Economic Development and Finance Committee

Standing Committee Meeting Agenda

Monday, June 4, 2018
5:30 PM

Location:
Municipal Office Building
701 N 7th Street
Kansas City, Kansas 66101
5th Floor Conference Room (Suite 515)

Name	Absent
Commissioner Tom Burroughs, Chair	
Commissioner Brian McKiernan	
Commissioner Gayle E. Townsend	
Commissioner Ann Brandau-Murguia	
Commissioner James Walters	
Jeff Bryant, BPU Member	

I. **Call to Order/Roll Call**

II. **Revisions to June 4, 2018 Agenda**

III. **Approval of standing committee minutes from April 9, 2018.**

IV. **Committee Agenda**

Item No. 1 - REPORT: FIRST QUARTER 2018 INVESTMENT REPORT
Synopsis: Summary of investments for First Quarter 2018, submitted by Kathleen VonAchen, Chief Financial Officer, and Lisa Nolan, Deputy Treasurer.

For information only.
Tracking #: 18263

Item No. 2 - REPORT: FIRST QUARTER 2018 BUDGET TO ACTUALS
Synopsis: First Quarter 2018 Budget to Actuals Report, submitted by Kathleen VonAchen, Chief Financial Officer.

For information only.
Tracking #: 18284

Item No. 3 - PRESENTATION: PROPOSED BUDGETARY AND FINANCIAL POLICIES
Synopsis: Presentation on proposed revisions to the Unified Government's budgetary and financial policies, submitted by Kathleen VonAchen, Chief Financial Officer.

For information only.
Tracking #: 1893

V. **Public Agenda**

VI. **Adjourn**

ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES
Monday, April 9, 2018

The meeting of the Economic Development and Finance Standing Committee was held on Monday, April 9, 2018, at 5:18 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner Burroughs, Chairman; Commissioners McKiernan, Townsend (via phone), Murguia, and Walters; and BPU Board Member Jeff Bryant. The following officials were also in attendance: Joe Connor, Gordon Criswell and Melissa Sieben, Assistant County Administrators; Patrick Waters, Senior Attorney; Debbie Jonscher, Deputy Chief Financial Officer; and Jay Doleshal, Sergeant-At-Arms.

Chairman Burroughs called the meeting to order.

Roll call was taken and members were present as shown above.

Approval of standing committee minutes from February 5, 2018. **On motion of BPU Board Member Bryant, seconded by Commissioner McKiernan, the minutes were approved.** Motion carried unanimously.

Committee Agenda:

Item No. 1 – 1892…RESOLUTION: AMEND MASTER EQUIPMENT LEASE PURCHASE AGREEMENT WITH BANC OF AMERICA

Synopsis: A resolution amending the Master Equipment Lease Purchase Agreement, dated October 17, 2013, with Banc of America Public Capital Corp., in connection with paying the costs of acquiring and installing certain equipment, submitted by Debbie Jonscher, Deputy Chief Financial Officer. The maximum amount is not to exceed $12.5M.

Debbie Jonscher, Deputy Chief Financial Officer, said this is an amendment to our Master Equipment Lease Purchase Agreement. You have several items within your packet. You have the resolution that authorizes the amendment. There is a schedule of equipment for all the potential items that could be financed in 2018. There is an amendment to the Master Lease Agreement. I will just talk about what's included in that amendment.

The first item is that it extends the date of the agreement through December 31, 2018. The previous agreement expired on December 31, 2017. This amendment extends the agreement through 2018.

The second item in the amendment is there is an adjustment to the Pricing Formula table. It's slightly different from the original agreement.

Then, we also included in your packet the original agreement that was approved back in October of 2013 for your reference.

Chairman Burroughs asked the purpose for the extension. **Ms. Jonscher** said the purpose of the extension, once the Master Lease, the previous agreement expired, we can't lease/finance any additional piece of equipment until we extend that. We're on one-year extensions.

Action: **Chairman Burroughs made a motion, seconded by Commissioner Murguia, to approve.** Roll call was taken and there were six "Ayes," Bryant, Walters, Murguia, Townsend, McKiernan, Burroughs.

Adjourn

Chairman Burroughs adjourned the meeting at 5:22 p.m.

mls

Staff Request for Commission Action

Tracking No. 18263

Full Commission Meeting Date: NA
Committee: Economic Development & Finance

Date of Standing Committee Action: 6/4/18 (If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
05/16/2018	Lisa Nolan, Kathleen VonAchen	x8176, x5186	lnolan@wycokck.org, kvonachen@wycokck.org	Finance

Item Description:
Summary of investments for the 1st quarter 2018, submitted by Kathleen VonAchen, Chief Financial Officer and Lisa Nolan, Deputy Treasurer.

Action Requested:
For information only.

Budget Impact: (if applicable)
Amount:
Source:
Included In Budget:
Other (explain):

Attachments List:
2018 Q1 Invstmt Report

Unified Government of Wyandotte County and Kansas City, Kansas
Investment Portfolio Compliance Report
March 31, 2018

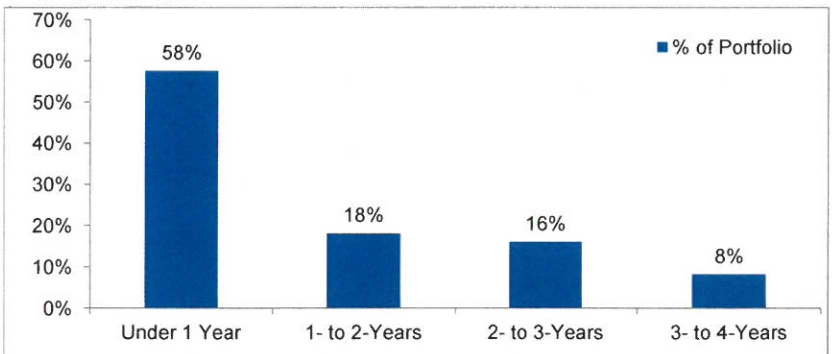
Investment Summary - Aggregate Portfolio By Type of Investment

Security Type	Original Cost	Market Value[1]	Amortized Cost[2]	% of Portfolio	% Permitted by Policy	In Compliance	# of Days to Maturity[3]	Average Yield[3]
Property Tax Held for Entities[4]	**$1,334,682**	**$1,334,682**	**$1,334,682**	**na**	**see note 4**	✓	**3**	**1.58%**
Cash Equivalents	$94,869,318	$94,869,318	$94,869,318	37.2%	100%	✓	3	1.58%
Total Liquidity	**$94,869,318**	**$94,869,318**	**$94,869,318**	**37.2%**			**3**	**1.58%**
Certificates of Deposit	$151,470,000	$151,470,000	$151,470,000	59.3%	100%	✓	628	1.69%
Federal Agency Securities	$9,083,974	$8,988,606	$9,007,329	3.5%	50%	✓	246	0.86%
Total Securities	**$160,553,974**	**$160,458,606**	**$160,477,329**	**62.8%**			**381**	**1.65%**
Total Portfolio	**$255,423,292**	**$255,327,924**	**$255,346,646**	**100%**			**382**	**1.62%**

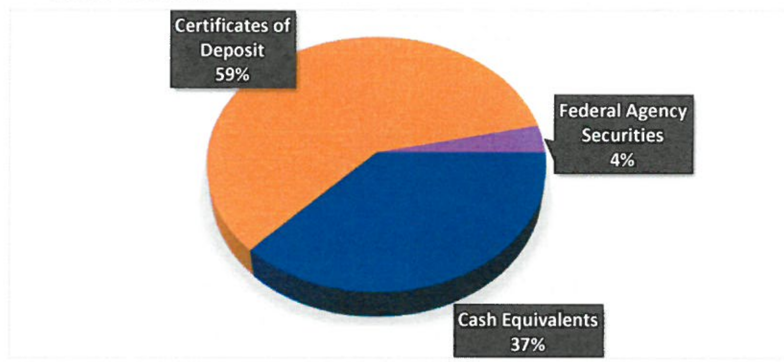
1. Market values provided by UMB Bank, Third-Party Safekeeping Custodial Agent.
2. Amortized cost is the original cost of the principal of the security adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report.
3. Averages shown are weighted averages calculated based on original cost. Average maturity is shown as days.

4. Property Tax collections temporarily held by the County on behalf of other governmental entities is not a part of the Unified Government's cash and investment value. The cash being held in trust is presented here for informational purposes.

Maturity Distribution



Sector Distribution

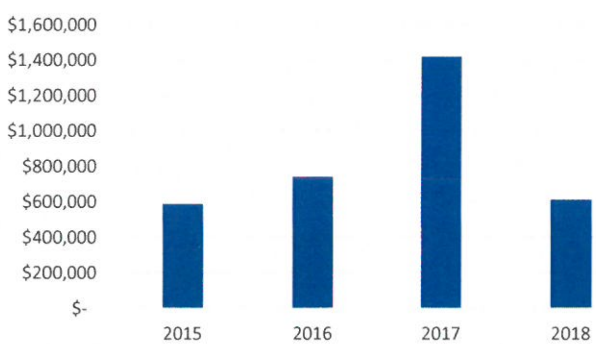


Unified Government of Wyandotte County and Kansas City, Kansas
Investment Portfolio Compliance Report
March 31, 2018

Compliance

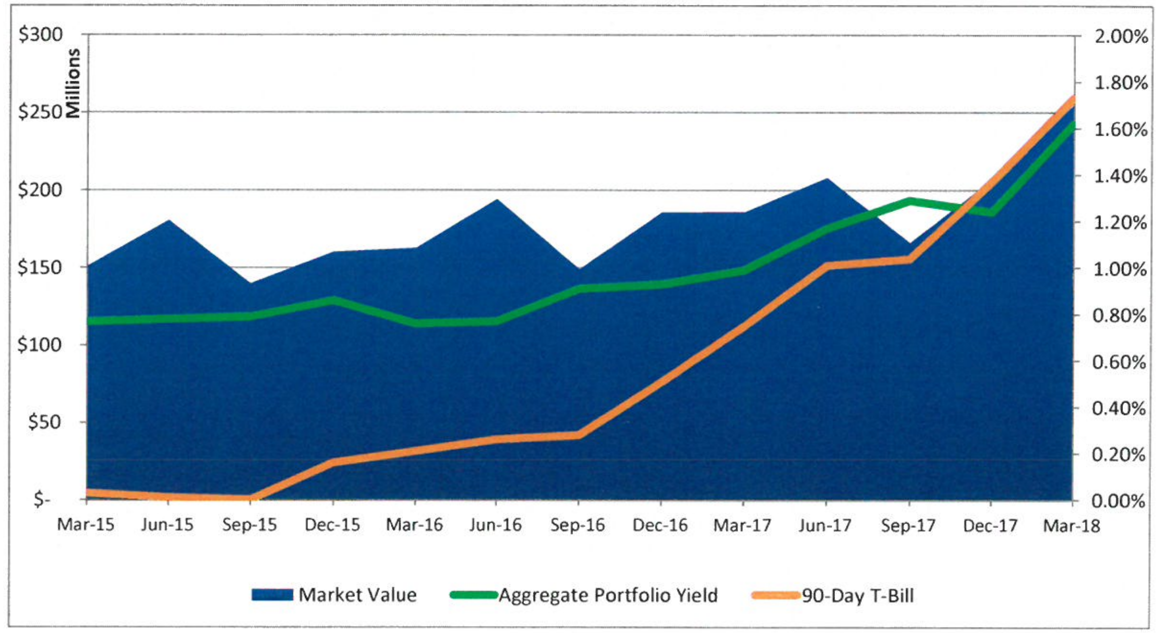
	Yes	No
Liquidity	✓	
Permitted types of investments	✓	
Limits within investment categories	✓	
Limits within single agency/institution		✓
Limits relating to maturity	✓	
The investment report herein shown along with ongoing income provides sufficient liquidity to meet estimated expenditures for next 6 months	✓	

Interest Earned



Historic Portfolio Size

Aggregate Yield vs. 90-Day T-Bill Rate



CFO Note: The 30% limit within a single banking institution per the investment policy compliance parameters was exceeded. Capital Federal Bank holdings totaled 31% of the total aggregate portfolio. In the upcoming quarters, the CFO will adjust investment strategies to come into compliance with the policy.

Kathleen VonAchen

March 31, 2018

Kathleen VonAchen
Chief Financial Officer

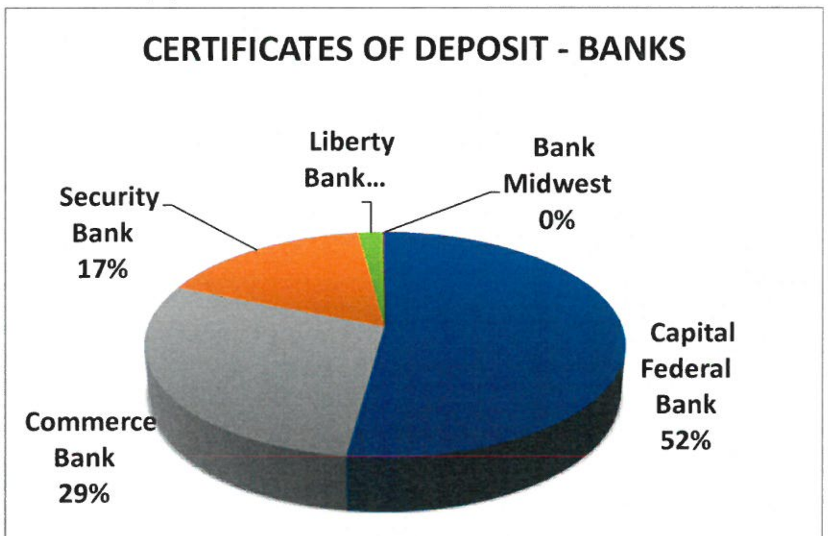
Date

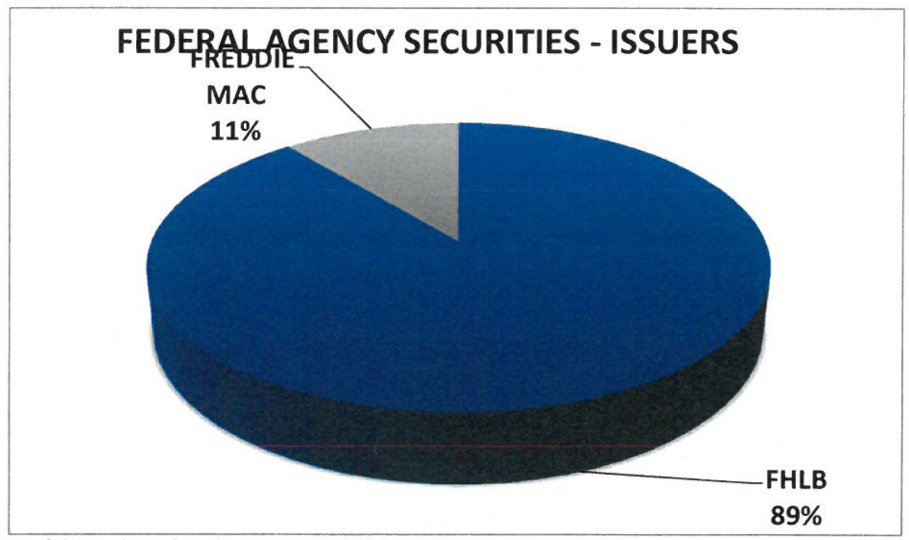
Unified Government of Wyandotte County and Kansas City, Kansas
Investment Portfolio Compliance Report
March 31, 2018

Issuer Detail - Aggregate Portfolio by Issuer

Issuer	Original Cost	Market Value[1]	% of Portfolio[3]	% Permitted by Issuer	In Compliance[3]	Weighted Maturity[2]	Weighted Yield[2]
Property Tax Held for Entities[3]	**1,334,682**	**1,334,682**	**na**	**See note 3**	✓	**3**	**1.58%**
UMB, Wyandotte Operating	92,387,318	92,387,318	36%	30%	✓	3	1.58%
UMB, Wyandotte Health	2,482,000	2,482,000	1%	30%	✓	3	1.58%
Cash Equivalents	**94,869,318**	**94,869,318**	**37%**		✓	**3**	**1.58%**
Capital Federal Bank	79,000,000	79,000,000	31%	30%	✓	662	1.50%
Commerce Bank	44,000,000	44,000,000	17%	30%	✓	445	1.46%
Security Bank	25,235,000	25,235,000	10%	30%	✓	853	1.95%
Liberty Bank	3,000,000	3,000,000	1%	30%	✓	519	1.44%
Bank Midwest	235,000	235,000	0%	30%	✓	487	1.36%
Certificates of Deposit	**151,470,000**	**151,470,000**	**59%**		✓	**628**	**1.69%**
FHLB	8,085,008	7,999,200	3%	30%	✓	110	1.60%
FREDDIE MAC	998,966	989,406	0%	30%	✓	1235	0.95%
Federal Agency Securities	**9,083,974**	**8,988,606**	**4%**		✓	**246**	**0.86%**
Grand Total	**255,423,292**	**255,327,924**	**100%**			**382**	**1.62%**

1. Market values provided by UMB Bank, Third-Party Safekeeping Custodial Agent.
2. Averages shown are weighted averages calculated based on original cost. Average maturity is shown as days.
3. Property Tax collections temporarily held by the County on behalf of other governmental entities is not a part of the Unified Government's cash and investment value for financial reporting purposes. The cash being held in trust is presented here for informational purposes.





Unified Government of Wyandotte County and Kansas City, Kansas
Investment Portfolio Compliance Report
1st Quarter 2018 - Jan. 1, 2018 - March 31, 2018

Quarterly Transactions Detail - Aggregate Portfolio

Settlement Date	CUSIP	Issuer	Coupon	Maturity Date	Par	Original Cost
Thru Q1	NA	UMB, Wyandotte Operating	1.575%	4/2/2018	13,400,430	13,400,430
Thru Q1	NA	UMB, Wyandotte Health Reserve	1.575%	4/2/2018	1,620,000	1,620,000
Cash Equivalents					**15,020,430**	**15,020,430**
2/16/2018	1150009568	Security Bank of KC	2.200%	8/17/2020	5,000,000	5,000,000
2/16/2018	1150009569	Security Bank of KC	2.250%	2/16/2021	5,000,000	5,000,000
2/16/2018	1150009570	Security Bank of KC	2.250%	8/16/2021	5,000,000	5,000,000
2/16/2018	1150009571	Security Bank of KC	2.250%	2/15/2022	5,000,000	5,000,000
3/26/2018	66000543	Commerce	2.380%	9/28/2020	5,000,000	5,000,000
3/26/2018	70166254	Capitol Federal	2.550%	3/26/2021	5,000,000	5,000,000
3/26/2018	70166255	Capitol Federal	2.600%	9/27/2021	5,000,000	5,000,000
3/26/2018	70166256	Capitol Federal	2.650%	3/28/2022	5,000,000	5,000,000
Purchases					**40,000,000**	**40,000,000**
2/5/2015	343007290	Commerce	1.000%	3/9/2018	(7,000,000)	(7,000,000)
Calls/Maturities					**(7,000,000)**	**(7,000,000)**
Total					**48,020,430**	**48,020,430**

Staff Request for Commission Action

Tracking No. 18284

Full Commission Meeting Date: NA
Committee: Economic Development & Finance

Date of Standing Committee Action: 6/4/18 (If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
05/23/2018	Kathleen VonAchen, Reginald Lindsey	x5186, x5292	kvonachen@wycokck.org, rlindsey@wycokck.org	Finance

Item Description:
First Quarter of Fiscal Year 2018 Budget to Actuals Report is provided for informational purposes only. No action is required.

Action Requested:
For information only.

Budget Impact: (if applicable)
Amount:
Source:
Included In Budget:
Other (explain):

Attachments List:
1st Quarter Quarterly Report v3-revised

UNIFIED GOVERNMENT OF
WYANDOTTE COUNTY/KANSAS CITY, KANSAS

Quarterly Financial Report

First Quarter of 2018

The Unified Government has completed the first quarter of the 2018 fiscal year which began in January 2018. This report summarizes the activities of the General Funds, and is not meant to be inclusive of all finance and accounting transactions. We hope this report provides the community with an overview of the Unified Government's financial performance.

The General Funds consist of the City General Fund, the County General Fund, and the Consolidated Parks Fund. They are the primary operating funds of the Unified Government and are used to account for a majority of operating activities. Other large funds, such as the Emergency Medical Services Fund, Dedicated Sales Tax Fund, Sewer Enterprise Fund and the Street & Highway Fund, account for a good portion of the remaining financial activities.

The total 2018 Original Budget is $361.1M which consists of $219.7M for the General Funds, $45.3M for Other Tax Levy Supported Funds and $96.1M for Non-Tax Levy Supported Funds.

This report focuses on the General Funds. Financial performance of all other funds may be found on the last page.

CONSOLIDATED GENERAL FUND BALANCE

In measuring financial performance, it is recommended to review the collection and spending of resources through the current period and compare this information with the prior fiscal year for the same period. The following table is the financial overview of the Consolidated General Fund for the period of January through March of 2018. This data includes all three general funds.

CONSOLIDATED GENERAL FUND	FY 2017			FY 2018		
		1st Qtr YTD	% of		1st Qtr YTD	% of
numbers in 000's	Budget	Actual	budget	Budget	Actual	budget
Revenues	$ 213,666	$ 62,639	29.3%	$ 217,199	$ 69,994	32.2%
Expenditures	$ 214,765	$ 48,429	22.5%	$ 218,757	$ 51,274	23.4%
Net Alloc & Transfers	$ 866	$ -	0.0%	$ 1,325	$ -	0.0%
Net Change	$ (233)	$ 14,209		$ (234)	$ 18,720	
Balance, Start of Year	$ 19,279	$ 19,279		$ 26,925	$ 26,925	
Balance Year-to -Date	$ 19,046	$ 33,488		$ 26,692	$ 45,645	

Table 1: Consolidated General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance

- Collected revenues are in excess of the 1st quarter 25% target in the current fiscal year with the majority of revenue categories for 2018 coming in at or above 25% of the budgeted amount.
- Expenditures are 1.6% below the 1st quarter budget in the current fiscal year compared to the 1st quarter of the prior fiscal year which was 2.5% below target.
- The beginning fund balances are on a cash basis. Year-to-date fund balance is higher than budgeted fund balance because total revenues for 2018 are 7.2% above the YTD target while the expenditures for 2018 are 1.6% below the targeted amount for hte current period.

CITY GENERAL FUND REVENUES

The City General Fund is the principal operating account of Kansas City, KS. Revenue is received from taxes, fees, intergovernmental revenue, charges for services, and other sources. The General Fund is used to support general operations, including Police, Fire, Municipal Court, Public Works, general services functions and administrative programs. General Fund revenues are also used to finance the purchase of equipment and capital projects not financed with debt.

City General Fund Revenues *numbers in 000s*	2018 Original Budget	2018 1st Qtr YTD Actual	% Rev Collected
Property Tax	$ 23,769	$ 13,397	56.4%
Sales Tax	$ 56,207	$ 10,667	19.0%
Other Tax	$ 50,656	$ 13,678	27.0%
Permits/Licenses	$ 1,271	$ 152	11.9%
Intergovernmental Revenues	$ 704	$ 418	59.4%
Charges for Service	$ 11,039	$ 2,654	24.0%
Fines, Forfeits, Fees	$ 3,937	$ 923	23.4%
Misc. & Transfers-In	$ 5,915	$ 249	4.2%
Total	**$ 153,498**	**$ 42,138**	**27.5%**

Table 2: City General Fund YTD Revenues as a % of Budget

Twenty-eight percent (28%) of actual City General Fund revenue has been collected March 31, 2018 which exceeds the 25% revenue target expected for the 1st quarter. *Table 2* shows the actual collections by major revenue source category and the percent collected compared to the budget. *Table 3* shows that the revenues have increase 18% above the revenues collected for the same period last year.

Tax Revenue collections are at 29% of the original budget. The first half property tax installment has been received. This amounts to $13.4M or 56.4% of projected property tax revenues. Sales and use tax revenues are at $11M or 23.0% of projections for the full year. Motor vehicle taxes offset the lower than anticipated sales tax revenue coming in 2% over projections.

Permits & Licenses collections include landlord rental licenses and Right-of-way permits. Collections are at 11.9% of the original budget. This is below 1st quarter 2017 which was at 20%.

City General Fund Revenues *numbers in 000s*	2017 1st Qtr YTD Actual	2018 1st Qtr YTD Actual	Increase/ Decrease
Property Tax	$ 14,062	$ 13,397	$ (665)
Sales Tax	$ 8,008	$ 10,667	$ 2,659
Other Tax	$ 9,954	$ 13,678	$ 3,723
Permits/Licenses	$ 172	$ 152	$ (20)
Intergovernmental Revenues	$ 414	$ 418	$ 4
Charges for Service	$ 1,945	$ 2,654	$ 709
Fines, Forfeits, Fees	$ 1,019	$ 923	$ (96)
Misc. & Transfers-In	$ 158	$ 249	$ 92
Total	**$ 35,732**	**$ 42,138**	**$ 6,406**

Table 3: City General Fund Revenues Year to Year Comparison

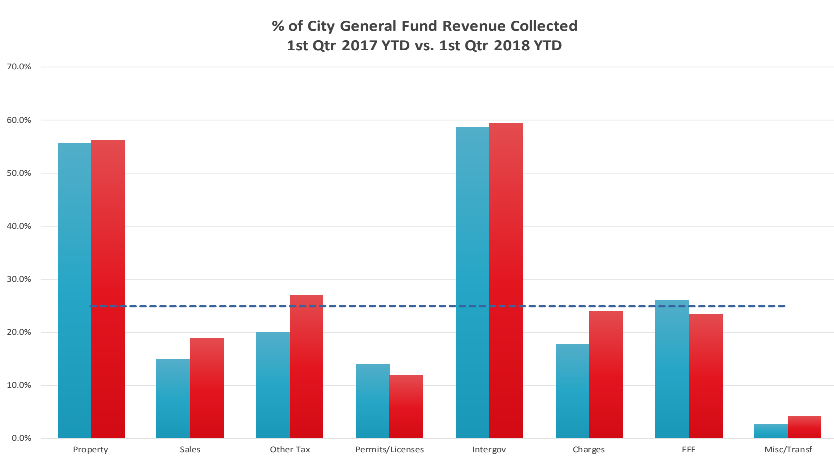


Figure 1: City General Fund Prior Year vs. Current Year

Charges for Service include residential trash fees and building inspection fees which are at 24% compared to 18.9% of the budgeted amounts for Q1 2017.

Fines, Forfeits, Fees include Municipal Court revenue and are slightly below the 25% revenue target for the 1st quarter. This is due to municipal court receipts being only 22% of projected colletions for the first quarter.

Misc. & Transfers-In include reimbursements, sale of land and indirect charges. The first quarter posting as at 4.2% of the budgeted 2018 amount due to various transfers occuring later in the year.

CITY GENERAL FUND EXPENDITURES

City General Fund Expenditures *numbers in 000s*	2018 Original Budget		2018 1st Qtr YTD Actual		% of Estimate
Personnel	$	107,038	$	26,005	24.3%
Services	$	21,417	$	5,000	23.3%
Supplies	$	4,242	$	821	19.4%
Grants, Claims	$	5,418	$	401	7.4%
Misc. & Transfers-Out	$	11,838	$	-	0.0%
Capital Outlay	$	4,053	$	530	13.1%
Total	**$**	**154,006**	**$**	**32,756**	**21.3%**

Table 4: City General Fund YTD Expenditures as a % of Budget

Personnel expenditure spend rate is at 24.3% of the original budget. This is including overtime pay of personnel which has expended 34% of its portion of the original budget.

Services expenditures are at 23.3%. Major expenses paid in this category are transit contract fees, software maintenance, city jail expenses, and trash contract.

Supplies are below budget target by 5.6%, or $239,500, of budget due to auto parts only expending 16% of budget thus far.

Grants, Claims are at 7.4% or $401,000. Most of these transactions do not take place until the end of year.

City General Fund Expenditures *numbers in 000s*	2017 1st Qtr YTD Actual		2018 1st Qtr YTD Actual		Increase/ Decrease	
Personnel	$	25,979	$	26,005	$	26
Services	$	5,527	$	5,000	$	(528)
Supplies	$	926	$	821	$	(106)
Grants, Claims	$	259	$	401	$	142
Misc. & Transfers-Out	$	-	$	-	$	-
Capital Outlay	$	792	$	530	$	(262)
Total	**$**	**33,483**	**$**	**32,756**	**$**	**(727)**

Table 5: City General Fund Expenditures Year to Year Comparison

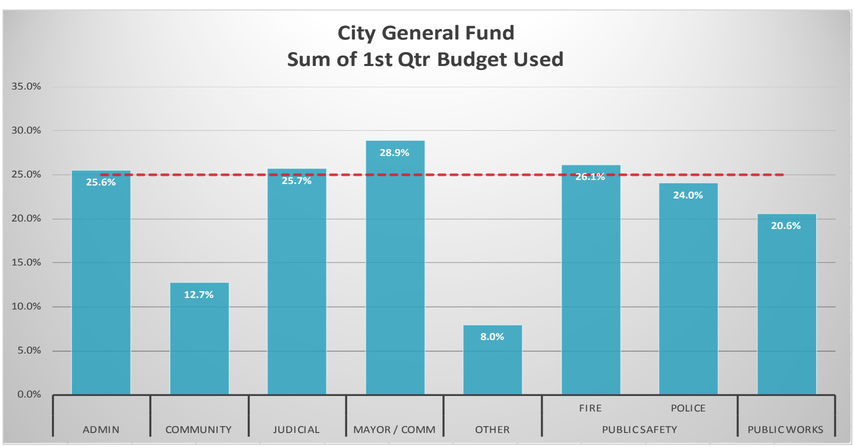


Figure 2: City General Fund Dept. Expenditures as a % of Budget

Misc & Transfers-Out normally take place towards the end of the year and are currently at 0% of budget.

Capital Outlay spend rate ended the first quarter at 13.1% of the original budget. Capital equipment makes up 35% of the capital outlay budget. A portion of this budget is made up of new capital lease payments that do not start until the future year.

Most Departments are in line with spending targets for the year. Mayor/Commission, Fire, Judicial, and Admin came in over budget due to higher than budgeted personnel costs. The 'Other' category of departments in the city general fund, which ended the first quarter at 8.0% of budgeted expenditures, is comprised of reserves and internal service departments and makes up 15.1M or 9.7% of the expenditure budget for the city general fund.

COUNTY GENERAL FUND REVENUES

The County General Fund is the principal operation account of Wyandotte County. Revenue is received from taxes, fees, intergovernmental revenue, charges for services, and other sources. The County General Fund is used to support general operations including Emergency Management, Sheriff, Emergency Dispatch, Court programs, Public Works, general services functions, and administrative programs. General Fund revenues are also used to finance the purchase of capital equipment and capital projects which are not debt financed.

County General Fund Revenues *numbers in 000s*	**2018 Original Budget**	**2018 1st Qtr YTD Actual**	**% Rev Collected**
Property Tax	$ 35,691	$ 20,176	56.5%
Sales Tax	$ 6,957	$ 1,657	23.8%
Other Tax	$ 9,497	$ 3,131	33.0%
Permits/Licenses	$ 1,175	$ 207	17.7%
Intergovernmental Revenues	$ 66	$	0.2%
Charges for Service	$ 1,559	$ 376	24.1%
Fines, Forfeits, Fees	$ 1,830	$ 451	24.7%
Misc. & Transfers-In	$ 2,840	$ 589	20.7%
Total	**$ 59,613**	**$ 26,588**	**44.6%**

Table 6: County General Fund YTD Revenues as a % of Budget

Fourty-five percent (45%) of budgeted County General Fund revenue has been collected thorugh March 31st, 2018. This is in line with last year. *Table 6* shows the actual collections by major revenue source category and the percent collected compared to the budget. *Table 7* shows that the revenues are trending along the same level as the same period last year.

Tax Revenue collections are at 47.9% of the original budget. The first property tax installment has been received. This amounts to $20.2M or 56.5%. Motor vehicle tax and delinquent collections are a significant component of ther Tax and came in 36% and 32%, respectively.

Permits & Licenses are 7.3% below the revenue target for the first quarter. The primary category, auto licenses, are at 17% of budgeted collections for 2018.

County General Fund Revenues *numbers in 000s*	**2017 1st Qtr YTD Actual**	**2018 1st Qtr YTD Actual**	**Increase/ Decrease**
Property Tax	$ 19,415	$ 20,176	$ 761
Sales Tax	$ 1,262	$ 1,657	$ 395
Other Tax	$ 3,340	$ 3,131	$ (209)
Permits/Licenses	$ 220	$ 207	$ (13)
Intergovernmental Revenues	$	$	$
Charges for Service	$ 217	$ 376	$ 158
Fines, Forfeits, Fees	$ 662	$ 451	$ (210)
Misc. & Transfers-In	$ 553	$ 589	$ 36
Total	**$ 25,670**	**$ 26,588**	**$ 918**

Table 7: County General Fund Revenues Year to Year Comparison

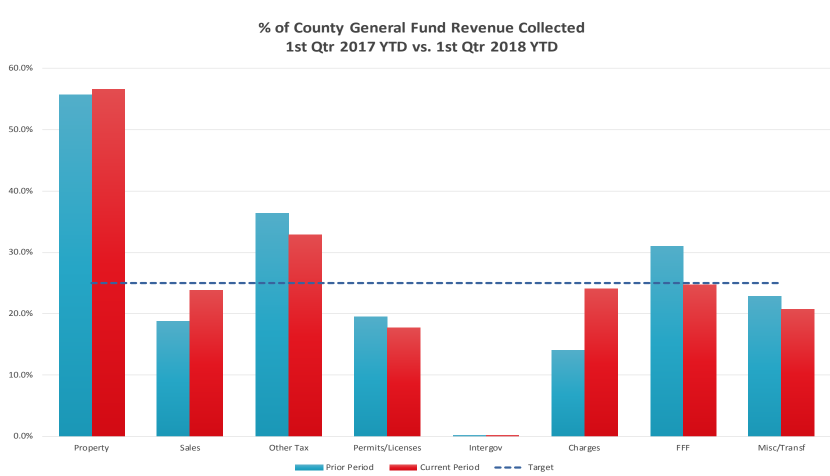


Figure 3: County General Fund Prior Year vs. Current Year

Charges for Service has collected 24.1% of anticipated revenues. Jail fees make up 72% of the charges for service are at 27%.

Fines, Forfeits, Fees includes officer fees, treasurer fees, and development agreement penalties and is in line with the 25% target, but is $210,000 below the amount collected through the same period last year.

Miscellaneous Revenue is currently at 20.7% to end the 1st Quarter of 2018.

COUNTY GENERAL FUND EXPENDITURES

County General Fund Expenditures *numbers in 000s*	2018 Original Budget	2018 1st Qtr YTD Actual	% of Estimate
Personnel	$ 40,838	$ 10,278	25.2%
Services	$ 13,035	$ 5,953	45.7%
Supplies	$ 1,673	$ 278	16.6%
Grants, Claims	$ 1,308	$ 333	25.5%
Misc. & Transfers-Out	$ 1,024	$ ()	0.0%
Capital Outlay	$ 1,354	$ 276	20.4%
Total	**$ 59,232**	**$ 17,118**	**28.9%**

Table 9: County General Fund YTD Expenditures as a % of Budget

Personnel expenditures ended the 1st quarter at 25.2% of the original budget. This includes overtime pay of personnel which has expended 47% of its portion of the original budget.

Services expenditures ended the quarter 20.7% above budget. Major expenses paid in this category are attorney and lawyers, external prisoner housing, and prisoner medical contracts. prisoner medical contracts have expended 98% of its portion of the budget.

Supplies ended the 1st quarter 8.4% below budgeted levels. Major expenses paid in this category are natural gas, fuel, and auto parts. Fuel came in at 20% of budget.

Grants, Claims ended the 1st quarter at 25.5% of budget while expending 67,000 less than in the same period prior year.

County General Fund Expenditures *numbers in 000s*	2017 1st Qtr YTD Actual	2018 1st Qtr YTD Actual	Increase/ Decrease
Personnel	$ 9,860	$ 10,278	$ 418
Services	$ 2,787	$ 5,953	$ 3,166
Supplies	$ 420	$ 278	$ (142)
Grants, Claims	$ 400	$ 333	$ (67)
Misc. & Transfers-Out	$	$ ()	$ ()
Capital Outlay	$ 226	$ 276	$ 50
Total	**$ 13,693**	**$ 17,118**	**$ 3,425**

Table 10: County General Fund Expenditures Year to Year Comparison

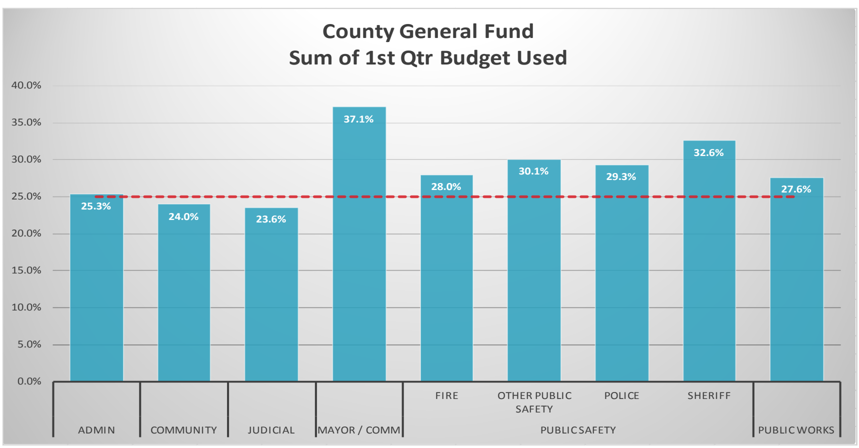


Figure 4: County General Fund Dept. Expenditures as a % of Budget

Misc. & Transfers-Out currently have no expenditures for the 1st quarter of 2018 and mostly occur closer to year end.

Capital Outlay is 4.6% below the 1st quarter target. Capital equipment makes up 61% of the capital outlay budget. A portion of this budget is made up of new capital lease payments that do not start until the future year.

Most Departments are in line with spending targets for the year. Mayor and Commission, Police, Fire, Sheriff, Other Public Safety and Public Works are exceeding targeted budget levels in the county general fund due to higher than budgeted personnel costs, annual contracts, overtime spending, and higher capital equipment expenditures early in the year.

CONSOLIDATED PARKS GENERAL FUND REVENUES

The Consolidated Parks General Fund combines the former City and County Park's Department budget into one operating fund. This fund is used for the operation of parks, parkways, recreational areas and facilities under the supervision of the Director of Parks and Recreation. The three divisions of this fund include: Administration, Parks, and Recreation.

All park and recreation user fees, rentals, contracts and lease revenues will be allocated to this fund. In addition, this fund receives an annual appropriation from the city general fund shown under Intergovernmental Revenues.

Parks General Fund Revenues *numbers in 000s*	2018 Original Budget	2018 1st Qtr YTD Actual	% Rev Collected
Property Tax	$ 1,592	$ 900	56.5%
Other Tax	$ 288	$ 112	39.0%
Intergovernmental Revenues	$ 3,700	$ -	0.0%
Charges for Service	$ 662	$ 156	23.5%
Misc. & Transfers-In	$ 101	$ 100	99.1%
Total	**$ 6,343**	**$ 1,268**	**20.0%**

Table 10: Consolidated Parks General Fund YTD Revenues as a % of Budget

Twenty percent (20%) of budgeted Consolidated Parks General Fund revenue has been collected through March 31, 2018. *Table 10* shows the actual collections for the major revenue sources and the percent collected compared to the budget. *Table 11* shows that the revenues are trending along the same level as the same period last year with a significant increase in the intergovernmental revenues category.

Tax Revenue collections are at 53.8% of the original budget. First half property tax installments have been received. Delinquent revenue collections are at 33% of budget and motor vehicle collections are at 36% at the end of the 1st quarter.

Parks General Fund Revenues *numbers in 000s*	2017 1st Qtr YTD Actual	2018 1st Qtr YTD Actual	Increase/ Decrease
Property Tax	$ 867	$ 900	$ 33
Other Tax	$ 119	$ 112	$ (6)
Intergovernmental Revenues	$ -	$ -	$ -
Charges for Service	$ 151	$ 156	$ 4
Misc. & Transfers-In	$ 100	$ 100	$
Total	**$ 1,237**	**$ 1,268**	**$ 31**

Table 11: Consolidated Parks General Fund Revenues Year to Year Comparison

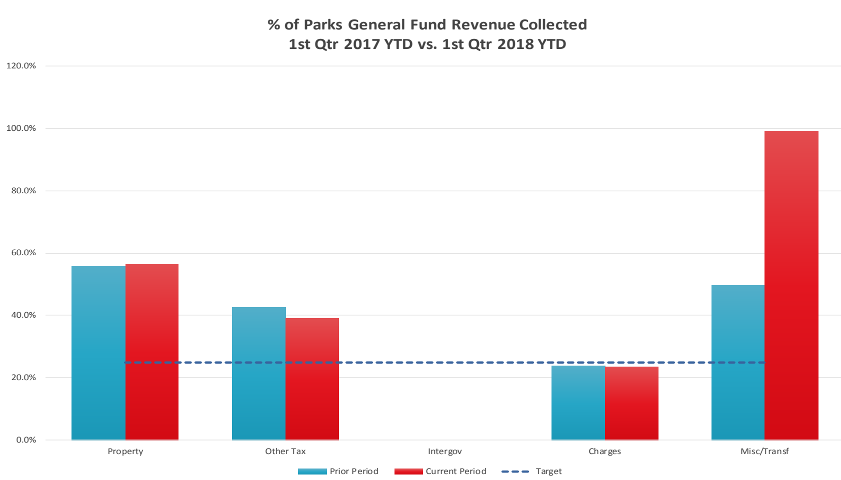


Figure 5: Consolidated Parks General Fund Prior Year vs. Current Year

Charges for Service include park shelter and field rentals and ended the 1st quarter slightly below the 25% target. Most of these fees are seasonal in nature.

Miscellaneous Revenue has received the entire anticipated amount of contributions and donations, and is currently at 99% of budgeted collections. This is in line with the same period of the prior year.

CONS. PARKS GENERAL FUND EXPENDITURES

Parks General Fund Expenditures *numbers in 000s*	2018 Original Budget	2018 1st Qtr YTD Actual	% of Estimate
Personnel	$ 4,151	$ 1,002	24.1%
Services	$ 1,107	$ 109	9.8%
Supplies	$ 535	$ 191	35.6%
Grants, Claims	$ 11	$ 2	18.5%
Misc. & Transfers-Out	$ 151	$ -	0.0%
Capital Outlay	$ 495	$ 97	19.6%
Total	**$ 6,450**	**$ 1,400**	**21.7%**

Table 12: Consildated Parks General Fund YTD Expenditures as a % of Budget

Personnel expenditures for the 1st quarter 2018 ended at 24.1% of the original budget, $72,000 above same period last year.

Services ended the 1st quarter 15.2% under budget at 9.8%. Expenditures run higher in the summer months when Parks and Recreation operations are more active.

Supplies are 10.6% higher than 1st quarter targets. Items accounting for this include fish supplies, which have expended 90% of budget, and maintenance and construction materials which have expended 34% of budget.

Misc. & Transfers-Out ended the 1st quarter with no expenditures.

Parks General Fund Expenditures *numbers in 000s*	2017 1st Qtr YTD Actual	2018 1st Qtr YTD Actual	Increase/ Decrease
Personnel	$ 930	$ 1,002	$ 72
Services	$ 118	$ 109	$ (9)
Supplies	$ 192	$ 191	$ (1)
Grants, Claims	$ 6	$ 2	$ (4)
Misc. & Transfers-Out	$ -	$ -	$ -
Capital Outlay	$ 7	$ 97	$ 90
Total	**$ 1,253**	**$ 1,400**	**$ 147**

Table 13: Consolidated Parks Expenditures Year to Year Comparison

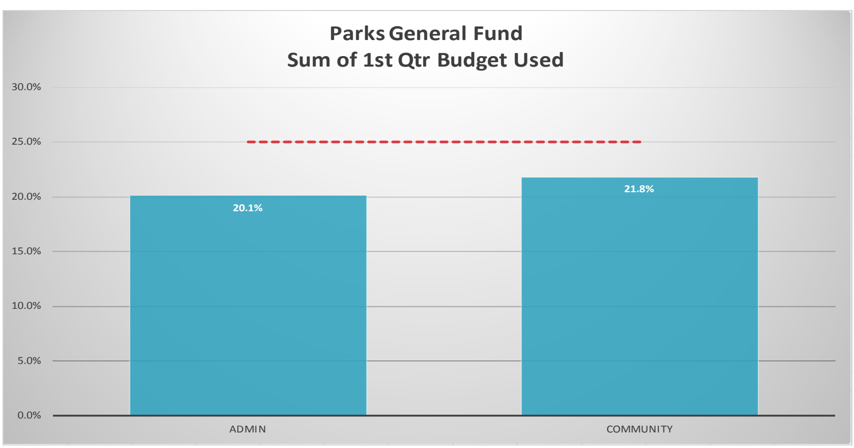


Figure 6: Parks General Fund Dept. Expenditures as a % of Budget

Capital Outlay is below amended budget by 5.4%. Capital equipment makes up 51%, or $250,000, of the capital outlay budget. Capital projects make up 49%, or $249,000, of the capital budget. A portion of the capital budget is made up of new capital lease payments that do not start until the future year.

Parks and Recreation, or Community Services, is a majority of the Consolidated Parks Fund making up 99.8% of the fund. Spending for Parks and Recreation is in line spending targets for the original budget. Across all expenditure categories the department was in line with spending targets with the exception of early year encumbrances of annual contractual amounts.

Budget to Actual through March 31st 2018
First Quarter

Tax Levy Funds	REVENUES numbers in 000's 2018 Original Budget	2018 YTD Actual	% of Budget	EXPENDITURES numbers in 000's 2018 Original Budget	2018 YTD Actual	% of Budget
City General Fund	$ 153,498	$ 42,138	27.5%	$ 154,006	$ 32,756	21.3%
City Bond & Interest	$ 31,843	$ 11,729	36.8%	$ 33,216	$ 6,154	18.5%
County General Fund	$ 59,613	$ 26,588	44.6%	$ 59,232	$ 17,118	28.9%
Cons. Parks General Fund	$ 6,343	$ 1,268	20.0%	$ 6,450	$ 1,400	21.7%
County Bond & Interest	$ 3,454	$ 1,597	46.2%	$ 4,157	$ 339	8.2%
CIFI	$ -	$		$ -	$ -	
Aging	$ 1,773	$ 754	42.5%	$ 1,884	$ 451	23.9%
Developmental Disabilities	$ 467	$ 259	55.6%	$ 598	$ 51	8.5%
Elections	$ 1,185	$ 636	53.7%	$ 1,478	$ 302	20.4%
Health	$ 3,138	$ 1,253	39.9%	$ 3,394	$ 714	21.0%
Mental Health	$ 572	$ 309	54.1%	$ 580	$ 135	23.3%
Total UG Tax Levy Funds	**$ 261,886**	**$ 86,533**	**33.0%**	**$ 264,994**	**$ 59,419**	**22.4%**

Other Funds	2018 Original Budget	2018 YTD Actual	% of Budget	2018 Original Budget	2018 YTD Actual	% of Budget
Wyandotte County 911	$ 800	$ 210	26.3%	$ 860	$ 485	56.4%
Alcohol	$ 548	$ 124	22.7%	$ 784	$ 61	7.8%
Court Trustee	$ 420	$ 111	26.4%	$ 583	$ 89	15.3%
Dedicated Sales Tax	$ 10,364	$ 2,342	22.6%	$ 11,078	$ 2,552	23.0%
Emergency Medical Services	$ 11,547	$ 2,746	23.8%	$ 11,803	$ 2,292	19.4%
Environmental Trust	$ 1,067	$ 281	26.4%	$ 1,130	$ 131	11.6%
Jail Commissary	$ 25	$ 11	43.5%	$ 60	$	0.4%
Parks & Recreation	$ 548	$ 124	22.7%	$ 583	$ 185	31.7%
Public Levee	$ 330	$ 100	30.3%	$ 457	$ 16	3.4%
Register of Deeds Technology	$ 155	$ 36	23.3%	$ 170	$ -	0.0%
Clerk Technology	$ 42	$ 9	21.5%	$ 58	$ 3	5.0%
Treasury Technology	$ 42	$ 9	21.5%	$ 31	$ 4	14.2%
Sewer System	$ 39,803	$ 6,146	15.4%	$ 43,918	$ 7,975	18.2%
Stormwater	$ 3,415	$ 846	24.8%	$ 4,067	$ 180	4.4%
Street & Highway	$ 7,030	$ 1,751	24.9%	$ 7,565	$ 2,049	27.1%
Sunflower Hills Golf Course	$ 780	$ 36	4.6%	$ 787	$ 302	38.4%
Travel & Tourism	$ 3,437	$ 830	24.2%	$ 4,098	$ 1,109	27.1%
Stadium	$ 314	$ 30	9.7%	$ 661	$ 184	27.9%
Special Assets	$ -	$ -		$ 4,250	$ -	0.0%
Total Other Funds	**$ 80,667**	**$ 15,744**	**19.5%**	**$ 92,942**	**$ 17,618**	**19.0%**
Total Funds	**$ 342,553**	**$ 102,277**	**29.9%**	**$ 357,936**	**$ 77,038**	**21.5%**
County Library	$ 2,820	$ 1,573	55.8%	$ 3,124	$ 1,573	50.4%
Total ALL Funds	**$ 345,373**	**$ 103,850**	**30.1%**	**$ 361,060**	**$ 78,611**	**21.8%**

Staff Request for Commission Action

Tracking No. 1893

Full Commission Meeting Date: NA
Committee: Economic Development & Finance

Date of Standing Committee Action: 6/4/18 (If none, please explain):

Publication Required: No

Date:	Contact Name:	Contact Phone:	Contact Email:	Department/Division:
02/13/2018	Kathleen VonAchen	x5186	kvonachen@wycokck.org	Finance

Item Description: Presentation on proposed revisions to the Unified Government's budgetary and financial policies. *For information only.*
Action Requested: For information only
Budget Impact: (if applicable) Amount: Source: Included In Budget: Other (explain):
Attachments List: UG Financial Policies-All-PDF Draft-5.23.18

Unified Government
Finance Department

Kathleen VonAchen
Chief Financial Officer

701 North 7th Street, Suite 330
Kansas City, Kansas 66101-3065

Phone: (913) 573-5186
Fax: (913) 573-5003

May 22, 2018

Finance Department is presenting a summary ("short form") and ten revised budgetary and financial policies to the Economic Development and Finance Standing Committee on June 4, 2018. At this June 4th meeting we are request your review and feedback on the proposed policies. No action will be requested at this meeting to provide Commissioners sufficient time to review and consider the recommended policy revisions. Staff presentation of the policies on June 4th will include a brief summary statement and an overview of the major proposed revisions. Approval of the presented policies is tentatively planned to take place at the Committee's July 9, 2018 meeting, as directly by the Committee. All of the budgetary and financial policies are annually published in the budget document.

Provided below is a list of the submitted revised policies, the date the policies were last adopted, and a brief statement of the proposed revisions. As you review the policy documents you will notice a color coding, as follows:

- **Black text** – Existing policy language as published in the Adopted 2018 Budget.
- **Blue text** – Proposed new language/revisions that **does not propose any changes** of the Government's current practices. The revised language is added to **more fully document current practices**.
- **Red text** – Revision language to **propose a revision of our current practices**.

Last Adoption Date	Financial Policy	Proposed Revision Summary	Page #
New	Summary: Budgetary and Financial Policies *[The "Short Form"]*	Brief statements of policies; **Documenting current practice**	1
5/13/2012	Operating and Capital Budget Policy	**Documenting current practice;** no policy revisions proposed	4
11/21/2013	Revenue and User Fee Policy	**Documenting current practice**; no policy revisions proposed	12
11/21/2013	Expenditure Policy	**Documenting current practice**; no policy revisions proposed	16
Not formally adopted	Capital Asset & Equipment Investment and Management Policy	**Documenting current practice**; **several policy revisions** proposed	19

12/19/2013	Long Term Financial Planning Policy	**Documenting current practice**; no policy revisions proposed	28
5/13/2012	General Fund Reserve Policy	**Documenting current practice**; **several policy revisions** proposed	33
5/13/2012	Special Revenue Funds Reserve Policy	**Documenting current practice**; **several policy revisions** proposed	39
New	Enterprise Funds and Internal Service Funds Reserve Policy	**Documenting current practice**; **several policy revisions** proposed	45
1/23/2014	Accounting, Auditing, Financial Reporting Policy	**Documenting current practice**; **one policy revisions** proposed	51
12/19/2013	Debt Policy	**Documenting current practice**; **several policy revisions** proposed;	54

The following is a summary of the recommended major revisions:

Capital Asset & Equipment Investment and Management Policy

Page 24 – For fleet/vehicle and information technology budget requests, the policy is asking departments to submit their initiatives to the Fleet Division and Chief Knowledge Officer, respectively, for their review and consideration, similar to how all roads, traffic and facilities are reviewed by divisions with Public Works prior to being advanced to the County Administrator.

Page 25 – Currently there is no clear definition of a capital project. This revision would change the current practice to limit requests advancing through the CMIP budget process to only items with a useful life of 5 years and cost at least $50,000.

General Fund Reserves Policy

Page 34 – Increases the operating reserve from 10% to two-months (17%) of operating expenditures and transfers and established the objective to achieve an additional one-month (and 8% additional) reserve for economic uncertainty/emergencies over the future five years. Established a procedure for monitoring and compliance.

Page 35 - Establishes the criteria for spending the two reserves.

Page 36 - Directs staff to present a plan for replenishment over the future five years should the operating reserve is anticipated to or actually falls below the two-month target. Provides guidelines for potential uses of excess reserves, including dedicated to reducing long term liabilities such as pensions, increased investment in capital improvements, other one-time uses that reduce operational costs, or new programs as desired by the Commission.

Special Reserve Fund Reserve Policy

Page 40 – Adjusts the list of funds and their reserves percentage to include special revenue funds that are new since the last adoption of this policy, or some renaming of existing funds. Established a procedure for monitoring and compliance.

Page 41 - Establishes the criteria for spending the reserves.

Page 42 - Directs staff to present a plan for replenishment over the future five years should the operating reserve is anticipated to or actually falls below the target. Provides guidelines for potential uses of excess reserves, including dedicated to reducing long term liabilities such as pensions, increased investment in capital improvements, other one-time uses that reduce operational costs, or new programs as desired by the Commission.

Enterprise and Internal Service Fund Reserve Policy (new policy)
Page 45-46 - Establishes that working capital of enterprise funds be established as a reserve as a percent of operating expenditures and transfers according to the percentages listed by fund in the policy.

Page 46 - Establishes reserve target for internal service funds, as recommended by the Government Finance Officers Association. States the goal or objective for the future potential creation of an equipment and vehicle replacement fund in order to begin the process of collecting resources to fund future needs in these areas. Established a procedure for monitoring and compliance.

Page 47 - Establishes the criteria for spending the reserves.

Page 48 - Directs staff to present a plan for replenishment over the future five years should the reserve is anticipated to or actually falls below target. Provides guidelines for potential uses of excess reserves, including dedicated to reducing long term liabilities such as pensions, increased investment in capital improvements, other one-time uses that reduce operational costs, or new programs as desired by the Commission. Provides direction on periodic review of the targets.

Page 50 – Defines how working capital is calculated.

Accounting, Auditing, Financial Reporting Policy
Page 50 – Revised the number of annual budget vs. actual reports that are submitted to the Economic Development and Finance Committee from three times a year to four times of year.

Debt Policy
Page 55 – Updated the Moody's Investor Service rating to "A1", where it previously stated it was "AA".

Page 57 – Added language to establish as a goal to achieve an "AA" rating from all credit rating agencies. It previously said to maintain AA ratings, which the government no longer possesses.

Unified Government of Wyandotte County and Kansas City, Kansas

Summary:
Budgetary and Financial Policies

Commission Resolution:
R-xx-18
Adopted: xx/xx/xxxx

This is a condensed version of the budgetary and financial policies of the Unified Government of Wyandotte County and Kansas City, Kansas.

1. Structural Balance

The budget for the Consolidated General Fund will be structurally balanced, with the sum of estimated revenues and appropriated Fund Balance is equal to expenditures and transfers.

2. Long-Term Financial Plan

The proposed annual budget should include a five-year General Fund projection.

3. Budget Process is an Annual Cycle

The annual budget process is used to develop annual service priorities and the level and type of resources to fund those services. Proposed mid-year changes to the budget and to service levels during the fiscal year will be minimized. Proposed mid-year changes will be evaluated programmatically and fiscally prior to adoption, and, if adopted, will have a lower priority compared to pre-existing programs and projects unless otherwise specified.

4. User Fees to be Set Related Cost of Service

When possible, user fees will be set to fully recover costs, except where there is a greater public benefit through use of a lower fee. There will be an administrative process for in-depth review of all fees over time.

5. One-Time Resources are for One-Time Uses

One-time resources will not be used to fund ongoing operations and are to be used for one-time purposes.

6. Capital Projects Budgeted for Both One-Time and Ongoing Costs

Before approving any capital expenditure, the Unified Government Commission will consider the capital (one- time) costs, the operating (ongoing) components of costs, the replacement costs, and the expected approach to funding replacement.

7. Fund Balance Policy

Fund Balance Policy for governmental funds establishes categories of fund balances - non-spendable, restricted, committed, assigned and unassigned. It also creates specific reserves - an operating reserve to be maintained and an economic uncertainty/ emergency reserve to be accumulated in the future five years.

8. Adequate Emergency and Operating Reserves will be Maintained

Operating reserves of the General Fund will be maintained at two months of General Fund ongoing expenditures, including transfers. The Emergency General Fund reserve establishes a target of an additional one month of General Fund operating expenditures sought to be accumulated over the future five years. Specific operating reserves are also established for all other special revenue and enterprise funds in accordance with recommended practices.

10. Revenue Projections will be Conservative

Revenue projections are to be objectively prepared using a reasonably conservative approach.

11. Stable Revenue Sources will be Used to Fund Operations

Any revenue that has a highly variable component may have only a portion of it, or none of it, budgeted for operations.

12. Fiscal Impact Analysis

For proposed Unified Government Commission action, an analysis may be provided (fiscal impact analysis) of the projected or potential fiscal impact on current and future revenues, expenditures, or resources, including staff resources, and on how the action may impact the Unified Government's financial or economic position.

13. Current Year Costs will be Funded or an Explanation Provided

The budget will include funding for all costs of operations for the current year or will identify, provide general information on and discuss any costs not fully funded, including unfunded liabilities, unfunded lifecycle replacement costs, and deferred maintenance.

14. Financial Reporting will use Generally Accepted Accounting Standards

The Unified Government will prepare annual financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and will use a consistent approach to budgetary reporting. Both the basis of accounting and the basis of budgeting will be described in the appropriate documents.

15. Financial Status will be Reported

The Unified Government's Comprehensive Annual Financial Report (CAFR) will be made available after completion of the annual audit.

There will be quarterly reporting on the budgetary status of all the Unified Government's State certified funds, with particularly emphasis on the three funds comprising of the Consolidated General Fund. Any major or critical budgetary issues will be reported as soon as it is practical.

16. Financial Status of Major Funds will be Reviewed

The County Administration will annually present a brief report discussing the high-level financial status of each major fund of the Unified Government as part of the budget presentation. The report will be part of the proposed budget as a component of each fund's Fund Summary.

17. Appropriate Grants will be Sought

The Unified Government will seek grants that address Commission priorities and are believed to provide a substantial net benefit after considering the Government's cost to secure and administer the grant and the risk associated with unintentional non-compliance. The Unified Government shall maintain support to ensure compliance with grant terms and requirements.

18. Debt Maintained at Appropriate Levels

Debt limits follow State law. The term of debt will generally not exceed the life of the asset being acquired; capital leases for vehicles will be part of a comprehensive strategy; and debt will not be used to fund operations.

19. Investments will be Conservatively Managed

Investments shall be managed with the priorities of: safety of principal, liquidity (availability of cash), and yield (investment income).

20. A Long-Term General Financial Plan will be Maintained

A plan will be presented that outlines general approaches to maintaining and increasing revenues, growing Wyandotte County's economy for the purpose of revenue generation, and controlling and managing the cost of services and the method of delivery of services.

21. Financial Policies will be Reviewed

Financial policies will be reviewed at least annually. The County Administrator and Chief Financial Officer will report potential non-compliance on any proposed Commission action and will report annually on overall compliance and non-compliance with all the financial policies.

22. Administrative Procedures to be Consistent with Policy

Administrative procedures shall be consistent with the adopted Unified Government Commission budgetary and financial policies.

Unified Government of Wyandotte County and Kansas City, Kansas

Operating and Capital Budget Policy

Commission Resolution:
R-xx-18
Adopted: xx/xx/xxxx

DRAFT 5/2/18

I. Authority:

The Mayor and the Board of Commissioners are responsible for legislation, policy formulation and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of the Unified Government (UG). The County Administrator is responsible for carrying out the policy directives of the Board of Commissioners and managing the day-to-day operations of the executive departments, including the Finance Department. This policy shall be administered on behalf of the County Administrator by the Chief Financial Officer. This policy shall be administered on behalf of the County Administrator by the Chief Financial Officer and the Budget Director.

II. Purpose:

The Operating and Capital Budget is developed on an annual basis through departmental business plans to achieve operational objectives. Together, these documents and activities provide a comprehensive plan to deliver efficient services to residents and stakeholders of the Unified Government in a manner that aligns resources with the policy, goals, mission, and vision of the Board of Commissioners.

The formulation of the Operating and Capital Budget, including the publication of a comprehensive budget document, is one the most important financial activities that the Unified Government undertakes each year. This budget policy is intended to provide guidelines to assist in the formulation and consideration of broader implications of financial discussions and decisions, which ultimately assist in completing financial planning cycles that deliver the best value to residents.

III. Applicability and Scope:

This policy shall apply to all Funds under the budgetary and fiscal control of the Mayor and the Board of Commissioners.

IV. Policy:

A. Basis of Budgeting

1. Governmental, Special Revenue and Enterprise Fund Types - Budgets for these Fund types are adopted on the Cash Basis of Accounting.
2. Cash Basis of Accounting includes the following budgetary treatments:
    a. Changes in the fair value of investments are not treated as adjustments to revenue in the annual operating budget;
    b. Debt service and capital lease principal payments are treated as expenses in theannual operating budget;
    c. Depreciation expense is not recognized in theannual operating budget; and

d. Capital purchases are recognized as expense in the annual operating budget.

B. Budgetary Control

1. The Unified Government must comply with the Kansas budget law, K.S.A. 79-2925 et seq., and the Kansas cash basis law, K.S.A. 10-1101 et seq. The budget law requires local governments to adopt a balanced budget and not to raise taxes or spend moneys other than as provided in the budget. State law requires the Unified Government to adopt an annual balanced budget by formal resolution for the General Fund, special revenue funds, debt service funds and enterprise funds in use. The Board of Commissioners is allowed to adopt and operate under a project-length balanced budget for each capital Project Fund. Both the budget law and the cash basis law make it unlawful to create any indebtedness in excess of the amount of money budgeted and appropriated for the purpose during the current budget year. Any contract of the municipality creating indebtedness, in violation of the law is declared void. Accordingly, multi-year contracts must have a provision that allows cancellation of the contract if the funding to pay the obligation is not appropriated for the budget year.
2. The Unified Government's budgeting system is a program-based line item process. Departments prepare operating and capital program budgets at a detailed level. Department management is responsible for administering their respective Programs within the financial constraints described by the budget as adopted.
3. At a minimum, the Legal Level of Control is for each Fund for which a budget is adopted, although for administrative oversight each department director is responsible for managing to their respective department's adopted budget. The level of control is established at the fund level by State statutes, which also permits the transfer of budgeted amounts from one category to another within the same Fund. Budgets cannot be moved between departments without obtaining approval from the County Administrator, or his/her designee. The Unified Government further controls spending by requiring that no expenditures be committed that would exceed the amount appropriated for the spending category (e.g. Personnel, Services, Commodities, Capital) without the department first obtaining approval.
4. Nothing in either the budget or cash basis laws prohibits revisions of budgets from one account within the General Fund to another account in the General Fund, if needed. The following types of budget revisions require approval from both from the department director and County Administrator, or his/her designee:
    a. An appropriation of contingency budgets,
    b. An appropriation of reserve budgets,
    c. Revisions that move budgetary appropriations between operating and capital budgets, and
    d. Budget revisions within a Fund that equal to or are greater than $10,000.
5. The following financial transaction processing actions require Budget Director approval before execution:

   a. Pre-Bid Contracts,
   b. Capital Project Contracts,
   c. Capital Equipment Contracts, and
   d. Changing status of an unfunded personnel position to funded or creation of a new personnel position.

6. The following budgetary controls will be adhered to by all departments and divisions:
   a. Reallocating budgets from *personnel accounts* require department director, chief financial officer, and County Administrator's Office approvals.
   b. Budget appropriations may be moved between other accounts with department director approval.
   c. *Moving budget appropriations are allowed from one division to another division* within the same Fund's cost category. Additionally, *all such budget appropriation revisions* must be approved by the department director and the transferring division manager.
   d. Commission approval is required for budget amendments at the fund level, in accordance with K.S.A. 79-2929a.
7. Special budgetary controls and reporting requirements are in effect for the following four categories of budget expenditures:
   a. Commission review is necessary for discretionary expenditures that exceed $50,000 and do not impact operations or present an immediate health and safety concern. *Discretionary expenses include legal settlements (excluding legal fees), new capital projects, property acquisition payments, or other initiatives not previously reviewed by the governing body*.
   b. The County Administrator is authorized to approve budget revisions that exceed $50,000 for matters involving health and safety concerns, other emergencies or to sustain on-going operations, subject to approval by the Mayor or the Mayor pro-tem, if the Mayor is absent. These revisions will be reported to the next scheduled meeting of the Economic Development and Finance Standing Committee.
   c. The County Administrator is authorized to approve budget revisions between $10,000 to $50,000 for emergencies, health and safety concerns, new capital projects, legal settlements, property acquisition, or to sustain on-going government operations. These revisions will be reported to the Economic Development and Finance Standing Committee on a quarterly basis.
   d. Routine day-to-day department expenditure budget revisions, less than $10,000, are managed by the department directors and are subject to the County Administrator's budget controls set forth in this policy and do not require Commission review.
8. The Chief Financial Officer and the Budget Director will provide updates on the Unified Government's financial position of all State certified applicable Funds by quarterly reporting to the Economic Development and Finance Standing Committee, Mayor and the Board of Commissioners the status of actual expenditures, expenses, and revenues compared to the adopted budget, with estimated fund balances/net positions (also refer to the Accounting, Auditing

and Financial Reporting Policy). Further, the Chief Financial Officer and the Budget Director will ensure that department management has access to timely and accurate financial data.

C. Balanced Budget

1. The Unified Government shall adopt a balanced budget for each Fund in which this policy covers. All Unified Government Tax Levy Funds' budgets are required to balance according to Kansas Stated Statute (K.S.A 79-2967). A budget resolution is balanced when the sum of estimated revenues and appropriated Fund Balances/Net Position is equal to appropriations.
2. Operating revenues, other financing sources and resources from fund balances/net position must fully cover operating expenditures / expenses, including debt service and other financing uses. Operating expenditures / expenses for the purposes of balancing the annual budget shall include that year's contribution to capital Funds deemed required to maintain existing assets. Further, Operating expenditures / expenses shall include the portion of Funds required to maintain the viability of internal service Funds for the purposes in which they were created.
3. Minimum reserves policy levels must be maintained unless reserves are being used in accordance with the purposes permitted by the Unified Government's policy (see Unified Government reserves policies for further guidance).
4. The balancing of Operating Revenues with Operating Expenditures (as defined above) is a goal that should be applied over a period of time which extends beyond current appropriations. Temporary shortages, or operating deficits, can and do occur, but they shall not be tolerated as extended trends. The Unified Government cannot develop a legacy of shortages or a legacy of mixing one-time revenue sources to Fund operational costs and expect to continue the delivery of services.

D. Form of the Budget

1. Unified Government Vision - The budget shall be constructed around the-Board of Commissioners vision for the long-term direction of Unified Government services and the associated desired culture and environment. When appropriate, a needs assessment of stakeholders' priorities, challenges and opportunities shall be integrated into the visioning process to assist with the establishment of both short-term and long-term goals.
2. Financial Plans - The Unified Government's departments shall create plans that describe their operational needs. These plans shall address the appropriate level of Funding required to meet stakeholders needs based upon the Unified Government vision previously established. Such Funding requests will be prepared in a financially sustainable manner. Operational plans should contain the identification of opportunities and challenges associated with implementing the stakeholders' priorities and vision of the Board of Commissioners.
3. Programmatic Budgeting - The budget shall be based on Programs in order to provide insight into the costs of the lines of service that the Unified Government provides. Deliverables and specific actions shall be detailed at the Programmatic level, which support the goals and vision outlined within the

plan and Unified Government vision.

4. Cost Allocation - The budget shall be prepared in a manner that reflects the full cost of providing services. Internal service Funds shall be maintained to account for services provided primarily to departments within the Unified Government.
5. Financial Information - The budget shall display estimated beginning Fund Balances (Budgetary Basis); estimated revenue and receipts; appropriated expenditures or expenses; and the estimated year-end Fund Balances (Budgetary Basis).

E. Estimates of Revenue, Expenditures, and Expenses

1. Objective Estimates - The Unified Government shall take an objective and analytical approach to forecasting revenues, expenditures and expenses as accurately as possible. Though the Unified Government will use the best information available to estimate revenues, including millage rates and tax revenues, accurately, absolute certainty is impossible. Should revenues be overestimated, the spending plans and priorities established during the budget process shall be used to propose appropriations and spending as required to bring the budget into balance.
2. Regular Monitoring of Projections - The Finance Department shall monitor revenue incomes and expenditure/expense outflows to assess the implications of the annual budget in order to provide timely updates on actual financial performance.
3. Long-Term Forecasts - The Finance Department shall develop and maintain long-term financial forecasts, at least five years into the future, in order to help the Unified Government management and elected officials assess its long-term financial sustainability.

F. Stakeholder Participation

The Unified Government shall provide meaningful opportunities for the stakeholders to provide input into the financial planning and budget process, before a budget is adopted.

G. Create Value for the Stakeholders

The Unified Government seeks to maximize the value each stakeholder receives through its spending. Accordingly, staff should develop budget tools and methods to measure and maximize value, particularly by critically examining existing spending patterns.

H. Address Long-Term Liabilities

The Unified Government shall fully Fund current portions of long-term liabilities in order to maintain the trust of creditors and avoid accumulating excessive liabilities over the long-term.

I. Responsibilities and Calendar

The Unified Government's fiscal year runs from January 1 through December 31. The County Administrator shall submit or cause to be submitted annually to the Mayor and Board of Commissioners, typically in early July, a proposed budget governing expenditures/expenses of all applicable Unified Government Funds, including capital outlay and public works projects, for the following year. The procedures for budget preparation, submission to the Mayor and Board of Commissioners, review by the Mayor and Board of Commissioners, public review, notice, and public hearings are provided in State law as well as in the Unified Government practice. State budget law requires the budget be adopted by the Mayor and Board of Commissioners and submitted to the County Clerk of the Unified Government by August 25th of the prior year to which it applies, which budget, when so adopted shall constitute the Mayor and Board of Commissioners' appropriation of all applicable Funds for such year.

J. Budget Amendments

Amendments shall be considered and adopted by the Mayor and Board of Commissioners. If unexpected or unfunded expenditures must be made, department directors are expected to manage their available resources and reevaluate priorities before requesting a budget amendment. Budget Amendments require formal approval of the UG Commission as allowed by State Statute for any current fiscal year budget, at the fund level, for the current fiscal year operating budget if sufficient funds are available. A budget amendment may only be made for previously unbudgeted increases in revenue estimates, with the exception of ad valorem property tax revenues. Criteria for amending a fund's budget include: a) emergencies, b) federal and state mandates, and c) other circumstances which could not be anticipated. A budget may not be amended solely due to additional revenues have become available. The Chief Financial Officer submits to the Commission a request to amend the budget. The request contains explanations written by the director(s) of the department(s) requesting additional budget appropriation with a proposal for financing the additional appropriation. To amend the budget, a notice of public hearing to amend the budget must be published in the local newspaper. Ten days after the publication, the public hearing may be held at which time the governing body has the option of approving or denying the request.

K. Operating Carryover and Surplus

A fiscal year-end operating surplus may occur when there is a net increase in fund balance or when there is a positive budget variance at the Fund-level. Such a surplus will be reviewed by the Commission for potential use based on the following priorities: 1) increase reserves, 2) paying down liabilities for internal service funds with negative financial positions, 3) examine opportunities for pre-payment and accelerated payoff of debt, and 4) increase funds for capital facilities.

L. Priorities for Funding

The County has many Funding requirements established by the United States Federal Government and the State of Kansas. The Unified Government is directed by a large body of laws, Program mandates, rules, and policies which can dictate its operations. It is the Unified Government's policy to effectively and efficiently manage its operations in conformity with these legal directives.

V. Quality Control and Quality Assurance:

It is the responsibility of the Budget Director to ensure the presence of procedures that provide sufficient guidance to affected Unified Government personnel to fulfill the intent of this policy.

These policies will be reviewed at least annually and updated on an as-needed basis.

VI. Metrics:

To be developed and managed accordingly.

VII. Definitions and Acronyms:

A. Adopted Budget Resolution - The formal statement approved by the Board of Commissioners which shows budgeted revenues and expenditures/expenses for the upcoming fiscal year by Fund.

B. Balanced Budget - A budget is balanced when the sum of estimated revenues and appropriated Fund Balances/Net Position is equal to appropriations.

C. Capital Maintenance and Improvement Budget – The Amended Current Year and Year One of the Capital Improvement Plan shall be appropriated with the annual budget and accounted for within a capital project Fund(s).

D. Capital Maintenance and Improvement Plan (CMIP) - A plan that describes the capital projects and associated Funding sources the Unified Government intends to undertake in the current year plus five additional future years, including the acquisition or construction of capital facilities, equipment and other capital assets, and the maintenance thereof.

E. Cash Basis of Accounting / Kansas Cash Basis Law – Cash basis of accounting is the practice of recording revenues when cash is received and recording expenses when the expense is paid. Kansas cash basis law, K.S.A. 10-1101 et seq. is designed to prohibit cities and counties from spending cash the entity does not have or incurring obligations that cannot be met promptly. The law makes it unlawful to create any indebtedness in excess of the amount budgeted and appropriated for the purpose during the current budget year. Any contract of the municipality creating indebtedness, in violation of the law, would be declared void. Accordingly, multi-year contracts must have a provision that allow for the cancellation of contracts if the funding to pay the obligation was not appropriated for the budget year. There are certain exceptions to the cash basis law in the Kansas statutes, specifically pertaining to the issuance of certain types of government debt.

F. Full Accrual Basis of Accounting - Under this basis of accounting, transactions and events are recognized as revenues and expenses when they occur, regardless of timing of related cash flow.

G. Fund - An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources, together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying out specific activities or attaining certain objectives. Funds can be divided into various types, depending on their purpose. These types include Governmental (general Fund, special revenue Funds, capital project Funds, debt service, proprietary Funds (internal service and enterprise Funds) and Fiduciary Funds (trust Funds, agency Funds).

H. Fund Balance (CAFR) - Fund balance is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in a governmental Fund as reported in the Comprehensive Annual Financial Report (CAFR).

I. Fund Balance (Budgetary) – Fund Balance for Budgetary Purposes begins with the beginning of the year unencumbered fund balance as reported in the CAFR's Schedule of Budgetary Accounts, Budget and Actual Budgetary Basis (non-GAAP) for the respective fund, plus all revenues less all expenditures recorded on a cash basis for the respective fiscal year.

J. Legal Level of Control - The lowest level of budgetary detail at which a local government's management or budget officer may not reassign resources without approval of the governing authority.
K. Modified Accrual Basis of Accounting - Under this basis of accounting, revenues are recognized when they become both measurable and available. Measurable means the amount of the transaction can be determined. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recognized when an event or transaction is expected to draw upon current spendable resources.
L. Net Position - The residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.
M. Operating Revenue - Revenues from regular taxes, fees, fines, permits, charges for service and similar sources. Operating Revenues exclude proceeds from long-term debt instruments used to finance capital projects and other financial sources.
N. Operating Expenditures/Expenses - Expenditures/expenses are made to pay for daily operations that provide basic government services such as personnel, supplies, and contracted services. Operating Expenditures exclude capital costs and their financing uses. Expenditures are reported within governmental Fund types; expenses within proprietary Fund types.
O. Other Financing Sources - The other financing sources category normally is used only for items that authoritative reporting standards have identified as such. Those items are: the issuance of long-term debt; inception of a capital lease; debt service on demand bonds reported as Fund liabilities; sales of capital assets; insurance recoveries; and transfers.
P. Other Financing Uses - The other financing uses category serves to report the following events and transactions: original issue discount on debt; payments to advance refunding escrow agent; reclassification of demand bonds as Fund liabilities; and transfers.
Q. Program - A set of activities, operations, or organizational units designed and directed to accomplish a specific service outcomes or objectives for a defined customer.

VIII. Related Documents and References:

A. Budget process manuals and budget resolutions
B. Capital Asset and Equipment Investment and Management Policy
C. General Fund Operating and Economic Uncertainty/Emergency Reserve Policy
D. Special Revenue Operating Funds Reserve Policy
E. Enterprise Operating and Internal Service Funds Reserve Policy
F. Long-Term Financial Planning Policy
G. County Administrator policies as applicable

Unified Government of Wyandotte County and Kansas City, Kansas

Revenue and User Fee Policy

Commission Resolution:
R-xx-18
Adopted: xx/xx/xxxx

I. Authority:

The Mayor and the Board of Commissioners are responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of Unified Government (UG). The County Administrator is responsible for carrying out the policy directives of the UG Board of Commissioners and managing the day-to-day operations of the executive departments, including the Finance Department. This policy shall be administered on behalf of the County Administrator by the Chief Financial Officer and the Budget Director.

II. Purpose:

Local governments create value for the public by providing services and creating stable institutions, which contribute to an orderly society. Revenues are central to constituents' perceptions of the value governments create for them for two reasons. First, sufficient and stable revenues are needed to consistently produce the programs and services that constituents prefer. Second, "public value" is not just a function of the services constituents receive, but also what and how they pay for those services – revenue sources that are fair and consistent will be more acceptable to the public.

This Revenue and User Fee Policy establishes standards and guidelines that support efficient and fair revenue streams. The goals are a broad philosophy that supports how the government will manage revenues in terms of diversification and stabilization, equity, relation to economic development, and collections.

III. Applicability and Scope:

This policy shall apply to all Funds under the budgetary and fiscal control of the Mayor and the Board of Commissioners.

IV. Policy:

A. Revenues Goals

1. Diversification and Stabilization – The goal of Unified Government is to maintain diverse and stable revenue sources. Three primary revenue sources, including property tax, sales tax, and franchise or payment in-lieu of tax provide a strong revenue base. Nearly 60% of revenue received by the UG is from the three sources stated above. A combination of other charges for services, various fees, fines and other miscellaneous revenues broaden the revenue base.

2. Equity – The Unified Government strives to maintain a sound and fair tax appraisal system, consistent with State statutes. The County's diversified tax structure results

in property, sales or franchise tax payments from most residents and businesses. For example, a business receiving a property tax incentive or abatement is still subject to the local utility franchise or PILOT charges (payment-in-lieu of tax).

3. Relation to Economic Development – Tax incentives will be provided to encourage investment in both residential and commercial sectors that stimulate growth and provide future fiscal and economic impact to the community. Tax incentives will be consistent with the government's tax abatement and economic development policies.

4. Collections - The collection of delinquent taxes is a high priority. Delinquent taxpayer notifications, tax sales, and the Kansas set-off program are important tools used by the government to reduce delinquency and increase governmental revenues

B. Non-Recurring and Volatile Revenues

Non-recurring revenues should not be used on a continual basis to balance the budget. Capital investment is a more appropriate use of the funds.

C. New Revenues and Changes to Revenues

New revenue sources will be evaluated in terms of their fairness, economic impact and cost.

D. Revenue Estimates

Because revenues are sensitive to local and regional economic conditions, the UG takes a conservative forecasting approach in projecting revenues. Forecasting of revenues should consider prior year trends and current economic conditions. Staff will estimate annual revenues by an objective, analytical process utilizing trend, judgmental, and statistical analysis as appropriate. Revenue budget estimates shall be supported with documented variable assumptions (base, rate, etc.). Revenue initiating departments shall provide guidance to the Finance Department in the formulation of revenue estimates. Additionally, revenue forecasts should be monitored on an ongoing basis and adjusted as necessary.

E. Earmarking

In order to maximize the flexibility of current and future UG administrations, it is the goal of this policy to limit the use of earmarking specific revenues for specific programmatic expenditures.

F. User Fees

For services that benefit specific users, the County Administrator shall establish and collect fees to fully or partially recover the costs of providing those services and determine the appropriate cost recovery level in establishing the fees. Where feasible and desirable, the UG shall seek to recover full direct and indirect costs. User fees shall be reviewed on a regular basis to calculate their full cost recovery levels, to compare them to the current fee structure, and to recommend adjustments where necessary.

Utility rates and enterprise funds user fees shall be set at levels sufficient to recover operating expenditures, meet debt obligations, provide additional funding for capital improvements, and provide adequate levels of working capital. The UG shall seek to eliminate all forms of subsidization to utility/enterprise funds from the General Fund.

G. Property Taxes

The UG shall endeavor to reduce its reliance on property tax revenues by revenue diversification, implementation of user fees, and economic development. The City shall also strive to minimize the property tax burden on Unified Government citizens.

V. Quality Control and Quality Assurance:

It is the responsibility of the Chief Financial Officer and the Budget Director to ensure the presence of procedures that provide sufficient guidance to affected Unified Government personnel to fulfill the intent of this policy.

These policies will be reviewed at least annually and updated on an as-needed basis.

VI. Metrics:

To be developed and managed accordingly.

VII. Definitions and Acronyms:

A. Cash Basis of Accounting / Kansas Cash Basis Law – Cash basis of accounting is the practice of recording revenues when cash is received and recording expenses when the expense is paid. Kansas cash basis law, K.S.A. 10-1101 et seq. is designed to prohibit cities and counties from spending cash the entity does not have or incurring obligations that cannot be met promptly. The law makes it unlawful to create any indebtedness in excess of the amount budgeted and appropriated for the purpose during the current budget year. Any contract of the municipality creating indebtedness, in violation of the law, would be declared void. Accordingly, multi-year contracts must have a provision that allow for the cancellation of contracts if the funding to pay the obligation was not appropriated for the budget year. There are certain exceptions to the cash basis law in the Kansas statutes, specifically pertaining to the issuance of certain types of government debt.

B. Fund - An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources, together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying out specific activities or attaining certain objectives. Funds can be divided into various types, depending on their purpose. These types include Governmental (general Fund, special revenue Funds, capital project Funds, debt service, proprietary Funds (internal service and enterprise Funds) and Fiduciary Funds (trust Funds, agency Funds).

C. Non-Recurring Revenues – Revenues that are one-time in nature causing a pike in revenues. Recurring revenues will show mild fluctuations depending on the economy and other factors that fluctuate within a range such as one to five percent. This type of fluctuation is distinguished from a revenue spike that shows unusually large increases for one or two years (over five percent). Economic booms and recessions can create such revenue spikes. The increased revenues (above the normal fluctuation) will be considered one-time or non-recurring revenues.

D. Operating Revenue - Revenues from regular taxes, fees, fines, permits, charges for service and similar sources. Operating Revenues exclude proceeds from long-term debt instruments used to finance capital projects and other financial sources.
E. Other Financing Sources - The other financing sources category normally is used only for items that authoritative reporting standards have identified as such. Those items are: the issuance of long-term debt; inception of a capital lease; debt service on demand bonds reported as Fund liabilities; sales of capital assets; insurance recoveries; and transfers.
F. Program - A set of activities, operations, or organizational units designed and directed to accomplish a specific service outcomes or objectives for a defined customer.
G. User Fees – A revenue or charge for services assessed to recover all or a portion of the cost of providing the services rendered.

VIII. Related Documents and References:

A. Budget process manuals and budget resolutions
B. Operating and Capital Budget Policy
C. Expenditure Policy
D. Long-Term Financial Planning Policy
E. County Administrator policies as applicable

Unified Government of Wyandotte County and Kansas City, Kansas

Expenditure Policy

Commission Resolution:
R-xx-18
Adopted: xx/xx/xxxx

I. **Authority:**
The Mayor and the Board of Commissioners are responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of Unified Government (UG). The County Administrator is responsible for carrying out the policy directives of the UG Board of Commissioners and managing the day-to-day operations of the executive departments, including the Finance Department. This policy shall be administered on behalf of the County Administrator by the Chief Financial Officer and the Budget Director.

II. **Purpose:**
A fundamental level of integrity, directness, and transparency must characterize how local governments spend the public funds entrusted to their stewardship. Beyond that, however, expenditures must be directed to services that citizens prefer. The Expenditure Policy establishes standards and guidelines that support efficiency in government services delivery.

III. **Applicability and Scope:**
This policy shall apply to all Funds under the budgetary and fiscal control of the Mayor and the Board of Commissioners.

IV. **Policy:**

A. **Funding Operations:** A primary goal of the Unified Government is to provide both equitable and cost-effective services to citizens to ensure the ongoing health, safety, and welfare of residents. The Unified Government recognizes that to provide its services in an era of declining revenues and increased costs, tax levies may be increased. It is the goal of the Board of Commissioners that operating expenditures for all related funds must be supported by the operating revenues generated by the respective fund, and that expenditures will not expand beyond the Government's ability to pay for them with current revenues.

Each year the UG Commission adopts an operating budget and a 5-year Capital Maintenance Improvement Program to fund these services. Maintenance, equipment and other capital improvements, including debt financed projects, are funded at targeted levels for current and future years. Grant funds are also utilized to provide services. When a grant concludes staff will evaluate the program for future continuation.

B. **Personnel Compensation and Authorization:** The UG recognizes that personnel represent our greatest asset to providing excellent customer service and promoting organizational values. This policy directs that the Government: a) maintain compensation packages that are sufficient to attract and retain quality employees; b) ensure that compensation packages are competitive with other public-sector employees; and c) establish the personnel budgets necessary to provide quality service.

Because the largest expense in the Unified Government is related to employee pay and benefits, the Commission acknowledges that reduction in those areas might be necessary to minimize the tax burden. When those instances arise, employees will be treated in a fair and respectable manner. The Government expects to provide a competitive compensation package that is sufficient in attracting and retaining quality employees in the public sector. Personnel budgets will be maintained to fund Commission authorized positions and salary adjustments. Staff positions should not exceed the authorized level indicated in the funded personnel inventory. New grant funded position requests require both commission and administration approval. Administration will authorize the filling of vacant positions, giving consideration to budget availability.

C. **Funding Non-Current Liabilities:** Maintenance and replacement funding will be prioritized each year to ensure that capital facilities and equipment are sufficiently maintained. Capital improvement budgets will be strategically invested to support the commission and community vision. The UG recognizes that pension/other post-employment benefits (OPEB) costs are a significant future liability. It is important to review policies to minimize future cost impacts.

D. **Efficiency**: The Unified Government will endeavor to achieve service levels that will make efficient use of its limited resources. In such, the staff are committed to:
    a. analyzing systems and procedures to remove unnecessary requirements;
    b. evaluating new technologies and capital investments;
    c. developing skills and abilities of Unified Government employees;
    d. developing methods of recognizing and rewarding exceptional employee performance;
    e. establishing a systematic, ongoing process for periodic final reviews of operations; and
    f. maintaining the right balance between centralization and decentralization in managing the Government's support services functions.

V. Quality Control and Quality Assurance:

It is the responsibility of the Chief Financial Officer and the Budget Director to ensure the presence of procedures that provide sufficient guidance to affected Unified Government personnel to fulfill the intent of this policy. These policies will be reviewed at least annually and updated on an as-needed basis.

VI. Metrics:

To be developed and managed accordingly.

VII. Definitions and Acronyms:

A. Adopted Budget Resolution - The formal statement approved by the Board of Commissioners which shows budgeted revenues and expenditures/expenses for the upcoming fiscal year by Fund.
B. Balanced Budget - A budget is balanced when the sum of estimated revenues and appropriated Fund Balances/Net Position is equal to appropriations.
C. Capital Maintenance and Improvement Plan (CMIP) - A plan that describes the capital projects and associated Funding sources the Unified Government intends to undertake in the current year plus five additional future years, including the acquisition or construction of capital facilities, equipment and other capital assets, and the maintenance thereof.
D. Fund - An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources, together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying out specific activities or attaining certain objectives. Funds can be divided into various types, depending on their purpose. These types include Governmental (general Fund, special revenue Funds, capital project Funds, debt service, proprietary Funds (internal service and enterprise Funds) and Fiduciary Funds (trust Funds, agency Funds).
E. Legal Level of Control - The lowest level of budgetary detail at which a local government's management or budget officer may not reassign resources without approval of the governing authority.
F. Non-Recurring Expenditures – Expenditures that are one-time in nature causing a pike in costs. Recurring expenditures will show mild fluctuations depending on the economy and other factors that fluctuate within a range such as one to five percent. This type of fluctuation is distinguished from an expenditures spike that shows unusually large increases for one or two years (over five percent). Economic booms and recessions can create such expenditures spikes. The increased expenditure (above the normal fluctuation) will be considered one-time or non-recurring expenditures.
G. Operating Expenditures - Expenditures from personnel costs, contractual services, commodities and similar uses. Operating expenditures exclude capital outlay, equipment acquisitions, transfers-out, long-term debt payments used to finance capital projects and other financial uses
H. Other Financing Uses - The other financing uses category normally is used only for items that authoritative reporting standards have identified as such. Those items are: the issuance of long-term debt; inception of a capital lease; debt service on demand bonds reported as Fund liabilities; and transfers.
I. Program - A set of activities, operations, or organizational units designed and directed to accomplish a specific service outcomes or objectives for a defined customer.

VIII. Related Documents and References:

A. Budget process manuals and budget resolutions
B. Operating and Capital Budget Policy
C. Revenue and User Fee Policy
D. Long-Term Financial Planning Policy
E. County Administrator policies as applicable

Unified Government of Wyandotte County and Kansas City, Kansas

Capital Asset and Equipment Investment and Management Policy

Commission Resolution: R-xx-18
Adopted: xx/xx/xxxx

I. Authority:

The Mayor and the Board of Commissioners are responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of Unified Government (UG). The County Administrator is responsible for carrying out the policy directives of the UG Board of Commissioners and managing the day-to-day operations of the executive departments, including the Finance Department. This policy shall be administered on behalf of the County Administrator by the Chief Financial Officer and the Budget Director.

II. Purpose:

Capital assets and equipment have a major impact on the ability of the Unified Government to deliver services, economic vitality and overall quality of life for Wyandotte County and Kansas City, Kansas stakeholders. The purpose of this policy is to provide guidelines to complete a comprehensive process that allocates limited resources in capital investment and improved management decisions.

III. Applicability and Scope:

This policy shall apply to all funds under the budgetary and fiscal control of the Mayor and the Board of Commissioners.

IV. Policy:

A. **Roles and Process of the CMIP** - The Finance Department is responsible for coordinating the CMIP process and compiling the CMIP document. Other key roles include:

1. CMIP - Each year, Unified Government staff shall develop a six-year long-range CMIP that describes and prioritizes the capital projects the Unified Government intends to undertake.

2. Review of Capital Project Proposals – The Finance Department will coordinate a financial capital project review process within the annual budget calendar.

   a. Full Consideration of Operating and Maintenance Costs - Adequate resources should be identified to operate and maintain existing assets as well as proposed expanded assets before funding is allocated to any new Capital Project.

3. Stakeholder Participation - The Unified Government shall provide meaningful opportunities for stakeholders to provide input into the CMIP development before the plan is adopted.

4. UG Commission Responsibilities - (link to plans) All projects submitted for consideration of inclusion within the CMIP, with minor and occasional exceptions, should be based, when possible, on investments called for by master plans and/or capital assets needs assessments that have been formally reviewed and adopted by the UG Board of Commissioners. Operating and maintenance cost estimates will be reflected in departmental operating plans.

5. Approval of the CMIP - The Board of Commissioners shall review and approve the CMIP. Amendments to the CMIP shall be considered and adopted by the Board of Commissioners at regular meetings except for specific adjustments when limited authority is delegated to the County Administrator, Chief Financial Officer, and the Budget Director, as prescribed within the Operating and Capital Budget Policy.

B. CMIP Project Selection - An objective set of criteria will be used to assess and evaluate project proposals. Although specific criteria may be updated from time to time, the following concepts are core principles to be considered in the development of such criteria:

1. Long-Term Forecasts - Long-term forecasts should be prepared to better understand resources available for capital spending and to assess operational impacts and eventual maintenance replacement costs.

2. Impact on Other Projects - Projects should not be considered in isolation. One project's impact on others should be recognized and costs shared between projects where appropriate.

3. Allow for Funding of Preliminary Activities - For some projects it may be wise to fund only preliminary engineering/planning before committing to funding the whole project. However, even these expenditures can be considerable. Therefore, these preliminary engineering/planning should also be evaluated, analyzed and prioritized appropriately.

4. Full Lifecycle Costing - Cost analysis of a proposed project should encompass the entire life of the asset, from planning and acquisition to disposal.

5. Predictable Project Timing and Scope - Schedule and scope estimates should be practical and achievable within the requested resources, including financial and human.

C. Balanced CMIP - The adopted CMIP is a balanced six-year plan. This means that for the entire six-year period, resources will be equal to project expenditures in the CMIP. Expenditures in the CMIP must weigh the full costs of proposed projects in relation to funding sources. It is possible that the plan will have more expenditures than revenues in any single year, but this imbalance will be addressed through the use of interim financing as needed. However, over the life of the six-year plan all expenditures will be provided for with identified revenues. All unfunded projects will be retained on the unfunded list for further consideration in the future.

D. CMIP Funding Strategy - The operating budget includes capital projects and equipment that are generally of a recurring nature and are appropriated for one year only. Changes from year to year for annual or reoccurring projects represent incremental variances in the cost of doing business. Capital projects that result in procurement or construction of major physical assets for the UG are aligned with the governments financial forecast. Resources for the capital plan can come from the same resources as the operating budget, but the costlier projects are funded by bond and temporary note financing. The Unified Government has provided financial resources for the CMIP through three primary methods: 1) various local dedicated taxes, charges for services revenues, grants and other funding sources from external entities, 2) Pay-As-You-Go, and 3) Debt financing. These funding methods are expected to be used for future CMIPs. Guidelines are provided below to assist the Unified Government in making the choice between Debt and Pay- As-You-Go financing.

1. Factors which favor Pay-As-You-Go financing include circumstances where:

   a. The project can be adequately funded from available current revenues and fund balances;

   b. The project can be completed in an acceptable timeframe given the available revenues;

   c. Additional Debt levels could adversely affect the Unified Government's General Obligation credit rating or repayment sources;

   d. Costs considered pertain to the maintenance of existing assets; or

   e. Market conditions are unstable or suggest difficulties in marketing a Debt.

2. Factors which favor long-term Debt financing include circumstances where:

   f. Revenues available for Debt issues are considered sufficient and reliable so that long-term financing can be marketed with an appropriate credit rating, which can be maintained;

   g. Credit market conditions present favorable interest rates and demand for Unified Government Debt financing;

   h. A project is mandated by state or federal government and current revenues or fund balances are insufficient to pay project costs;

i. A project is immediately required to meet or relieve capacity needs and existing un-programmed cash reserves are insufficient to pay project costs;

j. Costs considered for Debt financing pertain to the new assets or capital projects;

k. The life of the project or asset financed is ten years or longer; or

l. Those expected to benefit from the project include generations in years to come.

E. Vehicle and Equipment Lease Financing - In addition, the Unified Government has relied on lease financing for various vehicle and equipment acquisitions with the lease periods ranging from three to ten years depending on the cost of the equipment and its useful life. It is the goal expressed in this policy that the UG reduce its reliance of lease financing for the acquisition and replacement of vehicles and equipment, and instead to move towards paying in cash for these items. As a result, a separate vehicle and equipment replacement internal service fund is established to ensure that adequate funds are available to purchase vehicles and equipment, to stabilize budgeting for major purchases, and to provide a systematic, UG-wide approach to procurement and disposition of the related assets. The goal is to provide sufficient cash flow for annual purchases.

At this time, this fund is not designed to equal the replacement value of the vehicle fleet and equipment of the UG. Policies and procedures detailing more specifics for the financial planning and funding of vehicle and equipment will be developed in the future.

F. Capital Budget - Each year the Finance Department will develop a Capital Budget which will contain the spending plan for capital projects. The first year of the adopted CMIP will be the Capital Budget for the fiscal year, in addition to the Amended Budget of the current fiscal year.

G. Capital Project Management - Management of capital project is essential to create the best value for Unified Government taxpayers through capital spending. Each department must actively manage their projects and major departments may provide quarterly reports on the status of each project. The following policies shall be observed in order to help ensure the best project management possible.

1. Project Management - Each department is responsible as follows:
   a. Lead, coordinate, and plan processes that may lead to projects
   b. Prepare the project proposal
   c. Ensure that required phases are completed on schedule
   d. Authorize all project expenditures
   e. Monitor project cash flows
   f. Ensure that all regulations and laws are observed

g. Periodically reporting project status
h. If it is a facility or infrastructure project, work through Public Works to develop a project budget and cash flow forecast for the CMIP prior to project commencement
i. Public Works will manage facility and infrastructure projects, with few exceptions, and expect requesting departments to continue to lead all stakeholder engagement.

2. Department directors are responsible for administering their respective CMIP projects within the financial constraints described by the CMIP budget as adopted. It is expected that line item budgets within an individual project may exceed their planned levels, but totals project costs may not be exceeded.

3. Limits on Amendments - Capital project amendments during a year shall not exceed the annually adopted budget and funding levels. Each department must manage its capital program within certain time and cost constraints.

4. Upon completion of a capital project, any remaining appropriated funds for the project will revert to the fund balance of the funding source.

H. Asset Condition Assessment – Unified Government department staff may conduct a comprehensive asset inventory that projects replacement and maintenance needs for the next six years and will update this projection each year. The asset inventory will describe the current condition of the Unified Government's assets, establish standards for asset condition, account for the complete cost to maintain assets up to standard over their lifecycle, and account for risks associated with assets that are below condition standards. Unified Government departments shall have responsibility for inventorying and assessing the assets within their purview and ensuring that it reconciles with Finance Department capital asset records.

I. Prioritization of Asset Maintenance and Replacement - It is the Unified Government's intent to maintain its existing assets at a level that protects the initial capital investment and minimizes future maintenance and replacement costs. Based on an asset inventory and risk assessment, staff shall include recommendation for asset maintenance in the CMIP.

J. Funding of Asset Maintenance - This policy addresses the need to protect the Unified Government's historical investment in capital assets. It is the UG's intent to ensure that adequate resources are allocated to preserve the UG's existing infrastructure to the best of its ability before allocating resources to other capital projects.

K. CMIP Process - The CMIP Process is directly linked to the annual budget process, land-use planning, facility plan implementation, coordination with the state, county, and other local municipalities, and the ongoing direction of the UG leaders. The process for including a capital project or equipment request in the CMIP:

1. CMIP requests are submitted to the Finance Department through a:
   a. Department request in response to need;

   b. Public request identified at a public hearing or from direct contact with the department, or a
   c. Commission request for an improvement need within a Commissioner district.

2. Facilities and Infrastructure - Requests effecting UG facilities and infrastructure are to be submitted to and evaluated by the Public Works Department within the asset management program for viability, impacts and timing.
3. Fleet / Vehicles - Requests effecting UG vehicles and fleet are to be submitted to and evaluated by the Fleet Division, Public Works Department within the asset management program for viability, impacts and timing.
4. Information Technology and Innovation Projects - Requests related to UG information technology and innovation programs are to be submitted to and evaluated by the Department of Knowledge within the asset management program for viability, impacts and timing.
5. Administrative Review – County Administration and the requesting department review all capital projects and equipment requests submitted.
6. Planning and Zoning Commission Review – The CMIP is presented to a designated Planning and Zoning Commission regular or special meeting for capital project review and comment.
7. Unified Government Mayor and Board of Commissioner Review – Project and equipment meetings are held for Commissioners to review and comment on items that are recommended by the County Administrator.
8. Once finalized, the CMIP Project and Equipment lists are submitted to the entire UG Commission for approval as part of the annual budget process.

L. **Periodic status reports** – Reports will be presented periodically to the UG Mayor, Commissioners and staff to share project progress and identify significant issues associated with a project.

V. Quality Control and Quality Assurance:

It is the responsibility of the Budget Director to ensure the presence of procedures that provide sufficient guidance to affected Unified Government personnel to fulfill the intent of this policy.

These policies will be reviewed at least annually and updated on an as-needed basis.

VI. Metrics:

To be developed and managed accordingly.

VII. Definitions and Acronyms:

A. Adopted Budget Resolution - The formal statement approved by the Board of Commissioners which shows budgeted revenues and expenditures/expenses for the upcoming fiscal year by fund.

B. Asset Classifications - Assets will be grouped by asset type into one of the following accounts:
   1. Building
   2. Equipment

3. Furniture & Fixtures
4. Improvements
5. Infrastructure
6. Land
7. Land Improvements
8. Machinery
9. Other Assets
10. Land held for resale

C. Capital Assets - Any fixed or Intangible asset, including personal property, land, buildings, improvements other than buildings, and infrastructure. When acquiring any capital asset, additional costs required to place the asset in its intended state of operation should be added to the cost of the asset. This may include: a) Land – title search cost, attorney fees, land survey, liens assumed, taxes assumed, grading costs, building demolition, land improvements with an indefinite life, etc.; b) Buildings – attorney fees, architect fees, inspection and building permits, etc.; c) Equipment – Freight charges, installation costs, setup costs, trade-in discounts, training, etc.

D. Capital Maintenance and Improvement Budget – Amended Budget Current Year and Year One of the Capital Improvement Plan shall be appropriated with the annual budget and accounted for within a capital project Fund(s).

E. Capital Maintenance and Improvement Plan (CMIP) - A plan that describes the capital projects and equipment and associated funding sources the Unified Government intends to undertake in the current year plus five additional future years, including the acquisition or construction of capital facilities and assets, and the maintenance thereof. The Capital Maintenance Improvement Program (CMIP) is a long-term planning tool intended to assist management in financial forecasting that allows for prioritization, financing, coordination, and technical design of all capital assets. The CMIP is a 5-year plan of capital project improvements and equipment needs. Each year the document is updated and presented to Commission for approval. Changes may include the addition of new projects or equipment, as well as, the reprioritization or removal of other capital projects. The CMIP includes all projects funded by grants.

F. Capital Outlay – Is construction, alteration, restoration, improvement or equipment acquisition that does not meet the definition of a capital project, as defined in this policy.

G. Capital Project - Any construction, alteration, restoration, or improvement of any capital asset. Capital projects are usually maintained in a capital project fund. For the purposes of the CMIP the definition of a capital project and equipment includes projects or items with a useful life of at least five years and a cost of at least $50,000. Project improvements can include construction, reconstruction, rehabilitation or maintenance of a capital asset. Equipment needs can include replacement, upgrade or purchase of new equipment. Capital projects may require engineering support or consulting services to evaluate, design, and prepare documents. The capital program may include maintenance projects that result in new fixed assets.

H. Debt - An obligation to pay something; financial liability.

I. Infrastructure – Infrastructure assets are long-lived capital assets that normally can be preserved for a significantly greater number of years than most capital assets and are stationary in nature. Examples include roads, bridges, curbs, gutters, streets, drainage systems, lighting systems, resurfacing (which specifically adds life to the asset) and similar assets that are of value only to the Unified Government.

J. Intangible Asset – An item that will serve the government which has no physical substance in nature (such as software) that has an expected useful life longer than one year. The items are acquired through outright purchase, construction, lease purchase agreements, installment purchase contracts, tax or special assessment foreclosure, eminent domain, donations, grants or gifts.

K. Land – This accounts for the cost of land itself and the cost of preparing land for its intended uses, such as: Purchase price, closing costs (title, attorney, recording, land survey, and appraisal fees), costs incurred in getting the land ready for its intended use (grading, filling, draining, clearing, etc.), all costs incurred up to actual excavation of a building, including demolition or removal of unwanted structures, assumption of any liens or mortgages, additional land improvements having an indefinite life (such as landscaping), and any back taxes or other obligations assumed by the purchaser.

L. Land Improvements: This account is used for permanent (i.e., non-detachable) improvements of a depreciable nature, other than building and infrastructure assets (see above), that add value to land (e.g., fences, retaining walls). This account also is used for leasehold improvements. Examples are fences, docks and dock improvements, park lighting systems, parking lots, driveways, and retaining walls. Costs of water and sewer lines and improvements such as, but not limited to, electrical and gas lines, construction, beginning with excavation.

M. Machinery, Equipment, Furniture & Fixtures: This accounts for tangible property of a more or less permanent nature (other than land, buildings, or improvements), which is useful in carrying out operations. Examples are office equipment, machinery, tools, trucks, cars, furniture, fixtures and furnishings and costs include purchase price, freight and handling charges, installation or assembling costs, and sales tax.

N. Pay-as-You-Go Financing - The use of currently available cash resources to pay for capital investments. It is the alternative to Debt financing.

O. Real Property – Land, land improvements, building, building improvements, and improvements other than buildings. Fixtures attached to land, building, and improvements other than buildings in such a way that removal would alter the intended use of the facility.

P. Repair and Maintenance – Any addition or change to an existing asset that does not change the value or useful life of the asset.

VIII. Related Documents and References:

A. Budget process manuals and resolutions
B. Operating and Capital Budget Policy
C. General Fund Operating and Economic Uncertainty/Emergency Reserves Policy
D. Special Revenue Operating Fund Reserve Policy
E. Enterprise Operating and Internal Service Funds Reserves Policy
F. Long-Term Financial Planning Policy
G. County Administrator policies as applicable

Unified Government of Wyandotte County and Kansas City, Kansas

Long-Term Financial Planning Policy

Commission Resolution: R-xx-18
Adopted: xx/xx/xxxx

I. Authority:

The Mayor and the Board of Commissioners are responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of Unified Government (UG). The County Administrator is responsible for carrying out the policy directives of the UG Board of Commissioners and managing the day-to-day operations of the executive departments, including the Finance Department. This policy shall be administered on behalf of the County Administrator by the Chief Financial Officer and the Budget Director.

II. Purpose:

The purpose of this policy is to ensure the Unified Government's on-going financial sustainability beyond a single fiscal year budget cycle in light of our long-term service vision and objectives. Financial sustainability is defined as the UG's long-term financial performance and positioning where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services. This policy is intended to describe particular elements or aspects of such long-term planning Programs within the UG and to memorialize this financial practice into a formal policy.

III. Applicability and Scope:

This policy is applicable to all funds with a minimum reserve requirement set by official action of the Board of Commissioners.

IV. Policy:

~~Each year during the budget process, Unified Government staff shall include in the budget submittal a 5-year forecast for the general and debt service funds of operating and capital expenditures. In addition, the UG will prepare and adopt a 5-year CMIP plan that is a part of the forecast process. The financial forecast will be updated annually. It is the objective of the forecast to achieve a balanced budget during the 5-year period. As part of the budget message, the County Administrator will advise the Commission of potential long-term positive and adverse trends. This forecast will also be available to Commission for input during strategic planning sessions.~~

~~The UG's financial forecast should reflect the Commissioner's vision, values, goals, priorities. The forecast will consider current and future fiscal conditions and challenges; and support government fiscal policy and decision-making efforts.~~

~~The financial forecast will consider such factors as:~~

~~**Revenues**~~

~~Casino related revenue; franchise and utility payments in lieu of tax; interest rate trends; property valuations; retail sales taxes; and STAR Bond revenues.~~

~~**Expenses**~~

~~Capital improvement projects 5-year plan; fuel and utility cost trends; pension obligations, including KPERS/OPEB liabilities; insurance/liability, including employee, workers compensation; scheduled debt payments; and union contracts.~~

~~**Government Actions**~~

~~Federal and State mandates; and inter-government grants.~~

~~**Socio-economic**~~

~~Residential and socio-economic trends~~

~~The projections may be derived using both quantitative and qualitative methods. Trend analysis may be an important component of the forecast.~~

~~This policy will be reviewed on an annual basis.~~

A. Commitment to Long-Term Financial Planning - The LTFP process evaluates known internal and external issues impacting the Unified Government's financial condition. Such issues are identified, presented, and mitigated when and where possible. The process begins by identifying critical areas which have, or are expected to have, an impact on the financial condition of the UG over the next five years. Once the issues are identified, specific goals and objectives are developed for each structural deficiency.

The LTFP is a constantly changing and moving document which will be routinely updated and presented on an ongoing five-year rolling basis. The LTFP is incorporated into the Unified Government's annual budget process and presented to the Mayor, the Board of Commissioners, and staff prior to and/or throughout the formulation of the annual financial plan.

The LTFP is intended to help the Unified Government achieve the following:

1. Ensure the UG can attain and maintain financial sustainability;
2. Ensure the UG has sufficient long-term information to guide financial decisions;
3. Ensure the UG has sufficient resources to provide Programs and services for the stakeholders;
4. Ensure potential risks to on-going operations are identified in the long- term financial planning process and communicated on a regular basis;
5. Establish mechanisms to identify early warning indicators; and
6. Identify changes in expenditure or revenue structures needed to deliver services or to meet the goals adopted by the Board of Commissioners.

B. Scope of the Plan

1. Time Horizon - The LTFP will forecast revenues, expenditures, and financial position at least five years into the future or longer where specific issues call for a longer time horizon.

2. Comprehensive Analysis - The LTFP will provide meaningful analysis of key trends and conditions, including but not limited to:

    a. Analysis of the affordability of current services, projects, and obligations:

        i. An analysis of the Unified Government's environment in order to anticipate changes that could impact the government's service and/or financial objectives.

        ii. Revenue and expenditure projections, including the financial sustainability of current service levels over a multi-year period.

        iii. The affordability of current debt relative to affordability ratios prescribed by UG policy and/or State law.

        iv. The affordability of maintaining and replacing the UG's current capital assets, equipment and facilities.

        v. The ability to maintain reserves within the target ranges prescribed by UG policy over a multi-year period.

        vi. The impact of non-current liabilities on the UG's financial position.

    b. Analysis of the affordability of anticipated service expansions or investments in new assets:

        i. The operating costs of any new initiatives, projects, or expansion of services where funding has been identified through alternative sources (CMIP, grants, debt issuance, etc.) or adopted or approved by the Board of Commissioners through other actions. Service delivery of administrative services and functions shall be included to the extent needed proportionately with the expansion of other services.

        ii. The affordability of the UG's long-term CMIP, including operating and maintenance costs for new assets.

        iii. The affordability of other master plans that call for significant financial investment by the Unified Government.

    c. Synthesis of the above to present the UG's financial position:

        i. A clear presentation of the resources needed to accomplish the capital improvements identified in the UG's CMIP and to maintain the existing capital assets.

        ii. A clear presentation of the resources needed to maintain existing services at their present level in addition to the expansion of services as may have been identified through the analysis described above.

iii. Identification of imbalances between the UG's current direction and the conditions needed for continued financial health.

3. Solution-Oriented - The LTFP will identify issues that may challenge the continued financial health of the Unified Government, and the plan will identify possible solutions to those challenges. Planning decisions shall be made primarily from a long-term perspective and structural balance is the goal of the planning process. For the purpose of this policy, structural balance means that ending fund balance (or working capital in enterprise funds) must meet the minimum levels prescribed by UG reserves policies.

C. Relationship between Financial and Strategic Planning – The UG's annual budget process involves incorporating the goals and strategies identified by the Board of Commissioners into an operational plan that provides for the Government's highest priority needs. Strategic planning begins with determining the UG's fiscal capacity based upon long-term financial forecasts of reoccurring available revenues and expenditures.

D. Continuous Improvement – Unified Government staff will regularly look for and implement opportunities to improve the quality of the forecasting, analysis, and strategy development that is part of the planning process. These improvements will primarily be identified through the comparison of projected performance with actual results.

E. Structural Balance - Long-term structural balance is the goal of long-term financial planning at the UG. A multi-year financial plan exists where future issues are identified, and possible solutions are identified, if not implemented; revenue and expenditure decisions are made primarily from a long-term perspective. Structure balance is a clear goal.

In preparing the plan and based on available data, staff will analyze long-term trends and projections of revenues, expenditures, debt, deferred capital maintenance, and non-current liabilities in order to uncover potential long-term imbalances. Should the long-term forecasting and analysis show that the Unified Government is not structurally balanced over the five-year projection period; staff would then identify alternative strategies needed to address the issues and make recommendations, for the Board of Commissioners consideration, on how the plan can be brought into balance.

F. Non-Current Liabilities, Pensions and Other Post-Employment Benefits (OPEB) - The LTFP will address strategies for ensuring that the UG's non-current liabilities remain affordable. The Board of Commissioners supports efforts to ensure that critical non-current liabilities like debt service, asset maintenance, pensions and other post-employment (retiree health) benefits remain affordable and sustainable. The long-term financial planning process will seek to alleviate concerns about pension and other post-employment (retiree health) benefits by making it clear the need to assess the size of the liability, determine the Government's capacity to pay for it, and develop approaches to ensure that the liability does not compromise the Government's ability to provide services to the public over the long term.

V. Quality Control and Quality Assurance:

It is the responsibility of the Chief Financial Officer to ensure the presence of procedures that provide sufficient guidance to affected UG personnel to fulfill the intent of this policy.

These policies will be reviewed at least annually and updated on an as-needed basis.

VI. Metrics:

To be developed and managed accordingly.

VII. Definitions and Acronyms:

A. Business Plan - An operational plan that describes how a given department will accomplish its mission.

B. Capital Maintenance and Improvement Plan (CMIP) - A plan that describes the capital projects and associated funding sources the Unified Government intends to undertake in the current year plus five additional future years, including the acquisition or construction of capital projects, facilities, equipment and capital assets, and the maintenance thereof.

C. Long-Term Financial Plan (LTFP) - An investment plan or strategy with a term of usually longer than one year.

D. Program - A set of activities, operations, or organizational units designed and directed to accomplish a specific service outcomes or objectives for a defined customer.

VIII. Related Documents and References:

A. Operating and Capital Budget Policy
B. Capital Asset and Equipment Investment and Management Policy
C. General Fund Operating and Economic Uncertainty/Emergency Reserve Policy
D. Special Revenue Operating Fund Reserve Policy
E. Enterprise Operating and Internal Service Funds Reserve Policy
F. County Administrator policies as applicable

Unified Government of Wyandotte County and Kansas City, Kansas

General Fund Operating and Economic Uncertainty/Emergency Reserve Policy

Commission Resolution: R-xx-18
Adopted: xx/xx/xxxx

I. Authority:

~~The Board of Commissioners is the authoritative Governing Body of the Unified Government. The Governing Body may approve the use of budgeted reserves in the case of emergency events, or conditions that result in unanticipated expenditure requirements or revenue fluctuations within a fiscal year, or to take advantage of an extraordinary opportunity.~~ The Mayor and the Board of Commissioners are responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of Unified Government (UG). The County Administrator is responsible for carrying out the policy directives of the UG Board of Commissioners and managing the day-to-day operations of the executive departments, including the Finance Department. This policy shall be administered on behalf of the County Administrator by the Chief Financial Officer and the Budget Director.

II. Purpose:

~~To set forth the general public policy objectives of the Unified Government as relates to fund balance policy. The overlying goal of this policy is to ensure that there will be adequate liquid resources to serve as a financial cushion against the potential shock of unanticipated circumstances and events.~~ The Unified Government desires to maintain a prudent level of financial resources to guard its stakeholders against service disruption in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenditures. In addition, this policy is intended to document the appropriate Reserve level to protect the Unified Government's credit worthiness. The General Fund Operating and Economic Uncertainty/Emergency Reserves are accumulated and maintained to provide stability and flexibility in response to unexpected adversity and/or opportunities. Aside from ensuring cash availability when revenue collections diminish, the Reserves generate investment income thereby diversifying the government's revenue streams.

This policy establishes the amounts the UG will strive to maintain in its General Fund Operating and Economic Uncertainty/Emergency Reserves, how the Reserves will be funded, and the conditions under which Reserves may be used.

III. Applicability and Scope:

This policy shall apply to the City of Kansas City General Fund, Wyandotte County General Fund, and Consolidated Parks and Recreation (General) Fund, referred to combined as the "General Fund".

IV. Policy:

A. Reserve Levels - ~~It shall be the goal of the Unified Government to maintain a minimum fund balance in the general fund of 10% of expenditures.~~ The Unified Government will maintain a minimum level of Unrestricted Fund Balance (CAFR) in the General Fund equivalent to three-months of regular, on-going operating expenditures (including transfers out). Of this three-month reserve, two-months will be maintained to meet general operating needs and to allow for budgetary uncertainty (named as the "Operating Reserve") and one-month may be targeted to be assigned to provide resources during economic downturns or to address vulnerabilities to extreme events, and emergencies impacting public safety concerns (named the "Economic Uncertainty/Emergency Reserve").

The two reserve categories are represented below as a percentage of regular, on-going operating expenditures (including transfers out):

- Operating Reserve: 17% (two-months)
- Economic Uncertainty/Emergency Reserve: 8% (one-month)
- Total Reserve Level 25% (three-months)

B. Compliance - The UG will measure its compliance with this policy as of December 31st each year, as soon as practical after final year-end account information becomes available. During the course of the year the Finance Department shall closely monitor the UG's revenues and expenditures to ensure the Operating Reserve is not used beyond any planned. For the purposes of this policy, current year's actual expenditures will exclude significant Non-Recurring Items. The Economic Uncertainty/Emergency Reserve is a target the Commission seeks to attain in the future five years.

If, based on staff's analysis and forecasting, the target level of Operating Reserve is not being met or likely to not be met at some point within a five-year time horizon, then during the annual budget process, Fund Balance levels will be provided to the Mayor and Board of Commissioners. Should the projected year-end Fund Balance be below the Operating Reserve amount established by this policy, a plan to replenish the Operating Reserves would be established based on the requirements outlined in this policy.

C. Cash Balance - To provide liquidity adequate to meet the demands of government service provision including budgetary uncertainty, unanticipated reductions in revenues or unplanned expenditure increases, Cash Balances will be maintained and managed through the Pooled Cash method in such a way as to minimize short-term borrowing. This reduces overall cost to taxpayers by minimizing interest expense. The two-month Operating Reserve is intended to support this effort and counterbalance the tax collection cycle.

D. Funding the Reserves - Funding of General Fund Reserve targets will generally come from excess revenues over expenditures or one-time revenues. The reserve will be funded in the following priority order: Operating Reserve followed by the Economic

Uncertainty/Emergency Reserve.

E. Conditions for Use of Reserves - It is the intent of the Unified Government to limit use of General Fund Operating Reserve to address unanticipated, Non-Recurring needs. Reserves shall not normally be applied to recurring annual operating expenditures. Reserves may, however, be used to allow time for the Unified Government to restructure its operations in a deliberate manner (as might be required in an economic downturn or an emergency), but such use will only take place in the context of an adopted long-term plan.

The Economic Uncertainty/Emergency Reserve may be used at the discretion of the Board of Commissions to:

- Provide resources to make up for temporary decreased revenues resulting from economic uncertainties or loss of major revenue sources;
- Provide resources to meet emergency expenditures in the case of flood, fire, tornado or other natural disaster.

F. Authority over Reserves - The UG Board of Commissioners may authorize the use of Reserves. The Finance Department will regularly report both current and projected Reserve levels to the UG Board of Commissioners.

G. Fund Balance Classification - The Unified Government desires to establish a fund balance classification policy consistent with the needs of the Unified Government, and in a manner consistent with governmental accounting standards. The following classifications serve to enhance the usefulness of fund balance information. It shall be the policy to reduce restricted fund balance first, followed by unrestricted fund balance. For unrestricted fund balance, committed amounts should be reduced first, followed by assigned amounts, followed by unassigned amounts.

Restricted Fund Balance

a) *Non-spendable Balance:* Assets legally or contractually required to be maintained or are not in spendable form. Such constraint is binding until the legal requirement is repealed or the amounts become spendable.

b) *Restricted Balance:* Assets with externally imposed constraints, such as those mandated by creditors, grantors and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.

Unrestricted Fund Balance

c) *Committed:* Assets with a purpose formally imposed by resolution by the Governing Body of the Unified Government, binding unless modified or rescinded by the Governing Body.

d) *Assigned:* Assets constrained by the government's intent as expressed by the

Governing Body, County Administrator or designee. Encumbrances shall be considered as assigned, unless they specifically meet the requirements to be committed or restricted.

e) *Unassigned:* All amounts not included in other fund balance classifications. The general fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

H. Assigning Fund Balance - The County Administrator and Chief Financial Officer, collectively, are hereby authorized to assign Fund Balance for specific purposes in accordance with the intent of the County Administration and actions of the Board of Commissioners. This policy expresses the intent to assign one-month of regular, on-going operating expenditures (including transfers out) for the "Economic Uncertainty/Emergency Reserve" to temporarily offset unanticipated reduced revenues during economic downturns or to address vulnerabilities to extreme events, emergencies impacting public safety concerns.

I. Replenishment of Reserves - In the event that Reserves are used resulting in a balance below the two-months minimum, a plan will be developed and included in the formulation of the five-year forecast presented during the annual budget process.

J. Excess of Reserves - In the event Reserves exceed the minimum balance requirements, at the end of each fiscal year, any excess Reserves may be used in the following ways:

f) Fund accrued liabilities, including but not limited to debt service, workers' compensation benefits, pension, employee health benefits and other post-employment benefits as directed and approved within the long-term financial plan and the annual budget resolution. Priority will be given to those items that relieve budget or financial operating pressure in future periods;

g) Appropriated to lower the amount of bonds or contributions needed to fund capital projects in the UG's CMIP;

h) One-time expenditures that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs; or

i) Start-up expenditures for new programs, provided that such action is approved by the Board of Commissioners and is considered in the context of multi-year projections of revenue and expenditures as prepared by the Finance Department.

K. Periodic Review of the Targets - Compliance with this section will be reviewed in conjunction with the annual budget process. At a minimum, during the annual budget process staff shall review the current and five-year projected Reserves to ensure that they are appropriate given the economic and financial risk factors the Unified Government is subject to.

V. Quality Control and Quality Assurance:

It is the responsibility of the Budget Director to ensure the presence of procedures that provide sufficient guidance to affected Unified Government personnel to fulfill the intent of this policy.

These policies will be reviewed at least annually and updated on an as-needed basis.

VI. Metrics:

To be developed and managed accordingly.

VII. Definitions and Acronyms:

A. Capital Maintenance and Improvement Plan (CMIP) - A plan that describes the capital projects and associated funding sources the Unified Government intends to undertake in the current year plus five additional future years, including the acquisition or construction of capital facilities, equipment and assets, and the maintenance thereof.

B. Cash Balance - The sum of cash and Cash Equivalents of an accounting fund.

C. Cash Equivalent - In the context of cash flows reporting, short-term, highly liquid investments that are both 1) readily convertible to known amounts of cash and 2) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition. For this purpose, "original maturity" means maturity as of the date the investment is acquired.

D. Fund Balance (CAFR) - Fund Balance is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in a governmental fund as reported in the Comprehensive Annual Financial Report (CAFR).

E. Fund Balance (Budgetary) – Fund Balance for Budgetary Purposes begins with the beginning of the year unencumbered fund balance as reported in the CAFR's Schedule of Budgetary Accounts, Budget and Actual Budgetary Basis (non-GAAP) for the respective fund, plus revenues less all expenditures recorded on a cash basis for the respective fiscal year.

F. General Fund - One of five governmental fund types. The General Fund typically serves as the chief operating fund of a government. The General Fund is used to account for all financial resources not accounted for in some other fund. The "General Fund" includes the combined City of Kansas City General Fund, Wyandotte County General Fund, and Consolidated Parks and Recreation (General) Fund.

G. Non-Recurring Item - An expenditure that has not occurred in the previous two years and is not expected to occur in the following year.

H. Pooled Cash - The sum of unrestricted cash and investments of several accounting funds that are consolidated for cash management and investment purposes. Investment income or expenditure is allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

I. Reserve - Reserve refers only to the portion of Fund Balance that is intended to provide stability and respond to unplanned events or opportunities.

J. Unrestricted Fund Balance - The difference between total Fund Balance in a governmental fund and its nonspendable and restricted components.

VIII. Related Documents and References:

A. Capital Asset and Equipment Investment and Management Policy
B. Long-Term Financial Planning Policy
C. Operating and Capital Budget Policy
D. County Administrator policies as applicable

Unified Government of Wyandotte County and Kansas City, Kansas

Special Revenue Operating Funds Reserve Policy

Commission Resolution:
R-xx-18
Adopted: xx/xx/xxxx

I. Authority:

The Mayor and the Board of Commissioners are responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of Unified Government (UG). The County Administrator is responsible for carrying out the policy directives of the UG Board of Commissioners and managing the day-to-day operations of the executive departments, including the Finance Department. This policy shall be administered on behalf of the County Administrator by the Chief Financial Officer and the Budget Director.

II. Purpose:

The Unified Government desires to maintain a prudent level of financial resources to guard its stakeholders against service disruption in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenditures. In addition, this policy is intended to document the appropriate Reserve level to protect the Unified Government's credit worthiness. The Special Revenue Operating Fund Reserves are accumulated and maintained in governmental funds in order to provide stability and flexibility to respond to unexpected adversity and/or opportunities.

This policy establishes the amounts the UG will strive to maintain in its Special Revenue Operating Funds Reserves, how the Reserves will be funded, and the conditions under which Reserves may be used.

III. Applicability and Scope:

This policy shall apply to all special revenue operating governmental funds that receive property tax revenue, assess a fee directly to residents, or include operational expenditures restricted for specific use by local, state and federal laws. Funds not meeting any of these criteria do not have a minimum Reserve requirement. The specific funds sought to meet compliance with this policy are detailed in the policy section.

IV. Policy:

A. Reserve Levels - The Unified Government will maintain a range for the minimum level of Fund Balance (CAFR) in the Special Revenue Operating Funds equivalent to the percentages by respective Fund listed below of regular, on-going operating expenditures (including transfers out).

The following is a list of the applicable special revenue and debt service funds with the range of minimum level of Reserves established by this policy, presented as a percentage of on-going operating expenditures (including transfer out):

• County Clerk Technology	5-10% of expenditures
• County Treasurer Technology	5-10% of expenditures
• Court Trustee	8-12% of expenditures
• Developmental Disabilities	10-15% of expenditures
• Elections	10-15% of expenditures
• Health Department	10-15% of expenditures
• Jail Commissary	8-12% of expenditures
• Library District	10-15% of expenditures
• Mental Health	10-15% of expenditures
• Register of Deeds Technology	5-10% of expenditures
• Special Dedicated Sales Tax	5-10% of expenditures
• Special Assets Fund	5-10% of expenditures
• Special Programs for Elderly	10-15% of expenditures
• Special Wyandotte 911	5-10% of expenditures
• Special Alcohol	5-10% of expenditures
• Special Parks & Recreation	3-5% of expenditures
• Special Street & Highway	3-5% of expenditures
• Tourism & Convention	3-5% of expenditures
• Environmental Trust Fund	10-15% of expenditures
• Debt Reserve funds	5-10% of expenditures

B. Compliance - The UG will measure its compliance with this policy as of December 31st each year, as soon as practical after final year-end account information becomes available. During the course of the year the Finance Department shall closely monitor the UG's revenues and expenditures to ensure Reserves are not used beyond any planned. For the purposes of this policy, current year's actual expenditures will exclude significant Non-Recurring Items.

If, based on staff's analysis and forecasting, the target level of Reserves is not being met or are likely to not be met at some point within a five-year time horizon, then during the annual budget process, Fund Balance levels will be provided to the Mayor and Board of Commissioners. Should the projected year-end Fund Balance be below the minimum Reserve amount established by this policy, a plan to replenish the Reserve would be established based on the requirements outlined in this policy.

C. Cash Balance - To provide liquidity adequate to meet the demands of government services provision including unanticipated reductions in revenues or unplanned expenditure increases, Cash Balances will be maintained and managed through the Pooled Cash method in such a way as to minimize short-term borrowing. This reduces overall cost to taxpayers by minimizing interest expense. The above established Reserves are intended to support this effort and counterbalance the tax collection cycle.

D. Funding the Reserve - Funding of Special Revenue Operating Reserve targets will generally come from excess revenues over expenditures or one-time revenues.

E. Conditions for Use of Reserves - It is the intent of the Unified Government to limit use of Special Revenue Operating Reserves to address unanticipated, Non-Recurring needs. Reserves shall not normally be applied to recurring annual operating expenditures. Reserves may, however, be used to allow time for the Unified Government to restructure its operations in a deliberate manner (as might be required in an economic downturn), but such use will only take place in the context of an adopted long-term plan.

F. Authority over Reserves - The UG Board of Commissioners may authorize the use of Reserves. The Finance Department will regularly report both current and projected Reserve levels to the UG Board of Commissioners.

G. Fund Balance Classification - The Unified Government desires to establish a fund balance classification policy consistent with the needs of the Unified Government, and in a manner consistent with governmental accounting standards. The following classifications serve to enhance the usefulness of fund balance information. It shall be the policy to reduce restricted fund balance first, followed by unrestricted fund balance. For unrestricted fund balance, committed amounts should be reduced first, followed by assigned amounts, followed by unassigned amounts.

Restricted Fund Balance

a) *Non-spendable Balance:* Assets legally or contractually required to be maintained, or are not in spendable form. Such constraint is binding until the legal requirement is repealed or the amounts become spendable.

b) *Restricted Balance:* Assets with externally imposed constraints, such as those mandated by creditors, grantors and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.

Unrestricted Fund Balance

c) *Committed:* Assets with a purpose formally imposed by resolution by the Governing Body of the Unified Government, binding unless modified or rescinded by the Governing Body.

d) *Assigned:* Assets constrained by the government's intent as expressed by the Governing Body, County Administrator or designee. Encumbrances shall be considered as assigned, unless they specifically meet the requirements to be committed or restricted.

e) *Unassigned:* All amounts not included in other fund balance classifications. The general fund shall be the only fund to report positive unassigned fund balance. All other governmental funds may report negative unassigned fund balance.

H. **Assigning Fund Balance** - The County Administrator and Chief Financial Officer, collectively, are hereby authorized to assign Fund Balance for specific purposes in accordance with the intent and actions of the Board of Commissioners.

I. **Replenishment of Reserves** - In the event that Reserves are used resulting in a balance below the established reserve minimum ranges, a plan will be developed and included in the formulation of the five-year forecast presented during the annual budget process.

J. **Excess of Reserves** - In the event Reserves exceed the minimum range balance requirements, at the end of each fiscal year, any excess Reserves may be used in the following ways, within the use of funds required by local, state or federal laws:

f) Fund accrued liabilities, including but not limited to debt service, workers' compensation benefits, pension, employee health benefits and other post-employment benefits as directed and approved within the long-term financial plan and the annual budget resolution. Priority will be given to those items that relieve budget or financial operating pressure in future periods;

g) Appropriated to lower the amount of bonds or contributions needed to fund capital projects in the UG's CMIP;

h) One-time expenditures that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs; or

i) Start-up expenditures for new programs, provided that such action is approved by the Board of Commissioners and is considered in the context of multi-year projections of revenue and expenditures as prepared by the Finance Department.

I. **Periodic Review of the Targets** - Compliance with this section will be reviewed in conjunction with the annual budget process. At a minimum, during the annual budget process staff shall review the current and five-year projected Reserves to ensure that they are appropriate given the economic and financial risk factors the Unified Government is subject to.

V. Quality Control and Quality Assurance:

It is the responsibility of the Budget Director to ensure the presence of procedures that provide sufficient guidance to affected Unified Government personnel to fulfill the intent of this policy.

These policies will be reviewed at least annually and updated on an as-needed basis.

VI. Metrics:

To be developed and managed accordingly.

VII. Definitions and Acronyms:

A. Capital Maintenance and Improvement Plan (CMIP) - A plan that describes the capital projects and associated funding sources the Unified Government intends to undertake in the current year plus five additional future years, including the acquisition or construction of capital facilities, equipment and assets, and the maintenance thereof.

B. Cash Balance - The sum of cash and Cash Equivalents of an accounting fund.

C. Cash Equivalent - In the context of cash flows reporting, short-term, highly liquid investments that are both 1) readily convertible to known amounts of cash and 2) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition. For this purpose, "original maturity" means maturity as of the date the investment is acquired.

D. Fund Balance (CAFR) - Fund Balance is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in a governmental fund as reported in the Comprehensive Annual Financial Report (CAFR).

E. Fund Balance (Budgetary) – Fund Balance for Budgetary Purposes begins with the beginning of the year unencumbered fund balance as reported in the CAFR’s Schedule of Budgetary Accounts, Budget and Actual Budgetary Basis (non-GAAP) for the respective fund, plus revenues less all expenditures recorded on a cash basis for the respective fiscal year.

F. Non-Recurring Item - An expenditure that has not occurred in the previous two years and is not expected to occur in the following year.

G. Pooled Cash - The sum of unrestricted cash and investments of several accounting funds that are consolidated for cash management and investment purposes. Investment income or expenditure is allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

H. Reserve - Reserve refers only to the portion of Fund Balance that is intended to provide stability and respond to unplanned events or opportunities.

I. Special Revenue Fund - Governmental fund type used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purpose other than debt service or capital projects and exclusive of resources held in trust for individuals, private organizations, or other governments.

J. Unrestricted Fund Balance - The difference between total Fund Balance in a governmental fund and its nonspendable and restricted components.

VIII. Related Documents and References:

A. Capital Asset and Equipment Investment and Management Policy
B. Long-Term Financial Planning Policy
C. Operating and Capital Budget Policy
D. County Administrator policies as applicable

Unified Government of Wyandotte County and Kansas City, Kansas

Enterprise Operating and Internal Service Funds Reserve Policy

Commission Resolution:
R-xx-18
Adopted: xx/xx/xxxx

I. Authority:

The Mayor and the Board of Commissioners are responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of Unified Government (UG). The County Administrator is responsible for carrying out the policy directives of the UG Board of Commissioners and managing the day-to-day operations of the executive departments, including the Finance Department. This policy shall be administered on behalf of the County Administrator by the Chief Financial Officer and the Budget Director.

II. Purpose:

The Unified Government desires to maintain a prudent level of financial resources to guard its stakeholders against service disruption in the event of unexpected temporary revenue shortfalls or unpredicted one-time expenses. In addition, this policy is intended to document the appropriate Reserve level to protect the Unified Government's credit worthiness. The Enterprise Operating and Internal Service Funds Reserves are accumulated and maintained to provide stability and flexibility in response to unexpected adversity and/or opportunities. Aside from ensuring cash availability when revenue collections diminish, the Reserves generate investment income thereby diversifying the government’s revenue streams. Finally, a strong reserve policy for these funds can help maintain a stable rate and fee structure.

This policy establishes the amounts the UG will strive to maintain in its Enterprise Operating and Internal Service Funds Reserve, how the Reserve will be funded, and the conditions under which Reserve may be used.

III. Applicability and Scope:

This policy shall apply to all enterprise operating and internal service funds under the budgetary and fiscal control of the Mayor and Board of Commissioners.

IV. Policy:

A. **Enterprise Funds Operating Reserve Levels** - The Unified Government will maintain a minimum level of Working Capital Reserve in Enterprise funds, by respective fund listed below, equivalent to the percentage of regular, on-going operating expenses (excluding transfers out). Working Capital will include long-term investments, of which are able to be liquidated within five business days. Any fund that is subsidized by the General Fund on an on-going basis (such as the Stadium – T-bones and Sunflower Hills Golf Course), will maintain Operating Reserves equal to one month of regular, on-going operating expenses (excluding transfers out), with any excess reverting back to the General Fund.

The following is a list of the applicable enterprise funds and the minimum level of Operating Reserves (Working Capital) established by this policy, presented as a percentage of on-going operating expenses (excluding transfer out):

- Emergency Medical Services — 10-15% of operating expenses
- Public Levee — 3-5% of operating expenses
- Sewer System Utility — 40-50% of operating expenses
- Stadium – T-Bones — 5-8% of operating expenses
- Stormwater Utility — 40-50% of operating expenses
- Sunflower Hills Golf Course — 5-8% of operating expenses

B. Self-Insurance Internal Service Funds Reserve Levels – The Unified Government will maintain a minimum self-insurance reserve in its respective internal service funds. Self-insurance services, such as employee and retiree healthcare related benefits and workers' compensation benefits, are to be funded at actuarially determined marginally acceptable levels. "Marginally acceptable levels" is an insurance actuarial term that connotes a funding reserve level which the insurance industry has 70 percent confidence that the reserve is adequate to meet funding needs.

C. Equipment and Vehicle Replacement and other related Internal Service Funds Reserve Levels – The Unified Government will maintain a minimum level of Net Position in Equipment and Vehicle Replacement and other related internal service funds adequate to spread the cost of replacement evenly over the life of the asset. Funding will come from the UG department users of the fund's services and will be assessed for their share of the needed reserve based on the replacement cost of the assets they use. Sales of surplus equipment as well as any related damage and insurance recoveries will be credited to the fund. Contributions from each UG operating fund shall be made in accordance with the fund's pro-rate share of replacement costs.

D. Compliance - The UG will measure its compliance with this policy as of December 31st each year, as soon as practical after final year-end account information becomes available. During the course of the year the Finance Department shall closely monitor the UG's revenues and expenses to ensure Reserves are not used beyond any planned. For the purposes of this policy, current year's actual expenses will exclude significant Non-Recurring Items.

If, based on staff's analysis and forecasting, the target level of Reserves is not being met or are likely to not be met at some point within a five-year time horizon, then during the annual budget process, Working Capital/Reserves levels will be provided to the Mayor and Board of Commissioners. Should the projected year-end Working Capital/Reserves position be below the minimum Reserve amount established by this policy, a plan to replenish the Reserve would be established based on the requirements outlined in this policy.

E. Cash Balance - To provide liquidity adequate to meet the demands of government services provision including unanticipated reductions in revenues or unplanned expenses increases, Cash Balances will be maintained and managed through the Pooled Cash method in such a way as to minimize short-term borrowing. This reduces overall cost to ratepayers by minimizing interest expense. The above established Reserves are intended to support this effort and counterbalance cycles often experienced in fee and other revenue collections.

F. Funding the Reserve - Funding of Enterprise Operating Reserve targets will generally come from excess revenues over expenses or one-time revenues.

Funding of Internal Service Funds Reserve targets will generally come from excess contributions from department users and UG employees over claims and equipment replacement expenses or one-time revenues. Contributions from each department operating fund shall be made in accordance with the fund's pro-rata share of claims and equipment replacement expenses.

G. Conditions for Use of Reserves - It is the intent of the Unified Government to limit use of Enterprise Operating and Internal Service Funds Reserves to address unanticipated, Non-Recurring needs. Reserves shall not normally be applied to recurring annual operating expenses, with the exception of the equipment replacement and related funds where a major equipment replacement is scheduled for acquisition. Reserves may, however, be used to allow time for the Unified Government to restructure its operations in a deliberate manner (as might be required in an economic downturn), but such use will only take place in the context of an adopted long-term plan.

H. Authority over Reserves - The UG Board of Commissioners may authorize the use of Reserves. The Finance Department will regularly report both current and projected Reserve levels to the UG Board of Commissioners.

I. Net Position Classification - The Unified Government desires to establish a net position classification policy consistent with the needs of the Unified Government, and in a manner consistent with governmental and financial accounting standards. The following classifications serve to enhance the usefulness of net position information. It shall be the policy to reduce restricted fund balance first, followed by unrestricted fund balance.

<u>Restricted Net Position</u>

a) *Non-spendable Balance:* Assets legally or contractually required to be maintained, or are not in spendable form, including capital assets net of related debt. Such constraint is binding until the legal requirement is repealed or the amounts become spendable.

b) *Restricted Balance:* Assets with externally imposed constraints, such as those mandated by creditors, grantors and contributors, or laws and regulations. Such constraint is binding unless modified or rescinded by the applicable external body, laws, or regulations.

<u>*Unrestricted Net Position*</u>
Unrestricted: All amounts not included in restricted net position classification.

J. Replenishment of Reserves - In the event that Reserves are used resulting in a balance below the established reserves minimum, a plan will be developed and included in the formulation of the five-year forecast presented during the annual budget process.

K. Excess of Reserves - In the event Reserves exceed the minimum balance requirements, at the end of each fiscal year, any excess Reserves may be used in the following ways:

c) Fund accrued liabilities, including but not limited to debt service, workers' compensation benefits, pension, employee health benefits and other post-employment benefits as directed and approved within the long-term financial plan and the annual budget resolution. Priority will be given to those items that relieve budget or financial operating pressure in future periods;

d) Appropriated to lower the amount of bonds or contributions needed to fund capital projects in the UG's CMIP;

e) One-time expenses that do not increase recurring operating costs that cannot be funded through current revenues. Emphasis will be placed on one-time uses that reduce future operating costs; or

f) Start-up expenses for new programs, provided that such action is approved by the Board of Commissioners and is considered in the context of multi-year projections of revenue and expenses as prepared by the Finance Department.

I. Periodic Review of the Targets - Compliance with this section will be reviewed in conjunction with the annual budget process. At a minimum, during the annual budget process staff shall review the current and five-year projected Reserves to ensure that they are appropriate given the economic and financial risk factors the Unified Government is subject to.

V. Quality Control and Quality Assurance:

It is the responsibility of the Budget Director to ensure the presence of procedures that provide sufficient guidance to affected Unified Government personnel to fulfill the intent of this policy.

These policies will be reviewed at least annually and updated on an as-needed basis.

VI. Metrics:

To be developed and managed accordingly.

VII. Definitions and Acronyms:

A. Capital Maintenance and Improvement Plan (CMIP) - A plan that describes the capital projects and associated funding sources the Unified Government intends to undertake in the current year plus five additional future years, including the acquisition or construction of capital facilities, equipment and assets, and the maintenance thereof.

B. Cash Balance - The sum of cash and Cash Equivalents of an accounting fund. For purposes of this policy, restricted cash and temporary investments is excluded as a current asset.

C. Cash Equivalent - In the context of cash flows reporting, short-term, highly liquid investments that are both 1) readily convertible to known amounts of cash and 2) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition. For this purpose, "original maturity" means maturity as of the date the investment is acquired.

D. Enterprise Fund - Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services. Enterprise funds are used to report the similar functions as business-type activities.

E. Internal Service Fund - Proprietary fund type used to report an activity for which a fee is charged to external users for goods or services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Unified Government's various functions. Internal services funds serve several activities, such as self-insurance and equipment and vehicle replacement.

F. Net Position – The residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

G. Non-Recurring Item - An expense that has not occurred in the previous two years and is not expected to occur in the following year.

H. Pooled Cash - The sum of unrestricted cash and investments of several accounting funds that are consolidated for cash management and investment purposes. Investment income or expense is allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

I. Reserve - Reserve refers only to the portion of Working Capital and net Position that is intended to provide stability and respond to unplanned events or opportunities.

J. Working Capital – An accounting term defined as current assets less current liabilities in a proprietary fund. Working Capital is used to express the Reserves available in proprietary funds available for use. For purposes of this policy, restricted cash and temporary investments is excluded as a current asset.

VIII. Related Documents and References:

A. Capital Asset and Equipment Investment and Management Policy
B. Long-Term Financial Planning Policy
C. Operating and Capital Budget Policy
D. County Administrator policies as applicable

Unified Government of Wyandotte County and Kansas City, Kansas

Accounting, Auditing and Financial Reporting Policy

Commission Resolution:
R-xx-18
Adopted: xx/xx/xxxx

I. Authority:

The Mayor and the Board of Commissioners are responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of Unified Government (UG). The County Administrator is responsible for carrying out the policy directives of the UG Board of Commissioners and managing the day-to-day operations of the executive departments, including the Finance Department. This policy shall be administered on behalf of the County Administrator by the Chief Financial Officer.

II. Purpose:

While accounting and financial reporting is commonly thought of as a technical, staff-level issue, policies at the governing board-level can be helpful for setting the tone from the top for how the organization will account for its financial resources and be accountable for making financial information available to the public. A financial reporting policy provides clear transparency for the public and other stakeholders. A policy on the independent audit ensures the reliability of general-purpose external financial reports.

III. Applicability and Scope:

This policy shall apply to all Funds under the budgetary and fiscal control of the Mayor and the Board of Commissioners.

IV. Policy:

A. Economic Development and Finance Standing Commission Committee

The Economic Development and Finance Committee members are appointed by the Mayor. It consists of five (5) members of the Commission and a designated board member from the Kansas City, Kansas Board of Public Utilities (BPU). The Assistant County Administrator, Chief Financial Officer, Economic Development Director and Chief Legal Counsel will represent staff and attend meetings as required.

The function of the committee will include:

a. Review the external, independent financial audit
b. Approve investment policy and reviews investment portfolio
c. Policy review
d. Approves and forwards capital debt financing items to full UG Commission
e. Recommends economic development financial incentives, policies and agreements, and

f. Considers other financial matters

Meetings are scheduled on a monthly basis or more frequently as needed at City Hall.

B. Accounting and Financial Reporting

The accounting practices of the Unified Government will conform to Generally Accepted Accounting Principles (GAAP) for local governments as established by the Governmental Accounting Standards Board (GASB). The Chief Financial Officer will establish and maintain a system of fund accounting and shall measure financial position and results of operations using the modified accrual basis of accounting for governmental funds and the accrual basis of accounting for proprietary and fiduciary funds. The UG will maintain its accounting records in accordance with state and federal law and regulations. Budgetary reporting will be in accordance with the state's budget laws and regulations.

As an additional independent confirmation of the quality of the UG's financial reporting, the Finance Department will annually seek to obtain the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. The Comprehensive Annual Financial Report (CAFR) will be presented, designed and communicated to citizens about the financial affairs of the Unified Government.

Staff will prepare quarterly Interim budgetary and/or financial reports for all applicable State certified funds and present financial reports to the Economic Development and Finance Committee, Mayor and Commission four times a year. The quarterly reports will include the status of actual expenditures, expenses, and revenues compared to the adopted budget, with estimated fund balances/net positions. The Chief Financial Officer will highlight and advise the Commission of positive and/or negative financial information including an assessment of the impact on the Government's budget and financial condition. The current year's budget is amended on an annual basis to address financial trends and budget variances.

C. Unified Government Legislative Auditor and Independent External Auditor

The Legislative Auditor and UG External Auditor will annually perform the Unified Government's financial and compliance audit. Their opinions will be contained in the Comprehensive Annual Financial Report (CAFR). Results of the annual financial audit shall be provided to the Board of Commission in a timely manner.

The Legislative Auditor's Office will provide independent reviews of the operations of the Unified Government. The Legislative Auditor's Office will perform post audit reviews to ensure that recommendations made in an audit are implemented and work with Unified government management to ensure that internal controls are in place and are being practiced.

D. Independent Audit

The independent, external auditor plays a vital role in rendering an opinion on the accuracy and reliability of the Unified Government management prepared financial statements. The Unified Government will ensure a fair, equitable and transparent process for selecting the independent auditor. The administration will utilize key criteria for selecting the independent auditor. The auditor shall:

- Maintain a certified public accountant license practice in Kansas;
- Demonstrate experience and skill in governmental accounting and auditing; and
- Have sufficient resources to complete the audit in a timely fashion;

The auditor will be independent from the Unified Government and conform to the independence standards put forth in the General Accountability Office's Government Auditing Standards. The independent auditor will meet with the Economic Development Committee chair, Mayor and County Administrator prior to the onset of the financial audit and the presentation to discuss issues or items of concern and present to the Economic Development and Finance Committee its findings. The audit statement and findings and/or external communication letter will be presented to the full Commission.

V. Quality Control and Quality Assurance:

It is the responsibility of the Chief Financial Officer and the Accounting Manager to ensure the presence of procedures that provide sufficient guidance to affected Unified Government personnel to fulfill the intent of this policy.

These policies will be reviewed at least annually and updated on an as-needed basis.

VI. Metrics:

To be developed and managed accordingly.

VII. Definitions and Acronyms:

None.

VIII. Related Documents and References:

None.

Unified Government of Wyandotte County and Kansas City, Kansas

Debt Policy

Commission Resolution:
R-xx-18
Adopted: xx/xx/xxxx

I. Authority:

The Mayor and the Board of Commissioners are responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of financial policies which establish and direct the operations of Unified Government (UG). The County Administrator is responsible for carrying out the policy directives of the UG Board of Commissioners and managing the day-to-day operations of the executive departments, including the Finance Department. This policy shall be administered on behalf of the County Administrator by the Chief Financial Officer.

II. Purpose:

The UG Debt Policy sets forth comprehensive guidelines for the issuance and repayment of long-term debt. Debt financing serves as a tool to finance large capital investments that cannot be funded on a pay-as-you-go basis. There are three reasons to establish a debt policy:

1) the policy establishes criteria for the issuance of debt obligations so that acceptable levels of indebtedness are maintained;
2) debt policies transmit the message to investors and rating agencies that the jurisdiction is committed to sound financial management; and
3) debt policies can provide consistency and continuity to public policy development when appointed officials work from guidelines that govern the planning and execution of transactions and projects.

The debt financing policy statement sets forth comprehensive guidelines for the financing of capital expenditures. It is the objective of the policies that (1) the Unified Government obtain financing only when necessary; (2) the process for identifying the timing and amount of debt or other financing be as efficient as possible; (3) the most favorable interest rate and other related costs be obtained, and (4) when appropriate, future financial flexibility be maintained.

III. Applicability and Scope:

This policy shall apply to all Funds under the budgetary and fiscal control of the Mayor and the Board of Commissioners.

IV. Policy:

The UG should not issue long-term debt to finance current operations. The UG is committed to systematic capital planning and intergovernmental cooperation and coordination. Debt issuance should be consistent with the government's financial plan.

Debt financing may include general obligation, special assessment, and revenue bonds; temporary notes; lease/purchase agreements, and other permitted obligations. Debt will be issued in accordance with all applicable federal and state laws. Additionally, the Unified Government will maintain full and complete financial disclosure and reporting.

Financial Limitations established by the UG include:

- Annual debt service payments, excluding Enterprise Funds, are targeted at 10% - 12% of total budget authority of tax levied funds.
- The Unified Government will follow Kansas Statutes setting financial debt limitations. The amount of outstanding debt cannot exceed 30% of the County's assessed valuation.
- The Unified Government will examine and consider other indicators, such as per capita and net direct debt as measures of the community's ability to support debt.

Debt Issuance factors the UG will consider are:

- The target for general obligation support for new debt is established during the budget process. Historically the level of support has been $10-$20 million.
- The Unified Government recognizes the importance of maintaining strong credit ratings. Current bond ratings for Moody's Investor Service is A1 and Standard & Poor's is at the AA level.
- Financing terms should not exceed the asset's useful life.
- Enterprise Funds, including Sewer, Stormwater, Emergency Medical Services, Golf Course and the Public Levee should support debt issued for projects related to these activities.
- General obligation backing should be used for essential government services or projects with an asset life of 5-years or greater.
- Economic development and Tax Increment Financing (TIF) should be supported by project revenues, unless otherwise approved by the Commission.
- The Unified Government will determine if the debt should be issued on city/county basis.

Debt Restrictions for long-term financing include:

- The Unified Government should not issue debt to finance current operations.
- Debt should not be used for annual capital expenditures unless deemed a high priority by the Unified Government Commission.
- The Unified Government will use temporary note financing to complete projects prior to permanent financing, unless final project costs and timelines have been determined.

Pay-As-You-Go versus Long Term Debt Financing
The Unified Government will use the following criteria to evaluate pay-as-you-go versus long-term debt financing.

Factors favoring pay-as-you-go financing for projects include:

- The project can be funded using available revenues within the project timeline.

- Government debt levels are negatively impacting the credit rating.
- Unstable market conditions exist.

Factors supporting long-term debt financing for projects include:

- Interest rates and debt financing demand are favorable for the UG.
- Sufficient funding is not available for mandated federal and state projects or emergencies.
- Project life is 5-years or longer.

Debt Structuring will consider various factors, including the financial forecast, property tax requirements and the objective to retire principal in a timely manner. Specifically:

- Debt schedules will in most instances be structured for a 20-year term or less.
- General obligation bonds will typically be amortized with level principal/interest payments.
- Revenue bonds will be structured to align with available or projected pledged revenues.
- Enterprise funds will budget a transfer payment to the debt service fund to cover the scheduled debt payments for their specific projects financed under general obligation bond authority.
- The UG may include call options in the financing structure to achieve future interest savings by the early refunding of the debt obligation.
- Credit enhancements may be used to reduce borrowing costs, if the project has clear public benefit.
- Capitalization of interest is acceptable to allow interim financing for a project or development that is projected to generate revenue in future years.

Debt issuance Process will comply with all federal and state requirements. The Unified Government's Board of Commissioners must authorize the debt issuance. Guidelines include the following:

- The UG shall seek to issue its general or revenue bond obligations in a competitive sale, unless the government's Chief Financial Officer and/or financial advisor recommend an alternative approach.
- If competitive bids are evaluated to be unsatisfactory, alternative approaches may be considered.
- When a negotiated sale process is determined to be the most efficient financing alternative, the UG will use a competitive process for selection of the investment banking team. Considerations for a negotiated sale include: interest rates, special obligation financing and the project time schedule.

The Unified Government will use professionals to assist in authorizing and structuring the financing sale. The outside professionals may include the government's financial advisor, bond counsel, underwriter, bank trustee, or paying agent. Selection of professional services will be done in accordance with the government's procurement process.

Debt issued by the Unified Government will be managed and monitored by the Chief Financial Officer.

The investment of bond proceeds will adhere to the Government's bond indenture documents and Kansas State statute ~~Cash Management Investment Policy~~. Also, the Government has adopted and implemented a tax-exempt compliance policy, applicable after debt issuance.

Bond Refunding - The Unified Government will consider refunding to achieve interest cost savings, targeted at a minimum of 3% net present value savings; to restructure debt to align with the Government's financial forecast; or to modify the credit backing of a debt obligation.

Market and Investor Relations – An official statement will be completed for competitive financing and the UG will comply with ongoing disclosure requirements. The Unified Government's Comprehensive Annual Financial Report and information about the socio-economic trends will be reported to credit agencies on an annual basis.

Credit Rating Goal – The Unified Government's goal for its general obligation bond financing is to have at the 'AA' rating level from all credit rating agencies. If a specific financing does not have government backing or credit enhancement, then the debt may be issued without a credit rating.

Credit Risk - The Unified Government recognizes the importance of limiting interest, credit or budget risk. The Unified Government will not consider the issuance of derivatives. Variable rate debt will not be used in the issuance of General Obligation debt but may be considered for development projects backed by project revenue.

V. Quality Control and Quality Assurance:

It is the responsibility of the Chief Financial Officer to ensure the presence of procedures that provide sufficient guidance to affected Unified Government personnel to fulfill the intent of this policy.

These policies will be reviewed at least annually and updated on an as-needed basis.

VI. Metrics:

To be developed and managed accordingly.

VII. Definitions and Acronyms:

None

VIII. Related Documents and References:

A. Tax-Exempt Financing Compliance Policy and Procedure
B. Securities and Continuing Disclosure Matters Compliance Procedure