

# POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED DECEMBER 31, 2013

CITY OF WICHITA, KANSAS | [WWW.WICHITA.GOV](http://WWW.WICHITA.GOV)



The City of Wichita is the largest city in Kansas, with an estimated population of 385,577. It encompasses approximately 163 square miles and serves as a regional hub for business, entertainment, health care and education. Wichita offers its residents many entertainment and cultural experiences, along with a quality of life that is clean and safe.

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**Top 10 Employers 2013**

1. **Spirit AeroSystems, Inc.**  
*11,000 full-time employees*
2. **McConnell Air Force Base**  
*6,438 full-time employees*
3. **Via Christi Health System**  
*6,393 full-time employees*
4. **USD 259 Wichita**  
*5,482 full-time employees*
5. **Cessna Aircraft Company**  
*4,979 full-time employees*
6. **State of Kansas**  
*3,969 full-time employees*
7. **Bombardier Learjet**  
*3,400 full-time employees*
8. **Beechcraft Corporation**  
*3,372 full-time employees*
9. **City of Wichita**  
*2,950 full-time employees*
10. **Koch Industries**  
*2,900 full-time employees*

**Financial Reporting Awards**

The City of Wichita received the following awards from the Government Finance Officers Association in 2013:

- Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report (CAFR)-40th consecutive year
- Certificate of Achievement for Excellence in Financial Reporting for the Pension CAFR-14th consecutive year
- Outstanding Budget Presentation Award-25th consecutive year
- Award for Outstanding Achievement in Popular Annual Financial Reporting-4th consecutive year



Source: Wichita Business Journal

**Mayor**



Carl Brewer

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.

**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

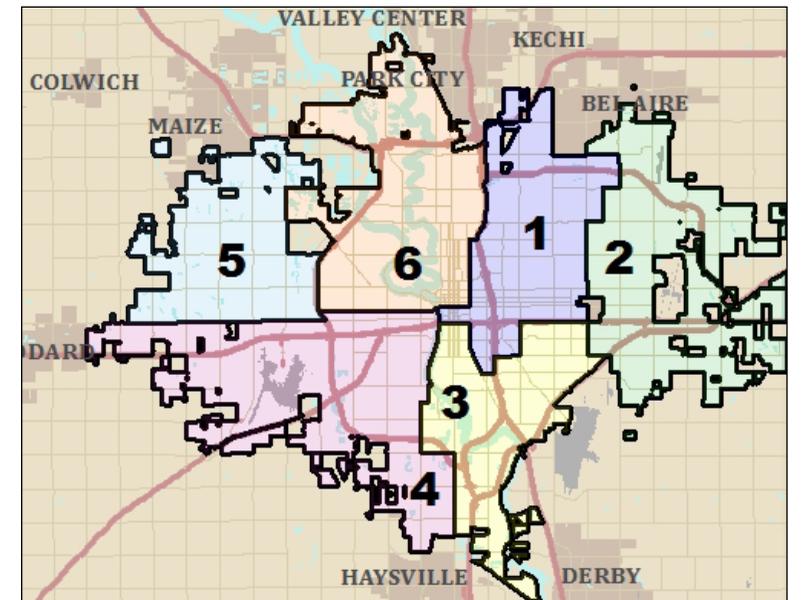
**When does the Council meet?**

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>.

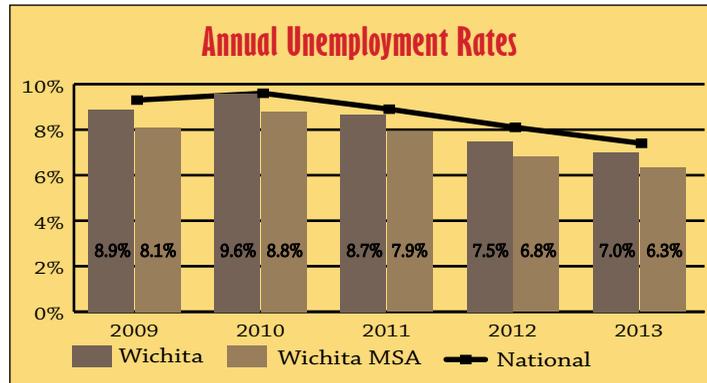
**City Council Districts**



Detailed map available online at <http://www.wichita.gov>, click Government, then City Council.

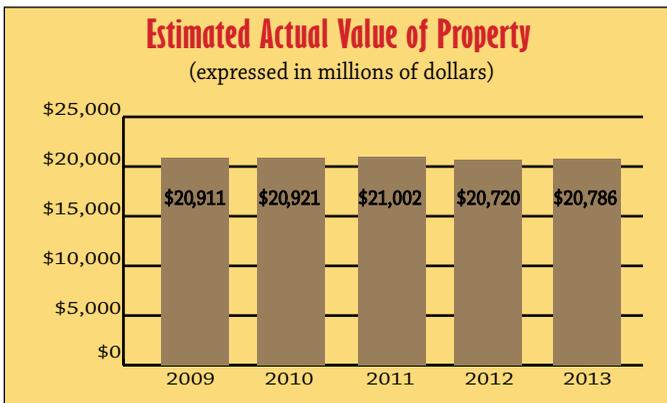
The City continues to feel the effects of the last recession. However, measured by unemployment, the local economy continues to fare better than the national economy. Wichita's 2013 unemployment rate was .4% below the national level. The rate also declined for the third year in a row and was the lowest since 2008.

- Wichita's 2013 annual unemployment rate dropped .5% to 7.0%.
- The annual unemployment rate for the Wichita MSA decreased .5% from 2012 to 6.3%.



Source: Wichita State University, Center for Economic Development and Business Research  
Unemployment statistics reflect revisions made by the Kansas Department of Labor to the data as originally reported.

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



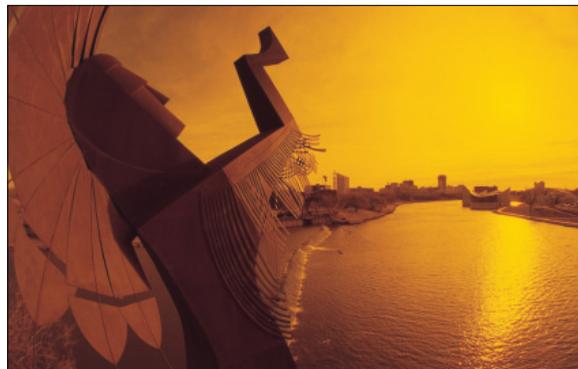
Source: Sedgwick County Clerk and Sedgwick County Appraiser



- The 2013 estimated actual value of taxable property is \$20.8 billion with an assessed value for tax purposes of \$3.1 billion.
- The City's 2013 tax levy is 32.509 mills or \$32.509 per \$1,000 of assessed value, which is utilized to pay for City services.

### Looking Ahead

Economic recovery in terms of employment remains challenging, however, Wichita is expected to continue the slow but steady growth experienced since the last recession. Diversified industry, combined with a skilled labor force and the City's central location continue to contribute to the ongoing growth and recovery in the area.



### City Service Statistics

#### Police

- Dispatched calls for 911 service 231,920
- Traffic violations 54,820

#### Fire

- Number of unit responses 73,184
- Fires contained to room of origin 72%

#### Highways & Streets

- Miles of street resurfaced 14
- Potholes repaired 54,661

#### Transit

- Fixed route ridership 1,851,654

#### Parks & Recreation

- Golf rounds played 155,460
- Convention and performance events 279
- Botanica visitors 154,509

#### Library

- Library circulation 2,137,656
- Program attendance 62,291

#### Water & Sanitary Sewer

- Water customers 144,261
- Sewer customers 133,952

#### Airport

- Number of passengers 1,512,507
- Daily flights 34

### Community Focus

Quality of life in the community has remained a priority.

- Through the Neighborhood Clean-Up Program, the City encourages citizens to maintain safe and attractive neighborhoods. Training is offered to neighborhood volunteers on how to organize a neighborhood clean-up event and the City provides financial assistance in low and moderate income neighborhoods. More information can be found online at <http://www.wichita.gov/Government/Departments/CMO/Pages/Neighborhood.aspx>, then click Clean-Up Program.
- Marketing efforts of golf, park and recreational services continue to build awareness of the offerings within the community. Recreation programs have also been retooled to provide some fresh, new offerings each quarter, while working to keep the community's favorite programs. More information, including class times and offerings can be found on the City's website [www.wichita.gov](http://www.wichita.gov).

### Downtown Development

Project Downtown - the Master Plan for Wichita continued to take shape in 2013. The plan identifies unique districts within the downtown area, all supported by development concepts that create "walkable" connections.

- One element of the master plan focuses on making Douglas Avenue a distinctive walking corridor that also encourages public transit. The Douglas Avenue Corridor Transit Oriented Development Study focused on concepts and guidelines for future transportation. The City received a Bus Livability Initiative Grant of \$1.35 million that will fund the first phase of improvements, including bus shelters and streetscaping that encourage the use of public transportation.
- Progress continued in the WaterWalk area with the installation of a floating stage for performing arts.

#### Downtown Master Plan Vision Statement

"Downtown is a place that enables people to live, work, shop, play and learn...all within a short walk of each other. Downtown celebrates Wichita's rich history and vibrant future, and it invites people from every walk of life to share their sense of community. 150 years after Wichita took root here, downtown is the reinvigorated heart of a region committed to a vital future."



# Governmental Revenues

Where the Money Comes From

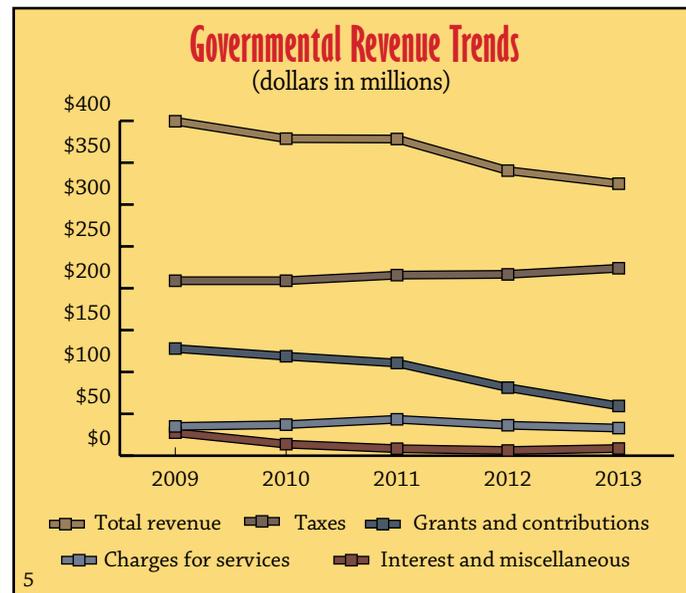
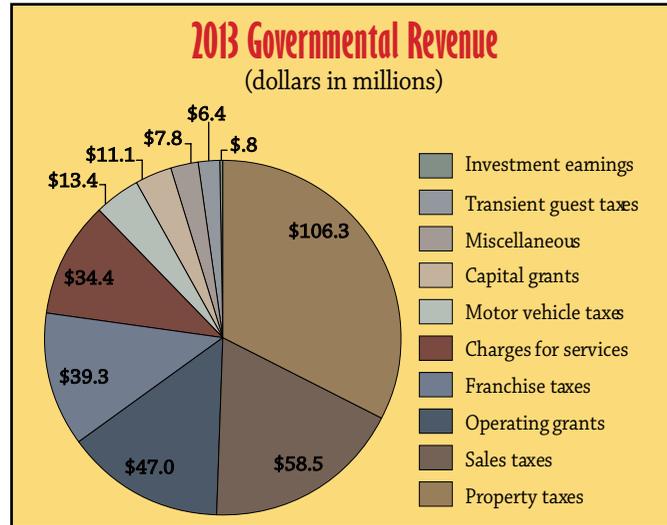
The City of Wichita maintains 25 governmental funds with multiple subfunds, which account for the City's basic services including public safety, general government administration, highways and streets, culture and recreation and the physical environment. Current year revenue totaling \$325 million (excluding 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



## CHARGES FOR SERVICES

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

## INTEREST AND MISCELLANEOUS

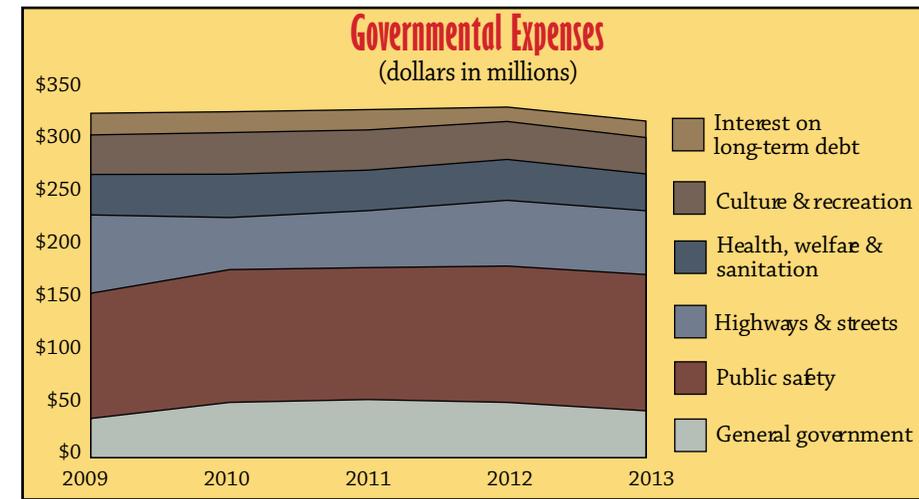
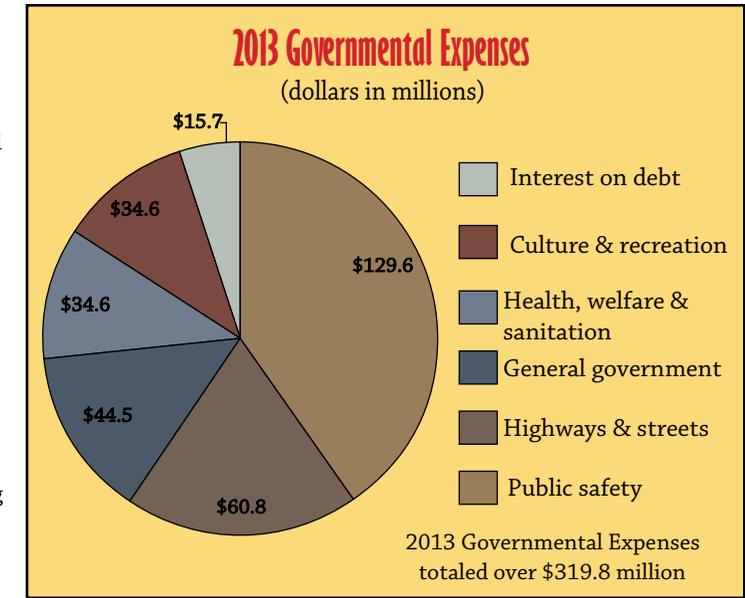
- **Interest**-revenues earned on the investment of cash balances
  - **Miscellaneous**-revenues from the sale of surplus property, repayment of loans, insurance settlements and other reimbursements
- 
- Total tax revenue increased \$7.3 million from 2012. Combined, sales and franchise taxes rose \$6.3 million from the prior year, to the highest level recorded in the last 10 years, without a change in the tax rate.
  - Grants and contributions continued to decline for the fifth consecutive year, the result of fewer federal and state grant opportunities.

# Governmental Expenses

How the Money is Spent

## City Service Expense Categories

- **Highways and Streets**-construction and maintenance
- **Public Safety**-primarily fire and police
- **General Government**-building operations and maintenance, administration 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 streets, bridges, buildings, technology and other improvements
- **Sanitation**-street cleaning, weed and blight control



- Governmental expenses decreased 4.1% from 2012, and 2.4% from 2009.
- Public safety, primarily police and fire services, continues to be a service priority.

# Business-type Activities

## Revenues

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

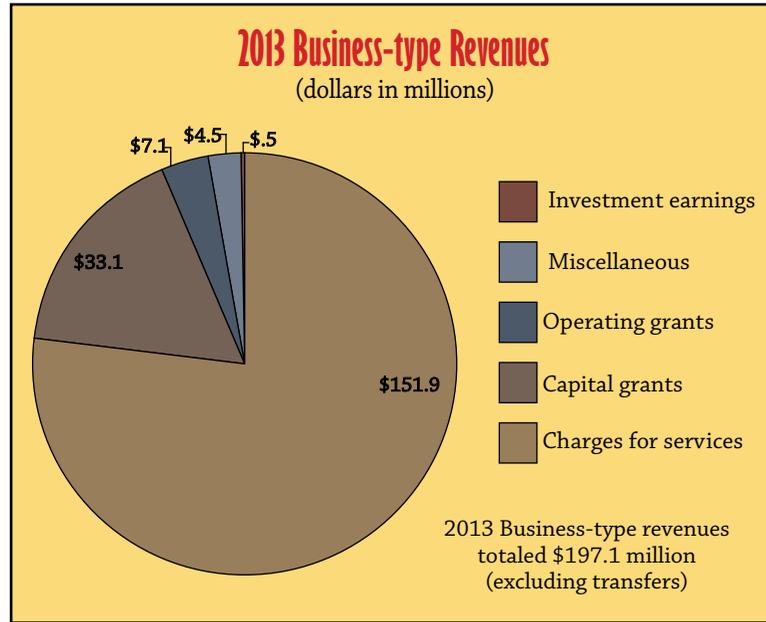
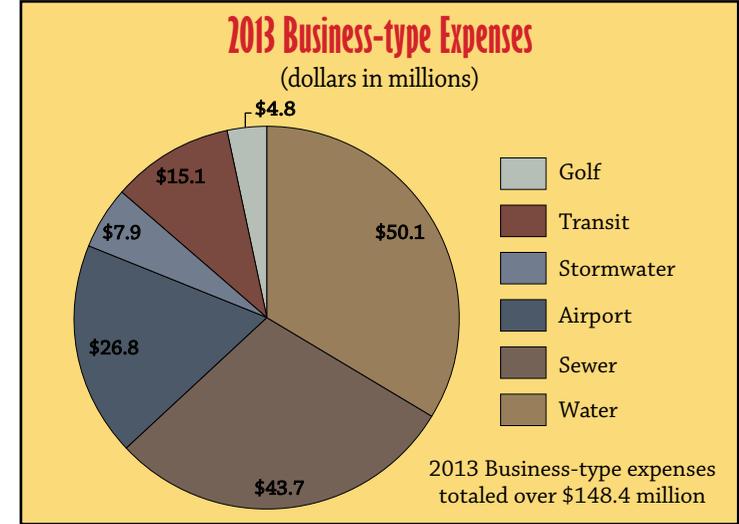
- The Water, Sewer, Stormwater, Airport and Golf funds operate primarily from charges received for the services provided.
- Transit uses money received from services and is subsidized by local taxes. Transit also receives revenue from state and federal grants.
- In addition to rental and lease revenues, 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 reflect a slight increase of .2% from 2012.
- The Sewer Utility reported the greatest expense increase of 13.4% from the prior year.
- Airport expenses decreased 18% from 2012.

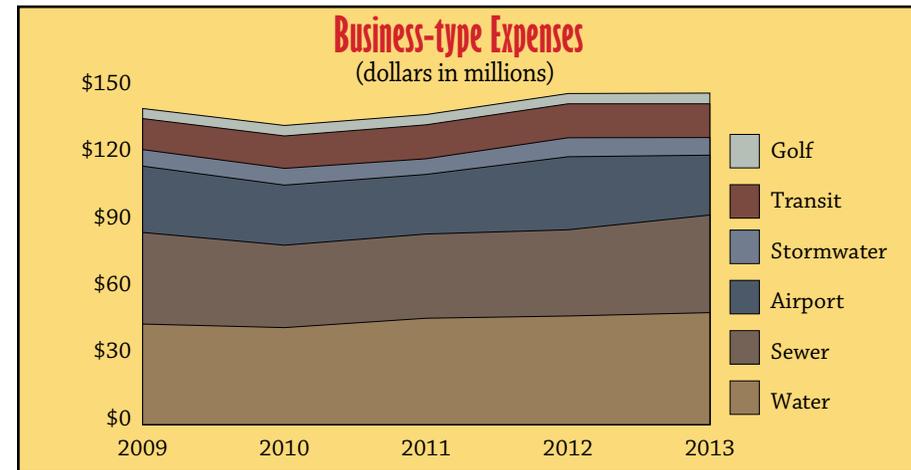
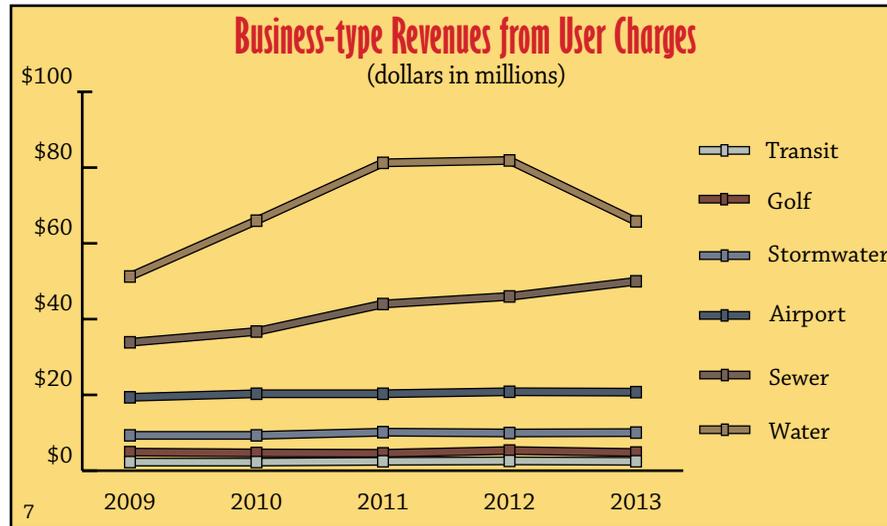


### Major Initiatives

- The Water Utility completed the second year of the five-year meter replacement program that began in 2012. The program focuses on replacing aged meters that have a higher potential for inaccurate readings. Once completed, the meter replacement project will provide more accurate meter readings and is estimated to result in an additional \$1.8 million in revenue for the Water Utility and \$2.8 million for the Sewer Utility annually.
- Construction of the new \$160 million terminal building at Mid-Century Airport progressed during 2013. 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%. The new terminal is expected to open in 2015.



- The Water Utility implemented a rate increase in 2013, but due to an unusually wet summer and a community focus on conservation, water sales were substantially lower, resulting in lower overall revenue.



- The Water Utility spent \$5.9 million on the repair and rehabilitation of water mains to prevent and restore service disruptions.
- The Sewer Utility spent \$4.7 million to repair, reconstruct and rehabilitate sewer mains to improve service and prevent system failures.

# 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 2013, depreciated assets were valued at \$2.7 billion.



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.

# Debt

## Business-type and Governmental

In 2013, the City borrowed \$12.8 million and paid back or retired \$124.4 million in outstanding debt.

The City also borrowed an additional \$86.5 million to temporarily fund the construction of the new airport terminal and parking garage, bringing the total of the City's temporary debt to \$326.3 million.

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



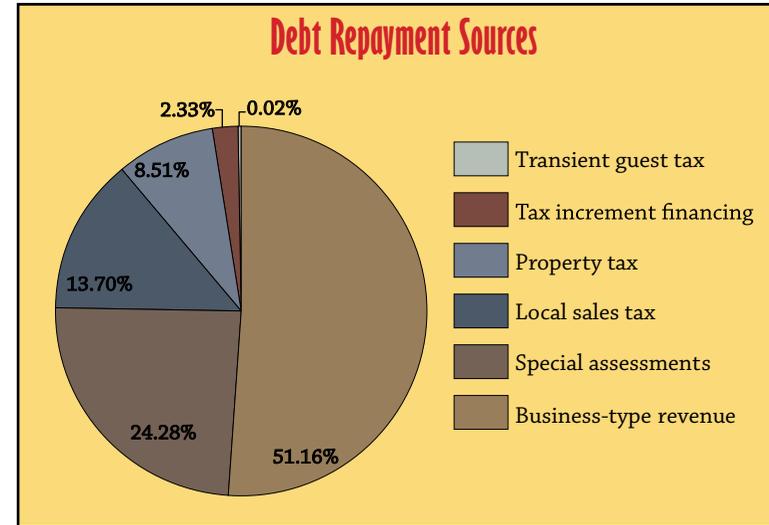
### Business-type

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.

2013 business-type assets totaled over \$1.5 billion and are held by the following funds (dollars in thousands):

● Water Utility	\$703,361
● Sewer Utility	\$423,375
● Airport	\$210,881
● Stormwater	\$162,506
● Transit	\$16,165
● Golf	\$6,240



- Total long-term debt outstanding on December 31, 2013 was \$893.8 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.

### 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 2013 and are made up of the following categories (dollars in thousands):

● Land	\$293,623
● Buildings	\$162,631
● Improvements	\$56,747
● Equipment	\$35,118
● Infrastructure	\$586,359
● Construction In Progress	\$72,944

### Bond Rating

- The City of Wichita holds a AA+ rating from Standard & Poor's and a rating of Aa1 from Moody's Investor Service.
- The Water and Sewer Utilities currently hold a AA- rating from Standard & 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, 2013. 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 not inclusive of all funds or the City's discretely presented component unit, the Wichita Public Building Commission. The City's financial statements have been audited by Allen, Gibbs & Houlik L.C., 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](http://www.wichita.gov/Government/Departments/Finance/Pages/Documents.aspx).

## Questions

Department of Finance

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