



# 2018

## Comprehensive Annual Financial REPORT

For the Year Ended December 31, 2018



*Sedgwick County...  
working for you*

Division of Finance  
316-660-7591  
525 N. Main #823  
Wichita, KS 67203

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
of  
**THE COUNTY OF  
SEDGWICK, KANSAS**  
for the  
Year Ended December 31, 2018

Prepared by:  
DIVISION OF FINANCE  
Lindsay Poe Rousseau, Chief Financial Officer  
Richard Durham, Deputy Chief Financial Officer  
Hope Hernandez, Director of Accounting

# COUNTY OF SEDGWICK, KANSAS BOARD OF COUNTY COMMISSIONERS

## **2019**

Chairman  
David T. Dennis

Chair Pro-Tem  
Peter F. Meitzner

Commissioner  
Michael O'Donnell, II

Commissioner  
Lacey D. Cruse

Commissioner  
James M. Howell

County Manager  
Thomas J. Stolz

## **2018**

Chairman  
David T. Dennis

Chair Pro-Tem  
David M. Unruh

Commissioner  
Michael O'Donnell, II

Commissioner  
Richard Ranzau

Commissioner  
James M. Howell

County Manager  
Mike Scholes

### NON-DISCRIMINATION STATEMENT

Sedgwick County does not discriminate on the basis of handicapped status in the admission to, or treatment of, or employment in, its programs or activities. The Affirmative Action Officer has been designated to coordinate the non-discrimination requirements contained in Section 51.55 of the Revenue Sharing Regulations. The Coordinator may be contacted in the Sedgwick County Office of Affirmative Action, 510 North Main, Wichita, Kansas, 67203. Phone (316) 660-7058.



# SEDGWICK COUNTY, KANSAS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

### YEAR ENDED DECEMBER 31, 2018

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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2018**  
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# Introductory Section



*Sedgwick County...*  
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[www.sedgwickcounty.org](http://www.sedgwickcounty.org)  
**2018 Comprehensive Annual  
Financial Report**





*Sedgwick County...*  
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## County Manager's Office

525 N. Main, Suite 343, Wichita, KS 67203 - [www.sedgwickcounty.org](http://www.sedgwickcounty.org) - TEL: 316-660-9393 - FAX: 316-383-7946

Thomas J. Stolz  
County Manager

April 19, 2019

Board of County Commissioners  
Sedgwick County Courthouse  
525 N. Main  
Wichita, KS 67203-2703

Dear Commissioners:

The administration is pleased to present to you the Comprehensive Annual Financial Report of the County of Sedgwick, Kansas for the fiscal year ended December 31, 2018. This document is a review of what occurred financially last year. In that respect, it is a report card of our ability to manage our financial resources. This report indicates we are in sound financial shape.

This document can also be used as a means to inform you and the citizens regarding our financial condition as you struggle with the difficult choices of delivery of services. It provides a foundation of information that will help us all make informed decisions.

This report, along with management of our finances, is the fine work of Chief Financial Officer Lindsay Poe Rousseau, Deputy Chief Financial Officer Richard Durham, Accounting Director Hope Hernandez, and the Accounting team of Marty Hughes, Brandi Baily, Mandy Estes, Ammi Walters, and Melissa Slaughter.

Sincerely,

A handwritten signature in blue ink, appearing to read "JETA", is written over the printed name.

Tom Stolz  
County Manager







*Sedgwick County...*  
*working for you*

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## Division of Finance

525 N. Main, Suite 1150, Wichita, KS 67203 - [www.sedgwickcounty.org](http://www.sedgwickcounty.org) - TEL: 316-660-7591 - FAX: 316-383-7729

April 19, 2019

To the Honorable Chair of the Board,  
Members of the Board of County Commissioners, and  
Citizens of Sedgwick County:

Good financial management requires that we provide full disclosure of the results of the County's fiscal activities each year, and that we obtain independent verification of the accuracy of our financial statements. Additionally, Kansas statutes call for an annual audit of all funds of the County by independent certified public accountants. Pursuant to these requirements, we hereby issue the comprehensive annual financial report of Sedgwick County for the fiscal year ended December 31, 2018. The County is responsible for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures. I believe that the information presented in this report is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of the various funds, and that all disclosures necessary for readers to gain an understanding of the County's financial affairs have been included.

The firm of BKD, L.L.P. audited the County's financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements are free of material misstatement. Sedgwick County has implemented a control environment that has been built into, not on to, its business practices. The objective of this control environment is to provide reasonable assurance that its financial statements are free of material misstatements. The cost of providing absolute assurance far exceeds the potential benefits derived from absolute assurance. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there is a reasonable basis for rendering unmodified opinions that the statements are presented in conformity with Generally Accepted Accounting Principles, (GAAP) and fairly present the financial position of the County. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

## PROFILE OF SEDGWICK COUNTY

### History

Originally a camping ground of the Osage and Wichita Indian tribes, Sedgwick County, Kansas, is thought to be a place of discovery for such explorers as Francisco Coronado and Kit Carson. The earliest European settler to the region was M. DuTissenet, a Frenchman operating under the direction of the governor of Louisiana, in 1719. DuTissenet brought with him soldiers, traders, and hunters who soon populated and transformed the region from prairie to a land of opportunity.

Sedgwick County was officially established nearly 150 years later on February 26, 1867, and bears the name of Civil War hero Major General John Sedgwick of the Union Army who was killed during the battle of Spotsylvania Courthouse in Virginia. After an initial failed attempt at establishing an official county government, the Governor of the State of Kansas appointed three Commissioners to aid in the effort. In April of 1870, the first county officials were elected and the county seat of Wichita was chosen.

### Geography

Occupying 1,008 square miles of land in south central Kansas, Sedgwick County falls within the borders of the Arkansas River Lowlands. It is noted for its extreme flatness, as its highest point is only 1,540 feet above sea level. The County's lowest point, approximately 1,220 feet above sea level, occurs along the southern border where the Arkansas River leaves the county. Sedgwick County's largest city is Wichita, which is located along Interstate 35 with service areas to Interstate 135, U.S. 54, and various other highways.

### Population

Sedgwick County is in a growing region, currently home to an estimated 513,992 citizens. The County's population has increased 3.1 percent since 2010 census, and has increased faster than the population of Kansas as a whole (2.1 percent since the 2010 census). The population of Sedgwick County is expected to grow to approximately 630,439 by 2064. In addition to a strong growth trend, the *U.S. Census Bureau, 2017 American Community Survey*, reports Sedgwick County is a relatively young community, with 86 percent of its population younger than the age of 65 with a median age of 35.5 years.

## GOVERNMENT

### Elected Officials

Sedgwick County is governed by a five-member Board of County Commissioners (BOCC) that meets in regular weekly sessions, with the exception of the last Wednesday of every month. Commissioners are elected according to geographical area (districts) and serve four-year terms with those terms overlapping. The Commissioners are full-time County officials and perform all executive, legislative, and policy-related functions. The Board also governs Sedgwick County Fire District 1, a separate special-purpose local government. The Chairman of the Board is elected by the Commissioners and serves a one-year term, January through December.

In addition to the BOCC, citizens of Sedgwick County elect the following positions:

- County Clerk
- Register of Deeds
- County Treasurer
- Sheriff
- District Attorney
- 18<sup>th</sup> Judicial District Judges



## **Appointed Officials**

Sedgwick County was recognized by the International City-County Management Association (ICMA) in 1981 as a Council-Manager form of government. Therefore, the Board appoints a professional County Manager to administer most County functions and to implement policy decisions. Tasks of the County Manager range from the management of special projects to the daily functions of the County's nearly 3,000 employees. A Deputy County Manager and two Assistant County Managers aid the County Manager in his duties.

The BOCC also appoints the:

- County Counselor
- County Appraiser
- County Engineer

The Kansas Secretary of State is responsible for appointing an Election Commissioner for Sedgwick County.

In addition to the County government, Sedgwick County contains 26 townships, 20 cities, 20 unified school districts, 11 recreation commissions, 12 improvement districts, nine tax increment districts, eight cemetery districts, five drainage districts, six watershed districts, two redevelopment districts, two library districts, one fire district, one groundwater district, and one hospital district. 15 of the unified school districts, nine recreation districts, one library district, one drainage district; two of the cities, one of the improvement districts, and the hospital district cross the border into another county.

## **Services**

Sedgwick County provides a full range of services to the community. These include public safety (sheriff, emergency medical services, emergency dispatch, emergency management, corrections, and the Regional Forensic Science Center), public works (construction and maintenance of roads, bridges and stormwater drainage systems, noxious weed control, and household hazardous waste disposal), human services (physical and mental health services, support for developmentally and physically disabled populations, and aging assistance), cultural and recreational services (parks, the Sedgwick County Zoo, the INTRUST Bank Arena, and Exploration Place, an interactive science and discovery center), economic development (National Center for Aviation Training), public improvements, planning and zoning, judicial support, youth facilities, elections, and general administrative services. In addition to these activities, the governing body has operating and financial relationships with the Sedgwick County Fire District 1 and the Sedgwick County Public Building Commission.

The annual budget process begins 12 months before the start of each fiscal year, when the Budget Department prepares a revised five-year financial forecast. The financial forecast serves as the foundation for planning and control, projecting revenues and expenditures for the next five years and comparing the prior year's projections with actual results. The Budget Department receives input from the Capital Improvement Program Committee. This Committee ranks projects with significant multi-year benefits, such as buildings, drainage, and infrastructure. Ten months before the start of the new fiscal year, the Budget Department prepares and distributes a base budget for all County departments. Department managers identify the service implications of the base budget and, if necessary, submit requests for additional funding or staff. Three months later, the Board of County Commissioners holds budget review sessions to discuss service levels, resource allocations, and funding strategies for the upcoming year. The County Manager prepares a proposed budget in conjunction with his Budget Team and Budget Department staff. He presents this recommended budget to the Commission about five months before the new year,. The Commissioners hold public hearings to receive input from citizens. The budget is adopted approximately four months before the start of the new fiscal year and is submitted to the County Clerk in compliance with State statutes.

The legal level of budgetary control is at the individual fund level, and County policy provides authority for intra-fund modifications of the budget. The budget is prepared by fund, function, cost center and superior commitment item. Legally appropriated annual budgets are statutorily required for most, but not all, operations. Budget to actual comparisons are provided in this report for each individual governmental fund for which a legal appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page A-72 as part of the required supplementary information. For governmental funds other than the General Fund with legal appropriated annual budgets, this comparison is presented in the governmental funds subsection, beginning on page B-16.

## **ECONOMIC CONDITION AND OUTLOOK**

Sedgwick County is a regional economic center with manufacturing, health care service, and retail trade as primary industries. The economic information contained in this letter was drawn from publications of the Center for Economic Development and Business Research (CEDBR) at Wichita State University, and from the U.S. Department of Labor. The Wichita metropolitan statistical area (MSA) is comprised of Sedgwick, Butler, Harvey, Kingman and Sumner counties in Kansas.

### **Employment/Income**

The Center for Economic Development and Business Research (CEDBR) at Wichita State University reports the labor force for the Wichita MSA at 309,534 as of December 2018, a 1.7% increase from December 2017. Of those who are eligible for employment, approximately 96.6 percent (299,143) were employed in 2018. According to the American Community Survey, as posted on the CEDBR website, the 2017 median income was \$53,953 for households in Sedgwick County, up from \$52,068 in 2016 and slightly up from \$51,424 in 2015. At time of printing 2018 data not available.

### **Property Values/Tax Payers**

Similar to other jurisdictions, Sedgwick County has continued to address modest growth in property valuations by making operational changes. Prior to the national recession, assessed property valuations grew by an average of 5.5 percent annually between 1999 and 2009. Since that time, assessed valuations were below 1.0 percent for three years (2010 to 2012), and fell in value for the 2013 budget by 0.7 percent. In 2016, there was an increase to 1.4 percent. In 2017, there was an increase of 2.8 percent, and assessed value increased by 3.2 percent in 2018. In Sedgwick County, residential property accounts for the largest percentage (61.3 percent) of the total assessed value of real property. The second largest is commercial property, comprising 35.4 percent of the County's total assessed value of real property. The large percentage of residential property shows that individuals and families recognize the County as a growing community where they can purchase a home and establish roots, while the large portion of commercial property shows that the County's business environment is also favorable. Another economic indicator is the total assessed value of the five largest taxpayers compared to the total assessed valuation of the County. A concentrated property tax base can be detrimental to a community in times of economic downturn, especially if a jurisdiction's largest taxpayers are in the same industry. Sedgwick County's largest five taxpayers comprised 7.15 percent of the County's total assessed value in 2018.

### **Cost of Living/Housing**

The current overall cost of living in Wichita is below the national average of 100 on the "Overall Cost of Living Index". Compared to Oklahoma City, Oklahoma (84.6), Omaha, Nebraska (91.8), Dallas, Texas (100.4), and Kansas City, Missouri-Kansas (93.1), the overall cost of living for area residents (91.8) is close to other area communities. As of December 2018, the median home sales price in Wichita for new and existing homes was \$165,000.

## **COUNTY BUSINESS AND FINANCIAL FORECAST**

### **Financial Forecast**

Sedgwick County continues to demonstrate a strong financial position. The County uses a five-year financial forecast to evaluate current and projected fiscal conditions and to guide policy and programmatic decisions. The financial forecast is a management tool that projects operating results based on current and anticipated economic conditions and identifies revenue and expenditure trends that may have an immediate or long-term effect on the County's financial condition. The financial forecast assists in making decisions that meet the County's objectives of fiscal discipline and delivery of essential community services. Additionally, it serves as an early warning signal of the possibility of future deficits, allowing time for reasoned consideration of alternative actions to avoid deficits.

Over the next five years, the County faces a number of challenges but is generally positioned to meet them financially. The financial forecast shows an anticipated operating surplus in the General Fund in 2019 due to improved assessed value growth, coupled with a planned reduction of capital improvement projects. The forecast projects a modest surplus in 2020 and 2021 due to forecasted growth in assessed values and moderated increases in expenses. Other funds that receive ad valorem tax funding are forecasted to experience operating deficits during the same period as their fund balances are reduced to targeted levels. Other funds, particularly grant funds, are projected to experience a mix of operating surpluses and deficits. The projections in the financial forecast reflect the impacts of actions by management to maintain prudent fund balances, actions by the Kansas Legislature that result in reduced revenue to the County, and the moderated growth of the local economy.

### **Major initiatives of the County include the following:**

- Development of a County administration building to provide space in the main Courthouse for the 18<sup>th</sup> Judicial District Court and District Attorney. There is increasing demand for services and resources in these areas, and space constrictions create additional challenges
- Planned upgrades to the County's Computer Aided Dispatch (CAD / Record Management System (RMS)
- Planned replacement of the County's portable/mobile radios across the organization
- Partnership with the Sedgwick County Zoo for upgrades to the main entrance and administration facility
- Upgrade to the County's enterprise data system (financial and human resources)
- Development and implementation of the County's Strategic Plan
- Renovation of the administrative and visitation space in the Adult Detention Facility

In addition to the five-year financial forecast, the County develops a Capital Improvement Program (CIP) with the goal of facilitating area-wide economic development by updating the County's roads, bridges, and drainage systems, as well as maintaining its facilities. The five-year CIP is used as a planning tool that specifies the capital spending budget for the current year and projects it for the four following years. Capital spending for 2018 totaled \$25,218,823.93, including projects for road improvements, infrastructure, equipment, and continued upgrades to County owned and leased buildings. Planned capital spending for 2019 totals \$63,664,797, and total projected spending in the five-year capital improvement program that extends through 2022 is \$131,173,585. The most recent five-year CIP is comprised of the following: \$40.54 million for facilities and drainage, \$26.34 million for bridges and \$64.30 million for roads. The CIP is funded on a year-by-year basis from various funding sources, including annual operating revenues from property tax and sales tax, or by issuing bonds and making debt service payments over a period of years.

During 2018, as authorized by a comprehensive written investment policy, idle County funds were invested in certificates of deposit, obligations of the U.S. Treasury, government agency securities,



repurchase agreements, money market funds, and the State of Kansas Municipal Investment Pool. Investments had a maximum maturity of four years. The weighted average maturity was 277 days and the average yield to maturity was 2.41%. The fair value of investments totaled \$528,558,026 at December 31, 2018.

Sedgwick County maintains a debt management policy designed to set guidelines for management and control of debt financing by the County. Many demands are placed upon the County to provide services; therefore, it is necessary to ensure the use of debt to finance projects does not outrun the County's legal and fiscal capability to repay the debt.

Sedgwick County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Single audits are intended to eliminate duplication of audit effort by providing for only one audit entity-wide, specifically designed to meet the needs of all interested parties. Although individual federal grantor agencies may still arrange for additional audit work if they consider it necessary for their purposes, the law requires that any additional work be built upon the single audit.

The County's financial management policies may be viewed at the County Finance Division's website, <http://www.sedgwickcounty.org/finance>.

As a recipient of Federal and State financial assistance, the County is also responsible for ensuring that an adequate internal control structure is in place to assure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management. As a part of the County's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to Federal financial assistance programs, and to evaluate the County's compliance with applicable laws and regulations.

## **AWARDS AND ACKNOWLEDGEMENTS**

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Sedgwick County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2017. This was the 37th consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Sedgwick County also received GFOA's Award for Distinguished Budget Presentation for its 2018 annual appropriated budget document. In order to qualify for the Distinguished Budget Presentation Award, a government must publish a document that meets program criteria as a policy document, operations guide, financial plan, and communications medium. The award is valid for a period of one year only. Sedgwick County has received the award for 36 consecutive years.

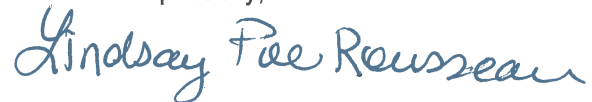
For the 13<sup>th</sup> time, Sedgwick County received GFOA's Popular Annual Financial Reporting (PAFR) Award for 2017. GFOA's PAFR award program encourages governments to publish concise annual financial reports specifically designed to be readily accessible and easily understandable to the general public. This award is valid for one year only.

## Acknowledgements

Preparation of this report required the cooperation and dedicated efforts of many County personnel outside the Division of Finance, and of the independent auditors, BKD, L.L.P. I sincerely appreciate this significant support. The citizens of Sedgwick County are extraordinarily well served by all members of the Division of Finance who contributed to this annual financial report of the County's financial results in their daily work throughout the year and their individual fiscal year-end tasks.

In particular, I want to applaud the efforts of the Accounting Staff, whose service to the County is invaluable. I express special appreciation to the Board of County Commissioners for their continued support for maintaining the highest standards of professionalism in the management of Sedgwick County's finances.

Respectfully,



Lindsay Poe Rousseau  
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**Sedgwick County  
Kansas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2017**

*Christopher P. Morill*

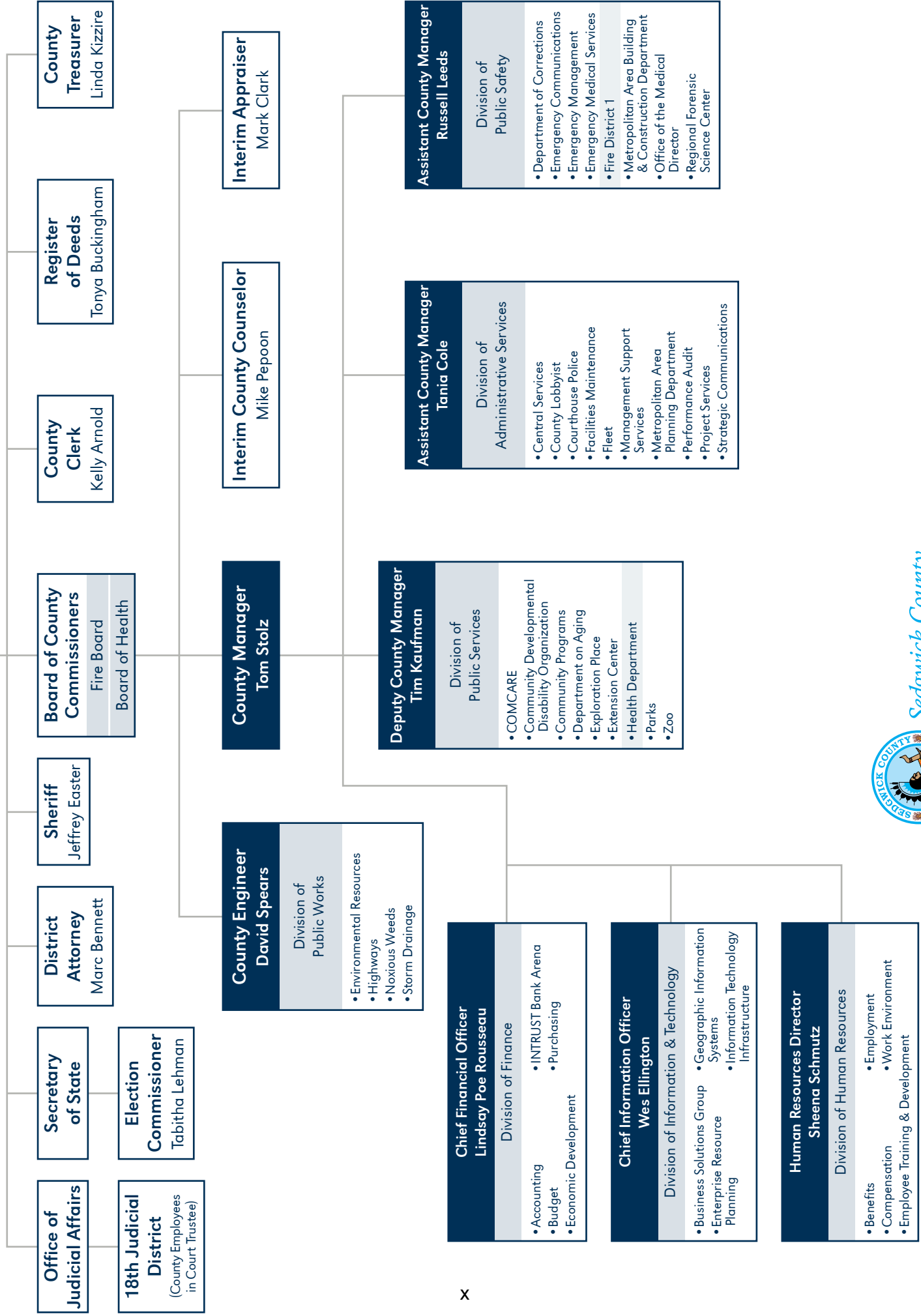
Executive Director/CEO



**SEDGWICK COUNTY, KANSAS**  
**PRINCIPAL OFFICIALS**  
**April 19, 2019**

<b>Elected Positions</b>	<b>Name</b>	<b>Date of Appointment</b>
Commissioner, 1 <sup>st</sup> District	Peter F. Meitzner	January 13, 2019
Commissioner, 2 <sup>nd</sup> District	Michael O'Donnell, II	January 8, 2017
Commissioner, 3 <sup>rd</sup> District	David T. Dennis	January 8, 2017
Commissioner, 4 <sup>th</sup> District	Lacey D. Cruse	January 13, 2019
Commissioner, 5 <sup>th</sup> District	James M. Howell	January 11, 2015
Administrative Judge, 18 <sup>th</sup> Judicial District	James Fleetwood	January 12, 2009
District Attorney	Marc Bennett	January 13, 2013
County Clerk	Kelly B. Arnold	January 11, 2009
Register of Deeds	Tonya Buckingham	January 29, 2016
County Sheriff	Jeffrey Easter	December 16, 2012
County Treasurer	Linda Kizzire	January 9, 2011

<b>Appointed Positions</b>	<b>Name</b>	<b>Date of Appointment</b>
County Manager	Thomas J. Stolz	February 20, 2019
Deputy County Manager, Public Services	Tim Kaufman	July 24, 2016
Assistant County Manager, Administrative Services	Tania Cole	April 3, 2019
Assistant County Manager, Public Safety	Russell Leeds	September 25, 2017
Chief Financial Officer	Lindsay Poe Rousseau	February 15, 2017
Interim County Counselor	Michael Pepoon	November 16, 2018
Acting County Appraiser (KS Dept. of Revenue, Division of Property Valuation)	Raelane Schnacker	March 1, 2019
County Engineer	David Spears	July 01, 1985
Chief Information Officer	Wes Ellington	January 23, 2016
Director of Health Division	Adrienne Byrne	May 18, 2014
Human Resources Director	Sheena Schmutz	November 26, 2018
Director, Metropolitan Area Planning Department	Dale Miller	October 16, 2015
Director, Metropolitan Area Building and Construction Department	Chris W. Labrum	June 05, 2017



X



*Sedgwick County...*  
*working for you*

# Financial Section



*Sedgwick County...*  
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[www.sedgwickcounty.org](http://www.sedgwickcounty.org)  
**2018 Comprehensive Annual  
Financial Report**



## Independent Auditor's Report

Board of County Commissioners  
Sedgwick County, 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 Sedgwick County, Kansas (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County'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 County, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof 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 IV.H. to the financial statements, for 2018 the County 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, budgetary comparison, pension, and other postemployment benefit information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual fund financial statements and schedules, 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 schedule of expenditures of federal awards is the responsibility of management and was derived from and relate 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, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The combining and individual fund financial statements and schedules of supplementary information are the responsibility of management and were derived from and relate 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, the combining and individual fund financial statements and schedules are 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 April 19, 2019, on our consideration of the County'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 County'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 the County's internal control over financial reporting and compliance.

*BKD, LLP*

Wichita, Kansas  
April 19, 2019



## Management's Discussion and Analysis

As management of Sedgwick County, Kansas, we offer you this discussion and analysis of the financial activities of Sedgwick County for the fiscal year ended December 31, 2018. This information is designed to identify and explain significant financial issues, changes in Sedgwick County's financial position and deviations from budget. We encourage you to consider this information in conjunction with the letter of transmittal that precedes this narrative, the financial statements, and the notes to the financial statements.

### Financial Highlights

- Total net position of Sedgwick County decreased \$8.6 million to \$491.5 million. The governmental funds decreased \$3.9 million, and the Arena fund, our only enterprise fund, decreased \$4.7 million.
- Of this total, (\$23.5) million is reported as unrestricted net position, a decrease from the prior year of \$10.5 million.
- The County implemented GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* as explained in Note IV.H. Beginning net position of the Governmental Activities increased by \$1,798,917 due to a prior period adjustment necessary for the implementation. Comparative financial information contained herein has not been restated for the adoption of GASB 75.
- 2018 expenses were \$343.7 million, an increase of \$11.1 million.
- Program revenues were \$119.6 million, a decrease of \$0.2 million
- Investment earnings increased \$1.9 million to \$9.9 million.

### Overview of the Financial Statements

Management's discussion and analysis serves as an introduction to Sedgwick County's basic financial statements. The basic financial statements consist of three components: [1] government-wide financial statements, [2] fund financial statements, and [3] notes to the financial statements. This report also contains other information in addition to the basic financial statements.

The government-wide financial statements provide financial information about the County as a whole, including its component units.

The fund financial statements focus on the County's operations in more detail than government-wide financial statements. The financial statements presented for governmental funds report on the County's general government services and proprietary funds report on the activities the County operates like private-sector businesses.

The basic financial section also includes notes that more fully explain the information in the government-wide and fund financial statements; the notes provide more detailed data essential to a full understanding of the data presented in the financial statements. The notes to the financial statements can be found on pages A-31 through A-71 of this report.

### Government-wide Financial Statements

The *government-wide financial statements* provide readers with a broad overview of Sedgwick County's finances. All current year revenues and expenses are included, regardless of whether related cash has been received or paid. This reporting method produces a view of financial activities and position similar to that presented by most private-sector businesses.

The *statement of net position* presents information on all of Sedgwick County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*, which is one method to measure the County's financial condition. An increase or decrease in the County's net position from one year to the next indicates whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements report functions of the County that are principally supported by taxes and intergovernmental revenue (governmental activities) separately from other functions that are intended to recover all or a significant portion of costs through user fees and charges (business-type activities). Governmental activities of the County include general government, public safety, public works, health and welfare, culture and recreation, and economic development. The County has a single business-type activity, the Arena Fund, which is used to account for the assets, liabilities, revenues and expenses associated with INTRUST Bank Arena.

The government-wide financial statements include not only the primary government but also two blended component units, Sedgwick County Fire District 1 and Public Building Commission.

The government-wide financial statements can be found on pages A-15 through A-17 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Sedgwick County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund financial statements focus on individual parts of the County, reporting the operations in more detail than the government-wide statements. Fund financial statements focus on the most significant funds within the County. The County's funds are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### Governmental Funds

Governmental funds include most of the basic services provided by the County and account for essentially the same functions as reported in the governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, the fund financial statements focus on how money flows in and out of the funds during the fiscal year and spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Sedgwick County maintains thirty-two individual governmental funds. Information is presented separately in the governmental funds *balance sheet* and in the governmental funds *statement of revenues, expenditures, and changes in fund balances* for the General Fund, Federal/State Assistance Fund, Public Building Commission Fund, Debt Service Fund, and Debt Proceeds Fund, all of which are reported as major funds. Information on the remaining nonmajor governmental funds is combined into a single, aggregated column. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the Governmental Funds subsection.

The County adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental funds financial statements and reconciliations to the government-wide financial statements can be found on pages A-18 through A-24 of this report.

## Proprietary Funds

Sedgwick County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County reports a single enterprise fund to account for the Arena complex. Additional information regarding the INTRUST Bank Arena is provided in the combining schedule in the Enterprise Fund subsection.

*Internal service funds* are used to accumulate and allocate costs internally among Sedgwick County's various functions. The County utilizes internal service funds to account for its fleet of vehicles, employee health, dental and life insurance, worker's compensation activity, and risk management. The four internal service funds are combined into a single, aggregated column in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* in the Internal Service Funds subsection. Because activity of the internal service funds predominately benefit governmental rather than business-type functions, they are included within *governmental activities* in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages A-26 through A-28 of this report.

## Fiduciary Funds

Fiduciary funds are used to report activities whereby the County acts as a trustee or fiduciary to hold resources for the benefit of parties outside the government. The accrual basis of accounting is used for fiduciary funds and is similar to the accounting used for proprietary funds. The government-wide statements exclude fiduciary fund activities and balances, because these assets are restricted in purpose and cannot be used by the County to finance its operations. The County must ensure that assets reported in fiduciary funds are used for their intended purpose.

The County's fiduciary funds are classified as agency funds. These four funds account for tax collection and distribution, and for other clearing and fee collections. Individual fund detail is included in the form of *combining statements* in the Agency Funds subsection.

The basic fiduciary fund financial statement can be found on page A-29 of this report.

## **Notes to the Financial Statements**

The notes provide additional narrative and financial information that is essential to a full understanding of the data provided in the government-wide financial statements and the fund financial statements. The notes to the financial statements begin on page A-31 of this report.

## **Other Required Supplementary Information**

This section is found on pages A-72 through A-75 and shows a comparison of the original and final General Fund budget to actual results and reconciliation between budgetary fund balance and GAAP. Information on the County's defined benefit pensions and postemployment benefits other than pensions is also shown.

## **Other Information**

Other information includes combining financial statements for nonmajor governmental, enterprise, internal service, and fiduciary funds. Combining and individual fund statements and schedules can be found on pages B-1 through D-4 of this report.

## Government-wide Financial Analysis

### Net Position

Net position may serve over time as a useful indicator of a government's financial position. Assets of the primary government exceeded liabilities by \$491.5 million at the end of 2018.

**Sedgwick County, Kansas**  
**Net Position**  
**As of December 31, 2018**  
**With Comparatives as of December 31, 2017**  
**(Millions of dollars)**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
<b>Assets:</b>						
Current and other assets	\$434.0	\$442.0	\$8.8	\$ 10.4	\$442.8	\$452.4
Capital assets	426.7	440.2	142.9	146.0	569.6	586.2
Total assets	<u>860.7</u>	<u>882.2</u>	<u>151.7</u>	<u>156.4</u>	<u>1,012.4</u>	<u>1,038.6</u>
<b>Deferred Outflows:</b>						
Deferred refunding	0.2	0.3	-	-	0.2	0.3
Deferred outflows – pensions	23.5	26.4	-	-	23.5	26.4
Total deferred outflows	<u>23.7</u>	<u>26.7</u>	<u>-</u>	<u>-</u>	<u>23.7</u>	<u>26.7</u>
<b>Liabilities:</b>						
Long-term liabilities	320.9	354.2	-	-	320.9	354.2
Other liabilities	60.3	56.3	0.1	0.1	60.4	56.4
Total liabilities	<u>381.2</u>	<u>410.5</u>	<u>0.1</u>	<u>0.1</u>	<u>381.3</u>	<u>410.6</u>
<b>Deferred Inflows:</b>						
Deferred revenues	154.9	149.2	-	-	154.9	149.2
Deferred inflows –other postemployment benefits	1.0	-	-	-	1.0	-
Deferred inflows - pensions	7.4	7.3	-	-	7.4	7.3
Total deferred inflows	<u>163.3</u>	<u>156.5</u>	<u>-</u>	<u>-</u>	<u>163.3</u>	<u>156.5</u>
<b>Net position:</b>						
Net investment in capital assets	325.0	309.4	142.9	146.0	467.9	455.4
Restricted	46.4	73.8	0.7	3.1	47.1	76.9
Unrestricted (deficit)	(31.6)	(41.3)	8.0	7.2	(23.5)	(34.1)
Total net position	<u>\$339.8</u>	<u>\$341.9</u>	<u>\$151.6</u>	<u>\$156.3</u>	<u>\$491.5</u>	<u>\$498.2</u>

The largest portion of the County's net position (95.2 percent) is invested in capital assets (e.g. land, buildings, infrastructure, machinery and equipment) less any related outstanding debt used to acquire those assets. Sedgwick County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Restricted net position represents 9.6 percent of net position and is resources that are subject to external restrictions on how they may be used. The remaining balance of (\$23.5) million is *unrestricted (deficit) net position*.

GASB Statement No. 68 requires the County to record its proportionate share of the Kansas Public Employees Retirement System (KPERs) collective net pension liability. GASB Statement No. 75 was implemented during 2018, requiring the County to record its liability for other postemployment benefits (OPEB) we provide. For 2018, this accounts for the majority of the changes in long-term liabilities due in more than one year and unrestricted net position, as well as a decrease to \$23.5 million in deferred outflows – pensions, an increase to \$7.4 million in deferred inflows – pension and an increase to \$1.0 in deferred inflows-other postemployment benefits. For additional information, please refer to Note IV.F and IV.G. Beginning on page A-62.

#### Change in Net Position

The County's net position for governmental activities decreased \$4.5 million or 1.3 percent. Net position of the County's business-type activities decreased \$4.7 million representing a decrease of 3.1 percent during 2018. Overall, net position decreased \$9.2 million. Changes in net position were as follows:

<b>Sedgwick County, Kansas</b> <b>Change in Net Position</b> <b>Fiscal Year Ended December 31, 2018</b> <b>With Comparatives for the Year Ended December 31, 2017</b> <b>(Millions of dollars)</b>						
	<b>Governmental</b> <b>Activities</b>		<b>Business-Type</b> <b>Activities</b>		<b>Total</b> <b>Primary</b> <b>Government</b>	
	2018	2017	2018	2017	2018	2017
<b>Revenues</b>						
Program revenues:						
Charges for services	\$70.1	\$ 73.1	\$0.8	\$ 1.2	\$70.9	\$ 74.3
Operating grants and contributions	44.9	42.3	-	-	44.9	42.3
Capital grants and contributions	3.8	3.1	-	-	3.8	3.1
General revenues:						
Property taxes	172.6	166.8	-	-	172.6	166.8
Sales taxes	29.8	28.1	-	-	29.8	28.1
Other taxes	3.4	3.3	-	-	3.4	3.3
Investment earnings	9.9	8.0	-	-	9.9	8.0
Gain (loss) on sale of capital assets	-	-	(0.2)	-	(0.2)	-
Total revenues	<u>334.6</u>	<u>324.7</u>	<u>0.6</u>	<u>1.2</u>	<u>335.1</u>	<u>325.9</u>
<b>Expenses</b>						
General government	54.8	52.5	-	-	54.8	52.5
Public safety	155.8	149.5	-	-	155.8	149.5
Public works	33.8	36.2	-	-	33.8	36.2
Health and welfare	54.7	52.9	-	-	54.7	52.9
Culture and recreation	13.6	12.7	-	-	13.6	12.7
Economic development	19.4	16.3	-	-	19.4	16.3
Interest on long-term debt	6.3	7.0	-	-	6.3	7.0
Arena	-	-	5.3	5.5	5.3	5.5
Total expenses	<u>338.4</u>	<u>327.1</u>	<u>5.3</u>	<u>5.5</u>	<u>343.7</u>	<u>332.6</u>
Increase (decrease) in net position	(3.9)	(2.4)	(4.7)	(4.3)	(8.5)	(6.7)
Net position, beginning, as previously reported	341.9	344.3	156.3	160.6	498.2	504.9
Implement GASB 75, prior period adjustment	1.8	-	-	-	1.8	-
Net position beginning, as restated	<u>343.7</u>	<u>344.3</u>	<u>156.3</u>	<u>160.6</u>	<u>500.0</u>	<u>504.9</u>
<b>Net position, ending</b>	<u><b>\$339.8</b></u>	<u><b>\$341.9</b></u>	<u><b>\$151.6</b></u>	<u><b>\$156.3</b></u>	<u><b>\$491.5</b></u>	<u><b>\$498.2</b></u>

Charges for services in governmental activities decreased \$3.0 million in 2018. This decrease is largely due to a decrease in mortgage registrations fees collected and a decrease in Medicare fees collected. Charges for services in business-type activities decreased \$0.4 million. This is primarily due to a decrease in revenue collected in the Fleet Management Fund as 2018 charges were refunded to the EMS tax fund prevent a deficit in that fund. Capital grants and contributions increased \$.7 million. Operating grants and contributions increased \$2.6 million. This increase is primarily due to an increase in State revenue received by COMCARE as its participating Community Mental Health Center (CMHC) contract increased by \$1.5 million for the 2018 State Fiscal Year, and COMCARE received an amendment for an additional \$1.3 million for the Community Crisis Center. Property tax collections increased \$5.8 million; The County's assessed valuation grew 3.2% for 2018 budget year.

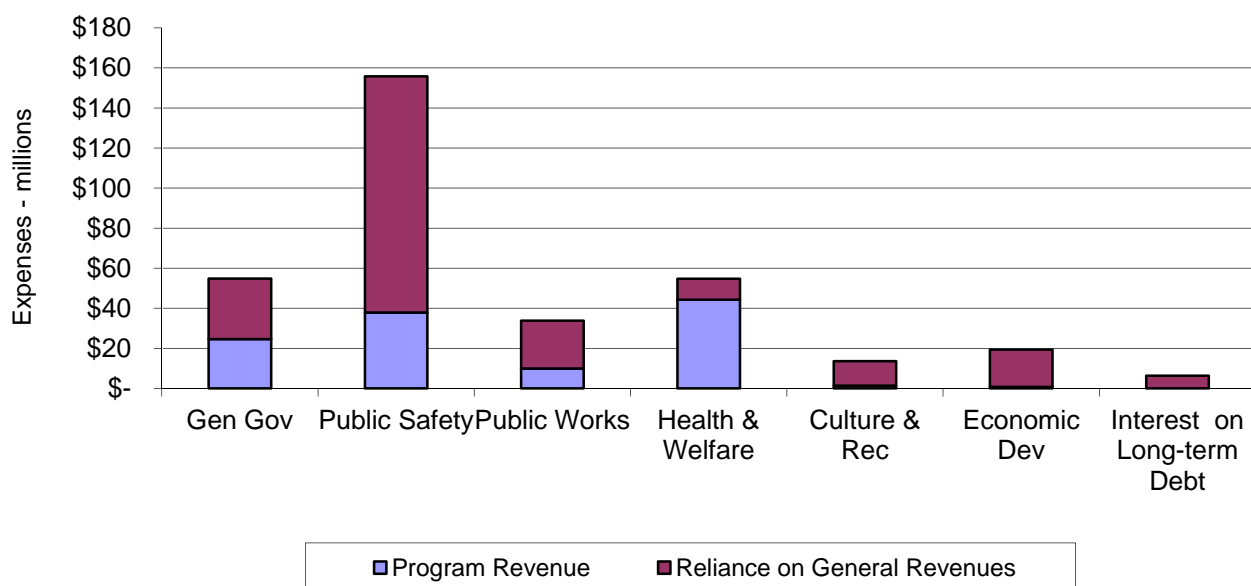
Expenses of governmental activities increased \$11.3 million. General government expenses increased \$2.3 million, 4.4%. Health and welfare expenses increased \$1.8 million or 3.4%. Culture and recreation expenses increased \$0.9 million or 7%. Economic development expenses increased \$3.1 million or 19%. Public safety expenses increased \$6.3 million, 4.2%.

### Governmental Activities

Governmental activities incurred \$338,439,090 in expenses during 2018. The following list breaks this expense down into percentage by function with the corresponding dollar amount:

○ Public safety	46.0%	\$155,753,795
○ General Government	16.2%	54,849,656
○ Health and welfare	16.2%	54,714,236
○ Public works	10.0%	33,795,769
○ Economic development	5.7%	19,385,943
○ Culture and recreation	4.0%	13,638,446
○ Interest on long-term debt	1.9%	6,301,245
○ Total governmental activities expenses		<u>\$338,439,090</u>

The following chart shows total expenses for each function of governmental activities. The chart also shows total program revenue for each function along with total reliance on general revenues. General revenues are principally taxes and investment earnings.





As reflected in the chart, no function of government is self-supporting. For that reason, there is need for taxes to be levied and collected in order to provide services to the community. The following list shows each function of government, the percentage of reliance on general revenues of the county to fund the function, and the corresponding dollar amount of general revenue and program revenues used to fund the function:

		General Revenues	Program Revenues
o Interest on long-term debt	100.0%	\$ 6,301,245	\$ -
o Economic development	90.6%	18,681,900	704,043
o Culture and recreation	93.1%	12,217,878	1,420,568
o Public works	71.6%	23,877,812	9,917,957
o Public safety	73.7%	117,885,242	37,868,553
o General government	52.1%	30,216,989	24,632,667
o Health and welfare	20.9%	10,434,430	44,279,806
Total reliance on general revenues		<u>\$219,615,496</u>	<u>\$118,823,594</u>

#### Business-type Activity

Sedgwick County has one business-type activity, the Arena fund. Net position for fiscal year 2018 decreased by \$4.7 million to \$151.6 million. Of that \$151.6 million, \$142.9 million is invested in capital assets. The decrease can be attributed to depreciation, which was \$4.8 million.

#### **County Funds Financial Analysis**

As noted earlier, Sedgwick County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the County's governmental funds is to provide information on near-term cash inflows and outflows during the fiscal year and balances of spendable resources at year-end. This information is useful in assessing the County's financing requirements. Unassigned fund balance may serve as a useful measure of the County's net resources available for future spending.

At the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$147.3 million, a decrease of \$17.7 million since the beginning of the year. The following table shows how fund balance changed in the major and other governmental funds.

Fund	Beginning Fund Balance	Ending Fund Balance	Change in Fund Balance
General	\$ 66,172,422	\$ 66,936,303	\$ 763,881
Federal/State Assistance	22,987,128	23,112,094	124,966
Public Building Commission	2,355,876	1,427,470	(928,406)
Debt Service	2,864,538	2,595,046	(269,492)
Debt Proceeds	31,668,650	7,226,123	(24,442,527)
Other Governmental	39,003,922	46,035,385	7,031,463
Total Governmental Funds	<u>\$ 165,052,536</u>	<u>\$ 147,332,421</u>	<u>\$(17,720,115)</u>

The General Fund is the chief operating fund of Sedgwick County. Ending fund balance in the General Fund increased \$.8 million, compared to an increase of \$3.2 million a year ago.

Revenues of the General Fund increased \$3.1 million, to \$167.9 million, in 2018. Property tax increased \$3.0 million from 2017, primarily due to assessed valuations grew 3.2% for 2018 budget year. Intergovernmental revenues decreased \$.3 million from 2017. Licenses and permits increased .4 million from 2017.

General Fund expenditures increased \$15.7 million, to \$166.5 million. The increase primarily can be attributed to an increase in employee pay and increased workers' compensation changes due to an increase in rates

As a measure of the General Fund's financial position, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 25.5% of total General Fund expenditures, while total fund balance represents 40.2%. In other words, readily available resources as of December 31 were sufficient to pay for services for three months.

The Federal/State Assistance Fund is a special revenue fund that accounts for programs that receive grant funding. The Federal/State Assistance Fund ended the year with a fund balance of \$23.1 million which is \$0.1 million more than 2017. Revenues increased \$2.1 million over the prior year, to \$53.3 million. The category of 'other revenues' decreased \$.1 million. Charges for service increased \$.1 million from 2017. Intergovernmental revenues increased \$2.0 million from 2017. This increase is primarily due to an increase in State revenue received by COMCARE as its participating Community Mental Health Center (CMHC) contract increased by \$1.5 million for the 2018 State Fiscal Year, and COMCARE received an amendment for an additional \$1.3 million for the Community Crisis Center. Federal/State Assistance Fund expenditures increased \$2.2 million. Economic development expenditures decreased \$.4 million, primarily due to the closeout of the CDBG Microloan Program. Public safety expenses decreased \$0.9 million from 2017.

The Public Building Commission (PBC) fund is a special revenue fund to account for revenues and expenditures derived from direct financing leases. The PBC fund ended the year with a fund balance of \$1.4 million, which is a decrease of \$.9 million from 2017.

Debt Service fund balance decreased by \$0.3 million due mostly to a \$0.3 million decrease in special assessments.

The Debt Proceeds Fund is a capital projects fund that receives proceeds from general obligation bond issues and other long-term financing sources. During 2018, the fund received \$13.025 million in proceeds from debt issuance. Proceeds were used to pay for new projects and an economic development incentive. \$4.6 million was transferred to capital projects funds to pay for current projects, this included \$3.6 million for the renovation of the Ronald Reagan building that houses the Metropolitan Area Building and Construction Department, along with other various departments, the remaining \$1.0 million was transferred to various road and bridge projects. A significant portion of transfers out from the debt proceeds fund included \$7.0 million that was transferred to the general fund to cover the cost of an economic development incentive related to Project Eclipse, this is an interlocal agreement with the City of Wichita and Spirit AeroSystems, Inc.

#### Proprietary Funds

Sedgwick County's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Arena Fund represents the activity of the INTRUST Bank Arena. The facility is operated by a private company; the County incurs expenses only for certain capital improvements or major repairs and depreciation, and receives as revenue only a share of profits earned by the operator, if any, and naming rights fees. The Arena Fund had an operating loss of \$4.5 million. The loss can be attributed to \$4.8 million in depreciation expense.

Internal service funds account for the County's fleet operation as well as insurance, including workers compensation, health, life, dental, property, and liability. Fleet operations show a decrease in 2018 of \$1.3 million, to \$22.0 million. The workers' compensation expenses exceeded charges and the fund ended the year with a fund balance of \$4.0 million. In the Risk Management Fund, Sedgwick County expended \$761,158 for property and liability insurance during 2018 and also paid \$139,478 in claims for various items including, but not limited to, storm damage to County property and vehicle damages. The Health, Dental and Life Insurance Reserve Fund accounts for employee benefits. The County uses a self-funded insurance model for health insurance and dental insurance. The fund had a loss of \$1.9 million during 2018 decreasing net position to \$3.8 million at the end of the year.

## General Fund Budgetary Highlights

The County did not amend the budget during fiscal year 2018, although appropriations were shifted between line items in the General Fund.

Actual revenue was \$2,278,916, or 1.2%, above both the original and final budgets. Seven of ten major revenue sources ended the year above budget. Licenses and permits were \$3,003,016 above budget; this is primarily due to the Metropolitan Area Building and Construction Department moving from a City of Wichita department to a Sedgwick County department. Property tax collections were \$1.2 million above budget. Other revenue was \$1,005,293 above budget.

Combined the other three major revenues were below budget \$3.2 million. Charges for services were under budget by \$2.7 million. Intergovernmental revenue was \$0.2 million below budget. Sales tax revenue was \$0.3 below budget.

General Fund expenditures totaled \$169.7 million, and were 6.6% less than the final budget. Expenditures for personnel services were less than the final budget by \$4.4 million. Contractual services ended the year \$7.0 million lower than the final budget. The County budgets a contingency for disaster recovery each year, which is included in contractual services. Much of the discrepancy between budgeted and actual contractual expenditures is due to the fact that the county was not required to use the disaster contingency account. Overall budgetary fund balance in the General Fund increased \$1.6 million in 2018.

## **Capital Asset and Debt Administration**

Sedgwick County's investment in capital assets for its governmental and business-type activities as of December 31, 2018, totaled \$569,585,426 (net of accumulated depreciation). This investment in capital assets includes land, buildings, roads, bridges, improvements, machinery and equipment, software, and the INTRUST Bank Arena.

Major capital asset events during the 2018 fiscal year included the following:

- Machinery and equipment decreased from \$72.9 million at the end of 2017 to \$67.2 million at the end of 2018. This is primarily due to some older pieces of equipment no longer in service being disposed of.
- Construction in progress decreased from \$21.1 million at the end of 2017 to \$18.0 million at the end of 2018.

### **Capital Assets December 31, 2018 (Net of Depreciation)**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Land	\$ 28,033,996	\$ 13,038,358	\$ 41,072,354
Buildings and improvements	199,063,967	128,075,285	327,139,252
Improvements other than buildings	13,072,884	-	13,072,884
Machinery and equipment	19,339,013	1,768,030	21,107,043
Infrastructure	149,239,318	-	149,239,318
Construction in progress	17,954,575	-	17,954,575
Total	<u>\$ 426,703,753</u>	<u>\$ 142,881,673</u>	<u>\$ 569,585,426</u>

Additional information regarding capital assets can be found in Note III. C, beginning on page A-49.

## **Long-term Debt**

At the end of 2018, Sedgwick County had total general obligation bonds outstanding of \$52.9 million. This amount includes \$2.0 million of special assessment bonds. The County's long-term obligations also include revenue bonds totaling \$94.5 million. All outstanding debt at the end of the year was associated

with governmental activities and is backed by the full faith and taxing power of Sedgwick County with the exception of the Public Building Commission 2014-3 and 2014-4 issuance, which is backed by lease revenue from Wichita State University.

In 2018, the County issued \$13,025,000 of General Obligation Bonds. \$6.025 million was issued for new projects and \$7.00 million was issued for an economic development incentive.

Outstanding general obligation bonds of the County and lease revenue bonds of the PBC are rated "AA+" by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. ("S&P") and "Aaa" by Moody's Investors Service ("Moody's").

Additional information about the County's long-term debt can be found in Note III. E, beginning on page A-50 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate in the Wichita MSA stood at 3.4% at the end of 2018, this is unchanged from the end of 2017.
- The 2018 County property tax levy funds the 2019 budget. The 2018 property tax (mill levy) rate is 29.383.
- Wichita is known as the "air capital of the world" because it houses major facilities of three leading aircraft manufacturers: Textron Aviation (which produces Cessna and Beechcraft airplanes), Spirit AeroSystems, and Bombardier Learjet, as well as many other aviation parts suppliers.
- The cost of living index in Wichita is a moderate 91.8 almost 8.0% below the national urban area average of 100.

### **Requests for Information**

This financial report is designed to provide citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the funds it receives.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Sedgwick County Division of Finance, 525 N. Main, Suite 823, Wichita, Kansas 67203.

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# SEDGWICK COUNTY, KANSAS

## Statement of Net Position

December 31, 2018

	Governmental Activities	Primary Government Business-type Activities	Total
<b>Assets</b>			
Cash, including investments	\$ 168,885,367	\$ 7,785,923	\$ 176,671,290
Receivables, net	257,888,960	243,817	258,132,777
Due from other agencies	2,944,356	-	2,944,356
Inventories, at cost	665,319	-	665,319
Prepaid items	2,252,089	-	2,252,089
Restricted assets:			
Cash, including investments	1,409,286	746,526	2,155,812
Capital assets:			
Land and construction in progress	45,988,571	13,038,358	59,026,929
Other capital assets, net of depreciation	380,715,182	129,843,315	510,558,497
<b>Total assets</b>	<b>860,749,130</b>	<b>151,657,939</b>	<b>1,012,407,069</b>
<b>Deferred Outflows of Resources</b>			
Deferred refunding	185,929	-	185,929
Deferred outflows-pensions	23,520,975	-	23,520,975
<b>Total deferred outflows of resources</b>	<b>23,706,904</b>	<b>-</b>	<b>23,706,904</b>
<b>Liabilities</b>			
Accounts payable and other current liabilities	7,237,799	24,218	7,262,017
Accrued wages	5,967,798	-	5,967,798
Accrued interest payable	2,384,923	-	2,384,923
Unearned revenue	43,758,037	-	43,758,037
Due to other entities	228,650	-	228,650
Advance - grants	753,637	-	753,637
Noncurrent liabilities:			
Due within one year	21,330,195	-	21,330,195
Due in more than one year	299,577,991	-	299,577,991
<b>Total liabilities</b>	<b>381,239,030</b>	<b>24,218</b>	<b>381,263,248</b>
<b>Deferred Inflows of Resources</b>			
Deferred property tax revenue	154,939,462	-	154,939,462
Deferred inflows-other postemployment benefits	1,037,768	-	1,037,768
Deferred inflows-pensions	7,408,997	-	7,408,997
<b>Total deferred inflows of resources</b>	<b>163,386,227</b>	<b>-</b>	<b>163,386,227</b>
<b>Net Position</b>			
Net investment in capital assets	324,991,641	-	324,991,641
Invested in capital assets	-	142,881,673	142,881,673
Restricted for:			
Capital improvements	10,433,213	-	10,433,213
Capital improvements and operations	-	722,308	722,308
Debt service	4,529,238	-	4,529,238
Federal/State assistance	9,292,529	-	9,292,529
Economic development	2,677,408	-	2,677,408
Equipment and technology improvements	1,009,947	-	1,009,947
Fire protection	6,623,939	-	6,623,939
Court operations	2,913,400	-	2,913,400
Other purposes	8,916,887	-	8,916,887
Unrestricted (Deficit)	(31,557,425)	8,029,740	(23,527,685)
<b>Total net position</b>	<b>\$ 339,830,777</b>	<b>\$ 151,633,721</b>	<b>\$ 491,464,498</b>

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

# SEDGWICK COUNTY, KANSAS

## Statement of Activities For the Year Ended December 31, 2018

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 54,849,656	\$ 24,437,736	\$ 194,931	\$ -
Public safety	155,753,795	23,040,607	14,827,946	-
Public works	33,795,769	1,877,994	5,186,028	2,853,935
Health and welfare	54,714,236	20,378,294	23,901,512	-
Cultural and recreation	13,638,446	369,439	90,188	960,941
Economic development	19,385,943	10,117	693,926	-
Interest on long-term debt	6,301,245	-	-	-
Total governmental activities	<u>338,439,090</u>	<u>70,114,187</u>	<u>44,894,531</u>	<u>3,814,876</u>
Business-type activities:				
Arena	5,294,694	753,403	-	-
Total business-type activities	<u>5,294,694</u>	<u>753,403</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 343,733,784</u>	<u>\$ 70,867,590</u>	<u>\$ 44,894,531</u>	<u>\$ 3,814,876</u>

General revenues:  
Property taxes  
Sales taxes  
Other taxes  
Investment earnings  
Gain (loss) on sale of capital assets  
Total general revenues

Change in net position

Net position, at beginning of year, as previously reported  
Restatement, see note IV. H  
Net position at beginning of year, as restated

Net position, end of year

The 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
\$ (30,216,989)	\$ -	\$ (30,216,989)
(117,885,242)	-	(117,885,242)
(23,877,812)	-	(23,877,812)
(10,434,430)	-	(10,434,430)
(12,217,878)	-	(12,217,878)
(18,681,900)	-	(18,681,900)
(6,301,245)	-	(6,301,245)
(219,615,496)	-	(219,615,496)
-	(4,541,291)	(4,541,291)
-	(4,541,291)	(4,541,291)
(219,615,496)	(4,541,291)	(224,156,787)
172,620,033	-	172,620,033
29,776,859	-	29,776,859
3,421,680	-	3,421,680
9,919,659	-	9,919,659
-	(170,306)	(170,306)
215,738,231	(170,306)	215,567,925
(3,877,265)	(4,711,597)	(8,588,862)
341,909,125	156,345,318	498,254,443
1,798,917	-	1,798,917
343,708,042	156,345,318	500,053,360
\$ 339,830,777	\$ 151,633,721	\$ 491,464,498

**SEDGWICK COUNTY, KANSAS**

**Balance Sheet  
Governmental Funds  
December 31, 2018**

	<b>General Fund</b>	<b>Federal/State Assistance Fund</b>	<b>Public Building Commission Fund</b>
<b>Assets:</b>			
Cash, including investments	\$ 62,271,136	\$ 23,534,727	\$ 18,184
Restricted investment	-	-	1,409,286
Advance receivable	4,615,932	-	-
Due from other funds	-	-	-
Due from other agencies	393,025	1,833,874	-
Accounts receivable	341,494	1,066,879	-
Property tax receivable	105,378,462	-	-
Sales tax receivable	2,725,087	-	-
Interest receivable	964,325	-	-
Prepaid items	2,252,089	-	-
Lease receivable	-	-	87,610,954
Notes receivable	936,044	-	-
Special assessments receivable:			
Noncurrent	-	-	-
Delinquent (including interest)	-	-	-
Inventories, at cost	-	61,701	-
<b>Total assets</b>	<b>\$ 179,877,594</b>	<b>\$ 26,497,181</b>	<b>\$ 89,038,424</b>
<b>Liabilities:</b>			
Accounts payable	3,786,375	1,151,194	-
Accrued wages	3,366,896	1,096,758	-
Advance - grants	-	753,637	-
Due to other funds	-	-	-
Advance payable	-	-	-
Due to other entities	211,930	70	-
<b>Total liabilities</b>	<b>7,365,201</b>	<b>3,001,659</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>			
Deferred property tax revenue	105,378,462	-	-
Unavailable revenue - accounts receivable	197,628	383,428	-
Deferred lease receivable	-	-	87,610,954
Unavailable revenue - special assessments	-	-	-
<b>Total deferred inflows of resources</b>	<b>105,576,090</b>	<b>383,428</b>	<b>87,610,954</b>
<b>Fund balances:</b>			
<b>Nonspendable:</b>			
Inventories	\$ -	\$ 61,701	\$ -
Advance receivable	4,615,932	-	-
Notes receivable	936,044	-	-
Prepaid items	2,252,089	-	-
<b>Restricted:</b>			
General Government	3,535,914	-	-
Debt Service	-	-	18,184
Public Safety	1,195	2,376,397	-
Public Works	-	-	-
Health and Welfare	-	6,777,409	-
Culture and Recreation	-	-	-
Economic Development	-	4,249,638	1,409,286
Capital Outlay	-	-	-
<b>Committed:</b>			
Capital Outlay	-	-	-
Health and Welfare	-	1,156,812	-
<b>Assigned:</b>			
General Government	12,671,858	-	-
Public Safety	336,094	827,945	-
Public Works	950	-	-
Health and Welfare	17,808	7,653,207	-
Culture and Recreation	21,805	-	-
Economic Development	9	8,985	-
Capital Outlay	-	-	-
Unassigned	42,546,605	-	-
<b>Total fund balance</b>	<b>66,936,303</b>	<b>23,112,094</b>	<b>1,427,470</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 179,877,594</b>	<b>\$ 26,497,181</b>	<b>\$ 89,038,424</b>

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

Debt Service Fund	Debt Proceeds Fund	Other Governmental Funds	Total Governmental Funds
\$ 2,595,046	\$ 6,390,397	\$ 49,737,427	\$ 144,546,917
-	-	-	1,409,286
-	-	-	4,615,932
-	835,726	-	835,726
-	-	717,457	2,944,356
-	-	2,303,532	3,711,905
13,066,833	-	36,494,167	154,939,462
-	-	2,725,088	5,450,175
-	-	-	964,325
-	-	-	2,252,089
-	-	-	87,610,954
-	-	-	936,044
2,427,785	-	-	2,427,785
1,847,356	-	-	1,847,356
-	-	430,614	492,315
<u>\$ 19,937,020</u>	<u>\$ 7,226,123</u>	<u>\$ 92,408,285</u>	<u>\$ 414,984,627</u>
-	-	1,806,734	6,744,303
-	-	1,457,422	5,921,076
-	-	-	753,637
-	-	835,726	835,726
-	-	4,615,932	4,615,932
-	-	16,650	228,650
-	-	8,732,464	19,099,324
13,066,833	-	36,494,167	154,939,462
-	-	1,146,269	1,727,325
-	-	-	87,610,954
4,275,141	-	-	4,275,141
<u>17,341,974</u>	<u>-</u>	<u>37,640,436</u>	<u>248,552,882</u>
\$ -	\$ -	\$ 430,614	\$ 492,315
-	-	-	4,615,932
-	-	-	936,044
-	-	-	2,252,089
-	-	1,918,007	5,453,921
2,595,046	-	25,790	2,639,020
-	-	12,293,104	14,670,696
-	-	2,558,196	2,558,196
-	-	1,242,107	8,019,516
-	-	34,420	34,420
-	-	9,500	5,668,424
-	7,226,123	10,433,213	17,659,336
-	-	9,462,679	9,462,679
-	-	-	1,156,812
-	-	-	12,671,858
-	-	413,135	1,577,174
-	-	534,049	534,999
-	-	-	7,671,015
-	-	-	21,805
-	-	-	8,994
-	-	7,529,270	7,529,270
-	-	(848,699)	41,697,906
<u>2,595,046</u>	<u>7,226,123</u>	<u>46,035,385</u>	<u>147,332,421</u>
<u>\$ 19,937,020</u>	<u>\$ 7,226,123</u>	<u>\$ 92,408,285</u>	<u>\$ 414,984,627</u>

# SEDGWICK COUNTY, KANSAS

## Reconciliation of the Statement of Net Position to the Balance Sheet for Governmental Funds December 31, 2018

<b>Total fund balances of governmental funds</b>		\$ 147,332,421
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$775,577,518 and the accumulated depreciation is \$359,919,827, excluding internal service fund capital assets.		415,657,691
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet management to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.		31,268,152
Certain accounts receivable resulting from charges for services are not considered available to pay current period expenditures and are therefore deferred in the funds.		
Special assessments	4,275,141	
Principal portion of lease receivable	43,852,917	
Miscellaneous other	<u>1,727,325</u>	49,855,383
Other deferred outflows of resources do not decrease net position until a future period and therefore are not reported in the funds		
Deferred refunding	185,929	
Deferred outflows - pensions	<u>23,520,975</u>	23,706,904
Long-term liabilities are not due and payable in the current period and are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net position. Long-term liabilities at year-end consist of:		
Bonds payable	(52,940,000)	
Bond premium	(6,883,528)	
Revenue bonds payable	(94,495,000)	
Capital lease payable	(727,321)	
Compensated absences	(6,500,000)	
Net pension liability	(136,810,111)	
Other postemployment benefits other than pensions	(18,802,126)	
Accrued interest payable	<u>(2,384,923)</u>	(319,543,009)
Other deferred inflows of resources do not increase net position until a future period and therefore are not reported in the funds		
Deferred inflows - OPEB		(1,037,768)
Deferred inflows - pensions		<u>(7,408,997)</u>
<b>Net position of governmental activities</b>		<u><u>\$ 339,830,777</u></u>

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

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# SEDGWICK COUNTY, KANSAS

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended December 31, 2018

	General Fund	Federal/State Assistance Fund	Public Building Commission Fund
<b>Revenues</b>			
Property taxes	\$ 118,462,916	\$ -	\$ -
Emergency telephone services taxes	-	-	-
Sales taxes	16,572,428	-	-
Special assessments	-	-	-
Other taxes	374,461	32,360	-
Intergovernmental	763,193	32,908,988	-
Charges for services	14,194,974	20,023,665	574,167
Uses of money and property	6,298,980	12,838	1,936,885
Fines and forfeits	78,571	100,743	-
Licenses and permits	8,280,826	-	-
Other	2,901,725	203,905	-
<b>Total revenues</b>	<u>167,928,074</u>	<u>53,282,499</u>	<u>2,511,052</u>
<b>Expenditures</b>			
<b>Current:</b>			
General government	40,000,702	-	-
Public safety	96,384,901	11,027,046	-
Public works	2,241,000	-	-
Health and welfare	8,616,946	42,590,045	-
Cultural and recreation	10,032,489	-	-
Economic development	8,633,788	822,649	946,145
<b>Debt service:</b>			
Principal	-	-	565,000
Interest and fiscal charges	633,811	-	1,928,313
Debt issuance costs	-	-	-
<b>Capital outlay</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total expenditures</b>	<u>166,543,637</u>	<u>54,439,740</u>	<u>3,439,458</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,384,437</u>	<u>(1,157,241)</u>	<u>(928,406)</u>
<b>Other financing sources (uses)</b>			
Transfers from other funds	11,487,213	1,395,747	-
Transfers to other funds	(13,833,207)	(113,540)	-
Proceeds from sale of capital assets	1,725,438	-	-
Premium from issuance of general obligation bonds	-	-	-
Issuance of general obligation bonds	-	-	-
<b>Total other financing sources (uses)</b>	<u>(620,556)</u>	<u>1,282,207</u>	<u>-</u>
<b>Net change in fund balances</b>	763,881	124,966	(928,406)
<b>Fund balances, beginning of year</b>	<u>66,172,422</u>	<u>22,987,128</u>	<u>2,355,876</u>
<b>Fund balances, end of period</b>	<u><u>\$ 66,936,303</u></u>	<u><u>\$ 23,112,094</u></u>	<u><u>\$ 1,427,470</u></u>

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

Debt Service Fund	Debt Proceeds Fund	Other Governmental Funds	Total Governmental Funds
\$ 13,795,718	\$ -	\$ 40,361,399	\$ 172,620,033
-	-	2,928,808	2,928,808
-	-	13,204,431	29,776,859
603,665	-	145,008	748,673
-	-	86,051	492,872
139,023	-	12,713,517	46,524,721
-	-	21,398,472	56,191,278
-	419,210	243,189	8,911,102
-	-	-	179,314
-	-	91,195	8,372,021
-	-	871,305	3,976,935
<u>14,538,406</u>	<u>419,210</u>	<u>92,043,375</u>	<u>330,722,616</u>
-	-	5,274,880	45,275,582
-	-	42,197,002	149,608,949
-	-	11,669,394	13,910,394
-	-	5,307,432	56,514,423
-	-	4,194	10,036,683
-	-	7,880,749	18,283,331
13,665,000	26,065,000	397,498	40,692,498
3,570,573	943,350	20,589	7,096,636
-	211,971	-	211,971
-	-	22,044,046	22,044,046
<u>17,235,573</u>	<u>27,220,321</u>	<u>94,795,784</u>	<u>363,674,513</u>
<u>(2,697,167)</u>	<u>(26,801,111)</u>	<u>(2,752,409)</u>	<u>(32,951,897)</u>
2,427,675	2,727	16,006,100	31,319,462
-	(11,603,806)	(6,222,228)	(31,772,781)
-	-	-	1,725,438
-	934,663	-	934,663
-	13,025,000	-	13,025,000
<u>2,427,675</u>	<u>2,358,584</u>	<u>9,783,872</u>	<u>15,231,782</u>
(269,492)	(24,442,527)	7,031,463	(17,720,115)
<u>2,864,538</u>	<u>31,668,650</u>	<u>39,003,922</u>	<u>165,052,536</u>
<u>\$ 2,595,046</u>	<u>\$ 7,226,123</u>	<u>\$ 46,035,385</u>	<u>\$ 147,332,421</u>



# SEDGWICK COUNTY, KANSAS

## Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended December 31, 2018

**Net change in fund balances - total governmental funds** \$ (17,720,115)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those capitalized assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlays capitalized	10,463,122	
Loss on disposal of assets	(786,111)	
Depreciation expense	<u>(22,391,159)</u>	(12,714,148)

Contributed capital assets are recognized as revenues on the statement of activities 960,941

Payments received on certain receivables are recognized as revenue when received in the fund. However, in the statement of net position, revenue is recognized as earned. 144,273

Repayment of bond principal and other long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Bonds payable	8,500,000	
Revenue bond payable	31,795,000	
Capital lease payable	<u>397,498</u>	40,692,498

Bond and capital lease proceeds provide current financial resources to government funds, but represent an increase in long-term liabilities in the statement of net position. Proceeds from bonds (13,025,000)

Bond costs - governmental funds report the effect of premiums, discounts and similar items when the debt is issued, whereas these amounts are deferred and amortized in the statement of activities 285,848

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are not reported until due. 546,176

In the statement of activities, compensated absences are measured by the amounts earned during the year, instead of by the amount paid. (350,000)

Payment of other postemployment benefits (OPEB) contributions is an expenditure in the governmental funds, but reduces the total OPEB liability in the statement of net position. Additionally, the effect of changes in deferred inflows for OPEB are only recorded in the statement of activities. (1,132,164)

Payment of pension contributions is an expenditure in the governmental funds, but reduces the net pension liability in the statement of net position. Additionally, the effect of changes in deferred inflows and deferred outflows for pensions are only recorded in the statement of activities. 1,475,409

Internal service funds are used by management to charge the costs of fleet management and insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. (3,040,983)

**Change in net position of governmental activities** \$ (3,877,265)

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

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# SEDGWICK COUNTY, KANSAS

## Statement of Net Position Proprietary Funds December 31, 2018

	Business-type Activity - Enterprise Fund Arena Fund	Governmental Activities - Internal Service Funds
<b><u>Assets</u></b>		
Current assets:		
Cash, including investments	\$ 7,785,923	\$ 24,338,450
Accounts receivable	243,817	954
Inventories, at cost	-	173,004
Restricted assets:		
Cash, including investments	746,526	-
Total current assets	8,776,266	24,512,408
Noncurrent assets:		
Capital assets:		
Land	13,038,358	40,580
Buildings and improvements	166,107,497	8,319,354
Machinery and equipment	7,730,262	30,665,698
Construction in progress	-	-
Less accumulated depreciation	(43,994,444)	(27,979,570)
Total capital assets (net of accumulated depreciation)	142,881,673	11,046,062
Total assets	151,657,939	35,558,470
<b><u>Liabilities</u></b>		
Current liabilities:		
Accounts payable	24,218	493,496
Accrued wages	-	46,722
Estimated claims costs payable	-	2,828,600
Total current liabilities	24,218	3,368,818
Noncurrent liabilities:		
Estimated claims costs payable	-	921,500
Total liabilities	24,218	4,290,318
<b><u>Net position</u></b>		
Investment in capital assets	142,881,673	11,046,062
Restricted for capital improvements and operations	722,308	-
Unrestricted	8,029,740	20,222,090
Total net position	151,633,721	31,268,152
Total liabilities and net position	\$ 151,657,939	\$ 35,558,470

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

# SEDGWICK COUNTY, KANSAS

## Statement of Revenues, Expenses, and Changes in Net Position Proprietary Funds For the Year Ended December 31, 2018

	Business-type Activity - Enterprise Fund Arena Fund	Governmental Activities - Internal Service Funds
<b>Operating revenues:</b>		
Charges for services	\$ 713,816	\$ 40,691,333
Other revenue	39,587	300,108
Total operating revenues	<u>753,403</u>	<u>40,991,441</u>
<b>Operating expenses:</b>		
Salaries and benefits	-	1,460,532
Contractual services	490,320	2,951,879
Utilities	-	69,398
Supplies and fuel	-	2,978,025
Administrative charges	-	180,914
Depreciation expense	4,783,229	2,494,370
Claims expense	-	34,618,245
Other expense	21,145	61,587
Total operating expenses	<u>5,294,694</u>	<u>44,814,950</u>
Operating loss	<u>(4,541,291)</u>	<u>(3,823,509)</u>
<b>Nonoperating revenues:</b>		
Investment income	-	249,232
Gain (loss) on sale of assets	(170,306)	79,975
Total nonoperating revenues	<u>(170,306)</u>	<u>329,207</u>
Income loss before transfers	(4,711,597)	(3,494,302)
<b>Transfers:</b>		
Transfers from other funds	-	916,197
Transfers to other funds	<u>-</u>	<u>(462,878)</u>
Change in net position	(4,711,597)	(3,040,983)
Net position, beginning of year	<u>156,345,318</u>	<u>34,309,135</u>
Net position, end of period	<u>\$ 151,633,721</u>	<u>\$ 31,268,152</u>

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

# SEDGWICK COUNTY, KANSAS

## Statement of Cash Flows

### Proprietary Funds

For the Year Ended December 31, 2018

	Business-type Activity - Enterprise Fund Arena Fund	Governmental Activities - Internal Service Funds
<b>Cash flows from operating activities</b>		
Receipts from customers	\$ 1,105,000	\$ 78,409
Receipts from interfund services provided	-	40,690,379
Other operating revenues	-	221,699
Payments to suppliers for goods and services	(616,774)	(39,938,021)
Payments to employees for services	-	(1,460,532)
Net cash provided by (used in) operating activities	<u>488,226</u>	<u>(408,066)</u>
<b>Cash flows from noncapital financing activities</b>		
Transfers from other funds	-	916,197
Transfers to other funds	-	(462,878)
Net cash provided by noncapital financing activities	<u>-</u>	<u>453,319</u>
<b>Cash flows from capital and related financing activities</b>		
Proceeds from sale of capital assets	-	79,975
Purchases and construction of capital assets	(1,787,446)	(748,878)
Net cash used in capital and related financing activities	<u>(1,787,446)</u>	<u>(668,903)</u>
<b>Cash flows from investing activities</b>		
Interest on investments	-	249,232
Net cash provided by investing activities	<u>-</u>	<u>249,232</u>
Net decrease in cash and cash equivalents	(1,299,220)	(374,418)
Cash and cash equivalents, beginning of the year	<u>9,831,669</u>	<u>24,712,868</u>
Cash and cash equivalents, end of the year	<u>\$ 8,532,449</u>	<u>\$ 24,338,450</u>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities</b>		
Operating loss	\$ (4,541,291)	\$ (3,823,509)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation expense	4,783,229	2,494,370
Decrease (increase) in accounts receivable	351,597	(954)
Increase in inventories	-	7,439
Increase (decrease) in accounts payable	(105,309)	304,788
Increase in estimated claims payable	-	609,800
Net cash provided by (used in) operating activities	<u>\$ 488,226</u>	<u>\$ (408,066)</u>

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

# SEDGWICK COUNTY, KANSAS

## *Statement of Fiduciary Net Position* *Agency Funds* *December 31, 2018*

	<u>Agency Funds</u>
<b>Assets</b>	
Cash, including investments	\$ 365,625,932
Accounts receivable	1,235
Property tax levied	<u>237,614,576</u>
Total assets	<u>603,241,743</u>
<b>Liabilities</b>	
Accrued liabilities	37,588,104
Due to other governmental units	<u>565,653,639</u>
Total liabilities	<u>\$ 603,241,743</u>

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

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# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

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# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

### I. Summary of Significant Accounting Policies

#### A. Reporting Entity

Sedgwick County (County) is organized under the laws of the State of Kansas (Kansas or State) and is governed by an elected five-member board. As required by generally accepted accounting principles (GAAP), these financial statements present the primary government and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

Blended Component Units - Sedgwick County Fire District 1 (Fire District) is governed by the Sedgwick County Board of County Commissioners, acting as a separate governing body. The Fire District is a separate taxing entity by applicable Kansas statutes, providing fire protection services to certain areas of the County. The costs of providing such service, including retirement of long-term debt, are provided from property taxes assessed to property owners in the benefit district. The Fire District general obligation bonds payable are general obligation debt of the Fire District and are secured by the full faith and credit of the Fire District. For financial reporting, the financial activities of the Fire District are accounted for within the special revenue funds, debt service funds, and capital projects funds within the County's financial statements. The blending method is used because the Fire District's governing body is identical to the County's governing board and because the County's finance staff and resources will be used to create and oversee the Fire District's lease purchase agreements.

The Sedgwick County Public Building Commission (SCPBC) was established to benefit the County and other governmental entities and is governed by a separate five-member board. The Sedgwick County Board of County Commissioners appoints all five members of the SCPBC Board and is able to impose its will on the SCPBC. The SCPBC has the authority to issue revenue bonds to finance the cost of acquiring and/or constructing land and facilities operated for a public purpose by a governmental entity. The SCPBC finances the debt service of the revenue bonds by leasing the land and facilities to the governmental entity that operates it. The operating governmental entity guarantees the rentals under the SCPBC lease. The SCPBC has no power to levy taxes, and revenue bonds issued by the SCPBC are not included in any legal debt limitations of the operating governmental entity. The SCPBC is considered a blended component unit due to a majority of the total debt outstanding for SCPBC being expected to be repaid entirely with the resources of the County. For financial reporting, the financial activities of the SCPBC are accounted for within the special revenue funds within the County's financial statements.

Separate audited financial statements are not prepared for the Sedgwick County Fire District or the SCPBC.

Related Organizations - The County Manager and Board of County Commissioners are also responsible for appointing ten of the eleven members of the board of the Sedgwick County Technical Education and Training Authority. However, the County's accountability for this organization does not extend beyond making the appointments. The Sedgwick County Technical Education and Training Authority is the official governing body of the Wichita Area Technical College.

The Sedgwick County Zoological Society, Inc. (Society) and Sedgwick County Board of County commissioners entered into an agreement on August 18, 1967, which employs the Society as an agent of the County to plan, establish, manage, operate, and develop zoological gardens and exhibits. Sedgwick County provides monies annually for the maintenance and operation of the facility. Such expenditures are financed within the general fund, the capital reserve fund, and the park and recreation fund of Sedgwick County.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### I. Summary of Significant Accounting Policies (continued)

#### B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report financial information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. *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 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 not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are presented for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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

**Government-Wide Financial Statements** - 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, except for agency funds, which have no measurement focus. 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. Special assessments are recognized as revenue when levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Fund Financial Statements** - Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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 collected within 60 days of the end of the current fiscal period as available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due and pension and OPEB liabilities are only recognized to the extent the liability is normally expected to be liquidated with expendable available resources.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### I. Summary of Significant Accounting Policies (continued)

#### C. Measurement Focus, Basis of Accounting and Fund Financial Statement Presentation (continued)

Property taxes are budgeted to finance the subsequent year's operations and, consequently, are not susceptible to accrual. Sales taxes collected and held by merchants and/or the State at year-end on behalf of the County are recognized as revenue. Licenses, fees, fines, forfeitures, charges for services, and other revenues are generally not susceptible to accrual and are recorded when received in cash.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unrestricted aid is reported as revenue in the fiscal year during which the entitlement is received.

The County's fiduciary funds consist of agency funds. Agency funds, unlike all other types of funds, report only assets and liabilities and use the accrual basis of accounting to recognize receivables and payables.

The County reports the following major governmental funds:

- The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Federal/State Assistance Fund* is a special revenue fund established to account for revenues and expenditures derived from Federal and State grant sources.
- The *Public Building Commission Fund* is a blended component unit (special revenue fund) established to account for revenues and expenditures derived from direct financing leases.
- The *Debt Service Fund* accounts for the servicing of general long-term debt, including special assessment debt that is secured by the full faith and credit of the County, not being financed by proprietary funds.
- The *Debt Proceeds Fund* accounts for the receipt of proceeds from general obligation bonds and transfers to capital projects for financing the costs of improvements.

The County reports the following major proprietary fund:

The *Arena Fund* is a major fund and the only enterprise fund of the County, accounting for activities of the County-owned downtown arena.

Additionally, the County reports the following fund types:

- *Nonmajor special revenue funds* account for the proceeds of specific revenue sources (other than for debt service or capital projects) that are restricted or committed for specified purposes.
- *Nonmajor capital projects funds* account for financial resources to be used for the acquisition or construction of major capital facilities or improvements (other than those financed by proprietary funds).

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### I. Summary of Significant Accounting Policies (continued)

#### C. Measurement Focus, Basis of Accounting and Fund Financial Statement Presentation (continued)

- *Internal service funds* account for fleet management, health, dental and life insurance reserves, workers' compensation reserves, and risk management reserves that provide services to other departments on a cost-reimbursement basis.
- *Agency funds* are used to report resources held by the County in a custodial capacity for tax collections and related distributions to other governments, as well as amounts held as fiduciary resources for remittance to individuals, private organizations or other governments through established clearing/other fee collection accounts.

Expenditures are grouped by function. The following are descriptions of the County's functions:

- *General government* includes legislative, executive, financial administration, law, personnel administration, elections, facility operations, information technology, and planning & zoning functions.
- *Public safety* includes public safety administration, law enforcement, corrections, protective inspection, fire protection, EMS, emergency communications, civil preparedness and judicial functions.
- *Public works* includes road & bridges, storm drainage, waste disposal, weed control, and environmental resources functions.
- *Health and welfare* includes mental health, public health, aging assistance, general assistance, and animal control functions.
- *Cultural and recreation* includes parks, fairs & livestock, museums, and zoo functions.
- *Economic development* includes education, economic development, economic opportunity, and urban redevelopment & housing functions.
- *Debt service* includes payment of principal, interest and debt issuance cost.
- *Capital Outlay* includes construction of buildings, roads and major asset purchase.

Amounts reported as *program revenues* include: [1] charges to customers or applicants for goods, services, or privileges provided, [2] operating grants and contributions, and [3] capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund are charges to customers for services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. For internal service funds, operating revenues and expenses relate to goods or services provided to other funds. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources, as they are needed.

### **I. Summary of Significant Accounting Policies (continued)**

#### **D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position**

##### **1. Deposits and Investments**

The County maintains a cash and investment pool that is available for use by all funds of the primary government. The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and may withdraw cash at any time without prior notice or penalty. The pooled cash is invested to the extent available in authorized investments. Each fund type's portion of the pool is displayed on the financial statements as "cash, including investments."

For purposes of the statement of cash flows, the County considers investments of the proprietary fund types to be cash equivalents if such investments have original maturities of three months or less.

The County's investment policy and Kansas law (K.S.A. 12-1675 – 12-1677) allow monies not otherwise regulated by statute to be invested in:

- Temporary notes of Sedgwick County;
- Time deposits, open accounts, or certificates of deposits with maturities of not more than four years;
- Repurchase agreements with commercial banks, or State or federally chartered savings and loan associations that have offices in Sedgwick County;
- United States treasury bills or notes with maturities not exceeding four years;
- U.S. government agency securities with a maturity of not more than four years;
- The municipal investment pool fund operated by the Kansas State Treasurer. This pool is not an SEC registered pool. The Pooled Money Investment Board (PMIB) provides the regulatory oversight for this pool. The fair value of the PMIB investments approximates the value of pool shares; and,
- A municipal investment pool established through the trust department of commercial banks that have offices in Sedgwick County.

In addition to the preceding authorized investments, the County's investment policy and Kansas law (K.S.A. 10-131) allow investment of proceeds of bonds and temporary notes in the following:

- U.S. government and agency obligations;
- Time deposits with banks and trust companies in Sedgwick County;
- FNMA, FHLB, and FHLMC obligations;
- Collateralized repurchase agreements;
- Investment agreements with financial institutions, including broker/dealers whose obligations are rated in one of the three highest rating categories by either Moody's or Standard & Poor's;
- Mutual funds whose portfolio consists entirely of obligations of the U.S. government, U.S. government agencies, FNMA, FHLB, and FHLMC; and
- Certain Kansas municipal bonds.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

### I. Summary of Significant Accounting Policies (continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued)

##### 1. Deposits and Investments (continued)

During 2018, the County invested in certificates of deposit, repurchase agreements, the Kansas Municipal Investment Pool, U.S. government and agency obligations, and mutual funds whose portfolio consists entirely of obligations of the U.S. government.

Unless specifically required under applicable Kansas statutes or other restrictions, earnings from investments are allocated based on average available cash balances, and the remaining earnings are allocated to the General Fund. Investments are carried at fair value.

##### 2. Receivables

Interfund receivables - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Property tax receivables – In accordance with Kansas statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The County Treasurer is the tax collection agent for all 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 20 during the year levied, with the balance to be paid on or before May 10 of the ensuing year. Kansas 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 31, 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 in both the government-wide and fund financial statements. It is not practicable to apportion delinquent taxes at the end of the year, and further, those amounts are not material in relationship to the basic financial statements.

Special assessments receivable – As required by Kansas statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds that are secured by the full faith and credit of the County and are retired from the Debt Service Fund. Further, Kansas statutes permit levying additional general ad valorem property taxes in the Debt Service Fund to finance delinquent special assessments receivable. Consequently, special assessments receivable are accounted for within the Debt Service Fund.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

### I. Summary of Significant Accounting Policies (continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued)

##### 2. Receivables (continued)

Special assessment taxes are levied over a 10 or 15-year period, and the County may foreclose on liens against property benefited by special assessments when delinquent assessments are two years in arrears. In the fund financial statements, 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 deferred inflows of resources in the fund financial statements at December 31.

Note receivable – Sedgwick County agreed to loan the Sedgwick County Zoological Society, Inc. (Zoo) up to \$2,400,000 for a 10-year term beginning April 1, 2007. The loan funds capital improvements for the Zoo at an initial rate of 5.23%, adjusted annually. At December 31, 2018 the note balance was \$936,044. Starting in 2014, there is a payment moratorium for five years. During that time, the Zoo, will not be required to make payments on the loan. The rate reset to 2.33% on April 1, 2018.

##### 3. Inventories

Inventories of the governmental funds are valued at cost as determined by the first-in, first-out (FIFO) method. The consumption method is used to account for these inventories. Under the consumption method, inventories purchased are recorded as an asset and expenditure recognition is deferred until the inventories are actually consumed. Reported inventories in governmental funds are equally offset by a nonspendable fund balance, which indicates they are unavailable for appropriation, even though they are a component of reported assets. Inventories of proprietary funds are valued at cost determined on the moving weighted average method.

##### 4. Prepaid Items – Land Lease

Effective January 1, 2007, the County, through the SCPBC, entered into a 50-year lease as lessee with the Wichita Airport Authority of the City of Wichita, Kansas for land at Jabara Airport for construction of the National Center for Aviation Training. The cost of the prepaid item is recorded as expenditures/expenses when consumed rather than when purchased. The County originally paid \$3,263,206 in advance rental payments, of which \$2,252,089 remains at December 31, 2018. At the end of the 50-year term, title to the facilities contracted by the County reverts to the lessor, unless sooner transferred under provisions of the lease.

##### 5. Capital Assets

Capital assets, including property, plant, equipment, software, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant, and infrastructure assets with initial individual costs that exceed \$50,000 and estimated useful lives extending beyond a single reporting period are recorded as capital assets. Equipment and software is capitalized when the initial cost exceeds \$10,000 and its useful life extends beyond a single reporting period.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### I. Summary of Significant Accounting Policies (continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued)

##### 5. Capital Assets (continued)

Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, software, and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40-50
Bridges	40
Drainage systems	30
Roads	30
Building improvements	20
Heavy equipment	10
Improvements other than buildings	10
Leasehold improvements	10
Office furniture and equipment	5
Operating equipment	3-5
Software	5
Vehicles	3

##### 6. Compensated Absences

It is the County's policy to permit employees to accumulate a maximum of 160 hours of vacation. Upon termination or resignation from service to the County, employees are entitled to payment for all accrued vacation earned prior to termination or resignation.

All employees on permanent status earn sick leave at the rate of one calendar day per month with no maximum accumulation. Upon retirement, any employee who has accumulated 800 hours of sick leave is entitled to 240 hours of pay at the employee's current rate of salary. No allowance for unused sick leave is paid upon termination or resignation.

All leave pay is accrued when incurred in the government-wide statements and a liability for these amounts is reported.

##### 7. Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. In the government-wide financial statements, bond premiums and discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.



# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

### I. Summary of Significant Accounting Policies (continued)

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued)

##### 7. Long-Term Obligations (continued)

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

##### 8. Pensions and OPEB

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS' fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

##### 9. Net Position/Fund Balance Classifications

In the government-wide statements, net position is classified into three components:

- Net investment in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction, or improvements of those assets. If no debt is attributable to the capital assets, net position is reported as “invested in capital assets.”
- Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The County first utilizes restricted resources to finance qualifying activities.
- Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental fund balance classifications are based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### I. **Summary of Significant Accounting Policies (continued)**

#### D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued)

##### 9. Net Position/Fund Balance Classifications (continued)

In the fund financial statements, governmental funds report fund balance in five different classifications:

- **Nonspendable** - Amounts legally or contractually required to be maintained or are not in spendable form. Such constraint is binding until the legal requirement is repealed or the amounts become spendable.
- **Restricted** - Amounts with externally imposed constraints, such as those mandated by creditors, grantors, and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.
- **Committed** - Amounts with a purpose formally imposed by resolution by the Board of County Commissioners, binding unless modified or rescinded by the Board of County Commissioners.
- **Assigned** - Comprises of amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the County's Board or (2) a body or official to whom the County's Board has delegated the authority to. The Board has delegated authority to the County Manager or Department Heads to assign amounts to be used for specific purposes as prescribed by the County's Fund Balance and Cash policy.
- **Unassigned** - All amounts not included in the other fund balance classifications. The general fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

In circumstances when expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

The County's fund balance policy states that the General Fund will be managed in such a way as to maintain a minimum unrestricted fund balance on the last calendar quarter equal to twenty percent of budgeted annual expenditures and transfers out.

##### 10. Deferred Inflows of Resources/Deferred Outflows of Resources

In addition to assets, the statement of financial position and fund balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future reporting period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure/reduction of liability) until then. The County has two items that qualify for reporting in this category in the government-wide statement of net position, deferred charge on refunding and deferred outflows for pensions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See Note IV. F. for more information on the deferred outflows for pensions.

# **SEDGWICK COUNTY, KANSAS**

## **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

### **I. Summary of Significant Accounting Policies (continued)**

#### **D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position (continued)**

##### **10. Deferred Inflows of Resources/Deferred Outflows of Resources (continued)**

In addition to liabilities, the statement of financial position and fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has four types of items: unavailable revenue, deferred revenue, deferred inflows for pensions and deferred inflows for OPEB, that qualify for reporting in this category. 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 revenues from two sources: 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 tax receivable and in the governmental funds balance sheet for lease receivable. Property taxes are not recognized as revenue until the period for which they are levied. Principal on the lease receivable is not available until future periods, so is deferred in the funds. The third and fourth items, deferred inflows for pensions and deferred inflows for OPEB, are reported on the government-wide statement of net position. See Note IV. F. and Note IV. G. for more information on these deferred inflows.

##### **11. Estimates**

Preparation of financial statements in conformity with GAAP requires making estimates and assumptions that affect [1] the reported amounts of assets and liabilities, deferred outflows 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.

### **II. Stewardship, Compliance, and Accountability**

#### **A. Budgetary Information**

Kansas statutes require an annual operating budget be legally adopted for the general fund and debt service funds. Legally adopted budgets are also required for special revenue funds, internal service funds and enterprise funds, unless specifically exempted by statute. The statutes provide for the following sequence and timetable of the legal annual operating budget:

- Preparation of the budget for the succeeding calendar year on or before August 1.
- Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5.
- Public hearing on or before August 15, but at least 10 days after publication of notice of hearing.
- Adoption of the final budget on or before August 25.

The County has the following levels of budget control:

- The legal level of control is established at the fund level by Kansas statutes.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### II. Stewardship, Compliance and Accountability (continued)

#### A. Budgetary Information (continued)

- County resolution places level of control at the object class (i.e., personnel services, contractual, commodities, etc.). This allows management to transfer amounts between object classes within a fund, subject to County policy.
- As allowed by Kansas statute, the governing body can increase the fund level expenditures by amending the budget. An amendment may only be made for previously unbudgeted increases in revenue other than ad valorem taxes. A notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after the publication, the hearing may be held and the governing body may amend the budget at that time.

There were no budget amendments in 2018.

All unencumbered appropriations (legal budget expenditure authority) lapse at year-end, except for capital projects fund appropriations, which are carried forward until such time as the project is completed or terminated. Encumbered appropriations are not appropriated in the ensuing year's budget, but are carried forward until liquidated or cancelled.

A legal operating budget is not required for capital projects funds, the debt proceeds fund, the County's single enterprise fund, or the following special revenue funds and internal service funds:

#### **Non-Budgeted Special Revenue Funds**

Federal/State Assistance Fund  
Public Building Commission Fund  
Fire District Research and Development  
Auto License  
Prosecuting Attorney Training  
Technology  
Court Alcohol/Drug Safety Action Program  
Court Trustee Operations  
Township Dissolution

#### **Non-Budgeted Internal Service Funds**

Fleet Management  
Health/Dental/Life Insurance Reserve  
Workers' Compensation Reserve  
Risk Management Reserve

#### B. Deficit Fund Equity

The Building and Equipment Fund had a fund balance deficit of \$848,699, as of December 31, 2018. This deficit will be recovered through transfers from the Debt Proceeds Fund.

### III. Detailed Notes on All Funds

#### A. Deposits and Investments

Sedgwick County has adopted a formal investment policy. Primary objectives of investment activities are, in order of priority: safety, liquidity and yield. The standard of care to be used by investment officials is the "prudent person" investment rule and is applied to management of the entire portfolio. This rule states "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well the probable income to be derived."

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### III. Detailed Notes on All Funds (continued)

#### A. Deposits and Investments (continued)

At December 31, 2018, the County had the following investments:

Investment Type	Fair Value	Modified Duration (in years)	Percent of Total Pooled Funds <sup>2</sup>
U.S. Treasury coupon securities	\$ 59,891,062	0.040	11.35
U.S. Agency coupon securities	165,763,565	1.373	31.41
Repurchase agreements	81,236,649	-	15.39
Kansas Municipal Investment Pool <sup>1</sup>	134,251,786	-	25.44
Mutual funds	3,228,591	-	0.61
Subtotal general operating portfolio	444,371,653		
Assets held by trustee:			
State & Local Govt. securities	1,409,286	-	0.27
Subtotal assets held by trustee	1,409,286		84.47
<b>Total Investments</b>	<b>\$ 445,780,939</b>		
Portfolio modified duration		<u>.706</u>	

<sup>1</sup>Interest rate risk for the Kansas Municipal Investment Pool is based on the weighted average maturity of the pool. As of December 31, 2018 the weighted average maturity of the pool was 40 days.

<sup>2</sup>Percentage is based off of pooled funds including certificates of deposit. Certificates of deposit is 15.53%

#### Custodial credit risk

Custodial credit risk is the risk that in the event of a bank failure or failure of the investment counterparty, the County's deposits may not be returned to the County, or the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have any treasury or agency coupon securities that are held by the investment counterparty.

The County requires that all investment transactions be settled delivery versus payment with an independent third party safekeeping agent under contract with the County. The County's investment policy requires compliance within the provisions of state law for the collateralization of all deposits and allowable securities are further limited to:

- Direct obligations of, or obligations insured by, the U.S. government or any agency thereof.
- Obligations and securities of U.S. government-sponsored corporations that, under federal law, may be accepted as security for public funds.
- Bonds of any Kansas municipality that have been refunded and are secured by U.S. obligations.
- Bonds of the State of Kansas.
- General obligation bonds of any Kansas municipality.
- Temporary notes of Sedgwick County, Kansas.
- Surety bond of a surety corporation authorized to do business in Kansas in an amount equal to the amount on deposit.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

### III. Detailed Notes on All Funds (continued)

#### A. Deposits and Investments (continued)

The County does not accept peak period collateral agreements. Kansas law requires the fair value of collateral pledged to be equal to or greater than the entity's deposits. The County's investment policy requires the fair value of collateral to be at least 102% of the total deposits. As of December 31, 2018, the market value of assets pledged to the County as collateral complied with the investment policy.

#### Interest rate risk

Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by requiring that maturities be staggered in a way that avoids undue concentration of assets in a specific maturity sector, and that the investment portfolio remain sufficiently liquid to meet all operating requirements which might reasonably be anticipated. Additionally, Kansas law and the investment policy limits investments to a maximum stated maturity of four years.

#### Credit risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Kansas law limits the types of investments that can be made by Sedgwick County. The County's investment policy imposes limitations beyond those of the State of Kansas. In accordance with the County's investment policy, the County minimizes credit risk by pre-qualifying financial institutions, brokers/dealers, intermediaries and advisors, as well as diversifying the portfolio so that potential losses on individual securities will be minimized. On December 31, 2018, the County's securities underlying repurchase agreements and investments consisting of U.S. agency obligations not directly guaranteed by the U.S. government included only instruments rated Aaa by Moody's and AA+ by Standard & Poor's. The County also holds investments with the Kansas Municipal Investment Pool, which was not rated for 2018. Mutual funds utilized by the County were rated AAAM by Standard & Poor's at December 31, 2018.

#### Concentration of credit risk

The investment policy of the County limits the amount of investments that can be placed with a single financial institution to no more than 60% of the total value of time deposits in the portfolio. The following maximum limits, by instrument, are also established for the County's total investment portfolio:

Investment Type	Maximum Percentage Of Portfolio
Repurchase agreements	15
Collateralized time and demand deposits	100
U.S. Treasury notes and bills	80
U.S. government agency obligations	80
Kansas Municipal Investment Pool	25
Bank Trust Department municipal pools	15
Temporary notes	10

In addition, the limit on repurchase agreements and investments with the Kansas Municipal Investment Pool may not exceed 75% of the portfolio for a maximum of 45 days during each of the May and December tax collection seasons. Finally, investments established for bond proceeds are limited by instrument as a percentage of the County's total portfolio value. Invested amounts are not to exceed 20% for mutual funds and 10% for general obligation bonds of Kansas municipalities.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### III. Detailed Notes on All Funds (continued)

#### A. Deposits and Investments (continued)

At December 31, 2018 the County held \$56.4 million, or 10.7%, of its portfolio in investments issued by the Federal Home Loan Bank, \$9.2 million, or 1.8%, in investments were issued by the Federal Farm Credit Bank, \$65.5 million, or 12.4%, in investments were issued by Federal Home Loan Mortgage Loan Corp., and investments totaling \$34.7 million, or 6.6%, were held with the Federal National Mortgage Association.

A reconciliation of cash and investments as shown on the basic financial statements follows:

Cash, including investments, Statement of Net Position	\$ 176,671,290
Restricted cash, including investments, Statement of Net Position	2,155,812
Cash, including investments, Statement of Fiduciary Net Position	365,625,932
Total	<u>\$ 544,453,034</u>

The above total is comprised of:

Deposits	\$ 98,672,095
Total Investments	445,780,939
Total	<u>\$ 544,453,034</u>

#### Fair Value Investments

Generally accepted accounting principles (GAAP) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices (unadjusted) in active markets for an identical asset or liability 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 the assets or liabilities.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

# **SEDGWICK COUNTY, KANSAS**

## **NOTES TO THE FINANCIAL STATEMENTS** December 31, 2018

### **III. Detailed Notes on All Funds (continued)**

#### **A. Deposits and Investments (continued)**

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement of net position/balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2018:

		Fair Value Measurements Using		
		Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
	12/31/2018	(Level 1)	(Level 2)	(Level 3)
<b>Investments</b>				
U.S. treasury securities	\$ 59,891,062	\$ 59,891,062	\$ -	\$ -
U.S. agency securities	165,763,565	-	165,763,565	-
Repurchase agreements	81,236,649	81,236,649	-	-
Kansas Municipal Investment Pool	134,251,786	134,251,786	-	-
Collateralized deposits	82,000,000	82,000,000	-	-
Mutual Funds	3,228,591	3,228,591	-	-
Subtotal general operating portfolio	526,371,653	360,608,088	165,763,565	-
Assets held by trustee:				
State & Local Govt. securities	1,409,286	1,409,286	-	-
Subtotal assets held by trustee	1,409,286	1,409,286	-	-
<b>Total investments, including collateralized deposits of \$82,000,000</b>	<b>\$ 527,780,939</b>	<b>\$ 362,017,374</b>	<b>\$ 165,763,565</b>	<b>\$ -</b>



# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### III. Detailed Notes on All Funds (continued)

#### B. Receivables

Amounts are aggregated into a single accounts receivable line for certain funds and aggregated columns. Below is the detail of receivables for the general, fed/state assistance, PBC, debt service, nonmajor governmental, internal service and Arena funds in the aggregate as of December 31, 2018:

Receivables	Accounts Receivable	Property Taxes Receivable	Sales Taxes Receivable	Interest Receivable	Lease Receivable	Notes Receivable	Special Assessment Receivable	Total
General Fund	\$ 341,494	\$ 105,378,462	\$ 2,725,087	\$ 964,325	\$ -	\$ 936,044	\$ -	\$ 110,345,412
Fed/State Assistance Fund	1,066,879	-	-	-	-	-	-	1,066,879
Public Building Commission	-	-	-	-	87,610,954	-	-	87,610,954
Debt Service Fund	-	13,066,833	-	-	-	-	4,275,141	17,341,974
Nonmajor Governmental Funds	2,303,532	36,494,167	2,725,088	-	-	-	-	41,522,787
Internal Service Fund	954	-	-	-	-	-	-	954
<b>Total Governmental Activities</b>	<b>3,712,859</b>	<b>154,939,462</b>	<b>5,450,175</b>	<b>964,325</b>	<b>87,610,954</b>	<b>936,044</b>	<b>4,275,141</b>	<b>257,888,960</b>
Arena	243,817	-	-	-	-	-	-	243,817
<b>Total Business-Type Activities</b>	<b>243,817</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>243,817</b>
<b>Total Net Receivables</b>	<b>\$ 3,956,676</b>	<b>\$ 154,939,462</b>	<b>\$ 5,450,175</b>	<b>\$ 964,325</b>	<b>\$ 87,610,954</b>	<b>\$ 936,044</b>	<b>\$ 4,275,141</b>	<b>\$ 258,132,777</b>

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### III. Detailed Notes on All Funds (continued)

#### C. Capital Assets

Capital assets activity of the primary government, which includes the internal service funds, for the year ended December 31, 2018, was as follows:

	December 31, 2017	Increases	Decreases	December 31, 2018
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 23,813,066	\$ 4,787,690	\$ (566,760)	\$ 28,033,996
Construction in progress	21,097,649	7,250,910	(10,393,984)	17,954,575
Total capital assets, not being depreciated	<u>44,910,715</u>	<u>12,038,600</u>	<u>(10,960,744)</u>	<u>45,988,571</u>
Capital assets, being depreciated:				
Buildings and improvements	343,471,127	4,143,263	(15,686)	347,598,704
Leasehold improvements	2,234,871	-	-	2,234,871
Improvements other than buildings	39,750,303	911,780	(58,914)	40,603,169
Machinery and equipment	94,181,940	3,221,464	(10,810,136)	86,593,268
Infrastructure	289,332,800	2,251,818	(52)	291,584,566
Total capital assets being depreciated	<u>768,971,041</u>	<u>10,528,325</u>	<u>(10,884,788)</u>	<u>768,614,578</u>
Less accumulated depreciation for:				
Buildings and improvements	(138,984,917)	(9,565,506)	15,686	(148,534,737)
Leasehold improvements	(2,234,871)	-	-	(2,234,871)
Improvements other than buildings	(25,442,136)	(2,132,500)	44,351	(27,530,285)
Machinery and equipment	(72,899,961)	(4,959,650)	10,605,356	(67,254,255)
Infrastructure	(134,117,419)	(8,227,873)	44	(142,345,248)
Total accumulated depreciation	<u>(373,679,304)</u>	<u>(24,885,529)</u>	<u>10,665,437</u>	<u>(387,899,396)</u>
Total capital assets being depreciated, net	<u>395,291,737</u>	<u>(14,357,204)</u>	<u>(219,351)</u>	<u>380,715,182</u>
Governmental activities capital assets, net	<u>\$ 440,202,452</u>	<u>\$ (2,318,604)</u>	<u>\$ (11,180,095)</u>	<u>\$ 426,703,753</u>
	December 31, 2017	Increases	Decreases	December 31, 2018
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 13,038,358	\$ -	\$ -	\$ 13,038,358
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>13,038,358</u>	<u>-</u>	<u>-</u>	<u>13,038,358</u>
Capital assets, being depreciated:				
Buildings and improvements	165,830,314	401,725	(124,542)	166,107,497
Machinery and equipment	6,828,643	1,385,721	(484,102)	7,730,262
Total capital assets being depreciated	<u>172,658,957</u>	<u>1,787,446</u>	<u>(608,644)</u>	<u>173,837,759</u>
Less accumulated depreciation for:				
Buildings and improvements	(33,611,396)	(4,420,816)	-	(38,032,212)
Machinery and equipment	(6,038,157)	(362,413)	438,338	(5,962,232)
Total accumulated depreciation	<u>(39,649,553)</u>	<u>(4,783,229)</u>	<u>438,338</u>	<u>(43,994,444)</u>
Total capital assets being depreciated, net	<u>133,009,404</u>	<u>(2,995,783)</u>	<u>(170,306)</u>	<u>129,843,315</u>
Business-type activities capital assets, net	<u>\$ 146,047,762</u>	<u>\$ (2,995,783)</u>	<u>\$ (170,306)</u>	<u>\$ 142,881,673</u>

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### III. Detailed Notes on All Funds (continued)

#### C. Capital Assets (continued)

Depreciation expense was charged to functions of the primary government, as follows:

Governmental activities:	
General government	\$ 2,798,855
Public safety	6,323,743
Public works, including depreciation of general infrastructure assets	8,507,850
Health and welfare	139,393
Cultural and recreation	3,520,147
Economic development, conserve/natural resources	1,101,171
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>2,494,370</u>
Total depreciation expense – governmental activities	<u>24,885,529</u>
Business-type activities:	
Arena fund	<u>\$ 4,783,229</u>

#### Construction Commitments

The County had outstanding construction commitments for various capital projects and improvements totaling \$7,459,812 at December 31, 2018. This amount is reflected as an encumbrance, which is a part of the fund balance in the Capital Projects Funds, including the Building and Equipment Fund, Street, Bridge and Other Fund, Sales Tax Road and Bridge Fund, Road and Bridge Equipment Fund, and the Capital Improvement Fund. These commitments will be funded through special assessments, general obligation bonds, local sales tax, intergovernmental revenue and existing local resources.

#### D. Operating Leases

For 2018 the Bond and Interest Fund levied 2.625 mills, an increase of 0.021 mills from the 2017 budget. In the past, this fund has received building rental revenue from Wichita State University (WSU). The County has also had an allocation to Wichita Area Technical College (WATC) in the General Fund. Due to the affiliation between WATC and WSU, the County will no longer make the allocation to WATC, and WSU will no longer make payment to the County. This determination was made after the County adopted its 2018 budget. To compensate for the reduced revenue in this fund for 2018, some debt service costs (\$0.6 million) will instead be paid from the budget authority that had been earmarked for WATC in the General Fund in 2018. The 2019 budget will plan for these changes in both funds.

#### E. Long-Term Debt

##### Crossover Refunding Bonds

For reporting purposes, under a crossover advance refunding bond issue, the original issue (refunded bonds) is not considered defeased until they are retired. As with advance refunding bond issues, the proceeds of the crossover advance refunding bonds are placed into an escrow account. However, unlike other types of advance refundings, the escrow account in a crossover advance refunding transaction is not immediately dedicated to debt service principal and interest payments on the refunded debt. Instead, the resources in the escrow account are used temporarily to meet debt service requirements on the refunding bonds. Only at a later date when debt is called

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### III. Detailed Notes on All Funds (continued)

#### E. Long-Term Debt (continued)

or matures, known as the “crossover date” are the resources in the escrow account dedicated exclusively to the payment of principal and interest on the refunded debt. Crossover refunding does not result in the defeasance of debt prior to the crossover date. The County records, in the appropriate financial statements, the outstanding debt of both the refunding and the refunded issues that have not been defeased.

On September 15, 2014, the Sedgwick County Public Building Commission issued \$25,745,000 in revenue bonds at a premium of \$2,823,335 for a crossover refunding. The bonds have a true interest cost of 2.3 percent. The crossover refunding portion includes \$26,065,000 of Series 2008-1 Bonds with an average interest rate of 5.1 percent.

The crossover date on this refunding issue was August 1, 2018.

The County refunded these bonds to reduce its total debt service payments over a period of 14 years and will realize a net savings of \$3,076,572 with a present value savings of \$2,510,739.

At December 31, 2018, all crossover refunding bonds have been called.

#### General Obligation Bonds

Sedgwick County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, roads, bridges, storm water drainage systems, and to refund past debt issuances. All general obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of Sedgwick County. These bonds generally are issued as 20-year serial bonds with a level repayment schedule.

General obligation bonds outstanding at December 31, 2018 are as follows:

Purpose	Interest Rate	Amount
Governmental Activities – Road and Bridge	2.00 – 5.65%	\$ 14,946,799
Governmental Activities – Facilities	2.00 – 5.65%	14,249,201
Governmental Activities – Refunding	2.00 – 5.65%	15,370,000
Governmental Activities – Economic Development	4.00 – 5.00%	6,375,000
Total general obligation bonds outstanding		<u>\$ 50,941,000</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

	Governmental Activities		
Year ending December 31	Principal	Interest	Totals
2019	\$ 5,847,000	\$ 1,971,821	\$ 7,818,821
2020	5,562,000	1,819,908	7,381,908
2021	5,507,000	1,573,396	7,080,396
2022	5,063,000	1,326,114	6,389,114
2023	3,872,000	1,101,416	4,973,416
2024-2028	15,925,000	3,439,539	19,364,539
2029-2033	6,680,000	1,022,343	7,702,343
2034-2038	2,485,000	223,538	2,708,538
Totals	<u>\$ 50,941,000</u>	<u>\$ 12,478,075</u>	<u>\$ 63,419,075</u>

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### III. Detailed Notes on All Funds (continued)

#### E. Long-Term Debt (continued)

During 2018, Sedgwick County issued general obligation debt in the amount of \$12,745,000, for various road and bridge projects, an economic development incentive and building renovations.

Sedgwick County also issues special assessment debt. Prior to 2002, the County issued special assessment debt to provide funds for the construction of sewer systems and streets for residential and commercial development. The County sold the sewer system to the City of Wichita on April 1, 2001 and now only issues special assessment debt to provide funds for the construction of streets. Special assessment bonds will be repaid from amounts levied against the property owners benefited by the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the County will provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. These bonds are issued as 15-year serial bonds with a level repayment schedule. Special assessment bonds currently outstanding are as follows:

Purpose	Interest Rate	Amount
Governmental activities – Street and Sewer	2.00 – 5.20%	\$ 1,999,000

Annual debt service requirements to maturity for special assessment bonds are as follows:

Year ending December 31	Governmental Activities		
	Principal	Interest	Totals
2019	\$ 253,000	\$ 82,826	\$ 335,826
2020	273,000	78,145	351,145
2021	303,000	66,329	369,329
2022	227,000	52,884	279,884
2023	233,000	42,903	275,903
2024-2028	580,000	72,744	652,744
2029-2033	105,000	15,456	120,456
2034-2038	25,000	906	25,906
Totals	<u>\$ 1,999,000</u>	<u>\$ 412,913</u>	<u>\$ 2,411,193</u>

During 2018, Sedgwick County issued special assessment debt in the amount of \$280,000 for a neighborhood street improvement project.

# **SEDGWICK COUNTY, KANSAS**

## **NOTES TO THE FINANCIAL STATEMENTS** December 31, 2018

### **Detailed Notes on All Funds (continued)**

#### **E. Long-Term Debt (continued)**

##### Sedgwick County Public Building Commission Revenue Bonds

The Sedgwick County Public Building Commission (SCPBC) is a blended component unit of Sedgwick County. The SCPBC has the authority to issue revenue bonds to finance the cost of acquiring and/or constructing land and facilities operated for a public purpose by a governmental entity. The SCPBC finances the debt service of the revenue bonds by leasing the land and facilities to the governmental entity, which operates it. The operating governmental entity guarantees the rentals under the SCPBC lease. The SCPBC has no power to levy taxes and revenue bonds issued by the SCPBC are not included in any legal debt limitations of Sedgwick County. SCPBC bonds do not constitute a debt or pledge the full faith and credit of Sedgwick County, except to the extent the lease agreement constitutes an unconditional obligation of the County. The County is the operating governmental entity on five of the seven issues outstanding (as indicated with a “\*”) with repayment schedules ranging from 5 to 20 years with one exception. The WSU Experiential Engineering 2014-3 is paid over 40 years to keep annual debt service under \$2,500,000. The current bonds outstanding are as follows:

Purpose	Interest Rate	Amount
*Public Safety Facilities & Equipment 2011-1	2.00 – 4.00%	\$ 8,855,000
*Juvenile Justice 2012-1 Refunding	2.00 – 3.00%	6,680,000
*Juvenile Justice Complex 2014-1 Refunding	1.00 – 5.00%	5,095,000
*Technical Education Complex 2014-2 Refunding	1.75 – 5.00%	25,745,000
^WSU Experiential Engineering (Tax Exempt) 2014-3	1.50 – 5.00%	38,895,000
^WSU Experiential Engineering 2014-4	1.95 – 3.90%	5,485,000
*Exploration Place Series 2015-1 Refunding	5.00%	3,740,000
<b>Total</b>		<b>\$ 94,495,000</b>

^: These bond issues do not constitute an unconditional obligation of the County.

Annual debt service requirements to maturity for revenue bonds are as follows:

Year ending December 31	Component Unit – SCPBC		
	Principal	Interest	Totals
2019	\$ 5,975,000	\$ 3,651,648	\$ 9,626,648
2020	6,150,000	3,492,914	9,642,914
2021	6,410,000	3,249,705	9,659,705
2022	6,610,000	3,017,950	9,627,950
2023	5,840,000	2,740,745	8,580,745
2024-2028	23,290,000	11,035,796	34,325,796
2029-2033	6,705,000	8,297,284	15,002,284
2034-2038	5,295,000	7,062,836	12,357,836
2039-2043	6,735,000	5,580,566	12,315,566
2044-2048	8,530,000	3,763,450	12,293,450
2049-2053	10,560,000	1,695,625	12,255,625
2054-2058	2,395,000	51,625	2,446,625
<b>Totals</b>	<b>\$ 94,495,000</b>	<b>\$ 53,640,144</b>	<b>\$ 148,135,144</b>

# **SEDGWICK COUNTY, KANSAS**

## **NOTES TO THE FINANCIAL STATEMENTS** December 31, 2018

### **III. Detailed Notes on All Funds (continued)**

#### **E. Long-Term Debt (continued)**

##### SCPBC Revenue Bonds – WSU Experiential Engineering 2014-3 & 2014-4

On December 30, 2014, the SCPBC issued revenue bonds for Wichita State University (WSU) to finance the cost of constructing, furnishing, and equipping the first project part of the University's Innovation Campus. The proceeds of the bonds were deposited into an escrow trust account. Concurrent with the debt issuance, the SCPBC entered into a ground lease (as lessee) with the Kansas Board of Regents and a project lease (as lessor) with the Wichita State Board of Trustees. At December 31, 2018, the components of the net investment of this lease consist of:

Lease receivable	\$ 87,610,955
Less unearned income	43,758,038
Net effect on statement of net position	<u>\$ 43,852,917</u>

Annual debt service requirements to maturity for these revenue bonds are as follows:

Year ending December 31	Principal	Interest	Total
2019	\$ 575,000	\$ 1,916,479	\$ 2,491,479
2020	585,000	1,902,695	2,487,695
2021	600,000	1,886,686	2,486,686
2022	620,000	1,868,681	2,488,681
2023	640,000	1,848,826	2,488,826
2024-2028	3,540,000	8,878,853	12,418,853
2029-2033	4,305,000	8,102,884	12,407,884
2034-2038	5,295,000	7,062,836	12,357,836
2039-2043	6,735,000	5,580,566	12,315,566
2044-2048	8,530,000	3,763,450	12,293,450
2049-2053	10,560,000	1,695,625	12,255,625
2054-2058	2,395,000	51,625	2,446,625
Total	<u>\$ 44,380,000</u>	<u>\$ 44,559,206</u>	<u>\$ 88,939,206</u>

##### Fire District Lease Agreements

In 2014 and 2016 the County entered into the two lease agreements as lessee for financing the acquisition of major equipment for the Fire District. These lease agreements qualify as capital leases for accounting purposes, and therefore, have been recorded at the present value of the future minimum lease payments as of the inception date. The assets acquired through the capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery and equipment	\$ 4,727,984
Less: accumulated depreciation	3,192,447
Total	<u>\$ 1,535,537</u>

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### III. Detailed Notes on All Funds (continued)

#### E. Long-Term Debt (continued)

The future minimum lease obligations and the net present value of the minimum lease payments as of December 31, 2018, were as follows:

Year ending December 31	Governmental Activities
2019	\$ 115,530
2020	231,060
2021	231,060
2022	145,749
2023	30,219
Total minimum lease payments	753,618
Less: amount representing interest	26,297
Total	<u>\$ 727,321</u>

#### Changes in Noncurrent 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. At year-end, claims payable totaling \$3,750,100 are included in the amounts below. Claims are generally liquidated by the appropriate Internal Service Fund. The net pension liability will be liquidated primarily through KPERs employer contributions made primarily from the governmental funds. Generally, compensated absences and the total other postemployment benefits (OPEB) liability are liquidated by the General Fund. Noncurrent liability activity for the year ended December 31, 2018, is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds payable:					
General obligation bonds	\$ 46,457,000	\$ 12,745,000	\$ 8,261,000	\$ 50,941,000	\$ 5,847,000
Revenue bonds	126,290,000	-	31,795,000	94,495,000	5,975,000
Special assessment debt with government commitment	1,958,000	280,000	239,000	1,999,000	253,000
Total bonds payable	174,705,000	13,025,000	40,295,000	147,435,000	12,075,000
Capital lease payable	1,124,819	-	397,498	727,321	218,595
Claims payable	3,140,300	29,856,461	29,246,661	3,750,100	2,828,600
Compensated absences	6,150,000	6,166,143	5,816,143	6,500,000	6,208,000
Governmental activities	185,120,119	49,047,604	75,755,302	158,412,421	21,330,195
Premium/(Discount)	7,260,566	934,663	1,311,701	6,883,528	-
Noncurrent liabilities	<u>\$ 192,380,685</u>	<u>\$ 49,982,267</u>	<u>\$ 77,067,003</u>	<u>\$ 165,295,949</u>	<u>\$ 21,330,195</u>
				18,802,126	
				136,810,111	
				<u>\$ 320,908,186</u>	



# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### III. Detailed Notes on All Funds (continued)

#### E. Long-Term Debt (continued)

##### Conduit Debt

The County has issued Economic Development revenue bonds not directly obligated by the County. The County has issued these bonds individually and jointly with surrounding counties. The total amount outstanding at December 31, 2018 was \$20,446,000 for the Industrial Revenue Bonds and \$94,252 for the Single Family Mortgage Revenue Bonds. These bonds do not constitute an indebtedness or pledge of the faith and credit of the responsible entities or the County.

#### F. Interfund Transfers

A summary of interfund transfers is as follows:

	Transfers In:						Totals
	General Fund	Federal/State Assistance Fund	Debt Service Fund	Debt Proceeds Fund	Nonmajor Governmental Funds	Internal Service Funds	
Transfers out:							
General Fund	\$ -	\$ 1,009,781	\$ 1,694,552	\$ -	\$ 10,212,677	\$ 916,197	\$ 13,833,207
Federal/State Assistance Fund	-	113,540	-	-	-	-	113,540
Debt Proceed Fund	7,000,000	-	-	-	4,603,806	-	11,603,806
Nonmajor Governmental Funds	4,487,213	272,426	733,123	2,727	726,739	-	6,222,228
Internal Service Funds	-	-	\$ -	-	462,878	-	462,878
Total	<u>\$11,487,213</u>	<u>\$ 1,395,747</u>	<u>\$ 2,427,675</u>	<u>\$ 2,727</u>	<u>\$ 16,006,100</u>	<u>\$ 916,197</u>	<u>\$ 32,235,659</u>

Transfers are used to [1] move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, [2] move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and [3] use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

#### G. Interfund Receivables and Payables

Interfund balances result from the time lag between the dates that [1] interfund goods and services are provided or reimbursable expenditures occur, [2] transactions are recorded in the accounting system, and [3] payments between funds are made. Interfund payables at year-end relate to amounts spent in certain capital projects funds that have yet to be repaid from long-term financing from the Debt Proceeds Fund.

A summary of interfund receivables and payables at December 31, 2018 is as follows:

	Interfund Receivable	Interfund Payable
Debt Proceeds Fund	\$ 835,726	\$ -
Nonmajor Capital Projects Funds:		
Building and Equipment Fund	-	835,726
	<u>\$ 835,726</u>	<u>\$ 835,726</u>

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### III. Detailed Notes on All Funds (continued)

#### G. Interfund Receivables and Payables (continued)

During 2013 and 2014 interfund loans were made between the General Fund and the Capital Improvement Fund to provide for the funding of Fire Stations 34, 35, and 36. These advance receivables and payables as of December 31, 2018 are supported by note agreements specifying payment dates and interest amounts and are as follows:

	Advance Receivables	Advance Payables
General Fund	\$ 4,615,932	\$ -
Nonmajor Capital Projects Fund:		
Capital Improvement Fund	-	4,615,932
	<u>\$ 4,615,932</u>	<u>\$ 4,615,932</u>

### IV. Other Information

#### A. Risk Management

The County's property and casualty insurance coverage consists of both a self-insurance program and insurance policies purchased from various insurance carriers. The overall cost of insurance coverage has increased significantly the past three years. There have not been any settlements in excess of insurance coverage during any of the prior three fiscal years. Exposure to various risks associated with weather related incidents such as wind, hail, and storm damage is covered by a property insurance policy.

Risks associated with the operation of the INTRUST Bank Arena include loss related to theft, damage or destruction of assets, and natural disasters. These risks are covered by commercial insurance. Settlements from these risks have not exceeded insurance coverage for the past three years.

Health/Dental/Life Insurance Reserve Fund The County has a self-funded insurance fund for health claims. Claims for county employees are administered through a third party administrator for the County's self-insured plan. Premiums are paid by employer and employee contributions into an internal service fund and are available to pay claims and costs of an administrative service agreement. An excess insurance policy covers individual claims in excess of \$500,000. Incurred but not reported claims of \$2,100,000 have been accrued as a liability. In 2018, \$28,133,100 was paid as claims. The outstanding claims liability is calculated from historical data and future expectations. This includes an estimated liability for known claims as well as an estimated liability for claims incurred but not reported.

Workers Compensation The County provides workers' compensation benefits through a self-insured plan that has been approved by the State of Kansas. Workers' compensation claims are administered by Risk Management, with the assistance of a contract attorney. Funding (premiums) for this self-insurance plan is allocated to County departments. Premiums are determined by a formula that uses both paid claims and the actual number of claims. The County does maintain reserves and pays all expenses for this plan from the Workers' Compensation Reserve Fund.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### IV. Other Information (continued)

#### A. Risk Management (continued)

Risk Management Reserve Fund The Risk Management Reserve Fund was established for the purpose of providing a contingency fund to pay self-insured claims, retentions and deductibles, and to provide an additional source of funding for the self-insured law enforcement liability, general liability, and public official's liability. Property insurance is also maintained with a commercial insurer and provides a self-insured retention of \$100,000 for each claim. In 2018, \$139,478 was paid as claims.

The following is a summary of the changes in the unpaid claims liability:

	<u>Workers' Compensation</u>	<u>Health/Dental Life Insurance</u>
December 31, 2016 liability balances	\$ 1,131,500	\$ 2,000,000
2017 Claims and changes in estimates	953,534	26,855,172
2017 Claim payments	<u>(944,734)</u>	<u>(26,855,172)</u>
December 31, 2017 liability balances	1,140,300	\$ 2,000,000
2018 Claims and changes in estimates	1,623,361	28,233,100
2018 Claim payments	<u>(1,113,561)</u>	<u>(28,133,100)</u>
December 31, 2018 liability balances	<u>\$ 1,650,100</u>	<u>\$ 2,100,000</u>

Net position available for self-insurance expenses and future catastrophic losses are as follows:

Health/Dental/Life Insurance Reserve Fund	\$ 3,842,517
Workers' Compensation Reserve Fund	4,007,720
Risk Management Reserve Fund	1,465,253

# **SEDGWICK COUNTY, KANSAS**

## **NOTES TO THE FINANCIAL STATEMENTS** December 31, 2018

### **IV. Other Information (continued)**

#### **B. Commitments**

Encumbrances - The County uses encumbrances to control expenditure commitments for the year and to enhance cash management. Encumbrances represent commitments related to executed contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve a portion of applicable appropriations. Encumbrances still open at year end are not accounted for as expenditures and liabilities but, rather, as restricted, committed, or assigned fund balance. As of December 31, 2018 the County's governmental funds had a total of \$8.9 million in encumbrances, which were reported as following:

	General	Federal/State Assistance	Other Governmental Funds	Total Governmental Funds
Restricted:				
General government	\$ -	\$ -	\$ 9,591	\$ 9,591
Public safety	-	122,764	197,401	320,165
Health and welfare	-	288,426	22,083	310,509
Public works	-	-	51,881	51,881
Capital outlay				
Road improvements	-	-	280,588	280,588
Preventive maintenance	-	-	1,372,753	1,372,753
Bridge improvements	-	-	3,265,020	3,265,020
Building improvements	-	-	720	720
Committed:				
Public safety	-	-	34,538	34,538
Capital Outlay				
Building improvements	-	-	936,066	936,066
Bridge improvements	-	-	965,950	965,950
Buildings	-	-	147,214	147,214
Drainage improvements	-	-	29,451	29,451
Road improvements	-	-	105,307	105,307
Special assessment improvements	-	-	203,278	203,278
Sedgwick County park improvements	-	-	51,828	51,828
Assigned:				
General government	202,439	-	-	202,439
Public safety	337,289	-	-	337,289
Capital outlay				
Equipment reserve	-	-	90,337	90,337
Public works	950	-	-	950
Health and welfare	17,808	155,663	-	173,471
Culture and recreation	21,805	-	-	21,805
Economic development	9	-	-	9
Total	<u>\$ 580,300</u>	<u>\$ 566,853</u>	<u>\$ 7,764,006</u>	<u>\$ 8,911,159</u>

#### **C. Contingent Liabilities**

The County is a defendant in various legal actions pending or in process for tax appeals, property damage, and miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. Management and the County's counsel are of the opinion that the final outcome of the cases will not have an adverse material effect on the County's financial statements.

# **SEDGWICK COUNTY, KANSAS**

## **NOTES TO THE FINANCIAL STATEMENTS** December 31, 2018

### **IV. Other Information (continued)**

#### **D. Tax Abatements**

There are currently two programs being utilized in Sedgwick County that offer tax abatements for economic development purposes. Both operate by granting an exemption on part or all of a property's assessed, or taxable, valuation.

#### **Economic Development Exemptions (EDX)**

Article 11, Section 13 of the Kansas Constitution gives counties and cities the authority to exempt from ad valorem taxation all or any portion of the valuation of buildings, land or other improvements used to facilitate business expansion and new employment creation. Such economic development exemptions may be in effect for up to ten years.

#### **Exempt Industrial Revenue Bonds (IRB)**

Kansas Statutes Annotated 79-213 et.seq. establish procedures by which the taxable value of real or personal property being financed by industrial revenue bonds may be wholly or partially exempt. In Sedgwick County, IRB exemptions granted by the County and several of the cities are currently in effect. The table below shows taxes that are foregone by the County government and the County Fire District for both EDX & IRB abatements whether issued by the County or by another municipal government that reduce County revenues.

#### **Economic Development Tax Abatements** **Abated Taxes**

Location of Exempt Property	Sedgwick County	Sedgwick County Fire District	Total
<b>IRB</b>			
County	\$ 1,350,345	\$ 844,947	\$ 2,195,292
Cities	1,875,192	504,782	2,379,974
<b>Total IRB</b>	<b>\$ 3,225,537</b>	<b>\$ 1,349,729</b>	<b>\$ 4,575,266</b>
<b>EDX</b>			
County	\$ -	\$ -	\$ -
Cities	291,491	1,918	293,409
<b>Total EDX</b>	<b>\$ 291,491</b>	<b>\$ 1,918</b>	<b>\$ 293,409</b>
<b>Total Abatements</b>	<b>\$ 3,517,028</b>	<b>\$ 1,351,647</b>	<b>\$ 4,868,675</b>

The abated taxes reflect the amounts that would have been levied on behalf of the County and the County Fire District on the 2017 tax roll to fund expenditures during calendar year 2018 were it not for the tax exemption.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

### IV. Other Information (continued)

#### E. Pending Governmental Accounting Standards

*GASB Statement No. 83, Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (ARO). This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. This statement requires that recognition occurs when the liability is both incurred and reasonably estimable, and it also requires the measurement of an ARO be based on the best estimate of the current value of outlays expected to be incurred. This statement also requires disclosure about the nature of a government's AROs, the methods and assumptions used for the estimated of the liabilities, and the estimated remaining useful life of the associated tangible capital asset. The provisions of this statement are effective for financial statements for the County's fiscal year ending December 31, 2019.

*GASB Statement No. 84, Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. The requirements of this Statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The provisions of this statement are effective for financial statements for the County's fiscal year ending December 31, 2019.

*GASB Statement No. 87, Leases*, establishes a single approach to accounting for and reporting leases by state and local governments. The standard addresses the reporting for governments that are lessors or lessees. GASB 87 is effective for financial statements for the County's fiscal year ending December 31, 2020.

*GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, improves information that is disclosed in notes to government financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB 88 is effective for financial statements for the County's fiscal year ending December 31, 2019.

*GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period*, establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. GASB 89 is effective for financial statements for the County's fiscal year ending December 31, 2020.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### IV. Other Information (continued)

#### E. Pending Governmental Accounting Standards (continued)

*GASB Statement No. 90, Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61*, establishes consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. GASB 90 is effective for financial statements for the County's fiscal year ending December 31, 2019.

#### F. Defined Benefit Pension Plans

##### General Information about the Pension Plans

*Plan description.* The County participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part of a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et. seq.* Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report, which can be found on the KPERS website at <http://www.kpers.org> or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Benefits provided.* KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Legislature. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 "points" (Police and Firemen's normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Member who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into, and disbursed from, the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement, a member may receive a lump sum payment of up to 50% of the actuarial present value of the members lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current member employees and employers. A new KPERS 3 cash balance retirement plan for new hires, starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 years of age with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### IV. Other Information (continued)

#### F. Defined Benefit Pension Plans (continued)

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contributions rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3, and KP&F be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate was 8.39% for KPERS and 20.09% for KP&F for the fiscal year ended December 31, 2018. Contributions to the pension plan from the County were \$9,146,501 for KPERS and \$6,756,534 for KP&F for the year ended December 31, 2018.

#### Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each group of the plan. The County participates in the local (KPERS) group and the Police and Firemen (KP&F) group.



# **SEDGWICK COUNTY, KANSAS**

## **NOTES TO THE FINANCIAL STATEMENTS** December 31, 2018

### **IV. Other Information (continued)**

#### **F. Defined Benefit Pension Plans (continued)**

At December 31, 2018, the County reported a liability of \$74,741,626 for KPERS and \$62,068,485 for KP&F for its proportionate share of the KPERS' collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2018, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The County's proportion of the collective net pension liability was based on the ratio of the County's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of the KPERS and KP&F for the fiscal year ended June 30, 2018. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2018, the County's proportion and change from its proportion measured as of June 30, 2017 were as follows:

	<b>Net pension liability as of December 31, 2018</b>	<b>Proportion as of June 30, 2018</b>	<b>Increase (Decrease) in proportion from June 30, 2017</b>
KPERS (local)	\$ 74,741,626	5.362%	(0.083%)
KP&F	62,068,485	6.451%	(0.204%)
	<u>\$ 136,810,111</u>		

For the year ended December 31, 2018, the County recognized pension expense of \$5,828,262 for KPERS and \$4,359,048 for KP&F. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>KPERS</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 269,849	\$ (2,117,844)
Net difference between projected and actual earnings on pension plan investments	1,748,442	-
Changes in proportion	1,445,610	(2,260,843)
Changes of assumptions	3,236,630	(359,928)
County contributions subsequent to measurement date	4,611,430	-
Total	<u>\$ 11,311,961</u>	<u>\$ (4,738,615)</u>

<b>KP&amp;F</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 3,792,559	\$ (286,763)
Net difference between projected and actual earnings on pension plan investments	1,615,336	-
Changes in proportion	78,713	(2,212,307)
Changes of assumptions	3,268,484	(171,312)
County contributions subsequent to measurement date	3,453,922	-
Total	<u>\$ 12,209,014</u>	<u>\$ (2,670,382)</u>

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### IV. Other Information (continued)

#### F. Defined Benefit Pension Plans (continued)

The \$8,065,352 reported as deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) to pension expense as follows:

##### ***KPERS***

Year ending December 31:	Net Deferred Outflows and Inflows of Resources	
2019	\$	2,307,715
2020		1,245,917
2021		(1,371,871)
2022		(152,798)
2023		(67,047)
	\$	<u>1,961,916</u>

##### ***KP&F***

Year ending December 31:	Net Deferred Outflows and Inflows of Resources	
2019	\$	3,502,083
2020		2,178,628
2021		36,919
2022		345,804
2023		21,276
	\$	<u>6,084,710</u>

*Actuarial assumptions.* The total pension liability for KPERS in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75% (3% in prior year)
Salary increases	3.50% to 12.00%, including price inflation (4% to 16% in prior year)
Investment Rate of Return	7.75% compounded annually, net of investment expense, including price inflation (8% in prior year)

Mortality rates were based on the RP 2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016. For the prior year, mortality rates were based on the RP-2000 combined mortality table for males or females as appropriate.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted for period January 1, 2013 through December 31, 2015. The experience study is dated November 18, 2016.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### IV. Other Information (continued)

#### F. Defined Benefit Pension Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.80%
Fixed income	13	1.25
Yield driven	8	6.55
Real return	11	1.71
Real estate	11	5.05
Alternatives	8	9.85
Short-term investments	2	(0.25)
Total	100%	

*Discount rate.* The discount rate used by KPERS to measure the total pension liability was 7.75% (8% in prior years). The projection of cash flows used to determine the discount rate was based on member and employer contributions. The local groups do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS' Board of Trustees for this group may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2018 was 1.2%. Based on those assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

*Sensitivity of the County's proportionate share of the collective net pension liability to changes in the discount rate.* The following presents the County's proportionate share of the collective net pension liability calculated using the discount rate of 7.75%, as well as what the County's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's KPERS proportionate share of the net pension liability	\$ 109,619,501	\$ 74,741,626	\$ 45,266,677
County's KP&F proportionate share of the net pension liability	88,459,936	62,068,485	39,973,027
	<u>\$ 198,079,437</u>	<u>\$ 136,810,111</u>	<u>\$ 85,239,704</u>

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### IV. Other Information (continued)

#### G. Postemployment Benefits Other than Pensions

##### Plan Description

The County sponsors a single-employer defined benefit healthcare plan that provides healthcare benefits, including medical, dental and vision, to retirees. Retiree health coverage is provided for under K.S.A. 12-5040. Employees who retire with at least 10 years of cumulative service with the County and commence retirement or disability benefits under the Kansas Public Employee Retirement System (KPERS) are eligible for benefits. The funding policy of the County is to pay premiums as they come due through the Health/Dental/Life Insurance Reserve internal service fund. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. There is no stand-alone financial report for the plan.

##### Benefits Provided

County retirees pay the same premiums charged to COBRA participants for medical, dental and vision coverage. The COBRA rates being paid by retirees for benefits are typically lower than those for individual health insurance policies. The difference between these two amounts is the implicit rate subsidy, which is considered other postemployment benefits (OPEB).

Retirees and spouses have the same benefit as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches the Medicare eligibility age, which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies.

##### Funding Policy

The premium requirements of plan members and the County are established and may be amended by the County Commission. The required premium is based on projected pay-as-you-go financing requirements. For year ended December 31, 2018, Sedgwick County's benefit payments were \$648,319. County retirees pay 100% of their healthcare premiums; the County is not required to share costs of retiree premiums.

##### Covered Employees

At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	143
Active employees	2,552
TOTAL	<u>2,695</u>

##### Total OPEB Liability

The County's total OPEB liability of \$18,802,126 was measured as of December 31, 2018, and was determined by an actuarial valuation as of January 1, 2018, which was rolled forward to December 31, 2018.

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### IV. Other Information (continued)

#### G. Postemployment Benefits Other than Pensions (continued)

##### Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost-method	Entry-age
Inflation	2.50%
Salary increases	2.50%
Discount rate	3.68%
Healthcare cost trend rates	6.5% for 2018, decreasing by 0.25% per year to an ultimate rate of 4.5% for 2026 and later years
Retirees share of benefit related costs	Retirees and spouses pay 100% of the premium equivalent rates

Changes in assumptions relate to changing the discount rate from 3.24% to 3.68% and updating the mortality improvement scale from MP-2017 to MP-2018.

The discount rate was based on the average of the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year published yields.

Mortality rates were based on the RP-2014 Mortality tables, as appropriate, with adjustment for mortality improvements based on the Scale MP-2018.

Disability and retirement rates were based on those utilized for the KPERS-Local and KP&F-Local pension valuations.

The actuarial assumptions used in the January 1, 2018 valuation were based on an experience analysis of the plans past experience, the actuary's experience with plans of similar size, plan design, retiree contribution level and assumptions used in the County's participation in the corresponding pension plan through KPERS and KP&F, as applicable.

# **SEDGWICK COUNTY, KANSAS**

## **NOTES TO THE FINANCIAL STATEMENTS** December 31, 2018

### **IV. Other Information (continued)**

#### **G. Postemployment Benefits Other than Pensions (continued)**

##### *Changes in the Total OPEB Liability*

	<b>Total OPEB Liability</b>
<b>OPEB Liability -Beginning of Year</b>	<b>\$ 18,707,730</b>
<b>Changes for the year:</b>	
Service cost	1,231,438
Interest	635,526
Difference between expected and actual experience	(180,089)
Changes in assumptions and inputs	(944,160)
Benefit payments	(648,319)
<b>Net changes</b>	<b>94,396</b>
<b>OPEB Liability-End of Year</b>	<b>\$ 18,802,126</b>

##### *Rate Sensitivity*

The following is a sensitivity analysis of the OPEB liability to changes in the discount rate and the healthcare cost trend rate. The table below presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.68%) or 1 percentage point higher (4.68%) than the current discount rate:

	<b>1% Decrease (2.68%)</b>	<b>Current Discount Rate (3.68%)</b>	<b>1% Increase (4.68%)</b>
Total OPEB liability	\$ 20,846,184	\$ 18,802,126	\$ 16,976,948

The table below presents the total OPEB liability of the County, as well as what the County's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.5% decreasing to 3.5%) or 1 percentage point higher (7.5% decreasing to 5.5%) than the current healthcare cost trend rates:

	<b>1% Decrease (5.5% decreasing to 3.5%)</b>	<b>Healthcare Cost Trend Rates (6.5% decreasing to 4.5%)</b>	<b>1% Increase (7.5% decreasing to 5.5%)</b>
Total OPEB liability	\$ 16,232,348	\$ 18,802,126	\$ 21,851,021

# SEDGWICK COUNTY, KANSAS

## NOTES TO THE FINANCIAL STATEMENTS December 31, 2018

### IV. Other Information (continued)

#### G. Postemployment Benefits Other than Pensions (continued)

##### OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended December 31, 2018, the County recognized OPEB expense of \$1,780,483. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Differences between expected and actual experience	\$ -	\$ 166,236
Changes in assumptions	-	871,532
TOTAL	\$ -	\$ 1,037,768

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending December 31:		
2019	\$	(86,481)
2020		(86,481)
2021		(86,481)
2022		(86,481)
2023		(86,481)
2024 & Thereafter		(605,363)
TOTAL	\$	(1,037,768)

Average Expected Remaining Service Life: 13 years

#### H. Restatement

The County adopted the provisions of GASB Statement No. 75 for fiscal year ending December 31, 2018. As a result of the adoption of the provisions of this statement, the County has restated beginning net position of governmental activities as follows:

Net position as previously reported, January 1, 2018	\$341,909,125
Adjustment to remove the OPEB obligation reported as of January 1, 2018 under GASB 45	20,506,647
Adjustment to record the total OPEB liability as of January 1, 2018 under GASB 75	(18,707,730)
Net position, as restated January 1, 2018	\$ 343,708,042

## **SEDGWICK COUNTY, KANSAS**

### **NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

#### **I. Subsequent Events**

On January 30 2019, the County Commission approved a \$6,000,000 sponsorship agreement with the Sedgwick County Zoological Society, Inc. (Zoo). The County will be the primary sponsor of the Zoo's Visitor Entry Center. The County will pay the Zoo three separate yearly installments of \$2,000,000 each; the first installment to be paid on or before June 30, 2019; the second installment to be paid on or before June 30, 2020; and the final installment to be paid on or before June 30, 2021.

In 2007, Sedgwick County contracted with SMG to operate INTRUST Bank Arena, which Sedgwick County built with the proceeds of a 30-month one-cent sales tax. Per that agreement, SMG promotes, operates and manages the facility to ensure the provision of high quality management services, thereby enhancing the use and enjoyment of the Arena. Under a unique arrangement in the private management of a publicly owned facility, SMG will incur any operating losses during any fiscal year of the contract period; assuming the Arena does not have operating deficits, the County's current agreement with SMG outlines that SMG is entitled to the first \$400,000 of net operating profits each year, with the County and SMG splitting the remainder evenly. Per its terms, the agreement between the County and SMG includes an auto-renewal provision if the County receives more than \$850,000 in the aggregate between January 1, 2015 and December 31, 2019. The auto-renewal would be for the term of January 1, 2021 through December 31, 2025. From January 1, 2015 through December 31, 2018, the County's portion of revenues has exceeded \$850,000, coming in at \$939,469, triggering the auto-renewal provision. The County and SMG will begin discussions on updating the agreement in the first half of 2019.

On April 3, 2019, the County approved the issuance of \$10,820,000 of General Obligation Bonds Series 2019A to provide funds for improvements to the adult detention facility and various bridge projects. The official closing date of the issuance is expected to be in the fourth quarter of 2019.



# SEDGWICK COUNTY, KANSAS

## REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

### Schedule of Revenues, Expenditures and Changes in Fund Balances Budget to Actual – Budgetary Basis General Fund For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
<b>Revenues</b>				
Property taxes	\$ 117,229,800	\$ 117,229,800	\$ 118,462,915	\$ 1,233,115
Sales taxes	29,846,507	29,846,507	29,514,108	(332,399)
Other taxes	309,481	309,481	374,461	64,980
Intergovernmental	1,072,665	1,072,665	884,450	(188,215)
Charges for services	17,313,265	17,313,265	14,625,785	(2,687,480)
Uses of money and property	4,816,188	4,816,188	4,845,200	29,012
Fines and forfeits	50,479	50,479	78,571	28,092
Licenses and permits	5,277,810	5,277,810	8,280,826	3,003,016
Reimbursed expenditures	5,670,156	5,670,156	5,793,658	123,502
Other	2,902,694	2,902,694	3,907,987	1,005,293
<b>Total revenues</b>	<u>184,489,045</u>	<u>184,489,045</u>	<u>186,767,961</u>	<u>2,278,916</u>
<b>Expenditures</b>				
Current:				
Personnel services	118,177,375	117,250,472	112,838,032	4,412,440
Contractual services	63,791,453	55,597,674	48,557,205	7,040,469
Commodities	6,053,648	6,840,517	6,366,993	473,524
Capital outlay	2,903,782	1,368,679	1,328,540	40,139
Debt service:				
Interest	-	633,811	633,811	-
Total debt service	-	633,811	633,811	-
<b>Total expenditures</b>	<u>190,926,258</u>	<u>181,691,153</u>	<u>169,724,581</u>	<u>11,966,572</u>
<b>Revenues over expenditures</b>	<u>(6,437,213)</u>	<u>2,797,892</u>	<u>17,043,380</u>	<u>14,245,488</u>
<b>Other financing sources (uses)</b>				
Transfers from other funds	25,725	25,725	11,487,216	11,461,491
Transfers to other funds	(18,301,223)	(27,536,328)	(26,906,263)	630,065
<b>Total other financing sources (uses)</b>	<u>(18,275,498)</u>	<u>(27,510,603)</u>	<u>(15,419,047)</u>	<u>12,091,556</u>
Net change in fund balances	(24,712,711)	(24,712,711)	1,624,333	26,337,044
Fund balances, beginning of year	<u>24,712,711</u>	<u>24,712,711</u>	<u>66,685,155</u>	<u>41,972,444</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,309,488</u>	<u>\$ 68,309,488</u>

# SEDGWICK COUNTY, KANSAS

## REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

### Schedule of Revenues, Expenditures and Changes in Fund Balances Budget to Actual – Budgetary Basis General Fund (continued)

#### Budget / GAAP Reconciliation

All legal operating budgets are prepared using the modified cash basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Accordingly, the data presented in the budgetary comparison statements differs from the data presented in the financial statements prepared in accordance with GAAP. The following schedule provides reconciliation from GAAP basis to budgetary basis for the General Fund.

	<b>December 31, 2018</b>
Fund balance, budgetary basis	\$ 68,309,488
Current year encumbrances	580,300
Fair value adjustment of investments	(1,217,978)
Accrued revenues	1,862,170
Accrued expenditures	(2,597,677)
	<hr/>
Fund balance, GAAP basis	\$ 66,936,303
	<hr/>

#### Defined Benefit Pension Plans

##### Share of the Collective Net Pension Liability Kansas Public Employees Retirement System Last Six Fiscal Years\*

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
County's proportion of the collective net pension liability:						
KPERs (local group)	5.362%	5.445%	5.344%	5.525%	5.403%	5.475%
KP&F (police & firemen)	6.451%	6.655%	6.735%	6.858%	6.825%	6.879%
County's proportionate share of the collective net pension liability	\$ 136,810,111	\$ 141,282,887	\$ 145,221,592	\$ 122,343,954	\$ 111,262,101	\$ 139,254,285
County's covered payroll ^	\$ 138,127,377	\$ 134,047,537	\$ 127,025,880	\$ 127,247,391	\$ 122,530,074	\$ 122,135,423
County's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.990463397	1.053976001	1.143244133	0.961465324	0.908039124	1.140162957
Plan fiduciary net position as a percentage of the total pension liability	70.95%	67.12%	65.10%	64.95%	66.60%	59.94%

\* GASB 68 requires presentation of ten years. As of December 31, 2018, only six years of information is available.

^ Covered payroll is measured as of the measurement date ending June 30.

Changes in assumptions related to inflation, salary increases, investment rate of return, mortality, and discount rate were made since the prior measurement date.

# SEDGWICK COUNTY, KANSAS

## REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

### Defined Benefit Pension Plans (continued)

#### Schedule of County's Contributions Kansas Public Employees Retirement System Last Six Fiscal Years\*

	2018	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 15,903,035	\$ 14,547,001	\$ 18,215,161	\$ 16,216,371	\$ 14,137,345	\$ 12,199,406
Contributions in relation to the statutorily required contribution	(15,903,035)	(14,547,001)	(18,215,161)	(16,216,371)	(14,137,345)	(12,199,406)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll ^	\$134,392,946	\$131,611,804	\$126,822,618	\$127,537,022	\$124,775,254	\$122,097,547
Contributions as a percentage of covered payroll	11.83%	11.05%	14.36%	12.72%	11.33%	9.99%

\* GASB 68 requires presentation of ten years. As of December 31, 2018, only six years of information is available.

^ Covered payroll is measured as of the fiscal year end December 31.

*Changes in benefit terms for KPERS.* In the state fiscal year 2014, the KP&F group had a change in benefit terms. The Legislature increased this group's employee contributions to 7.15 percent and eliminated the reduction of employee contributions to 2.0 percent after 32 years of service. In addition, the maximum retirement benefit increased to 90 percent of final average salary (reached at 36 years of service). Before this change, the maximum retirement benefit was limited to 80 percent of final average salary (reached at 32 years of service).

Effective January 1, 2014, KPERS 1 member's employee contribution rate increased to 5.0 percent and then on January 1, 2015, increased to 6.0 percent, with an increase in benefit multiplier to 1.85 percent for future years of service. For KPERS 2 members retiring after July 1, 2012, the cost of living adjustment (COLA) is eliminated, but members will receive a 1.85 percent multiplier for all years of service.

January 1, 2015, the KPERS 3 cash balance plan became effective. Members enrolled in this plan were first employed in a KPERS covered position on or after January 1, 2015, or KPERS 1 or KPERS 2 members who left employment before vesting and returned to employment on or after January 1, 2015. The retirement benefit is an annuity based on the account balance at retirement.

# SEDGWICK COUNTY, KANSAS

## REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018

### Postemployment Benefits Other than Pensions

#### Schedule of Changes in the County's Total OPEB Liability and Related Ratios

	2018
<b>Total OPEB Liability</b>	
Service Cost	\$ 1,231,438
Interest	635,526
Differences Between Expected and Actual Experience	(180,089)
Changes in Assumptions	(944,160)
Benefit Payments	(648,319)
Net Changes in Total OPEB Liability	94,396
Total OPEB Liability-Beginning	18,707,730
<b>Total OPEB Liability-Ending</b>	<b>\$ 18,802,126</b>
Covered Payroll	\$ 120,999,328
Employer's Total OPEB Liability as a Percentage of Covered Payroll	15.54%

### Notes to Required Supplementary Information

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in assumptions relate to changing the discount rate from 3.24% to 3.68% and updating the mortality improvement scale from MP-2017 to MP-2018.

\*GASB 75 requires presentation of ten years. As of December 31, 2018, only one year of information is available.

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# Governmental Funds

## Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of designated revenue sources that are used to finance specified activities as required by law or administrative regulation.

The following nonmajor Special Revenue Funds are reported:

Wichita State University Program Development	Court Trustee Operations
Comprehensive Community Care	Special Alcohol and Drug Programs
Emergency Medical Services	Auto License
Aging Services	Court Alcohol/Drug Safety Action Program
Public Works Highways	Prosecuting Attorney Training
Noxious Weeds	Technology
Solid Waste	Fire District Operating
Special Parks and Recreation	Fire District Research and Development
Emergency Telephone Services	Township Dissolution

## Nonmajor Debt Service Fund

Debt Service Funds are used to account for the proceeds of designated revenue sources that are used to finance general obligation debt. The following nonmajor Debt Service Fund is reported:

Fire District Bond and Interest

## Nonmajor Capital Projects Funds

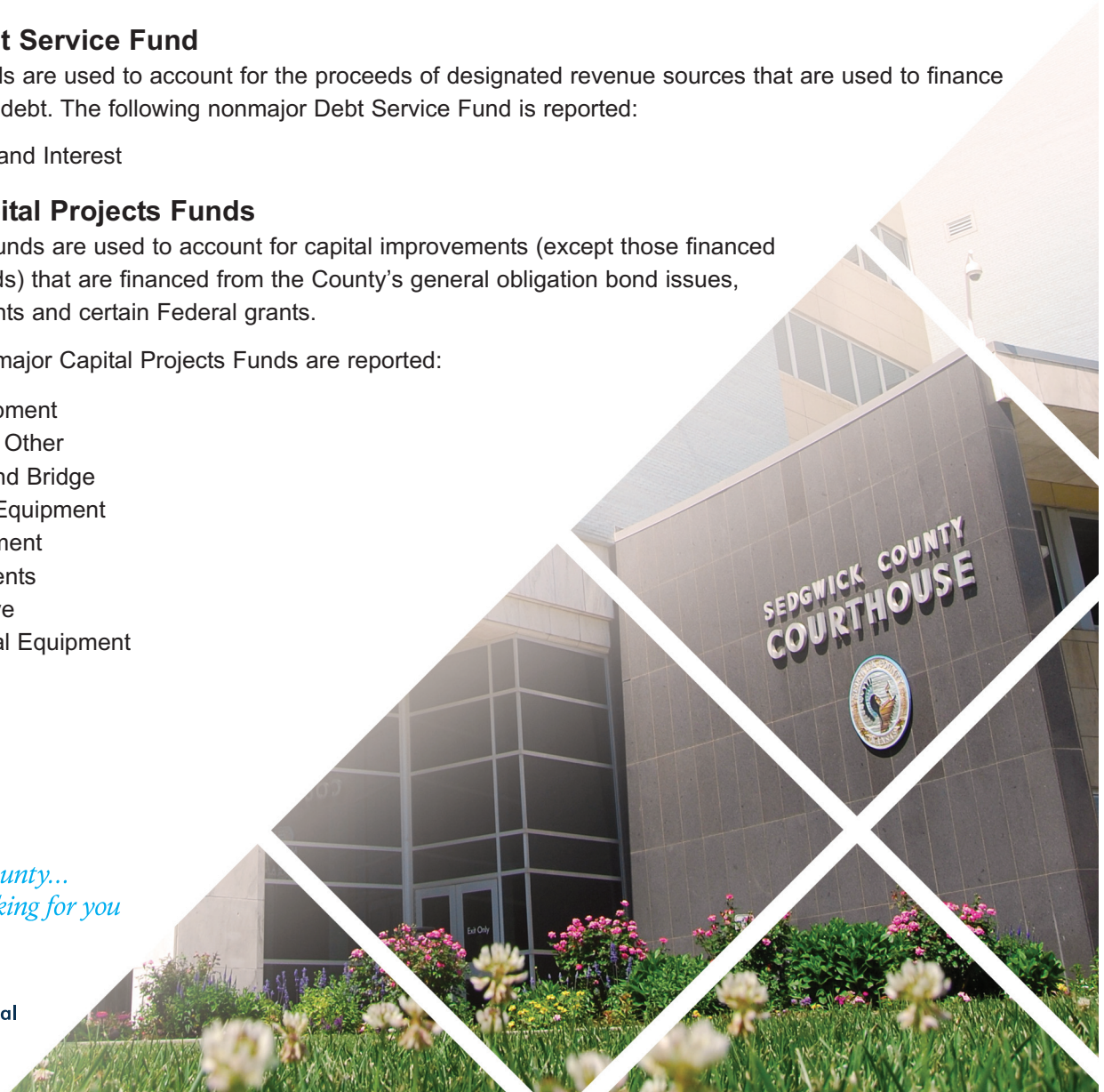
Capital Projects Funds are used to account for capital improvements (except those financed by proprietary funds) that are financed from the County's general obligation bond issues, special assessments and certain Federal grants.

The following nonmajor Capital Projects Funds are reported:

Building and Equipment  
Street, Bridge and Other  
Sales Tax Road and Bridge  
Road and Bridge Equipment  
Highway Improvement  
Capital Improvements  
Equipment Reserve  
Fire District Special Equipment



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# SEDGWICK COUNTY, KANSAS

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2018

	Special Revenue Funds	Fire District Debt Service	Capital Projects Funds	Totals
<b>Assets:</b>				
Cash, including investments	\$ 19,602,971	\$ 25,790	\$ 30,108,666	\$ 49,737,427
Due from other agencies	376,105	-	341,352	717,457
Accounts receivable	2,303,532	-	-	2,303,532
Property tax receivable	36,494,167	-	-	36,494,167
Sales tax receivable	-	-	2,725,088	2,725,088
Inventories, at cost	430,614	-	-	430,614
<b>Total assets</b>	<b>\$ 59,207,389</b>	<b>\$ 25,790</b>	<b>\$ 33,175,106</b>	<b>\$ 92,408,285</b>
<b>Liabilities:</b>				
Accounts payable	675,438	-	1,131,296	1,806,734
Accrued wages	1,441,733	-	15,689	1,457,422
Due to other funds	-	-	835,726	835,726
Advance payable	-	-	4,615,932	4,615,932
Due to other entities	16,650	-	-	16,650
<b>Total liabilities</b>	<b>2,133,821</b>	<b>-</b>	<b>6,598,643</b>	<b>8,732,464</b>
<b>Deferred Inflows of Resources:</b>				
Deferred property tax revenue	36,494,167	-	-	36,494,167
Unavailable revenue - accounts receivable	1,146,269	-	-	1,146,269
<b>Total deferred inflows of resources</b>	<b>37,640,436</b>	<b>-</b>	<b>-</b>	<b>37,640,436</b>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Inventories	\$ 430,614	\$ -	\$ -	\$ 430,614
<b>Restricted:</b>				
General Government	1,918,007	-	-	1,918,007
Debt Service	-	25,790	-	25,790
Public Safety	12,293,104	-	-	12,293,104
Public Works	2,558,196	-	-	2,558,196
Health and Welfare	1,242,107	-	-	1,242,107
Culture and Recreation	34,420	-	-	34,420
Economic Development	9,500	-	-	9,500
Capital Outlay	-	-	10,433,213	10,433,213
<b>Committed:</b>				
Capital Outlay	-	-	9,462,679	9,462,679
<b>Assigned:</b>				
Public Works	534,049	-	-	534,049
Public Safety	413,135	-	-	413,135
Capital Outlay	-	-	7,529,270	7,529,270
Unassigned	-	-	(848,699)	(848,699)
<b>Total fund balance</b>	<b>19,433,132</b>	<b>25,790</b>	<b>26,576,463</b>	<b>46,035,385</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 59,207,389</b>	<b>\$ 25,790</b>	<b>\$ 33,175,106</b>	<b>\$ 92,408,285</b>

# SEDGWICK COUNTY, KANSAS

## Combining Balance Sheet Nonmajor Governmental Funds - Special Revenue Funds December 31, 2018

	Wichita State University Program Development	Comprehensive Community Care	Emergency Medical Services	Aging Services
<b>Assets:</b>				
Cash, including investments	\$ 9,500	\$ 762,157	\$ 473,035	\$ 669,732
Due from other agencies	-	-	-	-
Accounts receivable	-	-	1,628,947	-
Property tax receivable	7,082,575	2,330,831	4,994,991	2,019,895
Inventories, at cost	-	-	430,614	-
<b>Total assets</b>	<b>\$ 7,092,075</b>	<b>\$ 3,092,988</b>	<b>\$ 7,527,587</b>	<b>\$ 2,689,627</b>
<b>Liabilities:</b>				
Accounts payable	-	17,477	98,396	104,676
Accrued wages	-	48,325	444,182	19,304
Due to other entities	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>65,802</b>	<b>542,578</b>	<b>123,980</b>
<b>Deferred Inflows of Resources:</b>				
Deferred property tax revenue	7,082,575	2,330,831	4,994,991	2,019,895
Unavailable revenue - accounts receivable	-	-	1,146,269	-
<b>Total deferred inflows of resources</b>	<b>7,082,575</b>	<b>2,330,831</b>	<b>6,141,260</b>	<b>2,019,895</b>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Inventories	\$ -	\$ -	\$ 430,614	\$ -
<b>Restricted:</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health and Welfare	-	696,355	-	545,752
Culture and Recreation	-	-	-	-
Economic Development	9,500	-	-	-
<b>Assigned:</b>				
Public Works	-	-	-	-
Public Safety	-	-	413,135	-
<b>Total fund balance</b>	<b>9,500</b>	<b>696,355</b>	<b>843,749</b>	<b>545,752</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 7,092,075</b>	<b>\$ 3,092,988</b>	<b>\$ 7,527,587</b>	<b>\$ 2,689,627</b>



Public Works Highways	Noxious Weeds	Solid Waste	Special Parks and Recreation	Emergency Telephone Services	Court Trustee Operations
\$ 2,268,593	\$ 175,603	\$ 955,963	\$ 34,420	\$ 2,795,019	\$ 2,671,344
-	-	-	-	-	376,105
446	-	187	-	-	-
3,394,413	330,392	-	-	-	-
-	-	-	-	-	-
<u>\$ 5,663,452</u>	<u>\$ 505,995</u>	<u>\$ 956,150</u>	<u>\$ 34,420</u>	<u>\$ 2,795,019</u>	<u>\$ 3,047,449</u>
43,184	24,461	17,829	-	89,693	203,256
172,398	8,643	25,382	-	-	96,507
16,650	-	-	-	-	-
<u>232,232</u>	<u>33,104</u>	<u>43,211</u>	<u>-</u>	<u>89,693</u>	<u>299,763</u>
3,394,413	330,392	-	-	-	-
-	-	-	-	-	-
<u>3,394,413</u>	<u>330,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	2,705,326	2,747,686
1,887,124	-	671,072	-	-	-
-	-	-	-	-	-
-	-	-	34,420	-	-
-	-	-	-	-	-
149,683	142,499	241,867	-	-	-
-	-	-	-	-	-
<u>2,036,807</u>	<u>142,499</u>	<u>912,939</u>	<u>34,420</u>	<u>2,705,326</u>	<u>2,747,686</u>
<u>\$ 5,663,452</u>	<u>\$ 505,995</u>	<u>\$ 956,150</u>	<u>\$ 34,420</u>	<u>\$ 2,795,019</u>	<u>\$ 3,047,449</u>

(Continued)

# **SEDGWICK COUNTY, KANSAS**

## **Combining Balance Sheet (continued)** **Nonmajor Governmental Funds - Special Revenue Funds** **December 31, 2018**

	Special Alcohol and Drug Programs	Auto License	Court Alcohol/Drug Safety Action Program	Prosecuting Attorney Training
<b>Assets</b>				
Cash, including investments	\$ -	\$ 1,011,830	\$ 165,714	\$ 50,439
Due from other agencies	-	-	-	-
Accounts receivable	-	-	-	-
Property tax receivable	-	-	-	-
Inventories, at cost	-	-	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ 1,011,830</b>	<b>\$ 165,714</b>	<b>\$ 50,439</b>
<b>Liabilities:</b>				
Accounts payable	-	5,048	-	-
Accrued wages	-	98,722	-	-
Due to other entities	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>103,770</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Deferred property tax revenue	-	-	-	-
Unavailable revenue - accounts receivable	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Inventories	\$ -	\$ -	\$ -	\$ -
<b>Restricted:</b>				
General Government	-	908,060	-	-
Public Safety	-	-	165,714	50,439
Public Works	-	-	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	-	-	-	-
Economic Development	-	-	-	-
<b>Assigned:</b>				
Public Works	-	-	-	-
Public Safety	-	-	-	-
<b>Total fund balance</b>	<b>-</b>	<b>908,060</b>	<b>165,714</b>	<b>50,439</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ -</b>	<b>\$ 1,011,830</b>	<b>\$ 165,714</b>	<b>\$ 50,439</b>

<b>Technology</b>	<b>Fire District Operating</b>	<b>Fire District Research and Development</b>	<b>Township Dissolution</b>	<b>Totals</b>
\$ 1,026,417	\$ 6,503,468	\$ 29,737	\$ -	\$ 19,602,971
-	-	-	-	376,105
-	673,952	-	-	2,303,532
-	16,341,070	-	-	36,494,167
-	-	-	-	430,614
<u>\$ 1,026,417</u>	<u>\$ 23,518,490</u>	<u>\$ 29,737</u>	<u>\$ -</u>	<u>\$ 59,207,389</u>
4,250	66,969	199	-	675,438
12,220	516,050	-	-	1,441,733
-	-	-	-	16,650
<u>16,470</u>	<u>583,019</u>	<u>199</u>	<u>-</u>	<u>2,133,821</u>
-	16,341,070	-	-	36,494,167
-	-	-	-	1,146,269
-	16,341,070	-	-	37,640,436
\$ -	\$ -	\$ -	\$ -	\$ 430,614
1,009,947	-	-	-	1,918,007
-	6,594,401	29,538	-	12,293,104
-	-	-	-	2,558,196
-	-	-	-	1,242,107
-	-	-	-	34,420
-	-	-	-	9,500
-	-	-	-	534,049
-	-	-	-	413,135
<u>1,009,947</u>	<u>6,594,401</u>	<u>29,538</u>	<u>-</u>	<u>19,433,132</u>
<u>\$ 1,026,417</u>	<u>\$ 23,518,490</u>	<u>\$ 29,737</u>	<u>\$ -</u>	<u>\$ 59,207,389</u>

# **SEDGWICK COUNTY, KANSAS**

## *Combining Balance Sheet* **Nonmajor Capital Projects Funds** *December 31, 2018*

	<b>Building and Equipment</b>	<b>Street, Bridge and Other</b>	<b>Sales Tax Road and Bridge</b>	<b>Road and Bridge Equipment</b>
<b>Assets</b>				
Cash, including investments	\$ -	\$ 3,240	\$ 8,041,753	\$ 161,625
Due from other agencies	-	-	632	-
Sales tax receivable	-	-	2,725,088	-
<b>Total assets</b>	<u>\$ -</u>	<u>\$ 3,240</u>	<u>\$ 10,767,473</u>	<u>\$ 161,625</u>
<b>Liabilities:</b>				
Accounts payable	12,973	-	318,571	-
Accrued wages	-	-	15,689	-
Due to other funds	835,726	-	-	-
Advance payable	-	-	-	-
<b>Total liabilities</b>	<u>848,699</u>	<u>-</u>	<u>334,260</u>	<u>-</u>
<b>Fund balances:</b>				
<b>Restricted:</b>				
Capital Outlay	\$ -	\$ -	\$ 10,433,213	\$ -
<b>Committed:</b>				
Capital Outlay	-	3,240	-	-
<b>Assigned:</b>				
Capital Outlay	-	-	-	161,625
Unassigned	(848,699)	-	-	-
<b>Total fund balance</b>	<u>(848,699)</u>	<u>3,240</u>	<u>10,433,213</u>	<u>161,625</u>
<b>Total liabilities and fund balances</b>	<u>\$ -</u>	<u>\$ 3,240</u>	<u>\$ 10,767,473</u>	<u>\$ 161,625</u>

Highway Improvement	Capital Improvements	Equipment Reserve	Fire District Special Equipment	Totals
\$ 45,623	\$ 14,531,238	\$ 6,119,961	\$ 1,205,226	\$ 30,108,666
-	340,720	-	-	341,352
-	-	-	-	2,725,088
<u>\$ 45,623</u>	<u>\$ 14,871,958</u>	<u>\$ 6,119,961</u>	<u>\$ 1,205,226</u>	<u>\$ 33,175,106</u>
-	796,587	3,165	-	1,131,296
-	-	-	-	15,689
-	-	-	-	835,726
-	4,615,932	-	-	4,615,932
-	5,412,519	3,165	-	6,598,643
\$ -	\$ -	\$ -	\$ -	\$ 10,433,213
-	9,459,439	-	-	9,462,679
45,623	-	6,116,796	1,205,226	7,529,270
-	-	-	-	(848,699)
<u>45,623</u>	<u>9,459,439</u>	<u>6,116,796</u>	<u>1,205,226</u>	<u>26,576,463</u>
<u>\$ 45,623</u>	<u>\$ 14,871,958</u>	<u>\$ 6,119,961</u>	<u>\$ 1,205,226</u>	<u>\$ 33,175,106</u>

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# SEDGWICK COUNTY, KANSAS

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended December 31, 2018

	Special Revenue Funds	Fire District Debt Service	Capital Projects Funds	Totals
<b>Revenues</b>				
Property taxes	\$ 40,361,399	\$ -	\$ -	\$ 40,361,399
Emergency telephone services taxes	2,928,808	-	-	2,928,808
Sales taxes	-	-	13,204,431	13,204,431
Special assessments	-	-	145,008	145,008
Other taxes	86,051	-	-	86,051
Intergovernmental	9,766,524	-	2,946,993	12,713,517
Charges for services	21,398,472	-	-	21,398,472
Uses of money and property	231,625	-	11,564	243,189
Licenses and permits	91,195	-	-	91,195
Other	236,632	-	634,673	871,305
<b>Total revenues</b>	<b>75,100,706</b>	<b>-</b>	<b>16,942,669</b>	<b>92,043,375</b>
<b>Expenditures</b>				
Current:				
General government	5,274,880	-	-	5,274,880
Public safety	42,197,002	-	-	42,197,002
Public works	11,669,394	-	-	11,669,394
Health and welfare	5,307,432	-	-	5,307,432
Culture and recreation	4,194	-	-	4,194
Economic development	7,880,749	-	-	7,880,749
Debt service:				
Principal	397,498	-	-	397,498
Interest and fiscal charges	20,589	-	-	20,589
Capital outlay	91,081	-	21,952,965	22,044,046
<b>Total expenditures</b>	<b>72,842,819</b>	<b>-</b>	<b>21,952,965</b>	<b>94,795,784</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>2,257,887</b>	<b>-</b>	<b>(5,010,296)</b>	<b>(2,752,409)</b>
<b>Other financing sources (uses)</b>				
Transfers from other funds	6,678	-	15,999,422	16,006,100
Transfers to other funds	(2,158,477)	-	(4,063,751)	(6,222,228)
<b>Total other financing sources (uses)</b>	<b>(2,151,799)</b>	<b>-</b>	<b>11,935,671</b>	<b>9,783,872</b>
<b>Net change in fund balances</b>	<b>106,088</b>	<b>-</b>	<b>6,925,375</b>	<b>7,031,463</b>
<b>Fund balances, beginning of year</b>	<b>19,327,044</b>	<b>25,790</b>	<b>19,651,088</b>	<b>39,003,922</b>
<b>Fund balances, end of period</b>	<b>\$ 19,433,132</b>	<b>\$ 25,790</b>	<b>\$ 26,576,463</b>	<b>\$ 46,035,385</b>

# SEDGWICK COUNTY, KANSAS

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds For the Year Ended December 31, 2018

	Wichita State University Program Development	Comprehensive Community Care	Emergency Medical Services	Aging Services
<b>Revenues</b>				
Property taxes	\$ 7,880,749	\$ 2,670,797	\$ 4,325,534	\$ 2,618,388
Emergency telephone services taxes	-	-	-	-
Other taxes	-	-	-	-
Intergovernmental	-	174,445	-	-
Charges for services	-	-	12,483,453	-
Uses of money and property	-	-	-	-
Licenses and permits	-	-	-	-
Other	-	-	1,668	273
<b>Total revenues</b>	<u>7,880,749</u>	<u>2,845,242</u>	<u>16,810,655</u>	<u>2,618,661</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	17,149,925	-
Public works	-	-	-	-
Health and welfare	-	3,044,847	-	2,262,585
Culture and recreation	-	-	-	-
Economic development	7,880,749	-	-	-
Capital outlay	-	-	91,081	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>7,880,749</u>	<u>3,044,847</u>	<u>17,241,006</u>	<u>2,262,585</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>-</u>	<u>(199,605)</u>	<u>(430,351)</u>	<u>356,076</u>
<b>Other financing (uses)</b>				
Transfers from other funds	-	-	6,678	-
Transfers to other funds	-	-	-	(220,620)
<b>Total other financing (uses)</b>	<u>-</u>	<u>-</u>	<u>6,678</u>	<u>(220,620)</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>(199,605)</u>	<u>(423,673)</u>	<u>135,456</u>
<b>Fund balances, beginning of year</b>	<u>9,500</u>	<u>895,960</u>	<u>1,267,422</u>	<u>410,296</u>
<b>Fund balances, end of period</b>	<u>\$ 9,500</u>	<u>\$ 696,355</u>	<u>\$ 843,749</u>	<u>\$ 545,752</u>



Public Works Highways	Noxious Weeds	Solid Waste	Special Parks and Recreation	Emergency Telephone Services	Court Trustee Operations
\$ 4,285,416	\$ 339,179	\$ -	\$ -	\$ -	\$ -
-	-	-	-	2,928,808	-
-	-	-	34,247	-	-
4,867,617	-	-	-	-	4,700,487
-	86,235	1,570,861	-	-	939,901
-	-	-	-	6,974	-
7,800	-	78,185	-	-	-
73,081	56	170	-	14,681	1,569
<u>9,233,914</u>	<u>425,470</u>	<u>1,649,216</u>	<u>34,247</u>	<u>2,950,463</u>	<u>5,641,957</u>
-	-	-	-	-	-
-	-	-	-	2,229,570	5,831,341
9,535,651	490,057	1,643,686	-	-	-
-	-	-	-	-	-
-	-	-	4,194	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>9,535,651</u>	<u>490,057</u>	<u>1,643,686</u>	<u>4,194</u>	<u>2,229,570</u>	<u>5,831,341</u>
<u>(301,737)</u>	<u>(64,587)</u>	<u>5,530</u>	<u>30,053</u>	<u>720,893</u>	<u>(189,384)</u>
-	-	-	-	-	-
-	-	(80,057)	(53,686)	(653,066)	-
-	-	(80,057)	(53,686)	(653,066)	-
(301,737)	(64,587)	(74,527)	(23,633)	67,827	(189,384)
<u>2,338,544</u>	<u>207,086</u>	<u>987,466</u>	<u>58,053</u>	<u>2,637,499</u>	<u>2,937,070</u>
<u>\$ 2,036,807</u>	<u>\$ 142,499</u>	<u>\$ 912,939</u>	<u>\$ 34,420</u>	<u>\$ 2,705,326</u>	<u>\$ 2,747,686</u>

(Continued)

# **SEDGWICK COUNTY, KANSAS**

## ***Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)***

### ***Nonmajor Special Revenue Funds***

***For the Year Ended December 31, 2018***

	Special Alcohol and Drug Programs	Auto License	Court Alcohol/Drug Safety Action Program	Prosecuting Attorney Training
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Emergency telephone services taxes	-	-	-	-
Other taxes	51,804	-	-	-
Intergovernmental	-	23,975	-	-
Charges for services	-	4,737,598	7,340	34,976
Uses of money and property	-	-	-	-
Licenses and permits	-	-	-	-
Other	-	4,891	-	-
<b>Total revenues</b>	<u>51,804</u>	<u>4,766,464</u>	<u>7,340</u>	<u>34,976</u>
<b>Expenditures</b>				
Current:				
General government	-	4,292,260	-	-
Public safety	-	-	-	26,115
Public works	-	-	-	-
Health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>4,292,260</u>	<u>-</u>	<u>26,115</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>51,804</u>	<u>474,204</u>	<u>7,340</u>	<u>8,861</u>
<b>Other financing (uses)</b>				
Transfers from other funds	-	-	-	-
Transfers to other funds	(51,804)	(249,791)	-	-
<b>Total other financing (uses)</b>	<u>(51,804)</u>	<u>(249,791)</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	224,413	7,340	8,861
<b>Fund balances, beginning of year</b>	<u>-</u>	<u>683,647</u>	<u>158,374</u>	<u>41,578</u>
<b>Fund balances, end of period</b>	<u>\$ -</u>	<u>\$ 908,060</u>	<u>\$ 165,714</u>	<u>\$ 50,439</u>

Technology	Fire District Operating	Fire District Research and Development	Township Dissolution	Totals
\$ -	\$ 18,241,336	\$ -	\$ -	\$ 40,361,399
-	-	-	-	2,928,808
-	-	-	-	86,051
-	-	-	-	9,766,524
841,554	696,554	-	-	21,398,472
18,814	205,315	522	-	231,625
-	5,210	-	-	91,195
-	132,912	7,331	-	236,632
860,368	19,281,327	7,853	-	75,100,706
982,620	-	-	-	5,274,880
-	16,954,298	5,753	-	42,197,002
-	-	-	-	11,669,394
-	-	-	-	5,307,432
-	-	-	-	4,194
-	-	-	-	7,880,749
-	-	-	-	91,081
-	397,498	-	-	397,498
-	20,589	-	-	20,589
982,620	17,372,385	5,753	-	72,842,819
(122,252)	1,908,942	2,100	-	2,257,887
-	-	-	-	6,678
(31,916)	(625,000)	-	(192,537)	(2,158,477)
(31,916)	(625,000)	-	(192,537)	(2,151,799)
(154,168)	1,283,942	2,100	(192,537)	106,088
1,164,115	5,310,459	27,438	192,537	19,327,044
\$ 1,009,947	\$ 6,594,401	\$ 29,538	\$ -	\$ 19,433,132

# SEDGWICK COUNTY, KANSAS

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds For the Year Ended December 31, 2018

	Building and Equipment	Street, Bridge and Other	Sales Tax Road and Bridge	Road and Bridge Equipment
<b>Revenues</b>				
Sales taxes	\$ -	\$ -	\$ 13,204,431	\$ -
Special assessments	-	145,008	-	-
Intergovernmental	-	-	2,946,993	-
Uses of money and property	-	-	-	-
Other revenue	53,559	-	61,589	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total revenues</b>	53,559	145,008	16,213,013	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Expenditures</b>				
Capital outlay	218,396	1,621	15,611,552	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total expenditures</b>	218,396	1,621	15,611,552	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>(Deficiency) of revenues     (under) expenditures</b>	(164,837)	143,387	601,461	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Other financing sources (uses)</b>				
Transfers from other funds	3,600,000	271,746	600,000	-
Transfers to other funds	(4,040,027)	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total other financing sources (uses)</b>	(440,027)	271,746	600,000	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net change in fund balances</b>	(604,864)	415,133	1,201,461	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balances (deficits), beginning of year</b>	(243,835)	(411,893)	9,231,752	161,625
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Fund balances (deficits), end of period</b>	\$ (848,699)	\$ 3,240	\$ 10,433,213	\$ 161,625
	<hr/>	<hr/>	<hr/>	<hr/>

Highway Improvement	Capital Improvements	Equipment Reserve	Fire District Special Equipment	Totals
\$ -	\$ -	\$ -	\$ -	\$ 13,204,431
-	-	-	-	145,008
-	-	-	-	2,946,993
-	-	-	11,564	11,564
-	519,310	215	-	634,673
-	519,310	215	11,564	16,942,669
-	5,326,073	795,323	-	21,952,965
-	5,326,073	795,323	-	21,952,965
-	(4,806,763)	(795,108)	11,564	(5,010,296)
-	8,046,767	2,855,909	625,000	15,999,422
-	(23,724)	-	-	(4,063,751)
-	8,023,043	2,855,909	625,000	11,935,671
-	3,216,280	2,060,801	636,564	6,925,375
45,623	6,243,159	4,055,995	568,662	19,651,088
<u>\$ 45,623</u>	<u>\$ 9,459,439</u>	<u>\$ 6,116,796</u>	<u>\$ 1,205,226</u>	<u>\$ 26,576,463</u>

# SEDGWICK COUNTY, KANSAS

## Schedule of Budgetary Accounts Budget and Actual - Budgetary Basis (Non-GAAP)

### Special Revenue Fund: Wichita State University Program Development For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final	Amounts	Positive/ (Negative)
<b>Revenues</b>				
Taxes	\$ 7,805,339	\$ 7,805,339	\$ 7,880,749	\$ 75,410
Other	300,000	300,000	-	(300,000)
Total revenues	<u>8,105,339</u>	<u>8,105,339</u>	<u>7,880,749</u>	<u>(224,590)</u>
<b>Expenditures</b>				
Current:				
Contractual services	<u>8,153,926</u>	<u>8,153,926</u>	<u>7,880,749</u>	<u>273,177</u>
Total expenditures	<u>8,153,926</u>	<u>8,153,926</u>	<u>7,880,749</u>	<u>273,177</u>
Net change in fund balances	\$ (48,586)	\$ (48,586)	\$ -	\$ 48,587
Fund balances, beginning of year	<u>48,586</u>	<u>48,586</u>	<u>9,500</u>	<u>(39,086)</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,500</u>	<u>\$ 9,500</u>

# SEDGWICK COUNTY, KANSAS

## Schedule of Budgetary Accounts Budget and Actual - Budgetary Basis (Non-GAAP)

### Special Revenue Fund: Comprehensive Community Care For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive/ (Negative)
<b>Revenues</b>				
Taxes	\$ 2,637,713	\$ 2,637,713	\$ 2,670,797	\$ 33,084
Intergovernmental	174,445	174,445	174,445	-
Total revenues	2,812,158	2,812,158	2,845,242	33,084
<b>Expenditures</b>				
Current:				
Personnel services	1,482,567	1,482,567	1,266,539	216,028
Contractual services	1,668,173	1,666,133	1,641,807	24,326
Commodities	116,534	118,574	115,150	3,424
Total expenditures	3,267,274	3,267,274	3,023,496	243,778
Net change in fund balances	\$ (455,116)	\$ (455,116)	\$ (178,254)	\$ 276,862
Fund balances, beginning of year	455,116	455,116	919,352	464,236
Fund balances, end of year	\$ -	\$ -	\$ 741,098	\$ 741,098

# SEDGWICK COUNTY, KANSAS

## Schedule of Budgetary Accounts Budget and Actual - Budgetary Basis (Non-GAAP)

### Special Revenue Fund: Emergency Medical Services For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
<b>Revenues</b>				
Taxes	\$ 4,260,384	\$ 4,260,384	\$ 4,325,534	\$ 65,150
Charges for services	15,474,395	15,474,395	13,013,069	(2,461,326)
Reimbursed expenditures	30	30	994	964
Other	9,585	9,585	(1,229)	(10,814)
Total revenues	19,744,394	19,744,394	17,338,368	(2,406,026)
<b>Expenditures</b>				
Current:				
Personnel services	15,255,552	15,255,552	14,538,364	717,188
Contractual services	3,124,154	3,126,042	1,291,895	1,834,147
Commodities	1,210,103	1,208,215	1,190,884	17,331
Capital outlay	160,000	160,000	91,081	68,919
Total expenditures	19,749,809	19,749,809	17,112,224	2,637,585
Revenues over (under) expenditures	(5,415)	(5,415)	226,144	231,559
<b>Other financing sources</b>				
Transfers from other funds	-	-	6,678	(6,678)
Total other financing sources	-	-	6,678	(6,678)
Net change in fund balances	\$ (5,415)	\$ (5,415)	\$ 232,822	\$ 238,237
Fund balances, beginning of year	5,415	5,415	99,998	94,583
Fund balances, end of year	\$ -	\$ -	\$ 332,820	\$ 332,820



# SEDGWICK COUNTY, KANSAS

## Schedule of Budgetary Accounts Budget and Actual - Budgetary Basis (Non-GAAP)

### Special Revenue Fund: Aging Services For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final	Amounts	
<b>Revenues</b>				
Taxes	\$ 2,585,103	\$ 2,585,103	\$ 2,618,388	\$ 33,285
Reimbursed expenditures	-	-	30	30
Other	-	-	243	243
Total revenues	2,585,103	2,585,103	2,618,661	33,558
<b>Expenditures</b>				
Current:				
Personnel services	689,586	669,586	601,010	68,576
Contractual services	1,666,525	1,666,525	1,644,512	22,013
Commodities	12,800	32,800	31,411	1,389
Total expenditures	2,368,911	2,368,911	2,276,933	91,978
Revenues over (under) expenditures	216,192	216,192	341,728	125,536
<b>Other financing uses</b>				
Transfers to other funds	(220,620)	(220,620)	(220,620)	-
Total other financing uses	(220,620)	(220,620)	(220,620)	-
Net change in fund balances	\$ (4,428)	\$ (4,428)	\$ 121,108	\$ 125,536
Fund balances, beginning of year	4,428	4,428	420,956	416,528
Fund balances, end of year	\$ -	\$ -	\$ 542,064	\$ 542,064

# SEDGWICK COUNTY, KANSAS

## Schedule of Budgetary Accounts Budget and Actual - Budgetary Basis (Non-GAAP)

### Special Revenue Fund: Public Works Highways For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive/ (Negative)
	Original	Final	Amounts	
<b>Revenues</b>				
Taxes	\$ 4,222,615	\$ 4,222,615	\$ 4,285,416	\$ 62,801
Intergovernmental	4,711,991	4,711,991	4,867,617	155,626
Charges for services	23,413	23,413	-	(23,413)
Licenses and permits	4,847	4,847	7,800	2,953
Reimbursed expenditures	5,872	5,872	50,336	44,464
Other	17,043	17,043	22,745	5,702
Total revenues	<u>8,985,781</u>	<u>8,985,781</u>	<u>9,233,914</u>	<u>248,133</u>
<b>Expenditures</b>				
Current:				
Personnel services	6,176,806	6,176,806	5,446,264	730,542
Contractual services	3,954,337	3,884,303	3,767,620	116,683
Commodities	280,616	350,650	260,021	90,629
Total expenditures	<u>10,411,759</u>	<u>10,411,759</u>	<u>9,473,905</u>	<u>937,854</u>
Revenues over (under) expenditures	<u>(1,425,978)</u>	<u>(1,425,978)</u>	<u>(239,991)</u>	<u>1,185,987</u>
Net change in fund balances	\$ (1,425,978)	\$ (1,425,978)	\$ (239,991)	\$ 1,185,987
Fund balances, beginning of year	<u>1,425,978</u>	<u>1,425,978</u>	<u>2,443,450</u>	<u>1,017,472</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,203,459</u>	<u>\$ 2,203,459</u>

# SEDGWICK COUNTY, KANSAS

## Schedule of Budgetary Accounts Budget and Actual - Budgetary Basis (Non-GAAP)

### Special Revenue Fund: Noxious Weeds

For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive/ (Negative)
<b>Revenues</b>				
Taxes	\$ 333,101	\$ 333,101	\$ 339,179	\$ 6,078
Charges for services	105,163	105,163	86,235	(18,928)
Other	-	-	56	56
Total revenues	<u>438,264</u>	<u>438,264</u>	<u>425,470</u>	<u>(12,794)</u>
<b>Expenditures</b>				
Current:				
Personnel services	319,382	319,382	299,421	19,961
Contractual services	102,639	102,639	96,423	6,216
Commodities	<u>97,629</u>	<u>97,629</u>	<u>94,604</u>	<u>3,025</u>
Total expenditures	<u>519,650</u>	<u>519,650</u>	<u>490,448</u>	<u>29,202</u>
Revenues over (under) expenditures	<u>(81,386)</u>	<u>(81,386)</u>	<u>(64,978)</u>	<u>16,408</u>
Net change in fund balances	\$ (81,386)	\$ (81,386)	\$ (64,978)	\$ 16,408
Fund balances, beginning of year	<u>81,386</u>	<u>81,386</u>	<u>212,293</u>	<u>130,907</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,315</u>	<u>\$ 147,315</u>

# SEDGWICK COUNTY, KANSAS

## Schedule of Budgetary Accounts Budget and Actual - Budgetary Basis (Non-GAAP)

### Special Revenue Fund: Solid Waste For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive/ (Negative)
<b>Revenues</b>				
Charges for services	\$ 1,538,676	\$ 1,538,676	\$ 1,570,861	\$ 32,185
Licenses and permits	57,641	57,641	78,185	20,544
Other	-	-	170	170
Total revenues	<u>1,596,317</u>	<u>1,596,317</u>	<u>1,649,216</u>	<u>52,899</u>
<b>Expenditures</b>				
Current:				
Personnel services	852,426	853,339	800,928	52,411
Contractual services	1,317,993	1,313,280	801,560	511,720
Commodities	64,862	68,662	56,977	11,685
Total expenditures	<u>2,235,281</u>	<u>2,235,281</u>	<u>1,659,465</u>	<u>575,816</u>
Revenues over (under) expenditures	<u>(638,964)</u>	<u>(638,964)</u>	<u>(10,249)</u>	<u>628,715</u>
<b>Other financing uses</b>				
Transfers to other funds	<u>(80,057)</u>	<u>(80,057)</u>	<u>(80,057)</u>	-
Total other financing uses	<u>(80,057)</u>	<u>(80,057)</u>	<u>(80,057)</u>	-
Net change in fund balances	\$ (719,021)	\$ (719,021)	\$ (90,306)	\$ 628,715
Fund balances, beginning of year	<u>719,021</u>	<u>719,021</u>	<u>997,406</u>	<u>278,385</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 907,100</u>	<u>\$ 907,100</u>

# SEDGWICK COUNTY, KANSAS

## Schedule of Budgetary Accounts Budget and Actual - Budgetary Basis (Non-GAAP)

### Special Revenue Fund: Special Parks and Recreation For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive/ (Negative)
<b>Revenues</b>				
Taxes	\$ 30,357	\$ 30,357	\$ 34,247	\$ 3,890
Total revenues	30,357	30,357	34,247	3,890
<b>Expenditures</b>				
Current:				
Contractual services	4,702	4,702	4,194	508
Commodities	2,161	2,161	-	2,161
Capital outlay	53,686	-	-	-
Total expenditures	60,549	6,863	4,194	2,669
Revenues over (under) expenditures	(30,192)	23,494	30,053	6,559
<b>Other financing uses</b>				
Transfers to other funds	-	(53,686)	(53,686)	-
Total other financing uses	-	(53,686)	(53,686)	-
Net change in fund balances	\$ (30,192)	\$ (30,192)	\$ (23,633)	\$ 6,559
Fund balances, beginning of year	30,192	30,192	58,053	27,861
Fund balances, end of year	\$ -	\$ -	\$ 34,420	\$ 34,420

# **SEDGWICK COUNTY, KANSAS**

## **Schedule of Budgetary Accounts Budget and Actual - Budgetary Basis (Non-GAAP)**

### **Special Revenue Fund: Emergency Telephone Services For the year ended December 31, 2018**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
<b>Revenues</b>				
Taxes	\$ 3,006,266	\$ 3,006,266	\$ 2,928,808	\$ (77,458)
Uses of money and property	1,299	1,299	6,974	5,675
Other	1,851	1,851	14,681	12,830
Total revenues	<u>3,009,416</u>	<u>3,009,416</u>	<u>2,950,463</u>	<u>(58,953)</u>
<b>Expenditures</b>				
Current:				
Contractual services	2,547,588	2,509,400	2,386,671	122,729
Commodities	30,000	68,188	68,186	2
Total expenditures	<u>2,577,588</u>	<u>2,577,588</u>	<u>2,454,857</u>	<u>122,731</u>
Revenues over (under) expenditures	<u>431,828</u>	<u>431,828</u>	<u>495,606</u>	<u>63,778</u>
<b>Other financing uses</b>				
Transfers to other funds	(653,066)	(653,066)	(653,066)	-
Total other financing uses	<u>(653,066)</u>	<u>(653,066)</u>	<u>(653,066)</u>	<u>-</u>
Net change in fund balances	\$ (221,238)	\$ (221,238)	\$ (157,460)	\$ 63,778
Fund balances, beginning of year	<u>221,238</u>	<u>221,238</u>	<u>2,261,514</u>	<u>2,040,276</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,104,054</u>	<u>\$ 2,104,054</u>

# SEDGWICK COUNTY, KANSAS

## Schedule of Budgetary Accounts Budget and Actual - Budgetary Basis (Non-GAAP)

### Special Revenue Fund: Special Alcohol and Drug Programs For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive/ (Negative)
<b>Revenues</b>				
Taxes	\$ 55,486	\$ 55,486	\$ 51,804	\$ (3,682)
Total revenues	55,486	55,486	51,804	(3,682)
Revenues over (under) expenditures	55,486	55,486	51,804	(3,682)
<b>Other financing uses</b>				
Transfers to other funds	(55,486)	(55,486)	(51,804)	3,682
Total other financing uses	(55,486)	(55,486)	(51,804)	3,682
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -

# SEDGWICK COUNTY, KANSAS

## Schedule of Budgetary Accounts Budget and Actual - Budgetary Basis (Non-GAAP)

### Special Revenue Fund: Fire District Operating For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
<b>Revenues</b>				
Taxes	\$ 17,934,216	\$ 17,934,216	\$ 18,241,336	\$ 307,120
Intergovernmental	-	-	-	-
Charges for services	411,628	411,628	696,554	284,926
Uses of money and property	24,621	24,621	205,315	180,694
Licenses and permits	13,103	13,103	5,210	(7,893)
Reimbursed expenditures	72	72	14,070	13,998
Other	13,603	13,603	118,842	105,239
Total revenues	<u>18,397,243</u>	<u>18,397,243</u>	<u>19,281,327</u>	<u>884,084</u>
<b>Expenditures</b>				
Current:				
Personnel services	14,279,354	13,841,678	13,834,812	6,866
Contractual services	2,084,241	1,955,578	1,868,596	86,982
Commodities	758,712	878,051	844,183	33,868
Capital outlay	245,977	237,977	189,597	48,380
Debt service:				
Principal	568,823	398,823	397,498	1,325
Interest	20,589	20,589	20,589	-
Total expenditures	<u>17,957,696</u>	<u>17,332,696</u>	<u>17,155,275</u>	<u>177,421</u>
Revenues over (under) expenditures	<u>439,547</u>	<u>1,064,547</u>	<u>2,126,052</u>	<u>1,061,505</u>
<b>Other financing uses</b>				
Transfers to other funds	-	(625,000)	(625,000)	-
Total other financing uses	<u>-</u>	<u>(625,000)</u>	<u>(625,000)</u>	<u>-</u>
Net change in fund balances	\$ 439,547	\$ 439,547	\$ 1,501,052	\$ 1,061,505
Fund balances, beginning of year	(439,547)	(439,547)	5,544,923	5,984,470
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,045,975</u>	<u>\$ 7,045,975</u>



# SEDGWICK COUNTY, KANSAS

## Schedule of Budgetary Accounts Budget and Actual - Budgetary Basis (Non-GAAP)

### Debt Service Fund: County Bond and Interest For the year ended December 31, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive/ (Negative)
<b>Revenues</b>				
Taxes	\$ 14,549,534	\$ 14,549,534	\$ 14,399,383	\$ (150,151)
Intergovernmental	148,847	148,847	169,836	20,989
Charges for services	677,444	677,444	-	(677,444)
Total revenues	15,375,825	15,375,825	14,569,219	(806,606)
<b>Expenditures</b>				
Current:				
Contractual services	20,000	20,000	1,650	18,350
Debt service:				
Principal	14,298,981	14,298,981	13,665,000	633,981
Interest and fiscal charges	3,568,923	3,568,923	3,568,923	-
Total expenditures	17,887,904	17,887,904	17,235,573	652,331
Revenues over (under) expenditures	(2,512,079)	(2,512,079)	(2,666,354)	(154,275)
<b>Other financing sources</b>				
Transfers from other funds	2,427,675	2,427,675	2,427,675	-
Total other financing sources	2,427,675	2,427,675	2,427,675	-
Net change in fund balances	\$ (84,404)	\$ (84,404)	\$ (238,679)	\$ (154,275)
Fund balances, beginning of year	84,404	84,404	2,813,559	2,729,155
Fund balances, end of year	\$ -	\$ -	\$ 2,574,880	\$ 2,574,880

# SEDGWICK COUNTY, KANSAS

## Schedule of Budgetary Accounts Budget and Actual - Budgetary Basis (Non-GAAP)

### Debt Service Fund: Fire District Bond and Interest For the year ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive/ (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances, beginning of year	-	-	25,790	25,790
Fund balances, end of year	\$ -	\$ -	\$ 25,790	\$ 25,790

# Internal Service Funds

Internal Service Funds are used to account for the financing and administration of general services provided to various departments of the County.

**Fleet Management** – provides and maintains vehicles and equipment for County departments.

**Health/Dental/Life Insurance Reserve** – provides for the payment of claims, judgments and expenses for health care and dental services.

**Workers' Compensation Reserve** – provides for the payment of workers' compensation claims and related costs.

**Risk Management Reserve** – provides the County reimbursement for insurable losses not otherwise insured.



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# SEDGWICK COUNTY, KANSAS

## Combining Statement of Net Position Internal Service Funds December 31, 2018

	Fleet Management	Health/Dental/ Life Insurance Reserve	Workers' Compensation Reserve
<b>Assets</b>			
<b>Current assets:</b>			
Cash, including investments	\$ 11,238,418	\$ 5,950,959	\$ 5,678,344
Accounts receivable	954	-	-
Inventories, at cost	173,004	-	-
<b>Total current assets</b>	<b>11,412,376</b>	<b>5,950,959</b>	<b>5,678,344</b>
<b>Noncurrent assets:</b>			
<b>Capital assets:</b>			
Land	40,580	-	-
Buildings and improvements	8,319,354	-	-
Machinery and equipment	30,604,466	-	-
Less accumulated depreciation	(27,918,338)	-	-
<b>Total capital assets (net of accumulated depreciation)</b>	<b>11,046,062</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>22,458,438</b>	<b>5,950,959</b>	<b>5,678,344</b>
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Accounts payable	477,302	-	11,117
Accrued wages	28,474	8,442	9,407
Estimated claims costs payable	-	2,100,000	728,600
<b>Total current liabilities</b>	<b>505,776</b>	<b>2,108,442</b>	<b>749,124</b>
<b>Noncurrent liabilities:</b>			
Estimated claims costs payable	-	-	921,500
<b>Total liabilities</b>	<b>505,776</b>	<b>2,108,442</b>	<b>1,670,624</b>
<b>Net position</b>			
Investment in capital assets	11,046,062	-	-
Unrestricted	10,906,600	3,842,517	4,007,720
<b>Total net position</b>	<b>21,952,662</b>	<b>3,842,517</b>	<b>4,007,720</b>
<b>Total liabilities and net position</b>	<b>\$ 22,458,438</b>	<b>\$ 5,950,959</b>	<b>\$ 5,678,344</b>

<b>Risk Management Reserve</b>	<b>Totals</b>
\$ 1,470,729	\$ 24,338,450
-	954
-	173,004
1,470,729	24,512,408
-	40,580
-	8,319,354
61,232	30,665,698
(61,232)	(27,979,570)
-	11,046,062
1,470,729	35,558,470
5,077	493,496
399	46,722
-	2,828,600
5,476	3,368,818
-	921,500
5,476	4,290,318
-	11,046,062
1,465,253	20,222,090
1,465,253	31,268,152
\$ 1,470,729	\$ 35,558,470

# SEDGWICK COUNTY, KANSAS

## Combining Statement of Revenues, Expenses, and Changes in Net Position

### Internal Service Funds

For the Year Ended December 31, 2018

	Fleet Management	Health/Dental/ Life Insurance Reserve	Workers' Compensation Reserve
<b>Operating revenues:</b>			
Charges for services	\$ 6,113,209	\$ 32,814,676	\$ 1,763,448
Other revenue	145,247	73,716	2,736
Total operating revenues	<u>6,258,456</u>	<u>32,888,392</u>	<u>1,766,184</u>
<b>Operating expenses:</b>			
Salaries and benefits	919,000	241,239	220,093
Contractual services	483,151	1,130,297	577,273
Utilities	69,398	-	-
Supplies and fuel	2,922,067	25,226	-
Administrative charges	180,914	-	-
Depreciation	2,491,781	-	-
Claims expense	-	33,491,440	987,327
Other	61,587	-	-
Total operating expenses	<u>7,127,898</u>	<u>34,888,202</u>	<u>1,784,693</u>
Operating loss	<u>(869,442)</u>	<u>(1,999,810)</u>	<u>(18,509)</u>
<b>Nonoperating revenues:</b>			
Investment income	-	129,501	102,122
Gain on sale of assets	79,975	-	-
Total nonoperating revenues	<u>79,975</u>	<u>129,501</u>	<u>102,122</u>
Income (loss) before transfers	(789,467)	(1,870,309)	83,613
<b>Transfers</b>			
Transfers from other funds	-	-	-
Transfers to other funds	<u>(462,878)</u>	<u>-</u>	<u>-</u>
Change in net position	(1,252,345)	(1,870,309)	83,613
Net position, beginning of year	<u>23,205,007</u>	<u>5,712,826</u>	<u>3,924,107</u>
Net position, end of period	<u>\$ 21,952,662</u>	<u>\$ 3,842,517</u>	<u>\$ 4,007,720</u>

<b>Risk Management Reserve</b>	<b>Totals</b>
\$ -	\$ 40,691,333
78,409	300,108
78,409	40,991,441
80,200	1,460,532
761,158	2,951,879
-	69,398
30,732	2,978,025
-	180,914
2,589	2,494,370
139,478	34,618,245
-	61,587
1,014,157	44,814,950
(935,748)	(3,823,509)
17,609	249,232
-	79,975
17,609	329,207
(918,139)	(3,494,302)
916,197	916,197
-	(462,878)
(1,942)	(3,040,983)
1,467,195	34,309,135
\$ 1,465,253	\$ 31,268,152



# SEDGWICK COUNTY, KANSAS

## Combining Statement of Cash Flows Internal Service Funds For the year ended December 31, 2018

	Fleet Management	Health/Dental/Life Insurance Reserve	Worker's Compensation Reserve
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ -	\$ -	\$ -
Receipts from interfund services provided	6,112,255	32,814,676	1,763,448
Other operating revenues	145,247	73,716	2,736
Payments to suppliers for goods and services	(3,268,166)	(34,690,013)	(1,046,226)
Payments to employees for services	(919,000)	(241,239)	(220,093)
Net cash provided by (used in) operating activities	<u>2,070,336</u>	<u>(2,042,860)</u>	<u>499,865</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers from other funds	-	-	-
Transfers to other funds	(462,878)	-	-
Net cash provided by (used in) noncapital financing activities	<u>(462,878)</u>	<u>-</u>	<u>-</u>
<b>Cash flows from capital and related financing activities</b>			
Proceeds from sale of capital assets	79,975	-	-
Purchases of capital assets	(748,878)	-	-
Net cash used in capital and related financing activities	<u>(668,903)</u>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities</b>			
Interest on investments	-	129,501	102,122
Net cash provided by investing activities	<u>-</u>	<u>129,501</u>	<u>102,122</u>
Net increase (decrease) in cash and cash equivalents	938,555	(1,913,359)	601,987
Cash and cash equivalents, beginning of year	<u>10,299,863</u>	<u>7,864,318</u>	<u>5,076,357</u>
Cash and cash equivalents, end of year	<u>\$ 11,238,418</u>	<u>\$ 5,950,959</u>	<u>\$ 5,678,344</u>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities</b>			
Operating loss	\$ (869,442)	\$ (1,999,810)	\$ (18,509)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	2,491,781	-	-
Increase in accounts receivable	(954)	-	-
Decrease in inventories	7,439	-	-
Increase (decrease) in accounts payable	441,512	(143,050)	8,574
Increase in estimated claims payable	-	100,000	509,800
Total adjustments	<u>2,939,778</u>	<u>(43,050)</u>	<u>518,374</u>
Net cash provided by (used in) operating activities	<u>\$ 2,070,336</u>	<u>\$ (2,042,860)</u>	<u>\$ 499,865</u>

Risk Management Reserve	Totals
\$ 78,409	\$ 78,409
-	40,690,379
-	221,699
(933,616)	(39,938,021)
(80,200)	(1,460,532)
(935,407)	(408,066)
916,197	916,197
-	(462,878)
916,197	453,319
-	79,975
-	(748,878)
-	(668,903)
17,609	249,232
17,609	249,232
(1,601)	(374,418)
1,472,330	24,712,868
\$ 1,470,729	\$ 24,338,450
\$ (935,748)	\$ (3,823,509)
2,589	2,494,370
-	(954)
-	7,439
(2,248)	304,788
-	609,800
341	3,415,443
\$ (935,407)	\$ (408,066)

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# Agency Funds

Agency Funds account for resources received and held by the County as agent which are to be expended as directed by the party for which the County is acting as agent.

**County Treasurer**

**Payroll**

**18th Judicial District Court**

**Sheriff Inmate Trust Fund**



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# SEDGWICK COUNTY, KANSAS

## Combining Statement of Changes in Assets and Liabilities All Agency Funds For the Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<b><u>TOTALS - ALL AGENCY FUNDS</u></b>				
<b>Assets</b>				
Cash	\$ 345,440,980	\$ 2,714,192,255	\$ (2,694,007,303)	\$ 365,625,932
Accounts receivable	-	1,235	-	1,235
Property tax levied	231,634,715	591,151,544	(585,171,683)	237,614,576
	<u>577,075,695</u>	<u>3,305,345,034</u>	<u>(3,279,178,986)</u>	<u>603,241,743</u>
Total assets	<u>\$ 577,075,695</u>	<u>\$ 3,305,345,034</u>	<u>\$ (3,279,178,986)</u>	<u>\$ 603,241,743</u>
<b>Liabilities</b>				
Accrued liabilities	\$ 17,401,917	\$ 2,714,193,490	\$ (2,694,007,303)	\$ 37,588,104
Due to other governmental units	559,673,778	591,151,544	(585,171,683)	565,653,639
	<u>577,075,695</u>	<u>3,305,345,034</u>	<u>(3,279,178,986)</u>	<u>603,241,743</u>
Total liabilities	<u>\$ 577,075,695</u>	<u>\$ 3,305,345,034</u>	<u>\$ (3,279,178,986)</u>	<u>\$ 603,241,743</u>

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<b><u>COUNTY TREASURER</u></b>				
<b>Assets</b>				
Cash	\$ 339,187,502	\$ 2,552,472,686	\$ (2,534,098,340)	\$ 357,561,848
Accounts receivable	-	1,235	-	1,235
Property tax levied	231,634,715	591,151,544	(585,171,683)	237,614,576
	<u>570,822,217</u>	<u>3,143,625,465</u>	<u>(3,119,270,023)</u>	<u>595,177,659</u>
Total assets	<u>\$ 570,822,217</u>	<u>\$ 3,143,625,465</u>	<u>\$ (3,119,270,023)</u>	<u>\$ 595,177,659</u>
<b>Liabilities</b>				
Accrued liabilities	\$ 11,148,439	\$ 2,552,473,921	\$ (2,534,098,340)	\$ 29,524,020
Due to other governmental units	559,673,778	591,151,544	(585,171,683)	565,653,639
	<u>570,822,217</u>	<u>3,143,625,465</u>	<u>(3,119,270,023)</u>	<u>595,177,659</u>
Total liabilities	<u>\$ 570,822,217</u>	<u>\$ 3,143,625,465</u>	<u>\$ (3,119,270,023)</u>	<u>\$ 595,177,659</u>

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<b><u>PAYROLL</u></b>				
<b>Assets</b>				
Cash	\$ 427,285	\$ 138,152,700	\$ (137,103,690)	\$ 1,476,295
Total assets	<u>\$ 427,285</u>	<u>\$ 138,152,700</u>	<u>\$ (137,103,690)</u>	<u>\$ 1,476,295</u>
<b>Liabilities</b>				
Accrued liabilities	\$ 427,285	\$ 138,152,700	\$ (137,103,690)	\$ 1,476,295
Total liabilities	<u>\$ 427,285</u>	<u>\$ 138,152,700</u>	<u>\$ (137,103,690)</u>	<u>\$ 1,476,295</u>

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<b><u>18TH JUDICIAL DISTRICT COURT</u></b>				
<b>Assets</b>				
Cash	\$ 5,605,412	\$ 23,566,869	\$ (22,794,325)	\$ 6,377,956
Total assets	<u>\$ 5,605,412</u>	<u>\$ 23,566,869</u>	<u>\$ (22,794,325)</u>	<u>\$ 6,377,956</u>
<b>Liabilities</b>				
Accrued liabilities	\$ 5,605,412	\$ 23,566,869	\$ (22,794,325)	\$ 6,377,956
Total liabilities	<u>\$ 5,605,412</u>	<u>\$ 23,566,869</u>	<u>\$ (22,794,325)</u>	<u>\$ 6,377,956</u>

(Continued)

# **SEDGWICK COUNTY, KANSAS**

## ***Combining Statement of Changes in Assets and Liabilities (continued)*** ***All Agency Funds*** ***For the Year Ended December 31, 2018***

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<b><u>SHERIFF INMATE TRUST FUND</u></b>				
<b>Assets</b>				
Cash	\$ 220,781	\$ -	\$ (10,948)	\$ 209,833
Total assets	<u>\$ 220,781</u>	<u>\$ -</u>	<u>\$ (10,948)</u>	<u>\$ 209,833</u>
<b>Liabilities</b>				
Accrued liabilities	\$ 220,781	\$ -	(10,948)	\$ 209,833
Total liabilities	<u>\$ 220,781</u>	<u>\$ -</u>	<u>(10,948)</u>	<u>\$ 209,833</u>



# Statistical Section

The statistical section includes schedules showing ten-year financial trends as extracted from current and prior years' financial reports and other supplemental information relevant to the County. The statistical schedules reflect demographic and economic data, financial trends and the fiscal capacity of the County.



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# SEDGWICK COUNTY, KANSAS

## STATISTICAL SECTION

This part of Sedgwick County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<b><u>Table of Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> <i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	<b>E - 3</b>
<b>Revenue Capacity</b> <i>These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.</i>	<b>E - 8</b>
<b>Debt Capacity</b> <i>These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.</i>	<b>E - 12</b>
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.</i>	<b>E - 16</b>
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.</i>	<b>E - 19</b>

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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**SEDGWICK COUNTY, KANSAS**  
**NET POSITION BY COMPONENT**  
**Last Ten Fiscal Years**  
(Accrual Basis of Accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities</b>										
Net investment in capital assets										
Restricted	\$ 240,044,637	\$ 268,738,532	\$ 282,471,201	\$ 294,690,938	\$ 298,113,489	\$ 310,035,285	\$ 320,464,675	\$ 329,243,600	\$ 309,371,709	\$ 324,991,641
Unrestricted	129,664,044	93,119,058	61,027,411	56,123,063	57,021,635	59,952,665	55,946,964	50,528,123	73,793,333	46,396,561
Total governmental activities net position	\$ 454,015,985	\$ 439,318,636	\$ 436,613,746	\$ 436,185,060	\$ 440,703,935	\$ 450,882,038	\$ 341,750,428	\$ 344,252,513	\$ 341,909,125	\$ 339,830,777
<b>Business-type activities</b>										
Net investment in capital assets										
Restricted	\$ 183,396,054	\$ 182,094,430	\$ 173,139,907	\$ 165,857,656	\$ 160,701,886	\$ 155,902,064	\$ 152,003,174	\$ 148,147,767	\$ 146,047,762	\$ 142,881,673
Unrestricted	21,188,982	13,780,015	11,631,039	10,619,276	9,977,266	9,196,893	8,247,858	6,615,262	3,114,029	722,308
Total business-type activities net position	\$ 204,585,036	\$ 197,245,844	\$ 184,937,518	\$ 179,076,603	\$ 174,424,196	\$ 169,439,482	\$ 165,323,090	\$ 160,667,914	\$ 156,345,318	\$ 151,633,721
<b>Primary government</b>										
Net investment in capital assets										
Restricted	\$ 423,440,691	\$ 450,832,962	\$ 455,611,108	\$ 460,548,594	\$ 458,815,375	\$ 465,937,349	\$ 472,467,849	\$ 477,391,367	\$ 455,419,471	\$ 467,873,314
Unrestricted	150,853,026	106,899,073	72,658,450	66,742,339	66,996,901	69,149,558	64,194,822	57,143,385	76,907,362	47,118,869
Total primary government net position	\$ 658,611,812	\$ 636,564,480	\$ 621,551,264	\$ 615,261,663	\$ 615,128,131	\$ 620,321,520	\$ 507,073,518	\$ 504,920,427	\$ 498,254,443	\$ 491,464,498

The County's 2012 net position have been restated by \$770,961 to eliminate bond cost that was amortized in prior years.

The County's 2013 net position have been restated by \$306,499 to include premiums, discount and deferred revenue of the Public Building Commission.

The County's 2015 net position have been restated by \$128,333,166 to include net pension liability.

**SEDGWICK COUNTY, KANSAS**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**  
(Accrual Basis of Accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Expenses</b>										
Governmental activities:										
General government										
Public safety	\$ 48,207,197	\$ 51,626,927	\$ 51,164,331	\$ 52,946,017	\$ 46,738,513	\$ 45,631,487	\$ 44,076,129	\$ 47,430,448	\$ 52,508,805	\$ 54,849,656
Public works	134,712,863	143,066,732	136,614,471	134,847,877	136,948,209	141,461,365	140,226,506	144,411,990	149,481,681	155,753,795
Health and welfare	26,918,844	30,471,325	28,598,830	29,963,817	31,112,309	31,607,297	31,495,330	35,205,540	36,196,087	33,795,769
Culture and recreation	66,495,063	66,600,199	66,002,246	58,600,471	56,476,803	56,346,131	55,876,955	53,319,338	52,924,647	54,714,236
Economic development	11,840,940	11,814,466	11,247,354	11,069,797	10,824,309	11,024,934	16,808,103	12,378,012	12,752,767	13,638,446
Interest on long-term debt	12,626,170	16,486,134	14,981,790	15,462,057	15,119,439	20,937,889	17,841,996	14,210,390	16,269,689	19,385,943
Total primary government net expense	6,934,908	7,113,384	7,075,866	7,503,342	6,607,782	7,124,165	8,914,547	7,218,937	6,956,141	6,301,245
Business-type activities:										
Pavilion/Arena	3,707,728	6,933,493	8,823,760	7,072,571	5,672,159	5,580,194	5,087,691	5,248,238	5,472,682	5,294,694
Total business-type activities expenses	3,707,728	6,933,493	8,823,760	7,072,571	5,672,159	5,580,194	5,087,691	5,248,238	5,472,682	5,294,694
Total primary government expenses	\$ 311,443,713	\$ 334,082,660	\$ 324,511,648	\$ 317,465,949	\$ 309,499,523	\$ 319,713,462	\$ 320,287,257	\$ 319,422,883	\$ 332,562,499	\$ 343,733,784
<b>Program Revenues</b>										
Charges for services:										
General government	\$ 22,167,092	\$ 25,747,664	\$ 22,112,904	\$ 25,248,415	\$ 16,583,118	\$ 17,671,949	\$ 17,568,111	\$ 19,267,415	\$ 24,879,696	\$ 24,437,736
Public safety	20,626,141	17,371,731	24,791,564	23,064,255	23,253,320	25,399,717	25,207,446	22,752,389	25,057,768	23,040,607
Public works	1,345,707	3,235,017	1,839,058	1,803,395	1,883,805	2,116,756	2,012,791	1,671,982	2,037,175	1,877,994
Health and welfare	34,379,717	29,672,759	30,214,621	24,989,604	23,820,227	23,134,337	24,776,064	21,132,561	20,301,262	20,378,294
Culture and recreation	593,759	572,101	347,183	299,983	322,965	328,772	437,640	446,867	463,752	369,439
Economic development	5,310,076	52,172	70,094	394,528	135,469	251,390	221,467	223,238	376,000	10,117
Operating grants and contributions:										
General government	839,565	947,601	996,886	1,475,519	5,089,931	2,107,925	2,240,299	2,818,734	168,600	194,931
Public safety	18,136,629	17,971,430	17,612,533	15,235,719	16,522,478	16,175,844	14,937,314	15,285,556	14,092,580	14,827,946
Public works	5,933,226	5,778,017	5,251,826	4,655,174	5,072,272	5,210,949	4,651,463	4,987,773	5,519,877	5,186,028
Health and welfare	22,327,054	19,861,573	20,877,847	20,722,097	20,679,329	21,056,655	21,595,015	20,188,655	21,438,843	23,901,512
Culture and recreation	505,279	-	-	35,000	-	-	-	-	-	90,188
Economic development	5,318,201	6,867,203	2,274,887	2,681,365	1,399,510	12,646,001	7,776,397	1,667,328	1,156,278	693,926
Capital grants and contributions:										
Public works	447,927	2,131,839	-	181,201	480,486	133,975	6,066,050	2,994,738	2,712,271	2,853,935
Culture and recreation	1,089,882	415,799	-	851,451	1,464,287	4,703,168	8,865,065	2,287,532	415,779	960,941
Total governmental activities program revenues	139,020,255	130,624,906	126,388,403	121,637,706	116,717,197	130,937,438	136,355,122	115,724,768	118,619,881	118,823,594
Business-type activities:										
Charges for services:										
Coliseum/Arena	1,956,551	2,546,279	1,939,862	1,211,656	846,169	595,480	971,299	593,062	1,150,086	753,403
Total business-type activities program revenues	1,956,551	2,546,279	1,939,862	1,211,656	846,169	595,480	971,299	593,062	1,150,086	753,403
Total primary government program revenues	\$ 140,976,806	\$ 133,171,185	\$ 128,328,265	\$ 122,849,362	\$ 117,563,366	\$ 131,532,918	\$ 137,326,421	\$ 116,317,830	\$ 119,769,967	\$ 119,576,997
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (168,715,730)	\$ (196,524,261)	\$ (189,299,485)	\$ (188,755,672)	\$ (187,110,167)	\$ (183,195,830)	\$ (178,844,444)	\$ (198,449,887)	\$ (208,469,936)	\$ (219,615,496)
Business-type activities	(1,751,177)	(4,387,214)	(6,883,898)	(5,860,915)	(4,825,990)	(4,984,714)	(4,116,392)	(4,655,176)	(4,322,596)	(4,541,291)
Total primary government net expense	\$ (170,466,907)	\$ (200,911,475)	\$ (196,183,383)	\$ (194,616,587)	\$ (191,936,157)	\$ (188,180,544)	\$ (182,960,836)	\$ (203,105,063)	\$ (212,792,532)	\$ (224,156,787)

**General Revenues and Other Changes in Net Position**

Governmental activities:

Property taxes	\$ 157,669,623	\$ 154,371,208	\$ 153,102,405	\$ 155,437,762	\$ 156,571,499	\$ 157,680,267	\$ 160,388,971	\$ 162,790,600	\$ 166,801,051	\$ 172,620,033
Sales taxes	25,225,445	24,575,414	24,886,782	25,907,161	26,890,523	27,737,784	28,402,456	28,899,247	28,073,924	29,776,859
Other taxes	3,052,011	3,146,170	2,948,834	3,075,138	3,128,768	3,251,092	2,980,953	3,381,978	3,279,473	3,421,680
Investment earnings	7,753,307	4,758,857	5,656,574	4,677,886	5,344,751	4,704,790	5,761,660	6,423,364	7,972,100	9,919,659
Miscellaneous	-	(4,786,573)	-	-	-	-	511,960	-	-	-
Transfers	(608,964)	(229,164)	-	-	-	-	-	-	-	-
Extraordinary item	-	-	-	-	-	-	-	(543,217)	-	-
Total governmental activities	\$ 193,091,422	\$ 181,826,912	\$ 186,594,595	\$ 189,097,947	\$ 191,935,541	\$ 193,373,933	\$ 198,046,000	\$ 200,951,972	\$ 206,126,548	\$ 215,738,231

Business-type activities:

Special items	(7,182,648)	(3,191,933)	(5,424,428)	-	173,983	-	-	-	-	(170,306)
Transfers	608,964	229,164	-	-	-	-	-	-	-	-
Total business-type activities	(6,573,684)	(2,962,769)	(5,424,428)	-	173,983	-	-	-	-	(170,306)

Total primary government

	\$ 186,517,738	\$ 178,864,143	\$ 181,170,167	\$ 189,097,947	\$ 192,109,124	\$ 193,373,933	\$ 198,046,000	\$ 200,951,972	\$ 206,126,548	\$ 215,567,925
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**Change in Net Position**

Governmental activities	\$ 24,375,692	\$ (14,697,349)	\$ (2,704,890)	\$ 342,275	\$ 4,825,374	\$ 10,176,103	\$ 19,201,556	\$ 2,502,085	\$ (2,343,388)	\$ (3,877,265)
Business-type activities	(8,324,861)	(7,349,983)	(12,306,326)	(5,860,915)	(4,652,407)	(4,984,714)	(4,116,392)	(4,655,176)	(4,322,596)	(4,711,597)
Total primary government	\$ 16,050,831	\$ (22,047,332)	\$ (15,013,216)	\$ (5,518,640)	\$ 172,967	\$ 5,193,389	\$ 15,085,164	\$ (2,153,091)	\$ (6,665,984)	\$ (8,588,862)

**SEDGWICK COUNTY, KANSAS**  
**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
(Modified Accrual Basis of Accounting)

	Fiscal Year									
	<u>2009</u>	<u>2010</u>								
General Fund										
Reserved	\$ 6,439,464	\$ 5,480,843								
Unreserved	62,369,959	60,871,094								
Total general fund	<u>\$ 68,809,423</u>	<u>\$ 66,351,937</u>								
All Other Governmental Funds										
Reserved	40,306,524	23,543,417								
Unreserved										
Designated										
Special revenue funds	7,303,953	9,469,114								
Capital projects funds	37,306,220	12,448,839								
Undesignated										
Special revenue funds	43,354,555	37,889,024								
Capital projects funds	(6,663,343)	13,593,302								
Total all other governmental funds	<u>\$ 121,607,909</u>	<u>\$ 96,943,696</u>								
	<u>2011*</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>		
General Fund										
Nonspendable	\$ 4,788,374	\$ 4,469,663	\$ 7,041,238	\$ 9,560,858	\$ 9,272,182	\$ 8,977,327	\$ 8,676,004	\$ 7,804,065		
Restricted	2,292,205	-	-	-	-	-	2,291,675	3,537,109		
Committed	-	-	-	5,300,000	-	-	-	-		
Assigned	14,853,724	13,216,543	12,634,724	15,540,068	16,057,287	12,265,769	15,376,618	13,048,524		
Unassigned	44,295,545	48,366,230	47,164,833	38,225,843	39,680,121	41,765,023	39,828,125	42,546,605		
Total general fund	<u>\$ 66,229,848</u>	<u>\$ 66,052,436</u>	<u>\$ 66,840,795</u>	<u>\$ 68,626,769</u>	<u>\$ 65,009,590</u>	<u>\$ 63,008,119</u>	<u>\$ 66,172,422</u>	<u>\$ 66,936,303</u>		
All Other Governmental Funds										
Nonspendable	\$ 1,123,491	\$ 1,020,014	\$ 843,430	\$ 444,259	\$ 567,326	\$ 530,417	\$ 518,403	\$ 492,315		
Restricted	71,086,679	84,089,630	75,127,288	151,771,314	132,094,838	89,417,200	78,963,001	53,166,420		
Committed	14,543,401	10,863,452	9,943,967	8,193,709	8,428,869	11,134,933	6,985,035	10,619,491		
Assigned	20,385,544	13,824,536	14,034,940	14,010,003	13,517,004	15,377,091	13,069,403	16,966,591		
Unassigned	(2,006,662)	(2,688,735)	(2,208,780)	(6,545,056)	(822,095)	(614,398)	(655,728)	(848,699)		
Total all other governmental funds	<u>\$ 105,132,453</u>	<u>\$ 107,108,897</u>	<u>\$ 97,740,845</u>	<u>\$ 167,874,229</u>	<u>\$ 153,785,942</u>	<u>\$ 115,845,243</u>	<u>\$ 98,880,114</u>	<u>\$ 80,396,118</u>		

\* In 2011, the County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned compared to the past categories of reserved and unreserved.

**SEDGWICK COUNTY, KANSAS**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**  
(Modified Accrual Basis of Accounting)  
(Dollars in Thousands)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Revenues</b>										
Taxes	\$ 185,948	\$ 182,093	\$ 180,938	\$ 184,420	\$ 186,591	\$ 188,670	\$ 191,772	\$ 195,072	\$ 198,154	\$ 205,819
Special assessments	3,615	3,196	3,359	2,375	1,955	1,617	1,301	919	630	749
Intergovernmental	53,060	51,426	47,014	44,647	45,482	46,276	50,454	47,323	45,234	46,525
Charges for services	65,648	59,753	66,922	62,599	62,257	63,029	65,880	63,631	59,426	56,191
Uses of money and property	7,240	5,474	5,474	4,352	5,222	4,477	5,128	6,928	7,028	8,911
Fines and forfeits	361	258	460	1,348	678	255	212	260	167	179
Licenses and permits	532	530	546	471	156	122	138	861	7,975	8,372
Reimbursed expenditures	16,383	-	-	-	-	-	-	9,304	5,728	-
Other	3,721	13,495	10,287	11,728	7,186	17,396	7,434	-	-	3,977
Total revenues	336,508	315,498	315,000	311,940	309,527	321,842	322,329	324,298	324,342	330,723
<b>Expenditures</b>										
General government	45,283	44,398	43,723	44,564	37,953	36,329	36,367	38,834	42,790	45,276
Public safety	131,426	139,386	133,111	130,477	133,750	138,131	142,612	139,425	143,919	149,609
Public works	14,462	15,326	14,613	13,442	13,649	13,944	13,874	12,769	13,468	13,910
Health and welfare	67,811	67,918	67,487	60,151	58,328	58,261	59,844	55,094	54,659	56,514
Culture and recreation	9,536	8,284	8,919	8,621	8,301	8,771	14,482	9,282	9,446	10,037
Economic development	12,612	16,294	13,394	13,836	18,869	19,391	25,961	45,471	17,651	18,283
Debt service										
Principal	14,251	14,113	14,071	14,989	20,954	16,312	22,842	24,419	15,649	40,692
Interest and fiscal charges	7,125	7,347	6,910	7,208	6,768	6,355	8,082	8,337	7,627	7,097
Debt issuance costs	268	340	452	340	195	858	280	1	-	212
Capital outlay	53,598	42,665	26,327	26,081	28,042	34,745	28,775	30,583	32,807	22,044
Total expenditures	356,372	357,071	329,007	319,709	326,809	333,097	353,119	364,215	338,016	363,674
Excess of revenues over (under) expenditures	(19,864)	(41,573)	(14,007)	(7,769)	(17,282)	(11,255)	(30,790)	(39,917)	(13,674)	(32,951)
<b>Other financing sources (uses)</b>										
Transfers from other funds	47,685	54,143	27,356	13,955	23,879	18,976	15,602	20,756	18,306	31,319
Premium from issuance of revenue bonds	(49,315)	(55,080)	(27,929)	(14,937)	(24,766)	(19,976)	(17,010)	(20,630)	(18,433)	(31,773)
Premium from issuance of refunding bonds	-	-	-	-	-	2,765	-	-	-	-
Premium from issuance of general obligation bonds	-	-	-	-	-	3,318	1,046	-	-	-
Extraordinary item	-	-	-	-	-	-	559	(543)	-	935
Sale of general capital assets	-	-	-	-	-	-	1,382	-	-	1,725
Issuance of refunding bonds	-	-	-	-	-	31,875	8,060	-	-	-
Issuance of revenue bonds	-	-	-	-	-	44,945	-	-	-	-
Issuance of general obligation bonds	-	-	-	-	-	-	9,230	-	-	-
Issuance of capital lease	4,376	-	-	-	-	-	-	-	-	-
Proceeds from Capital Lease	-	1,793	1,273	-	-	1,271	-	391	-	13,025
Debt premium	1,099	2,190	1,064	1,224	1,214	-	-	-	-	-
Debt issuance	27,485	28,320	26,680	23,795	14,665	-	-	-	-	-
Payment to refunded bond	-	-	(6,370)	-	-	-	(5,785)	-	-	-
Payment to refunding bond escrow agent	(18,240)	(16,915)	-	(14,469)	(6,290)	-	-	-	-	-
Total other financing sources (uses)	13,090	14,451	22,074	9,568	8,702	83,174	13,084	(26)	(127)	15,231
Net change in fund balances	\$ (6,774)	\$ (27,122)	\$ 8,067	\$ 1,799	\$ (8,580)	\$ 71,919	\$ (17,706)	\$ (39,943)	\$ (13,801)	\$ (17,720)
Debt service as a percentage of noncapital expenditures	7.6%	6.7%	6.8%	7.4%	9.0%	7.5%	9.2%	9.4% <sup>1</sup>	7.3%	13.5%

<sup>1</sup> Percentage has been updated from prior year report.



**SEDGWICK COUNTY, KANSAS**  
**ASSESSED AND ESTIMATED ACTUAL VALUES OF TAXABLE TANGIBLE PROPERTY**  
Including Motor Vehicles, Last Ten Fiscal Years

**SEDGWICK COUNTY PRIMARY GOVERNMENT**  
(Dollars in Thousands)

Fiscal Year <sup>2,4</sup>	Real Property		Personal Property <sup>5</sup>		Total <sup>1</sup>		Assessed/ Actual Ratio	Total Direct Tax Rate <sup>3</sup>
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2009	3,758,852	26,248,229	1,027,863	4,526,469	4,786,715	30,774,698	15.55%	29.868
2010	3,811,787	26,558,303	994,685	4,379,156	4,806,471	30,937,459	15.54%	29.359
2011	3,836,821	26,769,748	986,674	4,330,616	4,823,494	31,100,364	15.51%	29.428
2012	3,804,616	26,515,320	995,806	4,369,975	4,800,422	30,885,295	15.54%	29.446
2013	3,833,553	26,686,105	1,009,300	4,434,274	4,842,853	31,120,379	15.56%	29.377
2014	3,913,588	27,240,503	989,209	4,463,330	4,902,796	31,703,833	15.46%	29.478
2015	3,974,529	27,659,847	1,003,376	4,427,781	4,977,905	32,087,628	15.51%	29.383
2016	4,096,071	28,525,984	1,019,388	4,500,910	5,115,459	33,026,895	15.49%	29.393
2017	4,235,262	29,583,823	1,035,677	4,935,193	5,270,939	34,519,016	15.27%	29.393
2018	4,414,311	30,914,157	1,051,492	5,020,096	5,465,803	35,934,253	15.21%	29.383

**SEDGWICK COUNTY FIRE DISTRICT 1**  
(Dollars in Thousands)

Fiscal Year <sup>2,4</sup>	Real Property		Personal Property <sup>5</sup>		Total <sup>1</sup>		Assessed/ Actual Ratio	Total Direct Tax Rate <sup>3</sup>
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2009	571,200	4,661,019	236,221	1,030,927	807,421	5,691,946	14.19%	18.447
2010	586,829	4,148,095	275,346	1,158,260	862,175	5,306,355	16.25%	18.336
2011	633,522	4,301,089	283,376	1,182,125	916,898	5,483,214	16.72%	18.397
2012	589,141	4,163,066	295,874	1,236,184	885,015	5,399,250	16.39%	18.398
2013	594,565	4,344,936	301,604	1,258,648	896,171	5,603,584	15.99%	18.348
2014	611,796	4,347,654	303,078	1,267,844	914,875	5,615,498	16.29%	18.367
2015	618,449	4,411,878	305,207	1,270,196	923,656	5,682,074	16.26%	18.371
2016	638,936	4,569,487	312,177	1,297,088	951,112	5,866,575	16.21%	18.414
2017	669,773	4,789,488	321,881	1,481,541	991,654	6,271,029	15.81%	18.392
2018	709,412	5,072,483	327,978	1,557,343	1,037,389	6,629,826	15.65%	18.163

<sup>1</sup> Represents the equalized valuation of tangible property, including motor vehicles  
<sup>2</sup> Taxes levied support the subsequent year's budget, e.g., 2016 taxes levied finance 2017 spending  
<sup>3</sup> Tax rates are per \$1,000 of assessed value  
<sup>4</sup> 2009, 2010 and 2011 amounts have been updated from previous Comprehensive Annual Financial Reports  
<sup>5</sup> Beginning in 2015 values exclude watercraft and 16M/20M motor vehicles

Source: Sedgwick County Clerk

**SEDGWICK COUNTY, KANSAS**  
**PROPERTY TAX RATES**  
**DIRECT AND OVERLAPPING GOVERNMENTS**  
**Last Ten Years**

(rate per \$1,000 of assessed value)

County Direct Rates	Year Taxes Are Payable									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General	\$ 23.615	\$ 22.005	\$ 21.516	\$ 22.003	\$ 21.790	\$ 21.915	\$ 22.249	\$ 22.814	\$ 22.528	\$ 22.342
Road and bridge	1.506	1.178	1.042	1.256	1.194	1.093	1.129	1.026	0.780	0.720
Mental health	0.607	0.714	0.624	0.460	0.584	0.613	0.585	0.590	0.495	0.494
Noxious weeds	0.081	0.089	0.091	0.106	0.084	0.081	0.088	0.059	0.065	0.070
Emergency medical services	0.904	0.706	0.427	0.896	0.688	0.577	0.603	0.277	0.906	1.059
Aging	0.561	0.608	0.601	0.564	0.539	0.497	0.560	0.523	0.494	0.428
WSU program development	1.500	1.502	1.500	1.500	1.500	1.500	1.500	1.500	1.500	1.500
Debt service	1.094	2.557	3.627	2.661	2.998	3.202	2.669	2.604	2.625	2.770
Total direct rate	29.868	29.359	29.428	29.446	29.377	29.478	29.383	29.393	29.393	29.383
<b>Fire District Rates</b>	18.447	18.336	18.397	18.398	18.348	18.367	18.371	18.414	18.392	18.163
<b>City Rates</b>										
Andale	42.492	42.361	42.511	44.025	46.893	44.016	41.862	48.575	52.218	48.274
Bentley	53.545	53.633	53.690	53.762	53.761	53.736	53.629	58.571	59.601	59.460
Cheney	56.842	55.116	55.126	58.381	57.808	57.833	60.740	60.808	60.753	59.426
Cleanwater	41.767	46.000	49.943	49.897	49.873	53.993	53.999	56.061	56.144	59.681
Colwich	53.784	33.328	40.054	40.230	41.988	46.041	47.911	52.347	56.589	58.315
Derby	47.773	47.818	47.340	47.153	47.054	47.148	47.009	48.021	48.075	48.063
Eastborough	58.351	57.944	59.999	62.073	64.597	64.597	64.664	63.637	63.637	61.934
Garden Plain	49.509	49.347	50.075	49.119	49.058	48.964	48.874	48.855	50.856	52.979
Goddard	18.789	27.146	28.114	28.048	33.057	33.085	31.164	31.228	33.230	33.230
Haysville	48.425	48.421	48.436	48.425	48.672	48.609	48.646	48.618	48.500	48.424
Kechi	33.857	33.774	33.676	33.714	33.706	33.866	33.699	36.727	36.726	36.768
Maize	42.427	43.323	43.132	42.868	43.270	43.036	43.030	43.059	43.117	42.925
Mount Hope	50.945	51.332	51.251	51.002	50.460	50.636	54.612	56.072	55.933	54.543
Mulvane	53.414	53.753	52.759	46.531	41.923	42.406	42.262	44.247	44.304	46.603
Sedgwick	51.316	65.055	65.420	66.475	63.272	63.273	62.783	67.599	74.977	74.927
Valley Center	48.516	48.448	51.172	53.630	53.630	55.443	55.446	55.640	54.951	54.977
Viola	14.087	14.677	19.662	20.019	21.360	21.202	22.181	25.526	26.185	28.060
Wichita	32.142	32.272	32.359	32.471	32.509	32.652	32.686	32.625	32.667	32.692
Bel Aire	35.970	39.050	46.118	46.162	45.695	45.730	46.246	45.726	45.719	45.725
Park City	37.332	37.395	37.792	39.607	39.890	40.051	40.111	40.224	41.325	44.560
<b>Townships</b>	.073-21.737	.010-23.745	1.630-24.029	1.613-24.009	1.677-24.077	1.663-22.726	1.722-23.243	2.088-21.321	2.075-21.632	2.054-21.495
<b>School Districts</b>	44.194-66.534	42.809-70.835	43.481-70.072	43.433-70.409	46.067-69.816	38.164-66.358	41.667-66.599	42.000-65.341	42.644-67.592	42.266-67.612
<b>Cemetery Districts</b>	.133-2.006	.132-2.006	0.136-2.913	0.141-2.932	0.141-2.928	0.139-2.826	0.141-2.891	0.136-2.844	0.277-2.807	0.272-2.784
<b>Drainage Districts</b>	.888-2.972	.898-2.712	0.923-2.749	0.940-2.734	0.942-2.707	0.974-2.592	1.007-2.435	0.994-2.395	0.999-2.369	0.994-2.328
<b>Improvement Districts</b>	0.967-17.043	.978-12.077	0.000-16.102	0.000-16.195	0.000-17.694	0.000-17.525	0.000-17.368	0.911-11.053	0.914-12.130	0.912-15.735
<b>Other Districts</b>	1.987-19.808	1.137-22.804	1.138-19.357	0.509-19.504	0.489-19.151	0.483-19.073	0.451-19.032	0.000-18.647	1.253-3.327	1.237-2.792

Source: Sedgwick County Tax Administration System  
Sedgwick County Clerks Website 2018 Ad Valorem Tax Levies

**SEDGWICK COUNTY, KANSAS**  
**PRINCIPAL PROPERTY TAX PAYERS**  
Current Year and Nine Years Ago

	Fiscal Year 2018			Fiscal Year 2009		
	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Kansas Gas & Elec/Westar Energy Co	\$ 139,702,013	1	2.88%	\$ 75,005,143	2	1.77%
Spirit AeroSystems Inc/Midwestern Aircraft Systems, Inc	106,181,859	2	2.19%	90,343,449	1	2.13%
Hawker Beechcraft/Beechcraft Corp	47,303,142	3	0.97%	32,012,332	6	0.75%
Cessna Aircraft Co	18,292,966	4	0.38%	31,055,276	8	0.73%
Boeing Company	35,646,443	5	0.73%	50,650,409	3	1.19%
Kansas Gas Service-A Division of One Gas	29,794,712	6	0.61%	24,393,595	9	0.57%
WalMart Real Estate Business/Sam's	29,747,954	7	0.61%	24,285,245	10	0.57%
Wesley Medical Center/Wesley Endowment Foundation	28,389,138	8	0.58%	32,769,450	5	0.77%
Simon Property Group LP/Towne West Square LLC	24,769,539	9	0.51%	31,131,602	7	0.73%
Dillon Real Estate Co./Kroger Co/Kwik Shop	13,718,557	10	0.28%	-	-	-
Southwestern Bell Telephone	-	-	-	36,609,055	4	0.86%
	-	-	-			
	\$ 473,546,323		9.75%	\$ 428,255,556		10.07%

Source: Sedgwick County Clerk

# SEDGWICK COUNTY, KANSAS

## GENERAL PROPERTY TAX LEVIES AND COLLECTIONS

### Last Ten Fiscal Years

#### SEDGWICK COUNTY PRIMARY GOVERNMENT

Tax Year <sup>1</sup>	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the		Collections in Subsequent Years <sup>3</sup>	Total Collections to Date	
				Fiscal Year of the Levy	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2008	130,983,921	(1,035,315)	129,948,606	125,701,736	95.97%	4,244,455	129,946,192	100.00%
2009	129,522,134	(1,565,747)	127,956,386	123,962,799	95.71%	2,622,543	126,585,342	98.93%
2010	129,182,341	343,543	129,525,884	124,101,517	96.07%	2,591,407	126,692,924	97.81%
2011	130,016,010	269,245	130,285,255	125,349,762	96.41%	2,471,483	127,821,245	98.11%
2012	129,216,721	108,339	129,325,060	125,129,425	96.84%	2,591,832	127,721,257	98.76%
2013	129,639,393	26,690	129,666,083	125,508,033	96.81%	2,560,004	128,068,037	98.77%
2014	130,922,296	(215,999)	130,706,297	127,648,264	97.50%	2,423,822	130,072,086	99.51%
2015	131,704,711	(195,108)	131,509,603	128,621,614	97.66%	1,871,283	130,492,897	99.23%
2016	135,147,416	(94,878)	135,052,538	132,021,791	97.69%	1,392,130	133,413,921	98.79%
2017	139,633,113	(108,238)	139,524,875	136,474,410	97.74%	<i>Not Applicable</i>	136,474,410	97.81%

#### SEDGWICK COUNTY FIRE DISTRICT 1

Tax Year <sup>1</sup>	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the		Collections in Subsequent Years <sup>3</sup>	Total Collections to Date	
				Fiscal Year of the Levy	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2008	13,581,460	(160,583)	13,420,877	13,096,204	96.43%	324,407	13,420,611	100.00%
2009	13,861,628	(60,613)	13,801,015	13,373,141	96.48%	231,343	13,604,484	98.58%
2010	14,285,305	(127,003)	14,158,302	13,857,862	97.01%	257,407	14,115,269	99.70%
2011	14,603,909	(166,083)	14,437,826	14,172,661	97.05%	176,598	14,349,259	99.39%
2012	14,721,733	(74,201)	14,647,532	14,382,596	97.70%	227,906	14,610,502	99.75%
2013	14,857,310	(96,016)	14,761,294	14,484,501	97.49%	210,377	14,694,878	99.55%
2014	15,134,136	(120,732)	15,013,404	14,739,202	97.39%	231,420	14,970,622	99.72%
2015	15,272,821	(77,053)	15,195,768	14,951,500	97.90%	161,914	15,113,414	99.46%
2016	15,766,541	(20,373)	15,746,168	15,488,312	98.24%	122,632	15,488,312	98.36%
2017	16,444,620	(36,289)	16,408,331	16,176,028	98.37%	Not Applicable	16,176,028	98.58%

<sup>1</sup> Taxes levied support the subsequent year's budget, e.g., 2017 taxes financed 2018 spending

<sup>2</sup> Net of refunding warrants

<sup>3</sup> Excludes interest penalties

Source: Sedgwick County Treasurer Tax Abstract

**SEDGWICK COUNTY, KANSAS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities						Total Primary Government	Percentage of Personal Income <sup>2</sup>	Per Capita <sup>2</sup>
	General Obligation Bonds	Public Building Commission	Special Assessments	KDOT Revolving Loan	Capital Leases	Premium (Discount) <sup>1</sup>			
2009	75,180,000	83,850,000	7,855,000	7,175,585	1,595,100	-	175,655,685	0.8%	355
2010	78,082,751	79,600,000	7,257,249	6,845,245	2,955,239	2,190,020	176,930,504	0.9%	354
2011	78,800,000	87,875,000	5,415,000	6,528,784	3,633,318	3,071,677	185,323,779	0.9%	370
2012	80,615,000	83,575,000	4,345,000	6,199,824	2,908,377	3,977,145	181,620,346	0.8%	360
2013	75,462,051	83,670,000	3,667,949	-	2,264,555	5,410,248	170,474,803	0.7%	337
2014	66,957,000	153,825,000	3,343,000	-	2,718,464	10,865,354	237,708,818	1.0%	467
2015	64,400,000	146,290,000	2,820,000	-	1,996,279	11,464,461	226,970,740	0.9%	444
2016	54,548,000	133,025,000	2,192,000	-	1,713,961	8,509,062	199,988,023	0.8%	390
2017	46,457,000	126,290,000	1,958,000	-	1,124,818	7,260,566	183,090,384	0.7%	356
2018	50,941,000	94,495,000	1,999,000	-	727,322	6,883,527	155,045,849	0.6%	301

Details regarding the county's outstanding debt can be found in the notes to the financial statements

<sup>1</sup> Information added to table in 2017

<sup>2</sup> Population and personal income data can be found in Schedules E-16

These ratios are calculated using personal income for the prior calendar year  
Personal income and population data has been updated since previous report

**SEDGWICK COUNTY, KANSAS**  
**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**  
**Last Ten Fiscal Years**

Fiscal Year	General Bond Debt Outstanding			Percentage of Personal Income <sup>2</sup>	Percentage of Actual Value of Taxable Property <sup>3</sup>	Per Capita <sup>2</sup>
	General Obligation Debt <sup>1</sup>	Less: Amounts Restricted to Repaying Principal	Total			
2009	159,030,000	(12,136,187)	146,893,813	0.69%	0.48%	297
2010	157,682,751	(9,903,860)	147,778,891	0.74%	0.48%	296
2011	166,675,000	(7,670,437)	159,004,563	0.81%	0.51%	317
2012	164,190,000	(14,651,936)	149,538,064	0.67%	0.48%	297
2013	159,132,051	(8,500,583)	150,631,468	0.64%	0.48%	297
2014	220,782,000	(43,678,059)	177,103,941	0.74%	0.56%	348
2015	210,690,000	(40,719,420)	169,970,580	0.67%	0.53%	333
2016	187,573,000	(31,921,481)	155,651,519	0.62%	0.47%	304
2017	172,747,000	(29,492,294)	143,254,706	0.58%	0.42%	279
2018	145,436,000	(2,664,810)	142,771,190	0.57%	0.40%	277

<sup>1</sup> Includes General Obligation and Public Building Commission debt; excludes Fire District 1, special assessment debt, KDOT revolving loan and capital leases

<sup>2</sup> Population and personal income data can be found in Schedule E-16

These ratios are calculated using personal income for the prior calendar year

Personal income and population data has been updated since previous report

<sup>3</sup> Property value data can be found in Schedule E-8

**SEDGWICK COUNTY, KANSAS**  
**LEGAL DEBT MARGIN INFORMATION**  
**Last Ten Fiscal Years**  
(Dollars in Thousands)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Statutory debt capacity:</b>										
Equalized assessed valuation of taxable tangible property	\$ 4,245,447	\$ 4,244,709	\$ 4,312,927	\$ 4,286,965	\$ 4,301,085	\$ 4,348,562	\$ 4,410,040	\$ 4,531,486	\$ 4,675,742	\$ 4,858,133
Estimated tangible valuation of motor vehicles	<u>537,340</u>	<u>537,340</u>	<u>523,812</u>	<u>523,435</u>	<u>538,413</u>	<u>549,522</u>	<u>567,865</u>	<u>583,973</u>	<u>595,197</u>	<u>607,670</u>
Estimated tangible valuation for computation of bonded indebtedness limitations	\$ 4,782,787	\$ 4,782,049	\$ 4,836,739	\$ 4,810,400	\$ 4,839,498	\$ 4,898,084	\$ 4,977,905	\$ 5,115,459	\$ 5,270,939	\$ 5,465,803
Debt limit (3% of total valuation)	\$ 143,484	\$ 143,461	\$ 145,102	\$ 144,312	\$ 145,185	\$ 146,943	\$ 149,337	\$ 153,464	\$ 158,128	\$ 163,974
<b>Amount of debt applicable to limit</b>										
Total bonded indebtedness	<u>174,061</u>	<u>171,785</u>	<u>178,619</u>	<u>174,735</u>	<u>162,800</u>	<u>224,125</u>	<u>213,510</u>	<u>189,765</u>	<u>174,705</u>	<u>147,435</u>
Less exempt issues	<u>(133,779)</u>	<u>(130,303)</u>	<u>(133,462)</u>	<u>(141,906)</u>	<u>(128,319)</u>	<u>(197,118)</u>	<u>(186,522)</u>	<u>(186,900)</u>	<u>(157,655)</u>	<u>(125,439)</u>
Total net debt applicable to limit	40,282	41,482	45,157	32,829	34,481	27,007	26,988	22,865	17,050	21,996
Legal debt margin	<u>\$ 103,202</u>	<u>\$ 101,979</u>	<u>\$ 99,945</u>	<u>\$ 111,483</u>	<u>\$ 110,704</u>	<u>\$ 119,935</u>	<u>\$ 122,349</u>	<u>\$ 130,599</u>	<u>\$ 141,078</u>	<u>\$ 141,978</u>
Total net debt applicable to the limit as a percentage of debt limit	28.07%	28.92%	31.12%	22.75%	23.75%	18.38%	18.07%	14.90%	10.78%	13.41%

## SEDGWICK COUNTY, KANSAS PLEDGED-REVENUE COVERAGE

### Special Assessments Last Ten Fiscal Years (Dollars in Thousands)

Fiscal Year	Special Assessment Collections	Principal	Interest	Coverage
2009	3,615	1,785	559	1.54
2010	3,196	1,295	338	1.96
2011	3,359	1,182	245	2.35
2012	2,375	1,070	200	1.87
2013	1,955	655	163	2.39
2014	1,617	325	140	3.48
2015	1,108	328	131	2.42
2016	919	228	108	2.73
2017	630	234	90	1.94
2018	604	239	84	1.87

Details regarding the county's outstanding debt can be found in the notes to the financial statements

### THE SPECIAL TAX LEVY - HISTORICAL COVERAGES Last Ten Fiscal Years

Calendar Year	Actual Special Tax Levy Revenue <sup>1</sup>	Existing Bond Debt Service Requirements <sup>2</sup>	Balance Available for University Program Expenditures <sup>3</sup>	Debt Service Coverage Ratio <sup>4</sup>
2009	7,076,919	1,585,852	5,491,067	4.46
2010	7,031,298	1,586,478	5,444,820	4.43
2011	7,027,579	1,590,202	5,437,377	4.42
2012	7,120,438	1,586,895	5,533,543	4.49
2013	7,162,443	1,580,363	5,582,080	4.53
2014	7,223,079	1,476,008	5,747,071	4.89
2015	7,322,161	1,478,125	5,844,036	4.95
2016	7,449,554	1,476,250	5,973,304	5.05
2017	7,624,392	3,766,586	3,857,806	2.02
2018	7,880,749	2,497,888	5,382,861	3.15

<sup>1</sup> Total Proceeds from the Special Tax Levy

<sup>2</sup> Debt service requirements for the existing bonds paid from such proceeds

<sup>3</sup> Balance available to be distributed to the Board of Trustees of Wichita State University for University program expenditures

<sup>4</sup> Debt service coverage ratio for the existing bonds paid from such proceeds



**SEDGWICK COUNTY, KANSAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**Last Ten Fiscal Years**

Year	Population <sup>1, 5</sup>	Personal Income <sup>2, 5</sup>		Per Capita Personal Income <sup>2, 5</sup>	Public School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>
		Increase %	(thousands of dollars)			
2009	495,006	1.84	19,901,002	40,204	90,467	8.7%
2010	499,169	0.84	19,703,895	39,473	91,071	8.8%
2011	500,918	0.35	22,437,683	44,793	91,302	8.0%
2012	504,112	0.64	23,683,947	46,997	92,273	7.0%
2013	506,455	0.46	24,085,292	47,586	92,988	6.4%
2014	508,921	0.49	25,472,816	50,078	93,502	5.6%
2015	510,715	0.35	24,952,315	48,858	93,672	4.0%
2016	512,641	0.38	24,632,248	48,050	93,254	4.4%
2017	513,687	0.20	25,222,667	49,101	93,748	3.4%
2018	515,511	0.36	Not Available	Not Available	93,976	3.4%

Notes:

<sup>1</sup> 2018 Population is estimated. Population for 2008-2017 is from the U.S. Census Bureau.

<sup>2</sup> U.S. Bureau of Economic Analysis

<sup>3</sup> Kansas State Department of Education

<sup>4</sup> Kansas Department of Labor

<sup>5</sup> Prior years amounts have been updated to reflect the most recent information from the U.S. Bureau of Economic Analysis

**SEDGWICK COUNTY, KANSAS**  
**PRINCIPAL EMPLOYERS**  
**Current Year and Nine Years Ago**

	Fiscal Year 2018			Fiscal Year 2009		
	Employees	Rank	Percentage of Total Wichita MSA <sup>1</sup>	Employees	Rank	Percentage of Total Wichita MSA <sup>1</sup>
Spirit AeroSystems, Inc.	12,000	1	3.90%	10,370	2	3.19%
Textron Aviation	9,000	2	2.92%	-	-	-
McConnell Air Force Base	6,689	3	2.17%	-	-	-
Wichita Public Schools USD #259	5,516	4	1.79%	5,508	4	1.70%
State of Kansas	4,373	5	1.42%	4,084	6	1.26%
Via Christi Health	3,856	6	1.25%	5,319	5	1.64%
City of Wichita	3,255	7	1.06%	3,153	7	0.97%
Koch Industries Inc.	3,200	8	1.04%	-	-	-
U.S. Government	2,738	9	0.89%	2,821	9	0.87%
Sedgwick County	2,496	10	0.81%	12,008	1	3.70%
Cessna Aircraft Company	-	-	-	7,500	3	2.31%
Hawker Beechcraft	-	-	-	2,540	10	0.78%
Bombardier Aerospace Learjet, Inc.	-	-	-	3,000	8	0.92%
Boeing IDS Wichita/Boeing Company	-	-	-			
	53,123		17.25%	56,303		17.34%

<sup>1</sup> Includes Sedgwick, Butler, Harvey, Kingman and Sumner counties for 2018. Data for 2009 includes Sedgwick, Butler, Harvey and Sumner counties.

Source: Wichita Business Journal and Kansas Department of Labor

**SEDGWICK COUNTY, KANSAS**  
**FULL-TIME COUNTY GOVERNMENT EMPLOYEES BY FUNCTION**  
**Last Ten Fiscal Years**

Function/Program	Full-time Employees as of December 31									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government	477	475	446	429	409	422	386	404	410	404
Public safety	1,549	1,542	1,476	1,420	1,438	1,406	1,413	1,404	1,429	1,419
Public works	132	124	111	115	116	116	130	129	125	127
Health and welfare	614	610	557	529	509	522	489	476	479	500
Culture and recreation	127	112	105	96	94	96	103	99	106	107
Economic development	12	12	13	6	6	6	3	3	1	1
	<u>2,911</u>	<u>2,875</u>	<u>2,708</u>	<u>2,595</u>	<u>2,572</u>	<u>2,568</u>	<u>2,524</u>	<u>2,515</u>	<u>2,550</u>	<u>2,558</u>

Source: Sedgwick County finance department as of December 31, 2018

**SEDGWICK COUNTY, KANSAS**  
**OPERATING INDICATORS BY FUNCTION**  
**Last Ten Fiscal Years**

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General government</b>										
Number of registered voters	252,101	259,888	261,038	274,369	271,013	275,499	274,961	294,138	292,029	303,571
Number of taxable real estate parcels	217,134	217,684	212,725	212,765	212,744	212,917	213,261	212,851	213,810	215,067
Documents filed with register of deeds	83,406	75,458	68,485	78,147	82,749	69,651	76,939	77,642	75,504	71,249
Real estate records processed	78,725	62,700	53,957	46,893	77,608	64,450	74,132	56,606	74,665	73,029
Average monthly investment portfolio (in millions)	\$ 378.0	\$ 317.5	\$ 299.2	\$ 297.4	\$ 290.0	\$ 284.1	\$ 269.5	\$ 276.4	\$ 273.4	\$ 282.1
Average number of bids per purchase	5.0	4.4	6.5	7.1	6.2	8.8	9.1	8.4	9.4	8.3
<b>Public safety</b>										
Average monthly number of incoming 911 calls	38,627	36,635	37,145	39,502	40,328	40,901	47,304	49,009	44,158	41,973
Average monthly number of EMS responses	4,150	4,401	4,520	4,714	4,836	5,051	5,337	5,182	5,171	5,300
Number of residential structural fires per 100,000 households	280	161	74	89	70	91	167	214	189	210
Average monthly number of medical responses by Fire	248	292	206	330	378	415	462	423	408	387
Average daily population, juveniles in detention	106	113	110	60	55	62	64	55	52	53
Average daily population in custody of Sheriff	1,645	1,561	1,502	1,442	1,418	1,359	1,406	1,373	1,448	1,421
Percent of autopsy reports filed within 90 days	57%	69%	89%	59%	75%	78%	74%	63%	86%	90.99%
<b>Public works</b>										
Miles of road improved	61	76	121	172	163	97	186	122	144	106
Miles of road maintained	617	617	626	617	600	603	603	603	597	609
Household hazardous waste tonnage disposed (in tons)	521	594	653	664	580	576	598	571	650	599
<b>Health and welfare</b>										
Number of mental health program clients	11,934	12,483	12,126	12,299	12,344	12,559	12,940	13,476	13,572	13,132
Number of individuals eligible for developmental disability services	2,285	2,278	2,331	2,410	2,482	2,536	2,554	2,592	2,521	2,538
Number of health clinic patient encounters	188,205	174,841	164,037	176,230	153,529	155,316	170,960	147,358	141,722	130,328
Number of immunizations provided	27,327	23,588	33,586	24,453	23,080	22,734	26,159	25,763	19,809	24,306
Number of tuberculosis encounters	4,742	4,205	3,061	2,731	2,806	2,741	3,819	3,050	3,033	1,986
<b>Culture and recreation</b>										
Number of events per year at INTRUST Bank Arena	*	109	63	70	80	100	107	102	87	84
Annual attendance at INTRUST Bank Arena events	*	492,532	391,801	349,612	411,121	298,825	439,767	371,280	338,190	352,285
Number of events per year at Kansas Pavilions	110	55	39	*	*	*	*	*	*	*
Annual attendance at Kansas Pavilions events	500,801	202,922	203,800	*	*	*	*	*	*	*
Annual attendance at Sedgwick County Zoo	654,494	548,919	553,098	515,634	511,306	527,981	581,773	710,629	581,227	504,118
Annual attendance at Sedgwick County Park	1,060,267	966,792	1,028,339	872,349	922,713	959,101	944,320	1,000,806	1,021,314	995,375
<b>Economic development</b>										
Total value of merchandise moving through foreign trade zone (in millions)	\$ 25.7	\$ 1,159.0	\$ 1,698.7	\$ 36.4	\$ 297.4	\$ 226.0	\$ 91.9	\$ 103.4	\$ 79.3	\$ 72.2
Average monthly number of Sec. 8 housing clients	306	294	297	244	230	214	193	155	144	*

\* Information not available.

Source: County operating departments

**SEDGWICK COUNTY, KANSAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION**  
**Last Ten Fiscal Years**

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>General government</b>										
Auto License buildings	4	4	4	4	4	4	4	4	4	4
Total fleet vehicles	473	464	469	468	466	462	462	464	468	472
<b>Public safety</b>										
Adult detention facility capacity	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158	1,158
Fire stations	9	9	9	9	9	9	9	9	9	9
EMS posts	15	15	15	15	15	15	15	15	15	15
Public Safety vehicles	291	294	290	288	274	278	279	279	280	281
<b>Public works</b>										
Bridges maintained	639	593	593	601	583	582	593	598	598	600
Miles of roads maintained	617	617	626	600	600	603	603	601	600	600
<b>Culture and recreation</b>										
Sedgwick County Park acreage	400	400	400	400	400	400	400	400	400	400
Lake Afton Park acreage <sup>1</sup>	720	720	720	720	720	720	720	720	720	720

<sup>1</sup> Prior years have been updated from prior reports.

Source: County budget department and individual county departments

# 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 County.

Single Audit Section



*Sedgwick County...*  
*working for you*

[www.sedgwickcounty.org](http://www.sedgwickcounty.org)  
**2018 Comprehensive Annual  
Financial Report**



# **Sedgwick County, Kansas**

Single Audit Reports

Year Ended December 31, 2018



# Sedgwick County, Kansas

## Schedule of Expenditures of Federal Awards

### Year Ended December 31, 2018

<i>Agency/Program</i>	<i>Clusters</i>	<i>CFDA #</i>	<i>Award/Contract Number</i>	<i>Passed Through to Subrecipients</i>	<i>Federal Expenditures</i>
U.S. Department of Agriculture:					
Pass-Through Program From:					
Kansas Department of Education					
National School Breakfast Program	1	10.553	2011N109943		37,566
National School Lunch Program	1	10.555	2011N109943		67,705
Kansas Department of Health & Environment					
WIC - Women Infants & Children FY17		*10.557	2013IW100343		1,545,350
WIC - Women Infants & Children FY17 8		*10.557	2013IW100343		445,373
Subtotal Indirect Programs					<u>2,095,994</u>
Total U.S. Department of Agriculture					<u>2,095,994</u>
U.S. Department of Housing & Urban Development:					
Continuum of Care Program (SPC-Main) FY' 17		14.267	KS0012L7P021609		162,148
Continuum of Care Program (SPC-Main) FY' 18		14.267	KS0012L7P021710		459,029
Continuum of Care Program (SPC-B-1) FY '17		14.267	KS0066L7P021606		5,232
Continuum of Care Program (SPC-B-1) FY '18		14.267	KS0066L7P021707		8,096
Continuum of Care Program (SPC-B-2) FY '17		14.267	KS0082L7P021605		8,378
Continuum of Care Program (SPC-B-2) FY '18		14.267	KS0082L7P021706		6,167
Subtotal Direct Programs					<u>649,050</u>
Pass-Through Program From:					
City of Wichita -					
Resident Opportunity and Supportive Services (ROSS)		14.870	KS004RPS039A015		46,910
Subtotal Indirect Programs					<u>46,910</u>
Total U.S. Department of Housing & Urban Development					<u>695,960</u>
U.S. Department of Interior:					
Pass-Through Program From:					
Kansas Department of Wildlife, Parks and Tourism -					
Sport Fish Restoration - Community Fisheries					
Assistance Program	5	15.605	Contract #4892-8		90,187
Subtotal Indirect Programs					<u>90,187</u>
Total U.S. Department of Interior					<u>90,187</u>
U.S. Department of Justice:					
Missing Children's Assistance -					
Internet Crimes Against Children (Title IV, JJDP)'16		*16.543	2016-MC-FX-K005	135,757	264,577
State Criminal Alien Assistance Program FY'17		16.606	2019-AP-BX-0135		41,519
Byrne Justice Assistance Grant '15 (JAG)		16.738	2015-DJ-BX-0300	643	4,287
Byrne Justice Assistance Grant '16 (JAG)		16.738	2016-DJ-BX-0620	33,023	36,944
Byrne Justice Assistance Grant '17 (JAG)		16.738	2017-DJ-BX-0136		117,294
Byrne Justice Assistance Grant '18 (JAG)		16.738	2018-DJ-BX-0065		36,965
DNA Backlog Reduction Program '16 (NIJ)		16.741	2016-DN-BX-0059		151,800
DNA Backlog Reduction Program '17 (NIJ)		16.741	2017-DN-BX-0053		70,734
Equitable Sharing Program USMS		16.922			258,451
Subtotal Direct Programs					<u>982,571</u>
Pass-Through Program From:					
Kansas Governor Federal Grants Program					
Paul Coverdell National Forensic Science Improvement Act		16.742	18-NFSIA-02		41,279
Kansas Department of Corrections					
Title II ISE Phase II - DMC (OJJDP)		16.540	DMC-2018-15-01		85,715
Subtotal Indirect Programs					<u>126,994</u>
Total U.S. Department of Justice					<u>1,109,565</u>
U.S. Department of Transportation:					
Pass-Through Program From:					
Kansas Dept. of Transportation					
Highway Planning & Construction (Force Acct Agreement)	4	20.205	C-4925-01		346,074
Formula Grants for Rural Areas Section 5311 - FY18		*20.509	PT-079937	339,135	431,063
Formula Grants for Rural Areas Section 5311 - FY19		*20.509	PT-079937	250,631	314,099
FTA - Bus and Bus Facilities Formula Program		*20.509	PT-0799-38		41,721
FTA - Bus and Bus Facilities Formula Program		*20.509	PT-0799-39		55,411
Highway Safety Project - Click Step	3	20.600	PT-0995-18		11,579
Subtotal Indirect Programs					<u>1,199,947</u>
Total U.S. Department of Transportation					<u>1,199,947</u>



# Sedgwick County, Kansas

## Schedule of Expenditures of Federal Awards

### Year Ended December 31, 2018

Agency/Program	Clusters	CFDA #	Award/Contract Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Health & Human Services:					
Healthy Start Initiative FFY18		93.926	5 H49MC 11254-09-00		204,222
Healthy Start Initiative FFY19		93.926	5 H49MC 11254-10-00		392,717
Subtotal Direct Programs					596,939
Pass-Through Program From:					
Administration On Aging					
Kansas Department For Aging And Disability Services					
Title III, Part D - Disease Prevention & Health Promotion - FY18		93.043	18-02-3D		3,969
Title III, Part B - Support Services - FY18	2	*93.044	18-02-3B	115,813	401,641
Title III, Part B - Support Services - FY19	2	*93.044	19-02-1B	17,915	63,942
Title III, Part C(1) - Administration - FY18	2	*93.045	18-01-1A		71,752
Title III, Part C(1) - Administration - FY19	2	*93.045	19-01-1A		36,991
Title III, Part C(1) - Congregate Meals - FY18	2	*93.045	18-01-1C(1)	463,856	463,856
Title III, Part C (2) - Home Delivered Meals - FY18	2	*93.045	18-02-4C(2)	537,261	537,261
Title III, Part C (2) - Home Delivered Meals - FY19	2	*93.045	19-02-1C(2)	29,407	29,407
Title III, Part E - Administration - FY18		93.052	18-02-3A		11,033
Title III, Part E - National Family Caregiver Support Program - FY18		93.052	18-02-3E	44,210	208,263
Title III, Part E - National Family Caregiver Support Program FY19		93.052	19-01-1E	5,040	53,031
Home Delivered & Congregate Meals '18	2	*93.053	18-02-4C(1) & 18-02-4C(2)	253,318	253,318
Home Delivered & Congregate Meals '19	2	*93.053	19-02-1C(1) & 19-02-1C(2)	35,674	35,674
Substance Abuse and Mental Health Services Administration					
Kansas Department For Aging And Disability Services					
Projects for Assistance in Transition from Homelessness FY18		93.150	PATH 18-022		55,461
Projects for Assistance in Transition from Homelessness FY19		93.150	PATH 19-022		55,251
Substance Abuse (Beacon Health) Contract - SFY18		93.959	ADT-18-01-04		141,628
Substance Abuse (Beacon Health) Contract - SFY19		93.959	ADT-19-01-04		230,942
Enhanced Supported Employment of Kansas SFY18		93.243			221,191
Enhanced Supported Employment of Kansas SFY19		93.243			75,271
Block Grants for Community Mental Health Services FY18		93.958			56,108
Block Grants for Community Mental Health Services FY19		93.958			221,583
Kansas Department of Health & Environment					
Tuberculosis Control Grant '18		93.116			31,029
Public Health Emergency Preparedness (PHEP) '18		93.069	264678R		187,998
Public Health Emergency Preparedness (PHEP) '19		93.069	264678X		115,286
Family Planning Services '18		93.217	264FP18		163,971
Family Planning Services '19		93.217	264FP19		64,960
WIC Immunization Collaboration Agreements FY18		93.539	2643568C		21,918
Maternal and Child Health IAP Immunization Cooperation FY18		93.268	264315H3OP		36,768
Maternal and Child Health IAP Immunization Cooperation FY19		93.268	264315H3OP		10,942
STI/HIV Control Programs - Disease Intervention / Prevention FY18		93.977	264308H & 264308J		120,736
STI/HIV Control Programs - Disease Intervention / Prevention FY19		93.977	264308J & 264308K		69,666
Maternal and Child Health Services Block Grant FY18		93.994	264329J,264334J		105,770
Maternal and Child Health Services Block Grant FY19		93.994	264329K,264334M		75,535
Subtotal Indirect Programs					4,232,152
Total U.S. Department of Health & Human Services					4,829,091
Corporation For National And Community Service:					
Retired and Senior Volunteer Program					
Retired and Senior Volunteer Program FY17		94.002	16SRWKS001		6,147
Retired and Senior Volunteer Program FY18		94.002	16SRWKS001		23,966
Total Corporation For National And Community Service					30,113

# Sedgwick County, Kansas

## Schedule of Expenditures of Federal Awards

### Year Ended December 31, 2018

<i>Agency/Program</i>	<i>Clusters</i>	<i>CFDA #</i>	<i>Award/Contract Number</i>	<i>Passed Through to Subrecipients</i>	<i>Federal Expenditures</i>
Executive Office of the President					
Kansas Bureau of Investigation					
High Intensity Drug Trafficking Areas Program		95.001	G16MW003A		28,457
High Intensity Drug Trafficking Areas Program		95.001	G17MW003A		30,294
Total Executive Office of the President					<u>58,751</u>
U.S. Department of Homeland Security					
Pass-Through Program From:					
Kansas Adjutant General - Division of Emergency Management					
Emergency Mgmt Performance Grant -Salary Reimbursement		97.042	EMW2011EP00034		96,106
Subtotal Indirect Programs					<u>96,106</u>
Total Department of Homeland Security					<u>96,106</u>
Total Expenditures of Federal Awards				<u>\$ 2,261,683</u>	<u>\$ 10,205,714</u>

<u>Clusters:</u>	<u>Totals</u>
1 - Child Nutrition Cluster =	\$ 105,271
2 - Aging Cluster =	\$1,893,842
3 - Highway Safety Cluster =	\$ 11,579
4 - Highway Planning and Construction Cluster =	\$ 346,074
5 - Fish and Wildlife Cluster =	\$ 90,187

\* Major Programs

**Sedgwick County, Kansas**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2018**

**(1) Schedule of Expenditures of Federal Awards**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Sedgwick County (the County) under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

**(2) Basis of Accounting**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 or the Uniform Guidance, wherein certain types of expenditures are not allowance or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County has elected not to use the 10 percent de minimis cost rate allowed under the Uniform Guidance.

**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**

Sedgwick County  
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 Sedgwick County, Kansas (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 19, 2019.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-003 to be a significant deficiencies.

Sedgwick County  
Wichita, Kansas

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County'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*.

### ***County's Response to Findings***

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on them.

### ***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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BKD, LLP*

Wichita, Kansas  
April 19, 2019

**Report on Compliance for Each Major  
Federal Program and Report on Internal Control Over Compliance**

**Independent Auditor's Report**

Sedgwick County  
Wichita, Kansas

**Report on Compliance for Each Major Federal Program**

We have audited Sedgwick County, Kansas' (the County) 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 County's major federal programs for the year ended December 31, 2018. The County'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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs 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). Those standards and the Uniform Guidance 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 occurred. An audit includes examining, on a test basis, evidence about the County'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. However, our audit does not provide a legal determination of the County's compliance.

### ***Opinion on Major Federal Programs***

In our opinion, the County 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 for the year ended December 31, 2018.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-004. Our opinion on each major federal program is not modified with respect to this matter.

The County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. The County'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 County 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 County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal 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 to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 County'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 a 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Sedgwick County  
Wichita, Kansas

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. Accordingly, this report is not suitable for any other purpose.

*BKD, LLP*

Wichita, Kansas  
April 19, 2019



**Sedgwick County, Kansas**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2018**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:  
☒ Unmodified      ☐ Qualified      ☐ Adverse      ☐ Disclaimer
  
2. The independent auditor’s report on internal control over financial reporting disclosed:  
Significant deficiency(ies)      ☒ Yes      ☐ None reported  
Material weakness(es)      ☒ Yes      ☐ No
  
3. Noncompliance considered material to the financial statements was disclosed by the audit?      ☐ Yes      ☒ No

*Federal Awards*

4. The independent auditor’s report on internal control over compliance for major federal awards programs disclosed:  
Significant deficiency(ies)      ☐ Yes      ☒ None reported  
Material weakness(es)      ☐ Yes      ☒ No
  
5. The opinions expressed in the independent auditor’s report on compliance for major federal awards were:  
☒ Unmodified      ☐ Qualified      ☐ Adverse      ☐ Disclaimer
  
6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?      ☐ Yes      ☒ No

**Sedgwick County, Kansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2018**

7. Identification of major programs:

CFDA 93.044, 93.045, 93053 – Aging Cluster  
CFDA 10.557 – Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)  
CFDA 20.509 – Formula Grants for Rural Areas  
CFDA 16.543 – Missing Children's Assistance

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The County qualified as a low-risk auditee?

☐ Yes

☒ No

**Sedgwick County, Kansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2018**

**Section II – Findings Required to be Reported by *Government Auditing Standards***

**Reference  
Number**

**Finding**

**2018-001 Finding: Material Weakness - Grant Administration**

**Criteria:** The County is expected to maintain accurate accounting records for grant funds.

**Condition:** The County's grant tracking procedures were inadequate to ensure proper year-end cutoff.

**Context:** During our current year-end audit procedures, although we noted the County has continued to make improvements in grant tracking, there were still material entries necessary for proper cutoff related to grant receivables and unearned/unavailable revenue. The following audit adjustments were identified:

- Audit journal entries were identified related to understated grant related accounts receivable for \$138,457, revenues for \$330,429, and deferred revenues for 468,886.

**Cause:** The County does not have adequate procedures to track grants for year-end cutoff purposes.

**Effect:** One material adjustment was made during the audit.

**Recommendation:** The County should continue to develop specific policies and procedures for the central tracking and monitoring of grant activities. These procedures should include an annual review of grant activity to ensure the correct year-end grant revenues, receivables and unearned/unavailable revenues have been recorded. The County's policy where revenues are only considered available when received within 60 days of the fiscal year-end should be considered during this process. Year-end procedures should also include the review of the state subsequent distributions to help ensure proper year-end cut off. In addition, procedures should be implemented that ensures grant receipts are recorded in the correct revenue account.

**Views of Responsible Officials:** In 2018, the Division of Finance implemented procedures to address BKD's recommendation made in the 2017 audit. We are pleased with the results of the implementation of our quarterly review process of the general ledger grants and intergovernmental revenues in 2018 to confirm accuracy in postings, as there were no errors identified by the auditors in this area during this audit. Another procedural change included a year-end review of grant and intergovernmental fund centers using our financial system and State Confirmation Reports to determine proper revenues and receivable balances at year-end. This review included follow-up of grant receivables as of March 1 to determine any deferred inflows. While the process worked for older grants, we will implement process changes to ensure new grant awards received in a fiscal year are reviewed in that process, as two such grants were overlooked in the 2018 closeout process. These process changes likely will include either a checklist or additional layer of management review.

# Sedgwick County, Kansas

## Schedule of Findings and Questioned Costs (Continued)

### Year Ended December 31, 2018

Reference Number	Finding
2018-002	<p><b>Finding: Significant Deficiency - Risk Assessment</b></p> <p><b>Criteria:</b> The County is expected to complete periodic risk assessments.</p> <p><b>Condition:</b> The County has not performed a recent fraud risk assessment.</p> <p><b>Context:</b> Risk assessments are valuable tools for entities to evaluate and plan for threats facing the entity. Recent reports indicate that fraud is rapidly growing in the United States. A proven and effective deterrent to fraud and abuse is the establishment of an antifraud culture within the organization. A strong and highly ethical “tone at the top” provides significant strength to deter fraud.</p> <p><b>Cause:</b> The County has not performed a recent fraud risk assessment.</p> <p><b>Effect:</b> Higher fraud risk exposure.</p> <p><b>Recommendation:</b> We suggest the following:</p> <ul style="list-style-type: none"> <li>• Define the role of the County Board and committees as they relate to fraud and abuse.</li> <li>• Management and supervisors should set an example.</li> <li>• Management and supervisors should remain aware of fraud risks and indicators.</li> <li>• Internal controls should be given high priority.</li> <li>• Fraud-related policies should be enforced.</li> <li>• Reports of potential fraud and abuse should be investigated promptly.</li> </ul> <p><b>Views of Responsible Officials:</b> Multiple changes are underway to address this issue. First, a Risk Assessment policy has been drafted and is currently awaiting review by the County’s Policy Review Committee before implementation. The policy clearly defines the role of the County Commission in supporting the internal control program.</p> <p>Second, the County is currently in the process of creating a strategic plan for the organization. A key element of the strategic plan is creating a culture of transparency and accountability; both are key elements of the internal control process and set the tone and a positive example of the importance of internal controls and fraud awareness.</p> <p>Third, a Risk Assessment template has been created and is currently being used by the Accounting Department to identify, classify, and track potential risks. A key part of this template is recurrent analysis of identified risks, identification of new risks, notification to affected parties, and investigation of each identified risk. Each potential risk that is identified is analyzed for likelihood of occurrence and significance of impact of risk. Risks identified are charted and reported through appropriate committees and leadership channels.</p> <p>It also is worth noting that current internal controls have identified and prevented vendor fraud attempts and purchasing card fraudulent charges. In instances where policy infractions have occurred with County purchasing cards, immediate card suspensions have been imposed in accordance with the County’s Purchasing Card policy.</p>

# Sedgwick County, Kansas

## Schedule of Findings and Questioned Costs (Continued)

### Year Ended December 31, 2018

Reference Number	Finding
2018-003	<p><b>Finding: Significant Deficiency - EMS Billing</b></p> <p><b>Criteria:</b> The County is expected to maintain an adequate EMS billing system</p> <p><b>Condition:</b> The County was unable to fully bill EMS from September through December 2018</p> <p><b>Context:</b> In mid 2018, the County started serious discussions about changing from billing EMS internally to billing with a 3rd party. When staff became aware of the probable change many left and EMS became significantly understaffed. The County developed a plan to bill minimal priority items using COMCARE employees and signed a contract with a 3rd party biller in December 2018. The 3rd party biller was not able to begin billing until late February 2019. This caused approximately a 6 month lag of EMS billings.</p> <p><b>Cause:</b> Understaffing issued caused EMS to not be fully billed for a period of approximately 6 months</p> <p><b>Effect:</b> Services are being performed but no collections are taking place as well as possible lower collection percentages when billing does occur.</p> <p><b>Recommendation:</b> The county now has in place a 3rd party biller and has caught up with 2018 billings as of the date of this report.</p> <p><b>Views of Responsible Officials:</b> As outlined in our response to the 2017 audit recommendation, the County's Internal Financial Audit Office evaluated the internal EMS billing process in spring 2018. The review identified the primary issue with collections as a lack of adequate staffing for the high volume of transports and evaluated the merits of internal versus external billing. The evaluation identified cost efficiencies and quality assurance benefits from contracting with an external billing vendor. Based on the recommendations in that review, the County's 2019 adopted budget included the outsourcing of EMS billing and the elimination of the internal function, effective January 1, 2019.</p> <p>Shortly after the 2019 budget was adopted, the County issued a Request for Proposals (RFP) for a contracted EMS billing company. As expected, the County lost several of its internal EMS patient billing representatives due to this announcement, reducing the in-house billing function's capacity to keep pace with transports. As a result, management prioritized billing work for services after September 2, 2018, based on the potential to lose revenue for timeliness issues. A vendor was selected and a contract completed in late December 2018, which accommodated for billing from September 2, 2018 to present.</p> <p>As of April 11, 2019, EMS had submitted transport data to the vendor for billing of services through January 13, 2019, and revenues began posting to the new billing system in March 2019. In addition to the new EMS billing contract, the Division of Finance has added an experienced EMS Billing Analyst to its staffing table to follow up on older accounts, monitor the new vendor activities, and manage the setoff program for EMS billing.</p>

**Sedgwick County, Kansas**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended December 31, 2018**

**Section III – Findings Required to be Reported by the Uniform Guidance**

Reference Number	Finding
<b>2018-004</b>	<b>Finding: Reporting</b>  <b>CFDA No. 16.543 - Missing Children's Assistance - Internet Crimes Against Children</b>  <b>Criteria:</b> The County is expected to file quarterly financial status reports 30 days after quarter end. <b>Condition:</b> The County filed two reports after the 30 day requirement. <b>Context:</b> BKD reviewed the four quarterly financial status reports during 2018 for proper filing. It was noted that two reports were filed on the 31st of the month instead of the 30th of the month. <b>Cause:</b> The County was filing reports based on the idea that they were due at month end not 30 days after quarter end. <b>Effect:</b> Quarterly financial status reports are not being filed timely. <b>Recommendation:</b> The county should maintain a schedule of when reports are due based of the grant agreement or other grant guidance.  <b>Views of Responsible Officials:</b> The County acknowledges the finding and has addressed it in a spate auditee document for planned corrective actions.



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## Division of Finance

525 North Main, Suite 823, Wichita, KS 67203 - [www.sedgwickcounty.org](http://www.sedgwickcounty.org) - TEL: 316-660-7591 - FAX: 316-383-7729

### **Corrective Action Plan**

#### **2018-004 Finding: Reporting**

#### **CFDA No. 16.543 - Missing Children's Assistance - Internet Crimes Against Children**

**Criteria:** The County is expected to file quarterly financial status reports 30 days after quarter end.

**Condition:** The County filed two reports after the 30 day requirement

**Context:** BKD reviewed the four quarterly financial status reports during 2018 for proper filing. It was noted that two reports were filed on the 31st of the month instead of the 30th of the month.

**Cause:** The County was filing reports based on the idea that they were due at month end not 30 days after quarter end.

**Effect:** Quarterly financial status reports are not being filed timely.

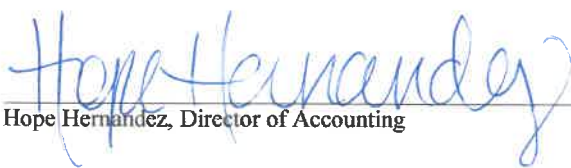
**Recommendation:** The county should maintain a schedule of when reports are due based of the grant agreement or other grant guidance.

**Views of Responsible Officials:** The County acknowledges the finding. See the following detail for planned corrective action.

**Corrective Action:** The grant reporting process for this grant program is managed by Accounting Department, Revenue Management staff. The Accounting Department maintains a task list for Revenue Management staff that includes various grant reports. The Internet Crimes Against Children Grant financial status report is included in the task list which has a column to enter the date completed. This task list will be closely monitored to assure timely reporting of all future grant reports with special emphasis on this and other Justice Department Grants that are due 30 days after quarter end.

**Anticipated Completion Date:** April 1, 2019

**Responsible Party:** Marty Hughes, Revenue Manager, Sedgwick County Finance/Accounting

  
Hope Hernandez, Director of Accounting



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### **Prior Year Audit Finding** **Corrective Action Plan**

#### **2017-003 Finding: Allowable Cost/Cash Management**

**CFDA No. 93.044, 93.045, and 93.053 – Aging Cluster & 93.926 – Healthy Start Initiative**  
**Department of Health and Human Services, Award Number - None Provided, Award Year 2017**  
**Aging Cluster Passed-through Kansas Department for Aging and Disability Services (KDADS)**

**Criteria:** The County is required to maintain effective internal controls over the single audit process.

**Condition:** For the Aging Cluster, we noted for the first five months of the year the County heavily relied on KDADS employees to catch errors in reporting. When KDADS sends the county corrections of errors, there is no review process over those corrections. We also noted that reports submitted to KDADS require certification by the Executive Director, which the county's accountant is applying a electronic version of and the Executive Director does not review those reports. We also noted there were no procedures in place to trace interest earnings on federal advances.

For Healthy Start Initiative, we noted that monthly reimbursement reports were being prepared and submitted by one individual with no additional review as well as submissions occurring utilizing the log in of different person than that of the one actually doing the submission.

**Questioned costs:** None.

**Context:** For the aging cluster, during our testing of allowable costs/activities allowed and cash management, we noted multiple reports the executive director signature is copied and pasted on the reports as opposed to an actual review of the report. The majority of monthly report corrections are based solely on the KDAD employee's input with no secondary review.

For the healthy start initiative, during our testing of cash management, we noted that the quarterly reimbursement requests had no formal secondary review as well as the person submitting the report was using the login of another individual.

**Effect:** The County is not maintaining effective internal controls over the aging program and healthy start initiative and external parties cannot be a part of the County's internal control process.

**Cause:** For the aging cluster, the County is utilizing the KDADS employee as a final approval instead of implementing controls over the reporting process that would give the aging finance director the final approval.

For the healthy start initiative, one person is using another individuals login to submit reports and is completing monthly reimbursements with no secondary review.

**Identification as a repeat finding:** 2016-011

**Recommendation:** For the aging cluster, we noted that beginning June 2017, the County has updated their review process allowing for documentation of who is reviewing the monthly reports and any corrections that are being suggested by KDADS employees. For the healthy start initiative, we suggest the county implement a review process of quarterly reimbursement requests as well as set up a separate login for the individual submitting the quarterly reports.

**Views of Responsible Officials:** The County agrees with the finding. See separate auditee document for planned corrective actions.



**Prior Year Audit Finding**  
**Corrective Action Plan**

**2017-003 Finding: Allowable Cost/Cash Management (cont.)**

**Corrective Action:** The aging cluster portion of this finding has been addressed through the June, 2017 implementation of a revised review process that documents who is the internal reviewer of the original monthly report and any recommended changes suggested by KDADS employees during their review. It also specifies that the SCDOA Executive Director or, if unavailable, the Finance Director will sign the reports on behalf of the Executive Director. Signature will be hand written, or electronic.

The healthy start initiative quarterly report and related cash request will be reviewed and approved by a second party familiar with the grant program prior to the submission of the report and cash request. The approval will be documented via email correspondence. The individual submitting the quarterly report and cash request will use the login assigned to Sedgwick County for the reporting website and will change the user information within the reporting website to reflect the actual individual submitting the report.

**Anticipated Completion Date:** April 1, 2018

**Responsible Party:** Marty Hughes, Revenue Manager, Sedgwick County Finance/Accounting

**Corrective Actions Completed:** A new KDADS monthly report review, approval and signature process was implemented in August, 2017 whereby the Executive Director or her designee reviews and signs each report prior to submission. This was completed as of August 31, 2017.

A new healthy start initiative grant reporting process has been implemented whereby quarterly reports and related cash requests prepared by Accounting Department staff are reviewed by the Health Department Finance Director and approved via email notification prior to submission. Report submissions are made via the login assigned to Sedgwick County and the report includes the submitter's name. This process was established in April, 2018 thus completing this corrective action on April 30, 2018.

  
Hope Hernandez, Accounting Director

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