

City of Wichita, Kansas

Incorporated 1870

City of 1st Class 1886

Council-Manager Form of

Government Adopted 1917

# Comprehensive Annual Financial Report

**For the Year Ended December 31, 2017**



## **CITY COUNCIL**

Jeff Longwell, Mayor

Bryan Frye, Vice Mayor (V)

Brandon Johnson, Council Member (I)

Pete Meitzner, Council Member (II)

James Clendenin, Council Member (III)

Jeff Blubaugh, Council Member (IV)

Cindy Claycomb, Council Member (VI)

## **City Manager**

Robert Layton, City Manager

## **Department of Finance**

Shawn Henning, Director of Finance

Prepared by the Controller's Office

Department of Finance

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# CITY OF WICHITA, KANSAS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the year ended December 31, 2017

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# CITY OF WICHITA, KANSAS

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## ***INTRODUCTORY SECTION***

## ***INTRODUCTORY SECTION***





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

June 27, 2018

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Wichita for the year ended December 31, 2017. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City and its blended and discretely presented component units.

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

Kansas statutes require an annual audit of all funds of the City by independent certified public accountants. The certified public accounting firm of Allen, Gibbs & Houlik L.C. issued an unmodified opinion on the City of Wichita's financial statements for the year ended December 31, 2017. The independent auditor's report is located on page A-1 in the Financial Section of this report.

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

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

### ***The Reporting Entity and Its Services***

With a population of 390,591<sup>1</sup>, Wichita is the largest city in Kansas and is the county seat of Sedgwick County. Major highways, including the Kansas Turnpike and Interstate I-135, link the city with a large trade area that encompasses a

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<sup>1</sup>Source: 2017 U.S. Census Bureau population estimate.

population of more than one million<sup>2</sup> people within a 100-mile radius. The nearest large cities are Denver to the west, Kansas City to the northeast and Oklahoma City and Tulsa to the south and southeast.

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

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

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

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

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

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*As an exceptionally well-run city, we will:*

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

As the City strives to reach service level excellence, the annual budget is developed based on three themes: (1) alignment to the City's mission and City Council goals; (2) review of business processes, from both a financial operations view and a customer-focused view; and (3) development of a financially sustainable and diversified revenue portfolio. Late in 2016, Zero-Based Budgeting was initiated with a service level approach. This process evaluated every service that departments provide, then reviewed the alignment of each service, not only to the City's mission statement and goals, but also to the departments' goals. This review process was implemented in 2017 with preparation of the 2018 Budget, but has continued

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

in further depth in connection with development of the next year's budget. Senior staff and the City Manager conduct a review of revenue projections and departmental requests, balanced against current year priorities. The City Manager holds internal budget hearings, beginning in April and continuing through June. The City Council is briefed on the strategic and policy issues, the preliminary financial forecasts and the departmental performance levels. Based on the City Council's policy direction and the information from departments, a proposed budget is drafted and provided to the City Council for consideration in July. Throughout the process, presentations are made to citizens, including the District Advisory Board of each Council District and other neighborhood groups. Budget information is also communicated through various forms of social media, providing further opportunities for citizen engagement on the budget. The City Council holds public hearings on the proposed budget in July and August, prior to adopting the final budget. The budget is required by Kansas law to be finalized, adopted and filed no later than August 25. The annual budget serves as a policy document, a financial plan, an operations guide and as a communication device.

**Budgetary Control** - The level of budgetary control (that is the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund. The City also maintains an encumbrance accounting system to enhance budgetary control. Unencumbered appropriations lapse at year end, while encumbered appropriations are carried over into the next year for liquidation. As demonstrated by statements and schedules included in the Financial Section of this report, the City continues to meet its responsibility for sound financial management. Budget-to-actual comparisons are provided for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page A-21 as part of the basic financial statements, as well as a more detailed presentation beginning on page B-20. For governmental funds (other than the General Fund) with appropriated annual budgets, these comparisons are presented in the Governmental Funds Section of this report beginning on page B-25.

### *The Local Economy<sup>3</sup>*

The Wichita metropolitan statistical area (MSA) has a diverse economic base, producing a wide variety of products and services with a focus in durable goods manufacturing. Approximately 47% of Wichita's employment is in service-providing industries, 23% is in goods-producing industries, 17% in trade, transportation and utilities and 13% in government. The Wichita area is home to over 14,000 business establishments, with over 93% of those employing fewer than 50 workers. Thirty-five employers in the Wichita area employ 500 or more workers. In recent years, the service sector has been the fastest growing portion of the local economy, adding over 8,200 employees since 2011.

Annual Average Wichita MSA Employment by Industry*						
	2015 (a)	2016 (a)	2017 (a)	2018 (f)	2017-2018 Forecasted Level Change	2017-2018 Forecasted % Change
Production Sectors	68,400	68,200	67,700	67,700	0	0.0%
Trade, Transportation and Utilities	52,500	52,600	51,200	51,400	200	0.4%
Service Sectors	134,100	135,700	135,000	135,900	900	0.7%
Government	40,500	40,700	40,800	40,900	100	0.2%
Total Nonfarm Employment	<u>295,500</u>	<u>297,200</u>	<u>294,700</u>	<u>295,900</u>	<u>1,200</u>	<u>0.4%</u>

\*Annual values are derived from average quarterly observations and projections. Data was downloaded from the U.S. Bureau of Labor Statistics' Website on May 17, 2018.

(a) actual (f) forecasted

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

Wichita's manufacturing sector is primarily concentrated in the aerospace sector, which contains over 52% of total manufacturing employment in the area. Local aircraft companies produce a significant number of the world's general aviation aircraft and commercial aircraft parts. Wichita's manufacturing sector employment peaked in 2008 with 67,700 jobs; from 2008 to 2011, Wichita lost approximately 15,000 manufacturing jobs, with employment in the sector remaining relatively flat over the past five years. In 2017, the manufacturing sector employed 51,200 in Wichita. Spirit AeroSystems, a major local aircraft parts manufacturer, announced plans in 2017 to hire 1,000 new workers and invest over \$1 billion in its Wichita facilities over the next five years.<sup>4</sup> Non-aerospace manufacturing in Wichita has diversified and expanded in the past several years, with the machinery manufacturing and non-durable manufacturing sectors each adding more than 1,000 jobs since 2010. While Wichita's manufacturing base has continued to become more diverse in recent years, future growth in Wichita's manufacturing employment will continue to be tied to the aerospace industry.

Construction employment declined by 100 workers in 2017, but the sector is forecasted to rebound in 2018, as both residential and commercial real estate markets have positive indicators. Home prices are estimated to have appreciated 4.1% in 2017 and are expected to continue to increase strongly with 3.7% growth in 2018. The number of homes sold in the Wichita area has increased for the past four years and is expected to continue to increase in 2018, reaching pre-recession levels of housing activity. Vacancy rates for retail, office, and industrial spaces all fell in 2017 as the local commercial real estate market continues to tighten as well. Construction was one of the most strongly affected sectors in the recession, so the sizable increase in construction employment will likely strengthen the expansion in Wichita's economy, with benefits spilling over to other industry sectors.

The professional and business services sector has been one of the fastest-growing sectors in the Wichita MSA. The sector has added over 4,000 new jobs since 2009, expanding almost 13% in that time. While the sector contracted by 400 jobs in 2017, the outlook continues to be strong for this sector in 2018. Construction is currently ongoing for Cargill's \$60 million new protein division headquarters building, which is expected to open in 2018 and has room for up to 950 workers. Wichita is home to the headquarters of several major companies, including Koch Industries.

The education and health care sector is the single largest sector in the Wichita economy and it has added over 1,000 jobs since the 2008 recession. Health care and social assistance employ 38,400 workers locally. The Wichita MSA has more than 100 nursing and assisted living facilities, as well as 14 acute care and specialty hospitals, with other specialty clinics providing comprehensive patient care and same-day surgery services. The five-county MSA is home to almost 1,300 physicians and 300 dentists. Policy uncertainty may dampen growth to a degree in the health care portion of the sector for 2018, but the sector has bright long-term growth prospects as Americans' health care and education demands continue to increase.

While health care employment declined by 600 workers in 2017, there have been several positive developments in the past year for the sector's future. In January 2017, Via Christi Health began a \$50 million renovation project to its St. Joseph campus, adding more private rooms, behavioral health center services, and improved on-call space. The Robert J. Dole VA Hospital has planned \$40 million in renovations for the facility in the next five years. In June 2017, Wesley Healthcare also announced plans for a \$2 million project to expand its pediatric emergency department which has been completed and opened in May 2018.

The education sector employs about 12% of the total workforce in the education and health services sector and plays a significant role in the local economy, employing over 5,000 workers. Wichita is home to 12 colleges and universities, which provide a wide range of degrees and educational opportunities, including Wichita State University, Friends University, Newman University and the University of Kansas School of Medicine. In addition, eight unified public school districts serve the City of Wichita, the largest of which is Wichita USD 259 with an enrollment of 50,416 students and over 80 schools.

Wichita's universities and colleges continue to grow and expand. The Wichita Area Technical College reached record enrollment in each of the past two years and will officially become affiliated with Wichita State University in July 2018. In addition, Wichita State University is currently expanding its main campus with the Innovation Campus initiative. In 2017, the first four buildings of the Innovation Campus were completed: the \$30 million Experiential Engineering building; the Partnership One building, which houses Airbus' North American Engineering Center; a new law enforcement training

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<sup>4</sup> Siebermark, Jerry "Spirit plans 'mega project with \$1 billion investment, 1,000 more jobs in Wichita" *Wichita Eagle*, December 6, 2017.

center for the Wichita Police Department and Sedgwick County Sherriff's Office, as well as criminal justice students; and the Flats, a 285-resident on-campus apartment complex. Braeburn Square, a mixed-use development which is part of the Innovation Campus, is under construction and will include restaurants and shops, as well as an Element by Westin Hotel which is expected to open in the fall of 2018.

Economic and population growth in Wichita has also led to thriving support sectors, such as the expanding leisure and hospitality sector. Leisure and hospitality employment has increased by 400 workers in 2017 after increasing by 2,700 workers over the previous two years. Continued expansions of restaurant and recreation offerings in the area should continue to lead to increased employment in the sector.

The unemployment rate declined in 2017 in the Wichita area, which was the seventh consecutive year unemployment either declined or held steady in the local economy after peaking in 2010. The Wichita MSA has had a lower unemployment rate than the city of Wichita during this period, though the gap between the two has narrowed as the economy nears full employment.

Average Annual Unemployment Rates			
	Wichita	Wichita MSA	U.S.
2014	5.6%	5.2%	6.2%
2015	5.0%	4.6%	5.3%
2016	4.8%	4.6%	4.9%
2017	4.4%	4.2%	4.4%

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

The Wichita economy has several positive indicators that suggest the Wichita economy is likely to continue to grow in 2018. Low unemployment and tightening markets in both the residential and commercial real estate are both signs that the local economy is thriving and reaching its potential. The local economy still has several risk factors for the coming years, including exposure to potential recessions at the national level, the Wichita manufacturing's heavy concentration in the business jet market and state and national policy uncertainty. Unless these risk factors substantially slow growth in the local economy, the Wichita area economy is expected to continue its modest, consistent growth in 2018.

### ***City Business and Financial Plan***

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

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

Adequate levels of reserves are an important foundation to the City's business and financial planning. The City maintains a policy that General Fund reserves are a minimum of 10% of the subsequent year's expenditure budget. The reserves of the General Fund assure rating agencies of the City's financial stability, translating into lower costs of financing for capital investments. Additionally, the General Fund reserve provides flexibility for cash flow and emergency needs. The City also maintains reserves equivalent to 85% of the estimated landfill post-closure liability and maintains reserves at an 85% confidence level of actuarially estimated potential claims in the Self Insurance Fund. In spite of the fluctuations in the financial markets in recent years, the City's Retirement Systems maintain funded ratios which are over 94%, well above many public pension systems.

The City manages a pooled funds investment program for all cash, following a comprehensive investment policy. The program allows the City to invest its cash in permitted investments for terms up to four years while maintaining the primary

objectives (in order of priority) of safety, liquidity and yield. The City's exposure to risk is managed through various insurance policies, as well as self insurance programs.

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

Maintaining engagement with stakeholders – residents, the governing body, District Advisory Boards, neighborhood associations, community groups, the business community, employee bargaining units and City staff – helps the City continue its focus on the delivery of the right mix of services and careful use of resources in recognition of the community's priorities. Continuing social media town hall meetings for the last few years, the City again sought input on budget issues from citizens in this manner, in addition to seeking input through the traditional budget hearings and presentations. The community's feedback collected through these various channels is valuable as the City reviews and updates its strategic priorities.

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

### *Relevant Policy Changes*

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

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

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

### *Major Initiatives*

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

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

The WDDC, which was established to revitalize and energize downtown Wichita, reported that since Project Downtown's adoption (2010), downtown Wichita has seen over \$593 million of private investment over the past decade, and a combined investment in downtown Wichita by the private and public sectors in that period totaling \$925 million. Individuals living in downtown continues to rise, with 835 residential units completed since 2010 and with an additional 742 currently under development, providing unique living options for downtown residents.

With the continued focus on economic development and job growth, a coalition from both the private and public sectors joined together in 2015 to develop the Blueprint for Regional Economic Growth (BREG), an economic development plan for the ten-county region. BREG identified eight industry "clusters" that have potential to grow jobs and industry in the region with growth strategies for each cluster. Recently, the Greater Wichita Partnership hired a consultant to help the region move forward to expand its existing business clusters and to further advance economic development efforts.

The City led efforts to retain and expand Cargill, a major employer in downtown Wichita. Cargill Protein Group announced its decision to keep its regional headquarters, which includes 700 jobs, in Wichita. The \$60 million headquarters building will be located on the site of the former Wichita Eagle building on Douglas Avenue, directly adjacent to the Old Town entertainment district. Additionally, the \$54 million Union Station development has completed phase one of renovations and is moving into phase two which will focus on the terminal building and the southern portion of the property. Other nearby projects include a complete makeover of Naftzger Park – including pedestrian friendly enhancements along Douglas, connecting Old Town and the Intrust Bank Arena entertainment districts – the Douglas Avenue railroad underpass, the Spaghetti Works mixed use development and the \$14 million renovation (to be completed in 2018) converting the Commerce Plaza office building into a Hilton Garden Inn. These projects further enhance downtown's connectivity and walkability and are positive additions in Wichita's urban core.

The Douglas project, a \$38 million revitalization of the Exchange Place Building and the Bitting Building, both located on corners of Douglas and Market, was completed in December 2016. This project is part of a revitalization and historic preservation effort with the redevelopment of two historic downtown buildings into 240 luxury residential units, as well as the addition of commercial and retail space on the ground floor. Furthermore, a new 300-space parking garage has been constructed as a component of this project.

Construction of the \$38 million mixed-use River Vista project on the west bank of the Arkansas River started in 2016. Plans include an apartment project of 203 units, a parking garage and future commercial developments. Utilizing sales tax revenue (STAR) bonds, the City will make improvements to the riverfront and the adjacent Delano Park. Improvements to this area will connect to the trail system along the river, allowing the public to continue to enjoy the Arkansas River. The project is expected to be completed in 2018.

In December 2016, the City Council took action to expand the East Bank redevelopment district, a necessary first step for the approval and implementation of the River District Phase II STAR Bond Project, and formally submitted a plan for approval in May 2017. The City has since received authorization from the Kansas Secretary of Commerce to issue up to \$20.5 million in STAR bonds to finance and move forward with plans for a new baseball stadium and museum on the west bank of the river directly across from WaterWalk. In addition to the stadium and museum, the district will include hotels, retail/commercial buildings, multi-family housing and other entertainment venues. Total project investments are estimated in excess of \$126 million.

The City Council approved two separate core area development projects to develop the Delano Catalyst Site located downtown on the west side of the Arkansas River and a plan for redevelopment of a blighted area in College Hill near Douglas and Hillside. The \$40 million mixed-use Delano project will include a hotel, multi-family housing (180 units), commercial space, a parking garage, public trails and gathering spaces. The \$25 million Douglas and Hillside project is a mixed-use development with 176 high-end apartment units, 15,000 square feet of initial commercial space, an enclosed



garage, rooftop amenities and an “urban feel” consistent with the adjacent College Hill neighborhood. The first phase of this project is expected to be completed in April 2019.

To encourage investment in office, retail and residential development in the core area, the City supported two structured parking projects in downtown. The Douglas Garage opened in 2017 with 290 spaces and a new 800-space public parking garage will be included as part of the Cargill Headquarters campus.

The new \$200 million Dwight D. Eisenhower National Airport terminal building and 1,600-space parking garage opened in June 2015. Since opening, Allegiant Air began offering nonstop service from Wichita to Orlando and Southwest Airlines initiated nonstop service to St. Louis and Phoenix in 2016. Alaska Airlines also announced nonstop service between Wichita and Seattle that started on April 13, 2017. Frontier Airlines has also announced plans to begin nonstop service between Wichita and Denver starting in August 2018. Eisenhower National Airport set a passenger traffic record in 2017 with a total of 1,620,240 passengers arriving and departing from Wichita.

Construction is complete for the Advanced Learning Library. The existing Library has closed and materials have been moved to the new location, which opened on June 16, 2018. The new facility is located at 2nd Street and McLean Boulevard, providing a place for residents to learn and engage in the community in new ways. The 105,200 square-foot Advanced Learning Library offers numerous collaborative spaces, additional technology resources for the public, including more computers and faster internet, as well as a broader variety of programs and services that support STEM (science, technology/engineering, art and math) learning.

The City is continuing improvements with the East Kellogg freeway project, a joint effort between the City of Wichita, Kansas Department of Transportation and the Kansas Turnpike Authority (KTA). Construction began in 2015 with a redesigned Kellogg and Webb intersection and widening of Kellogg from Webb to Greenwich. A second project, started in 2016, continues with widening Kellogg to a six-lane freeway between Greenwich Road and K-96. In addition, new ramps will be constructed for the I-35/KTA and Kellogg interchanges. Both projects are expected to be complete in late 2021.

In west Wichita, the first phase of rebuilding the Kellogg and I-235 interchange began in November 2015. The \$116 million project, known as “the Red Project,” is expected to be completed in the summer of 2019. The project resulted from a 2007 study by the Kansas Department of Transportation (KDOT), which identified multiple safety concerns and inadequate capacity for projected future traffic flow. With funding participation from both Sedgwick County and the City, the completed project will address several of the heaviest traffic movements between I-235 and U.S. 54/400.

The City sold the Hyatt Regency Hotel in 2016 for \$20 million and dedicated \$10 million of the proceeds to further residential street improvements. In addition, the City has implemented an innovative return on investment model to maximize the effectiveness of street maintenance efforts using new performance measures. This new approach is expected to stabilize street conditions in the long-term, whereas the traditional approaches would have resulted in a significant long-term degradation of street conditions.

Public Works & Utilities completed a five-year, \$32 million program to replace 150,000 aging water meters and to fully automate the meter reading system. The Utility also invested \$11.5 million for improvements at the Main Water Treatment Plant and began construction of a \$27.5 million improvement project at the Four Mile Creek Wastewater Plant.

Public safety continues to be a priority. The Wichita Fire Department (WFD) responded to more than 78,000 unit responses in 2017, completed 7,500 structure inspections and participated in more than 1,300 community risk reduction programs. Five new apparatus were purchased to update an aging fleet, improve emergency communication reliability and reduce maintenance expenses.

The Wichita Police Department (WPD) began using body-worn cameras and initiated implementation recommendations to improve safety in Old Town. The measures were from a report generated in partnership with Old Town stakeholders and included installation of a traffic camera system and streamlining the citation and enforcement process. The WPD formed the Patrol West Motel Interdiction Team to combat prostitution, illegal drugs, financial crimes, auto theft, larcenies and other debilitating and destabilizing crimes. Also, construction was completed on a new joint law enforcement training center on the Innovation Campus at Wichita State University.



Public Works & Utilities completed biennial bridge inspections for 284 bridges, converted 229 street lights in Old Town to safer and longer lasting LED technology, and began final preparations for implementing phase one of the Traffic Signal Optimization project. Lighting improvements were made at Fairmount Park, Wichita Skatepark and Reflection Square.

Wichita Transit, the largest transit system in the state of Kansas, partnered with the WPD to develop street safety training modules and videos for multiple modes of travel (i.e., walking, driving and bicycling), and implemented Transit-related portions of the Wichita Bicycle Master Plan. These efforts are aimed at making mobility easier, safer and more convenient. Transit enhanced fixed route operations, resulting in an approximate 20% increase in ridership compared to 2016. Additionally, Transit was awarded a \$2.6 million FTA grant to replace its fleet of aging Q-LINE trolleys. Transit operates a fleet of seven trolleys that are between 13 and 16 years old.

Nearly 600 public housing units will be rehabilitated or rebuilt starting as soon as the summer of 2018 with initiation of a federally-funded pilot program. The City of Wichita's Housing Authority was awarded admittance into the Rental Assistance Demonstration (RAD) pilot program, which is part of the U.S. Department of Housing and Urban Development's (HUD) massive two-year redevelopment program. The City's public housing neighborhoods will receive an extreme makeover and participants will have an opportunity to live in newly renovated homes, providing a boost to the local economy.

To develop a plan for the future of aquatics in Wichita, the Park and Recreation Department initiated an extensive citizen engagement process in 2011. The process led to approval by the City Council of the Aquatics Master Plan in early 2017. The modern aquatics system will include several modern pools, as well as water playgrounds within walking distance for many parts of the community.

The City's Park and Recreation Department received national accreditation from the Commission for Accreditation of Park and Recreation Agencies (CAPRA). Wichita Park and Recreation is one of only 150 accredited agencies in the country. The City manages and maintains 144 public parks spread across over 5,000 acres of park land and 2,500 acres of right-of-way. There are also nine neighborhood recreation centers, eight swimming pools, the Riverside Tennis Center, O.J. Watson Park, the Great Plains Nature Center, Botanica, The Wichita Gardens and five 18-hole public golf courses. Wichita also expanded its commitment to the park system and the community with several new initiatives. In April, the City held a groundbreaking ceremony for the first phase development of the new 56-acre Pracht Wetlands Park (formerly Cadillac Lake). The \$7.2 million project will be completed in phases to include walking paths, boardwalks and interpretive signage.

For the sixth time, the City participated in the National City Survey, seeking feedback from residents about service delivery and community priorities. Residents are surveyed about a variety of local government services, such as snow removal, utility billing, parks and public safety services. The National Citizen Survey is administered by the National Research Center, Inc. It is the only citizen survey tool endorsed by the International City/County Management Association (ICMA) and the National League of Cities (NLC). In the 17 years since its inception, the National Citizen Survey has been administered nearly 1,000 times in more than 400 cities and counties. Furthering engagement efforts with citizens, the City of Wichita also partners with Nextdoor, a private social network for neighborhoods that improves city-wide and neighbor-to-neighbor communications. Connected with more than 200 Wichita neighborhoods, the City uses Nextdoor to engage safety and strengthen virtual neighborhood watch efforts.

The City continues to be successful in various tourism initiatives. In 2017, the Wichita Riverfest drew about 410,000 attendees, despite rain showers on the opening weekend. More than 7,500 volunteers and 275 partners helped sponsor 120 events and attractions, including the Safelite® Autoglass Sundown Parade, Spirit AeroSystems Rockin' on the River concert, the Wagonmaster's River Tours and the Capitol Federal Fireworks Finale. Many other events are offered through the year, including the Automobilia's Moonlight Car Show and Street Party, the Wagonmasters' Downtown Chili Cook-off, the Midwest Winefest, the Great Plains Renaissance Festival, the Midwest Beerfest, Zoobilee and the Winter Illuminations at Botanica, The Wichita Gardens.

The community also continues a rich tradition in performing arts. Every year since 2002, Theater League's "Broadway Wichita" presents shows like *Wicked*, *Rent* and *The Book of Mormon*. More than 28,600 people attended 16 performances of the musical *Wicked* with \$2.5 million in ticket sales. In 2017, Music Theatre Wichita continued to present Broadway

scale musicals such as Disney's Newsies, The Hunchback of Notre Dame, Seven Brides for Seven Brothers, Hairspray and Thoroughly Modern Millie.

The Wichita area is also host to the Wichita Symphony Orchestra, summer outdoor concerts at Cowntown and WaterWalk, the Tallgrass Film Festival and many other performing arts events that enrich the community. Wichita also brings nationally recognized performing artists to venues like the INTRUST Bank Arena. In 2017, INTRUST Bank Arena hosted artists such as the Foo Fighters, Thomas Rhett, Tim McGraw and Faith Hill, George Lopez and D.L. Hughley, Eric Church, Miranda Lambert, Brantley Gilbert and Red Hot Chili Peppers. According to the Arts & Economic Prosperity (AEP5) national economic impact study, the non-profit arts and cultural industry annually generate \$95 million in economic activity in Wichita<sup>5</sup>.

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

College athletics excite and unite the community. The Wichita State University men's and women's basketball teams continue to earn spots in the NCAA<sup>6</sup> Division I Basketball Tournaments, with the men's team making its seventh consecutive tournament appearance this year. The men's team went to the final four in 2013, the round of 32 in 2014, the sweet sixteen in 2015 and the round of 32 in 2016. In March 2018, Wichita was one of eight sites to host preliminary rounds one and two of the NCAA Men's Basketball Tournament at the INTRUST Bank Arena. The event carried an estimated \$10 million direct economic benefit to the community and was widely hailed as an unequivocal success.

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

### *Awards and Acknowledgments*

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Wichita, Kansas for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ending on December 31, 2016. The 2016 award represents the 44th consecutive year that the City earned this award.

The GFOA awarded an Award for Outstanding Achievement for Popular Reporting to the City of Wichita, Kansas for its Popular Annual Financial Report (PAFR) for the fiscal year ending on December 31, 2016. The 2016 award represents the City's eighth award, with the City earning the award in each year of participation.

The City also received the GFOA's Certificate of Achievement for Excellence in Financial Reporting for the Wichita Retirement Systems CAFR for the fiscal year ending on December 31, 2016. The 2016 award represents the 18th consecutive year that the Wichita Retirement Systems earned this recognition.

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

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

For the 30th consecutive year, the City earned the GFOA's Distinguished Budget Presentation Award for its 2018 budget document. The award is the highest form of recognition in governmental budgeting. To receive the award, a government must publish a budget document judged to be proficient as a policy document, a financial plan, an operations guide and

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

<sup>6</sup>National Collegiate Athletic Association.

a communications device. The award is the budgetary counterpart to the Certificate of Achievement and is valid for one year only.

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

Respectfully submitted,



Robert Layton  
City Manager



Shawn Henning  
Director of Finance



Government Finance Officers Association

**Award for  
Outstanding  
Achievement in  
Popular Annual  
Financial Reporting**

Presented to

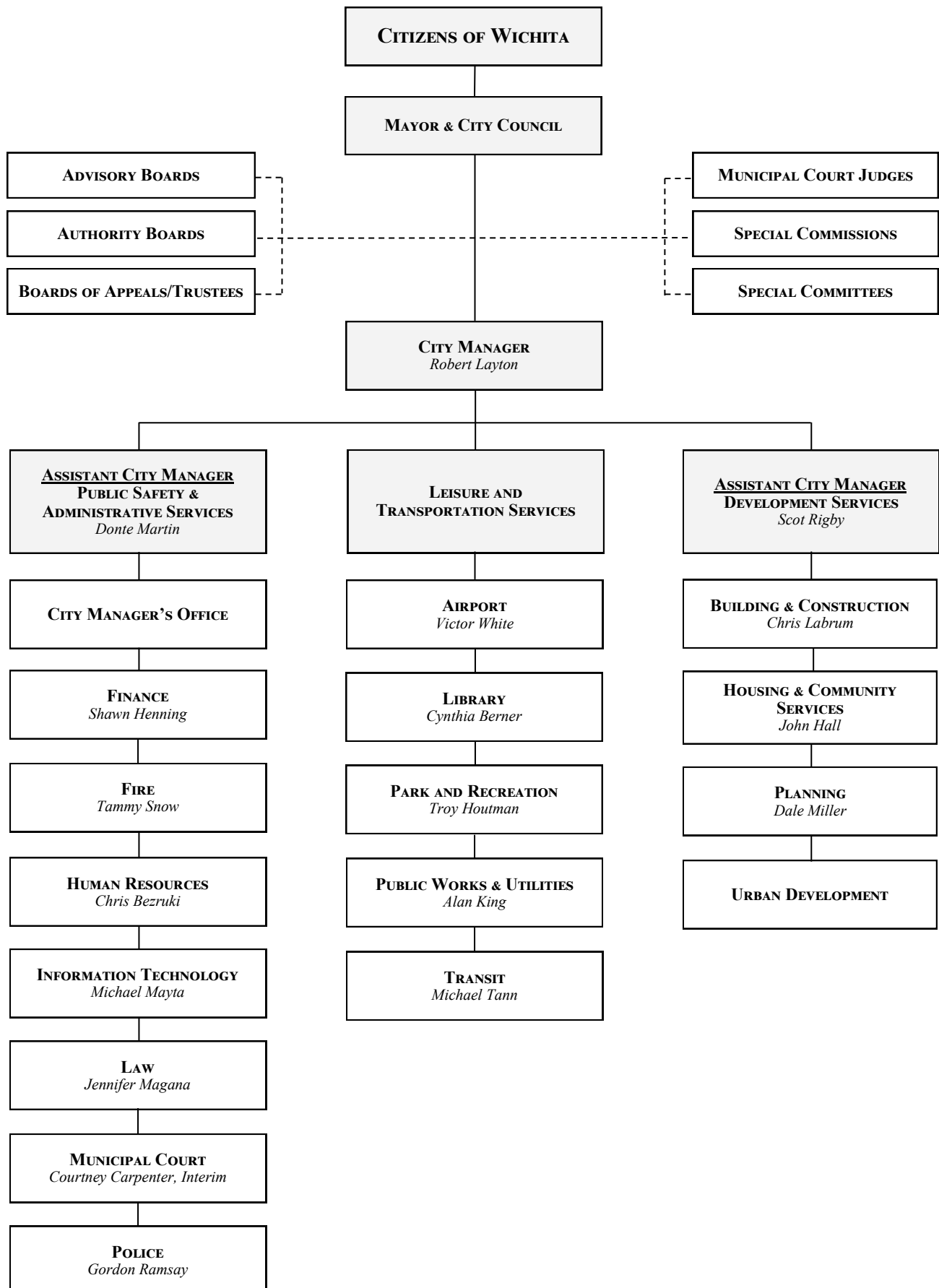
**City of Wichita  
Kansas**

For its Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO



## CITY COUNCIL MEMBERS

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

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

## CITY OFFICES

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

## ***FINANCIAL SECTION***

***FINANCIAL SECTION***



## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members  
**City of Wichita, Kansas**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wichita, Kansas (City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wichita, Kansas, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

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

The combining and individual nonmajor fund financial statements and schedules, Additional Information section, Water Utilities section, Schedule of Expenditures of Federal Awards required by the Uniform Guidance, and Schedule of Passenger Facility Charges required by the *Passenger Facility Charge Audit Guide for Public Agencies* are the responsibility of management and were derived from and 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, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 City's internal control over financial reporting and compliance.

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

June 27, 2018  
Wichita, Kansas

This management discussion and analysis provides an overview of the City's financial activities and performance for the fiscal year ended December 31, 2017. The management discussion and analysis is presented in conjunction with the transmittal letter at the front of this report and the City of Wichita's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The City's net position increased \$25.4 million during 2017 (excluding prior period adjustments). The most significant increases in net position occurred in the Water, Sewer and Stormwater Utility Funds. The decrease in net position for governmental activities included a \$29.7 million charge to highways and streets expense due to a change in estimate, described in more detail in Note 22 - Change in Accounting Estimate.
- Approximately 78% of the City's total assets are held in capital assets.
- The cost of governmental activities was \$409.2 million in 2017 compared to \$342.5 million in 2016, an increase of \$66.7 million or 19.5%. This change was primarily due to a higher level of 2017 expenses reported in highways and streets and general government functions as compared to the prior year, which includes the \$29.7 million change in estimate in the highways and streets function. This expense was recorded for improvements which were not eligible for capitalization, mostly representing the City's contribution for infrastructure improvements that will be maintained by other entities.
- The cost of business-type activities was \$197.7 million in 2017 compared to \$191.7 million in 2016, an increase of \$6.0 million or 3.1%, due primarily to increased personnel services, depreciation and other non-operating expenses.
- Property tax revenue increased \$2.4 million or 2.2% in 2017 from the prior year.
- In 2017, bonded debt increased by \$24.2 million, primarily due to the issuance of bonds to fund Sewer Utility projects.
- In governmental activities, capital grants and contributions increased \$25.8 million in 2017 due primarily to: (1) STAR bonds of \$21.1 million, payable by the State of Kansas, which are dedicated to the construction of an additional youth multi-sports complex and (2) the State Office Building parking garage, valued at \$7.8 million, which was assigned to the City pursuant to the dissolution of the Wichita Public Building Commission (WPBC) in 2017.
- On a budgetary basis, the General Fund reported \$1.8 million of revenue and other sources in excess of expenditures and other uses for 2017. On December 31, 2017, the General Fund reported a budgetary fund balance of 19.6% of the 2018 Adopted Budget, including appropriated reserves of \$25 million.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The *Statement of Activities* reports how the government's net position changed during the most recent fiscal year. All changes in net position (current year's revenues and expenses) are taken into account regardless of

when cash is received or paid. Thus, revenues and expenses are reported in the *Statement of Activities* for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities), and from the City's discretely presented component unit, the Wichita Public Building Commission. Governmental activities of the City include general government, public safety, highways and streets, sanitation, health and welfare, and culture and recreation. Business-type activities include the water utility, sewer utility, airport authority, stormwater utility, golf course system and transit.

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

- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on cash flows and other financial assets that can be readily converted to cash and are available in the near future to finance the City's programs. The differences between the short-term view of governmental fund statements and the long-term view of the governmental activities on the entity-wide financial statements are provided in reconciliations on pages A-17 and A-19. Primary differences are the impact of accounting for capital assets and long-term obligations.

The City maintains 24 individual governmental funds. Information is presented separately on the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balances* for the funds considered major funds. Information for 20 nonmajor governmental funds is combined into a single, aggregated presentation. Individual fund data for each nonmajor governmental fund is provided in the form of combining statements beginning on page B-1.

The City of Wichita adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund on page A-21, demonstrating compliance with the appropriated budget. For the purposes of this report, the General Fund consists of several separately appropriated subfunds. Budgetary compliance with the appropriated subfunds of the General Fund is provided in the Governmental Funds Section of this report, which begins on page B-1. A more detailed budgetary statement of the General Fund, as appropriated, is also provided in the Governmental Funds Section, along with other supplementary budgetary governmental fund statements.

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

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

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

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

**Other Financial Information** As mentioned previously, the Comprehensive Annual Financial Report includes other information in addition to the basic financial statements, as follows:

- *Notes to the financial statements* provide information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements immediately follow the basic financial statements.
- *Required Supplementary Information* is presented following the notes to the financial statements, and includes information concerning the City's pension plans and other post-employment benefits.
- *Additional Information* is presented beginning on page G-1 and includes supplementary schedules pertaining to long-term debt obligations and insurance policies in force as of December 31, 2017.
- The *Statistical Section*, presented beginning on page H-1, provides detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health. The Statistical Section provides information about financial trends, revenue capacity, debt capacity, demographic and economic indicators, as well as other operating information.
- The *Single Audit Section* of this report includes information about federal participation in various projects and programs of the City and relevant reports of the City's independent auditor.
- The *Water Utilities Section* provides for the specific informational needs of water and sewer revenue bondholders.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

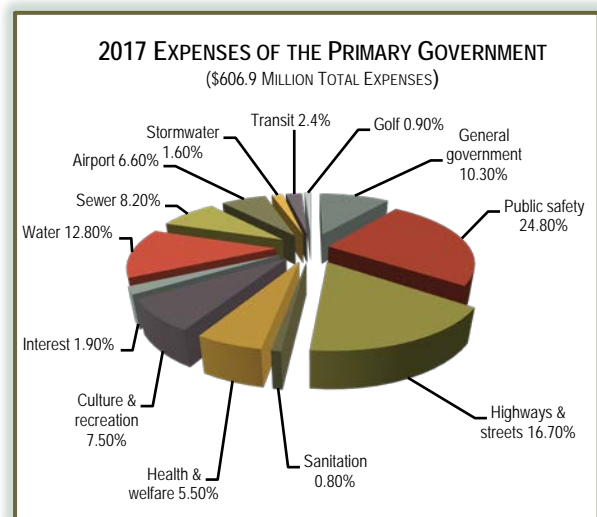
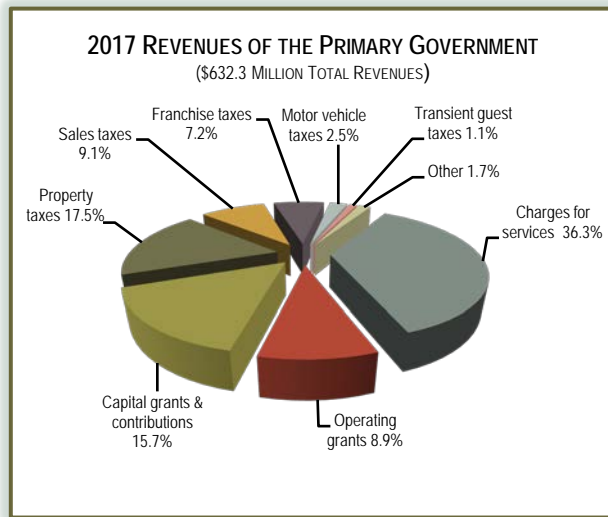
**Net Position of the Primary Government and Component Unit** The net position of the primary government, which can serve as a useful indicator of a government's financial position over time, shows an increase of \$25.4 million for 2017 (excluding prior period adjustments). Approximately 79% of the City's net position consists of its net investment in capital assets (e.g., land, buildings, improvements, equipment), net of related debt. The City uses capital assets to provide services to citizens; consequently, capital assets are not available for future spending. An additional portion of the net position represents resources with external restrictions dedicated to specific purposes. The unrestricted portion of the net position that may be used for the government's ongoing operations is \$106 million.

Net Position – Primary Government As of December 31, (in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 525.4	\$ 511.9	\$ 291.4	\$ 235.1	\$ 816.8	\$ 747.0
Capital assets	1,290.5	1,287.0	1,683.4	1,671.3	2,973.9	2,958.3
Total assets	1,815.9	1,798.9	1,974.8	1,906.4	3,790.7	3,705.3
Total deferred outflows of resources	85.2	96.3	32.4	35.1	117.6	131.4
Non-current liabilities	545.1	559.1	779.9	725.9	1,325.0	1,285.0
Other liabilities	119.0	94.2	31.3	50.4	150.3	144.6
Total liabilities	664.1	653.3	811.2	776.3	1,475.3	1,429.6
Total deferred inflows of resources	128.2	127.5	3.5	3.8	131.7	131.3
Net position:						
Net investment in capital assets	860.2	831.1	966.4	956.4	1,826.6	1,787.5
Restricted net position	228.1	244.9	140.6	132.5	368.7	377.4
Unrestricted net position	20.5	38.4	85.5	72.5	106.0	110.9
Total net position	\$ 1,108.8	\$ 1,114.4	\$ 1,192.5	\$ 1,161.4	\$ 2,301.3	\$ 2,275.8

The following table summarizes the revenues and expenses that contributed to the increase in the net position of the primary government. For the primary government, total revenues increased by \$6.3 million while expenses increased \$72.7 million from the prior year.

Changes in Net Position – Primary Government For the Year Ended December 31, (in millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 42.2	\$ 58.6	\$ 187.6	\$ 175.7	\$ 229.8	\$ 234.3
Operating grants and contributions	49.2	49.0	6.8	7.4	56.0	56.4
Capital grants and contributions	76.8	51.0	22.3	33.5	99.1	84.5
General revenues						
Property taxes	110.6	108.2	-	-	110.6	108.2
Sales taxes	57.7	58.7	-	-	57.7	58.7
Franchise taxes	45.6	44.8	-	-	45.6	44.8
Motor vehicle taxes	15.7	15.7	-	-	15.7	15.7
Transient guest taxes	7.1	7.2	-	-	7.1	7.2
Investment earnings	3.9	2.2	0.4	0.1	4.3	2.3
Miscellaneous	5.7	12.6	0.7	1.3	6.4	13.9
Total revenues	414.5	408.0	217.8	218.0	632.3	626.0
<b>Expenses</b>						
General government	62.7	47.6	-	-	62.7	47.6
Public safety	150.5	151.4	-	-	150.5	151.4
Highways and streets	101.1	44.7	-	-	101.1	44.7
Sanitation	5.0	5.0	-	-	5.0	5.0
Health and welfare	33.4	35.0	-	-	33.4	35.0
Culture and recreation	45.2	43.9	-	-	45.2	43.9
Interest on long-term debt	11.3	14.9	-	-	11.3	14.9
Water Utility	-	-	77.8	75.3	77.8	75.3
Sewer Utility	-	-	50.0	48.5	50.0	48.5
Airport Authority	-	-	39.9	38.7	39.9	38.7
Stormwater Utility	-	-	9.9	10.1	9.9	10.1
Golf Course System	-	-	5.3	5.0	5.3	5.0
Transit	-	-	14.8	14.1	14.8	14.1
Total expenses	409.2	342.5	197.7	191.7	606.9	534.2
Excess before transfers, special item and period adjustments	5.3	65.5	20.1	26.3	25.4	91.8
Special item – loss on sale of Hyatt Hotel	-	(11.8)	-	-	-	(11.8)
Transfers	(11.0)	(4.1)	11.0	4.1	-	-
Increase in net position	(5.7)	49.6	31.1	30.4	25.4	80.0
Net position, beginning of year	1,114.4	1,044.5	1,161.4	1,119.9	2,275.8	2,164.4
Prior period adjustments	0.1	20.3	-	11.1	0.1	31.4
Net position, end of year	<u>\$ 1,108.8</u>	<u>\$ 1,114.4</u>	<u>\$ 1,192.5</u>	<u>\$ 1,161.4</u>	<u>\$ 2,301.3</u>	<u>\$ 2,275.8</u>





**Governmental activities:** The net position of governmental activities decreased \$5.7 million in 2017 (excluding prior period adjustments). Governmental revenues, excluding transfers, were \$6.5 million higher in 2017 as compared to 2016. The increase in capital grants and contributions, which recorded a \$25.8 million increase over 2016, was mostly due to the issuance of STAR bonds by the State of Kansas for the Stryker Complex. Property taxes also increased \$2.4 million in 2017 over 2016. These increases were offset by a \$16.4 million decrease in charges for services. This decrease was primarily related to the allocation of the revenue and expense of the internal service funds to governmental activities. The internal service funds reported an increase in net position of \$0.3 million in 2017, compared to an increase of \$6.7 million in 2016.

The \$66.7 million increase in expenses from the prior year for governmental activities largely consists of a \$56.4 million increase in highways and streets and a \$15.1 million increase in general government expenses. These changes are related primarily to an increased level of non-capital expenses, including outlays for assets which will be maintained by other entities, such as freeways, which are reported in those functions.

The net investment in governmental capital assets increased \$29.1 million through a combination of capital additions, offset by reductions in long-term debt. Cash and cash equivalents were \$21 million higher at the close of 2017 due primarily to funds held in escrow for STAR bond projects.

**Business-type activities:** A \$31.1 million increase in the net position of business-type activities (excluding prior period adjustments) was recorded in 2017. The greatest increase in net position resulted from activities in the Sewer Utility Fund, followed by activities in the Water Utility and Stormwater Utility Funds.

Each of the utilities implemented rate increases in 2017, which contributed to the overall increase for charges for services of \$11.9 million for business-type activities. Additionally, the total number of customers of utilities also increased during 2017.

**Discretely presented component unit:** The Wichita Public Building Commission (WPBC) is a discretely presented component unit of the City of Wichita that acquires and finances assets for the City of Wichita or other governmental units. In November 2017, the WPBC Board dissolved the WPBC and assigned all of its assets, including a parking garage, proceeds from the sale of the State Office Building and the State Office Building fund balance to the City of Wichita.

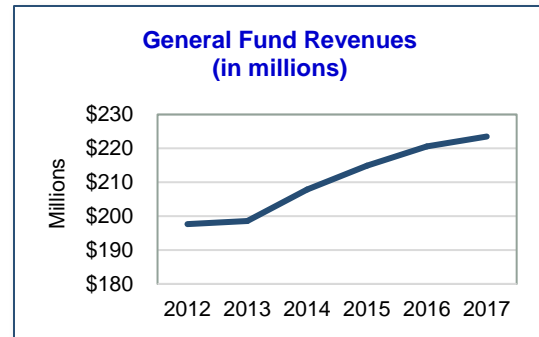
## ANALYSIS OF THE GOVERNMENT'S FUNDS

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

The governmental funds reported a combined ending fund balance of \$94.1 million in 2017 as compared to \$103.5 million at the close of 2016. The \$9.4 million decrease in fund balance largely results from outlays in the capital projects funds offset by increases in the Debt Service Fund related to the issuance of long-term debt.

The General Fund is the major operating and taxing fund of the City of Wichita. At the close of 2017, the unassigned fund balance of the General Fund and its combined subfunds was \$33.3 million compared to \$36.4 million last year. Revenue of the General Fund and its subfunds, excluding transfers, was \$2.9 million above last year, with expenditures also \$3.1 million higher than last year.

The increase in revenues primarily resulted from a \$1.8 million increase in investment earnings due to changing market conditions, as well as a \$1.5 million increase in property taxes and a \$1.9 million increase in other revenues.



General Fund Expenditures by Function  
Fiscal years 2013 through 2017  
(dollars in millions)

	2013	2014	2015	2016	2017	2017 Percent of Total
General government	\$ 32.0	\$ 32.3	\$ 33.1	\$ 34.3	\$ 34.6	15.5%
Public safety	119.6	120.8	121.9	126.2	128.0	57.5%
Highways and streets	16.7	18.4	20.3	19.8	20.2	9.1%
Sanitation	2.6	2.7	2.7	2.7	2.7	1.2%
Health and welfare	3.8	3.6	3.7	4.0	4.0	1.8%
Culture and recreation	27.5	27.9	30.2	32.7	33.3	14.9%
Total expenditures	<u>\$ 202.2</u>	<u>\$ 205.7</u>	<u>\$ 211.9</u>	<u>\$ 219.7</u>	<u>\$ 222.8</u>	<u>100.0%</u>

The fund balance of the Debt Service Fund and its subfunds increased \$20.3 million in 2017, primarily related to the issuance of long-term debt.

In the Street Improvement Fund, ongoing expenditures for street and arterial improvements contributed to the \$9.9 million decrease in fund balance during 2017. The fund balance will be restored when permanent financing for those projects is issued. Capital expenditures of \$68.6 million were recorded in the Street Improvement Fund in 2017, representing an increase of \$4 million from the prior year.

In the Public Improvement Construction Fund, fund balance decreased \$7.7 million during 2017. Capital expenditures of \$38.4 million increased \$21.3 million from 2016 and included \$18.5 million for the Advanced Learning Library.

Fund balance in the nonmajor governmental funds declined \$12.5 million from 2016, excluding prior period adjustments. The majority of the decrease was due to a higher level of transfers made from the Local Sales Tax CIP Fund to the Street Improvement Fund to fund expenditures for freeway improvements in 2017 as compared to 2016.

**Proprietary Funds** The increase in net position from operations of the Enterprise Funds totaled \$30.6 million in 2017, primarily due to operating income reported by the Water, Sewer and Stormwater Utility Funds.

The Water Utility, which accounts for the operation and maintenance of the water supply system, implemented a rate increase at the beginning of 2017 to ensure adequate resources for operations, capital maintenance and capital investments, resulting in an increase in net position of \$9 million.

The Sewer Utility, which accounts for the wastewater treatment system, also implemented a 2017 rate increase which contributed to higher revenues of \$2.8 million. The operating income of \$15.2 million, combined with nonoperating expenses and capital contributions, yielded a \$12.2 million increase in the net position of the Sewer Utility.

The Airport Authority Fund captures the financial activity for the Dwight D. Eisenhower National Airport, serving commercial airlines, as well as Jabara Airport which serves smaller aircraft. The net position of the Airport Authority Fund increased approximately \$1.1 million during 2017, compared to an increase of \$8.7 million in 2016. This change was primarily due to a decrease in capital contributions of \$9.1 million compared to 2016.



The Stormwater Utility is funded from fees paid by customers. The Utility operates eleven pump stations, which move excess surface water from heavy rains. The Utility also maintains the Wichita-Valley Center Floodway, a levee system that redirects excess river water around the city. The net position of the Stormwater Utility Fund increased \$5.9 million in 2017. In April 2017, the City Council approved a monthly base fee and new fee structure for residential customers to address equity concerns and to provide additional resources for capital improvements. Operating revenues of the utility increased \$2.7 million, while operating expenses of the utility decreased approximately \$0.7 million.

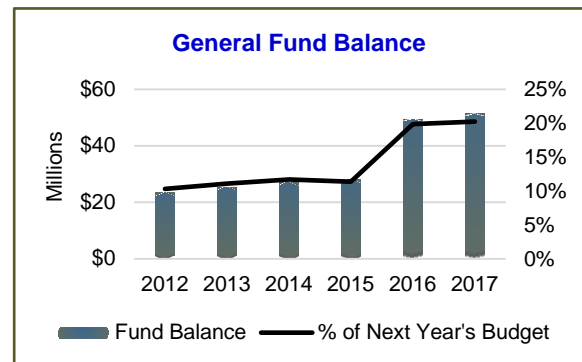
Net Position of Proprietary Funds (dollars in thousands)		
	2017	2016
Water Utility	\$ 469,752	\$ 460,763
Sewer Utility	320,595	308,423
Airport Authority	208,850	207,761
Stormwater Utility	164,615	158,717
Golf Course System	(2,140)	(1,203)
Transit	26,374	22,994
Total	<u>\$ 1,188,046</u>	<u>\$ 1,157,455</u>

In the nonmajor enterprise funds, the net position of the Golf Fund continued to decline by \$0.9 million resulting in a negative net position of \$2.1 million. To provide financial assistance to the fund, an interfund loan with a long-term repayment plan is recorded.

Also in the nonmajor enterprise funds, the Transit Fund has benefited from temporary loans to strengthen the fund's financial position. A loss of \$6.1 million before capital contributions and operating transfers was recognized for 2017. With capital contributions of \$4.7 million and transfers of \$4.8 million, the net position of the Transit Fund increased \$3.4 million in 2017. On December 31, 2017, \$1 million in interfund loans were outstanding. Additionally, as cash needs fluctuate, operations are augmented with the City's pooled funds to address temporary cash deficiencies.

**General Fund Budgetary Highlights** Total revenues at year-end fell short of projections in the original and final budgets, but were \$3.4 million higher than 2016. Actual expenditures were \$3.6 million below the final budget and were 1.5% higher than 2016 expenditures. After transfers, the General Fund unencumbered fund balance increased \$1.8 million in 2017.

In 2016, the fund balance of the General Fund increased \$21.5 million, mostly due to the sale of the Hyatt Hotel for \$20 million. Expenditures increased \$3.2 million from 2016, with public safety expenditures increasing \$2.2 million. Police and Fire represent the bulk of public safety services and comprise the largest portion of General Fund expenditures. The higher cost of personnel is the most significant reason for the increase in expenditures for most functions within the General Fund.



On a budgetary basis, the General Fund ended 2017 with a fund balance of \$51.3 million, or 19.6% of the 2018 Adopted Budget, which includes an appropriated reserve of \$25 million for emergency needs.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets** At the end of 2017, the City of Wichita reported \$3 billion in capital assets net of depreciation, which is comparable to the amount reported at the end of 2016. Assets are acquired through the City's direct investments, capital contributions, grants and from street and right-of-way dedications. The net investment in capital assets includes land, buildings, machinery, equipment, vehicles, parks, roads, water and sewer treatment facilities, airports, golf courses and many other assets. Additional information on changes in capital assets can be found in Note 6 to the financial statements.

Capital Assets Net of Depreciation As of December 31, (in thousands)							
	Governmental Activities		Business-type Activities		Total Primary Government		Percent Change
	2017	2016	2017	2016	2017	2016	
Land	\$ 294.3	\$ 289.9	\$ 43.1	\$ 43.1	\$ 337.4	\$ 333.0	1.3%
Airfields	-	-	36.0	40.2	36.0	40.2	(10.4%)
Buildings and improvements	217.9	193.4	1,390.5	1,386.2	1,608.4	1,579.6	1.8%
Equipment	31.0	35.3	104.1	112.1	135.1	147.4	(8.3%)
Infrastructure	620.5	617.7	-	-	620.5	617.7	0.5%
Construction in progress	126.8	150.7	109.7	89.7	236.5	240.4	(1.6%)
Total	<u>\$ 1,290.5</u>	<u>\$ 1,287.0</u>	<u>\$ 1,683.4</u>	<u>\$ 1,671.3</u>	<u>\$ 2,973.9</u>	<u>\$ 2,958.3</u>	0.5%

Major capital outlays in the City's governmental activities during 2017 included the following projects:

- Major freeway and arterial streets totaling approximately \$58.7 million, including East Kellogg improvements of \$27.5 million and Pawnee, Hydraulic to Grove improvements of \$4.6 million. A portion of these outlays represent amounts expended for projects which will be contributed to other entities and will therefore not be capitalized by the City.
- Bridge improvements totaling \$3 million.
- Neighborhood paving projects totaling \$6.9 million.
- Various improvements of park facilities and playgrounds totaling \$2 million.
- Central Library relocation investment totaling \$18.5 million.
- Contributions toward the construction of the Law Enforcement Training Center of \$5 million.
- Replacement of fleet vehicles totaling \$4 million.

The most significant capital asset investments in 2017 for the business-type activities are listed below:

- Transit bus and van purchases for public transportation totaling \$3 million.
- Automated water meter project totaling \$1.3 million.
- Improvements to the City's water utility infrastructure totaling approximately \$24.3 million, including repairs and rehabilitation of water mains of \$1.6 million.
- Improvements to the City's sewer utility infrastructure totaling approximately \$18.1 million, including sanitary sewer reconstruction and rehabilitation totaling \$3.8 million, improvements to the Four Mile Creek Wastewater Plant of \$7.7 million and force main rehabilitation and improvements of \$3 million.
- Dwight D. Eisenhower Airport improvements totaling \$6.7 million.

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

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

At year-end, the City had \$1.04 billion in outstanding bonds. Of this amount, outstanding general obligation bonds payable from governmental activities revenue sources totaled \$337.1 million. The City also held \$90.3 million in general obligation temporary notes. The most significant temporary notes outstanding were \$84.9 million in governmental capital project funds. Bonded debt of the City of Wichita increased by \$24.2 million in 2017.

General Obligation and Revenue Bonds  
As of December 31,  
(in millions)

Revenue source	Governmental Activities		Business-type Activities		Total Primary Government	
	2017	2016	2017	2016	2017	2016
Ad valorem property taxes	\$ 47.6	\$ 58.2	\$ -	\$ -	\$ 47.6	\$ 58.2
Special assessments	172.7	167.6	-	-	172.7	167.6
Tax increment financing	18.0	20.8	-	-	18.0	20.8
Transient guest tax	2.5	2.5	-	-	2.5	2.5
Local sales tax	99.4	115.5	-	-	99.4	115.5
Enterprise funds	-	-	699.9	651.3	699.9	651.3
Total	<u>\$ 340.2</u>	<u>\$ 364.6</u>	<u>\$ 699.9</u>	<u>\$ 651.3</u>	<u>\$ 1,040.1</u>	<u>\$ 1,015.9</u>

Kansas state statutes limit the amount of general obligation bonds a City can issue to 30% of the equalized tangible valuation. The 2017 limitation for the City was \$1.1 billion, with a legal debt margin of \$833.8 million. More detailed information regarding long-term debt is located in Note 9 to the financial statements, the Additional Information Section, as well as the Statistical Section of this report.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET<sup>1</sup>

The unemployment rate declined in 2017 in the Wichita area, which was the seventh consecutive year unemployment either declined or held steady in the local economy after peaking in 2010. The Wichita MSA has had a lower unemployment rate than the City of Wichita during this period, though the gap between the two has narrowed as the economy nears full employment. In the coming year, the unemployment rate is expected to modestly decline, with large decreases unlikely due to the already low level of unemployment in the area. While still unlikely in the next 12 months, the risk of recession, nationally and locally, continues to increase as the current expansion lengthens, now in its eighth year.

Other economic indicators suggest that the local economy will likely continue to grow as well. The Wichita Leading Index, a measure of the expected performance of the economy over the next six months, improved in 2017 to 96.4 index points, a 1.3% increase over its 2016 level. In December 2017, the index reached its highest value since the 2008 recession, due to improvements in aircraft production levels and the overall Kansas economy.

	Average Annual Unemployment Rates <sup>2</sup>		
	Wichita	Wichita MSA	Nation
2014	5.6%	5.2%	6.2%
2015	5.0%	4.6%	5.3%
2016	4.8%	4.6%	4.9%
2017	4.4%	4.2%	4.4%

Housing demand has continued to grow, with 2017 total home sales nearing their pre-recession peak from 2006 and the median sales price reaching a new high in 2017. The number of building permits for new single-family dwellings increased 0.5% in 2017 relative to 2016 levels, and the value of those permits increased 10.3%. The number of permits is only just over a third of the level averaged in the pre-recession years of 2004 to 2007 and is lower than any pre-2009 total dating back to 1975. The apartment vacancy rate increased slightly from 6.4% to 6.6% as over 1,000 new units were added to the local market in 2017. Over 1,000 additional units are expected to be added to the market within the next two years as demand for apartments remains high in the city. Continued demand for homes and apartments should help fuel increases in construction activity in 2018 and beyond.

The nonresidential real estate market also continued to improve in 2017. The value of nonresidential building permits in 2017 was more than double that of 2016, with several large remodeling and renovation projects causing much of the increase. Declining vacancy rates and increased rents are indicators of the improving market conditions and increased demand in the office, retail and industrial markets. The overall office vacancy rate fell from 21.3% to 19.6% while the asking rents increased by 2% in Class A spaces. In the retail market, rents increased by 6.1% while the vacancy rate declined by 3%. The non-aircraft industrial market had the largest improvement in its vacancy rate, which declined from 9.6% in 2016 to 4.5% in 2017 while rents increased

<sup>1</sup> Economic information was compiled by Center for Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University.

<sup>2</sup> Unemployment statistics reflect revisions made by the Kansas Department of Labor to the data as originally reported.

by 2.8%<sup>3</sup>. The aircraft industry has also seen positive signs in the past year, with Spirit AeroSystems committing over \$1 billion to improvements to their Wichita facilities.

The Wichita economy has several positive indicators that suggest the Wichita economy is likely to continue to grow in 2018. Low unemployment and tightening markets in residential and commercial real estate are both signs that the local economy is thriving and reaching its full potential. The local economy still has several risk factors for the coming years, including exposure to potential recessions at the national level, the Wichita manufacturing's heavy concentration in the business jet market, and state and national policy uncertainty. Unless these risk factors substantially slow growth in the local economy, the Wichita area economy is expected to continue its modest, consistent growth in 2018.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

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<sup>3</sup> NAI Martens, 2018 Forecast. <http://www.naimartens.com/Portals/227/2018%20Forecast.pdf>

**CITY OF WICHITA, KANSAS**

**STATEMENT OF NET POSITION**

December 31, 2017

	Primary Government			Component Unit
	Governmental	Business-type		Wichita Public
	Activities	Activities	Total	Building
				Commission
<b>ASSETS</b>				
Cash and cash equivalents	\$ 174,740,929	\$ 77,784,445	\$ 252,525,374	\$ -
Investments	3,349,763	-	3,349,763	-
Receivables, net:				
Due from other agencies	6,349,862	4,570,069	10,919,931	-
Accounts receivable	276,966,975	25,287,216	302,254,191	-
Notes receivable	1,462,821	-	1,462,821	-
Internal balances	3,023,287	(3,023,287)	-	-
Inventories	1,035,660	2,657,576	3,693,236	-
Prepaid items	2,102,059	825,981	2,928,040	-
Restricted assets:				
Temporarily restricted:				
Cash and cash equivalents	54,998,941	177,926,874	232,925,815	-
Investments	1,086,000	-	1,086,000	-
Net investment in direct financing leases	-	5,460,000	5,460,000	-
Permanently restricted:				
Investments	235,437	-	235,437	-
Capital assets:				
Land and construction in progress	421,085,054	152,821,905	573,906,959	-
Other capital assets, net	869,462,033	1,530,534,595	2,399,996,628	-
Total capital assets	1,290,547,087	1,683,356,500	2,973,903,587	-
Total assets	1,815,898,821	1,974,845,374	3,790,744,195	-
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Unamortized refunding costs	693,100	18,019,592	18,712,692	-
Deferred outflows related to pensions	84,553,629	14,355,346	98,908,975	-
Total deferred outflows of resources	85,246,729	32,374,938	117,621,667	-
<b>LIABILITIES</b>				
Accounts payable and other liabilities	30,430,180	12,501,646	42,931,826	-
Accrued interest payable	2,738,932	5,695,696	8,434,628	-
Temporary notes payable	84,900,772	5,439,228	90,340,000	-
Deposits	787,105	4,484,509	5,271,614	-
Unearned revenue	66,603	3,142,110	3,208,713	-
Due to other agencies	104,230	-	104,230	-
Noncurrent liabilities, including claims payable:				
Due within one year	67,404,648	39,740,234	107,144,882	-
Due in more than one year	477,698,549	740,199,450	1,217,897,999	-
Total liabilities	664,131,019	811,202,873	1,475,333,892	-
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	102,879,719	-	102,879,719	-
Deferred inflows related to pensions	25,348,596	3,469,669	28,818,265	-
Total deferred inflows of resources	128,228,315	3,469,669	131,697,984	-
<b>NET POSITION</b>				
Net investment in capital assets	860,154,726	966,424,643	1,826,579,369	-
Restricted for:				
Capital projects	14,593,731	9,554,131	24,147,862	-
Highways and streets	2,957,568	-	2,957,568	-
Debt service	180,661,179	-	180,661,179	-
Revenue bond covenants	-	131,054,513	131,054,513	-
Cemetery:				
Expendable	1,265,719	-	1,265,719	-
Nonexpendable	235,437	-	235,437	-
Other purposes	28,371,809	-	28,371,809	-
Unrestricted	20,546,047	85,514,483	106,060,530	-
Total net position	\$ 1,108,786,216	\$ 1,192,547,770	\$ 2,301,333,986	\$ -

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

# CITY OF WICHITA, KANSAS

## STATEMENT OF ACTIVITIES

For the year ended December 31, 2017

FUNCTIONS/ PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
General government	\$ 62,657,254	\$ 24,336,947	\$ 2,843,469	\$ 9,087,653
Public safety	150,547,674	3,243,946	2,534,245	241,189
Highways and streets	101,126,962	3,584,711	15,127,235	46,202,852
Sanitation	5,034,804	4,709,688	-	-
Health and welfare	33,392,159	2,590,218	26,224,990	49,174
Culture and recreation	45,189,422	3,706,770	2,488,171	21,210,600
Interest on long-term debt	11,258,183	-	-	-
Total governmental activities	<u>409,206,458</u>	<u>42,172,280</u>	<u>49,218,110</u>	<u>76,791,468</u>
Business-type activities:				
Water Utility	77,795,021	81,026,150	-	4,135,514
Sewer Utility	49,942,503	57,409,205	-	1,681,498
Airport Authority	39,887,132	31,011,350	-	9,931,783
Stormwater Utility	9,936,548	11,896,611	-	1,856,267
Golf Course System	5,295,809	4,352,014	-	-
Transit	14,828,929	1,908,095	6,781,410	4,684,621
Total business-type activities	<u>197,685,942</u>	<u>187,603,425</u>	<u>6,781,410</u>	<u>22,289,683</u>
Total primary government	<u>\$ 606,892,400</u>	<u>\$ 229,775,705</u>	<u>\$ 55,999,520</u>	<u>\$ 99,081,151</u>
Component unit:				
Wichita Public Building Commission	<u>\$ 708,582</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

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

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning, as previously reported

Prior period adjustment

Net position - beginning, restated

Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Wichita Public Building Commission
\$ (26,389,185)	\$ -	\$ (26,389,185)	\$ -
(144,528,294)	-	(144,528,294)	-
(36,212,164)	-	(36,212,164)	-
(325,116)	-	(325,116)	-
(4,527,777)	-	(4,527,777)	-
(17,783,881)	-	(17,783,881)	-
(11,258,183)	-	(11,258,183)	-
(241,024,600)	-	(241,024,600)	-
-	7,366,643	7,366,643	-
-	9,148,200	9,148,200	-
-	1,056,001	1,056,001	-
-	3,816,330	3,816,330	-
-	(943,795)	(943,795)	-
-	(1,454,803)	(1,454,803)	-
-	18,988,576	18,988,576	-
(241,024,600)	18,988,576	(222,036,024)	-
-	-	-	(708,582)
110,623,765	-	110,623,765	-
57,682,854	-	57,682,854	-
45,563,488	-	45,563,488	-
15,738,434	-	15,738,434	-
7,065,174	-	7,065,174	-
3,921,036	428,282	4,349,318	-
5,720,002	714,314	6,434,316	708,582
(11,017,470)	11,017,470	-	-
235,297,283	12,160,066	247,457,349	708,582
(5,727,317)	31,148,642	25,421,325	-
1,114,461,934	1,161,399,128	2,275,861,062	-
51,599	-	51,599	-
1,114,513,533	1,161,399,128	2,275,912,661	-
\$ 1,108,786,216	\$ 1,192,547,770	\$ 2,301,333,986	\$ -

**CITY OF WICHITA, KANSAS**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

December 31, 2017

	General Fund	Debt Service Fund	Street Improvement Fund	Public Improvement Construction	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 67,562,171	\$ 18,136,636	\$ -	\$ -	\$ 60,585,994	\$ 146,284,801
Cash with fiscal agent	-	24,062,984	46,491	30,710,502	-	54,819,977
Investments	-	-	-	-	4,671,200	4,671,200
Receivables, net:						
Property taxes	76,170,644	26,709,075	-	-	-	102,879,719
Special assessments	-	160,351,268	-	-	-	160,351,268
Due from other agencies	-	-	5,951,723	-	398,139	6,349,862
Accounts receivable	2,580,467	44,527	2,683,784	-	6,323,119	11,631,897
Notes receivable	-	762,821	-	-	700,000	1,462,821
Due from other funds	800,000	5,668,420	-	-	24,687,486	31,155,906
Inventories	45,649	-	-	-	47,283	92,932
Prepaid items	4,900	-	-	-	86,217	91,117
Total assets	<u>\$ 147,163,831</u>	<u>\$ 235,735,731</u>	<u>\$ 8,681,998</u>	<u>\$ 30,710,502</u>	<u>\$ 97,499,438</u>	<u>\$ 519,791,500</u>
<b>LIABILITIES</b>						
Accounts payable and other liabilities	\$ 14,110,502	\$ 1,521,714	\$ 7,133,449	\$ 3,509,584	\$ 1,344,878	\$ 27,620,127
Accrued interest payable	-	-	106,770	117,881	36,426	261,077
Temporary notes payable	-	-	31,677,530	42,857,196	10,366,046	84,900,772
Deposits	-	293,247	63,002	-	197,490	553,739
Unearned revenue	66,603	-	-	-	-	66,603
Due to other agencies	-	-	-	-	104,230	104,230
Due to other funds	-	-	21,353,523	17,616,717	6,650,665	45,620,905
Total liabilities	<u>14,177,105</u>	<u>1,814,961</u>	<u>60,334,274</u>	<u>64,101,378</u>	<u>18,699,735</u>	<u>159,127,453</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue:						
Property taxes	76,170,644	26,709,075	-	-	-	102,879,719
Special assessments	-	160,351,268	-	-	-	160,351,268
Other	-	762,821	-	-	2,605,564	3,368,385
Total deferred inflows of resources	<u>76,170,644</u>	<u>187,823,164</u>	<u>-</u>	<u>-</u>	<u>2,605,564</u>	<u>266,599,372</u>
<b>FUND BALANCES (DEFICITS)</b>						
Nonspendable	850,549	-	-	-	368,937	1,219,486
Restricted	-	46,097,606	-	-	75,111,957	121,209,563
Committed	19,000,000	-	-	-	17,101,345	36,101,345
Assigned	3,703,977	-	-	-	850,243	4,554,220
Unassigned	33,261,556	-	(51,652,276)	(33,390,876)	(17,238,343)	(69,019,939)
Total fund balances (deficits)	<u>56,816,082</u>	<u>46,097,606</u>	<u>(51,652,276)</u>	<u>(33,390,876)</u>	<u>76,194,139</u>	<u>94,064,675</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 147,163,831</u>	<u>\$ 235,735,731</u>	<u>\$ 8,681,998</u>	<u>\$ 30,710,502</u>	<u>\$ 97,499,438</u>	<u>\$ 519,791,500</u>

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



**CITY OF WICHITA, KANSAS**

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

December 31, 2017

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

<b>Total fund balance - governmental funds</b>		<b>\$ 94,064,675</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund financial statements.		
Cost	\$ 1,827,034,528	
Accumulated depreciation	<u>(546,008,996)</u>	1,281,025,532
Certain items, which result in a consumption of net position applicable to a future reporting period, are recognized as prepaid assets in the government-wide financial statements.		
Prepaid operating lease		1,882,042
Certain items, which result in a consumption of net position applicable to a future reporting period, are recognized as deferred outflows of resources in the government-wide financial statements.		
Unamortized deferred refunding costs	693,100	
Deferred outflows related to pensions	<u>81,191,799</u>	81,884,899
Liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
General obligation bonds payable	164,410,222	
Special assessment bonds payable	172,706,820	
Sales tax revenue bonds payable	3,044,724	
Premium on bonds payable	29,770,288	
Accrued interest on bonds payable	2,477,855	
Compensated absences	10,075,969	
Net pension liability	94,072,770	
Other post employment benefits	17,858,581	
Environmental remediation liability	16,105,539	
Liability for future landfill closure and post-closure costs	11,359,306	
Legal liability	<u>1,368,047</u>	(523,250,121)
Certain items, which result in an acquisition of net position applicable to a future reporting period, are recognized as deferred inflows of resources in the government-wide financial statements.		
Deferred inflows related to pensions		(24,600,687)
Accounts receivable not considered available to liquidate liabilities of the current period are deferred in the funds. They are recorded as revenue in the government-wide statements.		3,368,385
Special assessments are not considered available to liquidate liabilities of the current period, and, therefore, are deferred in the funds. However, they are properly recognized as revenue in the government-wide statements as soon as the related improvement is completed.		160,351,268
Internal service funds are used to charge the cost of certain activities, such as insurance, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.		<u>34,060,223</u>
<b>Total net position - governmental activities</b>		<b>\$ 1,108,786,216</b>

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

**CITY OF WICHITA, KANSAS**

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

For the year ended December 31, 2017

	General Fund	Debt Service Fund	Street Improvement Fund	Public Improvement Construction	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Property taxes	\$ 76,625,353	\$ 29,513,206	\$ -	\$ -	\$ 4,485,206	\$ 110,623,765
Motor vehicle taxes	11,621,335	4,091,442	-	-	25,657	15,738,434
Transient guest taxes	-	-	-	-	7,065,174	7,065,174
Special assessments	-	28,343,388	78,445	-	568,898	28,990,731
Franchise taxes	45,563,488	-	-	-	-	45,563,488
Local sales tax	28,557,694	302,529	-	-	28,822,631	57,682,854
Intergovernmental	17,201,970	-	23,075,759	21,210,600	32,167,563	93,655,892
Licenses and permits	2,818,831	-	-	-	37,865	2,856,696
Fines and penalties	8,270,546	-	-	-	-	8,270,546
Rentals	2,840,793	22,755	-	-	1,352,300	4,215,848
Interest and investment earnings	3,782,188	59,238	-	2,786	76,824	3,921,036
Charges for services and sales	16,449,203	-	-	-	3,477,395	19,926,598
Other revenue	9,765,252	493,936	1,079,363	1,367,944	8,088,355	20,794,850
Total revenues	<u>223,496,653</u>	<u>62,826,494</u>	<u>24,233,567</u>	<u>22,581,330</u>	<u>86,167,868</u>	<u>419,305,912</u>
<b>EXPENDITURES</b>						
Current:						
General government	34,598,083	41,815	-	-	3,603,076	38,242,974
Public safety	128,061,639	-	-	-	8,274,611	136,336,250
Highways and streets	20,216,848	-	-	-	-	20,216,848
Sanitation	2,660,584	-	-	-	2,010,316	4,670,900
Health and welfare	3,952,491	-	-	-	31,435,601	35,388,092
Culture and recreation	33,266,537	-	-	-	3,751,366	37,017,903
Debt service:						
Principal retirement	-	57,587,498	-	-	-	57,587,498
Interest and fiscal charges	-	13,845,802	1,145,215	355,694	128,609	15,475,320
Other debt service	-	559,786	-	-	-	559,786
Capital outlay	-	-	68,552,003	38,426,240	11,092,822	118,071,065
Total expenditures	<u>222,756,182</u>	<u>72,034,901</u>	<u>69,697,218</u>	<u>38,781,934</u>	<u>60,296,401</u>	<u>463,566,636</u>
Excess (deficiency) of revenues over (under) expenditures	<u>740,471</u>	<u>(9,208,407)</u>	<u>(45,463,651)</u>	<u>(16,200,604)</u>	<u>25,871,467</u>	<u>(44,260,724)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from issuance of bonds	-	23,039,724	6,105,302	-	5,224,698	34,369,724
Premiums on bonds sold	-	4,089,306	828,520	-	711,480	5,629,306
Payments to escrow agent on refunded bonds	-	(1,406,316)	-	-	-	(1,406,316)
Transfers from other funds	6,073,192	24,908,501	30,049,610	8,539,365	14,985,407	84,556,075
Transfers to other funds	(6,554,228)	(21,086,216)	(1,391,448)	-	(59,300,435)	(88,332,327)
Total other financing sources (uses)	<u>(481,036)</u>	<u>29,544,999</u>	<u>35,591,984</u>	<u>8,539,365</u>	<u>(38,378,850)</u>	<u>34,816,462</u>
Net change in fund balance	<u>259,435</u>	<u>20,336,592</u>	<u>(9,871,667)</u>	<u>(7,661,239)</u>	<u>(12,507,383)</u>	<u>(9,444,262)</u>
Fund balances (deficits) - beginning, as previously reported	56,556,647	25,761,014	(41,780,609)	(25,729,637)	88,649,923	103,457,338
Prior period adjustment	-	-	-	-	51,599	51,599
Fund balances (deficits) - beginning, restated	<u>56,556,647</u>	<u>25,761,014</u>	<u>(41,780,609)</u>	<u>(25,729,637)</u>	<u>88,701,522</u>	<u>103,508,937</u>
Fund balances (deficits) - ending	<u>\$ 56,816,082</u>	<u>\$ 46,097,606</u>	<u>\$ (51,652,276)</u>	<u>\$ (33,390,876)</u>	<u>\$ 76,194,139</u>	<u>\$ 94,064,675</u>

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

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017

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

<b>Net change in fund balance - governmental funds</b>		<b>\$ (9,444,262)</b>
Governmental funds report capital asset acquisitions, excluding non-cash donations, as expenditures. However, in the Statement of Activities, the cost of assets capitalized is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital asset acquisitions exceeded depreciation in the current period.		
Depreciation expense	\$ (34,528,728)	
Net capital asset acquisition	<u>36,485,689</u>	1,956,961
In the Statement of Activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only cash proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of capital assets sold.		
		(1,031,000)
In the Statement of Activities, transfers of capital assets from governmental activities to business-type activities are reported as transfers, whereas in the governmental funds, there is no event to report as there was no outward flow of current financial resources.		
		(6,228,390)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.		
Receivables not received within 60 days of fiscal year end	(9,135,397)	
Non-cash capital contributions	<u>8,680,789</u>	(454,608)
Debt proceeds provide current financial resources of governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.		
Special assessment bonds payable	(31,325,000)	
Sales tax revenue bonds payable	(3,044,724)	
Premium on bonds payable	<u>(5,629,306)</u>	(39,999,030)
Repayment of bond principal is reported as an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position.		
General obligation bonds payable	31,112,766	
Special assessment bonds payable	26,192,216	
Sales tax revenue bonds payable	<u>1,497,150</u>	58,802,132
The amortization of bond premiums and discounts affects long-term liabilities on the Statement of Net Position, but does not provide or consume current financial resources of the governmental funds.		
		4,486,778
Deferred refunding costs reduce current financial resources of governmental funds, but do not decrease long-term liabilities in the Statement of Net Position.		
		102,800
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued interest on bonds payable	379,027	
Compensated absences	(365,117)	
Net pension liability	(894,337)	
Other post employment benefits	(1,720,279)	
Environmental remediation liability	789,565	
Liability for future landfill closure and post-closure costs	955,326	
Legal liability	<u>130,930</u>	(724,885)
Some long-term assets reported in the Statement of Net Position require the use of current financial resources when purchased and, therefore, are reported as expenditures in the governmental funds immediately. However, these long-term assets will be shown as an expense over the term of the agreement in the Statement of Activities.		
Prepaid operating lease		1,882,042
The amortization of collective deferred outflows and inflows of resources related to pensions affects the change in net position, but does not provide or use current financial resources in the governmental funds.		
Deferred outflows related to pensions	(21,858,405)	
Deferred inflows related to pensions	<u>7,056,946</u>	(14,801,459)
Internal service funds are used to charge the cost of certain activities, such as insurance, to the individual funds. Net revenue (expense) of certain internal service funds is reported within governmental activities.		
		<u>(274,396)</u>
<b>Change in net position - governmental activities</b>		<b>\$ (5,727,317)</b>

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

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# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Year to Date
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
General property taxes	\$ 75,644,021	\$ 76,111,355	\$ 76,625,353	\$ 513,998	\$ 75,174,948
Franchise taxes	48,382,844	46,140,275	45,563,488	(576,787)	44,766,245
Motor vehicle taxes	11,677,933	11,940,721	11,621,335	(319,386)	11,587,301
Local sales tax	30,453,231	29,372,262	28,557,694	(814,568)	28,939,207
Intergovernmental	16,996,712	17,247,625	17,201,970	(45,655)	16,953,856
Licenses and permits	2,947,234	3,011,677	2,818,831	(192,846)	2,649,957
Fines and penalties	10,878,801	8,650,350	8,270,546	(379,804)	9,120,404
Charges for services and sales	17,532,440	17,764,522	16,430,349	(1,334,173)	18,342,146
Rental income	2,393,751	2,371,934	2,335,423	(36,511)	2,347,885
Interest and investment earnings	1,200,000	2,670,000	3,782,188	1,112,188	1,980,147
Other revenues	7,970,799	7,628,465	9,853,043	2,224,578	7,752,640
Revised budget adjustment	-	2,566,516	-	(2,566,516)	-
Total revenues	226,077,766	225,475,702	223,060,220	(2,415,482)	219,614,736
<b>EXPENDITURES</b>					
Current:					
General government	33,428,580	32,284,071	33,065,290	(781,219)	32,416,281
Public safety	129,218,988	128,480,714	128,024,383	456,331	125,852,115
Highways and streets	21,978,105	21,358,537	19,990,614	1,367,923	20,585,198
Sanitation	2,945,279	2,860,224	2,660,583	199,641	2,695,127
Health and welfare	4,040,298	4,144,187	4,027,049	117,138	4,009,693
Culture and recreation	33,274,422	33,614,440	32,974,014	640,426	31,982,181
Contingency	-	1,566,516	-	1,566,516	-
Total expenditures	224,885,672	224,308,689	220,741,933	3,566,756	217,540,595
Excess of revenues over expenditures	1,192,094	1,167,013	2,318,287	1,151,274	2,074,141
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	5,000,750	5,602,814	6,073,192	470,378	4,874,946
Transfers to other funds	(6,192,844)	(6,769,827)	(6,554,228)	215,599	(5,416,857)
Total other financing uses	(1,192,094)	(1,167,013)	(481,036)	685,977	(541,911)
<b>SPECIAL ITEM</b>					
Sale of Hyatt Hotel	-	-	-	-	20,002,631
Net change in fund balance	-	-	1,837,251	1,837,251	21,534,861
Unencumbered fund balance, beginning	27,950,798	27,950,798	49,485,659	21,534,861	27,950,798
Unencumbered fund balance, ending	\$ 27,950,798	\$ 27,950,798	\$ 51,322,910	\$ 23,372,112	\$ 49,485,659

The 2017 certified expenditure budget is \$249,078,516, including an appropriated reserve of \$18,000,000.

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

# CITY OF WICHITA, KANSAS

## STATEMENT OF NET POSITION PROPRIETARY FUNDS

December 31, 2017

	Business-type Activities Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 15,268,324	\$ 22,272,978	\$ 27,672,511
Receivables, net:			
Due from other agencies	-	-	15,131
Accounts receivable	22,703,447	241,974	2,241,778
Due from other funds	-	-	-
Inventories	2,159,164	99,043	-
Prepaid items	1,054	812,317	8,910
Restricted assets:			
Cash and cash equivalents	21,506,651	16,333,670	9,401,088
Total current assets	<u>61,638,640</u>	<u>39,759,982</u>	<u>39,339,418</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	69,484,631	61,200,834	-
Net investment in direct financing lease	-	-	5,460,000
Capital assets:			
Land	10,270,903	4,446,803	17,886,413
Airfield	-	-	165,717,588
Buildings	140,103,635	115,551,293	174,650,687
Improvements other than buildings	704,129,966	440,597,844	68,698,946
Machinery, equipment and other assets	118,641,931	58,449,028	41,877,033
Construction in progress	31,047,650	22,714,192	55,710,182
Less accumulated depreciation	(291,134,673)	(192,226,385)	(208,507,594)
Total capital assets, net	<u>713,059,412</u>	<u>449,532,775</u>	<u>316,033,255</u>
Due from other funds	-	-	-
Total noncurrent assets	<u>782,544,043</u>	<u>510,733,609</u>	<u>321,493,255</u>
Total assets	<u>844,182,683</u>	<u>550,493,591</u>	<u>360,832,673</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Unamortized refunding costs	10,841,871	7,177,721	-
Deferred outflows related to pensions	3,955,816	3,298,174	4,061,169
Total deferred outflows of resources	<u>14,797,687</u>	<u>10,475,895</u>	<u>4,061,169</u>

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

Business-type Activities Enterprise Funds			Governmental Activities
Stormwater Utility	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 12,292,096	\$ 278,536	\$ 77,784,445	\$ 28,635,092
-	4,554,938	4,570,069	-
37,928	62,089	25,287,216	2,104,091
-	65,368	65,368	21,971,479
-	399,369	2,657,576	942,728
-	3,700	825,981	128,900
-	-	47,241,409	-
12,330,024	5,364,000	158,432,064	53,782,290
-	-	130,685,465	-
-	-	5,460,000	-
7,938,561	2,549,972	43,092,652	-
-	-	165,717,588	-
9,481,468	15,983,518	455,770,601	74,242
183,877,156	15,229,075	1,412,532,987	74,907
6,453,712	30,941,345	256,363,049	44,709,438
257,229	-	109,729,253	-
(34,156,749)	(33,824,229)	(759,849,630)	(35,337,032)
173,851,377	30,879,681	1,683,356,500	9,521,555
-	-	-	18,660
173,851,377	30,879,681	1,819,501,965	9,540,215
186,181,401	36,243,681	1,977,934,029	63,322,505
-	-	18,019,592	-
1,337,721	1,702,466	14,355,346	3,361,830
1,337,721	1,702,466	32,374,938	3,361,830

(Continued)

**CITY OF WICHITA, KANSAS**

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

December 31, 2017

	Business-type Activities Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and other liabilities	\$ 4,759,905	\$ 3,172,647	\$ 1,042,435
Accrued interest payable	291,908	-	660,745
Temporary notes payable	-	-	4,178,830
Deposits	4,464,081	-	16,011
Due to other funds	-	-	-
Current portion of long-term liabilities:			
General obligation bonds payable	4,895,000	-	2,700,000
Claims payable	-	-	-
Capital lease payable	-	-	-
Compensated absences	462,015	289,900	532,001
Current liabilities payable from restricted assets:			
Accounts payable and other liabilities	-	-	80,416
Accrued interest payable	2,523,944	2,166,377	-
Revenue bonds payable	14,087,707	14,167,293	-
Total current liabilities	<u>31,484,560</u>	<u>19,796,217</u>	<u>9,210,438</u>
Noncurrent liabilities:			
Unearned revenue	-	-	3,142,110
Due to other funds	-	-	-
General obligation bonds payable	125,908,420	-	132,091,542
Revenue bonds payable	225,727,173	215,447,561	5,460,000
Claims payable	-	-	-
Net pension liability	5,157,719	4,313,180	4,956,805
Compensated absences	55,275	34,684	68,138
Total noncurrent liabilities	<u>356,848,587</u>	<u>219,795,425</u>	<u>145,718,595</u>
Total liabilities	<u>388,333,147</u>	<u>239,591,642</u>	<u>154,929,033</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	895,722	782,352	1,114,943
Total deferred inflows of resources	<u>895,722</u>	<u>782,352</u>	<u>1,114,943</u>
<b>NET POSITION</b>			
Net investment in capital assets	350,786,525	257,225,421	176,913,995
Restricted for:			
Capital projects	-	145,424	9,401,088
Revenue bond covenants	88,467,338	42,587,175	-
Unrestricted	30,497,638	20,637,472	22,534,783
Total net position	<u>\$ 469,751,501</u>	<u>\$ 320,595,492</u>	<u>\$ 208,849,866</u>

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



Business-type Activities Enterprise Funds			Governmental Activities
Stormwater Utility	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 166,944	\$ 3,279,299	\$ 12,421,230	\$ 2,810,053
52,722	-	1,005,375	-
1,260,398	-	5,439,228	-
-	4,417	4,484,509	233,366
-	486,551	486,551	-
2,189,790	-	9,784,790	-
-	-	-	8,055,996
-	-	-	64,219
92,709	323,819	1,700,444	390,556
-	-	80,416	-
-	-	4,690,321	-
-	-	28,255,000	-
<u>3,762,563</u>	<u>4,094,086</u>	<u>68,347,864</u>	<u>11,554,190</u>
-	-	3,142,110	-
-	7,103,957	7,103,957	-
17,067,484	-	275,067,446	-
-	-	446,634,734	-
-	-	-	11,422,984
1,749,402	2,111,347	18,288,453	4,343,343
11,770	38,950	208,817	53,833
<u>18,828,656</u>	<u>9,254,254</u>	<u>750,445,517</u>	<u>15,820,160</u>
<u>22,591,219</u>	<u>13,348,340</u>	<u>818,793,381</u>	<u>27,374,350</u>
<u>313,086</u>	<u>363,566</u>	<u>3,469,669</u>	<u>747,909</u>
<u>313,086</u>	<u>363,566</u>	<u>3,469,669</u>	<u>747,909</u>
153,289,735	28,208,967	966,424,643	9,457,336
-	7,619	9,554,131	-
-	-	131,054,513	-
11,325,082	(3,982,345)	81,012,630	29,104,740
<u>\$ 164,614,817</u>	<u>\$ 24,234,241</u>	<u>\$ 1,188,045,917</u>	<u>\$ 38,562,076</u>

Total net position \$ 1,188,045,917

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

4,501,853

Net position of business-type activities \$ 1,192,547,770

**CITY OF WICHITA, KANSAS**

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

For the year ended December 31, 2017

	Business-type Activities Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>OPERATING REVENUES</b>			
Charges for services and sales	\$ 80,534,472	\$ 57,391,918	\$ 4,526,598
Fees	453,247	-	3,571,076
Rentals	38,431	14,558	22,858,553
Employer contributions	-	-	-
Employee contributions	-	-	-
Other operating revenues	467,612	105,892	63,981
Total operating revenues	<u>81,493,762</u>	<u>57,512,368</u>	<u>31,020,208</u>
<b>OPERATING EXPENSES</b>			
Personnel services	12,024,528	11,711,720	10,743,468
Contractual services	12,528,039	8,470,808	5,336,914
Materials and supplies	5,351,412	4,120,054	5,101,733
Other operating expenses	4,263,428	2,793,199	990,929
Administrative charges	827,756	314,741	248,532
Payments in lieu of franchise taxes	4,015,852	2,800,633	-
Depreciation	26,091,997	12,111,833	11,947,908
Employee benefits	-	-	-
Insurance claims	-	-	-
Total operating expenses	<u>65,103,012</u>	<u>42,322,988</u>	<u>34,369,484</u>
Operating income (loss)	<u>16,390,750</u>	<u>15,189,380</u>	<u>(3,349,276)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and investment earnings	66,578	212,425	149,279
Intergovernmental grants	-	-	-
Other expenses	(538,178)	(979,065)	(221,804)
Interest expense	(14,410,498)	(8,173,380)	(5,679,990)
Gain (loss) on sale of assets	(120,327)	2,729	55,123
Bond premium amortization	2,158,445	1,452,008	204,121
Total non-operating revenues (expenses)	<u>(12,843,980)</u>	<u>(7,485,283)</u>	<u>(5,493,271)</u>
Income (loss) before capital contributions and transfers	<u>3,546,770</u>	<u>7,704,097</u>	<u>(8,842,547)</u>
<b>CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS</b>			
Capital contributions - cash	3,964,429	1,685,083	9,931,783
Capital contributions - non cash	1,477,181	2,783,267	-
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Total capital contributions and operating transfers	<u>5,441,610</u>	<u>4,468,350</u>	<u>9,931,783</u>
Change in net position	8,988,380	12,172,447	1,089,236
Net position - beginning	<u>460,763,121</u>	<u>308,423,045</u>	<u>207,760,630</u>
Net position - ending	<u>\$ 469,751,501</u>	<u>\$ 320,595,492</u>	<u>\$ 208,849,866</u>

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

Business-type Activities			Governmental
Enterprise Funds			Activities
Stormwater	Other	Total	Internal
Utility	Enterprise Funds	Enterprise Funds	Service Funds
\$ 11,895,452	\$ 2,187,215	\$ 156,535,655	\$ 15,939,640
-	2,768,969	6,793,292	9,313,460
-	1,160,784	24,072,326	-
-	-	-	38,644,250
-	-	-	12,515,562
21	208,058	845,564	1,627,888
<u>11,895,473</u>	<u>6,325,026</u>	<u>188,246,837</u>	<u>78,040,800</u>
2,736,455	11,353,756	48,569,927	9,948,754
1,770,105	2,916,623	31,022,489	9,886,450
292,691	2,431,673	17,297,563	6,604,650
758,770	149,470	8,955,796	-
196,192	438,890	2,026,111	769,857
-	-	6,816,485	-
3,069,976	2,620,619	55,842,333	3,485,663
-	-	-	41,808,504
-	-	-	5,102,476
<u>8,824,189</u>	<u>19,911,031</u>	<u>170,530,704</u>	<u>77,606,354</u>
<u>3,071,284</u>	<u>(13,586,005)</u>	<u>17,716,133</u>	<u>434,446</u>
-	-	428,282	-
-	6,650,160	6,650,160	-
(591,413)	(272,092)	(2,602,552)	-
(691,218)	-	(28,955,086)	(9,513)
1,159	143,141	81,825	402,706
150,786	-	3,965,360	-
<u>(1,130,686)</u>	<u>6,521,209</u>	<u>(20,432,011)</u>	<u>393,193</u>
<u>1,940,598</u>	<u>(7,064,796)</u>	<u>(2,715,878)</u>	<u>827,639</u>
51,611	4,719,091	20,351,997	-
3,905,628	-	8,166,076	468,160
-	4,789,080	4,789,080	-
-	-	-	(1,012,828)
<u>3,957,239</u>	<u>9,508,171</u>	<u>33,307,153</u>	<u>(544,668)</u>
5,897,837	2,443,375	30,591,275	282,971
<u>158,716,980</u>	<u>21,790,866</u>	<u>1,157,454,642</u>	<u>38,279,105</u>
<u>\$ 164,614,817</u>	<u>\$ 24,234,241</u>	<u>\$ 1,188,045,917</u>	<u>\$ 38,562,076</u>

Increase in net position per fund statements \$ 30,591,275

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

557,367

Change in net position of business-type activities \$ 31,148,642

# CITY OF WICHITA, KANSAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the year ended December 31, 2017

	Business-type Activities Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 76,305,835	\$ 57,316,572	\$ 28,859,443
Cash payments to suppliers for goods and services	(22,364,797)	(15,829,620)	(11,479,530)
Cash payments to employees for services	(10,723,067)	(10,733,899)	(9,581,048)
Payments in lieu of franchise taxes	(4,015,852)	(2,800,633)	-
Other operating revenues	467,612	105,892	63,981
Other operating expenses	-	-	-
Net cash provided by (used in) operating activities	<u>39,669,731</u>	<u>28,058,312</u>	<u>7,862,846</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grants received	-	-	-
Interfund loans	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Issuance of temporary notes	-	-	4,178,830
Retirement of temporary notes	-	-	(25,472,252)
Issuance of capital debt	30,750,000	56,890,000	17,735,000
Premiums on bonds sold	3,240,634	5,236,614	504,853
Accrued interest on bonds sold	64,327	58,608	-
Bond issuance costs paid	(489,242)	(413,359)	(221,804)
Debt service - principal refunded	(17,316,580)	(5,673,420)	-
Debt service - interest placed in escrow on refunded debt	(1,057,403)	(346,847)	-
Principal payments on long-term debt	(17,524,734)	(11,815,266)	(2,320,000)
Interest payments on long-term debt	(14,548,495)	(8,219,964)	(5,674,635)
Additions to property, plant and equipment	(29,348,984)	(18,047,457)	(6,676,150)
Proceeds from sale of capital assets	97,740	6,892	55,123
Capital contributions	3,964,429	1,685,083	19,960,328
Net cash provided by (used in) capital and related financing activities	<u>(42,168,308)</u>	<u>19,360,884</u>	<u>2,069,293</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	2,251	153,817	149,279
Net cash provided by investing activities	<u>2,251</u>	<u>153,817</u>	<u>149,279</u>
Net increase (decrease) in cash and temporary investments	(2,496,326)	47,573,013	10,081,418
Cash and temporary investments - beginning	108,755,932	52,234,469	26,992,181
Cash and temporary investments - ending	<u>\$ 106,259,606</u>	<u>\$ 99,807,482</u>	<u>\$ 37,073,599</u>

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

Business-type Activities Enterprise Funds			Governmental Activities
Stormwater Utility	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 11,858,330	\$ 6,085,786	\$ 180,425,966	\$ 75,096,050
(3,001,809)	(6,423,736)	(59,099,492)	(62,163,637)
(2,399,110)	(10,654,765)	(44,091,889)	(8,937,239)
-	-	(6,816,485)	-
56,864	204,255	898,604	1,627,888
-	(79,780)	(79,780)	-
<u>6,514,275</u>	<u>(10,868,240)</u>	<u>71,236,924</u>	<u>5,623,062</u>
-	7,481,581	7,481,581	-
-	(3,228,427)	(3,228,427)	(21,571,479)
-	4,789,080	4,789,080	-
-	-	-	(1,012,828)
-	<u>9,042,234</u>	<u>9,042,234</u>	<u>(22,584,307)</u>
1,260,398	-	5,439,228	-
(1,966,930)	-	(27,439,182)	-
-	-	105,375,000	-
-	-	8,982,101	-
-	-	122,935	-
-	-	(1,124,405)	-
-	-	(22,990,000)	-
-	-	(1,404,250)	-
(2,095,018)	-	(33,755,018)	(106,504)
(715,068)	-	(29,158,162)	(9,513)
(388,703)	(3,377,833)	(57,839,127)	(3,193,193)
1,159	191,867	352,781	444,454
51,611	4,894,978	30,556,429	-
<u>(3,852,551)</u>	<u>1,709,012</u>	<u>(22,881,670)</u>	<u>(2,864,756)</u>
-	-	305,347	-
-	-	305,347	-
2,661,724	(116,994)	57,702,835	(19,826,001)
9,630,372	395,530	198,008,484	48,461,093
<u>\$ 12,292,096</u>	<u>\$ 278,536</u>	<u>\$ 255,711,319</u>	<u>\$ 28,635,092</u>

(Continued)

**CITY OF WICHITA, KANSAS**

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

For the year ended December 31, 2017

	Business-type Activities Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 16,390,750	\$ 15,189,380	\$ (3,349,276)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	26,091,997	12,111,833	11,947,908
Other revenues (expenses)	(47,750)	-	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase) decrease in accounts receivable	(4,292,381)	(82,599)	(1,983,260)
(Increase) decrease in inventory	366,856	27,476	-
(Increase) decrease in prepaid items	-	34,392	-
(Increase) decrease in deferred outflows related to pensions	472,837	501,558	651,947
Increase (decrease) in accounts payable	715,285	102,034	531,680
Increase (decrease) in accrued interest payable	3,272	-	-
Increase (decrease) in deposits	(383,456)	(7,305)	(300)
Increase (decrease) in claims payable	-	-	-
Increase (decrease) in unearned revenues	-	-	(113,224)
Increase (decrease) in net pension liability	448,561	272,778	290,152
Increase (decrease) in compensated absences	(1,964)	4,373	20,038
Increase (decrease) in deferred inflows related to pensions	(94,276)	(95,608)	(132,819)
Total adjustments	<u>23,278,981</u>	<u>12,868,932</u>	<u>11,212,122</u>
Net cash provided by (used in) operating activities	<u>\$ 39,669,731</u>	<u>\$ 28,058,312</u>	<u>\$ 7,862,846</u>
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b>			
Contribution of capital assets	\$ 1,477,181	\$ 2,783,267	\$ -

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

Business-type Activities Enterprise Funds			Governmental Activities
Stormwater Utility	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 3,071,284	\$ (13,586,005)	\$ 17,716,133	\$ 434,446
3,069,976	2,620,619	55,842,333	3,485,663
56,843	(100,000)	(90,907)	-
(37,122)	(36,421)	(6,431,783)	(1,316,862)
-	70,409	464,741	(165,915)
-	-	34,392	-
234,583	(228,207)	1,632,718	261,246
87,933	(214,601)	1,222,331	1,014,588
-	-	3,272	-
-	1,436	(389,625)	233,366
-	-	-	1,218,464
-	-	(113,224)	-
77,510	550,917	1,639,918	497,994
(11,950)	14,725	25,222	12,262
(34,782)	38,888	(318,597)	(52,190)
3,442,991	2,717,765	53,520,791	5,188,616
<u>\$ 6,514,275</u>	<u>\$ (10,868,240)</u>	<u>\$ 71,236,924</u>	<u>\$ 5,623,062</u>
\$ 3,569,982	\$ -	\$ 7,830,430	\$ 468,160

**CITY OF WICHITA, KANSAS**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

December 31, 2017

	Pension Trust Funds	WAMPO Private Purpose Trust Fund	Agency Funds
<b>ASSETS</b>			
Cash and temporary investments	\$ 72,728	\$ 10,274	\$ 4,205,919
Receivables:			
Investment sales pending	42,617,128	-	-
Interest and dividends	2,120,275	-	-
Due from other agencies	-	221,146	-
Other receivables	1,818,825	-	-
Total receivables	<u>46,556,228</u>	<u>221,146</u>	<u>-</u>
Investments, at fair value:			
Government short-term investment fund	31,504,160	-	-
Equity			
Common stock	517,343,625	-	-
Common stock unit	986,684	-	-
Depository receipts	12,707,360	-	-
Limited partnership units	72,699,603	-	-
Mutual funds	282,782,888	-	-
Non-security asset-stock	82,237,413	-	-
Preferred stock	1,110,425	-	-
Real estate investment trust	78,110,755	-	-
Warrants	1,910	-	-
Commodities	38,235,302	-	-
Fixed income			
Auto loan receivable	3,289,337	-	-
CMO	16,659,279	-	-
Corporate bonds	86,586,307	-	-
Credit default swap	(84,184)	-	-
FHLMC	11,554,870	-	-
FNMA	24,406,019	-	-
GNMA I	1,002,290	-	-
GNMA II	5,362,988	-	-
Government issues	58,671,090	-	-
Interest rate swap	61,772	-	-
Municipals	537,815	-	-
Other asset backed	6,099,145	-	-
Options			
Fixed income	(11,961)	-	-
Foreign currency	74,098	-	-
Future	68,436	-	-
Total investments	<u>1,331,997,426</u>	<u>-</u>	<u>-</u>
Capital assets:			
Pension software	1,282,828	-	-
Accumulated depreciation	(1,282,828)	-	-
Capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,378,626,382</u>	<u>231,420</u>	<u>4,205,919</u>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	1,563,126	35,509	667,225
Investment purchases pending	55,705,081	-	-
Deposits	-	-	3,538,694
Total liabilities	<u>57,268,207</u>	<u>35,509</u>	<u>4,205,919</u>
<b>NET POSITION</b>			
Restricted for:			
Pensions	1,321,358,175	-	-
Other organizations	-	195,911	-
Total net position	<u>\$ 1,321,358,175</u>	<u>\$ 195,911</u>	<u>\$ -</u>

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



**CITY OF WICHITA, KANSAS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

For the year ended December 31, 2017

	Pension Trust Funds	WAMPO Private Purpose Trust Fund
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 23,212,328	\$ -
Employee	8,797,437	-
Intergovernmental	-	1,130,984
Private contributions	-	6,600
Total contributions	<u>32,009,765</u>	<u>1,137,584</u>
Investment income:		
From investing activities:		
Net appreciation in the fair value of investments	181,636,081	-
Interest	8,569,010	-
Dividends	12,525,295	-
Commission recapture	25,521	-
Total investing activity income	<u>202,755,907</u>	<u>-</u>
Less investment expense	<u>6,823,873</u>	<u>-</u>
Net income from investing activities	<u>195,932,034</u>	<u>-</u>
From securities lending activities:		
Securities lending income	<u>553,014</u>	<u>-</u>
Less securities lending expenses:		
Borrower rebates	244,050	-
Management fees	<u>74,154</u>	<u>-</u>
Total securities lending expenses	<u>318,204</u>	<u>-</u>
Net income from securities lending activities	<u>234,810</u>	<u>-</u>
Total net investment income	<u>196,166,844</u>	<u>-</u>
Reclassifications due to participant conversion	<u>191,292</u>	<u>-</u>
Total additions	<u>228,367,901</u>	<u>1,137,584</u>
<b>DEDUCTIONS</b>		
Pension benefits	75,425,270	-
Administrative expenses	1,197,745	1,219
Employee contributions refunded	1,136,353	-
Reclassifications due to participant conversion	191,292	-
Program outlays	<u>-</u>	<u>995,756</u>
Total deductions	<u>77,950,660</u>	<u>996,975</u>
Net increase in net position	150,417,241	140,609
Net position - beginning, as previously reported	1,170,940,934	-
Prior period adjustment	<u>-</u>	<u>55,302</u>
Net position - beginning, restated	<u>1,170,940,934</u>	<u>55,302</u>
Net position - ending	<u>\$ 1,321,358,175</u>	<u>\$ 195,911</u>

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

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**1. Summary of Significant Accounting Policies****A. Reporting Entity**

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

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

*Discretely Presented Component Unit:* The Wichita Public Building Commission (WPBC) acquires and finances assets for the City of Wichita or other local, state and federal agencies; school districts; and the Wichita State University Board of Trustees. The nine-member board is appointed by the Mayor and City Council. Of the nine members, one member is recommended for appointment by the County Commissioners of Sedgwick County, Kansas, and one by the President of Wichita State University. The Kansas Secretary of Administration and the Superintendent of Unified School District Number 259 serve as provisional members of the board of the WPBC. Members of the WPBC Board may only be removed for just cause. The City of Wichita provides staff support and legal representation by the Department of Law. The WPBC is presented as a proprietary fund type. Separate audited financial statements are not prepared by the Wichita Public Building Commission. In November 2017, the WPBC Board dissolved the WPBC and assigned all of its assets, including a parking garage, proceeds from the sale of the State Office Building and the State Office Building fund balance to the City of Wichita.

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position on page A-13 and the Statement of Activities on page A-14 and A-15) report information about all of the nonfiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from these financial statements. Exceptions to this rule are payments in lieu of taxes where amounts are reasonably equivalent in value to the interfund services provided and other charges between the enterprise funds and other various functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported discretely from the legally separate component unit for which the primary government is financially accountable.

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to long-term obligations, such as, debt service on long-term debt, compensated absences and claims and judgments, are recorded only when the payment is due.

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

The government reports the following major governmental funds:

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

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

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

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

The government reports the following major proprietary funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

D. Pooled Cash and Temporary Investments

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

E. Investments

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

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

F. Property Taxes and Other Receivables

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

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

G. Revenue Recognition for Proprietary Funds

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

H. Special Assessments

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

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

## I. Inventories and Prepaid Expenses

Inventories and prepaid expenses that benefit future periods, other than those recorded in the proprietary funds, are recorded as expenditures during the year of purchase. In proprietary funds, the cost of inventories is recorded as expense when consumed. Inventories are valued utilizing the average unit cost method.

## J. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. For capital assets and improvements constructed by a proprietary fund, interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. Additionally, in situations involving the acquisition of certain assets financed with the proceeds of tax-exempt borrowing, any interest earned on related interest-bearing investments from such proceeds are offset against the

related interest costs in determining either capitalization rates or limitations on the amount of interest costs to be capitalized. Capital assets of the primary government and its component unit are depreciated using the straight-line method. Estimated useful lives of asset categories are listed in the accompanying table.

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

## K. Franchise Taxes

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

## L. Compensated Absences

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

## M. Statement of Cash Flows

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

## N. Deferred Outflows and Inflows of Resources

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



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

O. Estimates

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

P. Net Position and Fund Balance

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

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

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

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

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

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

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

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

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



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

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

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

Q. Implementation of New Accounting Principles

In 2017, the City implemented the following accounting principles:

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, improves the usefulness of information about postemployment benefits other than pension (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement replaces Statements No. 43 and 57. This statement covers OPEB plans administered through trusts that meet certain criteria.

GASB Statement No. 81, Irrevocable Split-Interest Agreements, improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments.

The implementation of GASB Statements No. 74 and 81 did not impact the City's financial statements.

## 2. Budgetary Control

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

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

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

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

**3. Budgetary Basis of Accounting**

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

	Net Change in Fund Balance	Fund Balances at End of Year
General Fund - GAAP basis	\$ 259,435	\$ 56,816,082
Increase (decrease) affecting basis:		
Expenditures due to prior year encumbrances	1,546,129	(217,106)
Cancellation of prior year encumbrances	606,600	-
Expenditures due to current year encumbrances	(1,223,783)	(1,223,783)
Less subfund balances included for GAAP		
Permanent Reserve Subfund*	-	(1,821,848)
Economic Development Subfund	648,870	(2,230,435)
General Fund - budgetary basis	<u>\$ 1,837,251</u>	<u>\$ 51,322,910</u>

\*Budget authority was not established for the Permanent Reserve Subfund for 2017. Therefore, a budgetary comparison schedule is not presented.

**4. Fund Balance/ Net Position Deficits**

At December 31, 2017, fund balance net position deficits are shown in the accompanying table. The fund deficits for the Street Improvement Fund, Public Improvement Fund and other nonmajor governmental capital projects funds will primarily be financed through the sale of bonds authorized by the City Council but not yet sold as of December 31, 2017.

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

Primary Government	Fund Balance/ Net Position Deficits
Governmental funds:	
Street Improvement Fund	\$ 51,652,276
Public Improvement Construction Fund	33,390,876
Water Main Extension Fund	2,333,865
Park Bond Construction Fund	2,950,925
Sewer Construction Fund	11,953,553
Business-type funds:	
Golf Course System Fund	2,140,290
Total reporting entity	<u>\$ 104,421,785</u>

**5. Cash, Investments and Securities Lending****A. Cash Deposits with Financial Institutions**

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

the City are limited to the following:

1. Direct obligations of, or obligations insured as to principal and interest by, the United States of America or any agency thereof;
2. Obligations and securities of U.S. sponsored corporations, which under federal Law, may be accepted as security for public funds;
3. Bonds of any Kansas municipality which have been refunded and are fully secured as to payment of principal and interest by direct obligations or obligations which are unconditionally guaranteed by the United States of America;
4. Bonds of the State of Kansas;
5. General obligation bonds of any Kansas municipality;
6. Revenue bonds of any Kansas municipality, if they meet approval by the Commissioner;
7. General obligation temporary notes of any Kansas municipality;
8. No-fund warrants of any Kansas municipality;
9. Certain Kansas municipality sponsored revenue bonds rated Aa or higher by Moody's Investor Service or AA by Standard & Poor's Corp.;
10. Commercial paper that does not exceed 270 days to maturity and which has received one of the two highest commercial paper credit ratings by a nationally recognized investment rating firm;
11. Corporate surety bonds approved by the Commissioner and in the standard format acceptable to the City of Wichita as follows:
  - a) The issuer of the surety bond shall be admitted and licensed to issue surety bonds in Kansas;
  - b) The City of Wichita shall be designated as the insured public depositor;
  - c) The issuer and depository bank are required to notify the City of Wichita by certified or registered mail no fewer than 90 days prior to non-renewal and no fewer than 45 days prior to a bond's cancellation;
  - d) The claims-paying ability of the issuer must be rated and remain in the highest rated rating category of one of the nationally recognized rating agencies ("A++" or "A+" from A.M. Best Company or "AAA" from Standard & Poor's). Within 48 hours of discovery of a downgrade by a rating agency or notice of financial regulatory action by any jurisdiction in which the issuer is licensed, notice must be given to the City Treasurer by the issuer in the form of certified or registered mail;
  - e) No more than \$5 million per depository bank or an aggregate of \$20 million for all depository banks can be collateralized in the form of surety bonds; and
  - f) The issuer is required to send quarterly reports to the Office of the City Treasurer listing all depository banks that have purchased surety bonds for deposits, the insured amounts covering deposits of the City of Wichita and the total insured amount per depository bank in Sedgwick County.
12. A letter of credit (LOC) issued by a U.S. sponsored enterprise that under federal law may be accepted as security for public funds, subject to additional requirements.

Financial institutions are required to pledge or assign for the City's benefit sufficient securities, the market value of which is at least 105% of the total deposits. As of December 31, 2017, the City had deposits in five banks totaling \$28,381,215 with assets pledged by the banks as collateral with a fair value of \$52,743,000.

#### B. Pooled Investments of the Primary Government

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

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

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

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

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

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

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

On December 31, 2017, the City's pooled funds were invested as follows:

Investment Type	Fair Value	Modified Duration (Years)	Percent of Total Pooled Funds
U.S. agency coupon securities	\$ 149,418,347	0.705	42.3%
U.S. agency callable securities	27,015,124	1.826	7.7%
U.S. agency discount securities	64,608,344	0.387	18.3%
U.S. Treasury	59,856,754	0.561	17.0%
U.S. Treasury discount	9,964,270	0.235	2.8%
Kansas Municipal Investment Pool	21,904,312	-	6.2%
Collateralized deposits	20,114,667	-	5.7%
Total value	<u>\$ 352,881,818</u>		<u>100.0%</u>
Portfolio weighted average maturity		<u>0.695</u>	

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

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

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

**Credit Risk:** As described earlier in this section, state law limits the types of investments that can be made by the City of Wichita. The City's investment policy further limits allowable investments by excluding municipal bonds. On December 31, 2017, the City's investments in U.S. agency obligations not directly guaranteed by the U.S. Government included only instruments rated Aaa by Moody's. The City also held a position in the Kansas Municipal Investment Pool (KMIP), which restricts its investments to those rated A1/P1 or better. As of 2017, the KMIP is no longer rated by S&P based on a cost-benefit decision by the Kansas Pooled Money Investment Board (PMIB).

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

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

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

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

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

**Fair Value Measurements:** The City categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Fair value measurement hierarchy information is not provided for the City's deposits in the Municipal Investment Pool or collateralized deposits, which include cash and certificates of deposit held in local financial institutions. The investments below are classified either as (1) Level 1 of the fair value hierarchy and are valued using quoted prices in active markets for identical securities or (2) Level 2 of the fair value hierarchy and are valued using benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The fair value measurements for the City's pooled investments on December 31, 2017 are listed in the accompanying table.

Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Percent of Total Pooled Funds
U.S. Treasury securities	\$ 59,856,754	\$ 59,856,754	\$ -	19.3%
U.S. Treasury discount	9,964,270	9,964,270	-	3.2%
Federal Farm Credit Bank	78,507,378	-	78,507,378	25.3%
Federal Home Loan Bank	51,857,855	-	51,857,855	16.7%
Federal Home Loan Mortgage Corp.	62,647,279	-	62,647,279	20.0%
Federal National Mortgage Assoc.	48,029,303	-	48,029,303	15.5%
Total value	\$ 310,862,839	\$ 69,821,024	\$ 241,041,815	100.0%

#### C. Investments of the Primary Government Not Pooled

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

1. Investments authorized by K.S.A. 12-1675, and amendments thereto;
2. The municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto;
3. Direct obligations of the U.S. Government or any agency thereof;
4. Temporary notes of the City of Wichita issued pursuant to K.S.A. 10-123, and amendments thereto;
5. Interest bearing time deposits in commercial banks located in Sedgwick County;
6. Obligations of FNMA, FHLB, FHLMC and GNMA that are not derivatives;

7. Repurchase agreements for direct obligations of the U.S. Government or any agency thereof;
8. Investment agreements with, or other obligations, of a financial institution whose obligations are rated in one of the three highest rating categories by either Moody's investors service or Standard & Poor's;
9. Investments in shares of a money market fund or trust consisting entirely of obligations of the U.S. Government or any agency thereof; and/or
10. Certain Kansas municipal bonds.

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

On December 31, 2017, revenue bond proceeds for debt service reserve funds of the Water and Sewer Utility Funds were invested as follows:

Investment Type	Fair Value	Modified Duration (Years)	Percent of Bond Proceeds Investments
U.S. Treasury securities	\$ 17,732,426	0.094	100.0%
Total value	\$ 17,732,426		100.0%
Total weighted average maturity		0.094	

The fair value measurements for the Water and Sewer Utilities revenue bond reserve investments on December 31, 2017 are classified as Level 1 of the fair value hierarchy and are valued using quoted prices in active markets for identical securities.

The Series 2017A revenue refunding bonds had advanced proceeds for two specific major sewer projects. As of December 31, 2017, \$40,179,520 is being held in an individual account in the Kansas Municipal Investment Pool. As of December 31, 2017, \$32,780,952 of these funds represent unspent proceeds and interest earnings on the unspent proceeds which are restricted by bond covenants to be spent on the two specific major sewer projects.

Additionally, proceeds related to Sales Tax Special Obligation Revenue Bonds (STAR bonds) issued to finance improvements within authorized STAR bond districts in the City of Wichita are held by an escrow agent on behalf of the City. Pursuant to issuance of the STAR bonds, the City and State of Kansas entered into a STAR Bond Tax Distribution Agreement. The agreement provides that the principal and interest on the STAR bonds will be paid proportionally by the City and the State of Kansas, based on each entity's respective share of sales tax generated within the District. The City's proportional share of the debt is approximately 4.27%. As a result, the City has only recorded its proportionate share of the balance in the escrow account for the developer project and has recorded 100% of the escrow for the City's project. As of December 31, 2017, the proceeds from STAR bonds were invested in money market accounts and the total reported by the City amounted to \$22,596,081.

As of December 31, 2017, \$23,811,584 in proceeds from the issuance of Series 2017A general obligation refunding bonds are held by an escrow agent for the defeasance of the refunded bonds. At year-end, those proceeds were invested in U.S. Treasury notes which are classified as Level 1 securities and are valued using quoted prices in active markets for identical securities.

Passenger Facility Charges: The City does not maintain a formal investment policy pertaining to investments held in the Airport Authority Fund. However, in accordance with the Code of Federal Regulations, unexpended Passenger Facility Charges (PFC) revenue of the Airport Authority is held in separate interest bearing instruments. As of December 31, 2017, \$21,650,790 was invested with the Kansas Municipal Investment Pool. The weighted average maturity of the Kansas Municipal Investment Pool was 26.2 days at December 31, 2017.

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

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



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

On December 31, 2017, no investments were held directly by the Group Life Insurance Fund and all cash was invested in the City's pooled investment portfolio.

Other Investments of the Primary Government Not Pooled: The City does not maintain a formal investment policy pertaining to investments held in the Cemetery Fund or the Grant Assistance Fund for the Wichita Housing Authority. Funds for which a formal investment policy is not maintained are authorized to be prudently invested at the discretion of the City's Director of Finance. On December 31, 2017, these funds were invested as follows:

Investment Type	Fair Value	Modified Duration (Years)	Percent of Total
Equity securities	\$ 923,225	-	16.7%
U.S. Treasury securities	398,212	0.574	7.2%
Collateralized deposits	4,206,236	-	76.1%
Total value	<u>\$ 5,527,673</u>		<u>100.0%</u>
Portfolio weighted average maturity		<u>0.041</u>	

Equity securities held in the Cemetery Fund's portfolio, with a fair value of \$923,225 as of December 31, 2017, are classified as Level 1 of the fair value hierarchy and are valued using quoted prices in active markets for identical securities. U.S. Treasury securities held in the Cemetery Fund's portfolio, with a fair value of \$398,212 as of December 31, 2017, are classified as Level 1 of the fair value hierarchy and are valued using quoted prices in active markets for identical securities.

#### D. Investments of the Pension Trust Funds

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

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

With the exception of the \$72,728 held in the City's pooled funds, as of December 31, 2017, all of the deposits and investments of the Wichita Employees' and Police and Fire Retirement Systems are held in a joint investment fund that is invested by outside money managers and are held under a custodial agreement. The Pension Boards have adopted the Strategic Plan and Investment Policies which set forth in detail the asset allocation for the fund and restrictions applicable to specific investment types to mitigate risk. The policies permit investment in six asset types: domestic equities, international equities, fixed income, real estate, timber and commodities. The Investment Policy is reviewed annually by the Joint Investment Committee. During 2017, there were neither any asset allocation changes, nor any significant investment policy changes.

The investments of the Wichita Retirement Systems (WRS) on December 31, 2017 are listed in the accompanying table.

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

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

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

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

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

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

Type of Investment	Fair Value
Government short-term investment fund	\$ 31,504,160
Common stock	517,343,625
Common stock unit	986,684
Depository receipts	12,707,360
Limited partnership units	72,699,603
Mutual funds	282,782,888
Non-security asset-stock	82,237,413
Preferred stock	1,110,425
Real estate investment trusts	78,110,755
Warrants	1,910
Commodities	38,235,302
Auto loan receivable	3,289,337
CMO	16,659,279
Corporate bonds	86,586,307
Credit default swaps, net	(84,184)
FHLMC	11,554,870
FNMA	24,406,019
GNMA I	1,002,290
GNMA II	5,362,988
Government issues	58,671,090
Interest rate swaps, net	61,772
Municipals	537,815
Other asset-backed	6,099,145
Fixed income options	(11,961)
Foreign currency options	74,098
Future options	68,436
Total investments	\$ 1,331,997,426



The plan categorizes its fair value measurements within the fair value hierarchy established by Generally Accepted Accounting Principles (GAAP). The fair value measurements for the investments of the Wichita Retirement Systems (WRS) on December 31, 2017 are listed in the table below.

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
<b>Investments by fair value level:</b>				
Cash equivalents:				
STIF-type instruments	\$ 30,244,895	\$ -	\$ 30,244,895	\$ -
Foreign currency	1,259,265	1,259,265	-	-
Total cash equivalents	31,504,160	1,259,265	30,244,895	-
Equities:				
Common stock	517,343,625	517,343,625	-	-
Common stock unit	986,684	986,684	-	-
Commodities	38,235,302	-	38,235,302	-
Depository receipts	12,707,360	12,707,360	-	-
Limited partnership units	72,699,603	1,123,037	-	71,576,566
Mutual funds	230,266,887	1,185,564	229,081,323	-
Preferred stock	1,110,425	1,110,425	-	-
Real estate investment trust	35,006,935	9,041,350	-	25,965,585
Warrants	1,910	1,910	-	-
Total equities	908,358,731	543,499,955	267,316,625	97,542,151
Fixed Income:				
Auto loan receivable	3,289,337	-	3,173,717	115,620
CMO	16,659,279	-	16,659,279	-
Corporate bonds	86,586,307	-	86,586,307	-
FHLMC	11,554,870	-	11,554,870	-
FNMA	24,406,019	-	24,406,019	-
GNMA I	1,002,290	-	1,002,290	-
GNMA II	5,362,988	-	5,362,988	-
Government issues	58,671,090	-	58,671,090	-
Municipals	537,815	-	537,815	-
Other asset-backed	6,099,145	-	6,099,145	-
Total fixed income	214,169,140	-	214,053,520	115,620
Total investments by fair value level	1,154,032,031	\$ 544,759,220	\$ 511,615,040	\$ 97,657,771
<b>Investments measured at the net asset value (NAV):</b>				
Mutual funds	52,516,001			
Non-security asset-stock	82,237,413			
Real estate investment trust	43,103,820			
Total investments measured at NAV	177,857,234			
<b>Investment derivative instruments:</b>				
Credit default swaps, net	(84,184)	\$ -	\$ (84,184)	\$ -
Interest rate swaps, net	61,772	-	61,772	-
FX forwards	(11,961)	-	(11,961)	-
Foreign currency options	74,098	-	74,098	-
Futures options	68,436	68,436	-	-
Total investment derivative instruments	108,161	\$ 68,436	\$ 39,725	\$ -
Total investments	\$ 1,331,997,426			

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

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

Equity securities classified as Level 3 of the fair value hierarchy are primarily made up of timber or real estate investments. Limited partnership units and real estate investment trusts are valued based upon recent independent valuations prepared by outside appraisers. The outside appraisers utilized the cost, sales comparison and income capitalization approaches to estimate the fair value of the timber or real estate investments. The significant unobservable inputs utilized in the appraisals are primarily related to the discount rates used to discount the projected future cash flows as related to land and timber prices or mortgage loans. Fixed income securities classified as Level 3 are those in inactive markets where prices have been determined to be stale and do not meet observable Level 2 criteria.

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

Investments measured at net asset value (NAV)	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Mutual fund	\$ 52,516,001	\$ -	1 <sup>st</sup> day of month	7 business days
Non-security asset-stock	82,237,413	-	15 <sup>th</sup> day of month	15 calendar days
Real estate investment trust	43,103,820	-	Quarterly	45 days
Total investments measured at the NAV	<u>\$ 177,857,234</u>	<u>\$ -</u>		

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

***Mutual fund:*** The Systems have one fund manager that holds mutual fund investments measured at the NAV. This investment is an international small cap equity strategy that seeks long-term capital appreciation by investing primarily in equity securities on non-U.S. issuers with equity market capitalizations of \$2.5 billion or less at the time of purchase. Diversification percentages are maintained and measurement is done at the time of purchase.

***Non-security asset-stock:*** This includes one fund manager whose non-security asset-stock investment objective is to outperform the MSCI Emerging Markets Index (the "Benchmark") by an average of 250 basis points per year (gross of fees) over a full market cycle.

***Real estate investment trusts:*** The Systems have one fund manager that holds real estate investment trust (REIT) investments measured at the NAV. The REITs apply a focused Sustainability & Environmental, Social and Governance ("Sustainability & ESG") investment strategy designed to manage risk, increase efficiency and satisfy tenants.

**Custodial Credit Risk:** The custodial credit risk for deposits is the risk that in the event of a bank failure, the WRS' deposits may not be recovered. On December 31, 2017, the WRS' cash deposits in the amount of \$72,728 were included in the City's pooled cash and temporary investments. Amounts held in the City's pooled cash and temporary investments were fully collateralized as of December 31, 2017. The WRS' debt securities investments were registered in the name of WRS and were held in the possession of the WRS' custodial bank, State Street.

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

1. Fixed income managers have full discretion over the issuers selected and may hold any mix of fixed income securities and cash equivalents.
2. Portfolio duration for nominal fixed income managers must not be less than 80% or more than 120% of the duration of the Barclays Capital Aggregate Bond Index, unless the Joint Investment Committee prospectively grants a written exception. As of December 31, 2017, the duration of the Index was 5.98 years, which equated to a minimum and maximum range for each fixed income portfolio of 4.78 years and 7.18 years, respectively.

The modified duration of investments on December 31, 2017 is as follows:

Investment Type	Fair Value	Percent of all Fixed Income Assets	Weighted Average Modified Duration (Years)
Government securities, long-term	\$ 71,268,199	28.0%	9.1
Corporate debt instruments, long-term	33,731,053	13.3%	8.1
Mortgage and asset-backed securities	61,303,528	24.1%	3.4
Global fixed income	47,974,521	18.8%	7.3
Actively managed investments	214,277,301	84.2%	6.9
Government short-term investment fund	31,504,160	12.4%	-
Pooled high-yield fixed income securities	7,927,398	3.1%	3.2
Pooled international fixed income securities	825,290	0.3%	1.6
Total investment in debt securities	\$ 254,534,149	100.0%	

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**Credit Risk of Debt Securities:** Credit risk is the risk that an issuer of an investment will not fulfill its obligations. The WRS manages exposure to investment credit risk by adhering to the following policies: (1) for active core domestic fixed income investments, at the time of purchase, bonds and preferred stocks must be rated at least "A2/A/A" or higher using the middle rating of Moody's, Standard and Poor's and Fitch after dropping the highest and lowest available ratings. When a rating from only two agencies is available, the lower ("more conservative") rating is used. When a rating from only one agency is available, that rating is used to determine credit quality; and (2) for core-plus domestic fixed income investments, the weighted average credit quality of the portfolio will not fall below "A2/A/A" or equivalent; when determining credit quality, the middle rating of Moody's, Standard and Poor's and Fitch is used after dropping the highest and lowest available ratings. When a rating from only two agencies is available, the lower ("more conservative") rating is used. When a rating from only one agency is available, that rating is used to determine credit quality. Throughout 2017, no securities were purchased that were below the established credit quality minimum in the active core portfolio and the weighted average credit quality of the active core plus portfolio did not fall below the established credit quality rating. The accompanying table shows the debt investments held by the WRS on December 31, 2017 and their respective ratings by Standard and Poor's or an equivalent nationally recognized statistical rating organization.

Quality Rating	Total Debt Securities
AAA	\$ 12,763,494
AA+	85,660,515
AA	7,387,435
AA-	6,969,627
A+	10,510,438
A	14,709,325
A-	20,095,882
BBB+	18,835,138
BBB	9,275,953
BBB-	8,452,002
BB+	5,304,783
BB	3,252,784
BB-	9,660,059
B+	2,329,538
B	253,525
B-	1,404,718
CCC+	57,324
CCC	1,136,077
CCC-	274,182
CC	358,896
C	352,556
D	378,890
Not rated	3,606,848
Total credit risk debt securities	223,029,989
Government short-term investment fund*	31,504,160
Total investment in debt securities	\$ 254,534,149

\* While the government short-term investment fund itself is not rated, the average quality of the holdings of the government short-term investment fund on December 31, 2017 was A1+P1.

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

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

**Rate of Return:** The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.4% for the year ended December 31, 2017. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for changing amounts actually invested.

**Derivatives:** Investment derivative instruments are financial contracts for which the value of the contract is dependent on the values of one or more underlying asset, reference rate or financial index. They include futures contracts, swap contracts, options contracts, rights and forward foreign currency exchanges. While the WRS has no formal policy specific to investment derivatives, the WRS, through its external investment managers, held a variety of these instruments as of December 31, 2017. The WRS enters into these investment derivative instruments primarily to enhance the performance, reduce the volatility of its investment portfolio and to manage interest rate risk. The investment derivative instruments held by the WRS on and

during the year ended December 31, 2017 are shown on the following page. The notional values associated with these derivative instruments are generally not recorded in the financial statements; however, the exposure amounts on these instruments are included in the fair value of investments in the Statement of Fiduciary Net Position and the total changes in fair value for the year are included as investment income (loss) in the Statement of Changes in Fiduciary Net Position.

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

Classification and Type	Change in Fair Value	Notional Value	Exposure/ Fair Value	Counterparty (Counterparty Rating)
Investment revenue:				
Credit default swaps written	\$ 15,985	\$ 3,420,000	\$ 76,840	Goldman Sachs CME (BBB+)
Credit default swaps written	5,524	-	-	JPMorgan Chase Bank (A+)
Credit default swaps written	2,082	130,000	3,069	N/A
Fixed income futures long	1,033,079	36,522,814	-	N/A
Fixed income options written	19,249	(1,400,000)	(18,200)	N/A
Foreign currency options written	121,120	(3,192,386)	(10,358)	N/A
Futures options written	190,716	(153,500)	(20,184)	N/A
FX forwards	172	-	-	Brown Brothers Harriman + CO (NR)
FX forwards	354	-	-	Morgan Stanley Capital Services Inc
Pay fixed interest rate swaps	41,220	-	-	Bank of America CME (A-)
Rights	155	-	-	N/A
Investment loss:				
Credit default swaps bought	(4,025)	-	-	Bank of America ICE (A-)
Credit default swaps bought	(17,884)	1,990,000	(164,093)	Goldman Sachs CME (BBB+)
Fixed income futures short	(274,293)	(68,255,717)	-	N/A
Fixed income options bought	(37,199)	2,700,000	6,239	N/A
Foreign currency futures long	(75)	-	-	N/A
Foreign currency futures short	(47,513)	(375,000)	-	N/A
Foreign currency options bought	(86,813)	5,970,348	84,456	N/A
Future options bought	(234,489)	288,000	88,620	N/A
FX forwards	(59,675)	2,594,057	41,996	Bank of America, N.A. (A+)
FX forwards	(117,292)	4,231,576	(266,543)	Barclays Bank PLC Wholesale (A)
FX forwards	(6,224)	-	-	BNP Paribas SA (A)
FX forwards	(129,762)	6,521,183	7,875	Citibank N.A. (A+)
FX forwards	(1,790)	-	-	Credit Suisse International (A)
FX forwards	(738,318)	12,912,257	(179,030)	Goldman Sachs Bank USA (BBB+)
FX forwards	(35,239)	1,773,320	(7,650)	HSBC Bank USA (AA-)
FX forwards	(430,311)	9,262,204	(141,774)	JP Morgan Chase Bank (A+)
FX forwards	(131,672)	667,039	(20,719)	JP Morgan Chase Bank N.A. (A+)
FX forwards	(6)	5,050	(6)	Royal Bank of Canada UK (AA-)
FX forwards	(431,064)	-	-	UBS AG (A+)
Pay fixed interest rate swaps	-	2,434,950	-	Bank of America Intl NY United States (A-)
Pay fixed interest rate swaps	-	2,528,244	-	Bank of America LCH (A-)
Pay fixed interest rate swaps	(21,663)	3,992,604	57,644	Goldman Sachs CME (BBB+)
Receive fixed interest rate swaps	(64,982)	-	-	Bank of America CME (A-)
Receive fixed interest rate swaps	(2,713)	2,769,604	4,128	Goldman Sachs CME (BBB+)
Warrants	(454,118)	218	1,910	N/A
	<u>\$ (1,897,464)</u>	<u>\$ 27,336,865</u>	<u>\$ (455,780)</u>	

**Foreign Currency Risk:** Currency risk arises due to foreign exchange rate fluctuations. The WRS' investment policies manage the exposure to foreign currency risk by allowing international securities investment managers to enter into forward exchange or future contracts on foreign currency provided such contracts have a maturity of less than one year. Currency contracts are only to be utilized for the settlement of securities transactions and defensive hedging of currency positions. The WRS' exposure to foreign currency risk on December 31, 2017 is presented in the accompanying table.

Currency	Cash and Cash Equivalents	Fixed Income	Equities
Argentine peso	\$ 17,629	\$ 1,063,418	\$ -
Australian dollar	30	1,268,972	10,803,965
Brazilian real	-	1,402,631	-
Canadian dollar	21,540	1,671,718	-
Chilean peso	-	266,355	-
Danish krone	-	-	3,836,661
Euro	327,916	8,265,910	51,242,253
Hong Kong dollar	-	-	5,235,209
Indian rupree	-	84,291	-
Japanese yen	32,806	-	35,128,445
Mexican peso	288,503	2,389,450	-
New Zealand dollar	14,222	2,023,541	928,079
Norwegian krone	191	(3,542)	1,255,910
Polish zloty	16,404	-	-
Pound sterling	28,525	1,547,780	26,695,552
Russian ruble	20,672	549,458	-
Singapore dollar	-	-	937,231
South African rand	34,915	1,345,830	-
Swedish krona	37,345	880,814	1,571,918
Swiss franc	-	-	10,363,771
Turkish lira	5,461	425,276	-
Uruguayan peso	-	279,074	-
Yuan renminbi	25,449	358,592	-
International mutual funds (various currencies)	-	2,320,173	-
Total subject to foreign currency risk	\$ 871,608	\$ 26,140,371	\$ 147,998,994

All forward foreign currency contracts are carried at fair value by the WRS. As of December 31, 2017, the Systems held forward currency contracts with an unrealized loss of \$565,851. If held, sales of forward currency contracts are receivables and are reported as investment sales pending in the financial statements.

**Securities Lending Transactions:** Policies of the Board of Trustees for the Wichita Employees' Retirement and Police and Fire Retirement Systems permit the lending of securities to broker-dealers and other entities (borrowers) with a simultaneous agreement to return the collateral for the same securities in the future. The WRS' custodial bank, State Street, is the lending agent for the Systems' domestic securities for initial collateral of 102% of the fair value of the loaned securities, international equity securities for initial collateral of 105% of the fair value of such securities and the initial collateral received for loans of United Kingdom (UK) Gilts shall have a value of at least 102.5% of the fair value of such UK Gilts. Collateral may consist of cash (U.S. and foreign currency), securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, irrevocable bank letters of credit issued by a person other than the securities borrower or affiliate, if determined appropriate by the agent under the securities lending programs it administers and such other collateral as the parties may agree to in writing.

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

As of December 31, 2017, the Systems had no securities lending transactions due to the program being wound down in preparation for the Systems' transition to a new custodial bank in 2018.

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

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**6. Capital Assets**

Capital asset activity of the primary government for the year ended December 31, 2017 is presented in the following table (expressed in thousands of dollars):

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 289,872	\$ 5,293	\$ (835)	\$ -	\$ 294,330
Construction in progress	150,716	82,281	(106,242)	-	126,755
Total capital assets, not being depreciated	<u>440,568</u>	<u>87,574</u>	<u>(107,077)</u>	<u>-</u>	<u>421,085</u>
Capital assets, being depreciated:					
Buildings	251,836	23,886	(24)	-	275,701
Improvements other than buildings	106,185	13,772	-	(6,070)	113,887
Machinery, equipment and other assets	122,795	4,946	(6,410)	(193)	121,138
Infrastructure	914,884	25,199	-	-	940,083
Total capital assets being depreciated	<u>1,395,703</u>	<u>67,803</u>	<u>(6,434)</u>	<u>(6,263)</u>	<u>1,450,809</u>
Less accumulated depreciation for:					
Buildings	(121,244)	(3,550)	21	-	(124,773)
Improvements other than buildings	(43,348)	(3,554)	-	-	(46,902)
Machinery, equipment and other assets	(87,484)	(8,600)	5,903	-	(90,181)
Infrastructure	(297,181)	(22,310)	-	-	(319,491)
Total accumulated depreciation	<u>(549,257)</u>	<u>(38,014)</u>	<u>5,924</u>	<u>-</u>	<u>(581,347)</u>
Total capital assets, being depreciated, net	<u>846,446</u>	<u>(29,789)</u>	<u>(510)</u>	<u>(6,263)</u>	<u>869,462</u>
Governmental activities capital assets, net	<u>\$ 1,287,034</u>	<u>\$ 117,363</u>	<u>\$ (107,587)</u>	<u>\$ (6,263)</u>	<u>\$ 1,290,547</u>
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 43,104	\$ 18	\$ (29)	\$ -	\$ 43,093
Construction in progress	89,699	57,019	(36,989)	-	109,729
Total capital assets, not being depreciated	<u>132,803</u>	<u>57,037</u>	<u>(37,018)</u>	<u>-</u>	<u>152,822</u>
Capital assets, being depreciated:					
Airfields	165,718	-	-	-	165,718
Buildings	453,045	3,134	(408)	-	455,771
Improvements other than buildings	1,378,858	27,891	(286)	6,070	1,412,533
Machinery, equipment and other assets	252,888	11,319	(8,037)	193	256,363
Total capital assets being depreciated	<u>2,250,509</u>	<u>42,344</u>	<u>(8,731)</u>	<u>6,263</u>	<u>2,290,385</u>
Less accumulated depreciation for:					
Airfields	(125,548)	(4,219)	-	-	(129,767)
Buildings	(109,876)	(8,335)	203	-	(118,008)
Improvements other than buildings	(335,769)	(24,041)	-	-	(359,810)
Machinery, equipment and other assets	(140,823)	(19,247)	7,805	-	(152,265)
Total accumulated depreciation	<u>(712,016)</u>	<u>(55,842)</u>	<u>8,008</u>	<u>-</u>	<u>(759,850)</u>
Total capital assets, being depreciated, net	<u>1,538,493</u>	<u>(13,498)</u>	<u>(723)</u>	<u>6,263</u>	<u>1,530,535</u>
Business-type activities capital assets, net	<u>\$ 1,671,296</u>	<u>\$ 43,539</u>	<u>\$ (37,741)</u>	<u>\$ 6,263</u>	<u>\$ 1,683,357</u>



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

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

	Current Year Depreciation
<b>Governmental Activities:</b>	
General government	\$ 2,359
Public safety	3,520
Highways and streets <sup>1</sup>	23,303
Sanitation	404
Health and welfare	658
Culture and recreation	4,284
Internal service funds <sup>2</sup>	3,486
Total depreciation expense - governmental activities	\$ 38,014
<b>Business-type Activities:</b>	
Water Utility Fund	\$ 26,092
Sewer Utility Fund	12,112
Airport Authority Fund	11,948
Stormwater Utility Fund	3,069
Nonmajor enterprise funds	2,621
Total depreciation expense - business-type activities	\$ 55,842
<b>Fiduciary Activities</b>	
Pension trust funds	\$ -

<sup>1</sup> Includes the depreciation expense of general infrastructure assets.

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

## 7. Retirement Funds

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

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

City Manager or the City Manager's designee, the Chief of the Police Department, the Chief of the Fire Department, seven members appointed by the City Council, three fire officers elected by PFRS employee members in the fire department or the airport and three police officers elected by PFRS employee members in the police department.

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

#### Summary of Significant Accounting Policies and Plan Asset Matters

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

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

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

**Net Pension Liability, Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions:** For the year ended December 31, 2017, the City had a total net pension liability of \$116,704,566 which was comprised of WERS and PFRS having net pension liabilities of \$60,324,198 and \$56,380,368, respectively. The City recognized a combined net pension expense of \$42,369,210 for the defined benefit plans it administers with \$19,310,840 for the Wichita Employees' Retirement System and \$23,058,370 for the Police and Fire Retirement System. As of December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 14,773,305
Changes of assumptions	124,097	13,869,016
Net difference between projected and actual earnings on pension plan investments	75,596,609	-
City contributions subsequent to the measurement date	23,012,325	-
Changes in proportion of the total net pension liability since the prior measurement date		
Change in proportion - governmental activities	30,478	94,771
Change in proportion - business-type activities	145,466	81,173
Total	\$ 98,908,975	\$ 28,818,265
	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred amounts reported in governmental activities	\$ 84,553,629	\$ 25,348,596
Deferred amounts reported in business-type activities	14,355,346	3,469,669
Total	\$ 98,908,975	\$ 28,818,265

The \$23,012,325 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2018.

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

Year Ending December 31,	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	\$ 26,429,367	\$ 8,603,560
2019	26,429,368	8,126,454
2020	20,593,160	6,976,380
2021	2,442,819	4,428,816
2022	1,936	683,055
Totals	\$ 75,896,650	\$ 28,818,265

A. Wichita Employees' Retirement System

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

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

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

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

When a Plan 1 member has been retired for 12 months, they will receive an annual adjustment to their benefit of 3% of the original base amount of the benefit. The annual post-retirement adjustment for Plan 2 members is 2%. As of December 31, 2017, the WERS defined benefit plan membership consisted of the following:

Member Category	Plan 1	Plan 2	Plan 3	Total
Inactive employees or beneficiaries currently receiving benefits	691	725	-	1,416
Inactive employees entitled to, but not yet receiving benefits	-	144	-	144
Active employees	3	891	647	1,541
Total membership	694	1,760	647	3,101

**Deferred Retirement Option Plan (DROP) Provision:** The benefit structure of the Wichita Employees' Retirement System includes a Deferred Retirement Option Plan (DROP). Both Plan 1 and Plan 2 provide a

DROP provision. Members must be eligible to receive a service retirement benefit as of the DROP retirement date to participate in the DROP. The DROP period is one to 60 months. The monthly benefit amount is computed as of the DROP election date based on the final average salary and years of service as of that date. The benefit is paid into the member's notional DROP account during the deferral or DROP period. The member and City both continue to make the required contributions during the deferral period. These contributions are not credited to the member's DROP account, but are credited to general Plan assets to improve the System's funding. Interest at an annual rate of 5.0%, compounded monthly, is credited to the notional DROP account. Voluntary termination of employment during the DROP period results in loss of accrued interest. When the member terminates employment, the balance of the DROP account is paid as a lump sum and future monthly benefits are paid to the member. The balance of the notional DROP accounts as of December 31, 2017 is \$4,928,981.

**Funding Policy:** The contribution requirements of plan members and the reporting entity are established by City Ordinance and may be amended by the governing body. Members of Plan 1 and 2 are required to contribute 6.4% and 4.7% of covered salaries, respectively. Members of Plan 3 are required to contribute 4.7% of covered salaries. From its various operating funds, the City is required to contribute at an actuarially determined rate; the rate for 2017 was 12.3% of annual covered payroll for Plans 1, 2 and 3 (excluding compensation attributable to members who have made an irrevocable election to remain in the defined contribution plan after fully vesting at seven years of service). The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded liability. The City may provide for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the WERS consulting actuary. For the year ended December 31, 2017, WRS received \$9,642,540 in contributions from the employer.

**Actuarial Assumptions:** The total pension liability in the December 31, 2016 actuarial valuation was determined using the actuarial assumptions summarized in the accompanying table, applied to all periods included in the measurement. The actuarial assumptions used in the December 31, 2016 valuation were based on the results of the most recent experience study, which covered the five-year period ending December 31, 2013. The experience report is dated July 15, 2014.

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

**Changes in Actuarial Assumptions:** There were no changes to the assumptions used for the actuarial valuation performed as of the year ended December 31, 2016.

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

inflation assumption or a fundamental change in the market that alters expected returns in future years. The target asset allocation and best estimates of geometric real rates of return (net of 2.25% inflation assumption) for each major asset class are summarized in the accompanying table.

**Discount Rate:** The fiduciary net position is not projected to become depleted; therefore, a Municipal Bond Index Rate was not used in

the determination of the Single Equivalent Interest Rate (SEIR) for the December 31, 2016 valuation. Thus, the discount rate, or SEIR, is equal to the long-term assumed rate of return on investments, as determined in the last experience study. The discount rate used to measure the total pension liability as of the December 31, 2016 valuation is 7.90% which is consistent with the previous valuation's discount rate.

The projection of cash flows used to determine the discount rate assumed the employee contributions will be made at the current contribution rate and that the City contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the employee rate. Projected future benefit payments for all current plan members were projected through 2116. Based on those assumptions, the pension plan's fiduciary net position is projected to be available to make all projected future payments of current and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Net Pension Liability:** Detailed information about the pension plan's fiduciary net position used in calculating the net pension liability is available in the separately issued WRS financial report. The City's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The accompanying table presents changes in the total pension liability, fiduciary net position and the net pension liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of December 31, 2015	\$ 596,977,187	\$ 541,247,503	\$ 55,729,684
Changes for the year:			
Service cost	9,679,684	-	9,679,684
Interest on total pension liability	45,634,881	-	45,634,881
Differences between expected and actual experience	(2,791,029)	-	(2,791,029)
Employer contributions	-	8,946,064	(8,946,064)
Employee contributions	-	3,642,007	(3,642,007)
Reclassifications due to participant conversion	(244,793)	(244,793)	-
Net investment income	-	35,956,780	(35,956,780)
Benefit payments, including member refunds	(39,144,783)	(39,144,783)	-
Administrative expenses	-	(615,829)	615,829
Net Changes	13,133,960	8,539,446	4,594,514
Balance as of December 31, 2016	\$ 610,111,147	\$ 549,786,949	\$ 60,324,198

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

	Rate	City's Net Pension Liability
1% decrease	6.90%	\$ 127,059,711
Current rate	7.90%	60,324,198
1% increase	8.90%	3,699,714

## B. Police and Fire Retirement System

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

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

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

When a member has been retired for 36 months, they will receive an annual adjustment to their benefit of 2% of the original base amount of the benefit.

As of December 31, 2017, the PFRS defined benefit plan membership consisted of the following:

Member Category	Plan A	Plan B	Plan C-79	Total
Inactive employees or beneficiaries currently receiving benefits	439	191	370	1,000
Inactive employees entitled to, but not yet receiving benefits	-	-	33	33
Active employees	2	-	1,080	1,082
Total membership	441	191	1,483	2,115

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

**Funding Policy:** The contribution requirements of plan members and the reporting entity are established by City Ordinance and may be amended by the governing body. PFRS members are required to contribute 6% to 8% of covered salaries. From its various operating funds, the City is required to contribute at an actuarially determined rate; the rate for 2017 was 19.2% of annual covered payroll. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded liability. The City may provide for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the PFRS consulting actuary. For the year ended December 31, 2017, PFRS received \$13,369,785 in contributions from the employer.

**Actuarial Assumptions:** The total pension liability in the December 31, 2016 actuarial valuation was determined using the actuarial assumptions summarized in the table on the following page, applied to all periods included in the measurement. The actuarial assumptions used in the December 31, 2016 valuation were based on the results of the most recent experience study, which covered the five-year period ending December 31, 2013. The experience report is dated July 15, 2014.



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

**Changes in Actuarial Assumptions:** There were no changes to the assumptions used for the actuarial valuation performed as of the year ended December 31, 2016.

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

**Net Pension Liability:** Detailed information about the pension plan's fiduciary net position used in calculating the net pension liability is available in the separately issued WRS financial report. The City's net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The accompanying table presents changes in the total pension liability, fiduciary net position and the net pension liability.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of December 31, 2015	\$ 644,264,654	\$ 592,883,226	\$ 51,381,428
Changes for the year:			
Service cost	14,772,379	-	14,772,379
Interest on total pension liability	49,519,284	-	49,519,284
Differences between expected and actual experience	(2,576,401)	-	(2,576,401)
Employer contributions	-	12,585,895	(12,585,895)
Employee contributions	-	4,776,958	(4,776,958)
Reclassifications due to participant conversion	-	39,901,640	(39,901,640)
Net investment income	(35,552,267)	(35,552,267)	-
Benefit payments, including member refunds	-	(548,171)	548,171
Net Changes	26,162,995	21,164,055	4,998,940
Balance as of December 31, 2016	\$ 670,427,649	\$ 614,047,281	\$ 56,380,368

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

	Rate	City's Net Pension Liability
1% decrease	6.90%	\$ 137,461,499
Current rate	7.90%	56,380,368
1% increase	8.90%	(11,126,261)

#### C. Wichita Employees' Retirement System Plan 3b

The City contributes to Wichita Employees' Retirement System Plan 3, a defined contribution pension plan, for all of its full-time civilian employees hired or rehired on or after January 1, 1994. Benefits depend solely on amounts contributed to the plan plus investment earnings. Plan 3, established by City Ordinance on April 9, 1993 and amended on February 8, 2000, requires that both the employee and the reporting entity contribute an amount equal to 4.7% covered salaries. The reporting entity's contributions and earnings for each employee are 25% vested after three years of service, 50% vested after five years and are fully vested after seven years of service.

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

Fully vested employees who elect to continue participation in Plan 3b may contribute additional amounts into the plan as permitted by the rules of the Internal Revenue Code in effect at the time of the contribution. Benefit terms, including contribution requirements, are established and may be amended by the City Council. For the year ending December 31, 2017, employee and employer contributions to Plan 3b each totaled \$200,003. As of December 31, 2017, there were 88 members covered under the defined contribution Plan 3b.

## **8. Self Insurance Fund**

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

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

### **A. Health Insurance**

The employee health insurance program is offered to all full-time employees of the reporting entity and their dependents. The health insurance program is open to retirees and dependents up to 65 years of age. The City self-insures health benefits up to \$450,000 per member, with a stop-loss secondary coverage for costs in excess of \$450,000 with the exception of one member for which the City self-insures up to \$1 million. The self-insured prescription drug plan is included in the monthly premium. At December 31, 2017, the City recorded a liability of \$3,157,945 for estimated claims pending and net position totaled \$13,479,982.

### **B. Workers' Compensation**

The workers' compensation program is a partially self-funded program covering substantially all full-time and part-time employees of the reporting entity. The annual requirements of the workers' compensation program are determined based on current claims outstanding and estimates of future liability based on pending claims, recorded at a confidence level of 85%. The City has reinsured for liabilities exceeding \$750,000 per occurrence with coverage provided through Safety National Casualty Corporation. The retention is taken into consideration in actuarial projections of the City's liability. The City maintains a reserve to meet state and actuarial requirements and to provide contingency funding. At December 31, 2017, the City recorded a liability of \$9,284,230 for estimated probable claims pending and net position totaled \$6,823,913.

### **C. Life Insurance**

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



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

Contributions (employee and employer), plus interest earned on investments, are used for premium payments. Coverage is terminated if the participant fails to make contributions toward the cost of insurance, if the participant terminates employment with the City and does not elect the conversion or portability option, or if the plan is terminated. At December 31, 2017, net position totaled \$728,089.

#### D. General Liability

The City's general liability program provides for legal defense and claims against employees of the reporting entity when an incident arises out of City operations. The general liability program also includes vehicle liability and building and content insurance. The City maintains a property insurance policy for all City owned buildings and contents. The deductible portion of the building and content insurance coverage is paid from the Self Insurance Fund. The deductible is \$100,000 per occurrence for most covered losses, except wind and hail, which is \$750,000 per occurrence.

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

At December 31, 2017, the City recorded a liability of \$7,036,805 for pending tort claims at a confidence level of 85% and to provide for the loss of excess liability coverage and potential environmental liability exposure. At December 31, 2017, net position totaled \$4,553,652.

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

Fund	Claims Paid	Beginning Balance	Changes in Actuarial Estimate	Ending Balance	Short-term Portion
Worker's Compensation					
2016	\$ 2,228,361	\$ 8,092,880	\$ (534,795)	\$ 7,558,085	\$ 1,787,930
2017	2,958,077	7,558,085	1,726,145	9,284,230	2,153,620
General Liability					
2016	4,031,179	5,355,477	2,015,078	7,370,555	2,634,247
2017	2,144,399	7,370,555	(333,750)	7,036,805	2,744,431
Health Insurance					
2016	35,296,701	4,566,905	(1,481,007)	3,085,898	3,085,898
2017	40,905,362	3,085,898	72,047	3,157,945	3,157,945

#### E. Other Post Employment Healthcare Benefits

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

**Funding Policy:** The City provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statute, which may be amended by the state legislature, establishes that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125% of the premium cost for other similarly situated employees. The City requires participating retirees to contribute 100% of the blended premium cost of active employees up to age 60 (including the employer and employee share). Participating retirees between the ages of 60 and 65 are required to contribute 75% of the blended premium cost of active employees (including the employer and employee share).

The City appropriates funds annually for the costs associated with this retirement benefit and provides funding for the expenditures on a pay-as-you-go basis through the Self Insurance Fund. In 2017, retired plan members receiving benefits contributed \$2,347,612 to the plan compared to City's contribution of \$2,062,252.

**Annual OPEB Cost and Net OPEB**

**Obligation:** The City's annual OPEB (other post employment benefit) cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize

OPEB Component	Amount
Annual required contribution-amortized liability	\$ 4,070,278
Interest on net OPEB obligation	645,532
Adjustment to annual required contribution	(933,279)
Annual OPEB cost (expense)	3,782,531
Contributions made	(2,062,252)
Increase in net OPEB obligation	1,720,279
Net OPEB obligation January 1, 2017	16,138,302
Net OPEB obligation December 31, 2017	\$ 17,858,581

any unfunded actuarial liabilities over a period of not to exceed thirty years. The accompanying table presents the components of the City's annual OPEB cost for the year, the amount contributed to the plan and changes in the City's net OPEB obligation. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are shown in the table below.

**Funded Status and Funding Progress:** As of January 1, 2017, the date of the most recent the actuarial valuation, the actuarial accrued liability for benefits was \$35,102,854. The covered payroll (annual payroll of active employees covered by the plan) was \$161.7 million, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered

payroll was 21.7%. The City's policy is to fund the benefits on a pay-as-you-go basis from the Self Insurance Fund, resulting in an UAAL of \$35,102,854.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	\$ 3,780,265	65.0%	\$ 14,572,684
2016	3,756,701	58.3%	16,138,302
2017	3,782,531	54.5%	17,858,581

Actuarial valuations of the ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The valuation includes, for example, assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions:** Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

The January 1, 2017 actuarial valuation applied the projected unit credit method with linear proration to decrement. The actuarial assumptions included a 3.0% inflation rate implicitly included in the 4.0% rate of return, which is a blended rate of the expected long-term investment returns on the City's pooled funds and investments. The valuation assumed annual healthcare cost trend rates of 9.0%, declining to an ultimate rate of 5.0% for 2026 and beyond. The valuation did not include changes in the benefits over the valuation period. The valuation followed Generally Accepted Actuarial Methods and included tests as considered necessary to assure the accuracy of the results. The 2017 UAAL is being amortized on a level dollar basis utilizing an open thirty year period.

## 9. Long-Term Obligations

### A. General Obligation Bonds

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

General Obligation Bonds Outstanding on December 31, 2017 (dollars in thousands)		
Payable From	Interest Rates	Amount
Governmental activities:		
Ad valorem property taxes	1.50% - 5.00%	\$ 47,633
Transient guest tax	3.00% - 5.00%	2,480
Tax increment financing	1.05% - 5.00%	18,022
Local sales tax	2.125% - 5.00%	96,275
Total governmental activities		164,410
Business-type activities:		
Airport Authority Fund	3.00% - 5.60%	129,100
Stormwater Utility Fund	1.50% - 5.00%	17,873
Water Utility Fund	3.00% - 5.00%	120,745
Total business-type activities		267,718
Total general obligation bonds		\$ 432,128

Annual Debt Service Requirements General Obligation Bonds (dollars in thousands)				
Year ending December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2018	\$ 28,154	\$ 5,987	\$ 9,785	\$ 11,061
2019	25,411	4,840	10,210	10,608
2020	19,334	3,899	10,593	10,133
2021	16,482	3,155	10,463	9,641
2022	16,980	2,550	10,846	9,152
2023 - 2027	44,593	6,268	58,991	38,009
2028 - 2032	11,651	975	62,780	26,722
2033 - 2037	1,805	98	43,385	15,048
2038 - 2042	-	-	33,420	7,826
2043 - 2047	-	-	17,245	1,339
Totals	\$ 164,410	\$ 27,772	\$ 267,718	\$ 139,539

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

Annual Debt Service Requirements Special Assessment Bonds (dollars in thousands)		
Year ending December 31,	Governmental Activities	
	Principal	Interest
2018	\$ 19,936	\$ 7,122
2019	18,430	6,203
2020	18,408	5,391
2021	16,925	4,668
2022	14,968	3,950
2023 – 2027	55,961	11,560
2028 – 2032	25,524	2,236
2033 – 2037	2,555	148
Totals	<u>\$ 172,707</u>	<u>\$ 41,278</u>

#### B. Revenue Bonds

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

Revenue Bonds Outstanding on December 31, 2017 (dollars in thousands)			
	Interest Rates	Final Maturity Date	Amount
Governmental activities			
2017 K-96 Greenwich STAR Bond Project	3.00% - 4.625%	2033	\$ 3,045
Total governmental activities			<u>3,045</u>
Business-type activities			
Water utilities:			
2009B Water & Sewer	4.27% - 5.36%	2019	3,125
2010B Water & Sewer	3.30% - 5.35%	2030	12,675
2011A Water & Sewer Refunding	3.00% - 5.00%	2028	72,180
2012A Water & Sewer	3.00% - 4.00%	2032	13,580
2014A Water & Sewer	3.00% - 5.00%	2030	26,735
2014B Water & Sewer	2.50% - 5.00%	2034	11,370
2015B Water & Sewer Refunding	2.38% - 5.00%	2031	33,630
2015C Water & Sewer	2.50% - 5.00%	2035	23,020
2015D Water & Sewer Refunding	2.50% - 5.00%	2032	21,345
2016A Water & Sewer	2.00% - 5.00%	2036	23,115
2016B Water & Sewer Refunding	2.00% - 5.00%	2039	98,340
2017A Water & Sewer	3.00% - 5.00%	2037	65,500
2017B Water & Sewer Refunding	1.63% - 5.00%	2030	22,140
Airport authority:			
Yingling Aircraft – Series 2001	7.50%	2021	1,300
FlightSafety – Series A 2003	Variable*	2031	2,660
Yingling Aircraft – Series A 2005	6.00%	2025	1,500
Total business-type activities			<u>432,215</u>
Total revenue bonds			<u>\$ 435,260</u>

\*The FlightSafety – Series A, 2003 bonds have a variable interest rate, adjustable weekly based on the rate at which the bonds can be remarketed at par, as determined by a remarketing agent, with an interest rate ceiling of 15%. The interest rate utilized to calculate the debt service requirements was the effective rate on December 31, 2017 of 0.93%.

**Sales Tax Special Obligation Revenue (STAR) Bonds:** In 2013, the City issued \$36,325,000 of Sales Tax Special Obligation Revenue Bonds (STAR bonds) in connection with an approved STAR Bond District under K.S.A. 12-17, 160 et al., known as the STAR Bonds Financing Act. In 2017, the City issued \$71,305,000 in STAR Bonds in connection with the approved STAR Bond District under K.S.A. 12-17, 160, to (1) advance refund the remaining \$33,270,000 in outstanding principal of the 2013 bonds, (2) fund a portion of the 2017 Project, (3) fund a deposit into the Debt Service Reserve Fund for the 2017 bonds and (4) pay certain costs related to the issuance of the 2017 bonds. The advance refunding of the 2013 bonds resulted in an in-substance defeasance. Pursuant to issuance of the STAR bonds, the City and State of Kansas entered into a STAR Bond Tax Distribution Agreement. The agreement provides that the principal and interest on the STAR bonds will be paid proportionally by the City and the State of Kansas, based on each entity's respective share of sales tax generated within the District. As of December 31, 2017, the City's proportional share is approximately 4.27%. This proportional share may change in the future if the sales taxes assessed by the local or state governments are modified.

These bonds are special, limited obligations of the City payable solely from revenues generated within the STAR Bond District. The bonds do not constitute a pledge of the full faith and credit of the City, and do not obligate the City to levy any form of taxation or to make any appropriation for their payment. As such, the City has only recorded 4.27%, its proportional share of the outstanding obligation, for this bond issue. As of December 31, 2017, the City recorded STAR bonds outstanding in the amount of \$3,044,724.

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

Pledged Revenue for Revenue Bond Debt Service Requirements (dollars in thousands)					
Amount of Pledge	Type of Pledged Revenue	Term of Commitment	Percent of Revenue Pledged	2017 Principal & Interest	2017 Pledged Revenues Recognized
<u>Water &amp; Sewer Utility Revenue Bonds:</u>					
\$ 568,235	Utility revenues	Through 2039	100%	\$ 46,594	\$ 139,006
<u>Airport Authority Special Facility Revenue Bonds:</u>					
\$ 6,768	Direct financing leases	Through 2031	100%	\$ 209	\$ 209
<u>Sales Tax Special Obligation Revenue (STAR) Bonds:</u>					
\$ 3,744	Sales tax revenues	Through 2033	100%	\$ 339	\$ 303

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

Annual Debt Service Requirements - Revenue Bonds (dollars in thousands)				
Year ending December 31,	Business-type Activities		Governmental Activities	
	Principal	Interest	Principal	Interest
2018	\$ 28,255	\$ 17,819	\$ 178	\$ 121
2019	25,675	16,580	287	114
2020	26,255	15,375	306	105
2021	28,700	14,036	316	96
2022	28,115	12,675	330	83
2023 – 2027	134,625	43,451	1,628	181
2028 – 2032	108,990	18,013	-	-
2033 – 2037	47,935	4,674	-	-
2038 – 2039	3,665	164	-	-
Totals	\$ 432,215	\$ 142,787	\$ 3,045	\$ 700

**C. Capital Leases**

The City entered into a five-year lease in 2013 with a principal total of \$463,180 to fund printers, copiers and related software at an interest rate of 3.963%. An additional three-year lease was entered into in 2015 with a principal total of \$21,482 at an interest rate of 6.753%. On December 31, 2017, debt service requirements to maturity consist of principal payments totaling \$64,219 and interest payments totaling \$901. Additional information on the operating portion of the lease is reported in Note 12 - Leases.

**D. Other Long-Term Liabilities**

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Kansas and federal laws and regulations require the City to perform maintenance and monitoring functions at the site for thirty years after the regulatory closure date of July 25, 2003. Beginning July 1, 2017, the Kansas Department of Health and Environment (KDHE)'s policy concerning the post-closure and closure (PCC) estimate was revised, stating the PCC must be calculated using 30 years initially and then drop each year until 20 years. A rolling 20 years is then required until a demonstration can be made that the landfill conditions are moving towards either equilibrium or stabilization. Estimated post-closure costs for the remaining 20 years total \$8,991,451 or \$449,573 annually. Accordingly, a liability of \$8,991,451 for post-closure care has been reported as a long-term liability of governmental activities on the Statement of Net Position as of December 31, 2017.

The City's Chapin municipal solid waste facility closed operations December 19, 1980. Kansas and federal laws and regulations require the City to perform certain maintenance and monitoring functions at the site for thirty years after the regulatory closure date of July 1, 1989. In June 2008, landfill gas was determined to have migrated off-site from the Chapin Landfill. The estimated additional post-closure care for the remaining 1.48 years is \$142,123 or \$96,029 annually. Accordingly, a liability of \$142,123 for post-closure care has been reported as a long-term liability of the governmental activities on the Statement of Net Position as of December 31, 2017.

Additionally, the City operates three limited landfills, all located at the Brooks Landfill site. Kansas and federal laws and regulations require the City to place a final cover when the landfills close and perform certain maintenance and monitoring functions for thirty years after regulatory closure. Beginning July 1, 2017, the Kansas Department of Health and Environment (KDHE)'s policy concerning the post-closure and closure (PCC) estimate was revised, stating the PCC must be calculated using 30 years initially and then drop each year until 20 years. A rolling 20 years is then required until a demonstration can be made that the landfill conditions are moving towards either equilibrium or stabilization. Based on the capacity used in each landfill, the accumulated closure and post-closure costs, as applicable, for each of the landfills is recorded as a long-term liability of the governmental activities on the Statement of Net Position as of December 31, 2017.

During 2001, the City was granted permission to operate a construction and demolition landfill. The landfill began operation on October 1, 2001. The City's construction and demolition landfill has cumulative closure costs of \$2,060,354 on December 31, 2017, based on the use of 97% of the estimated capacity. The City will recognize the remaining closure costs of \$55,000 as the remaining capacity is filled. Based on activity to date, the City expects the landfill to close in approximately 2018, or as capacity is reached.

In May 2002, the City began operation of an industrial monofill landfill for asbestos waste. The City's industrial monofill landfill for asbestos waste has cumulative closure and post-closure costs of \$165,378 on December 31, 2017, based on the use of 28.3% of the estimated capacity. The City will recognize the remaining closure and post-closure costs of \$425,215 as the remaining capacity is filled. Based on activity to date, the industrial monofill landfill is expected to close in approximately 2063, or as capacity is reached.

In March 2008, the City began operation of a composting facility for yard waste at the existing Brooks Landfill site for which the capacity used was too small to measure, as yard waste moves in and compost moves out. As of December 31, 2017, the capacity used was too small to estimate, thus the total estimated closure and post-closure care of \$39,375 will be recognized as capacity is filled.

As of December 31, 2017, the accumulated costs for the landfills are recorded as a long-term liability in the governmental activities on the Statement of Net Position. The costs will be liquidated from prior years' landfill fees accumulated in the Landfill Post-Closure Fund. Note 18 - Landfill Closure and Post-Closure Care provides further disclosure.



## E. Refunding of Long-Term Debt

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

On December 1, 2017, the City issued Series 2017A general obligation refunding bonds in the amount of \$19,995,000 with a net interest cost of 2.58% for the total issue. The 2017A bonds have multiple crossover dates resulting in crossover advance refundings for \$22,655,000 in principal for several previous issues as shown in the following table. The City completed the refundings to reduce its total debt service payments by \$1,783,176 and to obtain an economic gain (the difference between the present value of the old and new debt service payments) of \$1,646,842.

None of the crossover dates had occurred as of December 31, 2017 and the City has recorded both the outstanding debt of both the refunding issue and the refunded issues, which are not considered defeased. In addition, the related funds in escrow have been recorded as 'cash with fiscal agent.

Refunding Issue	Issue Advance Refunded	Principal Refunded	Crossover Date
General Obligation, Series 2017A	General Obligation, Series 792A	\$ 2,015,000	9/1/2018
General Obligation, Series 2017A	General Obligation, Series 794A	2,415,000	9/1/2018
General Obligation, Series 2017A	General Obligation, Series 796A	5,800,000	9/1/2019
General Obligation, Series 2017A	General Obligation, Series 798A	4,565,000	12/1/2019
General Obligation, Series 2017A	General Obligation, Series 800A	7,860,000	6/1/2020
		<u>\$ 22,655,000</u>	

**Advance Refunding:** On August 1, 2017, the City issued 2017 Sales Tax Special Obligation Revenue (STAR) Bonds in the amount of \$71,305,000 with a net interest cost of 4.28% due on September 1, 2033. The bond proceeds were used to (1) advance refund the remaining \$33,270,000 in outstanding principal of the 2013 STAR bonds, (2) fund a portion of the 2017 Project, (3) fund a deposit into the Debt Service Reserve Fund for the 2017 bonds and (4) pay certain costs related to the issuance of the 2017 bonds. The City's portion of the 2013 debt was \$1,497,150 at the time of refunding. Net proceeds of \$39,551,094 were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the Series 2013 STAR bonds. As a result, the Series 2017 STAR bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position on the government-wide financial statements. The City and State of Kansas completed the refunding to reduce the total debt service payments by \$10,907,869 with an economic loss (the difference between the present value of the old and new debt service payments) of \$293,755. The City reduced its total debt service payments by approximately \$466,000 with an economic loss of approximately \$12,500, based upon the City's share of 4.27% of the 2017 STAR Bonds. See Note 9B - Revenue Bonds for further information.

On December 1, 2017, the City issued Series 2017B Water and Sewer Utility Refunding Revenue Bonds in the amount of \$22,140,000 with a net interest cost of 2.63% due October 1, 2030. The bond proceeds were used to advance refund \$22,990,000 of Series 2010A Water and Sewer Utility Revenue Bonds. The net proceeds related to the advance refunding of the 2010A bonds of \$24,394,250 were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the Series 2010A bonds. As a result, the Series 2010A bonds are considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position. The City completed the refunding to reduce its total debt service payments by \$1,032,195 and to obtain an economic gain (the difference between the present value of the old and new debt service payments) of \$962,493.

## F. Environmental Remediation Obligations

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

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

The City has ongoing costs associated with the operations, maintenance, monitoring and reporting activities for the groundwater remediation system for the Plumes ABE contamination. Accordingly, a liability of \$7,027,120 has been recorded in the government-wide financial statements, in addition to a receivable of \$2,205,564 for settlements from potentially responsible parties. The liability and recovery amounts are based on an engineering estimate which was defended in the United States District Court (United States District Court Case No. 98-1360-MLB), as well as based on actual costs incurred. The potential for change to the liability is moderate, due to the potential of reducing the groundwater contamination plume to acceptable concentrations prior to the 70-year projection contained in the engineering estimate, offset with future inflationary cost increases. The probability of continued operation of the treatment system after 40 years of operations is estimated to be 30%.

*Harcross/TriState Central Site*: Within the Gilbert and Mosley District, some specific source areas have been identified as requiring source control measures. The Harcross/TriState Central site has been identified as contaminated by volatile organic compounds (VOCs) resulting from various industrial spills and processes, in addition to contamination from food grade chemicals. Some reported contaminant concentrations have exceeded KDHE standards. Based on the Gilbert and Mosley Settlement Agreement, the City is responsible for cleanup of the site. The City has performed a site investigation and is in the process of implementing the remediation which consists of two vapor mitigation systems which were installed in residential properties in September 2005. An additional vapor mitigation system was installed in a third residential property in 2006, in conjunction with offsite excavations of soil. An air sparge/soil vapor extraction system was installed in each of the sources in 2007 and those units are still in operation. Remediation operations are expected to continue into 2018 or 2019.

The City has ongoing costs associated with the remediation of the Harcross/TriState Central site. The estimated liability is based on engineering estimates and actual costs incurred since the beginning of the project to the present. A liability of \$1,130,503 has been recorded in the government-wide financial statements for the ongoing remediation costs. The potential for changes in the liability is low with any changes likely to be immaterial.

*WaterWalk Site*: Within the Gilbert & Mosley district, the WaterWalk site has been identified as contaminated by total petroleum hydrocarbons (TPH) and metals in soils and groundwater above KDHE standards. The contamination is being addressed under the Gilbert and Mosley Settlement Agreement. The City has submitted a draft Comprehensive Investigation Work Plan, which has been approved by KDHE, to delineate the horizontal and vertical extent of the contamination. A utility corridor excavated on the site in 2006 resulted in excavated soils being screened and segregated based on contaminate and concentration. Lead-impacted soils were landfilled and petroleum-impacted soils were treated at a local asphalt plant until the soils reached residential contact standards for TPH. As of December 31, 2017, a liability of \$5,077 has been recorded in the government-wide financial statements. The potential for changes to the liability is moderate pending completion of the investigation.

*South Washington and English Site (SWE)*: The SWE site has soil and groundwater contaminated by chlorinated solvents associated with dry cleaning and other industrial processes. The impacted areas have



concentrations that exceed KDHE standards. The City is responsible for cleanup of the site based on the Gilbert and Mosley Settlement Agreement. The City performed a site investigation and selected a remediation plan consisting of excavation and offsite disposal of select soils, electrical resistance heating of subsurface soils and soil vapor extraction.

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

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

In late 2017, the City agreed to demolish the building purchased in 2010 to facilitate the installation of a driveway for a parking garage for a corporate building being constructed on the former Wichita Eagle property to the west/northwest of the SWE site. As a result the City had to temporarily halt remediation efforts which are expected to be resumed in 2018 and will coordinate efforts with KDHE. The City anticipates a revised remediation approach will be approved by KDHE in 2018 and implemented in either late 2018 or early 2019.

The City recorded a net liability for remediation and monitoring activities of \$830,432 in the government-wide financial statements, based on engineering estimates and actual costs incurred from the start of the project to the present. The potential for change is moderate as the City is still negotiating with KDHE.

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

The City has performed a site investigation and KDHE completed its remediation program of the petroleum contamination. Testing conducted by KDHE and the site-wide monitoring program indicated that the UST remediation program may have also remediated the chlorinated solvents related to the APCO release. In 2015, the City hired a consultant to conduct an updated investigation of the APCO site to determine whether any additional remediation efforts are necessary. A work plan to conduct the investigation was submitted and approved by KDHE in 2016 and the field investigation was conducted in 2017. The investigation revealed that very little groundwater contamination is present at the site. The City and contractor are working to obtain a 'No Further Action' determination from KDHE in 2018.

The City has recorded a liability of \$1,057,936 for future costs based on an engineering estimate and actual costs incurred. The potential for changes to the liability is relatively high, pending the results of KDHE's 2017 investigation. Based on current data, additional remediation efforts may not be required which should result in a significant reduction or elimination of the estimated liability.

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

The City has ongoing costs for investigation, remediation and monitoring. A liability is recorded in the amount of \$383,722 in the government-wide financial statements. The liability is based on a 2005 engineering

estimate and actual costs incurred from the start of the project to the present, adjusted for inflation. There is a high likelihood that KDHE will not require remedial action activities for this site. There is a moderately high likelihood that KDHE will issue a 'No Further Action' determination which would eliminate the remaining liability for the site.

Reid Supply, Inc. (RSI): The RSI site, within the Gilbert and Mosley district, has been identified as contaminated by chlorinated solvents with some contaminant concentrations exceeding KDHE soil and groundwater standards. RSI has been named as the responsible party for cleanup of the site; however, the City may be named as partially or fully responsible at a future date. The City has hired a consultant to conduct a CI/CAS program of the site to determine whether a remedial action is necessary. A workplan to conduct the CI/CAS has been submitted to KDHE for review and approval in 2018. Results of the CI/CAS program are anticipated to be available in 2018.

An estimated liability, based on a 2002 engineering estimate and actual costs incurred from the start of the project to the present, has been recorded in the government-wide financial statements in the amount of \$1,036,749. The potential for change to the liability is moderate due to the need for additional investigations.

LORAC Company (LORAC): The LORAC site, within the Gilbert and Mosley district, has been identified as contaminated by chlorinated solvents with some contaminant concentrations exceeding KDHE soil and groundwater standards. The property owners signed an agreement with KDHE in 2008 to conduct a site investigation which was subsequently completed in 2009. The current property owner has indicated to KDHE that they have limited capacity to pay for a full scale Comprehensive Investigation (CI) and Corrective Action Study (CAS). As a result, the City has agreed to conduct the CI/CAS program as part of the Gilbert and Mosley Settlement Agreement and in 2015, the City hired a consultant to conduct the program. A work plan to conduct the CI/CAS has been submitted to KDHE for review and approval in 2018. Because the City has not been named either partially or fully responsible for the site, a remediation option has not been selected.

An estimated liability, based on contractual obligations for the CI/CAS and actual costs incurred from the start of the project to the present, has been recorded in the government-wide financial statements in the amount of \$29,961. The potential for change to the liability is moderate due to the need for additional investigations and the likelihood that the City may have to take on the responsibility of implementing required remedial actions.

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

To restore economic viability to the area, the City signed a "Settlement Agreement for Remedial Investigation and Feasibility Study for Certain Remedial Actions to be Determined Following Opportunity for Public Involvement" (NIC Settlement Agreement) in 1995. In May 1996, the City entered into a participation agreement with potentially responsible parties for the NIC contamination. The remedial investigation report was completed in June 2004, with an addendum to the report completed in 2005. The reports were approved by KDHE in March 2007. KDHE approved the feasibility study in 2011 and in March 2012, issued a Final Corrective Action Decision for interim groundwater remediation. The North Industrial Corridor site has been divided into six groundwater units for evaluation and remedial actions. The Corrective Action Decision focuses on the remedial action alternatives within Groundwater Units 1 through 4. Groundwater Units 5 and 6 are being remediated by the responsible parties under separate consent orders with KDHE.

The Final Corrective Action Decision (CAD) includes pre-design data acquisition, long-term groundwater remediation and surface water monitoring, five-year reviews and institutional controls for each groundwater unit. Pre-design Data Acquisition (PDA) was conducted to optimize the selected remedy and evaluate the need for contingency implementation. PDA activities were initiated in 2014 and completed in 2016 and additional studies required by the CAD were also completed in 2016. A Remedial Designs (RD) report will be prepared in 2018 and will present the final site-wide groundwater remediation program for the site and will

be followed by an Engineer's Estimate for the site-wide remediation program. A comprehensive groundwater and surface water monitoring plan will be developed to evaluate performance of the remedy applied and monitor contaminant migration. Five-year reviews will be conducted as long as contamination remains at the site at concentrations above levels which will permit unrestricted use. The reviews will provide an opportunity to review the overall effectiveness of the remedial strategy. Continued enforcement of City of Wichita ordinances which prohibit the installation of new water wells and use of pre-existing water wells for personal use in contaminated areas will help ensure protection of human health until the site cleanup is complete.

KDHE approved remedial action provides multiple alternatives to be implemented in each groundwater unit. The alternative actions delineated in the KDHE Final Corrective Action Decision may be effected individually or multiple alternatives may be required to achieve acceptable results. Cost estimates for each remediation alternative were developed based on standardized engineering practices and expected cash flows. For each approved remediation alternative, the expected cash flow technique method was applied. Cost estimates for construction of the required system should be refined in 2018 or 2019 during the remedial design or remedial action phase.

Based on current cost commitments and cost estimates of the preferred remediation action, the net present value of the liability for site-wide costs and the site specific remediation preferred remediation has been estimated at \$45.3 million. The liability could change over time due to changes in costs of goods and services, changes in remediation technology or changes in laws and regulations. Estimated recoveries from potentially responsible parties are estimated at \$40.3 million, resulting in a net liability of \$4,577,840 on the entity-wide financial statements. At the end of 2017, the City settled with three NIC Participants and recognized \$1.6 million in revenue. The net liability was not reduced by this amount as those recoveries were included in the projected recoveries of \$40.3 million. The recoveries will be accounted for once a new engineer's estimate is acquired. Actual costs of remedial actions and anticipated recoveries are expected to be within a range of minus 30% and plus 50% over a period of 70 years.

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

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

The City has ongoing costs associated with monitoring of the site. A liability of \$18,699 has been recorded in the government-wide financial statements. The City does not have current bids on the reduced monitoring program or updated site maintenance. Thus, the liability has not been adjusted for the reduced monitoring. The 2018 liability will be adjusted as appropriate to account for the reduced monitoring program once the City contractor provides updated costs.

*Mid-town Bike Path:* A portion of the City's Mid-town Bike Path was acquired from the abandoned Union Pacific Railroad line in north central Wichita. The City has converted a portion of the abandoned rail line into a bicycle pathway. The shallow soils along the proposed pathway are impacted by total petroleum hydrocarbons (TPH) and metals (lead and arsenic). As part of the remedial strategy, the impacted soils were capped with clean soils to prevent dermal contact and limit potential infiltration and leaching of the materials to the groundwater. KDHE requires an annual inspection of the conditions and maintenance of the site. The City has recorded a liability of \$2,500 for costs associated with monitoring and reporting.

*Wichita Mid-Continent Airport Fuel and Fire Training Facility Site:* Contaminates of petroleum related volatile organic compounds were found in solid samples collected between 1989 and 1993. Due to the low level of contaminants reported in the groundwater at the Fuel Farm and the absence of contaminants in the groundwater at the nearby Fire Training Facility, KDHE requires monitoring of groundwater only. Annual monitoring of the site is completed in compliance with KDHE requirements. The City has recorded a liability of \$5,000 for costs associated with site monitoring and reporting.

## G. Revenue Bond Ordinance Provisions and Reserve Requirements

Revenue bond ordinances related to the issuance of revenue bonds of the respective enterprise funds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2017, the City was in compliance with all significant reserve requirements of the respective Water and Sewer Utility revenue bond resolutions and ordinances.

## H. Liquidation of Other Long-Term Liabilities

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities of the internal service funds are included as part of the totals for governmental activities as presented in the table below. At year-end, compensated absences of \$444,389 related to internal service funds were included in the governmental amounts below. Compensated absences for the governmental funds are generally liquidated by the General Fund.

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

Long-term liabilities activity for the year ended December 31, 2017, (expressed in thousands of dollars) is summarized in the following table:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds payable:					
General obligation bonds	\$ 58,251	\$ -	\$ (10,618)	\$ 47,633	\$ 11,076
With government commitment:					
Special assessment	167,574	31,325	(26,192)	172,707	19,936
Tax increment financing	20,752	-	(2,730)	18,022	2,793
Transient guest tax	2,485	-	(5)	2,480	5
Local sales tax	114,035	-	(17,760)	96,275	14,280
Unamortized premium	28,654	5,629	(4,513)	29,770	-
Revenue bonds:					
Sales tax special obligation	1,497	3,045	(1,497)	3,045	178
Unamortized discount	(26)	-	26	-	-
Total bonds payable	393,222	39,999	(63,289)	369,932	48,268
Capital lease	171	-	(107)	64	64
Compensated absences	10,143	17,526	(17,149)	10,520	9,311
Claims payable	18,261	48,129	(46,911)	19,479	8,056
Net pension liability	90,463	103,629	(95,676)	98,416	-
Other post employment benefits	16,138	3,783	(2,062)	17,859	-
Environmental remediation	16,895	308	(1,097)	16,106	1,029
Landfill closure/ post-closure	12,315	4	(960)	11,359	546
Legal liability	1,499	-	(131)	1,368	131
Total long-term liabilities - governmental activities	\$ 559,107	\$ 213,378	\$ (227,382)	\$ 545,103	\$ 67,405

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Business-type Activities</b>					
Bonds payable:					
General obligation bonds	\$ 259,063	\$ 17,735	\$ (9,080)	\$ 267,718	\$ 9,785
Unamortized premium	17,559	505	(929)	17,135	-
Revenue bonds	392,240	87,640	(47,665)	432,215	28,255
Unamortized premium	38,472	8,477	(4,274)	42,675	-
Total bonds payable	707,334	114,357	(61,948)	759,743	38,040
Compensated absences	1,884	3,812	(3,787)	1,909	1,700
Net pension liability	16,649	17,535	(15,896)	18,288	-
Environmental remediation	-	5	(5)	-	-
Total long-term liabilities - business-type activities	<u>\$ 725,867</u>	<u>\$ 135,709</u>	<u>\$ (81,636)</u>	<u>\$ 779,940</u>	<u>\$ 39,740</u>

#### 10. Defeasance of Debt

In 2017, the City defeased \$22,990,000 in outstanding principal of the 2010A Water and Sewer Utility Revenue Bonds and \$1,497,150 in outstanding principal of the 2013 Sales Tax Special Obligation Revenue (STAR) Bonds, the City's portion, by placing a portion of the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements of the reporting entity. These amounts were considered defeased at the time of refunding. Additionally, \$6,485,000 in refunded bonds related to crossover advanced refunding bonds that were issued in prior years were defeased during 2017.

#### 11. Temporary Notes Payable

Kansas Statutes permit the issuance of temporary notes to finance certain capital improvement projects that will be refinanced with general obligation bonds. Prior to the issuance of temporary notes, the governing body must take necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing and have a maturity date not later than four years from the date of issuance. During 2017, the City issued \$90,340,000 and retired \$97,470,000 in temporary notes for various capital improvements. Temporary notes outstanding at December 31, 2017 are payable as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities	<u>\$ 70,030,818</u>	<u>\$ 84,900,772</u>	<u>\$ ( 70,030,818)</u>	<u>\$ 84,900,772</u>
Business-type activities				
Airport Authority Fund	25,472,252	4,178,830	(25,472,252)	4,178,830
Stormwater Utility Fund	1,966,930	1,260,398	(1,966,930)	1,260,398
Total business-type activities	<u>27,439,182</u>	<u>5,439,228</u>	<u>(27,439,182)</u>	<u>5,439,228</u>
Total temporary notes	<u>\$ 97,470,000</u>	<u>\$ 90,340,000</u>	<u>\$ ( 97,470,000)</u>	<u>\$ 90,340,000</u>

On December 31, 2017, the Airport Authority Fund held proceeds totaling \$123,927 from the issuance of general obligation temporary notes for future capital construction. Temporary notes also replace operating cash which has been used to finance capital construction in other funds as provided in the table below. Some construction costs may have occurred in prior periods.

	Series	Interest Rate	Amount Outstanding	Maturity Date
Governmental activities:				
Capital project funds:				
Street Improvement Fund	284	1.500%	\$ 9,566,317	04/13/18
Street Improvement Fund	286	1.100%	21,916,754	10/13/18
Street Improvement Fund	256	1.875%	194,459	10/13/18
Water Main Extension Fund	284	1.500%	656,281	04/13/18
Water main extension Fund	286	1.100%	668,524	10/13/18
Park Bond Construction Fund	284	1.500%	414,175	04/13/18
Park Bond Construction Fund	286	1.100%	1,271,968	10/13/18
Public Improvement Construction Fund	284	1.500%	7,548,621	04/13/18
Public Improvement Construction Fund	286	1.100%	32,623,034	10/13/18
Public Improvement Construction Fund	256	1.875%	2,685,541	10/13/18
Sewer Construction Fund	284	1.500%	2,509,606	04/13/18
Sewer Construction Fund	286	1.100%	4,845,492	10/13/18
Total governmental activities			<u>84,900,772</u>	
Business-type activities:				
Enterprise funds:				
Airport Authority Fund	286	1.100%	563,830	10/13/18
Airport Authority Fund	288	1.750%	3,615,000	10/13/18
Stormwater Utility Fund	286	1.100%	1,260,398	10/13/18
Total business-type activities			<u>5,439,228</u>	
Total temporary notes payable			<u>\$ 90,340,000</u>	

## 12. Leases

Rents Receivable under Operating Leases: The Airport Authority leases facilities and land to airlines, concessionaires, commercial entities and others. The leases are for varying periods, from one month to 41 years, and require the payment of minimum annual rentals. The future minimum rentals of non-cancelable operating leases are reflected in the accompanying table. The future value of operating leases does not include contingent rentals that may be received under certain leases. Such contingent rentals totaled \$4,102,642 in 2017.

Direct Financing Leases: The Airport Authority has authorized the construction of buildings on Authority-owned land by 46 tenants, some of which the Airport Authority has assisted in financing through the issuance of Airport Facility Bonds. Tenants lease the land from the Airport Authority for periods ranging from one month to 41 years with renewal options ranging from one year to 27 years.

Year Ending December 31,	Minimum Rentals of Non-cancelable Operating Leases
2018	\$ 10,260,255
2019	4,997,760
2020	4,275,440
2021	3,592,482
2022	3,307,187
2023 – 2027	12,330,312
2028 – 2032	6,673,441
2033 – 2037	4,953,363
2038 – 2042	3,934,961
2043 – 2047	2,094,558
2048 – thereafter	3,576,522
Total minimum future rentals	<u>\$ 59,996,281</u>

The financing of the facilities by the Airport Authority represents direct financing leases. Accordingly, the net investments of such leases are recorded on the enterprise fund balance sheet as restricted assets. The tables presented on the following page provide the components of the net investment in direct financing leases as of December 31, 2017 and the future minimum lease rentals to be received under the leases.



Investments in Direct Financing Leases As of December 31, 2017		Future Minimum Lease Rentals Under Direct Financing Leases As of December 31, 2017	
	Airport Authority	Year ending December 31,	Airport Authority
Total minimum lease payments to be received	\$ 6,767,646	2018	\$ 212,205
Less: unearned income	(1,307,646)	2019	212,205
Net investment in direct financing leases	\$ 5,460,000	2020	212,206
		2021	1,434,476
		2022	114,705
		2023 – 2027	1,823,027
		2028 – 2031	2,758,822
		Total minimum future rentals	\$ 6,767,646

**Rentals Payable under Operating Leases:** The City entered into a five-year lease agreement in 2013 and an additional three year lease in 2015 in which the City is the lessee of printers, software and accessories. The operating lease is a component of the lease agreement that is disclosed in Note 9C - Capital Leases. On December 31, 2017, the future minimum lease payments totaled \$52,199 with the lease expiring in 2018.

**Prepaid Long-term Operating Lease:** As of December 31, 2017, the City has recorded a prepaid lease in the amount of \$1,882,042. This amount represents costs that have been reimbursed for the construction of a parking facility in the City's Old Town District under a development agreement with Cargill Meat Solutions Corporation. Additional information about this agreement is disclosed in Note 20E - Economic Development Activities.

The City will record additions to this prepaid amount as it continues to reimburse construction costs under the agreement. When construction is completed, the facility will be available to the public during designated hours for a period of 15 years. The cost of the lease will be recognized on a straight line basis over the term of the agreement.

### 13. Conduit Debt Obligations

From time to time the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The industrial revenue bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The City is not obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2017, 73 series of industrial revenue bonds were outstanding, with an aggregate principal amount payable of \$1,314,683,380.

Special facility revenue bonds have been issued by the Airport Authority to provide for the construction of buildings on Authority-owned land. The bonds are special limited obligations of the Authority, payable solely from and secured by a pledge of rentals to be received from lease agreements between the Authority and various tenants. The bonds do not constitute a debt or pledge of the faith and credit of the City or the Airport Authority. At December 31, 2017, three series of special facility revenue bonds totaling \$5,460,000 are reported as a long-term liability of the Airport Authority. Note 9B - Revenue Bonds provides additional disclosure on the long-term debt. Note 12 - Leases provides further disclosure on the direct financing leases.

**14. Interfund Transfers**

Interfund transfers reflect the flow of resources from one fund to another fund, generally from the fund in which the resources are received or reside to the fund in which the resources will be expended.

During the year ended December 31, 2017, transfer revenue and transfer expenditures each totaled \$89,345,155.

Of routine nature are the Debt Service Fund transfers of \$17.4 million to the Street Improvement Fund and other capital project funds to retire temporary notes and cash fund projects. Also routine were transfers from the Sales Tax Construction Pledge Fund to the Debt Service Fund of \$22.1 million and \$9.7 million to the Local Sales Tax CIP Fund to cash fund freeway and major arterial projects.

Summary of Interfund Transfers For Year Ended December 31, 2017		
Fund	Transfers Out	Transfers In
Major funds:		
General Fund	\$ 6,554,228	\$ 6,073,192
Debt Service Fund	21,086,216	24,908,501
Street Improvement Fund	1,391,448	30,049,610
Public Improvement Fund	-	8,539,365
Nonmajor governmental funds	59,300,435	14,985,407
Nonmajor enterprise funds	-	4,789,080
Internal service funds	1,012,828	-
Total transfers	<u>\$ 89,345,155</u>	<u>\$ 89,345,155</u>

**15. Interfund Receivables and Payables**

Interfund receivables and payables result from the provision of products or services or loans between funds. As of December 31, 2017 interfund receivables and payables totaled \$53,211,413, including a long-term Golf Course System Fund payable to the Debt Service Fund to assist with the restructuring of long-term debt. In addition, temporary loans from the General Fund-Permanent Reserve Subfund and Self Insurance Fund to the Transit Fund have been extended until transit operations recover from the recent years of capital replacement and expansion. Other interfund balances are used to offset temporary cash deficits. Individual fund receivable and payable balances at December 31, 2017 are presented in the following tables.

Interfund Receivables As of December 31, 2017		Interfund Payables As of December 31, 2017	
Fund	Receivables	Fund	Payables
Major funds:		Major funds:	
General Fund	\$ 800,000	Street Improvement Fund	\$ 21,353,523
Debt Service Fund	5,668,420	Public Improvement Fund	17,616,717
Nonmajor governmental funds:		Nonmajor governmental funds:	
Landfill Post-Closure Fund	24,255	Homelessness Assistance Fund	24,255
Local Sales Tax CIP Fund	24,663,231	Water Main Extension Fund	985,651
Enterprise funds:		Park Bond Construction Fund	1,196,045
Transit Fund	65,368	Sewer Construction Fund	4,444,714
Internal service funds:		Nonmajor Enterprise funds:	
Self Insurance Fund	21,990,139	Golf Course System Fund	5,668,420
Total interfund receivables	<u>\$ 53,211,413</u>	Transit Fund	1,922,088
		Total interfund payables	<u>\$ 53,211,413</u>

**16. Fund Balance Restrictions and Other Reservations**

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

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



## Governmental Fund Balance Designations

As of December 31, 2017

	Major Governmental Funds					
	General Fund	Debt Service Fund	Street Improvement Fund	Public Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>						
Inventories and prepaids	\$ 50,549	\$ -	\$ -	\$ -	\$ 133,500	\$ 184,049
Receivables, long-term	800,000	-	-	-	-	800,000
Permanent fund principal	-	-	-	-	235,437	235,437
<b>Restricted for:</b>						
City manager	-	-	-	-	270,729	270,729
Planning	-	-	-	-	60,954	60,954
Cemetery	-	-	-	-	1,265,719	1,265,719
Police	-	-	-	-	1,120,193	1,120,193
Flood control	-	-	-	-	86,375	86,375
Street maintenance	-	-	-	-	24,663,231	24,663,231
Housing services	-	-	-	-	3,955,182	3,955,182
Community health	-	-	-	-	31,003,795	31,003,795
Career development	-	-	-	-	35,044	35,044
Alcohol and drug programs	-	-	-	-	1,189,695	1,189,695
Tourism and convention	-	-	-	-	3,786,528	3,786,528
Libraries	-	-	-	-	242,967	242,967
Parks	-	-	-	-	120,322	120,322
Debt service	-	46,097,606	-	-	7,311,223	53,408,829
<b>Committed to:</b>						
City manager	-	-	-	-	2,367,103	2,367,103
Central inspection	-	-	-	-	1,250,344	1,250,344
General government	6,000,000	-	-	-	-	6,000,000
Street maintenance	10,000,000	-	-	-	-	10,000,000
Landfill	-	-	-	-	13,483,898	13,483,898
Transit	3,000,000	-	-	-	-	3,000,000
<b>Assigned to:</b>						
City manager	64,458	-	-	-	-	64,458
Economic development	2,230,436	-	-	-	-	2,230,436
Finance	117,480	-	-	-	-	117,480
Law	32,298	-	-	-	-	32,298
Municipal court	33,330	-	-	-	-	33,330
General government	64,874	-	-	-	-	64,874
Building services	56,578	-	-	-	-	56,578
Police	25,642	-	-	-	-	25,642
Traffic control maintenance	11,953	-	-	-	-	11,953
Street maintenance	879,191	-	-	-	-	879,191
Landfill	-	-	-	-	850,243	850,243
Housing services	50,845	-	-	-	-	50,845
Community health	45,024	-	-	-	-	45,024
Libraries	9,896	-	-	-	-	9,896
Cultural arts facilities	34,272	-	-	-	-	34,272
Parks	37,541	-	-	-	-	37,541
Recreation	10,159	-	-	-	-	10,159
<b>Unassigned:</b>	<b>33,261,556</b>	<b>-</b>	<b>(51,652,276)</b>	<b>(33,390,876)</b>	<b>(17,238,343)</b>	<b>(69,019,939)</b>
<b>Total</b>	<b>\$ 56,816,082</b>	<b>\$ 46,097,606</b>	<b>\$ (51,652,276)</b>	<b>\$ (33,390,876)</b>	<b>\$ 76,194,139</b>	<b>\$ 94,064,675</b>

**17. Passenger Facility Charges**

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

The charge is collected by all carriers and remitted to the Airport Authority, less a \$0.08 per passenger handling fee prior to April 2004. Beginning May 1, 2004, the handling fee increased to \$0.11 per passenger. The proceeds from the PFC are restricted for certain FAA approved capital improvement projects. As of December 31, 2017 the Airport Authority has submitted and received approval on seven applications. The approved applications represent a total amended authorized amount of \$199,528,281. The charge expiration date for the current program is estimated to be May 1, 2046.

**18. Landfill Closure and Post-Closure Care**

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

**19. Tax Abatements**

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

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

*Industrial Revenue Bonds (IRB) Program:* The City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition, construction, improvement and equipping of industrial and commercial facilities deemed to be in the public interest. The industrial revenue bonds are purchased by investors (e.g. banks, private investors or the entity participating in the IRB Program) and the bonds are secured by the property financed and payable solely from payments received on the underlying mortgage loans. See further information on IRBs, including the amount outstanding at December 31, 2017, at Note 13 - Conduit Debt Obligations.

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

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

Typically, the entity participating in the program must meet its commitments by the end of the first five year period, unless extended by the City Council or otherwise stated in the agreement. These commitments are usually in the form of acquisition, construction, improvement or equipping of industrial or commercial facilities, job creation and sustained employment, including the new jobs created, in the Wichita MSA for the term of the agreement, which is typically ten years. The job creation commitment includes paying average wages equal to or greater than the average wages for the industry within the Wichita MSA. Further, pursuant to the City's economic development policy, clawback provisions relating to the repayment or cessation of incentives are to be included in all incentive agreements. These clawback provisions allow the City to require repayment of a portion or all of the abatement if the entity does not meet its commitments. For the year ended December 31, 2017, the City's property and sales tax revenues were reduced by approximately \$3.8 million and \$0.3 million, respectively, under agreements entered into pursuant to the City's IRB Program.

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

Typically, the entity participating in the program must meet its commitments by the end of the first five year period, unless extended by the City Council or otherwise stated in the agreement. These commitments are usually in the form of job creation and sustained employment, including the new jobs created, in the Wichita MSA for the term of the agreement, which is typically ten years. The job creation commitment typically includes paying average wages equal to or greater than the average wages for the industry within the Wichita MSA. Also, pursuant to the City's economic development policy, clawback provisions relating to the repayment or cessation of incentives are to be included in all incentive agreements and can allow the City to recapture up to 100% of the abatement if all of the commitments are not fully met. For the year ended December 31, 2017, the City's property tax revenues were reduced by approximately \$264,500 under agreements entered into pursuant to the City's EDX Program.

*Community Improvement Districts (CID) Program:* In 2009, the Kansas Legislature enacted the Community Improvement District Act (the CID Act), pursuant to which municipalities may create districts in which certain special taxes are imposed and the revenue generated by these special taxes is used to fund certain public and private improvements, including certain ongoing operating costs, within the geographic bounds of the district. The City has a CID policy which outlines the local eligibility criteria, sources of funding, eligible CID costs, and the CID process, including creating and terminating a CID. This policy is available online, under the Community Improvement Districts section at <http://www.wichita.gov/Economic/Pages/Incentives.aspx>. The CID must further the economic development of the City and support projects with total costs of not less than \$2 million for bonded projects or \$500,000 for pay-as-you-go projects. The City utilizes the provision of the CID Act to assist private developers by providing financing for commercial, industrial and mixed-use projects. The sources of the funding for the CID program is either through special assessments on all property within the district, or an additional retail sales tax up to 2%, which may be imposed for up to 22 years. For the year ended December 31, 2017, additional sales tax revenues of the City of approximately \$924,000 were reduced via the CID Program.

**20. Contingencies and Commitments****A. Legal Matters**

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

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

**B. Grant Programs**

The City participates in a number of federal and state assisted grant programs, which are subject to financial and compliance requirements with each applicable grant. Any disallowed costs resulting from financial and compliance audits could become a liability of the City. In the opinion of management, any such disallowed costs will not have a material effect on the basic financial statements of the City at December 31, 2017.

**C. Construction and Capital Commitments**

The City has outstanding construction and capital commitments for freeway and arterial street construction and other capital purchases and improvements of \$83.2 million in the governmental funds, \$55.8 million in the enterprise funds and \$0.4 million in the internal service funds.

**D. Encumbrances**

Encumbrances included in fund balances as of December 31, 2017 are reported in the accompanying table:

<u>Fund</u>	<u>Encumbrances</u>
Major funds:	
General Fund	\$ 1,507,643
Street Improvement Fund	74,407,391
Public Improvement Fund	15,167,349
Water Utility Fund	22,663,185
Sewer Utility Fund	39,364,519
Airport Authority Fund	1,163,389
Stormwater Utility Fund	980,213
Nonmajor governmental funds	5,769,646
Nonmajor enterprise funds	617,166
Internal service funds	878,346
Total Reporting Entity	<u>\$ 162,518,847</u>

**E. Economic Development Activities**

The City has established tax increment financing districts to support economic development activities. The City's contributions to these projects include streets, stormwater drainage, public art, water features and public parking, which are financed through the issuance of bonds of which \$18 million are outstanding.

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

During 2017, the City entered into a development agreement with Cargill Meat Solutions Corporation related to the construction of a parking facility in the City's Old Town District. Under this agreement, the City has agreed to contribute funding of up to 50% of qualifying construction costs plus an additional \$3,000,000. In

exchange, the parking facility will be available for public use during designated hours for a term of 15 years beginning when construction is completed. The City has set aside \$10,288,700 in an escrow account, which represents the City's estimated contribution to the project. As of December 31, 2017, the City has reimbursed \$1,882,042 in construction costs. Construction of the facility is expected to be completed late in 2018.

#### **21. Prior Period Adjustment**

During 2017, changes in the organizational structure and legal status of the Wichita Area Metropolitan Planning Organization (WAMPO) resulted in a determination that the organization, which was formerly reported partially as a special revenue fund and partially as an agency fund, should be reported as a private purpose trust fund going forward.

As of December 31, 2016, the special revenue fund reported a deficit fund balance of \$51,599. This amount is presented as a prior period adjustment in the governmental fund statements and the entity-wide Statement of Activities. Because a portion of the activities were reported in an agency fund for 2016, no fund balance was reported. However, conversion of the underlying accounting information from agency fund presentation to private purpose trust fund presentation resulted in a beginning net position of \$106,901. The combination of the special revenue fund deficit fund balance of \$51,599 and the beginning net position of \$106,901 results in a prior period adjustment in the private purpose trust fund of \$55,302.

#### **22. Change in Accounting Estimate**

For 2017, highways and streets expense on the Statement of Activities includes approximately \$29.7 million which represents infrastructure assets that had previously been capitalized as construction in progress. During 2017, the City received communication from the State of Kansas indicating that those assets would be owned and maintained by the State. As a result, an accounting entry was made to eliminate the infrastructure assets from construction in progress thereby increasing expenses in the highways and streets function.

#### **23. Subsequent Events**

On April 13, 2018, the City issued \$74,635,000 General Obligation Temporary Notes, Series 290 with a stated maturity of April 13, 2019 at 1.75% interest.

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

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017<sup>1</sup>

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

## NOTES TO SCHEDULE:

### Benefit changes :

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

### Changes in actuarial assumptions :

December 31, 2015 valuation

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

December 31, 2014 valuation

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

December 31, 2009 valuation

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

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

<sup>2</sup> Information about the employer's net pension liability is presented as of a measurement date one year prior to the fiscal year end date. For example, the net pension liability reported as of December 31, 2017 is reported based on a measurement date of December 31, 2016.

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017<sup>1</sup>

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



## NOTES TO SCHEDULE:

### Benefit changes :

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

### Changes in actuarial assumptions :

#### December 31, 2015 valuation

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

#### December 31, 2014 valuation

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

#### December 31, 2009 valuation

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

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

<sup>2</sup> Information about the employer's net pension liability is presented as of a measurement date one year prior to the fiscal year end date. For example, the net pension liability reported as of December 31, 2017 is reported based on a measurement date of December 31, 2016.

# CITY OF WICHITA, KANSAS

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

For the years ended December 31, 2008 through December 31, 2017  
(dollars expressed in thousands)

	2017	2016	2015	2014	2013
Actuarially determined employer contributions	\$ 9,643	\$ 8,946	\$ 9,031	\$ 9,424	\$ 8,940
Actual employer contributions	9,643	8,946	9,031	9,424	8,940
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 78,395	\$ 77,121	\$ 74,028	\$ 71,391	\$ 70,953
Contributions as a percentage of covered payroll	12.30%	11.60%	12.20%	13.20%	12.60%

### NOTES TO SCHEDULE:

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

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported as of December 31, 2017.

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

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 7,503	\$ 7,695	\$ 6,689	\$ 3,887	\$ 3,834
<u>7,503</u>	<u>7,695</u>	<u>6,689</u>	<u>3,887</u>	<u>3,834</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ 70,783	\$ 75,444	\$ 79,636	\$ 82,704	\$ 81,580
10.60%	10.20%	8.40%	4.70%	4.70%

# CITY OF WICHITA, KANSAS

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

For the years ended December 31, 2008 through December 31, 2017  
(dollars expressed in thousands)

	2017	2016	2015	2014	2013
Actuarially determined employer contributions	\$ 13,370	\$ 12,586	\$ 13,964	\$ 14,464	\$ 14,890
Actual employer contributions	13,370	12,586	13,964	14,464	14,890
Annual contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 69,634	\$ 66,946	\$ 65,560	\$ 64,572	\$ 65,306
Contributions as a percentage of covered payroll	19.20%	18.80%	21.30%	22.40%	22.80%

### NOTES TO SCHEDULE:

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

The following actuarial methods and assumptions were used to determine the Actuarially Determined Contribution reported as of December 31, 2017.

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

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 14,113	\$ 13,807	\$ 13,120	\$ 11,035	\$ 10,549
<u>14,113</u>	<u>13,807</u>	<u>13,120</u>	<u>11,035</u>	<u>10,549</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
\$ 64,150	\$ 62,759	\$ 63,077	\$ 63,055	\$ 60,282
22.00%	22.00%	20.80%	17.50%	17.50%

# CITY OF WICHITA, KANSAS

## OTHER POST EMPLOYMENT BENEFITS REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

(dollars expressed in thousands)

Fiscal Year Ending	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2017	12/31/2017	\$ -	\$ 35,103	\$ 35,103	- %	\$ 161,721	21.7 %
12/31/2015	12/31/2015	-	34,959	34,959	-	143,904	24.3
12/31/2013	12/31/2013	-	33,936	33,936	-	140,810	24.1

### NOTES TO SCHEDULE:

Mortality assumptions have been updated for the December 31, 2017 valuation as follows:

Active employees	RPH-2017 Total Dataset Mortality table fully generational using scale MP-2017
Healthy retirees	RPH-2017 Total Dataset Mortality table fully generational using scale MP-2017
Disabled retirees	RPH-2017 Disabled Retiree Mortality table fully generational using scale MP-2017

Termination and retirement rates have been updated to be consistent with the Wichita Employees' Retirement System and the Police and Fire Retirement System actuarial valuation for fiscal year ended December 31, 2016.

No disability decrement is assumed for civilian employees. The disability assumption for Police and Fire has been updated to be consistent with the assumptions used in the Police and Fire Retirement System actuarial valuation for the year ended December 31, 2016.

Health care trend rates have been reset to the same initial trend used in the last full valuation, starting at 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0%.

## ***GOVERNMENTAL FUNDS***

## ***GOVERNMENTAL FUNDS***

### **Nonmajor Special Revenue Funds**

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

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

### **Nonmajor Capital Project Funds**

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

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

### **Permanent Fund**

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

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

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



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

December 31, 2017

	Governmental Fund Types			
	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 53,095,807	\$ 7,311,223	\$ 178,964	\$ 60,585,994
Investments	3,349,763	-	1,321,437	4,671,200
Receivables, net:				
Due from other agencies	398,139	-	-	398,139
Accounts receivable	6,321,864	-	1,255	6,323,119
Notes receivable	700,000	-	-	700,000
Due from other funds	24,255	24,663,231	-	24,687,486
Inventories	47,283	-	-	47,283
Prepaid items	86,217	-	-	86,217
Total assets	<u>\$ 64,023,328</u>	<u>\$ 31,974,454</u>	<u>\$ 1,501,656</u>	<u>\$ 97,499,438</u>
<b>LIABILITIES</b>				
Accounts payable and other liabilities	\$ 1,134,917	\$ 209,461	\$ 500	\$ 1,344,878
Accrued interest payable	-	36,426	-	36,426
Temporary notes payable	-	10,366,046	-	10,366,046
Deposits	197,490	-	-	197,490
Due to other agencies	104,230	-	-	104,230
Due to other funds	24,255	6,626,410	-	6,650,665
Total liabilities	<u>1,460,892</u>	<u>17,238,343</u>	<u>500</u>	<u>18,699,735</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue:				
Other	2,605,564	-	-	2,605,564
Total deferred inflows of resources	<u>2,605,564</u>	<u>-</u>	<u>-</u>	<u>2,605,564</u>
<b>FUND BALANCES</b>				
Nonspendable	133,500	-	235,437	368,937
Restricted	41,871,784	31,974,454	1,265,719	75,111,957
Committed	17,101,345	-	-	17,101,345
Assigned	850,243	-	-	850,243
Unassigned	-	(17,238,343)	-	(17,238,343)
Total fund balances	<u>59,956,872</u>	<u>14,736,111</u>	<u>1,501,156</u>	<u>76,194,139</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 64,023,328</u>	<u>\$ 31,974,454</u>	<u>\$ 1,501,656</u>	<u>\$ 97,499,438</u>

# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS

December 31, 2017

	Homelessness Assistance	Tourism and Convention	Special Alcohol Program	Special Parks and Recreation
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 3,868,281	\$ 1,198,038	\$ 120,322
Investments	-	-	-	-
Receivables, net:				
Due from other agencies	-	-	-	-
Accounts receivable	25,289	110,000	-	-
Notes receivable	-	-	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 25,289</u>	<u>\$ 3,978,281</u>	<u>\$ 1,198,038</u>	<u>\$ 120,322</u>
<b>LIABILITIES</b>				
Accounts payable and other liabilities	\$ 1,034	\$ 191,753	\$ 8,343	\$ -
Deposits	-	-	-	-
Due to other agencies	-	-	-	-
Due to other funds	24,255	-	-	-
Total liabilities	<u>25,289</u>	<u>191,753</u>	<u>8,343</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue:				
Other	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	3,786,528	1,189,695	120,322
Committed	-	-	-	-
Assigned	-	-	-	-
Total fund balances	<u>-</u>	<u>3,786,528</u>	<u>1,189,695</u>	<u>120,322</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 25,289</u>	<u>\$ 3,978,281</u>	<u>\$ 1,198,038</u>	<u>\$ 120,322</u>

Landfill	Landfill Post-Closure	Metropolitan Area Building and Construction	Downtown Parking
\$ 3,744,175	\$ 10,489,688	\$ 410,331	\$ 1,851,546
-	-	-	-
-	-	-	-
113,774	105	981,001	14,816
-	-	-	-
-	24,255	-	-
-	-	-	-
-	-	-	-
<u>\$ 3,857,949</u>	<u>\$ 10,514,048</u>	<u>\$ 1,391,332</u>	<u>\$ 1,866,362</u>
\$ 29,461	\$ 8,395	\$ 109,908	\$ 16,427
-	-	31,080	-
-	-	-	-
-	-	-	-
<u>29,461</u>	<u>8,395</u>	<u>140,988</u>	<u>16,427</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,828,488	9,655,410	1,250,344	1,849,935
-	850,243	-	-
<u>3,828,488</u>	<u>10,505,653</u>	<u>1,250,344</u>	<u>1,849,935</u>
\$ 3,857,949	\$ 10,514,048	\$ 1,391,332	\$ 1,866,362

(Continued)

# CITY OF WICHITA, KANSAS

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

December 31, 2017

	State Office Building	Environmental TIF Districts	Self-Supported Municipal Improvement District	City - County
<b>ASSETS</b>				
Cash and cash equivalents	\$ 520,721	\$ 29,694,694	\$ -	\$ 339,673
Investments	-	-	-	-
Receivables, net:				
Due from other agencies	-	-	-	-
Accounts receivable	-	3,530,564	-	37,123
Notes receivable	-	-	-	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Total assets	<u>\$ 520,721</u>	<u>\$ 33,225,258</u>	<u>\$ -</u>	<u>\$ 376,796</u>
<b>LIABILITIES</b>				
Accounts payable and other liabilities	\$ 3,553	\$ 15,899	\$ -	\$ 290,421
Deposits	-	-	-	-
Due to other agencies	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>3,553</u>	<u>15,899</u>	<u>-</u>	<u>290,421</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue:				
Other	-	2,205,564	-	-
Total deferred inflows of resources	<u>-</u>	<u>2,205,564</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	31,003,795	-	86,375
Committed	517,168	-	-	-
Assigned	-	-	-	-
Total fund balances	<u>517,168</u>	<u>31,003,795</u>	<u>-</u>	<u>86,375</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 520,721</u>	<u>\$ 33,225,258</u>	<u>\$ -</u>	<u>\$ 376,796</u>

Grant Assistance	Wichita Area Metropolitan Planning Organization	Total
\$ 858,338	\$ -	\$ 53,095,807
3,349,763	-	3,349,763
398,139	-	398,139
1,509,192	-	6,321,864
700,000	-	700,000
-	-	24,255
47,283	-	47,283
86,217	-	86,217
<u>\$ 6,948,932</u>	<u>\$ -</u>	<u>\$ 64,023,328</u>
\$ 459,723	\$ -	\$ 1,134,917
166,410	-	197,490
104,230	-	104,230
-	-	24,255
<u>730,363</u>	<u>-</u>	<u>1,460,892</u>
400,000	-	2,605,564
<u>400,000</u>	<u>-</u>	<u>2,605,564</u>
133,500	-	133,500
5,685,069	-	41,871,784
-	-	17,101,345
-	-	850,243
<u>5,818,569</u>	<u>-</u>	<u>59,956,872</u>
<u>\$ 6,948,932</u>	<u>\$ -</u>	<u>\$ 64,023,328</u>

**CITY OF WICHITA, KANSAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECTS FUNDS**

December 31, 2017

	Water Main Extension	Park Bond Construction	Sewer Construction	Local Sales Tax CIP
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Due from other funds	-	-	-	24,663,231
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,663,231</u>
<b>LIABILITIES</b>				
Accounts payable and other liabilities	\$ 17,516	\$ 63,509	\$ 128,436	\$ -
Accrued interest payable	5,893	5,228	25,305	-
Temporary notes payable	1,324,805	1,686,143	7,355,098	-
Due to other funds	985,651	1,196,045	4,444,714	-
Total liabilities	<u>2,333,865</u>	<u>2,950,925</u>	<u>11,953,553</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	-	-	-	24,663,231
Unassigned	(2,333,865)	(2,950,925)	(11,953,553)	-
Total fund balances (deficits)	<u>(2,333,865)</u>	<u>(2,950,925)</u>	<u>(11,953,553)</u>	<u>24,663,231</u>
Total liabilities and fund balances (deficits)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,663,231</u>

Sales Tax Construction Pledge	Total
\$ 7,311,223	\$ 7,311,223
-	24,663,231
<u>\$ 7,311,223</u>	<u>\$ 31,974,454</u>
\$ -	\$ 209,461
-	36,426
-	10,366,046
-	6,626,410
<u>-</u>	<u>17,238,343</u>
7,311,223	31,974,454
-	(17,238,343)
<u>7,311,223</u>	<u>14,736,111</u>
<u>\$ 7,311,223</u>	<u>\$ 31,974,454</u>

# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET GENERAL FUND

December 31, 2017

	Economic Development	General Fund	Combined General Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,008,010	\$ 65,554,161	\$ 67,562,171
Receivables, net:			
Property taxes	-	76,170,644	76,170,644
Accounts receivable	518,997	2,061,470	2,580,467
Due from other funds	-	800,000	800,000
Inventories	-	45,649	45,649
Prepaid items	-	4,900	4,900
Total assets	<u>\$ 2,527,007</u>	<u>\$ 144,636,824</u>	<u>\$ 147,163,831</u>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	\$ 296,572	\$ 13,813,930	\$ 14,110,502
Unearned revenue	-	66,603	66,603
Total liabilities	<u>296,572</u>	<u>13,880,533</u>	<u>14,177,105</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue:			
Property taxes	-	76,170,644	76,170,644
Total deferred inflows of resources	<u>-</u>	<u>76,170,644</u>	<u>76,170,644</u>
<b>FUND BALANCES</b>			
Nonspendable	-	850,549	850,549
Committed	-	19,000,000	19,000,000
Assigned	2,230,435	1,473,542	3,703,977
Unassigned	-	33,261,556	33,261,556
Total fund balances	<u>2,230,435</u>	<u>54,585,647</u>	<u>56,816,082</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,527,007</u>	<u>\$ 144,636,824</u>	<u>\$ 147,163,831</u>



# CITY OF WICHITA, KANSAS

## COMBINING BALANCE SHEET DEBT SERVICE FUND

December 31, 2017

	Economic Development TIF Districts	Debt Service Fund	Combined Debt Service Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 596,822	\$ 17,539,814	\$ 18,136,636
Cash with fiscal agent	-	24,062,984	24,062,984
Receivables, net:			
Property taxes	-	26,709,075	26,709,075
Special assessments	-	160,351,268	160,351,268
Accounts receivable	44,527	-	44,527
Notes receivable	-	762,821	762,821
Due from other funds	-	5,668,420	5,668,420
Total assets	<u>\$ 641,349</u>	<u>\$ 235,094,382</u>	<u>\$ 235,735,731</u>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	\$ -	\$ 1,521,714	\$ 1,521,714
Deposits	<u>-</u>	<u>293,247</u>	<u>293,247</u>
Total liabilities	<u>-</u>	<u>1,814,961</u>	<u>1,814,961</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue:			
Property taxes	-	26,709,075	26,709,075
Special assessments	-	160,351,268	160,351,268
Other	<u>-</u>	<u>762,821</u>	<u>762,821</u>
Total deferred inflows of resources	<u>-</u>	<u>187,823,164</u>	<u>187,823,164</u>
<b>FUND BALANCES</b>			
Restricted	<u>641,349</u>	<u>45,456,257</u>	<u>46,097,606</u>
Total fund balances	<u>641,349</u>	<u>45,456,257</u>	<u>46,097,606</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 641,349</u>	<u>\$ 235,094,382</u>	<u>\$ 235,735,731</u>

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# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017

	Governmental Fund Types			
	Special Revenue Funds	Capital Projects Funds	Permanent Fund Cemetery	Total
<b>REVENUES</b>				
Property taxes	\$ 4,485,206	\$ -	\$ -	\$ 4,485,206
Motor vehicle taxes	25,657	-	-	25,657
Transient guest taxes	7,065,174	-	-	7,065,174
Special assessments	9,101	559,797	-	568,898
Local sales tax	-	28,822,631	-	28,822,631
Intergovernmental	32,167,563	-	-	32,167,563
Licenses and permits	34,190	-	3,675	37,865
Rentals	1,308,986	43,314	-	1,352,300
Interest and investment earnings	18,194	-	58,630	76,824
Charges for services and sales	3,477,395	-	-	3,477,395
Other revenue	7,906,185	182,170	-	8,088,355
Total revenues	<u>56,497,651</u>	<u>29,607,912</u>	<u>62,305</u>	<u>86,167,868</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,544,287	-	58,789	3,603,076
Public safety	8,274,611	-	-	8,274,611
Sanitation	2,010,316	-	-	2,010,316
Health and welfare	31,435,601	-	-	31,435,601
Culture and recreation	3,751,366	-	-	3,751,366
Debt service:				
Interest and fiscal charges	-	128,609	-	128,609
Capital outlay	-	11,092,822	-	11,092,822
Total expenditures	<u>49,016,181</u>	<u>11,221,431</u>	<u>58,789</u>	<u>60,296,401</u>
Excess of revenues over expenditures	<u>7,481,470</u>	<u>18,386,481</u>	<u>3,516</u>	<u>25,871,467</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from issuance of bonds	-	5,224,698	-	5,224,698
Premiums on bonds sold	-	711,480	-	711,480
Transfers from other funds	1,743,718	13,241,689	-	14,985,407
Transfers to other funds	(8,249,905)	(51,050,530)	-	(59,300,435)
Total other financing uses	<u>(6,506,187)</u>	<u>(31,872,663)</u>	<u>-</u>	<u>(38,378,850)</u>
Net change in fund balance	<u>975,283</u>	<u>(13,486,182)</u>	<u>3,516</u>	<u>(12,507,383)</u>
Fund balances - beginning, as previously reported	58,929,990	28,222,293	1,497,640	88,649,923
Prior period adjustment	51,599	-	-	51,599
Fund balances - beginning, as restated	<u>58,981,589</u>	<u>28,222,293</u>	<u>1,497,640</u>	<u>88,701,522</u>
Fund balances - ending	<u>\$ 59,956,872</u>	<u>\$ 14,736,111</u>	<u>\$ 1,501,156</u>	<u>\$ 76,194,139</u>

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017

	Homelessness Assistance	Tourism and Convention	Special Alcohol Program	Special Parks and Recreation
<b>REVENUES</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Motor vehicle taxes	-	-	-	-
Transient guest taxes	-	7,065,174	-	-
Special assessments	-	-	-	-
Intergovernmental	150,603	-	2,074,735	2,074,735
Licenses and permits	-	-	-	-
Rentals	-	-	-	-
Interest and investment earnings	-	-	-	-
Charges for services and sales	-	-	-	-
Other revenue	-	-	-	-
Total revenues	<u>150,603</u>	<u>7,065,174</u>	<u>2,074,735</u>	<u>2,074,735</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Sanitation	-	-	-	-
Health and welfare	301,491	-	1,819,421	-
Culture and recreation	-	3,208,615	-	-
Total expenditures	<u>301,491</u>	<u>3,208,615</u>	<u>1,819,421</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(150,888)</u>	<u>3,856,559</u>	<u>255,314</u>	<u>2,074,735</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	150,888	-	-	-
Transfers to other funds	-	(4,749,026)	-	(2,180,000)
Total other financing sources (uses)	<u>150,888</u>	<u>(4,749,026)</u>	<u>-</u>	<u>(2,180,000)</u>
Net change in fund balance	<u>-</u>	<u>(892,467)</u>	<u>255,314</u>	<u>(105,265)</u>
Fund balances - beginning, as previously reported	-	4,678,995	934,381	225,587
Prior period adjustment	-	-	-	-
Fund balances - beginning, as restated	<u>-</u>	<u>4,678,995</u>	<u>934,381</u>	<u>225,587</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 3,786,528</u>	<u>\$ 1,189,695</u>	<u>\$ 120,322</u>

Landfill	Landfill Post-Closure	Metropolitan Area Building and Construction	Downtown Parking
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	9,101	-
-	-	-	-
-	-	34,190	-
2,363	-	-	202,558
-	-	-	-
2,067,064	-	-	1,104,578
6,003	-	2,499,146	1,336
<u>2,075,430</u>	<u>-</u>	<u>2,542,437</u>	<u>1,308,472</u>
-	-	-	1,189,323
-	-	3,872,585	-
1,402,024	608,292	-	-
-	-	-	-
-	-	-	-
<u>1,402,024</u>	<u>608,292</u>	<u>3,872,585</u>	<u>1,189,323</u>
<u>673,406</u>	<u>(608,292)</u>	<u>(1,330,148)</u>	<u>119,149</u>
-	-	-	-
-	(150,000)	-	(70,000)
-	(150,000)	-	(70,000)
<u>673,406</u>	<u>(758,292)</u>	<u>(1,330,148)</u>	<u>49,149</u>
3,155,082	11,263,945	2,580,492	1,800,786
-	-	-	-
<u>3,155,082</u>	<u>11,263,945</u>	<u>2,580,492</u>	<u>1,800,786</u>
<u>\$ 3,828,488</u>	<u>\$ 10,505,653</u>	<u>\$ 1,250,344</u>	<u>\$ 1,849,935</u>

(Continued)

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017

	State Office Building	Environmental TIF Districts	Self-Supported Municipal Improvement District	City - County
<b>REVENUES</b>				
Property taxes	\$ -	\$ 3,835,749	\$ 649,457	\$ -
Motor vehicle taxes	-	-	25,657	-
Transient guest taxes	-	-	-	-
Special assessments	-	-	-	-
Intergovernmental	-	-	-	1,522,698
Licenses and permits	-	-	-	-
Rentals	-	900	-	-
Interest and investment earnings	-	-	-	-
Charges for services and sales	31,809	-	-	270,782
Other revenue	3,112	2,535,057	-	-
Total revenues	<u>34,921</u>	<u>6,371,706</u>	<u>675,114</u>	<u>1,793,480</u>
<b>EXPENDITURES</b>				
Current:				
General government	212,447	-	675,114	1,293,946
Public safety	-	-	-	1,938,170
Sanitation	-	-	-	-
Health and welfare	-	1,258,792	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>212,447</u>	<u>1,258,792</u>	<u>675,114</u>	<u>3,232,116</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(177,526)</u>	<u>5,112,914</u>	<u>-</u>	<u>(1,438,636)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	-	-	1,522,698
Transfers to other funds	(727,879)	(359,000)	-	(14,000)
Total other financing sources (uses)	<u>(727,879)</u>	<u>(359,000)</u>	<u>-</u>	<u>1,508,698</u>
Net change in fund balance	<u>(905,405)</u>	<u>4,753,914</u>	<u>-</u>	<u>70,062</u>
Fund balances - beginning, as previously reported	1,422,573	26,249,881	-	16,313
Prior period adjustment	-	-	-	-
Fund balances - beginning, as restated	<u>1,422,573</u>	<u>26,249,881</u>	<u>-</u>	<u>16,313</u>
Fund balances - ending	<u>\$ 517,168</u>	<u>\$ 31,003,795</u>	<u>\$ -</u>	<u>\$ 86,375</u>

Grant Assistance	Wichita Area Metropolitan Planning Organization	Total
\$ -	\$ -	\$ 4,485,206
-	-	25,657
-	-	7,065,174
-	-	9,101
26,344,792	-	32,167,563
-	-	34,190
1,103,165	-	1,308,986
18,194	-	18,194
3,162	-	3,477,395
2,861,531	-	7,906,185
30,330,844	-	56,497,651
173,457	-	3,544,287
2,463,856	-	8,274,611
-	-	2,010,316
28,055,897	-	31,435,601
542,751	-	3,751,366
31,235,961	-	49,016,181
(905,117)	-	7,481,470
70,132	-	1,743,718
-	-	(8,249,905)
70,132	-	(6,506,187)
(834,985)	-	975,283
6,653,554	(51,599)	58,929,990
-	51,599	51,599
6,653,554	-	58,981,589
\$ 5,818,569	\$ -	\$ 59,956,872

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017

	Water Main Extension	Park Bond Construction	Sewer Construction
<b>REVENUES</b>			
Special assessments	\$ 204,441	\$ -	\$ 355,356
Local sales tax	-	-	-
Rentals	-	43,314	-
Other revenue	45,226	60,076	75,298
Total revenues	<u>249,667</u>	<u>103,390</u>	<u>430,654</u>
<b>EXPENDITURES</b>			
Debt service:			
Interest and fiscal charges	19,728	23,364	85,517
Capital outlay	1,152,346	1,999,663	7,940,813
Total expenditures	<u>1,172,074</u>	<u>2,023,027</u>	<u>8,026,330</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(922,407)</u>	<u>(1,919,637)</u>	<u>(7,595,676)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from the issuance of bonds	947,828	-	4,276,870
Premiums on bonds sold	129,360	-	582,120
Transfers from other funds	-	2,150,240	-
Transfers to other funds	-	-	-
Total other financing sources (uses)	<u>1,077,188</u>	<u>2,150,240</u>	<u>4,858,990</u>
Net change in fund balance	154,781	230,603	(2,736,686)
Fund balances (deficits) - beginning	<u>(2,488,646)</u>	<u>(3,181,528)</u>	<u>(9,216,867)</u>
Fund balances (deficits) - ending	<u><u>\$ (2,333,865)</u></u>	<u><u>\$ (2,950,925)</u></u>	<u><u>\$ (11,953,553)</u></u>



Local Sales Tax CIP	Sales Tax Construction Pledge	Total
\$ -	\$ -	\$ 559,797
-	28,822,631	28,822,631
-	-	43,314
1,570	-	182,170
<u>1,570</u>	<u>28,822,631</u>	<u>29,607,912</u>
-	-	128,609
-	-	11,092,822
-	-	<u>11,221,431</u>
<u>1,570</u>	<u>28,822,631</u>	<u>18,386,481</u>
-	-	5,224,698
-	-	711,480
11,091,449	-	13,241,689
<u>(19,283,999)</u>	<u>(31,766,531)</u>	<u>(51,050,530)</u>
<u>(8,192,550)</u>	<u>(31,766,531)</u>	<u>(31,872,663)</u>
(8,190,980)	(2,943,900)	(13,486,182)
<u>32,854,211</u>	<u>10,255,123</u>	<u>28,222,293</u>
<u>\$ 24,663,231</u>	<u>\$ 7,311,223</u>	<u>\$ 14,736,111</u>

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017

	Economic Development	General Fund	Combined General Fund
<b>REVENUES</b>			
Property taxes	\$ -	\$ 76,625,353	\$ 76,625,353
Motor vehicle taxes	-	11,621,335	11,621,335
Franchise taxes	-	45,563,488	45,563,488
Local sales tax	-	28,557,694	28,557,694
Intergovernmental	-	17,201,970	17,201,970
Licenses and permits	-	2,818,831	2,818,831
Fines and penalties	-	8,270,546	8,270,546
Rentals	505,370	2,335,423	2,840,793
Interest and investment earnings	-	3,782,188	3,782,188
Charges for services and sales	18,854	16,430,349	16,449,203
Other revenue	518,808	9,246,444	9,765,252
Total revenues	<u>1,043,032</u>	<u>222,453,621</u>	<u>223,496,653</u>
<b>EXPENDITURES</b>			
Current:			
General government	1,691,902	32,906,181	34,598,083
Public safety	-	128,061,639	128,061,639
Highways and streets	-	20,216,848	20,216,848
Sanitation	-	2,660,584	2,660,584
Health and welfare	-	3,952,491	3,952,491
Culture and recreation	-	33,266,537	33,266,537
Total expenditures	<u>1,691,902</u>	<u>221,064,280</u>	<u>222,756,182</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(648,870)</u>	<u>1,389,341</u>	<u>740,471</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers from other funds	-	6,073,192	6,073,192
Transfers to other funds	-	(6,554,228)	(6,554,228)
Total other financing sources (uses)	<u>-</u>	<u>(481,036)</u>	<u>(481,036)</u>
Net change in fund balance	(648,870)	908,305	259,435
Fund balances - beginning	<u>2,879,305</u>	<u>53,677,342</u>	<u>56,556,647</u>
Fund balances - ending	<u><u>\$ 2,230,435</u></u>	<u><u>\$ 54,585,647</u></u>	<u><u>\$ 56,816,082</u></u>

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017

	Economic Development TIF Districts	Debt Service Fund	Combined Debt Service Fund
<b>REVENUES</b>			
Property taxes	\$ 2,504,188	\$ 27,009,018	\$ 29,513,206
Motor vehicle taxes	-	4,091,442	4,091,442
Special assessments	-	28,343,388	28,343,388
Local sales tax	-	302,529	302,529
Rentals	22,755	-	22,755
Interest and investment earnings	-	59,238	59,238
Other revenue	449,696	44,240	493,936
Total revenues	<u>2,976,639</u>	<u>59,849,855</u>	<u>62,826,494</u>
<b>EXPENDITURES</b>			
Current:			
General government	41,815	-	41,815
Debt service:			
Principal retirement	-	57,587,498	57,587,498
Interest and fiscal charges	-	13,845,802	13,845,802
Other debt service	-	559,786	559,786
Total expenditures	<u>41,815</u>	<u>71,993,086</u>	<u>72,034,901</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,934,824</u>	<u>(12,143,231)</u>	<u>(9,208,407)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from issuance of debt	-	23,039,724	23,039,724
Premiums on bonds sold	-	4,089,306	4,089,306
Payments to escrow agent on refunded bonds	-	(1,406,316)	(1,406,316)
Transfers from other funds	-	24,908,501	24,908,501
Transfers to other funds	(2,303,843)	(18,782,373)	(21,086,216)
Total other financing sources (uses)	<u>(2,303,843)</u>	<u>31,848,842</u>	<u>29,544,999</u>
Net change in fund balance	630,981	19,705,611	20,336,592
Fund balances - beginning	<u>10,368</u>	<u>25,750,646</u>	<u>25,761,014</u>
Fund balances - ending	<u>\$ 641,349</u>	<u>\$ 45,456,257</u>	<u>\$ 46,097,606</u>

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Local government taxes:					
General property taxes:					
Property taxes	\$ 73,444,021	\$ 73,811,355	\$ 74,770,705	\$ 959,350	\$ 73,272,167
Delinquent property taxes	2,100,000	2,200,000	1,740,703	(459,297)	1,784,570
Payments in lieu of taxes	100,000	100,000	113,945	13,945	118,211
Franchise taxes	48,382,844	46,140,275	45,563,488	(576,787)	44,766,245
Motor vehicle taxes	11,677,933	11,940,721	11,621,335	(319,386)	11,587,301
Local sales tax	30,453,231	29,372,262	28,557,694	(814,568)	28,939,207
Total local government taxes	166,158,029	163,564,613	162,367,870	(1,196,743)	160,467,701
Intergovernmental	16,996,712	17,247,625	17,201,970	(45,655)	16,953,856
Licenses and permits	2,947,234	3,011,677	2,818,831	(192,846)	2,649,957
Fines and penalties	10,878,801	8,650,350	8,270,546	(379,804)	9,120,404
Charges for services and sales	17,532,440	17,764,522	16,430,349	(1,334,173)	18,342,146
Rental income	2,393,751	2,371,934	2,335,423	(36,511)	2,347,885
Interest and investment earnings	1,200,000	2,670,000	3,782,188	1,112,188	1,980,147
Other revenue	7,970,799	7,628,465	9,853,043	2,224,578	7,752,640
Revised budget adjustment	-	2,566,516	-	(2,566,516)	-
Total revenues	226,077,766	225,475,702	223,060,220	(2,415,482)	219,614,736
<b>EXPENDITURES</b>					
City Council:					
Personnel services	671,452	659,376	653,760	5,616	634,527
Contractual services	94,555	111,319	95,005	16,314	96,792
Materials and supplies	40,350	25,350	15,548	9,802	12,279
Contingency	200,000	200,000	-	200,000	-
Total City Council	1,006,357	996,045	764,313	231,732	743,598
City Manager:					
Personnel services	2,469,798	2,446,530	2,425,750	20,780	2,267,837
Contractual services	630,108	639,784	431,571	208,213	417,169
Materials and supplies	74,560	74,660	15,169	59,491	17,222
Contingency	50,000	50,000	-	50,000	-
Total City Manager	3,224,466	3,210,974	2,872,490	338,484	2,702,228

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
Department of Finance:					
Personnel services	\$ 4,164,294	\$ 4,578,295	\$ 4,198,370	\$ 379,925	\$ 3,719,016
Contractual services	776,608	792,021	757,918	34,103	694,634
Materials and supplies	36,811	36,811	28,858	7,953	23,105
Other expenditures	150,000	150,000	11,532	138,468	-
Total Department of Finance	5,127,713	5,557,127	4,996,678	560,449	4,436,755
Law Department:					
Personnel services	2,647,094	2,644,698	2,441,049	203,649	2,394,912
Contractual services	213,892	267,684	179,279	88,405	278,113
Materials and supplies	18,495	18,270	8,111	10,159	8,073
Total Law Department	2,879,481	2,930,652	2,628,439	302,213	2,681,098
Municipal Court:					
Personnel services	5,372,682	5,362,092	4,917,337	444,755	4,914,423
Contractual services	1,800,764	1,800,519	1,566,773	233,746	1,584,811
Materials and supplies	65,385	65,159	42,182	22,977	49,004
Total Municipal Court	7,238,831	7,227,770	6,526,292	701,478	6,548,238
Fire Department:					
Personnel services	41,809,240	41,053,782	41,055,254	(1,472)	40,607,471
Contractual services	2,840,272	2,958,022	2,933,291	24,731	2,812,228
Materials and supplies	862,123	841,410	612,800	228,610	741,618
Contingency	-	(174,999)	-	(174,999)	-
Total Fire Department	45,511,635	44,678,215	44,601,345	76,870	44,161,317
Police Department:					
Personnel services	73,239,739	73,473,481	73,428,158	45,323	72,096,272
Contractual services	7,800,069	7,757,080	7,698,631	58,449	7,516,711
Materials and supplies	2,067,843	2,138,352	2,137,978	374	1,736,326
Capital outlay	-	-	-	-	32,777
Other expenditures	258,928	35,830	-	35,830	-
Contingency	-	50,000	-	50,000	-
Total Police Department	83,366,579	83,454,743	83,264,767	189,976	81,382,086
Housing and Community Services:					
Personnel services	228,754	149,029	105,090	43,939	225,955
Contractual services	6,598	59,633	59,632	1	4,221
Materials and supplies	-	717	716	1	-
Total Housing and Community Services	235,352	209,379	165,438	43,941	230,176

(Continued)

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
Library:					
Personnel services	\$ 6,382,847	\$ 6,523,278	\$ 6,408,276	\$ 115,002	\$ 6,379,344
Contractual services	1,317,070	1,264,920	1,199,987	64,933	1,207,663
Materials and supplies	778,285	785,785	781,957	3,828	767,025
Total Library	8,478,202	8,573,983	8,390,220	183,763	8,354,032
CMO - Cultural Arts Division:					
Personnel services	4,661,147	4,416,191	4,156,670	259,521	4,376,913
Contractual services	3,275,480	3,694,881	3,511,135	183,746	3,347,631
Materials and supplies	171,292	162,963	160,710	2,253	148,856
Other expenditures	70,164	102,500	92,593	9,907	58,780
Total CMO - Cultural Arts Division	8,178,083	8,376,535	7,921,108	455,427	7,932,180
Public Works and Utilities:					
Personnel services	6,541,600	6,525,441	6,451,043	74,398	6,772,269
Contractual services	8,442,727	8,980,022	8,959,690	20,332	8,388,100
Materials and supplies	1,091,244	1,009,416	953,192	56,224	1,006,845
Other expenditures	-	340	339	1	-
Total Public Works and Utilities	16,075,571	16,515,219	16,364,264	150,955	16,167,214
Park:					
Personnel services	9,248,293	10,080,507	9,124,707	955,800	8,795,022
Contractual services	6,248,784	6,254,799	6,184,885	69,914	5,735,902
Materials and supplies	1,022,218	999,522	985,420	14,102	966,353
Capital outlay	20,000	69,000	62,960	6,040	155,042
Other expenditures	78,840	310,710	304,716	5,994	43,651
Contingency	-	(1,050,619)	-	(1,050,619)	-
Total Park	16,618,135	16,663,919	16,662,688	1,231	15,695,970
Non Departmental:					
Personnel services	1,447,233	291,436	-	291,436	-
Contractual services	4,360,958	4,304,937	3,801,362	503,575	3,497,583
Materials and supplies	54,382	86,888	66,418	20,470	75,277
Capital outlay	-	-	-	-	254
Other expenditures	250,000	250,000	250,000	-	250,000
Contingency	(3,067,476)	(1,926,605)	44,004	(1,970,609)	43,721
Total Non Departmental	3,045,097	3,006,656	4,161,784	(1,155,128)	3,866,835

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
Metropolitan Area Building and Construction:					
Personnel services	\$ 697,184	\$ 673,820	\$ 628,200	\$ 45,620	\$ 636,534
Contractual services	296,431	323,417	315,829	7,588	338,594
Materials and supplies	14,406	5,811	5,499	312	5,561
Total Metropolitan Area Building and Construction	1,008,021	1,003,048	949,528	53,520	980,689
Human Resources:					
Personnel services	1,656,777	1,271,961	1,253,754	18,207	1,557,026
Contractual services	150,725	173,437	149,243	24,194	127,186
Materials and supplies	17,000	16,925	8,892	8,033	12,542
Total Human Resources	1,824,502	1,462,323	1,411,889	50,434	1,696,754
Public Works - Gas Tax:					
Personnel services	9,899,450	9,086,645	8,603,936	482,709	8,818,099
Contractual services	8,727,089	8,897,125	8,268,217	628,908	9,117,590
Materials and supplies	2,148,108	2,165,331	2,022,441	142,890	1,869,634
Capital outlay	143,000	143,000	64,244	78,756	48,408
Other expenditures	150,000	150,000	101,852	48,148	107,694
Total Public Works - Gas Tax	21,067,647	20,442,101	19,060,690	1,381,411	19,961,425
Total expenditures	224,885,672	224,308,689	220,741,933	3,566,756	217,540,595
Excess of revenues over expenditures	1,192,094	1,167,013	2,318,287	1,151,274	2,074,141
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	5,000,750	5,602,814	6,073,192	470,378	4,874,946
Transfers to other funds	(6,192,844)	(6,769,827)	(6,554,228)	215,599	(5,416,857)
Total other financing uses	(1,192,094)	(1,167,013)	(481,036)	685,977	(541,911)
<b>SPECIAL ITEM</b>					
Sale of Hyatt Hotel	-	-	-	-	20,002,631
Net change in fund balance	-	-	1,837,251	1,837,251	21,534,861
Unencumbered fund balance, beginning	27,950,798	27,950,798	49,485,659	21,534,861	27,950,798
Unencumbered fund balance, ending	\$ 27,950,798	\$ 27,950,798	\$ 51,322,910	\$ 23,372,112	\$ 49,485,659

The 2017 certified expenditure budget is \$249,078,516, including an appropriated reserve of \$18,000,000.

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ 285,000	\$ 624,025	\$ 18,854	\$ (605,171)	\$ 57,834
Rental income	344,850	375,000	505,370	130,370	548,156
Administrative charges	48,000	48,000	294,647	246,647	192,857
Other revenue	296,000	236,000	224,178	(11,822)	226,572
Revised budget adjustment	-	(309,175)	-	309,175	-
Total revenues	973,850	973,850	1,043,049	69,199	1,025,419
<b>EXPENDITURES</b>					
General government:					
Personnel services	316,565	412,343	384,616	27,727	410,331
Contractual services	766,432	1,075,328	1,055,098	20,230	1,071,506
Materials and supplies	22,450	22,450	7,403	15,047	125,481
Capital outlay	-	-	-	-	26
Other expenditures	2,573,242	232,744	232,744	-	222,007
Contingency	-	1,750,824	-	1,750,824	-
Total expenditures	3,678,689	3,493,689	1,679,861	1,813,828	1,829,351
Deficiency of revenues under expenditures	(2,704,839)	(2,519,839)	(636,812)	1,883,027	(803,932)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	185,000	-	-	-	185,000
Transfers to other funds	-	-	-	-	(122,076)
Total other financing sources	185,000	-	-	-	62,924
Net change in fund balance	(2,519,839)	(2,519,839)	(636,812)	1,883,027	(741,008)
Unencumbered fund balance, beginning	2,700,733	2,700,733	2,833,145	132,412	3,574,153
Unencumbered fund balance, ending	\$ 180,894	\$ 180,894	\$ 2,196,333	\$ 2,015,439	\$ 2,833,145



# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Intergovernmental	\$ 191,368	\$ 191,368	\$ 150,603	\$ (40,765)	\$ 165,723
Total revenues	191,368	191,368	150,603	(40,765)	165,723
<b>EXPENDITURES</b>					
Health and welfare:					
Contractual services	382,736	382,736	301,491	81,245	331,624
Total expenditures	382,736	382,736	301,491	81,245	331,624
Deficiency of revenues under expenditures	(191,368)	(191,368)	(150,888)	40,480	(165,901)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	191,368	191,368	150,888	(40,480)	165,901
Total other financing sources	191,368	191,368	150,888	(40,480)	165,901
Net change in fund balance	-	-	-	-	-
Unencumbered fund balance, beginning	-	-	-	-	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Transient guest taxes	\$ 7,167,201	\$ 7,250,182	\$ 7,065,174	\$ (185,008)	\$ 7,178,398
Other revenue	-	-	61,761	61,761	35,105
Revised budget adjustment	-	(82,981)	-	82,981	-
Total revenues	7,167,201	7,167,201	7,126,935	(40,266)	7,213,503
<b>EXPENDITURES</b>					
Culture and recreation:					
Contractual services	2,888,743	3,290,715	3,211,126	79,589	2,789,375
Contingency	-	250	-	250	-
Total expenditures	2,888,743	3,290,965	3,211,126	79,839	2,789,375
Excess of revenues over expenditures	4,278,458	3,876,236	3,915,809	39,573	4,424,128
<b>OTHER FINANCING USES</b>					
Transfers to other funds	(5,761,663)	(5,359,441)	(4,749,026)	610,415	(3,647,208)
Total other financing uses	(5,761,663)	(5,359,441)	(4,749,026)	610,415	(3,647,208)
Net change in fund balance	(1,483,205)	(1,483,205)	(833,217)	649,988	776,920
Unencumbered fund balance, beginning	1,713,104	1,713,104	3,997,440	2,284,336	3,220,520
Unencumbered fund balance, ending	\$ 229,899	\$ 229,899	\$ 3,164,223	\$ 2,934,324	\$ 3,997,440

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Intergovernmental	\$ 2,082,903	\$ 2,120,333	\$ 2,074,735	\$ (45,598)	\$ 2,038,782
Other revenue	-	-	4,101	4,101	14,969
Revised budget adjustment	-	(37,430)	-	37,430	-
Total revenues	<u>2,082,903</u>	<u>2,082,903</u>	<u>2,078,836</u>	<u>(4,067)</u>	<u>2,053,751</u>
<b>EXPENDITURES</b>					
Health and welfare:					
Contractual services	1,731,810	1,732,658	1,635,466	97,192	1,837,000
Other expenditures	805,000	175,000	175,000	-	175,000
Contingency	-	629,152	-	629,152	-
Total expenditures	<u>2,536,810</u>	<u>2,536,810</u>	<u>1,810,466</u>	<u>726,344</u>	<u>2,012,000</u>
Net change in fund balance	(453,907)	(453,907)	268,370	722,277	41,751
Unencumbered fund balance, beginning	<u>539,244</u>	<u>539,244</u>	<u>764,503</u>	<u>225,259</u>	<u>722,752</u>
Unencumbered fund balance, ending	<u>\$ 85,337</u>	<u>\$ 85,337</u>	<u>\$ 1,032,873</u>	<u>\$ 947,536</u>	<u>\$ 764,503</u>

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Intergovernmental	\$ 2,082,903	\$ 2,120,333	\$ 2,074,735	\$ (45,598)	\$ 2,038,782
Revised budget adjustment	-	(37,430)	-	37,430	-
Total revenues	2,082,903	2,082,903	2,074,735	(8,168)	2,038,782
<b>OTHER FINANCING USES</b>					
Transfers to other funds	(2,180,000)	(2,180,000)	(2,180,000)	-	(1,910,000)
Total other financing uses	(2,180,000)	(2,180,000)	(2,180,000)	-	(1,910,000)
Net change in fund balance	(97,097)	(97,097)	(105,265)	(8,168)	128,782
Unencumbered fund balance, beginning	197,884	197,884	225,587	27,703	96,805
Unencumbered fund balance, ending	\$ 100,787	\$ 100,787	\$ 120,322	\$ 19,535	\$ 225,587

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ 1,554,000	\$ 1,875,000	\$ 2,067,064	\$ 192,064	\$ 2,023,854
Rental income	-	-	2,363	2,363	2,362
Other revenue	2,000	2,000	6,098	4,098	2,622
Revised budget adjustment	-	(321,000)	-	321,000	-
Total revenues	1,556,000	1,556,000	2,075,525	519,525	2,028,838
<b>EXPENDITURES</b>					
Sanitation:					
Personnel services	442,843	463,836	450,870	12,966	406,873
Contractual services	1,513,456	1,514,344	849,336	665,008	868,668
Materials and supplies	47,200	92,200	83,976	8,224	39,544
Capital outlay	-	240,000	156,007	83,993	23,977
Other expenditures	1,375,000	967,857	-	967,857	-
Contingency	-	100,262	-	100,262	-
Total expenditures	3,378,499	3,378,499	1,540,189	1,838,310	1,339,062
Net change in fund balance	(1,822,499)	(1,822,499)	535,336	2,357,835	689,776
Unencumbered fund balance, beginning	1,950,322	1,950,322	3,119,869	1,169,547	2,430,093
Unencumbered fund balance, ending	\$ 127,823	\$ 127,823	\$ 3,655,205	\$ 3,527,382	\$ 3,119,869

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Interest and investment earnings	\$ 200,000	\$ -	\$ -	\$ -	\$ -
Other revenue	-	-	66	66	35,728
Revised budget adjustment	-	200,000	-	(200,000)	-
Total revenues	200,000	200,000	66	(199,934)	35,728
<b>EXPENDITURES</b>					
Sanitation:					
Personnel services	240,073	245,359	232,951	12,408	219,899
Contractual services	794,489	801,397	362,281	439,116	328,750
Materials and supplies	111,583	113,003	13,150	99,853	9,732
Other expenditures	9,400,000	9,386,386	-	9,386,386	-
Total expenditures	10,546,145	10,546,145	608,382	9,937,763	558,381
Deficiency of revenues under expenditures	(10,346,145)	(10,346,145)	(608,316)	9,737,829	(522,653)
<b>OTHER FINANCING USES</b>					
Transfers to other funds	(150,000)	(150,000)	(150,000)	-	(150,000)
Total other financing uses	(150,000)	(150,000)	(150,000)	-	(150,000)
Net change in fund balance	(10,496,145)	(10,496,145)	(758,316)	9,737,829	(672,653)
Unencumbered fund balance, beginning	10,614,842	10,614,842	11,225,697	610,855	11,898,350
Unencumbered fund balance, ending	\$ 118,697	\$ 118,697	\$ 10,467,381	\$ 10,348,684	\$ 11,225,697

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Special Assessments	\$ -	\$ 38,000	\$ 9,101	\$ (28,899)	\$ 5,444,325
Licenses and permits	-	-	34,190	34,190	464
Charges for services and sales	-	-	-	-	1,226,530
Other revenue	3,604,596	2,590,402	2,499,220	(91,182)	17,177
Revised budget adjustment	-	976,194	-	(976,194)	-
Total revenues	3,604,596	3,604,596	2,542,511	(1,062,085)	6,688,496
<b>EXPENDITURES</b>					
Public safety:					
Personnel services	3,161,063	3,279,913	3,210,801	69,112	3,370,257
Contractual services	549,088	546,987	543,012	3,975	2,876,847
Materials and supplies	60,823	47,682	34,877	12,805	44,929
Other expenditures	1,553,094	83,250	83,250	-	130,117
Contingency	-	1,366,236	-	1,366,236	-
Total expenditures	5,324,068	5,324,068	3,871,940	1,452,128	6,422,150
Net change in fund balance	(1,719,472)	(1,719,472)	(1,329,429)	390,043	266,346
Unencumbered fund balance, beginning	1,908,709	1,908,709	2,579,429	670,720	2,313,083
Unencumbered fund balance, ending	\$ 189,237	\$ 189,237	\$ 1,250,000	\$ 1,060,763	\$ 2,579,429

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ 1,119,750	\$ 1,114,000	\$ 1,104,578	\$ (9,422)	\$ 1,092,689
Rental income	136,345	210,545	202,558	(7,987)	218,215
Other revenue	155,077	155,077	1,355	(153,722)	68,042
Revised budget adjustment	-	(68,450)	-	68,450	-
Total revenues	1,411,172	1,411,172	1,308,491	(102,681)	1,378,946
<b>EXPENDITURES</b>					
General government:					
Personnel services	148,986	157,026	155,210	1,816	119,854
Contractual services	1,209,139	1,479,378	868,054	611,324	918,546
Materials and supplies	72,800	99,950	39,618	60,332	22,244
Other expenditures	1,200,000	99,900	99,844	56	-
Contingency	-	794,671	-	794,671	-
Total expenditures	2,630,925	2,630,925	1,162,726	1,468,199	1,060,644
Excess (deficiency) of revenues over (under) expenditures	(1,219,753)	(1,219,753)	145,765	1,365,518	318,302
<b>OTHER FINANCING USES</b>					
Transfers to other funds	(70,000)	(70,000)	(70,000)	-	(70,000)
Total other financing uses	(70,000)	(70,000)	(70,000)	-	(70,000)
Net change in fund balance	(1,289,753)	(1,289,753)	75,765	1,365,518	248,302
Unencumbered fund balance, beginning	1,415,423	1,415,423	1,756,716	341,293	1,508,414
Unencumbered fund balance, ending	\$ 125,670	\$ 125,670	\$ 1,832,481	\$ 1,706,811	\$ 1,756,716



# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ -	\$ 760,000	\$ 31,809	\$ (728,191)	\$ 40,354
Other revenue	950,000	-	3,112	3,112	
Revised budget adjustment	-	190,000	-	(190,000)	-
Total revenues	950,000	950,000	34,921	(915,079)	40,354
<b>EXPENDITURES</b>					
General government:					
Personnel services	11,340	1,014	200	814	7,047
Contractual services	437,329	234,047	205,335	28,712	438,673
Materials and supplies	22,200	7,930	6,912	1,018	6,824
Other expenditures	500,000	500,000	-	500,000	-
Total expenditures	970,869	742,991	212,447	530,544	452,544
Excess (deficiency) of revenues over (under) expenditures	(20,869)	207,009	(177,526)	(384,535)	(412,190)
<b>OTHER FINANCING USES</b>					
Transfers to other funds	-	(227,878)	(727,879)	(500,001)	-
Total other financing uses	-	(227,878)	(727,879)	(500,001)	-
Net change in fund balance	(20,869)	(20,869)	(905,405)	(884,536)	(412,190)
Unencumbered fund balance, beginning	64,372	64,372	1,422,573	1,358,201	1,834,763
Unencumbered fund balance, ending	\$ 43,503	\$ 43,503	\$ 517,168	\$ 473,665	\$ 1,422,573

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Property taxes	\$ 2,670,040	\$ 2,670,040	\$ 2,670,449	\$ 409	\$ 2,670,126
Other revenue	110,000	110,000	1,039,163	929,163	48,808
Total revenues	2,780,040	2,780,040	3,709,612	929,572	2,718,934
<b>EXPENDITURES</b>					
Health and welfare:					
Contractual services	1,567,761	1,551,762	407,729	1,144,033	446,826
Materials and supplies	196,600	197,434	43,455	153,979	64,810
Other expenditures	11,057,237	1,413,352	213,352	1,200,000	204,199
Contingency	-	9,659,050	-	9,659,050	-
Total expenditures	12,821,598	12,821,598	664,536	12,157,062	715,835
Excess (deficiency) of revenues over (under) expenditures	(10,041,558)	(10,041,558)	3,045,076	13,086,634	2,003,099
<b>OTHER FINANCING USES</b>					
Transfers to other funds	(359,000)	(359,000)	(359,000)	-	(347,750)
Total other financing uses	(359,000)	(359,000)	(359,000)	-	(347,750)
Net change in fund balance	(10,400,558)	(10,400,558)	2,686,076	13,086,634	1,655,349
Unencumbered fund balance, beginning	11,045,013	11,045,013	13,430,184	2,385,171	11,774,835
Unencumbered fund balance, ending	\$ 644,455	\$ 644,455	\$ 16,116,260	\$ 15,471,805	\$ 13,430,184

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Property taxes	\$ 1,165,300	\$ 1,165,300	\$ 1,165,300	\$ -	\$ 1,167,993
Rental income	-	-	900	900	-
Other revenue	-	-	1,601,506	1,601,506	11,252
Total revenues	1,165,300	1,165,300	2,767,706	1,602,406	1,179,245
<b>EXPENDITURES</b>					
Health and welfare:					
Contractual services	2,353,192	2,356,272	67,697	2,288,575	41,928
Materials and supplies	105,500	105,512	2,661	102,851	1,774
Other expenditures	4,957,237	2,213,352	213,352	2,000,000	204,199
Contingency	-	2,740,793	-	2,740,793	-
Total expenditures	7,415,929	7,415,929	283,710	7,132,219	247,901
Net change in fund balance	(6,250,629)	(6,250,629)	2,483,996	8,734,625	931,344
Unencumbered fund balance, beginning	6,402,927	6,402,927	11,331,861	4,928,934	10,400,518
Unencumbered fund balance, ending	\$ 152,298	\$ 152,298	\$ 13,815,857	\$ 13,663,559	\$ 11,331,862

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Property taxes	\$ 650,014	\$ 649,209	\$ 649,457	\$ 248	\$ 547,940
Motor vehicle taxes	25,231	26,036	25,657	(379)	25,279
Total revenues	675,245	675,245	675,114	(131)	573,219
<b>EXPENDITURES</b>					
General government:					
Contractual services	675,245	675,245	675,114	131	573,219
Total expenditures	675,245	675,245	675,114	131	573,219
Net change in fund balance	-	-	-	-	-
Unencumbered fund balance, beginning	-	-	-	-	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Intergovernmental	\$ 1,102,332	\$ 1,102,332	\$ 985,555	\$ (116,777)	\$ 922,596
Charges for services and sales	-	-	37,122	37,122	450
Other revenue	-	-	-	-	21
Total revenues	1,102,332	1,102,332	1,022,677	(79,655)	923,067
<b>EXPENDITURES</b>					
Public safety:					
Personnel services	1,285,592	1,288,988	1,252,261	36,727	1,127,738
Contractual services	604,428	605,300	529,911	75,389	478,979
Materials and supplies	314,645	310,377	226,060	84,317	238,946
Total expenditures	2,204,665	2,204,665	2,008,232	196,433	1,845,663
Deficiency of revenues under expenditures	(1,102,333)	(1,102,333)	(985,555)	116,778	(922,596)
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	1,102,333	1,102,333	985,555	(116,778)	922,596
Total other financing sources	1,102,333	1,102,333	985,555	(116,778)	922,596
Net change in fund balance	-	-	-	-	-
Unencumbered fund balance, beginning	-	-	-	-	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Intergovernmental	\$ 628,635	\$ 628,635	\$ 537,143	\$ (91,492)	\$ 584,795
Charges for services and sales	213,900	213,900	233,660	19,760	236,325
Other revenue	-	-	-	-	177
Total revenues	842,535	842,535	770,803	(71,732)	821,297
<b>EXPENDITURES</b>					
General government:					
Personnel services	1,300,253	1,317,925	1,186,389	131,536	1,290,955
Contractual services	121,717	124,585	98,872	25,713	93,954
Materials and supplies	14,660	14,660	8,685	5,975	7,183
Other expenditures	20,540	-	-	-	-
Total expenditures	1,457,170	1,457,170	1,293,946	163,224	1,392,092
Deficiency of revenues under expenditures	(614,635)	(614,635)	(523,143)	91,492	(570,795)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from other funds	628,635	628,635	537,143	(91,492)	584,795
Transfers to other funds	(14,000)	(14,000)	(14,000)	-	(14,000)
Total other financing sources	614,635	614,635	523,143	(91,492)	570,795
Net change in fund balance	-	-	-	-	-
Unencumbered fund balance, beginning	-	-	-	-	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Local sales tax	\$ 30,453,231	\$ 29,372,262	\$ 28,822,631	\$ (549,631)	\$ 29,288,159
Revised budget adjustment	-	1,080,969	-	(1,080,969)	-
Total revenues	30,453,231	30,453,231	28,822,631	(1,630,600)	29,288,159
<b>EXPENDITURES</b>					
General government:					
Contingency	-	4,327,845	-	4,327,845	-
Total expenditures	-	4,327,845	-	4,327,845	-
Excess of revenues over expenditures	30,453,231	26,125,386	28,822,631	2,697,245	29,288,159
<b>OTHER FINANCING USES</b>					
Transfers to other funds	(36,394,376)	(32,066,531)	(31,766,531)	300,000	(29,308,975)
Total other financing uses	(36,394,376)	(32,066,531)	(31,766,531)	300,000	(29,308,975)
Net change in fund balance	(5,941,145)	(5,941,145)	(2,943,900)	2,997,245	(20,816)
Unencumbered fund balance, beginning	7,364,512	7,364,512	10,255,123	2,890,611	10,275,939
Unencumbered fund balance, ending	\$ 1,423,367	\$ 1,423,367	\$ 7,311,223	\$ 5,887,856	\$ 10,255,123

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Local government taxes:					
General property taxes:					
Property taxes	\$ 25,924,845	\$ 25,924,638	\$ 26,400,028	\$ 475,390	\$ 25,797,956
Delinquent property taxes	900,000	900,000	608,990	(291,010)	620,537
Special assessments	28,126,607	25,704,779	26,474,633	769,854	26,209,100
Delinquent special assessments	2,191,574	1,800,553	1,868,755	68,202	2,330,231
Motor vehicle taxes	4,104,128	4,208,449	4,091,442	(117,007)	4,091,545
Local sales tax	400,000	450,000	302,529	(147,471)	432,276
Total local government taxes	61,647,154	58,988,419	59,746,377	757,958	59,481,645
Interest and investment earnings		-	55,459	55,459	85,306
Other revenue	286,500	-	3,821,425	3,821,425	1,344,106
Revised budget adjustment	-	5,401,638	-	(5,401,638)	-
Total revenues	61,933,654	64,390,057	63,623,261	(766,796)	60,911,057
<b>EXPENDITURES</b>					
Interest on general obligation bonds	10,015,665	7,212,014	7,184,431	27,583	8,013,845
Interest on special assessment bonds	7,333,854	6,724,735	6,604,854	119,881	7,048,294
Interest on STAR bonds	-	75,000	56,517	18,483	127,419
Retirement of general obligation bonds	35,043,003	31,107,766	37,597,766	(6,490,000)	39,292,526
Retirement of special assessment bonds	21,182,574	19,619,721	19,707,216	(87,495)	20,131,281
Retirement of STAR bonds	-	-	282,516	(282,516)	228,420
Other expenditures	813,379	727,665	343,273	384,392	183,910
Contingency	-	10,921,574	-	10,921,574	-
Total expenditures	74,388,475	76,388,475	71,776,573	4,611,902	75,025,695
Deficiency of revenues under expenditures	(12,454,821)	(11,998,418)	(8,153,312)	3,845,106	(14,114,638)
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from issuance of bonds	-	-	3,044,725	3,044,725	25,937
Proceeds from issuance of refunding bonds	-	-	-	-	13,357,447
Premiums on bonds sold	500,000	500,000	59,989	(440,011)	3,033,878
Discounts on bonds sold	-	-	-	-	(349,285)
Payments to escrow agent on refunded bonds	-	-	(1,406,316)	(1,406,316)	-
Transfers from other funds	27,944,551	25,488,148	24,908,501	(579,647)	26,083,072
Transfers to other funds	(22,000,000)	(20,000,000)	(18,782,373)	1,217,627	(16,731,304)
Total other financing sources	6,444,551	5,988,148	7,824,526	1,836,378	25,419,745
Net change in fund balance	(6,010,270)	(6,010,270)	(328,786)	5,681,484	11,305,107
Unencumbered fund balance, beginning	10,398,825	10,398,825	21,973,460	11,574,635	10,668,353
Unencumbered fund balance, ending	\$ 4,388,555	\$ 4,388,555	\$ 21,644,674	\$ 17,256,119	\$ 21,973,460



# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Property taxes	\$ 1,664,778	\$ 1,640,929	\$ 1,869,960	\$ 229,031	\$ 1,607,455
Rental income	25,000	11,520	22,755	11,235	-
Revised budget adjustment	-	37,329	-	(37,329)	-
Total revenues	1,689,778	1,689,778	1,892,715	202,937	1,607,455
<b>EXPENDITURES</b>					
General government:					
Contingency	-	37,551	-	37,551	-
Total expenditures	-	37,551	-	37,551	-
Excess of revenues over expenditures	1,689,778	1,652,227	1,892,715	240,488	1,607,455
<b>OTHER FINANCING USES</b>					
Transfers to other funds	(1,690,000)	(1,652,449)	(1,652,449)	-	(1,618,677)
Total other financing uses	(1,690,000)	(1,652,449)	(1,652,449)	-	(1,618,677)
Net change in fund balance	(222)	(222)	240,266	240,488	(11,222)
Unencumbered fund balance, beginning	8,813	8,813	-	(8,813)	11,222
Unencumbered fund balance, ending	\$ 8,591	\$ 8,591	\$ 240,266	\$ 231,675	\$ -

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Property taxes	\$ 75,000	\$ 75,000	\$ 41,815	\$ (33,185)	\$ -
Total revenues	75,000	75,000	41,815	(33,185)	-
<b>EXPENDITURES</b>					
General government:					
Contractual services	75,000	75,000	41,815	33,185	-
Total expenditures	75,000	75,000	41,815	33,185	-
Net change in fund balance	-	-	-	-	-
Unencumbered fund balance, beginning	-	-	-	-	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ -

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Property taxes	\$ 548,359	\$ 552,784	\$ 304,241	\$ (248,543)	\$ 292,451
Other revenue	50,000	-	-	-	45,000
Revised budget adjustment	-	45,575	-	(45,575)	-
Total revenues	598,359	598,359	304,241	(294,118)	337,451
<b>EXPENDITURES</b>					
General government:					
Contingency	-	37,216	-	37,216	-
Total expenditures	-	37,216	-	37,216	-
Excess of revenues over expenditures	598,359	561,143	304,241	(256,902)	337,451
<b>OTHER FINANCING USES</b>					
Transfers to other funds	(590,000)	(552,784)	(304,241)	248,543	(337,451)
Total other financing uses	(590,000)	(552,784)	(304,241)	248,543	(337,451)
Net change in fund balance	8,359	8,359	-	(8,359)	-
Unencumbered fund balance, beginning	1,428	1,428	-	(1,428)	-
Unencumbered fund balance, ending	\$ 9,787	\$ 9,787	\$ -	\$ (9,787)	\$ -

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Property taxes	\$ 31,600	\$ 31,600	\$ 10,492	\$ (21,108)	\$ 41,968
Total revenues	31,600	31,600	10,492	(21,108)	41,968
<b>OTHER FINANCING USES</b>					
Transfers to other funds	(31,600)	(31,600)	(20,860)	10,740	(31,600)
Total other financing uses	(31,600)	(31,600)	(20,860)	10,740	(31,600)
Net change in fund balance	-	-	(10,368)	(10,368)	10,368
Unencumbered fund balance, beginning	-	-	10,368	10,368	-
Unencumbered fund balance, ending	\$ -	\$ -	\$ -	\$ -	\$ 10,368

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Property taxes	\$ 186,007	\$ 148,610	\$ 149,517	\$ 907	\$ 144,436
Other revenue	10,825	10,825	13,841	3,016	14,503
Revised budget adjustment	-	37,397	-	(37,397)	-
Total revenues	196,832	196,832	163,358	(33,474)	158,939
<b>EXPENDITURES</b>					
General government:					
Contingency	-	37,397	-	37,397	-
Total expenditures	-	37,397	-	37,397	-
Excess of revenues over expenditures	196,832	159,435	163,358	3,923	158,939
<b>OTHER FINANCING USES</b>					
Transfers to other funds	(196,832)	(159,435)	(159,435)	-	(370,247)
Total other financing uses	(196,832)	(159,435)	(159,435)	-	(370,247)
Net change in fund balance	-	-	3,923	3,923	(211,308)
Unencumbered fund balance, beginning	-	-	-	-	211,308
Unencumbered fund balance, ending	\$ -	\$ -	\$ 3,923	\$ 3,923	\$ -

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Property taxes	\$ 57,004	\$ 62,000	\$ 38,495	\$ (23,505)	\$ 78,684
Other revenue	-	112,350	135,855	23,505	55,829
Revised budget adjustment	-	(117,346)	-	117,346	-
Total revenues	57,004	57,004	174,350	117,346	134,513
<b>OTHER FINANCING USES</b>					
Transfers to other funds	(174,350)	(174,350)	(129,823)	44,527	(461,094)
Total other financing uses	(174,350)	(174,350)	(129,823)	44,527	(461,094)
Net change in fund balance	(117,346)	(117,346)	44,527	161,873	(326,581)
Unencumbered fund balance, beginning	118,236	118,236	-	(118,236)	326,581
Unencumbered fund balance, ending	\$ 890	\$ 890	\$ 44,527	\$ 43,637	\$ -

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Property taxes	\$ 53,429	\$ 37,035	\$ 44,925	\$ 7,890	\$ 40,209
Other revenue	-	300,000	300,000	-	-
Revised budget adjustment	-	16,394	-	(16,394)	-
Total revenues	53,429	353,429	344,925	(8,504)	40,209
<b>EXPENDITURES</b>					
General government:					
Contingency	-	16,394	-	16,394	-
Total expenditures	-	16,394	-	16,394	-
Excess of revenues over expenditures	53,429	337,035	344,925	7,890	40,209
<b>OTHER FINANCING USES</b>					
Transfers to other funds	(53,429)	(37,035)	(37,035)	-	(40,209)
Total other financing uses	(53,429)	(37,035)	(37,035)	-	(40,209)
Net change in fund balance	-	300,000	307,890	7,890	-
Unencumbered fund balance, beginning	-	-	-	-	-
Unencumbered fund balance, ending	\$ -	\$ 300,000	\$ 307,890	\$ 7,890	\$ -

# CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Licenses and permits	\$ 2,650	\$ 2,650	\$ 3,675	\$ 1,025	\$ 2,050
Interest and investment earnings	30,000	30,000	58,630	28,630	169,282
Other revenue	-	-	-	-	10,018
Total revenues	32,650	32,650	62,305	29,655	181,350
<b>EXPENDITURES</b>					
General government:					
Personnel services	4,281	4,282	-	4,282	-
Contractual services	83,378	86,904	58,713	28,191	75,444
Materials and supplies	3,500	3,500	76	3,424	660
Other expenditures	20,000	16,473	-	16,473	-
Total expenditures	111,159	111,159	58,789	52,370	76,104
Net change in fund balance	(78,509)	(78,509)	3,516	82,025	105,246
Unencumbered fund balance, beginning, as previously reported	-	-	1,497,640	1,497,640	721,079
Prior period adjustment	-	-	-	-	671,315
Unencumbered fund balance, beginning, as restated	-	-	1,497,640	1,497,640	1,392,394
Unencumbered fund balance, ending	\$ (78,509)	\$ (78,509)	\$ 1,501,156	\$ 1,579,665	\$ 1,497,640



## ***ENTERPRISE FUNDS***

## ***ENTERPRISE FUNDS***

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

### **Major Enterprise Funds**

The following major enterprise funds are reported in the Financial Section of this CAFR. Budgetary schedules for funds that have a legal budget compliance component are contained in this section. The major enterprise funds are as follows:

The **Water Utility** operates and maintains the potable water supply system.

The **Sewer Utility** operates and maintains the wastewater disposal system and wastewater treatment plants.

The **Airport Authority** operates and maintains the facilities for commercial, commuter and pleasure air transportation.

The **Stormwater Utility** operates and maintains the assets that comprise the surface water drainage and control system.

### **Nonmajor Enterprise Funds**

The following nonmajor enterprise funds are reported in this section:

The **Golf Course System** operates the five public golf facilities on a self-sustaining basis.

The **Transit Fund** operates the public bus service through fixed route and para-transit services.

**CITY OF WICHITA, KANSAS**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**

December 31, 2017

	Golf Course System	Transit	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 278,536	\$ -	\$ 278,536
Receivables, net:			
Due from other agencies	-	4,554,938	4,554,938
Accounts receivable	10,215	51,874	62,089
Due from other funds	-	65,368	65,368
Inventories	-	399,369	399,369
Prepaid items	3,700	-	3,700
Total current assets	<u>292,451</u>	<u>5,071,549</u>	<u>5,364,000</u>
Noncurrent assets:			
Capital assets:			
Land	669,221	1,880,751	2,549,972
Buildings	2,830,768	13,152,750	15,983,518
Improvements other than buildings	14,316,362	912,713	15,229,075
Machinery, equipment and other assets	1,808,553	29,132,792	30,941,345
Less accumulated depreciation	<u>(15,647,806)</u>	<u>(18,176,423)</u>	<u>(33,824,229)</u>
Total capital assets, net	<u>3,977,098</u>	<u>26,902,583</u>	<u>30,879,681</u>
Total noncurrent assets	<u>3,977,098</u>	<u>26,902,583</u>	<u>30,879,681</u>
Total assets	<u>4,269,549</u>	<u>31,974,132</u>	<u>36,243,681</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	<u>796,026</u>	<u>906,440</u>	<u>1,702,466</u>
Total deferred outflows of resources	<u>796,026</u>	<u>906,440</u>	<u>1,702,466</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and other liabilities	187,367	3,091,932	3,279,299
Deposits	4,417	-	4,417
Due to other funds	286,551	200,000	486,551
Current portion of long-term obligations:			
Compensated absences	<u>126,429</u>	<u>197,390</u>	<u>323,819</u>
Total current liabilities	<u>604,764</u>	<u>3,489,322</u>	<u>4,094,086</u>
Noncurrent liabilities:			
Due to other funds	5,381,869	1,722,088	7,103,957
Net pension liability	1,025,511	1,085,836	2,111,347
Compensated absences	<u>17,132</u>	<u>21,818</u>	<u>38,950</u>
Total noncurrent liabilities	<u>6,424,512</u>	<u>2,829,742</u>	<u>9,254,254</u>
Total liabilities	<u>7,029,276</u>	<u>6,319,064</u>	<u>13,348,340</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	<u>176,589</u>	<u>186,977</u>	<u>363,566</u>
Total deferred inflows of resources	<u>176,589</u>	<u>186,977</u>	<u>363,566</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,977,098	24,231,869	28,208,967
Restricted for:			
Capital projects	-	7,619	7,619
Unrestricted	<u>(6,117,388)</u>	<u>2,135,043</u>	<u>(3,982,345)</u>
Total net position	<u>\$ (2,140,290)</u>	<u>\$ 26,374,531</u>	<u>\$ 24,234,241</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2017

	Golf Course System	Transit	Total
<b>OPERATING REVENUES</b>			
Charges for services and sales	\$ 474,896	\$ 1,712,319	\$ 2,187,215
Fees	2,768,969	-	2,768,969
Rentals	1,056,492	104,292	1,160,784
Other operating revenues	20,129	187,929	208,058
Total operating revenues	<u>4,320,486</u>	<u>2,004,540</u>	<u>6,325,026</u>
<b>OPERATING EXPENSES</b>			
Personnel services	2,901,842	8,451,914	11,353,756
Contractual services	917,957	1,998,666	2,916,623
Materials and supplies	653,444	1,778,229	2,431,673
Other operating expenses	79,780	69,690	149,470
Administrative charges	214,387	224,503	438,890
Depreciation	541,758	2,078,861	2,620,619
Total operating expenses	<u>5,309,168</u>	<u>14,601,863</u>	<u>19,911,031</u>
Operating loss	<u>(988,682)</u>	<u>(12,597,323)</u>	<u>(13,586,005)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Intergovernmental grants	-	6,650,160	6,650,160
Other expenses	-	(272,092)	(272,092)
Gain on sale of assets	51,657	91,484	143,141
Total non-operating revenues	<u>51,657</u>	<u>6,469,552</u>	<u>6,521,209</u>
Loss before capital contributions and transfers	<u>(937,025)</u>	<u>(6,127,771)</u>	<u>(7,064,796)</u>
<b>CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS</b>			
Capital contributions - cash	-	4,719,091	4,719,091
Transfers from other funds	-	4,789,080	4,789,080
Total capital contributions and operating transfers	<u>-</u>	<u>9,508,171</u>	<u>9,508,171</u>
Change in net position	(937,025)	3,380,400	2,443,375
Net position - beginning	<u>(1,203,265)</u>	<u>22,994,131</u>	<u>21,790,866</u>
Net position - ending	<u>\$ (2,140,290)</u>	<u>\$ 26,374,531</u>	<u>\$ 24,234,241</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2017

	Golf Course System	Transit	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 4,300,357	\$ 1,785,429	\$ 6,085,786
Cash payments to suppliers for goods and services	(1,774,090)	(4,649,646)	(6,423,736)
Cash payments to employees for services	(2,650,851)	(8,003,914)	(10,654,765)
Other operating revenues	16,326	187,929	204,255
Other operating expenses	(79,780)	-	(79,780)
Net cash used in operating activities	<u>(188,038)</u>	<u>(10,680,202)</u>	<u>(10,868,240)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Intergovernmental grants received	-	7,481,581	7,481,581
Interfund loans	-	(3,228,427)	(3,228,427)
Transfers from other funds	-	4,789,080	4,789,080
Net cash provided by noncapital financing activities	<u>-</u>	<u>9,042,234</u>	<u>9,042,234</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Additions to property, plant and equipment	(9,987)	(3,367,846)	(3,377,833)
Proceeds from sale of capital assets	81,031	110,836	191,867
Capital contributions	-	4,894,978	4,894,978
Net cash provided by capital and related financing activities	<u>71,044</u>	<u>1,637,968</u>	<u>1,709,012</u>
Net decrease in cash and temporary investments	(116,994)	-	(116,994)
Cash and temporary investments - beginning	395,530	-	395,530
Cash and temporary investments - ending	<u>\$ 278,536</u>	<u>\$ -</u>	<u>\$ 278,536</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>			
Operating loss	<u>\$ (988,682)</u>	<u>\$ (12,597,323)</u>	<u>\$ (13,586,005)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	541,758	2,078,861	2,620,619
Other expenses	-	(100,000)	(100,000)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
(Increase) decrease in receivables	(5,239)	(31,182)	(36,421)
(Increase) decrease in inventory	-	70,409	70,409
(Increase) decrease in deferred outflows related to pensions	42,535	(270,742)	(228,207)
Increase (decrease) in accounts payable	83,762	(298,363)	(214,601)
Increase (decrease) in deposits	1,436	-	1,436
Increase (decrease) in net pension liability	133,837	417,080	550,917
Increase (decrease) in compensated absences	11,497	3,228	14,725
Increase (decrease) in deferred inflows related to pensions	(8,942)	47,830	38,888
Total adjustments	<u>800,644</u>	<u>1,917,121</u>	<u>2,717,765</u>
Net cash used in operating activities	<u>\$ (188,038)</u>	<u>\$ (10,680,202)</u>	<u>\$ (10,868,240)</u>

# CITY OF WICHITA, KANSAS

## WATER UTILITY FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNENCUMBERED CASH BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ 93,690,031	\$ 92,042,756	\$ 83,748,086	\$ (8,294,670)	\$ 80,317,038
Fees	350,000	350,000	453,247	103,247	409,705
Rental income	36,000	36,000	38,431	2,431	38,386
Interest and investment earnings	75,000	75,000	64,327	(10,673)	81,147
Other revenue	133,500	103,500	848,701	745,201	178,168
Revised budget adjustment	-	1,677,275	-	(1,677,275)	-
Total revenues	94,284,531	94,284,531	85,152,792	(9,131,739)	81,024,444
<b>EXPENDITURES</b>					
Personnel services	12,642,195	11,402,644	11,199,370	203,274	10,690,505
Contractual services	14,663,666	12,846,370	11,455,648	1,390,722	12,582,610
Materials and supplies	7,635,917	5,924,081	4,965,178	958,903	5,587,395
Capital outlay	1,325,000	5,821,169	4,932,539	888,630	4,755,399
Other operating expenditures	4,358,801	4,263,698	4,263,428	270	4,246,503
Cost of materials used	2,050,000	2,050,000	322,884	1,727,116	309,950
City administrative charges	793,841	827,756	827,756	-	793,841
Payments in lieu of franchise taxes	4,396,914	4,015,852	4,015,852	-	3,725,257
Other non-operating expenditures	57,012	57,012	47,750	9,262	42,809
Debt service	39,881,508	32,774,221	31,722,798	1,051,423	35,241,024
Contingency	2,000,000	9,822,051	-	9,822,051	-
Total expenditures	89,804,854	89,804,854	73,753,203	16,051,651	77,975,293
Excess of revenues over expenditures	4,479,677	4,479,677	11,399,589	6,919,912	3,049,151
<b>OTHER FINANCING USES</b>					
Transfers to other funds	-	-	-	-	(237,026)
Total other financing uses	-	-	-	-	(237,026)
Net change in unencumbered cash balance	4,479,677	4,479,677	11,399,589	6,919,912	2,812,125
Unencumbered cash balance, beginning	91,974,711	91,974,711	84,679,824	(7,294,887)	86,188,887
Change due to non-budgetary items	-	-	(13,679,116)	(13,679,116)	(4,321,188)
Unencumbered cash balance, ending	\$ 96,454,388	\$ 96,454,388	\$ 82,400,297	\$ (14,054,091)	\$ 84,679,824

# CITY OF WICHITA, KANSAS

## SEWER UTILITY FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNENCUMBERED CASH BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ 60,864,733	\$ 61,461,006	\$ 58,884,637	\$ (2,576,369)	\$ 56,012,655
Rental income	10,000	10,000	14,558	4,558	13,183
Interest and investment earnings	35,000	35,000	58,608	23,608	-
Other revenue	15,000	15,000	718,029	703,029	159,656
Revised budget adjustment	-	(596,273)	-	596,273	-
Total revenues	60,924,733	60,924,733	59,675,832	(1,248,901)	56,185,494
<b>EXPENDITURES</b>					
Personnel services	12,232,715	11,878,295	11,028,619	849,676	10,910,446
Contractual services	8,562,173	8,616,812	8,120,060	496,752	8,469,381
Materials and supplies	4,367,043	4,339,824	4,336,521	3,303	3,968,726
Capital outlay	2,600,000	2,587,764	2,292,083	295,681	875,616
Other operating expenditures	2,852,325	2,793,095	2,779,888	13,207	2,756,326
City administrative charges	305,416	314,741	314,741	-	305,416
Payments in lieu of franchise taxes	2,831,191	2,800,633	2,800,633	-	2,648,416
Other non-operating expenditures	-	-	-	-	21,763
Debt service	24,647,917	20,060,441	19,858,287	202,154	18,392,427
Contingency	250,000	5,257,175	-	5,257,175	-
Total expenditures	58,648,780	58,648,780	51,530,832	7,117,948	48,348,517
Excess of revenues over expenditures	2,275,953	2,275,953	8,145,000	5,869,047	7,836,977
Net change in unencumbered cash balance	2,275,953	2,275,953	8,145,000	5,869,047	7,836,977
Unencumbered cash balance, beginning	43,013,337	43,013,337	42,737,398	(275,939)	38,306,612
Change due to non-budgetary items	-	-	(4,452,551)	(4,452,551)	(3,406,191)
Unencumbered cash balance, ending	\$ 45,289,290	\$ 45,289,290	\$ 46,429,847	\$ 1,140,557	\$ 42,737,398

# CITY OF WICHITA, KANSAS

## STORMWATER UTILITY FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNENCUMBERED CASH BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ 9,117,914	\$ 10,995,877	\$ 11,896,611	\$ 900,734	\$ 9,197,622
Interest and investment earnings	-	-	-	-	24,003
Other revenue	-	-	124,982	124,982	1,610,209
Revised budget adjustment	-	(1,877,963)	-	1,877,963	-
Total revenues	9,117,914	9,117,914	12,021,593	2,903,679	10,831,834
<b>EXPENDITURES</b>					
Personnel services	2,709,878	2,727,581	2,471,094	256,487	2,535,251
Contractual services	2,081,123	2,546,895	1,866,520	680,375	2,290,499
Materials and supplies	314,977	302,330	292,691	9,639	266,395
Capital outlay	428,000	428,000	368,332	59,668	327,606
Other operating expenditures	777,740	758,770	758,770	-	758,770
City administrative charges	174,300	196,192	196,192	-	174,300
Debt service	3,718,857	2,880,348	2,786,236	94,112	2,711,305
Contingency	4,750,000	5,114,759	-	5,114,759	-
Total expenditures	14,954,875	14,954,875	8,739,835	6,215,040	9,064,126
Excess (deficiency) of revenues over (under) expenditures	(5,836,961)	(5,836,961)	3,281,758	9,118,719	1,767,708
<b>OTHER FINANCING SOURCES</b>					
Transfers from other funds	-	-	-	-	60,000
Total other financing sources	-	-	-	-	60,000
Net change in unencumbered cash balance	(5,836,961)	(5,836,961)	3,281,758	9,118,719	1,827,708
Unencumbered cash balance, beginning	6,556,245	6,556,245	6,654,853	98,608	7,546,875
Change due to non-budgetary items	-	-	(229,693)	(229,693)	(2,719,730)
Unencumbered cash balance, ending	\$ 719,284	\$ 719,284	\$ 9,706,918	\$ 8,987,634	\$ 6,654,853



***INTERNAL SERVICE FUNDS***

## ***INTERNAL SERVICE FUNDS***

Internal service funds are used to account for the financing and administration of general services rendered to the various departments of the City.

**Information Technology Fund** is responsible for coordination of the City's computer automation efforts and provides a City-owned telephone system to the organization. Information Technology also provides limited printing and photocopying services.

The **Fleet Fund** purchases, repairs and maintains vehicles and equipment used by City departments.

The **Self-Insurance Fund** accounts for self-insurance programs of health insurance, workers' compensation, group life insurance, auto liability and general liability.

**CITY OF WICHITA, KANSAS**

**COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS**

December 31, 2017

	Information Technology	Fleet	Self Insurance	Total
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,343,410	\$ 2,749,822	\$ 23,541,860	\$ 28,635,092
Receivables, net:				
Accounts receivable	105	32,767	2,071,219	2,104,091
Due from other funds	-	-	21,971,479	21,971,479
Inventories	-	942,728	-	942,728
Prepaid items	-	-	128,900	128,900
Total current assets	<u>2,343,515</u>	<u>3,725,317</u>	<u>47,713,458</u>	<u>53,782,290</u>
Noncurrent assets:				
Capital assets:				
Buildings	44,287	29,955	-	74,242
Improvements other than buildings	74,907	-	-	74,907
Machinery, equipment and other assets	13,396,899	31,042,939	269,600	44,709,438
Less accumulated depreciation	<u>(11,828,564)</u>	<u>(23,238,868)</u>	<u>(269,600)</u>	<u>(35,337,032)</u>
Total capital assets, net	<u>1,687,529</u>	<u>7,834,026</u>	<u>-</u>	<u>9,521,555</u>
Due from other funds	<u>-</u>	<u>-</u>	<u>18,660</u>	<u>18,660</u>
Total noncurrent assets	<u>1,687,529</u>	<u>7,834,026</u>	<u>18,660</u>	<u>9,540,215</u>
Total assets	<u>4,031,044</u>	<u>11,559,343</u>	<u>47,732,118</u>	<u>63,322,505</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	<u>2,070,236</u>	<u>1,199,337</u>	<u>92,257</u>	<u>3,361,830</u>
Total deferred outflows of resources	<u>2,070,236</u>	<u>1,199,337</u>	<u>92,257</u>	<u>3,361,830</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and other liabilities	253,261	209,312	2,347,480	2,810,053
Deposits	-	-	233,366	233,366
Current portion of long-term obligations:				
Claims payable	-	-	8,055,996	8,055,996
Capital lease payable	64,219	-	-	64,219
Compensated absences	201,031	156,788	32,737	390,556
Total current liabilities	<u>518,511</u>	<u>366,100</u>	<u>10,669,579</u>	<u>11,554,190</u>
Noncurrent liabilities:				
Claims payable	-	-	11,422,984	11,422,984
Net pension liability	2,654,265	1,568,429	120,649	4,343,343
Compensated absences	29,177	19,905	4,751	53,833
Total noncurrent liabilities	<u>2,683,442</u>	<u>1,588,334</u>	<u>11,548,384</u>	<u>15,820,160</u>
Total liabilities	<u>3,201,953</u>	<u>1,954,434</u>	<u>22,217,963</u>	<u>27,374,350</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	<u>457,053</u>	<u>270,080</u>	<u>20,776</u>	<u>747,909</u>
Total deferred inflows of resources	<u>457,053</u>	<u>270,080</u>	<u>20,776</u>	<u>747,909</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,623,310	7,834,026	-	9,457,336
Unrestricted	818,964	2,700,140	25,585,636	29,104,740
Total net position	<u>\$ 2,442,274</u>	<u>\$ 10,534,166</u>	<u>\$ 25,585,636</u>	<u>\$ 38,562,076</u>

**CITY OF WICHITA, KANSAS**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS**

For the year ended December 31, 2017

	Information Technology	Fleet	Self Insurance	Total
<b>OPERATING REVENUES</b>				
Charges for services and sales	\$ 11,668,466	\$ 4,271,174	\$ -	\$ 15,939,640
Fees	-	9,313,460	-	9,313,460
Employer contributions	-	-	38,644,250	38,644,250
Employee contributions	-	-	12,515,562	12,515,562
Other operating revenues	10	220,853	1,407,025	1,627,888
Total operating revenues	<u>11,668,476</u>	<u>13,805,487</u>	<u>52,566,837</u>	<u>78,040,800</u>
<b>OPERATING EXPENSES</b>				
Personnel services	5,448,405	3,671,553	828,796	9,948,754
Contractual services	3,941,074	1,140,333	4,805,043	9,886,450
Materials and supplies	176,587	6,369,081	58,982	6,604,650
Administrative charges	393,975	315,048	60,834	769,857
Depreciation	464,497	3,021,166	-	3,485,663
Employee benefits	-	-	41,808,504	41,808,504
Insurance claims	-	-	5,102,476	5,102,476
Total operating expenses	<u>10,424,538</u>	<u>14,517,181</u>	<u>52,664,635</u>	<u>77,606,354</u>
Operating income (loss)	<u>1,243,938</u>	<u>(711,694)</u>	<u>(97,798)</u>	<u>434,446</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest expense	(9,513)	-	-	(9,513)
Gain on sale of assets	-	402,706	-	402,706
Total non-operating revenues (expenses)	<u>(9,513)</u>	<u>402,706</u>	<u>-</u>	<u>393,193</u>
Income (loss) before contributions and transfers	<u>1,234,425</u>	<u>(308,988)</u>	<u>(97,798)</u>	<u>827,639</u>
<b>CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS</b>				
Capital contributions - non cash	273,967	194,193	-	468,160
Transfers to other funds	(1,012,828)	-	-	(1,012,828)
Total capital contributions and operating transfers	<u>(738,861)</u>	<u>194,193</u>	<u>-</u>	<u>(544,668)</u>
Change in net position	495,564	(114,795)	(97,798)	282,971
Net position - beginning	<u>1,946,710</u>	<u>10,648,961</u>	<u>25,683,434</u>	<u>38,279,105</u>
Net position - ending	<u>\$ 2,442,274</u>	<u>\$ 10,534,166</u>	<u>\$ 25,585,636</u>	<u>\$ 38,562,076</u>

**CITY OF WICHITA, KANSAS**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

For the year ended December 31, 2017

	Information Technology	Fleet	Self Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 11,668,497	\$ 13,584,313	\$ 49,843,240	\$ 75,096,050
Cash payments to suppliers for goods and services	(4,482,772)	(8,039,724)	(49,641,141)	(62,163,637)
Cash payments to employees for services	(4,834,545)	(3,312,392)	(790,302)	(8,937,239)
Other operating revenues	10	220,853	1,407,025	1,627,888
Net cash provided by operating activities	<u>2,351,190</u>	<u>2,453,050</u>	<u>818,822</u>	<u>5,623,062</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund loans	-	-	(21,571,479)	(21,571,479)
Transfers to other funds	(1,012,828)	-	-	(1,012,828)
Net cash used in noncapital financing activities	<u>(1,012,828)</u>	<u>-</u>	<u>(21,571,479)</u>	<u>(22,584,307)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal payments on long-term debt	(106,504)	-	-	(106,504)
Interest payments on long-term debt	(9,513)	-	-	(9,513)
Additions to property, plant and equipment	-	(3,193,193)	-	(3,193,193)
Proceeds from sale of capital assets	-	444,454	-	444,454
Net cash used in capital and related financing activities	<u>(116,017)</u>	<u>(2,748,739)</u>	<u>-</u>	<u>(2,864,756)</u>
Net increase (decrease) in cash and temporary investments	1,222,345	(295,689)	(20,752,657)	(19,826,001)
Cash and temporary investments - beginning	1,121,065	3,045,511	44,294,517	48,461,093
Cash and temporary investments - ending	<u>\$ 2,343,410</u>	<u>\$ 2,749,822</u>	<u>\$ 23,541,860</u>	<u>\$ 28,635,092</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	<u>\$ 1,243,938</u>	<u>\$ (711,694)</u>	<u>\$ (97,798)</u>	<u>\$ 434,446</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	464,497	3,021,166	-	3,485,663
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources				
(Increase) decrease in accounts receivable	31	(321)	(1,316,572)	(1,316,862)
(Increase) decrease in inventory	-	(165,915)	-	(165,915)
(Increase) decrease in deferred outflows related to pensions	85,356	163,327	12,563	261,246
Increase (decrease) in accounts payable	200,532	52,366	761,690	1,014,588
Increase (decrease) in deposits	-	-	233,366	233,366
Increase (decrease) in claims payable	-	-	1,218,464	1,218,464
Increase (decrease) in net pension liability	369,348	119,457	9,189	497,994
Increase (decrease) in compensated absences	5,855	6,072	335	12,262
Increase (decrease) in deferred inflows related to pensions	(18,367)	(31,408)	(2,415)	(52,190)
Total adjustments	<u>1,107,252</u>	<u>3,164,744</u>	<u>916,620</u>	<u>5,188,616</u>
Net cash provided by operating activities	<u>\$ 2,351,190</u>	<u>\$ 2,453,050</u>	<u>\$ 818,822</u>	<u>\$ 5,623,062</u>
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b>				
Contribution of capital assets	\$ 273,967	\$ 194,193	\$ -	\$ 468,160

**CITY OF WICHITA, KANSAS**  
**COMBINING STATEMENT OF NET POSITION**  
**SELF INSURANCE FUND**

December 31, 2017

	Life Insurance	Health Insurance	Workers' Compensation	General Liability	Total
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 803,745	\$ 184,029	\$ 11,432,365	\$ 11,121,721	\$ 23,541,860
Receivables, net:					
Accounts receivable	-	712,492	1,061,167	297,560	2,071,219
Due from other funds	-	18,000,000	3,771,479	200,000	21,971,479
Prepaid items	-	128,900	-	-	128,900
Total current assets	<u>803,745</u>	<u>19,025,421</u>	<u>16,265,011</u>	<u>11,619,281</u>	<u>47,713,458</u>
Noncurrent assets:					
Capital assets:					
Machinery, equipment and other assets	-	-	-	269,600	269,600
Less accumulated depreciation	-	-	-	(269,600)	(269,600)
Total capital assets, net	-	-	-	-	-
Due from other funds	-	-	-	18,660	18,660
Total noncurrent assets	-	-	-	<u>18,660</u>	<u>18,660</u>
Total assets	<u>803,745</u>	<u>19,025,421</u>	<u>16,265,011</u>	<u>11,637,941</u>	<u>47,732,118</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	-	-	92,257	-	92,257
Total deferred outflows of resources	-	-	<u>92,257</u>	-	<u>92,257</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and other liabilities	75,656	2,154,128	99,887	17,809	2,347,480
Deposits	-	233,366	-	-	233,366
Current portion of long-term obligations:					
Claims payable	-	3,157,945	2,153,620	2,744,431	8,055,996
Compensated absences	-	-	6,823	25,914	32,737
Total current liabilities	<u>75,656</u>	<u>5,545,439</u>	<u>2,260,330</u>	<u>2,788,154</u>	<u>10,669,579</u>
Noncurrent liabilities:					
Claims payable	-	-	7,130,610	4,292,374	11,422,984
Net pension liability	-	-	120,649	-	120,649
Compensated absences	-	-	990	3,761	4,751
Total noncurrent liabilities	-	-	<u>7,252,249</u>	<u>4,296,135</u>	<u>11,548,384</u>
Total liabilities	<u>75,656</u>	<u>5,545,439</u>	<u>9,512,579</u>	<u>7,084,289</u>	<u>22,217,963</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	-	-	20,776	-	20,776
Total deferred inflows of resources	-	-	<u>20,776</u>	-	<u>20,776</u>
<b>NET POSITION</b>					
Unrestricted	728,089	13,479,982	6,823,913	4,553,652	25,585,636
Total net position	<u>\$ 728,089</u>	<u>\$ 13,479,982</u>	<u>\$ 6,823,913</u>	<u>\$ 4,553,652</u>	<u>\$ 25,585,636</u>

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION SELF INSURANCE FUND

For the year ended December 31, 2017

	Life Insurance	Health Insurance	Workers' Compensation	General Liability	Total
<b>OPERATING REVENUES</b>					
Employer contributions	\$ 301,136	\$ 32,682,152	\$ 3,220,793	\$ 2,440,169	\$ 38,644,250
Employee contributions	577,810	11,936,741	1,011	-	12,515,562
Other operating revenues	-	611,865	41,719	753,441	1,407,025
Total operating revenues	<u>878,946</u>	<u>45,230,758</u>	<u>3,263,523</u>	<u>3,193,610</u>	<u>52,566,837</u>
<b>OPERATING EXPENSES</b>					
Personnel services	-	231,260	165,652	431,884	828,796
Contractual services	-	2,411,029	2,296,520	97,494	4,805,043
Materials and supplies	-	143	797	58,042	58,982
Administrative charges	670	16,424	28,478	15,262	60,834
Employee benefits	903,142	40,905,362	-	-	41,808,504
Insurance claims	-	-	2,958,077	2,144,399	5,102,476
Total operating expenses	<u>903,812</u>	<u>43,564,218</u>	<u>5,449,524</u>	<u>2,747,081</u>	<u>52,664,635</u>
Change in net position	(24,866)	1,666,540	(2,186,001)	446,529	(97,798)
Net position - beginning	<u>752,955</u>	<u>11,813,442</u>	<u>9,009,914</u>	<u>4,107,123</u>	<u>25,683,434</u>
Net position - ending	<u>\$ 728,089</u>	<u>\$ 13,479,982</u>	<u>\$ 6,823,913</u>	<u>\$ 4,553,652</u>	<u>\$ 25,585,636</u>

# CITY OF WICHITA, KANSAS

## INFORMATION TECHNOLOGY FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNENCUMBERED CASH BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ 10,922,778	\$ 11,381,309	\$ 11,668,466	\$ 287,157	\$ 11,086,286
Other revenue	-	-	514	514	24,772
Total revenues	10,922,778	11,381,309	11,668,980	287,671	11,111,058
<b>EXPENDITURES</b>					
Personnel services	4,835,270	5,006,220	5,006,512	(292)	4,850,246
Contractual services	4,245,653	4,876,613	3,962,096	914,517	3,900,491
Materials and supplies	229,262	236,249	178,524	57,725	148,946
Cost of materials used	40,000	8,000	2,663	5,337	-
City administrative charges	408,317	393,975	393,975	-	408,317
Debt service	106,618	106,246	116,017	(9,771)	118,881
Contingency	80,274	-	-	-	-
Total expenditures	9,945,394	10,627,303	9,659,787	967,516	9,426,881
Excess of revenues over expenditures	977,384	754,006	2,009,193	1,255,187	1,684,177
<b>OTHER FINANCING USES</b>					
Transfers to other funds	(1,164,775)	(1,236,012)	(1,012,828)	223,184	(1,242,328)
Total other financing uses	(1,164,775)	(1,236,012)	(1,012,828)	223,184	(1,242,328)
Net change in unencumbered cash balance	(187,391)	(482,006)	996,365	1,478,371	441,849
Unencumbered cash balance, beginning	542,583	1,065,006	1,065,006	-	623,063
Change due to non-budgetary items	(1)	-	329	329	94
Unencumbered cash balance, ending	\$ 355,191	\$ 583,000	\$ 2,061,700	\$ 1,478,700	\$ 1,065,006



# CITY OF WICHITA, KANSAS

## FLEET FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNENCUMBERED CASH BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Charges for services and sales	\$ 4,740,215	\$ 4,348,762	\$ 4,271,174	\$ (77,588)	\$ 4,584,580
Rental income	9,192,521	9,043,038	9,313,460	270,422	9,062,381
Other revenue	1,130,000	1,200,787	761,468	(439,319)	135,337
Revised budget adjustment	-	470,149	-	(470,149)	-
Total revenues	15,062,736	15,062,736	14,346,102	(716,634)	13,782,298
<b>EXPENDITURES</b>					
Personnel services	2,963,143	3,419,815	3,414,103	5,712	3,142,349
Contractual services	919,741	1,151,038	1,140,708	10,330	1,157,364
Materials and supplies	6,995,790	6,504,337	6,341,383	162,954	6,214,219
Capital outlay	3,225,000	3,451,283	2,691,514	759,769	2,776,994
Cost of materials used	1,000,000	290,000	88,331	201,669	-
City administrative charges	289,588	315,048	315,048	-	289,588
Contingency	500,000	761,741	-	761,741	-
Total expenditures	15,893,262	15,893,262	13,991,087	1,902,175	13,580,514
Excess (deficiency) of revenues (over) under expenditures	(830,526)	(830,526)	355,015	1,185,541	201,784
Net change in unencumbered cash balance	(830,526)	(830,526)	355,015	1,185,541	201,784
Unencumbered cash balance, beginning	1,501,395	1,501,395	1,982,800	481,405	1,704,314
Change due to non-budgetary items	-	-	(198,315)	(198,315)	76,702
Unencumbered cash balance, ending	\$ 670,869	\$ 670,869	\$ 2,139,500	\$ 1,468,631	\$ 1,982,800

# CITY OF WICHITA, KANSAS

## SELF INSURANCE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNENCUMBERED CASH BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual Amounts
	Original	Final	Actual Amounts		
<b>REVENUES</b>					
Employer contributions	\$ 41,640,386	\$ 43,184,961	\$ 38,644,250	\$ (4,540,711)	\$ 39,040,883
Employee contributions	14,083,399	13,945,738	12,515,562	(1,430,176)	12,258,764
Other revenue	1,696,931	1,700,191	1,430,299	(269,892)	1,109,428
Revised budget adjustment	-	(1,410,174)	-	1,410,174	-
Total revenues	57,420,716	57,420,716	52,590,111	(4,830,605)	52,409,075
<b>EXPENDITURES</b>					
Personnel services	2,099,237	2,241,511	1,703,871	537,640	1,284,471
Contractual services	57,092,384	56,682,593	48,268,516	8,414,077	43,837,097
Materials and supplies	147,370	147,205	80,634	66,571	87,158
Capital outlay	10,000	10,000	-	10,000	-
Other operating expenditures	274,348	286,152	286,152	-	269,552
City administrative charges	61,445	60,834	60,834	-	61,445
Other non-operating expenditures	880,000	1,165,000	1,071,482	93,518	419,088
Contingency	750,000	721,489	-	721,489	-
Total expenditures	61,314,784	61,314,784	51,471,489	9,843,295	45,958,811
Excess (deficiency) of revenues over (under) expenditures	(3,894,068)	(3,894,068)	1,118,622	5,012,690	6,450,264
Net change in unencumbered cash balance	(3,894,068)	(3,894,068)	1,118,622	5,012,690	6,450,264
Unencumbered cash balance, beginning	15,216,482	15,216,482	27,586,283	12,369,801	25,254,669
Change due to non-budgetary items	-	-	(24,280,449)	(24,280,449)	(4,118,650)
Unencumbered cash balance, ending	\$ 11,322,414	\$ 11,322,414	\$ 4,424,456	\$ (6,897,958)	\$ 27,586,283

## ***FIDUCIARY FUNDS***

## ***FIDUCIARY FUNDS***

Fiduciary funds are used to report assets held in a trustee or agent capacity for others and therefore, are not used to support the government's own programs.

**Pension Trust Funds** account for the receipt, investment and distribution of retirement contributions made for the benefit of police, fire and other City employees.

Police and Fire Retirement System  
Employees' Retirement System  
Employees Retirement System Plan 3b

**Private Purpose Trust Funds** account for all trust arrangements, other than those properly reported in pension trust funds or investment trust funds, under which the principal and income benefit individuals, private organizations or other governments:

WAMPO (Wichita Area Metropolitan Planning Organization)

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

Payroll Liability  
Special Assessment Advance Payments  
Neighborhood Revitalization  
CID-Community Improvement Districts  
Special Assessment Letters of Credit  
Tourism Business Improvement District

# CITY OF WICHITA, KANSAS

## COMBINING STATEMENT OF FIDUCIARY NET POSITION PENSION TRUST FUNDS

December 31, 2017

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3b	Total
<b>ASSETS</b>				
Cash and temporary investments	\$ 14,804	\$ 57,884	\$ 40	\$ 72,728
Receivables:				
Investment sales pending	21,675,978	20,907,584	33,566	42,617,128
Interest and dividends	1,088,037	1,026,958	5,280	2,120,275
Other receivables	1,017,587	786,003	15,235	1,818,825
Total receivables	<u>23,781,602</u>	<u>22,720,545</u>	<u>54,081</u>	<u>46,556,228</u>
Investments, at fair value:				
Government short-term investment fund	15,973,179	15,111,102	419,879	31,504,160
Equities:				
Common stock	284,380,349	231,006,589	1,956,687	517,343,625
Common stock unit	540,773	441,874	4,037	986,684
Depository receipts	6,993,931	5,666,284	47,145	12,707,360
Limited partnership units	36,684,643	36,011,158	3,802	72,699,603
Mutual funds	151,345,004	125,971,693	5,466,191	282,782,888
Non-security asset-stock	41,440,131	40,685,709	111,573	82,237,413
Preferred stock	559,553	549,365	1,507	1,110,425
Real estate investment trust	38,493,712	39,573,352	43,691	78,110,755
Warrants	1,122	776	12	1,910
Commodities	19,338,395	18,896,907	-	38,235,302
Fixed income:				
Auto loan receivable	1,679,583	1,609,754	-	3,289,337
CMO	8,322,941	8,293,232	43,106	16,659,279
Corporate bonds	43,373,387	43,015,901	197,019	86,586,307
Credit default swap	(41,987)	(41,963)	(234)	(84,184)
FHLMC	5,763,048	5,759,636	32,186	11,554,870
FNMA	12,172,622	12,165,414	67,983	24,406,019
GNMA I	499,897	499,601	2,792	1,002,290
GNMA II	2,674,816	2,673,234	14,938	5,362,988
Government issues	29,558,725	29,018,515	93,850	58,671,090
Interest rate swap	30,809	30,791	172	61,772
Municipals	268,238	268,079	1,498	537,815
Other asset backed	3,072,775	3,016,614	9,756	6,099,145
Options:				
Fixed income	(6,107)	(5,854)	-	(11,961)
Foreign currency	37,835	36,263	-	74,098
Future	34,221	34,045	170	68,436
Total investments	<u>703,191,595</u>	<u>620,288,071</u>	<u>8,517,760</u>	<u>1,331,997,426</u>
Capital assets:				
Pension software	448,990	833,838	-	1,282,828
Accumulated depreciation	(448,990)	(833,838)	-	(1,282,828)
Capital assets, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>726,988,001</u>	<u>643,066,500</u>	<u>8,571,881</u>	<u>1,378,626,382</u>
<b>LIABILITIES</b>				
Accounts payable and other liabilities	656,507	902,680	3,939	1,563,126
Investment purchases pending	28,247,545	27,385,788	71,748	55,705,081
Total liabilities	<u>28,904,052</u>	<u>28,288,468</u>	<u>75,687</u>	<u>57,268,207</u>
<b>NET POSITION</b>				
Restricted for pensions	698,083,949	614,778,032	8,496,194	1,321,358,175
Total net position	<u>\$ 698,083,949</u>	<u>\$ 614,778,032</u>	<u>\$ 8,496,194</u>	<u>\$ 1,321,358,175</u>

**CITY OF WICHITA, KANSAS**

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PENSION TRUST FUNDS**

For the year ended December 31, 2017

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3b	Pension Trust Funds
<b>ADDITIONS</b>				
Contributions:				
Employer	\$ 13,369,785	\$ 9,642,540	\$ 200,003	\$ 23,212,328
Employee	4,915,378	3,682,056	200,003	8,797,437
Total contributions	<u>18,285,163</u>	<u>13,324,596</u>	<u>400,006</u>	<u>32,009,765</u>
Investment income:				
From investing activities:				
Net appreciation in the fair value of investments	95,565,916	84,913,719	1,156,446	181,636,081
Interest	4,500,604	4,051,691	16,715	8,569,010
Dividends	6,622,334	5,876,959	26,002	12,525,295
Commission recapture	13,491	11,967	63	25,521
Total investing activity income	<u>106,702,345</u>	<u>94,854,336</u>	<u>1,199,226</u>	<u>202,755,907</u>
Less investment expense	<u>3,589,650</u>	<u>3,190,615</u>	<u>43,608</u>	<u>6,823,873</u>
Net income from investing activities	<u>103,112,695</u>	<u>91,663,721</u>	<u>1,155,618</u>	<u>195,932,034</u>
From securities lending activities:				
Securities lending income	<u>291,671</u>	<u>259,065</u>	<u>2,278</u>	<u>553,014</u>
Less securities lending expense:				
Borrower rebates	128,537	113,986	1,527	244,050
Management fees	39,150	34,827	177	74,154
Total securities lending expenses	<u>167,687</u>	<u>148,813</u>	<u>1,704</u>	<u>318,204</u>
Net income from securities lending activities	<u>123,984</u>	<u>110,252</u>	<u>574</u>	<u>234,810</u>
Total net investment income	<u>103,236,679</u>	<u>91,773,973</u>	<u>1,156,192</u>	<u>196,166,844</u>
Reclassifications due to participant conversion	<u>-</u>	<u>-</u>	<u>191,292</u>	<u>191,292</u>
Total additions	<u>121,521,842</u>	<u>105,098,569</u>	<u>1,747,490</u>	<u>228,367,901</u>
<b>DEDUCTIONS</b>				
Pension benefits	36,756,558	38,668,712	-	75,425,270
Pension administration	554,641	633,379	9,725	1,197,745
Employee contributions refunded	173,975	614,103	348,275	1,136,353
Reclassifications due to participant conversion	<u>-</u>	<u>191,292</u>	<u>-</u>	<u>191,292</u>
Total deductions	<u>37,485,174</u>	<u>40,107,486</u>	<u>358,000</u>	<u>77,950,660</u>
Net increase in net position	84,036,668	64,991,083	1,389,490	150,417,241
Net position - beginning	<u>614,047,281</u>	<u>549,786,949</u>	<u>7,106,704</u>	<u>1,170,940,934</u>
Net position - ending	<u>\$ 698,083,949</u>	<u>\$ 614,778,032</u>	<u>\$ 8,496,194</u>	<u>\$ 1,321,358,175</u>

**CITY OF WICHITA, KANSAS**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS**

For the year ended December 31, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Payroll Liability Fund</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 6,221,460	\$ 127,888,842	\$ 134,049,513	\$ 60,789
Accounts receivable	110,679	-	110,679	-
Total assets	<u>\$ 6,332,139</u>	<u>\$ 127,888,842</u>	<u>\$ 134,160,192</u>	<u>\$ 60,789</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 6,332,139</u>	<u>\$ 185,803,363</u>	<u>\$ 192,074,713</u>	<u>\$ 60,789</u>
Total liabilities	<u>\$ 6,332,139</u>	<u>\$ 185,803,363</u>	<u>\$ 192,074,713</u>	<u>\$ 60,789</u>
<u>Special Assessment Advance Payments Fund</u>				
<b>ASSETS</b>				
Cash and temporary investments	<u>\$ 3,894,149</u>	<u>\$ 605,564</u>	<u>\$ 1,209,633</u>	<u>\$ 3,290,080</u>
Total assets	<u>\$ 3,894,149</u>	<u>\$ 605,564</u>	<u>\$ 1,209,633</u>	<u>\$ 3,290,080</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 4,523	\$ 4,523	\$ -
Deposits	<u>3,894,149</u>	<u>605,565</u>	<u>1,209,634</u>	<u>3,290,080</u>
Total liabilities	<u>\$ 3,894,149</u>	<u>\$ 610,088</u>	<u>\$ 1,214,157</u>	<u>\$ 3,290,080</u>
<u>Neighborhood Revitalization Fund</u>				
<b>ASSETS</b>				
Cash and temporary investments	<u>\$ 171,007</u>	<u>\$ 858,492</u>	<u>\$ 919,402</u>	<u>\$ 110,097</u>
Total assets	<u>\$ 171,007</u>	<u>\$ 858,492</u>	<u>\$ 919,402</u>	<u>\$ 110,097</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 49,840	\$ 921,184	\$ 919,940	\$ 51,084
Deposits	<u>121,167</u>	<u>858,492</u>	<u>920,646</u>	<u>59,013</u>
Total liabilities	<u>\$ 171,007</u>	<u>\$ 1,779,676</u>	<u>\$ 1,840,586</u>	<u>\$ 110,097</u>
<u>Community Improvement Districts</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 196,139	\$ 924,845	\$ 750,451	\$ 370,533
Accounts receivable	<u>1,047</u>	<u>-</u>	<u>1,047</u>	<u>-</u>
Total assets	<u>\$ 197,186</u>	<u>\$ 924,845</u>	<u>\$ 751,498</u>	<u>\$ 370,533</u>
<b>LIABILITIES</b>				
Accounts payable	<u>\$ 197,186</u>	<u>\$ 1,637,145</u>	<u>\$ 1,463,798</u>	<u>\$ 370,533</u>
Total liabilities	<u>\$ 197,186</u>	<u>\$ 1,637,145</u>	<u>\$ 1,463,798</u>	<u>\$ 370,533</u>
<u>Special Assessment Letters of Credit</u>				
<b>ASSETS</b>				
Cash and temporary investments	<u>\$ 140,333</u>	<u>\$ 3,562,794</u>	<u>\$ 3,513,526</u>	<u>\$ 189,601</u>
Total assets	<u>\$ 140,333</u>	<u>\$ 3,562,794</u>	<u>\$ 3,513,526</u>	<u>\$ 189,601</u>
<b>LIABILITIES</b>				
Deposits	<u>\$ 140,333</u>	<u>\$ 3,562,794</u>	<u>\$ 3,513,526</u>	<u>189,601</u>
Total liabilities	<u>\$ 140,333</u>	<u>\$ 3,562,794</u>	<u>\$ 3,513,526</u>	<u>\$ 189,601</u>

**CITY OF WICHITA, KANSAS**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS**

For the year ended December 31, 2017

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Tourism Business Improvement District</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 331,580	\$ 2,799,971	\$ 2,946,732	\$ 184,819
Total assets	<u>\$ 331,580</u>	<u>\$ 2,799,971</u>	<u>\$ 2,946,732</u>	<u>\$ 184,819</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 331,580	\$ 2,729,972	\$ 2,876,733	\$ 184,819
Total liabilities	<u>\$ 331,580</u>	<u>\$ 2,729,972</u>	<u>\$ 2,876,733</u>	<u>\$ 184,819</u>
<u>Total - All Agency Funds</u>				
<b>ASSETS</b>				
Cash and temporary investments	\$ 10,954,668	\$ 136,640,508	\$ 143,389,257	\$ 4,205,919
Accounts receivable	111,726	-	111,726	-
Total assets	<u>\$ 11,066,394</u>	<u>\$ 136,640,508</u>	<u>\$ 143,500,983</u>	<u>\$ 4,205,919</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 6,910,745	\$ 191,096,187	\$ 197,339,707	\$ 667,225
Deposits	4,155,649	5,026,851	5,643,806	3,538,694
Total liabilities	<u>\$ 11,066,394</u>	<u>\$ 196,123,038</u>	<u>\$ 202,983,513</u>	<u>\$ 4,205,919</u>



## ***COMPONENT UNIT***

## ***COMPONENT UNIT***

The Wichita Public Building Commission (WPBC) is reported as a discretely presented component unit within the financial statements of the City of Wichita (the reporting entity) to emphasize its separate legal status. The WPBC acquires and finances equipment, facilities and improvements for the City of Wichita and other public entities.

In November 2017, the WPBC Board dissolved the WPBC and assigned all of its assets, including a parking garage, proceeds from the sale of the State Office Building and the State Office Building fund balance, to the City of Wichita.

**CITY OF WICHITA, KANSAS**

**STATEMENT OF CASH FLOWS**  
**COMPONENT UNIT - WICHITA PUBLIC BUILDING COMMISSION**

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Other operating expenses	\$ (708,582)	\$ -
Net cash used in operating activities	(708,582)	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets held for resale	708,582	-
Net cash provided by capital and related financing activities	708,582	-
Net increase (decrease) in cash and temporary investments	-	-
Cash and temporary investments - beginning	-	-
Cash and temporary investments - ending	\$ -	\$ -

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## ***ADDITIONAL INFORMATION***

## ***ADDITIONAL INFORMATION***

Additional schedules represent various financial schedules of the City. Included are supplementary schedules pertaining to long-term debt obligations and insurance policies in force.

**CITY OF WICHITA, KANSAS**

**COMBINED SCHEDULE OF CHANGES IN BONDS PAYABLE**

For the year ended December 31, 2017

	Balance December 31, 2016	Issued	Retired	Balance December 31, 2017
General obligation bonds payable from:				
Ad valorem property taxes	\$ 58,251,131	\$ -	\$ 10,618,280	\$ 47,632,851
Special assessments	167,574,036	31,325,000	26,192,216	172,706,820
Tax increment financing	20,751,857	-	2,729,486	18,022,371
Transient guest tax	2,485,000	-	5,000	2,480,000
Airport Authority	113,685,000	17,735,000	2,320,000	129,100,000
Local sales tax	114,035,000	-	17,760,000	96,275,000
Stormwater Utility	19,967,976	-	2,095,018	17,872,958
Water Utility	125,410,000	-	4,665,000	120,745,000
Revenue bonds payable from:				
Water Utility	217,042,098	30,750,000	30,176,314	217,615,784
Sewer Utility	169,737,902	56,890,000	17,488,686	209,139,216
Airport special facilities	5,460,000	-	-	5,460,000
Local sales tax	1,497,150	3,044,724	1,497,150	3,044,724
	<u>\$ 1,015,897,150</u>	<u>\$ 139,744,724</u>	<u>\$ 115,547,150</u>	<u>\$ 1,040,094,724</u>

**RECONCILIATION OF BONDS PAYABLE**

December 31, 2017

General obligation bonds	\$ 604,835,000
Revenue bonds	<u>435,259,724</u>
Total bonds payable	<u>\$ 1,040,094,724</u>
Serial bonds payable	\$ 340,161,766
Bonds payable from proprietary funds	<u>699,932,958</u>
Total bonds payable	<u>\$ 1,040,094,724</u>

**CITY OF WICHITA, KANSAS**

**SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES  
PAYABLE FROM GOVERNMENTAL FUND REVENUES**

Based on bonded debt as of December 31, 2017

PAYABLE FROM PROPERTY TAXES				PAYABLE FROM TRANSIENT GUEST TAX		
Year	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2018	\$ 11,076,095	\$ 1,710,259	\$ 12,786,354	\$ 5,000	\$ 93,163	\$ 98,163
2019	11,506,101	1,250,767	12,756,868	10,000	92,787	102,787
2020	7,953,101	775,194	8,728,295	15,000	92,163	107,163
2021	5,018,863	478,098	5,496,961	20,000	91,287	111,287
2022	5,179,973	327,601	5,507,574	25,000	90,163	115,163
2023	3,099,934	181,241	3,281,175	30,000	88,787	118,787
2024	2,119,127	87,915	2,207,042	35,000	87,163	122,163
2025	920,654	38,960	959,614	40,000	85,287	125,287
2026	570,395	19,545	589,940	50,000	83,538	133,538
2027	57,568	6,702	64,270	55,000	81,962	136,962
2028	60,852	4,340	65,192	65,000	80,163	145,163
2029	63,348	1,737	65,085	70,000	78,137	148,137
2030	6,840	253	7,093	80,000	75,888	155,888
2031	-	-	-	80,000	73,087	153,087
2032	-	-	-	95,000	69,588	164,588
2033	-	-	-	105,000	65,718	170,718
2034	-	-	-	1,700,000	31,875	1,731,875
	<u>\$ 47,632,851</u>	<u>\$ 4,882,612</u>	<u>\$ 52,515,463</u>	<u>\$ 2,480,000</u>	<u>\$ 1,360,756</u>	<u>\$ 3,840,756</u>

PAYABLE FROM TAX INCREMENT FINANCING				PAYABLE FROM LOCAL SALES TAX		
Year	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2018	\$ 2,793,256	\$ 507,341	\$ 3,300,597	\$ 14,280,000	\$ 3,676,607	\$ 17,956,607
2019	2,474,764	427,181	2,901,945	11,420,000	3,069,515	14,489,515
2020	2,536,272	362,025	2,898,297	8,830,000	2,669,437	11,499,437
2021	2,297,780	292,689	2,590,469	9,145,000	2,293,337	11,438,337
2022	2,365,042	227,711	2,592,753	9,410,000	1,904,137	11,314,137
2023	1,476,550	159,437	1,635,987	6,360,000	1,503,687	7,863,687
2024	1,348,058	114,861	1,462,919	6,565,000	1,237,289	7,802,289
2025	599,566	84,999	684,565	6,745,000	961,275	7,706,275
2026	631,083	65,620	696,703	6,935,000	769,088	7,704,088
2027	600,000	44,290	644,290	6,355,000	566,125	6,921,125
2028	280,000	28,680	308,680	5,050,000	358,050	5,408,050
2029	300,000	17,945	317,945	5,180,000	181,300	5,361,300
2030	320,000	6,160	326,160	-	-	-
	<u>\$ 18,022,371</u>	<u>\$ 2,338,939</u>	<u>\$ 20,361,310</u>	<u>\$ 96,275,000</u>	<u>\$ 19,189,847</u>	<u>\$ 115,464,847</u>

TOTAL PAYABLE FROM TAXES				PAYABLE FROM SPECIAL ASSESSMENTS		
Year	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2018	\$ 28,154,351	\$ 5,987,370	\$ 34,141,721	\$ 19,935,859	\$ 7,122,019	\$ 27,057,878
2019	25,410,865	4,840,250	30,251,115	18,429,587	6,202,920	24,632,507
2020	19,334,373	3,898,819	23,233,192	18,407,537	5,390,945	23,798,482
2021	16,481,643	3,155,411	19,637,054	16,925,497	4,668,439	21,593,936
2022	16,980,015	2,549,612	19,529,627	14,968,505	3,949,977	18,918,482
2023	10,966,484	1,933,152	12,899,636	13,350,686	3,319,841	16,670,527
2024	10,067,185	1,527,228	11,594,413	12,123,635	2,747,437	14,871,072
2025	8,305,220	1,170,521	9,475,741	10,995,600	2,264,614	13,260,214
2026	8,186,478	937,791	9,124,269	9,813,522	1,816,994	11,630,516
2027	7,067,568	699,079	7,766,647	9,677,432	1,411,228	11,088,660
2028	5,455,852	471,233	5,927,085	8,914,148	1,012,511	9,926,659
2029	5,613,348	279,119	5,892,467	8,151,652	639,921	8,791,573
2030	406,840	82,301	489,141	4,913,160	321,244	5,234,404
2031	80,000	73,087	153,087	1,920,000	157,945	2,077,945
2032	95,000	69,588	164,588	1,625,000	103,924	1,728,924
2033	105,000	65,718	170,718	780,000	67,365	847,365
2034	1,700,000	31,875	1,731,875	750,000	43,947	793,947
2035	-	-	-	505,000	24,925	529,925
2036	-	-	-	375,000	9,681	384,681
2037	-	-	-	145,000	2,175	147,175
	<u>\$ 164,410,222</u>	<u>\$ 27,772,154</u>	<u>\$ 192,182,376</u>	<u>\$ 172,706,820</u>	<u>\$ 41,278,052</u>	<u>\$ 213,984,872</u>



**CITY OF WICHITA, KANSAS**

**SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES  
PAYABLE FROM PROPRIETARY FUND REVENUES**

Based on bonded debt as of December 31, 2017

Year	Airport Authority			Stormwater Utility		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2018	\$ 2,700,000	\$ 5,718,273	\$ 8,418,273	\$ 2,189,790	\$ 598,228	\$ 2,788,018
2019	2,805,000	5,605,041	8,410,041	2,264,548	509,489	2,774,037
2020	2,920,000	5,483,235	8,403,235	2,273,090	419,411	2,692,501
2021	3,045,000	5,353,729	8,398,729	1,747,860	333,657	2,081,517
2022	3,090,000	5,217,866	8,307,866	1,806,480	270,564	2,077,044
2023	3,220,000	5,077,160	8,297,160	1,867,830	205,284	2,073,114
2024	3,365,000	4,921,048	8,286,048	1,914,180	135,736	2,049,916
2025	3,520,000	4,759,023	8,279,023	1,254,180	88,915	1,343,095
2026	3,680,000	4,590,977	8,270,977	965,000	57,394	1,022,394
2027	3,830,000	4,425,141	8,255,141	990,000	29,619	1,019,619
2028	4,000,000	4,253,643	8,253,643	145,000	13,144	158,144
2029	4,180,000	4,074,727	8,254,727	150,000	10,244	160,244
2030	4,375,000	3,886,191	8,261,191	150,000	7,056	157,056
2031	4,565,000	3,689,859	8,254,859	155,000	3,681	158,681
2032	4,235,000	3,493,607	7,728,607	-	-	-
2033	4,430,000	3,297,211	7,727,211	-	-	-
2034	4,635,000	3,090,158	7,725,158	-	-	-
2035	4,625,000	2,875,679	7,500,679	-	-	-
2036	5,480,000	2,655,169	8,135,169	-	-	-
2037	5,735,000	2,430,486	8,165,486	-	-	-
2038	6,010,000	2,153,671	8,163,671	-	-	-
2039	6,285,000	1,862,633	8,147,633	-	-	-
2040	6,580,000	1,557,757	8,137,757	-	-	-
2041	7,805,000	1,268,170	9,073,170	-	-	-
2042	6,740,000	983,319	7,723,319	-	-	-
2043	7,025,000	702,858	7,727,858	-	-	-
2044	7,325,000	409,837	7,734,837	-	-	-
2045	920,000	111,525	1,031,525	-	-	-
2046	965,000	76,088	1,041,088	-	-	-
2047	1,010,000	38,913	1,048,913	-	-	-
	<u>\$ 129,100,000</u>	<u>\$ 94,062,994</u>	<u>\$ 223,162,994</u>	<u>\$ 17,872,958</u>	<u>\$ 2,682,422</u>	<u>\$ 20,555,380</u>

Year	Water Utility			Totals		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2018	\$ 4,895,000	\$ 4,744,725	\$ 9,639,725	\$ 9,784,790	\$ 11,061,226	\$ 20,846,016
2019	5,140,000	4,493,850	9,633,850	10,209,548	10,608,380	20,817,928
2020	5,400,000	4,230,350	9,630,350	10,593,090	10,132,996	20,726,086
2021	5,670,000	3,953,600	9,623,600	10,462,860	9,640,986	20,103,846
2022	5,950,000	3,663,100	9,613,100	10,846,480	9,151,530	19,998,010
2023	6,250,000	3,358,100	9,608,100	11,337,830	8,640,544	19,978,374
2024	6,560,000	3,037,849	9,597,849	11,839,180	8,094,633	19,933,813
2025	6,890,000	2,701,600	9,591,600	11,664,180	7,549,538	19,213,718
2026	7,235,000	2,420,824	9,655,824	11,880,000	7,069,195	18,949,195
2027	7,450,000	2,200,550	9,650,550	12,270,000	6,655,310	18,925,310
2028	7,675,000	1,973,675	9,648,675	11,820,000	6,240,462	18,060,462
2029	7,905,000	1,739,975	9,644,975	12,235,000	5,824,946	18,059,946
2030	8,140,000	1,499,300	9,639,300	12,665,000	5,392,547	18,057,547
2031	8,385,000	1,209,500	9,594,500	13,105,000	4,903,040	18,008,040
2032	8,720,000	867,400	9,587,400	12,955,000	4,361,007	17,316,007
2033	9,070,000	522,938	9,592,938	13,500,000	3,820,149	17,320,149
2034	9,410,000	176,438	9,586,438	14,045,000	3,266,596	17,311,596
2035	-	-	-	4,625,000	2,875,679	7,500,679
2036	-	-	-	5,480,000	2,655,169	8,135,169
2037	-	-	-	5,735,000	2,430,486	8,165,486
2038	-	-	-	6,010,000	2,153,671	8,163,671
2039	-	-	-	6,285,000	1,862,633	8,147,633
2040	-	-	-	6,580,000	1,557,757	8,137,757
2041	-	-	-	7,805,000	1,268,170	9,073,170
2042	-	-	-	6,740,000	983,319	7,723,319
2043	-	-	-	7,025,000	702,858	7,727,858
2044	-	-	-	7,325,000	409,837	7,734,837
2045	-	-	-	920,000	111,525	1,031,525
2046	-	-	-	965,000	76,088	1,041,088
2047	-	-	-	1,010,000	38,913	1,048,913
	<u>\$ 120,745,000</u>	<u>\$ 42,793,774</u>	<u>\$ 163,538,774</u>	<u>\$ 267,717,958</u>	<u>\$ 139,539,190</u>	<u>\$ 407,257,148</u>

**CITY OF WICHITA, KANSAS**

**SUMMARY OF REVENUE BOND DEBT SERVICE CHARGES  
PAYABLE FROM PROPRIETARY FUND REVENUES**

Based on bonded debt as of December 31, 2017

Year	Water Utility			Sewer Utility		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2018	\$ 14,087,707	\$ 8,825,480	\$ 22,913,187	\$ 14,167,293	\$ 8,781,067	\$ 22,948,360
2019	13,074,162	8,242,560	21,316,722	12,600,838	8,124,744	20,725,582
2020	13,837,087	7,644,179	21,481,266	12,417,913	7,518,536	19,936,449
2021	14,383,599	6,983,404	21,367,003	13,016,401	6,918,311	19,934,712
2022	14,463,018	6,277,550	20,740,568	13,651,982	6,282,553	19,934,535
2023	15,093,395	5,562,678	20,656,073	14,336,605	5,615,035	19,951,640
2024	13,479,543	4,844,948	18,324,491	11,800,457	4,917,512	16,717,969
2025	14,133,326	4,203,316	18,336,642	12,556,674	4,353,220	16,909,894
2026	13,589,601	3,571,589	17,161,190	12,380,399	3,790,033	16,170,432
2027	13,379,447	3,019,438	16,398,885	12,375,553	3,250,834	15,626,387
2028	13,813,140	2,491,865	16,305,005	12,916,860	2,722,883	15,639,743
2029	12,191,606	2,024,393	14,215,999	10,483,394	2,243,440	12,726,834
2030	12,503,722	1,615,458	14,119,180	10,866,278	1,879,561	12,745,839
2031	8,873,344	1,226,042	10,099,386	8,956,656	1,511,824	10,468,480
2032	7,458,087	958,118	8,416,205	8,266,913	1,240,603	9,507,516
2033	5,160,000	720,777	5,880,777	7,630,000	958,665	8,588,665
2034	5,210,000	562,964	5,772,964	7,865,000	719,118	8,584,118
2035	3,470,000	398,787	3,868,787	4,865,000	447,600	5,312,600
2036	3,155,000	287,513	3,442,513	4,360,000	266,288	4,626,288
2037	2,595,000	190,369	2,785,369	3,625,000	122,344	3,747,344
2038	1,860,000	109,950	1,969,950	-	-	-
2039	1,805,000	54,150	1,859,150	-	-	-
	<u>\$ 217,615,784</u>	<u>\$ 69,815,528</u>	<u>\$ 287,431,312</u>	<u>\$ 209,139,216</u>	<u>\$ 71,664,171</u>	<u>\$ 280,803,387</u>

Year	Airport Authority			Totals		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2018	\$ -	\$ 212,205	\$ 212,205	\$ 28,255,000	\$ 17,818,752	\$ 46,073,752
2019	-	212,205	212,205	25,675,000	16,579,509	42,254,509
2020	-	212,206	212,206	26,255,000	15,374,921	41,629,921
2021	1,300,000	134,476	1,434,476	28,700,000	14,036,191	42,736,191
2022	-	114,705	114,705	28,115,000	12,674,808	40,789,808
2023	-	114,705	114,705	29,430,000	11,292,418	40,722,418
2024	-	114,706	114,706	25,280,000	9,877,166	35,157,166
2025	1,500,000	44,205	1,544,205	28,190,000	8,600,741	36,790,741
2026	-	24,705	24,705	25,970,000	7,386,327	33,356,327
2027	-	24,706	24,706	25,755,000	6,294,978	32,049,978
2028	-	24,705	24,705	26,730,000	5,239,453	31,969,453
2029	-	24,705	24,705	22,675,000	4,292,538	26,967,538
2030	-	24,706	24,706	23,370,000	3,519,725	26,889,725
2031	2,660,000	24,706	2,684,706	20,490,000	2,762,572	23,252,572
2032	-	-	-	15,725,000	2,198,721	17,923,721
2033	-	-	-	12,790,000	1,679,442	14,469,442
2034	-	-	-	13,075,000	1,282,082	14,357,082
2035	-	-	-	8,335,000	846,387	9,181,387
2036	-	-	-	7,515,000	553,801	8,068,801
2037	-	-	-	6,220,000	312,713	6,532,713
2038	-	-	-	1,860,000	109,950	1,969,950
2039	-	-	-	1,805,000	54,150	1,859,150
	<u>\$ 5,460,000</u>	<u>\$ 1,307,646</u>	<u>\$ 6,767,646</u>	<u>\$ 432,215,000</u>	<u>\$ 142,787,345</u>	<u>\$ 575,002,345</u>

**CITY OF WICHITA, KANSAS**

**SUMMARY OF REVENUE BOND DEBT SERVICE CHARGES  
PAYABLE FROM GOVERNMENTAL FUND REVENUES**

Based on bonded debt as of December 31, 2017

Year	Sales Tax Special Obligation			Total		
	Principal	Interest	Debt Service Charges	Principal	Interest	Debt Service Charges
2018	\$ 177,632	\$ 121,187	\$ 298,819	\$ 177,632	\$ 121,187	\$ 298,819
2019	287,158	114,022	401,180	287,158	114,022	401,180
2020	305,732	105,199	410,931	305,732	105,199	410,931
2021	316,194	95,412	411,606	316,194	95,412	411,606
2022	330,285	82,862	413,147	330,285	82,862	413,147
2023	344,589	68,842	413,431	344,589	68,842	413,431
2024	361,028	53,425	414,453	361,028	53,425	414,453
2025	378,535	36,530	415,065	378,535	36,530	415,065
2026	396,683	18,815	415,498	396,683	18,815	415,498
2027	146,888	3,397	150,285	146,888	3,397	150,285
	<u>\$ 3,044,724</u>	<u>\$ 699,691</u>	<u>\$ 3,744,415</u>	<u>\$ 3,044,724</u>	<u>\$ 699,691</u>	<u>\$ 3,744,415</u>

**CITY OF WICHITA, KANSAS**  
**SCHEDULE OF INSURANCE IN FORCE**

December 31, 2017

Company	Policy Period		Details of Coverage	Terms	Deductible	Value Limits
	From	To				
Zurich	01-17	01-18	All risk coverage on real and personal property for which the City is legally liable, per I.A.W. statement of values on replacement cost basis.	Per occurrence with total insured values of approximately \$856 million.	\$ 100,000 (500,000 wind and hail)	\$ 350,000,000
Zurich	01-17	01-18	Comprehensive coverage for steam boilers, air conditioners, and electric motor on a repair or replacement cost basis.	Per occurrence	10,000	Included
Zurich	01-17	01-18	Data processing property protection	Hardware	100,000	Included
Hartford Fire	01-17	01-18	Burglary and/or theft coverage for monies and securities	Per occurrence	10,000	1,000,000
Housing Authority Risk Retention Group	06-17	06-18	WHA commercial liability	Per occurrence	10,000	5,000,000
Housing Authority Property Insurance	06-17	06-18	Commercial property coverage	Per occurrence with combined limit based on individual property values.	5,000	71,173,466
Philadelphia Indemnity Insurance	12-17	12-18	WHA flood insurance on 29 owned units	Per occurrence	5,000	48,000 to 50,000 per unit
Safety National Casualty	01-17	01-18	Excess workers' compensation Employers' liability	Per occurrence-liability	750,000	Statutory
				Per occurrence	-	1,000,000
Zurich	01-17	01-18	Travel accident insurance	Per person/occurrence	-	100,000
				Aggregate	-	500,000
ACE American Ins. Co.	01-17	01-18	Foreign package-General liability	Per occurrence	-	1,000,000
Ins. Co. of State of PA	01-17	01-18	Special liability	Per occurrence	2,000,000	20,000,000
<b>WICHITA AIRPORT AUTHORITY</b>						
National Union Fire Ins. Co.	01-17	01-18	Comprehensive general liability	Per occurrence	1,000	100,000,000
Great American Alliance Ins.	01-17	01-18	Underground storage tank liability	Per occurrence	10,000	1,000,000
<b>WICHITA ART MUSEUM</b>						
AXA/Ironshore Indemnity Inc.	01-17	01-18	All risk coverage for fine arts collections, on premises; worldwide transit coverage; and other locations.	Per occurrence at insured's	1,000	200,000,000
				Per occurrence not at	1,000	100,000,000
				Art in transit	1,000	100,000,000

## ***STATISTICAL SECTION***

## ***STATISTICAL SECTION***

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the City's overall financial health.

**Financial trends** information helps the reader understand how the City's financial performance and well-being have changed over time.

**Revenue capacity** information is intended to help the reader assess the factors affecting the City's ability to generate property and sales tax.

**Debt capacity** schedules present information to help the reader assess the affordability of the City's current outstanding debt and the City's ability to issue additional debt in the future.

**Demographic and economic indicators** are offered to help the reader understand the environment within which the City's financial activities take place and to help make comparisons across time.

**Operating information** about the City is provided to help the reader understand how the City's financial information relates to the services provided and the activities the City performed.

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# CITY OF WICHITA, KANSAS

## NET POSITION BY COMPONENT

For years ended December 31, 2008 through December 31, 2017  
(accrual basis of accounting)  
(dollars expressed in thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
Governmental activities					
Net investment in capital assets	\$ 512,459	\$ 521,613	\$ 554,371	\$ 615,404	\$ 659,114
Restricted for:					
Capital projects	57,352	43,927	40,177	48,939	38,986
Highways and streets	4,126	810	-	-	-
Debt service	234,767	264,080	309,669	296,468	277,226
Perpetual care	902	889	852	814	790
Other purposes	6,470	6,470	8,009	12,468	11,135
Unrestricted	(5,937)	43,898	17,248	5,386	1,918
Total governmental activities net position	<u>\$ 810,139</u>	<u>\$ 881,687</u>	<u>\$ 930,326</u>	<u>\$ 979,479</u>	<u>\$ 989,169</u>
Business-type activities					
Net investment in capital assets	\$ 777,044	\$ 762,395	\$ 792,751	\$ 828,696	\$ 820,105
Restricted for:					
Capital projects	14,688	17,032	18,915	13,682	32,308
Debt service	3,704	-	-	-	-
Revenue bond covenants	23,401	74,822	90,814	95,954	131,943
Unrestricted	23,480	20,001	26,859	42,979	38,391
Total business-type activities net position	<u>\$ 842,317</u>	<u>\$ 874,250</u>	<u>\$ 929,339</u>	<u>\$ 981,311</u>	<u>\$ 1,022,747</u>
Primary government					
Net investment in capital assets	\$ 1,289,503	\$ 1,284,008	\$ 1,347,122	\$ 1,444,100	\$ 1,479,219
Restricted for:					
Capital projects	72,040	60,959	59,092	62,621	71,294
Highways and streets	4,126	810	-	-	-
Debt service	238,471	264,080	309,669	296,468	277,226
Revenue bond covenants	23,401	74,822	90,814	95,954	131,943
Perpetual care	902	889	852	814	790
Other purposes	6,470	6,470	8,009	12,468	11,135
Unrestricted	17,543	63,899	44,107	48,365	40,309
Total primary government net position	<u>\$ 1,652,456</u>	<u>\$ 1,755,937</u>	<u>\$ 1,859,665</u>	<u>\$ 1,960,790</u>	<u>\$ 2,011,916</u>



	Fiscal Year				
	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets	\$ 730,439	\$ 714,088	\$ 779,473	\$ 831,119	\$ 860,155
Restricted for:					
Capital projects	23,033	24,909	22,017	30,743	14,594
Highways and streets	-	-	-	702	2,958
Debt service	226,947	221,877	191,172	183,820	180,661
Perpetual care	762	749	721	1,498	1,500
Other purposes	15,372	19,618	23,628	28,192	28,372
Unrestricted	(11,285)	48,517	27,477	38,389	20,546
Total governmental activities net position	<u>\$ 985,268</u>	<u>\$ 1,029,758</u>	<u>\$ 1,044,488</u>	<u>\$ 1,114,463</u>	<u>\$ 1,108,786</u>
Business-type activities					
Net investment in capital assets	\$ 854,195	\$ 908,335	\$ 920,577	\$ 956,424	\$ 966,425
Restricted for:					
Capital projects	53,653	31,221	37,578	18,398	9,554
Debt service	-	-	-	-	-
Revenue bond covenants	117,763	107,357	105,443	114,093	131,055
Unrestricted	40,446	61,782	56,332	72,483	85,514
Total business-type activities net position	<u>\$ 1,066,057</u>	<u>\$ 1,108,695</u>	<u>\$ 1,119,930</u>	<u>\$ 1,161,398</u>	<u>\$ 1,192,548</u>
Primary government					
Net investment in capital assets	\$ 1,584,634	\$ 1,622,423	\$ 1,700,050	\$ 1,787,543	\$ 1,826,580
Restricted for:					
Capital projects	76,686	56,130	59,595	49,141	24,148
Highways and streets	-	-	-	702	2,958
Debt service	226,947	221,877	191,172	183,820	180,661
Revenue bond covenants	117,763	107,357	105,443	114,093	131,055
Perpetual care	762	749	721	1,498	1,500
Other purposes	15,372	19,618	23,628	28,192	28,372
Unrestricted	29,161	110,299	83,809	110,872	106,060
Total primary government net position	<u>\$ 2,051,325</u>	<u>\$ 2,138,453</u>	<u>\$ 2,164,418</u>	<u>\$ 2,275,861</u>	<u>\$ 2,301,334</u>

# CITY OF WICHITA, KANSAS

## CHANGES IN NET POSITION

For years ended December 31, 2008 through December 31, 2017  
(accrual basis of accounting)  
(dollars expressed in thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>EXPENSES</b>					
Governmental activities:					
General government	\$ 41,906	\$ 37,210	\$ 52,488	\$ 55,191	\$ 52,538
Public safety	119,123	119,073	126,329	125,525	129,684
Highways and streets	123,526	74,460	49,482	54,168	62,484
Sanitation	5,441	3,648	4,156	3,643	3,567
Health and welfare	33,324	34,924	36,986	34,848	35,358
Culture and recreation	41,031	37,601	39,559	38,344	36,090
Interest on long-term debt	22,264	20,634	19,877	19,277	13,676
Total governmental activities expenses	<u>386,615</u>	<u>327,550</u>	<u>328,877</u>	<u>330,996</u>	<u>333,397</u>
Business-type activities:					
Water Utility	41,670	44,994	43,408	47,621	48,613
Sewer Utility	34,958	40,991	36,865	37,673	38,577
Airport Authority	27,416	29,672	26,967	26,703	32,651
Stormwater Utility	5,542	7,415	7,504	7,048	8,540
Transit	13,767	13,876	14,485	15,156	15,152
Golf Course System	4,997	4,539	4,705	4,586	4,594
Total business-type activities expenses	<u>128,350</u>	<u>141,487</u>	<u>133,934</u>	<u>138,787</u>	<u>148,127</u>
Total primary government expenses	<u>\$ 514,965</u>	<u>\$ 469,037</u>	<u>\$ 462,811</u>	<u>\$ 469,783</u>	<u>\$ 481,524</u>
<b>PROGRAM REVENUES</b>					
Governmental activities:					
Charges for services:					
General government	\$ 16,008	\$ 13,166	\$ 18,706	\$ 22,011	\$ 14,210
Public safety	5,730	4,919	6,506	6,774	7,093
Highways and streets	5,784	5,231	4,151	5,199	4,423
Sanitation	744	1,026	1,005	875	1,103
Health and welfare	3,816	5,891	1,905	3,931	4,110
Culture and recreation	4,814	4,773	4,799	4,781	5,494
Operating grants and contributions	50,859	45,514	51,904	50,393	47,413
Capital grants and contributions	87,891	82,537	66,923	60,292	33,870
Total governmental activities revenues	<u>175,646</u>	<u>163,057</u>	<u>155,899</u>	<u>154,256</u>	<u>117,716</u>
Business-type activities:					
Charges for services:					
Water Utility	38,356	51,022	65,003	79,547	80,088
Sewer Utility	33,789	34,490	37,247	44,089	45,979
Airport Authority	21,598	20,713	21,588	21,597	22,112
Stormwater Utility	8,405	8,497	8,515	9,282	9,057
Transit	1,931	1,811	1,828	1,972	2,146
Golf Course System	4,159	4,298	4,111	4,017	4,726
Operating grants and contributions	5,469	5,940	6,305	7,183	6,689
Capital grants and contributions	34,176	40,269	37,797	20,357	15,381
Total business-type activities revenues	<u>147,883</u>	<u>167,040</u>	<u>182,394</u>	<u>188,044</u>	<u>186,178</u>
Total primary government revenues	<u>\$ 323,529</u>	<u>\$ 330,097</u>	<u>\$ 338,293</u>	<u>\$ 342,300</u>	<u>\$ 303,894</u>
<b>NET REVENUE (EXPENSE)</b>					
Governmental activities	\$ (210,969)	\$ (164,493)	\$ (172,978)	\$ (176,740)	\$ (215,681)
Business-type activities	19,533	25,553	48,460	49,257	38,051
Total primary government net expense	<u>\$ (191,436)</u>	<u>\$ (138,940)</u>	<u>\$ (124,518)</u>	<u>\$ (127,483)</u>	<u>\$ (177,630)</u>

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>EXPENSES</b>					
Governmental activities:					
General government	\$ 44,510	\$ 46,350	\$ 64,844	\$ 47,613	\$ 62,657
Public safety	129,627	132,601	136,232	151,445	150,548
Highways and streets	60,735	50,698	68,326	44,659	101,127
Sanitation	4,700	4,489	5,384	5,054	5,035
Health and welfare	29,919	29,668	31,896	34,973	33,392
Culture and recreation	34,624	35,629	37,707	43,908	45,189
Interest on long-term debt	15,656	13,729	12,334	14,874	11,258
Total governmental activities expenses	<u>319,771</u>	<u>313,164</u>	<u>356,723</u>	<u>342,526</u>	<u>409,206</u>
Business-type activities:					
Water Utility	50,066	60,654	72,179	75,308	77,795
Sewer Utility	43,743	46,801	44,943	48,510	49,942
Airport Authority	26,781	28,691	38,967	38,671	39,887
Stormwater Utility	7,933	8,476	10,905	10,111	9,937
Transit	15,139	15,340	4,960	5,038	5,296
Golf Course System	4,765	4,887	16,337	14,086	14,829
Total business-type activities expenses	<u>148,427</u>	<u>164,849</u>	<u>188,291</u>	<u>191,724</u>	<u>197,686</u>
Total primary government expenses	<u>\$ 468,198</u>	<u>\$ 478,013</u>	<u>\$ 545,014</u>	<u>\$ 534,250</u>	<u>\$ 606,892</u>
<b>PROGRAM REVENUES</b>					
Governmental activities:					
Charges for services					
General government	\$ 12,432	\$ 15,778	\$ 22,389	\$ 32,111	\$ 24,337
Public safety	6,636	6,588	7,411	7,566	3,244
Highways and streets	4,313	4,558	5,196	6,606	3,584
Sanitation	1,265	1,115	1,085	2,134	4,710
Health and welfare	5,138	3,821	3,332	4,271	2,590
Culture and recreation	4,634	4,798	4,979	5,921	3,707
Operating grants and contributions	46,950	45,088	46,685	49,012	49,218
Capital grants and contributions	11,133	38,795	50,301	51,006	76,791
Total governmental activities revenues	<u>92,501</u>	<u>120,541</u>	<u>141,378</u>	<u>158,627</u>	<u>168,181</u>
Business-type activities:					
Charges for services:					
Water Utility	64,790	75,173	74,906	77,241	81,026
Sewer Utility	49,754	51,291	53,236	54,626	57,409
Airport Authority	21,964	23,687	25,752	28,394	31,012
Stormwater Utility	9,170	9,315	9,353	9,198	11,897
Transit	2,050	2,035	4,632	4,412	4,352
Golf Course System	4,182	4,301	2,089	1,783	1,908
Operating grants and contributions	7,139	8,859	4,592	7,406	6,781
Capital grants and contributions	33,102	22,871	27,842	33,555	22,290
Total business-type activities revenues	<u>192,151</u>	<u>197,532</u>	<u>202,402</u>	<u>216,615</u>	<u>216,675</u>
Total primary government revenues	<u>\$ 284,652</u>	<u>\$ 318,073</u>	<u>\$ 343,780</u>	<u>\$ 375,242</u>	<u>\$ 384,856</u>
<b>NET REVENUE (EXPENSE)</b>					
Governmental activities	\$ (227,270)	\$ (192,623)	\$ (215,345)	\$ (183,899)	\$ (241,025)
Business-type activities	43,724	32,683	14,111	24,891	18,989
Total primary government net expense	<u>\$ (183,546)</u>	<u>\$ (159,940)</u>	<u>\$ (201,234)</u>	<u>\$ (159,008)</u>	<u>\$ (222,036)</u>

(Continued)

# CITY OF WICHITA, KANSAS

## CHANGES IN NET POSITION (CONTINUED)

For years ended December 31, 2008 through December 31, 2017  
(accrual basis of accounting)  
(dollars expressed in thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>GENERAL REVENUES AND OTHER</b>					
<b>CHANGES IN NET POSITION</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 101,311	\$ 106,500	\$ 105,113	\$ 105,089	\$ 105,874
Sales taxes	51,255	49,444	48,240	54,919	54,095
Franchise taxes	34,272	33,720	36,923	36,779	37,407
Motor vehicle taxes	13,287	13,309	13,094	12,898	13,116
Transient guest taxes	6,325	6,015	5,689	6,041	6,100
Interest and investment earnings	8,874	3,703	2,001	1,003	530
Miscellaneous	16,928	23,843	17,498	7,397	5,683
Special Item - loss on sale of Hyatt Hotel	-	-	-	-	-
Transfers	557	(493)	(1,237)	1,766	2,566
Prior period adjustments	(13,345)	-	-	-	-
Total governmental activities	<u>219,464</u>	<u>236,041</u>	<u>227,321</u>	<u>225,892</u>	<u>225,371</u>
Business-type activities:					
Interest and investment earnings	6,710	4,912	3,692	3,803	3,813
Miscellaneous	825	974	1,700	679	2,138
Transfers	(557)	494	1,236	(1,766)	(2,566)
Prior period adjustments	(3,346)	-	-	-	-
Total business-type activities	<u>3,632</u>	<u>6,380</u>	<u>6,628</u>	<u>2,716</u>	<u>3,385</u>
Total primary government	<u>\$ 223,096</u>	<u>\$ 242,421</u>	<u>\$ 233,949</u>	<u>\$ 228,608</u>	<u>\$ 228,756</u>
<b>CHANGE IN NET POSITION</b>					
Governmental activities	\$ 8,495	\$ 71,548	\$ 54,343	\$ 49,152	\$ 9,690
Business-type activities	23,165	31,933	55,088	51,973	41,436
Total primary government	<u>\$ 31,660</u>	<u>\$ 103,481</u>	<u>\$ 109,431</u>	<u>\$ 101,125</u>	<u>\$ 51,126</u>

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>GENERAL REVENUES AND OTHER</b>					
<b>CHANGES IN NET POSITION</b>					
Governmental activities:					
Taxes:					
Property taxes	\$ 106,347	\$ 105,989	\$ 106,706	\$ 108,266	\$ 110,624
Sales taxes	58,519	56,143	57,959	58,660	57,683
Franchise taxes	39,283	41,864	44,304	44,766	45,564
Motor vehicle taxes	13,398	14,397	14,732	15,704	15,738
Transient guest taxes	6,360	6,754	7,255	7,178	7,065
Interest and investment earnings	828	1,422	1,725	2,255	3,921
Miscellaneous	7,755	15,289	11,952	12,585	5,720
Special Item - loss on sale of Hyatt Hotel	-	-	-	(11,754)	-
Transfers	2,406	(4,744)	(3,539)	(4,114)	(11,017)
Prior period adjustments	(11,527)	-	(11,019)	20,328	52
Total governmental activities	<u>223,369</u>	<u>237,114</u>	<u>230,075</u>	<u>253,874</u>	<u>235,350</u>
Business-type activities:					
Interest and investment earnings	487	42	449	103	428
Miscellaneous	4,464	5,170	2,013	1,286	714
Transfers	(2,406)	4,744	3,539	4,114	11,017
Prior period adjustments	(2,960)	-	(8,878)	11,073	-
Total business-type activities	<u>(415)</u>	<u>9,956</u>	<u>(2,877)</u>	<u>16,576</u>	<u>12,159</u>
Total primary government	<u>\$ 222,954</u>	<u>\$ 247,070</u>	<u>\$ 227,198</u>	<u>\$ 270,450</u>	<u>\$ 247,509</u>
<b>CHANGE IN NET POSITION</b>					
Governmental activities	\$ (3,901)	\$ 44,491	\$ 14,730	\$ 69,975	\$ (5,675)
Business-type activities	43,309	42,639	11,234	41,467	31,148
Total primary government	<u>\$ 39,408</u>	<u>\$ 87,130</u>	<u>\$ 25,964</u>	<u>\$ 111,442</u>	<u>\$ 25,473</u>

# CITY OF WICHITA, KANSAS

## FUND BALANCES OF GOVERNMENTAL FUNDS

For years ended December 31, 2008 through December 31, 2017  
(accrual basis of accounting)  
(dollars expressed in thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
General Fund					
Reserved	\$ 2,462	\$ 2,175	\$ 1,993	\$ -	\$ -
Unreserved	22,451	22,447	22,514	-	-
Nonspendable	-	-	-	882	841
Committed	-	-	-	-	-
Assigned	-	-	-	5,761	6,035
Unassigned	-	-	-	24,091	24,291
Total General Fund	<u>\$ 24,913</u>	<u>\$ 24,622</u>	<u>\$ 24,507</u>	<u>\$ 30,734</u>	<u>\$ 31,167</u>
Debt Service Fund					
Reserved	\$ -	\$ 699	\$ -	\$ -	\$ -
Unreserved	6,231	21,522	51,730	-	-
Nonspendable	-	-	-	-	-
Restricted	-	-	-	85,545	114,344
Total Debt Service Fund	<u>\$ 6,231</u>	<u>\$ 22,221</u>	<u>\$ 51,730</u>	<u>\$ 85,545</u>	<u>\$ 114,344</u>
All other governmental funds					
Reserved	\$ 101,176	\$ 66,458	\$ 55,616	\$ -	\$ -
Unreserved reported in:					
Special revenue funds	57,993	56,712	58,322	-	-
Capital projects funds	(158,110)	(100,612)	(87,391)	-	-
Permanent fund	666	650	605	-	-
Nonspendable	-	-	-	310	314
Restricted	-	-	-	73,986	66,502
Committed	-	-	-	24,740	25,206
Assigned	-	-	-	-	-
Unassigned	-	-	-	(76,125)	(83,499)
Total all other governmental funds	<u>\$ 1,725</u>	<u>\$ 23,208</u>	<u>\$ 27,152</u>	<u>\$ 22,911</u>	<u>\$ 8,523</u>

<sup>1</sup> Amounts reported for periods prior to 2011 have not been restated for the implementation of GASB Statement 54.

	Fiscal Year				
	2013	2014	2015	2016	2017
General Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	847	888	949	858	850
Committed	-	-	-	14,000	19,000
Assigned	5,392	5,384	6,347	5,249	3,704
Unassigned	26,315	27,859	28,824	36,449	33,262
Total General Fund	<u>\$ 32,554</u>	<u>\$ 34,131</u>	<u>\$ 36,120</u>	<u>\$ 56,556</u>	<u>\$ 56,816</u>
Debt Service Fund					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-	-
Nonspendable	-	-	4,067	3,777	-
Restricted	88,293	41,315	27,125	21,984	46,098
Total Debt Service Fund	<u>\$ 88,293</u>	<u>\$ 41,315</u>	<u>\$ 31,192</u>	<u>\$ 25,761</u>	<u>\$ 46,098</u>
All other governmental funds					
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Permanent fund	-	-	-	-	-
Nonspendable	345	356	396	352	369
Restricted	54,354	59,275	87,087	84,437	75,112
Committed	15,590	16,527	16,142	18,004	17,101
Assigned	8,901	1,853	2,084	796	850
Unassigned	(131,412)	(43,465)	(67,116)	(82,449)	(102,281)
Total all other governmental funds	<u>\$ (52,222)</u>	<u>\$ 34,546</u>	<u>\$ 38,593</u>	<u>\$ 21,140</u>	<u>\$ (8,849)</u>

# CITY OF WICHITA, KANSAS

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

For years ended December 31, 2008 through December 31, 2017  
(accrual basis of accounting)  
(dollars expressed in thousands)

	Fiscal Year				
	2008	2009	2010	2011	2012
<b>REVENUES</b>					
Taxes	\$ 172,176	\$ 175,277	\$ 172,374	\$ 178,947	\$ 179,185
Special assessments	32,573	33,887	34,251	33,648	33,327
Franchise taxes	34,273	33,720	36,923	36,779	37,407
Intergovernmental	94,087	74,089	72,228	64,003	61,057
Licenses and permits	6,511	5,892	6,648	6,735	7,427
Fines and penalties	9,444	10,430	10,641	10,345	10,476
Rentals	5,571	4,446	4,578	4,266	4,737
Interest and investment earnings	8,160	3,594	2,160	1,022	551
Charges for services and sales	10,748	10,542	10,673	12,019	10,647
Other revenue	19,566	35,209	23,219	21,283	12,986
Total revenues	<u>393,109</u>	<u>387,086</u>	<u>373,695</u>	<u>369,047</u>	<u>357,800</u>
<b>EXPENDITURES</b>					
Current:					
General government	36,065	32,855	34,659	36,587	34,643
Public safety	116,580	117,087	120,792	122,930	126,734
Highways and streets	22,838	20,937	19,125	22,450	18,185
Sanitation	3,872	4,372	5,243	4,264	3,722
Health and welfare	31,864	35,986	40,109	35,379	32,134
Culture and recreation	32,720	31,892	31,720	30,793	31,061
Debt service:					
Principal	57,823	79,460	86,867	52,743	65,923
Interest	22,849	19,924	21,955	19,929	20,027
Capital outlay	165,767	121,256	83,658	82,901	109,959
Total expenditures	<u>490,378</u>	<u>463,769</u>	<u>444,128</u>	<u>407,976</u>	<u>442,388</u>
Deficiency of revenues under expenditures	<u>(97,269)</u>	<u>(76,683)</u>	<u>(70,433)</u>	<u>(38,929)</u>	<u>(84,588)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of long-term capital debt	64,165	152,895	123,157	101,043	108,605
Issuance of refunding debt	-	-	-	-	-
Premiums on bonds sold	169	2,573	5,566	11,952	10,003
Discounts on bonds sold	-	-	-	-	-
Payments on refunded bonds	-	(43,810)	(29,240)	(43,045)	(22,490)
Transfers from other funds	111,156	82,417	72,657	73,059	95,855
Transfers to other funds	(109,811)	(80,210)	(68,369)	(68,280)	(92,540)
Total other financing sources (uses)	<u>65,679</u>	<u>113,865</u>	<u>103,771</u>	<u>74,729</u>	<u>99,433</u>
<b>SPECIAL ITEM</b>					
Sale of Hyatt Hotel	-	-	-	-	-
Prior period adjustment	(24)	-	-	-	-
Total changes in fund balances	<u>\$ (31,614)</u>	<u>\$ 37,182</u>	<u>\$ 33,338</u>	<u>\$ 35,800</u>	<u>\$ 14,845</u>
Debt service as a percentage of noncapital expenditures	19.5%	26.1%	28.2%	21.0%	23.0%



	Fiscal Year				
	2013	2014	2015	2016	2017
<b>REVENUES</b>					
Taxes	\$ 184,625	\$ 183,283	\$ 186,651	\$ 189,808	\$ 191,109
Special assessments	33,669	31,509	29,797	28,665	28,991
Franchise taxes	39,283	41,863	44,304	44,766	45,563
Intergovernmental	59,823	57,530	70,185	82,921	93,656
Licenses and permits	7,468	7,241	7,732	8,096	2,857
Fines and penalties	9,391	9,858	9,767	9,121	8,271
Rentals	4,400	4,203	6,227	4,328	4,216
Interest and investment earnings	851	1,456	1,725	2,255	3,921
Charges for services and sales	11,052	12,122	21,947	23,525	19,927
Other revenue	13,354	22,117	13,740	15,243	20,795
Total revenues	<u>363,916</u>	<u>371,182</u>	<u>392,075</u>	<u>408,728</u>	<u>419,306</u>
<b>EXPENDITURES</b>					
Current:					
General government	36,414	37,368	37,601	39,113	38,243
Public safety	129,573	129,934	131,496	136,049	136,336
Highways and streets	16,676	18,416	20,301	19,760	20,217
Sanitation	3,774	4,366	4,977	4,558	4,671
Health and welfare	31,854	31,656	33,035	36,431	35,388
Culture and recreation	30,379	31,044	33,391	36,591	37,018
Debt service:					
Principal	62,137	50,925	51,669	51,082	57,588
Interest	20,438	17,132	18,699	16,480	16,035
Capital outlay	108,380	76,379	91,671	93,164	118,071
Total expenditures	<u>439,625</u>	<u>397,220</u>	<u>422,840</u>	<u>433,228</u>	<u>463,567</u>
Deficiency of revenues under expenditures	<u>(75,709)</u>	<u>(26,038)</u>	<u>(30,765)</u>	<u>(24,500)</u>	<u>(44,261)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of long-term capital debt	16,290	108,370	50,560	11,731	34,370
Issuance of refunding debt	-	-	-	13,357	-
Premiums on bonds sold	646	9,842	6,045	2,977	5,629
Discounts on bonds sold	-	(33)	-	(349)	-
Payments on refunded bonds	(35,460)	(48,905)	(32,321)	(24,267)	(1,406)
Transfers from other funds	82,035	90,735	124,180	70,463	84,556
Transfers to other funds	(77,826)	(92,603)	(126,142)	(72,533)	(88,332)
Total other financing sources (uses)	<u>(14,315)</u>	<u>67,406</u>	<u>22,322</u>	<u>1,379</u>	<u>34,817</u>
<b>SPECIAL ITEM</b>					
Sale of Hyatt Hotel	-	-	-	20,003	-
Prior period adjustment	4,614	-	4,354	671	52
Total changes in fund balances	<u>\$ (85,410)</u>	<u>\$ 41,368</u>	<u>\$ (4,089)</u>	<u>\$ (2,447)</u>	<u>\$ (9,392)</u>
Debt service as a percentage of noncapital expenditures	23.1%	20.3%	18.9%	19.8%	17.2%

## CITY OF WICHITA, KANSAS

### GOVERNMENTAL OWN SOURCE REVENUES BY SOURCE

For years ended December 31, 2008 through December 31, 2017  
(modified accrual basis of accounting)  
(dollars expressed in thousands)

Year	Property Taxes <sup>1</sup>	Special Assessments <sup>2</sup>	Franchise Taxes
2008	\$ 114,598	\$ 31,789	\$ 34,273
2009	119,809	33,349	33,720
2010	118,207	33,723	36,923
2011	117,986	33,557	36,779
2012	118,990	32,800	37,407
2013	119,745	33,056	39,283
2014	120,385	31,407	41,863
2015	121,437	29,786	44,304
2016	123,970	28,539	44,766
2017	126,362	28,343	45,563

<sup>1</sup>Property taxes include motor vehicle taxes.

<sup>2</sup>Special assessments includes the assessments for improvements.  
Nuisance assessments are not included above.

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## CITY OF WICHITA, KANSAS

### GOVERNMENTAL REVENUES BY SOURCE

For years ended December 31, 2008 through December 31, 2017  
(modified accrual basis of accounting)  
(dollars expressed in thousands)

Year	Taxes	Special Assessments <sup>1</sup>	Franchise Taxes	Local Sales Tax	Intergovernmental	Licenses and Permits
2008	\$ 120,922	\$ 32,573	\$ 34,273	\$ 51,255	\$ 94,087	\$ 6,511
2009	125,834	33,887	33,720	49,444	74,089	5,892
2010	124,135	34,251	36,923	48,240	72,228	6,647
2011	124,028	33,648	36,779	54,919	64,003	6,735
2012	125,089	33,327	37,407	54,095	61,057	7,427
2013	126,106	33,669	39,283	58,519	59,823	7,468
2014	127,140	31,509	41,863	56,143	57,530	7,241
2015	128,692	29,797	44,304	57,959	70,185	7,732
2016	131,149	28,665	44,766	58,660	82,921	8,096
2017	133,426	28,991	45,563	57,683	93,656	2,857

<sup>1</sup>Includes all collections through specials, including nuisance collections.

### GOVERNMENTAL EXPENDITURES BY FUNCTION

For years ended December 31, 2008 through December 31, 2017  
(modified accrual basis of accounting)  
(dollars expressed in thousands)

Year	General Government	Public Safety	Highways and Streets	Sanitation	Health and Welfare	Culture and Recreation
2008	\$ 36,064	\$ 116,580	\$ 22,838	\$ 3,872	\$ 31,864	\$ 32,720
2009	32,855	117,087	20,937	4,372	35,986	31,892
2010	34,640	120,792	19,144	5,243	40,109	31,720
2011	36,588	122,930	22,450	4,264	35,379	30,793
2012	34,643	126,734	18,186	3,722	32,134	31,061
2013	36,414	129,574	16,676	3,774	31,854	30,379
2014	37,368	129,934	18,416	4,366	31,656	31,044
2015	37,601	131,496	20,301	4,977	33,035	33,391
2016	39,113	136,049	19,760	4,559	36,431	36,592
2017	38,243	136,336	20,217	4,671	35,388	37,018

Year	Fines and Penalties	Rentals	Interest Earnings	Charges for Services and Sales	Other Revenue	Total
2008	\$ 9,444	\$ 5,571	\$ 8,160	\$ 10,747	\$ 19,566	\$ 393,109
2009	10,430	4,446	3,594	10,541	35,209	387,086
2010	10,641	4,578	2,160	10,673	23,219	373,695
2011	10,345	4,266	1,022	12,019	21,283	369,047
2012	10,476	4,737	551	10,647	12,987	357,800
2013	9,391	4,400	851	11,052	13,354	363,916
2014	9,857	4,203	1,456	12,122	22,118	371,182
2015	9,767	6,227	1,725	21,947	13,742	392,077
2016	9,121	4,328	2,255	23,525	15,242	408,728
2017	8,271	4,216	3,921	19,927	20,795	419,306

Year	Debt Service	Capital Outlay	Total
2008	\$ 80,673	\$ 165,767	\$ 490,378
2009	98,454	122,187	463,770
2010	108,821	83,658	444,127
2011	72,672	82,901	407,977
2012	85,949	109,959	442,388
2013	82,574	108,380	439,625
2014	68,057	76,412	397,253
2015	70,369	91,671	422,841
2016	67,561	93,163	433,228
2017	73,623	118,071	463,567

# CITY OF WICHITA, KANSAS

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

For years ended December 31, 2008 through December 31, 2017  
(dollars expressed in thousands)

Year <sup>1</sup>	Real Property		Personal Property		State Assessed Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2008	\$ 2,827,209	\$ 19,506,118	\$ 212,829	\$ 871,131	\$ 105,794	\$ 320,589
2009	2,875,134	19,881,261	177,540	729,638	98,981	299,941
2010	2,904,055	20,011,382	147,887	612,183	98,206	297,594
2011	2,916,488	20,142,275	136,190	559,157	99,311	300,943
2012	2,889,209	19,908,386	125,492	518,004	96,872	293,550
2013	2,910,786	20,007,283	118,751	491,029	94,794	287,253
2014	2,963,148	20,364,338	93,990	404,245	91,126	276,140
2015	3,008,647	20,663,543	83,860	356,982	99,075	300,226
2016	3,091,273	21,259,793	76,025	324,973	102,892	311,793
2017	3,188,988	21,998,612	67,904	293,980	108,329	328,268
Totals Assessed Property						
Year	Assessed Value	Estimated Actual Value	Assessed Value as a Percent of Actual Value	Total Direct Tax Rate <sup>2</sup>	Tangible Valuation of Motor Vehicles	Total Valuation for Bonded Debt Limitations
2008	\$ 3,145,832	\$ 20,697,838	15.20%	32.056	\$ 401,805	\$ 3,547,637
2009	3,151,655	20,910,840	15.07%	32.142	396,701	3,548,356
2010	3,150,148	20,921,159	15.06%	32.272	387,036	3,537,184
2011	3,151,989	21,002,375	15.01%	32.359	381,608	3,533,597
2012	3,111,573	20,719,940	15.02%	32.471	385,358	3,496,931
2013	3,124,331	20,785,565	15.03%	32.509	396,435	3,520,766
2014	3,148,264	21,044,723	14.96%	32.651	404,427	3,552,691
2015	3,191,582	21,320,751	14.97%	32.686	417,145	3,608,727
2016	3,270,190	21,896,559	14.93%	32.685	428,945	3,699,135
2017	3,365,221	22,620,860	14.88%	32.667	436,201	3,801,422

<sup>1</sup>The assessed value and tax rate of the referenced year supports the budget of the subsequent year. For example, the assessed value of 2015 multiplied by the tax rate supports the budget of fiscal 2016. Excludes valuation of motor vehicles.

<sup>2</sup>Direct tax rates are per \$1,000 of actual value.

Source: Sedgwick County Clerk and Sedgwick County Appraiser

# CITY OF WICHITA, KANSAS

## PROPERTY TAX RATES

### DIRECT AND OVERLAPPING GOVERNMENTS

For years ended December 31, 2008 through December 31, 2017

Year <sup>1</sup>	City of Wichita			Overlapping Rates				Total Direct & Overlapping Rates
	Operating Millage	Debt Millage	Total Millage	State Levy	Sedgwick County	Unified School District 259	Total Overlapping	
2008	23.034	9.022	32.056	1.500	30.377	53.309	85.186	117.242
2009	23.619	8.523	32.142	1.500	29.868	56.850	88.218	120.360
2010	24.742	7.530	32.272	1.500	29.359	56.928	87.787	120.059
2011	24.839	7.520	32.359	1.500	29.428	57.018	87.946	120.305
2012	24.443	8.028	32.471	1.500	29.447	57.184	88.131	120.602
2013	24.003	8.506	32.509	1.500	29.377	57.215	88.092	120.601
2014	24.114	8.537	32.651	1.500	29.478	53.735	84.713	117.364
2015	24.177	8.509	32.686	1.500	29.383	53.278	84.161	116.847
2016	24.177	8.508	32.685	1.500	29.393	53.683	84.576	117.261
2017	24.156	8.511	32.667	1.500	29.393	53.733	84.626	117.293

<sup>1</sup>Represents the year the taxes were levied to provide support for the subsequent budget year.

Source: Sedgwick County Clerk and Sedgwick County Appraiser

# CITY OF WICHITA, KANSAS

## PRINCIPAL PROPERTY TAXPAYERS

For years ended December 31, 2008 and December 31, 2017  
(dollars expressed in thousands)

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Kansas Gas & Electric (Westar Energy Co.)	\$ 56,094	1	1.67 %	\$ 34,581	1	1.10 %
Simon Property Group	25,176	2	0.75	31,132	4	0.99
Walmart	22,974	3	0.68	10,976	9	0.35
City of Wichita	21,466	4	0.64	-	-	-
Kansas Gas Service (Division of Oneok)	19,826	5	0.59	18,152	5	0.58
Southwestern Bell Telephone	13,853	6	0.41	32,177	3	1.02
BF Owner LLC	11,826	7	0.35	-	-	-
Wesley Medical Center LLC (HCA)	9,505	8	0.28	32,853	2	1.04
Ruffin Riverfront Hotel LLC/Ruffin Epic LLC	7,630	9	0.23	-	-	-
New Market I LLC	7,526	10	0.22	-	-	-
Target Corporation	-	-	-	12,216	6	0.39
Builders, Inc	-	-	-	11,058	7	0.35
Bradley Fair One LLC	-	-	-	10,515	8	0.33
Dillon Real Estate	-	-	-	6,478	10	0.21
	<u>\$ 195,876</u>		<u>5.82 %</u>	<u>\$ 200,138</u>		<u>6.36 %</u>

## PRINCIPAL EMPLOYERS, WICHITA AREA

For years ended December 31, 2008 and December 31, 2017

Employer	2017			2008		
	Total Full-time Wichita-area Employees	Rank	Percentage of Total City Employment	Total Full-time Wichita-area Employees	Rank	Percentage of Total City Employment
Spirit AeroSystems, Inc.	10,700	1	3.60 %	10,370	2	3.43 %
Textron Aviation	9,300	2	3.13	-	-	-
McConnell Air Force Base	6,807	3	2.29	-	-	-
USD 259 Wichita	5,489	4	1.85	5,508	4	1.82
Via Christi Health	4,654	5	1.57	5,319	5	1.76
State of Kansas	4,494	6	1.51	4,084	6	1.35
Koch Industries, Inc.	3,240	7	1.09	-	-	-
City of Wichita	2,831	8	0.95	3,153	7	1.04
U.S. Government	2,673	9	0.90	-	-	-
Sedgwick County	2,563	10	0.86	2,821	9	0.93
Cessna Aircraft Co.	-	-	-	12,008	1	3.97
Hawker Beechcraft Corp.	-	-	-	7,500	3	2.48
Boeing Aircraft Co.	-	-	-	3,000	8	0.99
Bombardier Aerospace Learjet, Inc.	-	-	-	2,540	10	0.84
Percent of total employment			<u>17.75 %</u>			<u>18.61 %</u>
Total employment	296,900			302,767		

Source: Wichita Business Journal; total employment U.S. Department of Labor, Bureau of Labor Statistics



# CITY OF WICHITA, KANSAS

## PROPERTY TAX LEVIES AND COLLECTIONS

### GENERAL AND DEBT SERVICE FUNDS

For years ended December 31, 2008 through December 31, 2017  
(dollars expressed in thousands)

Year Ended December 31 <sup>1</sup>	Taxes Levied	Current Year Collections		Collections in Subsequent Years	Total Tax Collections	
		Amount	Percentage Levy		Amount	Percentage of Levy
2008	\$ 95,692	\$ 91,161	95.27 %	\$ 4,256	\$ 95,417	99.71 %
2009	100,840	95,255	94.46	3,595	98,850	98.03
2010	101,298	95,319	94.10	3,337	98,656	97.39
2011	100,319	95,890	95.59	2,837	98,727	98.41
2012	101,997	96,611	94.72	2,316	98,927	96.99
2013	101,036	96,596	95.61	2,072	98,668	97.66
2014	101,569	97,108	95.61	1,690	98,798	97.27
2015	102,796	97,403	94.75	1,110	98,513	95.83
2016	104,322	99,117	95.01	-	99,117	95.01
2017	106,691	101,733	95.35	-	101,733	95.35

## TAX INCREMENT FINANCING DISTRICTS

For years ended December 31, 2008 through December 31, 2017  
(dollars expressed in thousands)

Year Ended December 31 <sup>1</sup>	Taxes Levied <sup>2</sup>	Current Year Collections		Collections in Subsequent Years	Total Tax Collections	
		Amount	Percentage Levy		Amount	Percentage of Levy <sup>2</sup>
2008	\$ 7,038	\$ 5,752	81.73 %	\$ 51	\$ 5,803	82.45 %
2009	7,101	6,127	86.28	221	6,348	89.40
2010	6,196	6,372	102.84	112	6,484	104.65
2011	5,991	6,174	103.05	25	6,199	103.47
2012	6,021	5,820	96.66	181	6,001	99.67
2013	6,317	5,726	90.64	48	5,774	91.40
2014	5,732	5,921	103.30	39	5,960	103.98
2015	6,309	5,834	92.47	5	5,839	92.55
2016	5,890	5,830	98.98	-	5,830	98.98
2017	6,175	6,071	98.32	-	6,071	98.32

## SPECIAL ASSESSMENT LEVIES AND COLLECTIONS

For years ended December 31, 2008 through December 31, 2017  
(dollars expressed in thousands)

Year Ended December 31 <sup>1</sup>	Assessments Certified to County <sup>3</sup>	Current Year Collections		Collections in Subsequent Years	Total Tax Collections	
		Amount	Percentage of Assessment		Amount	Percentage of Assessment
2008	\$ 30,871	\$ 29,097	94.25 %	\$ 1,430	\$ 30,527	98.89 %
2009	30,687	29,756	96.97	809	30,565	99.60
2010	33,314	30,934	92.86	2,103	33,037	99.17
2011	34,882	32,010	91.77	940	32,950	94.46
2012	33,088	29,296	88.54	1,612	30,908	93.41
2013	31,857	29,090	91.31	1,426	30,516	95.79
2014	29,982	27,839	92.85	864	28,703	95.73
2015	28,112	26,575	94.53	660	27,235	96.88
2016	26,819	25,341	94.49	-	25,341	94.49
2017	26,810	25,514	95.17	-	25,514	95.17

<sup>1</sup>The year shown is the year in which the collections were received. The levy or assessment is certified to the county the previous year.

<sup>2</sup>The amount reported as Taxes Levied is the estimated tax revenue from the certified budgets. Economic development tax increment financing districts collect all property taxes paid above the base year and do not have a district levy. As a result, collections may exceed the budgeted amounts.

<sup>3</sup>Special assessments of proprietary funds, advance payments and nuisance assessments are not included.

# CITY OF WICHITA, KANSAS

## RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA

For years ended December 31, 2008 through December 31, 2017  
(dollars expressed in thousands except per capita amounts)

Year	Assessed Value <sup>1</sup>	Gross Bonded Debt <sup>2</sup>	Less: Amounts Available in Debt Service Fund	Debt Payable From Local Sales Tax	Debt Payable from Transient Guest Tax
2008	\$ 3,547,637	\$ 439,741	6,231	129,165	4,639
2009	3,548,356	473,825	22,221	119,540	3,737
2010	3,537,184	529,989	29,586	130,730	2,847
2011	3,533,597	548,155	23,648	123,455	1,956
2012	3,496,931	584,272	18,325	152,390	1,064
2013	3,520,766	502,779	26,142	122,195	167
2014	3,552,691	670,474	29,685	148,770	2,485
2015	3,608,727	729,710	5,992	131,560	2,485
2016	3,699,135	668,373	11,032	114,035	2,485
2017	3,801,422	651,740	18,137	96,275	2,480

<sup>1</sup>Includes assessed value and motor vehicle valuations expressed in thousands.

<sup>2</sup>Includes all long-term general obligation debt repayable from governmental and proprietary funds.

<sup>3</sup>Based on most recent population data reported on page H-27.

Debt Payable from Proprietary Revenues	Debt Payable from Special Assessments	Net Bonded Debt Payable	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita <sup>3</sup>	Year
12,492	227,550	\$ 59,664	\$ 0.017	\$ 163.09	2008
20,101	241,420	66,806	0.019	179.50	2009
26,723	255,270	84,833	0.024	221.64	2010
40,681	269,630	88,785	0.025	231.41	2011
48,360	254,955	109,178	0.031	283.05	2012
44,285	216,625	93,365	0.027	241.14	2013
184,285	192,575	112,674	0.032	290.15	2014
270,056	181,733	137,884	0.038	354.38	2015
259,063	167,574	114,184	0.031	292.69	2016
267,718	172,707	94,423	0.025	241.74	2017

# CITY OF WICHITA, KANSAS

## RATIOS OF OUTSTANDING DEBT BY TYPE

For years ended December 31, 2008 through December 31, 2017  
(dollars expressed in thousands, except per capita amounts)

Fiscal Year	Proprietary Activities					Governmental Activities	
	Water Utility Bonds	Sewer Utility Bonds	Airport Authority Bonds	General Obligation Bonds	Bond Anticipation Notes	General Obligation Bonds	Local Sales Tax Revenue Bonds
2008	\$ 175,877	138,620	74,897	12,492	4,170	427,249	-
2009	250,093	181,090	63,150	20,100	-	453,725	-
2010	266,444	195,165	62,700	26,723	12,624	503,266	-
2011	250,350	181,970	62,020	41,036	10,245	507,119	-
2012	243,497	181,249	11,370	49,005	-	535,267	-
2013	239,883	181,879	11,310	44,834	7,933	457,945	-
2014	231,195	180,231	11,330	196,082	96,565	474,391	1,635
2015	234,609	181,503	5,460	287,881	-	441,858	1,698
2016	238,517	186,735	5,460	276,622	-	391,751	1,471
2017	239,815	229,615	5,460	284,852	-	366,887	3,045

Fiscal Year	Governmental Activities				Total Debt Per Capita <sup>1</sup>	Total Debt as a Percent of Per Capita Income
	HUD Section 108 Loan	Capital Lease Debt	Bond Anticipation Notes	Total Debt Primary Government		
2008	\$ 1,565	1,472	34,990	\$ 871,332	\$ 2,382	5.60 %
2009	1,285	1,178	39,501	1,010,122	2,714	6.94
2010	990	851	1,813	1,070,576	2,797	7.32
2011	680	510	14,158	1,068,088	2,784	6.51
2012	350	153	10,465	1,031,356	2,674	5.92
2013	-	435	3,465	947,684	2,448	5.33
2014	-	341	-	1,191,770	3,069	6.41
2015	-	272	-	1,153,281	2,964	6.26
2016	-	171	-	1,100,727	2,822	5.95
2017	-	64	-	1,129,738	2,892	6.10

Fiscal Year	Component Unit	
	Wichita Public Building Commission	
2008	\$ 24,230	
2009	21,805	
2010	16,705	
2011	14,010	
2012	11,220	
2013	1,595	
2014	-	
2015	-	
2016	-	
2017	-	

<sup>1</sup>Expressed in dollars. Population figures are presented on page H-27 of this section.

# CITY OF WICHITA, KANSAS

## RATIOS OF GENERAL OBLIGATION BONDED DEBT OUTSTANDING

For years ended December 31, 2008 through December 31, 2017  
(dollars expressed in thousands except per capita amounts)

Fiscal Year	General Obligation Bonds <sup>1</sup>	Less: Amounts Available in Debt Service Fund	Total	Percent of Estimated Actual Value of Taxable Property <sup>2</sup>	Per Capita <sup>3</sup>
2008	\$ 439,741	\$ 6,231	\$ 433,510	2.09 %	\$ 1,185.0
2009	473,825	22,221	451,604	2.16	1,213.4
2010	529,989	51,730	478,259	2.29	1,249.6
2011	548,155	85,454	462,701	2.20	1,206.0
2012	584,272	114,344	469,928	2.27	1,218.3
2013	502,779	88,293	414,486	1.99	1,070.5
2014	670,474	41,315	629,159	2.99	1,620.2
2015	729,710	31,192	698,518	3.28	1,795.3
2016	668,373	25,761	642,612	2.93	1,647.2
2017	651,740	18,136	633,604	2.80	1,622.2

<sup>1</sup>Includes all general obligation debt.

<sup>2</sup>Excludes estimated actual value of motor vehicles.

<sup>3</sup>Population figures provided on page H-27 on this section.

## RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO TOTAL GOVERNMENT EXPENDITURES

For years ended December 31, 2008 through December 31, 2017  
(dollars expressed in thousands)

Fiscal Year	Principal	Interest	Debt Service <sup>1</sup>	Total Governmental Expenditures <sup>2</sup>	Ratio of Debt Service to Government Expenditures
2008	\$ 43,384	\$ 19,230	\$ 62,614	\$ 490,379	12.77 %
2009	44,190	17,673	61,863	463,770	13.34
2010	47,070	20,870	67,940	444,128	15.30
2011	50,619	18,441	69,060	407,977	16.93
2012	51,435	17,001	68,436	442,388	15.47
2013	51,322	16,594	67,916	439,625	15.45
2014	47,460	16,648	64,108	397,253	16.14
2015	51,669	18,510	70,179	422,841	16.60
2016	51,082	16,480	67,562	433,228	15.60
2017	57,587	16,035	73,622	471,974	15.60

<sup>1</sup>Includes debt service related to all governmental activities except for that related to a Section 108 loan.

<sup>2</sup>Includes expenditures of all governmental fund types.

## CITY OF WICHITA, KANSAS

### LEGAL DEBT MARGIN INFORMATION

For years ended December 31, 2008 through December 31, 2017  
(dollars expressed in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 1,064,291	\$ 1,064,507	\$ 1,061,156	\$ 1,060,079	\$ 1,049,079
Total net debt applicable to limit	<u>202,312</u>	<u>221,768</u>	<u>226,525</u>	<u>197,552</u>	<u>169,407</u>
Legal debt margin	<u>\$ 861,979</u>	<u>\$ 842,739</u>	<u>\$ 834,631</u>	<u>\$ 862,527</u>	<u>\$ 879,672</u>
Total net debt applicable to limit as a percentage of debt limit	19.01%	20.83%	21.35%	18.64%	16.15%

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 1,056,230	\$ 1,065,807	\$ 1,082,618	\$ 1,109,740	\$ 1,140,427
<u>137,511</u>	<u>244,903</u>	<u>320,290</u>	<u>323,362</u>	<u>306,658</u>
<u>\$ 918,719</u>	<u>\$ 820,904</u>	<u>\$ 762,328</u>	<u>\$ 786,378</u>	<u>\$ 833,769</u>
13.02%	22.98%	29.58%	29.14%	26.89%

Total debt \$ 1,130,435

2017 Equalized assessed valuation of taxable tangible property \$ 3,365,221  
Add: 2017 Estimated tangible valuation of motor vehicles 436,201  
Total assessed value \$ 3,801,422

Debt limit (30% of equalized assessed value) \$ 1,140,427

Debt applicable to limit:

General obligation bonds and temporary notes \$ 328,303  
Less: Amount set aside for repayment of general obligation debt 21,645  
Total net debt applicable to limit \$ 306,658

Legal debt margin \$ 833,769

# CITY OF WICHITA, KANSAS

## COMPUTATION OF DIRECT AND OVERLAPPING DEBT

For years ended December 31, 2015 through December 31, 2017

	December 31, 2015		December 31, 2016		December 31, 2017	
	Percent of Debt	City of Wichita Share of Debt	Percent of Debt	City of Wichita Share of Debt	Percent of Debt	City of Wichita Share of Debt
	Applicable to City		Applicable to City		Applicable to City	
Direct Debt:						
General obligation bonded debt, payable from:						
Ad valorem taxes		\$ 73,960,475		\$ 58,251,131		\$ 47,632,851
Special assessments		181,733,151		167,574,036		172,706,820
Tax increment financing		22,830,000		20,751,857		18,022,371
Transient guest taxes		2,485,000		2,485,000		2,480,000
Local sales tax		133,285,570		115,532,150		96,275,000
Premiums (discounts)		29,261,017		28,627,760		29,770,288
Capital lease		272,211		170,723		64,219
Total direct debt		443,827,424		393,392,657		366,951,549
Overlapping debt:						
Sedgwick County	81.7%	184,548,980	81.6%	154,848,240	81.3%	142,035,165
USD 259	59.7%	252,155,050	59.0%	235,926,250	58.5%	216,373,950
Total overlapping debt		436,704,030		390,774,490		358,409,115
Total direct and overlapping debt		\$ 880,531,454		\$ 784,167,147		\$ 725,360,664

Note: Percentage of overlapping debt based on assessed valuation.



## CITY OF WICHITA, KANSAS

### DEMOGRAPHIC AND ECONOMIC STATISTICS

For years 2008 through 2017

Fiscal Year	Population of Wichita	Population of Wichita MSA <sup>1</sup>	Personal Income of Wichita MSA (amounts expressed in thousands)	Per Capita Personal Income
2008	365,838	603,205	26,268,985	42,566
2009	372,186	612,683	24,512,628	39,082
2010	382,743	631,789	24,143,246	38,207
2011	383,663	633,118	27,076,189	42,750
2012	385,720	636,015	28,738,923	45,183
2013	387,178	638,177	29,299,265	45,909
2014	388,333	640,429	30,672,425	47,882
2015	389,081	642,782	30,456,154	47,365
2016	390,116	644,680	30,554,305	47,395
2017	390,591	645,628	30,554,305	47,395

Fiscal Year	Median Age	School Enrollment	Average Annual Unemployment Rates	
			City of Wichita	Wichita MSA
2008	34.0	49,146	4.9%	4.5%
2009	34.3	49,658	9.1%	8.2%
2010	33.9	50,033	9.5%	8.6%
2011	34.3	50,103	8.6%	7.7%
2012	35.1	50,639	7.4%	6.7%
2013	34.0	51,169	6.4%	6.0%
2014	34.0	51,330	5.6%	5.2%
2015	34.6	51,133	5.0%	4.6%
2016	34.7	50,566	5.0%	4.6%
2017	34.7	50,416	4.4%	4.2%

Data provided by the Center of Economic Development and Business Research, W. Frank Barton School of Business, Wichita State University, as provided at time of publishing. The statistical information may reflect revisions made to data originally reported.

<sup>1</sup> Wichita Metropolitan Statistical Area

# CITY OF WICHITA, KANSAS

## PLEDGED REVENUE COVERAGE

For years ended December 31, 2008 through December 31, 2017  
(dollars expressed in thousands)

Water Revenue Bonds						
Fiscal Year	Gross Earnings	Less: Operating and Maintenance Expense	Net Revenue Available for Debt Service	Principal	Interest	Coverage
2008	\$ 44,635	\$ 24,073	\$ 20,562	\$ 8,640	\$ 8,049	1.23
2009	55,251	23,938	31,313	9,321	8,273	1.78
2010	72,632	21,965	50,667	11,024	12,813	2.13
2011	81,368	29,136	52,232	13,119	12,337	2.05
2012	83,737	31,246	52,491	14,087	11,127	2.08
2013	69,355	32,522	36,833	13,546	11,274	1.48
2014	80,476	29,182	51,294	13,166	10,746	2.15
2015	82,604	28,982	53,622	12,759	10,289	2.33
2016	83,383	32,030	51,353	15,427	10,120	2.01
2017	87,683	31,588	56,095	12,859	8,975	2.57

Sewer Revenue Bonds						
Fiscal Year	Gross Earnings	Less: Operating and Maintenance Expense	Net Revenue Available for Debt Service	Principal	Interest	Coverage
2008	\$ 36,667	\$ 20,010	\$ 16,657	\$ 6,220	\$ 6,817	1.28
2009	36,295	20,247	16,048	6,613	6,664	1.21
2010	38,545	20,563	17,982	7,450	9,274	1.08
2011	45,304	21,682	23,622	9,424	9,665	1.24
2012	47,713	22,509	25,204	10,712	7,670	1.37
2013	52,074	23,389	28,685	10,290	8,333	1.54
2014	53,402	23,314	30,088	9,324	7,958	1.74
2015	55,882	22,217	33,665	8,762	7,817	2.03
2016	57,355	25,004	32,351	10,478	7,915	1.76
2017	60,865	25,041	35,824	11,815	8,220	1.79

Combined Water and Sewer Revenue Bonds						
Fiscal Year	Gross Earnings	Less: Operating and Maintenance Expense	Net Revenue Available for Debt Service	Principal	Interest	Coverage
2008	\$ 81,302	\$ 44,083	\$ 37,219	\$ 14,860	\$ 14,866	1.25
2009	91,546	44,185	47,361	15,934	14,937	1.53
2010	111,177	42,528	68,649	18,474	22,087	1.69
2011	126,672	50,818	75,854	22,543	22,002	1.70
2012	131,450	53,755	77,695	24,799	18,797	1.78
2013	121,429	55,911	65,518	23,836	19,607	1.51
2014	133,878	52,496	81,382	22,490	18,704	1.98
2015	138,486	51,199	87,287	21,521	18,106	2.20
2016	140,738	57,034	83,704	25,905	18,035	1.90
2017	148,548	56,629	91,919	24,674	17,195	2.20

Note: The covenants of the revenue bonds require the combined Utilities to produce net revenues for the debt service of the Utilities' revenue bonds of not less than 120% of the current year's debt service requirements.

# CITY OF WICHITA, KANSAS

## CAPITAL ASSET STATISTICS BY FUNCTION

For years ended December 31, 2008 through December 31, 2017

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Public Safety</b>										
Police stations	4	4	4	4	4	4	4	4	4	4
Police patrol units	175	175	175	173	183	175	171	180	175	174
Fire stations	19	22	22	22	22	22	22	22	22	22
<b>Highways and Streets</b>										
Streets (miles)	1,859	1,882	1,884	1,898	1,902	1,904	1,906	1,909	1,921	1,917
Signalized intersections	562	562	562	584	585	584	592	594	601	604
<b>Culture and Recreation</b>										
Parks acreage	5,281	4,892	4,892	4,886	4,903	4,905	4,904	4,996	5,008	5,004
Swimming pools	11	11	11	11	9	9	9	9	9	8
Interactive water features	6	6	6	5	5	5	5	5	5	5
Fishing ponds	13	13	13	13	13	13	13	13	13	12
Tennis courts	76	75	73	75	75	77	77	73	77	76
Exercise/fitness trails	12	16	16	13	13	13	13	14	14	14
Children's playgrounds	80	82	83	79	79	81	81	80	81	83
Community centers	10	10	10	9	9	9	9	9	9	9
Golf courses	5	5	5	5	5	5	5	5	5	5
Libraries	9	9	9	9	9	9	9	8	8	8
<b>Water</b>										
Water mains (miles)	2,298	2,314	2,357	2,361	2,387	2,407	2,422	2,416	2,413	2,383
Maximum daily capacity (million gallons per day) <sup>1</sup>	125	125	125	125	125	125	125	125	125	125
<b>Sewer</b>										
Sanitary sewers (miles) <sup>2</sup>	2,011	2,013	2,134	2,134	2,016	2,016	2,022	2,030	2,033	2,046
Storm sewers (miles)	420	420	750	750	750	925	925	1,091	1,395	1,459
Maximum daily treatment capacity (million gallons per day)	59	62	62	62	62	62	62	62	62	62
<b>Airport</b>	2	2	2	2	2	2	2	2	2	2
<b>Transit</b>										
Bus fleet	53	53	53	55	54	56	56	52	53	55
Paratransit vans	23	24	24	24	24	24	22	25	24	24

<sup>1</sup> Estimated daily average

<sup>2</sup> Miles of sanitary sewers are estimates

Source: City of Wichita Operating Departments

# CITY OF WICHITA, KANSAS

## OPERATING INDICATORS BY FUNCTION

For years ended December 31, 2008 through December 31, 2017

Function	Fiscal Year				
	2008	2009	2010	2011	2012
<b>Public Safety</b>					
Police					
Dispatched calls for 911 service	234,578	238,766	286,507	226,047	227,787
Parking violations	23,922	22,011	21,234	17,105	14,917
Traffic violations	64,113	77,589	72,303	72,983	64,437
Fire					
Number of unit responses	68,818	69,332	69,680	72,226	73,389
Fires contained to room of origin	78%	73%	64%	62%	71%
Inspections <sup>3</sup>	5,753	4,092	4,187	4,731	12,969
<b>Highways and Streets</b>					
Street resurfacing (miles)	18	11	11	14	22
Potholes repaired	93,880	51,241	70,306	54,075	47,851
<b>Culture and Recreation</b>					
Golf rounds played	164,140	172,096	161,179	158,124	178,886
Trees planted	2,189	2,090	1,624	702	1,944
Swim lessons	1,490	1,379	1,377	1,721	1,531
Botanica visitors	102,877	97,390	105,881	145,105	166,390
Convention & Performance Center <sup>1</sup>					
Conventions	28	18	29	30	29
Consumer shows	na	na	29	27	33
Performances	na	na	65	67	63
Other events	na	na	173	210	207
Library circulation	2,248,824	2,237,881	2,284,698	2,304,924	2,218,997
Library program attendance	69,597	70,030	70,528	68,507	71,714
<b>Water</b>					
Water customers <sup>2</sup>	141,622	142,196	144,529	144,710	144,190
Main breaks	198	165	242	339	340
(per 1,000 miles of mains)					
Average daily consumption	54	54	57	61	60
(million gallons per day)					
<b>Sewer (wastewater)</b>					
Sewer customers <sup>2</sup>	133,160	133,799	134,508	134,534	134,491
Average daily sewage treated	40	37	36	27	29
(million gallons per day)					
<b>Airport</b>					
Number of passengers	1,619,075	1,505,607	1,549,395	1,536,354	1,509,206
Passenger enplanements	805,286	746,283	772,608	764,622	752,108
Number of daily flights	43	41	38	35	33
<b>Transit</b>					
Bus fleet	2,255,051	2,170,346	2,210,177	2,073,725	1,940,461
Paratransit vans	325,433	342,500	352,043	343,138	309,872

<sup>1</sup> Convention and Performance Center event records not available in earliest years.

<sup>2</sup> Water and Sewer customers estimated.

<sup>3</sup> Fire Department increased enforcement efforts related code administration inspections beginning in 2012.

Source: City of Wichita Operating Departments

Function	2013	2014	2015	2016	2017
<b>Public Safety</b>					
Police					
Dispatched calls for 911 service	231,290	218,614	218,160	221,529	219,955
Parking violations	14,276	16,012	16,372	12,156	9,369
Traffic violations	54,820	58,824	53,184	48,170	37,531
Fire					
Number of unit responses	73,184	76,539	76,962	76,328	78,160
Fires contained to room of origin	72%	69%	76%	64%	65%
Inspections <sup>3</sup>	15,225	7,342	7,873	9,320	7,508
<b>Highways and Streets</b>					
Street resurfacing (miles)	14	22	22	12	16
Potholes repaired	54,661	56,558	73,275	66,488	78,333
<b>Culture and Recreation</b>					
Golf rounds played	155,460	155,611	166,536	157,572	151,716
Trees planted	291	909	1,422	1,647	1,825
Swim lessons	1,394	1,433	1,126	1,073	1,321
Botanica visitors	154,509	206,193	220,041	220,716	231,542
Convention & Performance Center <sup>1</sup>					
Conventions	26	28	27	23	25
Consumer shows	30	30	33	35	36
Performances	52	66	57	60	54
Other events	171	139	324	265	195
Library circulation	2,137,656	2,102,505	2,104,230	1,983,642	1,942,851
Library program attendance	62,291	56,944	70,035	66,915	74,748
<b>Water</b>					
Water customers <sup>2</sup>	144,261	144,106	146,717	147,876	152,758
Main breaks	233	214	296	371	391
(per 1,000 miles of mains)					
Average daily consumption	51	52	50	50	50
(million gallons per day)					
<b>Sewer (wastewater)</b>					
Sewer customers <sup>2</sup>	133,952	136,019	137,058	138,126	138,189
Average daily sewage treated	38	37	35	35	34
(million gallons per day)					
<b>Airport</b>					
Number of passengers	1,512,507	1,533,669	1,571,348	1,602,311	1,620,240
Passenger enplanements	757,401	763,597	782,725	798,804	810,246
Number of daily flights	34	34	34	32	33
<b>Transit</b>					
Bus fleet	1,851,654	1,864,279	1,886,495	1,233,899	1,262,552
Para-transit vans	301,465	260,906	237,441	69,191	71,713

<sup>1</sup> Convention and Performance Center event records not available in earliest years.

<sup>2</sup> Water and Sewer customers estimated.

<sup>3</sup> Fire Department increased enforcement efforts related code administration inspections beginning in 2012.

Source: City of Wichita Operating Departments

# CITY OF WICHITA, KANSAS

## CITY GOVERNMENT EMPLOYEES BY FUNCTION

For years ended December 31, 2008 through December 31, 2017

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Government</b>										
City council and city manager	15	15	15	15	15	15	15	20	21	21
General government	28	25	24	23	36	24	19	22	21	17
Economic development	4	9	8	2	4	4	4	3	4	4
Financial services	73	73	71	71	70	68	67	68	68	73
Legal services	25	26	26	26	27	26	26	26	27	27
Building services	111	111	111	69	92	95	101	101	101	100
Fleet services	61	60	60	54	54	55	57	57	57	57
Municipal court	115	116	116	113	120	116	116	115	115	115
Information technology	56	59	56	56	56	56	57	59	59	59
Metropolitan planning	31	31	31	29	28	28	18	18	17	13
Human resources	18	18	18	17	17	17	17	17	19	14
<b>Public Safety</b>										
Police	860	860	834	846	854	843	840	838	846	845
Fire	436	436	438	437	453	453	452	453	453	453
Metropolitan area building and construction	81	83	101	78	78	63	53	50	49	47
Flood control	18	18	18	18	18	18	18	18	18	18
<b>Highways and Streets</b>										
Administration	5	5	5	56	43	9	9	9	9	9
Street maintenance	129	123	123	119	119	121	121	121	121	121
Engineering and architecture	105	102	102	105	104	93	88	88	87	87
<b>Sanitation</b>										
Landfill operations	2	2	2	2	3	3	3	3	12	12
Street cleaning	21	26	26	26	24	24	24	24	24	24
<b>Health and Welfare</b>										
Housing and community services	89	90	91	90	89	88	82	82	81	81
Environmental services	67	68	49	31	30	36	29	29	29	28
<b>Culture and Recreation</b>										
Libraries	155	155	155	155	151	149	139	138	135	134
Art museum	24	26	26	26	26	26	26	22	18	13
Parks and recreation	185	185	121	139	122	158	124	129	140	136
Golf courses	38	38	33	33	33	33	33	33	33	33
Community facilities	46	58	51	51	51	51	52	49	46	50
<b>Water Utility</b>	223	230	228	193	186	214	214	215	207	208
<b>Sewer Utility</b>	163	163	161	155	155	154	154	154	154	154
<b>Airport Authority</b>	114	115	115	119	126	118	134	136	136	140
<b>Stormwater Utility</b>	33	38	38	37	37	38	39	39	39	39
<b>Transit</b>	133	131	154	135	135	135	139	138	136	145
<b>Total</b>	<u>3,464</u>	<u>3,495</u>	<u>3,407</u>	<u>3,326</u>	<u>3,356</u>	<u>3,331</u>	<u>3,270</u>	<u>3,274</u>	<u>3,282</u>	<u>3,277</u>

Note: Numbers presented are authorized positions as reported in the Adopted Budget.

***SINGLE AUDIT SECTION***

## ***SINGLE AUDIT SECTION***

The Single Audit Section contains reports of the Independent Auditor's, schedules and exhibits reflecting Federal, State and local matching participation in various projects and programs of the City.



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members  
**City of Wichita, Kansas**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Wichita, Kansas (City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

June 27, 2018  
Wichita, Kansas

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND FOR THE  
PASSENGER FACILITY CHARGE PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members  
**City of Wichita, Kansas**

**Report on Compliance for Each Major Federal Program and for the Passenger Facility Charge Program**

We have audited the City of Wichita, Kansas' (City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs and in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (Guide) for the City's passenger facility charge program for the year ended December 31, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs and to its passenger facility charge program.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs and its passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Guide. Those standards, the Uniform Guidance and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and the passenger facility charge program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program and the Passenger Facility Charge Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and its passenger facility charge program for the year ended December 31, 2017.

## ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which 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 2017-001. Our opinion on each major federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and the passenger facility charge program, and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the Guide. Accordingly, this report is not suitable for any other purpose.

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

June 27, 2018  
Wichita, KS

**CITY OF WICHITA, KANSAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended December 31, 2017

Federal Grant or Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>				
<i>Passed through Kansas Forest Service:</i>				
Cooperative Forestry Assistance	10.664	GXFS602201; BG2717	\$ -	\$ 4,921
Total U.S. Department of Agriculture			-	4,921
<u>U.S. Department of Defense</u>				
<i>Passed through Wichita State University:</i>				
Procurement Technical Assistance for Business Firms	12.002	SP480015215650002	-	421
Procurement Technical Assistance for Business Firms	12.002	SP480017217650002	-	3,570
Total U.S. Department of Defense			-	3,991
<u>U.S. Department of Housing and Urban Development</u>				
<i>Direct Funding:</i>				
Community Development Block Grants/Entitlement Grants (6)	14.218		341,650	3,185,419
Emergency Solutions Grants Program	14.231		105,421	119,512
HOME Investment Partnerships Program	14.239		-	1,298,632
Public and Indian Housing	14.850		-	2,027,200
Resident Opportunity and Supportive Services-Service Coordinators	14.870		61,329	38,639
Section 8 Housing Choice Vouchers (1)	14.871		-	15,136,899
Public Housing Capital Fund	14.872		-	769,315
Mainstream Vouchers (1)	14.879		-	295,260
Family Self-Sufficiency Program	14.896		-	176,384
Total U.S. Department of Housing and Urban Development			508,400	23,047,260
<u>U.S. Department of Justice</u>				
<i>Direct Funding:</i>				
Joint Law Enforcement Operations	16.111		-	8,944
Equitable Sharing Program	16.922		-	449,780
Public Safety Partnership and Community Policing Grants	16.710		-	223,265
<i>Passed through Sedgwick County:</i>				
Missing Children's Assistance	16.543	2016-MC-FX-K005	-	129,501
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-H2865-KS-DJ	-	7,241
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-H2722-KS-DJ	-	20,709
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-H3013-KS-DJ	-	58,705
<i>Passed through Kansas Governor's Grant Program:</i>				
Crime Victim Assistance	16.575	16-VOCA-43	-	1,657
Crime Victim Assistance	16.575	17-VOCA-44	-	49,318
Crime Victim Assistance	16.575	17-VOCA-43	-	119,690
Crime Victim Assistance	16.575	18-VOCA-45	-	22,891
Crime Victim Assistance	16.575	18-VOCA-44	-	28,614
<i>Passed through Kansas Bureau of Investigation Program:</i>				
National Sexual Assault Kit Initiative	16.833	2015-AK-BX-K001	-	1,518
Total U.S. Department of Justice			-	1,121,833
<u>U.S. Department of Transportation</u>				
<i>Direct Funding:</i>				
Airport Improvement Program	20.106		-	14,790,062
Federal Transit - Formula Grants (2)	20.500		83,593	9,400,988
Bus and Bus Facilities Formula Program (2)	20.507		-	252,596
<i>Passed through Kansas Department of Transportation:</i>				
Highway Planning and Construction (4)	20.205	N-0351-01	-	32,524
Highway Planning and Construction (4)	20.205	N-0597-01	-	2,294,661
Highway Planning and Construction (4)	20.205	N-0593-01	-	1,303,993
Highway Planning and Construction (4)	20.205	N-0613-01	-	1,903,389
Highway Planning and Construction (4)	20.205	N-0614-01	-	360,078
Highway Planning and Construction (4)	20.205	N-0582-01	-	24,100
Highway Planning and Construction (4)	20.205	N-0639-01	-	238,312
Highway Planning and Construction (4)	20.205	TE-0624-01	-	42,656
Highway Planning and Construction (4)	20.205	U-0407-01	-	250,000
Highway Planning and Construction (4)	20.205	N-0612-01	-	1,300
Highway Planning and Construction (4)	20.205	KA-2382-01	-	14,670,219

**CITY OF WICHITA, KANSAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended December 31, 2017

Federal Grant or Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<i>Passed through Kansas Department of Transportation (continued):</i>				
State and Community Highway Safety (3)	20.600	PS-1132-17	-	14,288
State and Community Highway Safety (3)	20.600	PT-1049-17	-	57,989
State and Community Highway Safety (3)	20.600	PT-1701-17	-	299,910
State and Community Highway Safety (3)	20.600	SP-1300-18, PT104918	-	5,553
National Priority Safety Programs (3)	20.616	SP-4704-17	-	5,515
National Priority Safety Programs (3)	20.616	SP-4505-17	-	5,713
Total U.S. Department of Justice			<u>83,593</u>	<u>45,953,846</u>
<u>U.S. Environmental Protection Agency</u>				
<i>Passed through the Kansas Department of Health and Environment:</i>				
Air Pollution Control Program Support	66.001	00796209	-	98,472
Air Pollution Control Program Support	66.001	00796210	-	15,975
Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Related to the Clean Air Act	66.034	97754601	-	(204)
Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Related to the Clean Air Act	66.034	97754601	-	21,764
Nonpoint Source Implementation Grants	66.460	C900740522	-	4,538
Total U.S. Environmental Protection Agency			<u>-</u>	<u>140,545</u>
<u>U.S. Department of Health and Human Services</u>				
<i>Passed through Kansas Housing Resources Corporation:</i>				
Community Services Block Grant	93.569	16-CSBG-01	147,946	692,697
Community Services Block Grant	93.569	16-DISC-01A	-	7,000
Community Services Block Grant	93.569	16-DISC-01B	-	20,000
Community Services Block Grant	93.569	17-CSBG-01	47,534	215,671
<i>Passed through Kansas Department of Health and Environment:</i>				
Child Care and Development Block Grant (5)	93.575	3028-2643450F	-	136,367
Child Care and Development Block Grant (5)	93.575	3028-2643450G	-	113,464
Total U.S. Department of Health and Human Services			<u>195,480</u>	<u>1,185,199</u>
<u>Executive Office of the President</u>				
<i>Passed through Kansas Bureau of Investigation:</i>				
High Intensity Drug Trafficking Areas Program	95.001	G15MW0003A	-	838
High Intensity Drug Trafficking Areas Program	95.001	G16MW0003A	-	21,770
Total Executive Office of the President			<u>-</u>	<u>22,608</u>
<u>U.S. Department of Homeland Security</u>				
<i>Direct Funding:</i>				
Disaster Grants-Public Assistance	97.036		-	1,669
Staffing for Adequate Fire and Emergency Response	97.083		-	403,808
Total U.S. Department of Homeland Security			<u>-</u>	<u>405,477</u>
Total expenditures of federal awards			<u>\$ 787,473</u>	<u>\$ 71,885,680</u>

- (1) Housing Voucher Cluster (\$15,432,159)
- (2) Federal Transit Cluster (\$9,653,584)
- (3) Highway Safety Grant Cluster (\$388,968)
- (4) Highway Planning and Construction Cluster (\$21,121,232)
- (5) CCDF Cluster (\$249,831)
- (6) CDBG - Entitlement Grants Cluster (\$3,185,419)

**1. Basis of Presentation**

The Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the City of Wichita and is presented on the modified accrual basis of accounting. The information in the SEFA is presented in accordance with the Uniform Guidance in 2 CFR Section 200. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**2. Indirect Cost Rate**

The City has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

**3. Federal Forfeited Property Program**

In 2017, the Narcotic Seizure program acquired \$570,964 in federal forfeited property and expended \$448,304 on the qualified program expenditures.

**4. Community Services Block Grant**

The Community Services Block Grant (CSBG) is passed to the City of Wichita through the Kansas Housing Resources Corporation. Expenditures for the grant program years ending September 30, 2017 and September 30, 2018 are summarized in the following tables.

CSBG Grant Program Year Ended September 30, 2017					
	Budget	Actual			Variance
	Apr 1, 2016 to Sept 30, 2017	Apr 1, 2016 to Dec 31, 2016	Jan 1, 2017 to Sept 30, 2017	Total	
Revenue	\$ 971,598	\$ 251,901	\$ 719,697	\$ 971,598	\$ -
Expenditures:					
Personnel	\$ 556,343	\$ 204,551	\$ 445,382	\$ 649,933	\$ (93,590)
Contractual	344,414	32,382	187,303	219,685	124,729
Commodities	20,841	14,968	19,932	34,900	(14,059)
Other	50,000	-	67,080	67,080	(17,080)
Total expenditures	\$ 971,598	\$ 251,901	\$ 719,697	\$ 971,598	\$ -

CSBG Grant Program Year Ending September 30, 2018		
	Budget	Actual
	Apr 1, 2017 to Sept 30, 2018	Apr 1, 2017 to Dec 31, 2017
Revenue	\$ 966,414	\$ 208,642
Expenditures:		
Personnel	\$ 549,637	\$ 144,988
Contractual	347,238	64,245
Commodities	19,539	6,438
Other	50,000	-
Total expenditures	\$ 966,414	\$ 215,671



**5. Passenger Facility Charges**

The accompanying schedule of Passenger Facility Charges is presented on the cash basis of accounting. The information in the schedule is presented in accordance with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies. Therefore, some amounts presented in the schedule may differ from amounts included or used in the preparation of the basic financial statements.

Wichita Airport Authority Passenger Facility Charges (PFC)				
Approved Application Project Number	Unliquidated PFC Beginning Balance	PFC Collected	PFC Expended	Unliquidated PFC Ending Balance
94-01-C-00-ICT	\$ -	\$ -	\$ -	\$ -
96-02-C-00-ICT	1,247,191	-	-	1,247,191
98-03-C-00-ICT	2,180,053	-	-	2,180,053
03-04-C-00-ICT	7,444,058	-	-	7,444,058
07-05-C-00-ICT	1,210,332	-	-	1,210,332
08-06-C-00-ICT	143,220	-	-	143,220
10-07-C-00-ICT	6,281,540	3,156,319	12,261,965	(2,824,106)
Total	\$ 18,506,394	\$ 3,156,319	\$ 12,261,965	\$ 9,400,748

**CITY OF WICHITA, KANSAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year ended December 31, 2017

---

**SECTION I – SUMMARY OF AUDITOR'S RESULTS**

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**FINANCIAL STATEMENTS**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified?            Yes   X   No
- Significant deficiencies identified?            Yes   X   none reported
- Noncompliance material to financial statements noted?            Yes   X   No

**FEDERAL AWARDS**

Internal control over major federal programs:

- Material weaknesses identified?            Yes   X   No
- Significant deficiencies identified?   X   Yes            none reported

Type of auditor's report issued on compliance for major federal programs: See below

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   X   Yes            No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>	<u>OPINION</u>
14.239	HOME Investment Partnership Program	Unmodified
14.871/14.879	Housing Voucher Cluster	Unmodified
20.500/20.507	Federal Transit Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee?   X   Yes            No

**CITY OF WICHITA, KANSAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year ended December 31, 2017

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

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No matters were reported.

**CITY OF WICHITA, KANSAS**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year ended December 31, 2017

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SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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**Finding 2017-001 (Significant Deficiency):**

**CFDA #14.871/#14.879: Housing Voucher Cluster, U.S. Department of Housing and Urban Development, all open grant awards**

**Criteria:** Under CFR 982 Section 404(a)(3), a Public Housing Authority must not make any housing assistance payments for a dwelling unit that fails to meet the Housing Quality Standards, unless the owner corrects the defects found within no more than 30 calendar days.

**Condition:** Housing Quality Standards (HQS) reinspections were not performed on failed inspections within the mandated 30 calendar days of the initial inspection.

**Questioned Costs:** None were noted.

**Context:** Out of the 60 tenant files selected for testing for HQS, 7 files had the reinspection performed later than 30 days from the initial failed HQS inspection.

The sample size was determined based upon guidelines provided by the AICPA which was not a statistically valid sample.

**Cause:** Our understanding is that the Wichita Housing Authority prioritized reinspections of life threatening HQS deficiencies and initial HQS inspections. The unit passed reinspection, therefore abatement of rent was not necessary.

**Effect:** Failure to conduct HQS reinspections within 30 days could result in a landlord receiving payments for substandard dwelling units.

**Recommendations:** We recommend the City implement controls to ensure all HQS reinspections are performed within 30 days of the initial inspection.

**Views of Responsible Officials / Planned Corrective Actions (Unaudited):** In 2017, the department continued to administer the Housing Choice Voucher Program with three inspectors and one supervisor. This full-time equivalent staffing level neither factors annual leave (i.e Use or Lose) nor extended absences such as Family Medical Leave. These factors contributed to non-life-threatening re-inspections falling outside the regulatory requirement.

In January 2018, the department hired one additional inspector. Having four full-time inspectors and a supervisor is expected to provide a staffing level sufficient to manage the workload and complete all reinspections within the prescribed 30 day time period.

## ***WATER UTILITIES SECTION***

## ***WATER UTILITIES SECTION***

The Water Utilities Section contains schedules and exhibits that fulfill the requirements of the Water and Sewer bond covenants.



Wichita Water & Sewer Utilities  
Director's Office  
City Hall – Eighth Floor  
455 North Main Street  
Wichita, Kansas 67202

June 27, 2018

To our Water and Sewer Bondholders:

Please review and accept the 2017 Annual Report, presented on behalf of the City of Wichita and the Water and Sewer Utilities.

The Utilities strive to provide high-quality, reliable water and sewer service to residents of Wichita and customers in the surrounding communities. The Utilities' services need to represent a good value to the customer base, which is achieved by ensuring effective and efficient operations, positive customer service, and strategic financial management.

On average last year, the Water and Sewer Utilities treated and distributed about 50 million gallons per day (MGD) of potable water. The sewer system collects and processes about 35 MGD of wastewater. The Utilities serve more than 450,000 citizens of southcentral Kansas. Services include maintenance of more than 4,400 miles of water and sewer mains, operation of approximately 60 sanitary sewer lift stations and four sewage treatment plants, pump stations, elevated storage tanks, nearly 150,000 water meters, and an array of water treatment assets. This includes a filtration plant through which all finished water is delivered, as well as a membrane plant at the City's Aquifer Storage & Recovery (ASR) water supply project. The Utilities also coordinate their efforts with the business industry and developers to provide infrastructure critical to the continued success and well-being of our customers.

The Utilities continue to focus on reinvesting in the aging water distribution and sewer collection systems. Water main replacements comprised 35% of all water capital investments in 2017. Also in 2017, construction began on a \$38 million parallel sanitary sewer force main. In July 2017, the new billing system for both utilities went live, providing enhanced efficiencies for staff and greater convenience for customers.

Catching up on deferred maintenance, ensuring the ability to meet changing regulatory requirements, and maintaining a sufficient water supply are major goals of the organization. The first phase of the Utilities Optimization Project, which was created to address these goals, was completed in 2017 and the City Council approved moving forward with the second phase. The second phase launches in 2018 and

will begin with optimization of operations and maintenance, with the top goals being to reduce total lifecycle costs and minimize risk.

Finally, it is important to recognize the hundreds of employees that make it possible to provide clean water and reliable sewer service. The Utilities meet high standards for water and sewer reliability and engage in planning efforts to ensure that the high levels of service continue. The City of Wichita is committed to continuing its responsible financial and operational management to provide a long-term, high-quality value for customers.

A handwritten signature in black ink, appearing to read 'A King', with a stylized, cursive script.

Alan King  
Director of Public Works & Utilities  
for the Water & Sewer Utilities  
City of Wichita, Kansas



# CITY OF WICHITA, KANSAS

## WATER UTILITIES COMBINED STATEMENT OF NET POSITION

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	2017	2016
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 37,541,302	\$ 41,656,952
Receivables, net:		
Accounts receivable	22,945,421	18,570,441
Inventories	2,258,207	2,652,539
Prepaid items	813,371	847,763
Restricted assets:		
Cash and cash equivalents	37,840,321	34,580,090
Total current assets	<u>101,398,622</u>	<u>98,307,785</u>
Noncurrent assets:		
Restricted assets:		
Cash and cash equivalents	130,685,465	84,753,359
Capital assets:		
Land	14,717,706	14,699,692
Buildings	255,654,928	253,010,361
Improvements other than buildings	1,144,727,810	1,117,107,943
Machinery, equipment and other assets	177,090,959	176,278,286
Construction in progress	53,761,842	34,969,579
Less accumulated depreciation	<u>(483,361,058)</u>	<u>(449,893,396)</u>
Total capital assets, net	<u>1,162,592,187</u>	<u>1,146,172,465</u>
Total noncurrent assets	<u>1,293,277,652</u>	<u>1,230,925,824</u>
Total assets	<u>1,394,676,274</u>	<u>1,329,233,609</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized refunding costs	18,019,592	19,051,456
Deferred outflows related to pensions	7,253,990	8,228,385
Total deferred outflows of resources	<u>25,273,582</u>	<u>27,279,841</u>

(Continued)

# CITY OF WICHITA, KANSAS

## WATER UTILITIES COMBINED STATEMENT OF NET POSITION (CONTINUED)

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	2017	2016
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and other liabilities	\$ 7,932,552	\$ 4,191,904
Accrued interest payable	291,908	288,636
Deposits	4,464,081	4,854,842
Current portion of long-term obligations:		
General obligation bonds payable	4,895,000	4,665,000
Compensated absences	751,915	764,151
Current liabilities payable from restricted assets:		
Accrued interest payable	4,690,321	5,240,090
Revenue bonds payable	28,255,000	24,675,000
Total current liabilities	<u>51,280,777</u>	<u>44,679,623</u>
Noncurrent liabilities:		
General obligation bonds payable	125,908,420	131,377,764
Revenue bonds payable	441,174,734	400,577,065
Net pension liability	9,470,899	8,749,560
Compensated absences	89,959	75,314
Total noncurrent liabilities	<u>576,644,012</u>	<u>540,779,703</u>
Total liabilities	<u>627,924,789</u>	<u>585,459,326</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	1,678,074	1,867,958
Total deferred inflows of resources	<u>1,678,074</u>	<u>1,867,958</u>
<b>NET POSITION</b>		
Net investment in capital assets	608,011,946	601,859,669
Restricted for:		
Capital projects	145,424	-
Revenue bond covenants	131,054,513	114,093,359
Unrestricted	51,135,110	53,233,138
Total net position	<u>\$ 790,346,993</u>	<u>\$ 769,186,166</u>

# CITY OF WICHITA, KANSAS

## WATER UTILITIES COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	2017	2016
<b>OPERATING REVENUES</b>		
Charges for services and sales	\$ 137,926,390	\$ 131,406,110
Fees	453,247	409,705
Rentals	52,989	51,569
Other operating revenues	573,504	86,114
Total operating revenues	<u>139,006,130</u>	<u>131,953,498</u>
<b>OPERATING EXPENSES</b>		
Personnel services	23,736,248	22,502,417
Contractual services	20,998,847	22,096,178
Materials and supplies	9,471,466	10,087,802
Other operating expenses	7,056,627	7,024,592
Administrative charges	1,142,497	1,099,382
Payments in lieu of franchise taxes	6,816,485	6,373,673
Depreciation	38,203,830	34,166,555
Total operating expenses	<u>107,426,000</u>	<u>103,350,599</u>
Operating income	<u>31,580,130</u>	<u>28,602,899</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest and investment earnings	279,003	88,241
Other expenses	(1,517,243)	(721,402)
Interest expense	(22,583,878)	(23,499,066)
Gain (loss) on sale of assets	(117,598)	116,007
Bond premium amortization	3,610,453	3,155,854
Total non-operating expenses	<u>(20,329,263)</u>	<u>(20,860,366)</u>
Income before contributions and transfers	<u>11,250,867</u>	<u>7,742,533</u>
Capital contributions and operating transfers		
Capital contributions - cash	5,649,512	5,424,574
Capital contributions - non cash	4,260,448	5,231,151
Transfers to other funds	-	(237,026)
Total capital contributions and operating transfers	<u>9,909,960</u>	<u>10,418,699</u>
Change in net position	21,160,827	18,161,232
Net position - beginning	<u>769,186,166</u>	<u>751,024,934</u>
Net position - ending	<u><u>\$ 790,346,993</u></u>	<u><u>\$ 769,186,166</u></u>

# CITY OF WICHITA, KANSAS

## WATER UTILITIES COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 133,622,407	\$ 129,757,123
Cash payments to suppliers for goods and services	(38,194,417)	(41,588,997)
Cash payments to employees for services	(21,456,966)	(21,600,951)
Payments in lieu of franchise taxes	(6,816,485)	(6,373,673)
Other operating revenues (expenses)	573,504	86,114
Net cash provided by operating activities	<u>67,728,043</u>	<u>60,279,616</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers to other funds	-	(237,026)
Net cash used in noncapital financing activities	<u>-</u>	<u>(237,026)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Issuance of capital debt	87,640,000	125,255,000
Premiums on bonds sold	8,477,248	14,264,439
Accrued interest on bonds sold	122,935	132,248
Bond issuance costs paid	(902,601)	(853,650)
Debt service - principal refunded	(22,990,000)	(101,315,000)
Debt service - interest placed in escrow on refunded debt	(1,404,250)	(11,860,226)
Principal payments on long-term debt	(29,340,000)	(30,345,000)
Interest payments on long-term debt	(22,768,459)	(22,315,775)
Additions to property, plant and equipment	(47,396,441)	(41,282,170)
Proceeds from sale of capital assets	104,632	484,303
Capital contributions	5,649,512	5,424,574
Net cash used in capital and related financing activities	<u>(22,807,424)</u>	<u>(62,411,257)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	156,068	88,241
Net cash provided by investing activities	<u>156,068</u>	<u>88,241</u>
Net increase (decrease) in cash and temporary investments	45,076,687	(2,280,426)
Cash and temporary investments - beginning	160,990,401	163,270,827
Cash and temporary investments - ending	<u>\$ 206,067,088</u>	<u>\$ 160,990,401</u>

# CITY OF WICHITA, KANSAS

## WATER UTILITIES COMBINED STATEMENT OF CASH FLOWS

For the year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 31,580,130	\$ 28,602,899
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	38,203,830	34,166,555
Other revenues (expenses)	(47,750)	-
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(4,374,980)	(2,300,753)
(Increase) decrease in inventory	394,332	78,048
(Increase) decrease in prepaid items	34,392	35,767
(Increase) decrease in deferred outflows related to pensions	974,395	(4,900,525)
Increase (decrease) in accounts payable	817,319	(1,394,858)
Increase (decrease) in accrued interest payable	3,272	-
Increase (decrease) in deposits	(390,761)	190,492
Increase (decrease) in net pension liability	721,339	4,927,081
Increase (decrease) in compensated absences	2,409	(93,217)
Increase (decrease) in deferred inflows related to pensions	(189,884)	968,127
Total adjustments	<u>36,147,913</u>	<u>31,676,717</u>
Net cash provided by operating activities	<u>\$ 67,728,043</u>	<u>\$ 60,279,616</u>
<b>SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES</b>		
Contribution of capital assets	\$ 4,260,448	\$ 5,231,151

**1. Summary of Significant Accounting Policies****A. Reporting Entity**

The City of Wichita is a municipal corporation governed by an elected mayor and six-member council. The accompanying combined financial statements represent the proprietary Water Utility and Sewer Utility Funds of the municipal government. The Water Utility Fund accounts for the operation and maintenance of the water supply component of the combined Utility. The Sewer Utility Fund accounts for the operation and maintenance of the sewer component of the combined Utility, including wastewater treatment plants and the sewer mains and laterals.

**B. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The Water and Sewer Utility (Utilities) Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Operating revenues and expenses are distinguished from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Utilities' principal ongoing operations. Principal operating revenues of the Utilities are charges to customers for sales and services and the portion of tap fees intended for recovery of connecting new customers to the system. Operating expenses of the Utilities include the cost of sales and services, administration expenses and depreciation on capital assets.

Revenues and expenses not meeting these criteria are reported as non-operating revenues and expenses. Consistent with GASB Statement 33, Accounting and Financial Reporting for Nonexchange Transactions, capital contributions resulting from non-exchange transactions are included in non-operating revenues.

**C. Cash and Investments**

Cash resources of the individual funds are combined to form a pool of cash and temporary investments, which is managed by the Director of Finance (except for investments of the pension trust funds). Information on the pooled cash and investments of the City is provided in Note 5 - Cash, Investments and Securities Lending located in the Financial Section, Notes to the Financial Statements of this publication.

**D. Revenue Recognition**

The Utilities recognize revenue on sales when services are rendered. All users, including other City departments, are charged for services provided. Accounts receivable represent uncollected charges (both billed and unbilled) at December 31<sup>st</sup>, net of amounts estimated to be uncollectible.

**E. Inventories**

Inventories are stated at the lower of cost or market, cost being determined by the average unit cost method for both the Water Utility and Sewer Utility.

**F. Capital Assets**

Capital assets are valued at historical cost or estimated historical cost (if actual historical cost is not available). Donated capital assets are valued at their estimated acquisition value on the date donated. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized.

Depreciation of all exhaustible capital assets, including the depreciation of capital leased assets, is charged as an expense against operations. Accumulated depreciation is

Asset Classifications	Estimated Useful Life
Buildings and improvements	1-100 years
Improvements other than buildings	1-85 years
Equipment	1-33 years
Vehicles	1-20 years
Water/Sewer mains and drainage	75-85 years

reported on the funds' balance sheet. Capital assets of the Utilities are depreciated using the straight line method over the estimated useful lives shown in the chart above.

**G. Payments In Lieu of Franchise Taxes**

Annually, the Water Utility and Sewer Utility pay to the General Fund of the City amounts in lieu of franchise taxes in an amount not to exceed 5% of gross revenues for the preceding year, which is appropriated by the City and included in the annual budget. The combined Utilities made payments in lieu of franchise taxes totaling \$6,816,485 in 2017 and \$6,373,673 in 2016. These payments are treated as an operating expense and passed through to the Utilities' customers.

**H. Compensated Absences**

The City's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is accrued and accumulated vacation is recorded as a liability in the financial statements. The City does not have a policy to pay accumulated sick pay benefits upon termination of employment; consequently, there is no liability for unpaid accumulated sick leave.

**I. Deferred Outflows and Inflows of Resources**

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

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Utilities report a collective deferred inflow of resources related to pensions, which is described in more detail in Note 7 - Retirement Funds.

**2. Cash and Investments**

At December 31, 2017 and 2016, the combined cash and temporary investments in the amounts of \$206,067,088 and \$160,990,401 respectively, are included in the City's pooled cash and temporary investments.

The City of Wichita has adopted a formal investment policy. The primary objectives of the investment activities are, in priority order, safety, liquidity and yield. The standard of care to be used by investment officials shall be the "prudent investor rule" as set forth in the Uniform Prudent Investors Act K.S.A. 58-24a01 et seq. and shall be applied in the context of managing an overall portfolio. Additional information on the City's investment policy and the pooled investments of the City is located in the Note 5 - Cash, Investments and Securities Lending located in the Financial Section, Notes to the Financial Statements of this publication.

On December 31, 2017, revenue bond proceeds for reserve funds and future capital projects of the Water and Sewer Utility were invested as follows:

Investment Type	Fair Value	Modified Duration (years)	Percent of Bond Proceeds Investments
U.S. Treasury	\$ 17,732,426	0.094	100.0%
Total value	\$ 17,732,426		100.0%
Total weighted average maturity		0.094	

The fair value measurements for the Water and Sewer Utilities revenue bond reserve investments on December 31, 2017 are classified as Level 1 of the fair value hierarchy and are valued using quoted prices in active markets for identical securities.

The Series 2017A revenue refunding bonds also had advanced proceeds for two specific major sewer projects. As of December 31, 2017, \$40,179,520 is being held in an individual account in the Kansas Municipal Investment Pool. As of December 31, 2017, \$32,780,952 of these funds are unspent proceeds and interest earnings on the unspent proceeds which are restricted by bond covenants to be spent on the two specific major sewer projects.

### 3. Capital Assets

Capital asset activity of the Water Utility and Sewer Utility for the year ended December 31, 2017 is shown as follows (expressed in thousands of dollars):

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 14,700	\$ 17	\$ -	\$ -	\$ 14,717
Construction in progress	34,970	46,772	(27,980)	-	53,762
Total capital assets, not being depreciated	49,670	46,789	(27,980)	-	68,479
Capital assets, being depreciated:					
Buildings	253,010	3,053	(408)	-	255,655
Improvements other than buildings	1,117,108	24,613	(286)	3,293	1,144,728
Machinery, equipment and other assets	176,278	5,323	(4,702)	192	177,091
Total capital assets being depreciated	1,546,396	32,989	(5,396)	3,485	1,577,474
Less accumulated depreciation for:					
Buildings	(86,269)	(5,592)	202	-	(91,659)
Improvements other than buildings	(265,529)	(19,590)	-	2	(285,117)
Machinery, equipment and other assets	(98,095)	(13,021)	4,531	-	(106,585)
Total accumulated depreciation	(449,893)	(38,203)	4,733	2	(483,361)
Total capital assets, being depreciated, net	1,096,503	(5,214)	(663)	3,487	1,094,113
Water and Sewer Utility capital assets, net	\$ 1,146,173	\$ 41,575	\$ (28,643)	\$ 3,487	\$ 1,162,592

Interest costs incurred to bring certain assets to the condition and location necessary for their intended use are capitalized as part of the historical cost of acquiring the assets. During 2017 and 2016, total interest cost of the combined Water and Sewer Utility Fund was \$22,583,878 and \$23,499,066, respectively, of which \$897,765 and \$629,808, respectively, was capitalized.

### 4. Retirement Funds

The reporting entity contributes to a defined single-employer retirement benefit plan, the Wichita Employees' Retirement System (WERS) and a single-employer defined contribution plan, the Wichita Employees' Retirement System Plan 3b. Both plans are governed by the Wichita Employees' Retirement System Board of Trustees. All full-time employees of the Utilities participate in one of the retirement plans.

Additional information on the retirement systems is reported in Note 7 - Retirement Funds, located in the Financial Section, Notes to the Financial Statements of this publication. The Wichita Retirement Systems also issue a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for WERS. The financial report may be obtained by writing to the Wichita Retirement System, City Hall, 12<sup>th</sup> Floor, 455 N. Main, Wichita, KS 67202 or online at <http://www.wichita.gov/Finance/Pages/Pension.aspx>.

The Utilities are required to contribute at an actuarially determined rate. The rate for 2017 was 12.3% of annual covered payroll for both Plans 1 and 2. As of December 31, 2017, the Utilities reported a Net Pension Liability of \$9,470,899.



**5. Other Post Employment Healthcare Benefits**

Kansas statute provides that post employment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The health insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The benefit is available for selection at retirement and is extended to retirees and their dependents until the individuals become eligible for Medicare at age 65. The accounting for the health insurance for retirees is included in the City's Self Insurance Fund, with the subsidy provided from the Self Insurance Fund. Separate audited financial statements are not prepared by the Plan. Additional information on the other post employment health care benefits is reported in Note 8 - Self Insurance Fund, located in the Financial Section, Notes to the Financial Statements of this publication.

**6. Self Insurance Fund and Insurance Coverage**

The City established a Self Insurance Fund in 1987 to account for self-insurance programs of workers' compensation, group life insurance, employee liability, property damage, auto liability and general liability for the reporting entity. The Utilities participate in the self-insurance programs of workers' compensation, group life insurance, group health insurance, employee liability, property damage, auto liability and general liability. Property insurance for the Utilities is included in the City's coverage with limits established for the entire City.

Information on the insurance programs is located in Note 8 - Self Insurance Fund, located in the Financial Section, Notes to the Financial Statements of this publication. Details of purchased insurance coverage are provided within the Additional Information Section of this report on page G-6 of this publication.

**7. Long-term Debt****A. Revenue Bonds**

Revenue bonds are issued by the City of Wichita where income derived from the acquired or constructed assets is pledged to pay debt service. The bonds are payable solely from net revenues of the Utilities. Revenue bonds of the combined Utilities outstanding at December 31, 2017 are as follows (expressed in thousands of dollars):

Outstanding issue	Interest Rate	Dated Date	Final Maturity Date	Amount Outstanding
2009B Water & Sewer	4.27% - 5.36%	06/30/2009	2019	\$ 3,125
2010B Water & Sewer	3.30% - 5.35%	10/15/2010	2030	12,675
2011A Water & Sewer Refunding	3.00% - 5.00%	11/01/2011	2028	72,180
2012A Water & Sewer	3.00% - 4.00%	05/01/2012	2032	13,580
2014A Water & Sewer Refunding	3.00% - 5.00%	08/01/2014	2030	26,735
2014B Water & Sewer	2.50% - 5.00%	12/01/2014	2034	11,370
2015B Water & Sewer Refunding	2.38% - 5.00%	04/01/2015	2031	33,630
2015C Water & Sewer	2.50% - 5.00%	11/01/2015	2035	23,020
2015D Water & Sewer Refunding	2.50% - 5.00%	11/01/2015	2032	21,345
2016A Water & Sewer	2.00% - 5.00%	08/01/2016	2036	23,115
2016B Water & Sewer Refunding	2.00% - 5.00%	08/01/2016	2039	98,340
2017A Water & Sewer	3.00% - 5.00%	06/01/2017	2037	65,500
2017B Water & Sewer Refunding	1.63% - 5.00%	12/01/2017	2030	22,140
Total Water & Sewer Utility				<u>\$ 426,755</u>

Changes in the long-term liability of the Water and Sewer Utility for the combined Utilities for the year ended December 31, 2017 are summarized in the following table (expressed in thousands of dollars):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 125,410	\$ -	\$ (4,665)	\$ 120,745	\$ 4,895
Unamortized premium	10,633	-	(574)	10,059	-
Revenue bonds	386,780	87,640	(47,665)	426,755	28,255
Unamortized premium	38,472	8,477	(4,275)	42,674	-
Total bonds payable	561,295	96,117	(57,179)	600,233	33,150
Compensated absences	840	2,031	(2,029)	842	752
Total long-term liabilities	<u>\$ 562,135</u>	<u>\$ 98,148</u>	<u>\$ (59,208)</u>	<u>\$ 601,075</u>	<u>\$ 33,902</u>

Annual debt service requirements to maturity are as follows (expressed in thousands of dollars):

Annual Debt Service Requirements Water and Sewer Utility Bonds (dollars in thousands)				
Year Ending December 31	Revenue Bonds		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 28,255	\$ 17,606	\$ 4,895	\$ 4,745
2019	25,675	16,367	5,140	4,494
2020	26,255	15,163	5,400	4,230
2021	27,400	13,902	5,670	3,954
2022	28,115	12,560	5,950	3,663
2023 – 2027	133,125	43,129	34,385	13,719
2028 – 2032	106,330	17,914	40,825	7,290
2033 – 2037	47,935	4,674	18,480	699
2038 – 2041	3,665	164	-	-
Total debt service	<u>\$ 426,755</u>	<u>\$ 141,479</u>	<u>\$ 120,745</u>	<u>\$ 42,794</u>

#### B. Revenue Bond Ordinance Provisions and Reserve Requirements

Revenue bond ordinances related to the issuance of revenue bonds provide for specific deposits to debt service and other related bond reserve and maintenance accounts. At December 31, 2017 and 2016, unrestricted cash available in accordance with the revenue requirements of the bond covenants was \$37,541,302 and \$41,656,952, respectively.

Water and Sewer Utility Restricted Cash		
	2017	2016
Principal and interest	\$ 15,701,406	\$ 13,723,624
Bond reserve	17,690,428	16,879,770
Depreciation and replacement	12,164,577	12,529,436
Payment to the City	602,342	602,342
Improvements	89,586,081	75,598,277
Unspent bond proceeds	32,780,952	-
	<u>\$ 168,525,786</u>	<u>\$ 119,333,449</u>

At December 31, 2017, the City was in compliance with the reserve requirements of the respective Water and Sewer Utility revenue bond covenants. Significant requirements are listed below.

Unrestricted cash: In addition to any cash remaining after satisfying all other restriction requirements, the amount budgeted for ensuing 60 days operating expenses for utility operation, repairs and maintenance.

Principal and interest: Principal and interest, an equal prorated portion of the next annual principal payment and semi-annual interest payment of various revenue bond series on the first day of each month, which is sufficient to meet the maturing bond and interest requirements.

Bond reserve: A sum equal to greater of the amount of interest which shall become due and payable on various revenue bond series during next fiscal year or the maximum amount of interest which shall become due and payable on various revenue bond series in any subsequent year, shall be used solely for the payment of principal and interest on revenue bond series for which funds might not otherwise be available, or to pay a like amount of final maturing series.

Depreciation and replacement: 15% of the operating revenues of the preceding year are accumulated for the purpose of extraordinary maintenance and repairs, capital improvements and if other funds are not available, for the cost of operating and maintaining the Utilities.

Improvements: The amount remaining in the Revenue Fund on each January 1, which shall not be required for the operation and maintenance of the Utility or for the transfers required to the above accounts for a period of 90 days, shall be credited to the account. Funds may be used for (1) operational and maintenance expenses of the Utility; (2) increase amounts in any of the other accounts to cover potential deficiencies; (3) improvements, repairs or extensions of the utility; (4) redemption of bonds issued under provisions of the ordinance prior to maturity; or (5) to make transfers to the Revenue Fund.

Payment to the City: Proportionate monthly amounts equal to the next required Payment to the City are deposited into the account.

#### 8. Leases

The Sewer Utility and the Airport Authority entered into a 50-year operating lease for land which requires an annual rent payment. The following table provides future minimum rentals of the non-cancelable operating lease.

<u>Year Ending December 31</u>	<u>Minimum Rentals of Non-cancelable Operating Lease</u>
2018	\$ 51,396
2019	51,396
2020	51,396
2021	51,396
2022	51,396
2023 – 2027	269,800
2028 – 2032	283,325
2033 – 2037	297,440
2038 – 2042	312,260
2043 – 2047	327,900
2048 – thereafter	724,647
Total minimum future rentals	<u>\$ 2,472,352</u>

#### 9. Segment Information

The Utility maintains separate funds for water and sewer services. Segment information for the year ended December 31, 2017 is located in the Financial Section of this publication.

# CITY OF WICHITA, KANSAS

UNAUDITED

## WATER UTILITIES NET REVENUES AVAILABLE FOR DEBT SERVICE AND CAPITAL EXPENDITURES MADE FROM OPERATING REVENUES

For the year ended December 31, 2017

	Water Utility	Sewer Utility	Combined
<b>REVENUES</b>			
Charges for services and sales	\$ 81,026,150	\$ 57,406,476	\$ 138,432,626
Capital contributions - cash	3,964,429	1,685,083	5,649,512
Bond premium amortization	2,158,445	1,452,008	3,610,453
Other revenues (expenses)	467,612	108,621	576,233
Gain on investments	66,578	212,425	279,003
Total operating revenues	<u>87,683,214</u>	<u>60,864,613</u>	<u>148,547,827</u>
<b>OPERATIONS AND MAINTENANCE</b>			
Personnel services	12,024,528	11,711,720	23,736,248
Contractual services	12,528,039	8,470,808	20,998,847
Materials and supplies	5,351,412	4,120,054	9,471,466
Other operating expenses	856,618	423,999	1,280,617
Administrative charges	827,756	314,741	1,142,497
Total operating expenses	<u>31,588,353</u>	<u>25,041,322</u>	<u>56,629,675</u>
Net revenues available for debt service	<u>\$ 56,094,861</u>	<u>\$ 35,823,291</u>	<u>\$ 91,918,152</u>
<b>REVENUE BOND DEBT SERVICE</b>	\$ 21,834,986	\$ 20,035,230	\$ 41,870,216
<b>DEBT SERVICE COVERAGE RATIO</b>	2.57	1.79	2.20
Gross earnings	\$ 87,683,214	\$ 60,864,613	\$ 148,547,827
Less: capital contributions	3,964,429	1,685,083	5,649,512
Less: bond discount amortization	2,158,445	1,452,008	3,610,453
Less: gain on investments	66,578	212,425	279,003
Operating revenues	<u>\$ 81,493,762</u>	<u>\$ 57,515,097</u>	<u>\$ 139,008,859</u>
<b>CAPITAL EXPENDITURES FROM OPERATING REVENUES</b>	\$ 4,932,539	\$ 2,292,083	\$ 7,224,622

## PROPERTY INSURANCE As of December 31, 2017

Insurance Company	Coverage Details	Deductible	Coverage Period
Zurich	*All risk coverage on real and personal property on a replacement cost basis, with a value limitation of \$350 million.	Per occurrence. Property: \$100,000; Wind and Hail: \$500,000	01-17 to 01-18
Zurich	*Comprehensive coverage for steam boilers, air conditioners, and electric motors on a repair or replacement cost basis.	Per occurrence - \$10,000	01-17 to 01-18

\* Property insurance for the Utilities is included in the City's coverage. Limits shown are for the entire City.

**CITY OF WICHITA, KANSAS**  
**WATER AND SEWER UTILITY STATISTICS BY CUSTOMER CLASS**  
For year ended December 31, 2017  
(with comparative totals for the year ended December 31, 2016)

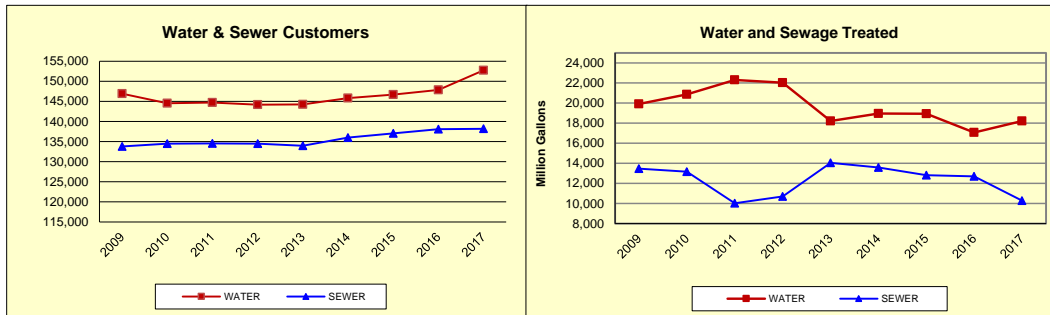
**UNAUDITED**

**WATER UTILITY STATISTICS BY CUSTOMER CLASS**

CUSTOMER CLASS	Number of Customers		Water Revenues		Water Consumed (Thousand Gallons)	
	2017	2016	2017	2016	2017	2016
Residential	135,636	131,159	\$ 47,869,172	\$ 44,342,919	8,096	7,855
Commercial / Industrial	12,290	11,170	24,449,653	23,819,379	5,967	6,259
Wholesale	13	13	5,507,926	4,621,955	1,680	785
Lawn Services	2,865	3,106				
Fire Protection	1,581	2,035	656,919	588,739		
Contract	345	366	1,039,774	913,866	178	160
Backflow Charges			251,755	245,153		
Other Sales			370,503	412,484	43	24
Estimated Leaks					214	676
Water Utility Uses	28	27			181	308
Unaccounted for Water					1,856	1,005
	<u>152,758</u>	<u>147,876</u>	<u>\$ 80,145,701</u>	<u>\$ 74,944,495</u>	<u>18,215</u>	<u>17,072</u>

**SEWER UTILITY STATISTICS BY CUSTOMER CLASS**

CUSTOMER CLASS	Number of Customers		Sewer Revenues	
	2017	2016	2017	2016
Residential	126,128	125,753	\$ 33,221,853	\$ 31,500,005
Commercial	11,269	11,585	15,837,983	14,515,717
Industrial	18	15	4,972,704	5,373,403
Institutional	764	763	1,011,515	889,190
Wholesale	1	1	397,588	311,735
Other			45,275	39,380
Extra Strength	9	9	1,706,869	1,604,857
	<u>138,189</u>	<u>138,126</u>	<u>\$ 57,193,787</u>	<u>\$ 54,234,287</u>



**REPORT IN BRIEF**

	2017	2016	CHANGE
Number of Water Customers	152,758	147,876	3.30%
Number of Sewer Customers	138,189	138,126	0.05%
Miles of Water Line	2,383	2,413	-1.24%
Miles of Sanitary Sewer Line	2,046	2,033	0.64%
Water Produced (Million Gallons)	18,215	17,072	6.70%
Wastewater Treated (Million Gallons)	10,283	12,694	-18.99%
Cost of Treated, Pressurized Water per 1000 gal.	\$ 0.79	\$ 0.87	-9.35%
Cost of Treated Wastewater per 1000 gal.	\$ 1.29	\$ 1.06	21.87%

# CITY OF WICHITA, KANSAS

## WATER AND SEWER UTILITY RATES

For year ended December 31, 2017

Customers of the Utility are billed monthly with rates structured to encourage water conservation. The rates provided below are those in effect on January 1, 2017.

The average monthly residential water and sewer bill in 2017 for a customer with a water and sewer Average Winter Consumption (AWC) of 6,000 gallons per month, using approximately 7,500 gallons of water, would be \$63.35, excluding applicable fees.

Water			Sewer	
Meter Size (inches)	Inside City	Outside City and Wholesale	Inside City	Outside City
5/8	\$ 13.12	\$ 21.01	\$ 8.87	\$ 14.22
3/4	13.12	21.01	8.87	14.22
1	13.12	21.01	8.87	14.22
1.5	17.06	27.30	14.33	22.94
2	21.72	34.77	21.45	34.20
3	36.57	58.54	62.02	99.24
4	48.57	77.76	78.89	126.21
6	73.55	117.74	149.22	238.75
8	98.32	157.40	212.68	340.25
10	125.80	201.40	328.00	524.79
12	174.67	279.62	478.72	765.95
16	-	632.49	-	-

Rates for consumption charges in 2017 per 1,000 gallons are as follows:

Water Consumption*	Inside City	Outside City	Wholesale
< 110% of AWC	\$ 2.09	\$ 3.34	\$ 2.41
111% - 310% of AWC	7.29	11.67	12.52
>310% of AWC	10.66	17.06	18.76
Sewer	\$ 3.50	\$ 5.59	\$ 2.77

\*Average Winter Consumption (AWC)