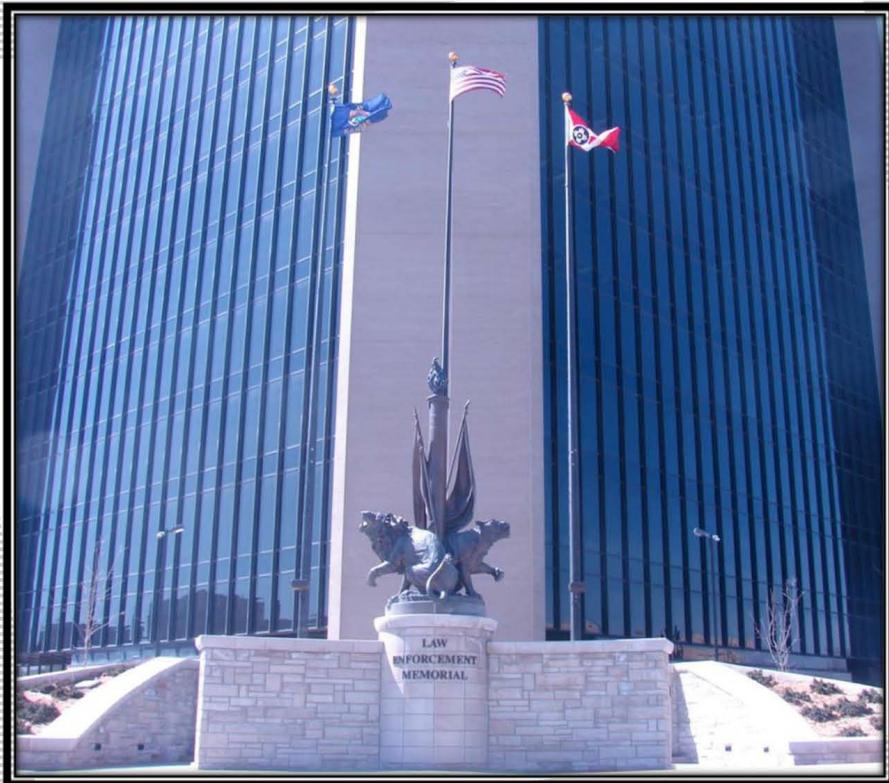




2012

Popular Annual Financial Report

Fiscal Year Ended December 31, 2012



The City of Wichita is the largest city in Kansas, with an estimated population of 384,445. It encompasses approximately 162 square miles and serves as a regional hub for business, entertainment, health care and education. As a three time All-American City award winner, Wichita offers its residents a quality of life that is clean, safe and growing.

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Top 10 Employers 2012

1. **Spirit AeroSystems, Inc.**
10,800 full-time employees
2. **Via Christi Health System**
6,237 full-time employees
3. **USD 259 Wichita**
5,421 full-time employees
4. **Cessna Aircraft Company**
5,000 full-time employees
5. **Hawker Beechcraft Corporation**
4,500 full-time employees
6. **State of Kansas**
3,967 full-time employees
7. **City of Wichita**
2,924 full-time employees
8. **Bombardier Learjet**
2,800 full-time employees
9. **United States Government**
2,708 full-time employees
10. **Koch Industries**
2,650 full-time employees

Financial Reporting Awards

The City of Wichita received the following awards from the Government Finance Officers Association in 2012:

- Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report (CAFR)-39th consecutive year
- Certificate of Achievement for Excellence in Financial Reporting for the Pension CAFR-13th consecutive year
- Outstanding Budget Presentation Award-24th consecutive year
- Award for Outstanding Achievement in Popular Annual Financial Reporting-3rd year



Source: Wichita Business Journal

Since 1989 the City of Wichita has operated under a Mayor-Council-Manager form of government with a Mayor elected at-large and other City Council members elected by district. 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.

Mayor



Carl Brewer

City Manager



Robert Layton

City Council



District I
Lavonta Williams



District II
Pete Meitzner



District III
James Clendenin



District IV
Jeff Blubaugh



District V
Jeff Longwell



District VI
Janet Miller

Changes to City Council Districts

Boundaries for the six council districts were revised in 2012, affecting Districts I, II, III and IV. City ordinances require approximately one-sixth of the City's total population be allocated within each district, and no district may be more than 5% below or above that number. District boundaries must be redrawn every ten years to balance the populations within each district.

Unsure which district you live in? Check online at <http://www.wichita.gov>, click Government, then City Council.

When does the Council meet?

The Wichita City Council meets Tuesday mornings beginning at 9:00 AM at City Hall, 455 N. Main. On the fourth Tuesday of the month, to reserve time for workshop sessions, the Council only addresses routine items that require their consent. Meetings are usually not held on the Tuesday following a Monday holiday or on the fifth Tuesday of the month.

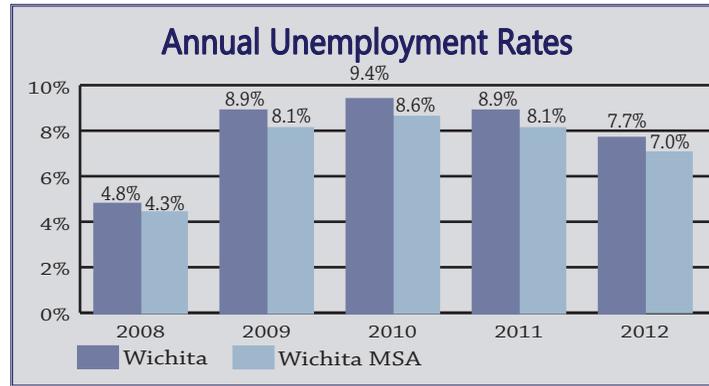
If unable to attend, the City Council meetings can be viewed on Channel 7 LIVE at 9:00 AM on Tuesdays or replays at 6:00 PM (Tuesday and Friday) and 2:00 PM (Saturday and Sunday). LIVE or archived video may also be viewed via the internet at: <http://www.wichita.gov/Government/Council/Pages/default.aspx>.



Mayor Brewer responding to the April 2012 Oaklawn tornado

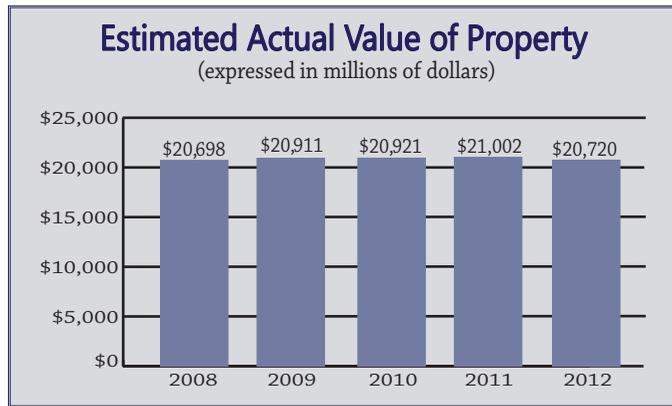
The City continues to feel the effects of the current recession. However, measured by unemployment, the local economy fared better than the national economy through most of the recession. Wichita's 2012 unemployment rate was .4% below the national level. The rate also declined for the second year in a row and was the lowest since 2008.

- Wichita's 2012 annual unemployment rate dropped 1.2% to 7.7%.
- The annual unemployment rate for the Wichita MSA decreased 1.1% from 2011 to 7.0%.



Source: State of Kansas, Department of Labor

The Wichita Metropolitan Statistical Area (MSA) includes four counties: Sedgwick, Butler, Harvey and Sumner.



Source: Sedgwick County Clerk and Sedgwick County Appraiser

Looking Ahead

The City is continuing to implement strategic initiatives to provide stability with fewer financial resources. With a combination of approaches, the City has focused on mitigating rising insurance premiums and seeking opportunities for increased efficiency in delivering essential services.

- The City is developing strategies to promote healthy lifestyles among employees, striving first for prevention, then early detection and effective management of chronic disease.
- The City has partnered with Sedgwick County to consolidate code enforcement, with the goal of improving service delivery and capturing efficiencies.



- The 2012 estimated actual value of taxable property is \$20.7 billion with an assessed value for tax purposes of \$3.1 billion.
- The City's 2012 tax levy is 32.471 mills or \$32.471 per \$1,000 of assessed value, which is utilized to pay for City services.



City employees participating in the 2012 Jingle Bell Run



Wichita Bicycle Master Plan

After more than 50 meetings involving over 4,000 citizens, guided by a 19-member steering committee, the Wichita Bicycle Master Plan took shape in



2012. The master plan recommends a ten-year priority bicycle network as well as a long-range plan, intended to provide safer and more convenient bicycle transportation within the City.



Downtown Development

Momentum for downtown development continued in 2012, based on the adoption of the master plan for downtown Wichita in late 2010. Also in 2011, a new Downtown Incentives Policy was created, establishing guidelines for striking an appropriate balance between public and private investments.

A sample of the projects utilizing public-private partnerships in the downtown area:



- The Ambassador Hotel in the downtown district opened. This private-public partnership resulted in a four-star hotel, a small park and a 270-stall parking garage.
- The public investment portion of the WaterWalk area is nearly complete; a 150-foot feature fountain was installed in 2012 providing shows of lights, water and music, creating a new downtown destination.



Lincoln Street Bridge and Dam

In 2012, construction was completed on the Lincoln Street Bridge and Dam. In 2007, the Arkansas River Corridor Access Plan identified access to the Arkansas River as a barrier to recreational use. Public Works and Park joined forces with state and federal agencies to incorporate a boat passage and fish ladder into the bridge and dam project. The boat passage provides recreational boaters a safe route around the dam.



City Service Statistics

Police

- Dispatched calls for 911 service 227,787
- Parking violations 14,917

Fire

- Number of unit responses 73,389
- Fires contained to room of origin 71%

Highways & Streets

- Miles of street resurfaced 22
- Potholes repaired 47,851

Transit

- Fixed route ridership 1,940,461

Parks & Recreation

- Golf rounds played 178,886
- Trees planted 1,944
- Botanica visitors 166,390

Library

- Library circulation 2,218,997
- Program attendance 71,714

Water & Sanitary Sewer

- Water customers 144,190
- Sewer customers 134,491

Airport

- Number of passengers 1,509,206
- Daily flights 33

Governmental Revenues

Where the Money Comes From

The City of Wichita maintains 25 governmental funds with multiple subfunds, which account for the City's basic services including public safety, general government administration, highways and streets, culture and recreation and the physical environment.

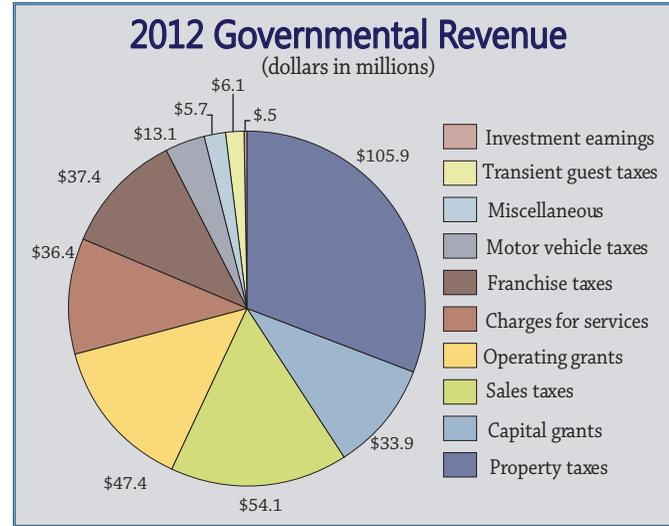
Revenue totaling over \$340.5 million (excluding transfers) financed these services from the following sources:

TAXES

- **Property**-taxes collected from property owners on real estate and other equipment
- **Sales**-City's portion of the County-wide sales tax
- **Franchise**-percent of revenue from utility companies for the use of the City's right-of-way to deliver utility services
- **Motor Vehicle**-local portion of the property tax levied on motor vehicles
- **Transient Guest**-set by the City Council and collected by local hotels to fund tourism and convention programs

GRANTS AND CONTRIBUTIONS

- **Operating**-resources received from other governments for specific services such as housing and community assistance programs, transportation, police services and environmental health programs
- **Capital**-primarily received from other governments and special assessments from property owners used for the construction of capital assets, normally for neighborhood improvements, roads and bridges

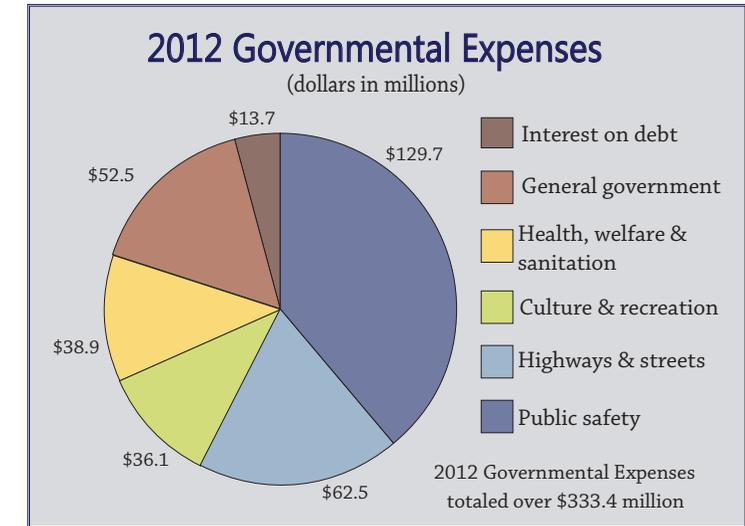


Governmental Expenses

How the Money is Spent

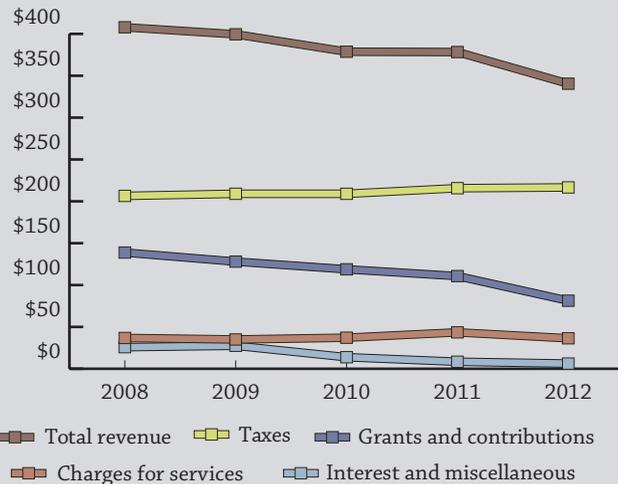
City Service Expense Categories

- **Highways and Streets**-construction and maintenance
- **Public Safety**-fire and police
- **General Government**-elected officials, administrative offices and municipal court
- **Culture and Recreation**-park and library programs, including Wichita Art Museum, Cowtown, Mid-America All-Indian Center, CityArts and Botanica
- **Health and Welfare**-housing and community assistance programs, environmental services, animal control, day care licensing and inspection of food service providers
- **Interest on Long-Term Debt**-cost of financing investments in streets, bridges, buildings, attractions and technology
- **Sanitation**-street cleaning, weed and blight control



Governmental Revenue Trends

(dollars in millions)



CHARGES FOR SERVICES

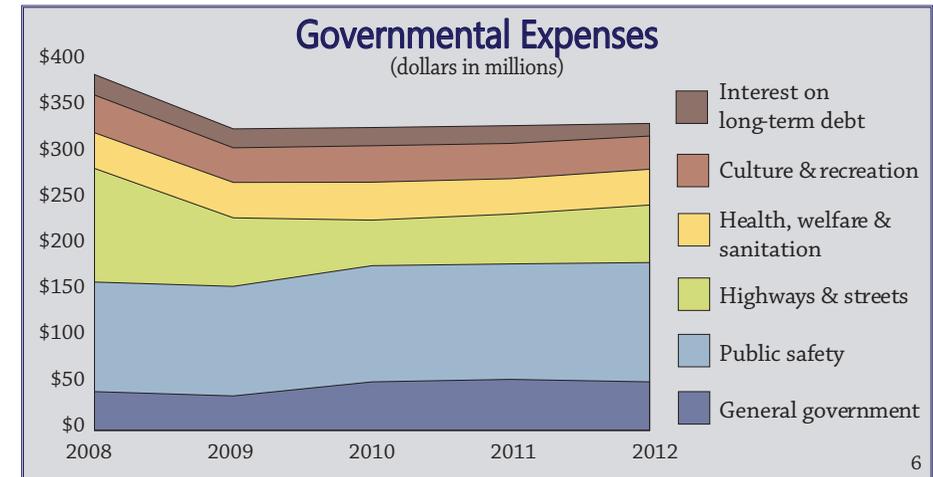
- Resources paid to the City for services such as recreation classes, building rentals, licenses, inspection fees and fines

INTEREST AND MISCELLANEOUS

- **Interest**-revenues earned on the investment of cash balances
- **Miscellaneous**-revenues from the sale of unused property, repayment of loans, insurance settlements and other reimbursements
- Tax revenue increased almost \$1 million, with small increases in most tax categories.
- Grants and contributions declined for the fourth consecutive year.
- After two years of increasing, revenue from charges for services, returned to levels equivalent to 2008.

Governmental Expenses

(dollars in millions)



Business-type Activities

Revenues

Business-type funds include Water, Sewer, Stormwater, Airport, Transit and Golf Course. These areas operate more like private businesses, with self-supporting revenue sources. The services provided are generally not supported with sales or property tax.

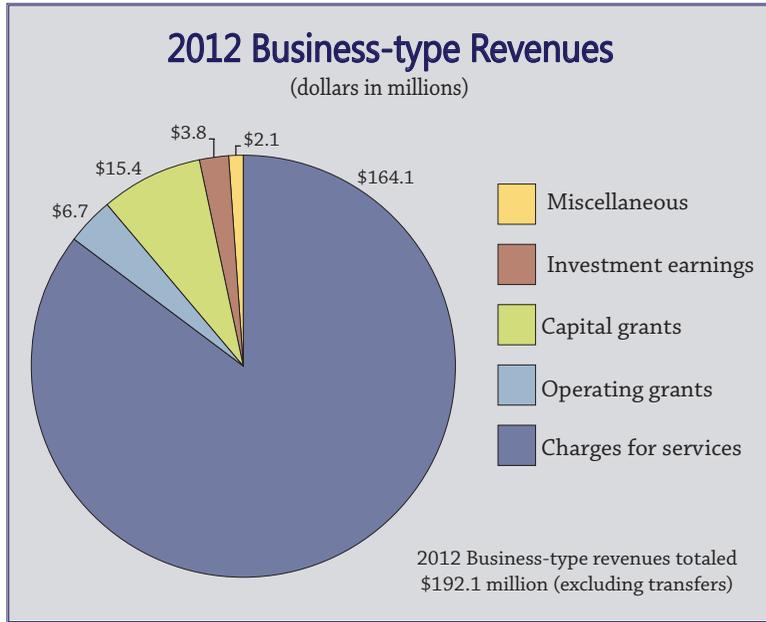
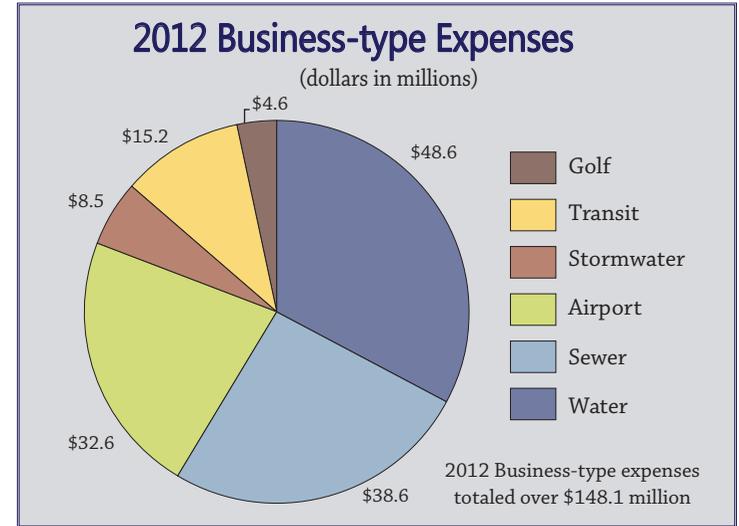
- The Water, Sewer, Stormwater, Airport and Golf funds operate from money received for the services provided.
- Transit uses money received from services and is subsidized by local taxes. Transit also receives revenue from state and federal grants.
- The Airport receives support from federal grants and authorized passenger and customer facility charges.



Business-type Activities

Expenses

- Expenses of the business-type activities reflect operating expenses only, excluding current year investments in new capital assets.
- Total operating expenses increased 6.7%. Airport operations reported the greatest increase; golf and transit held their expenses to 2011 levels.

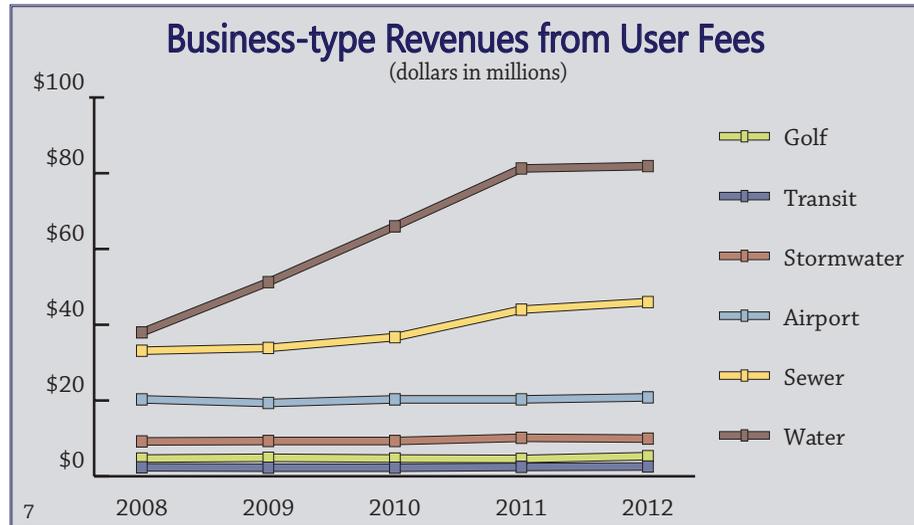


Major Initiatives

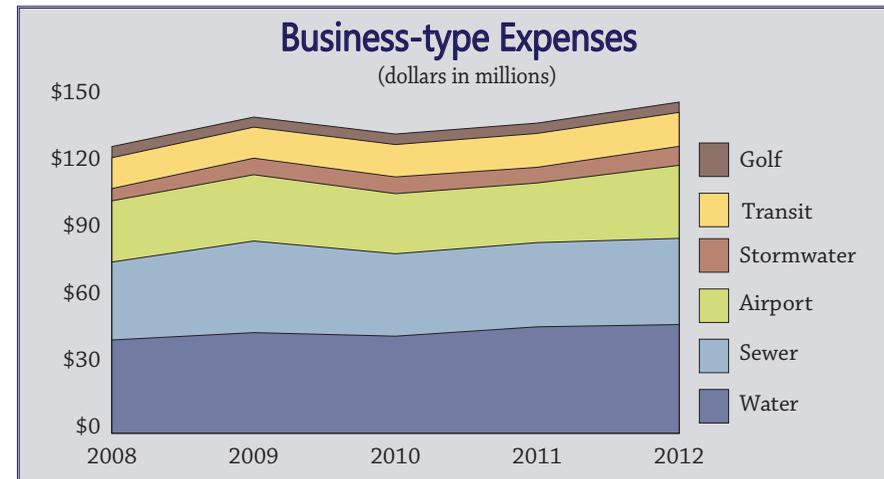
- The Stormwater Utility is managing the \$10.1 million rehabilitation of the Wichita-Valley Center Floodway. This project is jointly funded by Sedgwick County and the City of Wichita. The levied floodway, originally constructed in the 1950's, channels overflow water from the Big and Little Arkansas Rivers around the City.



- Groundbreaking on the new \$160 million terminal building at Mid-Continent Airport took place in the fall of 2012; the target completion date is 2015. In addition to the new terminal building is the construction of a \$40 million, 1,600-space parking garage, that will increase airport parking capacity by 38%.



- Revenues have grown an average of 5.9% each year over the past five years.
- Rate increases have been implemented in the Water and Sewer Utilities to fund the capital program.



- Expenses of the business-type activities have grown an average of 3.7% over the past four years.
- Maintenance and repairs represent a significant portion of increased operational costs.

Assets

Business-type and Governmental

Delivering services to the citizens of Wichita requires more than just dollars. Many types of assets are also needed to keep the City running. In 2012, depreciated assets were valued at \$2.6 billion.



Business-type

Business-type assets include land, buildings, water and sewer lines, pumping equipment, sewer cleaners, airport taxiways, vehicles, buses, industrial mowers and other assets.

Assets of the business-type activities are financed with a mixture of available cash, grants and long-term debt. Utility assets are customarily financed on a long-term basis and repaid from user charges. Transit assets are usually purchased from grant revenue with a small portion from local revenue. Airport assets are customarily purchased from passenger facility charges, user charges and grant revenue.

2012 business-type assets totaled over \$1.4 billion and are made up of the following funds (dollars in thousands):

● Water Utility	\$685,862
● Sewer Utility	\$424,999
● Airport	\$163,150
● Stormwater	\$157,951
● Transit	\$17,398
● Golf Courses	\$6,823



Governmental

Governmental assets are used to deliver City services such as police and fire rescue, parks and recreation, streets and bridges and other public improvements.

Assets used to deliver general governmental services are financed with available cash, grants, long-term debt and other available revenues. The City's portion of the 1% Sedgwick County sales tax provides funding for major arterials and the Kellogg freeway with state and federal contributions when available.

Governmental assets totaled over \$1.2 billion in 2012 and are made up of the following categories (dollars in thousands):

● Land	\$260,521
● Buildings	\$163,789
● Improvements	\$55,124
● Equipment	\$30,144
● Infrastructure	\$555,430
● Construction In Progress	\$91,735



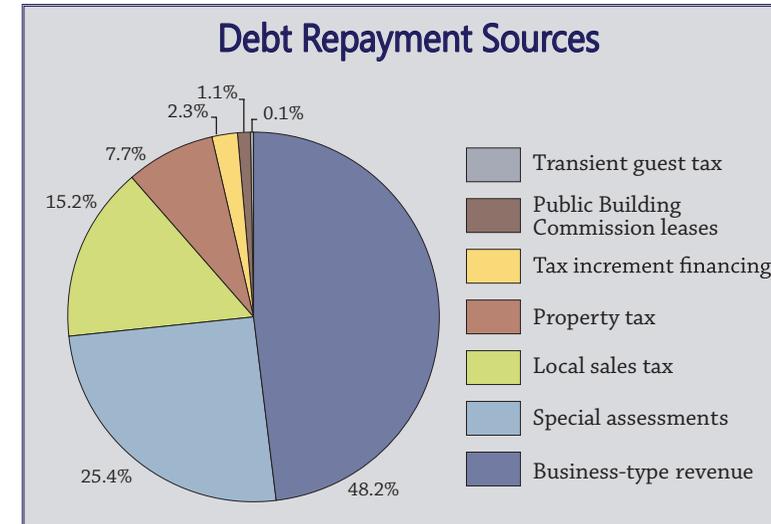
Debt

Business-type and Governmental

Assets are financed with a mixture of cash, long-term borrowing and other sources. Money is borrowed on a long-term basis to spread the cost of assets over their useful lives. Funds are only borrowed to fund capital acquisitions and improvements.

Outstanding debt is continuously evaluated for opportunities to take advantage of lower interest rates to reduce long-term borrowing costs. In 2012, \$28.5 million in general obligation bonds were refinanced to achieve lower interest costs, in addition to refinancing \$22.8 million in general obligation bonds that will be repaid from sales tax revenue. The refinancing did not extend the repayment period, but simply took advantage of lower interest costs.

Kansas law establishes a legal debt limit. The City of Wichita is well within the legal debt limit established by the State of Kansas.



- Total long-term debt outstanding on December 31, 2012 was \$1,005 million.
- Business-type activities repay debt from the Water, Sewer, Stormwater, Airport and Golf Course revenues.
- Taxes and special assessments are also utilized to repay debt from governmental funds.

Bond Rating

- The City of Wichita holds an AA+ rating from Standard and Poor's and a rating of Aa1 from Moody's Investor Service.
- The Water and Sewer Utilities currently hold an AA- rating from Standard and Poor's.
- The credit ratings express the confidence of the rating agencies that the City has a very strong capacity to meet its financial commitments, making the City's bonds high credit-quality investments.



This Popular Annual Financial Report (PAFR) has been prepared to inform citizens about the City of Wichita and its operations, services and programs, as well as its financial condition for the fiscal year ended December 31, 2012. It is suitable for readers who prefer to review operational and financial information in summary form and does not substitute for the City's Comprehensive Annual Financial Report (CAFR). This publication is derived from information provided in the CAFR which is based on generally accepted accounting principles (GAAP). This report is presented in GAAP format and is not inclusive of all funds or the City's component unit, the Wichita Public Building Commission. The City's financial statements have been audited by Allen, Gibbs and Houlik, an independent firm of certified public accountants. The auditors' report concluded that the financial statements fairly reflect the financial condition of the City in all material respects.

The PAFR and a full copy of the CAFR are published on the City's website at www.wichita.gov/Government/Departments/Finance/Pages/Documents.aspx.



Questions

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