounts payable and other liabilities	\$ 15,682,529	\$ 1,506,809	\$ 8,931,444	\$ 3,711,471
Accrued interest payable	-	-	269,641	467,008
Temporary notes payable	-	-	34,284,643	64,929,791
Deposits	21,458	293,247	-	-
Unearned revenue	79,000	-	-	-
Due to other agencies	-	-	-	-
Due to other funds	-	-	6,470,291	-
Total liabilities	<u>15,782,987</u>	<u>1,800,056</u>	<u>49,956,019</u>	<u>69,108,270</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes	82,003,187	24,437,712	-	-
Special assessments	-	157,431,570	-	-
Other	-	762,821	2,415,494	-
Total deferred inflows of resources	<u>82,003,187</u>	<u>182,632,103</u>	<u>2,415,494</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable	1,049,830	-	-	-
Restricted	-	40,389,525	-	-
Committed	-	-	-	-
Assigned	3,376,229	-	-	-
Unassigned	35,563,149	-	(45,282,312)	(12,751,442)
Total fund balances (deficits)	<u>39,989,208</u>	<u>40,389,525</u>	<u>(45,282,312)</u>	<u>(12,751,442)</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 137,775,382</u>	<u>\$ 224,821,684</u>	<u>\$ 7,089,201</u>	<u>\$ 56,356,828</u>

The accompanying notes to the financial statements are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 68,640,042	\$ 142,068,417
-	71,906,962
6,819,318	6,819,318
-	106,440,899
-	157,431,570
1,086,534	1,086,534
6,005,072	15,159,290
700,000	1,662,821
15,882,072	22,350,492
39,304	286,634
104,384	106,884
<u>\$ 99,276,726</u>	<u>\$ 525,319,821</u>

\$ 3,541,774	\$ 33,374,027
95,308	831,957
13,134,037	112,348,471
457,522	772,227
9,857	88,857
140,092	140,092
9,477,148	15,947,439
<u>26,855,738</u>	<u>163,503,070</u>

-	106,440,899
-	157,431,570
3,829,049	7,007,364
<u>3,829,049</u>	<u>270,879,833</u>

379,125	1,428,955
74,151,209	114,540,734
15,527,650	15,527,650
1,073,205	4,449,434
(22,539,250)	(45,009,855)
<u>68,591,939</u>	<u>90,936,918</u>

<u>\$ 99,276,726</u>	<u>\$ 525,319,821</u>
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CITY OF WICHITA, KANSAS

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

December 31, 2018

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance - governmental funds		\$ 90,936,918
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.		
Cost	\$ 1,882,555,558	
Accumulated depreciation	<u>(577,616,262)</u>	1,304,939,296
Certain items, which result in a consumption of net position applicable to a future reporting period, are recognized as prepaid assets in the government-wide financial statements.		
Prepaid operating lease		8,647,916
Certain items, which result in a consumption of net position applicable to a future reporting period, are recognized as deferred outflows of resources in the government-wide financial statements.		
Unamortized deferred refunding costs	844,155	
Deferred outflows related to pensions	60,752,699	
Deferred outflows related to OPEB	<u>1,066,598</u>	62,663,452
Liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
General obligation bonds payable	145,650,870	
Special assessment bonds payable	164,380,962	
Sales tax revenue bonds payable	4,577,434	
Premium on bonds payable	27,535,515	
Accrued interest on bonds payable	2,193,906	
Compensated absences	10,397,098	
Net pension liability	7,252,715	
Total other post employment benefits liability	26,498,611	
Environmental remediation liability	25,961,847	
Liability for future landfill closure and post-closure costs	10,492,203	
Legal liability	<u>1,237,117</u>	(426,178,278)
Certain items, which result in an acquisition of net position applicable to a future reporting period, are recognized as deferred inflows of resources in the government-wide financial statements.		
Deferred inflows related to pensions	(88,731,776)	
Deferred inflows related to OPEB	<u>(1,706,069)</u>	(90,437,845)
Accounts receivable not considered available to liquidate liabilities of the current period are deferred in the funds. They are recorded as revenue in the government-wide statements.		7,007,364
Special assessments are not considered available to liquidate liabilities of the current period and, therefore, are deferred in the funds. However, they are properly recognized as revenue in the government-wide statements as soon as the related improvement is completed.		157,431,570
Internal service funds are used to charge the cost of certain activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.		<u>29,478,967</u>
Total net position - governmental activities		\$ 1,144,489,360

The accompanying notes to the financial statements are an integral part of this statement.

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CITY OF WICHITA, KANSAS

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the year ended December 31, 2018

	General Fund	Debt Service Fund	Street Improvement Fund	Public Improvement Construction
REVENUES				
Property taxes	\$ 79,220,412	\$ 29,641,427	\$ -	\$ -
Motor vehicle taxes	11,890,320	4,194,134	-	-
Transient guest taxes	-	-	-	-
Special assessments	-	27,201,708	1,002,861	-
Franchise taxes	47,282,423	-	-	-
Local sales tax	29,447,036	312,630	-	-
Intergovernmental	17,617,638	-	24,963,351	39,691,600
Licenses and permits	2,902,936	-	-	-
Fines and penalties	8,186,561	-	-	-
Rentals	2,855,931	-	-	-
Sale of property	371,314	740,582	-	2,104
Interest and investment earnings (loss)	6,903,511	410,959	376	88,209
Charges for services and sales	17,161,108	-	-	-
Other revenue	9,169,894	66,977	1,107,617	936,499
Total revenues	<u>233,009,084</u>	<u>62,568,417</u>	<u>27,074,205</u>	<u>40,718,412</u>
EXPENDITURES				
Current:				
General government	36,330,639	55,811	-	-
Public safety	134,906,340	-	-	-
Highways and streets	17,645,976	-	-	-
Sanitation	2,549,479	-	-	-
Health and welfare	4,185,813	-	-	-
Culture and recreation	33,304,522	-	-	-
Debt service:				
Principal retirement	-	52,787,299	-	-
Interest and fiscal charges	-	13,229,766	532,173	829,091
Other debt service	-	403,411	-	-
Capital outlay	-	-	69,317,253	46,981,728
Total expenditures	<u>228,922,769</u>	<u>66,476,287</u>	<u>69,849,426</u>	<u>47,810,819</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,086,315</u>	<u>(3,907,870)</u>	<u>(42,775,221)</u>	<u>(7,092,407)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of bonds	-	1,799,799	13,780,882	4,705,326
Premiums on bonds sold	-	74,058	457,272	915,120
Transfers from other funds	5,874,962	20,632,796	34,907,031	22,111,395
Transfers to other funds	(7,788,151)	(24,306,864)	-	-
Total other financing sources (uses)	<u>(1,913,189)</u>	<u>(1,800,211)</u>	<u>49,145,185</u>	<u>27,731,841</u>
SPECIAL ITEM				
Transfers to other funds, Hyatt Hotel proceeds	<u>(19,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(16,826,874)	(5,708,081)	6,369,964	20,639,434
Fund balances (deficits) - beginning	<u>56,816,082</u>	<u>46,097,606</u>	<u>(51,652,276)</u>	<u>(33,390,876)</u>
Fund balances (deficits) - ending	<u>\$ 39,989,208</u>	<u>\$ 40,389,525</u>	<u>\$ (45,282,312)</u>	<u>\$ (12,751,442)</u>

The accompanying notes to the financial statements are an integral part of this statement.

Other Governmental Funds	Total Governmental Funds
\$ 4,503,968	\$ 113,365,807
31,826	16,116,280
7,410,794	7,410,794
161,974	28,366,543
-	47,282,423
29,842,990	59,602,656
36,777,287	119,049,876
36,434	2,939,370
-	8,186,561
1,381,250	4,237,181
553,100	1,667,100
(41,027)	7,362,028
3,792,258	20,953,366
5,252,042	16,533,029
<u>89,702,896</u>	<u>453,073,014</u>
3,022,955	39,409,405
9,317,186	144,223,526
-	17,645,976
2,374,400	4,923,879
31,710,580	35,896,393
3,737,890	37,042,412
-	52,787,299
207,195	14,798,225
-	403,411
17,789,704	134,088,685
<u>68,159,910</u>	<u>481,219,211</u>
<u>21,542,986</u>	<u>(28,146,197)</u>
6,948,792	27,234,799
500,000	1,946,450
16,467,062	99,993,246
(53,061,040)	(85,156,055)
<u>(29,145,186)</u>	<u>44,018,440</u>
-	(19,000,000)
(7,602,200)	(3,127,757)
<u>76,194,139</u>	<u>94,064,675</u>
<u>\$ 68,591,939</u>	<u>\$ 90,936,918</u>

CITY OF WICHITA, KANSAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended December 31, 2018

Amounts reported for governmental activities in the Statement of Net Position are different because:

Net change in fund balance - governmental funds		\$ (3,127,757)
Governmental funds report capital asset acquisitions, excluding non-cash donations, as expenditures. However, in the Statement of Activities, the cost of assets capitalized is allocated over their estimated useful lives and are reported as depreciation expense. This is the amount by which capital asset acquisitions exceeded depreciation in the current period.		
Depreciation expense	\$ (36,345,644)	
Net capital asset acquisition	<u>73,549,183</u>	37,203,539
In the Statement of Activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only cash proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of capital assets sold.		
		(5,236,260)
In the Statement of Activities, transfers of capital assets from governmental activities to business-type activities are reported as transfers, whereas in the governmental funds, there is no event to report as there is no outward flow of current financial resources.		
		(8,466,005)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.		
Receivables not received within 60 days of fiscal year end	719,281	
Non-cash capital contributions	<u>412,490</u>	1,131,771
Debt proceeds provide current financial resources of governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.		
General obligation bonds payable	(9,395,000)	
Special assessment bonds payable	(16,040,000)	
Sales tax revenue bonds payable	(1,799,799)	
Premium on bonds payable	<u>(1,946,450)</u>	(29,181,249)
Repayment of bond principal is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position.		
General obligation bonds payable	28,154,352	
Special assessment bonds payable	24,365,858	
Sales tax revenue bonds payable	<u>267,089</u>	52,787,299
The amortization of bond premiums and discounts affects long-term liabilities on the Statement of Net Position, but does not provide or consume current financial resources of the governmental funds.		
		4,181,223
Deferred refunding costs reduce current financial resources of governmental funds, but do not decrease long-term liabilities in the Statement of Net Position.		
		151,055
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued interest on bonds payable	283,949	
Compensated absences	(321,129)	
Net pension liability	(900,271)	
Total other post employment benefits (OPEB) liability	(499,348)	
Environmental remediation liability	(9,856,308)	
Liability for future landfill closure and post-closure costs	867,103	
Legal liability	130,930	
Prepaid operating lease	<u>(97,168)</u>	(10,392,242)
Some long-term assets reported in the Statement of Net Position require the use of current financial resources when purchased and, therefore, are reported as expenditures in the governmental funds immediately. However, these long-term assets will be shown as an expense over the term of the agreement in the Statement of Activities.		
Prepaid operating lease		6,863,042
The amortization of collective deferred outflows and inflows of resources related to pensions and OPEB affect the change in net position, but does not provide or use current financial resources in the governmental funds.		
Deferred outflows related to pensions	(21,669,615)	
Deferred outflows related to OPEB	(133,323)	
Deferred inflows related to pensions	24,819,752	
Deferred inflows related to OPEB	<u>213,256</u>	3,230,070
Internal service funds are used to charge the cost of certain activities, such as insurance, to the individual funds. Net revenue (expense) of certain internal service funds is reported within governmental activities.		
		<u>(3,384,373)</u>
Change in net position - governmental activities		\$ 45,760,113

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final			
REVENUES					
General property taxes	\$ 78,470,644	\$ 78,109,874	\$ 79,220,412	\$ 1,110,538	\$ 76,625,353
Franchise taxes	47,225,124	47,008,774	47,282,423	273,649	45,563,488
Motor vehicle taxes	12,239,239	11,914,897	11,890,320	(24,577)	11,621,335
Local sales tax	29,812,846	28,916,036	29,447,036	531,000	28,557,694
Intergovernmental	17,558,073	17,400,633	17,617,638	217,005	17,201,970
Licenses and permits	3,429,268	3,028,719	2,902,936	(125,783)	2,818,831
Fines and penalties	9,526,400	9,207,410	8,186,561	(1,020,849)	8,270,546
Charges for services and sales	18,409,472	18,200,806	17,082,487	(1,118,319)	16,430,349
Rental income	2,301,220	2,285,221	2,371,619	86,398	2,335,423
Interest and investment earnings	3,000,000	4,500,000	6,903,511	2,403,511	3,782,188
Sale of property	292,762	292,762	337,453	44,691	485,498
Other revenues	8,839,243	9,096,878	8,910,536	(186,342)	9,367,545
Revised budget adjustment	-	803,497	-	(803,497)	-
Total revenues	231,104,291	230,765,507	232,152,932	1,387,425	223,060,220
EXPENDITURES					
Current:					
General government	38,569,973	33,749,353	34,929,598	(1,180,245)	33,065,290
Public safety	131,842,695	136,090,941	135,568,532	522,409	128,024,383
Highways and streets	18,646,072	17,755,876	17,048,186	707,690	19,990,614
Sanitation	2,905,520	2,913,885	2,549,479	364,406	2,660,583
Health and welfare	4,177,725	4,189,965	4,187,017	2,948	4,027,049
Culture and recreation	34,537,520	35,166,752	33,455,668	1,711,084	32,974,014
Revised budget adjustment	-	(1,150,130)	-	(1,150,130)	-
Total expenditures	230,679,505	228,716,642	227,738,480	978,162	220,741,933
Excess of revenues over expenditures	424,786	2,048,865	4,414,452	2,365,587	2,318,287
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	5,627,438	5,966,222	5,874,962	(91,260)	6,073,192
Transfers to other funds	(6,052,224)	(8,015,087)	(7,788,151)	226,936	(6,554,228)
Total other financing uses	(424,786)	(2,048,865)	(1,913,189)	135,676	(481,036)
SPECIAL ITEM					
Transfers to other funds - Hyatt Hotel proceeds	-	(19,000,000)	(19,000,000)	-	-
Net change in fund balance	-	(19,000,000)	(16,498,737)	2,501,263	1,837,251
Unencumbered fund balance, beginning	29,483,028	29,483,028	51,322,910	21,839,882	49,485,659
Unencumbered fund balance, ending	\$ 29,483,028	\$ 10,483,028	\$ 34,824,173	\$ 24,341,145	\$ 51,322,910

The 2018 certified expenditure budget is \$261,731,729, including an appropriated reserve of \$25,000,000, of which \$19,000,000 was utilized to transfer out the remaining proceeds from the sale of the Hyatt Hotel.

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

STATEMENT OF NET POSITION PROPRIETARY FUNDS

December 31, 2018

	Business-type Activities Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 18,645,328	\$ 32,684,570	\$ 24,315,012
Receivables, net:			
Due from other agencies	-	-	-
Accounts receivable	22,371,233	57,551	1,980,985
Due from other funds	-	-	-
Inventories	2,391,529	106,420	-
Prepaid items	-	777,595	8,910
Restricted assets:			
Cash and cash equivalents	20,659,997	14,632,026	12,868,902
Total current assets	<u>64,068,087</u>	<u>48,258,162</u>	<u>39,173,809</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	63,985,530	25,667,305	-
Net investment in direct financing lease	-	-	5,460,000
Capital assets:			
Land	10,301,083	4,494,956	17,886,413
Airfield	-	-	165,717,588
Buildings	140,611,463	115,584,805	174,650,687
Improvements other than buildings	715,795,711	448,826,643	68,698,946
Machinery, equipment and other assets	116,888,519	60,131,186	41,997,961
Construction in progress	41,406,296	51,288,786	62,431,320
Less accumulated depreciation	(314,566,338)	(202,433,973)	(220,210,565)
Total capital assets, net	<u>710,436,734</u>	<u>477,892,403</u>	<u>311,172,350</u>
Total noncurrent assets	<u>774,422,264</u>	<u>503,559,708</u>	<u>316,632,350</u>
Total assets	<u>838,490,351</u>	<u>551,817,870</u>	<u>355,806,159</u>
DEFERRED OUTFLOWS OF RESOURCES			
Unamortized refunding costs	10,255,627	6,673,632	-
Deferred outflows related to pensions	2,870,550	2,528,324	3,123,985
Deferred outflows related to OPEB	66,048	66,048	61,832
Total deferred outflows of resources	<u>13,192,225</u>	<u>9,268,004</u>	<u>3,185,817</u>

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities Enterprise Funds			Governmental Activities
Stormwater Utility	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 13,237,298	\$ 1,840,046	\$ 90,722,254	\$ 52,268,024
-	1,247,394	1,247,394	-
-	128,482	24,538,251	1,958,012
-	65,368	65,368	265,325
-	356,412	2,854,361	979,558
-	3,700	790,205	128,900
-	-	48,160,925	-
13,237,298	3,641,402	168,378,758	55,599,819
-	-	89,652,835	-
-	-	5,460,000	-
7,939,311	2,535,285	43,157,048	-
-	-	165,717,588	-
9,481,468	15,983,518	456,311,941	74,242
187,814,686	15,673,943	1,436,809,929	74,907
6,508,370	30,711,184	256,237,220	41,036,112
2,030,558	-	157,156,960	-
(37,092,163)	(35,680,729)	(809,983,768)	(33,300,515)
176,682,230	29,223,201	1,705,406,918	7,884,746
176,682,230	29,223,201	1,800,519,753	7,884,746
189,919,528	32,864,603	1,968,898,511	63,484,565
-	-	16,929,259	-
982,147	1,250,116	10,755,122	2,487,638
25,294	71,669	290,891	47,778
1,007,441	1,321,785	27,975,272	2,535,416

(Continued)

CITY OF WICHITA, KANSAS

**STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS**

December 31, 2018

	Business-type Activities Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
LIABILITIES			
Current liabilities:			
Accounts payable and other liabilities	\$ 3,066,334	\$ 2,544,610	\$ 3,248,317
Accrued interest payable	324,060	-	642,773
Temporary notes payable	-	-	3,630,000
Deposits	4,460,649	-	15,211
Current portion of long-term liabilities:			
General obligation bonds payable	5,140,000	-	2,805,000
Claims payable	-	-	-
Compensated absences	432,335	302,634	527,628
Current liabilities payable from restricted assets:			
Accounts payable and other liabilities	-	-	38,845
Accrued interest payable	2,445,835	2,031,188	-
Revenue bonds payable	13,074,162	12,600,838	-
Total current liabilities	<u>28,943,375</u>	<u>17,479,270</u>	<u>10,907,774</u>
Noncurrent liabilities:			
Unearned revenue	-	-	3,029,685
Due to other funds	-	-	-
General obligation bonds payable	120,018,574	-	129,076,919
Revenue bonds payable	211,715,343	201,724,224	5,460,000
Claims payable	-	-	-
Net pension liability	902,749	785,231	629,140
Total other post-employment benefits (OPEB) liability	1,640,889	1,640,889	1,536,151
Compensated absences	65,113	45,579	84,044
Total noncurrent liabilities	<u>334,342,668</u>	<u>204,195,923</u>	<u>139,815,939</u>
Total liabilities	<u>363,286,043</u>	<u>221,675,193</u>	<u>150,723,713</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	4,029,601	3,510,775	4,433,592
Deferred inflows related to OPEB	105,646	105,646	98,902
Total deferred inflows of resources	<u>4,135,247</u>	<u>3,616,421</u>	<u>4,532,494</u>
NET POSITION			
Net investment in capital assets	369,366,651	275,006,655	173,860,253
Restricted for:			
Capital projects	-	739,229	13,077,826
Revenue bond covenants	82,199,692	30,962,923	-
Unrestricted	32,694,943	29,085,453	16,797,690
Total net position	<u>\$ 484,261,286</u>	<u>\$ 335,794,260</u>	<u>\$ 203,735,769</u>

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities Enterprise Funds			Governmental Activities
Stormwater Utility	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 263,026	\$ 664,541	\$ 9,786,828	\$ 2,536,780
42,830	11,544	1,021,207	-
-	1,086,529	4,716,529	-
-	11,861	4,487,721	254,869
2,264,548	-	10,209,548	-
-	-	-	10,833,510
90,593	317,049	1,670,239	376,443
-	-	38,845	-
-	-	4,477,023	-
-	-	25,675,000	-
<u>2,660,997</u>	<u>2,091,524</u>	<u>62,082,940</u>	<u>14,001,602</u>
-	-	3,029,685	-
-	6,733,746	6,733,746	-
14,611,304	-	263,706,797	-
-	-	418,899,567	-
-	-	-	13,686,149
309,819	373,920	3,000,859	769,206
628,425	1,780,539	7,226,893	1,187,025
14,325	47,171	256,232	63,478
<u>15,563,873</u>	<u>8,935,376</u>	<u>702,853,779</u>	<u>15,705,858</u>
<u>18,224,870</u>	<u>11,026,900</u>	<u>764,936,719</u>	<u>29,707,460</u>
1,383,295	1,658,902	15,016,165	3,432,144
40,460	114,637	465,291	76,424
<u>1,423,755</u>	<u>1,773,539</u>	<u>15,481,456</u>	<u>3,508,568</u>
159,668,983	28,127,491	1,006,030,033	7,884,746
-	19,218	13,836,273	-
-	-	113,162,615	-
11,609,361	(6,760,760)	83,426,687	24,919,207
<u>\$ 171,278,344</u>	<u>\$ 21,385,949</u>	<u>\$ 1,216,455,608</u>	<u>\$ 32,803,953</u>

Total net position \$ 1,216,455,608

Some amounts reported as business-type activities in the Statement of Net Position vary because certain internal service fund assets and liabilities are included within business-type activities.

3,324,986

Net position of business-type activities \$ 1,219,780,594

CITY OF WICHITA, KANSAS

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

For the year ended December 31, 2018

	Business-type Activities Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
OPERATING REVENUES			
Charges for services and sales	\$ 87,172,615	\$ 62,426,330	\$ 2,993,935
Fees	692,791	-	4,092,545
Rentals	41,086	16,675	23,387,810
Employer contributions	-	-	-
Employee contributions	-	-	-
Other operating revenues	704,330	197,969	87,854
Total operating revenues	<u>88,610,822</u>	<u>62,640,974</u>	<u>30,562,144</u>
OPERATING EXPENSES			
Personnel services	9,915,179	11,901,536	10,335,185
Contractual services	12,880,514	8,903,378	5,074,405
Materials and supplies	4,588,356	4,619,848	5,425,681
Cost of materials used	-	-	-
Other operating expenses	5,188,357	3,262,620	990,929
Administrative charges	739,943	302,174	341,359
Payments in lieu of franchise taxes	4,071,497	2,837,204	-
Depreciation	26,320,814	11,767,469	11,738,237
Employee benefits	-	-	-
Insurance claims	-	-	-
Total operating expenses	<u>63,704,660</u>	<u>43,594,229</u>	<u>33,905,796</u>
Operating income (loss)	<u>24,906,162</u>	<u>19,046,745</u>	<u>(3,343,652)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment earnings	182,924	745,901	156,656
Intergovernmental grants	-	-	-
Other expenses	(777,538)	(188,977)	-
Interest expense	(13,895,436)	(8,328,481)	(5,767,264)
Gain (loss) on sale of assets	(4,446)	216,795	12,109
Bond premium amortization	1,687,513	1,122,500	209,623
Total non-operating revenues (expenses)	<u>(12,806,983)</u>	<u>(6,432,262)</u>	<u>(5,388,876)</u>
Income (loss) before capital contributions and transfers	<u>12,099,179</u>	<u>12,614,483</u>	<u>(8,732,528)</u>
CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS			
Capital contributions	4,065,122	4,238,801	5,167,339
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total capital contributions and operating transfers	<u>4,065,122</u>	<u>4,238,801</u>	<u>5,167,339</u>
Change in net position	<u>16,164,301</u>	<u>16,853,284</u>	<u>(3,565,189)</u>
Net position - beginning, as previously reported	469,751,501	320,595,492	208,849,866
Prior period adjustment	(1,654,516)	(1,654,516)	(1,548,908)
Net position - beginning, as restated	<u>468,096,985</u>	<u>318,940,976</u>	<u>207,300,958</u>
Net position - ending	<u>\$ 484,261,286</u>	<u>\$ 335,794,260</u>	<u>\$ 203,735,769</u>

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities Enterprise Funds			Governmental Activities
Stormwater Utility	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 12,852,766	\$ 2,437,698	\$ 167,883,344	\$ 17,251,707
-	2,728,842	7,514,178	9,405,242
-	1,102,006	24,547,577	-
-	-	-	41,233,056
-	-	-	12,524,778
25,435	288,798	1,304,386	2,147,146
<u>12,878,201</u>	<u>6,557,344</u>	<u>201,249,485</u>	<u>82,561,929</u>
2,595,088	11,175,046	45,922,034	9,096,423
2,194,522	3,023,257	32,076,076	10,566,074
354,203	2,437,352	17,425,440	7,036,424
-	-	-	113,745
966,933	201,226	10,610,065	-
253,997	613,193	2,250,666	878,500
-	-	6,908,701	-
3,175,420	2,956,976	55,958,916	3,058,476
-	-	-	48,684,588
-	-	-	7,298,230
<u>9,540,163</u>	<u>20,407,050</u>	<u>171,151,898</u>	<u>86,732,460</u>
<u>3,338,038</u>	<u>(13,849,706)</u>	<u>30,097,587</u>	<u>(4,170,531)</u>
-	-	1,085,481	-
-	6,896,401	6,896,401	-
-	(156,137)	(1,122,652)	-
(590,567)	(8,544)	(28,590,292)	(1,686)
-	27,635	252,093	(188,373)
191,632	-	3,211,268	-
<u>(398,935)</u>	<u>6,759,355</u>	<u>(18,267,701)</u>	<u>(190,059)</u>
<u>2,939,103</u>	<u>(7,090,351)</u>	<u>11,829,886</u>	<u>(4,360,590)</u>
4,358,068	1,262,304	19,091,634	411,621
-	4,775,080	4,775,080	250,000
-	-	-	(862,271)
<u>4,358,068</u>	<u>6,037,384</u>	<u>23,866,714</u>	<u>(200,650)</u>
<u>7,297,171</u>	<u>(1,052,967)</u>	<u>35,696,600</u>	<u>(4,561,240)</u>
164,614,817	24,234,241	1,188,045,917	38,562,076
(633,644)	(1,795,325)	(7,286,909)	(1,196,883)
<u>163,981,173</u>	<u>22,438,916</u>	<u>1,180,759,008</u>	<u>37,365,193</u>
<u>\$ 171,278,344</u>	<u>\$ 21,385,949</u>	<u>\$ 1,216,455,608</u>	<u>\$ 32,803,953</u>

Increase in net position per fund statements \$ 35,696,600

Some amounts reported as business-type activities in the
Statement of Activities vary because a portion of the net revenue
(expense) of the internal service funds is reported within
business-type activities.

Change in net position of business-type activities \$ 34,519,733

CITY OF WICHITA, KANSAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the year ended December 31, 2018

	Business-type Activities Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 88,196,508	\$ 62,627,428	\$ 30,621,858
Cash payments to suppliers for goods and services	(24,225,494)	(17,026,741)	(11,382,381)
Cash payments to employees for services	(9,922,606)	(11,838,143)	(10,308,143)
Payments in lieu of franchise taxes	(4,071,497)	(2,837,204)	-
Other operating revenues	704,330	197,969	87,854
Other operating expenses	-	-	-
Net cash provided by (used in) operating activities	<u>50,681,241</u>	<u>31,123,309</u>	<u>9,019,188</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants received	-	-	-
Interfund loans	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Issuance of temporary notes	-	-	3,630,000
Retirement of temporary notes	-	-	(4,178,830)
Principal payments on long-term debt	(18,982,708)	(14,167,292)	(2,700,000)
Interest payments on long-term debt	(13,570,206)	(8,781,066)	(5,785,236)
Additions to property, plant and equipment	(24,095,491)	(37,432,293)	(5,226,042)
Proceeds from sale of capital assets	200,880	220,625	12,109
Capital contributions	<u>2,614,609</u>	<u>1,467,235</u>	<u>5,182,470</u>
Net cash used in capital and related financing activities	<u>(53,832,916)</u>	<u>(58,692,791)</u>	<u>(9,065,529)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>182,924</u>	<u>745,901</u>	<u>156,656</u>
Net cash provided by investing activities	<u>182,924</u>	<u>745,901</u>	<u>156,656</u>
Net increase (decrease) in cash and temporary investments	(2,968,751)	(26,823,581)	110,315
Cash and temporary investments - beginning	106,259,606	99,807,482	37,073,599
Cash and temporary investments - ending	<u>\$ 103,290,855</u>	<u>\$ 72,983,901</u>	<u>\$ 37,183,914</u>

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities Enterprise Funds			Governmental Activities
Stormwater Utility	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 12,890,694	\$ 6,202,553	\$ 200,539,041	\$ 80,560,862
(3,785,450)	(6,223,892)	(62,643,958)	(69,853,583)
(2,580,050)	(11,120,178)	(45,769,120)	(9,069,712)
-	-	(6,908,701)	-
25,435	295,842	1,311,430	2,147,146
-	(76,379)	(76,379)	-
<u>6,550,629</u>	<u>(10,922,054)</u>	<u>86,452,313</u>	<u>3,784,713</u>
-	10,113,663	10,113,663	-
-	(856,763)	(856,763)	21,724,814
-	4,775,080	4,775,080	250,000
-	-	-	(862,271)
<u>-</u>	<u>14,031,980</u>	<u>14,031,980</u>	<u>21,112,543</u>
-	1,086,529	4,716,529	-
(1,260,398)	-	(5,439,228)	-
(2,189,790)	-	(38,039,790)	(64,219)
(600,459)	-	(28,736,967)	(1,686)
(1,974,568)	(3,584,985)	(72,313,379)	(1,551,516)
-	42,322	475,936	353,097
<u>419,788</u>	<u>907,718</u>	<u>10,591,820</u>	<u>-</u>
<u>(5,605,427)</u>	<u>(1,548,416)</u>	<u>(128,745,079)</u>	<u>(1,264,324)</u>
-	-	1,085,481	-
<u>-</u>	<u>-</u>	<u>1,085,481</u>	<u>-</u>
945,202	1,561,510	(27,175,305)	23,632,932
12,292,096	278,536	255,711,319	28,635,092
<u>\$ 13,237,298</u>	<u>\$ 1,840,046</u>	<u>\$ 228,536,014</u>	<u>\$ 52,268,024</u>

(Continued)

CITY OF WICHITA, KANSAS

**STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS**

For the year ended December 31, 2018

	Business-type Activities Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ 24,906,162	\$ 19,046,745	\$ (3,343,652)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	26,320,814	11,767,469	11,738,237
Other expenses	(70,918)	-	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase) decrease in accounts receivable	332,214	184,423	260,793
(Increase) decrease in inventory	(232,365)	(7,377)	-
Decrease in prepaid items	1,054	34,722	-
Decrease in deferred outflows related to pensions	1,085,266	769,850	937,184
(Increase) in deferred outflows related to OPEB	(66,048)	(66,048)	(61,832)
Increase in accounts payable	(574,744)	77,403	513,021
Increase (decrease) in accrued interest payable	32,152	-	-
Increase (decrease) in deposits	(3,432)	-	(800)
Increase in claims payable	-	-	-
Decrease in unearned revenues	-	-	(112,425)
Decrease in net pension liability	(4,254,970)	(3,527,949)	(4,327,665)
Decrease in total OPEB liability	(13,627)	(13,627)	(12,757)
Increase (decrease) in compensated absences	(19,842)	23,629	11,533
Increase in deferred inflows related to pensions	3,133,879	2,728,423	3,318,649
Increase in deferred inflows related to OPEB	105,646	105,646	98,902
Total adjustments	<u>25,775,079</u>	<u>12,076,564</u>	<u>12,362,840</u>
Net cash provided by (used in) operating activities	<u>\$ 50,681,241</u>	<u>\$ 31,123,309</u>	<u>\$ 9,019,188</u>

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND
FINANCING ACTIVITIES**

Contribution of capital assets	\$ 1,450,513	\$ 2,771,566	\$ -
Capital contribution receivables	-	-	-

The accompanying notes to the financial statements are an integral part of this statement.

Business-type Activities Enterprise Funds			Governmental Activities
Stormwater Utility	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 3,338,038	\$ (13,849,706)	\$ 30,097,587	\$ (4,170,531)
3,175,420	2,956,976	55,958,916	3,058,476
-	(100,000)	(170,918)	-
37,928	(66,393)	748,965	146,079
-	42,957	(196,785)	(36,830)
-	-	35,776	-
355,574	452,350	3,600,224	874,192
(25,294)	(71,669)	(290,891)	(47,778)
2,657	46,776	65,113	(273,273)
-	-	32,152	-
-	7,444	3,212	21,503
-	-	-	5,040,679
-	-	(112,425)	-
(1,439,583)	(1,737,427)	(15,287,594)	(3,574,137)
(5,219)	(14,786)	(60,016)	(9,858)
439	1,451	17,210	(4,468)
1,070,209	1,295,336	11,546,496	2,684,235
40,460	114,637	465,291	76,424
3,212,591	2,927,652	56,354,726	7,955,244
\$ 6,550,629	\$ (10,922,054)	\$ 86,452,313	\$ 3,784,713
\$ 3,938,280	\$ 444,868	\$ 8,605,227	\$ 411,621
-	261,263	261,263	-

CITY OF WICHITA, KANSAS

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

December 31, 2018

	Pension Trust Funds	WAMPO Private Purpose Trust Fund	Agency Funds
ASSETS			
Cash and temporary investments	\$ 165,592	\$ -	\$ 3,564,160
Receivables:			
Investment sales pending	3,041,004	-	-
Interest and dividends	2,920,360	-	-
Due from other agencies	-	394,702	-
Other receivables	603,421	-	4,989
Total receivables	<u>6,564,785</u>	<u>394,702</u>	<u>4,989</u>
Investments, at fair value:			
Government short-term investment fund	41,072,687	-	-
Equity:			
Domestic equity	433,581,511	-	-
International equity	293,006,659	-	-
Fixed income	249,453,596	-	-
Commodities	33,702,764	-	-
Real estate	90,063,631	-	-
Target date and money market funds	5,040,886	-	-
Timber	56,060,033	-	-
Derivative investments	111,284	-	-
Securities lending short-term collateral investment pool	3,891,200	-	-
Total investments	<u>1,205,984,251</u>	<u>-</u>	<u>-</u>
Capital assets:			
Pension software	1,282,828	-	-
Accumulated depreciation	<u>(1,282,828)</u>	<u>-</u>	<u>-</u>
Capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,212,714,628</u>	<u>394,702</u>	<u>3,569,149</u>
LIABILITIES			
Accounts payable and other liabilities	2,555,054	88,164	787,463
Investment purchases pending	17,417,355	-	-
Securities lending obligations	3,891,200	-	-
Deposits	-	-	2,781,686
Total liabilities	<u>23,863,609</u>	<u>88,164</u>	<u>3,569,149</u>
NET POSITION			
Restricted for:			
Pensions	1,188,851,019	-	-
Other organizations	-	306,538	-
Total net position	<u>\$ 1,188,851,019</u>	<u>\$ 306,538</u>	<u>\$ -</u>

The accompanying notes to the financial statements are an integral part of this statement.

CITY OF WICHITA, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUNDS

For the year ended December 31, 2018

	Pension Trust Funds	WAMPO Private Purpose Trust Fund
ADDITIONS		
Contributions:		
Employer	\$ 24,632,524	\$ -
Employee	9,557,105	-
Intergovernmental	-	1,696,929
TIF Reimbursements	-	11,952
Total contributions	<u>34,189,629</u>	<u>1,708,881</u>
Investment income (loss):		
From investing activities:		
Net depreciation in the fair value of investments	(96,164,319)	-
Interest	8,744,476	-
Dividends	10,077,075	-
Commission recapture	28,938	-
Total investing activity loss	<u>(77,313,830)</u>	<u>-</u>
Less investment expense	6,910,361	-
Net loss from investing activities	<u>(84,224,191)</u>	<u>-</u>
From securities lending activities:		
Securities lending income	189,652	-
Less securities lending expenses:		
Borrower rebates	18,619	-
Management fees	45,001	-
Total securities lending expenses	<u>63,620</u>	<u>-</u>
Net income from securities lending activities	<u>126,032</u>	<u>-</u>
Total net investment loss	<u>(84,098,159)</u>	<u>-</u>
Reclassifications due to participant conversion	179,012	-
Total additions	<u>(49,729,518)</u>	<u>1,708,881</u>
DEDUCTIONS		
Pension benefits	79,899,876	-
Administrative expenses	1,197,686	1,561
Employee contributions refunded	1,501,064	-
Reclassifications due to participant conversion	179,012	-
Program outlays	-	1,596,693
Total deductions	<u>82,777,638</u>	<u>1,598,254</u>
Net increase (decrease) in net position	(132,507,156)	110,627
Net position - beginning	<u>1,321,358,175</u>	<u>195,911</u>
Net position - ending	<u>\$ 1,188,851,019</u>	<u>\$ 306,538</u>

The accompanying notes to the financial statements are an integral part of this statement.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Wichita is a municipal corporation governed by an elected mayor and six-member council. The accompanying financial statements present the government and its component units. Component units are legally separate entities for which the government is financially accountable or other entities whose nature and significant relationship with the government are such that exclusion would cause the government's financial statements to be misleading. A blended component unit, although a legally separate entity, is, in substance, part of the government's operations and so data from the blended component unit is combined with data of the primary government.

Blended Component Unit: The Airport Authority serves all citizens of the government and is governed by a board comprised of the government's elected council. Bond issuance authorizations are approved by the governing body of the primary government and the legal liability for the general obligation portion of the Authority's debt remains with the government. The Airport Authority is reported as an enterprise fund. Separate audited financial statements are not prepared by the Airport Authority.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position on page A-15 and the Statement of Activities on page A-16 and A-17) report information about all of the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from these financial statements. Exceptions to this rule are payments in lieu of taxes where amounts are reasonably equivalent in value to the interfund services provided and other charges between the enterprise funds and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that do not meet the definition of program revenues are reported as general revenues.

Governmental fund financial statements distinguish revenues and expenditures from other financing sources and uses. Other financing resources and uses are increases or decreases in the fund balance of a governmental fund that are not considered revenues or expenditures. Only items identified as other financing sources and uses by authoritative standards may be classified as such (e.g. proceeds from the issuance of long-term debt and transfers between funds).

Proprietary fund financial statements distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are primarily comprised of charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting these criteria are reported as non-operating revenues and expenses.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collected within

60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to long-term obligations, such as, debt service on long-term debt, compensated absences and claims and judgments, are recorded only when the payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Special assessments receivable that are not due within the current fiscal period and not susceptible to accrual are recorded as unavailable revenue. All other revenue items are considered to be measurable and available only when cash is received.

The government reports the following major governmental funds:

The General Fund is the principal fund of the City that accounts for all financial transactions not accounted for in other funds. The majority of current operating expenditures of the City, other than proprietary fund activities, are financed through revenues received by the General Fund. The Economic Development Fund is certified to the State of Kansas and reported as a subfund of the General Fund. Schedules for the certified fund and subfund are presented as supplemental information in the Governmental Funds Section of this report.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The Street Improvement Fund accounts for capital improvements related to street, arterial and freeway projects that are financed through the issuance of general obligation bonds, special assessments, local sales tax, grants and other City funds.

The Public Improvement Construction Fund accounts for capital improvements relating to projects that benefit the public that are financed through the issuance of general obligation bonds, special assessments, local sales tax, grants and other City funds.

The government reports the following major proprietary funds:

The Water Utility Fund accounts for the operation and maintenance of the water supply and distribution component of the combined utility.

The Sewer Utility Fund accounts for the operation and maintenance of the wastewater collection and treatment component of the combined utility, including wastewater treatment plants, sewer laterals and mains.

The Airport Authority Fund accounts for the provision of air transportation services for the public, business and industry.

The Stormwater Utility Fund accounts for the acquisition, design, construction, maintenance and operation of the City's surface drainage system.

The government also reports the following non-major fund types:

Special revenue funds account for the proceeds from specific revenue sources that are restricted or committed to expenditures for specified purposes.

Capital project funds account for all resources received and used for the acquisition or development of capital improvements, except those financed primarily by proprietary funds. Financing for these capital improvements primarily come from the City's general obligation bond issues, special assessments, local sales tax and grants.

A permanent fund is used to report resources that are restricted for the maintenance and perpetual care of municipal cemeteries and mausoleums.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the City is that the costs required to provide these goods and services are financed from fees and charges from external users, issuance of bonds (revenue and general obligation), grants and other City funds.

Internal service funds are used to account for information technology services, fleet management and risk management services (including claims for worker's compensation, general liability and employee health insurance) provided by one department to other departments of the City on a cost reimbursement basis.

Pension trust funds account for the activities of the Wichita Employees' Retirement System, Wichita Police and Fire Retirement System and the Wichita Employees' Retirement System Plan 3b, all of which accumulate resources for pension benefits for qualified employees.

A private purpose trust fund accounts for all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which the principal and income benefit individuals, private organizations or other governments.

Agency funds are used to report resources held by the City in a custodial capacity for remittance of fiduciary resources to individuals, private organizations or other governments.

D. Pooled Cash and Temporary Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Director of Finance (except for investments of the pension trust funds). The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also may withdraw cash at any time without prior notice or penalty. Investments of the pooled accounts consist primarily of certificates of deposits and U.S. government and agency securities. Interest income earned is allocated to contributing funds based on average daily cash balances and in accordance with the adopted budget, if greater than internal management fee.

E. Investments

Investments of the government are reported at fair value, which is based on quoted market prices in all instances in which they are available. For all investments other than those in the pension trust funds, level 2 fair value measurements are based on other observable inputs including benchmark curves, benchmarking of like securities, sector groupings and matrix pricing.

The pension trust funds invest in real estate through real estate investment trusts, timber through limited partnerships, commodities, Treasury strips and various asset backed securities, such as collateralized mortgage obligations and credit card trusts. Short-term investments are reported at cost plus accrued interest, which approximates fair value. Investments traded on national or international exchanges are valued at the last trade price of the day. If no close price exists, then a bid price is used. Mortgages are valued on the basis of future principal and interest payments and are discounted at prevailing interest rates for similar investments. The fair value of real estate and timber investments are estimated using the net asset value of the shares owned in each fund. Investments that do not have an established market are reported at their estimated fair value.

F. Property Taxes and Other Receivables

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed as of January 1 and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied, with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31st, such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred inflows of resources on the balance sheet of the appropriate funds. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Recognized state-shared taxes represent payments received during the current fiscal period. State statutes specify distribution dates for such shared taxes. For revenue recognition purposes, amounts collected and held by the state on behalf of the City at year-end are not due and receivable until the ensuing year. Federal and state grant aid is reported as revenue when the related reimbursable expenditures are incurred. Unrestricted aid is reported as revenue in the fiscal year the entitlement is received.

G. Revenue Recognition for Proprietary Funds

The proprietary funds recognize revenue on sales when services are rendered. The Water, Sewer and Stormwater

Utilities recognize revenues for unbilled services. All users, including other City departments, are charged for services provided by the respective proprietary fund. Accounts receivable represent uncollected charges (both billed and unbilled) as of December 31, net of amounts estimated to be uncollectible.

H. Special Assessments

Kansas statutes require projects financed in part by special assessments to be financed through the issuance of general obligation bonds, which are secured by the full faith and credit of the City. Special assessments paid prior to the issuance of general obligation bonds are recorded as revenue in the appropriate project. Special assessments received after the issuance of general obligation bonds are recorded as revenue in the Debt Service Fund or a liability in a City of Wichita revocable escrow account for prepaid special assessments. The escrow is revocable and, therefore, not technically public funds. The amount of any interest earnings plus prepayment equals the amount of debt service paid on outstanding bonds.

State statutes allow levying additional ad valorem property taxes in the City's Debt Service Fund to finance delinquent special assessments receivable, if necessary. Special assessments receivable are accounted for within the Debt Service Fund. Special assessments are levied over a fifteen to twenty year period and the annual installments are due and payable with annual ad valorem property taxes. Delinquent assessments against property benefited by special assessments constitute a lien against such property. When assessments are two years in arrears, the assessments may be collected by foreclosure. On December 31st, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund with a corresponding amount recorded as a deferred inflow of resources.

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses that benefit future periods, other than those recorded in the proprietary funds, are recorded as expenditures during the year of purchase. There are the following exceptions (1) prepaid postage meter balance for entire City which is recognized in the appropriate fund when utilized (2) escrow deposits and (3) in relation to the grant assistance fund. In proprietary funds, the cost of inventories is recorded as expense when consumed. Inventories are valued utilizing the average unit cost method.

J. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial individual minimum cost ranging from \$5,000 to \$100,000, depending on the type of asset. Capital assets are valued at acquisition value, or estimated acquisition value (if actual acquisition value is not available). Donated capital assets are valued at their estimated acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. For capital assets and improvements constructed by a proprietary fund, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investments from such proceeds are offset against the related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized. Capital assets of the primary government and its component unit are depreciated using the straight-line method. Estimated useful lives of asset categories are listed in the accompanying table.

Asset Classifications	Estimated Useful Life
Buildings and improvements	1-100
Improvements other than buildings	1-85
Equipment	1-33
Vehicles	1-20
Public domain infrastructure	15-60
Airfields	1-20

K. Franchise Taxes

Franchise taxes are collected from utilities for the use of right-of-ways. Annually, the Water Utility and Sewer Utility pay to the General Fund of the City amounts in lieu of franchise taxes in an amount not to exceed 5% of gross revenues for the preceding year, which is appropriated by the City and included in the annual budget.

L. Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation and sick pay benefits. The City does not have a policy to pay accumulated sick pay benefits upon termination of employment; consequently, there is no liability for unpaid accumulated sick leave. Vacation pay is accrued when incurred in the government-wide, proprietary and fiduciary fund financial statements. A liability for vacation pay is reported in governmental funds only if it has matured, for example, as a result of employee terminations and retirements.

M. Statement of Cash Flows

The reporting entity defines cash and cash equivalents used in the statement of cash flows as all cash and temporary investments (both restricted and unrestricted).

N. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred charges on refunding in the government-wide and proprietary fund statements of net position. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City also reports a collective deferred outflow of resources related to pensions, which is described in more detail in Note 7 - Retirement Funds and a collective deferred outflow of resources related to OPEB, which is described in more detail in Note 8 – Other Post Employment Healthcare Benefits.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from several sources: long-term accounts receivable and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred revenues are reported in both the government-wide statement of net position and the governmental funds balance sheet for property taxes receivable. Property taxes are not recognized as revenue until the period for which they are levied. Additionally, the City reports a collective deferred inflow of resources related to pensions, which is described in more detail in Note 7 - Retirement Funds and a collective deferred inflow of resources related to OPEB, which is described in more detail in Note 8 – Other Post Employment Healthcare Benefits.

O. Estimates

Preparation of financial statements in conformity with GAAP requires making estimates and assumptions that affect: (1) the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources; (2) disclosures, such as contingencies; and (3) the reported amounts of revenues and expenditures or expenses included in the financial statements. Actual results could differ from those estimates.

P. Net Position and Fund Balance

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted and unrestricted.

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvements of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted Net Position represent constraints on resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments imposed by law through state statute.

Unrestricted Net Position consists of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the "restricted" or "net investment in capital assets" components of net position.

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how the fund balance can be spent. The governmental fund types classify fund balance as follows:

Nonspendable Fund Balance includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance includes amounts that are restricted to specific purposes externally imposed by creditors, grantors, contributors or laws and regulations of other governments imposed by law through state statute.

Committed Fund Balance includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance is the portion of the fund balance which the City intends to use for a specified purpose as directed by the City Council. The portion of the fund balance that is appropriated by the City Council for the next year's budget that is not already restricted or committed is considered assigned. Encumbrances, which can be approved by the designated senior staff, are included in assigned fund balances. Additional information on encumbrance balances is provided in Note 20D - Encumbrances.

Unassigned Fund Balance represents the portion of fund balance that has not otherwise been restricted, committed or assigned to specific purposes.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City of Wichita considers to have spent restricted funds first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first from the committed funds, then assigned funds and finally unassigned funds, unless the City Council has provided otherwise in its commitment or assignment action.

The City of Wichita has adopted a minimum fund balance policy for the General Fund which instructs management to conduct business of the City in a manner such that available fund balance is at least equal to or greater than 10% of the next year's budgeted expenditures.

Q. Implementation of New Accounting Principles

In 2018, the City implemented the following accounting principles:

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), establishes new financial reporting requirements for state and local governments that provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources that arise from other types of events related to OPEB to be recognized. Accordingly, the City has reported the cumulative effect of applying GASB 75 as a restatement of net position as of January 1, 2018. This restatement decreased previously reported net position for governmental activities by \$10,056,969 and for business-type activities by \$7,286,909.

GASB Statement No. 85, Omnibus 2017, addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, Certain Debt Extinguishment Issues, improves consistency in accounting and financial reporting for in-substance defeasement of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The implementation of GASB Statements No. 85 and 86 did not have a material impact on the City's financial statements.

2. BUDGETARY CONTROL

Applicable Kansas statutes require that annual budgets be legally adopted for all funds (including proprietary funds) unless exempted by a specific statute. Specific funds exempted from legally adopted budgets are all Grant Assistance Fund, all capital projects funds (including capital projects of proprietary funds), the Airport Authority, Golf Course System, Transit and all trust and agency funds. Controls over spending in funds and the component unit that are not subject to legal budgets are maintained by the use of internal spending limits established by management. K.S.A. 79-2926 et. seq. provides the following sequence and timetable for adoption of budgets:

1. Preparation of budget for the succeeding calendar year on or before August 1 of each year.
2. Publication of proposed budget on or before August 5 of each year. A minimum of ten days' notice of public hearing, published in local newspaper, on or before August 15 of each year.
3. Adoption of final budget on or before August 25 of each year.

K.S.A. 79-2927 requires that all money to be raised by taxation and from all other sources for the ensuing budget year be appropriated. The law does not permit an appropriation for sundry or miscellaneous purposes in excess of 10% of the total. The budget for each fund may include a non-appropriated balance not to exceed 5% of the total of each fund. The City of Wichita appropriates amounts for fund balance reserves in the various governmental funds on a budgetary basis. Appropriated fund balance reserves are not intended to finance routine expenditures and are reflected in the budgets only to the extent utilized.

Kansas statutes prohibit creating expenditures in excess of the total amount of the adopted expenditure budget of individual funds. In accordance with Kansas statutes, the legal level of control for the City is established at the individual fund level. Kansas statutes permit the transfer of budgeted amounts from one object or purpose to another and allow original budgets to be increased for previously unbudgeted increases in revenue other than ad valorem property taxes. The City must first publish a notice of hearing to amend the budget. Ten days after publication, a public hearing is held at which time the governing body may amend the budget.

3. BUDGETARY BASIS OF ACCOUNTING

Budgets are prepared on a budgetary basis, which is a basis that differs from generally accepted accounting principles (GAAP basis). For budgeting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, except for special assessments of the debt service fund that are recognized on the cash basis. The major difference between GAAP basis and budgetary basis is the reporting of encumbrances (purchase orders, contracts, and other commitments) as expenditures for budgetary purposes. Adjustments necessary to convert the net change in fund balances and the ending fund balances from GAAP basis to budgetary basis for the General Fund are provided in the table below.

	Net Change in Fund Balance	Fund Balances at End of Year
General Fund - GAAP basis	\$ (16,826,874)	\$ 39,989,208
Increase (decrease) affecting basis:		
Expenditures due to prior year encumbrances	1,241,668	(131,207)
Cancellation of prior year encumbrances	68,014	-
Expenditures due to current year encumbrances	(1,421,352)	(1,421,352)
Less subfund balances included for GAAP :purposes		
Permanent Reserve Subfund*	-	(1,821,848)
Economic Development Subfund	439,807	(1,790,628)
General Fund - budgetary basis	<u>\$ (16,498,737)</u>	<u>\$ 34,824,173</u>

*Budget authority was not established for the Permanent Reserve Subfund for 2018. Therefore, a budgetary comparison schedule is not presented.

4. FUND BALANCE AND NET POSITION DEFICITS

At December 31, 2018, fund balance net position deficits are shown in the accompanying table. The fund deficits for the Street Improvement Fund, Public Improvement Construction Fund, and other nonmajor governmental capital projects funds will primarily be financed through the sale of bonds authorized by the City Council but not yet sold as of December 31, 2018.

The City Finance Department is continuing to work with the City Council to evaluate options to address the deficit net position in the Golf Course System Fund.

Primary Government	Fund Balance/ Net Position Deficits
Governmental funds:	
Street Improvement Fund	\$ 45,282,312
Public Improvement Construction Fund	12,751,442
Water Main Extension Fund	2,664,937
Park Bond Construction Fund	3,403,393
Sewer Construction Fund	16,470,920
Business-type funds:	
Golf Course System Fund	2,808,476
Total reporting entity	<u>\$ 83,381,480</u>

5. CASH, INVESTMENTS AND SECURITIES LENDING

A. Cash Deposits with Financial Institutions

Custodial Credit Risk for deposits: In the case of deposits, custodial credit risk is the risk that in the event of a bank failure the City's deposits may not be returned to it. The City requires compliance with the provisions of state law for the collateralization of all deposits. Allowable securities and forms of collateral acceptable to the City are limited to the following:

1. Direct obligations of, or obligations insured as to principal and interest by, the United States of America or any agency thereof;
2. Obligations and securities of U.S. sponsored corporations, which under federal Law, may be accepted as security for public funds;
3. Bonds of any Kansas municipality which have been refunded and are fully secured as to payment of principal and interest by direct obligations or obligations which are unconditionally guaranteed by the United States of America;
4. Bonds of the State of Kansas;
5. General obligation bonds of any Kansas municipality;
6. Revenue bonds of any Kansas municipality, if they meet approval by the Commissioner;
7. General obligation temporary notes of any Kansas municipality;
8. No-fund warrants of any Kansas municipality;
9. Certain Kansas municipality sponsored revenue bonds rated Aa or higher by Moody's Investor Service or AA by Standard & Poor's Corp.;
10. Commercial paper that does not exceed 270 days to maturity and which has received one of the two highest commercial paper credit ratings by a nationally recognized investment rating firm;
11. Corporate surety bonds approved by the Commissioner and in the standard format acceptable to the City of Wichita as follows:
 - a) The issuer of the surety bond shall be admitted and licensed to issue surety bonds in Kansas;
 - b) The City of Wichita shall be designated as the insured public depositor;
 - c) The issuer and depository bank are required to notify the City of Wichita by certified or registered mail no fewer than 90 days prior to non-renewal and no fewer than 45 days prior to a bond's cancellation;
 - d) The claims-paying ability of the issuer must be rated and remain in the highest rated rating category of one of the nationally recognized rating agencies ("A++" or "A+" from A.M. Best Company or "AAA" from Standard & Poor's). Within 48 hours of discovery of a downgrade by a rating agency or notice of financial regulatory action by any jurisdiction in which the issuer is licensed, notice must be given to the City Treasurer by the issuer in the form of certified or registered mail;

- e) No more than \$5 million per depository bank or an aggregate of \$20 million for all depository banks can be collateralized in the form of surety bonds; and
 - f) The issuer is required to send quarterly reports to the Office of the City Treasurer listing all depository banks that have purchased surety bonds for deposits, the insured amounts covering deposits of the City of Wichita and the total insured amount per depository bank in Sedgwick County.
12. A letter of credit (LOC) issued by a U.S. sponsored enterprise that under federal law may be accepted as security for public funds, subject to additional requirements.

Financial institutions are required to pledge or assign for the City's benefit sufficient securities, the market value of which is at least 105% of the total deposits. As of December 31, 2018, the City had deposits in five banks totaling \$29,557,001 with assets pledged by the banks as collateral with a fair value of \$44,725,702.

B. Pooled Investments of the Primary Government

The City of Wichita has adopted a formal investment policy. The primary objectives of the investment activities are, in priority order, safety of principal, liquidity and yield. The standard of care to be used by investment officials shall be the "prudent investor rule" as set forth in the Uniform Prudent Investors Act, K.S.A. 58-24a01 et seq. and amendments thereto and shall be applied in the context of managing an overall portfolio. In accordance with state law (K.S.A. 12-1675 and 12-1677b), the City's investment policy allows monies, not otherwise regulated by statute, to be invested in the following instruments:

United States Treasury and Agency Securities: The City may invest in direct obligations of, or obligations that are insured as to principal and interest by, the United States of America or any agency thereof and obligations and securities of United States sponsored enterprises which under federal law may be accepted as security for public funds, except that such investments shall not be in mortgage-backed securities.

Repurchase Agreements (Repo): The City may invest in repurchase agreements with banks, savings and loan associations and savings banks which have main or branch offices located in the City of Wichita, or with a primary government securities dealer which reports to the market reports division of the Federal Reserve Bank of New York.

Collateralized Public Deposits (Certificates of Deposit): The City may invest in instruments issued by any bank, savings and loan association or savings bank which has main or branch offices located within the City of Wichita.

Temporary Notes or No-Fund Warrants: The City may invest in temporary notes or no-fund warrants issued by the City of Wichita.

Kansas Municipal Investment Pool: The City may invest in a pool of funds that is managed by and under the authority of the Pooled Money Investment Board established by K.S.A. 12-1677a and amendments thereto.

Multiple Municipal Client Investment Pools: The City may invest with trust departments of banks which have main or branch offices located in Sedgwick County, or with trust companies incorporated under the laws of Kansas which have contracted to provide trust services under the provisions of K.S.A. 9-2107 and amendments thereto.

On December 31, 2018, the City's pooled funds were invested as follows:

Investment Type	Fair Value	Modified Duration (Years)	Percent of Total Pooled Funds
U.S. agency coupon securities	\$ 65,405,431	0.761	18.3%
U.S. agency callable securities	50,959,390	1.465	14.3%
U.S. agency discount securities	118,664,449	0.436	33.2%
U.S. Treasury	29,759,190	0.515	8.3%
U.S. Treasury discount	39,595,601	0.402	11.1%
Kansas Municipal Investment Pool	36,147,075	-	10.7%
Collateralized deposits	16,908,729	-	4.7%
Total value	<u>\$ 357,439,865</u>		<u>100.0%</u>
Portfolio weighted average maturity		<u>0.573</u>	

Interest Rate Risk: In accordance with its Pooled Funds Investment Policy, the City of Wichita manages its exposure to declines in fair value due to changes in general interest rates by:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity;
2. Investing funds primarily in shorter-term securities; and
3. Diversifying investments by investing among a variety of securities offering independent returns.

The investment policy also requires that portfolio maturities be staggered in a way that avoids undue concentration of assets in a specific maturity range, and that the investment portfolio remain sufficiently liquid to enable the City to meet all operating requirements which might reasonably be anticipated. Additionally, the investment policy limits investments to a maximum stated maturity of four years and establishes a requirement that the weighted average maturity of the portfolio must range from 125 to 400 days and the modified duration of the portfolio must range from 0.3 to 1.4 years.

Credit Risk: As described earlier in this section, state law limits the types of investments that can be made by the City of Wichita. The City's investment policy further limits allowable investments by excluding municipal bonds. On December 31, 2018, the City's investments in U.S. agency obligations not directly guaranteed by the U.S. Government included only instruments rated Aaa by Moody's. The City also held a position in the Kansas Municipal Investment Pool (KMIP), which restricts its investments to those rated A1/P1 or better. The KMIP is no longer rated by S&P based on a cost-benefit decision by the Kansas Pooled Money Investment Board (KMIB).

Concentration of Credit Risk: The City's investment policy limits the concentration of investments that can be placed with a single U.S. agency issuer to 40% of the total portfolio. Maximum limits, by instrument, are also established for the City's investments of pooled funds and provided in the accompanying table.

To allow efficient and effective placement of bond proceeds, the limit of repurchase agreements and deposits with the Municipal Investment Pool may be exceeded up to 50% for a maximum of ten days following receipt of proceeds during adverse market conditions.

Additionally, to allow for investment maturity timing prior to bond payment dates, the limit on repurchase agreements and Municipal Investment Pool deposits may be exceeded up to the amount of the bond payment for a maximum of five days prior to a bond payment date.

Instrument	Maximum
Demand deposits/ repurchase agreement	5%
Kansas Municipal Investment Pool	15%
Certificates of deposit	100%
Temporary notes	10%
U.S. Treasury securities	100%
U.S. agency obligations	95%
Bullet/ discount	95%
Agency callable	30%
Agency floater	10%

Custodial Credit Risk for Investments: For an investment, custodial credit risk is the risk that in the event of a failure of an investment counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City requires that all investment transactions be settled delivery versus payment with an independent third party safekeeping agent under contract with the City.

Fair Value Measurements: The City categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Fair value measurement hierarchy information is not provided for the City's deposits in the Kansas Municipal Investment Pool or collateralized deposits, which include cash and certificates of deposit held in local financial institutions. The investments below are classified either as (1) Level 1 of the fair value hierarchy and are valued using quoted prices in active markets for identical securities or (2) Level 2 of the fair value hierarchy and are valued using benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The fair value measurements for the City's pooled investments on December 31, 2018 are listed in the table on the following page.

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Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Percent of Total Pooled Funds
U.S. Treasury securities	\$ 29,759,190	\$ 29,759,190	\$ -	9.8%
U.S. Treasury discount	39,595,601	39,595,601	-	13.0%
Federal Farm Credit Bank (FFCB)	22,818,720	-	22,818,720	7.5%
Federal Home Loan Bank (FHLB)	119,787,716	-	119,787,716	39.3%
Federal Home Loan Mortgage Corp. (FHLMC)	51,597,565	-	51,597,565	17.0%
Federal National Mortgage Assoc. (FNMA)	40,825,268	-	40,825,268	13.4%
Total value	<u>\$ 304,384,060</u>	<u>\$ 69,354,791</u>	<u>\$ 235,029,269</u>	<u>100.0%</u>

C. Investments of the Primary Government Not Pooled

Proceeds from the Issuance of Debt Instruments: State law (K.S.A. 10-131) allows investment of the proceeds of bonds and temporary notes in:

1. Investments authorized by K.S.A. 12-1675, and amendments thereto;
2. The municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto;
3. Direct obligations of the U.S. Government or any agency thereof;
4. Temporary notes of the City of Wichita issued pursuant to K.S.A. 10-123, and amendments thereto;
5. Interest bearing time deposits in commercial banks located in Sedgwick County;
6. Obligations of FNMA, FHLB, FHLMC and GNMA that are not derivatives;
7. Repurchase agreements for direct obligations of the U.S. Government or any agency thereof;
8. Investment agreements with, or other obligations, of a financial institution whose obligations are rated in one of the three highest rating categories by either Moody's investors service or Standard & Poor's;
9. Investments in shares of a money market fund or trust consisting entirely of obligations of the U.S. Government or any agency thereof; and/or
10. Certain Kansas municipal bonds.

Although individual bond covenants include certain restrictive provisions regarding the types of investments and their maturities, the City does not have a formal investment policy that addresses interest rate risk, credit risk or concentration of credit risk for the investment of bond proceeds.

On December 31, 2018, revenue bond proceeds for debt service reserve funds of the Water and Sewer Utility Funds were invested as follows:

Investment Type	Fair Value	Modified Duration (Years)	Percent of Bond Proceeds Investments
U.S. Treasury securities	\$ 13,750,863	0.082	100.0%
Total value	<u>\$ 13,750,863</u>		<u>100.0%</u>
Total weighted average maturity		<u>0.082</u>	

The fair value measurements for the Water and Sewer Utilities revenue bond reserve investments on December 31, 2018 are classified as Level 1 of the fair value hierarchy and are valued using quoted prices in active markets for identical securities.

The Series 2017A revenue bonds had advanced proceeds for two specific major sewer projects. As of December 31, 2018, \$40,708,837 is being held in an individual account in the Kansas Municipal Investment Pool. As of December 31, 2018, \$7,305,220 of these funds represent unspent proceeds and interest earnings on the unspent proceeds which are restricted by bond covenants to be spent on the two specific major sewer projects.

Additionally, proceeds related to Sales Tax Special Obligation Revenue Bonds (STAR bonds) issued to finance improvements within authorized STAR bond districts in the City of Wichita are held by an escrow agent on behalf of the City. Pursuant to issuance of the STAR bonds, the City and State of Kansas entered into a STAR Bond Tax Distribution Agreement. The agreement provides that the principal and interest on the STAR bonds will be paid proportionally by the City and the State of Kansas, based on each entity's respective share of sales tax generated within the District. The City's proportional share of the debt is approximately 4.27%. As a result, the City has only recorded its proportionate share of the balance in the escrow account for the developer project and has recorded 100% of the escrow for the City's

project. As of December 31, 2018, the proceeds from STAR bonds were invested in money market accounts and the total reported by the City amounted to \$50,286,213.

As of December 31, 2018, \$18,710,914 in proceeds from the issuance of Series 2017A general obligation refunding bonds are held by an escrow agent for the defeasance of the refunded bonds. At year-end, those proceeds were invested in U.S. Treasury notes which are classified as Level 1 securities and are valued using quoted prices in active markets for identical securities.

Economic Development Escrows: The City has entered into development agreements for which the eligible proceeds are held in escrow accounts at the specified trustee until the funds are approved for disbursement in accordance with the development agreement. The City has two escrows accounts related to development agreements as of December 31, 2018.

During 2017, the city entered into a development agreement with Cargill Meat Solutions Corporation related to the construction of a parking facility in the City's Old Town District. In 2017, the City set aside \$10,288,700 in an escrow account, which represents the City's estimated contribution to the project. As of December 31, 2018, there was \$1,257,039 held in a money market account under the City's name at the trustee.

During 2018, the City entered into an Interlocal Cooperation Agreement with Sedgwick County to form a separate legal entity known as the Eclipse Investment Authority. The Interlocal Cooperation Agreement was made pursuant to a development agreement between the City, County and Spirit Aerosystems, Inc. and \$10 million was deposited into an escrow account at the specified trustee until the funds are approved for disbursement in accordance with the development agreement. As of December 31, 2018, the City's portion of the escrow account was \$1,560,144 and was held in a money market account under the Eclipse Investment Authority at the trustee.

Passenger Facility Charges: The City does not maintain a formal investment policy pertaining to investments held in the Airport Authority Fund. However, in accordance with the Code of Federal Regulations, unexpended Passenger Facility Charges (PFC) revenue of the Airport Authority is held in separate interest bearing instruments. As of December 31, 2018, \$12,577,980 was invested with the Kansas Municipal Investment Pool. The weighted average maturity of the Kansas Municipal Investment Pool was 40 days at December 31, 2018.

Group Life Insurance Fund: City Ordinance (47-721; section 2.52.100) authorizes the Group Life Insurance Fund to hold investments in the following categories:

1. U.S. Government securities;
2. Corporate bonds of A quality or better, as listed in Moody's or Standard & Poor's; and/or
3. Not more than 50% may be invested in equity mutual funds.

The City of Wichita uses a duration methodology to construct a portfolio of bonds to fund its future cash needs and utilizes a modified duration to disclose the portfolio's exposure to changes in interest rates. The City seeks to limit the modified duration of the Group Life Insurance portfolio to five years.

On December 31, 2018, no investments were held directly by the Group Life Insurance Fund and all cash was invested in the City's pooled investment portfolio.

Other Investments of the Primary Government Not Pooled: The City does not maintain a formal investment policy pertaining to investments held in the Cemetery Fund and the Grant Assistance Fund. The Grants Assistance Fund investments pertain to the Wichita Housing Authority (WHA) and the City's Community Development Block Grants (CDBG) program. A formal investment policy is not maintained for these investments and these investments are authorized to be prudently invested at the discretion of the City's Director of Finance. On December 31, 2018, these funds were invested as follows:

Investment Type	Fair Value	Modified Duration (Years)	Percent of Total
Equity securities (Cemetery)	\$ 833,031	-	10.8%
Collateralized deposits (WHA)	5,986,287	-	77.5%
Collateralized deposits (CDBG)	902,175	-	11.7%
Total value	<u>\$ 7,721,493</u>		<u>100.0%</u>
Portfolio weighted average maturity		<u>-</u>	

Equity securities held in the Cemetery Fund's portfolio, with a fair value of \$833,031 as of December 31, 2018, are classified as Level 1 of the fair value hierarchy and are valued using quoted prices in active markets for identical securities.

D. Investments of the Pension Trust Funds

City Ordinance (49-036; section 2.28.090) authorizes the Wichita Employees' Retirement System and City Charter Ordinance (215, section 12) authorizes the Police and Fire Retirement System to invest trust fund assets in accordance with the prudent person rule, subject to the following limitations: (1) the proportion of funds invested in corporate preferred and common stock shall not exceed 70% and (2) the proportion of funds invested in foreign securities shall not exceed 35%. Additionally, the Systems are not permitted to invest directly or indirectly in any:

1. Real estate, except in certain pooled arrangements with the amount of such investment not to exceed 10% of the Fund;
2. Private equity, except in a commingled fund-of-funds vehicle operated by a registered investment advisor or a bank with the amount of such investment not to exceed 10% of the Fund;
3. Timber, except in a commingled fund vehicle operated by a registered investment advisor or a bank. The amount of such investment shall not exceed 10% of the Fund;
4. Mortgages secured by real estate, except insured mortgages under Titles 203, 207, 220 and 221 of the Federal Housing Act;
5. Oil and gas leases or royalties;
6. Commodities (including, but not limited to, wheat, gold, gasoline, options or financial futures); provided however, that the restriction on investments contained in this paragraph shall not apply to funds which are invested in a mutual fund, separate account or commingled fund operated by a registered investment advisor or insurance company; or
7. Letter stocks.

With the exception of the \$165,592 held in the City's pooled funds, as of December 31, 2018, all of the deposits and investments of the Wichita Employees' and Police and Fire Retirement Systems are held in a joint investment fund that is invested by outside money managers and are held under a custodial agreement. The Pension Boards have adopted the Strategic Plan and Investment Policies which set forth in detail the asset allocation for the fund and restrictions applicable to specific investment types to mitigate risk. The policies permit investment in six asset types: domestic equities, international equities, fixed income, real estate, timber and commodities. The Investment Policy is reviewed annually by the Joint Investment Committee. With the assistance of the Investment Consultant, the Joint Investment Committee (JIC) establishes the investment policies which are reviewed annually. In 2018, the JIC approved a seven year time frame to achieve an annualized real rate of return of four and three quarters of a percent (4.75%) above the price inflation assumption. Each manager's performance will also be compared to a relevant market index as outlined in the investment policy.

The investments of the Wichita Retirement Systems (WRS) on December 31, 2018 are listed in the accompanying table.

The pension funds invest in various asset-backed securities such as collateralized mortgage obligations (CMOs) and credit card trusts to maximize yields and reduce the impact of interest rate changes. These securities are based on cash flows from principal and interest payments on the underlying assets. For example, CMOs break up the cash flows from mortgages into categories with defined risk and return characteristics called tranches. The tranches are differentiated based on when the principal payments are received from the mortgage pool. Changes in interest and mortgage prepayment rates may affect the amount and timing of cash flows, which would also affect the reported estimated fair values. The pension funds utilize a combination of asset-backed securities, which vary in their degree of volatility. Although considerable variability is inherent in such estimates, management believes the estimated fair values are reasonable estimates.

Type of Investment	Fair Value
Government short-term investment	\$ 41,072,687
Domestic equity	433,581,511
International equity	293,006,659
Fixed income, including CMOs	249,453,596
Commodities	33,702,764
Real estate	90,063,631
Target date and money market	5,040,886
Timber	56,060,033
Derivative investments	111,284
Total investments	<u>\$ 1,202,093,051</u>

The pension funds also invest in real estate through real estate investment trusts (REITs). The fair values of these investments are estimated using the net asset value of the Systems' shares owned in each trust. Market conditions have had an impact on the estimated fair value of real estate investments. Restrictions on the availability of real estate financing, as well as economic uncertainties, have affected the volume of purchase and sale transactions. As a result, the estimates and assumptions used in determining the fair values of the real estate investments are inherently subject to uncertainty.

Fair Value Measurement: As a retirement defined benefit pension plan, the Systems hold significant amounts of investments that are measured at fair value on a recurring basis. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices for identical assets in active markets that can be assessed at the measurement date (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy under GASB Statement No. 72 are described as follows:

- **Level 1:** Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date.
- **Level 2:** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of assets or liabilities.
- **Level 3:** Unobservable inputs which are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Specific investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. Such investments are identified in the accompanying tables as being measured as Net Asset Value (NAV).

The plan categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles (GAAP). The fair value measurements for the investments of the Wichita Retirement Systems (WRS) on December 31, 2018 are listed in the table below.

	Fair Value	Level 1 Inputs	Level 2 Inputs
Investments by fair value level¹:			
Cash equivalents and cash investments:	\$ 12,429,702	\$ 3,778,529	\$ 8,651,173
Equity:			
Domestic equity	317,422,222	317,422,222	-
International equity	109,801,465	109,801,465	-
Fixed income	244,584,507	35,248,359	209,336,148
Money market funds	430,006	430,006	-
Derivative investments	111,284	278,471	(167,187)
Total investments by fair value level	<u>\$ 684,779,186</u>	<u>\$ 466,959,052</u>	<u>\$ 217,820,134</u>
Investments measured at the net asset value (NAV):			
Government short-term investment fund	28,642,985		
Equity:			
Domestic equity	116,159,289		
International equity	183,205,194		
Fixed income	4,869,089		
Commodities	33,702,764		
Real estate	90,063,631		
Target date funds	4,610,880		
Timber	56,060,033		
Total investments measured at NAV	<u>517,313,865</u>		
Total investments	<u>\$ 1,202,093,051</u>		

¹As of December 31, 2018, there were no investments valued using Level 3 inputs.

Debt, equity and other securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Equity securities classified as Level 2 of the fair value hierarchy are traded on inactive markets or valued by reference to similar instruments using (1) marked based-factors, such as credit, liquidity and interest rate conditions, and (2) issuer-specific factors, such as creditworthiness of the issuer and likelihood of full repayment at maturity. Fixed income securities classified as Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Derivative instruments classified as Level 1 of the fair value hierarchy include forwards and options which are traded on active exchanges. Derivative instruments classified as Level 2 of the fair value hierarchy are valued using a market approach. Options contracts derive their value from underlying asset prices, indices, reference rates and other inputs or a combination of these factors. These contracts are normally valued on the basis of pricing service providers or broker dealer quotations. Depending on the product and the terms of the transaction, the value of the financial derivative instruments can be estimated by a pricing service provider using a series of techniques, including simulation pricing models. The pricing models are inputs that are observed from actively quoted markets such as issuer details, indices, spreads, interest rates, yield curves and exchange rates. For centrally cleared credit default swaps, the clearing facility requires its members to provide actionable price levels across complete term structures. These levels along with external third party prices are used to produce daily settlement prices. Centrally cleared interest rate swaps are valued using a pricing model that references the underlying rates including the overnight index swap rate and London Interbank Offered Rate (LIBOR) forward rate to produce the daily settlement price.

Additional information relating to the investments measured at NAV for WRS on December 31, 2018 are listed in the table below.

Investments measured at Net Asset Value (NAV)	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period (Days)
Government short-term investment fund	\$ 28,642,985	\$ -	Daily	5
Domestic equity	116,159,289	-	Daily	1
International equity	183,205,194	-	Bi-monthly, monthly	15-30
Fixed income	4,869,089	-	Daily	1
Commodities	33,702,764	-	Daily	1
Real estate	90,063,631	-	Quarterly	45-60
Target date funds	4,610,880	-	Daily	1
Timber	56,060,033	25,000,000	N/A	N/A
Total investments measured at NAV	<u>\$ 517,313,865</u>	<u>\$ 25,000,000</u>		

Net Asset Value: The Wichita Retirement Systems (WRS) reports the following types of investments valued at Net Asset Value (NAV).

Government short-term investment fund – The government short-term investment fund that is measured at the NAV is a collective trust that invests any cash balances from the actively managed fund managers of the Systems, as well as the Systems' cash fund. The investment objective of the Fund is to maintain liquidity to ensure cash availability for withdrawals while preserving the principal.

Domestic equity – The Systems have one domestic equity fund manager that is an S&P 500 securities lending index fund measured at the NAV. This Fund seeks an investment return that approximates the performance of the S&P 500 over the long term. NAV is calculated on a daily basis based upon the fair value of the underlying investments.

International equity – The Systems have three fund managers with commingled investments in international equities that are measured using NAV. These fund managers are structured as limited partnerships and a MSCI securities lending index fund. The limited partnerships calculate NAV through a capital account maintained for each partner. The MSCI securities lending index fund calculates NAV on a per unit basis of the Fund and is determined as of the last business day of each month and at least one other business day during the month.

Fixed Income – The Systems have one fund manager that invests in commingled fixed income funds. These investments are structured within three funds; Opportunistic US\$ High Yield Securities, Floating Rate High Income and Opportunistic

Non-Dollar Hedged. The NAV for these funds is calculated daily per business day determined by when the New York Stock Exchange is open based on a per share value from the fair value of the underlying investments at the end of each day that the New York Stock Exchange is open as of the close of regular trading.

Commodities – The Systems have one fund manager that is a commingled commodities fund. This fund is structured as a trust. NAV is calculated on a per unit basis at the end of each day that the New York Stock Exchange is open as of the close of regular trading.

Real Estate – The Systems have two fund managers that invest in real estate measured at the NAV. These investments are in Real Estate Investment Trusts (REITs) and commingled real estate through a limited partnership. Both fund managers calculate NAV per unit from fair value estimates based on values from independent appraisals on a quarterly basis.

Target date funds – The Systems have various target date funds that are measured at the NAV. The NAV is determined each business day based on the value the underlying investments.

Timber – The Systems have one fund manager that invests in timber measured at the NAV. This fund manager is structured as a limited partnership and calculates NAV from independent appraisals in capital accounts maintained for each partner.

Custodial Credit Risk: The custodial credit risk for deposits is the risk that in the event of a bank failure, the WRS' deposits may not be recovered. On December 31, 2018, the WRS' cash deposits in the amount of \$165,592 were included in the City's pooled cash and temporary investments. The WRS' debt securities investments were registered in the name of WRS and were held in the possession of the WRS' custodial bank, The Bank of New York Mellon. Amounts held in the City's pooled cash and temporary investments were fully collateralized as of December 31, 2018.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk is managed using the modified duration methodology. Duration is a measure of fixed income cash flow using present values, weighted for cash flows as a percentage of the investment's full price. The modified duration methodology estimates the sensitivity of a bond's price to interest rate changes. The WRS manage their exposure to fair value loss arising from increasing interest rates by complying with the following policies:

1. Fixed income managers have full discretion over the issuers selected and may hold any mix of fixed income securities and cash equivalents.
2. Portfolio duration for nominal fixed income managers must not be less than 80% or more than 120% of the duration of the Barclays Capital Aggregate Bond (Index), unless the Joint Investment Committee prospectively grants a written exception. As of December 31, 2018, the duration of the Index was 5.87 years, which equated to a minimum and maximum range for each fixed income portfolio of 4.7 years and 7.04 years, respectively.

The modified duration of investments in debt securities on December 31, 2018 is as follows:

Investment Type	Fair Value	Percent of all Fixed Income Assets	Weighted Average Modified Duration (Years)
Government securities, long-term	\$ 37,452,024	12.9%	11.4
Corporate debt instruments, long-term	89,921,101	30.9%	4.9
Mortgage and asset-backed securities	69,324,844	23.9%	5.0
Global fixed income	47,583,495	16.4%	7.0
Actively managed investments	244,281,464	84.1%	6.3
Government short-term investment fund	41,072,687	14.2%	-
Pooled high-yield fixed income securities	4,864,468	1.7%	-
Pooled international fixed income securities	4,607	0.0%	2.2
Total investment in debt securities	\$ 290,223,226	100.0%	

Credit Risk of Debt Securities: Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The WRS manages exposure to investment credit risk by adhering to the following policies: (1) for active core domestic fixed income investments, at the time of purchase, bonds and preferred stocks must be rated at least "A2/A/A" or higher using the middle rating of Moody's, Standard and Poor's and Fitch after dropping the highest and lowest available ratings. When a rating from only two agencies is available, the lower ("more conservative") rating is used. When a rating from only one agency is available, that rating is used to determine credit quality; and (2) for core-plus domestic fixed income investments, the weighted average credit quality of the portfolio will not fall below "A2/A/A" or equivalent; when determining credit quality, the middle rating of Moody's, Standard and Poor's and Fitch is used after dropping the highest and lowest available ratings. When a rating from only two agencies is available, the lower ("more conservative") rating is used. When a rating from only one agency is available, that rating is used to determine credit quality. Throughout 2018, no securities were purchased that were below the established credit quality minimum in the active core portfolio and the weighted average credit quality of the active core plus portfolio did not fall below the established credit quality rating. The accompanying table shows the debt investments held by the WRS on December 31, 2018 and their respective ratings by Standard and Poor's or an equivalent nationally recognized statistical rating organization.

Quality Rating	Total Debt Securities
AAA	\$ 17,207,708
AA+	83,640,441
AA	4,893,811
AA-	6,426,273
A+	12,443,873
A	16,519,020
A-	24,509,372
BBB+	25,518,943
BBB	12,027,475
BBB-	13,039,524
BB+	3,503,260
BB	1,620,137
BB-	3,099,002
B+	839,865
B	1,105,896
B-	462,820
CCC+	113,358
CCC	326,320
CCC-	5,653
CC	224,112
C	253,654
D	350,262
Not rated (NR)	20,843,287
Withdrawn Rating (WR)	176,473
Total credit risk debt securities	249,150,539
Government short-term investment fund*	41,072,687
Total investment in debt securities	\$ 290,223,226

*The collective trust government short-term investment fund itself is not rated. Each holding within the fund is rated, but an average rating is not available.

Credit risk for investment derivative instruments results from counterparty risk assumed by the WRS. This is essentially the risk that the counterparty to a WRS' transaction will be unable to meet its obligation. Information regarding the WRS' credit risk related to derivatives is found in the derivatives disclosure that follows.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss that may be attributed to the magnitude of an entity's investment with a single issuer. The WRS' investment in debt securities had no single issuer of investments that represented 5% or more of the plan assets, with exception of investments issued or implicitly guaranteed by the U.S. government and investments in mutual funds, as delineated in the WRS' investment policy.

Rate of Return: The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -5.9% for the year ended December 31, 2018. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

Derivatives: Investment derivative instruments are financial contracts for which the value of the contract is dependent on the values of one or more underlying asset, reference rate or financial index. They include futures contracts, swap contracts, options contracts, rights and forward foreign currency exchanges. While the WRS has no formal policy specific to investment derivatives, the WRS, through its external investment managers, held a variety of these instruments as of December 31, 2018. The WRS enters into these investment derivative instruments primarily to enhance the performance, reduce the volatility of its investment portfolio and to manage interest rate risk. The investment derivative instruments held by the WRS on and during the year ended December 31, 2018 are shown on the table below. The notional values associated with these derivative instruments are generally not recorded in the financial statements; however, the exposure amounts on these instruments are included in the fair value of investments in the Statement of Fiduciary Net

Position and the total changes in fair value for the year are included as investment income (loss) in the Statement of Changes in Fiduciary Net Position.

The fair value of derivative investments is based on the exchanges when available. When an exchange is not available, estimated fair values are determined in good faith by using information from J.P. Morgan traders and other market participants, including methods and assumptions considering market conditions and risks existing at the date of the Statement of Fiduciary Net Position. Such methods and assumptions incorporate standard valuation conventions and techniques, such as discounted cash flow analysis and option pricing models. All methods utilized to estimate fair values result only in general approximations of value.

The WRS' investments in derivative instruments on December 31, 2018 are presented in the accompanying tables.

Derivative Investments Summary			
Classification and Type	Change in Fair Value	Notional Value	Exposure/ Fair Value
Foreign current forward (FFX) contracts	\$ 366,289	\$ 38,221,037	\$ (136,050)
Futures contracts	347,616	36,881,399	486,350
Options	(88,683)	-	(25,663)
Swaps	32,193	183,174,200	(213,353)
Total derivative investments	<u>\$ 657,415</u>	<u>\$ 258,276,636</u>	<u>\$ 111,284</u>

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Derivative Investments Detail				
Classification and Type	Change in Fair Value	Notional Value	Exposure/ Fair Value	Counterparty (Counterparty Rating)
FFX contracts:				
Argentina peso	\$ -	\$ 62,249	\$ (119,222)	N/A ¹
Australian dollar	-	506,328	(968,673)	N/A ¹
Brazilian real	-	1,126,729	1,049,848	N/A ¹
Canadian dollar	-	1,713,929	(151,127)	N/A ¹
Chilean peso	-	124,747	7,023	N/A ¹
Chinese r yuan hk	-	-	(352,236)	N/A ¹
Chinese yuan renminbi	-	-	(78,607)	N/A ¹
Colombian peso	-	37,490	35,767	N/A ¹
Czech koruna	-	715,637	720,596	N/A ¹
Euro currency unit	-	1,570,019	(12,249,741)	N/A ¹
Hong Kong dollar	-	-	(512,353)	N/A ¹
Hungarian forint	-	-	(200,735)	N/A ¹
Indian rupee	-	232,566	245,913	N/A ¹
Indonesian rupiah	-	1,616,772	1,671,985	N/A ¹
Japanese yen	-	-	(3,784,623)	N/A ¹
Malaysian ringgit	-	-	(123,451)	N/A ¹
Mexican peso	-	521,244	(509,683)	N/A ¹
New Taiwan dollar	-	6,117	6,185	N/A ¹
New Zealand dollar	-	-	(1,999,263)	N/A ¹
Norwegian krone	-	1,122,790	1,111,226	N/A ¹
Peruvian sol	-	-	(236,432)	N/A ¹
Philippines peso	-	-	(606,917)	N/A ¹
Pound sterling	-	213,050	(738,506)	N/A ¹
Romanian leu	-	-	(274,719)	N/A ¹
Russian ruble (new)	-	109,371	105,153	N/A ¹
Singapore dollar	-	227,198	227,708	N/A ¹
South Korean won	-	-	(498,142)	N/A ¹
Swedish krona	-	-	(308,055)	N/A ¹
Swiss franc	-	13,509	13,484	N/A ¹
U.S. dollar	-	28,301,292	18,381,547	N/A ¹
Aggregated	366,289	-	-	N/A ¹
Total FFX contracts	366,289	38,221,037	(136,050)	
Future contracts:				
Currency futures	(3,075)	(429,019)	(3,075)	Goldman Sachs & Co, NY (BBB+)
Currency futures	8,550	-	-	N/A
Eurodollar futures	240,340	43,114,185	236,940	Goldman Sachs & Co, NY (BBB+)
Eurodollar futures	(52,763)	-	-	N/A
International government bond futures	(62,385)	(10,236,021)	(62,385)	Goldman Sachs & Co, NY (BBB+)
International government bond futures	(4,617)	888,096	(4,617)	Bank of America Corp (A-)
International government bond futures	(7,631)	-	-	N/A
International government bond futures - UK	(4,025)	621,015	(4,025)	Bank of America Corp (A-)
International government bond futures - UK	3,287	-	-	N/A
Treasury bonds	210,189	2,072,248	210,189	Goldman Sachs & Co, NY (BBB+)
Treasury bonds	(119,097)	-	-	N/A
Treasury notes	114,042	1,062,489	114,042	Goldman Sachs & Co, NY (BBB+)
Treasury notes	(719)	(211,594)	(719)	Bank of America Corp (A-)
Treasury notes	25,520	-	-	N/A
Total futures contracts	347,616	36,881,399	486,350	

¹ Counterparty ratings for FFX contracts is not available by currency. See table on the following page summarizing FFX contracts ratings by counterparty.

Investment Derivatives Detail (continued)				
Classification and Type	Change in Fair Value	Notional Value	Exposure/ Fair Value	Counterparty (Counterparty Rating)
Options:				
Credit default swaps	\$ (953)	\$ N/A	\$ (975)	N/A
Eurodollar futures	(3,526)	N/A	225	Goldman Sachs & Co, NY (BBB+)
Eurodollar futures	(1,548)	N/A	-	N/A
Foreign currency options	3,634	N/A	7,698	HSBC Holdings PLC (A)
Foreign currency options	1,359	N/A	6,035	Morgan J P Secs Inc, New York
Foreign currency options	(52,256)	N/A	33,408	N/A
International government bond futures	(444)	N/A	-	N/A
Treasury bonds	3,160	N/A	(3,156)	Goldman Sachs & Co, NY (BBB+)
Treasury bonds	(417)	N/A	-	N/A
Treasury notes	(38,162)	N/A	(68,898)	Goldman Sachs & Co, NY (BBB+)
Treasury notes	470	N/A	-	N/A
Total options	(88,683)		(25,663)	
Swaps:				
Cleared credit default swaps	(47,506)	1,440,000	(47,506)	Barclays PLC (BBB)
Cleared credit default swaps	(68,510)	11,000,000	61,061	Intercontinental Exchange Inc (A)
Cleared credit default swaps	321,598	1,360,000	(27,109)	N/A
Cleared interest rate swaps	(323,780)	119,516,200	(429,769)	CME Group Inc (AA-)
Cleared interest rate swaps	18,479	10,866,000	18,824	Morgan Stanley (BBB+)
Cleared interest rate swaps	125,354	18,125,000	216,995	N/A
Cleared zero coupon swaps	(27,786)	6,237,000	(27,786)	CME Group Inc (AA-)
Cleared zero coupon swaps	3,805	-	-	N/A
Cleared default swaps	(13,867)	500,000	(9,967)	Barclays PLC (BBB)
Cleared default swaps	16,255	-	-	N/A
Interest rate swaps	(521,738)	-	(521,738)	Bank of America Corp (A-)
Interest rate swaps	87,495	12,410,000	91,248	Citigroup Inc (BBB+)
Interest rate swaps	(33,813)	980,000	(33,813)	Goldman Sachs & Co, NY (BBB+)
Interest rate swaps	496,207	740,000	496,207	N/A
Total swaps	32,193	183,174,200	(213,353)	
Total derivative investments	\$ 657,415	\$ 258,276,636	\$ 111,284	

FFX Contracts Rating by Counterparty ²	
Counterparty (Counterparty Rating)	Exposure/ Fair Value
Bank of America (A-)	\$ (11,590)
Bank of New York Mellon Corp/The (A)	(4)
Barclays PLC (BBB)	(75,372)
Citigroup Inc (BBB+)	11,462
Goldman Sachs Group Inc/The (BBB+)	(94,880)
HSBC Holdings PLC (A)	23,392
JP Morgan Chase & Co (A-)	11,093
Morgan Stanley (BBB+)	(151)
Total FFX counterparties	\$ (136,050)

² Counterparty ratings for FFX contracts is not available by currency; thus, summarized by Counterparty.

Foreign Currency Risk: Currency risk arises due to foreign exchange rate fluctuations. The WRS' investment policies manage the exposure to foreign currency risk by allowing international securities investment managers to enter into forward exchange or future contracts on foreign currency provided such contracts have a maturity of less than one year. Currency contracts are only to be utilized for the settlement of securities transactions and defensive hedging of currency positions. The WRS' exposure to foreign currency risk on December 31, 2018 is presented in the accompanying table.

Currency	Cash and Cash Equivalents	Equities	Fixed Income	Derivatives
Argentine peso	\$ (67,905)	\$ -	\$ 414,464	\$ -
Austrailian dollar	(962,778)	8,283,317	1,133,618	2,926
Brazilian real	1,121,310	-	1,220,780	91,248
Canadian dollar	(119,004)	-	1,777,955	(9,665)
Chilean peso	7,023	-	238,824	-
Chinese r yuan hk	(352,236)	-	-	-
Chinese yuan renminbi	(72,531)	-	353,365	-
Colombian peso	35,767	-	-	-
Czech koruna	720,596	-	-	-
Danish krone	-	725,574	-	-
Euro currency unit	(11,861,883)	39,079,847	12,548,926	(63,732)
Hong Kong dollar	(512,353)	7,031,206	-	-
Hungarian forint	(182,553)	-	-	-
Indian rupree	245,913	-	198,628	-
Indonesian rupiah	1,671,985	-	-	-
Japanese yen	(3,740,499)	24,768,545	4,254,309	5,198
Malaysian ringgit	(123,451)	-	-	-
Mexican peso	(237,868)	-	2,052,819	(166,875)
New Taiwan dollar	6,185	-	-	-
New Zealand dollar	(1,994,378)	616,401	1,935,582	(59,344)
Norwegian krone	1,111,453	961,848	-	-
Peruvian sol	(236,432)	-	-	-
Philippines peso	(606,917)	-	-	-
Pound sterling	(620,905)	15,313,659	1,061,135	(3,706)
Romanian leu	(274,719)	-	-	-
Russian ruble (new)	105,153	-	-	-
Singapore dollar	227,708	975,062	-	-
South African rand	12	-	-	-
South Korean won	(498,142)	-	-	-
Swedish krona	(272,948)	1,542,333	774,975	-
Swiss franc	13,484	8,355,855	-	-
Total subject to foreign currency risk	\$ (17,470,913)	\$ 107,653,647	\$ 27,965,380	\$ (203,950)

All forward foreign currency contracts are carried at fair value by the WRS. As of December 31, 2018, the Systems held forward currency contracts with an unrealized loss of \$136,050. If held, forward foreign currency contracts are reported as derivative investments in the financial statements.

Securities Lending Transactions: Policies of the Board of Trustees for the Wichita Employees' Retirement and Police and Fire Retirement Systems permit the lending of securities to broker-dealers and other entities (borrowers) with a simultaneous agreement to return the collateral for the same securities in the future. The WRS' custodial bank, The Bank of New York Mellon, is the lending agent for the Systems' domestic securities for initial collateral of 102% of the fair value of the loaned securities and international equity securities for initial collateral of 105% of the fair value of such securities.

Collateral may consist of cash (U.S. currency only); securities issued or guaranteed by the U.S. government or its agencies or instrumentalities; and such other collateral as the parties may agree to in writing.

The collateral securities cannot be pledged or sold by the WRS unless the borrower defaults. The lending agent shall require additional collateral from the borrower whenever the value of loaned securities exceeds the value of the collateral in the agent's possession, so that collateral always equals or exceeds 100% of the fair value of the loaned securities. Contracts with the lending agent require them to indemnify the WRS, if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the WRS for income distributions by the securities' issuers while the securities are on loan.

At year-end, the WRS had no credit risk exposure to borrowers because the amounts the WRS owes the borrowers exceeded the amounts the borrowers owed the Systems. All securities loans, whether domestic or international, are open loans and can be terminated on demand by either the system or the borrower. At year-end, loaned securities were secured with cash collateral or securities collateral. The amount shown on the Statement of Fiduciary Net Position only reflects transactions where cash collateral was received. Cash collateral is invested in a separately managed cash collateral account. Also, since securities loans are terminable at will, the duration of the securities loans do not generally match the duration of the investments made with the cash collateral received from the borrower.

Custodial Credit Risk Related to Securities Lending: Custodial credit risk for lent securities is the risk that, in the event of the failure of the counterparty, the WRS will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Consistent with the WRS' securities lending policy, \$47,307,773 was held by the counterparty acting as the WRS' agent in securities lending transactions on December 31, 2018.

Other Risk Information: Recent market conditions have resulted in an unusually high degree of volatility and increased risks associated with certain investments held by the City, the Wichita Employees' Retirement System and the Police and Fire Retirement System. As a result, it is at least reasonably possible that changes in the fair values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements. In addition, declines in the fair values of the Systems' assets could ultimately affect the funded status of WRS. The ultimate impact on the funded status will be determined based upon market conditions in effect when the annual valuation is performed.

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6. CAPITAL ASSETS

Capital asset activity of the primary government for the year ended December 31, 2018 is presented in the following table (expressed in thousands of dollars):

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 294,330	\$ 168	\$ (1,473)	\$ (54)	\$ 292,971
Construction in progress	126,755	86,335	(70,589)	-	142,501
Total capital assets, not being depreciated	<u>421,085</u>	<u>86,503</u>	<u>(72,062)</u>	<u>(54)</u>	<u>435,472</u>
Capital assets, being depreciated:					
Buildings	275,701	25,829	(5,448)	-	296,082
Improvements other than buildings	113,887	23,311	(1,644)	(9,032)	126,522
Machinery, equipment and other assets	121,138	9,049	(7,020)	(16)	123,151
Infrastructure	<u>940,083</u>	<u>2,430</u>	<u>-</u>	<u>-</u>	<u>942,513</u>
Total capital assets being depreciated	<u>1,450,809</u>	<u>60,619</u>	<u>(14,112)</u>	<u>(9,048)</u>	<u>1,488,268</u>
Less accumulated depreciation for:					
Buildings	(124,773)	(4,541)	2,474	-	(126,840)
Improvements other than buildings	(46,902)	(3,954)	1,167	-	(49,689)
Machinery, equipment and other assets	(90,181)	(7,907)	6,178	16	(91,894)
Infrastructure	<u>(319,491)</u>	<u>(23,002)</u>	<u>-</u>	<u>-</u>	<u>(342,493)</u>
Total accumulated depreciation	<u>(581,347)</u>	<u>(39,404)</u>	<u>9,819</u>	<u>16</u>	<u>(610,916)</u>
Total capital assets, being depreciated, net	<u>869,462</u>	<u>21,215</u>	<u>(4,293)</u>	<u>(9,032)</u>	<u>877,352</u>
Governmental activities capital assets, net	<u>\$ 1,290,547</u>	<u>\$ 107,718</u>	<u>\$ (76,355)</u>	<u>\$ (9,086)</u>	<u>\$ 1,312,824</u>
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 43,093	\$ 30	\$ (20)	\$ 54	\$ 43,157
Construction in progress	<u>109,729</u>	<u>61,211</u>	<u>(13,783)</u>	<u>-</u>	<u>157,157</u>
Total capital assets, not being depreciated	<u>152,822</u>	<u>61,241</u>	<u>(13,803)</u>	<u>54</u>	<u>200,314</u>
Capital assets, being depreciated:					
Airfields	165,718	-	-	-	165,718
Buildings	455,771	541	-	-	456,312
Improvements other than buildings	1,412,533	15,612	(367)	9,032	1,436,810
Machinery, equipment and other assets	<u>256,363</u>	<u>6,064</u>	<u>(6,206)</u>	<u>16</u>	<u>256,237</u>
Total capital assets being depreciated	<u>2,290,385</u>	<u>22,217</u>	<u>(6,573)</u>	<u>9,048</u>	<u>2,315,077</u>
Less accumulated depreciation for:					
Airfields	(129,767)	(4,108)	-	-	(133,875)
Buildings	(118,008)	(8,314)	-	-	(126,322)
Improvements other than buildings	(359,810)	(24,240)	-	-	(384,050)
Machinery, equipment and other assets	<u>(152,265)</u>	<u>(19,297)</u>	<u>5,841</u>	<u>(16)</u>	<u>(165,737)</u>
Total accumulated depreciation	<u>(759,850)</u>	<u>(55,959)</u>	<u>5,841</u>	<u>(16)</u>	<u>(809,984)</u>
Total capital assets, being depreciated, net	<u>1,530,535</u>	<u>(33,742)</u>	<u>(732)</u>	<u>9,032</u>	<u>1,505,093</u>
Business-type activities capital assets, net	<u>\$ 1,683,357</u>	<u>\$ 27,499</u>	<u>\$ (14,535)</u>	<u>\$ 9,086</u>	<u>\$ 1,705,407</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Fiduciary Activities:					
Capital assets, being depreciated:					
Machinery, equipment and other assets	\$ 1,283	\$ -	\$ -	\$ -	\$ 1,283
Less accumulated depreciation for:					
Machinery, equipment and other assets	<u>(1,283)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,283)</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fiduciary activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to function/ programs of the primary government as follows (in thousands of dollars):

	<u>Current Year Depreciation</u>
Governmental Activities:	
General government	\$ 2,856
Public safety	3,114
Highways and streets ¹	24,150
Sanitation	417
Health and welfare	789
Culture and recreation	5,020
Internal service funds ²	<u>3,058</u>
Total depreciation expense - governmental activities	<u>\$ 39,404</u>
Business-type Activities:	
Water Utility Fund	\$ 26,321
Sewer Utility Fund	11,768
Airport Authority Fund	11,738
Stormwater Utility Fund	3,175
Nonmajor enterprise funds	<u>2,957</u>
Total depreciation expense - business-type activities	<u>\$ 55,959</u>
Fiduciary Activities	
Pension trust funds	<u>\$ -</u>

¹ Includes the depreciation expense of general infrastructure assets.

² Capital assets held by the government's internal services are charged to the various functions based on their usage of the assets.

7. RETIREMENT FUNDS

The reporting entity contributes to two single-employer defined benefit pension plans and a single-employer defined contribution plan, covering all full-time employees. The defined benefit plans include the Wichita Employees' Retirement System (WERS) and the Police and Fire Retirement System (PFRS). Each system is governed by a separate Board of Trustees. Benefit and contribution provisions for the City's retirement plans are established by City Ordinance. Establishment of, and amendments to, benefit provisions are authorized by the City Council.

The WERS Board of Trustees is comprised of 16 members including the City Manager or the City Manager's designee, one employee appointed by the City Manager, seven members appointed by the City Council and seven employees elected by the WER employee members. The single-employer defined contribution plan consists of the Wichita Employees' Retirement System Plan 3b which is also governed by the Wichita Employees' Retirement System Board of Trustees. The PFRS Board of Trustees is comprised of 16 members including the City Manager or the City Manager's designee, the Chief of the Police Department, the Chief of the Fire Department, seven members appointed by the City Council, three fire officers elected by

PFRS employee members in the fire department or the airport and three police officers elected by PFRS employee members in the police department.

The Wichita Retirement Systems (WRS) issue a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for WERS, PFRS and Plan 3b. The financial report may be obtained by writing to the WRS, City Hall, 12th Floor, 455 N. Main, Wichita, KS 67202 or online at <http://www.wichita.gov/Finance/Pages/Pension.aspx>.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting: The Wichita Employees' Retirement System, the Police and Fire Retirement System and the Wichita Employees' Retirement System Plan 3b are reported as pension trust funds in the City's financial statements and using the economic resources measurement focus and the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

Method Used to Value Investments: Investments are reported at fair value. Short-term investments are reported at cost plus accrued interest, which approximates fair value. Securities traded on national or international exchanges are valued at the last trade price of the day. If no close price exists, then a bid price is used. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments. The fair value of real estate and timber investments are estimated using the net asset value of the shares owned in each fund. Investments that do not have an established market are reported at their estimated fair value.

Management of Plan Assets: The Boards of Trustees of the Systems have contractual arrangements with independent money managers for investment of the assets of the Systems. The firms have been granted discretionary authority concerning purchases and sales of investments within guidelines established by City Ordinances and the Strategic Plan and Investment Policies adopted by the Boards of Trustees. The Boards of Trustees of the Systems also have contractual arrangements with independent firms which monitor the investment decisions of the Systems' investment managers.

Net Pension Liability, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions: For the year ended December 31, 2018, the City had a total net pension liability of \$11,022,780 which was comprised of WERS and PFRS having net pension liabilities of \$10,683,418 and \$339,362, respectively. The City recognized a combined net pension expense of \$22,023,999 for the defined benefit plans it administers with \$9,728,995 for the Wichita Employees' Retirement System and \$12,295,004 for the Police and Fire Retirement System. As of December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 13,541,341
Changes of assumptions	90,004	9,533,345
Net difference between projected and actual earnings on pension plan investments	49,249,248	83,879,641
City contributions subsequent to the measurement date	24,430,449	-
Changes in proportion of the total net pension liability since the prior measurement date		
Change in proportion - governmental activities	70,703	148,401
Change in proportion - business-type activities	155,055	77,357
Total	<u>\$ 73,995,459</u>	<u>\$ 107,180,085</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts reported in governmental activities	\$ 63,240,337	\$ 92,163,920
Deferred amounts reported in business-type activities	10,755,122	15,016,165
Total	<u>\$ 73,995,459</u>	<u>\$ 107,180,085</u>

The \$24,430,449 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending December 31,	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ 26,454,556	\$ 29,812,133
2020	20,618,348	28,662,059
2021	2,468,007	26,114,495
2022	24,099	22,319,143
2023	-	272,255
Totals	\$ 49,565,010	\$ 107,180,085

A. Wichita Employees' Retirement System

Plan Description: The WERS was established to provide retirement and survivor annuities, disability benefits, death benefits and other benefits for all regular full-time civilian employees of the reporting entity and their dependents. Plan 1 was established by City Ordinance on January 1, 1948 and became closed to new entrants as of July 19, 1981. With the initiation of Plan 2, which was established by City Ordinance on July 18, 1981, all covered employees of Plan 1 were given the option of converting to the new plan. Plan 2 was closed to new entrants with the establishment of Plan 3 by City Ordinance, effective January 1, 1994.

Plan 3 was established by City Ordinance on April 9, 1993 and amended on February 8, 2000. The reporting entity's contributions and earnings for each employee are 25% vested after three years of service, 50% vested after five years and are fully vested after seven years of service. Upon completion of seven years of service, employees participating in Plan 3 automatically convert to participation in Plan 2 unless they make an irrevocable election to convert to Plan 3b, a defined contribution plan, within 90 days thereafter. Establishment of and amendments to the benefit provisions for the WERS are authorized by the City Council.

Benefits Provided: The primary benefits provided are retirement benefits. However, the System also provides ancillary benefits in the event of pre-retirement death, disability or termination of employment prior to meeting the eligibility requirements to retire.

Plan 1 members are eligible to retire at age 60 with seven years of service or at any age with 30 years of service. Plan 2 members may retire at age 62 with seven years of service. Benefits for Plan 1 members are calculated using Final Average Salary (FAS), which is the member's compensation for the three highest consecutive years of service within the last 10 years, multiplied by the total years of creditable service and a factor of 2.5%, subject to a maximum of 75% of the FAS. Benefits for Plan 2 members are the same as Plan 1 except they are calculated using a factor of 2.25% instead of 2.5%. Benefits vest with seven years of service. The calculation varies with early retirement.

When a Plan 1 member has been retired for 12 months, they will receive an annual adjustment to their benefit of 3% of the original base amount of the benefit. The annual post-retirement adjustment for Plan 2 members is 2%.

As of December 31, 2018, the WERS defined benefit plan membership consisted of the following:

Member Category	Plan 1	Plan 2	Plan 3	Total
Inactive employees or beneficiaries currently receiving benefits	649	772	-	1,421
Inactive employees entitled to, but not yet receiving benefits	-	139	-	139
Active employees	2	852	675	1,529
Total membership	651	1,763	675	3,089

Deferred Retirement Option Plan (DROP) Provision: The benefit structure of the Wichita Employees' Retirement System includes a Deferred Retirement Option Plan (DROP). Both Plan 1 and Plan 2 provide a DROP provision. Members must be eligible to receive a service retirement benefit as of the DROP retirement date to participate in the DROP. The DROP period is one to 60 months. The monthly benefit amount is computed as of the DROP election date based on the final average salary and years of service as of that date. The benefit is paid into the member's notional DROP account during the deferral or DROP period. The member and City both continue to make the required contributions during the deferral period. These contributions are not credited to the member's DROP account, but are credited to general Plan assets to

improve the System's funding. Interest at an annual rate of 5.0%, compounded monthly, is credited to the notional DROP account. Voluntary termination of employment during the DROP period results in loss of accrued interest. When the member terminates employment, the balance of the DROP account is paid as a lump sum and future monthly benefits are paid to the member. The balance of the notional DROP accounts as of December 31, 2018 is \$5,825,942.

Funding Policy: The contribution requirements of plan members and the reporting entity are established by City Ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4% and 4.7% of covered salaries, respectively. Members of Plan 3 are required to contribute 4.7% of covered salaries. From its various operating funds, the City is required to contribute at an actuarially determined rate; the rate for 2018 was 12.8% of annual covered payroll for Plans 1, 2 and 3 (excluding compensation attributable to members who have made an irrevocable election to remain in the defined contribution plan after fully vesting at seven years of service). The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded liability. The City may provide for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the WERS consulting actuary. For the year ended December 31, 2018, WRS received \$10,099,027 in contributions from the employer.

Actuarial Assumptions: The total pension liability in the December 31, 2017 actuarial valuation was determined using the actuarial assumptions summarized in the accompanying table, applied to all periods included in the measurement. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of the most recent experience study, which covered the five-year period ending December 31, 2013. The experience report is dated July 15, 2014.

Price inflation	3.25%
Wage inflation	4.00%
Salary increases, including wage inflation	4.25% - 7.20%
Long-term rate of return, net of investment expense, including price inflation	7.90%
Pre-retirement mortality rates	Based on the RP-2000 Employee Table (ages set forward 2 years for males, 0 for females) with adjustments for mortality improvements based on Scale AA.
Post-retirement mortality rates	Based on the RP-2000 Healthy Annuitant Table (ages set forward 2 years for males, 0 for females) with adjustments for mortality improvements based on Scale AA.
Disabled mortality rates	Based on the RP-2000 Disabled Table for males and females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Changes in Actuarial Assumptions: There were no changes to the assumptions used for the actuarial valuation performed as of the year ended December 31, 2017.

Actuarial Rate of Return Assumption: The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience study prepared for the System. Several factors are considered in evaluating the long-term rate of return assumption, including long term historical data, estimates inherent in current market data and an analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), along with estimates of variability and correlations for each asset class. These ranges were combined to develop the long-term expected rate of return by weighting the expected future real rates of return by targeting the asset allocation percentage and then adding expected inflation. The long-term rate of return assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption or a fundamental change in the market that alters expected returns in future years. The target asset

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Large cap equity	31%	5.25%
Small cap equity	8%	5.85%
International equity	26%	5.75%
Fixed Income	19%	1.75%
Real estate	7%	4.25%
Timber	5%	4.85%
Commodities	3%	0.95%
Cash	1%	0.55%
Total	100%	

*Geometric mean, net of investment expenses

allocation and best estimates of geometric real rates of return (net of 2.25% inflation assumption) for each major asset class are summarized in the table on the previous page.

Discount Rate: The fiduciary net position is not projected to become depleted; therefore, a Municipal Bond Index Rate was not used in the determination of the Single Equivalent Interest Rate (SEIR) for the December 31, 2017 valuation. Thus, the discount rate, or SEIR, is equal to the long-term assumed rate of return on investments, as determined in the last experience study. The discount rate used to measure the total pension liability as of the December 31, 2017 valuation is 7.90% which is consistent with the previous valuation's discount rate.

The projection of cash flows used to determine the discount rate assumed the employee contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the employee rate. Projected future benefit payments for all current plan members were projected through 2117. Based on those assumptions, the pension plan's fiduciary net position is projected to be available to make all projected future payments of current and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Net Pension Liability: Detailed information about the pension plan's fiduciary net position used in calculating the net pension liability is available in the separately issued WRS financial report. The City's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The table below presents changes in the total pension liability, fiduciary net position and the net pension liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of December 31, 2016	\$ 610,111,147	\$ 549,786,949	\$ 60,324,198
Changes for the year:			
Service cost	10,049,029	-	10,049,029
Interest on total pension liability	46,669,189	-	46,669,189
Differences between expected and actual experience	(1,893,808)	-	(1,893,808)
Employer contributions	-	9,642,540	(9,642,540)
Employee contributions	-	3,682,056	(3,682,056)
Reclassifications due to participant conversion	(191,292)	(191,292)	-
Net investment income	-	91,773,973	(91,773,973)
Benefit payments, including member refunds	(39,282,815)	(39,282,815)	-
Administrative expenses	-	(633,379)	633,379
Net Changes	15,350,303	64,991,083	(49,640,780)
Balance as of December 31, 2017	\$ 625,461,450	\$ 614,778,032	\$ 10,683,418

Sensitivity Analysis: The accompanying table presents the net pension liability of the City using the discount rate of 7.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.90%) or 1% higher (8.90%) than the current rate.

	Rate	City's Net Pension Liability
1% decrease	6.90%	\$ 78,133,997
Current rate	7.90%	10,683,418
1% increase	8.90%	(46,759,700)

B. Police and Fire Retirement System

Plan Description: The PFRS consists of three plans: Plan A, Plan B and Plan C 79. The plans were established to provide retirement and survivor annuities, disability benefits, death benefits and other benefits for police and fire officers of the reporting entity and their dependents. All full-time active "commissioned" Police and Fire Department personnel are required to participate in the plans. Plans A and B were established by City Ordinance on January 1, 1965 and Plan C 79 was established January 1, 1979 by City Ordinance. Plan B was closed to new entrants as of January 1, 1965 and Plan A was closed to new entrants as of December 31, 1978. Establishment of and amendments to the benefit provisions for the PFRS are authorized by the City Council.

Benefits Provided: The primary benefits provided are retirement benefits. However, the System also provides ancillary benefits in the event of pre-retirement death, disability or termination of employment prior to meeting the eligibility requirements to retire.

Plan A and Plan B members are eligible to retire at 20 years of service regardless of age. Plan C members are eligible to retire at 30 years of service regardless of age, 20 years of service at age 50 or 10 years of service at age 55. Benefits are calculated using Final Average Salary (FAS), which is the member's compensation for the three highest consecutive years of service within the last 10 years, multiplied by the total years of creditable service and a factor of 2.5%, subject to a maximum of 75% of the FAS. Benefits vest after 10 years of service.

When a member has been retired for 36 months, they will receive an annual adjustment to their benefit of 2.0% of the original base amount of the benefit.

As of December 31, 2018, the PFRS defined benefit plan membership consisted of the following:

Member Category	Plan A	Plan B	Plan C-79	Total
Inactive employees or beneficiaries currently receiving benefits	434	176	405	1,015
Inactive employees entitled to, but not yet receiving benefits	-	-	39	39
Active employees	2	-	1,065	1,067
Total membership	436	176	1,509	2,121

Backward Deferred Retirement Option Plan (DROP) Provision: The benefit structure of the Wichita Police and Fire Retirement System includes a Backward Deferred Retirement Option Plan (DROP). The Backward DROP is available to plan C-79 members. Members must be eligible to receive a service retirement benefit as of the backward DROP retirement date. The DROP period is one to 60 months. The DROP period is the time between the backward DROP retirement date and the date the employee terminates service. The retirement benefit is calculated as of the day prior to the backward DROP retirement date. The employee's monthly retirement benefits (for the DROP period) plus applicable post retirement adjustments and interest at an annual rate of 5.0%, compounded monthly, is payable upon the employee's termination of service. When the member terminates employment, the balance of the DROP account is paid as a lump sum and the member begins to receive monthly retirement benefits on the month following termination of service.

Funding Policy: The contribution requirements of plan members and the reporting entity are established by City Ordinance and may be amended by the governing body. PFRS members are required to contribute 6% to 8% of covered salaries. From its various operating funds, the City is required to contribute at an actuarially determined rate; the rate for 2018 was 19.9% of annual covered payroll. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded liability. The City may provide for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the PFRS consulting actuary. For the year ended December 31, 2018, PFRS received \$14,331,422 in contributions from the employer.

Actuarial Assumptions: The total pension liability in the December 31, 2017 actuarial valuation was determined using the actuarial assumptions summarized in the table on the following page, applied to all periods included in the measurement. The actuarial assumptions used in the December 31, 2017 valuation were based on the results of the most recent experience study, which covered the five-year period ending December 31, 2013. The experience report is dated July 15, 2014.

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Price inflation	3.25%
Wage inflation	4.00%
Salary increases, including wage inflation	5.00% - 6.75%
Long-term rate of return, net of investment expense, including price inflation	7.90%
Pre-retirement mortality rates	Based on the RP-2000 Employee Table for males and females using scale AA for generational mortality projections.
Post-retirement mortality rates	Based on the RP-2000 Healthy Annuitant Table for males and females using Scale AA for generational mortality projections.
Disabled mortality rates	Based on the RP-2000 Disabled Table for males and females using Scale AA for generational mortality projections.

Changes in Actuarial Assumptions: There were no changes to the assumptions used for the actuarial valuation performed as of the year ended December 31, 2017.

Actuarial Rate of Return Assumption and Discount Rate: Information about the actuarial rate of return assumption and the discount rate is disclosed in Note 7A - Wichita Employees' Retirement System. Because the assets of the plans are pooled for investment purposes, the assumptions for the Police and Fire Retirement System are identical to those of the Wichita Employees' Retirement System.

Net Pension Liability: Detailed information about the pension plan's fiduciary net position used in calculating the net pension liability is available in the separately issued WRS financial report. The City's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The table below presents changes in the total pension liability, fiduciary net position and the net pension liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of December 31, 2016	\$ 670,427,649	\$ 614,047,281	\$ 56,380,368
Changes for the year:			
Service cost	15,178,226	-	15,178,226
Interest on total pension liability	51,532,754	-	51,532,754
Differences between expected and actual experience	(1,784,785)	-	(1,784,785)
Employer contributions	-	13,369,785	(13,369,785)
Employee contributions	-	4,915,378	(4,915,378)
Net investment income	-	103,236,679	(103,236,679)
Benefit payments, including member refunds	(36,930,533)	(36,930,533)	-
Administrative expenses	-	(554,641)	554,641
Net Changes	27,995,662	84,036,668	(56,041,006)
Balance as of December 31, 2017	\$ 698,423,311	\$ 698,083,949	\$ 339,362

Sensitivity Analysis: The accompanying table presents the net pension liability of the City using the discount rate of 7.90%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.90%) or 1% higher (8.90%) than the current rate.

	Rate	City's Net Pension Liability
1% decrease	6.90%	\$ 84,121,335
Current rate	7.90%	339,362
1% increase	8.90%	(69,461,825)

C. Wichita Employees' Retirement System Plan 3b

The City contributes to Wichita Employees' Retirement System Plan 3, a defined contribution pension plan, for all of its full-time civilian employees hired or rehired on or after January 1, 1994. Benefits depend solely on amounts contributed to the plan plus investment earnings. Plan 3, established by City Ordinance on April 9, 1993 and amended on February 8, 2000, requires that both the employee and the reporting entity contribute an amount equal to 4.7% covered salaries.

The reporting entity's contributions and earnings for each employee are 25% vested after three years of service, 50% vested after five years and are fully vested after seven years of service.

Upon completion of seven years of service, employees participating in the Plan will be converted to WERS Plan 2, a defined benefit plan, unless they make an irrevocable election to remain in the defined contribution plan within 90 days thereafter. If an employee converts to Plan 2, the employee's Plan 3 account balance becomes part of WERS assets available to pay future benefits of WERS defined benefit plan members. For this reason, Plan 3 members who have not made an irrevocable election to remain in the defined contribution plan are reported with the WERS defined benefit plan. Further, any contributions of the reporting entity and any related earnings which are forfeited by employees who leave employment before becoming fully vested are used to reduce the reporting entity's contribution requirements related to the WERS defined benefit plan. Fully vested Plan 3 members who elect to remain in the defined contribution plan are referred to as Plan 3b members and are reported as a separate plan on the combining pension trust fund financial statements beginning on page E-1.

Fully vested employees who elect to continue participation in Plan 3b may contribute additional amounts into the plan as permitted by the rules of the Internal Revenue Code in effect at the time of the contribution. Benefit terms, including contribution requirements, are established and may be amended by the City Council. For the year ending December 31, 2018, employee and employer contributions to Plan 3b totaled \$202,077 and \$202,075, respectively. As of December 31, 2018, there were 88 members covered under the defined contribution Plan 3b.

8. OTHER POST EMPLOYMENT HEALTHCARE BENEFITS (OPEB)

Plan Description and Benefits Provided: Kansas statute provides that post employment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The City provides healthcare benefits for retired employees and their dependents through a single-employer defined benefit plan. The health insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The benefit is available for selection at retirement, the retirement age as defined in the appropriate pension plan, and is extended to retirees and their dependents until the individuals become eligible for Medicare at age 65. The accounting for the health insurance for retirees is included in the City's Self Insurance Fund, with the subsidy provided from the Self Insurance Fund. Separate audited financial statements are not prepared by the Plan.

As of December 31, 2018, the City's OPEB plan membership consisted of the following:

Member Category	Premium Plan		Select Plan		No Plan	Total Members
	Single	Family	Single	Family		
Retirees	184	31	2	31	---	248
Active employees	494	1,348	257	488	246	2,833
Total members	678	1,379	259	519	246	3,081

Funding Policy: The City provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statute, which may be amended by the state legislature, establishes that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125% of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 100% of the blended premium cost of active employees up to age 60 (including the employer and employee share). Participating retirees between the ages of 60 and 65 are required to contribute 75% of the blended premium cost of active employees (including the employer and employee share). Employees are eligible for non-line of duty disability health benefits once they have completed seven years of service. There is no age or service requirement for line of duty disability health benefits. Contributions for disabled retirees are the same as regular retirees.

The City appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the Self Insurance Fund; therefore, no assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. In 2018, retired plan members receiving benefits contributed \$2,146,610 to the plan compared to City's contribution of \$2,977,740.

Actuarial Methods and Assumptions: The total other post employment benefit (OPEB) liability in the December 31, 2018 actuarial valuation was determined using the actuarial assumptions summarized in the table on the following page, applied to all periods included in the measurement. The demographic assumptions used in this valuation are based upon those used in the December 31, 2017 valuation disclosed in Note 7A - Wichita Employees' Retirement System.

Price inflation	3.25%									
Wage inflation	4.00%									
Municipal Bond Index Rate ¹	4.11%									
Salary increases, including wage inflation	4.25% - 7.20%									
Healthcare cost trend rate	8.5% for 2019, decreasing each year by 0.5% for an ultimate rate of 4.5% for 2027 forward.									
Cost sharing premiums	Retirees contribute 100% of the premiums until they turn 60, at which time retirees contribute 75% of the premiums and the City contributes 25%. <table><tr><td><u>Health Plan</u></td><td><u>Single</u></td><td><u>Family</u></td></tr><tr><td>Premium</td><td>\$599.54</td><td>\$1,790.24</td></tr><tr><td>Select</td><td>507.02</td><td>1,512.60</td></tr></table>	<u>Health Plan</u>	<u>Single</u>	<u>Family</u>	Premium	\$599.54	\$1,790.24	Select	507.02	1,512.60
<u>Health Plan</u>	<u>Single</u>	<u>Family</u>								
Premium	\$599.54	\$1,790.24								
Select	507.02	1,512.60								
Per Capita Costs	Annual per capita costs were calculated based on the City's medical claims projection effective on January 1, 2019 actuarially increasing using health index factors and current enrollment.									
Healthy actives and retirees mortality rates ²	Based on the RPH-2018 Total Dataset Mortality Table fully generational using SOA Scale MP-2018.									
Disabled mortality rates ²	Based on the RPH-2018 Disabled Retiree Mortality Table fully generational using Scale MP-2018.									

¹ Rate is based on the Bond Buyer 20-Year Bond GO (General Obligation) Index, a tax exempt general obligations municipal bond index with an average rating of AA/Aa or higher (or equivalent quality on another rating).

² RPH-2018 tables are created based on RPH-2014 table with 8 years of MP-2014 mortality improvement backed out and projected using Scale MP-2018.

The remaining actuarial assumptions (retirement rates, disability rates, turnover rates) are based on the Wichita Employees' Retirement System actuarial valuation as of December 31, 2017.

Changes in Actuarial Assumptions: The previous valuation was performed under GASB 45 and the following assumptions have been updated in accordance with GASB 75:

1. The actuarial cost method has been updated from the Projected Unit Credit with linear proration to decrement to Entry Age Normal Level Percent Salary. In conjunction with this change, the payroll growth assumption has been updated based on the most recent WRS and PRFS actuarial valuations as of December 31, 2017. The net impact of these changes is a decrease in liabilities.
2. The discount rate as of the measurement date, December 31, 2018, has been updated to be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The prior full valuation used a discount rate of 4.00%. The current valuation uses a discount rate of 3.44% as of January 1, 2018 and 4.11% as of December 31, 2018. This change has caused an increase in the liabilities as of the beginning of the year and a decrease in liabilities during the year.

Additionally, the following assumptions have also been updated:

1. The mortality table has been updated from SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017 to SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018. The impact of this change is a slight decrease in liabilities.
2. The health care trend rates have been updated to an initial rate of 8.50% decreasing by 0.50% annually to an ultimate rate of 4.50%. This change caused a decrease in liabilities.

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Total OPEB Liability: The City's total OPEB liability as of December 31, 2018, and the accompanying table presents the changes in the total OPEB liability.

	Total OPEB Liability
Balance as of December 31, 2017	\$ 35,202,459
Changes for the year:	
Service cost	2,393,138
Interest on total OPEB liability	1,242,504
Differences between expected and actual experience	1,580,925
Changes in assumptions	(2,528,757)
Benefit payments	(2,977,740)
Net Changes	(289,930)
Balance as of December 31, 2018	\$ 34,912,529

Pension Expense and Deferred Outflows and Inflows of Resources Related to OPEB: The City recognized OPEB expense of \$3,530,327 for the year ended December 31, 2018. As of December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,405,267	\$ -
Changes of assumptions	-	(2,247,784)
Total	\$ 1,405,267	\$ (2,247,784)
	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts reported in governmental activities	\$ 1,114,376	\$ (1,782,493)
Deferred amounts reported in business-type activities	290,891	(465,291)
Total	\$ 1,405,267	\$ (2,247,784)

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending December 31,	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ 175,658	\$ 280,973
2020	175,658	280,973
2021	175,658	280,973
2022	175,658	280,973
2023	175,658	280,973
Thereafter	526,977	842,919
Totals	\$ 1,405,267	\$ 2,247,784

Sensitivity Analysis: The accompanying tables present the total OPEB liability as of December 31, 2018, using (1) the discount rate assumed and what the total OPEB liability would be if it were calculated using a discount rate that were 1% higher and 1% lower than the current discount rate; and (2) the current health care trend rates and what the OPEB liability would be if it were calculated using health care trend rates that were 1% higher and 1% lower than the current health care trend rates.

	Discount Rate	City's Total OPEB Liability		Healthcare Trend Rates ¹	City's Total OPEB Liability
1% decrease	3.11%	\$ 37,298,544	1% decrease	7.50% - 3.50%	\$ 31,564,404
Current rate	4.11%	34,912,529	Current trend rates	8.50% - 4.50%	34,912,529
1% increase	5.11%	32,642,416	1% increase	9.50% - 5.50%	38,807,395

¹ Health care trend rates start at the initial rate and decrease to the ultimate rate.

9. SELF INSURANCE FUND

The City established the Self Insurance Fund in 1987 to account for self insurance programs of workers' compensation, group health insurance, group life insurance, employee liability, property damage, auto liability and general liability for the reporting entity. Since its original inception, the City uses this fund to cover costs associated with a fully-insured property policy and a special excess general liability insurance policy.

For funds paying insurance costs, the contributions are recorded as expenses in the paying fund and revenues in the Self Insurance Fund. The City records liabilities for known claims and estimated liabilities incurred but not reported at year-end which are reflected under accounts payable and other liabilities and claims payable, respectively, in the internal service funds. There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

The City retains the services of independent actuaries annually to analyze the self-insured workers' compensation, automotive liability, general liability and property loss liability exposures and funding levels. The City uses this analysis to assist with its financial planning and management of the workers' compensation and general liability, which includes automotive and property loss liabilities, self-insurance programs. The claims liability is the actuarially estimated amount of claims based on an estimate of ultimate incurred and incurred but not reported losses as of that date and is calculated considering the effects of inflation; recent claim settlement trends, including frequency and amount of pay-outs; insurance industry data; and other legal, social and economic factors. The claims liability does not include amounts for unallocated loss adjustment expenses. These liabilities have been discounted using a 2% discount rate. The City has not purchased any annuity contracts in the 2018 fiscal year to resolve City of Wichita claims.

A. Health Insurance

The employee health insurance program is offered to all full-time, eligible employees of the reporting entity and their dependents. The health insurance program is open to retirees and dependents up to 65 years of age. The City self-insures health benefits up to \$450,000 per member, with a stop-loss secondary coverage for costs in excess of \$450,000 with the exception of one member for which the City self-insures up to \$750,000. The self-insured prescription drug plan and self-insured vision plan are included in the monthly premium. At December 31, 2018, the City recorded a liability of \$4,839,332 for estimated claims pending and net position totaled \$11,311,959.

B. Workers' Compensation

The workers' compensation program is a partially self-funded program covering substantially all full-time and part-time employees of the reporting entity. The annual requirements of the workers' compensation program are determined based on current claims outstanding and estimates of future liability based on pending claims, recorded at a confidence level of 85%. The City has reinsured for liabilities exceeding \$750,000 per occurrence with coverage provided through Safety National Casualty Corporation. The retention is taken into consideration in actuarial projections of the City's liability. The City maintains a reserve to meet state and actuarial requirements and to provide contingency funding. At December 31, 2018, the City recorded a liability of \$10,838,382 for estimated probable claims pending and net position totaled \$5,351,711.

C. Life Insurance

The life insurance program offered by the City is a fully insured program administered by Standard Insurance Company with benefit levels based on employee compensation. All full-time employees of the reporting entity are eligible to participate in the plans of the program. The program provides basic life, dependent life and accidental death and dismemberment with conversion privileges to participants.

The cost of basic employee life insurance is funded approximately one third by the employee and two thirds by the City. The City offers additional supplemental, voluntary accidental death and dismemberment insurance for employees and eligible dependents, the total cost of which is paid by the employee.

Contributions (employee and employer), plus interest earned on investments, are used for premium payments. Coverage is terminated if the participant fails to make contributions toward the cost of insurance, if the participant terminates employment with the City and does not elect the conversion or portability option, or if the plan is terminated. At December 31, 2018, net position totaled \$726,898.

D. General Liability

The City's general liability program provides for legal defense and claims against employees of the reporting entity when an incident arises out of City operations. The general liability program also includes vehicle and premises liability. The

City maintains a property insurance policy for all City owned buildings and contents. The deductible portion of the building and content insurance coverage is paid from the Self Insurance Fund. The deductible is \$100,000 per occurrence for most covered losses, except wind and hail, which is \$500,000 per occurrence.

The City is self-insured for tort liability claims against the reporting entity. The Kansas Tort Claims Act provides a liability limitation of \$500,000 per occurrence. The City maintains an excess policy of insurance for federal actions because the limitations under the Kansas Tort Claims Act do not apply to federal actions. The policy provides coverage of \$20 million per occurrence limit and a \$2 million self-insured retention.

At December 31, 2018, the City recorded a liability of \$8,841,945 for pending tort claims at a confidence level of 85% and to provide for the loss of excess liability coverage and potential environmental liability exposure. At December 31, 2018, net position totaled \$2,686,763.

Changes in the balances of claims liabilities during the past two years are as follows:

Fund	Claims Paid	Beginning Balance	Changes in Actuarial Estimate	Ending Balance	Short-term Portion
Worker's Compensation					
2017	2,958,077	7,558,085	1,726,145	9,284,230	2,153,620
2018	2,532,857	9,284,230	1,554,152	10,838,382	2,473,985
General Liability					
2017	2,144,399	7,370,555	(333,750)	7,036,805	2,744,431
2018	4,765,373	7,036,805	1,805,140	8,841,945	3,520,193
Health Insurance					
2017	40,905,362	3,085,898	72,047	3,157,945	3,157,945
2018	47,805,501	3,157,945	1,681,387	4,839,332	4,839,332

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10. LONG-TERM OBLIGATIONS

A. The long-term liabilities activity for the year ended December 31, 2018, (expressed in thousands of dollars) is summarized in the following table:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable:					
General obligation bonds	\$ 47,633	\$ 9,395	\$ (11,076)	\$ 45,952	\$ 12,141
With government commitment:					
Special assessment	172,707	16,040	(24,366)	164,381	18,945
Tax increment financing	18,022	-	(2,793)	15,229	2,475
Transient guest tax	2,480	-	(5)	2,475	10
Local sales tax	96,275	-	(14,280)	81,995	11,420
Unamortized premium	29,770	1,946	(4,180)	27,536	-
Revenue bonds:					
Sales tax special obligation	3,045	1,800	(268)	4,577	198
Total bonds payable	369,932	29,181	(56,968)	342,145	45,189
Capital lease	64	-	(64)	-	-
Compensated absences	10,520	18,138	(17,821)	10,837	9,334
Claims payable	19,479	61,024	(55,983)	24,520	10,834
Net pension liability	98,416	106,676	(197,071)	8,021	-
Total OPEB liability ¹	27,916	4,137	(4,367)	27,686	-
Environmental remediation	16,106	13,246	(3,390)	25,962	1,885
Landfill closure/ post-closure care	11,359	5	(872)	10,492	461
Legal liability	1,368	-	(131)	1,237	131
Total long-term liabilities - governmental activities	<u>\$ 555,160</u>	<u>\$ 232,407</u>	<u>\$ (336,667)</u>	<u>\$ 450,900</u>	<u>\$ 67,834</u>
Business-type Activities					
Bonds payable:					
General obligation bonds	\$ 267,718	\$ -	\$ (9,785)	\$ 257,933	\$ 10,210
Unamortized premium	17,134	-	(1,151)	15,983	-
Revenue bonds	432,215	-	(28,255)	403,960	25,675
Unamortized premium	42,675	-	(2,060)	40,615	-
Total bonds payable	759,742	-	(41,251)	718,491	35,885
Compensated absences	1,909	3,842	(3,825)	1,926	1,670
Net pension liability	18,288	18,123	(33,410)	3,001	-
Total OPEB liability ¹	7,287	1,080	(1,140)	7,227	-
Environmental remediation	-	5	(5)	-	-
Total long-term liabilities - business-type activities	<u>\$ 787,226</u>	<u>\$ 23,050</u>	<u>\$ (79,631)</u>	<u>\$ 730,645</u>	<u>\$ 37,555</u>

¹ Beginning balances have been restated for the implementation of GASB 75. See NOTE 1Q – Implementation of New Accounting Principles.

B. General Obligation Bonds

General obligation bonds are issued to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the City and pledge the full faith and credit of the government. The bonds generally are issued as 10-year, 15-year or 20-year serial bonds. Annual debt service requirements to maturity for general obligation bonds are presented in the accompanying tables.

General Obligation Bonds Outstanding on December 31, 2018 (dollars in thousands)		
Payable From	Interest Rates	Amount
Governmental activities:		
Ad valorem property taxes	2.00% - 5.00%	\$ 45,952
Transient guest tax	3.00% - 5.00%	2,475
Tax increment financing	1.05% - 5.00%	15,229
Local sales tax	2.125% - 5.00%	81,995
Total governmental activities		145,651
Business-type activities:		
Airport Authority Fund	3.00% - 5.60%	126,400
Stormwater Utility Fund	1.50% - 5.00%	15,683
Water Utility Fund	3.00% - 5.00%	115,850
Total business-type activities		257,933
Total general obligation bonds		\$ 403,584

Annual Debt Service Requirements General Obligation Bonds (dollars in thousands)				
Year ending December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 26,046	\$ 5,324	\$ 10,210	\$ 10,608
2020	20,069	4,282	10,593	10,133
2021	17,257	3,502	10,463	9,641
2022	17,795	2,857	10,846	9,152
2023	11,821	2,201	11,338	8,641
2024 – 2028	44,012	5,477	59,473	35,608
2029 – 2033	6,835	638	64,460	24,302
2034 – 2038	1,816	35	35,895	13,382
2039 – 2043	-	-	34,435	6,375
2044 – 2047	-	-	10,220	636
Totals	\$ 145,651	\$ 24,316	\$ 257,933	\$ 128,478

The City of Wichita also issues special assessment bonds to provide funds for the construction of infrastructure in residential developments. Special assessment bonds will be repaid from amounts levied against the property owners benefited by the new infrastructure. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Annual debt service requirements to maturity for special assessment bonds are presented in the table to the right.

Annual Debt Service Requirements Special Assessment Bonds (dollars in thousands)		
Year ending December 31,	Governmental Activities	
	Principal	Interest
2019	\$ 18,945	\$ 6,741
2020	18,738	5,797
2021	17,275	5,061
2022	15,338	4,307
2023	13,746	3,660
2024 – 2028	53,844	10,579
2029 – 2033	23,120	1,997
2034 – 2038	3,375	216
Totals	\$ 164,381	\$ 38,358

C. Revenue Bonds

Revenue bonds are also issued by the City of Wichita, where income derived from the acquired or constructed assets is pledged to pay debt service. A summary of revenue bonds outstanding is presented in the following table.

Revenue Bonds Outstanding on December 31, 2018 (dollars in thousands)			
	Interest Rates	Final Maturity Date	Amount
Governmental activities			
2017 K-96 Greenwich STAR Bond Project	3.00% - 4.625%	2033	\$ 2,778
2018 Stadium STAR Bond Project	3.50% - 5.00%	2038	1,799
Total governmental activities			4,577
Business-type activities			
Water utilities:			
2009B Water & Sewer	4.27% - 5.36%	2019	1,605
2010B Water & Sewer	3.30% - 5.35%	2030	11,955
2011A Water & Sewer Refunding	3.00% - 5.00%	2028	61,700
2012A Water & Sewer	3.00% - 4.00%	2032	12,825
2014A Water & Sewer Refunding	3.00% - 5.00%	2030	24,725
2014B Water & Sewer	2.50% - 5.00%	2034	10,895
2015B Water & Sewer Refunding	2.38% - 5.00%	2031	31,180
2015C Water & Sewer	2.50% - 5.00%	2035	21,910
2015D Water & Sewer Refunding	2.50% - 5.00%	2032	20,285
2016A Water & Sewer	2.00% - 5.00%	2036	22,255
2016B Water & Sewer Refunding	2.00% - 5.00%	2039	95,105
2017A Water & Sewer	3.00% - 5.00%	2037	63,360
2017B Water & Sewer Refunding	1.63% - 5.00%	2030	20,700
Airport authority:			
Yingling Aircraft – Series 2001	7.50%	2021	1,300
FlightSafety – Series A 2003	Variable*	2031	2,660
Yingling Aircraft – Series A 2005	6.00%	2025	1,500
Total business-type activities			403,960
Total revenue bonds			\$ 408,537

*The FlightSafety – Series A, 2003 bonds have a variable interest rate, adjustable weekly based on the rate at which the bonds can be remarketed at par, as determined by a remarketing agent, with an interest rate ceiling of 15%. The interest rate utilized to calculate the debt service requirements was the effective rate on December 31, 2018 of 1.78%.

Sales Tax Special Obligation Revenue (STAR) Bonds: In 2017, the City issued \$71,305,000 in Sales Tax Special Obligation Revenue Bonds (STAR bonds) in connection with the approved K-96 Greenwich STAR Bond Project District under K.S.A. 12-17, 160 et al., known as the STAR Bonds Act to (1) advance refund the remaining \$33,270,000 in outstanding principal of the 2013 STAR bonds, (2) fund a portion of the 2017 Project, (3) fund a deposit into the Debt Service Reserve Fund for the 2017 bonds and (4) pay certain costs related to the issuance of the 2017 bonds. The advance refunding of the 2013 bonds resulted in an in-substance defeasance.

In 2018, the City issued \$42,140,000 in STAR Bonds in connection with the approved River District Stadium STAR Bond Project to (1) pay a portion of the costs of the 2018 projects; (2) fund a deposit to the Capitalized Interest Fund established under the indenture for the Series 2018 Bonds to pay interest on the series 2018 bonds through September 1, 2020; and (3) pay certain costs related to the issuance of the 2018 bonds.

Pursuant to issuance of the STAR bonds, the City and State of Kansas entered into a STAR Bond Tax Distribution Agreement. The agreement provides that the principal and interest on the STAR bonds will be paid proportionally by the City and the State of Kansas, based on each entity's respective share of sales tax generated within the District. As of December 31, 2018, the City's proportional share is approximately 4.27%. This proportional share may change in the future if the sales taxes assessed by the local or state governments are modified.

These bonds are special, limited obligations of the City payable solely from revenues generated within the specified STAR Districts for each bond series. The bonds do not constitute a pledge of the full faith and credit of the City, and do not obligate the City to levy any form of taxation or to make any appropriation for their payment. As such, the City has only recorded 4.27%, its proportional share of the outstanding obligation, for this bond issue. As of December 31, 2018, the City recorded STAR bonds outstanding in the amount of \$2,777,635 and \$1,799,999 for the 2017 and 2018 STAR bonds, respectively.

The 2018 STAR bonds has an additional clause in the Bond Trust Indenture (Indenture) to provide extra security to the bondholders in which the City has covenanted that a request for appropriations will be included in each annual budget commencing with the 2020 fiscal year sufficient to pay the debt service requirements on the 2018 STAR bonds due in that budgeted fiscal year; however, the Indenture does not required the City to do so. The City will only transfer funds to the Trustee in the event that such amount on deposit with the Trustee is insufficient to pay the scheduled debt services requirements for the upcoming payment in the current fiscal year. The City's obligations to pay debt service shall be year to year only and shall not constitute a mandatory payment obligation of the City in any ensuing fiscal year beyond the current year. The City will monitor the District's collections and balances at the Trustee, in comparison to the upcoming debt service requirements, to determine if the City should record any additional liability if there are anticipated shortfalls.

Pledged Revenue: The City has pledged specific revenue streams to secure the repayment of its revenue bonds. The following table lists those revenues and corresponding revenue bonds along with the amount and term of the pledge remaining, the current fiscal year debt service, the amount of pledged revenue recognized during the fiscal year and the percentage of the revenue stream that has been committed.

Pledged Revenue for Revenue Bond Debt Service Requirements (dollars in thousands)					
Amount of Pledge	Type of Pledged Revenue	Term of Commitment	Percent of Revenue Pledged	2018 Principal & Interest	2018 Pledged Revenues Recognized
<u>Water & Sewer Utility Revenue Bonds:</u>					
\$ 522,373	Utility revenues	Through 2039	100%	\$ 45,669	\$ 151,252
<u>Airport Authority Special Facility Revenue Bonds:</u>					
\$ 6,850	Direct financing leases	Through 2031	100%	\$ 225	\$ 225
<u>2017 Sales Tax Special Obligation Revenue (STAR) Bonds:</u>					
\$ 3,355	Sales tax revenues	Through 2033	100%	\$ 387	\$ 313
<u>2018 STAR Bonds:</u>					
\$ 2,853	Sales tax revenues	Through 2038	100%	\$ -	\$ -

Revenue bond debt service requirements to maturity are presented in the following table.

Annual Debt Service Requirements - Revenue Bonds (dollars in thousands)				
Year ending December 31,	Business-type Activities		Governmental Activities	
	Principal	Interest	Principal	Interest
2019	\$ 25,675	\$ 16,602	\$ 198	\$ 175
2020	26,255	15,398	305	183
2021	28,700	14,059	316	174
2022	28,115	12,697	330	161
2023	29,430	11,315	366	147
2024 – 2028	131,925	37,512	1,701	466
2029 – 2033	95,050	14,521	611	232
2034 – 2038	37,005	3,105	750	92
2039	1,805	54	-	-
Totals	\$ 403,960	\$ 125,263	\$ 4,577	\$ 1,630

D. Revenue Bond Ordinance Provisions and Reserve Requirements

Revenue bond ordinances related to the issuance of revenue bonds of the respective enterprise funds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2018, the City was in compliance with all significant reserve requirements of the respective Water and Sewer Utility revenue bond resolutions and ordinances.

E. Outstanding Crossover Refundings and Defeasance of Debt

Crossover Advance Refundings: For reporting purposes of a crossover advance refunding bond issue, the original issue is not considered defeased until the bonds are retired. As with advance refunding bond issues, the proceeds from the crossover advance refunding bonds are placed into an escrow account. However, unlike other types of advance refundings, the escrowed funds in a crossover advance refunding are not immediately dedicated to debt service principal and interest payments on the refunded debt. Instead the resources in the escrow account are temporarily used to meet debt service requirements on the refunding bonds. At a later date, known as the "crossover date", the resources in the escrow account are dedicated exclusively for the payment of principal and interest on the refunded debt. Crossover refundings do not result in the defeasance of debt prior to the crossover date.

On December 1, 2017, the City issued Series 2017A general obligation refunding bonds in the amount of \$19,995,000. The 2017A bonds have multiple crossover dates resulting in crossover advance refundings for \$22,655,000 in principal for five previous issues.

During 2018, the City defeased two of the five issues refunded by the 2017A bonds in the amount of \$4,430,000. The following three issues refunded by the 2017A bonds are still outstanding. The City has recorded both the outstanding debt of both the refunding issue and the refunded issues, which are not considered defeased as listed in the table below. In addition, the related funds in escrow have been recorded as cash with fiscal agent.

Refunding Issue	Issue Advance Refunded	Principal Refunded	Crossover Date
General Obligation, Series 2017A	General Obligation, Series 796A	\$ 5,800,000	9/1/2019
General Obligation, Series 2017A	General Obligation, Series 798A	4,565,000	12/1/2019
General Obligation, Series 2017A	General Obligation, Series 800A	7,860,000	6/1/2020
		<u>\$ 18,225,000</u>	

F. Other Long-Term Liabilities

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Kansas and federal laws and regulations require the City to perform maintenance and monitoring functions at the site for thirty years after the regulatory closure date of July 25, 2003. Beginning July 1, 2017, the Kansas Department of Health and Environment (KDHE)'s policy concerning the post-closure and closure (PCC) estimate was revised, stating the PCC must be calculated using 30 years initially and then drop each year until 20 years. A rolling 20 years is then required until a demonstration can be made that the landfill conditions are moving towards either equilibrium or stabilization. Estimated post-closure costs for the remaining 20 years total \$8,275,867 or \$413,793 annually. Accordingly, a liability of \$8,275,867 for post-closure care has been reported as a long-term liability of governmental activities on the Statement of Net Position as of December 31, 2018.

The City's Chapin municipal solid waste facility closed operations December 19, 1980. Kansas and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for thirty years after the regulatory closure date of July 1, 1989. In June 2008, landfill gas was determined to have migrated off-site from the Chapin Landfill. The estimated additional post-closure care for the remaining year is \$47,191. Accordingly, a liability of \$47,191 for post-closure care has been reported as a long-term liability of the governmental activities on the Statement of Net Position as of December 31, 2018.

Additionally, the City operates three limited landfills, all located at the Brooks Landfill site. Kansas and federal laws and regulations require the City to place a final cover when the landfills close and perform certain maintenance and monitoring functions for thirty years after regulatory closure. Beginning July 1, 2017, the Kansas Department of Health and Environment (KDHE)'s policy concerning the post-closure and closure (PCC) estimate was revised, stating the PCC must be calculated using 30 years initially and then drop each year until 20 years. A rolling 20 years is then required until a demonstration can be made that the landfill conditions are moving towards either equilibrium or stabilization. Based on the capacity used in each landfill, the accumulated closure and post-closure costs, as applicable, for each of

the landfills is recorded as a long-term liability of the governmental activities on the Statement of Net Position as of December 31, 2018.

During 2001, the City was granted permission to operate a construction and demolition landfill. The landfill began operation on October 1, 2001. The City's construction and demolition landfill has cumulative closure costs of \$2,059,513 on December 31, 2018, based on the use of 99% of the estimated capacity. The City will recognize the remaining closure costs of \$21,644 as the remaining capacity is filled. Based on activity to date, the City expects the landfill to close in approximately 2019, or as capacity is reached.

In May 2002, the City began operation of an industrial monofill landfill for asbestos waste. The City's industrial monofill landfill for asbestos waste has cumulative closure and post-closure costs of \$109,632 on December 31, 2018, based on the use of 30.2% of the estimated capacity. The City will recognize the remaining closure and post-closure costs of \$253,388 as the remaining capacity is filled. Based on activity to date, the industrial monofill landfill is expected to close in approximately 2063, or as capacity is reached.

In March 2008, the City began operation of a composting facility for yard waste at the existing Brooks Landfill site for which the capacity used was too small to measure, as yard waste moves in and compost moves out. As of December 31, 2018, the capacity used was too small to estimate, thus the total estimated closure and post-closure care of \$40,180 will be recognized as capacity is filled.

As of December 31, 2018, the accumulated costs for the landfills are recorded as a long-term liability in the governmental activities on the Statement of Net Position. The costs will be liquidated from prior years' landfill fees accumulated in the Landfill Post-Closure Fund. Note 17 - Landfill Closure and Post-Closure Care provides further disclosure.

G. Environmental Remediation Obligations

Gilbert and Mosley Groundwater Contamination (Plumes ABE): In the late 1980s and early 1990s, under a Cooperative Agreement with the U.S. Environmental Protection Agency (EPA), the Kansas Department of Health and Environment (KDHE) conducted a preliminary assessment and investigation of an area near the City's downtown, known as the Gilbert and Mosley site. The studies identified contaminants of volatile organic compounds and the concentrations of the compounds. On March 26, 1991, the City and KDHE finalized a "Settlement Agreement for Remedial Investigation and Feasibility Study, and for Certain Remedial Actions to be Determined Following Opportunity for Public Involvement" (Settlement Agreement).

The City performed the Remedial Investigation (RI) and the Feasibility Study (FS) with final reports approved by KDHE in September 1994. In 1999, the City issued an RI/FS addendum and with subsequent investigations, identified the nature, extent and sources of contamination. In October 2000, KDHE approved the final design for a pump-and-treat alternative to address the site-wide groundwater contamination (Plumes ABE). In 2002, the City completed the installation of the extraction wells, piping and treatment facility. The system has been in continuous operation since December 30, 2002.

The City has ongoing costs associated with the operations, maintenance, monitoring and reporting activities for the groundwater remediation system for the Plumes ABE contamination. Accordingly, a liability of \$6,639,158 has been recorded in the government-wide financial statements, in addition to a receivable of \$2,234,010 for settlements from potentially responsible parties. The liability and recovery amounts are based on an engineering estimate which was defended in the United States District Court (United States District Court Case No. 98-1360-MLB), as well as based on actual costs incurred. The potential for change to the liability is moderate, due to the potential of reducing the groundwater contamination plume to acceptable concentrations prior to the 70-year projection contained in the engineering estimate, offset with future inflationary cost increases. The probability of continued operation of the treatment system after 40 years of operations is estimated to be 30%.

Harcross/TriState Central Site: Within the Gilbert and Mosley District, some specific source areas have been identified as requiring source control measures. The Harcross/TriState Central site has been identified as contaminated by volatile organic compounds (VOCs) resulting from various industrial spills and processes, in addition to contamination from food grade chemicals. Some reported contaminant concentrations have exceeded KDHE standards. Based on the Gilbert and Mosley Settlement Agreement, the City is responsible for cleanup of the site. The City has performed a site investigation and is in the process of implementing the remediation which consists of two vapor mitigation systems which were installed in residential properties in September 2005. An additional vapor mitigation system was installed in a third residential property in 2006, in conjunction with offsite excavations of soil. An air sparge/soil vapor extraction system was installed in each of the sources in 2007 and those units are still in operation. Both systems operated until

October of 2018 when they were shut down for a rebound assessment. The systems will be reassessed in 2019 to determine whether they should continue operating.

The City has ongoing costs associated with the remediation of the Harcross/TriState Central site. The estimated liability is based on engineering estimates and actual costs incurred since the beginning of the project to the present. A liability of \$1,125,364 has been recorded in the government-wide financial statements for the ongoing remediation costs. The potential for changes in the liability is low with any changes likely to be immaterial.

WaterWalk Site: Within the Gilbert & Mosley district, the WaterWalk site has been identified as contaminated by total petroleum hydrocarbons (TPH) and metals in soils and groundwater above KDHE standards. The contamination is being addressed under the Gilbert and Mosley Settlement Agreement. The City has submitted a draft Comprehensive Investigation Work Plan, which has been approved by KDHE, to delineate the horizontal and vertical extent of the contamination. A utility corridor excavated on the site in 2006 resulted in excavated soils being screened and segregated based on contaminate and concentration. Lead-impacted soils were landfilled and petroleum-impacted soils were treated at a local asphalt plant until the soils reached residential contact standards for TPH. As of December 31, 2018, a liability of \$5,190 has been recorded in the government-wide financial statements. The potential for changes to the liability is moderate pending completion of the investigation.

South Washington and English Site (SWE): The SWE site has soil and groundwater contaminated by chlorinated solvents associated with dry cleaning and other industrial processes. The impacted areas have concentrations that exceed KDHE standards. The City is responsible for cleanup of the site based on the Gilbert and Mosley Settlement Agreement. The City performed a site investigation and selected a remediation plan consisting of excavation and offsite disposal of select soils, electrical resistance heating of subsurface soils and soil vapor extraction.

Remedial action was initiated in 2010 including excavation and disposal of contaminated soils, the initiation of the electrical resistance heating design and additional investigation. As a result of the need to secure the property for remediation, property was purchased which was initially planned to be sold after the remediation process was complete. Proceeds from the sale of the property were estimated to be approximately \$200,000.

In 2014, it was determined that the costs associated with the implementation of electrical resistance heating remedy for the entire area required by KDHE was not economically feasible. As a result, alternative remedial activities including injection of an oxidizing compound into the contaminated zone were evaluated by both the City and KDHE.

In late 2017, the City agreed to demolish the building purchased in 2010 to facilitate the installation of a driveway for a parking garage for a corporate building being constructed on the former Wichita Eagle property to the west/northwest of the SWE site. As a result the City had to temporarily halt remediation efforts which are expected to be resumed in 2019 and will coordinate efforts with KDHE. The City anticipates a revised remediation approach will be approved by KDHE in 2019 and implemented 2019.

The City recorded a net liability for remediation and monitoring activities of \$647,377 in the government-wide financial statements, based on engineering estimates and actual costs incurred from the start of the project to the present. The potential for change is moderate as the City is still negotiating with KDHE.

APCO Chemical Company (APCO): The APCO site has been identified as contaminated by chlorinated volatile organic compounds (VOCs) and petroleum related hydrocarbons. Soil and groundwater concentrations exceed KDHE standards and require remediation efforts. The KDHE Underground Storage Tank Trust Fund (UST Trust) has installed an air sparging/soil vapor extraction system to address the petroleum hydrocarbon contamination. Based on the Settlement Agreement, KDHE identified the City as the responsible party for cleanup of the chlorinated VOCs associated with the site when the responsible party declared bankruptcy in 2005. As a result of the 2008 APCO Trust Bankruptcy Trial, the City of Wichita received a \$450,000 judgment against APCO Trust for remediation at this site. Payment of that judgment was received in early 2014.

The City has performed a site investigation and KDHE completed its remediation program of the petroleum contamination. Testing conducted by KDHE and the site-wide monitoring program indicated that the UST remediation program may have also remediated the chlorinated solvents related to the APCO release. In 2015, the City hired a consultant to conduct an updated investigation of the APCO site to determine whether any additional remediation efforts are necessary. A work plan to conduct the investigation was submitted and approved by KDHE in 2016 and the field investigation was conducted in 2017. The investigation revealed that very little groundwater contamination is present at the site. KDHE determined that the site contamination has been resolved as of November 27, 2018. No further action is required for this site.

The City has recorded a liability of \$4,000 the cost to decommission any remaining monitoring wells. The potential for changes to the liability is relatively low as the site is now resolved.

Automotive Fleet Services, Inc. (AFS): The AFS site, within the Gilbert and Mosley district, has been identified as contaminated by volatile organic compounds (VOCs) related to vehicle maintenance with reported contaminant concentrations in groundwater exceeding KDHE standards. Based on the Gilbert and Mosley Settlement Agreement, the City is responsible for cleanup of the site. In 2015, the City hired a consultant to conduct a Comprehensive Investigation (CI) and Corrective Action Study (CAS) and a work plan was submitted and approved by KDHE in 2016. In 2017, the investigation was conducted and the findings indicated that no remedial activities are necessary. KDHE has determined that the site contamination has been resolved as of November 6, 2018. No further action is required for this site.

The City has ongoing costs for the decommissioning of the monitoring wells. A liability is recorded in the amount of \$1,000 in the government-wide financial statements. The potential for changes in the liability is relatively low as the site is now resolved.

Reid Supply, Inc. (RSI): The RSI site, within the Gilbert and Mosley district, has been identified as contaminated by chlorinated solvents with some contaminant concentrations exceeding KDHE soil and groundwater standards. RSI has been named as the responsible party for cleanup of the site; however, the City may be named as partially or fully responsible at a future date. The City has hired a consultant to conduct a CI/CAS program of the site to determine whether a remedial action is necessary. CI fieldwork was completed in 2018 and the CI/CAS reports will be submitted in 2019. Data indicates that remediation efforts will likely be required.

An estimated liability, based on a 2002 engineering estimate and actual costs incurred from the start of the project to the present, has been recorded in the government-wide financial statements in the amount of \$1,037,458. The potential for change to the liability is moderate due to the need for remediation efforts.

LORAC Company (LORAC): The LORAC site, within the Gilbert and Mosley district, has been identified as contaminated by chlorinated solvents with some contaminant concentrations exceeding KDHE soil and groundwater standards. The property owners signed an agreement with KDHE in 2008 to conduct a site investigation which was subsequently completed in 2009. The current property owner has indicated to KDHE that they have limited capacity to pay for a full scale Comprehensive Investigation (CI) and Corrective Action Study (CAS). As a result, the City has agreed to conduct the CI/CAS program as part of the Gilbert and Mosley Settlement Agreement and in 2015, the City hired a consultant to conduct the program. A work plan to conduct the CI/CAS has been submitted to KDHE for review and approval in 2018 and CI fieldwork was conducted in 2018. The CI/CAS reports will be submitted to KDHE in 2019. Data indicates that remediation efforts will likely be required.

An estimated liability, based on contractual obligations for the CI/CAS and actual costs incurred from the start of the project to the present, has been recorded in the government-wide financial statements in the amount of \$7,775. The potential for change to the liability is relatively high due to the likely need for remediation activities. There is a strong likelihood that the City may have to take on the responsibility of implementing any required remedial actions. If LORAC is unable to pay the remediation costs, KDHE may hold the City liable for the remediation efforts.

North Industrial Corridor (NIC) Site-wide Groundwater Contamination: In the 1980s, the Environmental Protection Agency identified the presence of volatile organic compounds in groundwater produced from two industrial wells. Subsequent investigations revealed widespread contamination in the groundwater in what is known as the North Industrial Corridor. In 1987, the Wichita North Industrial District Group (WNID Group) organized with the City as a member. The WNID Group entered into a consent agreement with KDHE September 1989. A portion of the NIC site was listed on the National Priorities List by the EPA in February 1990. In 1994, the City petitioned for the removal of the site from the National Priorities List. The EPA published notice of removal in April 1996.

To restore economic viability to the area, the City signed a "Settlement Agreement for Remedial Investigation and Feasibility Study for Certain Remedial Actions to be Determined Following Opportunity for Public Involvement" (NIC Settlement Agreement) in 1995. In May 1996, the City entered into a participation agreement with potentially responsible parties for the NIC contamination. The remedial investigation report was completed in June 2004, with an addendum to the report completed in 2005. The reports were approved by KDHE in March 2007. KDHE approved the feasibility study in 2011 and in March 2012, issued a Final Corrective Action Decision for interim groundwater remediation. The North Industrial Corridor site has been divided into six groundwater units for evaluation and remedial actions. The Corrective

Action Decision focuses on the remedial action alternatives within Groundwater Units 1 through 4. Groundwater Units 5 and 6 are being remediated by the responsible parties under separate consent orders with KDHE.

The Final Corrective Action Decision (CAD) includes pre-design data acquisition, long-term groundwater remediation and surface water monitoring, five-year reviews and institutional controls for each groundwater unit. Pre-design Data Acquisition (PDA) was conducted to optimize the selected remedy and evaluate the need for contingency implementation. PDA activities were initiated in 2014 and completed in 2016 and additional studies required by the CAD were also completed in 2016. A Remedial Designs (RD) report was completed in 2018 which presented the final site-wide groundwater remediation program for the site. This was followed by an Engineer's Estimate in late 2018 and early 2019 for the cost of the remedial action construction and the long term site-wide remediation program. A comprehensive groundwater and surface water monitoring plan has been developed to evaluate performance of the remedy applied and monitor contaminant migration. Five-year reviews will be conducted as long as contamination remains at the site at concentrations above levels which will permit unrestricted use. The reviews will provide an opportunity to review the overall effectiveness of the remedial strategy. Continued enforcement of City of Wichita ordinances which prohibit the installation of new water wells and use of pre-existing water wells for personal use in contaminated areas will help ensure protection of human health until the site cleanup is complete.

KDHE has approved the remedial actions for Groundwater Units 1 through 4, of which it was determined that no additional work was required at Groundwater Unit 1. The remedial actions for Groundwater Units 2 through 4 consist of source abatement and groundwater extraction and treatment of groundwater extraction wells from which contaminated groundwater will be pumped to the Gilbert and Mosley Wichita Area Treatment Education and Remediation (WATER) Center for treatment.

The current obligation is estimated based upon the engineer's costs estimates for the construction of the remediation system and the operations and maintenance/ sampling costs, which include KDHE oversight charges. Costs were derived using standardized engineering practices and expected cash flows. KDHE has approved the Remedial Design and is in the process of approving the source monitoring and performance evaluation work plan for the NIC site. The remedial action construction and performance monitoring will be contracted in 2019 and will be a multi-year encumbrance.

A liability of \$16,460,410 has been recorded in the government-wide financial statements. The potential for changes to the liability is relatively high due to the required technical components, future bidding and potential value initiatives that may reduce project costs.

As of December 31, 2018, all of the financially significant participants have settled with the City and the City has settled with 15 responsible parties. There are additional payments from multiple settled parties scheduled for 2019 and a corresponding receivable of \$1,195,039 has been recorded. Additional settlements are also anticipated in 2019.

John's Sludge Pond: The John's Sludge Pond site was formerly used for disposal of waste oil and oily sludge generated in the recycling/reclamation process of an oil refinery. A portion of the site was purchased by the City in 1983 to provide drainage for the interstate highway. A private estate owns the remainder of the site. Investigations by the City of Wichita found the sludge and water in the pond to be very acidic and the sludge was found to contain elevated concentrations of lead, low levels of PCBs, other metals and organics.

The site was placed on the National Priorities List (NPL) by the EPA in 1983. Remedial actions consisted of stabilizing the sludge with pozzolanic material and capping the site in 1985. The site was removed from the NPL in 1992 but is still being monitored because the waste was capped in place. The EPA performs project reviews every five years. In 2017, the EPA review determined that the City could reduce its monitoring frequency to every five years instead of every year. The next scheduled sampling event is 2021.

The City has ongoing costs associated with monitoring of the site. A liability of \$19,115 has been recorded in the government-wide financial statements. The City does not have current bids on the reduced monitoring program or updated site maintenance. Thus, the liability has not been adjusted for the reduced monitoring. The 2019 liability will be adjusted as appropriate to account for the reduced monitoring program once the City contractor provides updated costs. The potential for change to the liability is relatively low.

Mid-town Bike Path: A portion of the City's Mid-town Bike Path was acquired from the abandoned Union Pacific Railroad line in north central Wichita. The City has converted a portion of the abandoned rail line into a bicycle pathway. The shallow soils along the proposed pathway are impacted by total petroleum hydrocarbons (TPH) and metals (lead and arsenic). As part of the remedial strategy, the impacted soils were capped with clean soils to prevent dermal contact

and limit potential infiltration and leaching of the materials to the groundwater. KDHE requires an annual inspection of the conditions and maintenance of the site. The City has recorded a liability of \$5,000 for costs associated with monitoring and reporting.

Wichita Mid-Continent Airport Fuel and Fire Training Facility Site: Contaminates of petroleum related volatile organic compounds were found in solid samples collected between 1989 and 1993. Due to the low level of contaminants reported in the groundwater at the Fuel Farm and the absence of contaminants in the groundwater at the nearby Fire Training Facility, KDHE requires monitoring of groundwater only. Annual monitoring of the site is completed in compliance with KDHE requirements. The City has recorded a liability of \$10,000 for costs associated with site monitoring and reporting.

H. Liquidation of Other Long-Term Liabilities

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities of the internal service funds are included as part of the totals for governmental activities as presented in the table below. At year-end, compensated absences of \$439,921 related to internal service funds were included in the governmental amounts below. Compensated absences for the governmental funds are generally liquidated by the General Fund.

Claims payable are liquidated from the Self Insurance Fund. Post employment benefits other than pensions are recorded at the entity-wide level and are generally liquidated from the Self Insurance Fund. Net Pension Liability will ultimately be satisfied through charges related to payroll and such liabilities are generally liquidated using the resources of the funds from which the liabilities originated. Environmental remediation liabilities are recorded at the government-wide level and are generally liquidated from the Environmental TIF Funds.

11. TEMPORARY NOTES PAYABLE

Kansas Statutes permit the issuance of temporary notes to finance certain capital improvement projects that will be refinanced with general obligation bonds. Prior to the issuance of temporary notes, the governing body must take necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance. During 2018, the City issued \$126,700,000 and retired \$99,975,000 in temporary notes for various capital improvements. Temporary notes outstanding at December 31, 2018 are payable as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities	\$ 84,900,772	\$ 121,983,471	\$ (94,535,772)	\$ 112,348,471
Business-type activities				
Airport Authority Fund	4,178,830	3,630,000	(4,178,830)	3,630,000
Transit Fund	-	1,086,529	-	1,086,529
Stormwater Utility Fund	1,260,398	-	(1,260,398)	-
Total business-type activities	5,439,228	4,716,529	(5,439,228)	4,716,529
Total temporary notes	\$ 90,340,000	\$ 126,700,000	\$ (99,975,000)	\$ 117,065,000

Temporary notes also replace operating cash which has been used to finance capital construction in other funds as provided in the table on the following page. Some construction costs may have occurred in prior periods.

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	Series	Interest Rate	Amount Outstanding	Maturity Date
Governmental activities:				
Capital project funds:				
Street Improvement Fund	290	1.750%	\$ 22,095,632	04/13/19
Street Improvement Fund	292	4.000%	12,189,011	10/15/19
Public Improvement Construction Fund	290	1.750%	34,530,241	04/13/19
Public Improvement Construction Fund	292	4.000%	30,399,550	10/15/19
Water Main Extension Fund	290	1.750%	874,138	04/13/19
Water Main extension Fund	292	4.000%	708,213	10/15/19
Park Bond Construction Fund	290	1.750%	1,289,114	04/13/19
Park Bond Construction Fund	292	4.000%	1,452,142	10/15/19
Sewer Construction Fund	290	1.750%	5,124,346	04/13/19
Sewer Construction Fund	292	4.000%	3,686,084	10/15/19
Total governmental activities			<u>112,348,471</u>	
Business-type activities:				
Enterprise funds:				
Airport Authority Fund	294	3.000%	3,630,000	04/15/19
Transit Fund	290	1.750%	1,086,529	04/13/19
Total business-type activities			<u>4,716,529</u>	
Total temporary notes payable			<u>\$ 117,065,000</u>	

12. LEASES

Rents Receivable under Operating Leases: The Airport Authority leases facilities and land to airlines, concessionaires, commercial entities and others. The leases are for varying periods, from one month to 41 years, and require the payment of minimum annual rentals. The future minimum rentals of non-cancelable operating leases are reflected in the accompanying table. The future value of operating leases does not include contingent rentals that may be received under certain leases. Such contingent rentals totaled \$4,198,734 in 2018.

Direct Financing Leases: The Airport Authority has authorized the construction of buildings on Authority-owned land by 47 tenants, some of which the Airport Authority has assisted in financing through the issuance of Airport Facility Bonds. Tenants lease the land from the Airport Authority for periods ranging from one month to 40 years with renewal options ranging from one year to 27 years.

Year Ending December 31,	Minimum Rentals of Non-cancelable Operating Leases
2019	\$ 11,301,360
2020	5,906,299
2021	5,235,601
2022	4,963,847
2023	4,578,404
2024 – 2028	13,270,397
2029 – 2033	8,253,998
2034 – 2038	7,101,897
2039 – 2043	6,238,248
2044 – 2048	4,122,380
2049 – thereafter	3,706,195
Total minimum future rentals	<u>\$ 74,678,626</u>

The financing of the facilities by the Airport Authority represents direct financing leases. Accordingly, the net investments of such leases are recorded on the enterprise fund balance sheet as restricted assets. The tables presented on the following page provide the components of the net investment in direct financing leases as of December 31, 2018 and the future minimum lease rentals to be received under the leases.

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Investments in Direct Financing Leases As of December 31, 2018		Future Minimum Lease Rentals Under Direct Financing Leases As of December 31, 2018	
	Airport Authority	Year ending December 31,	Airport Authority
Total minimum lease payments to be received	6,849,663	2019	\$ 234,838
Less: unearned income	(1,389,663)	2020	234,838
Net investment in direct financing leases	<u>\$ 5,460,000</u>	2021	1,457,109
		2022	137,338
		2023	137,338
		2023 – 2027	1,846,189
		2028 – 2031	2,802,013
		Total minimum future rentals	<u>\$ 6,849,663</u>

Prepaid Long-term Operating Lease: The City entered into a development agreement with Cargill Meat Solutions Corporation related to the construction of a parking facility in the City's Old Town District. Under this agreement, the City has agreed to contribute funding of up to 50% of qualifying construction costs plus an additional \$3,000,000. In exchange, the parking facility will be available for public use during designated hours for a term of 15 years beginning November 2018, as the parking garage was completed in October 2018. As of December 31, 2018, the City had reimbursed Cargill \$8,745,084 for the construction of the parking facility, and the balance of the prepaid lease as of December 31, 2018 was \$8,647,916.

13. CONDUIT DEBT OBLIGATIONS

From time to time the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The industrial revenue bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2018, 81 series of industrial revenue bonds were outstanding, with an aggregate principal amount payable of \$1,546,368,696.

Special facility revenue bonds have been issued by the Airport Authority to provide for the construction of buildings on Authority-owned land. The bonds are special limited obligations of the Authority, payable solely from and secured by a pledge of rentals to be received from lease agreements between the Authority and various tenants. The bonds do not constitute a debt or pledge of the faith and credit of the City or the Airport Authority. At December 31, 2018, three series of special facility revenue bonds totaling \$5,460,000 are reported as a long-term liability of the Airport Authority. Note 9C - Revenue Bonds provides additional disclosure on the long-term debt. Note 12 - Leases provides further disclosure on the direct financing leases.

14. INTERFUND TRANSFERS

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended. During the year ended December 31, 2018, transfer revenue and transfer expenditures each totaled \$105,018,326.

Of routine nature are the Debt Service Fund transfers of \$20.2 million to the Street Improvement Fund and other capital project funds to retire temporary notes and cash fund projects. Also routine were transfers from the Sales Tax Construction Pledge Fund to the Debt Service Fund of \$18 million and \$10.7 million to the Local Sales Tax CIP Fund to cash fund freeway and major arterial projects.

Summary of Interfund Transfers For Year Ended December 31, 2018		
Fund	Transfers Out	Transfers In
Major funds:		
General Fund	\$ 26,788,151	\$ 5,874,962
Debt Service Fund	24,306,864	20,632,796
Street Improvement Fund	-	34,907,031
Public Improvement Fund	-	22,111,395
Nonmajor governmental funds	53,061,040	16,467,062
Nonmajor enterprise funds	-	4,775,080
Internal service funds	862,271	250,000
Total transfers	<u>\$ 105,018,326</u>	<u>\$ 105,018,326</u>

In 2018, the General Fund transferred out the remaining \$19 million of proceeds from the sale of the Hyatt Hotel to other funds, as approved by the City Council. These transfers out are shown as a special item.

15. INTERFUND RECEIVABLES AND PAYABLES

Interfund receivables and payables result from the provision of products or services or loans between funds. As of December 31, 2018, interfund receivables and payables totaled \$22,681,185, including a long-term Golf Course System Fund payable to the Debt Service Fund to assist with the restructuring of long-term debt. In addition, temporary loans from the General Fund-Permanent Reserve Subfund; the internal service funds to the Golf Course System Fund; and the Self Insurance Fund to the Transit Fund have been extended. Other interfund balances are used to offset temporary cash deficits. Individual fund receivable and payable balances at December 31, 2018 are presented in the tables below.

Interfund Receivables As of December 31, 2018		Interfund Payables As of December 31, 2018	
Fund	Receivables	Fund	Payables
Major funds:		Major funds:	
General Fund	\$ 800,000	Street Improvement Fund	\$ 6,470,291
Debt Service Fund	5,668,420	Nonmajor governmental funds:	
Nonmajor governmental funds:		Grant Assistance Fund	2,060,330
Local Sales Tax CIP Fund	15,882,072	Homelessness Assistance Fund	11,341
Enterprise funds:		Water Main Extension Fund	971,366
Transit Capital Grants Fund	65,368	Park Bond Construction Fund	115,728
Internal service funds:		Sewer Construction Fund	6,318,383
Self Insurance Fund	18,660	Nonmajor Enterprise funds:	
Information Technology Fund	103,958	Golf Course System Fund	5,915,086
Fleet Fund	142,707	Transit Fund	818,660
Total interfund receivables	\$ 22,681,185	Total interfund payables	\$ 22,681,185

16. PASSENGER FACILITY CHARGES

In 1994, the Airport Authority first received approval from the Federal Aviation Administration to impose and use a passenger facility charge (PFC) of \$3 for each eligible passenger utilizing Mid-Continent Airport, effective December 1, 1994. The first funds were received by the Airport Authority in January 1995. On May 1, 2005 the PFC increased to \$4.50 for each eligible passenger.

The charge is collected by all carriers and remitted to the Airport Authority, less a \$0.08 per passenger handling fee prior to April 2004. Beginning May 1, 2004, the handling fee increased to \$0.11 per passenger. The proceeds from the PFC are restricted for certain FAA approved capital improvement projects. As of December 31, 2018 the Airport Authority has submitted and received approval on seven applications. The approved applications represent a total amended authorized amount of \$199,528,281. The charge expiration date for the current program is estimated to be May 1, 2046.

17. LANDFILL CLOSURE AND POST-CLOSURE CARE

Information about the landfills operated by the City and the related liabilities is provided in Note 9F - Other Long-Term Liabilities. The cost estimates used to develop the recorded liabilities are subject to change due to inflation, deflation, technology, laws, and regulations. Financial assurance for closure and post-closure care costs of the landfills has been demonstrated by the local government financial test, as specified in 40 CFR 258.74(f), adopted by reference for use in Kansas by K.A.R. 28-29-98. The Landfill Post-Closure Fund and landfill tipping fees will provide the primary source of funding for the City landfills' closure and post-closure costs. Additional financing needs beyond those met by the fund and user fees will potentially require the sale of bonds.

18. FUND BALANCE RESTRICTIONS AND OTHER RESERVATIONS

Governmental fund balance designations denote portions of the fund balance that are either (1) non-spendable due to form, legal or contractual constraints; (2) restricted under an externally imposed constraint; (3) committed to a specific purpose by the City Council; (4) assigned with intentions for a specific purpose; or (5) unassigned without any constraints.

The City maintains the Cemetery Fund, a permanent fund for the perpetual care of the Jamesburg, Highland and Pierpoint Cemeteries, as well as the Old Mission Mausoleum. The non-expendable portion of the fund balance is \$235,437. The remainder is expendable for care of the cemeteries. In the governmental funds, fund balance designations are reported in the table below.

Governmental Fund Balance Designations As of December 31, 2018						
	Major Governmental Funds					Total Governmental Funds
	General Fund	Debt Service Fund	Street Improvement Fund	Public Improvement Fund	Nonmajor Governmental Funds	
Nonspendable:						
Inventories and prepaids	\$ 249,830	\$ -	\$ -	\$ -	\$ 143,688	\$ 393,518
Receivables, long-term	800,000	-	-	-	-	800,000
Permanent fund principal	-	-	-	-	235,437	235,437
Restricted for:						
City manager	-	-	-	-	264,748	264,748
Finance	-	-	-	-	2,487	2,487
Planning	-	-	-	-	28,109	28,109
Cemetery	-	-	-	-	1,150,450	1,150,450
Police	-	-	-	-	800,882	800,882
Flood control	-	-	-	-	24,105	24,105
Street maintenance	-	-	-	-	19,752,799	19,752,799
Housing services	-	-	-	-	3,873,549	3,873,549
Community health	-	-	-	-	34,093,787	34,093,787
Career development	-	-	-	-	122,038	122,038
Alcohol and drug programs	-	-	-	-	1,569,798	1,569,798
Tourism and convention	-	-	-	-	3,714,309	3,714,309
Libraries	-	-	-	-	234,198	234,198
Parks	-	-	-	-	52,178	52,178
Debt service	-	40,389,525	-	-	8,467,772	48,857,297
Committed to:						
City manager	-	-	-	-	1,983,796	1,983,796
Central inspection	-	-	-	-	1,250,755	1,250,755
Landfill	-	-	-	-	12,293,099	12,293,099
Assigned to:						
City manager	22,536	-	-	-	-	22,536
Economic development	1,790,627	-	-	-	-	1,790,627
Finance	119,774	-	-	-	-	119,774
Law	77,029	-	-	-	-	77,029
Municipal court	32,726	-	-	-	-	32,726
General government	90,686	-	-	-	-	90,686
Building services	32,792	-	-	-	-	32,792
Fire	14,365	-	-	-	-	14,365
Police	635,630	-	-	-	-	635,630
Traffic control maintenance	6,685	-	-	-	-	6,685
Engineering	9,721	-	-	-	-	9,721
Street maintenance	256,005	-	-	-	-	256,005
Landfill	-	-	-	-	1,073,205	1,073,205
Community health	46,228	-	-	-	-	46,228
Libraries	9,690	-	-	-	-	9,690
Cultural arts facilities	93,064	-	-	-	-	93,064
Parks	138,671	-	-	-	-	138,671
Unassigned:	35,563,149	-	(45,282,312)	(12,751,442)	(22,539,250)	(45,009,855)
Total	\$ 39,989,208	\$ 40,389,525	\$ (45,282,312)	\$ (12,751,442)	\$ 68,591,939	\$ 90,936,918

19. TAX ABATEMENTS

The City of Wichita's Office of Economic Development offers a variety of incentive programs designed to broaden and diversify the tax base, encourage capital investment, create employment opportunities and provide for the economic growth and welfare of the region. The Wichita City Council, in conjunction with Sedgwick County, has adopted an economic development policy which governs the use of these incentives. The policy defines eligibility criteria, including the required economic impact and return on investment; the implementation process; the types of incentives available; and compliance for the incentive programs. The policy is available online at <http://www.wichita.gov/Economic/Pages/Incentives.aspx>.

GASB Statement No. 77 defines a tax abatement as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or citizens of those governments. The City offers three economic development incentive programs that qualify as tax abatements under GASB Statement No. 77: (1) Industrial Revenue Bonds (IRB), (2) Economic Development Exemptions (EDX) and (3) Community Improvement Districts (CID).

Industrial Revenue Bonds (IRB) Program: The City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition, construction, improvement and equipping of industrial and commercial facilities deemed to be in the public interest. The industrial revenue bonds are purchased by investors (e.g. banks, private investors or the entity participating in the IRB Program) and the bonds are secured by the property financed and payable solely from payments received on the underlying mortgage loans. See further information on IRBs, including the amount outstanding at December 31, 2018, at Note 13 - Conduit Debt Obligations.

Through the IRB Program, entities can obtain lower interest rate financing and tax abatements (sales and/or property and ad valorem taxes). Under the Sales Tax Act (K.S.A. 79-3601 *et seq.*), the sales of tangible personal property or services purchased in connection with the construction of the projects financed by industrial revenue bonds are entitled to exemption from sales tax after a proper application for the exemption is made. Further, all or any property constructed or purchased with the proceeds of revenue bonds may be exempt from property and ad valorem taxation for up to a period of ten calendar years after the calendar year in which the bonds were issued (K.S.A. 79-201(a)).

The City Council approves all Letters of Intent (LOI), issuances and tax abatements related to the IRB Program. A Cost/Benefit Study is performed for each project that is to be funded by an IRB issuance to assist the City in determining whether or not to approve the requesting entity for the IRB Program for a particular project. To be eligible for a tax abatement, the project must have a cost/benefit ratio of 1.3 to 1 for the City. The property or ad valorem taxes abated affect other governments, such as Sedgwick County, the State of Kansas and various school districts. The percentage of property or ad valorem taxes abated is based on capital investment and job creation, for which the majority of the goods or services sold must be destined for customers outside of the Wichita Metropolitan Statistical Area (MSA). The property or ad valorem tax abatements can be up to 100% of the taxes on the property constructed, improved or purchased with the proceeds of the industrial revenue bonds for up to two five year periods, with a review by the City Council after the first five year period.

Typically, the entity participating in the program must meet its commitments by the end of the first five year period, unless extended by the City Council or otherwise stated in the agreement. These commitments are usually in the form of acquisition, construction, improvement or equipping of industrial or commercial facilities, job creation and sustained employment, including the new jobs created, in the Wichita MSA for the term of the agreement, which is typically ten years. The job creation commitment includes paying average wages equal to or greater than the average wages for the industry within the Wichita MSA. Further, pursuant to the City's economic development policy, clawback provisions relating to the repayment or cessation of incentives are to be included in all incentive agreements. These clawback provisions allow the City to require repayment of a portion or all of the abatement if the entity does not meet its commitments. For the year ended December 31, 2018, the City's property and sales tax revenues were reduced by approximately \$3.8 million and \$0.6 million, respectively, under agreements entered into pursuant to the City's IRB Program.

Economic Development Exemptions (EDX) Program: Economic Development Exemptions are used to encourage manufacturing, research and development and warehousing/distribution companies to grow in Wichita. Property or ad valorem taxes on improvements to land and buildings can be exempted for up to ten years pursuant to Article 11, Section 13, of the Kansas Constitution by the governing body of the City. Under the EDX Program, the percentage of taxes abated is based upon job creation and capital investment and is for up to two five year periods, with a review by the City Council after the first five year period.

Typically, the entity participating in the program must meet its commitments by the end of the first five year period, unless extended by the City Council or otherwise stated in the agreement. These commitments are usually in the form of job creation and sustained employment, including the new jobs created, in the Wichita MSA for the term of the agreement, which is typically ten years. The job creation commitment typically includes paying average wages equal to or greater than the average wages for the industry within the Wichita MSA. Also, pursuant to the City's economic development policy, clawback provisions relating to the repayment or cessation of incentives are to be included in all incentive agreements and can allow the City to recapture up to 100% of the abatement if all of the commitments are not fully met. For the year ended December 31, 2018, the City's property tax revenues were reduced by approximately \$271,000 under agreements entered into pursuant to the City's EDX Program.

Community Improvement Districts (CID) Program: In 2009, the Kansas Legislature enacted the Community Improvement District Act (the CID Act), pursuant to which municipalities may create districts in which certain special taxes are imposed and the revenue generated by these special taxes is used to fund certain public and private improvements, including certain ongoing operating costs, within the geographic bounds of the district. The City has a CID policy which outlines the local eligibility criteria, sources of funding, eligible CID costs, and the CID process, including creating and terminating a CID. The City Community Improvement Districts' policy is available online, under the Community Improvement Districts section at <http://www.wichita.gov/Economic/Pages/Incentives.aspx>. The CID must further the economic development of the City and support projects with total costs of not less than \$2 million for bonded projects or \$500,000 for pay-as-you-go projects. The City utilizes the provision of the CID Act to assist private developers by providing financing for commercial, industrial and mixed-use projects. The sources of the funding for the CID program is either through special assessments on all property within the district, or an additional retail sales tax up to 2%, which may be imposed for up to 22 years. For the year ended December 31, 2018, additional sales tax revenues of the City of approximately \$1,084,544 were reduced via the CID Program.

20. CONTINGENCIES AND COMMITMENTS

A. Legal Matters

The reporting entity generally follows the practice of recording liabilities resulting from claims and legal actions only when it is probable that a liability has been incurred and the amount can be reasonably estimated. The reporting entity is vigorously defending its interest in all of the various legal actions and claims against the reporting entity presently pending involving personal injury (including workers' compensation claims), property damages, civil rights complaints and other claims.

Under Kansas Statutes, should the courts sustain any litigation against the reporting entity, the City may issue no-fund warrants to cover any resulting over-expenditures not anticipated in the current year budget. The City is then required to levy sufficient ad valorem property taxes in the first levying period following issuance to retire such warrants. This tax levy is without limitation.

B. Grant Programs

The City participates in a number of federal and state assisted grant programs, which are subject to financial and compliance requirements with each applicable grant. Any disallowed costs resulting from financial and compliance audits could become a liability of the City. In the opinion of management, any such disallowed costs will not have a material effect on the basic financial statements of the City at December 31, 2018.

C. Construction and Capital Commitments

The City has outstanding construction and capital commitments for freeway and arterial street construction and other capital purchases and improvements of \$76.6 million in the governmental funds, \$34.3 million in the enterprise funds and \$0.9 million in the internal service funds.

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D. Encumbrances

Encumbrances included in fund balances as of December 31, 2018 are reported in the accompanying table:

Fund	Encumbrances
Major funds:	
General Fund	\$ 1,607,891
Street Improvement Fund	56,736,941
Public Improvement Fund	14,811,215
Water Utility Fund	12,894,431
Sewer Utility Fund	12,062,633
Airport Authority Fund	8,705,354
Stormwater Utility Fund	634,341
Nonmajor governmental funds	7,523,094
Nonmajor enterprise funds	1,357,749
Internal service funds	1,557,053
Total Reporting Entity	<u>\$ 117,890,072</u>

E. Economic Development Activities

The City has established tax increment financing districts to support economic development activities. The City's contributions to these projects include streets, stormwater drainage, public art, water features and public parking, which are financed through the issuance of bonds of which \$15.2 million are outstanding.

In the event that property and guest tax revenues generated by the tax increment financing districts and other revenue sources are not available, under Kansas State Law, the City would be required to levy additional property tax on all taxable tangible property in the City to meet debt service requirements for these projects.

On April 25, 2018, the City entered into an Interlocal Cooperation Agreement with Sedgwick County to form a separate legal entity known as the Eclipse Investment Authority. The Interlocal Cooperation Agreement was made pursuant to a development agreement between the City, County and Spirit Aerosystems, Inc. effective on the same date. Under the development agreement, the City contributed \$3 million in cash as well as other consideration with a value of approximately \$4.5 million. Likewise, the County contributed \$7 million in cash. The purpose of the development agreement is to construct a facility on Spirit's campus. In addition to the \$10 million capitalized by Eclipse Investment Authority, Spirit will provide sufficient funds to complete the construction of the facility, which is estimated to be approximately \$13 million. Spirit must meet certain performance requirements over the 20-year term of the agreement. If Spirit fails to meet those requirements, it will be subject to liquidated damages in an amount up to \$10 million. In order to secure payment of any liquidated damages related to Spirit's non-performance, a mortgage of \$10 million has been granted to the Eclipse Investment Authority. The ongoing purpose of the Investment Authority is to hold the mortgage on the facility and to evaluate Spirit's performance over the 20-year term of the agreement.

21. SUBSEQUENT EVENTS

On March 1, 2019, the City issued Series 2019A Water and Sewer Utility Revenue Bonds (2019A Bonds) in the amount of \$44,465,000 to (1) permanently finance a portion of multiple improvements, extensions, enlargements, repairs, alterations and reconstructions of the various facilities of the Utility; (2) to make a deposit to the Series 2019A Bond Reserve Subaccount; and (3) to pay costs of issuance of the 2019A Bonds. The 2019A Bonds have stated interest rates from 3% to 5% with serial bonds due starting in 2020 and ending in 2039.

On April 15, 2019, the City issued \$99,250,000 General Obligation Temporary Notes, Series 296 with a stated maturity of October 15, 2019 at 3.00% interest.

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CITY OF WICHITA, KANSAS

PENSION REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS WICHITA EMPLOYEES' RETIREMENT SYSTEM

For the year ended December 31, 2018¹

	2018 ²	2017 ²	2016 ²	2015 ²
TOTAL PENSION LIABILITY				
Service cost	\$ 10,049,029	\$ 9,679,684	\$ 9,644,456	\$ 9,278,998
Interest	46,669,189	45,634,881	44,305,832	43,680,283
Benefit term changes	-	-	-	-
Differences between expected and actual experience	(1,893,808)	(2,791,029)	(656,102)	(3,427,255)
Assumption changes	-	-	(8,877,507)	(3,550,489)
Reclassification due to conversion of members to Plan 3b	(191,292)	(244,793)	(465,171)	(571,242)
Benefit payments, including member refunds	<u>(39,282,815)</u>	<u>(39,144,783)</u>	<u>(37,089,403)</u>	<u>(37,681,042)</u>
Net change in total pension liability	15,350,303	13,133,960	6,862,105	7,729,253
Total pension liability - beginning	<u>610,111,147</u>	<u>596,977,187</u>	<u>590,115,082</u>	<u>582,385,829</u>
Total pension liability - ending (a)	<u><u>\$ 625,461,450</u></u>	<u><u>\$ 610,111,147</u></u>	<u><u>\$ 596,977,187</u></u>	<u><u>\$ 590,115,082</u></u>
PLAN FIDUCIARY NET POSITION				
Employer contributions	\$ 9,642,540	\$ 8,946,064	\$ 9,031,463	\$ 9,423,640
Employee contributions	3,682,056	3,642,007	3,574,026	3,394,544
Reclassification due to conversion of members to Plan 3b	(191,292)	(244,793)	(465,171)	(571,242)
Net investment income	91,773,973	35,956,780	13,380	28,659,491
Benefit payments, including member refunds	(39,282,815)	(39,144,783)	(37,089,403)	(37,681,042)
Administrative expenses	<u>(633,379)</u>	<u>(615,829)</u>	<u>(624,085)</u>	<u>(621,460)</u>
Net change in Plan fiduciary net position	\$ 64,991,083	\$ 8,539,446	\$ (25,559,790)	\$ 2,603,931
Plan fiduciary net position - beginning	<u>549,786,949</u>	<u>541,247,503</u>	<u>566,807,293</u>	<u>564,203,362</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 614,778,032</u></u>	<u><u>\$ 549,786,949</u></u>	<u><u>\$ 541,247,503</u></u>	<u><u>\$ 566,807,293</u></u>
Net pension liability - ending (a) - (b)	\$ 10,683,418	\$ 60,324,198	\$ 55,729,684	\$ 23,307,789
Fiduciary net position as a percentage of total pension liability	98.29%	90.11%	90.66%	96.05%
Covered payroll	\$ 78,394,634	\$ 77,121,241	\$ 74,028,385	\$ 71,391,212
Employer's net pension liability as a percentage of covered payroll	13.63%	78.22%	75.28%	32.65%

NOTES TO SCHEDULE:

Benefit changes :

- There have been no changes to the plan provisions in the last ten years.

Changes in actuarial assumptions :

December 31, 2015 valuation

- There were no changes to the assumptions used for the funding valuation even though the SEIR at the Measurement Date was changed for the GASB 68 valuation.

December 31, 2014 valuation

- Decrease in the price inflation rate from 3.50% to 3.25%.
- Modify Plan 2 retirement assumption to partially reflect experience. The changes increased rates at some ages and decreased them at others.
- Eliminate the disability assumption.
- Change the termination of employment assumption to a pure service-based assumption.
- Reduce the sick leave load from 4.0% to 2.5%.
- A 20% corridor was added to the actuarial value of assets calculation.

December 31, 2009 valuation

- Decrease in the price inflation rate from 4.0% to 3.5%.
- Decrease in the general wage growth assumption from 4.5% to 4.0%
- Modification of the retirement rates for both Plans 1 and 2 to better reflect actual experience. The changes increased rates at some ages and decreased them at others.
- Increase in the rates of termination of benefits for terminated vested members from 4.5% to 4.0% to be consistent with the general wage growth assumption.
- Non-disabled mortality tables were updated to reflect an additional year of mortality improvements.

¹ Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

² Information about the employer's net pension liability is presented as of a measurement date one year prior to the fiscal year end date. For example, the net pension liability reported as of December 31, 2018 is reported based on a measurement date of December 31, 2017.

CITY OF WICHITA, KANSAS

PENSION REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS POLICE AND FIRE RETIREMENT SYSTEM

For the year ended December 31, 2018¹

	2018 ²	2017 ²	2016 ²	2015 ²
TOTAL PENSION LIABILITY				
Service cost	\$ 15,178,226	\$ 14,772,379	\$ 14,981,100	\$ 15,894,290
Interest	51,532,754	49,519,284	47,600,166	46,490,734
Benefit term changes	-	-	-	-
Differences between expected and actual experience	(1,784,785)	(2,576,401)	(3,259,180)	(12,040,126)
Assumption changes	-	-	(10,871,013)	226,376
Benefit payments, including member refunds	<u>(36,930,533)</u>	<u>(35,552,267)</u>	<u>(36,090,820)</u>	<u>(36,415,156)</u>
Net change in total pension liability	27,995,662	26,162,995	12,360,253	14,156,118
Total pension liability - beginning	<u>670,427,649</u>	<u>644,264,654</u>	<u>631,904,401</u>	<u>617,748,283</u>
Total pension liability - ending (a)	<u><u>\$ 698,423,311</u></u>	<u><u>\$ 670,427,649</u></u>	<u><u>\$ 644,264,654</u></u>	<u><u>\$ 631,904,401</u></u>
PLAN FIDUCIARY NET POSITION				
Employer contributions	\$ 13,369,785	\$ 12,585,895	\$ 13,964,379	\$ 14,464,181
Employee contributions	4,915,378	4,776,958	4,603,331	4,529,895
Net investment income	103,236,679	39,901,640	(163,702)	30,596,067
Benefit payments, including member refunds	(36,930,533)	(35,552,267)	(36,090,820)	(36,415,156)
Administrative expenses	<u>(554,641)</u>	<u>(548,171)</u>	<u>(521,018)</u>	<u>(542,207)</u>
Net change in Plan fiduciary net position	\$ 84,036,668	\$ 21,164,055	\$ (18,207,830)	\$ 12,632,780
Plan fiduciary net position - beginning	<u>614,047,281</u>	<u>592,883,226</u>	<u>611,091,056</u>	<u>598,458,276</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 698,083,949</u></u>	<u><u>\$ 614,047,281</u></u>	<u><u>\$ 592,883,226</u></u>	<u><u>\$ 611,091,056</u></u>
Net pension liability - ending (a) - (b)	\$ 339,362	\$ 56,380,368	\$ 51,381,428	\$ 20,813,345
Fiduciary net position as a percentage of total pension liability	99.95%	91.59%	92.02%	96.71%
Covered payroll	\$ 69,634,297	\$ 66,946,250	\$ 65,560,465	\$ 64,572,237
Employer's net pension liability as a percentage of covered payroll	0.49%	84.22%	78.37%	32.23%

NOTES TO SCHEDULE:

Benefit changes :

- There have been no changes to the plan provisions in the last ten years.

Changes in actuarial assumptions :

December 31, 2015 valuation

- There were no changes to the assumptions used for the funding valuation even though the SEIR at the Measurement Date was changed for the GASB 68 valuation.

December 31, 2014 valuation

- Decrease in the price inflation rate from 3.50% to 3.25%.
- Modify Plan C retirement assumption to partially reflect experience. Created separate rates for less than or more than 30 years of service.
- Lower assumed disability rates.
- Change the termination of employment assumption to a pure service-based assumption.
- Modify the probability of electing a refund to partially reflect actual, observed experience.
- Reduce the sick leave load from 4.0% to 3.0%.
- A 20% corridor was added to the actuarial value of assets calculation.

December 31, 2009 valuation

- Decrease in the price inflation rate from 4.0% to 3.5%.
- Decrease in the general wage growth assumption from 4.5% to 4.0%.
- Lower the retirement rates for Plan A and extend them to 35 years of service.
- Lower the retirement rates for Plan C members at ages before 53 and ages 58 to 60 and increase rates at ages 56 and 57.
- Increase the rates of termination of employment for ages under 44 and decrease rates at ages over 44.
- Lower assumption for indexation of benefits for terminated vested members from 4.5% to 4.0% to be consistent with the general wage growth assumption.

¹ Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

² Information about the employer's net pension liability is presented as of a measurement date one year prior to the fiscal year end date. For example, the net pension liability reported as of December 31, 2018 is reported based on a measurement date of December 31, 2017.

CITY OF WICHITA, KANSAS

PENSION REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS WICHITA EMPLOYEES' RETIREMENT SYSTEM

For the years ended December 31, 2009 through December 31, 2018
(dollars expressed in thousands)

	2018	2017	2016	2015	2014
Actuarially determined employer contributions	\$ 10,099	\$ 9,643	\$ 8,946	\$ 9,031	\$ 9,424
Actual employer contributions	10,099	9,643	8,946	9,031	9,424
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 78,899	\$ 78,395	\$ 77,121	\$ 74,028	\$ 71,391
Contributions as a percentage of covered payroll	12.80%	12.30%	11.60%	12.20%	13.20%

NOTES TO SCHEDULE:

The system is funded with fixed contribution rates for members and actuarially determined amounts for the City of Wichita. The Actuarially Determined Contributions in the Schedule of Employer Contributions are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported as of December 31, 2018.

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	20 years
Asset valuation method	Expected + 25% of (Market - Expected Values)
Price inflation	3.25%
Salary increases, including wage inflation	4.25% to 7.20%
Long-term rate of return, net of investment expense, and including inflation	7.75%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 8,940	\$ 7,503	\$ 7,695	\$ 6,689	\$ 3,887
<u>8,940</u>	<u>7,503</u>	<u>7,695</u>	<u>6,689</u>	<u>3,887</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ 70,953	\$ 70,783	\$ 75,444	\$ 79,636	\$ 82,704
12.60%	10.60%	10.20%	8.40%	4.70%

CITY OF WICHITA, KANSAS

PENSION REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF EMPLOYER CONTRIBUTIONS POLICE AND FIRE RETIREMENT SYSTEM

For the years ended December 31, 2009 through December 31, 2018
(dollars expressed in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined employer contributions	\$ 14,331	\$ 13,370	\$ 12,586	\$ 13,964	\$ 14,464
Actual employer contributions	<u>14,331</u>	<u>13,370</u>	<u>12,586</u>	<u>13,964</u>	<u>14,464</u>
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 72,017	\$ 69,634	\$ 66,946	\$ 65,560	\$ 64,572
Contributions as a percentage of covered payroll	19.90%	19.20%	18.80%	21.30%	22.40%

NOTES TO SCHEDULE:

The system is funded with fixed contribution rates for members and actuarially determined amounts for the City of Wichita. The Actuarially Determined Contributions in the Schedule of Employer Contributions are calculated as of December 31, two years prior to the end of the fiscal year in which contributions are reported.

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported as of December 31, 2018.

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	20 years
Asset valuation method	Expected + 25% of (Market - Expected Values)
Price inflation	3.25%
Salary increases, including wage inflation	5.00% - 6.75%
Long-term rate of return, net of investment expense, and including inflation	7.75%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 14,890	\$ 14,113	\$ 13,807	\$ 13,120	\$ 11,035
<u>14,890</u>	<u>14,113</u>	<u>13,807</u>	<u>13,120</u>	<u>11,035</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ 65,306	\$ 64,150	\$ 62,759	\$ 63,077	\$ 63,055
22.80%	22.00%	22.00%	20.80%	17.50%

CITY OF WICHITA, KANSAS

OTHER POST EMPLOYMENT BENEFITS (OPEB) - REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

For the year ended December 31, 2018¹

	2018
TOTAL OPEB LIABILITY	
Service cost	\$ 2,393,138
Interest	1,242,504
Differences between expected and actual experience	1,580,925
Assumption changes	(2,528,757)
Benefit payments	(2,977,740)
Net change in total OPEB liability	(289,930)
Total OPEB liability - beginning	35,202,459
Total OPEB liability - ending	<u>\$ 34,912,529</u>
Covered employee payroll	\$ 155,777,106
Employer's total OPEB liability as a percentage of covered employee payroll	22.4%

NOTES TO SCHEDULE:

The City of Wichita has no accumulated assets held in a trust to pay OPEB related benefits.

Benefit changes:

There have been no substantive plan provision changes since the last valuation as of December 31, 2017.

Changes in actuarial assumptions:

The previous valuation was performed under GASB 45 and the following assumptions have been updated in accordance with GASB 75:

- The actuarial cost method has been updated from the Projected Unit Credit with linear proration to decrement to Entry Age Normal Level Percent Salary. In conjunction with this change, the payroll growth assumption has been updated based on the most recent WRS and PRFS actuarial valuations as of December 31, 2017. The net impact of these changes is a decrease in liabilities.
- The discount rate as of the measurement date, December 31, 2018, has been updated to be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The prior full valuation used a discount rate of 4.00%. The current valuation uses a discount rate of 3.44% as of January 1, 2018 and 4.11% as of December 31, 2018. This change has caused an increase in the liabilities as of the beginning of the year and a decrease in liabilities during the year.

Additionally, the following assumptions have also been updated.

- The mortality table has been updated from SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017 to SOA RPH-2018 Total Dataset Mortality Table fully generational using Scale MP-2018. The impact of this change is a slight decrease in liabilities.
- The health care trend rates have been updated to an initial rate of 8.50% decreasing by 0.50% annually to an ultimate rate of 4.50%. This change caused a decrease in liabilities

¹ Schedule is intended to show a 10-year trend. Additional years will be reported as they become available.

GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

The primary purpose of the special revenue funds is to account for designated revenues used to finance specified activities as required by law or administrative action. The following nonmajor special revenue funds are reported:

Homelessness Assistance
Tourism and Convention
Special Alcohol Program
Special Parks and Recreation
Landfill
Landfill Post-Closure
Metropolitan Area Building and Construction
Downtown Parking
State Office Building
Environmental TIF (Tax Increment Financing) Districts
Self-Supported Municipal Improvement District
City - County
Grant Assistance

Nonmajor Capital Project Funds

The purpose of the capital projects funds is to account for capital improvements (except those financed by proprietary funds) that are financed from the City's general obligation bond issues, special assessments, local sales tax, certain Federal grants and other City funds. Following are the nonmajor capital projects funds:

Water Main Extension
Park Bond Construction
Sewer Construction
Local Sales Tax CIP
Sales Tax Construction Pledge

Permanent Fund

The Cemetery Fund is reported as a permanent fund and receives earnings from investments that are used for the perpetual care of three cemeteries and a mausoleum maintained by the municipality.

Other Supplementary Information

Combining statements of the General Fund and the Debt Service Fund, including their respective subfunds, are provided in this section, including additional information related to compliance with legal budgets.

CITY OF WICHITA, KANSAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

December 31, 2018

	Governmental Fund Types			
	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery	Total
ASSETS				
Cash and cash equivalents	\$ 55,748,686	\$ 12,338,499	\$ 552,857	\$ 68,640,042
Investments	5,986,287	-	833,031	6,819,318
Receivables, net:				
Due from other agencies	1,086,534	-	-	1,086,534
Accounts receivable	6,005,072	-	-	6,005,072
Notes receivable	700,000	-	-	700,000
Due from other funds	-	15,882,072	-	15,882,072
Inventories	39,304	-	-	39,304
Prepaid items	104,384	-	-	104,384
Total assets	<u>\$ 69,670,267</u>	<u>\$ 28,220,571</u>	<u>\$ 1,385,888</u>	<u>\$ 99,276,726</u>
LIABILITIES				
Accounts payable and other liabilities	\$ 1,637,346	\$ 1,904,428	\$ -	\$ 3,541,774
Accrued interest payable	-	95,308	-	95,308
Temporary notes payable	-	13,134,037	-	13,134,037
Deposits	457,522	-	-	457,522
Unearned revenue	9,857	-	-	9,857
Due to other agencies	140,092	-	-	140,092
Due to other funds	2,071,671	7,405,477	-	9,477,148
Total liabilities	<u>4,316,488</u>	<u>22,539,250</u>	<u>-</u>	<u>26,855,738</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Other	3,829,049	-	-	3,829,049
Total deferred inflows of resources	<u>3,829,049</u>	<u>-</u>	<u>-</u>	<u>3,829,049</u>
FUND BALANCES				
Nonspendable	143,688	-	235,437	379,125
Restricted	44,780,187	28,220,571	1,150,451	74,151,209
Committed	15,527,650	-	-	15,527,650
Assigned	1,073,205	-	-	1,073,205
Unassigned	-	(22,539,250)	-	(22,539,250)
Total fund balances	<u>61,524,730</u>	<u>5,681,321</u>	<u>1,385,888</u>	<u>68,591,939</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 69,670,267</u>	<u>\$ 28,220,571</u>	<u>\$ 1,385,888</u>	<u>\$ 99,276,726</u>

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2018

	Homelessness Assistance	Tourism and Convention	Special Alcohol Program	Special Parks and Recreation
ASSETS				
Cash and cash equivalents	\$ -	\$ 3,639,309	\$ 1,604,267	\$ 52,178
Investments	-	-	-	-
Receivables, net:				
Due from other agencies	-	-	-	-
Accounts receivable	12,927	75,000	-	-
Notes receivable	-	-	-	-
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 12,927</u>	<u>\$ 3,714,309</u>	<u>\$ 1,604,267</u>	<u>\$ 52,178</u>
LIABILITIES				
Accounts payable and other liabilities	\$ 1,586	\$ -	\$ 34,469	\$ -
Deposits	-	-	-	-
Unearned revenue	-	-	-	-
Due to other agencies	-	-	-	-
Due to other funds	11,341	-	-	-
Total liabilities	<u>12,927</u>	<u>-</u>	<u>34,469</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Other	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	3,714,309	1,569,798	52,178
Committed	-	-	-	-
Assigned	-	-	-	-
Total fund balances	<u>-</u>	<u>3,714,309</u>	<u>1,569,798</u>	<u>52,178</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,927</u>	<u>\$ 3,714,309</u>	<u>\$ 1,604,267</u>	<u>\$ 52,178</u>

Landfill	Landfill Post-Closure	Metropolitan Area Building and Construction	Downtown Parking
\$ 3,006,541	\$ 10,035,628	\$ 449,678	\$ 2,106,706
-	-	-	-
-	-	-	-
411,036	105	934,102	7,852
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 3,417,577</u>	<u>\$ 10,035,733</u>	<u>\$ 1,383,780</u>	<u>\$ 2,114,558</u>
\$ 32,993	\$ 44,155	\$ 101,945	\$ 130,763
-	-	31,080	-
9,857	-	-	-
-	-	-	-
-	-	-	-
<u>42,850</u>	<u>44,155</u>	<u>133,025</u>	<u>130,763</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,374,727	8,918,373	1,250,755	1,983,795
-	1,073,205	-	-
<u>3,374,727</u>	<u>9,991,578</u>	<u>1,250,755</u>	<u>1,983,795</u>
\$ 3,417,577	\$ 10,035,733	\$ 1,383,780	\$ 2,114,558

CITY OF WICHITA, KANSAS

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)**

December 31, 2018

	State Office Building	Environmental TIF Districts	Self-Supported Municipal Improvement District	City - County
ASSETS				
Cash and cash equivalents	\$ -	\$ 34,111,956	\$ 141,766	\$ 600,657
Investments	-	-	-	-
Receivables, net:				
Due from other agencies	-	-	-	-
Accounts receivable	-	3,429,049	-	-
Notes receivable	-	-	-	-
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 37,541,005</u>	<u>\$ 141,766</u>	<u>\$ 600,657</u>
LIABILITIES				
Accounts payable and other liabilities	\$ -	\$ 18,169	\$ 139,279	\$ 576,552
Deposits	-	-	-	-
Unearned revenue	-	-	-	-
Due to other agencies	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>18,169</u>	<u>139,279</u>	<u>576,552</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Other	-	3,429,049	-	-
Total deferred inflows of resources	<u>-</u>	<u>3,429,049</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	34,093,787	2,487	24,105
Committed	-	-	-	-
Assigned	-	-	-	-
Total fund balances	<u>-</u>	<u>34,093,787</u>	<u>2,487</u>	<u>24,105</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 37,541,005</u>	<u>\$ 141,766</u>	<u>\$ 600,657</u>

Grant Assistance	Total
\$ -	\$ 55,748,686
5,986,287	5,986,287
1,086,534	1,086,534
1,135,001	6,005,072
700,000	700,000
39,304	39,304
104,384	104,384
<u>\$ 9,051,510</u>	<u>\$ 69,670,267</u>

\$ 557,435	\$ 1,637,346
426,442	457,522
-	9,857
140,092	140,092
<u>2,060,330</u>	<u>2,071,671</u>
<u>3,184,299</u>	<u>4,316,488</u>

<u>400,000</u>	<u>3,829,049</u>
<u>400,000</u>	<u>3,829,049</u>

143,688	143,688
5,323,523	44,780,187
-	15,527,650
-	1,073,205
<u>5,467,211</u>	<u>61,524,730</u>

<u>\$ 9,051,510</u>	<u>\$ 69,670,267</u>
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CITY OF WICHITA, KANSAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2018

	Water Main Extension	Park Bond Construction	Sewer Construction	Local Sales Tax CIP
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 3,870,727
Due from other funds			-	15,882,072
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,752,799</u>
LIABILITIES				
Accounts payable and other liabilities	\$ 99,554	\$ 528,152	\$ 1,276,722	\$ -
Accrued interest payable	11,666	18,257	65,385	-
Temporary notes payable	1,582,351	2,741,256	8,810,430	-
Due to other funds	971,366	115,728	6,318,383	-
Total liabilities	<u>2,664,937</u>	<u>3,403,393</u>	<u>16,470,920</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Restricted	-	-	-	19,752,799
Unassigned	(2,664,937)	(3,403,393)	(16,470,920)	-
Total fund balances (deficits)	<u>(2,664,937)</u>	<u>(3,403,393)</u>	<u>(16,470,920)</u>	<u>19,752,799</u>
Total liabilities and fund balances (deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,752,799</u>

Sales Tax Construction Pledge	Total
\$ 8,467,772	\$ 12,338,499
-	15,882,072
<u>\$ 8,467,772</u>	<u>\$ 28,220,571</u>
\$ -	\$ 1,904,428
-	95,308
-	13,134,037
-	7,405,477
<u>-</u>	<u>22,539,250</u>
8,467,772	28,220,571
-	(22,539,250)
<u>8,467,772</u>	<u>5,681,321</u>
<u>\$ 8,467,772</u>	<u>\$ 28,220,571</u>

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET GENERAL FUND

December 31, 2018

	Economic Development	General Fund	Combined General Fund
ASSETS			
Cash and cash equivalents	\$ 1,636,860	\$ 51,015,128	\$ 52,651,988
Receivables, net:			
Property taxes	-	82,003,187	82,003,187
Accounts receivable	466,497	1,603,880	2,070,377
Due from other funds	-	800,000	800,000
Inventories	-	247,330	247,330
Prepaid items	-	2,500	2,500
Total assets	<u>\$ 2,103,357</u>	<u>\$ 135,672,025</u>	<u>\$ 137,775,382</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 291,271	\$ 15,391,258	\$ 15,682,529
Deposits	21,458	-	21,458
Unearned revenue	-	79,000	79,000
Total liabilities	<u>312,729</u>	<u>15,470,258</u>	<u>15,782,987</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue:			
Property taxes	-	82,003,187	82,003,187
Total deferred inflows of resources	<u>-</u>	<u>82,003,187</u>	<u>82,003,187</u>
FUND BALANCES			
Nonspendable	-	1,049,830	1,049,830
Assigned	1,790,628	1,585,601	3,376,229
Unassigned	-	35,563,149	35,563,149
Total fund balances	<u>1,790,628</u>	<u>38,198,580</u>	<u>39,989,208</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,103,357</u>	<u>\$ 135,672,025</u>	<u>\$ 137,775,382</u>

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET DEBT SERVICE FUND

December 31, 2018

	Economic Development TIF Districts	Debt Service Fund	Combined Debt Service Fund
ASSETS			
Cash and cash equivalents	\$ 229,080	\$ 17,223,848	\$ 17,452,928
Cash with fiscal agent	-	19,068,233	19,068,233
Receivables, net:			
Property taxes	-	24,437,712	24,437,712
Special assessments	-	157,431,570	157,431,570
Notes receivable	-	762,821	762,821
Due from other funds	-	5,668,420	5,668,420
Total assets	<u>\$ 229,080</u>	<u>\$ 224,592,604</u>	<u>\$ 224,821,684</u>
LIABILITIES			
Accounts payable and other liabilities	\$ -	\$ 1,506,809	\$ 1,506,809
Deposits	<u>-</u>	<u>293,247</u>	<u>293,247</u>
Total liabilities	<u>-</u>	<u>1,800,056</u>	<u>1,800,056</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue:			
Property taxes	-	24,437,712	24,437,712
Special assessments	-	157,431,570	157,431,570
Other	<u>-</u>	<u>762,821</u>	<u>762,821</u>
Total deferred inflows of resources	<u>-</u>	<u>182,632,103</u>	<u>182,632,103</u>
FUND BALANCES			
Restricted	<u>229,080</u>	<u>40,160,445</u>	<u>40,389,525</u>
Total fund balances	<u>229,080</u>	<u>40,160,445</u>	<u>40,389,525</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 229,080</u>	<u>\$ 224,592,604</u>	<u>\$ 224,821,684</u>

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CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUND TYPES

For the year ended December 31, 2018

	Governmental Fund Types			
	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery	Total
REVENUES				
Property taxes	\$ 4,503,968	\$ -	\$ -	\$ 4,503,968
Motor vehicle taxes	31,826	-	-	31,826
Transient guest taxes	7,410,794	-	-	7,410,794
Special assessments	8,533	153,441	-	161,974
Local sales tax	-	29,842,990	-	29,842,990
Intergovernmental	36,777,287	-	-	36,777,287
Licenses and permits	33,009	-	3,425	36,434
Rentals	1,246,877	134,373	-	1,381,250
Sale of property	65,710	487,390	-	553,100
Interest and investment earnings (loss)	17,469	-	(58,496)	(41,027)
Charges for services and sales	3,792,258	-	-	3,792,258
Other revenue	4,220,440	1,031,602	-	5,252,042
Total revenues	<u>58,108,171</u>	<u>31,649,796</u>	<u>(55,071)</u>	<u>89,702,896</u>
EXPENDITURES				
Current:				
General government	2,962,758	-	60,197	3,022,955
Public safety	9,317,186	-	-	9,317,186
Sanitation	2,374,400	-	-	2,374,400
Health and welfare	31,710,580	-	-	31,710,580
Culture and recreation	3,737,890	-	-	3,737,890
Debt service:				
Interest and fiscal charges	-	207,195	-	207,195
Capital outlay	-	17,789,704	-	17,789,704
Total expenditures	<u>50,102,814</u>	<u>17,996,899</u>	<u>60,197</u>	<u>68,159,910</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,005,357</u>	<u>13,652,897</u>	<u>(115,268)</u>	<u>21,542,986</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of bonds	-	6,948,792	-	6,948,792
Premiums on bonds sold	-	500,000	-	500,000
Transfers from other funds	1,809,443	14,657,619	-	16,467,062
Transfers to other funds	(8,246,942)	(44,814,098)	-	(53,061,040)
Total other financing uses	<u>(6,437,499)</u>	<u>(22,707,687)</u>	<u>-</u>	<u>(29,145,186)</u>
Net change in fund balance	1,567,858	(9,054,790)	(115,268)	(7,602,200)
Fund balances - beginning	<u>59,956,872</u>	<u>14,736,111</u>	<u>1,501,156</u>	<u>76,194,139</u>
Fund balances - ending	<u>\$ 61,524,730</u>	<u>\$ 5,681,321</u>	<u>\$ 1,385,888</u>	<u>\$ 68,591,939</u>

CITY OF WICHITA, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS**

For the year ended December 31, 2018

	Homelessness Assistance	Tourism and Convention	Special Alcohol Program	Special Parks and Recreation
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Motor vehicle taxes	-	-	-	-
Transient guest taxes	-	7,410,794	-	-
Special assessments	-	-	-	-
Intergovernmental	177,931	-	2,172,896	2,172,896
Licenses and permits	-	-	-	-
Rentals	-	-	-	-
Sale of property	-	-	-	-
Interest and investment earnings	-	-	-	-
Charges for services and sales	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>177,931</u>	<u>7,410,794</u>	<u>2,172,896</u>	<u>2,172,896</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Sanitation	-	-	-	-
Health and welfare	355,942	-	1,792,793	-
Culture and recreation	-	3,376,136	-	-
Total expenditures	<u>355,942</u>	<u>3,376,136</u>	<u>1,792,793</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(178,011)</u>	<u>4,034,658</u>	<u>380,103</u>	<u>2,172,896</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	178,011	-	-	-
Transfers to other funds	-	(4,106,877)	-	(2,241,040)
Total other financing sources (uses)	<u>178,011</u>	<u>(4,106,877)</u>	<u>-</u>	<u>(2,241,040)</u>
Net change in fund balance	-	(72,219)	380,103	(68,144)
Fund balances - beginning	<u>-</u>	<u>3,786,528</u>	<u>1,189,695</u>	<u>120,322</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 3,714,309</u>	<u>\$ 1,569,798</u>	<u>\$ 52,178</u>

Landfill	Landfill Post-Closure	Metropolitan Area Building and Construction	Downtown Parking
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	8,533	-
-	-	3,604,674	-
-	-	-	-
-	-	-	187,958
-	-	-	-
-	-	-	-
2,365,757	-	-	1,121,236
8,664	-	-	219,802
<u>2,374,421</u>	<u>-</u>	<u>3,613,207</u>	<u>1,528,996</u>
-	-	-	-
-	-	3,612,796	1,325,136
1,860,325	514,075	-	-
-	-	-	-
-	-	-	-
<u>1,860,325</u>	<u>514,075</u>	<u>3,612,796</u>	<u>1,325,136</u>
514,096	(514,075)	411	203,860
-	-	-	-
(967,857)	-	-	(70,000)
<u>(967,857)</u>	<u>-</u>	<u>-</u>	<u>(70,000)</u>
(453,761)	(514,075)	411	133,860
3,828,488	10,505,653	1,250,344	1,849,935
<u>\$ 3,374,727</u>	<u>\$ 9,991,578</u>	<u>\$ 1,250,755</u>	<u>\$ 1,983,795</u>

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CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)

For the year ended December 31, 2018

	State Office Building	Environmental TIF Districts	Self-Supported Municipal Improvement District	City - County
REVENUES				
Property taxes	\$ -	\$ 3,835,352	\$ 668,616	\$ -
Motor vehicle taxes	-	-	31,826	-
Transient guest taxes	-	-	-	-
Special assessments	-	-	-	-
Intergovernmental	-	-	-	1,564,638
Licenses and permits	-	-	-	33,009
Rentals	-	-	-	-
Sale of property	-	-	-	-
Interest and investment earnings	-	-	-	-
Charges for services and sales	-	-	-	305,195
Other revenue	-	694,593	-	315,920
Total revenues	<u>-</u>	<u>4,529,945</u>	<u>700,442</u>	<u>2,218,762</u>
EXPENDITURES				
Current:				
General government	-	-	697,955	1,874,014
Public safety	-	-	-	1,971,656
Sanitation	-	-	-	-
Health and welfare	-	1,095,953	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>1,095,953</u>	<u>697,955</u>	<u>3,845,670</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>3,433,992</u>	<u>2,487</u>	<u>(1,626,908)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	1,564,638
Transfers to other funds	(517,168)	(344,000)	-	-
Total other financing sources (uses)	<u>(517,168)</u>	<u>(344,000)</u>	<u>-</u>	<u>1,564,638</u>
Net change in fund balance	(517,168)	3,089,992	2,487	(62,270)
Fund balances - beginning	<u>517,168</u>	<u>31,003,795</u>	<u>-</u>	<u>86,375</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 34,093,787</u>	<u>\$ 2,487</u>	<u>\$ 24,105</u>

Grant Assistance	Total
\$ -	\$ 4,503,968
-	31,826
-	7,410,794
-	8,533
27,084,252	36,777,287
-	33,009
1,058,919	1,246,877
65,710	65,710
17,469	17,469
70	3,792,258
2,981,461	4,220,440
<u>31,207,881</u>	<u>58,108,171</u>

390,789	2,962,758
2,407,598	9,317,186
-	2,374,400
28,465,892	31,710,580
361,754	3,737,890
<u>31,626,033</u>	<u>50,102,814</u>

<u>(418,152)</u>	<u>8,005,357</u>
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66,794	1,809,443
-	(8,246,942)
<u>66,794</u>	<u>(6,437,499)</u>

(351,358)	1,567,858
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<u>5,818,569</u>	<u>59,956,872</u>
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<u>\$ 5,467,211</u>	<u>\$ 61,524,730</u>
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CITY OF WICHITA, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS**

For the year ended December 31, 2018

	Water Main Extension	Park Bond Construction	Sewer Construction	Local Sales Tax CIP
REVENUES				
Special assessments	\$ 62,481	\$ -	\$ 90,960	\$ -
Local sales tax	-	-	-	-
Rentals	-	134,373	-	-
Sale of property	-	-	-	487,390
Other revenue	7,366	-	1,024,236	-
Total revenues	<u>69,847</u>	<u>134,373</u>	<u>1,115,196</u>	<u>487,390</u>
EXPENDITURES				
Debt service:				
Interest and fiscal charges	26,555	34,775	145,865	-
Capital outlay	1,744,441	4,267,228	11,778,035	-
Total expenditures	<u>1,770,996</u>	<u>4,302,003</u>	<u>11,923,900</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,701,149)</u>	<u>(4,167,630)</u>	<u>(10,808,704)</u>	<u>487,390</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the issuance of bonds	1,370,077	-	5,578,715	-
Premiums on bonds sold	-	-	500,000	-
Transfers from other funds	-	3,715,162	212,622	10,729,835
Transfers to other funds	-	-	-	(16,127,657)
Total other financing sources (uses)	<u>1,370,077</u>	<u>3,715,162</u>	<u>6,291,337</u>	<u>(5,397,822)</u>
Net change in fund balance	(331,072)	(452,468)	(4,517,367)	(4,910,432)
Fund balances (deficits) - beginning	<u>(2,333,865)</u>	<u>(2,950,925)</u>	<u>(11,953,553)</u>	<u>24,663,231</u>
Fund balances (deficits) - ending	<u>\$ (2,664,937)</u>	<u>\$ (3,403,393)</u>	<u>\$ (16,470,920)</u>	<u>\$ 19,752,799</u>

Sales Tax Construction Pledge	Total
\$ -	\$ 153,441
29,842,990	29,842,990
-	134,373
-	487,390
-	1,031,602
<u>29,842,990</u>	<u>31,649,796</u>
-	207,195
-	17,789,704
<u>-</u>	<u>17,996,899</u>
<u>29,842,990</u>	<u>13,652,897</u>
-	6,948,792
-	500,000
-	14,657,619
<u>(28,686,441)</u>	<u>(44,814,098)</u>
<u>(28,686,441)</u>	<u>(22,707,687)</u>
1,156,549	(9,054,790)
<u>7,311,223</u>	<u>14,736,111</u>
<u>\$ 8,467,772</u>	<u>\$ 5,681,321</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GENERAL FUND

For the year ended December 31, 2018

	Economic Development	General Fund	Combined General Fund
REVENUES			
Property taxes	\$ -	\$ 79,220,412	\$ 79,220,412
Motor vehicle taxes	-	11,890,320	11,890,320
Franchise taxes	-	47,282,423	47,282,423
Local sales tax	-	29,447,036	29,447,036
Intergovernmental	-	17,617,638	17,617,638
Licenses and permits	-	2,902,936	2,902,936
Fines and penalties	-	8,186,561	8,186,561
Rentals	484,312	2,371,619	2,855,931
Sale of property	33,861	337,453	371,314
Interest and investment earnings	-	6,903,511	6,903,511
Charges for services and sales	78,621	17,082,487	17,161,108
Other revenue	327,373	8,842,521	9,169,894
Total revenues	<u>924,167</u>	<u>232,084,917</u>	<u>233,009,084</u>
EXPENDITURES			
Current:			
General government	1,363,974	34,966,665	36,330,639
Public safety	-	134,906,340	134,906,340
Highways and streets	-	17,645,976	17,645,976
Sanitation	-	2,549,479	2,549,479
Health and welfare	-	4,185,813	4,185,813
Culture and recreation	-	33,304,522	33,304,522
Total expenditures	<u>1,363,974</u>	<u>227,558,795</u>	<u>228,922,769</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(439,807)</u>	<u>4,526,122</u>	<u>4,086,315</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	5,874,962	5,874,962
Transfers to other funds	-	(7,788,151)	(7,788,151)
Total other financing sources (uses)	<u>-</u>	<u>(1,913,189)</u>	<u>(1,913,189)</u>
Net change in fund balance before special item	<u>(439,807)</u>	<u>2,612,933</u>	<u>2,173,126</u>
SPECIAL ITEM			
Transfers to other funds, Hyatt Hotel proceeds	<u>-</u>	<u>(19,000,000)</u>	<u>(19,000,000)</u>
Net change in fund balance	<u>(439,807)</u>	<u>(16,387,067)</u>	<u>(16,826,874)</u>
Fund balances - beginning	<u>2,230,435</u>	<u>54,585,647</u>	<u>56,816,082</u>
Fund balances - ending	<u>\$ 1,790,628</u>	<u>\$ 38,198,580</u>	<u>\$ 39,989,208</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES DEBT SERVICE FUND

For the year ended December 31, 2018

	Economic Development TIF Districts	Debt Service Fund	Combined Debt Service Fund
REVENUES			
Property taxes	\$ 1,747,977	\$ 27,893,450	\$ 29,641,427
Motor vehicle taxes	-	4,194,134	4,194,134
Special assessments	-	27,201,708	27,201,708
Local sales tax	-	312,630	312,630
Sale of property	-	740,582	740,582
Interest and investment earnings	-	410,959	410,959
Other revenue	59,592	7,385	66,977
Total revenues	<u>1,807,569</u>	<u>60,760,848</u>	<u>62,568,417</u>
EXPENDITURES			
Current:			
General government	55,811	-	55,811
Debt service:			
Principal retirement	-	52,787,299	52,787,299
Interest and fiscal charges	-	13,229,766	13,229,766
Other debt service	-	403,411	403,411
Total expenditures	<u>55,811</u>	<u>66,420,476</u>	<u>66,476,287</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,751,758</u>	<u>(5,659,628)</u>	<u>(3,907,870)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of debt	-	1,799,799	1,799,799
Premiums on bonds sold	-	74,058	74,058
Transfers from other funds	-	20,632,796	20,632,796
Transfers to other funds	(2,164,027)	(22,142,837)	(24,306,864)
Total other financing sources (uses)	<u>(2,164,027)</u>	<u>363,816</u>	<u>(1,800,211)</u>
Net change in fund balance	(412,269)	(5,295,812)	(5,708,081)
Fund balances - beginning	<u>641,349</u>	<u>45,456,257</u>	<u>46,097,606</u>
Fund balances - ending	<u>\$ 229,080</u>	<u>\$ 40,160,445</u>	<u>\$ 40,389,525</u>

CITY OF WICHITA, KANSAS

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Local government taxes:					
General property taxes:					
Property taxes	\$ 76,170,644	\$ 75,809,874	\$ 77,193,543	\$ 1,383,669	\$ 74,770,705
Delinquent property taxes	2,200,000	2,200,000	1,943,990	(256,010)	1,740,703
Payments in lieu of taxes	100,000	100,000	82,879	(17,121)	113,945
Franchise taxes	47,225,124	47,008,774	47,282,423	273,649	45,563,488
Motor vehicle taxes	12,239,239	11,914,897	11,890,320	(24,577)	11,621,335
Local sales tax	29,812,846	28,916,036	29,447,036	531,000	28,557,694
Total local government taxes	167,747,853	165,949,581	167,840,191	1,890,610	162,367,870
Intergovernmental	17,558,073	17,400,633	17,617,638	217,005	17,201,970
Licenses and permits	3,429,268	3,028,719	2,902,936	(125,783)	2,818,831
Fines and penalties	9,526,400	9,207,410	8,186,561	(1,020,849)	8,270,546
Charges for services and sales	18,409,472	18,200,806	17,082,487	(1,118,319)	16,430,349
Rental income	2,301,220	2,285,221	2,371,619	86,398	2,335,423
Interest and investment earnings	3,000,000	4,500,000	6,903,511	2,403,511	3,782,188
Sale of property	292,762	292,762	337,453	44,691	485,498
Other revenue	8,839,243	9,096,878	8,910,536	(186,342)	9,367,545
Revised budget adjustment	-	803,497	-	(803,497)	-
Total revenues	231,104,291	230,765,507	232,152,932	1,387,425	223,060,220
EXPENDITURES					
City Council:					
Personnel services	683,383	697,987	678,901	19,086	653,760
Contractual services	109,808	110,371	104,994	5,377	95,005
Materials and supplies	23,050	23,050	19,344	3,706	15,548
Contingency	200,000	200,000	-	200,000	-
Total City Council	1,016,241	1,031,408	803,239	228,169	764,313
City Manager:					
Personnel services	3,936,533	3,885,381	3,662,548	222,833	2,425,750
Contractual services	728,206	825,436	573,573	251,863	431,571
Materials and supplies	88,660	106,675	30,809	75,866	15,169
Contingency	50,000	50,000	-	50,000	-
Total City Manager	4,803,399	4,867,492	4,266,930	600,562	2,872,490
Department of Finance:					
Personnel services	4,768,398	4,740,033	4,234,573	505,460	4,198,370
Contractual services	798,240	816,064	802,129	13,935	757,918
Materials and supplies	36,811	38,043	18,563	19,480	28,858
Capital outlay	-	5,450	5,450	-	-
Other expenditures	150,000	150,000	-	150,000	11,532
Total Department of Finance	5,753,449	5,749,590	5,060,715	688,875	4,996,678

(Continued)

CITY OF WICHITA, KANSAS

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
Law Department:					
Personnel services	\$ 2,708,186	\$ 2,649,577	\$ 2,520,620	\$ 128,957	\$ 2,441,049
Contractual services	269,554	275,255	233,848	41,407	179,279
Materials and supplies	18,270	18,270	10,242	8,028	8,111
Total Law Department	2,996,010	2,943,102	2,764,710	178,392	2,628,439
Municipal Court:					
Personnel services	5,588,893	5,535,036	5,047,158	487,878	4,917,337
Contractual services	1,810,977	1,810,468	1,557,114	253,354	1,566,773
Materials and supplies	65,166	65,166	42,242	22,924	42,182
Total Municipal Court	7,465,036	7,410,670	6,646,514	764,156	6,526,292
Fire Department:					
Personnel services	42,199,825	43,858,142	43,779,119	79,023	41,055,254
Contractual services	2,925,597	3,031,695	3,017,877	13,818	2,933,291
Materials and supplies	857,739	989,739	913,906	75,833	612,800
Other expenditures	-	69,910	69,907	3	-
Planned savings	(174,999)	(174,999)	-	(174,999)	-
Total Fire Department	45,808,162	47,774,487	47,780,809	(6,322)	44,601,345
Police Department:					
Personnel services	77,874,298	78,664,870	76,797,297	1,867,573	73,428,158
Contractual services	7,768,718	8,350,894	8,234,725	116,169	7,698,631
Materials and supplies	1,928,577	2,439,534	2,437,630	1,904	2,137,978
Capital outlay	-	459,577	457,177	2,400	-
Other expenditures	35,830	35,830	35,830	-	-
Contingency	193,498	80,000	-	80,000	-
Planned savings	(2,068,000)	(2,068,000)	-	(2,068,000)	-
Total Police Department	85,732,921	87,962,705	87,962,659	46	83,264,767
Housing and Community Services:					
Personnel services	225,632	225,445	225,445	-	105,090
Contractual services	7,952	8,139	8,100	39	59,632
Materials and supplies	1,000	1,000	153	847	716
Total Housing and Community Services	234,584	234,584	233,698	886	165,438
Library:					
Personnel services	7,322,743	7,351,407	6,815,995	535,412	6,408,276
Contractual services	1,406,114	1,458,278	1,379,866	78,412	1,199,987
Materials and supplies	801,939	801,627	770,141	31,486	781,957
Planned savings	(320,025)	(144,170)	-	(144,170)	-
Total Library	9,210,771	9,467,142	8,966,002	501,140	8,390,220

(Continued)

CITY OF WICHITA, KANSAS

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS (CONTINUED)

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
CMO - Cultural Arts Division:					
Personnel services	\$ 4,737,681	\$ 4,634,624	\$ 4,309,360	\$ 325,264	\$ 4,156,670
Contractual services	3,799,538	3,959,597	3,698,350	261,247	3,511,135
Materials and supplies	169,072	183,129	172,885	10,244	160,710
Other expenditures	69,500	93,000	81,522	11,478	92,593
Contingency	7,895	-	-	-	-
Total CMO - Cultural Arts Division	8,783,686	8,870,350	8,262,117	608,233	7,921,108
Public Works and Utilities:					
Personnel services	7,331,763	7,229,274	6,499,486	729,788	6,451,043
Contractual services	8,456,909	8,731,751	8,735,662	(3,911)	8,959,690
Materials and supplies	995,603	1,012,544	989,526	23,018	953,192
Other expenditures	-	-	-	-	339
Planned savings	(692,844)	(692,844)	-	(692,844)	-
Total Public Works and Utilities	16,091,431	16,280,725	16,224,674	56,051	16,364,264
Park:					
Personnel services	10,240,140	10,162,890	8,980,779	1,182,111	9,124,707
Contractual services	6,275,089	6,618,284	6,137,365	480,919	6,184,885
Materials and supplies	1,019,626	1,029,877	1,025,595	4,282	985,420
Capital outlay	30,000	30,000	18,980	11,020	62,960
Other expenditures	47,710	57,710	55,910	1,800	304,716
Contingency	25,000	25,000	-	25,000	-
Planned savings	(1,094,501)	(1,094,501)	-	(1,094,501)	-
Total Park	16,543,064	16,829,260	16,218,629	610,631	16,662,688
Non Departmental:					
Personnel services	2,360,452	5,546	-	5,546	-
Contractual services	4,217,380	4,181,551	3,801,162	380,389	3,801,362
Materials and supplies	39,630	48,544	15,324	33,220	66,418
Other expenditures	183,480	183,480	183,480	-	250,000
Contingency	3,967,345	50,000	44,321	5,679	44,004
Planned savings	(4,566,217)	(3,898,104)	-	(3,898,104)	-
Revised budget adjustment	-	(1,150,130)	-	(1,150,130)	-
Total Non Departmental	6,202,070	(579,113)	4,044,287	(4,623,400)	4,161,784
Metropolitan Area Building and Construction:					
Personnel services	717,779	697,841	682,802	15,039	628,200
Contractual services	307,506	307,852	288,357	19,495	315,829
Materials and supplies	4,811	12,254	8,692	3,562	5,499
Total Metropolitan Area Building and Construction	1,030,096	1,017,947	979,851	38,096	949,528

(Continued)

CITY OF WICHITA, KANSAS

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
Human Resources:					
Personnel services	\$ 1,342,633	\$ 1,445,608	\$ 1,426,759	\$ 18,849	\$ 1,253,754
Contractual services	206,535	209,507	186,283	23,224	149,243
Materials and supplies	73,925	72,747	42,684	30,063	8,892
Capital outlay	-	6,680	2,549	4,131	-
Total Human Resources	1,623,093	1,734,542	1,658,275	76,267	1,411,889
Public Works - Gas Tax:					
Personnel services	11,138,796	10,711,772	8,694,889	2,016,883	8,603,936
Contractual services	4,961,237	5,171,709	5,168,879	2,830	8,268,217
Materials and supplies	2,089,664	2,042,475	1,977,192	65,283	2,022,441
Capital outlay	135,000	135,000	24,411	110,589	64,244
Other expenditures	-	-	-	-	101,852
Planned savings	(939,205)	(939,205)	-	(939,205)	-
Total Public Works - Gas Tax	17,385,492	17,121,751	15,865,371	1,256,380	19,060,690
Total expenditures	230,679,505	228,716,642	227,738,480	978,162	220,741,933
Excess of revenues over expenditures	424,786	2,048,865	4,414,452	2,365,587	2,318,287
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	5,627,438	5,966,222	5,874,962	(91,260)	6,073,192
Transfers to other funds	(6,052,224)	(8,015,087)	(7,788,151)	226,936	(6,554,228)
Total other financing uses	(424,786)	(2,048,865)	(1,913,189)	135,676	(481,036)
SPECIAL ITEM					
Transfers to other funds - Hyatt Hotel proceeds	-	(19,000,000)	(19,000,000)	-	-
Net change in fund balance	-	(19,000,000)	(16,498,737)	2,501,263	1,837,251
Unencumbered fund balance, beginning	29,483,028	29,483,028	51,322,910	21,839,882	49,485,659
Unencumbered fund balance, ending	\$ 29,483,028	\$ 10,483,028	\$ 34,824,173	\$ 24,341,145	\$ 51,322,910

The 2018 certified expenditure budget is \$261,731,729, including an appropriated reserve of \$25,000,000, of which \$19,000,000 was utilized to transfer out the remaining proceeds from the sale of the Hyatt Hotel.

CITY OF WICHITA, KANSAS

GENERAL FUND - ECONOMIC DEVELOPMENT SUBFUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 285,000	\$ 250,000	\$ 112,482	\$ (137,518)	\$ 18,854
Rental income	400,000	632,837	484,312	(148,525)	505,370
Administrative charges	253,500	253,500	244,216	(9,284)	294,647
Other revenue	83,000	83,000	83,157	157	224,178
Revised budget adjustment	-	(197,837)	-	197,837	-
Total revenues	1,021,500	1,021,500	924,167	(97,333)	1,043,049
EXPENDITURES					
General government:					
Personnel services	364,122	408,325	386,675	21,650	384,616
Contractual services	708,428	867,846	710,936	156,910	1,055,098
Materials and supplies	22,450	22,450	7,715	14,735	7,403
Other expenditures	2,139,682	243,095	243,095	-	232,744
Contingency	-	1,692,966	-	1,692,966	-
Total expenditures	3,234,682	3,234,682	1,348,421	1,886,261	1,679,861
Net change in fund balance	(2,213,182)	(2,213,182)	(424,254)	1,788,928	(636,812)
Unencumbered fund balance, beginning	2,373,305	2,373,305	2,196,333	(176,972)	2,833,145
Unencumbered fund balance, ending	\$ 160,123	\$ 160,123	\$ 1,772,079	\$ 1,611,956	\$ 2,196,333

CITY OF WICHITA, KANSAS

HOMELESSNESS ASSISTANCE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Intergovernmental	\$ 191,368	\$ 191,368	\$ 177,931	\$ (13,437)	\$ 150,603
Total revenues	191,368	191,368	177,931	(13,437)	150,603
EXPENDITURES					
Health and welfare:					
Contractual services	382,736	382,736	355,942	26,794	301,491
Total expenditures	382,736	382,736	355,942	26,794	301,491
Deficiency of revenues under expenditures	(191,368)	(191,368)	(178,011)	13,357	(150,888)
OTHER FINANCING SOURCES					
Transfers from other funds	191,368	191,368	178,011	(13,357)	150,888
Total other financing sources	191,368	191,368	178,011	(13,357)	150,888
Net change in fund balance	-	-	-	-	-
Unencumbered fund balance, beginning	-	-	-	-	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF WICHITA, KANSAS

TOURISM AND CONVENTION PROMOTION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Transient guest taxes	\$ 7,322,684	\$ 7,312,455	\$ 7,410,794	\$ 98,339	\$ 7,065,174
Other revenue	-	-	5,300	5,300	61,761
Revised budget adjustment	-	10,229	-	(10,229)	-
Total revenues	7,322,684	7,322,684	7,416,094	93,410	7,126,935
EXPENDITURES					
Culture and recreation:					
Contractual services	2,950,143	3,154,265	3,098,022	56,243	3,211,126
Contingency	-	1,999,437	-	1,999,437	-
Total expenditures	2,950,143	5,153,702	3,098,022	2,055,680	3,211,126
Excess of revenues over expenditures	4,372,541	2,168,982	4,318,072	2,149,090	3,915,809
OTHER FINANCING USES					
Transfers to other funds	(6,518,476)	(4,314,917)	(4,106,877)	208,040	(4,749,026)
Total other financing uses	(6,518,476)	(4,314,917)	(4,106,877)	208,040	(4,749,026)
Net change in fund balance	(2,145,935)	(2,145,935)	211,195	2,357,130	(833,217)
Unencumbered fund balance, beginning	2,597,465	2,597,465	3,164,223	566,758	3,997,440
Unencumbered fund balance, ending	\$ 451,530	\$ 451,530	\$ 3,375,418	\$ 2,923,888	\$ 3,164,223

CITY OF WICHITA, KANSAS

SPECIAL ALCOHOL PROGRAM FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Intergovernmental	\$ 2,205,147	\$ 2,120,720	\$ 2,172,896	\$ 52,176	\$ 2,074,735
Other revenue	-	-	73,246	73,246	4,101
Revised budget adjustment	-	84,427	-	(84,427)	-
Total revenues	2,205,147	2,205,147	2,246,142	40,995	2,078,836
EXPENDITURES					
Health and welfare:					
Contractual services	1,732,658	1,774,790	1,731,868	42,922	1,635,466
Other expenditures	1,385,000	275,000	175,000	100,000	175,000
Contingency	-	1,067,868	-	1,067,868	-
Total expenditures	3,117,658	3,117,658	1,906,868	1,210,790	1,810,466
Net change in fund balance	(912,511)	(912,511)	339,274	1,251,785	268,370
Unencumbered fund balance, beginning	977,178	977,178	1,032,873	55,695	764,503
Unencumbered fund balance, ending	\$ 64,667	\$ 64,667	\$ 1,372,147	\$ 1,307,480	\$ 1,032,873

CITY OF WICHITA, KANSAS

SPECIAL PARKS AND RECREATION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Intergovernmental	\$ 2,205,147	\$ 2,120,719	\$ 2,172,896	\$ 52,177	\$ 2,074,735
Revised budget adjustment	-	84,428	-	(84,428)	-
Total revenues	2,205,147	2,205,147	2,172,896	(32,251)	2,074,735
EXPENDITURES					
Health and welfare:					
Contingency	-	58,959	-	58,959	-
Total expenditures	-	58,959	-	58,959	-
Excess of revenues over expenditures	2,205,147	2,146,188	2,172,896	26,708	2,074,735
OTHER FINANCING USES					
Transfers to other funds	(2,300,000)	(2,241,041)	(2,241,041)	-	(2,180,000)
Total other financing uses	(2,300,000)	(2,241,041)	(2,241,041)	-	(2,180,000)
Net change in fund balance	(94,853)	(94,853)	(68,145)	26,708	(105,265)
Unencumbered fund balance, beginning	165,920	165,920	120,322	(45,598)	225,587
Unencumbered fund balance, ending	\$ 71,067	\$ 71,067	\$ 52,177	\$ (18,890)	\$ 120,322

CITY OF WICHITA, KANSAS

LANDFILL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 1,875,000	\$ 2,057,550	\$ 2,365,757	\$ 308,207	\$ 2,067,064
Rental income	-	2,363	-	(2,363)	2,363
Other revenue	2,000	2,000	14,305	12,305	6,098
Revised budget adjustment	-	(184,913)	-	184,913	-
Total revenues	1,877,000	1,877,000	2,380,062	503,062	2,075,525
EXPENDITURES					
Sanitation:					
Personnel services	488,856	477,382	470,948	6,434	450,870
Contractual services	1,514,904	1,485,512	972,117	513,395	849,336
Materials and supplies	92,200	101,990	97,857	4,133	83,976
Capital outlay	291,500	291,500	192,786	98,714	156,007
Other expenditures	132,143	132,143	-	132,143	-
Contingency	-	31,076	-	31,076	-
Total expenditures	2,519,603	2,519,603	1,733,708	785,895	1,540,189
OTHER FINANCING USES					
Transfers to other funds	(967,857)	(967,857)	(967,857)	-	-
Total other financing uses	(967,857)	(967,857)	(967,857)	-	-
Net change in fund balance	(1,610,460)	(1,610,460)	(321,503)	1,288,957	535,336
Unencumbered fund balance, beginning	1,718,632	1,718,632	3,655,205	1,936,573	3,119,869
Unencumbered fund balance, ending	\$ 108,172	\$ 108,172	\$ 3,333,702	\$ 3,225,530	\$ 3,655,205

CITY OF WICHITA, KANSAS

LANDFILL POST-CLOSURE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Other revenue	\$ -	\$ -	\$ 37,279	\$ 37,279	\$ 66
Total revenues	-	-	37,279	37,279	66
EXPENDITURES					
Sanitation:					
Personnel services	256,546	257,317	244,442	12,875	232,951
Contractual services	806,601	808,297	176,788	631,509	362,281
Materials and supplies	113,075	113,136	92,845	20,291	13,150
Other expenditures	8,200,000	-	-	-	-
Contingency	-	8,197,472	-	8,197,472	-
Total expenditures	9,376,222	9,376,222	514,075	8,862,147	608,382
Deficiency of revenues under expenditures	(9,376,222)	(9,376,222)	(476,796)	8,899,426	(608,316)
OTHER FINANCING USES					
Transfers to other funds	(150,000)	(150,000)	-	150,000	(150,000)
Total other financing uses	(150,000)	(150,000)	-	150,000	(150,000)
Net change in fund balance	(9,526,222)	(9,526,222)	(476,796)	9,049,426	(758,316)
Unencumbered fund balance, beginning	9,915,937	9,915,937	10,467,381	551,444	11,225,697
Unencumbered fund balance, ending	\$ 389,715	\$ 389,715	\$ 9,990,585	\$ 9,600,870	\$ 10,467,381

CITY OF WICHITA, KANSAS

METROPOLITAN AREA BUILDING AND CONSTRUCTION DEPARTMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Special assessments	\$ -	\$ -	\$ 8,533	\$ 8,533	\$ 9,101
Intergovernmental	3,607,487	3,759,895	3,604,674	(155,221)	2,499,220
Licenses and permits	-	-	-	-	34,190
Revised budget adjustment	-	(152,408)	-	152,408	-
Total revenues	3,607,487	3,607,487	3,613,207	5,720	2,542,511
EXPENDITURES					
Public safety:					
Personnel services	3,033,252	2,966,129	2,834,997	131,132	3,210,801
Contractual services	424,268	351,786	345,279	6,507	543,012
Materials and supplies	41,784	41,784	32,736	9,048	34,877
Other expenditures	1,128,183	400,195	400,195	-	8,350
Contingency	-	867,593	-	867,593	-
Total expenditures	4,627,487	4,627,487	3,613,207	1,014,280	3,871,940
Net change in fund balance	(1,020,000)	(1,020,000)	-	1,020,000	(1,329,429)
Unencumbered fund balance, beginning	1,250,000	1,250,000	1,250,000	-	2,579,429
Unencumbered fund balance, ending	<u>\$ 230,000</u>	<u>\$ 230,000</u>	<u>\$ 1,250,000</u>	<u>\$ 1,020,000</u>	<u>\$ 1,250,000</u>

CITY OF WICHITA, KANSAS

DOWNTOWN PARKING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 1,202,000	\$ 1,233,500	\$ 1,121,236	\$ (112,264)	\$ 1,104,578
Rental income	210,545	205,000	187,959	(17,041)	202,558
Other revenue	338,557	223,480	234,948	11,468	1,355
Revised budget adjustment	-	89,122	-	(89,122)	-
Total revenues	1,751,102	1,751,102	1,544,143	(206,959)	1,308,491
EXPENDITURES					
General government:					
Personnel services	290,864	296,566	162,014	134,552	155,210
Contractual services	1,548,951	1,568,513	1,041,180	527,333	868,054
Materials and supplies	95,700	95,000	63,410	31,590	39,618
Capital outlay	-	30,817	-	30,817	-
Other expenditures	930,000	72,800	72,800	-	99,844
Contingency	-	801,819	-	801,819	-
Total expenditures	2,865,515	2,865,515	1,339,404	1,526,111	1,162,726
Excess (deficiency) of revenues over (under) expenditures	(1,114,413)	(1,114,413)	204,739	1,319,152	145,765
OTHER FINANCING USES					
Transfers to other funds	(70,000)	(70,000)	(70,000)	-	(70,000)
Total other financing uses	(70,000)	(70,000)	(70,000)	-	(70,000)
Net change in fund balance	(1,184,413)	(1,184,413)	134,739	1,319,152	75,765
Unencumbered fund balance, beginning	1,330,084	1,330,084	1,832,481	502,397	1,756,716
Unencumbered fund balance, ending	\$ 145,671	\$ 145,671	\$ 1,967,220	\$ 1,821,549	\$ 1,832,481

CITY OF WICHITA, KANSAS

STATE OFFICE BUILDING FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ -	\$ -	\$ -	\$ -	\$ 31,809
Other revenue	-	-	-	-	3,112
Total revenues	-	-	-	-	34,921
EXPENDITURES					
Health and welfare:					
Personnel services	-	-	-	-	200
Contractual services	-	-	-	-	205,335
Materials and supplies	-	-	-	-	6,912
Other expenditures	1,211,704	-	-	-	-
Contingency	-	694,536	-	694,536	-
Total expenditures	1,211,704	694,536	-	694,536	212,447
Deficiency of revenues under expenditures	-	(694,536)	-	694,536	(177,526)
OTHER FINANCING USES					
Transfers to other funds	-	(517,168)	(517,168)	-	(727,879)
Total other financing uses	-	(517,168)	(517,168)	-	(727,879)
Net change in fund balance	-	(1,211,704)	(517,168)	694,536	(905,405)
Unencumbered fund balance, beginning	1,211,704	1,211,704	517,168	(694,536)	1,422,573
Unencumbered fund balance, ending	\$ 1,211,704	\$ -	\$ -	\$ -	\$ 517,168

CITY OF WICHITA, KANSAS

GILBERT AND MOSLEY TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Property taxes	\$ 2,670,040	\$ 2,670,040	\$ 2,670,040	\$ -	\$ 2,670,449
Other revenue	110,000	110,000	96,220	(13,780)	1,039,163
Total revenues	2,780,040	2,780,040	2,766,260	(13,780)	3,709,612
EXPENDITURES					
Health and welfare:					
Contractual services	1,556,408	1,686,104	425,184	1,260,920	407,729
Materials and supplies	197,447	197,447	34,448	162,999	43,455
Other expenditures	12,717,475	3,717,171	217,171	3,500,000	213,352
Contingency	-	8,870,608	-	8,870,608	-
Total expenditures	14,471,330	14,471,330	676,803	13,794,527	664,536
Excess (deficiency) of revenues over (under) expenditures	(11,691,290)	(11,691,290)	2,089,457	13,780,747	3,045,076
OTHER FINANCING USES					
Transfers to other funds	(344,000)	(344,000)	(344,000)	-	(359,000)
Total other financing uses	(344,000)	(344,000)	(344,000)	-	(359,000)
Net change in fund balance	(12,035,290)	(12,035,290)	1,745,457	13,780,747	2,686,076
Unencumbered fund balance, beginning	12,688,676	12,688,676	16,116,260	3,427,584	13,430,184
Unencumbered fund balance, ending	\$ 653,386	\$ 653,386	\$ 17,861,717	\$ 17,208,331	\$ 16,116,260

CITY OF WICHITA, KANSAS

NORTH INDUSTRIAL CORRIDOR TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Property taxes	\$ 1,165,300	\$ 1,165,300	\$ 1,165,312	\$ 12	\$ 1,165,300
Rental income	-	-	-	-	900
Other revenue	-	-	598,373	598,373	1,601,506
Total revenues	1,165,300	1,165,300	1,763,685	598,385	2,767,706
EXPENDITURES					
Health and welfare:					
Contractual services	2,356,361	2,355,375	50,447	2,304,928	67,697
Materials and supplies	105,513	105,524	2,360	103,164	2,661
Other expenditures	6,217,475	3,817,171	217,171	3,600,000	213,352
Contingency	-	2,401,279	-	2,401,279	-
Total expenditures	8,679,349	8,679,349	269,978	8,409,371	283,710
Net change in fund balance	(7,514,049)	(7,514,049)	1,493,707	9,007,756	2,483,996
Unencumbered fund balance, beginning	7,822,026	7,822,026	13,815,857	5,993,831	11,331,861
Unencumbered fund balance, ending	\$ 307,977	\$ 307,977	\$ 15,309,564	\$ 15,001,587	\$ 13,815,857

CITY OF WICHITA, KANSAS

SELF-SUPPORTED MUNICIPAL IMPROVEMENT DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Property taxes	\$ 671,657	\$ 671,657	\$ 668,616	\$ (3,041)	\$ 649,457
Motor vehicle taxes	26,688	26,298	31,826	5,528	25,657
Revised budget adjustment	-	390	-	(390)	-
Total revenues	698,345	698,345	700,442	2,097	675,114
EXPENDITURES					
General government:					
Contractual services	698,345	697,955	697,955	-	675,114
Contingency	-	390	-	390	-
Total expenditures	698,345	698,345	697,955	390	675,114
Net change in fund balance	-	-	2,487	2,487	-
Unencumbered fund balance, beginning	-	-	-	-	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ 2,487	\$ 2,487	\$ -

CITY OF WICHITA, KANSAS

CITY/COUNTY FLOOD CONTROL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Intergovernmental	\$ 1,135,682	\$ 1,135,682	\$ 934,382	\$ (201,300)	\$ 985,555
Charges for services and sales	-	-	39,430	39,430	37,122
Other revenue	-	-	1,192	1,192	-
Total revenues	1,135,682	1,135,682	975,004	(160,678)	1,022,677
EXPENDITURES					
Public safety:					
Personnel services	1,355,598	1,345,998	1,249,703	96,295	1,252,261
Contractual services	606,326	596,279	431,153	165,126	529,911
Materials and supplies	309,440	329,087	228,530	100,557	226,060
Total expenditures	2,271,364	2,271,364	1,909,386	361,978	2,008,232
Deficiency of revenues under expenditures	(1,135,682)	(1,135,682)	(934,382)	201,300	(985,555)
OTHER FINANCING SOURCES					
Transfers from other funds	1,135,682	1,135,682	934,382	(201,300)	985,555
Total other financing sources	1,135,682	1,135,682	934,382	(201,300)	985,555
Net change in fund balance	-	-	-	-	-
Unencumbered fund balance, beginning	-	-	-	-	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF WICHITA, KANSAS

CITY/COUNTY METROPOLITAN AREA PLANNING DEPARTMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Intergovernmental	\$ 639,819	\$ 639,819	\$ 630,256	\$ (9,563)	\$ 537,143
Licenses and permits	117,733	117,733	33,009	(84,724)	-
Charges for services and sales	281,382	281,382	265,765	(15,617)	233,660
Other revenue	313,806	313,806	314,728	922	-
Total revenues	1,352,740	1,352,740	1,243,758	(108,982)	770,803
EXPENDITURES					
General government:					
Personnel services	1,769,045	1,764,948	1,721,742	43,206	1,186,389
Contractual services	172,822	178,774	142,274	36,500	98,872
Materials and supplies	19,060	19,060	9,998	9,062	8,685
Other expenditures	31,632	29,777	-	29,777	-
Total expenditures	1,992,559	1,992,559	1,874,014	118,545	1,293,946
Deficiency of revenues under expenditures	(639,819)	(639,819)	(630,256)	9,563	(523,143)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	639,819	639,819	630,256	(9,563)	537,143
Transfers to other funds	-	-	-	-	(14,000)
Total other financing sources	639,819	639,819	630,256	(9,563)	523,143
Net change in fund balance	-	-	-	-	-
Unencumbered fund balance, beginning	-	-	-	-	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF WICHITA, KANSAS

SALES TAX CONSTRUCTION PLEDGE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Local sales tax	\$ 29,812,846	\$ 28,916,036	\$ 29,842,990	\$ 926,954	\$ 28,822,631
Revised budget adjustment	-	896,810	-	(896,810)	-
Total revenues	29,812,846	29,812,846	29,842,990	30,144	28,822,631
EXPENDITURES					
General government:					
Contingency	-	6,999,567	-	6,999,567	-
Total expenditures	-	6,999,567	-	6,999,567	-
Excess of revenues over expenditures	29,812,846	22,813,279	29,842,990	7,029,711	28,822,631
OTHER FINANCING USES					
Transfers to other funds	(35,686,008)	(28,686,441)	(28,686,441)	-	(31,766,531)
Total other financing uses	(35,686,008)	(28,686,441)	(28,686,441)	-	(31,766,531)
Net change in fund balance	(5,873,162)	(5,873,162)	1,156,549	7,029,711	(2,943,900)
Unencumbered fund balance, beginning	7,560,854	7,560,854	7,311,223	(249,631)	10,255,123
Unencumbered fund balance, ending	\$ 1,687,692	\$ 1,687,692	\$ 8,467,772	\$ 6,780,080	\$ 7,311,223

CITY OF WICHITA, KANSAS

DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Local government taxes:					
General property taxes:					
Property taxes	\$ 27,619,075	\$ 26,720,458	\$ 27,209,214	\$ 488,756	\$ 26,400,028
Delinquent property taxes	-	900,000	684,236	(215,764)	608,990
Special assessments	27,414,931	25,537,087	25,422,757	(114,330)	26,474,633
Delinquent special assessments	-	1,315,604	1,778,951	463,347	1,868,755
Motor vehicle taxes	4,313,701	4,190,700	4,194,134	3,434	4,091,442
Local sales tax	450,000	450,000	312,630	(137,370)	302,529
Total local government taxes	59,797,707	59,113,849	59,601,922	488,073	59,746,377
Interest and investment earnings	-	-	43,291	43,291	55,459
Sale of property	-	-	740,582	740,582	-
Other revenue	-	500,000	7,385	(492,615)	3,821,425
Revised budget adjustment	-	1,240,543	-	(1,240,543)	-
Total revenues	59,797,707	60,854,392	60,393,180	(461,212)	63,623,261
EXPENDITURES					
Interest on general obligation bonds	-	-	5,987,369	(5,987,369)	7,184,431
Interest on special assessment bonds	-	-	6,217,769	(6,217,769)	6,604,854
Interest on STAR bonds	-	-	120,380	(120,380)	56,517
Retirement of general obligation bonds	64,899,393	60,662,173	28,154,351	32,507,822	37,597,766
Retirement of special assessment bonds	-	-	19,935,859	(19,935,859)	19,707,216
Retirement of STAR bonds	-	-	267,089	(267,089)	282,516
Other expenditures	813,379	797,379	359,111	438,268	343,273
Contingency	-	4,253,220	-	4,253,220	-
Total expenditures	65,712,772	65,712,772	61,041,928	4,670,844	71,776,573
Deficiency of revenues under expenditures	(5,915,065)	(4,858,380)	(648,748)	4,209,632	(8,153,312)
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of bonds	-	-	1,799,799	1,799,799	3,044,725
Premiums on bonds sold	500,000	500,000	74,058	(425,942)	59,989
Payments to escrow agent on refunded bonds	-	-	-	-	(1,406,316)
Transfers from other funds	23,207,265	22,150,580	20,632,796	(1,517,784)	24,908,501
Transfers to other funds	(28,000,000)	(28,000,000)	(22,142,837)	5,857,163	(18,782,373)
Total other financing sources (uses)	(4,292,735)	(5,349,420)	363,816	5,713,236	7,824,526
Net change in fund balance	(10,207,800)	(10,207,800)	(284,932)	9,922,868	(328,786)
Unencumbered fund balance, beginning	14,565,960	14,565,960	21,644,674	7,078,714	21,973,460
Unencumbered fund balance, ending	\$ 4,358,160	\$ 4,358,160	\$ 21,359,742	\$ 17,001,582	\$ 21,644,674

CITY OF WICHITA, KANSAS

DEBT SERVICE FUND - EAST BANK TIF DISTRICT SUBFUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Property taxes	\$ 1,676,174	\$ 1,891,046	\$ 789,633	\$ (1,101,413)	\$ 1,869,960
Rental income	11,520	15,861	-	(15,861)	22,755
Revised budget adjustment	-	(219,213)	-	219,213	-
Total revenues	1,687,694	1,687,694	789,633	(898,061)	1,892,715
OTHER FINANCING USES					
Transfers to other funds	(1,687,694)	(1,687,694)	(1,029,899)	657,795	(1,652,449)
Total other financing uses	(1,687,694)	(1,687,694)	(1,029,899)	657,795	(1,652,449)
Net change in fund balance	-	-	(240,266)	(240,266)	240,266
Unencumbered fund balance, beginning	-	-	240,266	240,266	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ 240,266

CITY OF WICHITA, KANSAS

UNION STATION TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Property taxes	\$ 150,000	\$ 150,000	\$ 55,811	\$ (94,189)	\$ 41,815
Total revenues	150,000	150,000	55,811	(94,189)	41,815
EXPENDITURES					
General government:					
Contractual services	150,000	150,000	55,811	94,189	41,815
Total expenditures	150,000	150,000	55,811	94,189	41,815
Net change in fund balance	-	-	-	-	-
Unencumbered fund balance, beginning	-	-	-	-	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF WICHITA, KANSAS

DEBT SERVICE FUND - OLD TOWN CINEMA TIF DISTRICT SUBFUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Property taxes	\$ 563,840	\$ 563,840	\$ 508,170	\$ (55,670)	\$ 304,241
Total revenues	563,840	563,840	508,170	(55,670)	304,241
OTHER FINANCING USES					
Transfers to other funds	(563,840)	(563,840)	(508,170)	55,670	(304,241)
Total other financing uses	(563,840)	(563,840)	(508,170)	55,670	(304,241)
Net change in fund balance	-	-	-	-	-
Unencumbered fund balance, beginning	-	-	-	-	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF WICHITA, KANSAS

DEBT SERVICE FUND - NORTHEAST REDEVELOPMENT TIF DISTRICT SUBFUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Property taxes	\$ 31,600	\$ 25,186	\$ -	\$ (25,186)	\$ 10,492
Revised budget adjustment	-	6,414	-	(6,414)	-
Total revenues	31,600	31,600	-	(31,600)	10,492
EXPENDITURES					
General government:					
Contingency	-	16,782	-	16,782	-
Total expenditures	-	16,782	-	16,782	-
Excess of revenues over expenditures	31,600	14,818	-	(14,818)	10,492
OTHER FINANCING USES					
Transfers to other funds	(41,968)	(25,186)	-	25,186	(20,860)
Total other financing uses	(41,968)	(25,186)	-	25,186	(20,860)
Net change in fund balance	(10,368)	(10,368)	-	10,368	(10,368)
Unencumbered fund balance, beginning	10,368	10,368	-	(10,368)	10,368
Unencumbered fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -

CITY OF WICHITA, KANSAS

DEBT SERVICE FUND - CENTER CITY TIF DISTRICT SUBFUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Property taxes	\$ 153,068	\$ 152,507	\$ 286,024	\$ 133,517	\$ 149,517
Other revenue	7,147	-	-	-	13,841
Revised budget adjustment	-	7,708	-	(7,708)	-
Total revenues	160,215	160,215	286,024	125,809	163,358
EXPENDITURES					
General government:					
Contingency	-	3,785	-	3,785	-
Total expenditures	-	3,785	-	3,785	-
Excess of revenues over expenditures	160,215	156,430	286,024	129,594	163,358
OTHER FINANCING USES					
Transfers to other funds	(160,215)	(156,430)	(156,430)	-	(159,435)
Total other financing uses	(160,215)	(156,430)	(156,430)	-	(159,435)
Net change in fund balance	-	-	129,594	129,594	3,923
Unencumbered fund balance, beginning	-	-	3,923	3,923	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ 133,517	\$ 133,517	\$ 3,923

CITY OF WICHITA, KANSAS

DEBT SERVICE FUND - KEN MAR TIF DISTRICT SUBFUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Property taxes	\$ 64,269	\$ 63,240	\$ 41,646	\$ (21,594)	\$ 38,495
Other revenue	116,781	117,810	59,592	(58,218)	135,855
Total revenues	181,050	181,050	101,238	(79,812)	174,350
OTHER FINANCING USES					
Transfers to other funds	(181,050)	(181,050)	(145,765)	35,285	(129,823)
Total other financing uses	(181,050)	(181,050)	(145,765)	35,285	(129,823)
Net change in fund balance	-	-	(44,527)	(44,527)	44,527
Unencumbered fund balance, beginning	-	-	44,527	44,527	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ 44,527

CITY OF WICHITA, KANSAS

DEBT SERVICE FUND - DOUGLAS AND HILLSIDE TIF DISTRICT SUBFUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Property taxes	\$ 37,776	\$ 37,776	\$ 15,873	\$ (21,903)	\$ 44,925
Other revenue	-	-	-	-	300,000
Total revenues	37,776	37,776	15,873	(21,903)	344,925
OTHER FINANCING USES					
Transfers to other funds	(337,776)	(337,776)	(323,763)	14,013	(37,035)
Total other financing uses	(337,776)	(337,776)	(323,763)	14,013	(37,035)
Net change in fund balance	(300,000)	(300,000)	(307,890)	(7,890)	307,890
Unencumbered fund balance, beginning	300,000	300,000	307,890	7,890	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ 307,890

CITY OF WICHITA, KANSAS

DEBT SERVICE FUND - SOUTHFORK TIF DISTRICT SUBFUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Property taxes	\$ -	\$ 150,000	\$ 50,820	\$ (99,180)	\$ 44,743
Total revenues	-	150,000	50,820	(99,180)	44,743
EXPENDITURES					
General government:					
Contractual services	-	194,743	-	194,743	-
Total expenditures	-	194,743	-	194,743	-
Net change in fund balance	-	(44,743)	50,820	95,563	44,743
Unencumbered fund balance, beginning	-	44,743	44,743	-	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ 95,563	\$ 95,563	\$ 44,743

CITY OF WICHITA, KANSAS

CEMETERY FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Licenses and permits	\$ 2,650	\$ 2,650	\$ 3,425	\$ 775	\$ 3,675
Interest and investment earnings (loss)	30,000	30,000	(58,496)	(88,496)	58,630
Total revenues	32,650	32,650	(55,071)	(87,721)	62,305
EXPENDITURES					
General government:					
Personnel services	4,278	4,278	-	4,278	-
Contractual services	86,959	87,320	59,545	27,775	58,713
Materials and supplies	3,500	3,500	652	2,848	76
Other expenditures	20,000	19,605	-	19,605	
Contingency	-	34	-	34	-
Total expenditures	114,737	114,737	60,197	54,540	58,789
Net change in fund balance	(82,087)	(82,087)	(115,268)	(33,181)	3,516
Unencumbered fund balance, beginning	1,419,131	1,419,131	1,501,156	82,025	1,497,640
Unencumbered fund balance, ending	\$ 1,337,044	\$ 1,337,044	\$ 1,385,888	\$ 48,844	\$ 1,501,156

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ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The fund measurement focus is upon determination of net income, financial position and change in financial position.

Major Enterprise Funds

The following major enterprise funds are reported in the Financial Section of this CAFR. Budgetary schedules for funds that have a legal budget compliance component are contained in this section. The major enterprise funds are as follows:

The **Water Utility** operates and maintains the potable water supply system.

The **Sewer Utility** operates and maintains the wastewater disposal system and wastewater treatment plants.

The **Airport Authority** operates and maintains the facilities for commercial, commuter and pleasure air transportation.

The **Stormwater Utility** operates and maintains the assets that comprise the surface water drainage and control system.

Nonmajor Enterprise Funds

The following nonmajor enterprise funds are reported in this section:

The **Golf Course System** operates the five public golf facilities on a self-sustaining basis.

The **Transit Fund** operates the public bus service through fixed route and para-transit services.

CITY OF WICHITA, KANSAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS

December 31, 2018

	Golf Course System	Transit	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 371,567	\$ 1,468,479	\$ 1,840,046
Receivables, net:			
Due from other agencies	-	1,247,394	1,247,394
Accounts receivable	10,615	117,867	128,482
Due from other funds	-	65,368	65,368
Inventories	-	356,412	356,412
Prepaid items	3,700	-	3,700
Total current assets	<u>385,882</u>	<u>3,255,520</u>	<u>3,641,402</u>
Noncurrent assets:			
Capital assets:			
Land	654,534	1,880,751	2,535,285
Buildings	2,830,768	13,152,750	15,983,518
Improvements other than buildings	14,761,230	912,713	15,673,943
Machinery, equipment and other assets	1,824,552	28,886,632	30,711,184
Less accumulated depreciation	<u>(16,251,684)</u>	<u>(19,429,045)</u>	<u>(35,680,729)</u>
Total capital assets, net	<u>3,819,400</u>	<u>25,403,801</u>	<u>29,223,201</u>
Total noncurrent assets	<u>3,819,400</u>	<u>25,403,801</u>	<u>29,223,201</u>
Total assets	<u>4,205,282</u>	<u>28,659,321</u>	<u>32,864,603</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	584,517	665,599	1,250,116
Deferred outflows related to OPEB	<u>12,648</u>	<u>59,021</u>	<u>71,669</u>
Total deferred outflows of resources	<u>597,165</u>	<u>724,620</u>	<u>1,321,785</u>
LIABILITIES			
Current liabilities:			
Accounts payable and other liabilities	224,362	440,179	664,541
Accrued interest payable	-	11,544	11,544
Temporary notes payable	-	1,086,529	1,086,529
Deposits	11,861	-	11,861
Current portion of long-term obligations:			
Compensated absences	<u>118,650</u>	<u>198,399</u>	<u>317,049</u>
Total current liabilities	<u>354,873</u>	<u>1,736,651</u>	<u>2,091,524</u>
Noncurrent liabilities:			
Due to other funds	5,915,086	818,660	6,733,746
Net pension liability	181,618	192,302	373,920
Total other post-employment benefits (OPEB) liability	314,213	1,466,326	1,780,539
Compensated absences	<u>19,150</u>	<u>28,021</u>	<u>47,171</u>
Total noncurrent liabilities	<u>6,430,067</u>	<u>2,505,309</u>	<u>8,935,376</u>
Total liabilities	<u>6,784,940</u>	<u>4,241,960</u>	<u>11,026,900</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	805,753	853,149	1,658,902
Deferred inflows related to OPEB	<u>20,230</u>	<u>94,407</u>	<u>114,637</u>
Total deferred inflows of resources	<u>825,983</u>	<u>947,556</u>	<u>1,773,539</u>
NET POSITION			
Net investment in capital assets	3,819,400	24,308,091	28,127,491
Restricted for:			
Capital projects	-	19,218	19,218
Unrestricted	<u>(6,627,876)</u>	<u>(132,884)</u>	<u>(6,760,760)</u>
Total net position	<u>\$ (2,808,476)</u>	<u>\$ 24,194,425</u>	<u>\$ 21,385,949</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2018

	Golf Course System	Transit	Total
OPERATING REVENUES			
Charges for services and sales	\$ 469,210	\$ 1,968,488	\$ 2,437,698
Fees	2,728,842	-	2,728,842
Rentals	977,281	124,725	1,102,006
Other operating revenues	883	287,915	288,798
Total operating revenues	<u>4,176,216</u>	<u>2,381,128</u>	<u>6,557,344</u>
OPERATING EXPENSES			
Personnel services	2,668,733	8,506,313	11,175,046
Contractual services	854,278	2,168,979	3,023,257
Materials and supplies	530,205	1,907,147	2,437,352
Other operating expenses	76,379	124,847	201,226
Administrative charges	269,931	343,262	613,193
Depreciation	587,879	2,369,097	2,956,976
Total operating expenses	<u>4,987,405</u>	<u>15,419,645</u>	<u>20,407,050</u>
Operating loss	<u>(811,189)</u>	<u>(13,038,517)</u>	<u>(13,849,706)</u>
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental grants	-	6,896,401	6,896,401
Other expenses	-	(156,137)	(156,137)
Interest expense	-	(8,544)	(8,544)
Gain on sale of assets	14,957	12,678	27,635
Total non-operating revenues	<u>14,957</u>	<u>6,744,398</u>	<u>6,759,355</u>
Loss before capital contributions and transfers	<u>(796,232)</u>	<u>(6,294,119)</u>	<u>(7,090,351)</u>
CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS			
Capital contributions	444,868	817,436	1,262,304
Transfers from other funds	-	4,775,080	4,775,080
Total capital contributions and operating transfers	<u>444,868</u>	<u>5,592,516</u>	<u>6,037,384</u>
Change in net position	<u>(351,364)</u>	<u>(701,603)</u>	<u>(1,052,967)</u>
Net position - beginning, as previously reported	(2,140,290)	26,374,531	24,234,241
Prior period adjustment	<u>(316,822)</u>	<u>(1,478,503)</u>	<u>(1,795,325)</u>
Net position - beginning, as restated	<u>(2,457,112)</u>	<u>24,896,028</u>	<u>22,438,916</u>
Net position - ending	<u>\$ (2,808,476)</u>	<u>\$ 24,194,425</u>	<u>\$ 21,385,949</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2018

	Golf Course System	Transit	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 4,175,333	\$ 2,027,220	\$ 6,202,553
Cash payments to suppliers for goods and services	(1,624,979)	(4,598,913)	(6,223,892)
Cash payments to employees for services	(2,665,180)	(8,454,998)	(11,120,178)
Other operating revenues	7,927	287,915	295,842
Other operating expenses	(76,379)	-	(76,379)
Net cash used in operating activities	<u>(183,278)</u>	<u>(10,738,776)</u>	<u>(10,922,054)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Intergovernmental grants received	-	10,113,663	10,113,663
Interfund loans	246,665	(1,103,428)	(856,763)
Transfers from other funds	-	4,775,080	4,775,080
Net cash provided by noncapital financing activities	<u>246,665</u>	<u>13,785,315</u>	<u>14,031,980</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Issuance of temporary notes	-	1,086,529	1,086,529
Additions to property, plant and equipment	-	(3,584,985)	(3,584,985)
Proceeds from sale of capital assets	29,644	12,678	42,322
Capital contributions	-	907,718	907,718
Net cash provided by (used in) capital and related financing activities	<u>29,644</u>	<u>(1,578,060)</u>	<u>(1,548,416)</u>
Net increase in cash and temporary investments	93,031	1,468,479	1,561,510
Cash and temporary investments - beginning	278,536	-	278,536
Cash and temporary investments - ending	<u>\$ 371,567</u>	<u>\$ 1,468,479</u>	<u>\$ 1,840,046</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating loss	\$ (811,189)	\$ (13,038,517)	\$ (13,849,706)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	587,879	2,369,097	2,956,976
Other expenses	-	(100,000)	(100,000)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase) in receivables	(400)	(65,993)	(66,393)
Decrease in inventory	-	42,957	42,957
Decrease in deferred outflows related to pensions	211,509	240,841	452,350
(Increase) in deferred outflows related to OPEB	(12,648)	(59,021)	(71,669)
(Decrease) in accounts payable	36,996	9,780	46,776
Increase in deposits	7,444	-	7,444
(Decrease) in net pension liability	(843,893)	(893,534)	(1,737,427)
(Decrease) in total OPEB liability	(2,609)	(12,177)	(14,786)
Increase (decrease) in compensated absences	(5,761)	7,212	1,451
Increase in deferred inflows related to pensions	629,164	666,172	1,295,336
Increase in deferred inflows related to OPEB	20,230	94,407	114,637
Total adjustments	<u>627,911</u>	<u>2,299,741</u>	<u>2,927,652</u>
Net cash used in operating activities	<u>\$ (183,278)</u>	<u>\$ (10,738,776)</u>	<u>\$ (10,922,054)</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Contribution of capital assets	\$ 444,868	\$ -	\$ 444,868
Capital contribution receivables	-	261,263	261,263

CITY OF WICHITA, KANSAS

WATER UTILITY FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNENCUMBERED CASH BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 98,304,632	\$ 95,799,178	\$ 89,637,783	\$ (6,161,395)	\$ 83,748,086
Fees	350,000	415,000	692,791	277,791	453,247
Rental income	36,000	38,000	41,086	3,086	38,431
Interest and investment earnings (loss)	75,000	50,000	(302)	(50,302)	64,327
Sale of property	-	55,000	200,880	145,880	97,741
Other revenue	133,500	309,500	901,557	592,057	750,960
Revised budget adjustment	-	2,232,454	-	(2,232,454)	-
Total revenues	<u>98,899,132</u>	<u>98,899,132</u>	<u>91,473,795</u>	<u>(7,425,337)</u>	<u>85,152,792</u>
EXPENDITURES					
Personnel services	12,181,717	11,226,943	9,944,876	1,282,067	11,199,370
Contractual services	13,673,232	14,098,631	13,464,652	633,979	11,455,648
Materials and supplies	7,384,428	6,313,488	4,481,262	1,832,226	4,965,178
Capital outlay	2,470,000	5,919,810	4,992,400	927,410	4,932,539
Other operating expenditures	5,719,877	5,188,357	5,188,357	-	4,263,428
Cost of materials used	2,050,000	2,050,000	-	2,050,000	322,884
City administrative charges	827,756	739,943	739,943	-	827,756
Payments in lieu of franchise taxes	4,635,763	4,599,763	4,071,497	528,266	4,015,852
Other non-operating expenditures	57,012	93,012	70,890	22,122	47,750
Debt service	35,901,615	34,055,127	32,266,700	1,788,427	31,722,798
Contingency	2,000,000	2,616,326	-	2,616,326	-
Total expenditures	<u>86,901,400</u>	<u>86,901,400</u>	<u>75,220,577</u>	<u>11,680,823</u>	<u>73,753,203</u>
Net change in unencumbered cash balance	11,997,732	11,997,732	16,253,218	4,255,486	11,399,589
Unencumbered cash balance, beginning	98,334,275	98,334,275	82,400,297	(15,933,978)	84,679,824
Change due to non-budgetary items	-	-	(12,414,495)	(12,414,495)	(13,679,116)
Unencumbered cash balance, ending	<u>\$ 110,332,007</u>	<u>\$ 110,332,007</u>	<u>\$ 86,239,020</u>	<u>\$ (24,092,987)</u>	<u>\$ 82,400,297</u>

CITY OF WICHITA, KANSAS

SEWER UTILITY FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNENCUMBERED CASH BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 64,992,887	\$ 66,128,427	\$ 63,695,857	\$ (2,432,570)	\$ 58,884,637
Rental income	10,000	13,500	16,675	3,175	14,558
Interest and investment earnings	35,000	50,000	-	(50,000)	58,608
Sale of property	-	-	220,625	220,625	6,892
Other revenue	15,000	296,500	674,739	378,239	711,137
Total revenues	65,052,887	66,488,427	64,607,896	(1,880,531)	59,675,832
EXPENDITURES					
Personnel services	12,493,046	12,542,269	11,881,612	660,657	11,028,619
Contractual services	8,739,372	9,264,820	8,544,888	719,932	8,120,060
Materials and supplies	4,339,188	4,439,076	4,417,476	21,600	4,336,521
Capital outlay	2,600,000	2,600,000	2,370,101	229,899	2,292,083
Other operating expenditures	2,767,895	3,262,620	3,262,620	-	2,779,888
City administrative charges	314,741	302,174	302,174	-	314,741
Payments in lieu of franchise taxes	3,015,589	3,015,589	2,837,204	178,385	2,800,633
Other non-operating expenditures	13,207	13,207	-	13,207	-
Debt service	22,319,597	24,023,280	21,991,683	2,031,597	19,858,287
Contingency	250,000	250,000	-	250,000	-
Total expenditures	56,852,635	59,713,035	55,607,758	4,105,277	51,530,832
Net change in unencumbered cash balance	8,200,252	6,775,392	9,000,138	2,224,746	8,145,000
Unencumbered cash balance, beginning	50,616,798	46,429,847	46,429,847	-	42,737,398
Change due to non-budgetary items	-	-	(34,521,523)	(34,521,523)	(4,452,551)
Unencumbered cash balance, ending	\$ 58,817,050	\$ 53,205,239	\$ 20,908,462	\$ (32,296,777)	\$ 46,429,847

CITY OF WICHITA, KANSAS

STORMWATER UTILITY FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNENCUMBERED CASH BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 12,712,738	\$ 12,712,738	\$ 12,852,766	\$ 140,028	\$ 11,896,611
Other revenue	-	-	147,705	147,705	124,982
Total revenues	12,712,738	12,712,738	13,000,471	287,733	12,021,593
EXPENDITURES					
Personnel services	2,857,594	2,814,012	2,598,502	215,510	2,471,094
Contractual services	2,564,055	2,560,725	2,143,753	416,972	1,866,520
Materials and supplies	307,903	372,903	354,203	18,700	292,691
Capital outlay	428,000	428,000	186,555	241,445	368,332
Other operating expenditures	875,799	966,933	966,933	-	758,770
City administrative charges	196,192	253,997	253,997	-	196,192
Debt service	2,942,769	2,942,769	2,780,357	162,412	2,786,236
Contingency	9,600,000	9,432,973	-	9,432,973	-
Total expenditures	19,772,312	19,772,312	9,284,300	10,488,012	8,739,835
Net change in unencumbered cash balance	(7,059,574)	(7,059,574)	3,716,171	10,775,745	3,281,758
Unencumbered cash balance, beginning	7,710,613	7,710,613	9,706,918	1,996,305	6,654,853
Change due to non-budgetary items	-	-	(32,524)	(32,524)	(229,693)
Unencumbered cash balance, ending	\$ 651,039	\$ 651,039	\$ 13,390,565	\$ 12,739,526	\$ 9,706,918

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing and administration of general services rendered to the various departments of the City.

Information Technology Fund is responsible for coordination of the City's computer automation efforts and provides a City-owned telephone system to the organization. Information Technology also provides limited printing and photocopying services.

The **Fleet Fund** purchases, repairs and maintains vehicles and equipment used by City departments.

The **Self Insurance Fund** accounts for self-insurance programs of health insurance, workers' compensation, group life insurance, auto liability and general liability.

CITY OF WICHITA, KANSAS

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

December 31, 2018

	Information Technology	Fleet	Self Insurance	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 3,315,427	\$ 4,164,734	\$ 44,787,863	\$ 52,268,024
Receivables, net:				
Accounts receivable	124	27,243	1,930,645	1,958,012
Due from other funds	103,958	142,707	18,660	265,325
Inventories	-	979,558	-	979,558
Prepaid items	-	-	128,900	128,900
Total current assets	<u>3,419,509</u>	<u>5,314,242</u>	<u>46,866,068</u>	<u>55,599,819</u>
Noncurrent assets:				
Capital assets:				
Buildings	44,287	29,955	-	74,242
Improvements other than buildings	74,907	-	-	74,907
Machinery, equipment and other assets	9,327,421	31,439,091	269,600	41,036,112
Less accumulated depreciation	<u>(8,675,475)</u>	<u>(24,355,440)</u>	<u>(269,600)</u>	<u>(33,300,515)</u>
Total capital assets, net	<u>771,140</u>	<u>7,113,606</u>	<u>-</u>	<u>7,884,746</u>
Total noncurrent assets	<u>771,140</u>	<u>7,113,606</u>	<u>-</u>	<u>7,884,746</u>
Total assets	<u>4,190,649</u>	<u>12,427,848</u>	<u>46,866,068</u>	<u>63,484,565</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	1,485,945	880,547	121,146	2,487,638
Deferred outflows related to OPEB	<u>25,294</u>	<u>21,078</u>	<u>1,406</u>	<u>47,778</u>
Total deferred outflows of resources	<u>1,511,239</u>	<u>901,625</u>	<u>122,552</u>	<u>2,535,416</u>
LIABILITIES				
Current liabilities:				
Accounts payable and other liabilities	284,486	350,294	1,902,000	2,536,780
Deposits	-	-	254,869	254,869
Current portion of long-term obligations:				
Claims payable	-	-	10,833,510	10,833,510
Compensated absences	<u>191,449</u>	<u>165,145</u>	<u>19,849</u>	<u>376,443</u>
Total current liabilities	<u>475,935</u>	<u>515,439</u>	<u>13,010,228</u>	<u>14,001,602</u>
Noncurrent liabilities:				
Claims payable	-	-	13,686,149	13,686,149
Net pension liability	459,387	277,769	32,050	769,206
Total other post-employment benefits (OPEB) liability	628,425	523,688	34,912	1,187,025
Compensated absences	<u>33,854</u>	<u>26,114</u>	<u>3,510</u>	<u>63,478</u>
Total noncurrent liabilities	<u>1,121,666</u>	<u>827,571</u>	<u>13,756,621</u>	<u>15,705,858</u>
Total liabilities	<u>1,597,601</u>	<u>1,343,010</u>	<u>26,766,849</u>	<u>29,707,460</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	2,057,623	1,232,329	142,192	3,432,144
Deferred inflows related to OPEB	<u>40,460</u>	<u>33,716</u>	<u>2,248</u>	<u>76,424</u>
Total deferred inflows of resources	<u>2,098,083</u>	<u>1,266,045</u>	<u>144,440</u>	<u>3,508,568</u>
NET POSITION				
Net investment in capital assets	771,140	7,113,606	-	7,884,746
Unrestricted	<u>1,235,064</u>	<u>3,606,812</u>	<u>20,077,331</u>	<u>24,919,207</u>
Total net position	<u>\$ 2,006,204</u>	<u>\$ 10,720,418</u>	<u>\$ 20,077,331</u>	<u>\$ 32,803,953</u>

CITY OF WICHITA, KANSAS

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS**

For the year ended December 31, 2018

	Information Technology	Fleet	Self Insurance	Total
OPERATING REVENUES				
Charges for services and sales	\$ 12,165,398	\$ 5,086,309	\$ -	\$ 17,251,707
Fees	-	9,405,242	-	9,405,242
Employer contributions	-	-	41,233,056	41,233,056
Employee contributions	-	-	12,524,778	12,524,778
Other operating revenues	725	124,912	2,021,509	2,147,146
Total operating revenues	<u>12,166,123</u>	<u>14,616,463</u>	<u>55,779,343</u>	<u>82,561,929</u>
OPERATING EXPENSES				
Personnel services	4,841,575	3,620,608	634,240	9,096,423
Contractual services	4,677,394	1,134,513	4,754,167	10,566,074
Materials and supplies	130,230	6,846,746	59,448	7,036,424
Cost of materials used	113,745	-	-	113,745
Administrative charges	425,259	381,468	71,773	878,500
Depreciation	520,632	2,537,844	-	3,058,476
Employee benefits	-	-	48,684,588	48,684,588
Insurance claims	-	-	7,298,230	7,298,230
Total operating expenses	<u>10,708,835</u>	<u>14,521,179</u>	<u>61,502,446</u>	<u>86,732,460</u>
Operating income (loss)	<u>1,457,288</u>	<u>95,284</u>	<u>(5,723,103)</u>	<u>(4,170,531)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest expense	(1,686)	-	-	(1,686)
Gain (loss) on sale of assets	(541,470)	353,097	-	(188,373)
Total non-operating revenues (expenses)	<u>(543,156)</u>	<u>353,097</u>	<u>-</u>	<u>(190,059)</u>
Income (loss) before contributions and transfers	<u>914,132</u>	<u>448,381</u>	<u>(5,723,103)</u>	<u>(4,360,590)</u>
CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS				
Capital contributions	145,713	265,908	-	411,621
Transfers from other funds	-	-	250,000	250,000
Transfers to other funds	(862,271)	-	-	(862,271)
Total capital contributions and operating transfers	<u>(716,558)</u>	<u>265,908</u>	<u>250,000</u>	<u>(200,650)</u>
Change in net position	<u>197,574</u>	<u>714,289</u>	<u>(5,473,103)</u>	<u>(4,561,240)</u>
Net position - beginning	2,442,274	10,534,166	25,585,636	38,562,076
Prior period adjustment	(633,644)	(528,037)	(35,202)	(1,196,883)
Net position - beginning, as restated	<u>1,808,630</u>	<u>10,006,129</u>	<u>25,550,434</u>	<u>37,365,193</u>
Net position - ending	<u>\$ 2,006,204</u>	<u>\$ 10,720,418</u>	<u>\$ 20,077,331</u>	<u>\$ 32,803,953</u>

CITY OF WICHITA, KANSAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

For the year ended December 31, 2018

	Information Technology	Fleet	Self Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 12,165,379	\$ 14,497,075	\$ 53,898,408	\$ 80,560,862
Cash payments to suppliers for goods and services	(5,331,779)	(8,269,602)	(56,252,202)	(69,853,583)
Cash payments to employees for services	(4,830,174)	(3,596,347)	(643,191)	(9,069,712)
Other operating revenues	725	124,912	2,021,509	2,147,146
Net cash provided by (used in) operating activities	<u>2,004,151</u>	<u>2,756,038</u>	<u>(975,476)</u>	<u>3,784,713</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund loans	(103,958)	(142,707)	21,971,479	21,724,814
Transfers from other funds	-	-	250,000	250,000
Transfers to other funds	(862,271)	-	-	(862,271)
Net cash provided by (used in) noncapital financing activities	<u>(966,229)</u>	<u>(142,707)</u>	<u>22,221,479</u>	<u>21,112,543</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal payments on long-term debt	(64,219)	-	-	(64,219)
Interest payments on long-term debt	(1,686)	-	-	(1,686)
Additions to property, plant and equipment	-	(1,551,516)	-	(1,551,516)
Proceeds from sale of capital assets	-	353,097	-	353,097
Net cash used in capital and related financing activities	<u>(65,905)</u>	<u>(1,198,419)</u>	<u>-</u>	<u>(1,264,324)</u>
Net increase in cash and temporary investments	972,017	1,414,912	21,246,003	23,632,932
Cash and temporary investments - beginning	2,343,410	2,749,822	23,541,860	28,635,092
Cash and temporary investments - ending	<u>\$ 3,315,427</u>	<u>\$ 4,164,734</u>	<u>\$ 44,787,863</u>	<u>\$ 52,268,024</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,457,288	\$ 95,284	\$ (5,723,103)	\$ (4,170,531)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	520,632	2,537,844	-	3,058,476
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources				
(Increase) decrease in accounts receivable	(19)	5,524	140,574	146,079
(Increase) in inventory	-	(36,830)	-	(36,830)
(Increase) decrease in deferred outflows related to pensions	584,291	318,790	(28,889)	874,192
(Increase) in deferred outflows related to OPEB	(25,294)	(21,078)	(1,406)	(47,778)
Increase (decrease) in accounts payable	31,225	140,982	(445,480)	(273,273)
Increase in deposits	-	-	21,503	21,503
Increase in claims payable	-	-	5,040,679	5,040,679
(Decrease) in net pension liability	(2,194,878)	(1,290,660)	(88,599)	(3,574,137)
(Decrease) in total OPEB liability	(5,219)	(4,349)	(290)	(9,858)
Increase (decrease) in compensated absences	(4,905)	14,566	(14,129)	(4,468)
Increase in deferred inflows related to pensions	1,600,570	962,249	121,416	2,684,235
Increase in deferred inflows related to OPEB	40,460	33,716	2,248	76,424
Total adjustments	<u>546,863</u>	<u>2,660,754</u>	<u>4,747,627</u>	<u>7,955,244</u>
Net cash provided by (used in) operating activities	<u>\$ 2,004,151</u>	<u>\$ 2,756,038</u>	<u>\$ (975,476)</u>	<u>\$ 3,784,713</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES				
Contribution of capital assets	\$ 145,713	\$ 265,908	\$ -	\$ 411,621

CITY OF WICHITA, KANSAS

**COMBINING STATEMENT OF NET POSITION
SELF INSURANCE FUND**

December 31, 2018

	Life Insurance	Health Insurance	Workers' Compensation	General Liability	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 726,898	\$ 16,852,367	\$ 15,938,547	\$ 11,270,051	\$ 44,787,863
Receivables, net:					
Accounts receivable	-	1,217,928	412,717	300,000	1,930,645
Due from other funds	-	-	-	18,660	18,660
Prepaid items	-	128,900	-	-	128,900
Total current assets	<u>726,898</u>	<u>18,199,195</u>	<u>16,351,264</u>	<u>11,588,711</u>	<u>46,866,068</u>
Noncurrent assets:					
Capital assets:					
Machinery, equipment and other assets	-	-	-	269,600	269,600
Less accumulated depreciation	-	-	-	(269,600)	(269,600)
Total capital assets, net	-	-	-	-	-
Total noncurrent assets	-	-	-	-	-
Total assets	<u>726,898</u>	<u>18,199,195</u>	<u>16,351,264</u>	<u>11,588,711</u>	<u>46,866,068</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions	-	-	121,146	-	121,146
Deferred outflows related to OPEB	-	-	1,406	-	1,406
Total deferred outflows of resources	-	-	<u>122,552</u>	-	<u>122,552</u>
LIABILITIES					
Current liabilities:					
Accounts payable and other liabilities	-	1,793,035	62,683	46,282	1,902,000
Deposits	-	254,869	-	-	254,869
Current portion of long-term obligations:					
Claims payable	-	4,839,332	2,473,985	3,520,193	10,833,510
Compensated absences	-	-	8,190	11,659	19,849
Total current liabilities	-	<u>6,887,236</u>	<u>2,544,858</u>	<u>3,578,134</u>	<u>13,010,228</u>
Noncurrent liabilities:					
Claims payable	-	-	8,364,397	5,321,752	13,686,149
Net pension liability	-	-	32,050	-	32,050
Total OPEB liability	-	-	34,912	-	34,912
Compensated absences	-	-	1,448	2,062	3,510
Total noncurrent liabilities	-	-	<u>8,432,807</u>	<u>5,323,814</u>	<u>13,756,621</u>
Total liabilities	-	<u>6,887,236</u>	<u>10,977,665</u>	<u>8,901,948</u>	<u>26,766,849</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	-	-	142,192	-	142,192
Deferred inflows related to OPEB	-	-	2,248	-	2,248
Total deferred inflows of resources	-	-	<u>144,440</u>	-	<u>144,440</u>
NET POSITION					
Unrestricted	726,898	11,311,959	5,351,711	2,686,763	20,077,331
Total net position	<u>\$ 726,898</u>	<u>\$ 11,311,959</u>	<u>\$ 5,351,711</u>	<u>\$ 2,686,763</u>	<u>\$ 20,077,331</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION SELF INSURANCE FUND

For the year ended December 31, 2018

	Life Insurance	Health Insurance	Workers' Compensation	General Liability	Total
OPERATING REVENUES					
Employer contributions	\$ 267,204	\$ 34,970,677	\$ 3,414,903	\$ 2,580,272	\$ 41,233,056
Employee contributions	611,471	11,900,261	10,777	2,269	12,524,778
Other operating revenues	-	1,468,147	45,498	507,864	2,021,509
Total operating revenues	<u>878,675</u>	<u>48,339,085</u>	<u>3,471,178</u>	<u>3,090,405</u>	<u>55,779,343</u>
OPERATING EXPENSES					
Personnel services	-	234,837	171,765	227,638	634,240
Contractual services	-	2,450,390	2,175,743	128,034	4,754,167
Materials and supplies	-	150	-	59,298	59,448
Administrative charges	779	16,230	27,813	26,951	71,773
Employee benefits	879,087	47,805,501	-	-	48,684,588
Insurance claims	-	-	2,532,857	4,765,373	7,298,230
Total operating expenses	<u>879,866</u>	<u>50,507,108</u>	<u>4,908,178</u>	<u>5,207,294</u>	<u>61,502,446</u>
Operating loss	<u>(1,191)</u>	<u>(2,168,023)</u>	<u>(1,437,000)</u>	<u>(2,116,889)</u>	<u>(5,723,103)</u>
OPERATING TRANSFERS					
Transfers from other funds	-	-	-	250,000	250,000
Total operating transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>
Change in net position	<u>(1,191)</u>	<u>(2,168,023)</u>	<u>(1,437,000)</u>	<u>(1,866,889)</u>	<u>(5,473,103)</u>
Net position - beginning	728,089	13,479,982	6,823,913	4,553,652	25,585,636
Prior period adjustment	-	-	(35,202)	-	(35,202)
Net position - ending	<u>\$ 726,898</u>	<u>\$ 11,311,959</u>	<u>\$ 5,351,711</u>	<u>\$ 2,686,763</u>	<u>\$ 20,077,331</u>

CITY OF WICHITA, KANSAS

INFORMATION TECHNOLOGY FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNENCUMBERED CASH BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 11,910,539	\$ 12,086,219	\$ 12,165,398	\$ 79,179	\$ 11,668,466
Other revenue	-	-	1,236	1,236	514
Revised budget adjustment	-	(175,680)	-	175,680	-
Total revenues	11,910,539	11,910,539	12,166,634	256,095	11,668,980
EXPENDITURES					
Personnel services	5,089,761	5,305,711	4,846,551	459,160	5,006,512
Contractual services	5,076,101	5,080,859	4,820,199	260,660	3,962,096
Materials and supplies	164,091	184,190	151,929	32,261	178,524
Other operating expenditures	183,669	113,745	113,745	-	-
Cost of materials used	20,000	20,000	53	19,947	2,663
City administrative charges	393,975	425,259	425,259	-	393,975
Debt service	69,015	69,015	65,905	3,110	116,017
Contingency	89,528	90,476	-	90,476	-
Total expenditures	11,086,140	11,289,255	10,423,641	865,614	9,659,787
Excess of revenues over expenditures	824,399	621,284	1,742,993	1,121,709	2,009,193
OTHER FINANCING USES					
Transfers to other funds	(1,230,626)	(1,027,511)	(862,271)	165,240	(1,012,828)
Total other financing uses	(1,230,626)	(1,027,511)	(862,271)	165,240	(1,012,828)
Net change in unencumbered cash balance	(406,227)	(406,227)	880,722	1,286,949	996,365
Unencumbered cash balance, beginning	583,000	583,000	2,061,700	1,478,700	1,065,006
Change due to non-budgetary items	-	-	(103,978)	(103,978)	329
Unencumbered cash balance, ending	\$ 176,773	\$ 176,773	\$ 2,838,444	\$ 2,661,671	\$ 2,061,700

CITY OF WICHITA, KANSAS

FLEET FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNENCUMBERED CASH BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Charges for services and sales	\$ 4,164,070	\$ 4,288,407	\$ 5,086,309	\$ 797,902	\$ 4,271,174
Rental income	9,043,039	9,546,646	9,405,242	(141,404)	9,313,460
Sale of property	507,806	500,000	353,097	(146,903)	-
Other revenue	1,202,886	1,180,000	124,912	(1,055,088)	761,468
Revised budget adjustment	-	(730,000)	-	730,000	-
Total revenues	14,917,801	14,785,053	14,969,560	184,507	14,346,102
EXPENDITURES					
Personnel services	3,129,309	3,677,321	3,607,373	69,948	3,414,103
Contractual services	913,702	1,147,668	1,134,431	13,237	1,140,708
Materials and supplies	6,651,018	6,834,999	6,832,086	2,913	6,341,383
Capital outlay	3,554,185	3,080,480	2,077,777	1,002,703	2,691,514
Cost of materials used	1,000,000	1,000,000	-	1,000,000	88,331
City administrative charges	315,048	381,468	381,468	-	315,048
Contingency	100,000	-	-	-	-
Total expenditures	15,663,262	16,121,936	14,033,135	2,088,801	13,991,087
Net change in unencumbered cash balance	(745,461)	(1,336,883)	936,425	2,273,308	355,015
Unencumbered cash balance, beginning	1,443,867	2,139,500	2,139,500	-	1,982,800
Change due to non-budgetary items	-	-	(174,013)	(174,013)	(198,315)
Unencumbered cash balance, ending	\$ 698,406	\$ 802,617	\$ 2,901,912	\$ 2,099,295	\$ 2,139,500

CITY OF WICHITA, KANSAS

SELF INSURANCE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNENCUMBERED CASH BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2017 Actual Amounts
	Original	Final	Actual Amounts		
REVENUES					
Employer contributions	\$ 45,421,124	\$ 45,421,233	\$ 41,233,056	\$ (4,188,177)	\$ 38,644,250
Employee contributions	14,987,137	14,987,137	12,524,778	(2,462,359)	12,515,562
Other revenue	1,703,046	1,956,854	2,024,089	67,235	1,430,299
Revised budget adjustment	-	(765,517)	-	765,517	-
Total revenues	62,111,307	61,599,707	55,781,923	(5,817,784)	52,590,111
EXPENDITURES					
Personnel services	2,182,970	2,364,252	1,666,674	697,578	1,703,871
Contractual services	60,156,730	59,901,813	52,814,406	7,087,407	48,268,516
Materials and supplies	143,182	143,182	71,910	71,272	80,634
Capital outlay	10,000	10,000	-	10,000	-
Other operating expenditures	415,447	422,381	422,381	-	286,152
City administrative charges	60,834	71,773	71,773	-	60,834
Other non-operating expenditures	880,000	1,622,074	1,429,992	192,082	1,071,482
Contingency	750,000	63,688	-	63,688	-
Total expenditures	64,599,163	64,599,163	56,477,136	8,122,027	51,471,489
Excess (deficiency) of revenues over (under) expenditures	(2,487,856)	(2,999,456)	(695,213)	2,304,243	1,118,622
OTHER FINANCING SOURCES					
Transfers from other funds	761,600	1,273,200	250,000	(1,023,200)	-
Total other financing sources	761,600	1,273,200	250,000	(1,023,200)	-
Net change in unencumbered cash balance	(1,726,256)	(1,726,256)	(445,213)	1,281,043	1,118,622
Unencumbered cash balance, beginning	23,736,029	23,736,029	4,424,456	(19,311,573)	27,586,283
Change due to non-budgetary items	-	-	18,774,265	18,774,265	(24,280,449)
Unencumbered cash balance, ending	\$ 22,009,773	\$ 22,009,773	\$ 22,753,508	\$ 743,735	\$ 4,424,456

FIDUCIARY FUNDS

Fiduciary funds are used to report assets held in a trustee or agent capacity for others and therefore, are not used to support the government's own programs.

Pension Trust Funds account for the receipt, investment and distribution of retirement contributions made for the benefit of police, fire and other City employees.

Police and Fire Retirement System
Employees' Retirement System
Employees Retirement System Plan 3b

Private Purpose Trust Funds account for all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which the principal and income benefit individuals, private organizations or other governments:

WAMPO (Wichita Area Metropolitan Planning Organization)

Agency Funds account for resources received and held by the City as agent, which are to be expended as directed by the party for which the City is acting as agent.

Payroll Liability
Special Assessment Advance Payments
Neighborhood Revitalization
CID-Community Improvement Districts
Special Assessment Letters of Credit
Tourism Business Improvement District

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

December 31, 2018

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3b	Total
ASSETS				
Cash and temporary investments	\$ 61,189	\$ 100,629	\$ 3,774	\$ 165,592
Receivables:				
Investment sales pending	1,629,388	1,405,239	6,377	3,041,004
Interest and dividends	1,565,541	1,347,885	6,934	2,920,360
Other receivables	411,980	174,605	16,836	603,421
Total receivables	<u>3,606,909</u>	<u>2,927,729</u>	<u>30,147</u>	<u>6,564,785</u>
Investments, at fair value:				
Government short-term investment fund	22,569,831	18,416,975	85,881	41,072,687
Equity:				
Domestic equity	231,668,534	199,815,086	2,097,891	433,581,511
International equity	157,100,759	135,485,368	420,532	293,006,659
Fixed income	133,689,106	115,294,287	470,203	249,453,596
Commodities	18,096,259	15,606,505	-	33,702,764
Real estate	48,358,489	41,705,142	-	90,063,631
Target date and money market funds	-	-	5,040,886	5,040,886
Timber	30,100,923	25,959,110	-	56,060,033
Derivative investments	59,639	51,435	210	111,284
Securities lending short-term collateral investment pool	2,081,182	1,794,802	15,216	3,891,200
Total investments	<u>643,724,722</u>	<u>554,128,710</u>	<u>8,130,819</u>	<u>1,205,984,251</u>
Capital assets:				
Pension software	448,990	833,838	-	1,282,828
Accumulated depreciation	<u>(448,990)</u>	<u>(833,838)</u>	<u>-</u>	<u>(1,282,828)</u>
Capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>647,392,820</u>	<u>557,157,068</u>	<u>8,164,740</u>	<u>1,212,714,628</u>
LIABILITIES				
Accounts payable and other liabilities	1,924,454	621,825	8,775	2,555,054
Investment purchases pending	9,332,567	8,048,775	36,013	17,417,355
Securities lending obligations	2,081,182	1,794,802	15,216	3,891,200
Total liabilities	<u>13,338,203</u>	<u>10,465,402</u>	<u>60,004</u>	<u>23,863,609</u>
NET POSITION				
Restricted for pensions	634,054,617	546,691,666	8,104,736	1,188,851,019
Total net position	<u>\$ 634,054,617</u>	<u>\$ 546,691,666</u>	<u>\$ 8,104,736</u>	<u>\$ 1,188,851,019</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION PENSION TRUST FUNDS

For the year ended December 31, 2018

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3b	Pension Trust Funds
ADDITIONS				
Contributions:				
Employer	\$ 14,331,422	\$ 10,099,027	\$ 202,075	\$ 24,632,524
Employee	5,599,216	3,755,812	202,077	9,557,105
Total contributions	<u>19,930,638</u>	<u>13,854,839</u>	<u>404,152</u>	<u>34,189,629</u>
Investment income (loss):				
From investing activities:				
Net depreciation in the fair value of investments	(50,382,065)	(45,146,403)	(635,851)	(96,164,319)
Interest	4,580,023	4,146,274	18,179	8,744,476
Dividends	5,370,012	4,666,274	40,789	10,077,075
Commission recapture	16,399	12,455	84	28,938
Total investing activity loss	<u>(40,415,631)</u>	<u>(36,321,400)</u>	<u>(576,799)</u>	<u>(77,313,830)</u>
Less investment expense	3,639,570	3,249,032	21,759	6,910,361
Net income from investing activities	<u>(44,055,201)</u>	<u>(39,570,432)</u>	<u>(598,558)</u>	<u>(84,224,191)</u>
From securities lending activities:				
Securities lending income	100,813	88,137	702	189,652
Less securities lending expense:				
Borrower rebates	9,986	8,571	62	18,619
Management fees	23,997	20,824	180	45,001
Total securities lending expenses	<u>33,983</u>	<u>29,395</u>	<u>242</u>	<u>63,620</u>
Net income from securities lending activities	<u>66,830</u>	<u>58,742</u>	<u>460</u>	<u>126,032</u>
Total net investment loss	<u>(43,988,371)</u>	<u>(39,511,690)</u>	<u>(598,098)</u>	<u>(84,098,159)</u>
Reclassifications due to participant conversion	-	-	179,012	179,012
Total additions	<u>(24,057,733)</u>	<u>(25,656,851)</u>	<u>(14,934)</u>	<u>(49,729,518)</u>
DEDUCTIONS				
Pension benefits	39,120,428	40,779,448	-	79,899,876
Pension administration	590,098	580,204	27,384	1,197,686
Employee contributions refunded	261,073	890,851	349,140	1,501,064
Reclassifications due to participant conversion	-	179,012	-	179,012
Total deductions	<u>39,971,599</u>	<u>42,429,515</u>	<u>376,524</u>	<u>82,777,638</u>
Net decrease in net position	(64,029,332)	(68,086,366)	(391,458)	(132,507,156)
Net position - beginning	<u>698,083,949</u>	<u>614,778,032</u>	<u>8,496,194</u>	<u>1,321,358,175</u>
Net position - ending	<u>\$ 634,054,617</u>	<u>\$ 546,691,666</u>	<u>\$ 8,104,736</u>	<u>\$ 1,188,851,019</u>

CITY OF WICHITA, KANSAS

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS**

For the year ended December 31, 2018

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Payroll Liability Fund</u>				
ASSETS				
Cash and temporary investments	\$ 60,789	\$ 138,797,049	\$ 138,823,833	\$ 34,005
Total assets	<u>\$ 60,789</u>	<u>\$ 138,797,049</u>	<u>\$ 138,823,833</u>	<u>\$ 34,005</u>
LIABILITIES				
Accounts payable	\$ 60,789	\$ 195,764,098	\$ 195,790,882	\$ 34,005
Total liabilities	<u>\$ 60,789</u>	<u>\$ 195,764,098</u>	<u>\$ 195,790,882</u>	<u>\$ 34,005</u>
<u>Special Assessment Advance Payments Fund</u>				
ASSETS				
Cash and temporary investments	\$ 3,290,080	\$ 347,909	\$ 1,080,994	\$ 2,556,995
Total assets	<u>\$ 3,290,080</u>	<u>\$ 347,909</u>	<u>\$ 1,080,994</u>	<u>\$ 2,556,995</u>
LIABILITIES				
Accounts payable	\$ -	\$ 1,166	\$ 1,166	\$ -
Deposits	3,290,080	347,909	1,080,994	2,556,995
Total liabilities	<u>\$ 3,290,080</u>	<u>\$ 349,075</u>	<u>\$ 1,082,160</u>	<u>\$ 2,556,995</u>
<u>Neighborhood Revitalization Fund</u>				
ASSETS				
Cash and temporary investments	\$ 110,097	\$ 663,555	\$ 696,578	\$ 77,074
Total assets	<u>\$ 110,097</u>	<u>\$ 663,555</u>	<u>\$ 696,578</u>	<u>\$ 77,074</u>
LIABILITIES				
Accounts payable	\$ 51,084	\$ -	\$ -	\$ 51,084
Deposits	59,013	663,555	696,578	25,990
Total liabilities	<u>\$ 110,097</u>	<u>\$ 663,555</u>	<u>\$ 696,578</u>	<u>\$ 77,074</u>
<u>Community Improvement Districts</u>				
ASSETS				
Cash and temporary investments	\$ 370,533	\$ 1,095,582	\$ 995,138	\$ 470,977
Accounts receivable	-	4,989	-	4,989
Total assets	<u>\$ 370,533</u>	<u>\$ 1,100,571</u>	<u>\$ 995,138</u>	<u>\$ 475,966</u>
LIABILITIES				
Accounts payable	\$ 370,533	\$ 1,881,778	\$ 1,776,345	\$ 475,966
Total liabilities	<u>\$ 370,533</u>	<u>\$ 1,881,778</u>	<u>\$ 1,776,345</u>	<u>\$ 475,966</u>
<u>Special Assessment Letters of Credit</u>				
ASSETS				
Cash and temporary investments	\$ 189,601	\$ 36,626	\$ 27,526	\$ 198,701
Total assets	<u>\$ 189,601</u>	<u>\$ 36,626</u>	<u>\$ 27,526</u>	<u>\$ 198,701</u>
LIABILITIES				
Deposits	\$ 189,601	\$ 43,276	\$ 34,176	\$ 198,701
Total liabilities	<u>\$ 189,601</u>	<u>\$ 43,276</u>	<u>\$ 34,176</u>	<u>\$ 198,701</u>

(Continued)

CITY OF WICHITA, KANSAS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
AGENCY FUNDS

For the year ended December 31, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<u>Tourism Business Improvement District</u>				
ASSETS				
Cash and temporary investments	\$ 184,819	\$ 3,328,489	\$ 3,286,900	\$ 226,408
Total assets	<u>\$ 184,819</u>	<u>\$ 3,328,489</u>	<u>\$ 3,286,900</u>	<u>\$ 226,408</u>
LIABILITIES				
Accounts payable	\$ 184,819	\$ 18,828,303	\$ 18,786,714	\$ 226,408
Total liabilities	<u>\$ 184,819</u>	<u>\$ 18,828,303</u>	<u>\$ 18,786,714</u>	<u>\$ 226,408</u>
<u>Total - All Agency Funds</u>				
ASSETS				
Cash and temporary investments	\$ 4,205,919	\$ 144,269,210	\$ 144,910,969	\$ 3,564,160
Accounts receivable	<u>-</u>	<u>4,989</u>	<u>-</u>	<u>4,989</u>
Total assets	<u>\$ 4,205,919</u>	<u>\$ 144,274,199</u>	<u>\$ 144,910,969</u>	<u>\$ 3,569,149</u>
LIABILITIES				
Accounts payable	\$ 667,225	\$ 216,475,345	\$ 216,355,107	\$ 787,463
Deposits	<u>3,538,694</u>	<u>1,054,740</u>	<u>1,811,748</u>	<u>2,781,686</u>
Total liabilities	<u>\$ 4,205,919</u>	<u>\$ 217,530,085</u>	<u>\$ 218,166,855</u>	<u>\$ 3,569,149</u>

ADDITIONAL INFORMATION

Additional schedules represent various financial schedules of the City. Included are supplementary schedules pertaining to long-term debt obligations and insurance policies in force.

CITY OF WICHITA, KANSAS

COMBINED SCHEDULE OF CHANGES IN BONDS PAYABLE

For the year ended December 31, 2018

	Balance December 31, 2017	Issued	Retired	Balance December 31, 2018
General obligation bonds payable from:				
Ad valorem property taxes	\$ 47,632,851	\$ 9,395,000	\$ 11,076,096	\$ 45,951,755
Special assessments	172,706,820	16,040,000	24,365,858	164,380,962
Tax increment financing	18,022,371	-	2,793,256	15,229,115
Transient guest tax	2,480,000	-	5,000	2,475,000
Airport Authority	129,100,000	-	2,700,000	126,400,000
Local sales tax	96,275,000	-	14,280,000	81,995,000
Stormwater Utility	17,872,958	-	2,189,790	15,683,168
Water Utility	120,745,000	-	4,895,000	115,850,000
Revenue bonds payable from:				
Water Utility	217,615,784	-	14,087,708	203,528,076
Sewer Utility	209,139,216	-	14,167,292	194,971,924
Airport special facilities	5,460,000	-	-	5,460,000
Local sales tax	3,044,724	1,799,799	267,089	4,577,434
	<u>\$ 1,040,094,724</u>	<u>\$ 27,234,799</u>	<u>\$ 90,827,089</u>	<u>\$ 976,502,434</u>

RECONCILIATION OF BONDS PAYABLE

December 31, 2018

General obligation bonds	\$ 567,965,000
Revenue bonds	<u>408,537,434</u>
Total bonds payable	<u>\$ 976,502,434</u>
Serial bonds payable	\$ 314,609,266
Bonds payable from proprietary funds	<u>661,893,168</u>
Total bonds payable	<u>\$ 976,502,434</u>

CITY OF WICHITA, KANSAS

**SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES
PAYABLE FROM GOVERNMENTAL FUND REVENUES**

Based on bonded debt as of December 31, 2018

PAYABLE FROM PROPERTY TAXES				PAYABLE FROM TRANSIENT GUEST TAX			
Year	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges	
2019	\$ 12,141,101	\$ 1,734,861	\$ 13,875,962	\$ 10,000	\$ 92,788	\$ 102,788	
2020	8,688,101	1,158,382	9,846,483	15,000	92,163	107,163	
2021	5,793,863	824,535	6,618,398	20,000	91,287	111,287	
2022	5,994,973	635,288	6,630,261	25,000	90,163	115,163	
2023	3,954,934	448,179	4,403,113	30,000	88,787	118,787	
2024	3,014,126	312,103	3,326,229	35,000	87,163	122,163	
2025	1,860,654	218,397	2,079,051	40,000	85,287	125,287	
2026	1,560,395	151,982	1,712,377	50,000	83,538	133,538	
2027	1,092,568	89,639	1,182,207	55,000	81,962	136,962	
2028	1,130,852	56,227	1,187,079	65,000	80,163	145,163	
2029	163,348	21,525	184,873	70,000	78,137	148,137	
2030	111,840	17,040	128,880	80,000	75,888	155,888	
2031	105,000	13,638	118,638	80,000	73,087	153,087	
2032	110,000	10,488	120,488	95,000	69,588	164,588	
2033	115,000	7,188	122,188	105,000	65,718	170,718	
2034	115,000	3,594	118,594	1,700,000	31,875	1,731,875	
	<u>\$ 45,951,755</u>	<u>\$ 5,703,066</u>	<u>\$ 51,654,821</u>	<u>\$ 2,475,000</u>	<u>\$ 1,267,594</u>	<u>\$ 3,742,594</u>	

PAYABLE FROM TAX INCREMENT FINANCING				PAYABLE FROM LOCAL SALES TAX			
Year	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges	
2019	\$ 2,474,764	\$ 427,181	\$ 2,901,945	\$ 11,420,000	\$ 3,069,516	\$ 14,489,516	
2020	2,536,272	362,025	2,898,297	8,830,000	2,669,437	11,499,437	
2021	2,297,780	292,690	2,590,470	9,145,000	2,293,337	11,438,337	
2022	2,365,042	227,711	2,592,753	9,410,000	1,904,137	11,314,137	
2023	1,476,550	159,437	1,635,987	6,360,000	1,503,687	7,863,687	
2024	1,348,058	114,861	1,462,919	6,565,000	1,237,289	7,802,289	
2025	599,566	84,999	684,565	6,745,000	961,275	7,706,275	
2026	631,083	65,620	696,703	6,935,000	769,088	7,704,088	
2027	600,000	44,290	644,290	6,355,000	566,125	6,921,125	
2028	280,000	28,680	308,680	5,050,000	358,050	5,408,050	
2029	300,000	17,945	317,945	5,180,000	181,300	5,361,300	
2030	320,000	6,160	326,160	-	-	-	
	<u>\$ 15,229,115</u>	<u>\$ 1,831,599</u>	<u>\$ 17,060,714</u>	<u>\$ 81,995,000</u>	<u>\$ 15,513,241</u>	<u>\$ 97,508,241</u>	

TOTAL PAYABLE FROM TAXES				PAYABLE FROM SPECIAL ASSESSMENTS			
Year	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges	
2019	\$ 26,045,865	\$ 5,324,346	\$ 31,370,211	\$ 18,944,587	\$ 6,740,504	\$ 25,685,091	
2020	20,069,373	4,282,007	24,351,380	18,737,537	5,797,190	24,534,727	
2021	17,256,643	3,501,849	20,758,492	17,275,497	5,061,222	22,336,719	
2022	17,795,015	2,857,299	20,652,314	15,338,505	4,306,447	19,644,952	
2023	11,821,484	2,200,090	14,021,574	13,745,686	3,660,424	17,406,110	
2024	10,962,184	1,751,416	12,713,600	12,538,636	3,063,752	15,602,388	
2025	9,245,220	1,349,958	10,595,178	11,435,600	2,555,701	13,991,301	
2026	9,176,478	1,070,228	10,246,706	10,273,522	2,081,470	12,354,992	
2027	8,102,568	782,016	8,884,584	10,167,432	1,647,888	11,815,320	
2028	6,525,852	523,120	7,048,972	9,429,148	1,230,401	10,659,549	
2029	5,713,348	298,907	6,012,255	9,231,652	849,183	10,080,835	
2030	511,840	99,088	610,928	6,028,160	497,581	6,525,741	
2031	185,000	86,725	271,725	3,065,000	300,383	3,365,383	
2032	205,000	80,076	285,076	2,805,000	211,486	3,016,486	
2033	220,000	72,906	292,906	1,990,000	138,321	2,128,321	
2034	1,815,000	35,469	1,850,469	1,050,000	91,309	1,141,309	
2035	-	-	-	815,000	62,563	877,563	
2036	-	-	-	695,000	37,081	732,081	
2037	-	-	-	475,000	19,013	494,013	
2038	-	-	-	340,000	5,738	345,738	
	<u>\$ 145,650,870</u>	<u>\$ 24,315,500</u>	<u>\$ 169,966,370</u>	<u>\$ 164,380,962</u>	<u>\$ 38,357,657</u>	<u>\$ 202,738,619</u>	

CITY OF WICHITA, KANSAS

**SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES
PAYABLE FROM PROPRIETARY FUND REVENUES**

Based on bonded debt as of December 31, 2018

Year	Airport Authority			Stormwater Utility		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2019	\$ 2,805,000	\$ 5,605,041	\$ 8,410,041	\$ 2,264,548	\$ 509,489	\$ 2,774,037
2020	2,920,000	5,483,235	8,403,235	2,273,090	419,411	2,692,501
2021	3,045,000	5,353,729	8,398,729	1,747,860	333,657	2,081,517
2022	3,090,000	5,217,866	8,307,866	1,806,480	270,564	2,077,044
2023	3,220,000	5,077,160	8,297,160	1,867,830	205,284	2,073,114
2024	3,365,000	4,921,048	8,286,048	1,914,180	135,736	2,049,916
2025	3,520,000	4,759,023	8,279,023	1,254,180	88,915	1,343,095
2026	3,680,000	4,590,977	8,270,977	965,000	57,394	1,022,394
2027	3,830,000	4,425,141	8,255,141	990,000	29,619	1,019,619
2028	4,000,000	4,253,643	8,253,643	145,000	13,144	158,144
2029	4,180,000	4,074,727	8,254,727	150,000	10,243	160,243
2030	4,375,000	3,886,191	8,261,191	150,000	7,056	157,056
2031	4,565,000	3,689,859	8,254,859	155,000	3,681	158,681
2032	4,235,000	3,493,607	7,728,607	-	-	-
2033	4,430,000	3,297,211	7,727,211	-	-	-
2034	4,635,000	3,090,158	7,725,158	-	-	-
2035	4,625,000	2,875,679	7,500,679	-	-	-
2036	5,480,000	2,655,169	8,135,169	-	-	-
2037	5,735,000	2,430,486	8,165,486	-	-	-
2038	6,010,000	2,153,671	8,163,671	-	-	-
2039	6,285,000	1,862,633	8,147,633	-	-	-
2040	6,580,000	1,557,757	8,137,757	-	-	-
2041	7,805,000	1,268,170	9,073,170	-	-	-
2042	6,740,000	983,319	7,723,319	-	-	-
2043	7,025,000	702,858	7,727,858	-	-	-
2044	7,325,000	409,837	7,734,837	-	-	-
2045	920,000	111,525	1,031,525	-	-	-
2046	965,000	76,088	1,041,088	-	-	-
2047	1,010,000	38,913	1,048,913	-	-	-
	<u>\$ 126,400,000</u>	<u>\$ 88,344,721</u>	<u>\$ 214,744,721</u>	<u>\$ 15,683,168</u>	<u>\$ 2,084,193</u>	<u>\$ 17,767,361</u>

Year	Water Utility			Totals		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2019	\$ 5,140,000	\$ 4,493,850	\$ 9,633,850	\$ 10,209,548	\$ 10,608,380	\$ 20,817,928
2020	5,400,000	4,230,350	9,630,350	10,593,090	10,132,996	20,726,086
2021	5,670,000	3,953,600	9,623,600	10,462,860	9,640,986	20,103,846
2022	5,950,000	3,663,100	9,613,100	10,846,480	9,151,530	19,998,010
2023	6,250,000	3,358,100	9,608,100	11,337,830	8,640,544	19,978,374
2024	6,560,000	3,037,849	9,597,849	11,839,180	8,094,633	19,933,813
2025	6,890,000	2,701,600	9,591,600	11,664,180	7,549,538	19,213,718
2026	7,235,000	2,420,825	9,655,825	11,880,000	7,069,196	18,949,196
2027	7,450,000	2,200,550	9,650,550	12,270,000	6,655,310	18,925,310
2028	7,675,000	1,973,675	9,648,675	11,820,000	6,240,462	18,060,462
2029	7,905,000	1,739,975	9,644,975	12,235,000	5,824,945	18,059,945
2030	8,140,000	1,499,300	9,639,300	12,665,000	5,392,547	18,057,547
2031	8,385,000	1,209,500	9,594,500	13,105,000	4,903,040	18,008,040
2032	8,720,000	867,400	9,587,400	12,955,000	4,361,007	17,316,007
2033	9,070,000	522,938	9,592,938	13,500,000	3,820,149	17,320,149
2034	9,410,000	176,438	9,586,438	14,045,000	3,266,596	17,311,596
2035	-	-	-	4,625,000	2,875,679	7,500,679
2036	-	-	-	5,480,000	2,655,169	8,135,169
2037	-	-	-	5,735,000	2,430,486	8,165,486
2038	-	-	-	6,010,000	2,153,671	8,163,671
2039	-	-	-	6,285,000	1,862,633	8,147,633
2040	-	-	-	6,580,000	1,557,757	8,137,757
2041	-	-	-	7,805,000	1,268,170	9,073,170
2042	-	-	-	6,740,000	983,319	7,723,319
2043	-	-	-	7,025,000	702,858	7,727,858
2044	-	-	-	7,325,000	409,837	7,734,837
2045	-	-	-	920,000	111,525	1,031,525
2046	-	-	-	965,000	76,088	1,041,088
2047	-	-	-	1,010,000	38,913	1,048,913
	<u>\$ 115,850,000</u>	<u>\$ 38,049,050</u>	<u>\$ 153,899,050</u>	<u>\$ 257,933,168</u>	<u>\$ 128,477,964</u>	<u>\$ 386,411,132</u>

CITY OF WICHITA, KANSAS

**SUMMARY OF REVENUE BOND DEBT SERVICE CHARGES
PAYABLE FROM PROPRIETARY FUND REVENUES**

Based on bonded debt as of December 31, 2018

Year	Water Utility			Sewer Utility		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2019	\$ 13,074,162	\$ 8,242,560	\$ 21,316,722	\$ 12,600,838	\$ 8,124,744	\$ 20,725,582
2020	13,837,086	7,644,179	21,481,265	12,417,914	7,518,536	19,936,450
2021	14,383,599	6,983,404	21,367,003	13,016,401	6,918,311	19,934,712
2022	14,463,018	6,277,550	20,740,568	13,651,982	6,282,553	19,934,535
2023	15,093,395	5,562,678	20,656,073	14,336,605	5,615,035	19,951,640
2024	13,479,543	4,844,948	18,324,491	11,800,457	4,917,512	16,717,969
2025	14,133,326	4,203,316	18,336,642	12,556,674	4,353,220	16,909,894
2026	13,589,601	3,571,589	17,161,190	12,380,399	3,790,033	16,170,432
2027	13,379,447	3,019,438	16,398,885	12,375,553	3,250,834	15,626,387
2028	13,813,140	2,491,866	16,305,006	12,916,860	2,722,883	15,639,743
2029	12,191,606	2,024,393	14,215,999	10,483,394	2,243,440	12,726,834
2030	12,503,722	1,615,458	14,119,180	10,866,278	1,879,561	12,745,839
2031	8,873,344	1,226,042	10,099,386	8,956,656	1,511,825	10,468,481
2032	7,458,087	958,118	8,416,205	8,266,913	1,240,603	9,507,516
2033	5,160,000	720,778	5,880,778	7,630,000	958,665	8,588,665
2034	5,210,000	562,964	5,772,964	7,865,000	719,118	8,584,118
2035	3,470,000	398,788	3,868,788	4,865,000	447,600	5,312,600
2036	3,155,000	287,513	3,442,513	4,360,000	266,288	4,626,288
2037	2,595,000	190,369	2,785,369	3,625,000	122,344	3,747,344
2038	1,860,000	109,950	1,969,950	-	-	-
2039	1,805,000	54,150	1,859,150	-	-	-
	<u>\$ 203,528,076</u>	<u>\$ 60,990,051</u>	<u>\$ 264,518,127</u>	<u>\$ 194,971,924</u>	<u>\$ 62,883,105</u>	<u>\$ 257,855,029</u>

Year	Airport Authority			Totals		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2019	\$ -	\$ 234,838	\$ 234,838	\$ 25,675,000	\$ 16,602,142	\$ 42,277,142
2020	-	234,838	234,838	26,255,000	15,397,553	41,652,553
2021	1,300,000	157,108	1,457,108	28,700,000	14,058,823	42,758,823
2022	-	137,338	137,338	28,115,000	12,697,441	40,812,441
2023	-	137,338	137,338	29,430,000	11,315,051	40,745,051
2024	-	137,338	137,338	25,280,000	9,899,798	35,179,798
2025	1,500,000	66,838	1,566,838	28,190,000	8,623,374	36,813,374
2026	-	47,338	47,338	25,970,000	7,408,960	33,378,960
2027	-	47,338	47,338	25,755,000	6,317,610	32,072,610
2028	-	47,338	47,338	26,730,000	5,262,087	31,992,087
2029	-	47,338	47,338	22,675,000	4,315,171	26,990,171
2030	-	47,338	47,338	23,370,000	3,542,357	26,912,357
2031	2,660,000	47,338	2,707,338	20,490,000	2,785,205	23,275,205
2032	-	-	-	15,725,000	2,198,721	17,923,721
2033	-	-	-	12,790,000	1,679,443	14,469,443
2034	-	-	-	13,075,000	1,282,082	14,357,082
2035	-	-	-	8,335,000	846,388	9,181,388
2036	-	-	-	7,515,000	553,801	8,068,801
2037	-	-	-	6,220,000	312,713	6,532,713
2038	-	-	-	1,860,000	109,950	1,969,950
2039	-	-	-	1,805,000	54,150	1,859,150
	<u>\$ 5,460,000</u>	<u>\$ 1,389,664</u>	<u>\$ 6,849,664</u>	<u>\$ 403,960,000</u>	<u>\$ 125,262,820</u>	<u>\$ 529,222,820</u>

CITY OF WICHITA, KANSAS

**SUMMARY OF REVENUE BOND DEBT SERVICE CHARGES
PAYABLE FROM GOVERNMENTAL FUND REVENUES**

Based on bonded debt as of December 31, 2018

Year	Sales Tax Special Obligation			Total		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2019	\$ 197,701	\$ 174,507	\$ 372,208	\$ 197,701	\$ 174,507	\$ 372,208
2020	305,732	183,296	489,028	305,732	183,296	489,028
2021	316,194	173,510	489,704	316,194	173,510	489,704
2022	330,285	160,960	491,245	330,285	160,960	491,245
2023	365,944	146,940	512,884	365,944	146,940	512,884
2024	383,238	130,669	513,907	383,238	130,669	513,907
2025	470,576	112,885	583,461	470,576	112,885	583,461
2026	493,421	90,569	583,990	493,421	90,569	583,990
2027	248,324	70,313	318,637	248,324	70,313	318,637
2028	106,561	61,844	168,405	106,561	61,844	168,405
2029	111,687	56,686	168,373	111,687	56,686	168,373
2030	116,598	51,800	168,398	116,598	51,800	168,398
2031	121,724	46,646	168,370	121,724	46,646	168,370
2032	126,849	41,647	168,496	126,849	41,647	168,496
2033	133,042	35,304	168,346	133,042	35,304	168,346
2034	138,380	29,982	168,362	138,380	29,982	168,362
2035	143,933	24,447	168,380	143,933	24,447	168,380
2036	149,699	18,690	168,389	149,699	18,690	168,389
2037	155,678	12,702	168,380	155,678	12,702	168,380
2038	161,868	6,475	168,343	161,868	6,475	168,343
	<u>\$ 4,577,434</u>	<u>\$ 1,629,872</u>	<u>\$ 6,207,306</u>	<u>\$ 4,577,434</u>	<u>\$ 1,629,872</u>	<u>\$ 6,207,306</u>

CITY OF WICHITA, KANSAS

STATEMENT OF OUTSTANDING DEBT

As of December 31, 2018

Bonded debt payable from:

General Obligation:

Ad valorem property taxes		\$ 45,951,755
Other than ad valorem property taxes:		
Special assessments	\$ 164,380,962	
Tax increment financing	15,229,115	
Transient guest tax	2,475,000	
Airport Authority	126,400,000	
Local sales tax - freeway	81,995,000	
Storm Water Utility	15,683,168	
Water Utility	115,850,000	
		<u>522,013,245</u>
Total bonded debt - general obligation		567,965,000

Revenue bonds:

Specific revenues:		
Water-Sewer Utility Revenue Bonds - 2009B	1,605,000	
Water-Sewer Utility Revenue Bonds - 2010B	11,955,000	
Water-Sewer Utility Refunding Revenue Bonds - 2011A	61,700,000	
Water-Sewer Utility Revenue Bonds - 2012A	12,825,000	
Water-Sewer Utility Refunding Revenue Bonds - 2014A	24,725,000	
Water-Sewer Utility Revenue Bonds - 2014B	10,895,000	
Water-Sewer Utility Refunding Revenue Bonds - 2015B	31,180,000	
Water-Sewer Utility Revenue Bonds - 2015C	21,910,000	
Water-Sewer Utility Refunding Revenue Bonds - 2015D	20,285,000	
Water-Sewer Utility Revenue Bonds - 2016A	22,255,000	
Water-Sewer Utility Refunding Revenue Bonds - 2016B	95,105,000	
Water-Sewer Utility Revenue Bonds - 2017A	63,360,000	
Water-Sewer Utility Refunding Revenue Bonds - 2017B	20,700,000	
Sales Tax Special Obligation Revenue Bonds - 2017 ¹	2,777,635	
Sales Tax Special Obligation Revenue Bonds - 2018 ¹	1,799,799	
Airport Facility Revenue Bonds	5,460,000	
		<u>408,537,434</u>
Total bonded debt - revenue		408,537,434

Gross City bonded debt

976,502,434

Less non-general obligation bonded debt

Specific revenues:		
Water-Sewer Utility Revenue Bonds - 2009B	(1,605,000)	
Water-Sewer Utility Revenue Bonds - 2010B	(11,955,000)	
Water-Sewer Utility Refunding Revenue Bonds - 2011A	(61,700,000)	
Water-Sewer Utility Revenue Bonds - 2012A	(12,825,000)	
Water-Sewer Utility Refunding Revenue Bonds - 2014A	(24,725,000)	
Water-Sewer Utility Revenue Bonds - 2014B	(10,895,000)	
Water-Sewer Utility Refunding Revenue Bonds - 2015B	(31,180,000)	
Water-Sewer Utility Revenue Bonds - 2015C	(21,910,000)	
Water-Sewer Utility Refunding Revenue Bonds - 2015D	(20,285,000)	
Water-Sewer Utility Revenue Bonds - 2016A	(22,255,000)	
Water-Sewer Utility Refunding Revenue Bonds - 2016B	(95,105,000)	
Water-Sewer Utility Revenue Bonds - 2017A	(63,360,000)	
Water-Sewer Utility Refunding Revenue Bonds - 2017B	(20,700,000)	
Sales Tax Special Obligation Revenue Bonds - 2017 ¹	(2,777,635)	
Sales Tax Special Obligation Revenue Bonds - 2018 ¹	(1,799,799)	
Airport Facility Revenue Bonds	(5,460,000)	
		<u>(408,537,434)</u>

General obligation temporary notes

Internal Improvements - Series 290, Dated 4/13/18	65,000,000
Internal Improvements - Series 292, Dated 10/15/18	48,435,000
Internal Improvements - Series 294, Dated 10/15/18	3,630,000
	<u>117,065,000</u>

Total general obligation outstanding debt

\$ 685,030,000

¹ Portion of bonds outstanding based on City's portion of the 1% Sedgwick County Sales Tax.

CITY OF WICHITA, KANSAS
SCHEDULE OF INSURANCE IN FORCE

December 31, 2018

Company	Policy Period		Details of Coverage	Terms	Deductible	Value Limits
	From	To				
Zurich	01-18	01-19	All risk coverage on real and personal property for which the City is legally liable, per I.A.W. statement of values on replacement cost basis.	Per occurrence with total insured values of approximately \$856 million.	\$ 100,000 (500,000 wind and hail)	\$ 350,000,000
Zurich	01-18	01-19	Comprehensive coverage for steam boilers, air conditioners, and electric motor on a repair or replacement cost basis.	Per occurrence	100,000	Included
Zurich	01-18	01-19	Data processing property protection	Hardware	100,000	Included
Hartford Fire	01-18	01-19	Burglary and/or theft coverage for monies and securities	Per occurrence	10,000	1,000,000
Housing Authority Risk Retention Group	06-18	06-19	WHA commercial liability	Per occurrence	10,000	5,000,000
Housing Authority Property Insurance	06-18	06-19	WHA Commercial property coverage	Per occurrence with combined limit based on individual property values.	5,000	74,361,248
Philadelphia Indemnity Insurance	12-18	12-19	WHA flood insurance on 29 owned units	Per occurrence	5,000 to 1,000 per unit	48,000 to 50,000 per unit
Safety National Casualty	01-18	01-19	Excess workers' compensation Employers' liability	Per occurrence-liability Per occurrence	750,000 -	Statutory 1,000,000
Zurich	01-18	01-19	Travel accident insurance	Per person/occurrence Aggregate	- -	100,000 500,000
ACE American Ins. Co.	01-18	01-19	Foreign package-General liability-KE	Per occurrence	-	1,000,000
Ins. Co. of State of PA	01-18	01-19	Special liability	Per occurrence	2,000,000	20,000,000 40,000,000
Travelers	01-18	01-19	Position Bonding	Per occurrence	-	20,000
WICHITA AIRPORT AUTHORITY						
AIG	01-18	01-19	Comprehensive general liability	Per occurrence	1,000	100,000,000
Great American Alliance Ins.	01-18	01-19	Underground storage tank liability (City-	Per occurrence	10,000	1,000,000
WICHITA ART MUSEUM						
AXA/Ironshore Indemnity Inc.	01-18	01-19	All risk coverage for fine arts collections, on premises; worldwide transit coverage; and other locations.	Per occurrence at insured's Per occurrence not at Art in transit	1,000 1,000 1,000	200,000,000 100,000,000 100,000,000

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STATISTICAL SECTION

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

Financial trends information helps the reader understand how the City's financial performance and well-being have changed over time.

Revenue capacity information is intended to help the reader assess the factors affecting the City's ability to generate property and sales tax.

Debt capacity schedules present information to help the reader assess the affordability of the City's current outstanding debt and the City's ability to issue additional debt in the future.

Demographic and economic indicators are offered to help the reader understand the environment within which the City's financial activities take place and to help make comparisons across time.

Operating information about the City is provided to help the reader understand how the City's financial information relates to the services provided and the activities the City performed.

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CITY OF WICHITA, KANSAS

NET POSITION BY COMPONENT

For years ended December 31, 2009 through December 31, 2018
(accrual basis of accounting)
(dollars expressed in thousands)

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental activities					
Net investment in capital assets	\$ 521,613	\$ 554,371	\$ 615,404	\$ 659,114	\$ 730,439
Restricted for:					
Capital projects	43,927	40,177	48,939	38,986	23,033
Highways and streets	810	-	-	-	-
Debt service	264,080	309,669	296,468	277,226	226,947
Perpetual care	889	852	814	790	762
Other purposes	6,470	8,009	12,468	11,135	15,372
Unrestricted	43,898	17,248	5,386	1,918	(11,285)
Total governmental activities net position	<u>\$ 881,687</u>	<u>\$ 930,326</u>	<u>\$ 979,479</u>	<u>\$ 989,169</u>	<u>\$ 985,268</u>
Business-type activities					
Net investment in capital assets	\$ 762,395	\$ 792,751	\$ 828,696	\$ 820,105	\$ 854,195
Restricted for:					
Capital projects	17,032	18,915	13,682	32,308	53,653
Debt service	-	-	-	-	-
Revenue bond covenants	74,822	90,814	95,954	131,943	117,763
Unrestricted	20,001	26,859	42,979	38,391	40,446
Total business-type activities net position	<u>\$ 874,250</u>	<u>\$ 929,339</u>	<u>\$ 981,311</u>	<u>\$ 1,022,747</u>	<u>\$ 1,066,057</u>
Primary government					
Net investment in capital assets	\$ 1,284,008	\$ 1,347,122	\$ 1,444,100	\$ 1,479,219	\$ 1,584,634
Restricted for:					
Capital projects	60,959	59,092	62,621	71,294	76,686
Highways and streets	810	-	-	-	-
Debt service	264,080	309,669	296,468	277,226	226,947
Revenue bond covenants	74,822	90,814	95,954	131,943	117,763
Perpetual care	889	852	814	790	762
Other purposes	6,470	8,009	12,468	11,135	15,372
Unrestricted	63,899	44,107	48,365	40,309	29,161
Total primary government net position	<u>\$ 1,755,937</u>	<u>\$ 1,859,665</u>	<u>\$ 1,960,790</u>	<u>\$ 2,011,916</u>	<u>\$ 2,051,325</u>

	Fiscal Year				
	2014	2015	2016	2017	2018
Governmental activities					
Net investment in capital assets	\$ 714,088	\$ 779,473	\$ 831,119	\$ 860,155	\$ 877,975
Restricted for:					
Capital projects	24,909	22,017	30,743	14,594	59,996
Highways and streets	-	-	702	2,958	9,227
Debt service	221,877	191,172	183,820	180,661	176,757
Perpetual care	749	721	1,498	1,500	1,386
Other purposes	19,618	23,628	28,192	28,372	25,063
Unrestricted	48,517	27,477	38,389	20,546	(5,915)
Total governmental activities net position	<u>\$ 1,029,758</u>	<u>\$ 1,044,488</u>	<u>\$ 1,114,463</u>	<u>\$ 1,108,786</u>	<u>\$ 1,144,489</u>
Business-type activities					
Net investment in capital assets	\$ 908,335	\$ 920,577	\$ 956,424	\$ 966,425	\$ 1,006,030
Restricted for:					
Capital projects	31,221	37,578	18,398	9,554	13,836
Debt service	-	-	-	-	-
Revenue bond covenants	107,357	105,443	114,093	131,055	113,163
Unrestricted	61,782	56,332	72,483	85,514	86,752
Total business-type activities net position	<u>\$ 1,108,695</u>	<u>\$ 1,119,930</u>	<u>\$ 1,161,398</u>	<u>\$ 1,192,548</u>	<u>\$ 1,219,781</u>
Primary government					
Net investment in capital assets	\$ 1,622,423	\$ 1,700,050	\$ 1,787,543	\$ 1,826,580	\$ 1,884,005
Restricted for:					
Capital projects	56,130	59,595	49,141	24,148	73,832
Highways and streets	-	-	702	2,958	9,227
Debt service	221,877	191,172	183,820	180,661	176,757
Revenue bond covenants	107,357	105,443	114,093	131,055	113,163
Perpetual care	749	721	1,498	1,500	1,386
Other purposes	19,618	23,628	28,192	28,372	25,063
Unrestricted	110,299	83,809	110,872	106,060	80,837
Total primary government net position	<u>\$ 2,138,453</u>	<u>\$ 2,164,418</u>	<u>\$ 2,275,861</u>	<u>\$ 2,301,334</u>	<u>\$ 2,364,270</u>

CITY OF WICHITA, KANSAS

CHANGES IN NET POSITION

For years ended December 31, 2009 through December 31, 2018
(accrual basis of accounting)
(dollars expressed in thousands)

	Fiscal Year				
	2009	2010	2011	2012	2013
EXPENSES					
Governmental activities:					
General government	\$ 37,210	\$ 52,488	\$ 55,191	\$ 52,538	\$ 44,510
Public safety	119,073	126,329	125,525	129,684	129,627
Highways and streets	74,460	49,482	54,168	62,484	60,735
Sanitation	3,648	4,156	3,643	3,567	4,700
Health and welfare	34,924	36,986	34,848	35,358	29,919
Culture and recreation	37,601	39,559	38,344	36,090	34,624
Interest on long-term debt	20,634	19,877	19,277	13,676	15,656
Total governmental activities expenses	<u>327,550</u>	<u>328,877</u>	<u>330,996</u>	<u>333,397</u>	<u>319,771</u>
Business-type activities:					
Water Utility	44,994	43,408	47,621	48,613	50,066
Sewer Utility	40,991	36,865	37,673	38,577	43,743
Airport Authority	29,672	26,967	26,703	32,651	26,781
Stormwater Utility	7,415	7,504	7,048	8,540	7,933
Transit	13,876	14,485	15,156	15,152	15,139
Golf Course System	4,539	4,705	4,586	4,594	4,765
Total business-type activities expenses	<u>141,487</u>	<u>133,934</u>	<u>138,787</u>	<u>148,127</u>	<u>148,427</u>
Total primary government expenses	<u>\$ 469,037</u>	<u>\$ 462,811</u>	<u>\$ 469,783</u>	<u>\$ 481,524</u>	<u>\$ 468,198</u>
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
General government	\$ 13,166	\$ 18,706	\$ 22,011	\$ 14,210	\$ 12,432
Public safety	4,919	6,506	6,774	7,093	6,636
Highways and streets	5,231	4,151	5,199	4,423	4,313
Sanitation	1,026	1,005	875	1,103	1,265
Health and welfare	5,891	1,905	3,931	4,110	5,138
Culture and recreation	4,773	4,799	4,781	5,494	4,634
Operating grants and contributions	45,514	51,904	50,393	47,413	46,950
Capital grants and contributions	82,537	66,923	60,292	33,870	11,133
Total governmental activities revenues	<u>163,057</u>	<u>155,899</u>	<u>154,256</u>	<u>117,716</u>	<u>92,501</u>
Business-type activities:					
Charges for services:					
Water Utility	51,022	65,003	79,547	80,088	64,790
Sewer Utility	34,490	37,247	44,089	45,979	49,754
Airport Authority	20,713	21,588	21,597	22,112	21,964
Stormwater Utility	8,497	8,515	9,282	9,057	9,170
Transit	1,811	1,828	1,972	2,146	2,050
Golf Course System	4,298	4,111	4,017	4,726	4,182
Operating grants and contributions	5,940	6,305	7,183	6,689	7,139
Capital grants and contributions	40,269	37,797	20,357	15,381	33,102
Total business-type activities revenues	<u>167,040</u>	<u>182,394</u>	<u>188,044</u>	<u>186,178</u>	<u>192,151</u>
Total primary government revenues	<u>\$ 330,097</u>	<u>\$ 338,293</u>	<u>\$ 342,300</u>	<u>\$ 303,894</u>	<u>\$ 284,652</u>
NET REVENUE (EXPENSE)					
Governmental activities	\$ (164,493)	\$ (172,978)	\$ (176,740)	\$ (215,681)	\$ (227,270)
Business-type activities	25,553	48,460	49,257	38,051	43,724
Total primary government net expense	<u>\$ (138,940)</u>	<u>\$ (124,518)</u>	<u>\$ (127,483)</u>	<u>\$ (177,630)</u>	<u>\$ (183,546)</u>

	Fiscal Year				
	2014	2015	2016	2017	2018
EXPENSES					
Governmental activities:					
General government	\$ 46,350	\$ 64,844	\$ 47,613	\$ 62,657	\$ 53,601
Public safety	132,601	136,232	151,445	150,548	146,543
Highways and streets	50,698	68,326	44,659	101,127	77,138
Sanitation	4,489	5,384	5,054	5,035	5,198
Health and welfare	29,668	31,896	34,973	33,392	42,045
Culture and recreation	35,629	37,707	43,908	45,189	48,998
Interest on long-term debt	13,729	12,334	14,874	11,258	10,585
Total governmental activities expenses	313,164	356,723	342,526	409,206	384,108
Business-type activities:					
Water Utility	60,654	72,179	75,308	77,795	77,052
Sewer Utility	46,801	44,943	48,510	49,942	51,177
Airport Authority	28,691	38,967	38,671	39,887	39,852
Stormwater Utility	8,476	10,905	10,111	9,937	9,958
Transit	15,340	4,960	5,038	5,296	5,016
Golf Course System	4,887	16,337	14,086	14,829	15,780
Total business-type activities expenses	164,849	188,291	191,724	197,686	198,835
Total primary government expenses	\$ 478,013	\$ 545,014	\$ 534,250	\$ 606,892	\$ 582,943
PROGRAM REVENUES					
Governmental activities:					
Charges for services					
General government	\$ 15,778	\$ 22,389	\$ 32,111	\$ 24,337	\$ 24,422
Public safety	6,588	7,411	7,566	3,244	5,020
Highways and streets	4,558	5,196	6,606	3,584	4,322
Sanitation	1,115	1,085	2,134	4,710	3,168
Health and welfare	3,821	3,332	4,271	2,590	3,486
Culture and recreation	4,798	4,979	5,921	3,707	5,063
Operating grants and contributions	45,088	46,685	49,012	49,218	45,880
Capital grants and contributions	38,795	50,301	51,006	76,791	98,229
Total governmental activities revenues	120,541	141,378	158,627	168,181	189,590
Business-type activities:					
Charges for services:					
Water Utility	75,173	74,906	77,241	81,026	88,015
Sewer Utility	51,291	53,236	54,626	57,409	62,665
Airport Authority	23,687	25,752	28,394	31,012	30,565
Stormwater Utility	9,315	9,353	9,198	11,897	12,853
Transit	2,035	4,632	4,412	4,352	4,190
Golf Course System	4,301	2,089	1,783	1,908	2,152
Operating grants and contributions	8,859	4,592	7,406	6,781	7,036
Capital grants and contributions	22,871	27,842	33,555	22,290	11,037
Total business-type activities revenues	197,532	202,402	216,615	216,675	218,513
Total primary government revenues	\$ 318,073	\$ 343,780	\$ 375,242	\$ 384,856	\$ 408,103
NET REVENUE (EXPENSE)					
Governmental activities	\$ (192,623)	\$ (215,345)	\$ (183,899)	\$ (241,025)	\$ (194,518)
Business-type activities	32,683	14,111	24,891	18,989	19,678
Total primary government net expense	\$ (159,940)	\$ (201,234)	\$ (159,008)	\$ (222,036)	\$ (174,840)

(Continued)

CITY OF WICHITA, KANSAS

CHANGES IN NET POSITION (CONTINUED)

For years ended December 31, 2009 through December 31, 2018
(accrual basis of accounting)
(dollars expressed in thousands)

	Fiscal Year				
	2009	2010	2011	2012	2013
GENERAL REVENUES AND OTHER					
CHANGES IN NET POSITION					
Governmental activities:					
Taxes:					
Property taxes	\$ 106,500	\$ 105,113	\$ 105,089	\$ 105,874	\$ 106,347
Sales taxes	49,444	48,240	54,919	54,095	58,519
Franchise taxes	33,720	36,923	36,779	37,407	39,283
Motor vehicle taxes	13,309	13,094	12,898	13,116	13,398
Transient guest taxes	6,015	5,689	6,041	6,100	6,360
Interest and investment earnings	3,703	2,001	1,003	530	828
Miscellaneous	23,843	17,498	7,397	5,683	7,755
Special Item - loss on sale of Hyatt Hotel	-	-	-	-	-
Transfers	(493)	(1,237)	1,766	2,566	2,406
Prior period adjustments	-	-	-	-	(11,527)
Total governmental activities	<u>236,041</u>	<u>227,321</u>	<u>225,892</u>	<u>225,371</u>	<u>223,369</u>
Business-type activities:					
Interest and investment earnings	4,912	3,692	3,803	3,813	487
Miscellaneous	974	1,700	679	2,138	4,464
Transfers	494	1,236	(1,766)	(2,566)	(2,406)
Prior period adjustments	-	-	-	-	(2,960)
Total business-type activities	<u>6,380</u>	<u>6,628</u>	<u>2,716</u>	<u>3,385</u>	<u>(415)</u>
Total primary government	<u>\$ 242,421</u>	<u>\$ 233,949</u>	<u>\$ 228,608</u>	<u>\$ 228,756</u>	<u>\$ 222,954</u>
CHANGE IN NET POSITION					
Governmental activities	\$ 71,548	\$ 54,343	\$ 49,152	\$ 9,690	\$ (3,901)
Business-type activities	31,933	55,088	51,973	41,436	43,309
Total primary government	<u>\$ 103,481</u>	<u>\$ 109,431</u>	<u>\$ 101,125</u>	<u>\$ 51,126</u>	<u>\$ 39,408</u>

	Fiscal Year				
	2014	2015	2016	2017	2018
GENERAL REVENUES AND OTHER					
CHANGES IN NET POSITION					
Governmental activities:					
Taxes:					
Property taxes	\$ 105,989	\$ 106,706	\$ 108,266	\$ 110,624	\$ 113,366
Sales taxes	56,143	57,959	58,660	57,683	59,602
Franchise taxes	41,864	44,304	44,766	45,564	47,282
Motor vehicle taxes	14,397	14,732	15,704	15,738	16,116
Transient guest taxes	6,754	7,255	7,178	7,065	7,411
Interest and investment earnings	1,422	1,725	2,255	3,921	7,362
Miscellaneous	15,289	11,952	12,585	5,720	1,968
Special Item - loss on sale of Hyatt Hotel	-	-	(11,754)	-	-
Transfers	(4,744)	(3,539)	(4,114)	(11,017)	(12,829)
Prior period adjustments	-	(11,019)	20,328	52	(10,057)
Total governmental activities	<u>237,114</u>	<u>230,075</u>	<u>253,874</u>	<u>235,350</u>	<u>230,221</u>
Business-type activities:					
Interest and investment earnings	42	449	103	428	1,086
Miscellaneous	5,170	2,013	1,286	714	927
Transfers	4,744	3,539	4,114	11,017	12,829
Prior period adjustments	-	(8,878)	11,073	-	(7,287)
Total business-type activities	<u>9,956</u>	<u>(2,877)</u>	<u>16,576</u>	<u>12,159</u>	<u>7,555</u>
Total primary government	<u>\$ 247,070</u>	<u>\$ 227,198</u>	<u>\$ 270,450</u>	<u>\$ 247,509</u>	<u>\$ 237,776</u>
CHANGE IN NET POSITION					
Governmental activities	\$ 44,491	\$ 14,730	\$ 69,975	\$ (5,675)	\$ 35,703
Business-type activities	42,639	11,234	41,467	31,148	27,233
Total primary government	<u>\$ 87,130</u>	<u>\$ 25,964</u>	<u>\$ 111,442</u>	<u>\$ 25,473</u>	<u>\$ 62,936</u>

CITY OF WICHITA, KANSAS

FUND BALANCES OF GOVERNMENTAL FUNDS

For years ended December 31, 2009 through December 31, 2018
(accrual basis of accounting)
(dollars expressed in thousands)

	Fiscal Year				
	2009	2010	2011	2012	2013
General Fund					
Reserved	\$ 2,175	\$ 1,993	\$ -	\$ -	\$ -
Unreserved	22,447	22,514	-	-	-
Nonspendable	-	-	882	841	847
Committed	-	-	-	-	-
Assigned	-	-	5,761	6,035	5,392
Unassigned	-	-	24,091	24,291	26,315
Total General Fund	<u>\$ 24,622</u>	<u>\$ 24,507</u>	<u>\$ 30,734</u>	<u>\$ 31,167</u>	<u>\$ 32,554</u>
Debt Service Fund					
Reserved	\$ 699	\$ -	\$ -	\$ -	\$ -
Unreserved	21,522	51,730	-	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	85,545	114,344	88,293
Total Debt Service Fund	<u>\$ 22,221</u>	<u>\$ 51,730</u>	<u>\$ 85,545</u>	<u>\$ 114,344</u>	<u>\$ 88,293</u>
All other governmental funds					
Reserved	\$ 66,458	\$ 55,616	\$ -	\$ -	\$ -
Unreserved reported in:					
Special revenue funds	56,712	58,322	-	-	-
Capital projects funds	(100,612)	(87,391)	-	-	-
Permanent fund	650	605	-	-	-
Nonspendable	-	-	310	314	345
Restricted	-	-	73,986	66,502	54,354
Committed	-	-	24,740	25,206	15,590
Assigned	-	-	-	-	8,901
Unassigned	-	-	(76,125)	(83,499)	(131,412)
Total all other governmental funds	<u>\$ 23,208</u>	<u>\$ 27,152</u>	<u>\$ 22,911</u>	<u>\$ 8,523</u>	<u>\$ (52,222)</u>

¹Amounts reported for periods prior to 2011 have not been restated for the implementation of GASB Statement 54.

	Fiscal Year				
	2014	2015	2016	2017	2018
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	888	949	858	850	1,050
Committed	-	-	14,000	19,000	-
Assigned	5,384	6,347	5,249	3,704	3,376
Unassigned	27,859	28,824	36,449	33,262	35,563
Total General Fund	<u>\$ 34,131</u>	<u>\$ 36,120</u>	<u>\$ 56,556</u>	<u>\$ 56,816</u>	<u>\$ 39,989</u>
Debt Service Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	-	4,067	3,777	-	-
Restricted	41,315	27,125	21,984	46,098	40,390
Total Debt Service Fund	<u>\$ 41,315</u>	<u>\$ 31,192</u>	<u>\$ 25,761</u>	<u>\$ 46,098</u>	<u>\$ 40,390</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Permanent fund	-	-	-	-	-
Nonspendable	356	396	352	369	379
Restricted	59,275	87,087	84,437	75,112	74,151
Committed	16,527	16,142	18,004	17,101	15,528
Assigned	1,853	2,084	796	850	1,073
Unassigned	(43,465)	(67,116)	(82,449)	(102,281)	(80,573)
Total all other governmental funds	<u>\$ 34,546</u>	<u>\$ 38,593</u>	<u>\$ 21,140</u>	<u>\$ (8,849)</u>	<u>\$ 10,558</u>

CITY OF WICHITA, KANSAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

For years ended December 31, 2009 through December 31, 2018
(accrual basis of accounting)
(dollars expressed in thousands)

	Fiscal Year				
	2009	2010	2011	2012	2013
REVENUES					
Taxes	\$ 175,277	\$ 172,374	\$ 178,947	\$ 179,185	\$ 184,625
Special assessments	33,887	34,251	33,648	33,327	33,669
Franchise taxes	33,720	36,923	36,779	37,407	39,283
Intergovernmental	74,089	72,228	64,003	61,057	59,823
Licenses and permits	5,892	6,648	6,735	7,427	7,468
Fines and penalties	10,430	10,641	10,345	10,476	9,391
Rentals	4,446	4,578	4,266	4,737	4,400
Interest and investment earnings	3,594	2,160	1,022	551	851
Charges for services and sales	10,542	10,673	12,019	10,647	11,052
Other revenue	35,209	23,219	21,283	12,986	13,354
Total revenues	<u>387,086</u>	<u>373,695</u>	<u>369,047</u>	<u>357,800</u>	<u>363,916</u>
EXPENDITURES					
Current:					
General government	32,855	34,659	36,587	34,643	36,414
Public safety	117,087	120,792	122,930	126,734	129,573
Highways and streets	20,937	19,125	22,450	18,185	16,676
Sanitation	4,372	5,243	4,264	3,722	3,774
Health and welfare	35,986	40,109	35,379	32,134	31,854
Culture and recreation	31,892	31,720	30,793	31,061	30,379
Debt service:					
Principal	79,460	86,867	52,743	65,923	62,137
Interest and other debt service	19,924	21,955	19,929	20,027	20,438
Capital outlay	121,256	83,658	82,901	109,959	108,380
Total expenditures	<u>463,769</u>	<u>444,128</u>	<u>407,976</u>	<u>442,388</u>	<u>439,625</u>
Deficiency of revenues under expenditures	<u>(76,683)</u>	<u>(70,433)</u>	<u>(38,929)</u>	<u>(84,588)</u>	<u>(75,709)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of long-term capital debt	152,895	123,157	101,043	108,605	16,290
Issuance of refunding debt	-	-	-	-	-
Premiums on bonds sold	2,573	5,566	11,952	10,003	646
Discounts on bonds sold	-	-	-	-	-
Payments on refunded bonds	(43,810)	(29,240)	(43,045)	(22,490)	(35,460)
Transfers from other funds	82,417	72,657	73,059	95,855	82,035
Transfers to other funds	(80,210)	(68,369)	(68,280)	(92,540)	(77,826)
Total other financing sources (uses)	<u>113,865</u>	<u>103,771</u>	<u>74,729</u>	<u>99,433</u>	<u>(14,315)</u>
SPECIAL ITEMS					
Sale of Hyatt Hotel	-	-	-	-	-
Transfers to other funds, Hyatt Hotel proceeds	-	-	-	-	-
Total special items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,614</u>
Total changes in fund balances	<u>\$ 37,182</u>	<u>\$ 33,338</u>	<u>\$ 35,800</u>	<u>\$ 14,845</u>	<u>\$ (85,410)</u>
Debt service as a percentage of noncapital expenditures	26.1%	28.2%	21.0%	23.0%	23.1%

	Fiscal Year				
	2014	2015	2016	2017	2018
REVENUES					
Taxes	\$ 183,283	\$ 186,651	\$ 189,808	\$ 191,109	\$ 196,496
Special assessments	31,509	29,797	28,665	28,991	28,367
Franchise taxes	41,863	44,304	44,766	45,563	47,282
Intergovernmental	57,530	70,185	82,921	93,656	119,050
Licenses and permits	7,241	7,732	8,096	2,857	2,939
Fines and penalties	9,858	9,767	9,121	8,271	8,187
Rentals	4,203	6,227	4,328	4,216	4,237
Interest and investment earnings	1,456	1,725	2,255	3,921	7,362
Charges for services and sales	12,122	21,947	23,525	19,927	20,953
Other revenue	22,117	13,740	15,243	20,795	18,200
Total revenues	<u>371,182</u>	<u>392,075</u>	<u>408,728</u>	<u>419,306</u>	<u>453,073</u>
EXPENDITURES					
Current:					
General government	37,368	37,601	39,113	38,243	39,409
Public safety	129,934	131,496	136,049	136,336	144,224
Highways and streets	18,416	20,301	19,760	20,217	17,646
Sanitation	4,366	4,977	4,558	4,671	4,924
Health and welfare	31,656	33,035	36,431	35,388	35,896
Culture and recreation	31,044	33,391	36,591	37,018	37,042
Debt service:					
Principal	50,925	51,669	51,082	57,588	52,787
Interest and other debt service	17,132	18,699	16,480	16,035	15,202
Capital outlay	76,379	91,671	93,164	118,071	134,089
Total expenditures	<u>397,220</u>	<u>422,840</u>	<u>433,228</u>	<u>463,567</u>	<u>481,219</u>
Deficiency of revenues under expenditures	<u>(26,038)</u>	<u>(30,765)</u>	<u>(24,500)</u>	<u>(44,261)</u>	<u>(28,146)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of long-term capital debt	108,370	50,560	11,731	34,370	27,235
Issuance of refunding debt	-	-	13,357	-	-
Premiums on bonds sold	9,842	6,045	2,977	5,629	1,946
Discounts on bonds sold	(33)	-	(349)	-	-
Payments on refunded bonds	(48,905)	(32,321)	(24,267)	(1,406)	-
Transfers from other funds	90,735	124,180	70,463	84,556	99,993
Transfers to other funds	(92,603)	(126,142)	(72,533)	(88,332)	(85,156)
Total other financing sources (uses)	<u>67,406</u>	<u>22,322</u>	<u>1,379</u>	<u>34,817</u>	<u>44,018</u>
SPECIAL ITEMS					
Sale of Hyatt Hotel	-	-	20,003	-	-
Transfers to other funds, Hyatt Hotel proceeds	-	-	-	-	(19,000)
	<u>-</u>	<u>-</u>	<u>20,003</u>	<u>-</u>	<u>(19,000)</u>
Prior period adjustment	<u>-</u>	<u>4,354</u>	<u>671</u>	<u>52</u>	<u>-</u>
Total changes in fund balances	<u>\$ 41,368</u>	<u>\$ (4,089)</u>	<u>\$ (2,447)</u>	<u>\$ (9,392)</u>	<u>\$ (3,128)</u>
Debt service as a percentage of noncapital expenditures	20.3%	18.9%	19.8%	17.2%	16.7%

CITY OF WICHITA, KANSAS

GOVERNMENTAL OWN SOURCE REVENUES BY SOURCE

For years ended December 31, 2009 through December 31, 2018
(modified accrual basis of accounting)
(dollars expressed in thousands)

Year	Property Taxes ¹	Special Assessments ²	Franchise Taxes
2009	\$ 119,809	\$ 33,349	\$ 33,720
2010	118,207	33,723	36,923
2011	117,986	33,557	36,779
2012	118,990	32,800	37,407
2013	119,745	33,056	39,283
2014	120,385	31,407	41,863
2015	121,437	29,786	44,304
2016	123,970	28,539	44,766
2017	126,362	28,343	45,563
2018	129,482	28,367	47,282

¹Property taxes include motor vehicle taxes.

²Special assessments includes the assessments for improvements.
Nuisance assessments are not included above.

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CITY OF WICHITA, KANSAS

GOVERNMENTAL REVENUES BY SOURCE

For years ended December 31, 2009 through December 31, 2018
(modified accrual basis of accounting)
(dollars expressed in thousands)

Year	Taxes	Special Assessments ¹	Franchise Taxes	Local Sales Tax	Intergovernmental	Licenses and Permits
2009	\$ 125,834	\$ 33,887	\$ 33,720	\$ 49,444	\$ 74,089	\$ 5,892
2010	124,135	34,251	36,923	48,240	72,228	6,647
2011	124,028	33,648	36,779	54,919	64,003	6,735
2012	125,089	33,327	37,407	54,095	61,057	7,427
2013	126,106	33,669	39,283	58,519	59,823	7,468
2014	127,140	31,509	41,863	56,143	57,530	7,241
2015	128,692	29,797	44,304	57,959	70,185	7,732
2016	131,149	28,665	44,766	58,660	82,921	8,096
2017	133,426	28,991	45,563	57,683	93,656	2,857
2018	136,893	28,367	47,282	59,603	119,050	2,939

¹Includes all collections through specials, including nuisance collections.

GOVERNMENTAL EXPENDITURES BY FUNCTION

For years ended December 31, 2009 through December 31, 2018
(modified accrual basis of accounting)
(dollars expressed in thousands)

Year	General Government	Public Safety	Highways and Streets	Sanitation	Health and Welfare	Culture and Recreation
2009	\$ 32,855	\$ 117,087	\$ 20,937	\$ 4,372	\$ 35,986	\$ 31,892
2010	34,640	120,792	19,144	5,243	40,109	31,720
2011	36,588	122,930	22,450	4,264	35,379	30,793
2012	34,643	126,734	18,186	3,722	32,134	31,061
2013	36,414	129,574	16,676	3,774	31,854	30,379
2014	37,368	129,934	18,416	4,366	31,656	31,044
2015	37,601	131,496	20,301	4,977	33,035	33,391
2016	39,113	136,049	19,760	4,559	36,431	36,592
2017	38,243	136,336	20,217	4,671	35,388	37,018
2018	39,409	144,224	17,646	4,924	35,896	37,042

	Fines and Penalties	Rentals	Interest Earnings	Charges for Services and Sales	Other Revenue	Total	Year
\$	10,430	\$ 4,446	\$ 3,594	\$ 10,541	\$ 35,209	\$ 387,086	2009
	10,641	4,578	2,160	10,673	23,219	373,695	2010
	10,345	4,266	1,022	12,019	21,283	369,047	2011
	10,476	4,737	551	10,647	12,987	357,800	2012
	9,391	4,400	851	11,052	13,354	363,916	2013
	9,857	4,203	1,456	12,122	22,118	371,182	2014
	9,767	6,227	1,725	21,947	13,742	392,077	2015
	9,121	4,328	2,255	23,525	15,242	408,728	2016
	8,271	4,216	3,921	19,927	20,795	419,306	2017
	8,187	4,237	7,362	20,953	18,200	453,073	2018

	Debt Service	Capital Outlay	Total	Year
\$	98,454	\$ 122,187	\$ 463,770	2009
	108,821	83,658	444,127	2010
	72,672	82,901	407,977	2011
	85,949	109,959	442,388	2012
	82,574	108,380	439,625	2013
	68,057	76,412	397,253	2014
	70,369	91,671	422,841	2015
	67,561	93,163	433,228	2016
	73,623	118,071	463,567	2017
	67,989	134,089	481,219	2018

CITY OF WICHITA, KANSAS

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

For years ended December 31, 2009 through December 31, 2018
(dollars expressed in thousands)

Year ¹	Real Property		Personal Property		State Assessed Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2009	\$ 2,875,134	\$ 19,881,261	\$ 177,540	\$ 729,638	\$ 98,981	\$ 299,941
2010	2,904,055	20,011,382	147,887	612,183	98,206	297,594
2011	2,916,488	20,142,275	136,190	559,157	99,311	300,943
2012	2,889,209	19,908,386	125,492	518,004	96,872	293,550
2013	2,910,786	20,007,283	118,751	491,029	94,794	287,253
2014	2,963,148	20,364,338	93,990	404,245	91,126	276,140
2015	3,008,647	20,663,543	83,860	356,982	99,075	300,226
2016	3,091,273	21,259,793	76,025	324,973	102,892	311,793
2017	3,188,988	21,998,612	67,904	293,980	108,329	328,268
2018	3,301,681	22,866,442	61,731	268,000	116,034	351,619

Totals Assessed Property			Assessed Value as a Percent of Actual Value	Total Direct Tax Rate ²	Tangible Valuation of Motor Vehicles	Total Valuation for Bonded Debt Limitations
Year	Assessed Value	Estimated Actual Value				
2009	\$ 3,151,655	\$ 20,910,840	15.07%	32.142	\$ 396,701	\$ 3,548,356
2010	3,150,148	20,921,159	15.06%	32.272	387,036	3,537,184
2011	3,151,989	21,002,375	15.01%	32.359	381,608	3,533,597
2012	3,111,573	20,719,940	15.02%	32.471	385,358	3,496,931
2013	3,124,331	20,785,565	15.03%	32.509	396,435	3,520,766
2014	3,148,264	21,044,723	14.96%	32.651	404,427	3,552,691
2015	3,191,582	21,320,751	14.97%	32.686	417,145	3,608,727
2016	3,270,190	21,896,559	14.93%	32.685	428,945	3,699,135
2017	3,365,221	22,620,860	14.88%	32.667	436,201	3,801,422
2018	3,479,446	23,486,061	14.81%	32.692	443,772	3,923,218

¹The assessed value and tax rate of the referenced year supports the budget of the subsequent year. For example, the assessed value of 2015 multiplied by the tax rate supports the budget of fiscal 2016. Excludes valuation of motor vehicles.

²Direct tax rates are per \$1,000 of actual value.

Source: Sedgwick County Clerk and Sedgwick County Appraiser

CITY OF WICHITA, KANSAS

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS

For years ended December 31, 2009 through December 31, 2018

Year ¹	City of Wichita			Overlapping Rates				Total Direct & Overlapping Rates
	Operating Millage	Debt Millage	Total Millage	State Levy	Sedgwick County	Unified School District 259	Total Overlapping	
2009	23.619	8.523	32.142	1.500	29.868	56.850	88.218	120.360
2010	24.742	7.530	32.272	1.500	29.359	56.928	87.787	120.059
2011	24.839	7.520	32.359	1.500	29.428	57.018	87.946	120.305
2012	24.443	8.028	32.471	1.500	29.447	57.184	88.131	120.602
2013	24.003	8.506	32.509	1.500	29.377	57.215	88.092	120.601
2014	24.114	8.537	32.651	1.500	29.478	53.735	84.713	117.364
2015	24.177	8.509	32.686	1.500	29.383	53.278	84.161	116.847
2016	24.177	8.508	32.685	1.500	29.393	53.683	84.576	117.261
2017	24.156	8.511	32.667	1.500	29.393	53.733	84.626	117.293
2018	25.186	7.506	32.692	1.500	29.383	53.638	84.521	117.213

¹Represents the year the taxes were levied to provide support for the subsequent budget year.

Source: Sedgwick County Clerk and Sedgwick County Appraiser

CITY OF WICHITA, KANSAS

PRINCIPAL PROPERTY TAXPAYERS

For years ended December 31, 2009 and December 31, 2018
(dollars expressed in thousands)

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Kansas Gas & Electric (Westar Energy Co.)	\$ 65,408	1	1.88 %	\$ 31,801	2	1.01 %
Wesley Medical Center LLC (HCA)	27,563	2	0.79	32,769	1	1.04
Simon Property Group	24,770	3	0.71	31,132	3	0.99
Walmart/Sams	23,049	4	0.66	13,735	6	0.44
Kansas Gas Service (Division of Oneok)	20,884	5	0.60	27,004	5	0.86
BF Owner LLC	11,890	6	0.34	-	-	-
Southwestern Bell Telephone	10,677	7	0.31	28,799	4	0.91
City of Wichita	7,565	8	0.22	-	-	-
New Market I LLC	7,497	9	0.22	-	-	-
Builders, Inc	7,271	10	0.21	11,136	8	0.35
Target Corporation				12,295	7	0.39
Bradley Fair One LLC		0		10,515	9	0.33
Boeing Company		0		6,859	10	0.22
	<u>\$ 206,574</u>		<u>5.94 %</u>	<u>\$ 206,045</u>		<u>6.54 %</u>

PRINCIPAL EMPLOYERS, WICHITA AREA

For years ended December 31, 2009 and December 31, 2018

Employer	2018			2009		
	Total Full-time Wichita-area Employees	Rank	Percentage of Total City Employment	Total Full-time Wichita-area Employees	Rank	Percentage of Total City Employment
Spirit AeroSystems, Inc.	12,000	1	4.02 %	10,300	1	3.49 %
Textron Aviation	9,000	2	3.01	-	-	-
McConnell Air Force Base	6,689	3	2.24	-	-	-
USD 259 Wichita	5,516	4	1.85	5,543	3	1.88
State of Kansas	4,373	5	1.46	3,919	6	1.74
Via Christi Health	3,856	6	1.29	5,134	5	1.33
City of Wichita	3,255	7	1.09	3,000	7	1.02
Koch Industries, Inc.	3,200	8	1.07	-	-	-
U.S. Government	2,738	9	0.92	2,881	9	0.98
Sedgwick County	2,496	10	0.84	2,929	8	0.99
Cessna Aircraft Co.			-	5,994	2	2.03
Hawker Beechcraft Corp.			-	5,300	4	1.80
Boeing Aircraft Co.			-	2,500	10	0.85
Bombardier Aerospace Learjet, Inc.			-	-	-	-
Percent of total employment			<u>17.79 %</u>			<u>16.11 %</u>
Total employment	298,600			295,000		

Source: Wichita Business Journal; total employment U.S. Department of Labor, Bureau of Labor Statistics

CITY OF WICHITA, KANSAS

PROPERTY TAX LEVIES AND COLLECTIONS

GENERAL AND DEBT SERVICE FUNDS

For years ended December 31, 2009 through December 31, 2018

(dollars expressed in thousands)

Year Ended December 31 ¹	Taxes Levied	Current Year Collections		Collections in Subsequent Years	Total Tax Collections	
		Amount	Percentage Levy		Amount	Percentage of Levy
2009	\$ 100,840	\$ 95,255	94.46 %	\$ 3,598	\$ 98,853	98.03 %
2010	101,298	95,319	94.10	3,355	98,674	97.41
2011	100,319	95,890	95.59	2,847	98,737	98.42
2012	101,997	96,611	94.72	2,307	98,918	96.98
2013	101,036	96,596	95.61	2,105	98,701	97.69
2014	101,569	97,108	95.61	1,750	98,858	97.33
2015	102,796	97,403	94.75	1,182	98,585	95.90
2016	104,322	99,117	95.01	170	99,287	95.17
2017	106,691	101,733	95.35	-	101,733	95.35
2018	109,931	107,113	97.44	-	107,113	97.44

TAX INCREMENT FINANCING (TIF) AND SELF SUPPORTED MUNICIPAL IMPROVEMENT (SSMID) DISTRICTS

For years ended December 31, 2009 through December 31, 2018

(dollars expressed in thousands)

Year Ended December 31 ¹	Taxes Levied ²	Current Year Collections		Collections in Subsequent Years	Total Tax Collections	
		Amount	Percentage Levy		Amount	Percentage of Levy ²
2009	\$ 7,723	\$ 6,127	79.33 %	\$ 221	\$ 6,348	82.20 %
2010	6,797	6,372	93.75	110	6,482	95.37
2011	6,577	6,174	93.87	20	6,194	94.18
2012	6,589	5,820	88.33	179	5,999	91.05
2013	6,886	5,726	83.15	173	5,899	85.67
2014	6,297	5,921	94.03	36	5,957	94.60
2015	6,879	5,834	84.81	6	5,840	84.90
2016	6,875	5,830	84.80	133	5,963	86.73
2017	6,838	6,071	88.78	-	6,071	88.78
2018	6,948	5,566	80.11	-	5,566	80.11

SPECIAL ASSESSMENT LEVIES AND COLLECTIONS

For years ended December 31, 2009 through December 31, 2018

(dollars expressed in thousands)

Year Ended December 31 ¹	Assessments Certified to County ³	Current Year Collections		Collections in Subsequent Years	Total Tax Collections	
		Amount	Percentage of Assessment		Amount	Percentage of Assessment
2009	\$ 30,687	\$ 29,756	96.97 %	\$ 826	\$ 30,582	99.66 %
2010	33,314	30,934	92.86	2,103	33,037	99.17
2011	34,882	32,010	91.77	940	32,950	94.46
2012	33,088	29,296	88.54	1,625	30,921	93.45
2013	31,857	29,090	91.31	1,478	30,568	95.96
2014	29,982	27,839	92.85	955	28,794	96.04
2015	28,112	26,575	94.53	730	27,305	97.13
2016	26,819	25,341	94.49	294	25,635	95.59
2017	26,810	25,514	95.17	-	25,514	95.17
2018	25,439	24,528	96.42	-	24,528	96.42

¹The year shown is the year in which the collections were received. The levy or assessment is certified to the county the previous year.

²The amount reported as Taxes Levied is the estimated tax revenue from the certified budgets. Economic development tax increment financing districts collect all property taxes paid above the base year and do not have a district levy. As a result, collections may exceed the budgeted amounts.

³Special assessments of proprietary funds, advance payments and nuisance assessments are not included.

CITY OF WICHITA, KANSAS

RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING

For years ended December 31, 2009 through December 31, 2018
(dollars expressed in thousands except per capita amounts)

Fiscal Year	Estimated Actual Value of Taxable Property ²	General Obligation (G.O.) Bonds ¹	Plus G.O. Premiums (Discounts)	Less: Amounts Available in Debt Service Fund	Net General Obligation Debt	Percent of Estimated Actual Value of Taxable Property ²	Per Capita ³
2009	\$ 20,910,840	\$ 466,111	\$ 7,713	\$ 22,221	\$ 451,603	2.16 %	\$ 1,213.4
2010	20,921,159	518,189	11,800	51,730	478,259	2.29	1,249.6
2011	21,002,375	525,794	22,361	85,545	462,610	2.20	1,205.6
2012	20,719,940	558,037	26,235	114,344	469,928	2.27	1,218.2
2013	20,785,565	480,005	22,774	88,293	414,486	1.99	1,070.4
2014	21,044,723	630,375	40,129	41,315	629,189	2.99	1,619.7
2015	21,320,751	682,625	47,113	27,125	702,613	3.30	1,804.2
2016	21,896,559	622,160	46,213	21,984	646,389	2.95	1,655.1
2017	22,620,860	604,835	46,905	46,908	604,832	2.67	1,549.6
2018	23,486,061	567,965	43,519	40,390	571,094	2.43	1,467.1

¹Includes all general obligation bonded debt.

²Excludes estimated actual value of motor vehicles.

³Population figures provided on page H-27 on this section.

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GOVERNMENT EXPENDITURES

For years ended December 31, 2009 through December 31, 2018
(dollars expressed in thousands)

Fiscal Year	Principal	Interest	Debt Service ¹	Total Governmental Expenditures ²	Ratio of Debt Service to Government Expenditures
2009	\$ 44,190	\$ 17,673	\$ 61,863	\$ 463,770	13.34 %
2010	47,070	20,870	67,940	444,128	15.30
2011	50,619	18,441	69,060	407,977	16.93
2012	51,435	17,001	68,436	442,388	15.47
2013	51,322	16,594	67,916	439,625	15.45
2014	47,460	16,528	63,988	397,253	16.11
2015	51,552	18,383	69,935	422,841	16.54
2016	50,854	16,353	67,207	433,228	15.51
2017	57,305	13,789	71,094	463,567	15.34
2018	52,520	13,109	65,629	481,219	13.64

¹Includes debt service related to all governmental activities for bonded debt except for that related to a Section 108 loan.

²Includes expenditures of all governmental fund types.

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CITY OF WICHITA, KANSAS

RATIO OF NET GENERAL OBLIGATION (G.O.) BONDED DEBT EXPECTED TO BE PAID BY PROPERTY TAXES TO ASSESSED VALUE AND NET G.O. BONDED DEBT PER CAPITA

For years ended December 31, 2009 through December 31, 2018
(dollars expressed in thousands except per capita amounts)

Year	Assessed Value ¹	General Obligation Bonded Debt ²	Plus G.O. Premiums (Discounts)	Less: Amounts Available in Debt Service Fund	G.O. Debt Payable from Non-Property Tax Sources	
					Local Sales Tax	Transient Guest Tax
2009	\$ 3,548,356	\$ 466,111	\$ 7,713	\$ 22,221	\$ 119,540	\$ 3,737
2010	3,537,184	518,189	11,800	51,730	130,730	2,847
2011	3,533,597	525,794	22,361	85,545	123,455	1,956
2012	3,496,931	558,037	26,235	114,344	152,390	1,064
2013	3,520,766	480,005	22,774	88,293	122,195	167
2014	3,552,691	630,375	40,129	41,315	148,770	2,485
2015	3,608,727	682,625	47,113	27,125	131,560	2,485
2016	3,699,135	622,160	46,213	21,984	114,035	2,485
2017	3,801,422	604,835	46,905	46,098	96,275	2,480
2018	3,923,218	567,965	43,519	40,390	81,995	2,475

¹Includes assessed value and motor vehicle valuations expressed in thousands.

²Includes all long-term general obligation debt repayable from governmental and proprietary funds.

³Based on most recent population data reported on page H-27.

G.O. Debt Payable from Non-Property Tax Sources		Net G.O. Bonded Debt Expected to be Payable from Property Taxes	Ratio of Net GO Bonded Debt to Assessed Value	Net GO Bonded Debt Per Capita ³	Year
Proprietary Revenues	Special Assessments				
\$ 20,101	\$ 241,420	\$ 66,805	0.019	\$ 179.49	2009
26,723	255,270	62,689	0.018	163.80	2010
41,036	269,630	26,533	0.008	69.15	2011
49,005	254,955	12,514	0.004	32.44	2012
44,834	216,625	30,665	0.009	79.19	2013
196,082	192,575	89,277	0.025	229.82	2014
287,880	181,733	98,955	0.027	254.10	2015
276,622	167,574	85,673	0.023	219.37	2016
284,853	172,707	49,327	0.013	126.38	2017
273,916	164,381	48,327	0.012	124.15	2018

CITY OF WICHITA, KANSAS

RATIOS OF OUTSTANDING DEBT BY TYPE

For years ended December 31, 2009 through December 31, 2018
(dollars expressed in thousands, except per capita amounts)

Fiscal Year	Proprietary Activities					Governmental Activities	
	Water Utility Bonds	Sewer Utility Bonds	Airport Authority Bonds	General Obligation Bonds	Bond Anticipation Notes	General Obligation Bonds	Local Sales Tax Revenue Bonds
2009	\$ 250,093	\$ 181,090	\$ 63,150	\$ 20,100	\$ -	\$ 453,725	\$ -
2010	266,444	195,165	62,700	26,723	12,624	503,266	-
2011	250,350	181,970	62,020	41,036	10,245	507,119	-
2012	243,497	181,249	11,370	49,005	-	535,267	-
2013	239,883	181,879	11,310	44,834	7,933	457,945	-
2014	231,195	180,231	11,330	196,082	96,565	474,391	1,635
2015	234,609	181,503	5,460	287,881	-	441,858	1,698
2016	238,517	186,735	5,460	276,622	-	391,751	1,471
2017	239,815	229,615	5,460	284,852	-	366,887	3,045
2018	224,790	214,325	5,460	273,916	-	337,567	4,577

Fiscal Year	Governmental Activities			Total Debt Primary Government	Total Debt Per Capita ¹	Total Debt as a Percent of Per Capita Income	
	HUD Section 108 Loan	Capital Lease Debt	Bond Anticipation Notes				
2009	\$ 1,285	\$ 1,178	\$ 39,501	\$ 1,010,122	\$ 2,714	6.96	%
2010	990	851	1,813	1,070,576	2,797	7.25	
2011	680	510	14,158	1,068,088	2,783	6.45	
2012	350	153	10,465	1,031,356	2,674	5.87	
2013	-	435	3,465	947,684	2,447	5.30	
2014	-	341	-	1,191,770	3,068	6.34	
2015	-	272	-	1,153,281	2,961	6.28	
2016	-	171	-	1,100,727	2,818	6.04	
2017	-	64	-	1,129,738	2,894	6.07	
2018	-	-	-	1,060,635	2,725	5.71	

Fiscal Year	Component Unit
	Wichita Public Building Commission
2009	\$ 21,805
2010	16,705
2011	14,010
2012	11,220
2013	1,595
2014	-
2015	-
2016	-
2017	-
2018	-

¹Expressed in dollars. Population figures are presented on page H-27 of this section.

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CITY OF WICHITA, KANSAS

LEGAL DEBT MARGIN INFORMATION

For years ended December 31, 2009 through December 31, 2018
(dollars expressed in thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt limit	\$ 1,064,507	\$ 1,061,156	\$ 1,060,079	\$ 1,049,079	\$ 1,056,230
Total net debt applicable to limit	<u>221,768</u>	<u>226,525</u>	<u>197,552</u>	<u>169,407</u>	<u>137,511</u>
Legal debt margin	<u>\$ 842,739</u>	<u>\$ 834,631</u>	<u>\$ 862,527</u>	<u>\$ 879,672</u>	<u>\$ 918,719</u>
Total net debt applicable to limit as a percentage of debt limit	20.83%	21.35%	18.64%	16.15%	13.02%

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 1,065,807	\$ 1,082,618	\$ 1,109,740	\$ 1,140,427	\$ 1,176,965
244,903	320,290	323,362	306,658	322,923
<u>\$ 820,904</u>	<u>\$ 762,328</u>	<u>\$ 786,378</u>	<u>\$ 833,769</u>	<u>\$ 854,042</u>
22.98%	29.58%	29.14%	26.89%	27.44%
Total debt				\$ 1,093,567
2018 Equalized assessed valuation of taxable tangible property				\$ 3,479,446
Add: 2018 Estimated tangible valuation of motor vehicles				<u>443,772</u>
Total assessed value				\$ 3,923,218
Debt limit (30% of equalized assessed value)				\$ 1,176,965
Debt applicable to limit:				
General obligation bonds and temporary notes				\$ 363,313
Less: Amount set aside for repayment of general obligation debt				<u>40,390</u>
Total net debt applicable to limit				\$ 322,923
Legal debt margin				<u>\$ 854,042</u>

CITY OF WICHITA, KANSAS

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

For years ended December 31, 2016 through December 31, 2018

	December 31, 2016		December 31, 2017		December 31, 2018	
	Percent of Debt Applicable to City	City of Wichita Share of Debt	Percent of Debt Applicable to City	City of Wichita Share of Debt	Percent of Debt Applicable to City	City of Wichita Share of Debt
Direct Debt:						
General obligation bonded debt, payable from:						
Ad valorem taxes		\$ 58,251,131		\$ 47,632,851		\$ 45,951,756
Special assessments		167,574,036		172,706,820		164,380,962
Tax increment financing		20,751,857		18,022,371		15,229,115
Transient guest taxes		2,485,000		2,480,000		2,475,000
Local sales tax		115,532,150		96,275,000		81,995,000
Premiums (discounts)		28,627,760		29,770,288		27,535,515
Capital lease		170,723		64,219		-
Total direct debt		393,392,657		366,951,549		337,567,348
Overlapping debt:						
Sedgwick County	81.6%	154,848,240	81.3%	142,035,165	80.8%	119,127,480
USD 259	59.0%	235,926,250	58.5%	216,373,950	57.8%	198,230,880
Total overlapping debt		390,774,490		358,409,115		317,358,360
Total direct and overlapping debt		\$ 784,167,147		\$ 725,360,664		\$ 654,925,708

Note: Percentage of overlapping debt based on assessed valuation.

CITY OF WICHITA, KANSAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

For years 2009 through 2018

Fiscal Year	Population of Wichita	Population of Wichita MSA ¹	Personal Income of Wichita MSA (amounts expressed in thousands) ²	Per Capita Personal Income ²
2009	372,186	612,683	\$ 24,472,200	39,017
2010	382,726	631,746	24,384,200	38,595
2011	383,729	633,179	27,335,200	43,176
2012	385,753	636,019	28,960,000	45,533
2013	387,240	638,248	29,447,300	46,143
2014	388,465	640,604	30,988,200	48,387
2015	389,437	642,257	30,295,600	47,132
2016	390,549	645,129	30,103,400	46,695
2017	390,307	644,949	30,801,300	47,708
2018	389,255	644,888	30,801,300	47,708

Fiscal Year	Median Age ²	School Enrollment	Average Annual Unemployment Rates	
			City of Wichita	Wichita MSA
2009	34.3	49,658	9.1%	8.2%
2010	33.9	50,033	9.5%	8.6%
2011	34.3	50,103	8.6%	7.7%
2012	35.1	50,639	7.4%	6.7%
2013	34.0	51,169	6.4%	6.0%
2014	34.0	51,330	5.6%	5.2%
2015	34.6	51,133	5.0%	4.6%
2016	34.7	50,566	5.0%	4.6%
2017	35.9	50,416	4.4%	4.2%
2018	35.9	49,953	3.9%	3.7%

Data provided by the Center of Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University, as provided at time of publishing. The statistical information may reflect revisions made to data originally reported.

¹ Wichita Metropolitan Statistical Area

² Current year Information is not available at time of publishing, thus prior year numbers are repeated in the current year.

CITY OF WICHITA, KANSAS

PLEDGED REVENUE COVERAGE

For years ended December 31, 2009 through December 31, 2018
(dollars expressed in thousands)

Water Revenue Bonds						
Fiscal Year	Gross Earnings	Less: Operating and Maintenance Expense	Net Revenue Available for Debt Service	Principal	Interest	Coverage
2009	\$ 55,251	\$ 23,938	\$ 31,313	\$ 9,321	\$ 8,273	1.78
2010	72,632	21,965	50,667	11,024	12,813	2.13
2011	81,368	29,136	52,232	13,119	12,337	2.05
2012	83,737	31,246	52,491	14,087	11,127	2.08
2013	69,355	32,522	36,833	13,546	11,274	1.48
2014	80,476	29,182	51,294	13,166	10,746	2.15
2015	82,604	28,982	53,622	12,759	10,289	2.33
2016	83,383	32,030	51,353	15,427	10,120	2.01
2017	87,683	31,588	56,095	12,859	8,975	2.57
2018	93,096	29,710	63,386	14,088	8,768	2.77

Sewer Revenue Bonds						
Fiscal Year	Gross Earnings	Less: Operating and Maintenance Expense	Net Revenue Available for Debt Service	Principal	Interest	Coverage
2009	\$ 36,295	\$ 20,247	\$ 16,048	\$ 6,613	\$ 6,664	1.21
2010	38,545	20,563	17,982	7,450	9,274	1.08
2011	45,304	21,682	23,622	9,424	9,665	1.24
2012	47,713	22,509	25,204	10,712	7,670	1.37
2013	52,074	23,389	28,685	10,290	8,333	1.54
2014	53,402	23,314	30,088	9,324	7,958	1.74
2015	55,882	22,217	33,665	8,762	7,817	2.03
2016	57,355	25,004	32,351	10,478	7,915	1.76
2017	60,865	25,041	35,824	11,815	8,220	1.79
2018	66,193	26,632	39,561	14,167	8,646	1.73

Combined Water and Sewer Revenue Bonds						
Fiscal Year	Gross Earnings	Less: Operating and Maintenance Expense	Net Revenue Available for Debt Service	Principal	Interest	Coverage
2009	\$ 91,546	\$ 44,185	\$ 47,361	\$ 15,934	\$ 14,937	1.53
2010	111,177	42,528	68,649	18,474	22,087	1.69
2011	126,672	50,818	75,854	22,543	22,002	1.70
2012	131,450	53,755	77,695	24,799	18,797	1.78
2013	121,429	55,911	65,518	23,836	19,607	1.51
2014	133,878	52,496	81,382	22,490	18,704	1.98
2015	138,486	51,199	87,287	21,521	18,106	2.20
2016	140,738	57,034	83,704	25,905	18,035	1.90
2017	148,548	56,629	91,919	24,674	17,195	2.20
2018	159,289	56,342	102,947	28,255	17,414	2.25

Note: The covenants of the revenue bonds require the combined Utilities to produce net revenues for the debt service of the Utilities' revenue bonds of not less than 120% of the current year's debt service requirements.

CITY OF WICHITA, KANSAS

CAPITAL ASSET STATISTICS BY FUNCTION

For years ended December 31, 2009 through December 31, 2018

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police stations	4	4	4	4	4	4	4	4	4	4
Police patrol units	175	175	173	183	175	171	180	175	174	197
Fire stations	22	22	22	22	22	22	22	22	22	22
Highways and Streets										
Streets (miles)	1,882	1,884	1,898	1,902	1,904	1,906	1,909	1,921	1,917	1,924
Signalized intersections	562	562	584	585	584	592	594	601	604	608
Culture and Recreation										
Parks acreage	4,892	4,892	4,886	4,903	4,905	4,904	4,996	5,008	5,004	5,004
Swimming pools	11	11	11	9	9	9	9	9	8	7
Interactive water features	6	6	5	5	5	5	5	5	5	6
Fishing ponds	13	13	13	13	13	13	13	13	12	12
Tennis courts	75	73	75	75	77	77	73	77	76	76
Exercise/fitness trails	16	16	13	13	13	13	14	14	14	14
Children's playgrounds	82	83	79	79	81	81	80	81	83	84
Community centers	10	10	9	9	9	9	9	9	9	7
Golf courses	5	5	5	5	5	5	5	5	5	5
Libraries	9	9	9	9	9	9	8	8	8	7
Water										
Water mains (miles)	2,314	2,357	2,361	2,387	2,407	2,422	2,416	2,413	2,383	2,487
Maximum daily capacity (million gallons per day) ¹	125	125	125	125	125	125	125	125	125	125
Sewer										
Sanitary sewers (miles) ²	2,013	2,134	2,134	2,016	2,016	2,022	2,030	2,033	2,046	2,185
Storm sewers (miles)	420	750	750	750	925	925	1,091	1,395	1,459	1,481
Maximum daily treatment capacity (million gallons per day)	62	62	62	62	62	62	62	62	62	65
Airport	2	2	2	2	2	2	2	2	2	2
Transit										
Bus fleet	53	53	55	54	56	56	52	53	55	55
Para-transit vans	24	24	24	24	24	22	25	24	24	27

¹ Estimated daily average

² Miles of sanitary sewers are estimates

Source: City of Wichita Operating Departments

CITY OF WICHITA, KANSAS

OPERATING INDICATORS BY FUNCTION

For years ended December 31, 2009 through December 31, 2018

Function	Fiscal Year				
	2009	2010	2011	2012	2013
<u>Public Safety</u>					
Police:					
Dispatched calls for 911 service	238,766	286,507	226,047	227,787	231,290
Parking violations	22,011	21,234	17,105	14,917	14,276
Traffic violations	77,589	72,303	72,983	64,437	54,820
Fire:					
Number of unit responses	69,332	69,680	72,226	73,389	73,184
Fires contained to room of origin	73%	64%	62%	71%	72%
Inspections ³	4,092	4,187	4,731	12,969	15,225
<u>Highways and Streets</u>					
Street resurfacing (miles)	11	11	14	22	14
Potholes repaired	51,241	70,306	54,075	47,851	54,661
<u>Culture and Recreation</u>					
Golf rounds played	172,096	161,179	158,124	178,886	155,460
Trees planted	2,090	1,624	702	1,944	291
Swim lessons	1,379	1,377	1,721	1,531	1,394
Botanica visitors	97,390	105,881	145,105	166,390	154,509
Convention & Performance Center: ¹					
Conventions	18	29	30	29	26
Consumer shows	na	29	27	33	30
Performances	na	65	67	63	52
Other events	na	173	210	207	171
Library circulation	2,237,881	2,284,698	2,304,924	2,218,997	2,137,656
Library program attendance	70,030	70,528	68,507	71,714	62,291
<u>Water</u>					
Water customers ²	142,196	144,529	144,710	144,190	144,261
Main breaks	165	242	339	340	233
(per 1,000 miles of mains)					
Average daily consumption	54	57	61	60	51
(million gallons per day)					
<u>Sewer (wastewater)</u>					
Sewer customers ²	133,799	134,508	134,534	134,491	133,952
Average daily sewage treated	37	36	27	29	38
(million gallons per day)					
<u>Airport</u>					
Number of passengers	1,505,607	1,549,395	1,536,354	1,509,206	1,512,507
Passenger enplanements	746,283	772,608	764,622	752,108	757,401
Number of daily flights	41	38	35	33	34
<u>Transit</u>					
Bus rides	2,170,346	2,210,177	2,073,725	1,940,461	1,851,654
Para-transit van rides	342,500	352,043	343,138	309,872	301,465

¹ Convention and Performance Center event records not available in earliest years.

² Water and Sewer customers estimated.

³ Fire Department increased enforcement efforts related code administration inspections beginning in 2012.

Source: City of Wichita Operating Departments

Function	2014	2015	2016	2017	2018
<u>Public Safety</u>					
Police:					
Dispatched calls for 911 service	218,614	218,160	221,529	219,955	211,781
Parking violations	16,012	16,372	12,156	9,369	7,423
Traffic violations	58,824	53,184	48,170	37,531	38,178
Fire:					
Number of unit responses	76,539	76,962	76,328	78,160	68,072
Fires contained to room of origin	69%	76%	64%	65%	58%
Inspections ³	7,342	7,873	9,320	7,508	6,657
<u>Highways and Streets</u>					
Street resurfacing (miles)	22	22	12	16	30
Potholes repaired	56,558	73,275	66,488	78,333	68,695
<u>Culture and Recreation</u>					
Golf rounds played	155,611	166,536	157,572	151,716	138,443
Trees planted	909	1,422	1,647	1,825	1,682
Swim lessons	1,433	1,126	1,073	1,321	1,216
Botanica visitors	206,193	220,041	220,716	231,542	217,925
Convention & Performance Center: ¹					
Conventions	28	27	23	25	24
Consumer shows	30	33	35	36	36
Performances	66	57	60	54	55
Other events	139	324	265	195	175
Library circulation	2,102,505	2,104,230	1,983,642	1,942,851	2,125,915
Library program attendance	56,944	70,035	66,915	74,748	71,031
<u>Water</u>					
Water customers ²	144,106	146,717	147,876	152,758	152,825
Main breaks	214	296	371	391	193
(per 1,000 miles of mains)					
Average daily consumption	52	50	50	50	50
(million gallons per day)					
<u>Sewer (wastewater)</u>					
Sewer customers ²	136,019	137,058	138,126	138,189	139,154
Average daily sewage treated	37	35	35	34	32
(million gallons per day)					
<u>Airport</u>					
Number of passengers	1,533,669	1,571,348	1,602,311	1,620,240	1,665,116
Passenger enplanements	763,597	782,725	798,804	810,246	832,831
Number of daily flights	34	34	32	33	34
<u>Transit</u>					
Bus rides	1,864,279	1,886,495	1,233,899	1,262,552	1,411,363
Para-transit van rides	260,906	237,441	69,191	71,713	81,032

¹ Convention and Performance Center event records not available in earliest years.

² Water and Sewer customers estimated.

³ Fire Department increased enforcement efforts related code administration inspections beginning in 2012.

Source: City of Wichita Operating Departments

CITY OF WICHITA, KANSAS

CITY GOVERNMENT EMPLOYEES BY FUNCTION

For years ended December 31, 2009 through December 31, 2018

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government										
City council and city manager	15	15	15	15	15	15	20	21	21	22
General government	25	24	23	36	24	19	22	21	17	41
Economic development	9	8	2	4	4	4	3	4	4	4
Financial services	73	71	71	70	68	67	68	68	73	72
Legal services	26	26	26	27	26	26	26	27	27	27
Building services	111	111	69	92	95	101	101	101	100	100
Fleet services	60	60	54	54	55	57	57	57	57	57
Municipal court	116	116	113	120	116	116	115	115	115	115
Information technology	59	56	56	56	56	57	59	59	59	57
Metropolitan planning	31	31	29	28	28	18	18	17	13	17
Human resources	18	18	17	17	17	17	17	19	14	15
Public Safety										
Police	860	834	846	854	843	840	838	846	845	842
Fire	436	438	437	453	453	452	453	453	453	453
Metropolitan area building and construction	83	101	78	78	63	53	50	49	47	43
Flood control	18	18	18	18	18	18	18	18	18	18
Highways and Streets										
Administration	5	5	56	43	9	9	9	9	9	9
Street maintenance	123	123	119	119	121	121	121	121	121	121
Engineering and architecture	102	102	105	104	93	88	88	87	87	87
Sanitation										
Landfill operations	2	2	2	3	3	3	3	12	12	12
Street cleaning	26	26	26	24	24	24	24	24	24	24
Health and Welfare										
Housing and community services	90	91	90	89	88	82	82	81	81	81
Environmental services	68	49	31	30	36	29	29	29	28	28
Culture and Recreation										
Libraries	155	155	155	151	149	139	138	135	134	148
Art museum	26	26	26	26	26	26	22	18	13	13
Parks and recreation	185	121	139	122	158	124	129	140	136	136
Golf courses	38	33	33	33	33	33	33	33	33	33
Community facilities	58	51	51	51	51	52	49	46	50	50
Water Utility	230	228	193	186	214	214	215	207	208	189
Sewer Utility	163	161	155	155	154	154	154	154	154	154
Airport Authority	115	115	119	126	118	134	136	136	140	140
Stormwater Utility	38	38	37	37	38	39	39	39	39	39
Transit	131	154	135	135	135	139	138	136	145	145
Total	<u>3,495</u>	<u>3,407</u>	<u>3,326</u>	<u>3,356</u>	<u>3,331</u>	<u>3,270</u>	<u>3,274</u>	<u>3,282</u>	<u>3,277</u>	<u>3,292</u>

Note: Numbers presented are authorized positions as reported in the Adopted Budget.

SINGLE AUDIT SECTION

The Single Audit Section contains reports of the Independent Auditor's, schedules and exhibits reflecting Federal, State and local matching participation in various projects and programs of the City.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
City of Wichita, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Wichita, Kansas (City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

June 28, 2019
Wichita, Kansas

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND FOR THE
PASSENGER FACILITY CHARGE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
City of Wichita, Kansas

Report on Compliance for Each Major Federal Program and for the Passenger Facility Charge Program

We have audited City of Wichita, Kansas' (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (Guide) for the City's passenger facility charge program for the year ended December 31, 2018. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs and to its passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and its passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Guide. Those standards, the Uniform Guidance and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and the passenger facility charge program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program and the Passenger Facility Charge Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its passenger facility charge program for the year ended December 31, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002. Our opinion on each major federal program and the passenger facility charge program are not modified with respect to this matter.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and the passenger facility charge program, and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002, that we consider to be a significant deficiencies.

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the Guide. Accordingly, this report is not suitable for any other purpose.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

June 28, 2019
Wichita, KS

CITY OF WICHITA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended December 31, 2018

Federal Grant or Program Title	Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Defense</u>					
<i>Passed Through Wichita State University:</i>					
Procurement Technical Assistance for Business Firms		12.002	SP480017217650002	\$ -	\$ 518
Total U.S. Department of Defense				-	518
<u>U.S. Department of Housing and Urban Development</u>					
<i>Direct Funding:</i>					
Community Development Block Grants/Entitlement Grants	1	14.218		608,153	2,543,593
Emergency Shelter Grants Program		14.231		411,562	571,362
HOME Investment Partnerships Program		14.239		-	1,230,463
Public and Indian Housing		14.850		-	1,670,211
Resident Opportunity and Supportive Services		14.870		57,168	45,187
Section 8 Housing Choice Vouchers	2	14.871		-	16,280,513
Public Housing Capital Fund		14.872		-	559,267
Mainstream Vouchers	2	14.879		-	291,871
Family Self-Sufficiency Program		14.896		-	179,044
Total U.S. Department of Housing and Urban Development				1,076,883	23,371,511
<u>U. S. Department of the Interior</u>					
<i>Passed Through Kansas Historical Society:</i>					
Historic Preservation Fund Grants-In-Aid		15.904	P14AS00012-006	-	(1,245)
Total U.S. Department of the Interior				-	(1,245)
<u>U.S. Department of Justice</u>					
<i>Direct Funding:</i>					
Adult Drug Court Discretionary Grant		16.585		-	8,261
Public Safety Partnership and Community Policing Grants		16.710		-	260,695
Equitable Sharing Program		16.922		-	81,442
<i>Passed Through Sedgwick County:</i>					
Missing Children's Assistance		16.543	2016-MC-FX-K005	-	121,798
Edward Byrne Memorial Justice Assistance Grant Program		16.738	2015-H2722-KS-DJ	-	422
Edward Byrne Memorial Justice Assistance Grant Program		16.738	2016-H3013-KS-DJ	-	38,795
Edward Byrne Memorial Justice Assistance Grant Program		16.738	2017-H2273-KS-DJ	-	61,436
Edward Byrne Memorial Justice Assistance Grant Program		16.738	2018-H3031-KS-DJ	-	55,632
<i>Passed Through Kansas Governor's Grant Program:</i>					
Crime Victim Assistance		16.575	16-VOCA-43	-	(306)
Crime Victim Assistance		16.575	18-VOCA-45	-	70,481
Crime Victim Assistance		16.575	18-VOCA-44	-	115,670
Crime Victim Assistance		16.575	19-VOCA-46	-	23,510
Crime Victim Assistance		16.575	19-VOCA-45	-	29,210
Total U.S. Department of Justice				-	867,046
<u>U.S. Department of Transportation</u>					
<i>Direct Funding:</i>					
Federal Transit - Formula Grants	3	20.507		90,013	4,530,308
Bus and Bus Facilities Formula Program	3	20.526		-	743,478
Bus and Bus Facilities Formula Program	3	20.526		-	225,319
Bus and Bus Facilities Formula Program	3	20.526		-	7,469
Bus and Bus Facilities Formula Program	3	20.526		-	599,950
Bus and Bus Facilities Formula Program	3	20.526		-	3,400
<i>Passed Through Kansas Department of Transportation:</i>					
Highway Planning and Construction	4	20.205	N-0597-01	-	63,913
Highway Planning and Construction	4	20.205	N-0613-01	-	1,698
Highway Planning and Construction	4	20.205	N-0615-01	-	1,437,243
Highway Planning and Construction	4	20.205	N-0614-01	-	1,982,693
Highway Planning and Construction	4	20.205	N-0616-01	-	1,545,157
Highway Planning and Construction	4	20.205	N-0639-01	-	218,893
Highway Planning and Construction	4	20.205	N-0582-01	-	1,714
Highway Planning and Construction	4	20.205	U-0407-01	-	31,079
Highway Planning and Construction	4	20.205	N-0673-01	-	355,691
Highway Planning and Construction	4	20.205	N-0519-01	-	4,087
Highway Planning and Construction	4	20.205	N-0611-01	-	24,492
Highway Planning and Construction	4	20.205	KA-2382-01	-	14,956,348
State and Community Highway Safety	5	20.600	PT-1701-17	-	240,046
State and Community Highway Safety	5	20.600	SP-1602-18	-	32,456
State and Community Highway Safety	5	20.600	SP-1704-17	-	45
State and Community Highway Safety	5	20.600	SP-4704-18	-	74,364
State and Community Highway Safety	5	20.600	PT-1049-19	-	5,874
National Priority Safety Programs	5	20.616	SP-4505-18	-	2,263
National Priority Safety Programs	5	20.616	SP-4704-18	-	10,102
Total U.S. Department of Transportation				90,013	27,098,082

CITY OF WICHITA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

For the year ended December 31, 2018

Federal Grant or Program Title	Cluster	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Environmental Protection Agency</u>					
<i>Passed Through Kansas Department of Health and Environment:</i>					
Air Pollution Control Program Support		66.001		\$ -	\$ 99,251
Surveys, Studies, Research Clean Air Act		66.034	97754601	-	8,012
Surveys, Studies, Research Clean Air Act		66.034	97754601	-	17,646
Nonpoint Source Implementation Grants		66.460	C900740522	-	8,000
Total U.S. Environmental Protection Agency				-	132,909
<u>U.S. Department of Health and Human Services</u>					
<i>Passed Through Kansas Housing Resources Corporation:</i>					
Community Services Block Grant		93.569	17-CSBG-01	127,642	720,743
Community Services Block Grant		93.569	17 DISC 01A	-	25,477
Community Services Block Grant		93.569	18-CSBG-01	-	192,002
<i>Passed Through Kansas Department of Health and Environment:</i>					
Child Care and Development Block Grant	6	93.575	3028-2643450G	-	115,792
Child Care and Development Block Grant	6	93.575	3028-2643450H	-	67,042
Total U.S. Department of Health and Human Services				127,642	1,121,056
<u>Executive Office of the President</u>					
<i>Passed Through Kansas Bureau of Investigation:</i>					
High Intensity Drug Trafficking Areas Program		95.001	G16MW0003A	-	9,956
High Intensity Drug Trafficking Areas Program		95.001	G17MW0003A	-	24,015
Total Executive Office of the President				-	33,971
<u>U.S. Department of Homeland Security</u>					
<i>Direct Funding:</i>					
Assistance to Firefighters Grant		97.044		-	127,077
Staffing for Adequate Fire and Emergency Response		97.083		-	421,382
Total U.S. Department of Homeland Security				-	548,459
Total revenue and expenditures of federal awards				\$ 1,294,538	\$ 53,172,307

(1) CDBG-Entitlement Grants Cluster	\$ 2,543,593
(2) Housing Voucher Cluster	\$ 16,572,384
(3) Federal Transit Cluster	\$ 6,109,924
(4) Highway Planning and Construction Cluster	\$ 20,623,008
(5) Highway Safety Cluster	\$ 365,150
(6) Child Care and Development Fund (CCDF) Cluster	\$ 182,834

1. BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City of Wichita and is presented on the modified accrual basis of accounting. The information in the SEFA is presented in accordance with the Uniform Guidance in 2 CFR Section 200. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. INDIRECT COST RATE

The City has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

3. FEDERAL FORFEITED PROPERTY PROGRAM

In 2018, the Narcotic Seizure program acquired \$296,301 in federal forfeited property and expended \$85,129 on the qualified program expenditures.

4. COMMUNITY SERVICES BLOCK GRANT

The Community Services Block Grant (CSBG) is passed to the City of Wichita through the Kansas Housing Resources Corporation. Expenditures for the grant program years ending September 30, 2018 and September 30, 2019 are summarized in the following tables.

CSBG Grant Program Year Ended September 30, 2018					
	Budget	Actual			Variance
	Apr 1, 2016 to Sept 30, 2017	Apr 1, 2017 to Dec 31, 2017	Jan 1, 2018 to Sept 30, 2018	Total	
Revenue	\$ 936,414	\$ 208,642	\$ 727,772	\$ 936,414	\$ -
Expenditures:					
Personnel	\$ 549,637	\$ 144,988	\$ 424,270	\$ 569,258	\$ (19,621)
Contractual	318,464	64,245	240,482	304,727	13,737
Commodities	18,313	6,438	8,996	15,434	2,879
Other	50,000	-	46,995	46,995	3,005
Total expenditures	\$ 936,414	\$ 215,671	\$ 720,743	\$ 936,414	\$ -

CSBG Grant Program Year Ending September 30, 2019		
	Budget	Actual
	Apr 1, 2018 to Sept 30, 2019	Apr 1, 2018 to Dec 31, 2018
Revenue	\$ 892,414	\$ 312,472
Expenditures:		
Personnel	\$ 563,846	\$ 151,394
Contractual	312,273	35,327
Commodities	16,295	5,281
Total expenditures	\$ 892,414	\$ 192,002

5. PASSENGER FACILITY CHARGES

The accompanying schedule of Passenger Facility Charges is presented on the cash basis of accounting. The information in the schedule is presented in accordance with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies. Therefore, some amounts presented in the schedule may differ from amounts included or used in the preparation of the basic financial statements.

Wichita Airport Authority Passenger Facility Charges (PFC)				
Approved Application Project Number	Unliquidated PFC Beginning Balance	PFC Collected	PFC Expended	Unliquidated PFC Ending Balance
96-02-C-00-ICT	\$	\$	\$ -	\$ 1,247,191
98-03-C-00-ICT	2,180,053	-	-	2,180,053
03-04-C-00-ICT	7,444,058	-	-	7,444,058
07-05-C-00-ICT	1,210,332	-	-	1,210,332
08-06-C-00-ICT	143,220	-	-	143,220
10-07-C-00-ICT	(2,824,106)	3,676,738	-	852,632
Total	<u>\$ 9,400,748</u>	<u>\$ 3,676,738</u>	<u>\$ -</u>	<u>\$ 13,077,486</u>

CITY OF WICHITA, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2018

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes X No
- Significant deficiencies identified? Yes X none reported
- Noncompliance material to financial statements noted? Yes X No

FEDERAL AWARDS

Internal control over major federal programs:

- Material weaknesses identified? Yes X No
- Significant deficiencies identified? X Yes none reported

Type of auditor's report issued on compliance for major federal programs: See below

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>	<u>OPINION</u>
14.218	Community Development Block Grants Cluster (CDBG)	Unmodified
14.871/14.879	Housing Voucher Cluster	Unmodified
20.205	Highway Planning and Construction Cluster	Unmodified
93.569	Community Services Block Grant (CSBG)	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$ 1,595,169

Auditee qualified as low-risk auditee? X Yes No

CITY OF WICHITA, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

CITY OF WICHITA, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2018

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2018-001 (Significant Deficiency):

CFDA #14.871/#14.879: Housing Voucher Cluster, U.S. Department of Housing and Urban Development, all open grant awards

Criteria: Under 24 CFR 982 Section 201, the Public Housing Agency (PHA) may admit only eligible families to the program. To be eligible, an applicant must be a “family;” must be income-eligible in accordance with paragraph (b) of 24 CFR 982 Section 201 and 24 CFR part 5, subpart F; and must be a citizen or a noncitizen who has eligible immigration status as determined in accordance with 24 CFR part 5, subpart E.

Condition: Two participant incomes were over the low income limits (50% of area median income) based on the Federal Adjusted Income Limits for the area median income for Wichita, KS.

Questioned Costs: None were noted.

Context: Out of sixty participants selected for testing for eligibility, two participants were over the 50% income limits for their family size. These participants were part of 3,105 new leases drawn from the wait list in August of 2018. The City did a further review and identified one other participant from the August 2018 draw on the wait list that was also not eligible.

The sample size was determined based upon guidelines provided by the AICPA which was not a statistically valid sample.

Cause: The City employee responsible for registering new participants in August was newly hired to the Housing Department in July of 2018 and was not fully trained on all aspects of income verification. When the participants applied to the wait list, their income was within allowed thresholds to receive benefits; however, at the time of the August 2018 draw on the wait list, these participants’ income had increased and the City did not re-verify the participants’ income level.

Effect: Failure to train new employees in the Housing Department to review income at the time of registering new participants to the Section 8 program may allow individuals to participate that are not eligible.

Recommendations: We recommend the City implement controls to ensure all new participants in the Section 8 program meet the income limits at the time of registration and to provide training to new employees to review income eligibility during the registration process.

Views of Responsible Officials / Planned Corrective Actions (Unaudited): Potential Section 8 participants are selected from the waitlist and invited to complete a formal application for services when vouchers are being issued. This process includes an eligibility determination and income verification. The characteristics of potential participants could change, such as household size, income level, etc., between the time participants are deemed eligible for the program, issued vouchers and locate housing units for lease-up. As a result, income re-verification should occur prior to lease-up to ensure potential participants remain eligible for the program.

CITY OF WICHITA, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2018

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2018-001 (Significant Deficiency) (Continued):

CFDA #14.871/#14.879: Housing Voucher Cluster, U.S. Department of Housing and Urban Development, all open grant awards

New Section 8 program employees are currently trained on the importance of eligibility determination and income verification at the various stages of the process. Refresher training will also be provided in the future to all program staff, prior to waitlist draws, to ensure staff is knowledgeable about the requirements and processes for eligibility determination and income verification. Additionally, a new Lease-Up Checklist has been developed for use outlining the critical steps in that stage of the process, including income verification, requiring staff notation to signify all steps have been appropriately completed.

Of the participants noted in the finding, one has terminated from the program for being on full rent for six months and the other remains a current participant with income meeting the income-eligible criteria.

CITY OF WICHITA, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2018

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2018-002 (Significant Deficiency):

CFDA #14.871/#14.879: Housing Voucher Cluster, U.S. Department of Housing and Urban Development, all open grant awards

Criteria: Under 24 CFR 982 Section 517(c)(1), the PHA must review its schedule of utility allowances each year, and must review its allowance for a utility category if there has been a change of 10 percent or more in the utility rate since the last time the utility allowance schedule was revised. The PHA must maintain information supporting its annual review of utility allowances and any revisions made in its utility allowance schedule.

Under 24 CFR 982 Section 517(d), the PHA must use the appropriate utility allowance for the lesser of the size of dwelling unit actually leased by the family or the family unit size as determined under the PHA subsidy standards. In cases where the unit size leased exceeds the family unit size as determined under the PHA subsidy standards as a result of a reasonable accommodation, the PHA must use the appropriate utility allowance for the size of the dwelling unit actually leased by the family.

Condition: The trash utility allowance had changed more than 10% since the last revision and was not appropriately adjusted. In addition, four participants' utility allowance calculation was miscalculated.

Questioned Costs: None were noted.

Context: The trash utility calculation changed 15% in 2018 from the last revision that occurred in 2010 and the rate was not revised.

Out of sixty participants selected for testing for eligibility, four participants' utility allowance was miscalculated due to the number of bedrooms being entered incorrectly into the City's system.

The sample size was determined based upon guidelines provided by the AICPA which was not a statistically valid sample.

Cause: The Housing Department completes an annual review of the utility allowance schedule; however, the trash services rate used in the review did not match support for current trash services rates.

Review of the utility allowance is automatically calculated based on the information that the Housing Department enters for each participant and this information was not properly being reviewed.

Effect: Failure to obtain proper support for the annual review of the utility allowance schedule could lead to not properly revising the utility allowance schedule annually.

Not properly reviewing data entry into the City's system may allow for participants to receive an incorrect amount of utility allowance payments.

CITY OF WICHITA, KANSAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2018

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

Finding 2018-002 (Significant Deficiency) (Continued):

CFDA #14.871/#14.879: Housing Voucher Cluster, U.S. Department of Housing and Urban Development, all open grant awards

Recommendations: We recommend the City implement controls to ensure proper review of the annual utility allowance schedule back to supporting documentation and proper review of participant information entered it into the City's system that calculates the utility allowance payments.

Views of Responsible Officials / Planned Corrective Actions (Unaudited): Research was conducted for the 2018 annual review of utility allowances and provided to the Housing Manager but unable to be located when requested as most information for trash service costs was obtained via telephone rather than in written form. Trash rates for 2018 were re-confirmed with three of the primary service providers in the area, noting an average rate of \$58.33 per quarter. Based on this information, the \$60 trash allowance would not have been modified because the change between the current allowance and the average cost per quarter was less than 10%.

Waste Connections:	\$51.00 per quarter
Waste Link:	\$54.99 per quarter
Waste Management:	\$69.00 per quarter
Average =	\$58.33 per quarter

Verification of utility allowances, including trash service costs, has not been a finding in prior years, however, the utility allowance review process will be enhanced to include better record retention of supporting documentation and a revised method for documenting all research conducted. Additionally, any variances noted during future utility allowance reviews that exceed the 10% threshold will result in a revision to the schedule of utility allowance in accordance with 24 CFR 982 Section 517(c)(1).

Utility allowances are automatically computed by the City's system using the unit size for the participant. If the unit size is different than the voucher size, the system must be manually adjusted to reflect the correct utility allowance. It is possible for utility allowances to be manually miscomputed or not adjusted correctly in the City's system for situations where the voucher size and unit size differ.

A process will be implemented requiring utility allowances to be reviewed and updated, if necessary, during all participant interim and annual reviews. This will ensure that any errors in computation are identified and updated as soon as possible. Also, research will be done to determine if it would be feasible for the City's system to be modified to automatically compute utility allowances based on voucher size rather than unit size.

Utility allowances have been re-calculated and updated in the City's system for those participants noted in the finding.

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WATER UTILITIES SECTION

The Water Utilities Section contains schedules and exhibits that fulfill the requirements of the Water and Sewer bond covenants.



Wichita Water & Sewer Utilities
Director's Office
City Hall – Eighth Floor
455 North Main Street
Wichita, Kansas 67202

June 28, 2019

To our Water and Sewer Bondholders:

Please review and accept the 2018 Annual Report, presented on behalf of the City of Wichita and the Water and Sewer Utilities.

The Utilities strive to provide high-quality, reliable water and sewer service to residents of Wichita and customers in the surrounding communities. The Utilities' services must represent a good value to the customer base, which is achieved by ensuring effective and efficient operations, positive customer service, and strategic financial management.

The Utilities treated and distributed an average 49 million gallons per day (MGD) of potable water in 2018, while the sanitary sewer system collected and processed about 32 MGD of wastewater. More than 450,000 citizens of southcentral Kansas are served by the Wichita Water Utility. Wichita's utility system is comprised of over 4,400 miles of water and sewer mains, 62 sanitary sewer lift stations, four wastewater treatment plants, one drinking water treatment plant, one surface water treatment plant, about 150,000 water meters, and numerous other assets.

The Utilities continue to focus on investing in the aging distribution, collection, and treatment systems. In 2018, the Sewer Utility substantially completed construction of a \$38 million parallel force main and \$27.5 million in major improvements to one of the wastewater treatment plants. The Water Utility upgraded the chemical feed system in the main water treatment plant and replaced dozens of aged critical components throughout the water production and treatment system.

Catching up on deferred maintenance, ensuring the ability to meet changing regulatory requirements, and maintaining a sufficient water supply are major goals of the organization. The Utilities Optimization Program (UOP) was created to address these goals. The second phase of the UOP, which is the operations and maintenance optimization stage, launched in 2018. One major goal of the UOP is to cut total lifecycle costs by \$3 million in measurable savings, primarily in the areas of chemical and energy consumption. The UOP achieved 9% of this savings target in 2018, and is ready to implement another 55% pending approval by the City Council. With additional efforts either underway or being planned, the program is on track to exceed the original savings targets.

The last item of significance in 2018 also provides a preview of what is to come in 2019. The Utility was invited to apply for Water Infrastructure Finance and Innovation Act (WIFIA) financing for up to 49% of the cost of a new water treatment plant. The same project was also added to the Kansas Department of Health and Environment's Project Priority List, which is the first step in securing a loan through the State Revolving Loan Fund for approximately 50% of the project cost. The project will be further developed this year in preparation to submit the formal applications for both programs, which are due in October 2019. Financing terms, the guaranteed maximum price of construction, affordability of rates, and overall risk will be key factors as the City Council decides the future of this project. The Utility will update bondholders on this important project in next year's report.

Finally, it is important to recognize the hundreds of employees dedicated to providing safe, clean, and reliable services. The Utility is engaged in planning and improvement efforts to ensure continued delivery of the excellent service levels customers expect. The City of Wichita is committed to continuing the responsible financial and operational management practices necessary to provide long-term, top-quality value for customers.

A handwritten signature in black ink, appearing to read 'A. King', with a long, sweeping underline.

Alan King
Director of Public Works & Utilities
City of Wichita, Kansas

CITY OF WICHITA, KANSAS

WATER UTILITIES COMBINED STATEMENT OF NET POSITION

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 51,329,898	\$ 37,541,302
Receivables, net:		
Accounts receivable	22,428,784	22,945,421
Inventories	2,497,949	2,258,207
Prepaid items	777,595	813,371
Restricted assets:		
Cash and cash equivalents	35,292,023	37,840,321
Total current assets	<u>112,326,249</u>	<u>101,398,622</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	89,652,835	130,685,465
Capital assets:		
Land	14,796,039	14,717,706
Buildings	256,196,268	255,654,928
Improvements other than buildings	1,164,622,354	1,144,727,810
Machinery, equipment and other assets	177,019,705	177,090,959
Construction in progress	92,695,082	53,761,842
Less accumulated depreciation	<u>(517,000,311)</u>	<u>(483,361,058)</u>
Total capital assets, net	<u>1,188,329,137</u>	<u>1,162,592,187</u>
Total noncurrent assets	<u>1,277,981,972</u>	<u>1,293,277,652</u>
Total assets	<u>1,390,308,221</u>	<u>1,394,676,274</u>
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized refunding costs	16,929,259	18,019,592
Deferred outflows related to pensions	5,398,874	7,253,990
Deferred outflows related to OPEB	132,096	-
Total deferred outflows of resources	<u>22,460,229</u>	<u>25,273,582</u>

(Continued)

CITY OF WICHITA, KANSAS

WATER UTILITIES COMBINED STATEMENT OF NET POSITION (CONTINUED)

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	2018	2017
LIABILITIES		
Current liabilities:		
Accounts payable and other liabilities	\$ 5,610,944	\$ 7,932,552
Accrued interest payable	324,060	291,908
Deposits	4,460,649	4,464,081
Current portion of long-term obligations:		
General obligation bonds payable	5,140,000	4,895,000
Compensated absences	734,969	751,915
Current liabilities payable from restricted assets:		
Accrued interest payable	4,477,023	4,690,321
Revenue bonds payable	25,675,000	28,255,000
Total current liabilities	<u>46,422,645</u>	<u>51,280,777</u>
Noncurrent liabilities:		
General obligation bonds payable	120,018,574	125,908,420
Revenue bonds payable	413,439,567	441,174,734
Net pension liability	1,687,980	9,470,899
Total other post-employment benefits (OPEB) liability	3,281,778	-
Compensated absences	110,692	89,959
Total noncurrent liabilities	<u>538,538,591</u>	<u>576,644,012</u>
Total liabilities	<u>584,961,236</u>	<u>627,924,789</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	7,540,376	1,678,074
Deferred inflows related to OPEB	211,292	-
Total deferred inflows of resources	<u>7,751,668</u>	<u>1,678,074</u>
NET POSITION		
Net investment in capital assets	644,373,306	608,011,946
Restricted for:		
Capital projects	739,229	145,424
Revenue bond covenants	113,162,615	131,054,513
Unrestricted	61,780,396	51,135,110
Total net position	<u>\$ 820,055,546</u>	<u>\$ 790,346,993</u>

CITY OF WICHITA, KANSAS

WATER UTILITIES COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	2018	2017
OPERATING REVENUES		
Charges for services and sales	\$ 149,598,945	\$ 137,926,390
Fees	692,791	453,247
Rentals	57,761	52,989
Other operating revenues	902,299	573,504
Total operating revenues	<u>151,251,796</u>	<u>139,006,130</u>
OPERATING EXPENSES		
Personnel services	21,816,715	23,736,248
Contractual services	21,783,892	20,998,847
Materials and supplies	9,208,204	9,471,466
Other operating expenses	8,450,977	7,056,627
Administrative charges	1,042,117	1,142,497
Payments in lieu of franchise taxes	6,908,701	6,816,485
Depreciation	38,088,283	38,203,830
Total operating expenses	<u>107,298,889</u>	<u>107,426,000</u>
Operating income	<u>43,952,907</u>	<u>31,580,130</u>
NON-OPERATING REVENUES (EXPENSES)		
Interest and investment earnings	928,825	279,003
Other expenses	(966,515)	(1,517,243)
Interest expense	(22,223,917)	(22,583,878)
Gain (loss) on sale of assets	212,349	(117,598)
Bond premium amortization	2,810,013	3,610,453
Total non-operating expenses	<u>(19,239,245)</u>	<u>(20,329,263)</u>
Income before contributions and transfers	<u>24,713,662</u>	<u>11,250,867</u>
Capital contributions and operating transfers		
Capital contributions	8,303,923	9,909,960
Total capital contributions and operating transfers	<u>8,303,923</u>	<u>9,909,960</u>
Change in net position	33,017,585	21,160,827
Net position - beginning, as previously reported	790,346,993	769,186,166
Prior period adjustment	(3,309,032)	-
Net position - beginning	<u>787,037,961</u>	<u>769,186,166</u>
Net position - ending	<u><u>\$ 820,055,546</u></u>	<u><u>\$ 790,346,993</u></u>

CITY OF WICHITA, KANSAS

WATER UTILITIES COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 150,823,936	\$ 133,622,407
Cash payments to suppliers for goods and services	(41,252,235)	(38,194,417)
Cash payments to employees for services	(21,760,749)	(21,456,966)
Payments in lieu of franchise taxes	(6,908,701)	(6,816,485)
Other operating revenues (expenses)	902,299	573,504
Net cash provided by operating activities	<u>81,804,550</u>	<u>67,728,043</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Issuance of capital debt	-	87,640,000
Premiums on bonds sold	-	8,477,248
Accrued interest on bonds sold	-	122,935
Bond issuance costs paid	-	(902,601)
Debt service - principal refunded	-	(22,990,000)
Debt service - interest placed in escrow on refunded debt	-	(1,404,250)
Principal payments on long-term debt	(33,150,000)	(29,340,000)
Interest payments on long-term debt	(22,351,272)	(22,768,459)
Additions to property, plant and equipment	(61,527,784)	(47,396,441)
Proceeds from sale of capital assets	421,505	104,632
Capital contributions	4,081,844	5,649,512
Net cash used in capital and related financing activities	<u>(112,525,707)</u>	<u>(22,807,424)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>928,825</u>	<u>156,068</u>
Net cash provided by investing activities	<u>928,825</u>	<u>156,068</u>
Net increase (decrease) in cash and temporary investments	(29,792,332)	45,076,687
Cash and temporary investments - beginning	206,067,088	160,990,401
Cash and temporary investments - ending	<u>\$ 176,274,756</u>	<u>\$ 206,067,088</u>

CITY OF WICHITA, KANSAS

WATER UTILITIES COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

	2018	2017
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 43,952,907	\$ 31,580,130
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	38,088,283	38,203,830
Other revenues (expenses)	(70,918)	(47,750)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	516,637	(4,374,980)
(Increase) decrease in inventory	(239,742)	394,332
(Increase) decrease in prepaid items	35,776	34,392
(Increase) decrease in deferred outflows related to pensions	1,855,116	974,395
(Increase) decrease in deferred outflows related to OPEB	(132,096)	-
Increase (decrease) in accounts payable	(497,341)	817,319
Increase (decrease) in accrued interest payable	32,152	3,272
Increase (decrease) in deposits	(3,432)	(390,761)
Increase (decrease) in net pension liability	(7,782,919)	721,339
Increase (decrease) in total OPEB liability	(27,254)	-
Increase (decrease) in compensated absences	3,787	2,409
Increase (decrease) in deferred inflows related to pensions	5,862,302	(189,884)
Increase (decrease) in deferred inflows related to OPEB	211,292	-
Total adjustments	<u>37,851,643</u>	<u>36,147,913</u>
Net cash provided by operating activities	<u>\$ 81,804,550</u>	<u>\$ 67,728,043</u>
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Contribution of capital assets	\$ 4,222,079	\$ 4,260,448

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Wichita is a municipal corporation governed by an elected mayor and six-member council. The accompanying combined financial statements represent the proprietary Water Utility and Sewer Utility Funds of the municipal government. The Water Utility Fund accounts for the operation and maintenance of the water supply component of the combined Utility. The Sewer Utility Fund accounts for the operation and maintenance of the sewer component of the combined Utility, including wastewater treatment plants and the sewer mains and laterals.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Water and Sewer Utility (Utilities) Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues and expenses are distinguished from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Utilities' principal ongoing operations. Principal operating revenues of the Utilities are charges to customers for sales and services and the portion of tap fees intended for recovery of connecting new customers to the system. Operating expenses of the Utilities include the cost of sales and services, administration expenses and depreciation on capital assets.

Revenues and expenses not meeting these criteria are reported as non-operating revenues and expenses. Consistent with GASB Statement 33, Accounting and Financial Reporting for Nonexchange Transactions, capital contributions resulting from non-exchange transactions are included in non-operating revenues.

C. Cash and Investments

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Director of Finance (except for investments of the pension trust funds). Information on the pooled cash and investments of the City is provided in Note 5 - Cash, Investments and Securities Lending located in the Financial Section, Notes to the Financial Statements of this publication.

D. Revenue Recognition

The Utilities recognize revenue on sales when services are rendered. All users, including other City departments, are charged for services provided. Accounts receivable represent uncollected charges (both billed and unbilled) at December 31st, net of amounts estimated to be uncollectible.

E. Inventories

Inventories are stated at the lower of cost or market, cost being determined by the average unit cost method for both the Water Utility and Sewer Utility.

F. Capital Assets

Capital assets are valued at historical cost or estimated historical cost (if actual historical cost is not available). Donated capital assets are valued at their estimated acquisition value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Depreciation of all exhaustible capital assets, including the depreciation of capital leased assets, is charged as an expense against operations. Accumulated depreciation is reported on the funds' balance sheet. Capital assets of the Utilities are

Asset Classifications	Estimated Useful Life
Buildings and improvements	1-100 years
Improvements other than	1-85 years
Equipment	1-33 years
Vehicles	1-20 years
Water/Sewer mains and	75-85 years

depreciated using the straight line method over the estimated useful lives shown in the chart above.

G. Payments In Lieu of Franchise Taxes

Annually, the Water Utility and Sewer Utility pay to the General Fund of the City amounts in lieu of franchise taxes in an amount not to exceed 5% of gross revenues for the preceding year, which is appropriated by the City and included in the annual budget. The combined Utilities made payments in lieu of franchise taxes totaling \$6,908,701 in 2018 and \$6,816,485 in 2017. These payments are treated as an operating expense and passed through to the Utilities' customers.

H. Compensated Absences

The City's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is accrued and accumulated vacation is recorded as a liability in the financial statements. The City does not have a policy to pay accumulated sick pay benefits upon termination of employment; consequently, there is no liability for unpaid accumulated sick leave.

I. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Utilities report deferred charges on refunding in the statement of net position. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The Utilities also report a collective deferred outflow of resources related to pensions, which is described in more detail in Note 7 - Retirement Funds and a collective deferred outflow of resources related to OPEB, which is described in more detail in Note 8 - Other Post Employment Healthcare Benefits.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Utilities report a collective deferred inflow of resources related to pensions, which is described in more detail in Note 7 - Retirement Funds and a collective deferred inflow of resources related to OPEB, which is described in more detail in Note 8 - Other Post Employment Healthcare Benefits.

2. CASH AND INVESTMENTS

At December 31, 2018 and 2017, the combined cash and temporary investments in the amounts of \$176,274,756 and \$206,067,088 respectively, are included in the City's pooled cash and temporary investments.

The City of Wichita has adopted a formal investment policy. The primary objectives of the investment activities are, in priority order, safety, liquidity and yield. The standard of care to be used by investment officials shall be the "prudent investor rule" as set forth in the Uniform Prudent Investors Act K.S.A. 58-24a01 et seq. and shall be applied in the context of managing an overall portfolio. Additional information on the City's investment policy and the pooled investments of the City is located in the Note 5 - Cash, Investments and Securities Lending located in the Financial Section, Notes to the Financial Statements of this publication.

On December 31, 2018, revenue bond proceeds for reserve funds and future capital projects of the Water and Sewer Utility were invested as follows:

Investment Type	Fair Value	Modified Duration (years)	Percent of Bond Proceeds Investments
U.S. Treasury	\$ 13,750,863	0.082	100.0%
Total value	\$ 13,750,863		100.0%
Total weighted average maturity		0.082	

The fair value measurements for the Water and Sewer Utilities revenue bond reserve investments on December 31, 2018 are classified as Level 1 of the fair value hierarchy and are valued using quoted prices in active markets for identical securities.

The Series 2017A revenue refunding bonds also had advanced proceeds for two specific major sewer projects. As of December 31, 2018, \$40,708,837 is being held in an individual account in the Kansas Municipal Investment Pool. As of December 31, 2018, \$7,305,220 of these funds are unspent proceeds and interest earnings on the unspent proceeds which are restricted by bond covenants to be spent on the two specific major sewer projects.

3. CAPITAL ASSETS

Capital asset activity of the Water Utility and Sewer Utility for the year ended December 31, 2018 is shown as follows (expressed in thousands of dollars):

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:					
Land	\$ 14,717	\$ 31	\$ (5)	\$ 53	\$ 14,796
Construction in progress	53,762	51,689	(12,756)	-	92,695
Total capital assets, not being depreciated	<u>68,479</u>	<u>51,720</u>	<u>(12,761)</u>	<u>53</u>	<u>107,491</u>
Capital assets, being depreciated:					
Buildings	255,655	541	-	-	256,196
Improvements other than buildings	1,144,728	15,483	(367)	4,778	1,164,622
Machinery, equipment and other assets	<u>177,091</u>	<u>4,721</u>	<u>(4,792)</u>	<u>-</u>	<u>177,020</u>
Total capital assets being depreciated	<u>1,577,474</u>	<u>20,745</u>	<u>(5,159)</u>	<u>4,778</u>	<u>1,597,838</u>
Less accumulated depreciation for:					
Buildings	(91,659)	(5,584)	-	-	(97,243)
Improvements other than buildings	(285,117)	(19,709)	-	-	(304,826)
Machinery, equipment and other assets	<u>(106,585)</u>	<u>(12,795)</u>	<u>4,449</u>	<u>-</u>	<u>(114,931)</u>
Total accumulated depreciation	<u>(483,361)</u>	<u>(38,088)</u>	<u>4,449</u>	<u>-</u>	<u>(517,000)</u>
Total capital assets, being depreciated, net	<u>1,094,113</u>	<u>(17,343)</u>	<u>(710)</u>	<u>4,778</u>	<u>1,080,838</u>
Water and Sewer Utility capital assets, net	<u>\$ 1,162,592</u>	<u>\$ 34,377</u>	<u>\$ (13,471)</u>	<u>\$ 4,831</u>	<u>\$ 1,188,329</u>

Interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. During 2018 and 2017, total interest cost of the combined Water and Sewer Utility Fund was \$22,223,917 and \$22,583,878, respectively, of which \$1,075,308 and \$897,765, respectively, was capitalized.

4. RETIREMENT FUNDS

The reporting entity contributes to a defined single-employer retirement benefit plan, the Wichita Employees' Retirement System (WERS) and a single-employer defined contribution plan, the Wichita Employees' Retirement System Plan 3b. Both plans are governed by the Wichita Employees' Retirement System Board of Trustees. All full-time employees of the Utilities participate in one of the retirement plans.

Additional information on the retirement systems is reported in Note 7 - Retirement Funds, located in the Financial Section, Notes to the Financial Statements of this publication. The Wichita Retirement Systems also issue a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for WERS. The financial report may be obtained by writing to the Wichita Retirement System, City Hall, 12th Floor, 455 N. Main, Wichita, KS 67202 or online at <http://www.wichita.gov/Finance/Pages/Pension.aspx>.

The Utilities are required to contribute at an actuarially determined rate. The rate for 2018 was 12.8% of annual covered payroll for both Plans 1 and 2. As of December 31, 2018, the Utilities reported a net pension liability of \$1,687,980 and also recorded the related deferred outflows of resources and inflows of resources related to their portion of the net pension liability.

5. OTHER POST EMPLOYMENT HEALTHCARE BENEFITS (OPEB)

Kansas statute provides that post employment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The health insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The benefit is available for selection at retirement and is extended to retirees and their dependents until the individuals become eligible for Medicare at age 65. The accounting for the health insurance for retirees is included in the City's Self Insurance Fund, with the subsidy provided from the Self Insurance Fund. Separate audited financial statements are not prepared by the Plan. Additional information on the other post employment health care benefits is reported in Note 8 – Other Post Employment Healthcare Benefits, located in the Financial Section, Notes to the Financial Statements of this publication.

As of December 31, 2018, the Utilities reported a total OPEB liability of \$3,281,778 and have recorded the related deferred outflows of resources and inflows of resources related to their portion of the total OPEB liability.

6. SELF INSURANCE FUND AND INSURANCE COVERAGE

The City established a Self Insurance Fund in 1987 to account for self insurance programs of workers' compensation, group life insurance, employee liability, property damage, auto liability and general liability for the reporting entity. The Utilities participate in the self insurance programs of workers' compensation, group life insurance, group health insurance, employee liability, property damage, auto liability and general liability. Property insurance for the Utilities is included in the City's coverage with limits established for the entire City.

Information on the insurance programs is located in Note 9 - Self Insurance Fund, located in the Financial Section, Notes to the Financial Statements of this publication. Details of purchased insurance coverage are provided within the Additional Information Section of this report on page F-7 of this publication.

7. LONG-TERM DEBT**A. Revenue Bonds**

Revenue bonds are issued by the City of Wichita where income derived from the acquired or constructed assets is pledged to pay debt service. The bonds are payable solely from net revenues of the Utilities. Revenue bonds of the combined Utilities outstanding at December 31, 2018 are as follows (expressed in thousands of dollars):

Outstanding issue	Interest Rate	Dated Date	Final Maturity Date	Amount Outstanding
2009B Water & Sewer	4.27% - 5.36%	06/30/2009	2019	\$ 1,605
2010B Water & Sewer	3.30% - 5.35%	10/15/2010	2030	11,955
2011A Water & Sewer Refunding	3.00% - 5.00%	11/01/2011	2028	61,700
2012A Water & Sewer	3.00% - 4.00%	05/01/2012	2032	12,825
2014A Water & Sewer Refunding	3.00% - 5.00%	08/01/2014	2030	24,725
2014B Water & Sewer	2.50% - 5.00%	12/01/2014	2034	10,895
2015B Water & Sewer Refunding	2.38% - 5.00%	04/01/2015	2031	31,180
2015C Water & Sewer	2.50% - 5.00%	11/01/2015	2035	21,910
2015D Water & Sewer Refunding	2.50% - 5.00%	11/01/2015	2032	20,285
2016A Water & Sewer	2.00% - 5.00%	08/01/2016	2036	22,255
2016B Water & Sewer Refunding	2.00% - 5.00%	08/01/2016	2039	95,105
2017A Water & Sewer	3.00% - 5.00%	06/01/2017	2037	63,360
2017B Water & Sewer Refunding	1.63% - 5.00%	12/01/2017	2030	20,700
Total Water & Sewer Utility				<u>\$ 398,500</u>

Changes in the long-term liability of the Water and Sewer Utility for the combined Utilities for the year ended December 31, 2018 are summarized in the following table (expressed in thousands of dollars):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 120,745	\$ -	\$ (4,895)	\$ 115,850	\$ 5,140
Unamortized premium	10,059	-	(750)	9,309	-
Revenue bonds	426,755	-	(28,255)	398,500	25,675
Unamortized premium	42,674	-	(2,060)	40,614	-
Total bonds payable	600,233	-	(35,960)	564,273	30,815
Compensated absences	842	2,034	(2,030)	846	735
Total long-term liabilities	\$ 601,075	\$ 2,034	\$ (37,990)	\$ 565,119	\$ 31,550

Annual debt service requirements to maturity are as follows (expressed in thousands of dollars):

Annual Debt Service Requirements Water and Sewer Utility Bonds (dollars in thousands)				
Year Ending December 31	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 25,675	\$ 16,367	\$ 5,140	\$ 4,494
2020	26,255	15,163	5,400	4,230
2021	27,400	13,902	5,670	3,954
2022	28,115	12,560	5,950	3,663
2023	29,430	11,178	6,250	3,358
2024 – 2028	130,425	37,165	35,810	12,335
2029 – 2033	92,390	14,379	42,220	5,839
2034 – 2038	37,005	3,105	9,410	176
2039 – 2041	1,805	54	-	-
Total debt service	\$ 398,500	\$ 123,873	\$ 115,850	\$ 38,049

B. Revenue Bond Ordinance Provisions and Reserve Requirements

Revenue bond ordinances related to the issuance of revenue bonds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2018 and 2017, unrestricted cash available in accordance with the revenue requirements of the bond covenants was \$51,329,897 and \$37,541,302, respectively.

Water and Sewer Utility Restricted Cash		
	2018	2017
Principal and interest	\$ 14,857,097	\$ 15,701,406
Bond reserve	16,367,304	17,690,428
Depreciation and replacement	13,332,752	12,164,577
Payment to the City	637,613	602,342
Improvements	72,444,872	89,586,081
Unspent bond proceeds	7,305,220	32,780,952
	\$ 124,944,858	\$ 168,525,786

At December 31, 2018, the City was in compliance with the reserve requirements of the respective Water and Sewer Utility revenue bond covenants. Significant requirements are listed below.

Unrestricted cash: In addition to any cash remaining after satisfying all other restriction requirements, the amount budgeted for ensuing 60 days operating expenses for utility operation, repairs and maintenance.

Principal and interest: Principal and interest, an equal prorated portion of the next annual principal payment and semi-annual interest payment of various revenue bond series on the first day of each month, which is sufficient to meet the maturing bond and interest requirements.

Bond reserve: A sum equal to greater of the amount of interest which shall become due and payable on various revenue bond series during next fiscal year or the maximum amount of interest which shall become due and payable on various revenue bond series in any subsequent year, shall be used solely for the payment of principal and interest on revenue bond series for which funds might not otherwise be available, or to pay a like amount of final maturing series.

Depreciation and replacement: 15% of the operating revenues of the preceding year are accumulated for the purpose of extraordinary maintenance and repairs, capital improvements and if other funds are not available, for the cost of operating and maintaining the Utilities.

Improvements: The amount remaining in the Revenue Fund on each January 1, which shall not be required for the operation and maintenance of the Utility or for the transfers required to the above accounts for a period of 90 days, shall be credited to the account. Funds may be used for (1) operational and maintenance expenses of the Utility; (2) increase amounts in any of the other accounts to cover potential deficiencies; (3) improvements, repairs or extensions of the utility; (4) redemption of bonds issued under provisions of the ordinance prior to maturity; or (5) to make transfers to the Revenue Fund.

Payment to the City: Proportionate monthly amounts equal to the next required Payment to the City are deposited into the account.

8. LEASES

The Sewer Utility and the Airport Authority entered into a 50-year operating lease for land which requires an annual rent payment. The following table provides future minimum rentals of the non-cancelable operating lease.

<u>Year Ending December 31</u>	<u>Minimum Rentals of Non-cancelable Operating Lease</u>
2019	\$ 51,396
2020	51,396
2021	51,396
2022	51,396
2023	53,960
2024 – 2028	272,507
2029 – 2033	286,150
2034 – 2038	300,405
2039 – 2043	315,388
2044 – 2048	331,172
2049 – thereafter	655,799
Total minimum future rentals	<u>\$ 2,420,965</u>

9. SEGMENT INFORMATION

The Utility maintains separate funds for water and sewer services. Segment information for the year ended December 31, 2018 is located in the Financial Section of this publication.

CITY OF WICHITA, KANSAS

UNAUDITED

**WATER UTILITIES
NET REVENUES AVAILABLE FOR DEBT SERVICE
AND CAPITAL EXPENDITURES MADE FROM OPERATING REVENUES**

For the year ended December 31, 2018

	Water Utility	Sewer Utility	Combined
REVENUES			
Charges for services and sales	\$ 87,906,492	\$ 62,443,005	\$ 150,349,497
Capital contributions - cash	2,614,609	1,467,235	4,081,844
Bond premium amortization	1,687,513	1,122,500	2,810,013
Other revenues (expenses)	704,330	414,764	1,119,094
Gain on investments	182,924	745,901	928,825
Total operating revenues	<u>93,095,868</u>	<u>66,193,405</u>	<u>159,289,273</u>
OPERATIONS AND MAINTENANCE			
Personnel services	9,915,179	11,901,536	21,816,715
Contractual services	12,880,514	8,903,378	21,783,892
Materials and supplies	4,588,356	4,619,848	9,208,204
Other operating expenses	1,585,633	905,413	2,491,046
Administrative charges	739,943	302,174	1,042,117
Total operating expenses	<u>29,709,625</u>	<u>26,632,349</u>	<u>56,341,974</u>
Net revenues available for debt service	<u>\$ 63,386,243</u>	<u>\$ 39,561,056</u>	<u>\$ 102,947,299</u>
REVENUE BOND DEBT SERVICE	\$ 22,855,476	\$ 22,813,169	\$ 45,668,645
DEBT SERVICE COVERAGE RATIO	2.77	1.73	2.25
Gross earnings	\$ 93,095,868	\$ 66,193,405	\$ 159,289,273
Less: capital contributions - cash	2,614,609	1,467,235	4,081,844
Less: bond discount amortization	1,687,513	1,122,500	2,810,013
Less: gain on investments	182,924	745,901	928,825
Operating revenues	<u>\$ 88,610,822</u>	<u>\$ 62,857,769</u>	<u>\$ 151,468,591</u>
CAPITAL EXPENDITURES FROM OPERATING REVENUES	\$ 4,992,400	\$ 2,370,101	\$ 7,362,501

**PROPERTY INSURANCE
As of December 31, 2018**

Insurance Company	Coverage Details	Deductible	Coverage Period
Zurich	*All risk coverage on real and personal property on a replacement cost basis, with a value limitation of \$350 million.	Per occurrence. Property: \$100,000; Wind and Hail: \$500,000	01-18 to 01-19
Zurich	*Comprehensive coverage for steam boilers, air conditioners, and electric motors on a repair or replacement cost basis.	Per occurrence - \$100,000	01-18 to 01-19

* Property insurance for the Utilities is included in the City's coverage. Limits shown are for the entire City.

CITY OF WICHITA, KANSAS
WATER AND SEWER UTILITY STATISTICS BY CUSTOMER CLASS

For year ended December 31, 2018
(with comparative totals for the year ended December 31, 2017)

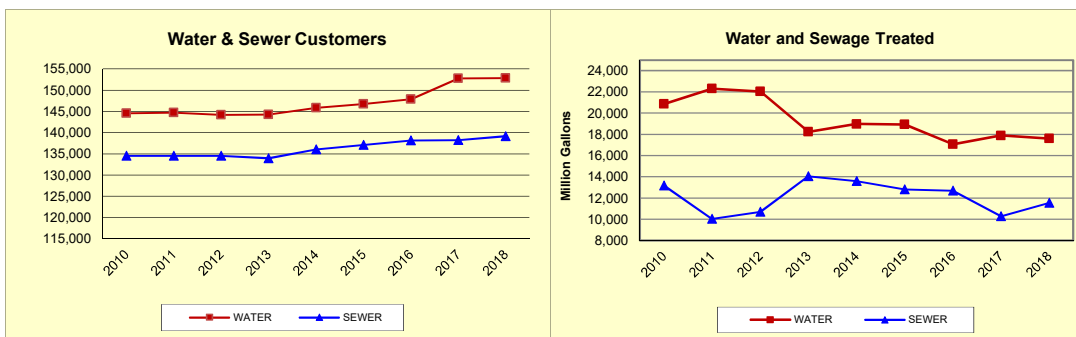
UNAUDITED

WATER UTILITY STATISTICS BY CUSTOMER CLASS

CUSTOMER CLASS	Number of Customers		Water Revenues		Water Consumed (Thousand Gallons)	
	2018	2017	2018	2017	2018	2017
Residential	134,438	135,636	\$ 50,854,113	\$ 47,869,172	7,735	8,096
Commercial / Industrial	13,598	12,290	26,938,608	24,449,653	6,263	5,967
Wholesale	13	13	5,420,698	5,507,926	1,549	1,680
Lawn Services	2,815	2,865				
Fire Protection	1,591	1,581	717,961	656,919		
Contract	341	345	937,217	1,039,774	159	178
Backflow Charges			261,165	251,755		
Other Sales			459,082	370,503	30	21
Estimated Leaks					103	214
Water Utility Uses	29	28			239	181
Unaccounted for Water					1,526	1,552
	<u>152,825</u>	<u>152,758</u>	<u>\$ 85,588,844</u>	<u>\$ 80,145,702</u>	<u>17,604</u>	<u>17,889</u>

SEWER UTILITY STATISTICS BY CUSTOMER CLASS

CUSTOMER CLASS	Number of Customers		Sewer Revenues	
	2018	2017	2018	2017
Residential	126,879	126,128	\$ 35,302,348	\$ 33,221,853
Commercial	11,481	11,269	22,192,410	15,837,983
Industrial	9	18	1,230,945	4,972,704
Institutional	769	764	1,128,092	1,011,515
Wholesale	1	1	363,692	397,588
Other				45,275
Extra Strength	15	9	2,093,788	1,706,869
	<u>139,154</u>	<u>138,189</u>	<u>\$ 62,311,275</u>	<u>\$ 57,193,787</u>



REPORT IN BRIEF

	2018	2017	Change
Number of Water Customers	152,825	152,758	0.04%
Number of Sewer Customers	139,154	138,189	0.70%
Miles of Water Line	2,386	2,383	0.13%
Miles of Sanitary Sewer Line	2,057	2,046	0.54%
Water Produced (Million Gallons)	17,604	17,889	-1.59%
Wastewater Treated (Million Gallons)	11,528	10,283	12.11%
Cost of Treated, Pressurized Water per 1000 gal.	\$ 0.83	\$ 0.79	5.06%
Cost of Treated, Wastewater per 1000 gal.	\$ 1.30	\$ 1.29	0.78%

CITY OF WICHITA, KANSAS

WATER AND SEWER UTILITY RATES

For year ended December 31, 2018

Customers of the Utility are billed monthly with rates structured to encourage water conservation. The rates provided below are those in effect on January 1, 2018.

The average monthly residential water and sewer bill in 2018 for a customer with a water and sewer Average Winter Consumption (AWC) of 6,000 gallons per month, using approximately 7,500 gallons of water, would be \$67.24, excluding applicable fees.

Water			Sewer	
Meter Size (inches)	Inside City	Outside City and Wholesale	Inside City	Outside City
5/8	\$ 13.81	\$ 22.11	\$ 9.51	\$ 15.25
3/4	13.81	22.11	9.51	15.25
1	13.81	22.11	9.51	15.25
1.5	17.96	28.73	15.37	24.60
2	22.86	36.60	23.01	36.68
3	38.49	61.61	66.52	106.43
4	51.12	81.84	84.61	135.36
6	77.41	123.92	160.04	256.06
8	103.48	165.66	228.10	364.92
10	132.40	211.97	351.78	562.84
12	183.84	294.30	513.43	821.48
16	-	665.70	-	-

Rates for consumption charges in 2018 per 1,000 gallons are as follows:

Water Consumption*	Inside City	Outside City	Wholesale
< 110% of AWC	\$ 2.20	\$ 3.52	\$ 2.54
111% - 310% of AWC	7.67	12.28	13.18
>310% of AWC	11.22	17.96	19.74

Sewer	\$ 3.75	\$ 6.00	\$ 2.97
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*Average Winter Consumption (AWC)