

Comprehensive Annual Financial Report



City of Wichita, Kansas

Fiscal Year Ended December 31, 2002

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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, 2002



CITY COUNCIL

Bob Knight, Mayor
Bob Martz, Vice Mayor (V)
Carl Brewer, Council Member (I)
Joe Pisciotte, Vice Mayor (II)
Phil Lambke, Vice Mayor (III)
Bill Gale, Council Member (IV)
Sharon Fearey, Council Member (VI)

City Manager

Chris Cherches

Department of Finance

Ray Trail, Director of Finance
Kelly Carpenter, Assistant Director of Finance

Prepared by Controller's Office
Department of Finance

CITY OF WICHITA, KANSAS

Comprehensive Annual Financial Report Year ended December 31, 2002

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

May 19, 2003

The Honorable Mayor, City Council and City Manager
City of Wichita, Kansas

Dear Mayor, Council and Manager:

The Comprehensive Annual Financial Report of the City of Wichita for the year ended December 31, 2002, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. 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 component units. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

Management is responsible for establishing and maintaining an internal control structure designed to ensure that assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management.

Kansas Statutes require an annual audit of all funds of the City by independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended December 31, 2002, are free of material misstatement. The firm of Allen, Gibbs & Houlik L.C. has included their opinions in the report. The independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the statements are presented in conformity with Generally Accepted Accounting Principals (GAAP).

In addition to meeting the requirements set forth in State Statutes, the audit was also designed to meet the requirements of OMB Circular A-133. The auditors' reports related specifically to the single audit are included in the Single Audit Section. Information related to this single audit, including the schedule of expenditures from federal awards, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations, are included in the single audit section of this report. The audit for the year ended December 31, 2002, disclosed no reportable conditions, material weaknesses or material violations of laws and regulations.

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

THE REPORTING ENTITY AND ITS SERVICES

The City of Wichita is the largest city in Kansas, population 346,664, and is the county seat of Sedgwick County. The City is located in south central Kansas, 161 miles southeast of the nation's geographic center and 124 miles from the North American geodetic center. The City's incorporated area is 152 square miles.

In 1917, the City became one of the first municipalities in the United States to adopt the Commission-Manager (also known as the Council-Manager) form of government. In 1987, the form of government was modified to a Council-Manager form with City Council members nominated by district and elected at large. One member of the Council was appointed annually to serve as Mayor. In 1989, the form of government was again modified to a Mayor-Council-Manager form with a Mayor elected at large and other City Council members elected by district. The City Council was expanded from five to seven members, including the Mayor. 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, art museum, public housing, public health and social services, infrastructure improvements, bus transportation, airports, water and sewer utilities, planning and zoning, cemetery maintenance, internal support services, and general administration.

The budget process is a marketplace where past practices, present needs and future strategic

objectives from all departments are brought together. The City of Wichita actually produces three operating budgets: 1) revising of the current year budget; 2) proposing and adopting a budget for the next year, which will become the Adopted Budget upon Council approval; and 3) projecting a budget for the year following, which becomes the basis for the proposed budget next year. Each year the departments are required to submit requests for appropriation to the Budget Office by April. The Budget Office reviews the requests and prepares a budget analysis and recommendations for a Budget Review Cabinet (BRC). The BRC is selected by the City Manager to review the budget requests and make recommendations to the City Manager. The City Manager reviews the budget requests and recommendations to develop a proposed budget. The City Manager presents the budget to the City Council for review in July. The council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than August 25.

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at an individual fund level, but is monitored by function and activity within an individual fund. The government also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Unencumbered appropriations lapse at year-end, however, lawful encumbrances are reappropriated as part of the following year's budget. 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 in this report 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-23 as part of the basic financial statements, as well as a more detailed presentation beginning on page B-16. For governmental funds, other than the general fund with appropriated annual budgets, the comparison is presented in the governmental fund subsection of this report, which starts on B-1.

ECONOMIC ANALYSIS AND FORECAST

Wichita did not enter the latest recession as soon as the national economy, and it will not see recovery as fast as the national economy either. Nationally, after falling during the first three quarters of 2001, the real (GDP) growth turned positive in fourth quarter 2001 and has remained in positive territory since. The same cannot be said for the Wichita economy. As measured by employment trends, the Wichita economy entered the latest recession in fourth quarter 2001 and has remained in negative growth territory. The unemployment rate also started to rise in fourth quarter and continued to rise throughout 2002. Overall the Wichita economy in 2002 did not perform as well as the national economy. The Wichita State University Center for Economic Development and Business Research (CEDBR) does not expect the Wichita economy to see significant economy recovery until late 2003 or early 2004.

Consumer spending has been credited with carrying the local economy during the past twenty-four months. Consumer spending has been supported by low inflation, low interest rates and healthy income growth. As a result, 2002 was a banner year in Wichita for home sales, auto sales and residential construction. However, there is evidence that consumers are beginning to pull back. Retail sales have declined, but refinancing freed up disposable income dollars bolstering retail sales enough to prevent a major freefall. However, as consumer confidence has declined and retail sales have slowed, many economic observers are forecasting a significant slowdown in consumer spending. The primary risk to any potential recovery is the prospect of consumer spending weakening before business investment picks back up, leading to another round of layoffs and plant shutdowns. However, with continued income growth, the most significant near-term threats to consumer spending appear to be political unrest and sustained higher energy costs.

Manufacturing

Manufacturing accounted for 23.9 percent of all jobs in the Wichita MSA in 2002. The sharp decrease in orders for new airplanes as a result of both a slowing economy and 9/11 should reach its bottom by mid 2003. Aircraft

manufacturers will continue to make further adjustments in employment during 2003, but at a much lower level as they wait for the general economy to begin improving. Given the weak markets nationally for all manufactured goods and the troubled outlook for aviation manufacturing, the CEDBR predicts a loss of 1,000 additional jobs or a 1.5 percent decline in manufacturing in 2003.

The news was not all bad for the manufacturing sector during 2002.

- Airbus Industrie opened a Wichita wing design facility in 2002 and has announced plans for additional expansion.
- Cessna is proceeding with plans to build a Citation Service Center, employing up to 800.
- Millennium Concepts Inc., a company that began by designing parts for the Boeing Business Jet, expanded into a \$500,000 building to handle additional services.
- York International invested in a \$5.9 million expansion of its facility in northeast Wichita.
- Excel Manufacturing added \$1.5 million in new equipment and completed a 40,000-square-foot expansion in southwest Wichita.
- Rand Graphics invested \$10 million in upgrading press and computer-to-plate equipment.
- Thayer Aerospace signed a \$50 million contract with Lockheed Martin for work on the Joint Strike Fighter.

Services

The service industry is the largest in the Wichita metro area. In 2002, the service sector accounted for 27.3 percent of all wage and salary employment. With the exception of 1999 when the industry saw a modest decline in employment (200 jobs or 0.3 percent), the industry grew steadily throughout the 1990s. Between 1991 and 2001 the industry added 16,500 jobs, the most of any industry sector. However, the run of employment growth ended in 2002 with job losses totaling nearly 800.

In Wichita, the largest service sector is healthcare, accounting for approximately 36 percent of service sector employment and 46 percent of service sector

payroll. The healthcare industry by its nature is largely untouched by a downturn in the larger economy.

While demand for medical services is largely unaffected by an economic downturn, large increases in healthcare employment are unlikely. Despite profitability and staffing challenges, hospitals and clinics continue to build new facilities, following the population growth to the suburbs, and to expand existing facilities to meet the ever-increasing demands of an aging population. HCA Wesley Medical Center began a \$90 million expansion. Via Christi-St. Joseph began construction of a medical office building.

Outside of healthcare, the services industry includes an array of businesses that do not follow any single industry demand driver. Bank of America has announced plans to open a regional center in late fall to process mortgage loans, with an initial staff of 200, increasing to 400 within a year, eventually reaching 600, offsetting job losses.

Although the loss of jobs, as occurred in 2002, is unlikely to recur in 2003, the services industry other than healthcare is likely to experience very low growth, due to the overall economic conditions. CEDBR is forecasting that service sector jobs will increase by 0.5 percent adding 400 net new jobs.

Retail Trade

It is consumer spending that has carried the economy during the past 12 months. However, the continuing decline in consumer confidence raises concerns about the prospects for retail trade sales and employment. Nationally, consumer confidence fell in January 2003 to its lowest level since November 1993. From January 2002 to January 2003, the KAKE-TV/Wichita State University Consumer Expectations Index declined 4.5 percentage points. The index peaked in December 2001 at 48.9 and has fluctuated since, reaching a low of 39.8 in October 2002.¹

¹ The KAKE-TV/Wichita State University Consumer Expectations Index, based on a monthly household survey of residents in the Wichita MSA, tracks consumer sentiment on personal finances and local economic conditions including prices, interest rates, the labor market and buying conditions.

This decline in consumer expectations is mirrored in the retail sales data. Fourth quarter 2001 total real (inflation-adjusted) taxable retail sales in the Wichita metro area were up 2.2 percent compared to fourth quarter 2000. Retail sales declined, by 6.6 percent in first quarter 2002 compared to first quarter 2001, and declined by 2.5 percent in second quarter 2002 compared to second quarter 2001 and then increased modestly by 0.2 percent in third quarter 2002 compared to third quarter 2001.

Given the forecasted employment levels and the anticipation of further layoffs, the CEDBR is forecasting a decline in retail sales totaling 0.9 percent in 2003. While local retailers can expect to see a drop in revenues, the Center does not expect large declines in the sector's employment numbers. The retail sector accounts for 17 percent of total wage and salary employment in the Wichita MSA in 2002. After posting a 1.3 percent decline in employment between 1998 and 2001, the sector posted a 0.9 percent gain in employment in 2002. Overall, the CEDBR expects retail trade employment to increase by 0.8 percent or 400 jobs.

Construction

The construction industry accounts for 5.6 percent of all wage and salary employment in the Wichita MSA in 2002. The construction industry is one of the few economic engines that demonstrated any signs of growth over the past year. Buoyed by historically low interest rates, the values of real new residential construction increased 14.9 percent in 2002. However, the value of real new non-residential construction permits declined substantially in 2002, down 28.5 percent compared to 2001. Public construction has provided significant support in recent years. The school district's five-year, \$284.5 million bond building program was underway in the summer of 2001. USD 259's bond expenditure schedule included \$86 million in 2002. It was expected that the passage of the \$12.6 billion, 1999 comprehensive transportation bill by the state legislature would ensure continued job stability in the heavy construction sector over the 10-year life of the bill. However, to ameliorate the state's budget woes, there has been, and will continue to be, serious pressure to take money from the state's highway

transportation program to help fund other state programs.

In summary, it appears commercial construction will remain depressed over the next 6 to 12 months. Residential construction is slowing and the current level of public construction supported by the state is at risk in 2003. The CEDBR is forecasting construction employment to decline by 0.6 percent for a net loss of 100 jobs.

Home sales in the Wichita area continue at robust levels, up 3.8 percent in 2002 compared to 2001. Housing's boom has been unexpected and welcome, given the weakness elsewhere in the economy. Typically, home sales slow with the economy. However, this time around the exceptionally low mortgage interest rates have kept consumers in the market. While at historic levels, home sales are not expected to continue to grow at the rates seen in the past few years and therefore will not provide the economic stimulus in 2003 that they did in 2001 and 2002.

Government

The government sector accounted for 12.8 percent of wage and salary employment in the Wichita MSA in 2002. Since 1991, government employment in the metropolitan area has been advancing by an average of 600 jobs per year or about 2 percent annually. The government sector had little employment growth during 2002 as it responded to the growing budgetary crises at all levels of government. The CEDBR expects government employment growth to continue at a modest rate in 2003 adding 250 jobs for a growth rate of 0.7 percent.

Transportation

The major news in the transportation sector in Wichita in 2002 was the entry of two low-cost airlines into the Wichita market. AirTran Airlines began offering low-cost air services in May, adding 25 employees, and Frontier JetExpress added services in the fall. Although adding only a small number of employees, lower airfares benefit all travelers, both corporate and private. The number of out-bound passengers at Wichita's Mid-Continent Airport totaled 670,833 for 2002, up 19 percent compared to 2001.

CITY BUSINESS AND FINANCIAL PLAN

Business Plan

The City's budget outlines a plan for the provision of programs and services. The downturn in the local economy and losses in State financial aid has reduced general revenues and forced some retrenchment in planned enhancements in some services.

Nevertheless, even in the face of some lower revenues, the City has proceeded with priority elements of its Business Plan, including:

- Two new Police beats with community policing components in each beat are being added to address law enforcement service needs in a geographically larger city.
- Five fire stations were constructed relocating fire personnel and apparatus within the community to meet changing needs for emergency fire and medical response services with an additional five stations planned in future years.
- Two new regional branch libraries were completed that consolidate and improve library services in the northern and southern areas of Wichita.
- Construction of a major expansion of the Wichita Art Museum is nearing completion.
- Efforts are continuing to expand both the water and sanitary sewer system capacities to meet projected needs over the next fifty years, including expansion of the water supply and completion of treatment facility construction.
- Major freeway construction is underway concurrently on east and west segments of US-54 highway that bisects Wichita, as well as continued planning for elevation of rail trackage that runs north-south through the city.
- Acquisition of a new fleet of 39 buses was completed to improve transit services.
- Enhancement of the City's technology services is continuing with extension of a wide-area network connecting all major City facilities and installation of a new computer system serving Police and Court functions.

Long-Term Financial Planning

The City takes prudent actions to manage its finances long-term. With the knowledge that an economic downturn was likely, the City took action to lower costs beginning in fiscal 2001, so that cash reserves were increased as a cushion against expected losses in 2002 and 2003. This positive change in cash reserve has allowed continuation of essential services with no tax increase during a period of revenue shortfall.

The City routinely prepares a five-year financial plan as a preliminary to the annual budget process. The City then issues a two-year operating budget to identify trends that may extend beyond the statutorially mandated one-year budget. Additionally, the City prepares a ten-year capital budget and plan to better allow for the extended timeframe required for completion of capital projects, including coordination with grant and other funding requirements.

Of particular note for 2002, the City undertook to change the structure of debt financing of two components of its capital programs. In light of the long-term capital requirements of the Water and Sewer utilities and a fifty year useful life of infrastructure investments for water supply and sewage treatment, the City undertook some limited twenty-five year debt financing to introduce more intergenerational equity and lower projected rate increases on the near term. This was a modest departure from past practice of twenty-year utility debt financing. A similar analysis on the financing of freeway construction from a dedicated local sales tax resulted in extending debt term from ten to fifteen years so that more freeway construction could proceed earlier and capturing grant funding support.

Cash Management

Under a comprehensive, written investment policy, the City continues to manage a pooled funds investment program for all cash not otherwise restricted. The banking services agreement for maintenance of the City's checking account is with Commerce Bank. The agreement allows for a perfected automatic repurchase agreement for the City's overnight cash in its checking account, at a rate equal to the preceding day's federal funds rate. This program allows the City to invest its cash in secured investments for larger amounts, for

longer terms, with fewer total investment transactions and for generally higher yields on City investments.

The City's pooled investments, with an amortized cost of \$238,764,638 had a market value of \$240,483,098 at December 31, 2002. The weighted average maturity of the portfolio was 281 days. The weighted average yield to maturity of 2.525 percent for the pooled investment portfolio compares favorably with the benchmark 91-day Treasury Bill yield of 1.18 percent.

Risk Management

The City's insurance, self-insurance, and safety programs are funded and administered through the Risk Management office. Funds for these programs are provided through allocations to all covered operations based upon their exposure and loss experience. These funds are maintained in a risk management reserve fund as authorized in Kansas Statutes. In addition, the City, Airport Authority, Art Museum, and Library maintain insurance policies and bonds as detailed in the Additional Information Section of this report.

Pension Administration

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 (WER) with an asset-liability funding ratio of 117% and the Wichita Police and Fire Retirement System (P&F) with an asset-liability funding ratio of 106.2% (both as of 12-31-02). A single-employer defined contribution plan consists of the Wichita Employees' Retirement System Plan 3. In 2002, the City contributed 4.7 percent of salaries for employees under the Wichita Employees' Retirement System and 10.9 percent of salaries for employees in the Police and Fire Retirement System. A separate comprehensive annual financial report is issued for the City's pension funds and systems.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a

Certificate of Achievement for Excellence in Financial Reporting to the City of Wichita, Kansas for its comprehensive annual financial report for the fiscal year ended December 31, 2001. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the City's organizational chart and a list of principal officials. The financial section includes the report of the independent auditors, combined financial statements and related footnote disclosures, combining statements by fund type and individual fund, and additional information pertaining to the reporting entity. The statistical section includes financial and demographic information, generally presented on a multi-year basis. The single audit section includes independent auditor reports on internal control and compliance with requirements of major federal programs.

OUTSTANDING BUDGET PRESENTATION AWARD

The City of Wichita has received GFOA's Outstanding Budget Presentation Award for its 2002 budget document. This award is the highest form of recognition in governmental budgeting. Its attainment represents a significant accomplishment by a government and its management.

In order to receive this award, a government must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications medium. The

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

CERTIFICATE OF EXCELLENCE FOR INVESTMENT POLICY

The Association of Public Treasurers, United States and Canada, awarded a Certificate of Excellence for the City's Investment Policy in 2002. In order to be awarded a Certificate of Excellence, a government must prepare and publish an investment policy that meets the standards established by the Association.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire staff of the Controller's Office. We would like to express our appreciation to all members of the office who assisted and contributed to its preparation. The City Manager and elected members of the City governing body continue their interest and support in planning and conducting the financial operations of the City in a professional, responsible and progressive manner.

Respectfully Submitted,



Ray Trail
Director of Finance



Kelly Carpenter
Assistant Director of Finance



Carol McMillan
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Wichita,
Kansas

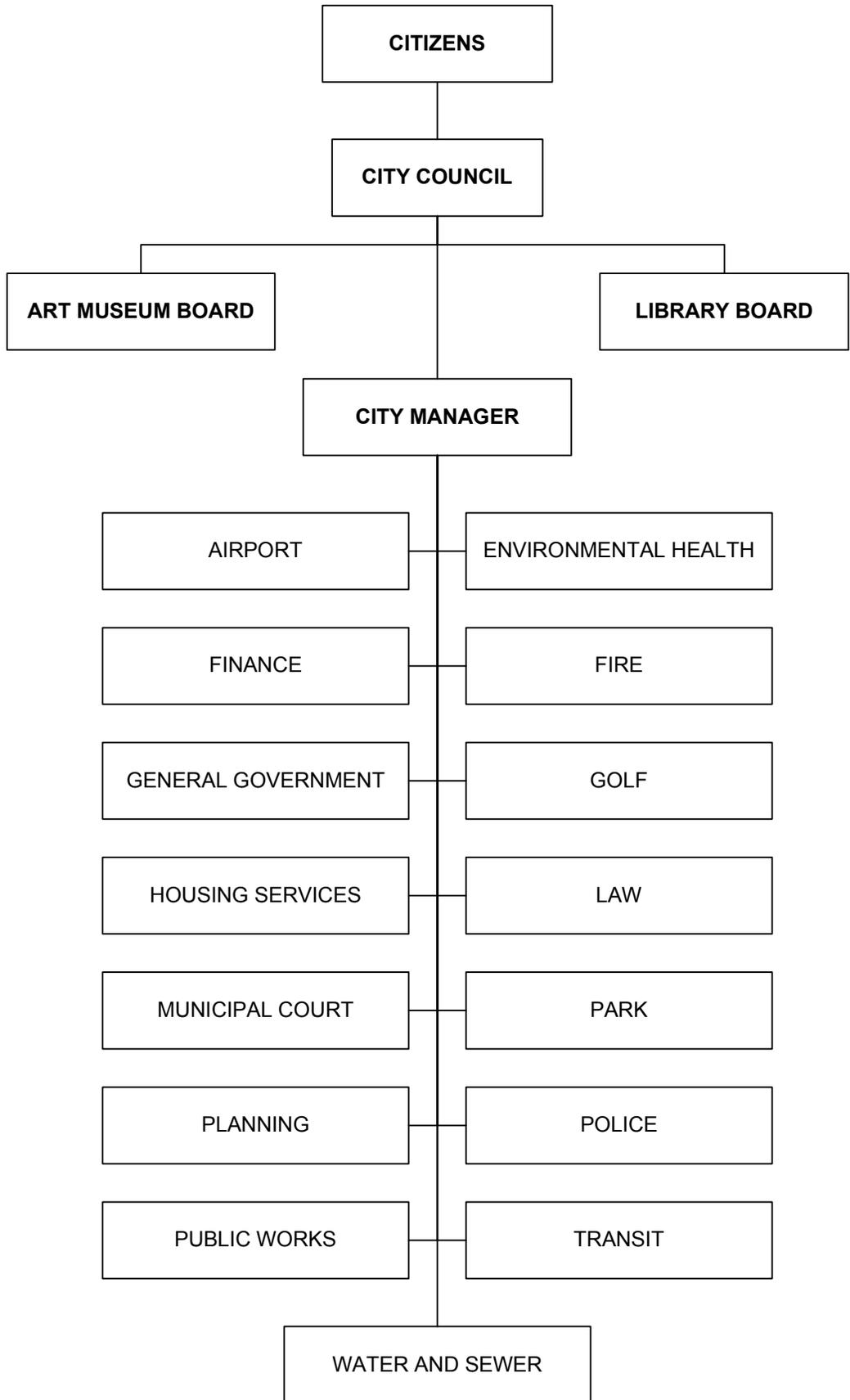
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



CITY COUNCIL MEMBERS

Bob Knight	Mayor	268-4331
Bob Martz	Vice Mayor (V)	268-4331
Carl Brewer	Council Member (I)	268-4331
Joe Pisciotte	Council Member (II)	268-4331
Phil Lambke	Council Member (III)	268-4331
Bill Gale	Council Member (IV)	268-4331
Sharon Fearey	Council Member (VI)	268-4331

CITY OFFICES

City Manager	268-4351	Chris Cherches, City Manager
General Government	268-4351	Cathy Holdeman, Assistant City Manager
Airport	946-4700	Bailis Bell, Director of Airports
Art Museum	268-4977	Charles Steiner, Director of Art Museum
Central Inspection	268-4460	Kurt Schroeder, Superintendent
Information Technology	268-4318	Kirk Swilley, Chief Information Officer
Finance	268-4300	Ray Trail, Director of Finance
Fire	268-4451	Larry Garcia, Fire Chief
Environmental Health	268-8401	Jack Brown, Director of Environmental Health
Housing Services	268-4687	Mark Stanberry, Acting Director of Housing Services
Law	268-4681	Gary Rebenstorf, Director of Law & City Attorney
Library	261-8500	Cynthia Berner-Harris, Director of Libraries
Municipal Court	268-4611	Kay Gales, Court Administrator
Park	268-4361	Doug Kupper, Director of Parks and Recreation
Personnel	268-4531	Karen Marshall, Personnel Director
Planning	268-4421	Dale Miller, Acting Director of Planning
Police	268-4158	Norman Williams, Chief of Police
Public Works	268-4497	Steve Lackey, Director of Public Works
Transit	265-1450	Jay Banasiak, General Manager
Water and Sewer	268-4504	David Warren, Director of Water and Sewer

Epic Center • 301 N. Main, Suite 1700
Wichita, Kansas 67202-4868
(316) 267-7231 • FAX (316) 267-0339

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council Members
City of Wichita, Kansas

We have audited the accompanying 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, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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 as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 19, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in connection with this report in considering the results of our audit.

The management's discussion and analysis and required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and

individual nonmajor fund financial statements and schedules, statistical section, Schedule of Expenditures of Federal Awards required by OMB *Circular A-133*, and Schedule of Passenger Facility Charges required by the *Passenger Facility Charge Audit Guide for Public Agencies* 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, Schedule of Expenditures of Federal Awards, and Schedule of Passenger Facility Charges have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The information in the introductory and statistical sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on such information.

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

April 11, 2003
Wichita, Kansas

Management's Discussion and Analysis

The following discussion and analysis of the City of Wichita's financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2002. Please read it 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 assets increased \$81.6 million during the fiscal year ending 2002. Over one-half of the increase represents increases in on-going revenues for which the offsetting expense (asset) has been eliminated through the accounting process. Approximately one-third is attributable to a one-time contribution from tap fees, special assessment and passenger facility charges. The remaining ten percent represents rate increases or increases in operating grants (Page A-13).
- ⇒ The cost of governmental activity was \$254.5 million. However, the amount paid by taxpayers through either property taxes or sales tax was \$112.4 million or 44 percent (Page A-14 through A-15).
- ⇒ The General Fund, on a current financial resource basis, reported expenditures in excess of revenues and other financing resources and uses by \$2.3 million due primarily to the elimination of demand transfers to local governments from the State (Page A-20).
- ⇒ The State of Kansas will continue to eliminate demand transfer from cities during 2003. The City is sizing its operations to reflect changes in available resources.
- ⇒ The City continues to maintain a positive bond rating and a progressive capital improvement program.

Overview of the Financial Statements

The Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and single audit. The City of Wichita's financial statements have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The supplementary information is provided in addition to the basic financial statements.

The primary focus of local government financial statements has been summarized by fund type on a current financial resource basis. This approach has been modified and for the first time, the City's financial statements present two kinds of statements, each providing a different snapshot of the City's finances. The new focus is on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements, which are new, provide both long-term and short-term information about the City's overall financial status. The fund financial statements, which have been provided in the past, 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 (year to year or government to government) and enhance the City's accountability.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets will help answer the question "Is the City as a whole better off or worse off as a result of the year's activities?"

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets (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

this statement 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 Statement of Net Assets and the Statement of Activities are divided into three kinds of activities:

- Governmental activities – Most of the City's basic services are reported in this section: Police, Fire, Public Works, Parks and Cultural Activities, Environmental Health and general administration. Fees, property taxes, other local taxes, and state and federal grants finance most of these activities.
- Business-type activities – This section includes the City's water, sewer, airport and transportation activities. The City charges a fee to customers to help it cover all or most of the cost of services it provides.
- Component units – The Wichita Public building Commission is presented with the City of Wichita as a component unit.

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 most significant funds – not the City as a whole. All of the funds of the City of Wichita can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- ❖ Governmental 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 near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because this information does not encompass the additional long-term focus on the government-wide statements, additional information is provided following the governmental funds statement that explains the relationship (or differences) between them.

The City of Wichita maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Federal/State Assistance Fund, Debt Service Fund, and the Street Improvement Fund, all of which are considered to be major funds. Data from the other 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements found 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 to demonstrate compliance with this budget.

- ❖ Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The City uses enterprise funds to account for its Water and Sewer, Airport, Golf, Storm Water, and Transit operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. Internal Service funds account for the City's fleet, technology, office supplies, and self-insurance programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included with governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate

information for the Water, Sewer and Airport funds all of which are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements. The proprietary fund financial statements can be found on pages C-1 through D-13 of this report.

- ❖ Fiduciary funds – The City is the trustee, or fiduciary, for its employees’ pension plans. It is also responsible for other accounts that – because of a trust arrangement – can be used only for the purpose identified. The City is responsible for ensuring that the assets reported in these funds and accounts are used for their intended purposes. All of the City’s fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The City excludes these activities from the City’s government-wide financial statements because the City cannot use these assets to finance its operations. The fiduciary fund financial statements can be found on pages E-1 through E-4 of this report.
- ❖ Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages A-36 through A-74 of this report.
- ❖ Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on the following pages of this report: Pension Funding Progress on page A-75, and Budgetary Comparison on pages B-16 through B-42, C-5 through C7.

FINANCIAL ANALYSIS OF CITY AS A WHOLE

Net assets. In accordance with GASB Statement No. 34, the City is not required to restate prior periods for the purposes of providing comparative information. However, in future years, when prior year information is available a comparative analysis of government-wide information will be presented.

Table 1
City of Wichita, Kansas
Net Assets
As of December 31, 2002
(in millions of dollars)

	Governmental Activities	Business- type Activities	Total Primary Government	Public Building Commission
Current and other assets	\$ 401.7	\$ 157.7	\$ 559.4	\$ 41.4
Capital assets	723.6	800.3	1,523.9	-
Total assets	1,125.3	958.0	2,083.3	41.4
Long-term liabilities	313.8	224.3	538.0	32.7
Other liabilities	184.1	76.7	260.8	8.8
Total liabilities	497.9	301.0	798.8	41.4
Net assets:				
Invested in capital assets, net of debt	386.1	693.6	979.7	-
Restricted	201.3	30.3	231.6	-
Unrestricted	40.0	33.1	73.1	-
Total net assets	<u>\$ 627.4</u>	<u>\$ 657.0</u>	<u>\$ 1,284.4</u>	<u>\$ -</u>

The City of Wichita’s combined net assets increased to nearly \$1.3 billion from \$1.2 billion as a result of net increases in the amount of \$39.3 million and \$42.3 million for the Governmental and Business-type activities respectively (Refer to page A-15).

The City's net assets increased \$81.6 million during the fiscal year ending 2002. Over one-half of the increase represents increases in on-going revenues for which the offsetting expense (asset) has been eliminated through the accounting process. Approximately one-third is attributable to a one-time contribution from tap fees, special assessment and passenger facility charges. The remaining ten percent represents rate increases or increases in operating grants.

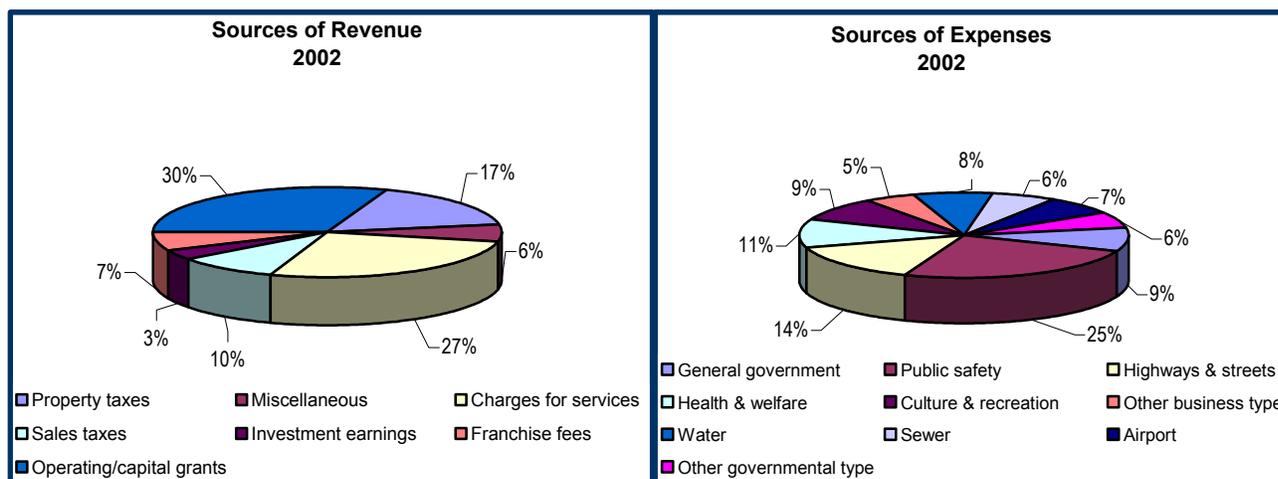
Over 76 percent of the City's net assets reflect investment in capital assets (e.g. land, buildings, machinery, equipment), less any related outstanding debt used to acquire those assets. The City of Wichita uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. An additional portion of these assets (18 percent) represents resources that are subject to external restrictions on how they may be spent. The unrestricted portion of the net assets is \$73.1 million (6 percent).

Governmental Activities unrestricted assets total \$40 million. A major portion of the unrestricted assets is comprised of the self-insurance funds (health, life, workers' compensation and tort) in the amount of \$28.8 million and the landfill unrestricted post closure costs in the amount of \$5.1 million. The remaining unrestricted portion is used to finance the day-to-day operations.

The unrestricted portion of the Business-type assets is \$33.1 million. The net assets (restricted and unrestricted) cannot be used to make up for any net asset deficit in governmental activities (current or projected). The City can only use these net assets to finance the continuing operations of the Water, Sewer, Airport, Golf, Storm Water, and Transit activities.

The City's total revenues (including capital and operating grants but excluding special items) are nearly \$430 million. Over half of the revenues required to support the services offered through either the governmental or business-type activities are funded through either grants or charges for services (fee-based). Only 30 percent or 30 cents of every dollar raised comes from property and sales tax. The remaining revenue is generated through investment earnings, franchise fees, or miscellaneous income.

The City's expenses totaled \$344.9 million. Public safety expenses represent the largest expense with infrastructure and health and welfare activities second.



Governmental Activities

Revenues for the governmental activities are derived from several major sources such as operating/capital grants, charges for services, and taxes. Operating and capital grants include revenues dedicated for special assessment projects, curb-to-curb maintenance (gas tax) as well as health and welfare projects. The increase in net assets is due primarily from the receipt of capital grants (Table 2).

The cost of governmental activity was \$254.5 million. However, the amount paid by taxpayers through City taxes was only \$71.5 million plus \$41.0 million in sales tax.

Table 2
City of Wichita, Kansas
Changes in Net Assets
As of December 31, 2002
(in millions of dollars)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Public Building Commission</u>
Revenues				
Program revenues:				
Charges for services	\$ 30.6	\$ 84.8	\$ 115.4	\$ -
Operating grants and contributions	54.0	4.3	58.3	-
Capital grants and contributions	39.2	33.8	73.0	-
General revenues				
Property taxes	71.5	-	71.5	-
Sales taxes	41.0	-	41.0	-
Franchise fees	28.8	-	28.8	-
Other taxes	15.4	-	15.4	-
Investment earnings	8.6	5.7	14.3	-
Miscellaneous	10.3	.3	10.6	-
Total revenues	<u>299.4</u>	<u>128.9</u>	<u>428.3</u>	<u>-</u>
Expenses				
General government	30.8	-	30.8	-
Public safety	84.8	-	84.8	-
Highways and streets	50.0	-	50.0	-
Sanitation	5.2	-	5.2	-
Health and welfare	37.4	-	37.4	-
Culture and recreations	30.4	-	30.4	-
Interest on long-term debt	15.9	-	15.9	-
Water	-	26.9	26.9	-
Sewer	-	21.9	21.9	-
Storm Water	-	4.0	4.0	-
Golf	-	3.9	3.9	-
Airport	-	23.8	23.8	-
Transit	-	9.8	9.8	-
Total expenses	<u>254.5</u>	<u>90.3</u>	<u>344.8</u>	<u>-</u>
Excess before special items and transfers	44.9	38.6	83.5	-
Special item – loss on sales of assets	(1.9)	-	(1.9)	-
Transfers	<u>(3.7)</u>	<u>3.7</u>	<u>-</u>	<u>-</u>
Increase in net assets	<u>\$ 39.3</u>	<u>\$ 42.3</u>	<u>\$ 81.6</u>	<u>\$ -</u>

Business-type Activities

The Water and Sewer Utilities are the largest business-type activity funds of the City of Wichita. Water and Sewer rate increases were 3 percent each for 2002 and are projected to increase 3 percent for 2003 and 2004. Capital improvements (sewage treatment plants and relocation of facilities) have required significant outlays causing increased pressures on rates. To ensure that current utility customers are not bearing a disparate share of the costs associated with financing these major capital improvements, bonds will be issued for a period of 20 and 25 years depending on the nature and structure of the project.

Airport security has been enhanced with the addition of 15 security officers and additional contracted employees. Air Tran Airways and Frontier Jet Express have increased passenger traffic at the Airport as well as lowered airfare costs.

Transit operations are funded from fares, General Fund subsidies and state and federal grants. With grants approved in 2001 and 2002. Transit has completed the purchase of 39 new buses. Approximately 76 percent of the buses are new in 2002. Computerized scheduling was implemented in 2002 to improve customer convenience and operating efficiencies. Electronic fare boxes are scheduled for implementation in 2003.

The City operates five golf courses with an estimated 200,000 rounds of golf played annually. The City's newest golf course, Auburn Hills, has been in operation for one year and is ranked as one of the top ten public courses in Kansas.

The increase in net assets is due substantially from the receipt of capital grants (Table 2).

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$92.4 million, a decrease of \$35.4 million. The primary reason for the decrease is due to capital project spending. Temporary notes have been issued to cover the deficits through year-end. Some of the major projects are:

- ◆ The continued expansion of Kellogg – the primary east/west connector through the City
- ◆ Remodel of the Art Museum – a \$4.4 million expansion.
- ◆ Old Town Cinema Project - \$6.3 million construction project.

The General Fund is the major operating fund and taxing fund for the City of Wichita. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$21,125,686. The unreserved fund balance is either designated (\$12,727,055) or undesignated (\$8,398,631).

The fund balance for the City's General Fund decreased by \$2,291,668 during the current fiscal year mostly due to the decline of franchise fee revenue and the elimination of demand transfers by the State legislature in late 2002. Highlights of major revenue sources are:

- Motor vehicle taxes were higher than expected for 2002 totaling \$7.5 million.
- A decline in franchise fees due to a 6.6 percent rate reduction in electric rates, mild weather and the continuing trend of cellular phone use and cable modems which are not subject to franchise fees.
- Intergovernmental revenue is primarily state aid in the form of demand transfers. Late in 2002, the State legislature eliminated demand transfers to local governments. As a direct result of this action, other intergovernmental aid fell \$1.25 million below expectations.
- Market conditions have caused interest earnings to end the year approximately 22 percent below budget and \$1.1 million below earnings in 2001.
- Court fines and penalties totaled \$7.8 million, almost 20 percent higher than the prior year.

General Fund expenditures totaled \$141,534,315 (excluding transfers) or \$15.8 million below budget. Throughout most of 2002, the City carefully evaluated position vacancies as they occurred and deferred filling any non-essential vacancies as a result of prevailing economic conditions. All discretionary expenses such as travel, materials, and discretionary contract work, were also carefully reviewed and identified for deferral or deletion in response to the revenue shortfall.

The Debt Service Fund has a fund balance of \$20,079,218, all of which is reserved for the payment of debt service. The lower level of activity related to pay-as-you-go financing resulted in the \$20 million fund balance. The target fund balance for the Debt Service Fund is \$3 million. Funds in excess of this target

will be incorporated into the 2004-2013 Capital Improvement Program (CIP) for use in expanding the first two years of the program.

General Fund Budgetary Highlights

Actual revenue and other financing sources did not meet the expectations of either the original or final adopted budgets. Revenues, illustrated in Table 3, were 4.3 percent (\$6.8 million) lower than the final revenue budget.

The most significant changes from original to adopted, and also in actual collections, were lower franchise fees due to a continuing trend of increased cellular and cable modem utilization, which are not subject to franchise fees, in lieu of hard-wired telephone line usage. Local sales tax also declined due to weakened local economic conditions. Demand transfers eliminated by the State of Kansas to local municipalities resulted in an additional loss of revenue of \$602,540 while the continuing low interest rates accounted for a reduction in interest earnings. Revenue for court fines and penalties, rents, and charges for sales and services increased \$2.1 million over the final budget. The increase in revenue results from adjusted rate structures and more focused traffic enforcement due to rising traffic fatalities.

Expenditures and other uses of funds, shown in Table 3, were restrained in light of the significant reduction in transfers from the State of Kansas and the general economic conditions. Actual expenditures were less than both the original and adopted budget, but greater than the General Fund revenue, drawing down the fund balance by \$2.2 million. Annually, the adopted budget is revised and approved by Council. Customarily, the revised budget does not increase as the City seeks cost savings and opportunities for improvements across the City. Highlights in budgetary changes are as follows:

- Maintenance of fire apparatus was consolidated with Public Works Fleet Maintenance for a projected cost savings in 2002 of \$408,950.
- Savings from reorganization in Police activities resulted in a budgetary reduction of \$308,150.
- Budget for street improvements funded with the gas tax increased \$675,140.
- The street lighting budget was reduced by \$261,720 while the snow removal budget increased by \$108,280
- The City increased appropriations for nuisance abatement, adding budget authority of \$148,880.

Table 3
City of Wichita, Kansas
General Fund Summary
As of December 31, 2002
(in millions of dollars)

	<u>Adopted 2002 Budget</u>	<u>Revised 2002 Budget</u>	<u>2002 Actual Amounts</u>
Revenues			
Taxes	\$ 74.3	\$ 73.2	\$ 73.4
Franchise fees	32.0	30.3	28.8
Program revenues	16.6	18.5	18.8
Intergovernmental revenue	22.7	22.1	20.9
Other revenue and transfers	10.9	12.4	7.8
Total revenues and transfers	<u>156.5</u>	<u>156.5</u>	<u>149.7</u>
Expenditures and transfers			
General government	\$ 21.2	\$ 19.9	\$ 20.6
Appropriated reserve	11.5	13.3	-
Public safety	78.5	77.5	76.1
Highways and streets	18.6	19.1	18.3
Sanitation	2.1	2.2	2.1
Health and welfare	1.5	2.8	2.4
Culture and recreations	22.4	22.5	22.0
Transfers to other funds	12.1	10.6	10.5
Total expenses and transfers	<u>167.9</u>	<u>167.9</u>	<u>152.0</u>
Fund balance	<u>\$ 8.4</u>	<u>\$ 8.4</u>	<u>\$ 21.2</u>

Capital Assets

At the end of 2002, the City of Wichita had invested \$1,523.9 billion (net of depreciation) in a broad range of capital assets, including water and sewer facilities, police and fire equipment, buildings, parks, airfields, roads, bridges, and land (Table 4). This amount represents a net increase of \$148 million or 10.7 percent, over last year. Additional information can be found in Note 6 to the Financial Statements.

Major capital asset additions include:

- ❑ Consolidated four neighborhood libraries into two larger libraries. In north Wichita, the Evergreen District Library opened with a construction cost of \$1.1 million. In the south, the Lionel P. Alford Regional Library opened with a construction cost of \$3.0 million. The Alford Library was built in connection with a fire facility.
- ❑ Six fire facilities have been relocated for a capital expenditure of \$3.5 million. The relocation project is aimed at minimizing response time as well as maximizing resources.
- ❑ Old Town Cinema Redevelopment Project was constructed for a cost of \$9.3 million in public funds and over \$15 million in private funds.
- ❑ The City constructed a new sewage treatment plant in Northwest Wichita. The plant was constructed at a cost of \$10.2 million.
- ❑ The City added 39 buses to its fleet for a cost of \$10.1 million.

Table 4
City of Wichita, Kansas
Capital Assets
As of December 31, 2002
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percent Change 2001-2002
	2001	2002	2001	2002	2001	2002	
Land	\$ 157.3	\$ 182.1	\$ 22.5	\$ 22.9	\$ 179.8	\$ 205.0	14.0
Airfield	-	-	51.0	48.3	51.0	48.3	-5.3
Buildings & improvements	112.9	117.2	510.3	569.1	623.2	686.3	10.1
Equipment	16.8	16.4	26.7	41.3	43.5	57.7	32.6
Infrastructure	224.3	226.4	-	-	224.3	226.4	1.0
Construction in progress	129.4	181.5	124.9	118.7	254.3	300.2	18.05
Total	\$ 640.7	\$ 723.6	\$ 735.4	\$ 800.3	\$ 1,376.1	\$ 1,523.9	10.7

Long-term Debt. The City finances capital projects in a variety of ways: general obligation bonds/notes, revenue bonds, grants, and cash. The most significant of these is general obligation bonds based on the full faith and credit of the City. The project types that rely primarily upon property taxes for GO bond repayment are arterial streets, bridges, storm water, parks, transit, core area projects, and public buildings. Other capital costs are funded through various enterprise, internal service and special revenue funds. The City adopts a ten year Capital Improvement Program (CIP). Two years (2002 and 2003) as a capital budget for purposes of project initiation and the remaining period as a planning tool. The City of Wichita maintains an "Aa2" rating from Moody's and "AA" from Standard and Poors. The Water and Sewer Utility maintain a rating of "A1" from Moody's and "AAA" insured.

At year-end the City had \$584.7 million in bonds outstanding (Table 5) and \$94.6 million in notes outstanding.

Table 5
City of Wichita, Kansas
General Obligation and Revenue Bonds
As of December 31, 2002
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total	
	2001	2002	2001	2002	2001	2002
Ad valorem property taxes	\$ 64.8	\$ 72.0	\$ -	\$ -	\$ 64.8	\$ 72.0
Special assessments	149.3	148.5	-	-	149.3	148.5
Tax Increment	12.6	19.9	-	-	12.6	19.9
Transient guest tax	14.4	12.5	-	-	14.4	12.5
Local sales tax	17.5	56.0	-	-	17.5	56.0
G.O. and Revenue	-	-	202.5	238.3	202.5	238.3
Wichita Public Building	-	-	-	-	41.6	37.5
Total	\$ 258.6	\$ 308.9	\$ 202.5	\$ 238.3	\$ 502.7	\$ 584.7

Debt Outstanding for the City of Wichita increased by \$82 million due primarily to a sales tax issue in the amount of \$46 million and Airport Special Facilities (revenue bond) in the amount of \$49.3 million. Bonds were also issued for the neighborhood improvement districts (special assessment), groundwater contamination cleanup and general improvements.

General Obligation notes were issued in the name of the Water and Sewer Department to provide interim financing for improvements. Revenue bonds in the amount \$127 million were issued in early 2003 to permanently finance capital improvements.

Kansas State Statutes limit the amount of general obligation bonds a City can issue to 30 percent of the equalized tangible valuation. The current limitation for the City is \$787.3 million, significantly higher (\$500 million) than the general obligation outstanding debt. Additional information can be found in Note 9 to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The continued weakness in the labor market is the major drag on Wichita's economic growth. Over the past year, the number of initial claims filed for unemployment insurance rose 15 percent, fueled by the layoffs in the aviation industry. Total wage and salary employment was down 2.4 percent in 2002 compared to 2001, for a net loss of 6,842 jobs. The unemployment rate increased from 4.1 percent in 2001, to 5.6 percent in 2002. The CEDBR is forecasting a net loss of 150 jobs or a decline of 0.1 percent in total wage and salary employment for 2003.

The State of Kansas will continue to eliminate demand transfers from cities during 2003. The impact on the City of Wichita will total approximately \$8 million. All of these factors will be considered in preparing the City's budget for 2004 and revising the 2003 budget.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of Wichita's finances for all those with an interest in the City's finances. Additional information is provided within the Notes to the Financial Statements, beginning on page A-36. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, 455 North Main, City of Wichita, Kansas, Wichita, KS 67202.

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CITY OF WICHITA, KANSAS

STATEMENT OF NET ASSETS

December 31, 2002

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Wichita Public Building Commission
ASSETS				
Cash and cash equivalents	\$ 168,677,644	\$ 24,043,739	\$ 192,721,383	\$ -
Investments	1,721,318	-	1,721,318	-
Receivables (net)	229,110,905	8,710,590	237,821,495	-
Internal balances	(390,187)	390,187	-	-
Prepaid items	75,453	38,190	113,643	-
Inventories	550,758	1,397,791	1,948,549	-
Due to other agencies	-	1,710,600	1,710,600	-
Notes receivable	2,006,171	-	2,006,171	-
Restricted assets:				
Cash and cash equivalents	-	41,049,032	41,049,032	1,983,553
Investments	-	-	-	973,305
Receivables	-	422,906	422,906	542,399
Net investment in direct financing leases	-	78,115,512	78,115,512	37,944,357
Other assets	-	1,795,270	1,795,270	-
Capital assets:				
Land and construction in progress	363,574,732	141,644,732	505,219,464	-
Other capital assets, net of depreciation	359,979,547	658,663,338	1,018,642,885	-
Total capital assets	<u>723,554,279</u>	<u>800,308,070</u>	<u>1,523,862,349</u>	<u>-</u>
 Total assets	 <u>1,125,306,341</u>	 <u>957,981,887</u>	 <u>2,083,288,228</u>	 <u>41,443,614</u>
LIABILITIES				
Accounts payable and other current liabilities	12,484,284	3,522,437	16,006,721	-
Accrued interest payable	4,117,133	642,495	4,759,628	542,399
Temporary notes payable	26,659,314	53,209,700	79,869,014	-
Deposits	2,484,537	1,706,393	4,190,930	-
Deferred revenue	74,854,248	-	74,854,248	-
Due to other agencies	75,909	-	75,909	2,956,858
Noncurrent liabilities, including claims payable:				
Due within one year	63,405,202	4,070,631	67,475,833	4,785,000
Due in more than one year	313,814,365	224,238,762	538,053,127	32,685,000
Other liabilities	-	-	-	474,357
 Total liabilities	 <u>497,894,992</u>	 <u>287,390,418</u>	 <u>785,285,410</u>	 <u>41,443,614</u>
NET ASSETS				
Invested in capital assets, net of related debt	386,100,065	593,583,316	979,683,381	-
Restricted for:				
Capital projects	13,564,865	-	13,564,865	-
Highways and streets	12,132,772	10,512	12,143,284	-
Debt service	162,623,586	1,629,945	164,253,531	-
Revenue bond reserves	-	28,663,786	28,663,786	-
Perpetual care	798,785	-	798,785	-
Other purposes	12,196,483	-	12,196,483	-
Unrestricted	<u>39,994,793</u>	<u>33,142,425</u>	<u>73,137,218</u>	<u>-</u>
 Total net assets	 <u>\$ 627,411,349</u>	 <u>\$ 657,029,984</u>	 <u>\$ 1,284,441,333</u>	 <u>\$ -</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF WICHITA, KANSAS

STATEMENT OF ACTIVITIES

For the year ended December 31, 2002

<u>Functions/Programs</u>	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
General government	\$ 30,848,436	\$ 12,464,760	\$ 5,364,927	\$ 21,349
Public safety	84,756,190	6,381,416	2,298,600	-
Highways and streets	50,122,241	4,618,950	15,839,091	39,247,592
Sanitation	5,184,464	399,621	-	-
Health and welfare	37,371,535	1,139,018	28,544,792	-
Culture and recreation	30,441,889	5,600,725	1,914,994	-
Interest on long-term debt	15,855,506	-	-	-
Total governmental activities	254,580,261	30,604,490	53,962,404	39,268,941
Business-type activities:				
Water	26,904,066	32,787,446	10,000	7,459,630
Sewer	21,909,351	25,489,943	-	4,347,546
Storm Water	4,010,384	4,958,860	-	2,092,862
Golf Course System	3,946,422	3,358,541	584,944	-
Airport	23,792,577	16,601,136	898,005	10,997,778
Transit	9,776,702	1,593,997	2,784,073	8,970,693
Total business-type activities	90,339,502	84,789,923	4,277,022	33,868,509
Total primary government	\$ 344,919,763	\$ 115,394,413	\$ 58,239,426	\$ 73,137,450
Component unit:				
Wichita Public Building Commission	\$ -	\$ -	\$ -	\$ -

General revenues:
 Property taxes
 Sales taxes
 Franchise fees
 Other taxes
 Investment earnings
 Miscellaneous
Special item -loss on sales of assets
 Transfers
 Total general revenues, special items and transfers

Change in net assets
 Net assets, beginning of year

Net assets, end of year

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit-
Governmental Activities	Business-type Activities	Total	Public Building Commission
\$ (12,997,400)	\$ -	\$ (12,997,400)	\$ -
(76,076,174)	-	(76,076,174)	-
9,583,392	-	9,583,392	-
(4,784,843)	-	(4,784,843)	-
(7,687,725)	-	(7,687,725)	-
(22,926,170)	-	(22,926,170)	-
(15,855,506)	-	(15,855,506)	-
<u>(130,744,426)</u>	<u>-</u>	<u>(130,744,426)</u>	<u>-</u>
-	13,353,010	13,353,010	-
-	7,928,138	7,928,138	-
-	3,041,338	3,041,338	-
-	(2,937)	(2,937)	-
-	4,704,342	4,704,342	-
-	3,572,061	3,572,061	-
-	<u>32,595,952</u>	<u>32,595,952</u>	<u>-</u>
<u>(130,744,426)</u>	<u>32,595,952</u>	<u>(98,148,474)</u>	<u>-</u>
-	-	-	-
71,459,395	-	71,459,396	-
40,952,104	-	40,952,104	-
28,792,310	-	28,792,310	-
15,455,854	-	15,455,854	-
8,651,983	5,723,574	14,375,557	-
10,408,501	291,989	10,700,489	-
(1,975,559)	44,249	(1,931,310)	-
(3,671,028)	3,671,028	-	-
<u>170,073,560</u>	<u>9,730,840</u>	<u>179,804,400</u>	<u>-</u>
39,329,134	42,326,792	81,655,926	-
<u>588,082,215</u>	<u>614,703,192</u>	<u>1,202,785,407</u>	<u>-</u>
<u>\$ 627,411,349</u>	<u>\$ 657,029,984</u>	<u>\$ 1,284,441,333</u>	<u>\$ -</u>

CITY OF WICHITA, KANSAS

BALANCE SHEET GOVERNMENTAL FUNDS December 31, 2002

	General Fund	Federal/State Assistance Fund	Debt Service Fund
ASSETS			
Cash and cash equivalents	\$ 29,890,976	\$ 4,313,285	\$ 20,070,120
Investments	-	1,150,000	-
Receivables, net:			
Property taxes	47,434,230	-	22,145,480
Due from other agencies	-	1,110,496	9,132
Special assessments	-	-	148,540,000
Accounts	702,897	3,094,330	-
Interest	-	8,172	-
Due from other funds	75,000	844,802	-
Prepaid items	-	72,786	-
Notes receivable	-	2,006,171	-
Inventories	-	71,820	-
	\$ 78,103,103	\$ 12,671,862	\$ 190,764,732
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable and other liabilities	\$ 6,087,297	\$ 568,795	\$ -
Accrued interest payable	-	-	-
Temporary notes payable	-	-	-
Deposits	1,151,799	138,595	-
Due to other agencies	-	75,909	-
Due to other funds	-	844,802	-
Deferred revenue	47,479,716	4,879,018	170,685,514
	54,718,812	6,507,119	170,685,514
Fund balances (deficits):			
Reserved for:			
Inventories	-	71,820	-
Encumbrances	2,258,605	1,864,927	-
Prepaid items	-	72,786	-
Unreserved:			
Designated	12,727,055	-	20,079,218
Undesignated	8,398,631	4,155,210	-
Undesignated, reported in Special Revenue Funds	-	-	-
Undesignated, reported in Capital Projects Funds	-	-	-
Undesignated, reported in Permanent Fund	-	-	-
	23,384,291	6,164,743	20,079,218
Total liabilities and fund balances	\$ 78,103,103	\$ 12,671,862	\$ 190,764,732

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

Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 1,267,543	\$ 68,420,384	\$ 123,962,308
-	256,480	1,406,480
-	-	69,579,710
-	481,800	1,601,428
-	-	148,540,000
2,929,629	2,001,014	8,727,870
-	2,792	10,964
-	7,110,653	8,030,455
-	-	72,786
-	-	2,006,171
-	-	71,820
<u>\$ 4,197,172</u>	<u>\$ 78,273,123</u>	<u>\$ 364,009,992</u>

\$ 1,229,892	\$ 3,992,802	\$ 11,878,786
74,748	107,851	182,599
8,425,368	18,233,946	26,659,314
-	99,943	1,390,337
-	-	75,909
-	7,185,653	8,030,455
-	350,000	223,394,248
<u>9,730,008</u>	<u>29,970,195</u>	<u>271,611,648</u>

-	-	71,820
109,928,200	32,234,057	146,285,789
-	-	72,786
-	-	32,806,273
(115,461,036)	-	(102,907,195)
-	50,278,581	50,278,581
-	(35,008,495)	(35,008,495)
-	798,785	798,785
<u>(5,532,836)</u>	<u>48,302,928</u>	<u>92,398,344</u>
<u>\$ 4,197,172</u>	<u>\$ 78,273,123</u>	<u>\$ 364,009,992</u>

City of Wichita, Kansas
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
December 31, 2002

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

Total fund balance -- governmental funds		\$ 92,398,344
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	890,439,500	
Accumulated Depreciation	<u>(177,679,300)</u>	712,760,200
Long-term 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	160,419,149	
Special Assessment Bonds Payable	148,540,000	
Accrued Interest Payable on the Bonds	3,934,534	
Section 108 Loan	2,930,000	
Bond anticipation notes	14,770,986	
Accreted interest	2,061,098	
Compensated Absences	6,878,300	
Liability for landfill closure and postclosure costs	<u>25,922,700</u>	(365,456,767)
Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the entity-wide statements as soon as the related improvement has been completed.		
		148,540,000
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.		
		<u>39,169,572</u>
Total net assets -- governmental activities		<u><u>\$ 627,411,349</u></u>

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

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CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2002

	General Fund	Federal/State Assistance Fund	Debt Service Fund
REVENUES			
Taxes	\$ 52,859,719	\$ -	\$ 25,236,197
Special assessments	21,349	-	25,704,868
Franchise fees	28,792,310	-	-
Local sales tax	20,476,052	-	-
Intergovernmental	20,939,070	28,830,408	-
Licenses and permits	1,899,147	-	-
Fines and penalties	8,139,288	-	-
Rentals	2,370,924	-	-
Interest earnings	2,721,857	133,102	2,233,963
Charges for services and sales	6,439,551	-	-
Other	2,643,929	2,574,910	435,606
Total revenues	147,303,196	31,538,420	53,610,634
EXPENDITURES			
Current:			
General government	20,920,356	824,349	-
Public safety	76,142,824	2,660,526	-
Highways and streets	18,042,719	615,821	-
Sanitation	2,101,164	-	-
Health and welfare	2,219,149	28,302,922	-
Culture and recreation	21,949,123	506,579	-
Debt service:			
Principal retirement	-	-	38,184,607
Interest and fiscal charges	-	-	14,109,765
Capital outlay	-	-	-
Total expenditures	141,375,335	32,910,197	52,294,372
Excess (deficiency) of revenues over (under) expenditures	5,927,861	(1,371,777)	1,316,262
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term capital debt	-	-	-
Transfers from other funds	2,262,840	-	13,354,237
Transfers to other funds	(10,482,369)	(419,223)	(984,314)
Total other financing sources (uses)	(8,219,529)	(419,223)	12,369,923
Net change in fund balances	(2,291,668)	(1,791,000)	13,686,185
Fund balances - beginning as restated	25,675,959	7,955,743	6,393,033
Fund balances - ending	\$ 23,384,291	\$ 6,164,743	\$ 20,079,218

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

Street Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 8,819,334	\$ 86,915,250
1,062,775	768,218	27,557,210
-	-	28,792,310
-	20,476,052	40,952,104
12,054,856	4,528,148	66,352,482
-	4,432,280	6,331,427
-	-	8,139,288
-	2,230,597	4,601,521
442,290	2,295,971	7,827,183
-	3,510,932	9,950,483
1,731,384	5,539,211	12,925,040
<u>15,291,305</u>	<u>52,600,743</u>	<u>300,344,298</u>
-	7,898,984	29,643,689
-	6,084,117	84,887,467
-	-	18,658,540
-	2,365,260	4,466,424
-	6,299,538	36,821,609
-	4,815,242	27,270,944
49,554,600	6,253,699	93,992,906
446,694	297,549	14,854,008
73,097,758	50,730,194	123,827,952
<u>123,099,052</u>	<u>84,744,583</u>	<u>434,423,539</u>
<u>(107,807,747)</u>	<u>(32,143,840)</u>	<u>(134,079,241)</u>
70,527,034	32,068,952	102,595,986
12,323,309	22,605,679	50,546,065
-	(42,635,287)	(54,521,193)
<u>82,850,343</u>	<u>12,039,344</u>	<u>98,620,858</u>
(24,957,404)	(20,104,496)	(35,458,383)
19,424,568	68,407,424	127,856,727
<u>\$ (5,532,836)</u>	<u>\$ 48,302,928</u>	<u>\$ 92,398,344</u>

City of Wichita, Kansas
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2002

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

Net change in fund balances -- total governmental funds \$ (35,458,383)

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

Depreciation expense	(14,619,064)	
Capital outlays expense	<u>99,517,122</u>	84,898,058

In the statement of activities, the gain or loss from the sale of capital assets is reported, whereas in the governmental funds, only any proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of capital assets sold. (1,975,559)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. (102,595,986)

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

General obligation bonds	21,719,671	
Special assessment bonds	15,695,000	
Bond anticipation notes	55,808,299	
Section 108 loan	<u>185,000</u>	93,407,970

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (586,818)

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). The compensated absences earned that exceed benefits paid is shown as an expense on the statement of activities. (5,063)

Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. 3,447,295

Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the statement of activities as soon as the related improvement has been completed. (715,000)

In the statement of activities, costs estimated to be incurred for closure and post-closure care of the landfill are recorded as incurred. In the governmental funds, however, expenditures are measured by the amount of financial resources used (or paid). The change in estimated costs incurred in excess of the amounts paid is shown as an expense on the statement of activities. (672,700)

In the statement of activities, interest is accreted on outstanding bonds, whereas in governmental funds, interest is accreted when interest payments are due. (414,680)

Change in net assets of governmental activities \$ 39,329,134

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

CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 52,812,300	\$ 52,812,300	\$ 52,859,719	\$ 47,419
Special assessments	17,440	17,440	21,349	3,909
Franchise fees	32,024,230	30,347,690	28,792,310	(1,555,380)
Local sales tax	21,504,050	20,402,070	20,476,052	73,982
Intergovernmental	22,653,320	22,050,780	20,939,070	(1,111,710)
Licenses and permits	1,731,310	1,547,980	1,899,147	351,167
Fines and penalties	6,980,940	7,999,550	8,139,288	139,738
Rentals	2,162,080	2,529,670	2,370,924	(158,746)
Interest earnings	3,784,480	3,478,420	2,721,857	(756,563)
Charges for services and sales	5,728,100	6,397,230	6,439,551	42,321
Other	4,517,740	4,636,720	2,823,155	(1,813,565)
Revised budget adjustment	-	1,798,890	-	(1,798,890)
Total revenues	153,915,990	154,018,740	147,482,422	(6,536,318)
EXPENDITURES				
Current:				
General government	32,662,670	33,189,420	20,637,838	12,551,582
Public safety	78,563,580	77,540,640	76,108,080	1,432,560
Highways and streets	18,656,180	19,124,170	18,264,493	859,677
Sanitation	2,059,330	2,170,210	2,121,976	48,234
Health and welfare	1,475,550	2,771,520	2,356,953	414,567
Culture and recreation	22,459,000	22,533,040	22,044,975	488,065
Total expenditures	155,876,310	157,329,000	141,534,315	15,794,685
Excess (deficiency) of revenues over (under) expenditures	(1,960,320)	(3,310,260)	5,948,107	9,258,367
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	2,552,150	2,449,400	2,262,840	(186,560)
Transfers to other funds	(12,096,410)	(10,643,720)	(10,482,369)	161,351
Total other financing sources (uses)	(9,544,260)	(8,194,320)	(8,219,529)	(25,209)
Net change in fund balances	(11,504,580)	(11,504,580)	(2,271,422)	9,233,158
Fund balance - beginning	19,903,211	19,903,211	23,397,108	3,493,897
Fund balance - ending	<u>\$ 8,398,631</u>	<u>\$ 8,398,631</u>	<u>\$ 21,125,686</u>	<u>\$ 12,727,055</u>

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

CITY OF WICHITA, KANSAS

BALANCE SHEET PROPRIETARY FUNDS December 31, 2002

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
ASSETS			
Current assets:			
Cash and temporary investments	\$ 3,443,185	\$ 2,832,238	\$ 12,565,885
Investments	-	-	-
Receivables, net	6,759,926	287,891	1,473,505
Due from other agencies	-	-	991,186
Inventories	1,042,866	-	-
Prepaid items	-	-	38,190
Total current assets	11,245,977	3,120,129	15,068,766
Restricted assets:			
Cash and temporary investments	25,584,281	13,043,780	2,420,971
Receivables	-	-	422,906
Net investment in direct financing leases	-	-	78,115,512
Total restricted assets	25,584,281	13,043,780	80,959,389
Noncurrent assets:			
Capital assets:			
Land	8,110,313	2,495,549	8,298,942
Airfield	-	-	107,663,708
Buildings	56,467,739	74,450,125	37,580,120
Improvements other than buildings	293,286,676	194,047,846	23,171,844
Machinery, equipment and other assets	30,525,306	15,820,614	15,052,052
Construction in progress	38,149,127	55,880,033	14,175,321
Less accumulated depreciation	(105,772,030)	(56,557,918)	(114,476,882)
Total capital assets (net of accumulated depreciation)	320,767,131	286,136,249	91,465,105
Other assets	1,102,747	654,117	38,406
Total noncurrent assets	347,454,159	299,834,146	172,462,900
Total assets	\$ 358,700,136	\$ 302,954,275	\$ 187,531,666

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

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 5,202,431	\$ 24,043,739	\$ 44,715,336
-	-	314,838
189,268	8,710,590	650,933
719,414	1,710,600	-
354,925	1,397,791	478,938
-	38,190	2,667
<u>6,466,038</u>	<u>35,900,910</u>	<u>46,162,712</u>
-	41,049,032	-
-	422,906	-
-	78,115,512	-
-	<u>119,587,450</u>	-
4,051,180	22,955,984	71,340
-	107,663,708	-
13,522,396	182,020,380	3,288,150
70,928,735	581,435,101	-
22,866,767	84,264,739	38,413,495
10,484,267	118,688,748	-
<u>(19,913,760)</u>	<u>(296,720,590)</u>	<u>(30,978,906)</u>
101,939,585	800,308,070	10,794,079
-	1,795,270	-
<u>101,939,585</u>	<u>921,690,790</u>	<u>10,794,079</u>
<u>\$ 108,405,623</u>	<u>\$ 957,591,700</u>	<u>\$ 56,956,791</u>

(Continued)

CITY OF WICHITA, KANSAS

BALANCE SHEET (CONTINUED) PROPRIETARY FUNDS December 31, 2002

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,089,026	\$ 684,520	\$ 201,903
Accrued interest payable	305,039	176,296	90,691
Temporary notes payable	10,000,000	40,000,000	-
Deposits	1,670,660	-	35,191
Current portion of long-term obligations:			
General obligation bonds payable	-	-	550,000
Contracts payable	263,588	-	-
Claims payable	-	-	-
Compensated absences	386,010	229,291	229,310
Current liabilities payable from restricted assets:			
Accounts payable and accrued expenses	-	-	1,210,955
Accrued interest payable	1,103,760	640,351	422,906
Revenue bonds payable	5,122,516	3,836,292	2,435,660
Total current liabilities	19,940,599	45,566,750	5,176,616
Noncurrent liabilities:			
General obligation bonds payable	-	-	4,315,000
Revenue bonds	81,798,969	50,749,027	75,679,852
Unamortized deferred refunding	(553,013)	(470,058)	-
Unamortized revenue bond premium	112,924	176,634	-
Contracts payable	548,310	-	-
Claims payable	-	-	-
Compensated absences	68,524	40,704	42,211
Total noncurrent liabilities	81,975,714	50,496,307	80,037,063
Total liabilities	101,916,313	96,063,057	85,213,679
NET ASSETS			
Invested in capital assets	-	-	-
Invested in capital assets, net of related debt	227,871,738	194,367,236	86,509,414
Restricted for:			
Capital projects	-	-	-
Debt Service	989,595	640,350	-
Revenue bond reserves	19,599,884	9,063,902	-
Unrestricted	8,322,606	2,819,730	15,808,573
Total net assets	256,783,823	206,891,218	102,317,987
Total liabilities and net assets	\$ 358,700,136	\$ 302,954,275	\$ 187,531,666

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

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 336,033	\$ 2,311,482	\$ 605,498
70,469	642,495	-
3,209,700	53,209,700	-
542	1,706,393	1,094,200
2,138,992	2,688,992	-
-	263,588	-
-	-	5,047,000
273,440	1,118,051	219,811
-	1,210,955	-
-	2,167,017	-
-	11,394,468	-
<u>6,029,176</u>	<u>76,713,141</u>	<u>6,966,509</u>
11,685,496	16,000,496	-
-	208,227,848	-
-	(1,023,071)	-
-	289,558	-
-	548,310	-
-	-	10,390,000
44,182	195,621	40,523
<u>11,729,678</u>	<u>224,238,762</u>	<u>10,430,523</u>
<u>17,758,854</u>	<u>300,951,903</u>	<u>17,397,032</u>
-	-	10,794,079
84,834,928	593,583,316	-
10,512	10,512	-
-	1,629,945	-
-	28,663,786	-
<u>5,801,329</u>	<u>32,752,238</u>	<u>28,765,680</u>
<u>90,646,769</u>	<u>656,639,797</u>	<u>39,559,759</u>
<u>\$ 108,405,623</u>	<u>\$ 957,591,700</u>	<u>\$ 56,956,791</u>

Total net assets

\$ 656,639,797

Some amounts reported for business-type activities in the statement of net assets are different because certain internal service fund assets and liabilities are included with business-type activities

390,187

Net assets of business-type activities

\$ 657,029,984

CITY OF WICHITA, KANSAS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS PROPRIETARY FUNDS

For the year ended December 31, 2002

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
OPERATING REVENUES			
Charges for services and sales	\$ 32,783,871	\$ 25,489,943	\$ 3,911,660
Fees	-	-	2,968,822
Rentals	3,575	-	9,720,654
Employer contributions	-	-	-
Employee contributions	-	-	-
Other	26,162	73,717	150,446
Total operating revenues	32,813,608	25,563,660	16,751,582
OPERATING EXPENSES			
Personal services	7,061,464	7,829,365	4,977,642
Contractual services	5,207,660	4,342,961	3,171,993
Materials and supplies	2,561,193	2,186,192	3,110,121
Cost of materials used	-	-	-
Administrative charges	742,170	150,870	273,650
Payments in lieu of franchise fees	1,971,760	1,428,970	-
Depreciation	7,193,967	4,854,155	7,935,694
Employee benefits	-	-	-
Insurance claims	-	-	-
Total operating expenses	24,738,214	20,792,513	19,469,100
Operating income (loss)	8,075,394	4,771,147	(2,717,518)
NONOPERATING REVENUES (EXPENSES)			
Operating grants	10,000	-	898,005
Interest on investments	927,672	294,579	4,389,971
Other revenues (expenses)	(287,954)	(3,258)	5,702
Interest expense	(1,966,116)	(1,182,711)	(4,399,517)
Proceeds from sale of assets	36,305	(1,113)	5,496
Bond discount amortization	(64,068)	(28,596)	(16,668)
Total nonoperating revenues (expenses)	(1,344,161)	(921,099)	882,989
Income (loss) before contributions and transfers	6,731,233	3,850,048	(1,834,529)
Capital contributions and operating transfers:			
Capital contributions	7,459,630	4,347,546	10,997,778
Transfers from other funds	-	-	-
Transfers to other funds	(788,070)	(306,190)	-
Increase (decrease) in net assets	13,402,793	7,891,404	9,163,249
Total net assets - beginning	243,381,030	198,999,814	93,154,738
Total net assets - ending	\$ 256,783,823	\$ 206,891,218	\$ 102,317,987

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

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
\$ 6,677,772	\$ 68,863,246	\$ 8,625,030
2,834,324	5,803,146	-
399,302	10,123,531	8,911,427
-	-	18,980,885
-	-	4,560,766
35,962	286,287	661,349
<u>9,947,360</u>	<u>85,076,210</u>	<u>41,739,457</u>
7,894,926	27,763,397	5,116,820
3,138,320	15,860,934	2,850,031
1,373,081	9,230,587	3,167,414
-	-	1,942,305
366,840	1,533,530	202,520
159,020	3,559,750	-
3,860,712	23,844,528	2,657,063
-	-	17,739,068
-	-	5,423,961
<u>16,792,899</u>	<u>81,792,726</u>	<u>39,099,182</u>
<u>(6,845,539)</u>	<u>3,283,484</u>	<u>2,640,275</u>
2,784,073	3,692,078	-
111,352	5,723,574	895,368
(158,340)	(443,850)	-
(733,246)	(8,281,590)	-
(92,928)	(52,240)	(70,389)
-	(109,332)	-
<u>1,910,911</u>	<u>528,640</u>	<u>824,979</u>
(4,934,628)	3,812,124	3,465,254
11,648,499	34,453,453	2,530,216
4,790,288	4,790,288	499,100
(25,000)	(1,119,260)	(195,000)
11,479,159	41,936,605	6,299,570
<u>79,167,610</u>	<u>614,703,192</u>	<u>33,260,189</u>
<u>\$ 90,646,769</u>	<u>\$ 656,639,797</u>	<u>\$ 39,559,759</u>

Increase in net assets per fund statements \$ 41,936,605

Some amounts reported for business-type activities in the statement of activities are different because the net revenue (expense) of certain internal service funds in report with business-type activities 390,187

Change in net assets of business-type activities \$ 42,326,792

CITY OF WICHITA, KANSAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS For the year ended December 31, 2002

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 32,688,254	\$ 25,819,437	\$ 16,503,589
Cash payments to suppliers for goods and services	(9,116,985)	(8,513,485)	(6,558,890)
Cash payments to employees for services	(7,060,512)	(7,811,930)	(4,943,217)
Payment in lieu of franchise fees	(1,971,760)	(1,428,970)	-
Other operating revenues	26,162	73,717	150,446
Net cash provided by (used in) operating activities	14,565,159	8,138,769	5,151,928
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grant received	10,000	-	898,005
Transfers from other funds	-	-	-
Transfers to other funds	(788,070)	(306,190)	-
Interfund loan	4,119,616	-	-
Net cash provided by (used in) noncapital financing activities	3,341,546	(306,190)	898,005
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital debt	10,000,000	40,000,000	-
Payment on interfund loan	-	(4,119,616)	-
Additions to property, plant and equipment	(25,982,489)	(25,375,554)	(12,260,628)
Debt service - principal	(5,203,736)	(3,706,305)	(517,446)
Debt service-refunding	9,521	14,892	-
Debt service - interest	(4,371,031)	(2,800,203)	(293,906)
Proceeds from sale of assets	36,305	(1,113)	5,496
Capital contributions	3,849,891	1,194,452	10,012,294
Net cash provided by (used in) capital and related financing activities	(21,661,539)	5,206,553	(3,054,190)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale and maturity of investment securities	-	-	-
Interest on investments	927,672	294,579	274,093
Net cash provided by investing activities	927,672	294,579	274,093
Net increase (decrease) in cash and temporary investments	(2,827,162)	13,333,711	3,269,836
Cash and temporary investments - January 1	31,854,628	2,542,307	11,717,020
Cash and temporary investments - December 31	\$ 29,027,466	\$ 15,876,018	\$ 14,986,856

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

Business-type Activities - Enterprise Funds		Governmental Activities	
Other Enterprise Funds	Totals	Internal Service Funds	
\$ 10,055,857	\$ 85,067,137	\$ 40,993,594	
(5,323,199)	(29,512,559)	(29,780,102)	
(7,885,040)	(27,700,699)	(5,101,857)	
(159,020)	(3,559,750)	-	
1,379	251,704	661,349	
<u>(3,310,023)</u>	<u>24,545,833</u>	<u>6,772,984</u>	
2,358,549	3,266,554	-	
4,790,288	4,790,288	499,100	
(25,000)	(1,119,260)	(195,000)	
-	4,119,616	-	
<u>7,123,837</u>	<u>11,057,198</u>	<u>304,100</u>	
2,959,700	52,959,700	-	
-	(4,119,616)	-	
(10,983,439)	(74,602,110)	(2,517,932)	
(2,073,992)	(11,501,479)	-	
-	24,413	-	
(741,388)	(8,206,528)	-	
(92,928)	(52,240)	-	
<u>9,908,331</u>	<u>24,964,968</u>	<u>-</u>	
<u>(1,023,716)</u>	<u>(20,532,892)</u>	<u>(2,517,932)</u>	
-	-	1,000,000	
111,352	1,607,696	899,801	
<u>111,352</u>	<u>1,607,696</u>	<u>1,899,801</u>	
2,901,450	16,677,835	6,458,953	
<u>2,300,981</u>	<u>48,414,936</u>	<u>38,256,383</u>	
<u>\$ 5,202,431</u>	<u>\$ 65,092,771</u>	<u>\$ 44,715,336</u>	

CITY OF WICHITA, KANSAS

STATEMENT OF CASH FLOWS (CONTINUED) PROPRIETARY FUNDS

Year ended December 31, 2002

	Business-type Activities - Enterprise Funds		
	Water Utility	Sewer Utility	Airport Authority
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES			
Operating income (loss)	\$ 8,075,394	\$ 4,771,147	\$ (2,717,518)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	7,193,967	4,854,155	7,935,694
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(127,173)	329,494	(117,318)
(Increase) decrease in inventory	(85,337)	24,922	13,499
(Increase) decrease in prepaid items	-	-	-
(Decrease) in accounts payable/accrued expenses	(520,625)	(1,858,384)	(16,625)
Increase in deposits	27,981	-	19,771
Increase in claims payable	-	-	-
Increase in compensated absences	952	17,435	34,425
Total adjustments	6,489,765	3,367,622	7,869,446
Net cash provided by (used in) operating activities	\$ 14,565,159	\$ 8,138,769	\$ 5,151,928

**Supplemental Schedule of Non-Cash Investing and
Financing Activities**

Assets contributed by benefit districts	\$ 3,560,139	\$ 3,153,094	\$ -
Change in assets contributed by other government	-	-	-
Capital grants received	-	-	-
Capital contributed by local government	-	-	-
Decrease in net investment in direct financing leases	-	-	47,022,190
(Decrease) in revenue bonds payable	-	-	(47,022,190)
Decrease in interest receivable on direct financing leases	-	-	95,598
(Decrease) in accrued interest payable on revenue bonds	-	-	(95,598)
Interest income on investment in direct financing leases	-	-	4,115,878
Interest expense on revenue bonds payable	-	-	(4,115,878)
Contribution of capital assets	49,600	-	-

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

Business-type Activities - Enterprise Funds		Governmental Activities
Other Enterprise Funds	Totals	Internal Service Funds
<u>\$ (6,845,539)</u>	<u>\$ 3,283,484</u>	<u>\$ 2,640,275</u>
3,860,712	23,844,528	2,657,063
109,856	194,859	(84,514)
(6,084)	(53,000)	139,303
-	-	922
(438,874)	(2,834,508)	(156,266)
20	47,772	-
-	-	1,561,000
<u>9,886</u>	<u>62,698</u>	<u>15,201</u>
<u>3,535,516</u>	<u>21,262,349</u>	<u>4,132,709</u>
<u>\$ (3,310,023)</u>	<u>\$ 24,545,833</u>	<u>\$ 6,772,984</u>

\$ 1,982,837	\$ 8,696,070	\$ -
(230,528)	(230,528)	-
11,045	11,045	-
-	-	2,530,216
-	47,022,190	-
-	(47,022,190)	-
-	95,598	-
-	(95,598)	-
-	4,115,878	-
-	(4,115,878)	-
(23,186)	26,414	-

CITY OF WICHITA, KANSAS

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS December 31, 2002

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and temporary investments	\$ 13,170,483	\$ 4,944,515
Receivables:		
Investment sales pending	448,471	-
Interest and dividends	1,697,968	10,760
Accounts	-	986,973
Other	422,940	-
Total receivables	2,569,379	997,733
Investments, at fair value:		
Government securities	32,800,647	1,266,793
Corporate debt instruments	62,960,405	-
Corporate stocks	314,892,789	-
Mortgage-backed securities	44,355,600	-
Value of interest in pooled funds	259,228,411	-
Total investments	714,237,852	1,266,793
Total assets	729,977,714	7,209,041
LIABILITIES		
Accounts payable and accrued expenses	3,581,300	1,291,036
Compensated absences	19,549	-
Investment purchases pending	1,579,325	-
Securities lending obligations	63,981,313	-
Deposits	-	5,918,005
Total liabilities	69,161,487	7,209,041
NET ASSETS		
Held in trust for:		
Employees' pension benefits	660,816,227	-
Individuals, organizations, and other governments	-	-
Total net assets	\$ 660,816,227	\$ -

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

CITY OF WICHITA, KANSAS

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS

For the year ended December 31, 2002

	Pension Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 7,907,897
Employee	6,544,480
Total contributions	14,452,377
Investment income:	
<i>From investment activities</i>	
Net (depreciation) in fair value of investments	(100,314,600)
Interest and dividends	11,508,446
Commission recapture	136,939
Total investment earnings	(88,669,215)
Less investment expense	3,284,373
Net (loss) from investing activities	(91,953,588)
<i>From securities lending activities</i>	
Securities lending income	1,457,314
Securities lending activities expenses:	
Borrower rebates	1,122,849
Management fees	99,019
Total securities lending activities expenses	1,221,868
Net income from securities lending activities	235,446
Total net investment (loss)	(91,718,142)
Transfers from other funds	1,328,831
Total additions	(75,936,934)
DEDUCTIONS	
Pension benefits	32,946,583
Pension administration	483,596
Employee contributions refunded	1,197,020
Transfers to other funds	1,328,831
Other deductions	82,630
Total deductions	36,038,660
Change in net assets	(111,975,594)
Net assets - beginning	772,791,821
Net assets - ending	\$ 660,816,227

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

CITY OF WICHITA, KANSAS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

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CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

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, entities for which the government is considered to be financially accountable. 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.

Blended Component Unit - The Wichita Airport Authority (WAA) 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 Wichita Airport Authority is reported as an enterprise fund.

Discretely Presented Component Unit - The Wichita Public Building Commission (WPBC) acquires and finances buildings or facilities 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. Additionally, the City of Wichita is liable on a contingent basis and will make rental payments, if necessary, to supplement rental payments in connection with the City/County "wrap-around" obligation for the State Office Building. (Refer to Note 20.E. - Public Building Commission Lease, for further disclosure.) The WPBC is presented as a proprietary fund type.

Separate audited financial statements are not prepared by the Wichita Airport Authority or the Wichita Public Building Commission.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets on page A-5 and the statement of changes in net assets on page A-7) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *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.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

1. Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include [1] charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and [2] grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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 funds 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 soon 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 they are 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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Property taxes, franchise fees, 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 deferred revenue. All other revenue items are considered to be measurable and available only when cash is received.

The following major governmental funds are reported:

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.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

1. Summary of Significant Accounting Policies (continued)

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

The Federal/State Assistance Fund accounts for assistance received from Federal and State grant sources providing benefits to the community. The City maintains a separate fund for each Federal or State grant program. Because of the large number of such funds, the funds that are similar in nature or are funded by the same grantor agency have been consolidated.

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 streets, arterials and freeway projects that are financed through the issuance of general obligation bonds, special assessments, local sales tax, Federal 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 component of the combined utility, providing an adequate, quality supply of water and means of wastewater disposal.

The Sewer Utility Fund accounts for the operation and maintenance of the sewer component of the combined utility, including wastewater treatment plants and more than 1,200 miles of sewer laterals and mains.

The Wichita Airport Authority Fund accounts for the provision of air transportation services for the public, business and industry, while maintaining the safe operation of assets.

The government also reports the following fund types:

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

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis and to account for the City's self-insurance activities.

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 3, all of which accumulate resources for pension benefits for qualified employees.

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.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

1. Summary of Significant Accounting Policies (continued)

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's Enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. Principal operating revenues of the proprietary funds are 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 nonoperating revenues and expenses.

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 and those of the Wichita Public Building Commission). The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also, effectively, may withdraw cash at any time without prior notice or penalty. Investments of the pooled accounts consist primarily of certificates of deposits, repurchase agreements, and U.S. government securities, carried at amortized cost, which approximates fair value. Interest income earned is allocated to contributing funds based on average daily cash balances and in accordance with the adopted budget.

E. Investments

Investments of all funds (except the pension trust funds) and the component unit are recorded at amortized cost, which approximates fair value. For the pension trust funds, investments are reported at fair value. Investments traded on national or international exchanges are valued at the last trade price of the day. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar investments.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

1. Summary of Significant Accounting Policies (continued)

E. Investments (continued)

Investments that do not have an established market are reported at their estimated fair value. The pension trust funds invest in Treasury strips and various asset backed securities, such as collateralized mortgage obligations and credit card trusts.

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 during the year levied, with the balance to be paid on or before June 20 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, 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 revenue 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 follow the policy of recognizing revenue on sales when services are rendered. The Water, Sewer, and Storm Water 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) at 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.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

1. Summary of Significant Accounting Policies (continued)

H. Special Assessments (continued)

The prepayment amount is discounted for the estimated interest earnings realized from investing the prepayment amount. The amount of interest 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 ten to fifteen 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, they may be collected by foreclosure. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the debt service fund with a corresponding amount recorded as deferred revenue.

I. Inventories and Prepaid Expenses

Inventories and prepaid expenses that benefit future periods, other than those recorded in the proprietary fund are recorded as expenditures during the year of purchase. Inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method except for the Water Utility, Transit Fund, and Fleet/Building Fund, which are valued using an 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 by the government as assets with an initial individual cost ranging from \$1,500 to \$250,000, depending on the type of asset. Capital assets are valued at historical cost, or estimated historical cost (if actual historical cost is not available). Donated fixed assets are valued at their estimated fair market 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 proprietary funds, 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.

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

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

1. Summary of Significant Accounting Policies (continued)

J. Capital Assets (continued)

<u>Assets</u>	<u>Years</u>
Buildings and improvements	1-42
Improvements other than buildings	1-50
Equipment	1-33
Vehicles	1-20
Public domain infrastructure	15-60
Water/Sewer mains and drainage	75-85
Airfields	5-40

K. Payments in Lieu of Franchise Fees

Annually, the Water Utility and Sewer Utility pay to the General Fund of the City, in lieu of franchise fees, an amount not to exceed five percent of gross revenues for the preceding year, which is determined by the City and included in the annual budget.

L. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts to employees who separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have 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. Estimates

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

O. Pending Governmental Accounting Standards Board Statements

As of December 31, 2002, the Governmental Accounting Standards Board (GASB) GASB Statement No. 38, "Certain Financial Statement Disclosures", was issued in June 2001. This Statement establishes and modifies disclosure requirements related to the summary of significant accounting policies, actions taken to address violations of significant finance-related legal and contractual provisions, debt and lease obligations, short-term debt, disaggregation of receivable and payable balances, and interfund balances and transfers.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

1. Summary of Significant Accounting Policies (continued)

O. Pending Governmental Accounting Standards Board Statements (continued)

The provisions of this Statement are generally effective when the provisions of GASB Statement No. 34 are required to be implemented, except that requirements related to short-term debt, receivable and payable balances, interfund balances, and interfund transfers may be implemented one year later, or fiscal year ended December 31, 2003.

GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, was also issued in May, 2002. This Statement provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with a primary government and to clarify reporting requirements for those organizations. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2003.

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 Federal and State assistance funds, all capital projects funds (including capital projects of proprietary funds), the Wichita Airport Authority, Golf Course System, Transit, Self Insurance, 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 must be appropriated. The law does not permit an appropriation for sundry or miscellaneous purposes in excess of ten percent of the total. The budget for each fund may include a non-appropriated balance not to exceed five percent 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.

Kansas statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. In accordance with Kansas statutes, the legal level of control for the City is established at the individual fund level, also permitting the transfer of budgeted amounts from one object or purpose to another within the same fund. All annual appropriations lapse at the end of the year, except for outstanding encumbrances, which are reappropriated in the following fiscal year.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

2. Budgetary Control (continued)

Kansas statutes permit 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 and the governing body may amend the budget at that time.

3. Budgetary Basis of Accounting

Budgets are prepared on a basis (budgetary basis) different 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 and budgetary basis is the reporting of encumbrances (purchase orders, contracts, and other commitments) as a reservation of fund balance (GAAP) as opposed to the equivalent of expenditures (budgetary). 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 as follows:

	<u>Net change in fund balance</u>	<u>Fund balances at end of year</u>
General Fund - GAAP Basis	\$(2,291,668)	\$23,384,291
Increase (decrease) affecting basis of:		
Revenue due to cancellation of prior year encumbrances	179,226	179,226
Expenditures due to prior year encumbrances	2,278,851	-
Expenditures due to current year encumbrances	<u>(2,437,831)</u>	<u>(2,437,831)</u>
 Budgetary Basis	 <u>\$(2,271,422)</u>	 <u>\$21,125,686</u>

4. Fund Balance Deficits

At December 31, 2002, fund balance deficits were as follows:

<u>Primary Government</u>	<u>Fund Balance Deficit</u>
Street Improvement fund	5,532,836
Nonmajor governmental funds:	
Water Main Extension	3,214,228
Park Bond Construction	887,959
Public Improvement Construction	2,665,729
Sewer Construction	<u>8,029,596</u>
 Total Reporting Entity	 <u>\$20,330,348</u>

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

4. Fund Balance Deficits (continued)

The fund balance deficit of the Federal and State Assistance fund will be recovered from Federal contributions. The Street Improvement and nonmajor governmental fund deficits will be financed through the sale of bonds authorized by the City Council but not yet sold at December 31, 2002.

5. Cash, Investments, and Securities Lending

Cash

Generally accepted accounting principles require the reporting entity to categorize their cash deposits at year-end according to three credit risk categories. Category 1 includes cash deposits that are insured under a federal depository insurance fund or are collateralized with securities held by the City or the City's agent in the City's name. Category 2 includes cash deposits collateralized with securities held by the pledging financial institution's trust department or agent in the City's name. Category 3 includes cash deposits that are uncollateralized or collateralized with securities which are held by the pledging financial institution or its trust department or agent but not in the City's name. As of December 31, 2002, the reporting entity's cash deposits were categorized as follows:

	Category <u>1</u>	Category <u>2</u>	Category <u>3</u>	Total
Bank Deposits	\$10,905,864	\$ -	\$ -	\$10,905,864
Reconciling Items				<u>(4,784,439)</u>
Book Balance				<u>\$ 6,121,425</u>

Reconciling items primarily include outstanding checks and deposits that were in transit at year-end.

Investments

State law (K.S.A. 9-1402) requires that collateral be pledged equal to or greater than 100 percent of the market value of the reporting entity's deposits. As of December 31, 2002, the reporting entity had deposits in eight banks totaling \$10,905,864 with assets pledged to the reporting entity by the banks as collateral with a market value of \$16,461,885.

State law (K.S.A. 12-1675-12-1677) allows monies, not otherwise regulated by statute, to be invested in:

1. Temporary notes of the City of Wichita;
2. Time deposits, open accounts or certificates of deposits with maturities of not more than four years;
3. Repurchase agreements with commercial banks, state or federally chartered savings and loan associations, which have offices located in Wichita;
4. United States treasury bills or notes with maturities not exceeding four years;
5. U.S. Government-Agency securities with a maturity of not more than four years that do not have any more interest rate risk than U.S. Government obligations or similar maturities;

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

5. Cash, Investments and Securities Lending (continued)

Investments (continued)

6. The municipal investment pool fund operated by the State Treasurer;
7. A municipal investment pool established through the trust department of commercial banks, which have offices located in Wichita.

State law (K.S.A. 10-131) allows investment of the proceeds of bonds and temporary notes in the following, in addition to those stated above:

1. U.S. Government and agency obligations;
2. Time deposits with banks and trust companies in Sedgwick County;
3. FNMA, FHLB and FHLMC obligations;
4. Collateralized repurchase agreements;
5. Investment agreements with financial institutions including broker/dealers whose obligations are rated in one of the three highest rating categories by either Moody's or Standard & Poors;
6. Mutual funds with portfolios consisting entirely of obligations of the U.S. Government, U.S. Government agencies, FNMA, FHLB and FHLMC;
7. Certain Kansas municipal bonds.

City ordinance (34-671; section 2.52.100) authorizes the Group Life Insurance Fund to hold investments comprised of:

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

Cemetery Fund investments are authorized to be prudently invested at the discretion of the City's Director of Finance.

Deposits and investments for the Wichita Public Building Commission are invested by trustees and are held under trust indentures.

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. City ordinance (44-812; section 2.28.090) authorizes the Wichita Employees' Retirement System and City ordinance (Charter Ordinance 176) authorizes the Police and Fire Retirement System to invest in:

1. Common stock (not more than 70 percent);
2. Direct or indirect obligations of the U.S. Government;
3. Corporate bonds rated A or better;
4. Commercial paper of high quality;
5. Foreign securities (not more than 25 percent);
6. Real estate (pooled) (not more than 10 percent).

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

5. Cash, Investments and Securities Lending (continued)

Investments (continued)

The pension funds follow an overall strategic allocation policy that includes investments in four asset types: domestic equities, international equities, domestic fixed income, and international fixed income. Additionally, the pension funds invest in various asset-backed securities such as collateralized mortgage obligations (CMO's) 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, CMO's break up the cash flows from mortgages into categories with defined risk and return characteristics called tranches. The tranches are differentiated by 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. The pension funds utilize a combination of asset backed securities which vary in their degree of volatility.

The City's investments are categorized to give an indication of the level of credit risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker, dealer, or financial institution, or financial institution's trust department or safekeeping department, or agent but not in the City's name.

Approximately 61 percent of the investments owned by the pension funds are in category 1.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

5. Cash, Investments and Securities Lending (continued)

Investments (continued)

At year-end, investments of the primary government were as follows:

	Category 1	Category 2	Category 3	Carrying Amount	Fair Value
Investments - categorized:					
Repurchase agreements	\$ 18,419,715	\$ -	\$ -	\$ 18,419,715	\$ 18,419,715
U.S. government and agencies:					
Not on securities loan	230,063,256	-	-	230,063,256	231,891,368
On securities loan for securities collateral	6,472,969	-	-	6,472,969	6,472,969
Stocks:					
Not on securities loan	211,805,217	-	-	211,805,217	212,081,895
On securities loan for securities collateral	1,457,413	-	-	1,457,413	1,457,413
Corporate bonds:					
Not on securities loan	50,413,970	-	-	50,413,970	50,414,645
Mortgage and asset backed securities					
	<u>44,355,600</u>	<u>-</u>	<u>-</u>	<u>44,355,600</u>	<u>44,355,600</u>
Subtotal	<u>\$562,988,140</u>	<u>\$ -</u>	<u>\$ -</u>	562,988,140	565,093,605
Investments - not categorized:					
Investments held by broker-dealers under securities loans:					
U.S. government and agency securities				5,859,698	5,859,698
Domestic equities				50,118,828	50,118,828
Corporate bonds				6,264,211	6,264,211
Securities lending short-term collateral investment pool					
				63,981,313	63,981,313
Mutual/pooled funds				<u>259,228,411</u>	<u>259,228,411</u>
Total investments				<u>\$948,440,601</u>	<u>\$950,546,066</u>

At year-end, investments of the Wichita Public Building Commission were as follows:

	Carrying Amount	Fair Value
Investments-not categorized:		
Guaranteed investment contract	\$ 973,305	\$ 973,305
Mutual/pooled funds	<u>1,983,553</u>	<u>1,983,553</u>
Total investments	<u>\$2,956,858</u>	<u>\$2,956,858</u>

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

5. Cash, Investments and Securities Lending (continued)

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 custodian of the City's pension plans is an agent in lending the plans' domestic securities for collateral of 102 percent and international securities for collateral of 105 percent. Collateral may consist of cash, securities issued or guaranteed by the U.S. Government or its agencies, or irrevocable letters of credit issued by a bank (including an affiliate of the agent), other than the securities borrower or affiliate, which is either insured by the Federal Deposit Insurance Corporation or a foreign bank that has complied with applicable requirements of the Federal Reserve Board. The collateral securities cannot be pledged or sold by the City unless the borrower defaults. The 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 the required value of the loaned securities. Contracts with the lending agent require them to indemnify the Systems, if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or fail to pay the Systems for income distributions by the securities' issuers while the securities are on loan. All securities loans can be terminated on demand either by the Systems or the borrower.

At year-end, all loans were secured with cash collateral or securities and involved domestic equities and fixed income securities. For all loans, the term to maturity of securities loans is matched with the term to maturity of the investment of the cash collateral. Such matching existed at year-end. However, in lending domestic securities, a portion of the cash collateral is invested in the lending agent's short-term investment pool, which at year-end had a weighted-average maturity of 36 days. The relationship between the maturities of the investment pool and the Systems' loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the System cannot determine. Securities on loan at year-end are presented as unclassified in the preceding schedule of custodial credit risk. At year-end, the Systems had no credit risk exposure to borrowers because the amounts the Systems owe the borrowers exceed the amounts the borrowers owe the Systems.

6. Capital Assets

Capital asset activity of the primary government for the year ended December 31, 2002 was as follows (expressed in thousands of dollars):

	Balance <u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>December 31</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 157,365	\$ 25,420	\$ (730)	\$ 182,055
Construction in progress	<u>129,392</u>	<u>72,599</u>	<u>(20,471)</u>	<u>181,520</u>
Total capital assets, not being depreciated	<u>286,757</u>	<u>98,019</u>	<u>(21,201)</u>	<u>363,575</u>

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

6. Capital Assets (continued)

	Balance January 1	Additions	Deletions	Balance December 31
Capital assets, being depreciated:				
Buildings	166,592	5,573	(2,021)	170,144
Improvements, other than buildings	17,044	5,641	(60)	22,625
Machinery, equipment and other assets	61,114	4,503	(4,763)	60,854
Infrastructure	<u>305,189</u>	<u>10,008</u>	<u>(183)</u>	<u>315,014</u>
Total capital assets being depreciated	<u>549,939</u>	<u>25,725</u>	<u>(7,027)</u>	<u>568,637</u>
Less accumulated depreciated for:				
Buildings	(60,560)	(4,623)	225	(64,958)
Improvements other than buildings	(10,147)	(566)	59	(10,654)
Machinery and equipment	(44,328)	(4,355)	4,228	(44,455)
Infrastructure	<u>(80,888)</u>	<u>(7,732)</u>	<u>29</u>	<u>(88,591)</u>
Total accumulated depreciation	<u>(195,923)</u>	<u>(17,276)</u>	<u>4,541</u>	<u>(208,658)</u>
Total capital assets, being depreciated, net	<u>354,016</u>	<u>8,449</u>	<u>(2,486)</u>	<u>359,979</u>
Governmental activities capital assets, net	<u>\$ 640,773</u>	<u>\$ 106,468</u>	<u>\$ (23,687)</u>	<u>\$ 723,554</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 22,534	\$ 422	\$ —	\$ 22,956
Construction in progress	<u>124,862</u>	<u>77,483</u>	<u>(83,656)</u>	<u>118,689</u>
Total capital assets, not being depreciated	<u>147,396</u>	<u>77,905</u>	<u>(83,656)</u>	<u>141,645</u>
Capital assets, being depreciated:				
Airfields	105,700	1,964	—	107,664
Buildings	160,143	24,545	(2,668)	182,020
Improvements other than buildings	531,741	50,032	(338)	581,435
Machinery, equipment and other assets	<u>68,994</u>	<u>22,136</u>	<u>(6,865)</u>	<u>84,265</u>
Total capital assets being depreciated	<u>866,578</u>	<u>98,677</u>	<u>(9,871)</u>	<u>955,384</u>
Less accumulated depreciated for:				
Airfields	(54,642)	(4,753)	—	(59,395)
Buildings	(68,687)	(4,062)	—	(72,749)
Improvements other than buildings	(112,916)	(8,650)	—	(121,566)
Machinery and equipment and other assets	<u>(42,316)</u>	<u>(6,380)</u>	<u>5,685</u>	<u>(43,011)</u>
Total accumulated depreciation	<u>(278,561)</u>	<u>(23,845)</u>	<u>5,685</u>	<u>(296,721)</u>
Total capital assets, being depreciated, net	<u>588,017</u>	<u>74,832</u>	<u>(4,186)</u>	<u>658,663</u>
Business-type activities capital assts, net	<u>\$735,413</u>	<u>\$152,737</u>	<u>\$ (87,842)</u>	<u>\$800,308</u>

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

6. Capital Assets (continued)

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

Governmental activities:	
General government	\$ 1,604
Public safety	1,396
Highways and streets, including depreciation of general infrastructure assets	7,428
Sanitation	111
Health and Welfare	710
Culture and recreation	3,370
Capital assets held by the government's internal services funds are charged to the various functions based on their usage of the assets	<u>2,657</u>
Total depreciation expense – governmental activities	<u>\$17,276</u>
Business-type activities:	
Water	\$ 7,194
Sewer	4,854
Airport Authority	7,936
Nonmajor enterprise funds	<u>3,861</u>
Total depreciation expense – business-type activities	<u>\$23,845</u>

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 Wichita Police and Fire Retirement System (WPFERS). Each system is administered by a separate Board of Trustees. The single-employer defined contribution plan consists of the Wichita Employees' Retirement System Plan 3 that is also governed by the Wichita Employees' Retirement System Board of Trustees.

The Wichita Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for WERS and WPFERS. The financial report may be obtained by writing to the Wichita Retirement System, City Hall, 12th Floor, 455 N. Main, Wichita, KS 67202 or by calling (316) 268-4544.

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The Wichita Employees' Retirement System, Wichita Police and Fire Retirement System, and the Wichita Employees' Retirement System Plan 3 are reported as pension trust funds in the City's financial statements and use 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.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

7. Retirement Funds (continued)

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost plus accrued interest, which approximates market or 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. Investments that do not have an established market are reported at their estimated fair value.

Management of Plan Assets

The Board of Trustees of all Systems have contractual arrangements with independent investment counselors for management 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. The Board of Trustees of the pension systems also have contractual arrangements with independent firms which monitor the investment decisions of the Systems' investment counselors.

Reserves and Concentrations

There are no assets legally reserved for purposes other than the payment of plan member benefits for either plan. The plans held no individual investments (other than U.S. Government and U.S. Government guaranteed obligations) where the market value exceeded five percent or more of net assets available for benefits. There are no long-term contracts for contributions.

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 also closed to new entrants with the establishment of Plan 3, effective January 1, 1994. However, upon completion of seven years of service, employees participating in Plan 3 may convert to participation in Plan 2. Establishment of and amendments to the benefit provisions for the WERS are authorized by the City Council.

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 percent of covered salaries, respectively. The City is required to contribute at an actuarially determined rate; the rate for 2002 was 4.7 percent of annual covered payroll for both Plans 1 and 2. The City provides 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.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

7. Retirement Funds (continued)

A. Wichita Employees' Retirement System (continued)

Annual Pension Cost and Net Pension Obligation

The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2002, the City's annual pension cost of \$1,957,922 was equal to the required and actual contributions.

The employer's annual required contribution for the current year was determined as part of the December 31, 2000 actuarial valuation using the individual entry age actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.75 percent per year compounded annually (4.5 percent attributable to inflation and .25 percent attributable to productivity), (c) additional projected salary increases ranging from 0 percent to 3.8 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 3.0 percent per year (non-compounded) after retirement for Plan 1 and 2.0 percent per year (non-compounded) for Plan 2.

The actuarial accrued liability, as determined by the individual entry age actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the first year this smoothing method has been used.

The unfunded actuarial accrued liability is amortized as a level percentage of projected payroll on an open basis. At December 31, 2002, the amortization period was 20 years.

Three Year Trend Information

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
12/31/00	\$2,751,084	100	\$0
12/31/01	1,843,213	100	0
12/31/02	1,957,922	100	0

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

7. Retirement Funds (continued)

B. Police and Fire Retirement System

Plan Description

The WPFRS is divided into three plans - Plan A, Plan B, and Plan C-79. The plans were established to provide retirement and survivor annuities, 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 WPFRS are authorized by the City Council.

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. WPFRS members are required to contribute six to eight percent of covered salaries. The City is required to contribute at an actuarially determined rate; the rate for 2002 was 10.9 percent of annual covered payroll. The City provides for pension expenses by levying ad valorem property taxes each year in the amount necessary to meet its obligation as determined by the consulting actuary.

Annual Pension Cost and Net Pension Obligation

The net pension obligation (NPO) is defined as the cumulative difference between the employer's annual pension cost and the employer's annual required contributions to the plan. For 2002, the City's annual pension cost of \$4,746,504 was equal to the required and actual contributions.

The employer's annual required contribution was determined as part of the December 31, 2000 actuarial valuation using the individual entry age actuarial cost method. Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 7.75 percent per year compounded annually, (b) projected salary increases of 4.75 percent per year compounded annually (4.5 percent inflation rate and .25 percent productivity), (c) additional projected salary increases ranging from 0 percent to 3.0 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.0 percent per year (non-compounded) commencing 36 months after retirement.

The actuarial accrued liability, as determined by the individual entry age normal actuarial cost method, is the portion of the actuarial present value of pension plan benefits and expenses not provided for by future normal costs. An asset valuation method is used to smooth the effect of market fluctuations. The actuarial value of assets is equal to the Expected Value (calculated using the actuarial assumed rate of 7.75 percent) plus 25 percent of the difference between the market and expected value. This is the first year this smoothing method has been used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. At December 31, 2002, the remaining amortization period was 20 years.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

7. Retirement Funds (continued)

B. Police and Fire Retirement System (continued)

Three Year Trend Information

SCHEDULE OF EMPLOYER CONTRIBUTIONS

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Required</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
12/31/00	\$5,540,575	100	\$0
12/31/01	4,796,863	100	0
12/31/02	4,746,504	100	0

C. Wichita Employees' Retirement System Plan 3

The reporting entity provides pension benefits for all of its full-time civilian employees hired or rehired on or after January 1, 1994. This is a defined contribution plan; therefore, benefits depend solely on amounts contributed to the plan plus investment earnings. At December 31, 2002, current membership totaled 873.

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 percent of salary (base pay plus longevity) each pay period. The reporting entity's contributions and earnings for each employee are 25 percent vested after three years of service, 50 percent vested after five years and are fully vested after seven years of continuous service.

Upon completion of seven years of service, employees participating in this plan may, within 90 days thereafter, advise the Board of the employee's decision to convert to participation in the Wichita Employees' Retirement System Plan 2, a defined benefit plan. If an employee elects to convert to Plan 2, the employee's account on the date of election shall become part of Plan 2. Fully vested employees who elect to continue participation in Plan 3 beyond seven years, 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. Contributions of the reporting entity and earnings forfeited by employees who leave employment before seven years of service are used to reduce the reporting entity's contribution requirements.

For the year ending December 31, 2002, employee and employer contributions to Plan 3 totaled \$1,203,471 and \$1,203,471, respectively.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

8. Self-Insurance Fund

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. Beginning in 1996, the City chose a fully insured health plan, Premier Blue, to replace the self-insured plan previously offered. The contributions and premiums for this plan are also accounted for through this fund. For those funds paying insurance costs, the contributions are recorded as expenditures/expenses in the 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. These claims are reflected under accounts payable and accrued liabilities in the internal service funds.

<u>Fund</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
Workers' Compensation				
2000-2001	\$9,915,000	\$1,970,087	\$(2,325,087)	\$ 9,560,000
2001-2002	9,560,000	5,354,500	(3,959,500)	10,955,000
General Liability				
2000-2001	3,834,000	2,980,432	(2,498,432)	4,316,000
2001-2002	4,316,000	1,630,461	(1,464,461)	4,482,000

- A. The employee health insurance program became fully insured beginning January 1, 1996. Prior to this date, the plan was primarily self-insured. Health insurance is offered to substantially all full-time employees of the reporting entity. The employee health insurance is provided through Preferred Health Systems and Preferred Plus of Kansas HMO, with a self-referral option and out of area benefits. A monthly premium is paid to the insurance company which is responsible for all medical and administrative costs. At December 31, 2002, the City had \$3,523,137 of net assets available for future health insurance premiums. These funds are being retained to stabilize future premium increases and provide a reserve, if the City should choose to self-insure this exposure again in the future. The City continues to self-insure the prescription drug portion of the health plan, utilizing National Medical Health Card as the plan administrator.

- B. 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, maintaining a 90 percent confidence level. The City has reinsured for liabilities exceeding \$300,000 per occurrence through the Employer's Reinsurance Corporation. The City transferred this coverage to Midwest Employers Casualty effective 01/01/02 with a \$500,000 per occurrence deductible. The increased deductible was taken into account for 2002 and subsequent actuarial projections. The City maintains a reserve to meet State and actuarial requirements and to provide contingency funding. At December 31, 2002, the City recorded a liability of \$10,955,000 for estimated probable claims pending. Net assets at December 31, 2002 were \$3,163,166.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

8. Self-Insurance Fund (continued)

- C. The City maintains a cost plus life insurance program administered by Minnesota Mutual Life Insurance Company which provides life, accidental death and dismemberment, and conversion privileges to participants and life insurance to designated dependents. Benefit levels are based on employee compensation. The City offers additional voluntary accidental death and dismemberment insurance for both 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. All full-time employees of the reporting entity are eligible to participate in the plans. 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 option, or if the plan is terminated.

The Board of Trustees retained consulting actuaries in 1995 to perform a study of the City's group life insurance program, consisting of an analysis of the current financial status of the program with emphasis on the adequacy of the current reserve and premium levels. The group life insurance consulting actuaries stated that the fund balance was \$1.9 million in excess of that required to meet a 99.9 percent confidence level (the probability that actual annual claims will not exceed the amount of the reserve). The Board of Trustees believe this reserve level to be adequate. At December 31, 2002, net assets totaled \$3,165,248.

- D. The City's general liability program provides for legal defense and claims against employees of the reporting entity when an incident occurs during the course of employment. This program also includes vehicle liability and building and content insurance. The deductible portion of the building and content insurance coverage is paid from the self-insurance fund. The deductible is \$100,000 per occurrence. The City is self-insured for tort liability claims against the reporting entity. There is a \$500,000 per occurrence limitation based on the Kansas Tort Claims Act. Effective November 1, 1996, the City purchased an excess policy of insurance for federal and out of state actions, since limitations under the State's Tort Claims Act do not apply to these claims. This policy provided coverage of \$10 million with a \$1 million self-insured retention. Due to dramatic cost increases, and the fact that the City has had no claims against this policy since inception, this policy was not renewed on November 1, 2002. The decision not to renew this policy was considered by the actuary when making reserve calculations. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. At December 31, 2002, the City recorded a \$4,482,000 liability for pending claims (maintaining a 90 percent confidence level) and to provide for the loss of excess liability coverage and potential environmental liability exposure. At December 31, 2002, net assets totaled \$8,415,597.

9. Long-Term Debt

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. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

9. Long-Term Debt (continued)

A. General Obligation Bonds (continued)

General obligation bonds outstanding (expressed in thousands of dollars) at December 31, 2002 are as follows:

<u>Payable from</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities:		
Ad valorem property taxes	2.75-6.50%	\$ 71,979
Transient guest tax	4.00-6.50%	12,520
Tax increment financing	3.00-6.50%	19,920
Local sales tax	4.00-5.00%	<u>56,000</u>
Subtotal - governmental activities		<u>160,419</u>
Business-type activities:		
Storm Water Utility	4.35-4.60%	6,045
Golf Course System	4.55-6.50%	7,682
Transit	5.10-5.30%	97
Wichita Airport Authority	4.60-8.80%	<u>4,865</u>
Subtotal - business-type activities		<u>18,689</u>
Total general obligation bonds		<u>\$179,108</u>

Annual debt service requirements to maturity for general obligation bonds are as follows (expressed in thousands of dollars):

<u>Year ending</u> <u>December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 20,931	\$ 6,696	\$ 2,689	\$ 904
2004	19,847	5,821	2,695	769
2005	18,709	5,300	2,794	631
2006	16,841	4,641	2,893	488
2007	13,169	4,076	1,069	383
2008-2012	49,110	13,870	4,575	1,091
2013-2017	<u>21,812</u>	<u>3,407</u>	<u>1,974</u>	<u>203</u>
Totals	<u>\$160,419</u>	<u>\$43,811</u>	<u>\$18,689</u>	<u>\$4,469</u>

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

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

9. Long-Term Debt (continued)

A. General Obligation Bonds (continued)

Annual debt service requirements to maturity for special assessment bonds are as follows (expressed in thousands of dollars):

Year ending <u>December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2003	\$ 15,485	\$ 7,513
2004	14,405	6,390
2005	13,565	5,682
2006	12,425	4,991
2007	12,505	4,397
2008-2012	56,125	13,509
2013-2017	<u>24,030</u>	<u>2,559</u>
Totals	<u>\$148,540</u>	<u>\$45,041</u>

B. Revenue Bonds

Revenue bonds are also issued by the City of Wichita and the Wichita Public Building Commission, where income derived from the acquired or constructed assets is pledged to pay debt service. Revenue bonds outstanding at year end are as follows (expressed in thousands of dollars):

	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
<u>Primary Government</u>			
Enterprise Funds:			
Water and Sewer:			
1997-Water & Sewer	4.50-7.875%	2016	\$ 52,630
1998-Water & Sewer	4.00-4.70%	2012	24,785
1999-Water & Sewer	4.00-6.00%	2018	42,580
2000A-Water	4.69%	2021	2,558
2000B-Water	4.69%	2021	4,404
2001-Water & Sewer	3.00-5.00%	2009	14,550
Wichita Airport Authority:			
Airborne Freight Corp, Series A, 1994	6.30-6.75%	2009	695
Wichita Airport Hotel Associates, L.P.-Series 1992	7.00%	2005	4,070
Learjet, Inc.-Series A, 1995	7.00%	2005	902
Federal Express-Series A&B, 1997	6.45%	2013	1,110
Executive Aircraft Corp.-Series 1997	5.80-6.25%	2008	1,130
Learjet, Inc.-Series A, 1997	7.00%	2007	4,681
Ballard Aviation-Series 1998	5.40-6.25%	2018	1,055
Executive Aircraft Corp.-Series 1999	5.40-6.75%	2014	2,670
Cessna Aircraft Company-Series 2000	8.00%	2009	11,202
Yingling Aircraft-Series 2001	7.50%	2021	1,300
Cessna Aircraft Corp. – Series A, 2002	6.25%	2032	<u>49,300</u>
Total Primary Government			<u>\$219,622</u>

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

9. Long-Term Debt (continued)

B. Revenue Bonds (continued)

<u>Component Unit</u>	<u>Interest Rates</u>	<u>Final Maturity Date</u>	<u>Amount Outstanding</u>
Wichita Public Building Commission:			
State Office Building, Series H, 1993	5.00-5.50%	2014	\$15,320
USD, 259, Series I, 1996	4.90%	2003	2,775
Wichita State University, Series K, 1999	5.00%	2007	2,300
Wichita State University, Series L, 2001	3.00-5.00%	2017	<u>17,075</u>
Total Component Unit - Wichita Public Building Commission			<u>\$37,470</u>

Revenue bond debt service requirements to maturity are as follows (expressed in thousands of dollars):

<u>Year ending December 31</u>	<u>Business-type Activities</u>		<u>Component Unit - WPBC</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 11,394	\$ 11,817	\$ 4,785	\$ 1,792
2004	12,014	11,161	2,150	1,606
2005	13,853	10,406	2,355	1,515
2006	11,937	9,772	2,460	1,411
2007	12,586	9,191	2,370	1,294
2008-2012	62,098	35,259	12,270	4,647
2013-2017	39,203	22,213	11,080	1,257
2018-2022	7,237	16,096	-	-
2023-2027	-	15,406	-	-
2028-2032	<u>49,300</u>	<u>13,866</u>	-	-
Totals	<u>\$219,622</u>	<u>\$155,187</u>	<u>\$37,470</u>	<u>\$13,522</u>

C. Contract Payable

The Water Utility maintains a contract payable to the U.S. Department of Interior for construction of Cheney Reservoir, which was issued for \$5,754,025 in January, 1961. This liability is payable in annual installments on October 1, increasing from \$263,588 to \$277,803 through 2005 plus interest at 2.625 percent and has a balance of \$811,898 as of December 31, 2002. Debt service requirements to maturity for the Water Utility contract payable are as follows (expressed in thousands of dollars):

<u>Year ending December 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2003	\$264	\$21
2004	270	15
2005	<u>278</u>	<u>7</u>
Totals	<u>\$812</u>	<u>\$43</u>

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

9. Long-Term Debt (continued)

D. Section 108 Loan

In April 1999, the City entered into a loan agreement with the U.S. Department of Housing and Urban Development (HUD) for funding of \$3,610,000 for the construction of a manufacturing, training, and employment center on 21st Street. The City entered into an operating lease with Cessna Aircraft Company for rental of the facility, with rental payments designed to cover principal and interest owed by the City on the loan. See footnote 12.A. – Operating Leases, for further disclosure. Interest rates for amounts outstanding under the loan range from 5.4 percent to 6.33 percent. Debt service requirements to maturity for the HUD Section 108 loan are as follows (expressed in thousands of dollars):

<u>Year ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2003	\$ 195	\$ 174
2004	205	163
2005	220	152
2006	235	140
2007	250	126
2008-2012	1,475	393
2013	<u>350</u>	<u>22</u>
Totals	<u>\$2,930</u>	<u>\$1,170</u>

E. Other Long-Term Obligations

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 certain maintenance and monitoring functions at the site for thirty years after closure. Estimated postclosure costs for the required remaining 28.75 years totaled \$25,888,700, or \$900,477 annually. Additionally, closure costs totaling \$20,300 and \$13,700 have been reported for the construction and demolition landfill and the industrial monofill landfill for asbestos waste, respectively. These costs will be liquidated from prior years' landfill fees accumulated in the Landfill Postclosure Fund. See footnote 18. – Landfill Closure and Postclosure Care, for further disclosure.

F. Changes in Long-Term Debt

Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the following totals for governmental activities. At year-end, compensated absences totaling \$260,333 are included in the amounts below. Also, for governmental activities, compensated absences are generally liquidated by the General Fund.

Long-term liability activity for the year ended December 31, 2002, is as follows (expressed in thousands of dollars):

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

9. Long-Term Debt (continued)

F. Changes in Long-Term Debt (continued)

	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
<u>Governmental activities</u>					
Bonds payable:					
General obligation bonds	\$109,294	\$ 72,845	\$ (21,720)	\$160,419	\$20,931
Special assessment debt with government commitment	<u>149,255</u>	<u>14,980</u>	<u>(15,695)</u>	<u>148,540</u>	<u>15,485</u>
Total bonds payable	258,549	87,825	(37,415)	308,959	36,416
Bond anticipation notes	55,808	14,771	(55,808)	14,771	14,771
Section 108 loan	3,115	-	(185)	2,930	195
Accreted interest	1,646	536	(121)	2,061	-
Compensated absences	7,118	6,526	(6,506)	7,138	6,075
Landfill closure and postclosure care	<u>25,250</u>	<u>1,573</u>	<u>(900)</u>	<u>25,923</u>	<u>900</u>
 Total long-term liabilities – Governmental activities	 <u>\$351,486</u>	 <u>\$111,231</u>	 <u>\$(100,935)</u>	 <u>\$361,782</u>	 <u>\$58,357</u>
 <u>Business-type activities</u>					
Bonds payable:					
General obligation bonds	\$ 21,278	\$ -	\$ (2,589)	\$ 18,689	\$ 2,689
Revenue bonds	181,253	49,300	(10,931)	219,622	11,394
Unamortized premium	331	-	(41)	290	-
Deferred amount on refunding	<u>(1,132)</u>	<u>-</u>	<u>109</u>	<u>(1,023)</u>	<u>-</u>
Total bonds payable	201,730	49,300	(13,452)	237,578	14,083
Contract payable	1,069	-	(257)	812	264
Compensated absences	<u>1,251</u>	<u>1,459</u>	<u>(1,396)</u>	<u>1,314</u>	<u>1,118</u>
Total long-term liabilities – Business-type activities	 <u>\$204,050</u>	 <u>\$50,759</u>	 <u>\$(15,105)</u>	 <u>\$239,704</u>	 <u>\$15,465</u>
 <u>Component Unit – Wichita Public Building Commission (WPBC)</u>					
Bonds payable:					
Revenue bonds	\$41,620	\$ -	\$(4,150)	\$37,470	\$4,785
Unamortized premium	<u>506</u>	<u>-</u>	<u>(32)</u>	<u>474</u>	<u>-</u>
Total long term liabilities - WPBC	 <u>\$42,126</u>	 <u>\$ -</u>	 <u>\$(4,182)</u>	 <u>\$37,944</u>	 <u>\$4,785</u>

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

9. Long-Term Debt (continued)

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, 2002, the City was in compliance with all significant reserve requirements of the respective Water and Sewer Utility revenue bond ordinances.

10. Prior-Year Defeasance of Debt

In prior years, the City and the Wichita Public Building Commission defeased certain general obligation, revenue, and other bonds by placing 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. At December 31, 2002, bonds outstanding of \$960,000 related to governmental activities and \$11,275,000 from the Wichita Public Building Commission are considered defeased.

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 the temporary notes, the governing body must take the 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. Temporary notes outstanding at December 31, 2002 are payable as follows:

<u>Primary Government</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>	<u>Maturity Date</u>
Capital Projects Funds:			
Street and Bridge Improvements - Series 206	2.5 %	\$16,959,900	02/20/03
Sewer Improvements - Series 206	2.5 %	7,532,725	02/20/03
Water Improvements - Series 206	2.5 %	2,957,000	02/20/03
Public Improvements - Series 206	2.5 %	13,440,675	02/20/03
Park Improvements - Series 206	2.5 %	540,000	02/20/03
Enterprise Funds:			
Water Utility Improvements - Series 206	2.5%	10,000,000	02/20/03
Sewer Utility Improvements - Series 206	2.5%	40,000,000	02/20/03
Storm Water Utility Improvements - Series 206	2.5%	<u>3,209,700</u>	02/20/03
Total Reporting Entity		<u>\$94,640,000</u>	

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

11. Temporary Notes Payable (continued)

During 2002, the City issued \$147,995,000, retired \$128,355,000 and reclassified \$14,770,986 of temporary notes for various capital improvement projects to long-term liabilities of governmental activities.

12. Leases

A. Rentals Under Operating Leases

The City and the Airport Authority lease facilities and land to various airlines, concessionaires, commercial entities and others. These leases are for varying periods, from one month to 40 years, and require the payment of minimum annual rentals. The following are future minimum rentals of non-cancelable operating leases:

Year ending <u>December 31</u>	
2003	\$ 4,843,460
2004	2,482,061
2005	2,663,977
2006	2,650,103
2007	2,557,142
2008-2012	9,857,158
2013-2017	8,809,036
2018-2022	8,043,111
2023-2027	5,397,851
2028-2032	1,712,273
2033-2037	1,416,568
2038-2042	1,488,161
2043-2047	<u>580,151</u>
Total minimum future rentals	<u>\$52,501,052</u>

The above amounts do not include contingent rentals that may be received under certain leases; such contingent rentals totaled \$1,587,157 in 2002.

B. Direct Financing Leases

The Wichita Airport Authority (WAA) has authorized the construction of buildings on Authority-owned land by 21 tenants. These tenants lease the land from the WAA for periods ranging from two months to 40 years with renewal options ranging from five to 25 years. The WAA has assisted in the financing of certain of these buildings through the issuance of Airport Facility Revenue Bonds.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

12. Leases (continued)

B. Direct Financing Leases (continued)

The Wichita Public Building Commission (WPBC) has assisted in the financing of buildings and facilities for The Wichita State University, the State of Kansas and Unified School District (USD) No. 259 through the issuance of revenue bonds and by entering into lease agreements with the Board of Trustees of the University, the State of Kansas, and USD No. 259. These bonds are payable from lease payments that are made directly to a trustee for the purpose of retiring the principal and interest of the related bonds as they mature.

Additionally, lease payments for The Wichita State University are secured by a pledge of the surplus on an ad valorem tax levy in amounts sufficient to guarantee the rentals under the leases. Such surplus consists of the proceeds of one and one-half (1½) mill tax levy on all tangible property within the City of Wichita which is not needed to guarantee the rentals due under certain leases from the WPBC to the Board of Trustees of The Wichita State University.

Pursuant to lease agreements for the financing of the Finney State Office Building, the City of Wichita and Sedgwick County are contingently liable and will make rental payments, as necessary, to supplement the rental payments to be paid by the State of Kansas so that the total shall be sufficient to pay the debt service on the revenue bonds.

The financing of these facilities by the WAA and the WPBC represent direct financing leases and accordingly, the net investments of such leases are recorded on the respective enterprise fund and component unit balance sheets as restricted assets. The following lists the components of the net investment in direct financing leases as of December 31, 2002:

	WAA	WPBC	Total
Total minimum lease payments to be received	\$181,677,163	\$50,992,354	\$232,669,517
Less: unearned income	103,561,651	13,522,354	117,084,005
Net investment in direct financing leases	\$ 78,115,512	\$37,470,000	\$115,585,512

The future minimum lease rentals to be received under direct financing leases are as follows:

Year ending <u>December 31</u>	Airport Authority	WPBC	Total
2003	\$ 7,557,687	\$ 6,577,295	\$ 14,134,982
2004	7,556,078	3,756,132	11,312,210
2005	8,646,797	3,869,982	12,516,779
2006	6,054,566	3,871,464	9,926,030
2007	6,052,289	3,663,509	9,715,798
2008-2012	32,692,891	16,916,976	49,609,867
2013-2017	17,420,209	12,336,996	29,757,205
2018-2022	17,124,771	-	17,124,771
2023-2027	15,406,250	-	15,406,250
2028-2032	63,165,625	-	63,165,625
Total minimum future rentals	\$181,677,163	\$50,992,354	\$232,669,517

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

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. These 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, 2002, there were 146 series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$4,740,354,327.

Special Facility Revenue Bonds have been issued by the Wichita Airport Authority to provide for the construction of buildings on Authority-owned land. These 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, 2002, eleven series of Special Facility Revenue Bonds were outstanding totaling \$78,115,512. See Note 12.B., Direct Financing Leases, for further disclosure.

To assist in the financing of buildings, facilities, and equipment for other governmental units, the Wichita Public Building Commission has issued four series of revenue bonds. These bonds are secured by the property financed and are payable from payments received based on underlying lease agreements. As of December 31, 2002, the aggregate principal amount payable was \$37,470,000. See Note 12.B., Direct Financing Leases, for further disclosure.

14. Interfund Transfers

A summary of interfund transfers is as follows (in thousands of dollars):

	Transfers from								Totals
	General	Federal/State Assistance	Debt Service	Nonmajor Governmental	Water	Sewer	Nonmajor Enterprise	Internal Service	
Transfers to									
Primary Government:									
General	\$ -	\$ 50	\$ -	\$ 1,343	\$539	\$306	\$25	\$ -	\$ 2,263
Street improvement	-	-	245	12,078	-	-	-	-	12,323
Debt service	-	369	-	12,985	-	-	-	-	13,354
Nonmajor governmental funds	6,243	-	63	16,105	-	-	-	195	22,606
Nonmajor enterprise funds	3,989	-	676	125	-	-	-	-	4,790
Internal service	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>499</u>
Total Reporting Entity	<u>\$10,482</u>	<u>\$419</u>	<u>\$984</u>	<u>\$42,636</u>	<u>\$788</u>	<u>\$306</u>	<u>\$25</u>	<u>\$195</u>	<u>\$55,835</u>

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

15. Interfund Receivables/Payables

Individual fund receivable/payable balances at December 31, 2002 are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 75,000	\$ -
Federal and State Assistance Funds:		
Unified Work Program Subfund	-	78,089
Workforce Investment Act Subfund	-	209,287
Welfare to Work Subfund	-	201,001
Emergency Shelter HUD Subfund	-	8,348
Federal Health Projects Subfund	-	158,537
Emergency Shelter SRS Subfund	-	4,396
HOME Program Subfund	-	185,144
Police Federal Grants Subfund	<u>844,802</u>	<u>-</u>
Subtotal	<u>844,802</u>	<u>844,802</u>
Nonmajor Governmental Funds:		
Self-Supporting Municipal District	-	75,000
Local Sales Tax CIP Fund	7,110,653	-
Water Main Extension Fund	-	1,835,162
Park Bond Construction Fund	-	670,136
Sewer Construction Fund	<u>-</u>	<u>4,605,355</u>
Subtotal	<u>7,110,653</u>	<u>7,185,653</u>
Total	<u>\$8,030,455</u>	<u>\$8,030,455</u>

16. Reserves and Designations of Fund Balances

Reserved fund balance is reported to denote portions of fund balance that are either (1) legally restricted to a specific future use or (2) not available for appropriation or expenditures. The following reservations of fund balance are used by the City: [1] reserved for encumbrances - used to segregate a portion of fund balance for expenditures upon vendor performance; [2] reserved for inventory – used to segregate a portion of fund balance to indicate that inventories do not represent available or spendable resources, and [3] reserved for prepaid items – used to segregate a portion of fund balance to indicate that prepaid items do not represent available or spendable resources.

Designations of fund balances are not legally required segregations, but segregate unreserved fund balance for a specific purpose. A designation of the unreserved fund balance is reported in the amount of \$12,727,055 for the General Fund for the subsequent year's appropriation. Additionally, the unreserved fund balance of the Debt Service Fund totaling \$20,079,218 is designated for future debt service requirements.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

17. Passenger Facility Charges

In 1994, the Wichita 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 Wichita Mid-Continent Airport, effective December 1, 1994. The first funds were received by the Wichita Airport Authority in January 1995. The charge is collected by all carriers and remitted to the Airport Authority, less an \$.08 per passenger handling fee. The proceeds from the PFC are restricted to use for certain FAA approved capital improvement projects. As of December 31, 2002, the Airport Authority has submitted and received approval on three applications with a total amended authorized amount of \$16,266,309 of which \$14,372,468 has been collected.

18. Landfill Closure and Postclosure Care

The City's municipal solid waste facility, Brooks Landfill, closed operations October 9, 2001. Applicable Kansas and federal laws and regulations require the City to place a final cover on the municipal solid waste facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Accordingly, a liability of \$25,888,700 for postclosure care for the remaining 28.75 years has been reported as a long-term liability of governmental activities on the Statement of Net Assets as of December 31, 2002.

During 2001, the City was granted permission to operate a construction and demolition (C&D) landfill at the existing Brooks Landfill site. The C&D landfill began operation October 10, 2001. Applicable Kansas and federal laws and regulations require the City to place a final cover when it closes. The City is required to report a portion of the closure costs as a liability in each period based on the landfill capacity used as of each balance sheet date. As of December 31, 2002, a long-term liability of \$20,300 has been recorded under governmental activities on the Statement of Net Assets, representing the cumulative amount reported to date based on the use of 6.5 percent of the estimated capacity of the landfill. The City will recognize the remaining closure costs of \$290,300 as the remaining capacity is filled. Based on activity to date, the City of Wichita expects the C&D landfill to close in approximately 2017, or as capacity is reached.

In May, 2002, the City began operation of an industrial monofill landfill for asbestos waste at the existing Brooks Landfill site. Applicable Kansas and federal laws and regulations require the City to place a final cover when it closes. The City is required to report a portion of the closure costs as a liability in each period based on the landfill capacity used as of each balance sheet date.

As of December 31, 2002, a long-term liability of \$13,700 has been recorded under governmental activities on the Statement of Net Assets, representing the cumulative amount reported to date based on the use of 3.2 percent of the estimated capacity of the landfill. The City will recognize the remaining closure costs of \$410,500 as the remaining capacity is filled. Based on activity to date, the industrial monofill landfill is expected to close in approximately 2021, or as capacity is reached.

The estimates are subject to change due to inflation, deflation, technology, laws or regulations.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

18. Landfill Closure and Postclosure Care (continued)

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 Postclosure Fund and landfill tipping fees will provide the primary source of funding for the landfills' closure and postclosure costs. Additional financing needs beyond those met by the trust fund and user fees will potentially require the sale of bonds.

19. Changes in Accounting Principles

For fiscal year 2002, the City of Wichita has implemented GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*; GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*; GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*; GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and paragraphs 6 through 10 of GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

These statements create new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented as a total in one column within the basic financial statements. The statements require new information and restructure much of the information that the City has presented in the past. Comparability with reports issued in prior years is affected.

Restatement of fund balance: The transition from governmental fund balance as reported at December 31, 2001 to the balance reported under GASB 34 is presented below:

Fund balance of governmental fund types, December 31, 2001	\$ 89,490,168
Reclassification of expendable trust funds to special revenue funds	38,366,559
Fund balance of governmental fund types for December 31, 2002 as reported at December 31, 2002.	<u>\$ 127,856,727</u>

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 miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. In the opinion of management and its legal counsel, the

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

20. Contingencies and Commitments (continued)

probability of material aggregate liabilities resulting from these claims will not have an adverse material effect on the reporting entity's general purpose financial statements.

Under Kansas Statutes, should the courts sustain any of the 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 and any disallowed costs resulting from such 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 general-purpose financial statements of the City at December 31, 2002.

C. Environmental Matters

An area near the City's downtown has been designated by the Kansas Department of Health and Environment (KDHE) as the Gilbert and Mosley groundwater contamination site. In order to address this site, the City entered into an agreement with KDHE to conduct a Remediation Investigation and Feasibility Study (RI/FS) to investigate the contamination and protect human health and the environment, develop a clean-up plan, and avert property value decline within the site. Through this agreement the City has undertaken the obligation to perform the RI/FS and to perform such corrective measures as may be indicated by the RI/FS. The City has entered into an agreement with one potentially responsible party (PRP) to reimburse the City for costs of the RI/FS and certain other future costs, subject to a later reallocation. The City has also undertaken a CERCLA (Comprehensive Environmental Response, Compensation and Liability Act) response cost proceeding in federal court against 26 defendants to share in the cost of clean-up. A tax increment-financing district (TIF) was established to raise funds for obligations the City may incur under the agreement with KDHE.

In January 1994, the KDHE completed its review of the RI portion of the report and made it available for review by the public. The RI report describes the nature and extent of contamination at the site. The FS portion of the report was approved by the State in 1994 and the Corrective Action Decision for Interim Groundwater Remediation was issued by the Kansas Department of Health and Environment for the site. The FS outlines the methods that are to be used for clean-up of the site and the Interim Corrective Action Decision specifies the conditions the City must meet in terms of clean-up levels and containment of the down gradient contamination. The Gilbert and Mosley Site Final Design Report, Final Interim Groundwater Remediation Plumes ABE, was approved by KDHE on October 5, 2000, and the Remedial Action Work Plan was approved by KDHE on March 1, 2001. The remediation system for plumes ABE has been constructed and clean-up of the groundwater commenced in December of 2002.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

20. Contingencies and Commitments (continued)

In 1998, the City filed a lawsuit to recover its costs to cleanup and protect the groundwater. This action was filed against 26 defendants that owned or operated businesses at 16 locations within the site. The Federal Court trial of the claims against the four remaining defendants was held in October and November 2002; no decision is expected from the Court before the second half of 2003.

To date, settlements with a value of \$8.9 million have been made from about twenty entities. In addition to these settlements and pending civil action against the remaining parties, the City of Wichita is seeking contribution from Coleman, Inc., who committed to paying their share of the cleanup cost through a joint agreement with the City of Wichita; an agreement which contains a cost allocation formula. The amount that Coleman owes is currently in arbitration as called for in the agreement. Given the current status of these actions, it is not possible to describe with certainty the City's share of the total cost of the cleanup.

The net present value of the proposed down gradient plume cleanup plan is estimated to total approximately \$16.4 million. These costs, along with the costs of the investigation and design, are being sought from potentially responsible parties in the cost recovery lawsuit. The cost recovery efforts are intended to seek recovery from the parties responsible for the contamination and minimize the use of the tax increment-financing district.

In 1995, the City took action to apply the Gilbert and Mosley model to another portion of the community, known as the North Industrial Corridor (NIC). This effort is in the initial stages. To date, the City has created a tax increment-financing district and has signed an agreement with the Kansas Department of Health and Environment to conduct a RI/FS with conditions similar to those identified in the Gilbert and Mosley site. In addition, the City has entered into a participant agreement with over 20 businesses in the area that are providing funding for the RI/FS for the NIC site. The NIC RI/FS was initiated in 1997 and the field investigation phase was completed in the latter part of 2001. The RI portion of the RI/FS was submitted to KDHE in the latter portion of 2002 and is currently under their review. Upon approval of the RI, the FS will be completed and submitted to KDHE that is anticipated to be in the latter part of 2003.

In 1996, groundwater contamination was identified at the City-owned Brooks Landfill. As a result of this finding, the City has entered into the appropriate agreements and permitting conditions regarding the investigation and cleanup of the contamination. The City has installed and is operating cleanup facilities at the site to address the contamination. The related liability is included in the total landfill closure and post-closure costs reflected in the general long-term debt, as of December 31, 2002. See Note 18 - Landfill Closure and Post Closure Care, for further disclosure regarding the future funding of landfill liabilities.

D. Construction Commitments

The City has outstanding construction commitments for freeway and arterial street construction of \$139,145,307 at December 31, 2002. This amount is reflected as reserve for encumbrances in capital projects funds.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

21. Contingencies and Commitments (continued)

E. Public Building Commission Lease

The City of Wichita, in cooperation with Sedgwick County, entered into a lease agreement dated March 1, 1993 with the Wichita Public Building Commission in conjunction with the issuance of \$18,620,000 Revenue Bonds, Series H, 1993, to finance the acquisition, renovation, construction, and certain other improvements of a State Office Building and related parking facilities in downtown Wichita. The Wichita Public Building Commission previously entered into a lease agreement for the project with the State of Kansas regarding the acquisition and renovation of the former "Dillard's" building to provide rentable office space. Agencies of the State, including the Department of Social and Rehabilitation Services, lease office space in the State Office Building. The City/County lease is intended to be a "wrap-around" obligation wherein the City and County are contingently liable and will make rental payments, if necessary, to supplement the rental payments to be paid by the State pursuant to the State lease so that the total shall be sufficient to pay the principal of, premium, if any, and interest on the bonds.

In 2002, no such payments were required. The City of Wichita also serves as the Property Manager for the State Office Building and related parking facilities for the term of the lease.

F. Economic Development Activities

The City has established tax increment financing districts to support economic development activities, including the East Bank, 21st and Grove, and Old Town Redevelopment Districts. The City's contributions to these projects include streets, a waterwalk, meeting rooms for Expo Hall (adjacent to the downtown convention hotel), and a parking garage adjacent to the Hotel at Old Town, which are financed through the issuance of bonds in 1999 totaling \$14.97 million to date. Additional guest tax revenues generated by the Hotel at Old Town will also be used to retire bonds issued for improvements to the hotel.

In the event property and guest tax revenues generated by the tax increment financing districts and the Hotel at Old Town are not sufficient and other revenue sources are not available, under 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.

21. Subsequent Events

On February 1, 2003, the City issued \$15,420,000 of general obligation bonds (Series 772) and \$13,340,000 (Series 773) in general obligation bonds with an average interest rate of 3.9 percent and 3.3 percent, respectively. The City also issued \$90,700,000 general obligation renewal and improvement temporary notes (Series 207) with an average interest rate of 1.09 percent on February 20, 2003.

Accordingly, temporary notes payable totaling \$14,770,986 were reclassified as bond anticipation notes and are recorded as long-term liabilities of governmental activities, as of December 31, 2002, as these notes were refinanced through the issuance of general obligation bonds (Series 772 and 773) on February 1, 2003.

CITY OF WICHITA, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2002

The City also issued revenue bonds totaling \$120,365,000 on February 1, 2003, to finance improvements of the Water and Sewer Utilities (Series 2003) with an average interest rate of 4.7 percent.

CITY OF WICHITA, KANSAS

2002 PENSION REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF FUNDING PROGRESS

Wichita Employees' Retirement System

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/00	\$ 414,643	\$ 329,390	\$ (85,253)	125.9	\$ 61,112	(139.5)
12/31/01	428,204	353,158	(75,046)	121.2	65,347	(114.8)
12/31/02	433,366	370,399	(62,967)	117.0	68,117	(92.4)

Wichita Police and Fire Retirement System

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/00	\$ 354,044	\$ 308,894	\$ (45,150)	114.6	\$ 38,613	(116.9)
12/31/01	362,493	325,335	(37,158)	111.4	42,286	(87.9)
12/31/02	361,687	340,524	(21,163)	106.2	45,696	(46.3)

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CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUND TYPES December 31, 2002

	Governmental Fund Types			
	Special Revenue Funds	Capital Projects Funds	Permanent Fund - Cemetery	Totals
ASSETS				
Cash and cash equivalents	\$ 53,431,924	\$ 14,448,942	\$ 539,518	\$ 68,420,384
Investments	-	-	256,480	256,480
Receivables, net:				
Due from other agencies	181,800	300,000	-	481,800
Accounts	1,662,740	338,274	-	2,001,014
Interest	-	-	2,792	2,792
Due from other funds	-	7,110,653	-	7,110,653
 Total assets	\$ 55,276,464	\$ 22,197,869	\$ 798,790	\$ 78,273,123
 LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts payable and other liabilities	\$ 1,455,990	\$ 2,536,807	\$ 5	\$ 3,992,802
Accrued interest payable	-	107,851	-	107,851
Temporary notes payable	-	18,233,946	-	18,233,946
Deposits	99,943	-	-	99,943
Due to other funds	75,000	7,110,653	-	7,185,653
Deferred revenue	350,000	-	-	350,000
 Total liabilities	1,980,933	27,989,257	5	29,970,195
 Fund balances (deficits):				
Reserved for encumbrances	3,016,950	29,217,107	-	32,234,057
Unreserved, undesignated	50,278,581	(35,008,495)	798,785	16,068,871
 Total fund balances (deficits)	53,295,531	(5,791,388)	798,785	48,302,928
 Total liabilities and fund balances	\$ 55,276,464	\$ 22,197,869	\$ 798,790	\$ 78,273,123

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR SPECIAL REVENUE FUNDS December 31, 2002

	Tourism and Convention	Downtown Trolley System	Special Alcohol Program	Special Parks and Recreation	Ice Rink Management
ASSETS					
Cash and cash equivalents	\$ 195,981	\$ 352	\$ 1,173,187	\$ 203,258	\$ 148,813
Receivables, net:					
Due from other agencies	-	-	-	-	100,000
Accounts	-	14,929	-	-	-
Total assets	\$ 195,981	\$ 15,281	\$ 1,173,187	\$ 203,258	\$ 248,813
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and other liabilities	\$ -	\$ 4,850	\$ 15,720	\$ -	\$ 57,098
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	-	4,850	15,720	-	57,098
Fund balances:					
Reserved for encumbrances	9,800	-	800,164	-	-
Unreserved, undesignated	186,181	10,431	357,303	203,258	191,715
Total fund balances	195,981	10,431	1,157,467	203,258	191,715
Total liabilities and fund balances	\$ 195,981	\$ 15,281	\$ 1,173,187	\$ 203,258	\$ 248,813

<u>Landfill</u>	<u>Landfill Postclosure</u>	<u>Central Inspection</u>	<u>Economic Development</u>	<u>Sales Tax Pledge</u>	<u>Property Management</u>	<u>State Office Building</u>
\$ 5,604,684	\$ 31,619,091	\$ 2,117,613	\$ 1,207,558	\$ 4,558,741	\$ 1,744,243	\$ 663,811
-	-	-	-	-	3,500	3,300
-	-	28,968	474,300	-	-	-
<u>\$ 5,604,684</u>	<u>\$ 31,619,091</u>	<u>\$ 2,146,581</u>	<u>\$ 1,681,858</u>	<u>\$ 4,558,741</u>	<u>\$ 1,747,743</u>	<u>\$ 667,111</u>
\$ 418,704	\$ 41	\$ 105,786	\$ 7,897	\$ -	\$ 129,215	\$ 23,364
-	-	56,500	-	-	8,274	-
-	-	-	-	-	-	-
-	-	-	350,000	-	-	-
<u>418,704</u>	<u>41</u>	<u>162,286</u>	<u>357,897</u>	<u>-</u>	<u>137,489</u>	<u>23,364</u>
317,537	661,621	23,599	1,655	-	8,002	25,704
4,868,443	30,957,429	1,960,696	1,322,306	4,558,741	1,602,252	618,043
<u>5,185,980</u>	<u>31,619,050</u>	<u>1,984,295</u>	<u>1,323,961</u>	<u>4,558,741</u>	<u>1,610,254</u>	<u>643,747</u>
<u>\$ 5,604,684</u>	<u>\$ 31,619,091</u>	<u>\$ 2,146,581</u>	<u>\$ 1,681,858</u>	<u>\$ 4,558,741</u>	<u>\$ 1,747,743</u>	<u>\$ 667,111</u>

(Continued)

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET (CONTINUED) NONMAJOR SPECIAL REVENUE FUNDS December 31, 2002

	TIF Districts	Self-Supporting Municipal District	City- County	Art Museum Board	Totals
ASSETS					
Cash and cash equivalents	\$ 3,698,749	\$ -	\$ 387,813	\$ 108,030	\$ 53,431,924
Receivables, net:					
Due from other agencies	-	75,000	-	-	181,800
Accounts	1,140,189	-	4,354	-	1,662,740
 Total assets	 <u>\$ 4,838,938</u>	 <u>\$ 75,000</u>	 <u>\$ 392,167</u>	 <u>\$ 108,030</u>	 <u>\$ 55,276,464</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and other liabilities	\$ 514,157	\$ -	\$ 158,377	\$ 20,781	\$ 1,455,990
Deposits	-	-	35,169	-	99,943
Due to other funds	-	75,000	-	-	75,000
Deferred revenue	-	-	-	-	350,000
 Total liabilities	 <u>514,157</u>	 <u>75,000</u>	 <u>193,546</u>	 <u>20,781</u>	 <u>1,980,933</u>
Fund balances:					
Reserved for encumbrances	1,074,864	-	94,004	-	3,016,950
Unreserved, undesignated	3,249,917	-	104,617	87,249	50,278,581
 Total fund balances	 <u>4,324,781</u>	 <u>-</u>	 <u>198,621</u>	 <u>87,249</u>	 <u>53,295,531</u>
 Total liabilities and fund balances	 <u>\$ 4,838,938</u>	 <u>\$ 75,000</u>	 <u>\$ 392,167</u>	 <u>\$ 108,030</u>	 <u>\$ 55,276,464</u>

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CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR CAPITAL PROJECTS FUNDS

December 31, 2002

	Water Main Extension	Park Bond Construction	Public Improvement Construction
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 12,553,471
Due from other agencies	-	-	300,000
Accounts receivable, net	-	500	337,774
Due from other funds	-	-	-
	-	-	-
Total assets	\$ -	\$ 500	\$ 13,191,245
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities:			
Accounts payable and other liabilities	\$ 19,526	\$ 33,833	\$ 2,374,961
Accrued interest payable	13,033	2,380	59,238
Temporary notes payable	1,346,507	182,110	13,422,775
Due to other funds	1,835,162	670,136	-
	3,214,228	888,459	15,856,974
Total liabilities	3,214,228	888,459	15,856,974
Fund balances:			
Reserved for encumbrances	894,163	440,469	25,645,871
Unreserved, undesignated	(4,108,391)	(1,328,428)	(28,311,600)
	(3,214,228)	(887,959)	(2,665,729)
Total fund balances (deficits)	(3,214,228)	(887,959)	(2,665,729)
Total liabilities and fund balances	\$ -	\$ 500	\$ 13,191,245

<u>Sewer Construction</u>	<u>Local Sales Tax CIP</u>	<u>Totals</u>
\$ -	\$ 1,895,471	\$ 14,448,942
-	-	300,000
-	-	338,274
-	7,110,653	7,110,653
<u>\$ -</u>	<u>\$ 9,006,124</u>	<u>\$ 22,197,869</u>
\$ 108,487	\$ -	\$ 2,536,807
33,200	-	107,851
3,282,554	-	18,233,946
<u>4,605,355</u>	<u>-</u>	<u>7,110,653</u>
<u>8,029,596</u>	<u>-</u>	<u>27,989,257</u>
2,236,604	-	29,217,107
<u>(10,266,200)</u>	<u>9,006,124</u>	<u>(35,008,495)</u>
<u>(8,029,596)</u>	<u>9,006,124</u>	<u>(5,791,388)</u>
<u>\$ -</u>	<u>\$ 9,006,124</u>	<u>\$ 22,197,869</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) NONMAJOR GOVERNMENTAL FUND TYPES For the year ended December 31, 2002

	Governmental Fund Types			Totals
	Special Revenue Funds	Capital Projects Funds	Permanent Fund - Cemetery	
REVENUES				
Taxes	\$ 8,819,334	\$ -	\$ -	\$ 8,819,334
Special assessments	-	768,218	-	768,218
Local sales tax	20,476,052	-	-	20,476,052
Intergovernmental	4,156,273	371,875	-	4,528,148
Licenses and permits	4,432,280	-	-	4,432,280
Rentals	2,230,597	-	-	2,230,597
Interest earnings	1,657,601	601,717	36,653	2,295,971
Charges for services and sales	3,510,932	-	-	3,510,932
Other	964,734	4,574,477	-	5,539,211
Total revenues	46,247,803	6,316,287	36,653	52,600,743
EXPENDITURES				
Current:				
General government	7,876,438	-	22,546	7,898,984
Public safety	6,084,117	-	-	6,084,117
Sanitation	2,365,260	-	-	2,365,260
Health and welfare	6,299,538	-	-	6,299,538
Culture and recreation	4,815,242	-	-	4,815,242
Debt service:				
Principal retirement	-	6,253,699	-	6,253,699
Interest and fiscal charges	-	297,549	-	297,549
Capital outlay	-	50,730,194	-	50,730,194
Total expenditures	27,440,595	57,281,442	22,546	84,744,583
Excess (deficiency) of revenues over (under) expenditures	18,807,208	(50,965,155)	14,107	(32,143,840)
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term capital debt	-	32,068,952	-	32,068,952
Transfers from other funds	9,603,993	13,001,686	-	22,605,679
Transfers to other funds	(30,557,494)	(12,077,793)	-	(42,635,287)
Total other financing sources (uses)	(20,953,501)	32,992,845	-	12,039,344
Net change in fund balances	(2,146,293)	(17,972,310)	14,107	(20,104,496)
Fund balances - beginning	55,441,824	12,180,922	784,678	68,407,424
Fund balances (deficits) - ending	\$ 53,295,531	\$ (5,791,388)	\$ 798,785	\$ 48,302,928

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CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR SPECIAL REVENUE FUNDS For the year ended December 31, 2002

	Tourism and Convention	Downtown Trolley System	Special Alcohol Program	Special Parks and Recreation	Ice Rink Management
REVENUES					
Taxes	\$ 4,360,960	\$ -	\$ -	\$ -	\$ -
Local sales tax	-	-	-	-	-
Intergovernmental	25,000	1,866	1,250,628	1,250,628	-
Licenses and permits	-	-	-	-	-
Rentals	-	15,000	-	-	-
Interest earnings	51,413	98	29,207	4,690	9,185
Charges for services and sales	-	64,055	-	-	1,252,133
Other	-	8,425	-	-	-
Total revenues	<u>4,437,373</u>	<u>89,444</u>	<u>1,279,835</u>	<u>1,255,318</u>	<u>1,261,318</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Sanitation	-	-	-	-	-
Health and welfare	-	-	1,097,124	-	-
Culture and recreation	2,035,318	109,587	-	-	1,477,833
Total expenditures	<u>2,035,318</u>	<u>109,587</u>	<u>1,097,124</u>	<u>-</u>	<u>1,477,833</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,402,055</u>	<u>(20,143)</u>	<u>182,711</u>	<u>1,255,318</u>	<u>(216,515)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	-	-
Transfers to other funds	(2,706,280)	-	-	(1,165,350)	-
Total other financing sources (uses)	<u>(2,706,280)</u>	<u>-</u>	<u>-</u>	<u>(1,165,350)</u>	<u>-</u>
Net change in fund balances	(304,225)	(20,143)	182,711	89,968	(216,515)
Fund balances - beginning	500,206	30,574	974,756	113,290	408,230
Fund balances - ending	<u>\$ 195,981</u>	<u>\$ 10,431</u>	<u>\$ 1,157,467</u>	<u>\$ 203,258</u>	<u>\$ 191,715</u>

Landfill	Landfill Postclosure	Central Inspection	Economic Development	Sales Tax Pledge	Property Management	State Office Building
\$ -	\$ -	\$ 6,031	\$ -	\$ -	\$ -	\$ -
-	-	-	-	20,476,052	-	-
-	-	-	-	-	-	-
-	-	4,432,280	-	-	-	-
-	33,694	-	-	-	1,191,740	990,163
221,115	920,724	60,361	26,099	117,786	50,191	16,281
365,927	-	829,451	-	-	279,402	14,595
8,351	-	19,053	673,991	-	29,141	95,598
<u>595,393</u>	<u>954,418</u>	<u>5,347,176</u>	<u>700,090</u>	<u>20,593,838</u>	<u>1,550,474</u>	<u>1,116,637</u>
-	-	-	3,762,847	-	1,114,020	1,077,854
-	-	4,761,655	-	-	-	-
1,125,587	1,239,673	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,125,587</u>	<u>1,239,673</u>	<u>4,761,655</u>	<u>3,762,847</u>	<u>-</u>	<u>1,114,020</u>	<u>1,077,854</u>
<u>(530,194)</u>	<u>(285,255)</u>	<u>585,521</u>	<u>(3,062,757)</u>	<u>20,593,838</u>	<u>436,454</u>	<u>38,783</u>
-	2,500,000	-	3,300,000	-	-	-
(2,500,000)	(3,000,000)	(436,390)	-	(19,602,625)	(160,829)	-
<u>(2,500,000)</u>	<u>(500,000)</u>	<u>(436,390)</u>	<u>3,300,000</u>	<u>(19,602,625)</u>	<u>(160,829)</u>	<u>-</u>
(3,030,194)	(785,255)	149,131	237,243	991,213	275,625	38,783
8,216,174	32,404,305	1,835,164	1,086,718	3,567,528	1,334,629	604,964
<u>\$ 5,185,980</u>	<u>\$ 31,619,050</u>	<u>\$ 1,984,295</u>	<u>\$ 1,323,961</u>	<u>\$ 4,558,741</u>	<u>\$ 1,610,254</u>	<u>\$ 643,747</u>

(Continued)

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED) NONMAJOR SPECIAL REVENUE FUNDS For the year ended December 31, 2002

	TIF Districts	Self-Supporting Municipal District	City- County	Art Museum Board	Totals
REVENUES					
Taxes	\$ 4,007,422	\$ 444,921	\$ -	\$ -	\$ 8,819,334
Local sales tax	-	-	-	-	20,476,052
Intergovernmental	351,248	-	1,276,903	-	4,156,273
Licenses and permits	-	-	-	-	4,432,280
Rentals	-	-	-	-	2,230,597
Interest earnings	126,477	-	532	23,442	1,657,601
Charges for services and sales	-	-	705,369	-	3,510,932
Other	101,033	21,518	7,624	-	964,734
Total revenues	<u>4,586,180</u>	<u>466,439</u>	<u>1,990,428</u>	<u>23,442</u>	<u>46,247,803</u>
EXPENDITURES					
Current:					
General government	-	467,338	1,454,379	-	7,876,438
Public safety	-	-	1,322,462	-	6,084,117
Sanitation	-	-	-	-	2,365,260
Health and welfare	3,831,879	-	1,370,535	-	6,299,538
Culture and recreation	-	-	-	1,192,504	4,815,242
Total expenditures	<u>3,831,879</u>	<u>467,338</u>	<u>4,147,376</u>	<u>1,192,504</u>	<u>27,440,595</u>
Excess (deficiency) of revenues over (under) expenditures	<u>754,301</u>	<u>(899)</u>	<u>(2,156,948)</u>	<u>(1,169,062)</u>	<u>18,807,208</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	190,000	-	2,441,283	1,172,710	9,603,993
Transfers to other funds	(900,280)	-	(85,740)	-	(30,557,494)
Total other financing sources (uses)	<u>(710,280)</u>	<u>-</u>	<u>2,355,543</u>	<u>1,172,710</u>	<u>(20,953,501)</u>
Net change in fund balances	44,021	(899)	198,595	3,648	(2,146,293)
Fund balances - beginning	<u>4,280,760</u>	<u>899</u>	<u>26</u>	<u>83,601</u>	<u>55,441,824</u>
Fund balances - ending	<u>\$ 4,324,781</u>	<u>\$ -</u>	<u>\$ 198,621</u>	<u>\$ 87,249</u>	<u>\$ 53,295,531</u>

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CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS) NONMAJOR CAPITAL PROJECTS FUNDS For the year ended December 31, 2002

	Water Main Extension	Park Bond Construction	Public Improvement Construction
REVENUES			
Special assessments	\$ 363,506	\$ 198,606	\$ -
Intergovernmental	-	-	371,875
Interest earnings	-	-	85,657
Other	161,460	12,839	4,176,443
Total revenues	524,966	211,445	4,633,975
EXPENDITURES			
Debt service:			
Principal retirement	1,204,931	494,100	2,892,100
Interest and fiscal charges	51,734	10,994	142,998
Capital outlay	3,005,699	2,684,718	36,463,057
Total expenditures	4,262,364	3,189,812	39,498,155
Excess (deficiency) of revenues over (under) expenditures	(3,737,398)	(2,978,367)	(34,864,180)
OTHER FINANCING SOURCES (USES)			
Proceeds from long-term capital debt	4,538,962	2,745,344	16,294,512
Transfers from other funds	-	108,148	2,918,596
Transfers to other funds	-	-	-
Total other financing sources (uses)	4,538,962	2,853,492	19,213,108
Net change in fund balances	801,564	(124,875)	(15,651,072)
Fund balances (deficits) - beginning	(4,015,792)	(763,084)	12,985,343
Fund balances (deficits) - ending	\$ (3,214,228)	\$ (887,959)	\$ (2,665,729)

Sewer Construction	Local Sales Tax CIP	Totals
\$ 206,106	\$ -	\$ 768,218
-	-	371,875
-	516,060	601,717
79,735	144,000	4,574,477
<u>285,841</u>	<u>660,060</u>	<u>6,316,287</u>
1,662,568	-	6,253,699
91,823	-	297,549
8,576,720	-	50,730,194
<u>10,331,111</u>	<u>-</u>	<u>57,281,442</u>
<u>(10,045,270)</u>	<u>660,060</u>	<u>(50,965,155)</u>
8,490,134	-	32,068,952
34,942	9,940,000	13,001,686
-	(12,077,793)	(12,077,793)
<u>8,525,076</u>	<u>(2,137,793)</u>	<u>32,992,845</u>
(1,520,194)	(1,477,733)	(17,972,310)
<u>(6,509,402)</u>	<u>10,483,857</u>	<u>12,180,922</u>
<u>\$ (8,029,596)</u>	<u>\$ 9,006,124</u>	<u>\$ (5,791,388)</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, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local government taxes:				
Tangible property	\$ 44,604,900	\$ 44,604,900	\$ 44,282,030	\$ (322,870)
Delinquent tangible property	810,800	810,800	1,017,772	206,972
IRB's in lieu of taxes	45,000	45,000	19,504	(25,496)
WHA in lieu of taxes	76,090	76,090	29,966	(46,124)
Special assessments	17,440	17,440	21,349	3,909
Franchise fees	32,024,230	30,347,690	28,792,310	(1,555,380)
Motor vehicle tax	7,275,510	7,275,510	7,510,447	234,937
Local sales tax	21,504,050	20,402,070	20,476,052	73,982
Total local government taxes	<u>106,358,020</u>	<u>103,579,500</u>	<u>102,149,430</u>	<u>(1,430,070)</u>
Intergovernmental	22,653,320	22,050,780	20,939,070	(1,111,710)
Licenses and permits	1,731,310	1,547,980	1,899,147	351,167
Fines and penalties	6,980,940	7,999,550	8,139,288	139,738
Rental income	2,162,080	2,529,670	2,370,924	(158,746)
Interest earnings	3,784,480	3,478,420	2,721,857	(756,563)
Charges for services and sales	5,728,100	6,397,230	6,439,551	42,321
Administrative charges	2,828,120	2,822,970	2,567,658	(255,312)
Reimbursed expenditures	1,689,620	1,813,750	255,497	(1,558,253)
Revised budget adjustment	-	1,798,890	-	(1,798,890)
Total revenues	<u>153,915,990</u>	<u>154,018,740</u>	<u>147,482,422</u>	<u>(6,536,318)</u>
EXPENDITURES				
City Council:				
Personal services	424,740	401,210	364,953	36,257
Contractual services	97,590	110,110	99,444	10,666
Materials and supplies	26,250	20,950	18,284	2,666
Total City Council	<u>548,580</u>	<u>532,270</u>	<u>482,681</u>	<u>49,589</u>
City Manager:				
Personal services	481,390	463,400	463,334	66
Contractual services	145,890	132,460	89,425	43,035
Materials and supplies	14,100	14,100	4,410	9,690
Contingency	200,000	200,000	-	200,000
Total City Manager	<u>841,380</u>	<u>809,960</u>	<u>557,169</u>	<u>252,791</u>
Finance:				
Personal services	3,064,840	2,986,250	2,859,962	126,288
Contractual services	701,560	691,610	616,967	74,643
Materials and supplies	38,270	38,270	33,146	5,124
Capital outlay	2,500	2,500	-	2,500
Total Finance	<u>3,807,170</u>	<u>3,718,630</u>	<u>3,510,075</u>	<u>208,555</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, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Law:				
Personal services	\$ 1,534,750	\$ 1,601,570	\$ 1,557,122	\$ 44,448
Contractual services	237,350	238,990	238,990	-
Materials and supplies	8,510	7,010	5,537	1,473
Total Law	<u>1,780,610</u>	<u>1,847,570</u>	<u>1,801,649</u>	<u>45,921</u>
Municipal Court:				
Personal services	2,906,390	2,903,220	2,790,292	112,928
Contractual services	1,534,240	1,542,160	1,454,393	87,767
Materials and supplies	93,320	93,320	68,740	24,580
Total Municipal Court	<u>4,533,950</u>	<u>4,538,700</u>	<u>4,313,425</u>	<u>225,275</u>
Fire:				
Personal services	23,410,160	23,022,530	23,120,075	(97,545)
Contractual services	1,535,490	1,551,120	1,542,970	8,150
Materials and supplies	458,100	454,720	405,420	49,300
Capital outlay	48,220	40,100	-	40,100
Total Fire	<u>25,451,970</u>	<u>25,068,470</u>	<u>25,068,465</u>	<u>5</u>
Police:				
Personal services	44,061,100	43,637,540	42,506,383	1,131,157
Contractual services	5,224,470	5,275,570	5,270,659	4,911
Materials and supplies	680,550	731,100	693,164	37,936
Capital outlay	167,730	153,730	63,723	90,007
Total Police	<u>50,133,850</u>	<u>49,797,940</u>	<u>48,533,929</u>	<u>1,264,011</u>
Housing Services:				
Personal services	105,210	110,720	110,754	(34)
Contractual services	58,720	58,260	58,248	12
Materials and supplies	110	110	86	24
Total Housing Services	<u>164,040</u>	<u>169,090</u>	<u>169,088</u>	<u>2</u>
Library:				
Personal services	4,036,940	4,049,710	3,978,826	70,884
Contractual services	872,380	933,940	843,209	90,731
Materials and supplies	740,250	754,330	724,140	30,190
Capital outlay	17,700	89,950	85,180	4,770
Contingency	142,770	-	-	-
Total Library	<u>5,810,040</u>	<u>5,827,930</u>	<u>5,631,355</u>	<u>196,575</u>

(Continued)

CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Works:				
Personal services	\$ 3,251,160	\$ 3,425,960	\$ 3,414,232	\$ 11,728
Contractual services	5,290,320	4,985,280	4,386,028	599,252
Materials and supplies	446,400	450,380	376,495	73,885
Capital outlay	69,110	69,110	53,083	16,027
Total Public Works	9,056,990	8,930,730	8,229,838	700,892
Health:				
Personal services	1,094,210	1,159,820	1,092,387	67,433
Contractual services	363,900	567,450	512,760	54,690
Materials and supplies	41,670	46,860	39,153	7,707
Capital outlay	2,750	6,750	2,322	4,428
Contingency	92,250	-	-	-
Total Health	1,594,780	1,780,880	1,646,622	134,258
Park:				
Personal services	11,579,850	11,348,850	11,353,087	(4,237)
Contractual services	4,062,000	4,252,940	4,083,076	169,864
Materials and supplies	723,520	793,550	744,802	48,748
Capital outlay	63,760	67,610	36,510	31,100
Contingency	50,000	46,000	-	46,000
Total Park	16,479,130	16,508,950	16,217,475	291,475
General Government:				
Personal services	2,000,170	2,092,460	2,024,301	68,159
Contractual services	448,110	449,060	436,845	12,215
Materials and supplies	51,230	67,240	58,961	8,279
Capital outlay	-	(1,100)	(1,100)	-
Contingency	3,090	690	-	690
Total General Government	2,502,600	2,608,350	2,519,007	89,343
Non-departmental:				
Personal services	1,048,000	78,000	28,473	49,527
Contractual services	1,391,410	2,865,510	2,761,526	103,984
Materials and supplies	62,900	63,840	35,075	28,765
Capital outlay	-	100,500	100,500	-
Contingency	10,793,990	11,490,000	167,164	11,322,836
Total Non-departmental	13,296,300	14,597,850	3,092,738	11,505,112

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, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Works-Gas Tax:				
Personal services	\$ 8,085,430	\$ 8,206,730	\$ 7,857,519	\$ 349,211
Contractual services	9,650,430	10,122,750	10,002,948	119,802
Materials and supplies	1,683,790	1,774,330	1,512,532	261,798
Capital outlay	258,490	291,090	245,964	45,126
Engineering overhead	196,780	196,780	141,836	54,944
Total Public Works-Gas Tax	<u>19,874,920</u>	<u>20,591,680</u>	<u>19,760,799</u>	<u>830,881</u>
Total expenditures	<u>155,876,310</u>	<u>157,329,000</u>	<u>141,534,315</u>	<u>15,794,685</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,960,320)</u>	<u>(3,310,260)</u>	<u>5,948,107</u>	<u>9,258,367</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	2,552,150	2,449,400	2,262,840	(186,560)
Transfers to other funds	<u>(12,096,410)</u>	<u>(10,643,720)</u>	<u>(10,482,369)</u>	<u>161,351</u>
Total other financing sources (uses)	<u>(9,544,260)</u>	<u>(8,194,320)</u>	<u>(8,219,529)</u>	<u>(25,209)</u>
Net change in fund balances	(11,504,580)	(11,504,580)	(2,271,422)	9,233,158
Fund balance - beginning	<u>19,903,211</u>	<u>19,903,211</u>	<u>23,397,108</u>	<u>3,493,897</u>
Fund balance - ending	<u>\$ 8,398,631</u>	<u>\$ 8,398,631</u>	<u>\$ 21,125,686</u>	<u>\$ 12,727,055</u>

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, 2002

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Taxes	\$ 5,011,820	\$ 4,519,080	\$ 4,360,960	\$ (158,120)
Intergovernmental	-	-	25,000	25,000
Interest earnings	138,810	115,000	51,413	(63,587)
Revised budget adjustment	-	516,550	-	(516,550)
Other	-	-	3	3
Total revenues	<u>5,150,630</u>	<u>5,150,630</u>	<u>4,437,376</u>	<u>(713,254)</u>
EXPENDITURES				
Culture and recreation:				
Contractual services	2,280,180	2,011,280	1,915,893	95,387
Materials and supplies	-	1,080	62	1,018
Other	-	411,970	-	411,970
Total expenditures	<u>2,280,180</u>	<u>2,424,330</u>	<u>1,915,955</u>	<u>508,375</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,870,450</u>	<u>2,726,300</u>	<u>2,521,421</u>	<u>(204,879)</u>
OTHER FINANCING (USES)				
Transfers to other funds	<u>(2,850,430)</u>	<u>(2,706,280)</u>	<u>(2,706,280)</u>	<u>-</u>
Total other financing (uses)	<u>(2,850,430)</u>	<u>(2,706,280)</u>	<u>(2,706,280)</u>	<u>-</u>
Net change in fund balances	20,020	20,020	(184,859)	(204,879)
Fund balance - beginning	<u>233,039</u>	<u>233,039</u>	<u>371,040</u>	<u>138,001</u>
Fund balance - ending	<u>\$ 253,059</u>	<u>\$ 253,059</u>	<u>\$ 186,181</u>	<u>\$ (66,878)</u>

CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services and sales	\$ 138,720	\$ 85,380	\$ 64,055	\$ (21,325)
Intergovernmental	-	-	1,866	1,866
Rentals	30,000	25,000	15,000	(10,000)
Interest earnings	4,500	300	98	(202)
Revised budget adjustment	-	62,540	-	(62,540)
Other	-	-	8,425	8,425
	173,220	173,220	89,444	(83,776)
EXPENDITURES				
Culture and recreation:				
Personal services	112,200	106,120	91,364	14,756
Contractual services	34,710	18,290	12,071	6,219
Materials and supplies	10,490	10,170	6,152	4,018
Other	23,800	46,620	-	46,620
	181,200	181,200	109,587	71,613
Excess (deficiency) of revenues over (under) expenditures	(7,980)	(7,980)	(20,143)	(12,163)
Net change in fund balances	(7,980)	(7,980)	(20,143)	(12,163)
Fund balance - beginning	16,759	16,759	30,574	13,815
Fund balance - ending	\$ 8,779	\$ 8,779	\$ 10,431	\$ 1,652

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, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental- private club liquor tax	\$ 1,150,640	\$ 1,231,850	\$ 1,250,628	\$ 18,778
Interest earnings	6,600	47,400	29,207	(18,193)
Other	-	-	6,564	6,564
Total revenues	1,157,240	1,279,250	1,286,399	7,149
EXPENDITURES				
Health and welfare:				
Personal services	689,222	1,315,442	1,314,842	600
Contractual services	323,018	504,731	437,505	67,226
Materials and supplies	32,270	65,832	65,832	-
Capital outlay	-	7,090	7,090	-
Other	165,430	178,915	-	178,915
Total expenditures	1,209,940	2,072,010	1,825,269	246,741
Excess (deficiency) of revenues over (under) expenditures	(52,700)	(792,760)	(538,870)	253,890
Net change in fund balances	(52,700)	(792,760)	(538,870)	253,890
Fund balance - beginning	84,145	896,173	896,173	-
Fund balance - ending	\$ 31,445	\$ 103,413	\$ 357,303	\$ 253,890

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, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental-				
private club liquor tax	\$ 1,150,640	\$ 1,231,850	\$ 1,250,628	\$ 18,778
Interest earnings	4,610	8,230	4,690	(3,540)
Revised budget adjustment	-	(84,830)	-	84,830
	1,155,250	1,155,250	1,255,318	100,068
OTHER FINANCING (USES)				
Transfers to other funds	(1,165,350)	(1,165,350)	(1,165,350)	-
	(1,165,350)	(1,165,350)	(1,165,350)	-
Excess (deficiency) of revenues over (under) expenditures	(10,100)	(10,100)	89,968	100,068
Net change in fund balances	(10,100)	(10,100)	89,968	100,068
Fund balance - beginning	44,217	44,217	113,290	69,073
Fund balance - ending	\$ 34,117	\$ 34,117	\$ 203,258	\$ 169,141

CITY OF WICHITA, KANSAS

ICE RINK MANAGEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services and sales	\$ 2,500,000	\$ 2,500,000	\$ 1,252,133	\$ (1,247,867)
Interest earnings	-	-	9,185	9,185
Total revenues	2,500,000	2,500,000	1,261,318	(1,238,682)
EXPENDITURES				
Culture and recreation:				
Contractual services	2,500,000	2,500,000	1,477,833	1,022,167
Total expenditures	2,500,000	2,500,000	1,477,833	1,022,167
Excess (deficiency) of revenues over (under) expenditures	-	-	(216,515)	(216,515)
Net change in fund balances	-	-	(216,515)	(216,515)
Fund balance - beginning	-	-	408,230	408,230
Fund balance - ending	\$ -	\$ -	\$ 191,715	\$ 191,715

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, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services and sales	\$ 768,000	\$ 384,000	\$ 365,927	\$ (18,073)
Interest earnings	221,310	372,300	221,115	(151,185)
Revised budget adjustment	-	233,010	-	(233,010)
Other	-	-	9,906	9,906
Total revenues	989,310	989,310	596,948	(392,362)
EXPENDITURES				
Sanitation:				
Personal services	303,150	87,630	98,427	(10,797)
Contractual services	431,410	740,700	570,334	170,366
Materials and supplies	11,000	11,000	5,705	5,295
Capital outlay	1,215,000	550,000	-	550,000
Other	2,696,900	908,130	-	908,130
Total expenditures	4,657,460	2,297,460	674,466	1,622,994
Excess (deficiency) of revenues over (under) expenditures	(3,668,150)	(1,308,150)	(77,518)	1,230,632
OTHER FINANCING (USES)				
Transfers to other funds	(140,000)	(2,500,000)	(2,500,000)	-
Total other financing (uses)	(140,000)	(2,500,000)	(2,500,000)	-
Net change in fund balances	(3,808,150)	(3,808,150)	(2,577,518)	1,230,632
Fund balance - beginning	4,023,751	4,023,751	7,445,961	3,422,210
Fund balance - ending	\$ 215,601	\$ 215,601	\$ 4,868,443	\$ 4,652,842

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, 2002

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES				
Charges for services and sales	\$ 100,000	\$ 100,000	\$ -	\$ (100,000)
Rentals	35,000	35,000	33,694	(1,306)
Interest earnings	1,776,510	1,649,720	920,724	(728,996)
Revised budget adjustment	-	(2,233,210)	-	2,233,210
Other	140,000	-	-	-
	<u>2,051,510</u>	<u>(448,490)</u>	<u>954,418</u>	<u>1,402,908</u>
EXPENDITURES				
Sanitation:				
Personal services	-	109,590	93,818	15,772
Contractual services	8,724,400	2,524,400	1,807,476	716,924
Materials and supplies	27,600	27,600	-	27,600
Other	24,100,000	27,190,410	-	27,190,410
	<u>32,852,000</u>	<u>29,852,000</u>	<u>1,901,294</u>	<u>27,950,706</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30,800,490)</u>	<u>(30,300,490)</u>	<u>(946,876)</u>	<u>29,353,614</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	2,500,000	2,500,000	-
Transfers to other funds	-	(3,000,000)	(3,000,000)	-
	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
Net change in fund balances	(30,800,490)	(30,800,490)	(1,446,876)	29,353,614
Fund balance - beginning	<u>32,300,236</u>	<u>32,300,236</u>	<u>32,404,305</u>	<u>104,069</u>
Fund balance - ending	<u>\$ 1,499,746</u>	<u>\$ 1,499,746</u>	<u>\$ 30,957,429</u>	<u>\$ 29,457,683</u>

CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Special assessments	\$ 6,500	\$ 3,000	\$ 6,031	\$ 3,031
Licenses and permits	4,125,810	4,132,890	4,432,280	299,390
Charges for services and sales	829,340	810,220	829,451	19,231
Interest earnings	60,000	91,260	60,361	(30,899)
Revised budget adjustment	-	(15,720)	-	15,720
Other	-	-	19,053	19,053
Total revenues	5,021,650	5,021,650	5,347,176	325,526
EXPENDITURES				
Public safety:				
Personal services	3,915,440	3,855,430	3,771,106	84,324
Contractual services	915,150	1,005,940	952,920	53,020
Materials and supplies	22,230	31,540	31,241	299
Capital outlay	17,600	-	-	-
Other	1,289,980	920,000	20,000	900,000
Total expenditures	6,160,400	5,812,910	4,775,267	1,037,643
Excess (deficiency) of revenues over (under) expenditures	(1,138,750)	(791,260)	571,909	1,363,169
OTHER FINANCING (USES)				
Transfers to other funds	(88,900)	(436,390)	(436,390)	-
Total other financing (uses)	(88,900)	(436,390)	(436,390)	-
Net change in fund balances	(1,227,650)	(1,227,650)	135,519	1,363,169
Fund balance - beginning	1,503,160	1,503,160	1,825,177	322,017
Fund balance - ending	\$ 275,510	\$ 275,510	\$ 1,960,696	\$ 1,685,186

CITY OF WICHITA, KANSAS

ECONOMIC DEVELOPMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest earnings	\$ 25,000	\$ 25,000	\$ 26,099	\$ 1,099
Other	300,000	300,000	673,991	373,991
Total revenues	325,000	325,000	700,090	375,090
EXPENDITURES				
General government:				
Personal services	230,350	230,780	230,406	374
Contractual services	301,400	3,853,040	3,529,079	323,961
Materials and supplies	5,000	5,750	5,017	733
Other	110,000	520,000	-	520,000
Total expenditures	646,750	4,609,570	3,764,502	845,068
Excess (deficiency) of revenues over (under) expenditures	(321,750)	(4,284,570)	(3,064,412)	1,220,158
OTHER FINANCING SOURCES				
Transfers from other funds	300,000	3,300,000	3,300,000	-
Total other financing sources	300,000	3,300,000	3,300,000	-
Net change in fund balances	(21,750)	(984,570)	235,588	1,220,158
Fund balance - beginning	39,809	1,086,718	1,086,718	-
Fund balance - ending	\$ 18,059	\$ 102,148	\$ 1,322,306	\$ 1,220,158

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, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Local sales tax	\$ 21,504,050	\$ 20,696,400	\$ 20,476,052	\$ (220,348)
Interest earnings	310,580	280,680	117,786	(162,894)
Revised budget adjustment	-	837,550	-	(837,550)
	21,814,630	21,814,630	20,593,838	(1,220,792)
OTHER FINANCING (USES)				
Transfers to other funds	(22,749,010)	(22,749,010)	(19,602,625)	3,146,385
	(22,749,010)	(22,749,010)	(19,602,625)	3,146,385
Excess (deficiency) of revenues over (under) other financing uses	(934,380)	(934,380)	991,213	1,925,593
Net change in fund balances	(934,380)	(934,380)	991,213	1,925,593
Fund balance - beginning	2,062,975	2,062,975	3,567,528	1,504,553
Fund balance - ending	\$ 1,128,595	\$ 1,128,595	\$ 4,558,741	\$ 3,430,146

CITY OF WICHITA, KANSAS

PROPERTY MANAGEMENT OPERATIONS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services and sales	\$ 341,400	\$ 312,800	\$ 279,402	\$ (33,398)
Rentals	912,460	1,002,300	1,191,740	189,440
Interest earnings	70,180	97,200	50,191	(47,009)
Revised budget adjustment	-	(99,260)	-	99,260
Other	20,000	31,000	29,141	(1,859)
	1,344,040	1,344,040	1,550,474	206,434
EXPENDITURES				
General government:				
Personal services	340,510	307,960	266,615	41,345
Contractual services	874,120	970,440	845,948	124,492
Materials and supplies	32,030	33,650	9,459	24,191
Capital outlay	695,750	412,420	-	412,420
	1,942,410	1,724,470	1,122,022	602,448
Excess (deficiency) of revenues over (under) expenditures	(598,370)	(380,430)	428,452	808,882
OTHER FINANCING (USES)				
Transfers to other funds	(23,250)	(241,190)	(160,829)	80,361
	(23,250)	(241,190)	(160,829)	80,361
Net change in fund balances	(621,620)	(621,620)	267,623	889,243
Fund balance - beginning	719,810	719,810	1,334,629	614,819
Fund balance - ending	\$ 98,190	\$ 98,190	\$ 1,602,252	\$ 1,504,062

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, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services and sales	\$ 52,000	\$ 52,000	\$ 14,595	\$ (37,405)
Rentals	1,085,960	1,085,960	990,163	(95,797)
Interest earnings	18,490	30,000	16,281	(13,719)
Revised budget adjustment	-	(11,510)	-	11,510
Other	-	-	95,598	95,598
Total revenues	1,156,450	1,156,450	1,116,637	(39,813)
EXPENDITURES				
General government:				
Personal services	166,140	130,030	153,000	(22,970)
Contractual services	953,030	978,530	857,271	121,259
Materials and supplies	80,700	50,630	45,503	5,127
Other	200,000	240,680	7,297	233,383
Total expenditures	1,399,870	1,399,870	1,063,071	336,799
Excess (deficiency) of revenues over (under) expenditures	(243,420)	(243,420)	53,566	296,986
Net change in fund balances	(243,420)	(243,420)	53,566	296,986
Fund balance - beginning	308,217	308,217	564,477	256,260
Fund balance - ending	\$ 64,797	\$ 64,797	\$ 618,043	\$ 553,246

CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 2,600,000	\$ 2,600,000	\$ 2,432,977	\$ (167,023)
Intergovernmental	-	260,000	260,000	-
Interest earnings	35,730	35,730	65,679	29,949
Revised budget adjustment	-	2,190,000	-	(2,190,000)
Other	4,500,000	2,050,000	100,000	(1,950,000)
	7,135,730	7,135,730	2,858,656	(4,277,074)
EXPENDITURES				
Health and welfare:				
Personal services	36,140	49,460	9,629	39,831
Contractual services	5,049,000	3,600,160	3,114,877	485,283
Materials and supplies	3,950	15,900	13,169	2,731
Capital outlay	1,090,020	9,000	-	9,000
Revised budget adjustment	-	2,729,000	-	2,729,000
	6,179,110	6,403,520	3,137,675	3,265,845
Excess (deficiency) of revenues over (under) expenditures	956,620	732,210	(279,019)	(1,011,229)
OTHER FINANCING (USES)				
Transfers to other funds	(953,740)	(729,330)	(729,330)	-
	(953,740)	(729,330)	(729,330)	-
Net change in fund balances	2,880	2,880	(1,008,349)	(1,011,229)
Fund balance - beginning	12,511	12,511	2,096,671	2,084,160
Fund balance - ending	\$ 15,391	\$ 15,391	\$ 1,088,322	\$ 1,072,931

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, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 1,150,000	\$ 1,150,000	\$ 1,138,032	\$ (11,968)
Interest earnings	5,630	22,820	47,407	24,587
Revised budget adjustment	-	(207,190)	-	207,190
Other	200,000	200,000	1,033	(198,967)
	1,355,630	1,165,630	1,186,472	20,842
Total revenues				
EXPENDITURES				
Health and welfare:				
Contractual services	1,008,130	1,206,120	427,242	778,878
Materials and supplies	3,200	3,200	397	2,803
Capital outlay	150,000	-	-	-
Other	175,000	-	-	-
Revised budget adjustment	-	127,010	-	127,010
	1,336,330	1,336,330	427,639	908,691
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	19,300	(170,700)	758,833	929,533
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	190,000	190,000	-
	-	190,000	190,000	-
Total other financing sources (uses)				
Net change in fund balances	19,300	19,300	948,833	929,533
Fund balance - beginning	27,985	27,985	760,719	732,734
Fund balance - ending	\$ 47,285	\$ 47,285	\$ 1,709,552	\$ 1,662,267

CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 430,550	\$ 3,760	\$ 88,749	\$ 84,989
Intergovernmental	32,550	1,190	17,470	16,280
Interest earnings	-	-	2,014	2,014
Revised budget adjustment	-	458,150	-	(458,150)
	<u>463,100</u>	<u>463,100</u>	<u>108,233</u>	<u>(354,867)</u>
Total revenues				
EXPENDITURES				
General government:				
Revised budget adjustment	-	458,150	-	458,150
	<u>-</u>	<u>458,150</u>	<u>-</u>	<u>458,150</u>
Total expenditures				
	<u>-</u>	<u>458,150</u>	<u>-</u>	<u>458,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>463,100</u>	<u>4,950</u>	<u>108,233</u>	<u>103,283</u>
OTHER FINANCING (USES)				
Transfers to other funds	(463,100)	(4,950)	(4,950)	-
	<u>(463,100)</u>	<u>(4,950)</u>	<u>(4,950)</u>	<u>-</u>
Total other financing (uses)				
Net change in fund balances	-	-	103,283	103,283
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,283</u>	<u>\$ 103,283</u>

CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 162,220	\$ 277,820	\$ 323,605	\$ 45,785
Intergovernmental	48,070	65,010	65,009	(1)
Interest earnings	-	5,150	10,718	5,568
Revised budget adjustment	-	(137,690)	-	137,690
	210,290	210,290	399,332	189,042
Total revenues	210,290	210,290	399,332	189,042
EXPENDITURES				
Culture and recreation:				
Contractual services	-	58,350	58,325	25
Materials and supplies	-	7,730	6,919	811
Revised budget adjustment	-	(10,420)	-	(10,420)
	-	55,660	65,244	(9,584)
Total expenditures	-	55,660	65,244	(9,584)
Excess (deficiency) of revenues over (under) expenditures	210,290	154,630	334,088	179,458
	210,290	154,630	334,088	179,458
OTHER FINANCING (USES)				
Transfers to other funds	(210,290)	(154,630)	(144,210)	10,420
	(210,290)	(154,630)	(144,210)	10,420
Total other financing (uses)	(210,290)	(154,630)	(144,210)	10,420
Net change in fund balances	-	-	189,878	189,878
Fund balance - beginning	-	-	147,182	147,182
	-	-	147,182	147,182
Fund balance - ending	\$ -	\$ -	\$ 337,060	\$ 337,060
	\$ -	\$ -	\$ 337,060	\$ 337,060

CITY OF WICHITA, KANSAS

21ST & GROVE TIF DISTRICT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 124,600	\$ 15,440	\$ 24,059	\$ 8,619
Intergovernmental	9,420	6,350	8,769	2,419
Interest earnings	-	-	659	659
Revised budget adjustment	-	112,230	-	(112,230)
	134,020	134,020	33,487	(100,533)
Total revenues	134,020	134,020	33,487	(100,533)
EXPENDITURES				
General government:				
Revised budget adjustment	-	112,230	-	112,230
	-	112,230	-	112,230
Total expenditures	-	112,230	-	112,230
Excess (deficiency) of revenues over (under) expenditures	134,020	21,790	33,487	11,697
	134,020	21,790	33,487	11,697
OTHER FINANCING (USES)				
Transfers to other funds	(134,020)	(21,790)	(21,790)	-
	(134,020)	(21,790)	(21,790)	-
Total other financing (uses)	(134,020)	(21,790)	(21,790)	-
Net change in fund balances	-	-	11,697	11,697
Fund balance - beginning	-	-	3	3
	-	-	3	3
Fund balance - ending	\$ -	\$ -	\$ 11,700	\$ 11,700

CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 484,690	\$ 484,690	\$ 444,921	\$ (39,769)
Other	-	-	21,518	21,518
Total revenues	<u>484,690</u>	<u>484,690</u>	<u>466,439</u>	<u>(18,251)</u>
EXPENDITURES				
General government:				
Contractual services	459,690	484,690	467,338	17,352
Total expenditures	<u>459,690</u>	<u>484,690</u>	<u>467,338</u>	<u>17,352</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,000</u>	<u>-</u>	<u>(899)</u>	<u>(899)</u>
OTHER FINANCING (USES)				
Transfers to other funds	(25,000)	-	-	-
Total other financing (uses)	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	(899)	(899)
Fund balance - beginning	-	-	899	899
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 720,470	\$ 720,470	\$ 685,083	\$ (35,387)
Other	-	-	5,820	5,820
	720,470	720,470	690,903	(29,567)
EXPENDITURES				
Public safety:				
Personal services	866,840	827,380	831,651	(4,271)
Contractual services	475,390	466,550	430,767	35,783
Materials and supplies	92,710	141,010	107,689	33,321
Capital outlay	6,000	6,000	5,879	121
	1,440,940	1,440,940	1,375,986	64,954
Excess (deficiency) of revenues over (under) expenditures	(720,470)	(720,470)	(685,083)	35,387
OTHER FINANCING SOURCES				
Transfers from other funds	720,470	720,470	685,083	(35,387)
	720,470	720,470	685,083	(35,387)
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 629,440	\$ 649,640	\$ 591,820	\$ (57,820)
Charges for services and sales	259,880	235,420	281,519	46,099
Interest earnings	3,800	3,800	-	(3,800)
Revised budget adjustment	-	20	-	(20)
Other	-	-	1,058	1,058
Total revenues	893,120	888,880	874,397	(14,483)
EXPENDITURES				
General government:				
Personal services	1,301,150	1,291,770	1,237,277	54,493
Contractual services	201,650	212,510	212,509	1
Materials and supplies	19,760	18,260	16,431	1,829
Other	-	20	-	20
Total expenditures	1,522,560	1,522,560	1,466,217	56,343
Excess (deficiency) of revenues over (under) expenditures	(629,440)	(633,680)	(591,820)	41,860
OTHER FINANCING SOURCES				
Transfers from other funds	629,440	633,680	591,820	(41,860)
Total other financing sources	629,440	633,680	591,820	(41,860)
Net change in fund balances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -

CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,817,320	\$ -	\$ -	\$ -
Charges for services and sales	1,421,200	4,800,090	423,850	(4,376,240)
Interest earnings	17,500	17,500	532	(16,968)
Other	-	-	110	110
	3,256,020	4,817,590	424,492	(4,393,098)
Total revenues	3,256,020	4,817,590	424,492	(4,393,098)
EXPENDITURES				
Health and welfare:				
Personal services	1,044,960	1,236,430	1,121,200	115,230
Contractual services	78,790	263,650	236,970	26,680
Materials and supplies	13,918	11,800	10,806	994
Capital outlay	32,700	37,490	29,539	7,951
Other	4,876,952	4,470,960	-	4,470,960
	6,047,320	6,020,330	1,398,515	4,621,815
Total expenditures	6,047,320	6,020,330	1,398,515	4,621,815
Excess (deficiency) of revenues over (under) expenditures	(2,791,300)	(1,202,740)	(974,023)	228,717
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	2,725,960	1,164,390	1,164,380	(10)
Transfers to other funds	(58,750)	(85,740)	(85,740)	-
	2,667,210	1,078,650	1,078,640	(10)
Total other financing sources (uses)	2,667,210	1,078,650	1,078,640	(10)
Net change in fund balances	(124,090)	(124,090)	104,617	228,707
Fund balance - beginning	772,837	772,837	-	(772,837)
Fund balance - ending	\$ 648,747	\$ 648,747	\$ 104,617	\$ (544,130)

CITY OF WICHITA, KANSAS

ART MUSEUM BOARD FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Interest earnings	\$ -	\$ -	\$ 23,442	\$ 23,442
Revised budget adjustment	-	269,280	-	(269,280)
Other	291,280	-	-	-
	291,280	269,280	23,442	(245,838)
Total revenues	291,280	269,280	23,442	(245,838)
EXPENDITURES				
Culture and recreation:				
Personal services	1,002,880	791,870	796,516	(4,646)
Contractual services	461,110	402,840	395,988	6,852
Other	3,470	272,750	-	272,750
	1,467,460	1,467,460	1,192,504	274,956
Total expenditures	1,467,460	1,467,460	1,192,504	274,956
Excess (deficiency) of revenues over (under) expenditures	(1,176,180)	(1,198,180)	(1,169,062)	29,118
OTHER FINANCING SOURCES				
Transfers from other funds	1,172,710	1,194,710	1,172,710	(22,000)
Total other financing sources	1,172,710	1,194,710	1,172,710	(22,000)
Net change in fund balances	(3,470)	(3,470)	3,648	7,118
Fund balance - beginning	76,840	76,840	83,601	6,761
Fund balance - ending	\$ 73,370	\$ 73,370	\$ 87,249	\$ 13,879

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, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	\$ 20,908,420	\$ 20,908,420	\$ 21,209,687	\$ 301,267
Delinquent property taxes	428,110	428,110	491,531	63,421
Special assessments	23,775,690	23,775,690	23,947,554	171,864
Delinquent special assessments	1,363,070	1,363,070	1,757,314	394,244
Motor vehicle tax	3,406,300	3,406,300	3,534,979	128,679
Interest earnings	1,500,000	500,000	709,690	209,690
Premium and accrued interest on bonds sold	-	-	1,524,273	1,524,273
Other	-	-	435,606	435,606
Revised budget adjustment	-	1,131,130	-	(1,131,130)
	<u>51,381,590</u>	<u>51,512,720</u>	<u>53,610,634</u>	<u>2,097,914</u>
EXPENDITURES				
Debt service:				
Interest on general obligation bonds	4,400,660	4,400,660	6,081,836	(1,681,176)
Interest on special assessment bonds	8,934,470	8,934,470	7,843,706	1,090,764
Interest on HUD Section 108 loan	184,220	184,220	184,223	(3)
Commission, postage and refunds	116,760	116,760	-	116,760
Retirement of general obligation bonds	21,719,670	20,168,670	22,304,607	(2,135,937)
Retirement of special assessment bonds	16,761,000	16,761,000	15,695,000	1,066,000
Retirement of HUD Section 108 loan	185,000	185,000	185,000	-
	<u>52,301,780</u>	<u>50,750,780</u>	<u>52,294,372</u>	<u>(1,543,592)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(920,190)</u>	<u>761,940</u>	<u>1,316,262</u>	<u>554,322</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	12,984,020	12,852,890	13,354,237	501,347
Transfers to other funds - retirement of temporary notes	(13,025,000)	(14,576,000)	(984,314)	13,591,686
	<u>(40,980)</u>	<u>(1,723,110)</u>	<u>12,369,923</u>	<u>14,093,033</u>
Net change in fund balance	(961,170)	(961,170)	13,686,185	14,647,355
Fund balance - beginning	4,250,201	4,250,201	6,393,033	2,142,832
Fund balance - ending	<u>\$ 3,289,031</u>	<u>\$ 3,289,031</u>	<u>\$ 20,079,218</u>	<u>\$ 16,790,187</u>

CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET NONMAJOR ENTERPRISE FUNDS

December 31, 2002

	Storm Water Utility	Golf Course System	Wichita Transit	Totals
ASSETS				
Current assets:				
Cash and temporary investments	\$ 2,869,189	\$ 878,327	\$ 1,454,915	\$ 5,202,431
Receivables, net	93,435	-	95,833	189,268
Due from other agencies	-	-	719,414	719,414
Inventories	29,995	-	324,930	354,925
Total current assets	<u>2,992,619</u>	<u>878,327</u>	<u>2,595,092</u>	<u>6,466,038</u>
Noncurrent assets:				
Capital assets:				
Land	1,512,830	631,534	1,906,816	4,051,180
Buildings	2,428,303	2,237,272	8,856,821	13,522,396
Improvements other than buildings	56,365,587	14,082,369	480,779	70,928,735
Machinery, equipment and other assets	2,664,999	1,632,491	18,569,277	22,866,767
Construction in progress	10,011,989	71,788	400,490	10,484,267
Less accumulated depreciation	(6,107,586)	(4,968,483)	(8,837,691)	(19,913,760)
Total capital assets (net of accumulated depreciation)	<u>66,876,122</u>	<u>13,686,971</u>	<u>21,376,492</u>	<u>101,939,585</u>
Total noncurrent assets	<u>66,876,122</u>	<u>13,686,971</u>	<u>21,376,492</u>	<u>101,939,585</u>
 Total assets	 <u>\$ 69,868,741</u>	 <u>\$ 14,565,298</u>	 <u>\$ 23,971,584</u>	 <u>\$ 108,405,623</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	50,774	77,634	207,625	336,033
Accrued interest payable	36,777	33,284	408	70,469
Temporary notes payable	3,209,700	-	-	3,209,700
Deposits	-	542	-	542
Current portion of long-term obligations:				
General obligation bonds payable	1,390,000	667,982	81,010	2,138,992
Compensated absences	67,023	67,952	138,465	273,440
Total current liabilities	<u>4,754,274</u>	<u>847,394</u>	<u>427,508</u>	<u>6,029,176</u>
Noncurrent liabilities:				
General obligation bonds payable	4,655,000	7,014,486	16,010	11,685,496
Compensated absences	11,898	13,244	19,040	44,182
Total noncurrent liabilities	<u>4,666,898</u>	<u>7,027,730</u>	<u>35,050</u>	<u>11,729,678</u>
 Total liabilities	 <u>9,421,172</u>	 <u>7,875,124</u>	 <u>462,558</u>	 <u>17,758,854</u>
NET ASSETS				
Invested in capital assets, net of related debt	57,584,645	5,971,219	21,279,064	84,834,928
Restricted for capital projects	-	-	10,512	10,512
Unrestricted	2,862,924	718,955	2,219,450	5,801,329
Total net assets	<u>60,447,569</u>	<u>6,690,174</u>	<u>23,509,026</u>	<u>90,646,769</u>
 Total liabilities and net assets	 <u>\$ 69,868,741</u>	 <u>\$ 14,565,298</u>	 <u>\$ 23,971,584</u>	 <u>\$ 108,405,623</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS NONMAJOR ENTERPRISE FUNDS For the year ended December 31, 2002

	Storm Water Utility	Golf Course System	Wichita Transit	Totals
OPERATING REVENUES				
Charges for services and sales	\$ 4,958,860	\$ 139,189	\$ 1,579,723	\$ 6,677,772
Fees	-	2,834,324	-	2,834,324
Rentals	-	385,028	14,274	399,302
Other	-	1,379	34,583	35,962
Total operating revenues	<u>4,958,860</u>	<u>3,359,920</u>	<u>1,628,580</u>	<u>9,947,360</u>
OPERATING EXPENSES				
Personal services	1,575,599	1,459,786	4,859,541	7,894,926
Contractual services	870,227	630,447	1,637,646	3,138,320
Materials and supplies	122,824	453,257	797,000	1,373,081
Administrative charges	44,410	67,130	255,300	366,840
Payments in lieu of franchise fees	159,020	-	-	159,020
Depreciation	965,464	915,149	1,980,099	3,860,712
Total operating expenses	<u>3,737,544</u>	<u>3,525,769</u>	<u>9,529,586</u>	<u>16,792,899</u>
Operating income (loss)	<u>1,221,316</u>	<u>(165,849)</u>	<u>(7,901,006)</u>	<u>(6,845,539)</u>
NONOPERATING REVENUES (EXPENSES)				
Operating grants	-	-	2,784,073	2,784,073
Interest on investments	45,772	22,108	43,472	111,352
Other revenues (expenses)	(14,525)	(6,315)	(137,500)	(158,340)
Interest expense	(294,949)	(431,203)	(7,094)	(733,246)
Proceeds from sale of assets	2,448	-	(95,376)	(92,928)
Total nonoperating revenues (expenses)	<u>(261,254)</u>	<u>(415,410)</u>	<u>2,587,575</u>	<u>1,910,911</u>
Income (loss) before contributions and transfers	960,062	(581,259)	(5,313,431)	(4,934,628)
Capital contributions and operating transfers:				
Capital contributions	2,092,862	584,944	8,970,693	11,648,499
Transfers from other funds	639,500	675,708	3,475,080	4,790,288
Transfers to other funds	-	-	(25,000)	(25,000)
Change in net assets	3,692,424	679,393	7,107,342	11,479,159
Total net assets - beginning	<u>56,755,145</u>	<u>6,010,781</u>	<u>16,401,684</u>	<u>79,167,610</u>
Total net assets - ending	<u>\$ 60,447,569</u>	<u>\$ 6,690,174</u>	<u>\$ 23,509,026</u>	<u>\$ 90,646,769</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS NONMAJOR ENTERPRISE FUNDS For the year ended December 31, 2002

	Storm Water Utility	Golf Course System	Wichita Transit	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 5,024,375	\$ 3,358,561	\$ 1,672,921	\$ 10,055,857
Cash payments to suppliers for goods and services	(1,257,208)	(1,232,813)	(2,833,178)	(5,323,199)
Cash payments to employees for services	(1,568,595)	(1,453,499)	(4,862,946)	(7,885,040)
Payment in lieu of franchise fees	(159,020)	-	-	(159,020)
Other operating revenues	-	1,379	-	1,379
Net cash provided by (used in) operating activities	<u>2,039,552</u>	<u>673,628</u>	<u>(6,023,203)</u>	<u>(3,310,023)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grant received	-	-	2,358,549	2,358,549
Transfers from other funds	639,500	675,708	3,475,080	4,790,288
Transfers to other funds	-	-	(25,000)	(25,000)
Net cash provided by noncapital financing activities	<u>639,500</u>	<u>675,708</u>	<u>5,808,629</u>	<u>7,123,837</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital debt	2,959,700	-	-	2,959,700
Additions to property, plant and equipment	(1,931,773)	(116,410)	(8,935,256)	(10,983,439)
Debt service - principal	(1,320,000)	(647,982)	(106,010)	(2,073,992)
Debt service - interest	(299,625)	(434,230)	(7,533)	(741,388)
Proceeds from sale of assets	2,448	-	(95,376)	(92,928)
Capital contributed by local government	5,100	584,944	-	590,044
Capital contributed by other government	67,318	-	2,000,307	2,067,625
Capital grants received	-	-	7,250,662	7,250,662
Net cash provided by (used in) capital and related financing activities	<u>(516,832)</u>	<u>(613,678)</u>	<u>106,794</u>	<u>(1,023,716)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	45,772	22,108	43,472	111,352
Net cash provided by investing activities	<u>45,772</u>	<u>22,108</u>	<u>43,472</u>	<u>111,352</u>
Net increase (decrease) in cash and temporary investments	2,207,992	757,766	(64,308)	2,901,450
Cash and temporary investments - January 1	661,197	120,561	1,519,223	2,300,981
Cash and temporary investments - December 31	<u>\$ 2,869,189</u>	<u>\$ 878,327</u>	<u>\$ 1,454,915</u>	<u>\$ 5,202,431</u>

(Continued)

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS (CONTINUED) NONMAJOR ENTERPRISE FUNDS

For the year ended December 31, 2002

	Storm Water Utility	Golf Course System	Wichita Transit	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,221,316	\$ (165,849)	\$ (7,901,006)	\$ (6,845,539)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	965,464	915,149	1,980,099	3,860,712
Changes in assets and liabilities:				
Decrease in accounts receivable	65,515	-	44,341	109,856
(Increase) decrease in inventory	6,484	-	(12,568)	(6,084)
(Decrease) in accounts payable/accrued expenses	(226,231)	(81,979)	(130,664)	(438,874)
Increase in deposits	-	20	-	20
Increase (decrease) in compensated absences	7,004	6,287	(3,405)	9,886
Total adjustments	818,236	839,477	1,877,803	3,535,516
Net cash provided by (used in) operating activities	\$ 2,039,552	\$ 673,628	\$ (6,023,203)	\$ (3,310,023)

Supplemental Schedule of Non-Cash Investing and Financing Activities

Assets contributed by benefit districts	\$ 1,982,837	\$ -	\$ -	\$ 1,982,837
Change in assets contributed by other government	-	-	(230,528)	(230,528)
Capital grants received	-	-	11,045	11,045
Contribution of capital assets	37,607	-	(60,793)	(23,186)

CITY OF WICHITA, KANSAS

WATER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services and sales	\$ 30,303,290	\$ 33,826,110	\$ 36,424,758	\$ 2,598,648
Interest earnings	2,000,000	1,100,000	927,672	(172,328)
Other	3,096,650	473,830	90,284	(383,546)
Total revenues	35,399,940	35,399,940	37,442,714	2,042,774
EXPENDITURES				
Personal services	6,993,400	6,593,420	7,060,512	(467,092)
Contractual services	5,306,170	5,313,660	4,913,176	400,484
Materials and supplies	2,876,280	3,333,510	2,630,726	702,784
Capital outlay	2,745,050	3,336,440	3,019,091	317,349
Administrative charges	545,220	762,830	742,170	20,660
Debt service	13,332,880	10,421,190	9,574,767	846,423
Bond discount amortization	88,040	67,200	64,068	3,132
Payments in lieu of franchise fees	1,665,000	1,830,000	1,830,000	-
Contingency	100,000	365,570	-	365,570
Revised Budget adjustment	-	1,437,310	-	1,437,310
Total expenditures	33,652,040	33,461,130	29,834,510	3,626,620
Excess (deficiency) of revenues over (under) expenditures	1,747,900	1,938,810	7,608,204	5,669,394
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(1,044,800)	(1,235,710)	(1,116,410)	119,300
Total other financing sources (uses)	(1,044,800)	(1,235,710)	(1,116,410)	119,300
Net change in unencumbered cash balances	703,100	703,100	6,491,794	5,788,694
Unencumbered cash - beginning	28,940,668	28,940,668	28,940,668	-
Proceeds/expenditures in (anticipation) of bond sales	(9,330,435)	(9,330,435)	(9,330,435)	-
Unencumbered cash - ending	\$ 20,313,333	\$ 20,313,333	\$ 26,102,027	\$ 5,788,694

CITY OF WICHITA, KANSAS

SEWER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services and sales	\$ 25,868,730	\$ 27,100,000	\$ 27,130,007	\$ 30,007
Interest earnings	1,200,000	800,000	294,579	(505,421)
Other	3,012,270	2,181,000	184,484	(1,996,516)
Total revenues	30,081,000	30,081,000	27,609,070	(2,471,930)
EXPENDITURES				
Personal services	8,271,270	7,877,230	7,811,930	65,300
Contractual services	4,405,120	4,993,920	4,211,586	782,334
Materials and supplies	2,140,840	2,319,050	2,221,512	97,538
Capital outlay	1,099,950	1,221,790	1,006,061	215,729
Administrative charges	182,450	150,870	150,870	-
Debt service	11,487,020	6,700,010	6,506,508	193,502
Bond discount amortization	42,060	30,460	28,596	1,864
Payments in lieu of franchise fees	1,335,500	1,217,000	1,217,000	-
Contingency	100,000	100,000	-	100,000
Revised Budget adjustment	-	4,435,400	-	4,435,400
Total expenditures	29,064,210	29,045,730	23,154,063	5,891,667
Excess (deficiency) of revenues over (under) expenditures	1,016,790	1,035,270	4,455,007	3,419,737
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	(659,860)	(678,340)	(678,340)	-
Total other financing sources (uses)	(659,860)	(678,340)	(678,340)	-
Net change in unencumbered cash balances	356,930	356,930	3,776,667	3,419,737
Unencumbered cash - beginning	6,311,559	6,311,559	6,311,559	-
Proceeds/expenditures in excess of bond sales	4,278,195	4,278,195	4,278,195	-
Unencumbered cash - ending	\$ 10,946,684	\$ 10,946,684	\$ 14,366,421	\$ 3,419,737

CITY OF WICHITA, KANSAS

STORM WATER UTILITY FUND SCHEDULE OF BUDGETARY ACCOUNTS BUDGET AND ACTUAL - BUDGETARY BASIS

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services and sales	\$ 5,601,750	\$ 5,248,500	\$ 5,061,890	\$ (186,610)
Interest earnings	140,460	183,150	45,772	(137,378)
Other	10,000	320,560	60,341	(260,219)
Total revenues	5,752,210	5,752,210	5,168,003	(584,207)
EXPENDITURES				
Personal services	1,492,760	1,575,630	1,568,595	7,035
Contractual services	940,150	972,430	878,514	93,916
Materials and supplies	215,840	211,340	189,156	22,184
Capital outlay	116,500	471,500	385,681	85,819
Administrative charges	48,710	44,410	44,410	-
Debt service	1,620,000	1,620,000	1,619,625	375
Contingency	1,270,000	100,000	-	100,000
Revised Budget adjustment	-	1,471,140	-	1,471,140
Total expenditures	5,703,960	6,466,450	4,685,981	1,780,469
Excess (deficiency) of revenues over (under) expenditures	48,250	(714,240)	482,022	1,196,262
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	514,500	514,500	639,500	125,000
Transfers to other funds	(2,321,510)	(1,559,020)	(423,538)	1,135,482
Total other financing sources (uses)	(1,807,010)	(1,044,520)	215,962	1,260,482
Net change in unencumbered cash balances	(1,758,760)	(1,758,760)	697,984	2,456,744
Unencumbered cash - beginning	2,154,131	2,154,131	1,552,635	(601,496)
Unencumbered cash - ending	<u>\$ 395,371</u>	<u>\$ 395,371</u>	<u>\$ 2,250,619</u>	<u>\$ 1,855,248</u>

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CITY OF WICHITA, KANSAS

COMBINING BALANCE SHEET INTERNAL SERVICE FUNDS

December 31, 2002

	Information Technology	Fleet and Buildings
ASSETS		
Current assets:		
Cash and temporary investments	\$ 2,709,190	\$ 7,988,916
Investments	-	-
Receivables, net	3,931	73,874
Inventories	-	478,938
Prepaid items	-	-
Total current assets	2,713,121	8,541,728
Noncurrent assets:		
Capital assets:		
Land	-	71,340
Buildings	9,077	3,279,073
Machinery, equipment and other assets	8,526,871	28,994,785
Less accumulated depreciation	(7,639,038)	(22,857,645)
Total capital assets (net of accumulated depreciation)	896,910	9,487,553
Total assets	\$ 3,610,031	\$ 18,029,281
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 337,138	\$ 173,442
Deposits	-	-
Current portion of long-term obligations:		
Claims payable	-	-
Compensated absences	90,580	103,996
Total current liabilities	427,718	277,438
Noncurrent liabilities:		
Claims payable	-	-
Compensated absences	17,654	17,952
Total noncurrent liabilities	17,654	17,952
Total liabilities	445,372	295,390
NET ASSETS		
Invested in capital assets	896,910	9,487,553
Unrestricted	2,267,749	8,246,338
Total net assets	3,164,659	17,733,891
Total liabilities and net assets	\$ 3,610,031	\$ 18,029,281

Stationery Stores	Self Insurance	Totals
\$ 323,929	\$ 33,693,301	\$ 44,715,336
-	314,838	314,838
4,041	569,087	650,933
-	-	478,938
<u>2,667</u>	<u>-</u>	<u>2,667</u>
<u>330,637</u>	<u>34,577,226</u>	<u>46,162,712</u>
-	-	71,340
-	-	3,288,150
527,257	364,582	38,413,495
<u>(410,039)</u>	<u>(72,184)</u>	<u>(30,978,906)</u>
<u>117,218</u>	<u>292,398</u>	<u>10,794,079</u>
<u>\$ 447,855</u>	<u>\$ 34,869,624</u>	<u>\$ 56,956,791</u>
\$ 42,686	\$ 52,232	\$ 605,498
-	1,094,200	1,094,200
-	5,047,000	5,047,000
<u>9,297</u>	<u>15,938</u>	<u>219,811</u>
<u>51,983</u>	<u>6,209,370</u>	<u>6,966,509</u>
-	10,390,000	10,390,000
<u>1,811</u>	<u>3,106</u>	<u>40,523</u>
<u>1,811</u>	<u>10,393,106</u>	<u>10,430,523</u>
<u>53,794</u>	<u>16,602,476</u>	<u>17,397,032</u>
117,218	292,398	10,794,079
<u>276,843</u>	<u>17,974,750</u>	<u>28,765,680</u>
<u>394,061</u>	<u>18,267,148</u>	<u>39,559,759</u>
<u>\$ 447,855</u>	<u>\$ 34,869,624</u>	<u>\$ 56,956,791</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS INTERNAL SERVICE FUNDS

For the year ended December 31, 2002

	Information Technology	Fleet and Buildings
OPERATING REVENUES		
Charges for services and sales	\$ 5,703,666	\$ 1,332,242
Rentals	-	8,911,427
Employer contributions	-	-
Employee contributions	-	-
Other	-	67,337
Total operating revenues	5,703,666	10,311,006
OPERATING EXPENSES		
Personal services	2,366,417	2,556,865
Contractual services	1,550,203	793,916
Materials and supplies	618,826	2,429,538
Cost of materials used	-	1,226,943
Administrative charges	38,680	106,900
Depreciation	203,131	2,387,486
Employee benefits	-	-
Insurance claims	-	-
Total operating expenses	4,777,257	9,501,648
Operating income (loss)	926,409	809,358
NONOPERATING REVENUES (EXPENSES)		
Interest earnings	-	-
Proceeds from sale of assets	(3,295)	(67,094)
Total nonoperating revenues (expenses)	(3,295)	(67,094)
Income (loss) before contributions and transfers	923,114	742,264
Capital contributions and operating transfers:		
Capital contributions	68,128	2,462,088
Transfers from other funds	193,190	-
Transfers to other funds	(195,000)	-
Change in net assets	989,432	3,204,352
Total net assets - beginning	2,175,227	14,529,539
Total net assets - ending	\$ 3,164,659	\$ 17,733,891

Stationery Stores	Self Insurance	Totals
\$ 1,589,122	\$ -	\$ 8,625,030
-	-	8,911,427
-	18,980,885	18,980,885
-	4,560,766	4,560,766
38	593,974	661,349
1,589,160	24,135,625	41,739,457
193,538	-	5,116,820
505,912	-	2,850,031
119,050	-	3,167,414
715,362	-	1,942,305
56,940	-	202,520
48,523	17,923	2,657,063
-	17,739,068	17,739,068
-	5,423,961	5,423,961
1,639,325	23,180,952	39,099,182
(50,165)	954,673	2,640,275
-	895,368	895,368
-	-	(70,389)
-	895,368	824,979
(50,165)	1,850,041	3,465,254
-	-	2,530,216
-	305,910	499,100
-	-	(195,000)
(50,165)	2,155,951	6,299,570
444,226	16,111,197	33,260,189
\$ 394,061	\$ 18,267,148	\$ 39,559,759

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

For the year ended December 31, 2002

	Information Technology	Fleet Buildings
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 5,702,827	\$ 10,255,617
Cash payments to suppliers for goods and services	(2,009,297)	(4,429,612)
Cash payments to employees for services	(2,346,423)	(2,561,122)
Other operating revenues	-	67,337
Net cash provided by (used in) operating activities	1,347,107	3,332,220
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	193,190	-
Transfers to other funds	(195,000)	-
Net cash provided by (used in) noncapital financing activities	(1,810)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Additions to property, plant and equipment	(87,395)	(2,160,937)
Net cash used in capital and related financing activities	(87,395)	(2,160,937)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturity of investment securities	-	-
Interest on investments	-	-
Net cash provided by investing activities	-	-
Net increase (decrease) in cash and temporary investments	1,257,902	1,171,283
Cash and temporary investments - January 1	1,451,288	6,817,633
Cash and temporary investments - December 31	\$ 2,709,190	\$ 7,988,916

Stationery Stores	Self Insurance	Totals
\$ 1,588,411	\$ 23,446,739	\$ 40,993,594
(1,400,377)	(21,940,816)	(29,780,102)
(194,312)	-	(5,101,857)
38	593,974	661,349
<u>(6,240)</u>	<u>2,099,897</u>	<u>6,772,984</u>
-	305,910	499,100
-	-	(195,000)
-	<u>305,910</u>	<u>304,100</u>
-	(269,600)	(2,517,932)
-	<u>(269,600)</u>	<u>(2,517,932)</u>
-	1,000,000	1,000,000
-	899,801	899,801
-	<u>1,899,801</u>	<u>1,899,801</u>
(6,240)	4,036,008	6,458,953
<u>330,169</u>	<u>29,657,293</u>	<u>38,256,383</u>
<u>\$ 323,929</u>	<u>\$ 33,693,301</u>	<u>\$ 44,715,336</u>

(Continued)

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CASH FLOWS (CONTINUED) INTERNAL SERVICE FUNDS

For the year ended December 31, 2002

	Information Technology	Fleet and Buildings
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Operating income (loss)	\$ 926,409	\$ 809,358
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	203,131	2,387,486
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(839)	11,948
Decrease in inventory	-	139,303
Decrease in prepaid items	-	-
Increase (decrease) in accounts payable and accrued expenses	198,412	(11,618)
Increase in claims payable	-	-
Increase (decrease) in compensated absences	19,994	(4,257)
Total adjustments	420,698	2,522,862
Net cash provided by (used in) operating activities	\$ 1,347,107	\$ 3,332,220
 <u>Supplemental Schedule of Non-Cash Investing and Financing Activities</u>		
Capital contributed by local government	\$ 68,128	\$ 2,462,088

<u>Stationery Stores</u>	<u>Self Insurance</u>	<u>Totals</u>
<u>\$ (50,165)</u>	<u>\$ 954,673</u>	<u>\$ 2,640,275</u>
48,523	17,923	2,657,063
(711)	(94,912)	(84,514)
-	-	139,303
922	-	922
(4,035)	(339,025)	(156,266)
-	1,561,000	1,561,000
<u>(774)</u>	<u>238</u>	<u>15,201</u>
<u>43,925</u>	<u>1,145,224</u>	<u>4,132,709</u>
<u>\$ (6,240)</u>	<u>\$ 2,099,897</u>	<u>\$ 6,772,984</u>
\$ -	\$ -	\$ 2,530,216

CITY OF WICHITA, KANSAS

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS SELF INSURANCE FUNDS

For the year ended December 31, 2002

	Life Insurance	Health Insurance	Workers' Compensation	General Liability	Totals
OPERATING REVENUES					
Employer contributions	\$ 192,151	\$ 12,808,453	\$ 2,926,575	\$ 3,053,706	\$ 18,980,885
Employee contributions	332,609	4,228,157	-	-	4,560,766
Other	-	-	401,172	192,802	593,974
Total operating revenues	<u>524,760</u>	<u>17,036,610</u>	<u>3,327,747</u>	<u>3,246,508</u>	<u>24,135,625</u>
OPERATING EXPENSES					
Depreciation	-	-	999	16,924	17,923
Employee benefits	755,592	16,983,476	-	-	17,739,068
Insurance claims	-	-	3,959,500	1,464,461	5,423,961
Total operating expenses	<u>755,592</u>	<u>16,983,476</u>	<u>3,960,499</u>	<u>1,481,385</u>	<u>23,180,952</u>
Operating income (loss)	<u>(230,832)</u>	<u>53,134</u>	<u>(632,752)</u>	<u>1,765,123</u>	<u>954,673</u>
NONOPERATING REVENUES					
Interest earnings	106,656	68,935	378,341	341,436	895,368
Total nonoperating revenues	<u>106,656</u>	<u>68,935</u>	<u>378,341</u>	<u>341,436</u>	<u>895,368</u>
Income (loss) before operating transfers	(124,176)	122,069	(254,411)	2,106,559	1,850,041
Operating transfers:					
Transfers from other funds	-	-	-	305,910	305,910
Change in net assets	(124,176)	122,069	(254,411)	2,412,469	2,155,951
Total net assets - beginning	<u>3,289,424</u>	<u>3,401,068</u>	<u>3,417,577</u>	<u>6,003,128</u>	<u>16,111,197</u>
Total net assets - ending	<u>\$ 3,165,248</u>	<u>\$ 3,523,137</u>	<u>\$ 3,163,166</u>	<u>\$ 8,415,597</u>	<u>\$ 18,267,148</u>

CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services and sales	\$ 5,460,370	\$ 5,658,450	\$ 5,723,837	\$ 65,387
Revised budget adjustment	-	(213,690)	-	213,690
Total revenues	5,460,370	5,444,760	5,723,837	279,077
EXPENDITURES				
Personal services	2,229,500	2,229,500	2,346,424	(116,924)
Contractual services	1,776,820	1,776,820	1,569,704	207,116
Materials and supplies	685,340	685,340	609,338	76,002
Capital outlay	343,920	343,920	231,591	112,329
Other	275,000	275,000	-	275,000
Total expenditures	5,310,580	5,310,580	4,757,057	553,523
Excess (deficiency) of revenues over (under) expenditures	149,790	134,180	966,780	832,600
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	102,580	118,190	193,190	75,000
Transfers to other funds	(350,000)	(350,000)	(195,000)	155,000
Total other financing sources (uses)	(247,420)	(231,810)	(1,810)	230,000
Net change in fund balances	(97,630)	(97,630)	964,970	1,062,600
Fund balance - beginning	179,816	179,816	1,105,250	925,434
Fund balance - ending	\$ 82,186	\$ 82,186	\$ 2,070,220	\$ 1,988,034

CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services and sales	\$ 1,736,930	\$ 1,922,330	\$ 1,346,327	\$ (576,003)
Rent	7,249,500	7,737,540	8,911,427	1,173,887
Other	100,000	125,000	67,337	(57,663)
Total revenues	9,086,430	9,784,870	10,325,091	540,221
EXPENDITURES				
Personal services	2,580,670	2,787,380	2,561,124	226,256
Contractual services	951,340	1,131,500	993,157	138,343
Materials and supplies	1,937,320	2,409,290	2,430,218	(20,928)
Capital outlay	2,500,000	2,600,000	2,560,023	39,977
Cost of materials used	1,000,000	1,000,000	1,086,486	(86,486)
Other	300,000	4,575,000	-	4,575,000
Total expenditures	9,269,330	14,503,170	9,631,008	4,872,162
Excess (deficiency) of revenues over (under) expenditures	(182,900)	(4,718,300)	694,083	5,412,383
Net change in fund balances	(182,900)	(4,718,300)	694,083	5,412,383
Fund balance - beginning	397,425	5,438,753	5,438,753	-
Fund balance - ending	<u>\$ 214,525</u>	<u>\$ 720,453</u>	<u>\$ 6,132,836</u>	<u>\$ 5,412,383</u>

CITY OF WICHITA, KANSAS

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

For the year ended December 31, 2002

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services and sales	\$ 1,678,210	\$ 2,021,640	\$ 1,589,122	\$ (432,518)
Other	-	-	(101)	(101)
Total revenues	1,678,210	2,021,640	1,589,021	(432,619)
EXPENDITURES				
Personal services	190,080	199,930	194,313	5,617
Contractual services	593,200	701,860	563,421	138,439
Materials and supplies	178,030	135,490	118,090	17,400
Cost of materials used	800,000	1,180,000	715,362	464,638
Total expenditures	1,761,310	2,217,280	1,591,186	626,094
Excess (deficiency) of revenues over (under) expenditures	(83,100)	(195,640)	(2,165)	193,475
Net change in fund balances	(83,100)	(195,640)	(2,165)	193,475
Fund balance - beginning	384,316	282,505	282,505	-
Fund balance - ending	<u>\$ 301,216</u>	<u>\$ 86,865</u>	<u>\$ 280,340</u>	<u>\$ 193,475</u>

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CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF NET ASSETS PENSION TRUST FUNDS

December 31, 2002

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals
ASSETS				
Cash and temporary investments	\$ 5,910,609	\$ 7,243,403	\$ 16,471	\$ 13,170,483
Receivables:				
Investment sales pending	206,485	241,986	-	448,471
Interest and dividends	775,492	922,334	142	1,697,968
Other	240,485	116,994	65,461	422,940
Total receivables	<u>1,222,462</u>	<u>1,281,314</u>	<u>65,603</u>	<u>2,569,379</u>
Investments, at fair value:				
Government securities: long term	15,106,103	17,694,544	-	32,800,647
Corporate debt instruments: long term	28,995,963	33,964,442	-	62,960,405
Value of interest in pooled funds	115,940,674	135,807,186	7,480,551	259,228,411
Corporate stocks: domestic common	112,191,731	131,415,861	-	243,607,592
Corporate stocks: international common	32,475,149	38,039,789	-	70,514,938
Corporate stocks: preferred	354,737	415,522	-	770,259
Mortgage-backed securities	20,427,654	23,927,946	-	44,355,600
Total investments	<u>325,492,011</u>	<u>381,265,290</u>	<u>7,480,551</u>	<u>714,237,852</u>
 Total assets	 <u>332,625,082</u>	 <u>389,790,007</u>	 <u>7,562,625</u>	 <u>729,977,714</u>
LIABILITIES				
Accounts payable and accrued expenses	1,681,305	1,884,949	34,595	3,600,849
Investment purchases pending	727,153	852,172	-	1,579,325
Securities lending obligations	29,458,277	34,523,036	-	63,981,313
 Total liabilities	 <u>31,866,735</u>	 <u>37,260,157</u>	 <u>34,595</u>	 <u>69,161,487</u>
NET ASSETS				
Held in trust for pension benefits	<u>\$ 300,758,347</u>	<u>\$ 352,529,850</u>	<u>\$ 7,528,030</u>	<u>\$ 660,816,227</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CHANGES IN NET ASSETS

PENSION TRUST FUNDS

For the year ended December 31, 2002

	Police and Fire Retirement System	Employees' Retirement System	Employees' Retirement Plan 3	Totals
ADDITIONS				
Contributions:				
Employer	\$ 4,746,504	\$ 1,957,922	\$ 1,203,471	\$ 7,907,897
Employee	3,104,036	2,236,973	1,203,471	6,544,480
Total contributions	<u>7,850,540</u>	<u>4,194,895</u>	<u>2,406,942</u>	<u>14,452,377</u>
Investment income:				
<i>From investment activities</i>				
Net (depreciation) in fair value of investments	(45,657,043)	(53,663,698)	(993,859)	(100,314,600)
Interest and dividends	5,176,251	6,094,466	237,729	11,508,446
Commission recapture	62,965	73,974	-	138,939
Total investing activity loss	<u>(40,417,827)</u>	<u>(47,495,258)</u>	<u>(756,130)</u>	<u>(88,669,215)</u>
Less investment expense	1,495,978	1,746,821	41,574	3,284,373
Net (loss) from investing activities	<u>(41,913,805)</u>	<u>(49,242,079)</u>	<u>(797,704)</u>	<u>(91,953,588)</u>
<i>From securities lending activities</i>				
Securities lending income	669,709	787,605	-	1,457,314
Securities lending activities expenses:				
Borrower rebates	516,208	606,641	-	1,122,849
Management fees	45,517	53,502	-	99,019
Total securities lending activities expenses	<u>561,725</u>	<u>660,143</u>	<u>-</u>	<u>1,221,868</u>
Net income from securities lending activities	107,984	127,462	-	235,446
Total net investment (loss)	<u>(41,805,821)</u>	<u>(49,114,617)</u>	<u>(797,704)</u>	<u>(91,718,142)</u>
Transfers from other funds				
Total additions	<u>(33,955,281)</u>	<u>(43,590,891)</u>	<u>1,609,238</u>	<u>(75,936,934)</u>
DEDUCTIONS				
Pension benefits	15,710,172	17,236,411	-	32,946,583
Pension administration	220,809	227,927	34,860	483,596
Employee contributions refunded	415,274	255,091	526,655	1,197,020
Transfers to other funds	-	-	1,328,831	1,328,831
Other deductions	40,265	42,365	-	82,630
Total deductions	<u>16,386,520</u>	<u>17,761,794</u>	<u>1,890,346</u>	<u>36,038,660</u>
Change in net assets	(50,341,801)	(61,352,685)	(281,108)	(111,975,594)
Net assets - beginning	351,100,148	413,882,535	7,809,138	772,791,821
Net assets - ending	<u>\$ 300,758,347</u>	<u>\$ 352,529,850</u>	<u>\$ 7,528,030</u>	<u>\$ 660,816,227</u>

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES ALL AGENCY FUNDS

For the year ended December 31, 2002

	Balance January 1, 2002	Additions	Deductions	Balance December 31, 2002
<u>Payroll Liability Fund</u>				
ASSETS				
Cash and temporary investments	\$ 268,044	\$ 81,504,241	\$ 81,438,868	\$ 333,417
Accounts receivable	815,554	179,318	37,253	957,619
Total assets	\$ 1,083,598	\$ 81,683,559	\$ 81,476,121	\$ 1,291,036
LIABILITIES				
Accounts payable	\$ 1,083,598	\$ 128,771,191	\$ 128,563,753	\$ 1,291,036
Total liabilities	\$ 1,083,598	\$ 128,771,191	\$ 128,563,753	\$ 1,291,036
 <u>Special Assessment Advance Payments Fund</u>				
ASSETS				
Cash and temporary investments	\$ 4,473,959	\$ 2,176,305	\$ 2,039,434	\$ 4,610,830
Investments	1,154,497	928,844	816,548	1,266,793
Accounts receivable	2,180	10,041	-	12,221
Interest receivable	7,197	59,986	56,423	10,760
Total assets	\$ 5,637,833	\$ 3,175,176	\$ 2,912,405	\$ 5,900,604
LIABILITIES				
Deposits	\$ 5,637,833	\$ 1,313,374	\$ 1,050,603	\$ 5,900,604
Total liabilities	\$ 5,637,833	\$ 1,313,374	\$ 1,050,603	\$ 5,900,604
 <u>Neighborhood Revitalization Fund</u>				
ASSETS				
Cash and temporary investments	\$ 268	\$ 23,387	\$ 23,387	\$ 268
Total assets	\$ 268	\$ 23,387	\$ 23,387	\$ 268
LIABILITIES				
Accounts payable	\$ -	\$ 20,595	\$ 20,595	\$ -
Deposits	268	20,506	20,506	268
Total liabilities	\$ 268	\$ 41,101	\$ 41,101	\$ 268

(Continued)

CITY OF WICHITA, KANSAS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED) ALL AGENCY FUNDS

For the year ended December 31, 2002

	Balance January 1, 2002	Additions	Deductions	Balance December 31, 2002
<u>IRB, PILOT Fund</u>				
ASSETS				
Cash and temporary investments	\$ -	\$ 138,825	\$ 138,825	\$ -
Accounts receivable	-	142,252	125,119	17,133
Total assets	\$ -	\$ 281,077	\$ 263,944	\$ 17,133
LIABILITIES				
Accounts payable	\$ -	\$ 111,413	\$ 111,413	\$ -
Deposits	-	142,252	125,119	17,133
Total liabilities	\$ -	\$ 253,665	\$ 236,532	\$ 17,133
 <u>Totals - All Agency Funds</u>				
ASSETS				
Cash and temporary investments	\$ 4,742,271	\$ 83,842,758	\$ 83,640,514	\$ 4,944,515
Investments	1,154,497	928,844	816,548	1,266,793
Accounts receivable	817,734	331,611	162,372	986,973
Interest receivable	7,197	59,986	56,423	10,760
Total assets	\$ 6,721,699	\$ 85,163,199	\$ 84,675,857	\$ 7,209,041
LIABILITIES				
Accounts payable	\$ 1,083,598	\$ 128,903,199	\$ 128,695,761	\$ 1,291,036
Deposits	5,638,101	1,476,132	1,196,228	5,918,005
Total liabilities	\$ 6,721,699	\$ 130,379,331	\$ 129,891,989	\$ 7,209,041

CITY OF WICHITA, KANSAS

STATEMENT OF CASH FLOWS COMPONENT UNIT - WICHITA PUBLIC BUILDING COMMISSION For the year ended December 31, 2002

	<u>2002</u>
CASH FLOWS PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCIAL ACTIVITIES	
Received on direct financing lease	\$ 4,150,000
Debt service - principal	(4,150,000)
Debt service - interest	<u>(1,809,361)</u>
Net cash (used in) capital and related financing activities	<u>(1,809,361)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	<u>2,850,895</u>
Net cash provided by investing activities	<u>2,850,895</u>
Net increase in cash and temporary investments	1,041,534
Cash and temporary investments - January 1	<u>942,019</u>
Cash and temporary investments - December 31	<u>\$ 1,983,553</u>

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CITY OF WICHITA, KANSAS

COMBINED SCHEDULE OF CHANGES IN BONDS PAYABLE
Year ended December 31, 2002

	Balance January 1, 2002	Issued	Retired	Balance December 31, 2002
General obligation bonds payable from:				
Ad valorem property taxes	\$ 64,834,152	\$ 18,845,000	\$ 11,699,428	\$ 71,979,724
Special assessments	149,255,000	14,980,000	15,695,000	148,540,000
Tax increment financing	12,562,121	8,000,000	642,576	19,919,545
Transient guest tax	14,397,547	-	1,877,672	12,519,875
Airport Authority	5,380,000	-	515,000	4,865,000
Golf Course System	8,330,450	-	647,982	7,682,468
Transit	203,030	-	106,010	97,020
Local sales tax	17,500,000	46,000,000	7,500,000	56,000,000
Storm Water Utility	7,365,000	-	1,320,000	6,045,000
Revenue bonds payable from:				
Water Utility	91,868,376	-	4,946,891	86,921,485
Sewer Utility	58,291,624	-	3,706,305	54,585,319
Airport Special Facilities	31,093,322	49,300,000	2,277,810	78,115,512
Wichita Public Building Commission	41,620,000	-	4,150,000	37,470,000
	<u>\$ 502,700,622</u>	<u>\$ 137,125,000</u>	<u>\$ 55,084,674</u>	<u>\$ 584,740,948</u>

RECONCILIATION OF BONDS PAYABLE
December 31, 2002

General obligation bonds	\$ 327,648,632
Revenue bonds	<u>257,092,316</u>
Total bonds payable	<u>\$ 584,740,948</u>
Serial bonds payable exclusive of bond anticipation notes	\$ 308,959,144
Bonds payable from component unit	37,470,000
Bonds payable from proprietary funds	<u>238,311,804</u>
Total bonds payable	<u>\$ 584,740,948</u>

CITY OF WICHITA, KANSAS

SUMMARY OF GENERAL OBLIGATION DEBT SERVICE CHARGES
BASED ON BONDED DEBT AS OF DECEMBER 31, 2002

Year	PAYABLE FROM PROPERTY TAXES		PAYABLE FROM TRANSIENT GUEST TAX	
	Principal	Interest	Principal	Interest
2003	\$ 12,928,921	\$ 2,773,043	\$ 1,967,668	\$ 536,473
2004	12,212,419	2,271,535	1,377,633	506,398
2005	11,002,928	1,837,936	1,219,967	685,652
2006	8,900,305	1,428,970	1,194,659	709,817
2007	7,494,879	1,079,632	1,168,294	733,464
2008	6,479,483	785,268	919,625	753,450
2009	5,460,481	506,534	905,417	779,978
2010	3,337,958	288,036	895,820	798,829
2011	2,008,454	155,275	897,463	813,594
2012	2,017,450	73,759	897,173	826,367
2013	136,447	8,766	902,824	830,974
2014	-	-	173,333	8,927
	<u>\$ 71,979,725</u>	<u>\$ 11,208,754</u>	<u>\$ 12,519,876</u>	<u>\$ 7,983,923</u>

Year	PAYABLE FROM TAX INCREMENT FINANCING		PAYABLE FROM LOCAL SALES TAX	
	Principal	Interest	Principal	Interest
2003	\$ 1,369,697	\$ 919,496	\$ 4,665,000	\$ 2,467,650
2004	1,486,818	774,219	4,770,000	2,268,325
2005	1,610,909	714,242	4,875,000	2,062,925
2006	1,756,061	650,727	4,990,000	1,851,875
2007	1,896,212	583,479	2,610,000	1,679,325
2008	2,051,364	509,693	2,735,000	1,545,700
2009	2,214,545	424,499	2,865,000	1,405,700
2010	1,827,727	331,874	3,005,000	1,273,975
2011	1,988,939	255,672	3,150,000	1,150,875
2012	2,153,182	170,455	3,300,000	1,019,813
2013	1,297,424	76,272	3,460,000	865,250
2014	266,667	13,733	3,625,000	688,125
2015	-	-	3,800,000	502,500
2016	-	-	3,980,000	308,000
2017	-	-	4,170,000	104,250
	<u>\$ 19,919,545</u>	<u>\$ 5,424,361</u>	<u>\$ 56,000,000</u>	<u>\$ 19,194,288</u>

Year	TOTAL PAYABLE FROM TAXES		PAYABLE FROM SPECIAL ASSESSMENTS	
	Principal	Interest	Principal	Interest
2003	\$ 20,931,286	\$ 6,696,661	\$ 15,485,000	\$ 7,512,729
2004	19,846,871	5,820,477	14,405,000	6,389,918
2005	18,708,804	5,300,755	13,565,000	5,682,495
2006	16,841,025	4,641,389	12,425,000	4,990,977
2007	13,169,385	4,075,900	12,505,000	4,396,946
2008	12,185,472	3,594,110	12,150,000	3,813,374
2009	11,445,443	3,116,711	11,610,000	3,245,000
2010	9,066,505	2,692,713	11,750,000	2,700,338
2011	8,044,856	2,375,416	10,920,000	2,137,360
2012	8,367,805	2,090,393	9,695,000	1,613,270
2013	5,796,695	1,781,262	8,500,000	1,148,205
2014	4,065,000	710,785	6,700,000	744,733
2015	3,800,000	502,500	4,860,000	421,463
2016	3,980,000	308,000	2,635,000	183,848
2017	4,170,000	104,250	1,335,000	60,735
	<u>\$ 160,419,147</u>	<u>\$ 43,811,322</u>	<u>\$ 148,540,000</u>	<u>\$ 45,041,391</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, 2002

PROPRIETARY FUNDS						
Year	Transit Fund		Golf Course System		Storm Water Utility	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 81,010	\$ 2,874	\$ 667,982	\$ 397,821	\$ 1,390,000	\$ 241,342
2004	16,010	424	633,982	361,215	1,470,000	178,035
2005	-	-	653,982	324,486	1,550,000	110,085
2006	-	-	632,602	286,254	1,635,000	37,605
2007	-	-	464,026	254,256	-	-
2008	-	-	479,947	232,213	-	-
2009	-	-	504,947	208,958	-	-
2010	-	-	525,000	184,243	-	-
2011	-	-	555,000	158,255	-	-
2012	-	-	590,000	130,228	-	-
2013	-	-	620,000	99,990	-	-
2014	-	-	660,000	67,750	-	-
2015	-	-	695,000	34,750	-	-
	<u>\$ 97,020</u>	<u>\$ 3,298</u>	<u>\$ 7,682,468</u>	<u>\$ 2,740,419</u>	<u>\$ 6,045,000</u>	<u>\$ 567,067</u>

PROPRIETARY FUNDS					
Year	Airport Authority		Totals		Debt Service Charges
	Principal	Interest	Principal	Interest	
2003	\$ 550,000	\$ 262,375	\$ 2,688,992	\$ 904,412	\$ 3,593,404
2004	575,000	229,283	2,694,992	768,957	3,463,949
2005	590,000	196,305	2,793,982	630,876	3,424,858
2006	625,000	163,900	2,892,602	487,759	3,380,361
2007	605,000	129,149	1,069,026	383,405	1,452,431
2008	640,000	94,933	1,119,947	327,146	1,447,093
2009	675,000	58,306	1,179,947	267,264	1,447,211
2010	525,000	19,563	1,050,000	203,806	1,253,806
2011	80,000	4,240	635,000	162,495	797,495
2012	-	-	590,000	130,228	720,228
2013	-	-	620,000	99,990	719,990
2014	-	-	660,000	67,750	727,750
2015	-	-	695,000	34,750	729,750
	<u>\$ 4,865,000</u>	<u>\$ 1,158,054</u>	<u>\$ 18,689,488</u>	<u>\$ 4,468,838</u>	<u>\$ 23,158,326</u>

CITY OF WICHITA, KANSAS

SUMMARY OF REVENUE BOND DEBT SERVICE CHARGES
PAYABLE FROM PROPRIETARY FUND AND COMPONENT UNIT REVENUES
BASED ON BONDED DEBT AS OF DECEMBER 31, 2002

PROPRIETARY FUNDS

Year	Water Utility		Sewer Utility		Wichita Airport Authority	
	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 5,122,515	\$ 4,153,451	\$ 3,836,292	\$ 2,541,940	\$ 2,435,660	\$ 5,122,027
2004	5,381,628	3,868,328	4,028,274	2,339,807	2,603,699	4,952,379
2005	5,675,624	3,559,933	4,260,898	2,115,172	3,916,173	4,730,624
2006	5,957,088	3,296,142	4,466,606	1,934,276	1,513,218	4,541,348
2007	6,268,507	3,014,606	4,702,936	1,738,556	1,614,317	4,437,972
2008	6,142,820	2,714,520	4,606,978	1,524,080	575,000	4,347,146
2009	5,990,900	2,439,175	4,477,887	1,318,498	11,802,445	4,310,616
2010	5,321,760	2,166,508	3,171,678	1,123,785	510,000	3,376,053
2011	5,604,459	1,903,824	3,344,327	967,205	545,000	3,343,376
2012	5,902,734	1,617,595	3,527,127	798,436	575,000	3,308,255
2013	5,001,905	1,352,197	2,774,793	644,536	545,000	3,270,223
2014	5,273,164	1,115,624	2,931,172	515,622	515,000	3,235,925
2015	5,563,719	866,277	3,099,091	379,470	80,000	3,201,562
2016	5,917,708	603,249	3,314,452	235,548	90,000	3,196,562
2017	3,018,392	323,665	984,036	81,712	95,000	3,190,937
2018	3,234,887	199,596	1,058,772	42,350	100,000	3,185,000
2019	490,897	66,709	-	-	-	3,178,750
2020	514,190	43,416	-	-	-	3,178,750
2021	538,588	19,019	-	-	1,300,000	3,101,021
2022	-	-	-	-	-	3,081,250
2023	-	-	-	-	-	3,081,250
2024	-	-	-	-	-	3,081,250
2025	-	-	-	-	-	3,081,250
2026	-	-	-	-	-	3,081,250
2027	-	-	-	-	-	3,081,250
2028	-	-	-	-	-	3,081,250
2029	-	-	-	-	-	3,081,250
2030	-	-	-	-	-	3,081,250
2031	-	-	-	-	-	3,081,250
2032	-	-	-	-	49,300,000	1,540,625
	<u>\$ 86,921,485</u>	<u>\$ 33,323,834</u>	<u>\$ 54,585,319</u>	<u>\$ 18,300,993</u>	<u>\$ 78,115,512</u>	<u>\$ 103,561,651</u>

<u>COMPONENT UNIT</u>				
<u>Wichita Public Building Commission</u>		<u>Totals</u>		
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service Charges</u>
\$ 4,785,000	\$ 1,792,295	\$ 16,179,467	\$ 13,609,713	\$ 29,789,180
2,150,000	1,606,132	14,163,601	12,766,646	26,930,247
2,355,000	1,514,982	16,207,695	11,920,711	28,128,406
2,460,000	1,411,464	14,396,912	11,183,230	25,580,142
2,370,000	1,293,509	14,955,760	10,484,643	25,440,403
2,175,000	1,169,597	13,499,798	9,755,343	23,255,141
2,305,000	1,055,228	24,576,232	9,123,517	33,699,749
2,430,000	932,378	11,433,438	7,598,724	19,032,162
2,615,000	808,778	12,108,786	7,023,183	19,131,969
2,745,000	680,995	12,749,861	6,405,281	19,155,142
2,885,000	540,313	11,206,698	5,807,269	17,013,967
3,800,000	386,338	12,519,336	5,253,509	17,772,845
1,395,000	182,363	10,137,810	4,629,672	14,767,482
1,465,000	110,863	10,787,160	4,146,222	14,933,382
1,535,000	37,119	5,632,428	3,633,433	9,265,861
-	-	4,393,659	3,426,946	7,820,605
-	-	490,897	3,245,459	3,736,356
-	-	514,190	3,222,166	3,736,356
-	-	1,838,588	3,120,040	4,958,628
-	-	-	3,081,250	3,081,250
-	-	-	3,081,250	3,081,250
-	-	-	3,081,250	3,081,250
-	-	-	3,081,250	3,081,250
-	-	-	3,081,250	3,081,250
-	-	-	3,081,250	3,081,250
-	-	-	3,081,250	3,081,250
-	-	-	3,081,250	3,081,250
-	-	-	3,081,250	3,081,250
-	-	-	3,081,250	3,081,250
-	-	-	3,081,250	3,081,250
-	-	49,300,000	1,540,625	50,840,625
<u>\$ 37,470,000</u>	<u>\$ 13,522,354</u>	<u>\$ 257,092,316</u>	<u>\$ 168,708,832</u>	<u>\$ 425,801,148</u>

CITY OF WICHITA, KANSAS

COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS

December 31, 2002

	Interest Rates		Maturity Dates		Carrying Amount	Fair Value
	From	To	From	To		
<u>Special Revenue Funds</u>						
Wichita Housing Authority:						
Certificates of Deposits	1.300	2.390	02/03	06/03	\$ 1,150,000	\$ 1,150,000
Total Special Revenue Funds					1,150,000	1,150,000
<u>Permanent Fund</u>						
Cemetery Fund:						
U.S. Government Obligations	-	13.875	-	05/11	176,043	212,834
Common Stocks	-	-	-	-	80,437	357,115
Total Permanent Fund					256,480	569,949
<u>Internal Service Funds</u>						
Self Insurance Fund:						
Group Life Insurance Fund:						
U.S. Government Obligations	-	13.875	-	05/11	200,273	240,297
Corporate Bonds and Debentures	13.875	13.875	01/03	01/06	114,565	115,240
Total Internal Service Funds					314,838	355,537
<u>Fiduciary Funds</u>						
Police and Fire Retirement System:						
U.S. Government and Agency Securities	3.125	7.250	11/03	11/11	12,346,918	12,346,918
Corporate Bonds and Debentures	4.750	8.750	02/03	11/29	26,050,753	26,050,753
Common Stocks	-	-	-	-	121,267,735	121,267,735
Mortgage and Asset Backed Securities	5.500	11.500	07/05	09/29	20,427,654	20,427,654
Securities Lending Collateral Pool	-	-	-	-	29,458,277	29,458,277
Mutual/Pooled Funds	-	-	-	-	115,940,674	115,940,674
Total Police and Fire Retirement					325,492,011	325,492,011
Wichita Employees' Retirement System: ¹						
U.S. Government and Agency Securities	3.125	7.250	11/03	11/11	14,460,973	14,460,973
Corporate Bonds and Debentures	4.750	8.750	02/03	11/29	30,512,863	30,512,863
Common Stocks	-	-	-	-	142,033,286	142,033,286
Mortgage and Asset Backed Securities	5.500	11.500	07/05	09/29	23,927,946	23,927,946
Securities Lending Collateral Pool	-	-	-	-	34,523,036	34,523,036
Mutual/Pooled Funds	-	-	-	-	143,287,737	143,287,737
Total Wichita Employees' Retirement					388,745,841	388,745,841

¹ The investments for the Wichita Employees' Retirement System include investments held by the Employees' Retirement Plan 3.

(Continued)

CITY OF WICHITA, KANSAS

COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS (CONTINUED)

December 31, 2002

	Interest Rates		Maturity Dates		Carrying Amount	Fair Value
	<u>From</u>	<u>To</u>	<u>From</u>	<u>To</u>		
Special Assessment Prepay:						
U.S. Government Obligations	4.500	9.375	04/03	11/09	\$ 1,266,793	\$ 1,299,630
Total Special Assessment Prepay					<u>1,266,793</u>	<u>1,299,630</u>
Total Fiduciary Funds					<u>715,504,645</u>	<u>715,537,482</u>
<u>Component Unit</u>						
Wichita Public Building Commission:						
Guaranteed Investment Contract	-	5.470	-	08/14	973,305	973,305
Mutual/Pooled Funds	-	-	-	-	<u>1,983,553</u>	<u>1,983,553</u>
Total Public Building Commission					<u>2,956,858</u>	<u>2,956,858</u>
<u>Treasurer's Pooled Cash</u>						
Repurchase Agreements	-	1.125	-	01/03	18,419,715	18,419,715
Certificates of Deposits	1.210	3.200	02/03	08/04	6,400,000	6,400,000
U.S. Government Obligations	2.000	6.375	01/03	04/06	<u>213,944,923</u>	<u>215,663,383</u>
Total Treasurer's Pooled Cash					<u>238,764,638</u>	<u>240,483,098</u>
Total Investments - All Funds					<u>\$ 958,947,459</u>	<u>\$ 961,052,924</u>

CITY OF WICHITA, KANSAS

SCHEDULE OF INSURANCE IN FORCE

December 31, 2002

Company	Policy Number	Policy Period		Details of Coverage
		From	To	
Allianz	CLP3000372	01-02	01-03	Property Insurance - All risk coverage on real and personal property in the City and property for others for which the City is legally liable. Values I.A.W. Statement of values on replacement cost basis
Allianz	CLP3000372	01-02	01-03	Property Insurance - Comprehensive coverage for steam boilers, air conditioning and electric motors. Property coverage of repair or replacement cost basis
Hartford Fire	37BPEAI5991	01-02	01-03	Burglary and/or theft coverage for monies and securities
Midwest Employers Casualty Company	3055-SO-KS	01-02	01-03	Excess Workers' Compensation coverage-all City employees
Allianz	CLP3000372	01-02	01-03	Data Processing Property Protection
Zurich	SRX05646	01-02	01-03	Travel Accident Insurance
Housing Authority Risk Retention Group, Inc.	17-0055-2002-00 000-0	06-02	06-03	WHA General Liability
AIG Aviation	AV3220772-06	01-02	01-03	Helicopter Liability Coverage - property damage and bodily injury
Hartford Fire	37BPEAI5991	01-02	01-03	Blanket Position Bond - coverage per dishonest acts of employees
Travelers Indemnity Co.	42/KTJCMB 199D292-8-2002	06-02	06-03	WHA Fire Insurance on all owned units
Indemnity Insurance Company of North America	4357501376	12-02	12-03	WHA Flood Insurance on 30 units
Lexington Insurance Co.	8539654	11-02	10-03	Excess liability for federal and out of state actions

<u>Terms</u>	<u>Deductible</u>	<u>Liability Limits</u>	<u>Annual Premium</u>
Per occurrence	\$ 100,000	\$ 345,151,121	\$ 341,267
Per occurrence	10,000	55,000,000	(included in property)
Per occurrence	10,000	500,000	16,058
Per occurrence - liability imposed by law	500,000	Unlimited	85,014
Hardware	100,000	10,000,000	(included in property)
Per occurrence	-	100,000 500,000	1,500
Per occurrence	10,000	5,000,000	19,381
Per occurrence	-	500,000	8,000
Per loss/per employee	5,000	1,000,000	(included in burglary)
Per occurrence	5,000	38,700,000	136,216
Per occurrence	5,000	1,440,000	12,474
Per occurrence	1,000,000	10,000,000 occur. 20,000,000 agg.	130,910

(Continued)

CITY OF WICHITA, KANSAS

SCHEDULE OF INSURANCE IN FORCE (CONTINUED)

December 31, 2002

Company	Policy Number	Policy Period		Details of Coverage
		From	To	
<u>LIBRARY BOARD</u>				
CHUBB	0005-39-99KCO	03-02	03-03	Property Insurance Institutional All Risk Coverage for building, personal and scheduled property
<u>WICHITA AIRPORT AUTHORITY</u>				
Ace USA	APN679608	07-02	07-03	Comprehensive general liability and property damage
Great American Alliance Insurance Company	KST7-73-17-14-11	04-02	04-03	Underground storage tank liability
<u>WICHITA ART MUSEUM</u>				
Cigna Fire Underwriters Insurance Company	MVPI20008374	01-02	01-03	All risk coverage for fine arts collections, on premises, worldwide transit coverage, and other locations

<u>Terms</u>	<u>Deductible</u>	<u>Liability Limits</u>	<u>Annual Premium</u>
Building and Contents Scheduled Property	\$ 1,000 1,000	\$ 19,828,945 as scheduled	\$ 22,005
	10,000	100,000,000	33,744
	10,000	1,000,000	3,788
Per occurrence Permanent Collection and Loan Collection	1,000	40,000,000 @ insured's premises; 10,000,000 @ any other location; 10,000,000 in transit; 40,000,000 any one loss/disaster	<u>25,000</u>
		TOTAL	<u>\$ 835,357</u>

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CITY OF WICHITA, KANSAS

GENERAL GOVERNMENT REVENUES BY SOURCE ¹
1993 TO 2002

<u>Year</u>	<u>Taxes</u>	<u>Special Assessments</u>	<u>Franchise Fees</u>	<u>Local Sales Tax</u>	<u>Intergovernmental</u>	<u>Licenses and Permits</u>
1993	\$ 56,161,996	\$ 24,911,257	\$ 23,737,490	\$ 31,627,265	\$ 43,410,317	\$ 4,135,793
1994	58,672,110	26,853,776	24,276,855	32,691,620	45,127,486	3,914,580
1995	59,109,590	28,338,380	24,093,937	33,183,589	48,580,678	3,601,599
1996	59,962,122	28,529,206	26,138,340	33,492,240	58,069,696	3,451,183
1997	63,692,486	26,894,346	26,455,348	35,359,410	59,292,126	4,484,107
1998	66,415,469	24,778,035	27,208,461	39,129,814	58,699,654	4,657,614
1999	68,046,858	23,915,289	27,636,037	38,237,574	75,954,075	4,714,786
2000	75,663,130	25,876,797	29,088,392	37,778,881	73,681,578	5,272,042
2001	81,585,715	26,294,749	31,521,170	40,187,186	71,329,574	6,382,478
2002	86,915,250	27,557,210	28,792,310	40,952,104	66,352,482	6,331,427

¹ All Governmental Fund types including Expendable Trust Funds are reported for 1993-2001.

GENERAL GOVERNMENT EXPENDITURES BY FUNCTION ¹
1993 TO 2002

<u>Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Highways and Streets</u>	<u>Sanitation</u>	<u>Health and Welfare</u>
1993	\$ 20,660,500	\$ 56,638,764	\$ 13,247,354	\$ 2,173,131	\$ 25,136,605
1994	20,285,269	58,339,106	12,701,232	2,306,356	25,366,165
1995	22,833,395	62,162,833	17,098,696	2,296,627	29,159,834
1996	21,660,305	66,256,654	15,528,097	2,528,351	29,722,211
1997	21,952,110	68,125,546	14,784,097	4,261,661	32,923,765
1998	23,021,931	71,029,077	16,706,548	4,618,925	29,287,476
1999	24,452,917	72,930,754	15,960,318	5,407,763	31,573,314
2000	23,979,859	76,700,135	17,368,273	4,649,402	37,618,452
2001	25,496,253	78,639,160	17,685,470	6,814,361	38,740,569
2002	29,643,689	84,887,467	18,658,540	4,466,424	36,821,609

¹ All Governmental Fund types including Expendable Trust Funds are reported for 1993-2001.

<u>Fines and Penalties</u>	<u>Rentals</u>	<u>Interest Earnings</u>	<u>Charges for Services and Sales</u>	<u>Other Revenues</u>	<u>Total</u>
\$ 4,063,100	\$ 2,442,341	\$ 3,905,569	\$ 8,885,239	\$ 9,082,021	\$ 212,362,388
4,063,191	2,315,069	4,495,055	10,415,973	8,183,223	221,008,938
4,679,451	3,188,435	7,217,020	11,042,673	13,560,612	236,595,964
5,695,209	3,008,191	6,700,032	12,015,048	9,113,406	246,174,673
6,515,083	2,815,832	7,101,566	18,936,042	12,028,020	263,574,366
8,998,905	3,245,227	7,881,271	21,238,172	22,486,769	284,739,391
9,181,475	3,949,500	8,489,135	18,722,159	17,038,890	295,885,778
7,399,707	4,147,772	10,211,981	19,775,297	13,470,521	302,366,098
6,851,819	4,331,335	10,441,337	18,443,762	16,592,383	313,961,508
8,139,288	4,601,521	7,827,183	9,950,483	12,925,040	300,344,298

<u>Culture and Recreation</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Total</u>
\$ 19,595,201	\$ 49,546,550	\$ 69,684,618	\$ 256,682,723
20,202,191	48,705,664	71,308,304	259,214,287
20,620,601	56,365,121	48,540,879	259,077,986
21,535,199	58,782,974	78,466,561	294,480,352
22,821,354	74,909,826	71,485,686	311,264,045
23,796,658	71,406,993	73,175,976	313,043,584
23,723,105	65,056,260	94,253,708	333,358,139
24,386,160	62,857,860	78,919,861	326,480,002
25,098,424	68,993,318	115,791,635	377,259,190
27,270,944	108,846,914	123,827,952	434,423,539

CITY OF WICHITA, KANSAS

**TAX LEVIES AND COLLECTIONS
GENERAL AND DEBT SERVICE FUNDS
1993 to 2002 INCLUSIVE
(Includes Tangible Property Taxes Only)**

Year ¹	Total Tax Levy	Current Tax Collections	Percentage Current Tax Collected	Prior Years Delinquent Tax Collections	Total Tax Collections	Ratio of Total Collections to Current Tax Levy
1993	\$ 44,760,320	\$ 42,437,430	94.81%	\$ 2,020,872	\$ 44,458,302	99.33%
1994	46,870,890	44,900,615	95.80	1,408,243	46,308,858	98.80
1995	47,839,850	44,721,966	93.48	1,548,661	46,270,627	96.72
1996	48,606,040	45,891,724	94.42	1,071,021	46,962,745	96.62
1997	50,127,520	48,453,454	96.66	1,059,780	49,513,234	98.77
1998	52,357,401	50,552,832	96.55	892,780	51,445,612	98.26
1999	54,978,750	52,894,709	96.21	1,118,586	54,013,295	98.24
2000	59,640,740	56,956,649	95.50	1,050,126	58,006,775	98.19
2001	65,180,140	61,319,251	94.08	1,138,608	62,457,859	95.82
2002	68,935,070	65,482,585	94.99	1,509,304	66,991,889	97.18

**TAX LEVIES AND COLLECTIONS
TAX INCREMENT FINANCE DISTRICTS
1993 TO 2002 INCLUSIVE
(Includes Tangible Property Taxes Only)**

Year ¹	Total Tax Levy	Current Tax Collections	Percentage Current Tax Collected	Prior Years Delinquent Tax Collections	Total Tax Collections	Ratio of Total Collections to Current Tax Levy
1993	\$ 455,810	\$ 414,391	90.91%	\$ -	\$ 414,391	90.91%
1994	450,000	449,080	99.80	5,058	454,138	100.92
1995	463,000	348,300	75.23	14,410	362,710	78.34
1996	472,000	419,174	88.81	10,118	429,292	90.95
1997	925,770	883,832	95.47	16,777	900,609	97.28
1998	800,000	750,460	93.81	21,604	772,064	96.51
1999	1,895,880	1,376,153	72.59	21,726	1,397,879	73.73
2000	2,655,850	2,148,679	80.90	33,870	2,182,549	82.18
2001	4,422,170	3,823,155	86.45	52,416	3,875,571	87.64
2002	4,467,370	3,851,044	86.20	94,646	3,945,690	88.32

**SPECIAL ASSESSMENT LEVIES AND COLLECTIONS
1993 to 2002 INCLUSIVE**

Year ¹	Assessments Certified to County	Current Assessment Collections ²	Percentage Current Assessments Collected	Prior Years Assessments Collected	Total Assessment Collections	Ratio of Total Collections to Current Assessment
1993	\$ 23,767,662	\$ 23,670,224	99.59%	\$ 1,098,127	\$ 24,768,351	104.21%
1994	24,408,596	25,523,004	104.57	1,236,376	26,759,380	109.63
1995	25,351,548	24,017,851	94.74	1,098,876	25,116,727	99.07
1996	25,662,300	24,371,950	94.97	900,252	25,272,202	98.48
1997	25,263,304	24,094,281	95.37	900,990	24,995,271	98.94
1998	22,134,813	21,152,108	95.56	822,551	21,974,659	99.28
1999	21,625,243	20,758,882	96.00	989,461	21,748,343	100.57
2000	22,964,692	21,960,411	95.63	758,196	22,718,607	98.93
2001	24,537,934	23,275,284	94.85	751,457	24,026,741	97.92
2002	24,206,238	22,925,598	94.71	1,244,564	24,170,162	99.85

¹ The year shown is the year in which collections were received. The levy or assessment is certified to the county the previous year.

² Special assessments to proprietary funds and any advance payments not included.

CITY OF WICHITA, KANSAS

**ASSESSED VALUE AND ESTIMATED TRUE VALUE OF
ALL TAXABLE TANGIBLE PROPERTY
1993 TO 2002 INCLUSIVE**

Year	Real Property		Tangible Personal Property	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1993	\$ 1,165,919,146	\$ 7,451,747,243	\$ 207,858,086	\$ 766,267,254
1994	1,190,205,786	7,661,038,390	215,289,469	859,795,357
1995	1,208,721,313	7,923,388,216	218,194,371	877,170,530
1996	1,260,063,412	8,689,848,424	226,437,965	914,773,380
1997	1,322,922,200	9,116,262,709	233,093,559	943,477,660
1998	1,398,595,181	9,660,784,011	240,784,909	987,508,010
1999	1,521,203,304	10,572,931,388	258,933,472	1,067,548,300
2000	1,666,014,499	11,620,282,660	291,867,085	1,214,677,550
2001	1,787,594,359	12,475,184,748	273,783,041	1,153,727,190
2002	1,888,529,721	13,132,042,982	277,106,015	1,154,746,660

Year	Property Assessed by State		Totals	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
1993	\$ 115,520,302	\$ 350,061,521	\$ 1,489,297,534	\$ 8,568,076,018
1994	123,423,836	374,011,624	1,528,919,091	8,894,845,371
1995	118,913,895	360,345,136	1,545,829,579	9,160,903,882
1996	117,722,543	356,734,979	1,604,223,920	9,961,356,783
1997	120,750,610	365,910,939	1,676,766,369	10,425,651,308
1998	119,767,969	362,933,239	1,759,148,059	11,011,225,260
1999	118,859,506	360,180,322	1,898,996,282	12,000,660,010
2000	120,686,046	365,715,291	2,078,567,630	13,200,675,501
2001	128,885,519	390,562,179	2,190,262,919	14,019,474,117
2002	116,025,979	351,593,877	2,281,661,715 ¹	14,638,383,519

¹ The total assessed valuation for 2001 times the tax rate for 2002 produces revenue for 2003 operations
Source: Sedgwick County Clerk and Sedgwick County Appraiser.

**TAX RATES
(PER \$1,000 ASSESSED VALUATION)
1993 TO 2002 INCLUSIVE**

Year ²	General	Debt and Interest	Total	State	Sedgwick County	Board of Education USD 259	Wichita State University	Totals
1993	22.935	8.537	31.472	1.500	26.666	51.143	1.500	112.281
1994	21.932	9.358	31.290	1.500	26.622	52.508	1.500	113.420
1995	21.394	10.049	31.443	1.500	26.660	53.609	1.500	114.712
1996	21.261	9.986	31.247	1.500	26.561	51.874	1.500	112.682
1997	21.232	9.993	31.225	1.500	28.717	44.383	1.479	107.304
1998	21.251	10.002	31.253	1.500	28.138	37.636	1.500	100.027
1999	21.355	10.051	31.406	1.500	27.199	37.526	1.500	99.131
2000	21.323	10.036	31.359	1.500	27.057	46.163	1.543	107.622
2001	21.437	10.037	31.474	1.500	27.154	54.926	1.500	116.554
2002	21.727	10.118	31.845	1.500	27.276	51.839	1.500	113.960

² Represents year taxes were levied to provide support for ensuing budget year.

CITY OF WICHITA, KANSAS

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION BONDED DEBT TO TOTAL GENERAL GOVERNMENT EXPENDITURES
1993 to 2002 INCLUSIVE

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service¹</u>	<u>Total General Government Expenditures²</u>	<u>Ratio of Debt Service to General Government Expenditures</u>
1993	\$ 33,903,274	\$ 15,295,250	\$ 49,198,524	\$ 256,682,723	19.17%
1994	35,113,362	12,910,898	48,024,260	259,214,287	18.53
1995	38,048,794	12,713,137	50,761,931	259,077,986	19.59
1996	40,824,242	12,562,333	53,386,575	294,480,352	18.13
1997	45,123,160	14,084,625	59,207,785	311,264,045	19.02
1998	30,964,711	12,624,084	43,588,795	313,043,584	13.92
1999	32,731,124	13,191,494	45,922,618	333,358,139	13.78
2000	35,299,048	14,103,933	49,402,981	326,480,002	15.13
2001	45,819,066	14,118,702	59,937,768	377,259,190	15.89
2002	37,999,607	13,925,542	51,925,149	434,423,539	11.95

¹ Excludes debt service related to Section 108 loan.

² Includes expenditures of all governmental fund types.

CITY OF WICHITA, KANSAS

SCHEDULE OF LEGAL DEBT
Year ended December 31, 2002

Equalized assessed valuation of taxable tangible property	\$ 2,281,661,715
Estimated tangible valuation of motor vehicles	<u>342,600,155</u>
Equalized tangible valuation for computation of bonded indebtedness limitations	<u>\$ 2,624,261,870</u>
Debt limit (30% of equalized tangible valuation)	<u>\$ 787,278,561</u>
Total bonded indebtedness	584,740,953
Temporary notes (1)	<u>94,640,000</u>
Total debt	679,380,953

Less: Assets in Debt Service Fund available for payment for principal	\$	20,079,218
Water Utility revenue bonds		86,921,485
Sewer Utility revenue bonds		54,585,319
Airport facilities revenue bonds		78,115,512
Public Building Commission revenue bonds		37,470,000
Other deductions allowed by law (2)		
Airport (3)		4,865,000
Sewer improvements (3)		47,674,741
Park improvements (4)		6,365,324
Local Sales Tax (5)		<u>56,000,000</u>

Total deductions 392,076,599

Legal debt applicable to debt limit 287,304,354

Legal debt margin \$ 499,974,207

(1) G.O. series 206 dated 08/22/02, due 02/20/03 \$ 94,640,000

Total temporary notes \$ 94,640,000

Amount reclassified as bond anticipation notes \$ 14,770,986

Remaining temporary notes 79,869,014

Total temporary notes \$ 94,640,000

(2) Kansas Statutes Annotated 79-5037

(3) Bonds and notes issued for any improvement to airport and sewer system including those payable from special assessments.

(4) Exempted from debt limitation as of July 1, 1975

(5) Kansas Statutes Annotated 12-195b

CITY OF WICHITA, KANSAS

RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA 1993 to 2002 INCLUSIVE

Fiscal Year	Population	Assessed Value	Gross Bonded Debt ¹	Debt Service Monies Available	Debt Payable From Local Sales Tax
1993	322,873	\$ 1,746,399,714	\$ 281,200,000	\$ 5,655,992	\$ 45,000,000
1994	323,342	1,813,383,741	279,065,000	9,150,868	40,000,000
1995	323,192	1,803,873,557	271,645,000	8,758,360	35,000,000
1996	324,991	1,932,627,650	298,825,000	6,449,650	55,000,000
1997	328,576	2,015,713,886	279,215,000	2,525,891	47,500,000
1998	333,680	2,079,605,936	293,130,366	10,598,695	40,000,000
1999	335,562	2,213,539,119	305,885,369	15,490,109	32,500,000
2000	344,284	2,384,870,895	314,685,358	25,036,511	25,000,000
2001	345,474	2,514,971,481	279,827,300	6,393,033	17,500,000
2002	346,664	2,624,261,870	327,648,632	20,079,218	56,000,000

¹ Includes all long-term general obligation debt.

<u>Debt Payable From Transient Guest Tax</u>	<u>Debt Payable From Proprietary And Component Unit Revenues</u>	<u>Debt Payable From Special Assessments</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt To Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
\$ 8,860,000	\$ 31,397,123	\$ 132,906,126	\$ 57,380,759	3.29	\$ 177.72
8,305,000	30,799,300	134,508,288	56,301,544	3.10	174.12
7,700,000	26,421,566	131,972,087	61,792,987	3.43	191.20
7,040,000	37,599,496	131,445,100	61,290,754	3.17	188.59
8,650,000	31,522,790	132,085,952	56,930,367	2.94	180.34
17,407,988	25,267,501	140,993,973	58,862,209	3.25	205.67
17,509,400	19,098,427	149,115,000	72,172,433	3.57	235.24
16,203,204	25,062,472	158,375,000	65,008,172	2.73	188.82
14,397,547	21,278,480	149,255,000	71,003,240	2.82	205.52
12,519,875	18,689,488	148,540,000	71,820,051	2.74	207.17

CITY OF WICHITA, KANSAS

COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
AS OF DECEMBER 31, 2000, 2001 AND 2002

	December 31, 2000	
	Percentage of debt applicable to City	City of Wichita share of debt
Direct Debt:		
General obligation bonded debt		
Payable from ad valorem taxes		\$ 90,044,683
Temporary note debt		20,030,000
Total direct debt		110,074,683
Less - assets in Debt Service Fund available for payment of principal		25,036,511
Total net direct debt		85,038,172
Overlapping debt:		
Sedgwick County	74.53	71,629,896
USD 259	60.05	56,947,217
Wichita Public Building Commission	100.00	21,340,000
Total overlapping debt		149,917,113
Total direct and overlapping debt		\$ 234,955,285

<u>December 31, 2001</u>		<u>December 31, 2002</u>	
<u>Percentage of debt applicable to City</u>	<u>City of Wichita share of debt</u>	<u>Percentage of debt applicable to City</u>	<u>City of Wichita share of debt</u>
	\$ 77,396,273		\$ 71,979,724
	<u>75,000,000</u>		<u>94,640,000</u>
	152,396,273		166,619,724
	<u>6,393,033</u>		<u>20,079,218</u>
	<u>146,003,240</u>		<u>146,540,506</u>
74.74	72,090,467	75.05	80,228,450
67.61	119,811,681	66.86	176,741,067
100.00	<u>20,295,000</u>	100.00	<u>18,785,000</u>
	<u>212,197,148</u>		<u>275,754,517</u>
	<u>\$ 358,200,388</u>		<u>\$ 422,295,023</u>

CITY OF WICHITA, KANSAS

**SCHEDULE OF WATER UTILITY REVENUE BOND COVERAGE
1993 TO 2002 INCLUSIVE**

<u>Year</u>	<u>Gross Revenues ¹</u>	<u>Operating Expenses ²</u>	<u>Net Revenue Available for Debt Service</u>	<u>Annual Debt Service Requirements</u>	<u>Coverage Ratio</u>
1993	\$ 25,199,291	\$ 13,990,374	\$ 11,208,917	\$ 6,454,262	1.74%
1994	27,095,326	12,652,703	14,442,623	5,574,333	2.59
1995	24,806,078	12,880,976	11,925,102	5,538,242	2.15
1996	24,659,040	13,871,715	10,787,325	5,407,848	1.99
1997	25,418,775	13,532,744	11,886,031	6,800,480	1.75
1998	30,785,734	15,244,191	15,541,543	7,135,666	2.18
1999	27,341,518	15,425,735	11,915,783	7,537,613	1.58
2000	32,777,828	16,627,483	16,150,345	8,864,146	1.82
2001	39,639,003	17,479,825	22,159,178	9,351,978	2.37
2002	41,247,215	17,544,247	23,702,968	9,574,767	2.48

¹ Total revenues (including interest). Beginning in 2001, in accordance with GASB 33, amounts previously reported as contributed capital are now included in revenue, as capital contributions.

² Total operating expenses including payments required under the contract with Bureau of Reclamation and exclusive of depreciation.

**SCHEDULE OF SEWER UTILITY REVENUE BOND COVERAGE
1993 TO 2002 INCLUSIVE**

<u>Year</u>	<u>Gross Revenues ¹</u>	<u>Operating Expenses ²</u>	<u>Net Revenue Available for Debt Service</u>	<u>Annual Debt Service Requirements</u>	<u>Coverage Ratio</u>
1993	\$ 18,364,567	\$ 11,038,288	\$ 7,326,279	\$ 5,498,757	1.33%
1994	20,127,633	11,563,883	8,563,750	3,987,677	2.15
1995	21,888,912	12,055,854	9,833,058	3,974,760	2.47
1996	22,390,856	12,671,220	9,719,636	3,958,638	2.46
1997	22,041,016	12,416,509	9,624,507	4,790,108	2.01
1998	23,776,072	12,744,377	11,031,695	5,890,201	1.87
1999	22,269,290	13,173,497	9,095,793	6,433,431	1.41
2000	25,015,390	13,494,073	11,521,317	6,778,935	1.70
2001	52,684,645	14,768,401	37,916,244	7,000,505	5.42
2002	30,205,785	15,938,358	14,267,427	6,506,508	2.19

¹ Total revenues (including interest). Beginning in 2001, in accordance with GASB 33, amounts previously reported as contributed capital are now included in revenue, as capital contributions.

² Total operating expenses exclusive of depreciation.

CITY OF WICHITA, KANSAS

PRINCIPAL TAXPAYERS DECEMBER 31, 2002

Taxpayer	Type of Business	2002 Assessed Valuation	Percent of Total Assessed Valuation \$2,624,261,870
City of Wichita:			
Southwestern Bell	Communication	\$ 46,970,832	1.79
Westar Energy	Electric utility	39,822,214	1.52
Simon Property Group, LP	Shopping mall	30,344,044	1.15
Wesley Medical Center	Health care services	23,924,238	0.91
Koch Industries	Oil and gas	10,525,731	0.40
Kansas Gas Service	Gas utility	9,980,883	0.38
Builders, Inc.	Real estate	5,733,654	0.22
Boeing Military Airplane Co.	Aircraft manufacturing	5,299,327	0.20
Bradley Fair One, LLC	Shopping mall	4,946,835	0.19
DDR Eastgate Plaza, LLC	Shopping mall	4,663,878	0.18
		<u>\$ 182,211,636</u>	<u>6.94</u>

		2002 Assessed Valuation	Percent of Total Assessed Valuation \$3,498,009,946
Sedgwick County:			
Westar Energy	Electric utility	\$ 83,480,259	2.39
Southwestern Bell	Communication	57,985,620	1.66
Boeing Military Airplane Co.	Aircraft manufacturing	46,733,641	1.34
Simon Property Group, LP	Shopping mall	21,452,863	0.61
Raytheon Aircraft Co.	Aircraft manufacturing	19,421,529	0.55
Wesley Medical Center	Health care services	15,709,503	0.45
Kansas Gas Service	Gas utility	15,049,692	0.43
Vulcan Materials Co.	Chemical manufacturing	13,376,211	0.38
Towne West Square, LLC	Shopping mall	10,922,515	0.31
Koch Industries	Oil and gas	10,538,258	0.30
		<u>\$ 294,670,091</u>	<u>8.42</u>

CITY OF WICHITA, KANSAS

DEMOGRAPHIC STATISTICS 1993 TO 2002 INCLUSIVE

Fiscal Year	Population ¹	Per Capita Income ²	Median Age ³	School Enrollment ⁴	Unemployment Rate ⁵
1993	322,873	\$ 21,750	32.5	48,126	5.8%
1994	323,342	22,028	32.6	47,212	6.4
1995	323,192	23,208	32.8	46,579	4.7
1996	324,991	24,554	32.9	47,423	4.3
1997	328,576	25,724	33.0	47,875	3.4
1998	333,680	27,273	33.1	48,454	3.3
1999	335,562	27,156	33.3	48,547	3.3
2000	344,284	28,165	33.4	49,100	4.2
2001	345,474	28,954	33.6	49,147	4.1
2002	346,664	29,417	33.7	48,962	5.6

¹1993-2000, Bureau of the Census;
2001 Center for Economic Development, Wichita State University (Estimated)
2002 Claritas (Estimated)

²1993-2000 Bureau of Economic Analysis;
2001-2002 Center for Economic Development, Wichita State University (Estimated)

³1993-1999, 2001-2002 Center for Economic Development, Wichita State University (Estimated);
2000, Bureau of the Census

⁴Wichita School District, USD 259

⁵Kansas Department of Human Resources, Wichita MSA

BANK DEPOSITS AND CONSTRUCTION ACTIVITY 1993 TO 2002 INCLUSIVE

Year	Total Valuation ¹	Building Permits ²		Bank Deposits ³
		Number	Valuation	
1993	\$ 6,983,753,557	18,419	\$ 278,702,512	\$ 3,515,609,000
1994	7,264,502,887	7,282	265,529,931	3,473,045,000
1995	7,633,075,504	5,929	252,986,262	3,577,648,000
1996	7,864,025,661	5,744	292,963,801	3,609,795,000
1997	8,292,245,817	6,600	363,253,891	3,807,705,000
1998	8,809,701,983	6,566	385,392,078	3,966,725,000
1999	9,699,726,226	8,333	304,871,674	4,156,833,000
2000	10,683,463,157	7,349	324,796,525	3,491,000,000
2001	11,511,701,522	8,040	405,610,935	3,977,000,000
2002	12,083,753,826	8,441	415,663,000	4,317,000,000

¹State of Kansas, Department of Revenue, Division of Property Valuation

²City of Wichita, Office of Central Inspection

³FDIC, Office of Thrift Supervision, Sedgwick County

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council Members
City of Wichita, Kansas

We have audited the financial statements of the City of Wichita, Kansas, as of and for the year ended December 31, 2002, and have issued our report thereon dated April 11, 2003. We conducted our audit in accordance with 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.

Compliance

As part of obtaining reasonable assurance about whether the City of Wichita's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City of Wichita's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

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

April 11, 2003
Wichita, Kansas

**INDEPENDENT AUDITORS' REPORT ON
COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM,
THE PASSENGER FACILITY CHARGE PROGRAM,
AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB *CIRCULAR A-133* AND
THE PASSENGER FACILITY CHARGE AUDIT GUIDE**

Honorable Mayor and City Council Members
City of Wichita, Kansas

Compliance

We have audited the compliance of the City of Wichita, Kansas, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs and in the *Passenger Facility Charge Audit Guide for Public Agencies* issued by the Federal Aviation Administration (Guide) for the year ended December 31, 2002. The City of Wichita's major federal programs are identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs and to its passenger facility charge program is the responsibility of the City of Wichita's management. Our responsibility is to express an opinion on the City of Wichita's compliance based on our audit.

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, OMB *Circular A-133*, "Audits of States, Local Governments, and Non-Profit Organizations," and the Guide. Those standards, OMB *Circular A-133*, 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 of Wichita'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. Our audit does not provide a legal determination on the City of Wichita's compliance with those requirements.

In our opinion, the City of Wichita complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and to its passenger facility charge program for the year ended December 31, 2002.

Internal Control over Compliance

The management of the City of Wichita is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs and the passenger facility charge program. In planning and performing our audit, we considered the City of Wichita's internal control over compliance with requirements that could have a direct and material effect on a major federal program or the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB *Circular A-133* and the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program or the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

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

April 11, 2003
Wichita, Kansas

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CITY OF WICHITA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2002

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grants/ Entitlement Grants	14.218	\$ 4,342,137	\$ 4,635,176
Emergency Shelter Grants Program	14.231	227,169	227,507
Shelter Plus Care	14.238	683,222	683,227
HOME Investment Partnerships Program	14.239	2,275,566	2,791,463
Public and Indian Housing	14.850	1,226,130	1,368,201
Public and Indian Housing Drug Elimination Program	14.854	176,442	176,442
Resident Opportunity and Supportive Services	14.870	56,004	56,003
Section 8 Housing Choice Vouchers	14.871	11,520,924	11,414,421
Public Housing Capital Fund	14.872	1,614,098	1,614,097
		<u>\$ 22,121,692</u>	<u>\$ 22,966,537</u>
<u>U. S. Department of the Interior</u>			
Historic Preservation Fund Grants-In-Aid (5)	15.904	\$ 56,839	\$ 29,018
Outdoor Recreation - Acquisition, Development and Planning	15.916	-	34,624
		<u>\$ 56,839</u>	<u>\$ 63,642</u>
<u>U.S. Department of Justice</u>			
State Justice Statistics Program	16.550	\$ -	\$ 91,769
Crime Victim Assistance	16.575	103,560	126,169
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	12,643	17,743
Local Law Enforcement Block Grants Program	16.592	275,811	813,136
Executive Office for Weed and Seed	16.595	385,407	349,577
Bulletproof Vest Partnership Program	16.607	2,553	16,680
Public Safety Partnership and Community Policing Grants	16.710	983,509	1,086,152
		<u>\$ 1,763,483</u>	<u>\$ 2,501,226</u>
<u>U.S. Department of Labor</u>			
Welfare-to-Work Grants to States and Localities (3)	17.253	\$ 802,054	\$ 802,055
WIA Adult Programs (3)	17.258	890,343	935,045
WIA Youth Programs (3)	17.259	652,692	607,992
		<u>\$ 2,345,089</u>	<u>\$ 2,345,092</u>
<u>U.S. Department of Transportation</u>			
Airport Improvement Program	20.106	\$ 8,959,354	\$ 8,938,748
Highway Planning and Construction (4)	20.205	12,527,909	10,485,020
Federal Transit - Formula Grants	20.507	9,296,368	9,257,119
		<u>\$ 30,783,631</u>	<u>\$ 28,680,887</u>

CITY OF WICHITA, KANSAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2002

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
<u>Institute of Museum and Library Services</u>			
State Library Program	45.310	\$ 312,769	\$ 70,862
<u>U.S. Environmental Protection Agency</u>			
Air Pollution Control Program Support (1)	66.001	\$ 287,280	\$ 223,527
Capitalization Grants for Drinking Water (1)	66.468	80,602	57,507
Environmental Protection Consolidated Grant	66.600	339,581	109,567
Total U.S. Environmental Protection Agency		\$ 707,463	\$ 390,601
<u>Federal Emergency Management Agency</u>			
Public Assistance Grants (6)	83.544	\$ 106,355	\$ 147,708
<u>Department of Education</u>			
Safe and Drug-Free Schools and Communities	84.186	\$ 1,965	\$ 1,965
Twenty-First Century Community Learning	84.287	80,380	82,236
Total Department of Education		\$ 82,345	\$ 84,201
<u>U.S. Department of Health and Human Services</u>			
Community Services Block Grant (2)	93.569	\$ 838,139	\$ 759,545
Child Care	93.596	57,497	230,270
Total U.S. Department of Health and Human Services		\$ 895,636	\$ 989,815
<u>Corporation for National and Community Service</u>			
AmeriCorps	94.006	\$ 51,241	\$ 58,217
Total revenue and expenditures of federal awards		\$ 59,226,543	\$ 58,298,788

Pass-through Agency

- (1) Federal assistance is passed through from the Kansas Department of Health and Environment
- (2) Federal assistance is passed through from the Kansas Department of Commerce and Housing
- (3) Federal assistance is passed through from the Kansas Department of Human Resources
- (4) Federal assistance is passed through from the Kansas Department of Transportation
- (5) Federal assistance is passed through from the Kansas Department of Administration
- (6) Federal assistance is passed through from the Kansas Adjutant General

CITY OF WICHITA, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2002

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Wichita and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the City of Wichita provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 4,654,585
Home Investment Partnerships Program	14.239	\$ 2,889,550

CITY OF WICHITA, KANSAS

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2002

3. COMMUNITY SERVICES BLOCK GRANT PASSED THROUGH THE KANSAS DEPARTMENT OF COMMERCE AND HOUSING

Grant Program Year Ended June 30, 2002					
	Budget	Actual			Variance
		July 1, 2001 Through December 31, 2001	January 1, 2002 Through June 30, 2002	Total	
Grant revenue	\$983,598	\$486,079	\$497,519	\$983,598	\$ -
Personnel	\$230,589	\$59,965	\$170,624	\$230,589	\$ -
Contractual	637,618	318,269	305,585	623,854	13,764
Commodities	109,606	84,150	25,456	109,606	-
Capital outlay	5,785	5,785	-	5,785	-
Total expenditures	\$983,598	\$468,169	\$501,665	\$969,834	\$13,764

Grant Program Year Ending June 30, 2003		
	Budget	Actual
		July 1, 2002 Through December 31, 2002
Grant revenue	\$1,066,870	\$355,620
Personnel	\$276,050	\$106,791
Contractual	652,560	170,582
Commodities	28,566	13,416
Capital outlay	26,422	-
Total expenditures	\$983,598	\$290,789

4. EMERGENCY COMMUNITY SERVICES FOR THE HOMELESS GRANT PASSED THROUGH THE KANSAS DEPARTMENT OF COMMERCE AND HOUSING

Grant Program Year Ended June 30, 2002					
	Budget	Actual			Variance
		July 1, 2001 Through December 31, 2001	January 1, 2002 Through June 30, 2002	Total	
Grant revenue	\$62,605	\$ -	\$62,605	\$62,605	\$ -
Personnel	\$18,717	\$ -	\$18,717	\$18,717	\$ -
Contractual	39,597	-	39,597	39,597	-
Commodities	4,291	-	4,291	4,291	-
Total expenditures	\$62,605	\$ -	\$62,605	\$62,605	\$ -

Grant Program Year Ending June 30, 2003		
	Budget	Actual
		July 1, 2002 Through December 31, 2002
Grant revenue	\$65,684	\$6,394
Personnel	\$25,436	\$4,021
Contractual	38,248	2,195
Commodities	2,000	178
Total expenditures	\$65,684	\$6,394

CITY OF WICHITA, KANSAS

Wichita Airport Authority
SCHEDULE OF PASSENGER FACILITY CHARGES

Year ended December 31, 2002

<u>Federal Agency/ Pass Through Agency Name</u>	<u>Application Approved Number</u>	<u>Beginning Balance Unliquidated PFC</u>	<u>PFC Collected</u>	<u>Expenditures (or expenses)</u>	<u>Ending Balance Unliquidated PFC</u>
<u>Passenger Facility Charges</u>					
PFC Projects	96-02-C-00	\$ 1,249,191	\$ -	\$ -	\$ 1,249,191
PFC Projects	98-03-C-00	2,220,847	1,873,126	927,276	3,166,697
		<u>\$ 3,470,038</u>	<u>\$ 1,873,126</u>	<u>\$ 927,276</u>	<u>\$ 4,415,888</u>

CITY OF WICHITA, KANSAS

NOTES TO THE SCHEDULE OF PASSENGER FACILITY CHARGES

Year ended December 31, 2002

Note 1. Basis of Presentation

The accompanying Schedule of Passenger Facility Charges is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the Passenger Facility Charge Audit Guide for Public Agencies. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CITY OF WICHITA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2002

SECTION I – SUMMARY OF INDEPENDENT AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes no
- Reportable conditions identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? yes no
- Reportable conditions identified that are not considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB *Circular A-133*? yes no

CITY OF WICHITA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 2002
(Continued)

SECTION I – SUMMARY OF INDEPENDENT AUDITORS' RESULTS (Continued)

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
14.218	<i>Community Development Block Grants/Entitlement Grants</i>
20.106	<i>Airport Improvement Program</i>
20.205	<i>Highway Planning and Construction</i>
20.507	<i>Federal Transit – Formula Grants</i>

Dollar threshold used to distinguish
between type A and type B programs:

\$ 1,748,964

Auditee qualified as low-risk auditee?

X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

None were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None were reported.

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