



Economic Development and Finance
Committee
Standing Committee Meeting Agenda
Monday, June 6, 2016
5:30 PM

Location:

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

Name

Absent

Commissioner Brian McKiernan, Chair

☐

Commissioner Hal Walker

☐

Commissioner Gayle E. Townsend

☐

Commissioner Ann Brandau-Murguia

☐

Commissioner James Walters

☐

David Alvey, BPU Member

☐

- I. Call to Order/Roll Call**
- II. Revisions to June 6, 2016 Agenda**
BLUE SHEET
- III. Approval of standing committee minutes from April 4, 2016.**
- IV. Measurable Goals**
- V. Committee Agenda**

Item No. 1 - PRESENTATION: 2015 CAFR

Synopsis: Presentation of the 2015 Comprehensive Annual Financial Report (CAFR), presented by Allen, Gibbs, and Houlik, LC, the UG's independent auditor, submitted by Rick Mikesic, Accounting Manager.

Information forthcoming.

It is requested that this item be fast tracked to the June 9, 2016 full Commission meeting due to it being time sensitive.

Tracking #: 16605

Item No. 2 - RESOLUTION: SALE OF SURPLUS PROPERTY AT 10041 LEAVENWORTH ROAD

Synopsis: A resolution authorizing the sale of property located at 10041 Leavenworth Road to Hodges Properties, LLC, submitted by Charles Brockman, Management Analyst, Economic Development. Hodges plans to make certain improvements to the property, including a first-class veterinary hospital.

It is requested that this item be fast tracked to the June 9, 2016 full Commission meeting.

Tracking #: 16627

Item No. 3 - UPDATE: UG SMALL BUSINESS INCENTIVE PILOT PROGRAM

Synopsis: Update on the activity of the UG Small Business Incentive Pilot Program, presented by Charles Brockman, Economic Development.

For information only.

Tracking #: 16632

Item No. 4 - RESOLUTION: TURNER COMMERCE CENTER IRBS

Synopsis: A resolution of intent to issue \$310.5M in IRBs for RELP Turner, LLC (USAA Real Estate) for the development of a single 856,605 sq. ft. industrial facility, with an additional 1.5M sq. ft. coming from an internal mezzanine design, for a total of 2.3M+ sf., submitted by George Brajkovic, Economic Development Director. The project is expected to create 1,500 jobs initially, and grow to 2,500 or more. The revenue generated from the CID and retained by the UG for infrastructure improvements to Riverview Avenue is being replaced by a \$7M grant from KDOT.

It is requested that this item be fast tracked to June 9, 2016 full Commission meeting.

Tracking #: 16626

Item No. 5 - PRESENTATION/DISCUSSION: TAX ABATEMENT POLICY

Synopsis: Presentation of key features of the Tax Abatement Policy and discussion for possible changes, submitted by George Brajkovic, Economic Development Director.

For information only.

Tracking #: 16628

Item No. 6 - PRESENTATION: URBAN DEVELOPMENT GAP FUND POLICY

Synopsis: Presentation of the Urban Development Gap Fund Policy, submitted by George Brajkovic, Economic Development Director. In 2016, the UG established a \$3M Gap Fund to assist with the financing and facilitation of renovations, revitalization and attraction of new business ventures.

For consideration and recommendation.

Tracking #: 16629

VI. Public Agenda

VII. Adjourn

**AGENDA UPDATE
ECONOMIC DEVELOPMENT & FINANCE
STANDING COMMITTEE MEETING
MONDAY, JUNE 6, 2016**

V. COMMITTEE AGENDA

ADDITIONAL INFORMATION

ITEM NO. 1 – 16605...PRESENTATION: 2015 CAFR

Synopsis: Submission of the annual management transmittal letter and 2015 Comprehensive Annual Financial Report (CAFR).

Honorable Mayor and Board of Commissioners
**Unified Government of Wyandotte County /
Kansas City, Kansas**

We are pleased to present this report related to our audit of the financial statements of the Unified Government of Wyandotte County / Kansas City, Kansas (Unified Government) for the year ended December 31, 2015. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Unified Government's financial reporting process.

Generally accepted auditing standards require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Required Communications

Our Responsibilities with Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States; the provisions of the Single Audit Act; Subpart F of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the *Kansas Municipal Audit and Accounting Guide* have been described to you in our arrangement letter dated December 8, 2015. Our audit does not relieve management or those charged with governance of their responsibilities which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit responses to significant risks of material misstatement.

Accounting Policies and Practices

Adoption of, or Change in, Accounting Policies - Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Unified Government. The Unified Government's significant accounting policies are discussed in Note 1 to the financial statements.

For the year ended December 31, 2015, the Unified Government implemented the provisions of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*. This statement established accounting and financial reporting by state and local governments for pensions.

Also, this statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. The implementation of GASB 68 had a material impact on the December 31, 2015 financial statements as it required the Unified Government to record its proportionate share of KPERS' collective net pension liability. As a result, the Unified Government's Governmental Activities recorded a \$137,597,631 net pension liability, \$12,924,813 of deferred inflows of resources, and \$12,334,854 of deferred outflows of resources as of December 31, 2015, and \$14,310,910 in pension expense for the fiscal year then ended. Business-Type Activities recorded a \$10,255,515 net pension liability, \$1,064,238 of deferred inflows of resources, and \$879,836 of deferred outflows of resources as of December 31, 2015, and \$959,816 in pension expense for the fiscal year then ended.

Significant or Unusual Transactions - We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates - Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. Management may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Unified Government's December 31, 2015 financial statements:

- *Incurring but not reported claims for workers' compensation and health insurance:* The estimate for workers' compensation is based on information provided by the third-party administrator regarding outstanding open claims, and their estimates of reserves needed to cover those claims. As a basis for our conclusions, we obtained these reports, and compared the estimated reserves to prior year data and the Unified Government's history of claims expenses. Estimates related to health insurance claims are based on a past history of claims incurred, and estimates of the lag time between when a claim is filed and paid. We reviewed the information provided by the third-party administrator in comparison to the historical lag time for claim payments, to ensure amounts projected to be paid after year end were proper.
- *Allowances for uncollectible receivables, pertaining to accounts receivable billings in the EMS fund:* The Unified Government utilizes a third party administrator (TPA) to provide claims management services for billings generated from EMS services. The TPA provides agings of outstanding receivables, and historical information on collections as a percent of gross charges, write-offs, and payments broken down by payor category. As a basis for our conclusions, we reviewed this information in comparison to the estimate management developed for the amount of uncollectible receivables resulting from billings for services.
- *Net pension liability:* The Unified Government followed guidelines in GASB statement No. 68 for reporting its proportionate share of KPERS' collective net pension liability. This included obtaining KPERS' report on Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amount by Employer and Nonemployer as of June 30, 2015, which were audited by KPERS' auditors. The Unified Government compared contributions made by the Unified Government to amounts included in this report. As a basis for our conclusions, we reviewed KPERS' report for reasonableness and verified and recalculated the Unified Government's information provided in the report.

- *Net Other Post-Employment Benefit (OPEB) Obligation:* The Unified Government implemented the provisions of GASB 45 by hiring an external actuary to develop an estimate of the OPEB cost. This amount is then reduced by actual claims paid for retirees during the year, resulting in a net OPEB obligation at year-end to record as a liability. As a basis for our conclusions, we reviewed the actuarial report for reasonableness, and verified that the 2015 claims were those reported by the Unified Government's external third party administrator for claims processing. In addition, we reviewed the methods and assumptions used by the actuary to ensure comparability to prior year calculations to other actuarial calculations done for the Unified Government.
- *Landfill Obligations:* The Unified Government has an obligation for certain closure and post-closure activities related to the John Garland Park landfill. As a basis for our conclusions, we reviewed estimates to conduct these activities provided by management and compared to historical costs for monitoring activities.
- *Pollution Remediation:* The Unified Government has obligations for modifications to its combined sewer system and separate sanitary sewer system in connection with actions taken by the Environmental Protection Agency (EPA) under the Clean Water Act. Information pertaining to these obligations was provided by management, and included agreements entered into with the EPA, and information on projects budgeted in the Unified Government's 5-year capital maintenance improvement program. As of December 31, 2015, the Unified Government does not have a long-term obligation recorded for the estimated cost of implementing all modifications that may be required in the future by the EPA. As a formal plan is developed, costs associated with the implementation plan will be more reasonably estimable.

Audit Adjustments

Certain audit adjustments were made to the original trial balance presented to us to begin our audit. These included the following:

- adjust sales tax receivable to correct balance at year-end
- adjust sewer receivable to correct balance at year-end
- record net pension liability
- adjust for unspent bond proceeds
- record deferred refunding for public levee bond issuance
- adjust capitalized amount for Stadium improvements
- adjust intergovernmental receivable to correct balance at year-end
- reclassify Public Building Commission activity for 2015 bonds issued
- record capital lease proceeds for assets received on capital leases

Uncorrected Misstatements

During the course of our audit, we accumulated uncorrected misstatements that were determined by management to be immaterial, both individually and in the aggregate, to the statements of financial position, results of operations, and cash flows, and to the related financial statement disclosures. These items are summarized in the attached Summary of Passed Journal Entries.

Management Representations

In connection with our audit procedures, we have obtained a written management representation letter. This representation letter constitutes written acknowledgments by management that it has the primary responsibility for the fair presentation of the financial statements in conformity with generally accepted accounting principles. The representation letter also includes the more significant oral representations made by officers and employees during the course of the audit and includes specific representations, is intended to reduce the possibility of misunderstandings between us and the Unified Government and reminds the signing officers to consider seriously whether all material liabilities, commitments and contingencies or other important financial information have been brought to our attention.

Other Disclosures

- We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements
- We are not aware of any consultations management had with other accountants about accounting or auditing matters
- No major issues arising from the audit were discussed with, or were the subject of correspondence with, management
- We did not encounter any significant difficulties in dealing with management during the audit

Internal Control Deficiencies

In planning and performing our audit of the financial statements of the Unified Government as of and for the year ended December 31, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Unified Government's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Unified Government's internal control. Accordingly, we do not express an opinion on the effectiveness of the Unified Government's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, significant deficiencies or material weaknesses may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following control deficiencies to be significant deficiencies:

Accounting and Financial Reporting - The Unified Government's management is responsible for the accuracy, completeness, and fairness of data presented in the Comprehensive Annual Financial Report, including all disclosures. The deficiencies described below could result in misstatements to the basic financial statements. In January 2012, the Unified Government filled the Accounting Manager position, resulting in additional resources being available for completing the year-end closing process and preparation of the financial statements. This step taken by the Unified Government continues to provide substantial benefits to this process compared to prior years, as described in the items below:

- a) A deficiency exists related to the overall preparation of the basic financial statements and related footnotes for the Comprehensive Annual Financial Report. Our observation is that the Accounting Manager continues to provide substantial benefits related to the financial statement preparation process. We noted that the Accounting Manager continued to take steps during 2015 to develop improved controls and procedures over the preparation of the financial statements. This resulted in management continuing to complete the majority of the reconciliations and calculations needed in support of the year-end adjustments and financial statements with fewer adjusting entries being made during the audit process. Management was able to generate budgetary fund-level financial statements and assisted in compiling components of the footnotes and fund level statements that are in accordance with generally accepted accounting principles. The primary remaining areas of concern pertain to certain adjusting entries (described more fully in b) below), and the preparation of the government-wide financial statements and complete set of notes to the financial statements.
- b) A deficiency exists in controls over procedures used to initiate, authorize, record and process certain journal entries into the general ledger, and record recurring and nonrecurring adjustments to the financial statements as listed below. As noted previously, the Accounting Manager was active in preparing and/or reviewing year-end journal entries prepared by his staff. The remaining items we recommend to be focused on in future years include:
 - adjustments for general liability obligations for litigation or other legal matters
 - recording annual adjustment to the net pension liabilities
 - adjustments for intergovernmental receivable related to STAR bond activity
- c) In prior years, we noted a deficiency existed due to capital asset data that was found to include errors relating to the accuracy and completeness of the data related to economic development agreements. In 2015, no adjustments were made to add assets not previously identified by management; however, an asset was removed due to being sold under a development agreement.

Management's written response to the significant deficiencies identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it. See Appendix A.

Closing

This communication is intended solely for the information and use of the Mayor, Commission Members and management, and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this communication. We appreciate the opportunity to continue to be of service to the Unified Government.

CERTIFIED PUBLIC ACCOUNTANTS

June __, 2016
Wichita, KS

**Unified Government of Wyandotte County / Kansas City, Kansas
Management Responses / Corrective Action Plans**

Accounting and Financial Reporting

The process that began in the Accounting Division in 2012 continues to provide improvements of the operations of the division, especially in the overall preparation of the basic financial statements and related footnotes for the Comprehensive Annual Financial Report. The successes realized since that point in time continue to build allowing for additional growth of the professionalism and output of the entire division.

The Accounting Division has limited staff of 6 personnel plus the manager. Recently, during the busiest time of the year, two members of the staff were lost due to retirement. Within a matter of months, the division lost 1/3 of its staff and nearly 60 combined years of service to the Unified Government. Due to the dedication and hard work of the remaining staff, the division was able to process all the daily work timely while also completing all the required year end work within the established deadlines.

Both of the vacancies created have been filled. One of the vacancies was upgraded to a Management Analyst position which allowed the division to bring in a candidate that will add ability and capacity to the division. The second vacancy was filled with an individual with the educational level and drive that will allow the division to get more out of the same position.

While 2015 was a challenge to the division due to the turnover and related vacancies, it is the expectation that the division will continue the trajectory of growth and progress with the additional resources the new employees bring to the division. This will be accomplished without the addition of any personnel. The Accounting Manager will continue to challenge the staff in professional growth, evaluate the various operations of the division and make the necessary changes to improve the overall operation and attain incremental progress.

**UNIFIED GOVERNMENT
Passed Journal Entries
December 31, 2015**

NOTE: *The following are Debits or (Credits) to the respective account balances.*

<u>ENTITY-WIDE:</u>	GAAP				
	Beginning				
	Assets	Liabilities	Net Position	Revenue	Expense
<u>Reversals from prior year:</u>					
Record assets held for sale under Neighborhood Stabilization Program (assumed sold in subsequent year)	\$ -	\$ -	\$ (401,228)	\$ -	\$ 401,228
<u>Current Year Entries Not Posted:</u>					
General Fund	(234,052)	(208,396)	250,340	74,244	117,864
Capital Projects Fund	(126,830)	(573,107)	508,908	9,323	181,706
Sewer System Fund	1,807,285	(23,131)	(1,246,413)	(560,872)	23,131
Aggregate non-major and other funds	-	(144,956)	(167,875)	-	312,831
TOTAL	\$ 1,446,403	\$ (949,590)	\$ (1,056,268)	\$ (477,305)	\$ 1,036,760
			Net Effect	\$ (496,813)	\$ 559,455

UNIFIED GOVERNMENT Passed Journal Entries December 31, 2015

NOTE: The following are Debits or (Credits) to the respective account balances.

GENERAL FUND (major fund):

Reversal of Prior Year Entries:

To adjust investments to fair value

To properly recognize investment premiums and discounts

Current Year Entries Not Posted:

To record unrecorded liabilities

To properly recognize investment premiums and discounts

TOTAL

		GAAP			
		Beginning Fund			
Assets	Liabilities	Balance	Revenue	Expenditure	
\$ -	\$ -	\$ 90,532	\$ -	\$ (90,532)	
		159,808	(159,808)		
	(208,396)			208,396	
(234,052)			234,052		
\$ (234,052)	\$ (208,396)	\$ 250,340	\$ 74,244	\$ 117,864	
Net Effect		\$ 442,448	\$ 192,108		

**UNIFIED GOVERNMENT
Passed Journal Entries
December 31, 2015**

NOTE: The following are Debits or (Credits) to the respective account balances.

<u>CAPITAL PROJECTS (major fund):</u>	GAAP				
	Assets	Liabilities	Beginning Fund Balance	Revenue	Expenditure
<u>Reversal of Prior Year Entries:</u>					
To properly accrue accounts payable	\$ -	\$ -	\$ 391,401	\$ -	\$ (391,401)
To properly recognize investment premiums and discounts			117,507	(117,507)	
<u>Current Year Entries Not Posted:</u>					
To record unrecorded liabilities		(573,107)			573,107
To properly recognize investment premiums and discounts	(126,830)			126,830	
TOTAL	\$ (126,830)	\$ (573,107)	\$ 508,908	\$ 9,323	\$ 181,706
Net Effect			\$ 699,937	\$ 191,029	

UNIFIED GOVERNMENT Passed Journal Entries December 31, 2015

NOTE: The following are Debits or (Credits) to the respective account balances.

	GAAP				
	Beginning Net Position				
	Assets	Liabilities		Revenue	Expense
<u>SEWER SYSTEM (major fund):</u>					
<i><u>Reversal of Prior Year Entries:</u></i>					
To properly recognize investment premiums and discounts	\$ -	\$ -	\$ 25,039	\$ (25,039)	\$ -
Accrual of unbilled receivables			(1,271,452)	1,271,452	
<i><u>Current Year Entries Not Posted:</u></i>					
To properly recognize investment premiums and discounts	(41,641)			41,641	
To record unrecorded liabilities		(23,131)			23,131
To record associated capital asset activity related to unrecorded liability in capital project fund	468,965			(468,965)	
Accrual of unbilled receivables	1,379,961			(1,379,961)	
TOTAL	\$ 1,807,285	\$ (23,131)	\$ (1,246,413)	\$ (560,872)	\$ 23,131
			Net Effect	<u>\$ (1,784,154)</u>	<u>\$ (537,741)</u>

		GAAP				
				Beginning		
		Assets	Liabilities	Fund	Revenue	Expenditure /
				Balance		Expense
<i>Reversal of Prior Year Entries:</i>						
To record unrecorded liabilities		\$	-	\$	-	\$ (156,125)
To adjust work comp liability to actual				(324,000)		324,000
 <i>Current Year Entries Not Posted:</i>						
Non-Major Special Revenue Funds:						
To record unrecorded liabilities			(144,956)			144,956
 Non-Major Special Debt Service Funds:						
None						
 Non-Major Enterprise Funds:						
None						
 Internal Service Funds:						
None						
 Agency Funds:						
None						
TOTAL		\$	-	\$ (144,956)	\$	312,831
		Net Effect		\$	144,956	\$ 312,831

**UNIFIED GOVERNMENT OF
WYANDOTTE COUNTY / KANSAS CITY, KANSAS**



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended December 31, 2015

INTRODUCTION



County Administrator's Office
*Unified Government of Wyandotte County/
Kansas City, Kansas*
Doug Bach, County Administrator
701 North Seventh Street
Kansas City, Kansas 66101
(913) 573-5660 • FAX (913) 573-5006

June xx, 2016

To the Honorable Mayor, the Unified Board of Commissioners and Citizens of the Unified Government of Wyandotte County/Kansas City, Kansas:

The Office of the Chief Financial Officer and the Office of the County Administrator are pleased to submit to you the Unified Government's 2015 Comprehensive Annual Financial Report (CAFR).

Management has prepared and is responsible for the financial statements and for the integrity and consistency of other information in the Comprehensive Annual Financial Report. The financial statements, which necessarily include amounts based on management estimates and judgments, have been prepared in conformity with Generally Accepted Accounting Principles (GAAP). Management is responsible for the accuracy, completeness, and fairness of the presented data, including all disclosures. The data, as presented, is accurate in all material aspects. It is presented in a manner designed to fairly set forth the financial position and results of the operation of the Unified Government as measured by the financial activity of its various fund types. It also includes all disclosures necessary to enable the reader to gain an understanding of the Unified Government's financial affairs.

The Unified Government maintains a system of internal controls designed to provide reasonable assurance that: assets are safeguarded; transactions are executed in accordance with the Unified Government's authorization requirements and policies; and transactions are properly recorded to allow preparation of financial statements that fairly present financial position and results of operations in conformity with generally accepted accounting principles. Internal accounting controls are augmented by written policies covering standards of personal and business conduct and organizational structure providing for division of responsibility and authority.

The effectiveness of and compliance with established control systems is monitored through a continuous program of internal controls. In recognition of cost-benefit relationships and inherent limitations, some features of the control system are designed to detect rather than prevent errors, irregularities and departures from approved policies and practices.

Management believes the system of controls has prevented or detected on a timely basis any occurrences that could be material to the financial statements and that timely corrective actions have been initiated when appropriate.

In addition over the past year, the Unified Government Commission reviewed and adopted two additional financial policies which will provide further financial policy oversight and guidance for this government.

The Unified Board of Commissioners has engaged the firm of Allen, Gibbs & Houlik, L.C., independent auditors, to render an opinion on the financial statements. To the best of our knowledge, the independent auditors were provided access to all information and records necessary to render their opinion.

The independent audit of the financial statements of the Unified Government is part of a broader federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Unified Government's separately issued Single Audit Report.

The CAFR follows the organization, form and content of the revised principles prescribed by the Governmental Accounting Standards Board (GASB), State of Kansas, Unified Government policy, and the Government Finance Officers Association. There are two groups who are primarily responsible for determining current governmental accounting and reporting practices. They are the American Institute of Certified Public Accountants (AICPA), and GASB. The Unified Government of Wyandotte County/Kansas City, Kansas has adopted these reporting guidelines as its policy and complies with them.

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

General Information

The Unified Government of Wyandotte County/Kansas City, Kansas was created October 1, 1997, based on a citizen vote to consolidate the operations of the City of Kansas City, Kansas and Wyandotte County, Kansas.

Wyandotte County is located at the confluence of the Kansas and Missouri Rivers and at the crossroads of two transcontinental interstate highways. Two large railroad-switching yards are located in the Unified Government, which is also the base for several truck freight companies. The Unified Government is also the home to the Kansas Speedway Corporation, owners and operators of the 1.5 mile super speedway, which opened in the spring of 2001. The super speedway is located in the northwest corner of the junction of I-435 and I-70.

Government Structure

The Unified Government is the government for both Wyandotte County and the City of Kansas City, Kansas. The governing body of the Unified Government consists of a ten-member Commission and a Mayor/Chief Executive Officer. Eight Commission positions are elected within geographic districts. Two Commission positions cover half of the County; each with candidates selected in the primary election within their district and in the general election on a countywide vote. The Mayor runs countywide in the primary and the general elections. In addition, the Mayor appoints the County Administrator with approval of the Commission. The Commission annually adopts a balanced budget and establishes the amount of taxes to be levied for the support of Unified Government programs. The County Administrator has the responsibility of administering these programs in accordance with policies and the annual budget adopted by the Commission.

Economic Condition and Outlook

The Unified Government is the government for both Wyandotte County and the City of Kansas City, KS. Wyandotte County accounts for a large number of manufacturing, transportation and distribution, including rail, and health care jobs in the metropolitan area. Many of these jobs are high paying and contribute to the positive statistics regarding gross payroll and gross sales. Development remains an important priority for the Unified Government.

The economic outlook for Wyandotte County and Kansas City, KS remains positive. Wyandotte County remains strong in terms of job growth among Kansas City metro area counties as well as nationally. Wyandotte County's growth rate was stronger than the national growth rate. Wyandotte County had a 2.3% increase in jobs between September 2014 and September 2015 which ranked the County 2nd of the six Kansas City Missouri-Kansas metropolitan area cities in the analysis. Nationally, job growth was 1.9% for this period. In 2015, the County saw several major projects covering all sectors of the economy advance. Example of these projects are: auto mall (Fenton Nissan, Victory Chrysler-Jeep-Dodge, Victory Ford) adjacent to Village West area (\$16 million); new elementary school (\$15 million); continued manufacturing & industrial investment - Sunshine Biscuit & PQ Corporation (\$8 million); Kaw Point Industrial building (\$9 million) and completion of phase 2, Prairie View, of the Village West luxury market-rate apartments (\$27 million).

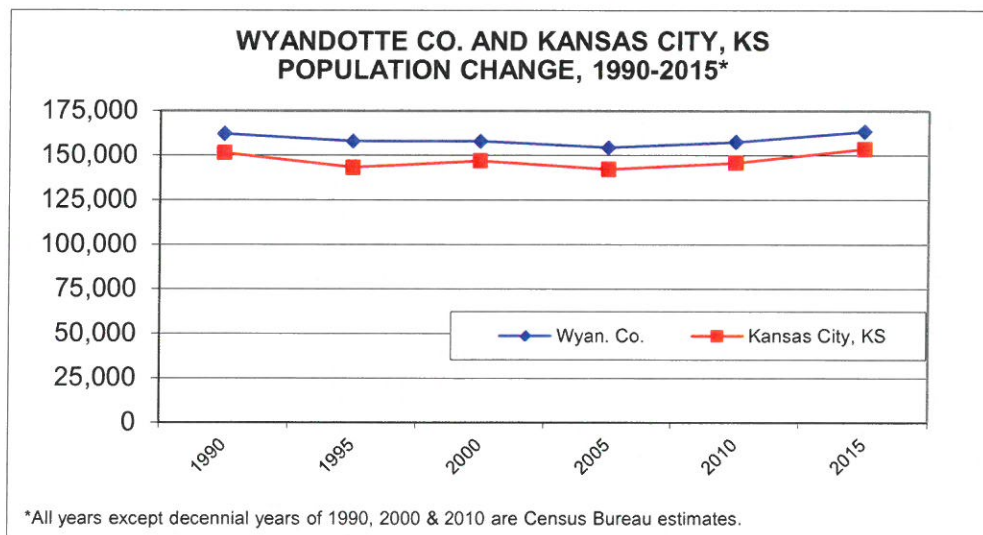
Industrial growth has resulted from the General Motors \$600 million investment in its Kansas City plant. This reinvestment was recently completed. The redevelopment of two adjacent industrial parks is currently underway. An initial building of 80,000 sq. ft. was completed in 2014. This building is occupied by Inergy and is a supplier to the General Motors automotive plant. In 2014, NorthPoint Development began redevelopment of 25 acres of the Unified Government's Public Levee operations, located in the Fairfax Industrial area. NorthPoint initially demolished existing buildings and then built a 396,000 square-foot industrial building to meet current manufacturing and industrial needs. The first tenants in this building is Plastic Packaging leasing 56,000 square feet and Ozburn-Hessey Logistics leasing 56,200 square feet. Additional tenant leases plan to be signed in 2016.

In 2014 it was announced that a \$75 million U.S. Soccer National Training and Coaching Development Center is being planned to be built near Village West. The proposed development will have state-of-the-art facilities for professional soccer athletes; a training facility for coaches and officials; and a 12-field youth tournament complex. Adjacent to the U.S. Soccer facility, Schlitterbahn has additional plans for the creation of new retail stores including an automotive plaza, which began development in 2016 as mentioned above, four restaurant pad sites and a convenience store/gas station. More detail on these projects is discussed below.

These development projects will positively impact governmental revenues, both property, sales, and other revenues. (These projects and other economic trends are further reviewed in this transmittal letter.)

Population

During the 1970's and 1980's, the population loss of Wyandotte County exceeded 6 percent. In the 1990's, the loss was less than 3 percent. The 2000 total for Wyandotte County and Kansas City were 157,882 and 146,866 respectively. Wyandotte County's 2010 Census showed the county's population to be 157,505. This is a modest decline of 0.2% from the Census 2000 population count. Kansas City's population was 0.7% lower in 2010 (145,786) than in 2000. A 2015 Census estimate for Wyandotte County showed a population of 163,369. This is a 3.7% increase in population since the 2010 Census.



Housing and Construction

In 2015, there were 132 single-family permits issued in Kansas City, Kansas, compared to 167 issued in 2014. The decade of the 2000's saw more new single-family building permits (3,098) than any other prior decade going back to the 1960's. The Home Builders Association of Greater Kansas City tracks new housing starts for 69 communities in an eight-county Kansas City area and, in 2015, Kansas City, Kansas ranked eighth among all cities in the number of single-family units added.

The strategic plan developed by the Wyandotte County Economic Council calls for the aggressive marketing of the I-435/K-7 highway corridor as a prime development area. Between 2000 and 2015, permits have been issued for the construction of 5,787 new residential units in Kansas City, Kansas. This area of the City has accounted for 3,721 new residential units or 64% of the newly built units since 2000. Examples of current active subdivisions are Highlands at Piper, Piper Landing, Northridge, Delaware Highlands, Freeman Farms and Melrose Gardens. Residential permits issued in 2015 have homes ranging in price from \$80,000 to \$695,000. Delaware Highlands located east of K-7 on State Avenue, saw a high level of construction between 2004 and 2009. This development has attached town homes, duplexes, and detached single-family homes. This is an active subdivision with 32 permits being issued for 22 units in 2015. In 2012, the Delaware Ridge area saw construction begin on an \$11.6 million apartment complex called, Delaware Ridge the Heights. This apartment complex is completed and has 228 units in 17 buildings.

The Unified Government waived building permit, inspection and sewer-connection fees for single-family home construction beginning in September 2012 to spur new home construction, and the waiver will continue until December 2016. The maximum fees waived were \$2,500 per home. Further, the Board of Public Utilities (BPU) waived temporary electricity service, residential water tap and water system development fees through 2013. The BPU fee waivers totaled \$2,775 per home.

Building upon the success of Village West and the Hollywood Casino, interest in multi-family residential housing developments has occurred. The Village West Apartments is a \$30 million, 306 unit project. These market rate apartments are located just west of Village West on 110th St. between State Ave. and Parallel Pkwy. Construction of these apartments is complete and leasing is ongoing. A second phase of the Village West Apartments, Prairie View, has begun leasing. This phase has 312 units and is located adjacent to phase one.

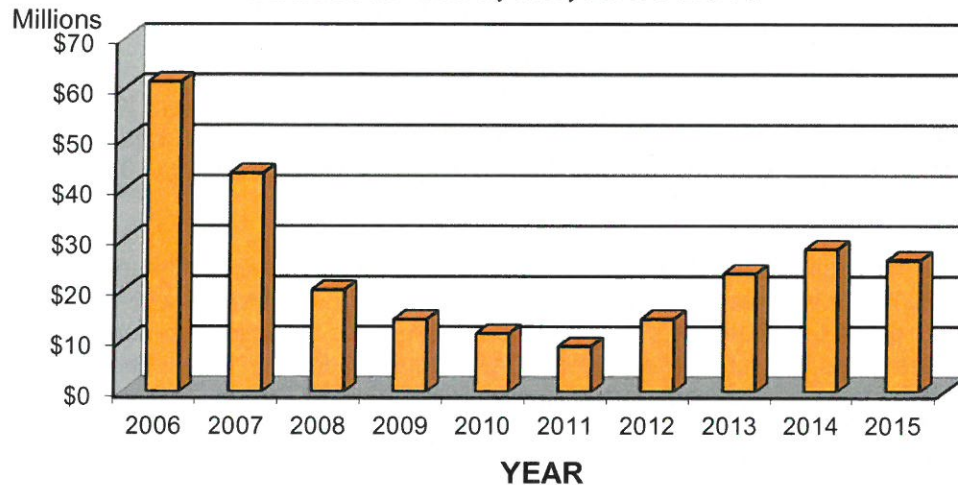
Multi-family unit demand is also positive in the eastern portions of the County. St. Margaret's was a hospital built in the 1880's south of downtown Kansas City, Kansas. This building long stood vacant but, due to renovations, began leasing in December 2013 as a multi-family apartment building with 111 units for senior housing. Forty-four of the units will be income restricted and the remaining will be market rate units. Additionally, the Horace Mann luxury apartments, renovation of a former three-story school, began leasing in 2013. This project consists of 30 market rate units. In 2015, two conversions of historic buildings created 18 units in the southwest area of the city.

Community Housing Wyandotte County (CHWC) is a non-profit, community development corporation, whose mission is to stabilize, revitalize, and reinvest in Kansas City, Kansas neighborhoods through affordable housing, homeownership promotion, and community building. CHWC focuses its programs in the urban core neighborhoods of Kansas City, Kansas/Wyandotte County. Additionally, CHWC has provided more than \$2,000,000 in grants, minor home repair loans, and mortgages to low- and moderate-income households in the community. To date, CHWC has built and sold over 200 new single-family homes in the urban core east of I-635.

The Neighborhood Stabilization Program (NSP) is a federal Housing and Urban Development program and was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. This stabilization is realized through the purchase and redevelopment of foreclosed and abandoned homes and residential properties. The Unified Government has received over \$12 million in funding from two phases of the NSP 1 and 3 programs. Funds from this program have improved residential properties throughout Wyandotte County / Kansas City, Kansas with special emphasis on the northeast area of

the city. Funds from NSP 1 purchased 52 properties with 49 being rehabbed or sold; the remaining 3 were demolished and put into the Unified Government's Land Bank program for future development. The second phase of funding NSP 3 was utilized and to construct 21 new homes, and the rehabilitation of 5 existing homes. Of the 21 new homes 15 have been sold and 1 is under contract. Currently all 5 homes have been rehabilitated with 3 sold and 1 under contract.

NEW SINGLE-FAMILY HOUSING, CONSTRUCTION VALUE KANSAS CITY, KS, 2006-2015



Tourism District

In recent years, efforts have been directed toward the development of a 1,600-acre tract of land, located directly northwest of the intersection of Interstate Highways I-70 and I-435. The Unified Government attracted the Kansas Speedway as the economic catalyst for development of this tract using the STAR Bond financing incentive. The speedway project, totaling more than \$280 million, is a 1.5-mile tri-oval on approximately 1,100 acres of land, with 72 luxury hospitality suites and grandstand seating for 82,000. The speedway has at least four major race events per year, and is in use approximately 200 days per year for various events, including driving schools, charity events, and track tours. In 2011, a second NASCAR Sprint Cup race was added to the racing schedule. It is estimated that this second race has an economic impact of \$100 million in the Kansas City metro area. With the addition of this second race, the Kansas Speedway invested \$3.5 million in 2010 to add lighting to the Speedway for night races. The speedway has completed a \$6.5 million renovation project that includes repaving, reconfiguring and re-banking of the track. Also, a new infield road course was added for Grand-Am Road Racing. In August 2013, the Kansas Speedway hosted two Grand-Am Road Racing events: the Rolex Sports Car Series and the Continental Sports Car Challenge Series. The Kansas Speedway operates at or near capacity for all major race events.

Joining Kansas Speedway at Village West are major destination retailers and entertainment business that attracted approximately 10 million visitors and shoppers annually. The initial anchor businesses and attractions include: Cabela's, a 195,500 square-foot store with 116,666 square feet of retail space featuring hunting, fishing, and other outdoor items with an 11,000 square-foot museum and 60,000-gallon aquarium (opened August 2002); Nebraska Furniture Mart which opened in August 2003 is a 1,075,000 square-foot store with 450,000 square feet of retail space and an adjacent warehouse that sells furniture, electronics, appliances, and floor coverings; and the Great Wolf Lodge and Resort, a 281-room lodge with a 40,000 square-foot indoor water park (opened June 2003). In 2010, Great Wolf Lodge invested nearly \$500,000 to upgrade a water park slide and Cabela's invested \$500,000 on an interior remodel.

The Legends Outlets Kansas City, formerly the Legends at Village West (the "Legends") is a more than \$230 million shopping center housing nearly 690,000 square feet of retail, dining, and entertainment. The Legends 14 Theatre complex (87,000 square feet) is the largest of the tenants. In 2015, the owner of the

Legends, KKR Legends, LLC, purchased the theater complex from the Unified Government of Kansas. The theater and was managed by Phoenix Big Cinemas since opening in 2005. KKR Legends has leased the theater to AMC Entertainment which plans renovations in 2016. Dave and Buster's, with nearly 50,000 square feet, is a large restaurant/arcade. In 2006, the grand opening of the Legends occurred. Currently, over 100 businesses are open with many of the stores and restaurants new to the Kansas City area, creating a unique destination. In 2015, several new stores opened including Express Factory Outlet, Fuddruckers, Jose Peppers, KC Soda Company and a Watch Station. Thus far in 2016 Francesca's and Perfume Palace have signed leases and will open soon. Further, a new three-tenant building adjacent on the south side of the Legends in an area that was currently surface parking is nearing completion. On the north side of the Legends Outlets, a \$10 million, 106-unit Residence Inn by Marriot opened in January 2016. This hotel features only suites. A new Verizon free standing retail store opened in 2015.

In January 2016 the Legends Outlets was purchased by Walton Street Capital from KKR & Co. (purchased the Legends in 2013) for an undisclosed amount. Legends Outlets is a 1.2 million square foot destination retail center in Kansas City, Kansas with traditionally high occupancy rates (currently 91%) and many stores at Legends Outlets are unique to the Kansas City market.

As of March 2016, 119 businesses, including 29 restaurants, were open in Village West, employing nearly 5,700 persons. In 2015 businesses generated over \$739 million in retail sales with local and state sales tax, use tax and transient guest tax collections of over \$66 million. Tax collections increased 5.2% between 2014 and 2015 (note: state sales tax rate increased on 7/1/15 to 6.5% from 6.15%). The 2015 real and personal property taxes levied for this development area was approximately \$23 million.

Approximately \$603 million in sales tax special obligation revenue bonds (STAR bonds) have been issued for Village West development. As of December 31, 2015 outstanding principal and accreted value of remaining Village West STAR bonds is \$191 million. Once these bonds are retired, local sales tax revenues will flow to the city and county governments. The STAR bonds remain on schedule for full redemption by the fourth quarter of 2016. The government is then projected to receive approximately \$12.7 million on an annual basis.

In December 2009, the Kansas Lottery Gaming Facilities Review Board approved the construction of a casino in Wyandotte County. Kansas Entertainment, the casino developer, completed construction of phase one of the project which opened in February 2012 and is adjacent to the Kansas Speedway. Hollywood Casino owned property is appraised at \$157 million for the 2015 tax year. The first phase of the project includes 2,000 slot machines, 64 table games, restaurants and bars. The proposal also included the second Sprint Cup NASCAR race and Grand-Am sports car road course mentioned above. The casino project created an estimated 1,500 construction jobs and employs approximately 750 casino employees. In the second phase of the project, a 300-room hotel is to be constructed. As of the first quarter of 2015, the casino has delayed construction of the hotel. Until construction of the hotel begins, the casino is subject to an additional 1% payment of net gaming revenues to the Unified Government. This equals approximately \$1.4 million on an annual basis and is effective as of February 4, 2014.

On January 25, 2013 E3 Realty Advisors conducted a foreclosure sale of the Legends property. This sale received strong interest from several major real estate trust funds, real estate investors and shopping center developers. The winning bid of \$131.5 million was submitted by KKR Real Estate Fund Holdings LP of New York. The close of this property sale was completed in March 2013.

The Unified Government, Zimmer Real Estate Services, Inc. and the Kansas Unified Development, LLC entered into a Multi-Sport Stadium Venture Agreement ("Stadium Agreement") for the construction of an 18,000-seat multi-sport stadium complex that is the permanent home to Sporting Kansas City, a Major League Soccer team. Under the Stadium Agreement, the Unified Government has issued STAR Bonds that result in \$147,000,000 of net funding for the Stadium Project. The STAR Bonds are payable from State and local sales and transient guest taxes. The stadium, named Sporting Park (beginning in 2016 will be named Children's Mercy Park), held its first soccer match in June 2011 and completed its fifth successful season in 2015 with near capacity attendance. In December 2013 Sporting Kansas City won the 2013 MLS cup in a match that was played at Sporting Park. Further, Sporting Park, recognized nationally and internationally for its design,

hosted the NCAA Division I Men's Soccer Cup Championship on December 11-13, 2015 as the Division II Football Championship for four straight years from 2014 to 2017.

CommunityAmerica Ballpark is the home of the Kansas City T-Bones, a member of independent baseball's Northern League. Since the T-Bones moved to Kansas City, Kansas and built their ballpark in 2003, they have proven to be one of the most popular independent teams in the country. The T-Bones completed their 13th year of operation in 2015. T-Bones games draw approximately 250,000 fans annually. In 2014, the T-Bones celebrated their 3 millionth fan since play began at the ballpark. Further, the American Association selected the T-Bones as the "Organization of the Year" in 2014. In December 2013, the Unified Government amended the redevelopment plan for the STAR bond district to allow for the financing of up to \$8 million in STAR bonds to purchase and renovate CommunityAmerica Ballpark subject to completing a long-term agreement with the T-Bones ownership group. The stadium sale and STAR bonds financing was approved by the governing body in February 2014. This financing is projected to extend the STAR bond payoff by four months.

In February 2015 it was announced that Dairy Farmers of America would build a \$30 million headquarters north of I-70 and east of I-435, just east of the Village West area. The Dairy Farmers of America is the area's largest private employer in terms of revenue (\$18 billion in 2014). The new headquarters is proposed to be a three-story, 100,000 square foot project that will bring 325 jobs to this area. Grading and utility work for this project began in October 2015 with building construction beginning in December 2015. In March 2016 interior improvement began. This project is projected to be completed in the first quarter 2017.

Just east of the Village West/Legends tourism district, a \$75 million U.S. Soccer National Training and Coaching Development Center is scheduled to begin construction in first quarter 2016 with the facility opening in 2017. The proposed development will house the elite athlete training and performance analytics campus and national youth soccer development programs. The facility will include approximately 100,000 square feet for an indoor facility with a practice field, eight lighted professional fields and eight youth fields.

The U.S. Soccer National Training and Coaching Development Center will be adjacent to the Vacation Village STAR District. This district includes the Schlitterbahn Waterpark which opened in July 2009 with 14 attractions which included 24 slides located on 24 acres. In 2011 a multi-million dollar expansion included six new attractions. In 2014 the world's tallest waterslide at just over 168 feet tall, called Verruckt (German for insane), opened. Another component to this district is an auto mall that will initially include three auto dealers scheduled to open mid-year 2016. Over the following 18 months commitments are in place for an additional auto dealer, a 100-room limited-service hotel, a convenience store/gas station and a combined carwash and restaurant. Finally, the Dairy Farmers of America headquarters relocation discussed previously is the third component to the Vacation Village STAR District.

A report commissioned by the Kansas City Convention & Visitors Association indicated that Wyandotte County had the most visitor spending growth, increasing by 29 percent since 2010. Wyandotte County also saw a 251 percent increase in visitor spending on recreation.

39th & Rainbow Commercial Development

This project is a \$39 million mixed-use development located adjacent to Kansas University Medical Center. The first phase includes approximately 10,000 square feet of first-floor retail space and, on the second through fourth floors, an 83-room Holiday Inn Express & Suites which opened in September 2012. Five Guys Burger and Fries also opened in September 2012, a 7-11 Convenience store opened in March 2013 and Topp'd Pizza opened in January 2015 in phase one of this redevelopment project. The second phase was completed in May 2014 and has a health care tenant focus. Kansas University Hospital operates an inpatient acute rehabilitation center that takes up 27,800 square feet. Also, Kansas City Transitional Care Center, a post-acute nursing rehabilitation facility, leases an additional 55,600 square feet. Finally, in phase two, Hanger Prosthetics & Orthotics is also currently operating. The IHOP restaurant opened in April 2015 and a Pita Pit restaurant will open in 2016. In total, the second phase of this redevelopment project is 100,000 square feet in a four-story building. This area expects to attract new retail development due to the area's dense resident population and the proximity to the KU Medical Center and Hospital. This area draws more than 10,000 persons daily. The

39th & Rainbow redevelopment was selected as a 2014 Capstone Award winner which honored the metropolitan area's outstanding real estate and development projects. Further, the Urban Land Institute honored this project as Development of Distinction.

Downtown

In July 2012, ground was broken on a transit center in downtown Kansas City, Kansas at the corner of 7th St. and Minnesota Ave. The \$2.3 million Downtown KCK MetroCenter was completed in August 2013. In September 2013, the Midtown Metro Center opened. In addition to the largest public transit passenger facility of the region, this facility also houses the Kansas City, KS Police Dept. Midtown Patrol division, the mobility management services for the Area Agency on Aging and has a Transit Community Space. Overall, these projects are part of a \$13 million effort to build KCK Connex, which will link downtown Kansas City, Missouri with downtown Kansas City, KS and Village West in the western portion of the county.

Midtown

Two redevelopment projects merit special note. First, the Prescott Plaza is a \$20 million development located at the site of an old abandoned truck stop at I-70 and 18th Street. This redevelopment is anchored by a 42,000 square-foot grocery store which opened in November 2008. In addition to the grocery store, an additional fourteen retail and/or service oriented businesses have opened. A Speedy's gasoline/convenience center opened in September 2012 with a Subway restaurant inside which opened in August 2013. This public/private development is bringing new retail services to the urban core.

The Unified Government has begun final demolition of the Indian Springs mall in 2016. In May 2014, the Unified Government approved a two-year contract with Lane4 Property Group to market the former Indian Springs.

Industrial Park Developments

The Unified Government currently has four major industrial parks: Fairfax Industrial Business District, Central Industrial Business District, Armourdale Industrial Business District, and the Santa Fe Industrial Business Park. These four industrial areas represent 80% of the industrial development in the Unified Government. The Unified Government has several other industrial park developments in the Hart Business Park located at 55th and K-32, Woodend Industrial Park along the I-435 Corridor, the Muncie Industrial Park located at 62nd and K-32 and the I-635 Industrial Park at I-635 and Metropolitan. Edwardsville has also developed an industrial/warehouse area near I-435 and the Kansas River.

General Motors (GM) continues to have a significant presence in the Fairfax Industrial District with reinvestment in excess of \$200 million. Currently the Chevy Malibu and Buick LaCrosse are produced at this facility. A third shift was added in January 2010, creating approximately 900 jobs. In 2011, GM issued building permits valued at \$5.4 million for two building additions. A \$600 million, 400,000 square-foot paint shop expansion which is for vehicle construction activities to support future production at the site was recently completed. Finally, in 2015 GM announced an additional \$174 million investment to the Kansas City, Kansas plant to support the redesigned 2015 Chevy Malibu. It is expected in that a Cadillac cross-over vehicle will begin construction at the Fairfax plant in 2018. Investment in the plant is expected to be \$245 million to allow this new production. The build of this new model will most likely mean the Buick LaCrosse will no longer be manufactured at this location after the 2017 model year.

The Revitalizing Auto Communities Environmental Response (RACER) Trust was established nationally in 2011 to remediate and reposition GM sites left behind by the company during its 2009 bankruptcy. In March 2013, the Unified Government approved an agreement with NorthPoint Development for development of a former 80-acre GM site which is expected to create \$40 million in capital and 2,000 jobs. The site is projected to be fully built over a 6 to 10 year period. Groundbreaking for the site occurred in December 2013. The new

industrial park is the first development project in Fairfax in more than 25 years. The construction consists of the installation of infrastructure, access roads and utility lines. The first project to be built on this site is an 80,000 square-foot, \$10 million manufacturing facility for Inergy which produces fuel tanks for GM vehicles. This project has created approximately 40 jobs initially, with 200 jobs at full build out.

In 2014, NorthPoint Development began redevelopment of 25 acres of the Unified Government's Public Levee operations, located in the Fairfax Industrial area. NorthPoint initially demolished existing buildings and then built a 396,000 square-foot industrial building. This facility meets current manufacturing and industrial needs. The first tenants in this building is Plastic Packaging leasing 56,000 square feet and Ozburn-Hessey Logistics leasing 56,200 square feet. Additional tenant leases plan to be signed in 2016.

Office and Service

The downtown area, with approximately 5,000 employees, has the largest concentration of office workers. In addition to the downtown area, there are active office parks in Cambridge Terrace, Meadowlark Lane, Woodlands West and assorted office and medical facilities in different locations throughout the community.

Downtown Kansas City, Kansas continues its revitalization with the redevelopment of two properties along Minnesota Ave. Loretto Properties will redevelop the buildings for a cost of \$1.5 million. The buildings plan to house various nonprofit organizations, professional services and also may serve as possible satellite locations for two Kansas City, Kansas colleges. The first retail store, a coffee shop, opened in March 2015. A master plan was approved by the Unified Government Commission in December 2014.

A Downtown Healthy Campus is being proposed in downtown Kansas City, Kansas. This \$30 million project would include a new grocery store, community center with an Olympic-tournament size pool, walking trails, a possible housing development for seniors, a primary/urgent care medical facility and green space for farmers markets. It would also be home to a new YMCA. In May 2013, the Wyandotte Health Foundation donated \$1 million for this project and the Unified Government has committed \$6 million in its future capital program for this project.

Several offices and service buildings have been constructed directly north of Village West, near 110th and Parallel Parkway. The cost of development associated with these office facilities is in excess of \$5 million. The firms located in this area include: Heartland Primary Care, a medical group; Security National Bank; Mid America Bank and Trust; and a \$2.5 million Discover Vision Center office building opened in this area in 2009 and provides essential vision related services to Wyandotte County residents. In 2013, a new dialysis medical building was built in this area. In the southeast corner of the city, a new \$1.1 million dental office was constructed in 2013.

The Unified Government and the Cerner Corporation entered into Land Transfer and Specific Venture Agreement in which Cerner Corporation is committed to construct approximately 600,000 square feet of Class A office buildings to accommodate 4,000 Cerner employees Cerner's "Continuous Campus". The Continuous Campus is located adjacent to the Unified Government's Tourism District. Cerner Corporation is an international supplier of healthcare technology. Construction of the first office building began in January 2012 and the second office building in the fall of 2012. Both buildings are currently open. The entire office complex was completed in 2014 at a cost in excess of \$400 million. Cerner is committed to employing 4,000 employees (FTE's) at this location by December 1, 2016. Average wages of these positions are to be at least \$54,000.

Retail

In addition to the Village West development, several other developments have seen growth in recent years.

Wyandotte Plaza at 78th and State Avenue underwent redevelopment beginning in the fall of 2012. The \$28 million investment expanded the existing shopping center from 182,000 square feet to approximately 220,000 square feet. The anchor for Wyandotte Plaza is a newly constructed 75,000 square foot Price Chopper

grocery store that opened in July 2014. An Advanced Auto is in its new building which is adjacent to the new grocery store. The former Advanced Auto building was demolished to make way for the grocery store. A new 13,000 square foot PetSmart opened in April 2015, a new Krispy Kreme donut retail store opened in February 2015 and finally, a 27,000 square foot Marshalls opened in May 2015. A Community American Credit Union opened in the fourth quarter 2015. Improvements have been made to façade, lighting, and traffic flow for the entire shopping center. Currently, twenty three businesses are operating at Wyandotte Plaza. The Wyandotte Plaza redevelopment was selected as a 2014 Capstone Award winner which honors the Kansas City metropolitan area's outstanding real estate and development projects. In March 2016 building permit has been issued for a new pad site. A tenant has not yet been announced.

Other new retail stores which have opened in various parts of the City over the past several years include: in 2011, a new CVS Pharmacy (\$1.5 million) located in the southwest corner of the City; a new Dollar General store located at 60th and Leavenworth Road; and a new Casey's General Store (\$1 million) located at 130th and State Ave.; in 2012, three new Dollar General stores opened, two located in the south-central area of the city and one in the northeast; in 2013, a Dollar General opened in the mid-town area; and a Family Dollar located in the northcentral part of the city opened in November 2014 and another Family Dollar is under construction in the eastern area of the city.

The Metropolitan Avenue Redevelopment Area is located in the Argentine community which is south of I-70 in eastern Kansas City, Kansas. In 2012, a Dollar General opened in this area and a Save-A-Lot grocery store opened in December 2013. The next phase of this redevelopment area was La Plaza Argentine which is anchored by a 41,000 Wal-Mart Neighborhood Market and opened in September 2014. These projects are important to an area of the city that has been categorized as a food desert.

In late 2006, the Unified Government Commission approved a \$190 million project called Plaza at the Speedway, a tax increment project located on the north side of Parallel Parkway across from the Legends shopping area. The shopping area is anchored by a Wal-Mart Supercenter that opened in October 2009 and a Sam's Club which opened in October 2012. A Taco Bell opened in April 2010 and an Olive Garden restaurant opened in May 2010. Other openings are as follows: Kohl's retail store (September 2010); Chick-Fil-A restaurant (October 2010); Red Lobster (March 2011); Jack in the Box (November 2011) and Logan's Steakhouse (May 2012). A Starbucks opened in June 2014 and in the same building a new AT&T store opened in September 2014. A new retail building was completed in 2013 at a cost of \$1.6 million. Opened in this building are a Mattress Firm, Select Comfort, Great Clips, and a dentist office. Finally, adjacent to Interstate I-435 is the development of an auto mall. A Toyota dealership opened in June 2011 and a Honda dealership opened in April 2013.

Recreation

In 2010, the Wyandotte County Fair Board spent nearly \$1 million on a new site for the Wyandotte County Fair to be located in the vicinity of 137th and Polfer road in the northwest portion of Wyandotte County. In 2011, the inaugural fair was held at this new location. The 2011 amended budget approved the re-opening of the JFK Community Center. This project included major remodeling and the addition of staff to provide program support. This center is located in an older area of the City and provides important social and recreation opportunities for near-by residents. The center re-opened in 2012. Also, a former elementary school in the Piper school district, in western Kansas City, Kansas, was renovated at a cost of \$1.8 million for use as a community center. The Rozarks Urban Trail System located in the southeastern portion of the county, was recognized by the Mid America Regional Council (greater Kansas City metro area planning agency) for developing a trail system with the greater goal of connecting urban communities. Partners in this project included Rosedale Development, the Unified Government and the Urban Trail Company.

Internal Accounting Controls

Financial Control: The Unified Government of Wyandotte County/Kansas City, Kansas, has adopted a

comprehensive system of internal controls designed to reasonably safeguard Unified Government assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies within the Unified Government. Basic management responsibilities emphasize that the accounting system must have a strong relationship with all other management control systems. The Unified Government's internal accounting controls reasonably safeguard assets and provide reasonable assurance of proper recording of all financial transactions.

As part of the continuing effort to improve fiscal stewardship and financial accountability, the Unified Government utilizes a fully computerized financial accounting management information system, the Cayenta Financials System (CFS). The system is an integrated, online municipal government financial management system, comprised of many subsystems. Modifications and enhancements are continually being made to this system in order to keep abreast of rapidly changing accounting techniques and principles. CFS is based on the single transaction concept of processing, in which all relevant files and reports are updated from a single input of information. Look-up tables are used to tailor all accounting and classification treatments and are changed by file maintenance initiated by the Financial System Administrator.

Budgetary Control: The Unified Government's budgeting system is a program based and line item budgeting system process. Departments prepare program operating and capital budgets at a detailed object expense level.

All Unified Government Tax Levy Funds are required to balance according to Kansas State Statute (K.S.A 79-2967).

The legal level of control is established at the fund level by State statutes which also permit the transfer of budgeted amounts from one object code or purpose to another within the same fund. However funds cannot be transferred between departments without obtaining approval from administration.

The Unified Government further controls spending by requiring that no expenditures be committed that would exceed the amount appropriated for the spending category (for example - Personnel Services Contractual Services) without the department first obtaining approval.

As allowed by State Statute the governing body can increase the fund level expenditures by amending the budget. An Amendment may only be made for previously unbudgeted increases in the revenue other than ad valorem taxes. To do this a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after the publication the hearing may be held and the governing body may amend the budget at that time.

- In 2013, the Unified Government Commission adopted a formal budget policy that establishes limits and controls for budget transfers and revisions.

There are four categories of budget expenditures with differing controls as follows:

- 1) 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.
- 2) The County Administrator has authority 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.
- 3) The County Administrator has authority to approve budget revisions from \$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.

- 4) Routine day-to-day Department expenditures, less than \$10,000, are managed by the Department and are subject to the Administration controls set forth in this policy and do not require Commission review.

In addition, budget revisions in salary accounts require department director, chief financial officer, and County Administrator's Office approvals.

The following actions require budget director's approval before execution:

- Pre Bid Contracts
- Capital Project Contracts
- Capital Equipment Purchases
- Changing status of an unfunded personnel position to funded status or creation of a new personnel position.

The Unified Government's annual budget is prepared in conformance with and certified as required by Kansas State Statutes. The Unified Government Administrator and the Unified Board of Commissioners evaluate budget proposals of the various Unified Government departments to determine funding for operating, capital and public service programs. After giving due consideration to the input received from citizens, the Unified Board of Commissioners adopts the budget. Thus, the adopted budget is a document which places before the people of the Unified Government a clear and precise picture of the cost of public services which are to be provided. The budget process is automated and appropriately controlled through an online accounting system to assure effective fiscal management and accountability. In 2015, the Unified Government received the Distinguished Budget Presentation Award by the Government Finance Officers Association (GFOA) for its 2015 budget document.

Property Tax Levies and Collections

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

The November 2015 certified assessed valuation for Wyandotte County was \$1.1 billion. Real property value accounted for 87% of this overall figure. The overall total was 3.7% above the prior year total. Residential and commercial property valuations have recovered to pre-recessionary levels in western portions of the County. However, personal property valuation is still affected by the 2006 legislation that exempts new machinery and equipment purchases from the tax roll. Personal property assessed value declined by \$6.8 million or 10% from 2014 to 2015.

The Unified Government 2015 tax levy for the 2016 budget is \$91.4 million. In 2014, the Unified Government levied \$87.2 million in property taxes for budget year 2015. The combined City and County mill rate increased from 82.003 mills in 2013 to 81.961 mills in 2014 for the 2015 budget year. Current-year property tax revenue collections in 2015 were \$82.1 million. In comparison, in 2014 the current-year tax collections were \$81.4 million, derived from a 2013 tax levy of \$86.9 million. The collection rate for current property taxes increased from 93.7% in 2014 to 94.2% in 2015. Treasury and the Department of Revenue collections implemented several programs in 2011 that have accelerated delinquent tax collections. Further, a 2012 budget initiative now requires payment of the most recent delinquent tax year. This change has increased delinquent payments for all outstanding years, in order for property owners to avoid a tax sale.

Financial Policies Impacting Budget Statements

The 2014 mill rate for the 2015 budget was essentially constant with only a 0.1% downward adjustment, based on final property valuations. Overall current year and delinquent property tax collections increased by \$691,000 in 2015.

Sales tax revenues showed growth in 2015. Total sales tax distributions for the General Fund were \$2 million or 5.7% above 2014. The Dedicated Sales Tax, which was implemented in July of 2010, was also positively affected by the sales tax growth, with an increase of over \$436,000 in annual revenues. This fund has supplemented general fund operating and capital expenditures in the areas of public safety and neighborhood infrastructure. Casino net gaming tax revenues to the Unified Government increased in 2015, with an annual growth rate of 8%.

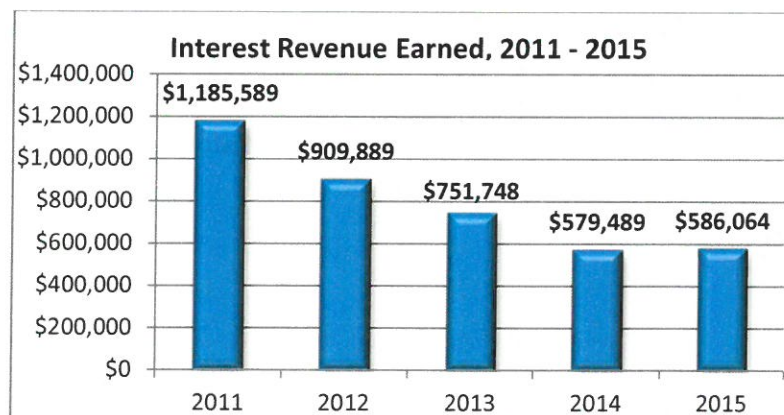
The Board of Public Utilities, an agency of the government, provides electric and water services to Kansas City. The payment-in-lieu-of-tax 2015 rate was constant with the 2014 rate of 11.9%. This tax generated \$30.7 million in revenues or a \$633,000 decrease in revenues.

Cash Management

All cash is invested during the year in certificates of deposit, US Treasury Notes, the Kansas Municipal Investment Pool, U.S. Government agencies, bank trust department municipal pools, temporary notes or no fund warrants, repurchase agreements and overnight investments in the Unified Government's primary depositories. At December 31, 2015 the carrying amount of such investments was \$221,009,826. The Unified Government earned interest income in the amount of \$586,064 during the year ended December 31, 2015.

All active deposits at December 31, 2015 were fully collateralized in compliance with State law.

The Unified Government's portfolio at December 31, 2015, had an average weighted maturity of 353.69 days with an overall weighted average rate of interest of .065%. During 2015 there was an average carrying value of \$165,498,215.



Independent Audit

The basic financial statements for 2015 were examined by Allen, Gibbs, & Houlik, L.C., and their opinion has been included in this report. They have provided the Unified Government with an unmodified opinion.

Additionally, the Unified Government is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and Title 2 US Code of Federal Regulations Part 200, Uniform Administrative requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and questioned costs, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are included in a separate report issued annually by the Unified Government.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Unified Government for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2014. This is the sixteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized report, which conforms to applicable program standards, generally accepted accounting principles, and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Unified Government believes that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting the 2015 Comprehensive Annual Financial Report to GFOA to determine its eligibility for another certificate.

Acknowledgments

Our appreciation is extended to the Unified Board of Commissioners for their continued support in maintaining the highest standards for financial reporting. Special thanks are extended to the following staff for their contributions to the preparation of this document: Richard Mikesic, Accounting Manager; Mary Barnes, Mike Kupsch and Peggy Ryan, Accounting Division; Debbie Pack, Treasury Division; Mike Grimm and Debbie Jonscher of the Finance Administration Division, and Reginald Lindsey, Budget Division; and the Legislative Auditor's Office. In addition, we would like to acknowledge the audit firm of Allen, Gibbs & Houlik, L.C., for their review and comments in the preparation of this report.

Kathleen VonAchen
Chief Financial Officer

Douglas Bach
County Administrator

GOVERNING BODY AND EXECUTIVE STAFF

Mark Holland, Mayor/Chief Executive Officer

Gayle Townsend
Commissioner
First District

Angela Markley
Commissioner
Sixth District

Brian McKiernan
Commissioner
Second District

Jim Walters
Commissioner
Seventh District

Ann Brandua-Murguia
Commissioner
Third District

Jane Winkler Philbrook
Commissioner
Eighth District

Harold Johnson
Commissioner
Fourth District

Melissa Bynum
Commissioner
First At-Large

Mike Kane
Commissioner
Fifth District

Harold "Hal" Walker
Commissioner
Second At-Large

Doug Bach, County Administrator

Gordon Criswell, Assistant County Administrator

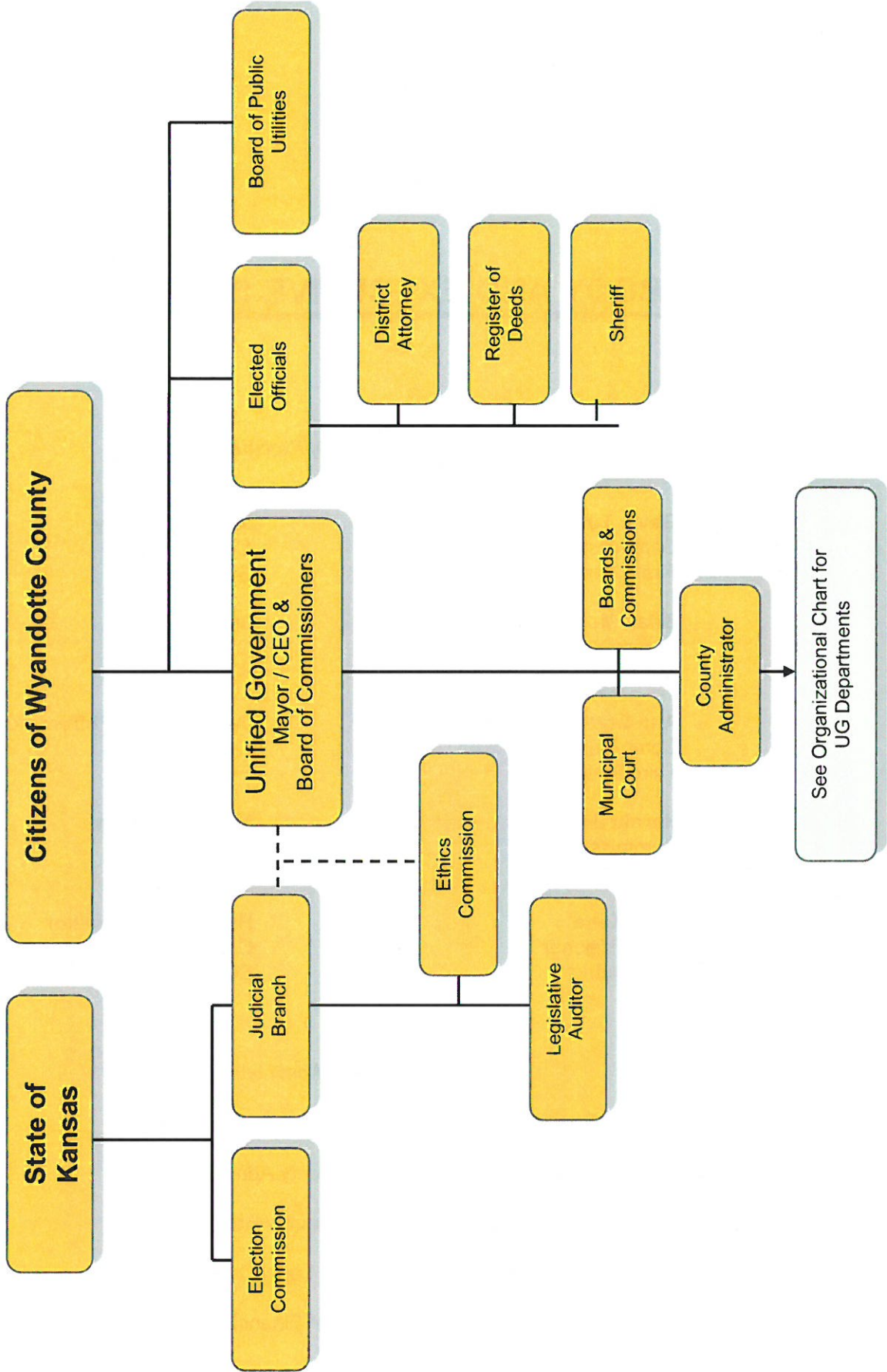
Joe Connor, Assistant County Administrator

Melissa Mundt, Assistant County Administrator

Kenneth Moore , Chief Legal Counsel

Kathleen VonAchen, Chief Financial Officer

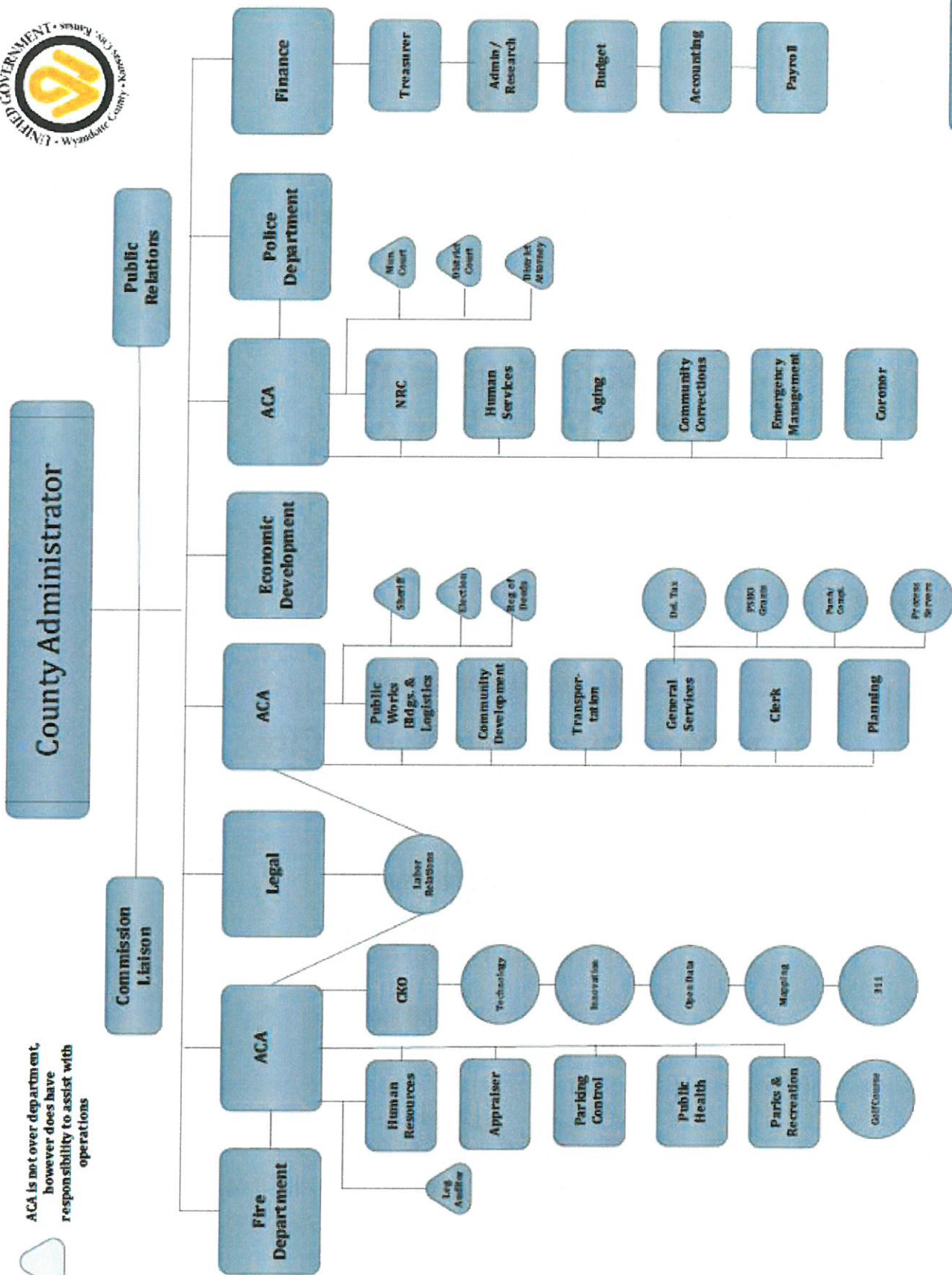
Unified Government of Wyandotte County / Kansas City, Kansas
Organizational Chart
Elected & Appointed Officials



May 2015



ACA is not over department, however does have responsibility to assist with operations





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Unified Government
of Wyandotte County/Kansas City
Kansas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Commissioners
Unified Government of Wyandotte County / Kansas City, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Unified Government of Wyandotte County / Kansas City, Kansas (Unified Government) as of and for the year ended December 31, 2015, and the related notes to the financial statements which collectively comprise the Unified Government's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Board of Public Utilities, which is both a major fund and 85 percent, 85 percent, and 87 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those financial statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Board of Public Utilities, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Unified Government as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note IV. E. to the financial statements, on January 1, 2015, the Unified Government adopted Government Accounting Standards Board Statement No. 68: Accounting and Financial Reporting for Pensions and Government Accounting Standards Board Statement No. 71: Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Unified Government's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, and the introductory and statistical sections as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June __, 2016 on our consideration of the Unified Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Unified Government's internal control over financial reporting and compliance.

CERTIFIED PUBLIC ACCOUNTANTS

June __, 2016
Wichita, Kansas

Management's Discussion and Analysis

This discussion and analysis are intended to serve as an introduction to the Unified Government's basic financial statements. The Unified Government's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Overview of the Financial Statements

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Unified Government's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Unified Government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Unified Government is improving or deteriorating.

The statement of activities presents information showing how the government's assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Unified Government that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are included to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Unified Government include general government, health and welfare, public safety, public works, parks and recreation, and planning and development services. The business-type activities of the Unified Government include electric and water systems, sewer system, EMS, public levee, storm water, Sunflower Hills Golf Course and Stadium.

The government-wide financial statements can be found as listed in the Table of Contents.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Unified Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Unified Government can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar

information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Unified Government maintains 29 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, economic development and capital projects funds, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in this report.

The basic governmental fund financial statements can be found as listed in the Table of Contents.

Proprietary Funds

The Unified Government maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Internal services funds are an accounting device used to accumulate and allocate costs internally among the Unified Government's various functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewer system and Board of Public Utilities, which are considered major funds of the Unified Government. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in this report.

The basic proprietary fund financial statements can be found as listed in the Table of Contents.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Unified Government's own programs.

The basic fiduciary fund financial statements can be found as listed in the Table of Contents.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the Table of Contents.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the Unified Government's progress in funding its obligation to provide pension and other post-employment benefits to its employees. The RSI also shows a comparison of the original and final General Fund budget to actual results and reconciliation between

budgetary fund balance and GAAP fund balance. Required supplementary information can be found as listed in the Table of Contents.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found as listed in the Table of Contents.

Government-wide Financial Analysis

Net Position

Net position may serve over time as a useful indicator of a government's financial position. The Unified Government's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$470,340,226 at the close of the most recent fiscal year.

Unified Government of Wyandotte County/Kansas City, Kansas
Statement of Net Position
December 31, 2015

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 265,215,274	\$ 224,842,791	\$ 206,236,527	\$ 283,068,918	\$ 471,451,801	\$ 507,911,709
Capital assets	548,990,273	570,400,219	1,097,910,470	1,024,203,444	1,646,900,743	1,594,603,663
Total assets	814,205,547	795,243,010	1,304,146,997	1,307,272,362	2,118,352,544	2,102,515,372
Deferred refunding	\$ 1,099,713	\$ 473,725	\$ 12,611,233	\$ 13,497,906	\$ 13,710,946	\$ 13,971,631
Deferred outflows - pensions	12,334,854	-	12,756,278	-	25,091,132	-
Total deferred outflows	13,434,567	473,725	25,367,511	13,497,906	38,802,078	13,971,631
Long-term liabilities outstanding	\$ 658,197,211	\$ 495,088,620	\$ 718,465,098	\$ 718,852,129	\$ 1,376,662,309	\$ 1,213,940,749
Other liabilities	121,810,843	133,575,328	81,940,331	83,751,238	203,751,174	217,326,566
Total liabilities	780,008,054	628,663,948	800,405,429	802,603,367	1,580,413,483	1,431,267,315
Deferred property tax receivable	\$ 90,299,375	\$ 84,469,578	\$ -	\$ -	\$ 90,299,375	\$ 84,469,578
Deferred inflows - pensions	12,924,813	-	1,064,238	-	13,989,051	-
Recovery fuel purchased power	-	-	2,112,487	5,129,895	2,112,487	5,129,895
Total deferred inflows	103,224,188	84,469,578	3,176,725	5,129,895	106,400,913	89,599,473
Net position						
Net investment in capital assets	\$ 218,839,753	\$ 225,110,072	\$ 432,030,655	\$ 429,605,573	\$ 650,870,408	\$ 654,715,645
Restricted	79,616,230	50,125,523	24,783,759	28,935,418	104,399,989	79,060,941
Unrestricted	(354,048,111)	(192,652,386)	69,117,940	54,496,015	(284,930,171)	(138,156,371)
Total net position	\$ (55,592,128)	\$ 82,583,209	\$ 525,932,354	\$ 513,037,006	\$ 470,340,226	\$ 595,620,215

By far, the largest portion of the Unified Government's net position (138%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Unified Government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Unified Government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Unified Government's net position (\$104,399,989) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is a deficit of (\$284,930,171).

GASB Statements Nos. 68 and 71 were implemented during 2015, requiring the Unified Government to record its proportionate share of the Kansas Public Employees Retirement System (KPERs) collective net pension liability. This accounts for the majority of the changes in the long-term liabilities due in more

than one year and unrestricted net position, as well as the recording of the \$13.2 million deferred outflows – pensions and the \$14.0 million deferred inflows – pension. For additional information, please refer to Note IV.E. beginning on page 67.

The Board of Public Utilities also implemented GASB Statements Nos. 68 and 71 requiring a change in how the Board of Public Utilities records its net pension liability, from the prior GASB Statement No. 27. These statements also required the recording of the \$11.9 million deferred outflows-pensions. For additional information, please refer to Note IV.E. beginning on page 67.

Change in Net Position

The net position of the Unified Government's governmental activities decreased by \$138.2 million. The net position of the business-type activities increased by \$12.9 million. The overall change in net position was a decrease of \$125.3 million. If not for the prior period adjustment due to the implementation of GASB Statements Nos. 68 and 71, the net position would have increased \$9.4 million. Changes in net position were as follows:

Unified Government of Wyandotte County/Kansas City, Kansas						
Changes in Net Position						
Year Ended December 31, 2015						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 29,812,828	\$ 25,489,543	\$ 341,546,695	\$ 346,965,968	\$ 371,359,523	\$ 372,455,511
Operating grants and contributions	77,172,263	65,543,620	-	-	77,172,263	65,543,620
Capital grants and contributions	962,151	1,078,673	951,950	1,869,192	1,914,101	2,947,865
General revenues:						
Property taxes	104,289,273	101,248,029	-	-	104,289,273	101,248,029
Other taxes	88,150,893	83,184,016	5,022,869	4,727,470	93,173,762	87,911,486
Unrestricted investment earnings	3,914,400	4,208,123	542,002	329,018	4,456,402	4,537,141
Miscellaneous	9,422,352	6,314,299	847,763	(958,686)	10,270,115	5,355,613
Total revenues	313,724,160	287,066,303	348,911,279	352,932,962	662,635,439	639,999,265
Expenses:						
General government	28,081,551	29,291,061	-	-	28,081,551	29,291,061
Health and welfare	13,069,750	13,382,429	-	-	13,069,750	13,382,429
Public safety	134,877,172	139,643,321	-	-	134,877,172	139,643,321
Public works	76,009,713	68,859,206	-	-	76,009,713	68,859,206
Parks and recreation	5,556,053	5,673,770	-	-	5,556,053	5,673,770
Planning and development services	67,407,166	52,390,674	-	-	67,407,166	52,390,674
Interest on long-term debt	20,104,585	20,301,957	-	-	20,104,585	20,301,957
Electric and water systems	-	-	273,413,456	271,053,725	273,413,456	271,053,725
Public levee	-	-	211,632	3,000,572	211,632	3,000,572
Storm Water	-	-	2,908,812	2,715,369	2,908,812	2,715,369
EMS	-	-	7,218,816	7,219,336	7,218,816	7,219,336
Sewer system	-	-	23,147,910	25,285,207	23,147,910	25,285,207
Sunflower Hills golf course	-	-	719,991	784,808	719,991	784,808
Stadium	-	-	552,003	534,030	552,003	534,030.00
Total expenses	345,105,990	329,542,418	308,172,620	310,593,047	653,278,610	640,135,465
Net position before transfers	(31,381,830)	(42,476,115)	40,738,659	42,339,915	9,356,829	(136,200)
Transfers	35,768,078	34,161,295	(35,768,078)	(34,161,295)	0	-
Changes in net position	4,386,248	(8,314,820)	4,970,581	8,178,620	9,356,829	(136,200)
Net Position - Beginning of year	82,583,209	90,898,029	513,037,006	504,858,386	595,620,215	595,756,415
Prior period adjustment	(142,561,585)	0	7,924,767	0	(134,636,818)	0
Net position – End of year	\$ (55,592,128)	\$ 82,583,209	\$ 525,932,354	\$ 513,037,006	\$ 470,340,226	\$ 595,620,215

Governmental Activities

Total revenues of governmental activities were \$26.7 million above prior-year revenue levels. This was due to a number of positive increases across multiple categories. The largest contributing factor was in operating grants and contributions, which increased \$11.6 million. The Unified Government collects sales taxes within the Prairie Delaware Redevelopment District, which is dedicated for repayment of STAR bonds (see Note III.F.). A portion of these revenues are dedicated to repayment of various STAR bonds. For certain bonds, a portion of the obligation is attributable to the State of Kansas. As such, a reciprocating receivable from the State is recorded, with adjustments to the receivable affecting the current year revenue as operating grants and contributions. During 2015, additional STAR bonds were issued, resulting in an increase to the receivable from the State of Kansas and an increase in revenues from the prior year.

In other revenue sources, charges for services increased by \$4.3 million. The largest contributing factor was \$2.3 million received from Hollywood Casino as a penalty for failing to timely construct a hotel as required under the agreement. The other major factor to the increase in charges for services was due to an increase of \$1.2 million of revenues received from the government's third party re-insurance provider to cover significant payments above the stop-loss limits (see Note IV.A.) Property tax revenues increased by \$3.0 million due to an increase in valuation and a decline in the delinquency rate. Other tax revenue increased by \$5.0 million due to an increase in sales tax revenue resulting in increased spending activity during the year. Finally, miscellaneous revenues increased by \$3.1 million due to a number of reasons, the most significant of which being due to cost reimbursements. All other revenue categories had variances that net to a \$0.3 million decrease.

Total expenses of governmental activities were \$15.6 million more than the prior year. The driving factor in the increase was in the area of Planning and Development, which increased by \$15.0 million. The majority of this variance was due to development costs under the new STAR bond agreements (see Note III.F.) Among other categories, there was a notable decrease in Public Safety expenses. When certain long-term employees retire, they have large payouts due to accumulated leave banks. Those payouts have the potential to raise their retirement benefits. As such, KPERS will calculate the future payments to the retiree based on final payouts and compare it to what the government has contributed on that employee's behalf. If the final calculations reveal insufficient payments had been made, the government is required to submit additional payments in the form of penalties. During 2014, the government paid an additional \$3.0 million in such penalties that were not experience during 2015, resulting in a current year decrease in expenses. Additionally, Public Safety experienced a notable decrease in compensation absence costs from 2014 due to utilization. The decrease in Public Safety costs was offset by an increase in Public Works. This increase was due to two competing circumstances. During 2015, the government sold the Legends Theater and the Legends Parking garage, which resulted in a book loss of \$11.0 million. However, there was a reduction of expenses of \$4.0 million due to an increase in capital costs capitalized during the year. All other categories remained somewhat constant from the prior year.

Total transfers went up by \$1.6 million due to an increase in activity between funds due related to the increase in debt issuance during the year.

Business-type activities

Total revenues of business-type activities decreased by \$4.0 million from the prior year. 1) The BPU realized a decrease in operating revenues of approximately \$8.4 million due to decreased electric sales. 2) The Sewer system fund had an increase in operating revenues of \$2.3 million due to increase in charges for services received.

Operating expenses decreased by \$2.4 million. 1) The Board of Public Utilities realized an increase in expenditures of \$2.4 million, primarily due to an decrease of production, fuel and purchased power costs, 2) Public Levee costs decreased by \$2.8 million. A new land lease was established granting a

third party authority to demolish the current structures and rebuild to suit their needs. The third party began the demolition process during 2014, resulting in a loss on disposal of assets of \$2.7 million in that year. The expenses returned to the normal operating level in 2015 without that cost. 3) The Sewer System fund had a decrease of expenses of \$2.1 million. During the year, capital outlay costs remained constant, but the nature of those costs resulted in a greater amount of capitalized costs.

Financial Analysis of the Government's Funds

The Unified Government uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

The focus of the Unified Government's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Unified Government's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Unified Government's governmental funds reported combined ending fund balance of \$62.3 million, an increase of \$53.9 million in comparison with the prior year. The fund balance includes a balance of \$24.0 million classified as unassigned. The general fund had an unassigned balance of \$27.7 million, with the capital projects and other governmental funds both having negative unassigned balances, \$2.9 million and \$0.8 million, respectively. More than half of the governmental fund balance is subject to restrictions in how the dollars may be utilized as dictated by the Unified Government fund balance policies.

The general fund is the chief operating fund of the Unified Government. At the end of the current fiscal year, the total fund balance was \$31.6 million, an increase of \$15.2 million from the prior year. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 15.3 percent of total general fund expenditures, while total fund balance represents 17.4 percent of that same amount. Key factors related to the trends of the general fund are as follows.

The combined General Fund mill levy rate decreased from 59.894 mills in 2013 (budget year 2014) to 59.488 mills in 2014 (budget year 2015) with the decrease primarily reallocated to the Bond & Interest – County Fund to provide resources for the radio capital project. This change represented a decrease of 0.68%.

The overall property valuation of the County increased 3.7% from 2014 to 2015, compared to 0.3% and 0.2% in the prior two years.

General Fund property taxes increased by \$1.4 million in 2015, with the gain attributed to the various factors including property valuation increase and a reduction in the delinquency rate (6.4% to 5.9%).

The payment-in-lieu-of-tax rate or PILOT for the publically-owned Board of Public Utilities was set in 2014 at 11.9% and no change to the rate was made in 2015. There was a decrease of \$633,000 (2%) in the 2015 PILOT due to the decrease in related BPU revenues.

The passage of a 3/8th cent Kansas City, Kansas dedicated sales tax for public safety and neighborhood infrastructure continued to positively impact revenues. This tax began July 1st of 2010 and is due to sunset in June 30, 2020. In 2015, revenue receipts for this dedicated tax were \$7.5 million compared to the prior-year figure of \$7 million or a 6.2% increase. The dedicated sales tax was primarily used in 2015 to offset General Fund expenses and maintain capital expenditures for its dedicated funds related to public safety and street improvements.

General Fund sales and use tax revenues increased by \$2.4 million or 6.5% in 2015, compared to a 2.9% in the prior year. Another category impacting revenues was the Hollywood Casino, which completed its fourth year of operations. The local tax on net gaming revenues generated nearly \$3.2 million from the gaming tax revenue.

General Fund costs decreased in 2015 due to several factors. KPERS rates were down from 2014 to 2015, 28.30% to 21.36%, respectively. Year over the actual expenditures were down \$3.7 million. Workers Compensation expenses were down \$245K compared to 2014. Police Jail Billings were down \$160K in 2015 compared to 2014. In 2015 there was a \$360K savings compared to the 2015 Adopted Budget. Police Department started evaluating if a person needed to go to jail or if mental evaluation needed. This has had an impact on the number of people being booked into county jail.

Fuel expenditures were down \$402K in 2015 compared to 2014 actual expenditures. Fuel expenditures came in \$392K under budget for 2015. The savings is directly related to 11 year low fuel prices. Vehicle parts expenditures were up \$319K in 2015 compared to 2014 actual expenditures. The increase is due older vehicles in the fleet being repaired and timing of maintenance schedules. Parts expenditures came in \$144K under budget for 2015. In 2015 Special Judgment expenditures were down \$101K compared to 2014. In 2015 there was a \$333K savings compared to the 2015 Adopted Budget.

Capital Equipment had \$356K expenditure savings in lease payments that were planned in the 2015 Adopted Budget that will not be paid until 2016. The 2016 lease payments that will occur in 2016 are already part of the 2016 Adopted Budget.

The debt service economic development fund consists of restricted cash for use in developments and debt service of development related bonds. The fund balance at the end of 2014 was \$13.7 million, which is comparable with the prior year balance.

The capital projects fund showed an increase of \$20.7 million restricted cash and temporary investments as compared to 2014. This was due to new escrow accounts related to three new STAR bond issues during 2015 (see Note III.F.). This addition also resulted in a large increase of total assets. Total expenditures increased by \$9.2 million due to increased costs related to development agreements and capital projects. Debt service expenditures classified in the "Other" category increased by \$1.0 million as due to costs of issuance related to the new STAR bond issues during 2015.

Proprietary funds

The net position for the proprietary funds increased by \$12.9 million. The Sewer Fund had an increase in its net position due to a \$2.0 million increase in charges for service while experiencing a \$2.6 million decrease in costs of service. The Non-major business type funds decreased by \$2.1 million due in large part to lower capital contributions in the Stormwater fund. The BPU had an increase in net position of \$19.6 million. An additional contributing factor to the net position was a prior period adjustment of \$7.9 million due to the implementation of GASB 68, Accounting and Financial Reporting for Pensions (see Note IV.E.) For an in-depth discussion of the operating results and financial position of the Board of Public Utilities, see the separate report issued by the Board, which can be obtained by contacting them at:

Board of Public Utilities
540 Minnesota Avenue
Kansas City, Kansas 66101

Capital Asset and Debt Administration

Capital assets

The five-year Capital Maintenance and Improvement Plan (CMIP) is a plan for capital investment in Wyandotte County's streets, bridges, recreation facilities, parks, sewer system, traffic signalization, buildings, and grounds to improve service delivery and quality of life to its citizens.

The following is a summary of capital assets for the government as of December 31, 2015 net of accumulated depreciation:

Unified Government of Wyandotte County/Kansas City, Kansas Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 8,671,675	\$ 8,658,160	\$ 4,651,511	\$ 4,651,511	\$ 13,323,186	\$ 13,309,671
Buildings	164,647,993	163,117,546	1,614,575,626	1,554,570,645	1,779,223,619	1,717,688,191
Improvements other than buildings	39,575,603	39,505,026	3,691,240	3,691,240	43,266,843	43,196,266
Machinery and equipment	54,314,211	54,295,469	43,279,358	42,829,101	97,593,569	97,124,570
Infrastructure	606,707,627	628,610,575	186,116,862	177,656,211	792,824,489	806,266,786
Construction in progress	37,905,238	26,299,580	162,151,663	108,038,004	200,056,901	134,337,584
Accumulated depreciation	(362,832,074)	(350,086,137)	(916,555,790)	(867,233,268)	(1,279,387,864)	(1,217,319,405)
Total	<u>\$ 548,990,273</u>	<u>\$ 570,400,219</u>	<u>\$ 1,097,910,470</u>	<u>\$ 1,024,203,444</u>	<u>\$ 1,646,900,743</u>	<u>\$ 1,594,603,663</u>

Additional information on the Unified Government's capital assets can be found in Note III.B.

Long-term debt

The five-year Capital Maintenance Improvement Plan outlines capital projects to be financed with long-term debt. The outstanding debt for 2015 includes General Obligation debt of \$265,421,256, Tax Increment Financed (TIF) debt of \$36,753,744, and Revolving Loan Debt of \$43,207,852. The 2015 budget includes \$32.3 million for the payment of long-term debt of the Unified Government. The Debt Service Fund debt payments total \$24.5 million and Sewer System debt payments total \$6.1 million. The monies for the debt budget are funded primarily from the individual City and County Debt Service Funds. User fee income is the primary source of revenue in the Sewer System Fund.

Unified Government of Wyandotte County/Kansas City, Kansas
Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 198,691,275	\$ 194,613,291	\$ 66,729,981	\$ 57,308,294	\$ 265,421,256	\$ 251,921,585
Tax Increment Financed GO Bonds	36,753,744	36,753,415	-	-	36,753,744	36,753,415
Board of Public Utility revenue bonds	-	-	529,785,000	547,730,000	529,785,000	547,730,000
Revolving loans	-	-	43,207,852	40,021,610	43,207,852	40,021,610
Intergovernmental loan	-	-	4,289,352	4,866,250	4,289,352	4,866,250
Accreted interest on bonds	9,674,340	12,674,443	-	-	9,674,340	12,674,443
Capital lease	6,839,477	7,427,230	6,263,102	4,289,533	13,102,579	11,716,763
Section 108 loan	1,650,000	2,029,000	-	-	1,650,000	2,029,000
Special obligation bonds	52,785,000	55,630,000	-	-	52,785,000	55,630,000
Revenue Bonds	9,660,000	9,450,000	-	-	9,660,000	9,450,000
Sales tax obligation bonds *	69,027,933	42,742,395	5,668,060	5,668,060	74,695,993	48,410,455
Transportation district bonds	24,165,000	25,740,000	-	-	24,165,000	25,740,000
Total	\$ 409,246,769	\$ 387,059,774	\$ 655,943,347	\$ 659,883,747	\$ 1,065,190,116	\$ 1,046,943,521

*See note III.F.

Kansas State Statutes limit the amount of general obligation bonds a governmental entity may issue to 30 percent of the equalized assessed valuation. The limitation for debt, as of 12/31/15, for the Unified Government is \$379,748,748 with a legal debt margin of \$139,156,113.

As of 12/31/15 the Unified Government had a rating of A1, stable outlook, from Moody's Investor Service and AA, stable outlook, from Standard and Poor's on all long-term general obligation debt assumed from both the former City of Kansas City, Kansas and Wyandotte County.

Additional information on the Unified Government's long-term debt can be found in note III.F.

General Fund Budgetary Highlights

The General Fund is the largest fund of the Unified Government, and it accounted for 77% percent of all taxes collected, and 70% of all property tax revenues received. The General Fund's major revenue sources in 2015 were property taxes (38%), sales taxes (21%) and franchise taxes (20%). Actual revenue collections, including other financing sources, for the general fund totaled \$200.0 million, compared to the 2015 budgeted figure of \$208.6 million.

The General Fund's original budgeted expenses were \$193,726,416. The final amended budget was \$204,189,574. However, actual expenditures of \$186,268,606 were 91.2 percent of budget. Significant variances between the amended budget and actual expenses were due to unexpended reserves, increased personnel costs, decreases in contractual services and delays in completing capital projects. Also, expenditures of approximately \$7,000,000 were not required for debt backed by annual appropriation because pledged project revenues were sufficient to cover the debt service payments.

Expenditures	Original Budget	Amended Budget	Increase/ Decrease	Actual	Difference
Personnel	\$ 140,215,320	\$ 142,099,370	\$ 1,884,050	\$ 141,658,997	\$ 440,373
Contractual services	30,708,019	31,538,298	830,279	28,673,021	2,865,277
Commodities	5,804,216	6,269,128	464,912	5,405,810	863,318
Capital outlay	3,388,587	5,221,286	1,832,699	4,687,800	533,486
Grants, claims, shared revenue	5,190,237	5,039,426	(150,811)	4,637,154	402,272
Debt service	7,417,720	13,348,296	5,930,576	1,174,900	12,173,396
Other	1,002,317	673,770	(328,547)	30,924	642,846
Total Expenditures	\$ 193,726,416	\$ 204,189,574	\$ 10,463,158	\$ 186,268,606	\$ 17,920,968

Additional Information

Additional Operating Data regarding the Unified Government may be found in the Official Statement date February 9, 2016 printed in connection with the Unified Government's General Obligation Bonds, Series 2016-A. The official statement can be found on the Municipal Securities Rulemaking Board's EMMA website, www.emma.msrb.org and the Unified Government will provide a copy of such official statement to any person upon request.

Requests for Information

This financial report is designed to provide a general overview of the Unified Government's finances for those with interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Unified Government of Wyandotte County/Kansas City, Kansas, 701 North 7th. Street, Kansas City, Kansas 66101.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

STATEMENT OF NET POSITION

December 31, 2015

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Cash and temporary investments	\$ 85,414,409	\$ 63,398,657	\$ 148,813,066
Restricted cash and investments	36,686,662	33,712,273	70,398,935
Receivables (net of uncollectible amounts)			
Taxes	101,579,584	835,834	102,415,418
Accounts	4,971,010	41,077,268	46,048,278
Notes	811,026	-	811,026
Intergovernmental	30,751,032	-	30,751,032
Interest	1,230,494	217,866	1,448,360
Due from other governments	220,783	-	220,783
Special assessments	2,323,130	238,610	2,561,740
Internal balances	1,227,144	(1,227,144)	-
Inventories	-	29,918,940	29,918,940
Prepayments and other current assets	-	2,685,539	2,685,539
Other assets	-	2,391,100	2,391,100
Restricted cash and investments	-	32,987,584	32,987,584
Capital assets:			
Land and construction in progress	46,576,913	166,803,174	213,380,087
Other capital assets, net of depreciation	502,413,360	931,107,296	1,433,520,656
Total Assets	814,205,547	1,304,146,997	2,118,352,544
DEFERRED OUTFLOWS OF RESOURCES			
Deferred refunding	1,099,713	12,611,233	13,710,946
Deferred outflows - pensions	12,334,854	12,756,278	25,091,132
Total Deferred Outflows of Resources	13,434,567	25,367,511	38,802,078
LIABILITIES			
Accounts and contracts payable	6,650,644	30,055,155	36,705,799
Accrued wages and expense	5,356,985	5,550,067	10,907,052
Accrued interest payable	5,581,279	9,632,527	15,213,806
Due to others	2,851,155	4,168,900	7,020,055
Due to other governments	26,864	-	26,864
Temporary notes payable	67,410,000	-	67,410,000
Regulatory and other liabilities	-	2,230,894	2,230,894
Long-term liabilities:			
Due within one year	33,933,916	30,302,788	64,236,704
Due in more than one year	658,197,211	718,465,098	1,376,662,309
Total Liabilities	780,008,054	800,405,429	1,580,413,483
DEFERRED INFLOWS OF RESOURCES			
Deferred property tax receivable	90,299,375	-	90,299,375
Deferred inflows - pensions	12,924,813	1,064,238	13,989,051
Recovery fuel purchased power	-	2,112,487	2,112,487
Total Deferred Inflows of Resources	103,224,188	3,176,725	106,400,913
NET POSITION			
Net investment in capital assets	218,839,753	432,030,655	650,870,408
Restricted for:			
Debt service	45,718,777	21,926,702	67,645,479
Revenue bond reserves	-	2,857,057	2,857,057
Capital projects	21,897,939	-	21,897,939
Federal/State assistance	3,943,712	-	3,943,712
Community services	8,055,802	-	8,055,802
Unrestricted (deficit)	(354,048,111)	69,117,940	(284,930,171)
Total net position	\$ (55,592,128)	\$ 525,932,354	\$ 470,340,226

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

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Primary government:							
Governmental Activities:							
General government	\$ 28,081,551	\$ 4,962,124	\$ 1,263,590	\$ -	\$ (21,855,837)	\$ -	\$ (21,855,837)
Health and welfare	13,069,750	736,527	6,824,396	-	(5,508,827)		(5,508,827)
Public safety	134,877,172	7,640,286	5,700,271	336,597	(121,200,018)		(121,200,018)
Public works	76,009,713	9,175,237	8,194,694	241,773	(58,398,009)		(58,398,009)
Parks and recreation	5,556,053	625,328	-	-	(4,930,725)		(4,930,725)
Planning and development	67,407,166	6,673,326	54,585,186	383,781	(5,764,873)		(5,764,873)
Interest on long-term debt	20,104,585	-	604,126	-	(19,500,459)		(19,500,459)
Total governmental activities	345,105,990	29,812,828	77,172,263	962,151	(237,158,748)		(237,158,748)
Business-type activities:							
Electric and Water systems	273,413,456	303,124,272	-	951,950	30,662,766		30,662,766
Sewer System	23,147,910	28,979,670	-	-	5,831,760		5,831,760
EMS	7,218,816	4,697,399	-	-	(2,521,417)		(2,521,417)
Public Levee	211,632	327,058	-	-	115,426		115,426
Stormwater	2,908,812	3,613,029	-	-	704,217		704,217
Sunflower Hills Golf Course	719,991	588,922	-	-	(131,069)		(131,069)
Stadium	552,003	216,345	-	-	(335,658)		(335,658)
Total business-type activities	308,172,620	341,546,695	-	951,950	34,326,025		34,326,025
Total primary government	\$ 653,278,610	\$ 371,359,523	\$ 77,172,263	\$ 1,914,101	\$ (237,158,748)	\$ 34,326,025	\$ (202,832,723)
General revenues:							
Taxes:							
Property taxes, general purpose					104,289,273	-	104,289,273
Sales taxes					72,404,103	5,022,869	77,426,972
Franchise taxes					8,725,685	-	8,725,685
Other taxes					5,836,065	-	5,836,065
Transient guest tax					1,185,040	-	1,185,040
Unrestricted investment earnings					3,914,400	542,002	4,456,402
Miscellaneous					9,422,352	847,763	10,270,115
Transfers					35,768,078	(35,768,078)	-
Total general revenues and transfers					241,544,996	(29,355,444)	212,189,552
Change in net position					4,386,248	4,970,581	9,356,829
Net position - beginning					82,583,209	513,037,006	595,620,215
Prior period adjustment					(142,561,585)	7,924,767	(134,636,818)
Net position - ending					\$ (55,592,128)	\$ 525,932,354	\$ 470,340,226

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

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2015

	General	Capital Projects	Debt Service Economic Development	Other Governmental	Totals 2015
ASSETS					
Cash and temporary investments	\$ 21,259,688	\$ 44,454,845	\$ -	\$ 19,552,566	\$ 85,267,099
Restricted cash and temporary investments	432,723	21,192,653	13,732,725	172,862	35,530,963
Receivables (net of uncollectible amounts)					
Taxes:					
Property taxes	64,037,247	-	-	26,262,128	90,299,375
Other taxes	9,016,554	785,414	-	1,478,241	11,280,209
Accounts	4,148,460	30,000	-	698,696	4,877,156
Notes	15,827	-	-	795,199	811,026
Intergovernmental	-	-	30,751,032	-	30,751,032
Interest	652,359	353,508	-	35,463	1,041,330
Special assessments	1,216,988	-	-	1,106,142	2,323,130
Due from other funds	5,288,999	15,437	-	919,976	6,224,412
Due from other governments	-	-	-	220,783	220,783
Total Assets	\$ 106,068,845	\$ 66,831,857	\$ 44,483,757	\$ 51,242,056	\$ 268,626,515
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts and contracts payable	\$ 2,587,373	\$ 2,091,283	\$ -	\$ 1,603,326	\$ 6,281,982
Accrued wages and other	4,211,899	119,621	-	1,025,465	5,356,985
Due to others	2,418,772	25,738	-	319,471	2,763,981
Due to other funds	-	132,710	13,019	926,349	1,072,078
Due to other governments	6,908	-	-	19,956	26,864
Temporary notes payable	-	67,410,000	-	-	67,410,000
Total Liabilities	9,224,952	69,779,352	13,019	3,894,567	82,911,890
Deferred inflows of resources:					
Deferred property tax receivable	64,037,247	-	-	26,262,128	90,299,375
Unavailable revenue - intergovernmental receivable	-	-	30,751,032	-	30,751,032
Unavailable revenue - special assessments	1,216,988	-	-	1,106,142	2,323,130
Total Deferred inflows of resources	65,254,235	-	30,751,032	27,368,270	123,373,537
Fund balances					
Restricted	95,443	-	13,719,706	19,432,689	33,247,838
Committed	854,812	-	-	1,284,274	2,139,086
Assigned	2,912,722	-	-	-	2,912,722
Unassigned	27,726,681	(2,947,495)	-	(737,744)	24,041,442
Total Fund Balances	31,589,658	(2,947,495)	13,719,706	19,979,219	62,341,088
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 106,068,845	\$ 66,831,857	\$ 44,483,757	\$ 51,242,056	\$ 268,626,515

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

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

December 31, 2015

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

Total fund balance - governmental funds **\$62,341,088**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost	\$911,822,347	
Accumulated depreciation	<u>(362,832,074)</u>	548,990,273

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

General obligation bonds payable	235,445,019	
Special obligation bonds payable	52,785,000	
Public Building Commission revenue bonds payable	9,660,000	
Sales tax obligation bonds payable	69,027,933	
Transportation development bonds	24,165,000	
Premium on bonds payable	11,941,710	
Discount on bonds payable	(1,110,302)	
Accrued interest payable on the bonds	5,581,279	
Section 108 loan	1,650,000	
Capital lease	6,839,477	
Accreted interest	9,674,340	
Compensated absences	42,322,250	
Claims and judgments	600,000	
OPEB liability	85,508,150	
Landfill closure / postclosure care	540,000	
Net pension liability	137,597,631	
Unfunded pension obligation	<u>255,919</u>	(692,483,406)

Other deferred outflows of resources are not due and payable in the current period and therefore are not reported in the funds.

Deferred refunding	1,099,713	
Deferred outflows - pensions	<u>12,334,854</u>	13,434,567

Other deferred inflows of resources do not increase net position until a future period and therefore are not reported in the funds.

Deferred inflows - pensions		(12,924,813)
-----------------------------	--	--------------

Interest subsidy from the Federal government is not considered available to liquidate liabilities of the current period, and is therefore deferred in the funds. However, the interest is properly recognized as a revenue in the government-wide statements.

189,164

Intergovernmental receivables are not considered available to liquidate liabilities of the current period, and is therefore deferred in the funds. However, the intergovernmental receivables are properly recognized as a revenue in the government-wide statements.

30,751,032

Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the government-wide statements as soon as the related improvement has been completed.

2,323,130

Internal Service Funds are used by management to charge the costs of certain activities, such as insurance, to the individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.

(8,213,163)

Total net position - governmental activities **(\$55,592,128)**

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

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2015

	General	Capital Projects	Debt Service Economic Development	Other Governmental	Totals 2015
REVENUES					
Taxes	\$127,057,641	\$ 8,095,837	\$ 19,338,785	\$ 41,535,944	\$196,028,207
Intergovernmental	754,285	241,773	44,422,396	23,509,145	68,927,599
Licenses, permits and fees	2,334,353	-	-	70,497	2,404,850
Charges for services	12,852,579	-	-	1,934,179	14,786,758
Fines, forfeitures and penalties	8,108,637	-	-	1,044,265	9,152,902
Interest income	1,940,935	293,389	82,061	539,152	2,855,537
Miscellaneous	3,935,178	1,627,346	-	3,664,828	9,227,352
TOTAL REVENUES	\$156,983,608	10,258,345	63,843,242	72,298,010	\$303,383,205
EXPENDITURES					
Current:					
General government	21,691,688	-	-	5,434,465	27,126,153
Public works	23,520,401	4,533,877	-	7,600,701	35,654,979
Public safety	110,239,357	-	-	8,256,772	118,496,129
Judicial	8,272,776	-	-	2,896,306	11,169,082
Health and welfare	558,981	-	-	12,215,889	12,774,870
Planning and development	7,360,406	-	40,182,610	5,493,364	53,036,380
Parks and recreation	5,042,660	-	-	258,450	5,301,110
Capital outlay	2,880,972	44,951,761	-	3,959,547	51,792,280
Debt service					
Principal	1,416,015	-	19,937,374	22,642,186	43,995,575
Interest	662,003	219,960	9,167,843	10,141,077	20,190,883
Other	-	1,601,802	191,174	164,442	1,957,418
TOTAL EXPENDITURES	181,645,259	51,307,400	69,479,001	79,063,199	381,494,859
OTHER FINANCING SOURCES (USES)					
Transfers in	32,916,334	12,336,886	5,720,545	2,293,030	53,266,795
Transfers out	(3,118,084)	(6,317,842)	-	(2,341,115)	(11,777,041)
Issuance of bonds	275,000	67,817,912	-	780,000	68,872,912
Premium from issuance of bonds	-	1,361,927	-	-	1,361,927
Discount from issuance of bonds	-	(579,274)	-	-	(579,274)
Issuance of refunding bonds	-	-	-	16,800,000	16,800,000
Premium from issuance of refunding bonds	-	-	-	3,039,776	3,039,776
Payment to refunded bond escrow agent	-	-	-	(19,293,926)	(19,293,926)
Proceeds from sale of capital assets	9,799,210	19,800	-	8,800,000	18,619,010
Issuance of capital lease	-	1,720,103	-	-	1,720,103
TOTAL OTHER FINANCING SOURCES (USES)	39,872,460	76,359,512	5,720,545	10,077,765	132,030,282
NET CHANGE IN FUND BALANCE	15,210,809	35,310,457	84,786	3,312,576	\$53,918,628
FUND BALANCES (DEFICITS)					
Beginning of year	16,378,849	(38,257,952)	13,634,920	16,666,643	8,422,460
End of year	\$ 31,589,658	\$ (2,947,495)	\$ 13,719,706	\$ 19,979,219	\$62,341,088

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

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2015

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

Net change in fund balances - total governmental funds		\$53,918,628
Governmental funds report capital asset acquisition as expenditures. However, in the statement of activities, the cost of assets capitalized is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capitalized assets in the current period.		
Depreciation expense	(\$22,963,366)	
Capitalized assets acquired	22,463,135	(500,231)
The net effect of various transactions involving capital assets (i.e., sales and trade-ins) is to decrease net position.		
		(20,909,715)
Bond and capital lease proceeds and premiums / discounts provide or use current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.		
General obligation bonds	(42,540,000)	
Special obligation bonds	(280,000)	
Public building commission bonds	(780,000)	
Sales tax obligation bonds	(42,072,912)	
Capital leases	(1,720,103)	
Premium	(4,401,703)	
Discount	579,274	(91,215,444)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General obligation bonds	38,461,687	
Special obligation bonds	3,125,000	
Public building commission bonds	570,000	
Section 108 loan	379,000	
Sales tax obligation bonds	15,787,374	
Transportation development bonds	1,575,000	
Capital leases	2,307,856	62,205,917
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
		(452,392)
The amortization of bond premiums, discounts and deferred refundings affects long-term assets, liabilities and deferred outflows of resources on the statement of net position, but does not provide or use current financial resources to governmental funds.		
		2,248,669
In the statement of activities, certain expenditures are measured by the amounts incurred during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid).		
Compensated absences paid that exceeded amounts earned		3,443,612
Pension benefits paid that exceeded amounts earned		9,821
Landfill closure / postclosure care obligations incurred		142,000
Other postemployment benefits earned		(7,086,485)
Payment of pension contributions is an expenditure in the governmental funds, but reduces the net pension liability in the statement of net position. Additionally, the effect of changes in deferred inflows and deferred outflows for pensions are only recorded in the statement of activities.		
		4,373,995
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.		
		(1,536,540)
Special assessments are not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, they are properly recognized as revenue in the statement of net position as soon as the related improvement has been completed.		
		124,774
Interest subsidy from the Federal government is not considered available to liquidate liabilities of the current period, and are therefore deferred in the funds. However, the interest is properly recognized as a revenue in the statement of activities.		
		(4,742)
Payments received on the note receivable from the Sporting KC project is recognized as revenue when received in the funds. However, in the statement of net position the note was recognized as revenue when issued.		
		(9,500,000)
Payments received on the intergovernmental receivables are recognized as revenue when received in the funds. However, in the statement of net position the intergovernmental receivables were recognized as revenue when issued.		
		6,124,278
In the statement of activities, interest is accreted on outstanding bonds, whereas in governmental funds, interest is accreted when interest payments are due.		
		3,000,103
Change in net position of governmental activities		\$4,386,248

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

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental
	Sewer	Board of	NonMajor	Totals	Activities -
	System	Public Utilities	Business-type	2015	Internal Service
ASSETS					
Current Assets:					
Cash and temporary investments	\$ 12,612,755	\$ 45,566,807	\$ 5,219,095	\$ 63,398,657	\$ 147,310
Restricted cash and temporary investments	5,457,057	24,962,711	3,292,505	33,712,273	1,155,699
Receivables (net of uncollectible amounts)					
Accounts and other receivables	5,126,875	35,119,321	2,123,382	42,369,578	93,854
Inventories	-	29,918,940	-	29,918,940	-
Prepayments and other current assets	-	2,685,539	-	2,685,539	-
Total current assets	23,196,687	138,253,318	10,634,982	172,084,987	1,396,863
Noncurrent Assets:					
Restricted cash and investments	-	32,987,584	-	32,987,584	-
Capital assets	289,031,419	1,537,846,270	25,436,908	1,852,314,597	-
Accumulated depreciation	(165,547,587)	(744,410,469)	(6,597,734)	(916,555,790)	-
Construction in progress	13,267,745	137,924,184	10,959,734	162,151,663	-
Other assets	213,186	2,177,914	-	2,391,100	-
Total noncurrent assets	136,964,763	966,525,483	29,798,908	1,133,289,154	-
TOTAL ASSETS	160,161,450	1,104,778,801	40,433,890	1,305,374,141	1,396,863
DEFERRED OUTFLOWS OF RESOURCES					
Deferred refunding	326,140	12,226,051	59,042	12,611,233	-
Deferred outflows - pensions	369,566	11,876,442	510,270	12,756,278	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	695,706	24,102,493	569,312	25,367,511	-
LIABILITIES					
Current liabilities:					
Accounts and contracts payable	1,074,378	28,704,484	276,293	30,055,155	368,662
Accrued wages and expenses	454,973	4,966,124	128,970	5,550,067	-
Accrued interest payable	1,072,461	8,271,836	288,230	9,632,527	-
Due to others	65,408	4,103,492	-	4,168,900	87,174
Due to other funds	314,904	-	912,240	1,227,144	3,925,190
Regulatory and other liabilities	-	2,230,894	-	2,230,894	-
Claims incurred but not reported	-	-	-	-	4,950,000
Compensated absences payable	77,679	1,041,000	240,514	1,359,193	-
Current maturities of long-term debt	4,050,543	22,972,904	1,920,148	28,943,595	-
Total current liabilities	7,110,346	72,290,734	3,766,395	83,167,475	9,331,026
Long-term liabilities:					
Revenue bonds payable, less current maturities	12,627,276	586,653,429	-	599,280,705	-
Sales tax obligation bonds	-	-	5,668,060	5,668,060	-
Accreted interest on bonds	-	-	737,499	737,499	-
General obligation bonds payable (net of unamortized premiums)	46,345,645	-	19,324,096	65,669,741	-
Claims incurred but not reported	-	-	-	-	279,000
Compensated absences payable	1,136,500	4,342,000	3,518,886	8,997,386	-
Capital leases payable	205,349	2,261,192	1,058,652	3,525,193	-
OPEB Liability	4,542,750	5,074,739	3,015,965	12,633,454	-
Net pension liability	4,828,274	11,727,545	5,397,241	21,953,060	-
Total long-term liabilities	69,685,794	610,058,905	38,720,399	718,465,098	279,000
TOTAL LIABILITIES	76,796,140	682,349,639	42,486,794	801,632,573	9,610,026
DEFERRED INFLOWS OF RESOURCES					
Recovery fuel purchased power	-	2,112,487	-	2,112,487	-
Deferred inflows - pensions	631,749	-	432,489	1,064,238	-
TOTAL DEFERRED INFLOWS OF RESOURCES	631,749	2,112,487	432,489	3,176,725	-
NET POSITION					
Net investment in capital assets	73,848,904	350,960,044	7,221,707	432,030,655	-
Restricted for debt service	-	21,926,702	-	21,926,702	-
Restricted for revenue bond reserves	2,857,057	-	-	2,857,057	-
Unrestricted	6,723,306	71,532,422	(9,137,788)	69,117,940	(8,213,163)
TOTAL NET POSITION	\$ 83,429,267	\$ 444,419,168	\$ (1,916,081)	\$ 525,932,354	\$ (8,213,163)

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

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Sewer System	Board of Public Utilities	NonMajor Business-type	Totals 2015	
OPERATING REVENUES					
Charges for service	\$ 27,843,679	\$ 272,465,421	\$ 5,286,321	\$ 305,595,421	\$ 27,667,075
Fines/forfeits/fees	-	-	3,395,039	3,395,039	-
Earned lease income	-	-	359,354	359,354	-
Permits and licenses	449,372	-	-	449,372	-
Intergovernmental	-	-	402,039	402,039	-
Miscellaneous revenues	686,619	-	-	686,619	1,897,317
Payment-in-lieu of taxes	-	30,658,851	-	30,658,851	-
TOTAL OPERATING REVENUES	28,979,670	303,124,272	9,442,753	341,546,695	29,564,392
OPERATING EXPENSES					
Cost of sales and service	15,170,680	201,260,954	9,598,793	226,030,427	33,349,583
Depreciation and amortization	5,432,152	47,538,375	896,165	53,866,692	-
TOTAL OPERATING EXPENSES	20,602,832	248,799,329	10,494,958	279,897,119	33,349,583
Operating income (loss)	8,376,838	54,324,943	(1,052,205)	61,649,576	(3,785,191)
NON-OPERATING REVENUES (EXPENSES)					
Tax revenue	-	-	5,022,869	5,022,869	-
Interest earnings	442,033	-	99,969	542,002	(1,349)
Interest expense	(2,545,078)	(24,614,127)	(1,116,296)	(28,275,501)	-
Other	(30,758)	888,771	(10,250)	847,763	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(2,133,803)	(23,725,356)	3,996,292	(21,862,867)	(1,349)
Income (loss) before contributions and transfers	6,243,035	30,599,587	2,944,087	39,786,709	(3,786,540)
Capital contributions-local government	6,478,656	-	1,493,020	7,971,676	-
Transfer in	656,407	-	181,330	837,737	2,250,000
Transfer out	(7,183,095)	(30,658,851)	(6,735,545)	(44,577,491)	-
Contributions from developers and others	-	951,950	-	951,950	-
Change in net position	6,195,003	892,686	(2,117,108)	4,970,581	(1,536,540)
TOTAL NET POSITION					
Beginning of year	82,641,981	424,771,415	5,623,610	513,037,006	(6,676,623)
Prior period adjustment	(5,407,717)	18,755,067	(5,422,583)	7,924,767	-
End of year	\$ 83,429,267	\$ 444,419,168	\$ (1,916,081)	\$ 525,932,354	\$ (8,213,163)

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

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

continued

For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Sewer System	Board of Public Utilities	NonMajor Business-type	Totals 2015	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 28,650,725	\$ 268,853,290	\$ 9,391,240	\$ 306,895,255	\$ 29,559,749
Payments to suppliers	(6,200,305)	(103,418,599)	(3,201,797)	(112,820,701)	-
Payments to employees	(8,072,694)	(58,562,107)	(5,754,557)	(72,389,358)	(31,936,037)
NET CASH FLOW FROM OPERATING ACTIVITIES	14,377,726	106,872,584	434,886	121,685,196	(2,376,288)
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES					
Receipts from taxes	-	-	4,984,899	4,984,899	-
Transfers out	(7,183,095)	-	(6,735,545)	(13,918,640)	-
Transfers in	656,407	-	181,330	837,737	2,250,000
Payment -in-lieu of taxes	-	(30,857,500)	-	(30,857,500)	-
NET CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES	(6,526,688)	(30,857,500)	(1,569,316)	(38,953,504)	2,250,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on bonds	(8,432,578)	(20,270,612)	(830,584)	(29,533,774)	-
Interest paid on bonds and capital leases	(2,659,201)	(28,471,245)	(666,861)	(31,797,307)	-
Proceeds from bonds	15,433,161	-	6,525,218	21,958,379	-
Acquisition of capital assets	(5,649,032)	(108,205,740)	(1,075,768)	(114,930,540)	-
Payments on capital leases	(349,848)	(1,232,216)	(854,729)	(2,436,793)	-
Acquisition of intangible assets	-	(467,639)	-	(467,639)	-
Accounts payable related to capital activities	-	(3,621,691)	-	(3,621,691)	-
Special assessment taxes	19,707	-	-	19,707	-
Issuance of government loans	-	3,151,850	-	3,151,850	-
Issuance of capital leases	-	3,590,371	-	3,590,371	-
Payments for debt issuance costs	(110,492)	(25,053)	(52,951)	(188,496)	-
NET CASH FLOW FROM CAPITAL RELATED FINANCING ACTIVITIES	(1,748,283)	(155,551,975)	3,044,325	(154,255,933)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	442,033	203,006	78,590	723,629	1,224
Purchases of investments	-	(126,776,720)	-	(126,776,720)	-
Proceeds from maturity or sale of investments	-	173,675,500	-	173,675,500	-
NET CASH FLOW FROM INVESTING ACTIVITIES	442,033	47,101,786	78,590	47,622,409	1,224
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	6,544,788	(32,435,105)	1,988,485	(23,901,832)	(125,064)
CASH AND CASH EQUIVALENTS					
Beginning of year	11,525,024	121,440,149	6,523,115	139,488,288	1,428,073
End of year	<u>\$ 18,069,812</u>	<u>\$ 89,005,044</u>	<u>\$ 8,511,600</u>	<u>\$ 115,586,456</u>	<u>\$ 1,303,009</u>
Cash and temporary investments	\$ 12,612,755	\$ 45,566,807	\$ 5,219,095	\$ 63,398,657	\$ 147,310
Cash and cash equivalents, reported as restricted cash	5,457,057	43,438,237	3,292,505	52,187,799	1,155,699
	<u>\$ 18,069,812</u>	<u>\$ 89,005,044</u>	<u>\$ 8,511,600</u>	<u>\$ 115,586,456</u>	<u>\$ 1,303,009</u>

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

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS - continued

For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service
	Sewer System	Board of Public Utilities	Nonmajor Business-type	Totals 2015	
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES					
Operating income	\$ 8,376,838	\$ 54,324,943	\$ (1,052,205)	\$ 61,649,576	\$ (3,785,191)
Adjustments to reconcile operating income to cash flow from operating activities					
Depreciation and amortization	5,432,152	47,538,373	896,165	53,866,690	-
Changes in assets and liabilities					
Accounts receivable	(328,945)	3,701,067	(51,513)	3,320,609	(4,644)
Inventories and prepaid assets	-	758,837	-	758,837	-
Deferred outflows - pensions	(21,834)	(7,598,124)	145,834	(7,474,124)	-
Accrued wages and expenses	203,329	(389,471)	(101,098)	(287,240)	-
Accounts payable	547,215	(513,299)	71,237	105,153	(101,220)
Accrued vacation and sick pay	(228,538)	-	321,830	93,292	-
Claims incurred but not reported	-	-	-	-	58,000
Due to others	-	1,136,621	-	1,136,621	(4,878)
Due to / from other funds	314,904	-	195,757	510,661	1,461,645
Unearned revenue	-	(3,017,408)	-	(3,017,408)	-
OPEB liability	378,031	-	257,836	635,867	-
Net pension liability	61,963	8,878,007	402,250	9,342,220	-
Deferred inflows - pensions	(357,389)	-	(651,207)	(1,008,596)	-
Other non-current assets	-	2,053,038	-	2,053,038	-
NET CASH FROM OPERATING ACTIVITIES	\$ 14,377,726	\$ 106,872,584	\$ 434,886	\$ 121,685,196	\$ (2,376,288)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital contributions-local government	\$ 6,478,656	\$ 951,950	\$ 1,493,020	\$ 8,923,626	\$ -
Accreted interest on sales tax obligation bonds	-	-	(425,909)	(425,909)	-
Property, plant and equipment acquired with capital leases	-	-	819,992	819,992	-

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

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

December 31, 2015

	Agency Funds
ASSETS	
Cash and investments	\$ 114,423,034
Accounts receivable	17,332
TOTAL ASSETS	\$ 114,440,366
LIABILITIES	
Accounts payable	\$ 19,141
Due to others	411,757
Due to other governments	114,009,468
TOTAL LIABILITIES	\$ 114,440,366

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

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

NOTES TO THE FINANCIAL STATEMENTS

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Unified Government of Wyandotte County/Kansas City, Kansas (the Unified Government) is organized under the laws of the State of Kansas and is governed by an elected eleven-member board. The Unified Government was created October 1, 1997, based on a citizen vote to consolidate the operations of the City of Kansas City, Kansas and Wyandotte County. As required by generally accepted accounting principles (GAAP), these financial statements present the primary government and its component units, entities for which the Unified Government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations.

Under Charter Ordinance of the Unified Government of Wyandotte County, Kansas City, Kansas (the Unified Government), pursuant to the Unified Government's constitutional home rule, the BPU is an administrative agency of the Unified Government and, as such, is a part of the Unified Government's primary government. However, the BPU's operational and administrative control is under a six-member elected board of directors (the Board).

Blended Component Unit – The Public Building Commission (PBC) was established to benefit the Unified Government and is governed by a five-member board. The Unified Government Board of Commissioners appoints all five members of the PBC Board and is able to impose its will on the PBC. The PBC has the authority to issue revenue bonds to finance the cost of acquiring and/or constructing land and facilities operated for a public purpose by the Unified Government. The PBC finances the debt service of the revenue bonds by leasing the land and facilities to the Unified Government. The Unified Government guarantees the rentals under the PBC lease. The PBC has no power to levy taxes, and revenue bonds issued by the PBC are not included in any legal debt limitations of the Unified Government. For financial reporting, the financial activities of the PBC are accounted for within the capital project funds of the Unified Government's financial statements.

Separate audited financial statements are not prepared by the PBC.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major

individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and fiduciary funds financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and thus have been recognized as revenue of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Unrestricted aid is reported as revenue in the fiscal year during which the entitlement is received.

The Unified Government reports the following major governmental funds:

The *General Fund* is the Unified Government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

The *Economic Development Fund* accounts for the servicing of transportation development and sales tax obligation bonds.

The Unified Government reports the following major proprietary funds:

The *Sewer System Fund* provides financing for water pollution control and is responsible for day-to-day and future operations, routing system maintenance and payment on revenue bonds.

The *Board of Public Utilities (BPU)* is an administrative agency of the Unified Government. The BPU operates and maintains the water and electric utilities owned by the Unified Government.

Additionally, the Unified Government reports the following fund types:

The *Internal Service Funds* account for workers' compensation reserves, health insurance reserves, and cafeteria plan reserves that provide services to other departments on a cost-reimbursement basis.

The *Agency Funds* are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to report resources held by the Unified Government in a custodial capacity for tax collection and related disbursements to other governments, as well as amounts held in a fiduciary capacity for remittance to individuals, private organizations, or other organizations.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenue includes activities that have characteristics of exchange transactions, including charges for services. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as grants, subsidies, and investment income. Operating expenses for enterprise funds and internal service funds include the cost of sales and services administrative expenses, and depreciation on capital assets. All expenses not meeting the above criteria are classified as nonoperating.

The BPU's accounting policies conform to the requirements for rate regulated operations. In accordance with these rules, the BPU records certain costs or credits as deferred charges or credits when it is probable that future rates established by the Board permit recovery of specific costs or require these credits to be returned to ratepayers. The BPU applies the provisions of GASB Accounting Standards Codification Section Re10, *Regulated Operations*, as appropriate.

Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenditures, expenses and other disclosures. Accordingly, actual results could differ from those estimates.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

1. Deposits and Investments

The Unified Government maintains a cash and investment pool that is available for use by all funds except the BPU. The pool has the general characteristics of demand deposit accounts, in that each fund may deposit additional cash at any time and also, effectively, may withdraw cash at any time without prior notice or penalty. The pooled cash is invested to the extent available in authorized investments. Each fund's portion of the pool is displayed on their balance sheet as "Cash and temporary investments." The balance sheet also includes two other accounts for restricted cash and investments of the Unified Government. Restricted cash consists of assets held by trustees and various reserves required by revenue bond ordinances. For purposes of the statements of cash flows, the Unified Government considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

State statutes authorize the Unified Government to invest in temporary notes of the Unified Government, time deposits, United States Treasury notes, repurchase agreements, a municipal investment pool established through the trust department of commercial banks which have offices in

Wyandotte County, and the Kansas Municipal Investment Pool. This pool is not an SEC registered pool. The Pooled Money Investment Board (PMIB) provides the regulatory oversight for this pool. The reported value of the pool is the same as the fair value of the pool shares. Investments are stated at amortized cost which approximates fair value.

In addition to the preceding investments, state statutes authorize the Unified Government to invest proceeds of bonds and temporary notes in direct U.S. government and agency obligations, time deposits with banks located in Wyandotte County, repurchase agreements, investment agreements with financial institutions including broker/dealers whose obligations are rated in one of the three highest rating categories by either Moody's or Standard and Poor's, mutual funds whose portfolio consists entirely of obligations of the U.S. government, agencies, and bonds issued by any municipality of the State of Kansas.

The Unified Government maintains compensating balances with its depository bank to offset charges for check clearing and other services.

Interest income of the investment pool is allocated based on monthly fund balances to the debt service, capital projects and enterprise funds with the balance allocated to the general fund.

BPU investments consist of deposits, repurchase agreements, certificates of deposit, money market funds, and U.S. Treasury securities, which are recorded at estimated fair value as determined by market prices. BPU's investment policies are governed by the BPU's Charter Ordinance, management policies, and statutes established by the State of Kansas. Securities are held by BPU's safekeeping agent. Cash deposits are held with banks insured by Federal Deposit Insurance Corporation (FDIC) and acceptable collateral is maintained for amounts above FDIC limits, equal to or greater than 102% of the funds deposited at all times.

2. *Receivables and Payables*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-types activities are reported in the government-wide financial statements as "internal balances."

Property tax receivable. In accordance with State statutes, property taxes levied during the current year are revenue sources to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and are levied and become a lien on the property on November 1 of each year. The Unified Government Treasurer is the tax collection agent for all taxing entities within the Unified Government. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied, with the balance to be paid on or before May 10 of the ensuing year. State statutes prohibit the Unified Government Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, for revenue recognition purposes, the taxes levied during the current year are not due and receivable until the ensuing year. At December 31, such taxes are a lien on the property and are recorded as taxes receivable, net of anticipated delinquencies, with a corresponding amount recorded as deferred inflows of resources. The property tax receivable allowance is equal to 7.87% percent of outstanding property taxes at December 31, 2015.

Sales tax receivable. The Unified Government has a 2.625% local sales tax collected by the State and remitted to the Unified Government monthly. One-quarter of one percent is pledged for EMS operations, three-eighths of one percent is pledged for public safety and public works projects, and the remainder is pledged for operations. The accrued sales tax receivable represents the sales tax collected by merchants at year-end.

Special assessments receivable. As required by State statutes, projects financed in part by special assessments are financed through the issuance of general obligation bonds which are secured by the full faith and credit of the Unified Government and are retired from the Unified Government bond and interest fund. Further, State statutes permit levying additional general ad valorem property taxes in the Unified Government bond and interest fund to finance delinquent special assessments receivable. Consequently, special assessments receivable are accounted for within the Unified Government bond and interest fund. Special assessment taxes are levied over a ten or fifteen year period, and the annual installments are due and payable with annual ad valorem property taxes. The Unified Government may foreclose liens against property benefited by special assessments when delinquent assessments are two years in arrears. At December 31, the special assessment taxes levied are a lien on the property and are recorded as special assessments receivable in the bond and interest fund with a corresponding amount recorded as deferred inflows of resources.

Intergovernmental receivable. The Unified Government has an intergovernmental receivable from the State of Kansas related to the State's share of the annual appropriation Sales Tax Limited Obligation Revenue Bonds. At December 31, the receivable is recorded in the economic development fund, with a corresponding amount recorded as deferred inflows of resources. See footnotes III.F. for further information on this receivable.

BPU and Sewer Fund accounts receivable and revenue. The BPU utilizes cycle billing and accrues the amount of revenues for sales unbilled at the end of each reporting period. An estimate is made for the provision for uncollectible accounts based on an analysis of the aging of accounts receivable and historical write-offs, net of recoveries. Additional amounts may be included based upon management's evaluation of customer credit risks. Allowances totaled \$1,327,979 in fiscal year 2015. The BPU also provides billing service for the Sewer Fund using the same procedures as described above. The BPU remits collected revenues monthly to the Unified Government for Sewer Fund charges for service. The Unified Government accrues a receivable in the Sewer Fund for services provided, not yet collected at the end of the reporting period.

3. *Inventories and Prepaid Items*

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Inventories of governmental funds are recorded as expenditures during the year of purchase. Inventories are valued at the lower of average cost or market.

Inventories:	
Fuel	\$ 8,312,857
Material and supplies	21,606,083
Total	<u>\$ 29,918,940</u>

4. *Restricted Assets*

Certain proceeds of the Unified Government's enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The BPU also requires certain resources of the utility system to be classified as restricted assets for compliance with certain revenue bond indebtedness. The "debt service reserve" account is used to segregate resources accumulated for principal and interest payments on bonds in the event that the net revenues of the utility system are less than or equal to 130% of the maximum annual debt service on the bonds. The "construction reserve" account is used to report resources set aside for acquiring, constructing and installing capital improvements. The "improvement and emergency" account is used to report resources set aside to finance major renewals, repairs and replacement and extraordinary or unforeseen expenditures.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of the Sewer System and Stormwater Funds are included as part of the capitalized value of the asset constructed. For the BPU, interest costs incurred to finance construction work-in-progress, net of interest income from tax-exempt bonds, are also capitalized.

Property, plant and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Governmental Activities	Sewer System	EMS
Land Improvements	30 years		
Machinery and equipment	6 to 10 years	6 to 10 years	5 to 10 years
Sewer lines		50 years	
Street and bridge infrastructure	10 to 40 years		
Structures and improvements	20 to 40 years		
Treatment plants and other facilities		33 years	
Other public domain infrastructure	30 years		
Computer Software	5 years		

Assets	Stormwater	Public Levee	Sunflower Hills Golf Course	T- Bones Stadium
Land Improvements		30 years	30 years	
Machinery and equipment		6 to 10 years	5 to 10 years	
Sewer lines	50 years			
Street and bridge infrastructure				
Structures and improvements			30 to 40 years	40 years
Treatment plants and other facilities	33 years			
Other public domain infrastructure				
Computer Software				

Depreciation for the BPU is computed on a straight-line basis using composite rates. In 2014, BPU engaged in independent third-party consulting firm to conduct a depreciation study to determine if existing depreciation rates remained applicable to the depreciable property groups. New depreciation rates resulting from the study was adopted during fiscal year 2015 as follows:

Production plant	1.70 % to 9.69%
Transmission and distribution	1.36% to 8.76%
General plant	2.52% to 7.75%

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the service utility of an asset has declined significantly and unexpectedly.

6. *Regulatory Assets and Deferred Inflows*

The BPU is subject to provisions of GASB Codification Section Re10, *Regulated Operations*, and has recorded assets and liabilities on its statements of net position resulting from the effects of the rate-making process, which would not be recorded under U.S. generally accepted accounting principles for nonregulated entities. Regulatory assets represent costs incurred that have been deferred because future recovery in customer rates is probable. Deferred inflows generally represent probable future reductions in revenue or refunds to customers. Management regularly assesses whether regulatory assets and deferred inflows are probable of future recovery or refund. If recovery or refund of regulatory assets or deferred inflows is not approved by the Board, which is authorized to approve rates charged to customers or is no longer deemed probable, these regulatory assets or deferred inflows are recognized in the current period of operations. Additionally, these factors could result in an impairment of utility plant assets if the cost of the assets could not be expected to be recovered in customer rates. Regulatory assets and deferred inflows as of December 31, 2015 consisted of miner benefits and mine reclamation costs, and recovery fuel purchased power costs of \$536,319 and \$2,112,487, respectively.

The BPU has an energy adjustment rate rider (ERC). Estimated retail tariffs are set to recover estimated fuel costs such as coal, natural gas, and purchased power. The ERC allows differences between these estimates and actual fuel and purchased power costs to be deferred as a regulatory asset or a deferred inflow depending on the nature of the variance between estimated and actual costs incurred.

7. *Compensated Absences*

Unified Government of Wyandotte County/Kansas City, Kansas employees. The number of vacation days awarded to a permanent, full-time employee is dependent upon the individual employee's number of continuous years of service. The number of days of annual vacation range from 10 to 28 days for full-time regular employees, 15 to 30 days for command officers of the police and fire departments, and 216 to 288 hours for fire officers on 24-hour shifts. Selected part-time employees accrue one-half the number of hours accrued by full-time regular employees. Employees are not eligible to use the earned time until completion of their probationary period, defined as six months. If certain conditions are satisfied and if appropriate approval is received, an employee may carry over to the following year earned and unused vacation time. Payment of unused vacation leave will be made upon separation of employment.

Permanent, full-time employees also earn and accumulate sick leave time at the rate of 8-10 hours for each minimum month of service. Selected part-time employees accrue sick leave time at the rate of one-half the full-time rate (4-5 hours) for each minimum month of service. Unused sick leave may be carried over indefinitely. Payment of unused sick leave will be made upon separation of employment based on a prorated formula.

In governmental fund financial statements, a liability is accrued when it has matured, for example, as a result of employee resignations and retirements.

Proprietary fund types accrue vacation and sick pay as earned. The liabilities are based on current salary costs and the vested portion of accumulated benefits.

BPU employees. Under the terms of the BPU's personnel policy, employees are granted vacation and sick leave. In the event of termination, an employee is paid for accumulated vacation days. Employees may carry over a maximum of 80 hours of vacation hours for bargaining unit employees and 120 hours for non-bargaining unit employees. Sick leave can be accrued up to 1,760 hours. Employees who resign with at least fifteen years of service are paid for 75 percent of accumulated sick leave. All employees are paid for accumulated sick leave upon retirement or death.

The BPU accrues vacation and sick pay as earned. The liabilities are based on current salary costs and the vested portion of accumulated benefits.

8. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Pensions

Unified Government of Wyandotte County/Kansas City, Kansas employees. For the year ended December 31, 2015, the Unified Government implemented provisions of GASB 68, Accounting and Financial Reporting for Pensions and GASB 71, Pension Transition for Contributions Made subsequent to the Measurement Date. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS' fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

BPU employees. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Retirement Pension Plan for Employees of the Board of Public Utilities of Kansas City, Kansas (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Equity Classifications

In the government-wide statements, equity is shown as net position and classified into three components:

- (1) Net investment in capital assets – consisting of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction, or improvements of those assets
- (2) Restricted net position – consisting of net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Unified Government and the BPU first utilize restricted resources to finance qualifying activities.
- (3) Unrestricted net position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

In the governmental funds, equity is shown as fund balance and classified into five components:

- (1) Non-spendable – 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 amount becomes spendable.
- (2) Restricted – 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.
- (3) Committed – Assets with a purpose formally imposed by the Unified Government Board of Commissioners (Board) using its highest level of authority, binding unless modified or rescinded by the Board. The highest level of authority for the Board when acting as a county governing body is a resolution. The highest level of authority for the Board when acting as a city is an ordinance.
- (4) Assigned – Comprises of amounts intended to be used for specific purposes that are neither restricted nor committed. Intent is expressed by a) the Unified Government Board of Commissioners (Board) or b) a body or official to whom the Board has delegated the authority. The Board has delegated authority to the County Administrator and Department Heads to assign amounts to be used for specific purposes as prescribed by the Unified Government's Fund Balance Policies.
- (5) Unassigned – All amounts not included in the 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.

In circumstances when expenditure is made for a purpose which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

11. *Deferred inflows of Resources/Deferred Outflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Unified Government has two items that qualify for reporting in this category in the government-wide statement of net position and proprietary funds statement of net position, deferred charge on refunding and deferred outflows for pensions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. See Note IV. E. for more information on the deferred outflows for pensions.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Unified Government has four types of items, unavailable revenue, deferred revenue, recovery of the Energy Rate Component (ERC) rider and deferred inflows for pensions, which qualify for reporting in this category. Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: intergovernmental receivable, grants receivable and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred revenues are reported in both the government-wide statement of net position and the governmental

funds balance sheet for property tax receivable. Property taxes are not recognized as revenue until the period for which they are levied. The ERC rider is reported in both the government-wide statement of net position and the proprietary funds statement of net position. The fourth item, deferred inflows for pensions, is reported in both the government-wide statement of net position and the proprietary funds statement of net position. See Note IV. E. for more information on this deferred inflow.

12. *Payment-in-lieu of Taxes (PILOT)*

The BPU is exempt from federal and state income taxes and local property taxes because it is an administrative agency of the Unified Government. However, the BPU is required by a Charter Ordinance to pay a percentage of gross operating revenues to the Unified Government. The Charter Ordinance established a range of 5.0 to 15.0%. Currently, the payment-in-lieu of taxes is established at 11.9%, which amounted to \$30,658,851 during 2015. The PILOT is billed and collected by the BPU through incorporation in the rates as a supplemental rate rider. PILOT revenues and expenses are recorded as transfers in and transfers out in the general fund and BPU fund, respectively.

In addition to these payments to the Unified Government, the BPU also contributes free services to the Unified Government, such as street lighting, fire hydrant services, traffic signals, and collection of sewer and trash charges. These service contributions approximated \$14,210,000 or 5.22% of the BPU's total revenue for 2015.

13. *Pending Governmental Accounting Standards Board Statements*

GASB Statement No. 72, *Fair Value Measurement and Application*, addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this statement are effective for financial statements for the Unified Government's fiscal year ending December 31, 2016.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes financial reporting standards for state and local governmental OPEB plans that are administered through trusts or equivalent arrangements and for governments that hold assets accumulated for purposes of providing OPEB through defined benefit OPEB plans that are not administered through a trust or equivalent arrangement. The provisions of this statement are effective for financial statements for the Unified Government's fiscal year ending December 31, 2017.

GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* and requires governments to report a liability on the face of the financial statements for the OPEB that they provide. Statement No. 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements. The provisions of this statement are effective for financial statements for the Unified Government's fiscal year ending December 31, 2018.

GASB Statement No. 77, *Tax Abatement Disclosures*, increases the disclosure requirements for tax abatements affecting the government entity and its ability to raise resources in the future. This standard applies to a reporting government's own tax abatement agreements or agreements entered into by other governments and that reduce the reporting government's tax revenues. The government

that enters into the agreement must begin disclosing (1) brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provision for recapturing abated taxes, and the types of commitments made by tax abatement recipients, (2) the gross dollar amount of taxes abated during the period and (3) commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. For governments impacted by other governments' tax abatements, the following must be disclosed: (1) the names of the governments that entered into the agreements, (2) the specific taxes being abated, and (3) the gross dollar amount of taxes abated during the period. The provisions of this statement are effective for financial statements for the Unified Government's fiscal year ending December 31, 2016.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purpose. This statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. The provisions of this statement are effective for financial statements for the Unified Government's fiscal year ending December 31, 2016.

GASB Statement No. 80, *Blending Requirements for Certain Component Units*, amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The provisions of this statement are effective for financial statements for the Unified Government's fiscal year ending December 31, 2017.

GASB Statement No. 82, *Pension Issues*, addresses certain issues that have been raised with respect to Statement No. 67, Statement No. 68 and Statement No. 73. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in the Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The provisions of this statement are effective for financial statements for the Unified Government's fiscal year ending December 31, 2017.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

State statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds, debt service funds and enterprise funds, (unless the fund is specifically exempted by statute). Kansas statutes provide for the following sequence and timetable of the legal annual operating budget:

- Preparation of the budget for the succeeding calendar year on or before August 1st.
- Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.

- Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
- Adoption of the final budget on or before August 25th.

The Unified Government has the following levels of budget control:

- The legal level of control is established at the fund level by State statutes which also permit the transfer of budgeted amounts from one object code or purpose to another within the same fund.

While the legal level of control is at the fund level, the Unified Government also has the following internal policies:

- The Unified Government further controls spending by requiring that no expenditures be committed that would exceed the amount appropriated for the spending category (eg Personnel Services, Contractual Services) without the department first obtaining approval. The following types of budget adjustments require department director approval and additional approval by the County Administrator's Office:
 - An appropriation of contingency funds
 - An appropriation of reserve funds
 - Budget adjustments that move funds between operating and capital budgets
 - Budget adjustments within a fund that are equal to or greater than \$10,000

The following actions require budget director's approval before execution:

- Pre Bid Contracts
- Capital Project Contracts
- Capital Equipment Purchases
- Changing status of an unfunded personnel position to funded or creation of a new personnel position.

The following budgetary controls have been implemented and will be adhered to by all departments and divisions:

- Budget adjustments from the salary accounts require department director, Chief Financial Officer, and County Administrator's Office approvals.
- Budget adjustments between other accounts with department director approval.
- Budget adjustments from one division to another division with both divisions being in the same fund with department director and the transferring division manager approvals.
- As allowed by State statute, the governing body can increase the fund level expenditures by amending the budget. An amendment may only be made for previously unbudgeted increases in revenue other than ad valorem taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after the publication, the hearing may be held and the governing body may amend the budget at that time.

Budget comparison statements are presented for each budgeted fund showing the actual receipts and expenditures compared to budgeted receipts and expenditures. Transfers to close funds can exceed the amount budgeted for that object code. The Unified Government of Wyandotte County/Kansas City, Kansas budget amounts presented in the statements that compare actual expenditures to the budget are the amended amounts.

All unencumbered appropriations (legal budget expenditure authority) lapse at year-end, except for capital project funds appropriations that are carried forward until such time as the project is completed

or terminated. Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or canceled.

A legal operating budget is not required for the following Unified Government funds:

- Capital Projects
- Public Building Commission
- Internal Service
- Special Revenue: Community Development
- Special Revenue: Revolving Loan Fund
- Special Revenue: Special Grants
- Special Revenue: Special Law Enforcement
- Debt Service: Economic Development
- Agency Funds

Controls over spending in the above non-budgeted funds, which are not subject to the legal budget requirements, are maintained by the review and internal appropriation process established by management.

B. Deficit Fund Equity

At December 31, 2015, the Workers' Compensation Fund and the Self-Insured Health Care Fund had deficits of \$4,457,603 and \$3,902,985, respectively, which will be recovered from future internal charges to the Unified Government's other funds. The Community Development Fund had a deficit fund balance of \$737,744 which will be recovered from future intergovernmental revenues. The EMS Fund and the Sunflower Hills Golf Course Fund had deficit fund balances of \$7,809,942 and \$410,189, respectively, which will be recovered from future charges for services. The Public Levee Fund had a deficit fund balance of \$1,705,491 which will be recovered from future earned lease income. The Capital Projects Fund had a deficit fund balance of \$2,947,495, which will be recovered from future bond issuances.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

1. Unified Government.

The Unified Government (excluding the BPU) has adopted a formal Cash Management and Investment Policy. Primary objectives of investment activities are, in order of priority, safety, diversification, liquidity, maturity, and return on investment. The standard of care to be used by investment officials shall be the "prudent person standard" and shall be applied in the context of managing an overall portfolio. This rule states "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence would exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure or failure of the investment counter-party, the Unified Government's deposits may not be returned to it, or it will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Unified Government requires that deposits be fully collateralized at all times. Acceptable collateral for deposits follows the provisions of state law. Peak period collateral agreements are not permitted under the Unified Government's policy. As of December 31, 2015, the market value of assets pledged to the Unified Government as collateral exceeded amounts on deposit.

The Unified Government requires all security purchases be settled on a delivery versus payment basis with an independent third-party custodian designated by the Unified Government. As of December 31, 2015, the Unified Government had \$17,901,826 of investments in U.S. government agency securities which were held by the investment's counterparty.

Interest Rate Risk. Interest rate risk is the risk that the fair value of securities in the portfolio will fall due to changes in general interest rates. Through its investment policy, the Unified Government manages this risk by structuring investments so that securities mature to meet cash flows of the general operating fund, and by investing general operating funds primarily in shorter-term securities. Additionally, the investment policy limits investments to a maximum stated maturity of four years.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. Kansas law limits the types of investments that can be made. The Unified Government's investment policy does not impose any additional limitations. In accordance with the investment policy, credit risk is minimized by limiting investments to the safest types of securities, by pre-qualifying financial institutions, broker/dealers, intermediaries, and advisors with whom the Unified Government will do business, and by diversifying the investment portfolio so that potential loss on individual securities will be minimal. As of December 31, 2015, the securities underlying repurchase agreements included U.S. agency obligations not explicitly guaranteed by the U.S. government. The securities had ratings of AAA by Moody's and AA+ by Standard and Poor's. Investments in interest-earning investment contracts are not rated.

Concentration of Credit Risk. The Unified Government investment policy limits the amount of investments that can be placed with a single financial institution to no more than 60% of the total investment portfolio. The following maximum limits, by investment type, are also established:

<u>Investment Type</u>	<u>Maximum % of Portfolio</u>
Certificates of deposit	100%
U.S. Treasury bills or notes	100%
U.S. Government agency obligations	50%
Kansas Municipal Investment Pool	50%
Repurchase agreements	25%
Bank trust department municipal pools	25%
Temporary notes or no-fund warrants	10%

At December 31 2015, the Unified Government did not hold more than 5% of its portfolio in any individual issuer.

At December 31, 2015, the Unified Government (excluding the BPU) had the following investments:

	Fair Value	Investment Maturities (in Years)	
	Fair Value	Less Than 1	1-5
Repurchase agreements	\$ 104,918,000	\$ 104,918,000	\$ -
U.S. government agencies	17,901,826	6,845,136	11,056,690
Certificates of deposit	<u>98,190,000</u>	<u>24,190,000</u>	<u>74,000,000</u>
Subtotal general operating portfolio	221,009,826	135,953,136	85,056,690
Assets held by trustee:			
U.S. Treasuries	22,158,232	21,863,445	294,787
U.S. government agencies	<u>16,033,912</u>	<u>12,510,467</u>	<u>3,523,445</u>
Subtotal assets held by trustee	38,192,144	34,373,912	3,818,232
Total Investments	<u>\$ 259,201,970</u>	<u>\$ 170,327,048</u>	<u>\$ 88,874,922</u>

2. BPU.

The BPU maintains a cash and investment program to pay for operating and capital requirements as well as for debt service requirements. The investment program is comprised of deposits, repurchase agreements, certificates of deposit, and U.S. Treasury securities. Other investments using U.S. Agency and money market fund securities for the debt service program are managed by the bond trustee. Nearly all maturities of securities were less than one year. At December 31, 2015, the bank balance and certificates of deposit were \$841,843, which was covered by federal depository insurance and collateral held in safekeeping in the BPU's name.

The BPU has an investment policy that regulates investments in securities that have objectives of safety of principal, liquidity with all investments in U.S. dollars, and investment returns optimized within the constraints of safety and liquidity. Eligible securities are specific to Kansas State Statutes and the BPU's bond indenture agreements. All securities owned by BPU are in conformance with the investment policy.

Custodial Credit Risk. The BPU believes it has no custodial risk. All deposits with banks are collateralized at 102% of market value, as required by the BPU's cash and investment policy and Kansas state statute, less insured amounts. All securities are registered in the name of the BPU and held by a third-party safekeeping agent. Investments in money market mutual funds are not exposed to custodial risk because their existence is not evidenced by securities that exist in physical or book entry form.

Interest Rate Risk. The BPU minimizes the risk of market value changes by structuring the investment portfolio so that fixed income securities mature to meet cash requirements for debt service and other disbursement requirements for ongoing operations and by keeping maturities short.

Credit Risk. The BPU manages credit risk by requiring all investments meet the investment guidelines as established by the State of Kansas as described in K.S.A 12-1675 and 10-131. This requires all investments be in U.S. Treasury securities, in U.S. agency securities, or in any external investment pools, Money Market Mutual Funds, or Repurchase Agreement securities be the highest rated by nationally recognized rating agencies. All of the BPU's securities including money market funds are AAA rated by Moody's. Any bank deposits and including certificates of deposit are fully collateralized by the FDIC or other qualifying securities. All securities held by the BPU meet the credit quality objective.

Concentration of Credit Risk. The BPU manages credit risk by requiring all investments meet the investment guidelines as established by the State of Kansas in K.S.A. 12-1675 and 10-131 and diversifying investment holdings to avoid high concentration of any one security issuer. The BPU has a concentration of credit risk where it holds more than 5% of its investment portfolio in any one security

issuer other than U.S. Treasury securities and in investment pools. The following U.S. Agency securities held in safekeeping by the BPU's bond trustees are in excess of 5% of total investments:

<u>Issuer</u>	<u>Amount</u>	<u>% of total portfolio</u>
FNMA	\$ 5,354,890	5.17%

The fair values, as determined by market prices, of the BPU's investments at December 31, 2015 are as follows:

	<u>Fair Value</u>	<u>Investment maturities</u>	
		<u>Less Than 6 months</u>	<u>6-12 months</u>
Cash and CD's	\$ 841,843	\$ 841,843	\$ -
Repurchase agreements	52,192,337	52,192,337	-
US Agency	14,884,384	8,809,906	6,074,478
Money market funds	35,598,538	35,598,538	-
Total Investments	\$ 103,517,102	\$ 97,442,624	\$ 6,074,478

A reconciliation of cash and investments is as follows:

	<u>Unified Government</u>	<u>BPU</u>	<u>TOTAL</u>
Cash on hand	\$ 16,661	\$ -	\$ 16,661
Carrying amount of deposits	1,559,982	841,843	2,401,825
Cash with others	2,326,904	-	2,326,904
Investments	221,009,826	102,675,259	323,685,085
Investments, assets held by trustee	38,192,144	-	38,192,144
Total	\$ 263,105,517	\$ 103,517,102	\$ 366,622,619

	<u>Unified Government</u>	<u>BPU</u>	<u>TOTAL</u>
Cash and temporary investments	\$ 217,669,293	\$ 45,566,807	\$ 263,236,100
Restricted cash and investments	45,436,224	57,950,295	103,386,519
Total	\$ 263,105,517	\$ 103,517,102	\$ 366,622,619

B. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 8,658,160	\$ 13,515	\$ -	\$ 8,671,675
Construction in progress	26,299,580	18,709,220	7,103,562	37,905,238
Total capital assets, not being depreciated	34,957,740	18,722,735	7,103,562	46,576,913
Capital assets, being depreciated:				
Buildings	163,117,546	1,530,447	-	164,647,993
Improvements other than buildings	39,505,026	70,577	-	39,575,603
Machinery and equipment	54,295,469	3,740,400	3,721,658	54,314,211
Infrastructure	628,610,575	5,502,538	27,405,486	606,707,627
Total capital assets, being depreciated	885,528,616	10,843,962	31,127,144	865,245,434
Less accumulated depreciation for:				
Buildings	85,910,760	3,217,990	-	89,128,750
Improvements other than buildings	17,772,460	766,273	-	18,538,733
Machinery and equipment	44,535,185	2,420,184	3,708,626	43,246,743
Infrastructure	201,867,732	16,558,919	6,508,803	211,917,848
Total accumulated depreciation	350,086,137	22,963,366	10,217,429	362,832,074
Total capital assets, being depreciated, net	535,442,479	(12,119,404)	20,909,715	502,413,360
Governmental activities capital assets, net	\$ 570,400,219	\$ 6,603,331	\$ 28,013,277	\$ 548,990,273

Business-type activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,651,511	\$ -	\$ -	\$ 4,651,511
Sewer-Construction in progress	11,036,912	10,408,053	8,177,219	13,267,746
Stormwater -Construction in progress	11,314,456	1,823,014	2,177,737	10,959,733
BPU-Construction in progress	85,686,636	108,311,732	56,074,184	137,924,184
Total capital assets, not being depreciated	112,689,515	120,542,799	66,429,140	166,803,174
Capital assets, being depreciated:				
Buildings and improvements	3,541,245	566,250	-	4,107,495
Improvements other than buildings	3,691,240	-	-	3,691,240
Sewer lines	177,656,211	8,460,651	-	186,116,862
Treatment plants and facilities	70,354,046	2,267,815	-	72,621,861
Machinery and equipment	42,829,101	2,430,568	1,980,311	43,279,358
BPU Plant and equipment	1,480,675,354	59,464,494	2,293,578	1,537,846,270
Total capital assets, being depreciated	1,778,747,197	73,189,778	4,273,889	1,847,663,086
Less accumulated depreciation for:				
Buildings and improvements	682,491	91,420	-	773,911
Improvements other than buildings	2,284,068	81,205	-	2,365,273
Sewer lines	75,967,038	3,549,426	-	79,516,464
Treatment plants and facilities	52,577,259	1,280,301	-	53,857,560
Machinery and equipment	36,246,671	1,325,965	1,940,523	35,632,113
BPU Plant and equipment	699,475,741	45,776,105	841,377	744,410,469
Total accumulated depreciation	867,233,268	52,104,422	2,781,900	916,555,790
Total capital assets, being depreciated, net	911,513,929	21,085,356	1,491,989	931,107,296
Business-type activities capital assets, net	\$ 1,024,203,444	\$ 141,628,155	\$ 67,921,129	\$ 1,097,910,470

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 520,727
Health and Welfare	65,535
Public Safety	2,020,404
Judicial	31,630
Highways and streets, including depreciation of general infrastructure assets	18,578,402
Planning and development	1,528,207
Culture and recreation	218,461
Total depreciation expense – governmental activities	<u>\$ 22,963,366</u>
Business-type activities:	
Sewer	\$ 5,432,152
Sunflower Hills Golf Course	179,101
EMS	453,563
Stormwater Enterprise	182,730
Stadium	80,771
BPU	39,033,907
Total depreciation expense – business-type activities	<u>\$ 45,362,224</u>

C. Interfund Receivables and Payables and Transfers

The composition of interfund balances as of December 31, 2015, is as follows:

Interfund receivables and payables:

	Interfund Receivables	Interfund Payables
General	\$ 5,288,999	\$ -
Capital Projects	15,437	132,710
Economic Development	-	13,019
Nonmajor governmental funds	919,976	926,349
Sewer enterprise fund	-	314,904
Nonmajor enterprise funds	-	912,240
Internal service funds	-	3,925,190
Total	<u>\$ 6,224,912</u>	<u>\$ 6,224,912</u>

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The interfund payables due from certain nonmajor governmental funds include amounts owed to the General Fund for the reimbursement of certain indirect costs. In addition, interfund payables from the Internal Service Funds include amounts owed the General Fund for negative cash balances.

The composition of interfund transfers for the year ended December 31, 2015, is as follows:

Transfers Out:	Transfers In:							
	General	Capital Projects	Economic Development	NonMajor Governmental	Sewer	Non-Major Enterprise	Internal Service	Total
General	\$ -	\$ -	\$ -	\$ 579,088	\$ 250,000	\$ 38,996	\$ 2,250,000	\$ 3,118,084
Capital Projects	-	-	5,516,377	665,926	82,588	52,951	-	6,317,842
Economic Development	-	-	-	-	-	-	-	-
Nonmajor Governmental	1,483	827,262	204,168	895,000	323,819	89,383	-	2,341,115
Sewer	-	7,059,921	-	123,174	-	-	-	7,183,095
BPU	30,658,851	-	-	-	-	-	-	30,658,851
Nonmajor Enterprise fund	2,256,000	4,449,703	-	29,842	-	-	-	6,735,545
	\$ 32,916,334	\$ 12,336,886	\$ 5,720,545	\$ 2,293,030	\$ 656,407	\$ 181,330	\$ 2,250,000	\$ 56,354,532

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt services from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

In 2015, PILOT revenues and expenses of \$30,658,851 are recorded as transfers in and transfers out in the general fund and BPU fund, respectively. Additionally, the capital projects fund constructed capital assets in the amount of \$6,478,656 and \$1,493,020 to the sewer and stormwater funds, respectively. This activity is shown as an expenditure from the capital project fund and capital contribution revenue to the sewer and stormwater funds, in the fund financial statements. However, this activity is shown within transfers in the government-wide financial statements.

Nonroutine transfers include \$2,000,000 from the General Fund to the Employee Hospitalization Fund for prior year payments not made into this fund and to provide additional funding for self-insurance activities. Additionally, the capital projects fund transferred \$5,516,377 of escrowed cash funds to the economic development fund to make future debt payments.

D. Leases

Operating Leases

The Public Levee is located in the Fairfax Industrial District. Effective August 1, 2014, a new agreement was reached with a third party for a long term ground lease. This agreement, which has a term of 58 years and 5 months, called for the demolition of existing structures and the building of a new industrial building containing between 300,000 and 400,000 square feet. As of December 31, 2015, the existing structures were demolished and the new industrial building was completed. The third party retains ownership of the new industrial building. The lease covers only the ground, which has an original cost of \$116,598.

In February 2014, the Unified Government entered into a management agreement with a third party to operate Community American Ballpark Stadium (Stadium). This agreement is for a 20 year term. Property leased under this agreement includes the Stadium with a cost of \$6,075,017 and accumulated depreciation of \$116,224 at December 31, 2015.

In November 2010, the Unified Government entered into a lease with the Kansas Speedway Corporation to lease 2,000 parking spaces for use in connection with the Sporting KC soccer stadium. Annual lease payments for use of the parking spaces are \$325,000, commencing in 2011. Annual rent payments shall be adjusted every five years by the cumulative and compounded percentage increase in the Consumer Price Index. The initial term of the lease is through December 31, 2031.

The following is a schedule of future minimum rentals to be received on non-cancelable operating leases by the Public Levee and the Stadium, and of future minimum rent payments to be made to the Kansas Speedway Corporation as of December 31, 2015:

Year ending December 31,	Public Levee Lease	Stadium Lease	Rent payments for parking
2016	\$ 327,058	\$ 33,259	\$ 325,000
2017	327,058	34,253	325,000
2018	327,058	36,987	325,000
2019	327,058	38,438	325,000
2020	215,001	39,591	325,000
Thereafter	10,253,359	810,252	3,575,000
Total	\$ 11,776,592	\$ 992,780	\$ 5,200,000

Capital Leases

The Unified Government has equipment under various capital leases. To account for financing leases, the Unified Government charges payments made during the fiscal period as debt service in governmental funds. In the year that the asset is received, the Unified Government records the present value of future lease payments as a capital outlay expenditure and as an offsetting other financing source. The present value of payments due in future periods is shown as a liability in long-term debt.

Assets acquired under capital lease consist of the following:

	Governmental Activities	Sewer	Sunflower Hills Golf Course	EMS
Machinery and equipment	\$ 13,442,830	\$ 1,862,613	\$ 448,335	\$ 3,277,488

Amortization of leased assets is included with depreciation expense on the Statement of Activities.

The future minimum lease obligation and the net present value of these minimum lease payments as of December 31, 2015, were as follows:

Year ended December 31,	Governmental Activities	Business-type Activities		
		Sewer	Sunflower Hills Golf Course	EMS
2016	\$ 2,151,646	\$ 273,752	\$ 61,740	\$ 881,375
2017	1,370,864	208,091	61,740	609,134
2018	1,276,211	-	61,740	334,812
2019	1,009,082	-	6,268	-
2020	653,310	-	-	-
2021-2025	837,849	-	-	-
2026-2030	-	-	-	-
Total minimum lease payments	7,298,962	481,843	191,488	1,825,321
Less: Amount representing interest	(459,485)	(10,754)	(4,441)	(32,729)
Present value of minimum lease payments	\$ 6,839,477	\$ 471,089	\$ 187,047	\$ 1,792,592

E. Temporary Notes

Kansas law permits the issuance of temporary notes to finance certain capital improvement projects which will be refinanced with general obligation bonds. Prior to the issuance of the temporary notes, the governing body must take the necessary legal steps to authorize the issuance of general obligation bonds. Temporary notes issued may not exceed the aggregate amount of bonds authorized, are interest bearing, and have a maturity date not later than four years from the date of issuance. At December 31, 2015, the Unified Government had \$67,410,000 outstanding in temporary notes.

All temporary notes at December 31, 2015, have a maturity of no later than March 1, 2016 and have interest rates ranging from 0.20% to 0.50%.

Temporary note activity for the year ended December 31, 2014 was as follows:

Outstanding Jan. 1, 2015	Issued	Redeemed	Outstanding Dec. 31, 2015
\$ 80,245,000	\$ 67,410,000	\$ (80,245,000)	\$ 67,410,000

F. Long-term Liabilities

Summary of Long-Term Liabilities. The following is a summary of changes in long-term debt of the Unified Government for the year ended December 31, 2015:

	Outstanding January 1, 2015	Prior Period Adjustment	Additions	Deletions	Outstanding December 31, 2015	Due Within 1 Year
Governmental activities:						
General Obligation:						
General obligation bonds	\$ 194,613,291	\$ -	\$ 39,585,000	\$ 35,507,016	\$ 198,691,275	\$ 11,163,530
Tax Increment Financed GO bonds	36,753,415	-	2,955,000	2,954,671	36,753,744	2,392,332
Unamortized premium	6,941,609	-	4,401,703	1,258,634	10,084,678	-
Unamortized discount	(201,097)	-	-	(14,112)	(186,985)	-
Compensated absences	45,765,862	-	-	3,443,612	42,322,250	2,707,638
Capital leases	7,427,230	-	1,720,103	2,307,856	6,839,477	2,005,042
Claims and judgments	600,000	-	629,292	629,292	600,000	600,000
Unfunded pension obligation	265,740	-	28,545	38,366	255,919	-
Claims incurred but not reported	5,171,000	-	29,462,625	29,404,625	5,229,000	4,950,000
OPEB liability	78,421,665	-	9,208,377	2,121,892	85,508,150	-
Net pension liability	-	129,652,782	43,875,400	35,930,551	137,597,631	-
Landfill closure/post-closure	682,000	-	-	142,000	540,000	54,000
Total - General obligation	376,440,715	129,652,782	131,866,045	113,724,403	524,235,139	23,872,542
Limited Obligation:						
Section 108 loan	2,029,000	-	-	379,000	1,650,000	406,000
Special obligation bonds	55,630,000	-	280,000	3,125,000	52,785,000	3,210,000
Revenue bonds	9,450,000	-	780,000	570,000	9,660,000	660,000
Transportation development bonds	25,740,000	-	-	1,575,000	24,165,000	495,000
Sales tax obligation bonds	42,742,395	-	42,072,912	15,787,374	69,027,933	4,663,776
Accreted interest on bonds	12,674,443	-	1,832,219	4,832,322	9,674,340	626,598
Unamortized premium	2,267,478	-	-	410,446	1,857,032	-
Unamortized discount	(376,330)	-	(579,274)	(32,287)	(923,317)	-
Total - Limited obligation	150,156,986	-	44,385,857	26,646,855	167,895,988	10,061,374
Total	\$ 526,597,701	\$ 129,652,782	\$ 176,251,902	\$ 140,371,258	\$ 692,131,127	\$ 33,933,916
Business-type activities:						
General Obligation:						
General obligation bonds	\$ 57,308,294	\$ -	\$ 16,600,000	\$ 7,178,313	\$ 66,729,981	\$ 3,189,138
Unamortized premium	949,792	-	1,370,563	191,460	2,128,895	-
Capital leases	2,835,314	-	819,992	1,204,578	2,450,728	1,186,725
Sewer state revolving loan	12,438,998	-	3,867,955	2,084,849	14,222,104	1,594,828
Compensated absences	4,880,287	-	490,853	397,560	4,973,580	318,193
OPEB Liability	6,922,848	-	825,814	189,947	7,558,715	-
Net pension liability	-	9,761,302	3,118,798	2,654,585	10,225,515	-
Sales tax obligation bonds - Limited	5,668,060	-	-	-	5,668,060	-
Accreted interest on bonds	311,590	-	425,909	-	737,499	-
Subtotal	91,315,183	9,761,302	27,519,884	13,901,292	114,695,077	6,288,884
BPU revenue bonds	547,730,000	-	-	17,945,000	529,785,000	19,340,000
Capital leases	1,454,219	-	3,590,371	1,232,216	3,812,374	1,551,182
Unamortized discount	(85,533)	-	-	(13,505)	(72,028)	-
Unamortized premium	47,198,295	-	-	2,111,216	45,087,079	-
State revolving loan	27,582,612	-	3,151,850	1,748,714	28,985,748	1,809,299
Intergovernmental loan	4,866,250	-	-	576,898	4,289,352	272,423
Compensated absences	5,354,000	-	1,041,000	1,012,000	5,383,000	1,041,000
Net pension liability	17,326,288	(14,476,748)	44,858,350	35,980,345	11,727,545	-
OPEB Liability	4,268,837	-	4,863,731	4,057,829	5,074,739	-
Subtotal	655,694,968	(14,476,748)	57,505,302	64,650,713	634,072,809	24,013,904
Total	\$ 747,010,151	\$ (4,715,446)	\$ 85,025,186	\$ 78,552,005	\$ 748,767,886	\$ 30,302,788

For the governmental activities, compensated absences, claims and judgments, the unfunded pension obligation, OPEB liability and net pension liability are generally liquidated by the general fund. Compensated absences, OPEB liability and net pension liability will be liquidated by the governmental funds share of these payroll related costs. Landfill closure and post closure care costs are expected to be liquidated by the Environmental Trust Fund.

Special Assessment and General Obligation Bonds. The remaining debt service requirements for general obligation and special assessment bonds will be paid from the respective bond and interest funds with future property tax revenues and special assessment taxes.

At December 31, 2015, the bonds outstanding for the Unified Government consisted of the following:

Description and Purpose	Amount of Original Issue	Range of Final Maturity Dates	Range of Interest Rates	Amount Outstanding Dec 31, 2015
2006 GO Bonds	\$ 39,685,000	2006-2025	4.00-5.50%	\$ 2,155,000
2007 GO Bonds	16,805,000	2007-2027	4.00-5.50%	1,650,000
2008 GO Bonds	34,660,000	2008-2028	3.50-7.00%	28,090,000
2009 GO Bonds	23,515,000	2009-2029	3.00-6.00%	18,735,000
2010 GO Bonds	110,330,000	2011-2031	0.70-5.70%	93,640,000
2011 GO Bonds	34,485,000	2012-2031	1.00-5.00%	30,005,000
2012 GO Bonds	15,975,000	2013-2022	1.00-4.00%	14,190,000
2013 GO Bonds	34,685,000	2013-2033	2.00-4.00%	29,695,000
2014 GO Bonds	34,865,000	2014-2034	2.00-4.00%	26,625,000
2015 GO Bonds	59,140,000	2015-2035	2.00-5.00%	57,390,000
Total	\$ 404,145,000			\$ 302,175,000

Annual debt service requirements to maturity for bonds outstanding of the Unified Government are as follows:

Governmental Activities			Business-Type Activities	
Year	Principal	Interest	Principal	Interest
2016	\$ 13,555,862	\$ 9,587,245	\$ 3,189,138	\$ 2,632,852
2017	14,897,291	9,123,648	3,782,709	2,522,361
2018	14,222,659	8,595,506	3,882,341	2,386,467
2019	15,512,847	8,070,404	3,857,153	2,245,076
2020	14,630,435	7,472,322	3,794,565	2,094,848
2021-2025	78,119,197	28,160,893	20,500,803	8,101,298
2026-2030	73,302,616	10,986,537	20,082,381	3,793,976
2031-2035	11,204,112	925,333	7,640,891	653,395
Total	\$235,445,019	\$82,921,888	\$ 66,729,981	\$24,430,273

The Series 2010D bonds were issued as taxable Build America Bonds pursuant to the American Recovery and Reinvestment Act of 2009, which provides that 32% of the interest payments on those bonds will be paid to the Unified Government by the U.S. Treasury. The Series 2010C and 2010F bonds were issued as taxable Recovery Zone Economic Development Bonds pursuant to the American Recovery and Reinvestment Act of 2010, which provides that 41.2% of the interest payments on those bonds will be paid to the Unified Government by the U.S. Treasury. The Series 2010G bonds were issued as taxable Qualified Energy Conservation Bonds. The Unified Government has elected to receive interest subsidy payments from the U.S. Treasury in an amount equal to the lesser of the amount of interest payable on each interest payment date, or 64% of the amount of interest which would have been payable with respect to the bonds if the interest were determined at applicable tax credit rates for the bonds. In 2015, the Unified Government received \$608,868 of interest subsidies related to these bonds.

The Series 2014C and 2015C bonds were issued to pay a portion of the costs of constructing certain emergency communications facilities and buildings to be operated by the Unified Government. The BPU agreed to pay 17% of the costs of these facilities, which will be owed on each debt service payment date.

In December 2015 the Legend's Theatre was sold and the theater debt of \$7.1 million (including the 2014-D financing of \$6.9 million plus the remaining balance on a 2011 equipment lease purchase) was retired.

Sales Tax Limited Obligation Bonds. Sales tax special obligation revenue bonds (STAR bonds) are authorized to be issued pursuant to K.S.A. 12-17,160, et seq., as amended (the STAR Bond Act). The STAR Bond Act provides a form of tax increment financing that enables the issuance of bonds payable from certain State and local sales and compensating use tax revenues and transient guest tax revenues generated from STAR bond projects constructed within a STAR bond project district. To implement STAR bond financing, a local government must adopt a resolution that specifies a proposed STAR bond project district's boundaries and describes the overall district plan, hold a public hearing on the district and plan, and pass a resolution that establishes the STAR bond project district. Additionally, there may be one or more projects within a STAR bond district.

In connection with the issuance of STAR bonds, the Unified Government and the State of Kansas enter into Tax Distribution Agreements. The agreements provide that the principal of, accreted value, and interest on the STAR bonds will be paid proportionally by the Unified Government and the State of Kansas, based on each entity's respective share of sales taxes generated within the district. The proportional shares may vary by bond issue, as described in the "Tax Distribution Details" in the table below. These proportional shares may change in the future if the sales taxes assessed by the local or state governments are modified.

Certain STAR bonds, as listed in the table below, include an Annual Appropriation covenant. As issuer of the bonds, the Unified Government may, but is not obligated to, budget and appropriate local sales tax from outside the district to the extent that sales tax collections from the district are unavailable or insufficient for annual debt service requirements.

Certain bond issues have "Turbo Redemption" provisions. Pledged tax revenues received in excess of amounts required for mandatory debt service payments or for various reserve account requirements will be used to redeem the bonds early. It is therefore expected that payment in full of principal on these bond series will be made earlier than their respective maturity dates.

Issue	District / Project	Original Amount	Annual Appropriation Covenant	Other Features	Tax Distribution Details
Serial/Term Bonds:					
1999 KISC Capital Appreciation Bonds (CABs)	Kansas International Speedway	\$24,300,413	Yes		28% local tax revenues / 72% State sales tax revenues
2004 Refunding	Prairie Delaware Redevelopment Project Area B / Village West	5,460,000	Yes		28% local tax revenues / 72% State sales tax revenues
2012 Refunding	Prairie Delaware Redevelopment Project Area B / Village West	12,785,000	Yes	Issued on a parity lien basis with the 2004 bonds and the 2010B CABs.	28% local tax revenues / 72% State sales tax revenues
2014 KISC Refunding	Kansas International Speedway	10,885,000	Yes	Issued on a parity lien basis with the 1999 KISC CABs.	28% local tax revenues / 72% State sales tax revenues
2015A	Vacation Village Project Areas 1 and 2A / Waterpark Project and Auto Plaza Project	72,900,000	No		23% local tax revenues / 77% State sales tax revenues
<i>Secured and payable from Incremental Tax Revenues generated solely from the Waterpark Project and Auto Plaza Project. For Project Area 2A, Incremental Tax Revenues include the excess of revenues over a Base Year amount, as defined in the Tax Distribution Agreement.</i>					
2015B	Vacation Village Project Areas 1 and 2A / Waterpark Project and Auto Plaza Project	12,260,000	Yes	Subordinate to 2015A bonds	23% local sales tax revenues / 77% State sales tax revenues
<i>Secured and payable from Incremental Tax Revenues generated solely from the Waterpark Project and Auto Plaza Project, and certain local sales and compensating use tax revenues and local transient guest tax revenues generated outside the STAR Bond District to the extent appropriated by the governing body of the Unified Government. For Project Area 2A, Incremental Tax Revenues include the excess of revenues over a Base Year amount, as defined in the Tax Distribution Agreement.</i>					

Issue	District / Project	Original Amount	Annual Appropriation Covenant	Other Features	Tax Distribution Details
Turbo Bonds:					
2010B Capital Appreciation Bonds (CABs)	Prairie Delaware Redevelopment Project Area B / Village West (Stadium Project)	150,289,489	No	Issued on a parity basis with the 2004 bonds.	28% local tax revenues / 72% State sales tax revenues
<i>Pledged tax revenues include only tax revenues distributed on or before January 31, 2021. The amount of general state tax revenues that can be applied to the payment of the bonds is capped at \$144,500,000. After applying \$144,500,000 of payments to the bonds, the accreted value of any remaining bonds must be paid solely from the Unified Government's local sales and transient guest taxes located within the District.</i>					
2014 Capital Appreciation Bonds (CABs)	Prairie Delaware Redevelopment Project Area B / Village West (T-Bones / Community America Ballpark)	8,097,229	No	Subordinate to the 2004 bonds, 2010B CABs and 2012 bonds.	70% local tax revenues / 30% State sales tax revenues
2015 Capital Appreciation Bonds (CABs)	Village West Project Area 4 / US Soccer National Training Facility and Village West	65,229,560	No	Village West included within Project Area 4 only upon payment in full of 2004 bonds, 2010B CABs, 2012 bonds and 2014 CABs.	20% local tax revenues / 80% State sales tax revenues
<i>Secured and payable from Incremental Tax Revenues generated solely from Project Area 4. Local and state tax revenues generated within the Village West Property are pledged to secure and will be applied solely to the payment of the Outstanding Village West STAR Bonds (2004 bonds, 2010B CABs, 2012 bonds and 2014 CABs) until the Outstanding Village West STAR Bonds are paid in full, at which time the Village West area will be included in Project Area 4. There are not expected to be any incremental tax revenues available to pay the 2015 bonds until the date of payment in full of the Outstanding Village West STAR Bonds, which is expected to occur on December 1, 2016.</i>					

STAR Bonds With Annual Appropriation. Due to the presence of the Annual Appropriation covenant, the full amount of these outstanding bonds in the amount of \$41,858,378 is recorded with long-term debt of the Unified Government, along with any related transactions or account balances. A corresponding receivable, in the amount of \$30,751,032, is recorded for the amount of the contractual pledge from the State of Kansas for the estimated State share of sales tax revenues.

At December 31, 2015, STAR bonds outstanding with annual appropriation consisted of the following:

Description and Purpose	Amount of Original Issue	Range of Final Maturity Dates	Range of Interest Rates	Recorded with Unified Government Long-Term Liabilities				
				Local Pledge	Local Accreted Interest	State Pledge	State Accreted Interest	Total Accreted Value December 31, 2015
1999 KISC Bonds	\$ 24,300,413	2007-2027	4.20-5.25%	\$ 1,545,369	\$ 2,150,177	\$ 3,973,805	\$ 5,529,027	\$ 13,198,378
2004 Refunding Bonds	5,460,000	2007-2020	3.25-5.54%	708,400	-	1,821,600	-	2,530,000
2012 Refunding Bonds	12,785,000	2013-2016	2.00-5.00%	939,400	-	2,415,600	-	3,355,000
2014 KISC Refunding Bonds	10,885,000	2014-2027	2.00-5.00%	2,944,200	-	7,570,800	-	10,515,000
2015B Vacation Village Bonds	12,260,000	2015-2035	3.125-4.00%	2,819,800	-	9,440,200	-	12,260,000
Total	\$ 65,690,413			\$ 8,957,169	\$ 2,150,177	\$ 25,222,005	\$ 5,529,027	\$ 41,858,378

STAR Bonds With No Annual Appropriation. For these bond issues, the Unified Government records its proportional share of the outstanding obligation (see the "local sales tax" in the Tax Distribution Details of the table above). The Unified Government collects 100% of the sales taxes for these bonds, then records planning and development expenditures for amounts remitted to the State for its share of the principal and interest. Such amounts totaled \$40,182,610 for the year ended December 31, 2015, and are recorded in the Economic Development Debt Service Fund.

At December 31, 2015, STAR bonds outstanding with no annual appropriation consisted of the following:

Description and Purpose	Amount of Original Issue	Range of Final Maturity Dates	Range of Interest Rates	Recorded with Unified Government Long-Term Liabilities					Total Accreted Value December 31, 2015
				Local Pledge	Local Accreted Interest	State Pledge	State Accreted Interest		
Governmental activities:									
2010B CABs	\$ 150,289,489	2021	6.07%	\$ 5,035,847	\$ 1,983,151	\$ 12,949,320	\$ 5,099,530	\$ 25,067,848	
2015 US Soccer Bonds	65,229,560	2034	6.75%	13,045,912	11,985	52,183,648	47,941	65,289,486	
2015A Vacation Village Bonds	72,900,000	2015-2035	5.00-6.00%	16,767,000	-	56,133,000	-	72,900,000	
Total	\$ 288,419,049			\$ 34,848,759	\$ 1,995,136	\$ 121,265,968	\$ 5,147,471	\$ 163,257,334	
Business-type activities:									
2014 CABs	\$ 8,097,229	2021	7.00%	\$ 5,668,060	\$ 737,499	\$ 2,429,169	\$ 316,071	\$ 9,150,799	
Total	\$ 8,097,229			\$ 5,668,060	\$ 737,499	\$ 2,429,169	\$ 316,071	\$ 9,150,799	

Annual debt service requirements to maturity for these bonds are as follows:

Year	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 4,663,776	\$ 2,694,533	\$ -	\$ -
2017	1,758,033	2,690,544	-	-
2018	2,043,479	2,666,122	-	-
2019	2,381,573	2,630,344	-	-
2020	2,706,140	2,582,182	-	-
2021-2025	18,454,918	16,872,274	5,668,060	3,683,940
2026-2030	11,493,001	10,250,958	-	-
2031-2035	25,527,013	35,165,951	-	-
Total	\$69,027,933	\$75,552,908	\$ 5,668,060	\$3,683,940

Bonds Issued for KISC. In 1999, the Unified Government issued Series 1999 Taxable Special Obligation Revenue Bonds for an original amount of \$71,340,000 to provide financing to the Kansas International Speedway Corporation (KISC) for construction of the Kansas Speedway. KISC is responsible for making semi-annual payments for principal and interest on the bonds. The obligation of KISC to make debt service payments is secured by a mortgage on the project site. Payments to the trustee are also backed by a policy of financial guaranty insurance issued by the MBIA Insurance Corporation, and are guaranteed by the International Speedway Corporation under a Payment Guarantee Agreement. The Unified Government has also provided an annual appropriation commitment from local sales taxes collected, though this does not create a liability or general obligation debt of the Unified Government, nor constitute a pledge of the general credit, tax revenues, funds or moneys of the Unified Government, and does not obligate them to levy or pledge any form of taxation or make any appropriation or payments beyond those appropriated for the current fiscal year. Since the 1999 bonds were issued, the Unified Government has made no annual appropriations for payment of the bonds. The remaining amount outstanding as of December 31, 2015 is \$55,100,000. The bonds have a final maturity date of December 2027.

Transportation Development District Sales Tax Revenue Bonds. The Unified Government has created transportation development districts under K.S.A. 12-14,140 through 12-17,149. Under statute, creation of such districts allows the Government to impose a transportation development district sales tax, not to exceed 1%, with the revenues received therefrom pledged to pay bonds issued for projects within the established districts. Bonds issued under these statutes are special, limited obligations of the Unified Government, payable solely from revenues generated within the transportation development districts. For the 2014 Happy Foods and 2014 Prescott Plaza bonds the Unified Government intends to budget and appropriate moneys sufficient to pay all the debt service payments on these bonds for the next succeeding fiscal year. The 2007 The Legends, 2007 NFM/Cabela's and 2013 Plaza at the Speedway bonds do not constitute a pledge of the full faith and

credit of the Unified Government, and do not obligate the Unified Government to levy any form of taxation or to make any appropriation for their payment.

Description and Purpose	Amount of Original Issue	Range of Final Maturity Dates	Range of Interest Rates	Amount Outstanding Dec 31, 2015
2007 The Legends	\$ 17,520,000	2007-2028	4.60-4.875%	\$ 13,095,000
2007 NFM/Cabela's	2,415,000	2007-2027	5.0%	815,000
2013 Plaza at the Speedway	9,975,000	2013-2032	4.75-5.75%	8,870,000
2014 Happy Foods	317,000	2014-2024	4.5%	259,000
2014 Prescott Plaza	1,459,000	2014-2024	3.0%	1,126,000
Total	\$ 31,686,000			\$ 24,165,000

Annual debt service requirements to maturity for these bonds are as follows:

Year ended December 31,	Principal	Interest
2016	\$ 495,000	\$ 1,233,821
2017	960,000	1,208,579
2018	1,050,000	1,159,460
2019	1,140,000	1,105,691
2020	1,335,000	1,047,316
2021-2025	10,050,000	4,016,010
2026-2030	7,540,000	1,475,731
2031-2032	1,595,000	112,844
Total	\$ 24,165,000	\$ 11,359,452

Special Obligation Bonds. The Series 2010H, 2012C and 2015 Wyandotte Plaza bonds were issued as special obligation annual appropriation bonds. The bonds are payable solely from the amounts budgeted or appropriated out of the income and revenue provided for such a year. The 2012 and 2013 39th and Rainbow bonds and the 2013 Plaza at the Speedway bond were issued as a special obligation tax increment revenue bonds. The bonds are payable solely from property tax and sales tax revenue generated in the redevelopment district and certain moneys on deposit under the bond indentures.

Description and Purpose	Amount of Original Issue	Range of Final Maturity Dates	Range of Interest Rates	Amount Outstanding Dec 31, 2015
2010H Kansas Speedway parking lot	\$ 7,725,000	2010-2021	2.0-4.5%	\$ 6,655,000
2012C Wyandotte Plaza	8,115,000	2012-2032	2.0-3.8%	7,840,000
2012 39 th and Rainbow	6,445,000	2012-2027	4.19%	6,270,000
2013 39 th and Rain ow	4,365,000	2012-2032	3.3-3.9%	4,115,000
2013 Plaza at the Speedway	33,550,000	2012-2027	4.25%	27,625,000
2015 Wyandotte Plaza	280,000	2016	2.75%	280,000
Total	\$ 60,480,000			\$ 52,785,000

Annual debt service requirements to maturity for these bonds are as follows:

Year ended December 31,	Principal	Interest
2016	\$ 3,210,000	\$ 2,506,589
2017	3,380,000	2,380,945
2018	3,595,000	2,223,776
2019	3,830,000	2,055,187
2020	3,110,000	1,872,997
2021-2025	17,845,000	6,952,746
2026-2030	16,050,000	2,518,224
2031-2032	1,765,000	101,287
Total	\$ 52,785,000	\$ 20,611,751

Pledged Revenues. The Unified Government has pledged specific revenue streams to secure the repayment of certain outstanding debt issues. The corresponding debt issues are for projects described previously for Sales Tax Limited Obligation (STAR) Bonds and Transportation Development District (TDD) Sales Tax Revenue Bonds, as well as general obligation bonds issued to finance infrastructure and capital improvements in tax increment financing (TIF) districts. The following table lists those revenues and the corresponding debt issues, the amount and term of the pledge remaining, the current fiscal year principal and interest on the debt, the amount of pledged revenue recognized during the current fiscal year, and the approximate percentage of the revenue stream that has been committed:

Issue(s)	Type revenue pledged	Amount of pledge	Term of commitment	Percent of revenue pledged	Principal & Interest for 2015	Pledged revenues recognized in 2015
STAR bonds*	Sales and transient guest tax	\$482,981,608	Through 2035	100%	\$61,808,960	\$61,697,772
TDD bonds	Transportation development district sales tax	35,524,452	Through 2032	100%	2,832,442	3,007,406
TIF GO bonds	Incremental increase in property tax	50,225,202	Through 2033	100%	4,194,818	1,714,998
Special Obligation bonds (TIF)	Incremental increase in property tax	52,424,915	Through 2030	100%	4,500,950	4,180,127

* Note the STAR Bond activity above includes the Unified Government's and the State's proportional share of the activity.

Public Building Commission Revenue Bonds. The Public Building Commission (PBC) is a blended component unit of the Unified Government. The PBC has the authority to issue revenue bonds to finance the cost of acquiring and/or constructing land and facilities operated for a public purpose by the Unified Government. The PBC finances the debt service of the revenue bonds by leasing the land and facilities to the Unified Government, which operates it. The Unified Government guarantees the rentals under the PBC lease. The PBC has no power to levy taxes, and revenue bonds issued by the PBC are not included in any legal debt limitations of the Unified Government. In 2013, the PBC issued series 2013A bond for \$9,915,000 with interest rates ranging from 1.5-3.0%. In 2015, the PBC issued series 2015A bond for \$780,000 with an interest rate of 3.30%.

Annual debt service requirements to maturity for this bond is as follows:

Year ended December 31,	Principal	Interest
2016	\$ 660,000	\$ 255,052
2017	665,000	251,950
2018	675,000	240,575
2019	700,000	229,050
2020	715,000	207,700
2021-2025	3,905,000	700,875
2026-2030	<u>2,340,000</u>	<u>141,900</u>
Total	<u>\$ 9,660,000</u>	<u>\$ 2,027,102</u>

The purpose of the 2013A bond issuance was to pay a portion of the costs of constructing certain emergency communications facilities and buildings to be operated by the Unified Government. On December 10, 2012, the BPU agreed to pay 21% of the costs of these facilities, which will be owed on each debt service payment date. The purpose of the 2015A bond issuance was to pay for improvements to the Cricket Wireless Amphitheater.

Proprietary Fund Revenue Bonds. At December 31, 2015, the various proprietary funds had the following bonds outstanding:

Description and Purpose	Amount of Original Issue	Range of Final Maturity Dates	Range of Interest Rates	Amount Outstanding Dec 31, 2015
Sewer System State Revolving Loan	\$ 35,721,057	2035	3.39-3.44%	\$ 14,222,104
Subtotal	<u>35,721,057</u>			<u>14,422,104</u>
BPU revenue bonds:				
2001 Series	17,170,000	2021	4.00-5.00%	7,335,000
2009A Series	57,575,000	2034	2.75-5.00%	49,255,000
2010 Refunding	32,190,000	2028	2.00-5.00%	19,755,000
2011 Series	90,000,000	2036	2.00-5.20%	84,890,000
2012 Refunding	110,830,000	2032	3.12-5.00%	109,045,000
2012B	79,540,000	2037	2.00-5.00%	74,210,000
2014 Refunding and improvement	<u>190,620,000</u>	2044	3.00-5.00%	<u>185,295,000</u>
Subtotal	<u>577,925,000</u>			<u>529,785,000</u>
Total	<u>\$ 613,646,057</u>			<u>\$ 544,207,104</u>

The utility system revenue bond debt service and reserve account is held in escrow in a bank acting as a trustee for the BPU. The utility system revenue bond indentures also provide for a bond reserve account to be held by the trustee for the future payments of principal and interest in the event that the net revenues of the utility system are less than or equal to 130% of the maximum annual debt service on the bonds. All amounts are reported on the accompanying statement of net position as restricted assets.

The revenue bond ordinances of the BPU require, among other things, that special reserves and accounts be established and maintained. Additionally, the ordinances require the BPU to establish rates and collect fees sufficient to pay the operating, maintenance and debt service costs of the utilities and to provide net operating income, before depreciation and payment in lieu of taxes, of at least 120% of the maximum annual debt service due on the outstanding bonds of the BPU. All of the BPU's utility plant facilities are pledged under the terms of the indentures. The BPU was in compliance with the above requirements as of December 31, 2015.

The Unified Government has entered into five agreements with the State of Kansas, Department of Health and Environment. These agreements resulted in the State loaning money to the Unified Government's Water Pollution Control Division for the purpose of capital expenditures to improve the sewer system. Advances are made at the time for paying costs related to the approved loan. The State and Unified Government agreed on an amortization schedule for the entire amount of the loans. If the final loan amount is less than the approved total, an amended amortization schedule will be developed. The following chart represents the adopted amortization schedule and is not reflective of the amount actually borrowed and outstanding to date. The BPU also has two loans with the Kansas Department of Health and Environment for the purpose of water capital improvements to be repaid over 20 years ending 2036.

Annual debt service requirements to maturity for the proprietary funds loan and revenue bonds are as follows:

	Sewer System		BPU			
	State Revolving Loan		Government Loans		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 2,297,752	\$ 779,784	\$ 1,809,299	\$ 981,027	\$ 19,340,000	\$ 24,972,006
2017	2,350,349	709,556	2,650,896	1,058,411	19,805,000	24,258,631
2018	2,299,760	638,068	2,734,036	985,041	20,580,000	23,483,656
2019	1,477,049	576,710	2,821,191	909,220	23,765,000	22,612,481
2020	1,518,384	535,375	2,908,784	828,897	24,905,000	21,472,131
2021-2025	7,492,875	2,020,545	14,760,373	2,842,029	118,560,000	89,146,163
2026-2030	5,333,581	1,158,355	5,590,521	1,205,061	125,000,000	61,246,638
2031-2035	5,461,823	380,921	-	364,004	105,485,000	30,993,450
2036-2040	-	-	-	4,650	44,310,000	11,989,571
2041-2045	-	-	-	-	28,035,000	3,589,754
Total	<u>\$28,231,573</u>	<u>\$ 6,799,314</u>	<u>\$33,275,100</u>	<u>\$ 9,178,340</u>	<u>\$529,785,000</u>	<u>\$313,764,481</u>

In May 2012, the BPU entered into a Kansas Public Water Supply loan fund agreement, which the amount is not to exceed \$12.3 million. As of December 31, 2015, the BPU has drawn the full amount of \$12.3 million. The projects funded by this loan consist of a 4MG reservoir at the Nearman Water Treatment Plant and various waterline replacement projects. The 4MG reservoir at Nearman has been placed in service in 2014. In July 2014, the BPU entered into a Kansas Public Water Supply loan fund agreement, for which the amount is not to exceed \$13.0 million. The projects to be funded by this loan consist of filter media and pump replacement at the Nearman Water Treatment Plant and replacement of deteriorated water lines throughout the distribution system. As of December 31, 2015, the BPU has drawn approximately \$2.7 million of the \$13.0 million. This amount is included in the principal column of the above debt service schedule. Also in the above debt service schedule, the interest including accreted balances column includes \$3.2 million in accreted scheduled interest on the July 2014 Kansas Public Water Supply loan fund agreement.

BPU has pledged specific revenue streams to secure the repayment of certain outstanding debt issues. The corresponding debt issues are for utility system revenue bonds and the purpose of the debt is for the utility improvements. The following table lists those revenues, the amount and term of pledge remaining, the current year principal and interest on the debt, the amount of pledged revenue recognized during the current fiscal year, and the approximate percentage of the revenue stream that has been committed:

Issue(s)	Type revenue pledged	Amount of pledge	Term of commitment	Percent of revenue pledged	Principal & Interest for 2015	Pledged revenues recognized in 2015
Sewer State Revolving Loan	Net operating revenue of the Sewer Fund	\$ 35,030,887	Through 2035	100%	\$ 2,432,423	\$ 13,809,009
BPU debt issues	Electric and Water operating revenues	\$843,549,481	Through 2044	14.9%	\$45,334,587	\$54,401,504

Refundings of Long-Term Debt. In February 2015, the Unified Government issued \$2,060,000 in general obligation bonds, Series 2015-B with interest rates of 2.0-2.8%, to crossover advance refund \$1,985,000 of general obligation bonds 2006-B maturing from 2017-2025. The Unified Government refunded these bonds to take advantage of lower interest rates. As a result, the total debt service payments over the next 10 years will decrease by \$259,265 in debt service payments and will realize a present value savings of \$227,224.

Under a crossover advance refunding issue, the original bond issues (refunded bonds) are not considered defeased until they are retired. Proceeds of the crossover refunding are placed into an escrow account; however, unlike other advance refundings, the escrow account in a crossover advance refunding is not immediately dedicated to debt service principal and interest on the refunded

bonds. Instead, resources in the escrow account are used temporarily to meet debt service requirements on the new, refunding bonds. Only at a later date, known as the "crossover date," are resources in the escrow account dedicated exclusively to payment of principal and interest on the refunded bonds. Therefore, crossover refundings do not result in the defeasance of debt until the crossover date. The Unified Government has recorded both the refunding and the refunded bonds in the financial statements, as well as the balance of funds held in escrow for their repayment, which totals \$2,011,190.

In February 2015, the Unified Government issued \$20,615,000 in general obligation bonds, Series 2015-D with an interest rate of 5%, to advance refund \$22,835,000 of general obligation bonds 2006-A maturing from 2015-2025. The Unified Government refunded these bonds to take advantage of lower interest rates. As a result, the total debt service payments over the next 10 years will decrease by \$1,935,046 in debt service payments and will realize a present value savings of \$1,810,790.

As of December 31, 2015, \$1,985,000 of crossover refunded bonds and \$21,155,000 of advance refunded bonds have not been called.

Section 108 Loan. During 2000, the Unified Government entered into a loan agreement with the U.S. Department of Housing and Urban Development (HUD) for the construction of the new downtown hotel project. During 2010, this loan was refunded with the new principal balance of \$3,314,000.

Claims and Judgments. Various legal actions and claims against the Unified Government presently pending involve: personal injury (including workers' compensation claims), alleged discriminatory personnel practices, property damages, civil rights complaints and other miscellaneous claims. The Unified Government generally follows the practice of recording liabilities resulting from claims and legal actions only when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Unfunded Pension Obligation. Reference Note IV.E. "Unified Government Plan" for further explanation.

The following schedule represents the annual payments required for Claims and Judgments and the Unfunded Pension Obligation and the Section 108 Loan:

Year ended December 31,	Claims and Judgments	Unfunded Pension Obligation	Section 108 Loan	
			Principal	Interest
2016	\$ 600,000	\$ 41,563	\$ 406,000	\$ 49,322
2017	-	38,654	434,000	38,522
2018	-	35,948	465,000	25,894
2019	-	33,432	345,000	11,386
2020	-	31,091	-	-
2021-2025	-	75,231	-	-
Total	\$ 600,000	\$ 255,919	\$ 1,650,000	\$ 125,124

Arbitrage Liability. In 1986, Federal law changed, making it illegal for an entity to issue tax-exempt debt, reinvest those proceeds in a tax-deductible instrument, and make an arbitrage profit on the differential in interest rates. A calculation was created which established the methodology for determining if the tax exempt debt proceeds were invested to yield a profit. If a profit exists, all of that profit must be paid to the U.S. Treasury. The Unified Government has bonds and temporary notes subject to arbitrage, but does not have an arbitrage liability as of December 31, 2015. Actual payments could differ from the estimate.

G. Non-Obligatory Debt

Conduit Debt. The Unified Government has issued revenue bonds not directly obligated by the Unified Government which are generally used to finance construction or renovation of facilities on government land or the acquisition of equipment. The bonds are paid solely from revenues generated from entities for whom the bonds are issued. The total amount at December 31, 2015 was \$371,778,461 for the Industrial Revenue Bonds, \$123,695,137 for Sales Tax Special Obligation Revenue Bonds and \$865,000 for the Single Family and Collateralized Mortgage Revenue Bonds. These bonds do not constitute an indebtedness or pledge of the faith and credit of the Unified Government, and accordingly have not been reported in the accompanying financial statements.

H. Landfill Closure and Postclosure Care

In 2004, the Kansas Department of Health and Environment (KDHE) issued an administrative "Order to Comply" to the Unified Government alleging the need for investigations into the alleged release of hazardous substances found to exist at the John Garland Park Landfill, which was operated from 1972-1974 by a third party and has been closed since then. The Unified Government conducted, with KDHE approval, certain investigations and conducted or prepared work plans for conducting in the future, certain remedial activities. In March 2008, the Unified Government and KDHE entered into a Consent Agreement requiring certain landfill closure activities, including annual landfill cap maintenance, periodic groundwater monitoring through the year 2025, and conversion of an existing passive landfill gas extraction system to an active gas extraction system. The Unified Government has recorded a liability of \$540,000 as the estimated cost for the remaining monitoring activities through 2025. The cost estimates are subject to change due to inflation, deflation, technology, laws and regulations. The Environmental Trust Fund will provide the primary source of funding for these costs.

I. Restricted Assets

The balances of the restricted asset accounts are as follows:

Capital projects fund: GO proceeds	\$ 25,738
Capital projects fund: STAR financing	21,166,915
Economic development fund:	
STAR/TDD/TIF bonds	13,732,725
Customer deposits-BPU	4,103,492
Sewer revenue bonds:	
Debt service accounts	3,504,834
State Revolving Loan	1,952,223
Public Levee fund: Refunding escrow	2,011,190
Stadium fund: STAR financing	1,281,315
BPU revenue bonds:	
Debt service account	20,859,219
Improvement and emergency account	1,500,000
Contraction funds	31,487,584
Total restricted assets	<u>\$ 101,625,235</u>

J. Fund Balances

A summary of the components of fund balance reported in governmental funds, by purpose, is as follows:

Unified Government
Components of Fund Balance
December 31, 2015

	Major		Nonmajor	Total
	General	Capital Projects	Other Governmental Funds	Governmental Funds
Fund Balances:				
Non Spendable:	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Elections	-	-	664,757	664,757
Library	-	-	648,109	648,109
Register of Deeds - Technology	-	-	60,914	60,914
Clerk's Office - Technology	-	-	34,200	34,200
Treasurer's Office - Technology	-	-	34,200	34,200
Alcohol abuse, prevention, treatment programs	-	-	585,977	585,977
Community Corrections	-	-	246,212	246,212
Community Development	-	-	202,763	202,763
Road improvements and development	-	-	698,274	698,274
Road improvements and development - Debt Service	-	-	64,607	64,607
Police Department	-	-	3,150,676	3,150,676
Fire Department	-	-	1,099,941	1,099,941
Neighborhood Infrastructure	-	-	1,013,043	1,013,043
Enhancement of 911 System	-	-	354,958	354,958
Emergency Management	-	-	86,898	86,898
Sheriff Department	-	-	94,987	94,987
District Attorney	-	-	110,501	110,501
Child Support Enforcement	-	-	764,336	764,336
Mental Health Services	-	-	344,893	344,893
County Health Services	-	-	1,118,612	1,118,612
Senior Citizen Services	-	-	483,040	483,040
Development - Gap Financing	-	-	1,767,836	1,767,836
Transit	-	-	72,415	72,415
Parks and Recreation - Operations	-	-	82,340	82,340
Parks and Recreation - Capital Improvements	-	-	105,779	105,779
Development	27,713	-	-	27,713
Debt Service - General	-	-	5,542,420	5,542,420
Debt Service - Development	67,730	13,719,706	-	13,787,436
Total	95,443	13,719,706	19,432,689	33,247,838
Committed to:				
Promote Tourism and Convention	-	-	343,634	343,634
Promote Tourism and Convention - Debt Service	-	-	64,533	64,533
Inmate services	-	-	174,365	174,365
Future landfill remediation	-	-	701,742	701,742
Parks and Recreation	854,812	-	-	854,812
Total	854,812	-	1,284,274	2,139,086
Assigned to:				
Subsequent years budget: appropriation of fund balance	2,912,722	-	-	2,912,722
Total	2,912,722	-	-	2,912,722
Unassigned:	27,726,681	(2,947,495)	(737,744)	24,041,442
Total fund balances:	\$ 31,589,658	\$ 10,772,211	\$ 19,979,219	\$ 62,341,088

IV. OTHER INFORMATION

A. Risk Management

The Unified Government's insurance coverage consists of both self-insurance and policies maintained with various carriers. Exposure to various risks associated primarily with weather related incidents such as wind, hail and storm damage is covered by property insurance. There have been no

settlements in excess of insurance coverage during any of the prior three fiscal years. There has been no significant change in insurance coverage from the previous fiscal year.

Accident and Health. The Unified Government is both self-insured and fully insured for accident and health claims. Claims for Unified Government employees (except for BPU employees) are administered through a third party administrator for the Unified Government's self-insured plan. Premiums are paid by employer and employee contributions into an internal service fund and are available to pay claims and costs of an administrative service agreement. An excess insurance policy covers individual claims in excess of \$325,000. Incurred but not reported claims of \$2,977,000 have been accrued as a liability. In 2015, \$27,939,839 was paid for claims and administrative costs. The outstanding claims liability is calculated from historical data and future expectations. This includes an estimated liability for known claims as well as an estimated liability for claims incurred but not reported. The BPU is self-insured on essentially up to 100% of their health claims.

Workers' Compensation. The Unified Government is self-insured for workers' compensation. Premiums are paid from the general fund into an internal service fund and available to pay claims, claim reserves and administrative costs of the program. During 2015, a total of \$1,525,263 was paid in benefits and administrative costs from the fund. An excess coverage insurance policy covers individual claims in excess of \$750,000. Incurred but not reported claims of \$2,252,000 have been accrued as a liability. The Unified Government attorney makes significant estimates in determining amounts of unsettled claims under the self-insurance program. The outstanding claims liability is calculated from historical data and future expectations. This includes an estimated liability for known claims as well as an estimated liability for claims incurred but not reported. The BPU is self-insured to the first \$750,000 per employee / per occurrence for workers' compensation. Claims exceeding \$750,000 and up to \$35,000,000 per employee / per occurrence are fully insured.

General Liability. The Unified Government is also self-insured for liability claims with no premium paid to any insuring firm. All liability claims are reviewed, challenged if appropriate, and processed for payment at the agreed amount by the Legal Department. Kansas statutes limit the liability in tort cases to \$500,000. The BPU is responsible for the first \$500,000 of general liability and automobile insurance claims. In addition, any general liability or automobile claims greater than \$35,000,000 are responsibility of BPU.

The following is a summary of the changes in the unpaid claims liability:

	Workers' Compensation	Health Insurance	General Liability	BPU
December 31, 2013 Liability Balances	<u>\$ 2,552,000</u>	<u>\$ 2,120,000</u>	<u>\$ 600,000</u>	<u>\$ 2,668,000</u>
Claims and changes in estimates	1,944,459	28,161,651	1,293,208	9,650,000
Claim payments	<u>(1,944,459)</u>	<u>(27,662,651)</u>	<u>(1,293,208)</u>	<u>(9,621,000)</u>
December 31, 2014 Liability Balances	<u>\$ 2,552,000</u>	<u>\$ 2,619,000</u>	<u>\$ 600,000</u>	<u>\$ 2,697,000</u>
Claims and changes in estimates	1,525,263	27,937,362	629,292	14,637,000
Claim payments	<u>(1,825,263)</u>	<u>(27,579,362)</u>	<u>(629,292)</u>	<u>(14,180,000)</u>
December 31, 2015 Liability Balances	<u>\$ 2,252,000</u>	<u>\$ 2,977,000</u>	<u>\$ 600,000</u>	<u>\$ 3,154,000</u>

B. Commitments and Contingent Liabilities

Litigation. The Unified Government is a defendant in various legal actions pending or in process for tax appeals, property damage and miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable; however, various legal actions

are pending which the Unified Government has a reasonable possibility of loss ranging from zero to \$8.5 million.

Health Insurance Contributions. From 2009-2011, the Unified Government suspended making certain employer contributions to the Self-Insured Health Care Fund from the County General Fund. During 2012, the Unified Government resumed full contributions to the Self-Insured Health Care Fund. From 2012 through 2015, in addition to the required contributions, additional amounts have also been funded by the County General Fund. As of December 31, 2015, the governing body and management have made a formal commitment to fund an additional \$750,000 during 2016. There is no commitment to fund other additional amounts and there is no requirement that these additional amounts must be paid to the Self-Insured Health Care Fund. However, the amount is monitored and reviewed on an annual basis and considered when preparing the County General Fund's budget. During 2015, there was \$2,100,000 of additional funding from the County General Fund to the Self-Insured Health Care Fund. For the year ended December 31, 2015 the cumulative amount of employer contributions that were not budgeted or paid totaled approximately \$1.9 million.

Economic Development Activities. The Unified Government has established tax increment financing (TIF), transportation development districts (TDD) and community improvement districts (CID) as allowed by state statutes. Incremental property and sales taxes generated in the districts are pledged to developers to repay certain costs incurred by the developers. Under these agreements, the Unified Government is under no obligation to pay the developer for any shortfall, should the incremental revenues generated not be sufficient to fully reimburse 100% of the costs incurred by the developer. The remaining certified project costs to be repaid as of December 31, 2015 totals \$117,602,952.

Federal Consent Decree. On May 20, 2013, the United States District Court for the District of Kansas entered a Partial Consent Decree ("PCD") between the Unified Government and United States Environmental Protection Agency. The State of Kansas was a defendant in the PCD along with the Unified Government. The PCD requires the development of an Overflow Control Plan (OCP) by September 2016, as well as enhanced operation and maintenance of the Unified Government's sewer and storm sewer systems. Implementation of the OCP will be addressed via a modification of the PCD, likely sometime during 2017. In addition, the PCD requires the Unified Government to implement approximately \$20 million of ongoing sewer improvement projects in its 5-year capital improvement plan. The PCD does not impose any civil penalty but does provide for stipulated penalties if the Unified Government either fails to perform or is late performing required activities.

The costs to comply with the PCD are expected to be in the multi-million dollar range. The respective sanitary and storm sewer enterprise funds have had rate adjustments for each of the past four years in anticipation of the work that is required under the PCD. Both of these funds have strengthened fund balances in anticipation of future debt. The sewer and storm enterprise funds ended 2015 with a combined budgetary fund balance of \$14.6 million or 43% of their total 2015 expenditures.

Environmental Matters. The Unified Government is subject to various laws and regulations with respect to environmental matters such as underground storage facilities and air and water quality. The cost of complying with existing and future changes to laws and regulations cannot be estimated; however, compliance with such laws and regulations may necessitate substantial expenditures.

Unified Government management also expects to make future capital improvements related to fire suppression and other life safety code requirements. Costs related to these projects have yet to be determined, but are expected to be significant.

The BPU is subject to substantial regulation of air emissions and control equipment under federal, state, and county environmental laws and regulations. Nationwide, utilities with coal-fired generating units have been under heavy scrutiny and enforcement by the U.S. Environmental protection Agency (EPA) and Department of Justice for matters related to permitting of modifications to those coal-fired units. This is referred to as "new source review permitting."

In 2007, the BPU received from the EPA a Clean Air Act section 114 information request seeking information about the types of projects that have been the subject of new source review permitting investigations. On November 25, 2008, EPA issued the BPU a Notice of Violation (NOV) alleging violation of Clean Air Act new source review permitting requirements. On December 19, 2008, the BPU received a supplemental Clean Air Act Section 114 information request to the 2007 information request. BPU has responded to both information requests. The NOV alleges violations of the Clean Air Act new source review permitting requirements and corresponding requirements under the Kansas State Implementation Plan at the Utility's Nearman plant dating back to 1994 (four violations) and Quindaro plant dating back to 2001 (two violations). The NOV states such finds and/or penalties could be as much as \$25,000 to \$32,500 per day (depending upon when the violation occurred) commencing from date of the violation. Settlements of numerous similar notice of violation have included penalties and injunctive relief requiring capital expenditures for air pollution control equipment in the hundreds of millions of dollars. The NOV issued to the BPU offers opportunity for conference with EPA and the Department of Justice (DOJ) regarding the allegations and a first conference was held in February 2009. Subsequently, EPA and DOJ made an offer of settlement to the BPU and the parties have had exchanges regarding settlement, the most recent in August 2011. Recent court decisions have limited EPA's ability to successfully enforce through imposition of penalties and injunctive relief allegations in notices of violation like those in NOV issued to BPU. In addition, pursuant to requirement so flaw, the utility has implemented measures and installed much of the pollution control equipment typically part of injunctive relief in enforcement of such notice of violation, the costs of which may be significant in addition to fines and penalties. BPU is not presently able to evaluate what, if any, liability might be imposed and has not accrued anything for this possible obligation.

On July 16, 2012, the BPU and Unified Government received from the Kansas Chapter of the Sierra Club a notice of intent to sue the BPU, under the Clean Air Act citizen suit provisions, for alleged violations of opacity emissions limits at the Nearman Station and Quindaro Station. The Sierra Club and BPU signed a consent decree approved by the U.S. District Court on December 5, 2013. The consent decree requires that coal no longer be combusted at Quindaro Station as of April 16, 2015 (which has been accomplished) and that the Nearman Station install and operate particulate matter pollution control equipment by June 1, 2017.

Encumbrances. At December 31, 2015, the Unified Government had the following outstanding encumbrances:

General	\$ 3,003,579
Capital Projects	16,642,272
Sewer	7,537,727
Nonmajor Governmental	3,953,738
Nonmajor Enterprise	2,451,810
Internal Service	<u>565,700</u>
Total	<u>\$ 34,154,826</u>

Grants. Intergovernmental grant awards are subject to audit and adjustments by funding agencies. Award revenues received for expenditures that are disallowed are repayable to the funding agency. In the opinion of management, any amounts that may ultimately be refunded would not have a material impact on these general purpose financial statements.

Power Purchase & Sales Agreements. In 1982, the BPU entered into a power agreement with the Kansas Municipal Energy Agency (KMEA). The agreement entitles KMEA to purchase 15.86% of the net available capacity of the BPU's Nearman power station. The power sales agreement with KMEA will terminate effective December 31, 2015 at the request of KMEA. The contracted 37.5 MW of electrical output to KMEA will be available for BPU's service territory. Total revenue from the power sales agreement for the year ended December 31, 2015 was \$4,122,535 and is included in other revenues in the statements of revenues, expenses, and changes in net position.

On November 1, 2006, BPU entered into an agreement with Tenaska Power Services Company (Tenaska) to both purchase and market excess wholesale energy for BPU. The BPU had no wholesale purchases and sales through Tenaska for the year ended December 31, 2015.

On December 21, 2006, the BPU entered into a Renewable Energy Purchase Agreement with TradeWind Energy to receive 25% of the energy output of Phase 1 of the Smoky Hills Wind Farm. This contract is a 20-year fixed price contract for 25% of the output of 100.8 MW of turbines as well as the Renewable Energy Credits associated with the output. The wind farm, which was built approximately 25 miles west of Salina, Kansas in Lincoln and Ellsworth Counties in Kansas, began commercial operation in January 2008. Total power purchased under this agreement was \$4,037,651 in 2015.

On November 3, 2010, the BPU entered into an agreement with Lawrence, Kansas based Bowersock Mills and Power Company to purchase 7 MW of hydroelectric power over the next 25 years, providing additional renewable energy resources to BPU's existing power generating mix. Total power purchased under this agreement was \$2,098,706 in 2015.

In December 2013, the BPU completed negotiations with OwnEnergy Inc., a developer of mid-sized wind projects, for the purchase of 25 megawatts of energy generated by wind turbines. The wind farm will be located south of Alexander, Kansas in Rush County. Construction began in December 2013, and will tie into the Southwest Power Pool (SPP) Midwest Energy transmission system. The contract between BPU and OwnEnergy Inc. is a 20-year renewable energy Purchase Power Agreement (PPA). The wind farm was completed in 2015 with commercial production beginning in December 2015. Total power purchased under this agreement was \$289,277 in 2015.

The BPU has determined these purchase contracts to be excluded from the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as these are normal purchase contracts.

Coal Contracts. The BPU purchases coal for Nearman generating stations through contracts with Western Fuels Association (WFA) and affiliates. WFA, in turn, contracts with coal producers and railroads to meet its coal supply and delivery commitments to the BPU. The BPU is required to pay all costs incurred by WFA in acquiring and delivering the coal as well as a management fee.

Coal delivery to Nearman is contracted between WFA and the Union Pacific Railroad. This contract expires December 31, 2018. The delivery cost is established from a base price and is adjusted by indices set out in the contract.

The BPU is committed to purchase coal through WFA for the duration of the Nearman plant. The estimated coal purchase for Nearman station is \$20,000,000, \$29,000,000 and \$29,000,000 for 2016, 2017 and 2018, respectively. Any additional coal required will be bought on the spot market.

The BPU has determined these coal contracts to be excluded from the scope of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as these are normal purchase contracts.

Brushy Creek Coal Company and Liberty Coal Company. The BPU holds an indirect 50% interest in Brushy Creek Coal Company (BCCC) and a 50% indirect interest in Liberty Coal Company (Liberty). The other 50% interest is indirectly owned by the City of Sikeston, Missouri (Sikeston). BCCC was the owner and operator of a coal mine and related equipment located in Illinois. BCCC discontinued mining operations in 1997. BCCC did not have material operations during the years ended December 31, 2015. Upon cessation of operations at BCCC, the BPU became contractually responsible for 50% of asset retirement obligations and for 50% of certain postretirement benefits to mine workers. At December 31, 2015, the BPU has recorded an estimated liability of \$1.3 million, within accrued claims payable for its estimated remaining share of these obligations. Funding provided for these obligations was \$235,000 in 2015.

The amounts recorded for the BPU's portion of the asset retirement obligation and the miners' benefits require significant judgment and involve a number of estimates. The BPU has recorded its estimated obligations for each of these items using information currently available to management. These estimates could change significantly over time.

C. Multi-Sport Stadium and Office Campus Projects.

During 2010, the Unified Government entered into a Multi-Sport Stadium Specific Venture Agreement with Kansas Unified Development, LLC (Developer) to construct, develop, complete and operate a major, multi-sport athletic complex including a stadium facility that is the home field for Sporting KC within the Village West Redevelopment Area. The construction was primarily funded from proceeds of the Series 2010B STAR bonds. Additionally, under a Land Transfer and Specific Venture Agreement, the Cerner Corporation (Cerner) acquired land from the Unified Government within the Village West Redevelopment Area to construct, develop, complete and operate 600,000 square feet of Class A office buildings. Certain components of the Agreements affect the Unified Government's financial statements as follows:

The site for the stadium project was sold to the Developer at its appraised fair market value, or \$3,600,000, to be paid in 11 annual installments from 2010 – 2020.

The site for the office project was sold to the Developer at its appraised fair market value, or \$4,400,000, to be paid in 11 annual installments from 2015 - 2025.

Supplemental Land Payments will also be paid to the Unified Government by the developer, in an aggregate amount equal to \$18,000,000, less the amounts paid as noted above for the stadium and office sites. These payments were to have continued through 2025.

As a result of negotiations between the Unified Government and Sporting KC, a settlement agreement was reached in May 2015 to reduce the amounts owed for the stadium project, office project and supplemental land payments. This settlement resulted in a lump sum payment of \$9,500,000 paid to the Unified Government in June 2015. There is no outstanding note receivable as of December 31, 2015, and the amounts described in the three paragraphs above have been settled in full.

The agreement with Cerner imposes obligations on Cerner regarding construction of the office project and the creation of jobs. In the event that certain of the payroll and job creation obligations of the agreement are not met by December 31, 2016, the Developer has an obligation to pay the Unified Government an "Office Payment Obligation" as defined in the Multi-Sport Stadium Specific Venture Agreement. This obligation totals \$30,410,610 (payable in 10 equal installments from 2017 to 2026). This amount has not been recorded as a receivable in the Unified Government's financial statements as of December 31, 2015, as it is not yet determinable whether Cerner will meet the payroll and job creation obligations.

Payments owed to the Unified Government by the Developer as outlined above are guaranteed by the entity that owns Sporting KC.

D. Jointly Governed Organizations and Other Related Organizations

KCK Hotel Group, L.L.C. The Unified Government is one of three parties who have invested in the KCK Hotel Group, L.L.C. (KCK Hotel), which is responsible for the development, ownership and operation of a downtown hotel, civic center and related facilities including an office building, garage and adjoining common areas. The Unified Government contributed \$5,000,000, mostly from an Empowerment Zone Grant from the Federal government, to obtain a 49.95% membership interest in KCK Hotel. The Unified Government also provided a \$6,040,000 loan to KCK Hotel, financed by a Section 108 loan from the U.S. Department of Housing and Urban Development. The loan agreement

with KCK Hotel was entered into in February 2001, and calls for a repayment schedule based on a 25-year amortization, with a balloon payment at the end of 20 years. Due to the past operating performance of the hotel, at December 31, 2008 the loan receivable from KCK Hotel was written down to \$0 reflect the estimated loan payments to be collected over the term of the loan. In 2013, the Unified Government contributed an additional \$2,000,000, financed by the Series 2013-D general obligation bond. The additional contribution was used to fund renovations to the Hotel. The other two members in KCK Hotel contributed funding in accordance with the memorandum of understanding, and one also acts as the manager of KCK Hotel.

Gross receipts from hotel operations are used first for payment of operating expenses, then to fund an equipment reserve, and finally for debt service requirements on the loan with the Unified Government. KCK Hotel members receive distributions on their ownership interests only after all other payment requirements have been met. In May 2004, the members of KCK Hotel entered into a new funding agreement to provide additional infusions of funds to the hotel. The Unified Government has paid debt service payments for the KCK Hotel's Home Rule Bonds since December 2004. Similar additional advances may be required in future years. In 2009, the remaining balance of the Home Rule Bonds was refinanced with temporary notes issued by the Unified Government. In 2013, the Unified Government issued Series 2013-D to permanently finance the Home Rule Bonds, which are included in the balance of long-term liabilities on the Statement of Net Position.

Because KCK Hotel is a separate legal entity controlled by its three members, it is considered a joint venture under accounting principles generally accepted in the United States of America. The Unified Government's investment in this joint venture has no value as of December 31, 2015. Separately issued financial statements for the joint venture are available from the Unified Government at 701 North 7th Street, Kansas City, KS 66101. See also Note IV. H.

Dogwood Energy Facility (Dogwood). The BPU owns an undivided 17% interest in the assets of the Dogwood Energy Facility (Dogwood), a natural gas-fired combined cycle generating plant located in Pleasant Hill, Missouri in Cass County, Missouri, operated by Dogwood Energy, LLC.

The BPU's portion of the 630 megawatt (MW) rated capability of Dogwood is approximately 110 megawatts. Generation from Dogwood and operating expenses incurred by Dogwood are allocated to the BPU based on the 17% ownership interest. The BPU's proportionate share of their plant operating expenses is included in the corresponding operating expenses in the statement of net position. In addition, the BPU is required to provide its share of financing for any capital additions to Dogwood. During 2015, BPU's portion of fuel expense and operating and maintenance expense were \$5,174,887 and \$2,379,909 respectively. BPU also receives a portion of the wholesale sales generated by the Dogwood plant. BPU received \$6,582,222 in wholesale sales from Dogwood during 2015. These amounts are included in the accompanying statements of revenues, expenses and changes in fund net position.

The BPU applied proportionate consolidation rules to record its undivided ownership interest in this facility. The BPU's investment includes an acquisition adjustment of \$34.8 million, which is presented as property, plant, and equipment and amortized over the estimated remaining life of the plant (29.1 years). The BPU paid 15 years of Payment-in-lieu of taxes (PILOT) to Cass County, Missouri in the amount of \$2.5 million. This was recorded as a prepayment and is being amortized until 2028.

The BPU Board of Directors has approved the recovery of amounts invested in this facility, including the acquisition adjustments in current rates.

As of December 31, 2014, the BPU's ownership interest in Dogwood's capital assets consisted of \$35,044,592 in Plant in Service Facility, \$3,529,505 of accumulated depreciation and \$1,307,283 of construction work in process which is included in the capital asset balances in footnote III.B.

The BPU has an operating agreement with Dogwood Energy, LLC, which provides for a management committee comprising one representative and an alternate from each participant. Dogwood Power Management, LLC, the project management company, controls the operating and maintenance decisions of Dogwood in its role as operator. The BPU and other participating entities have joint approval rights for the annual business plan, the annual budget, and material changes to the budget.

E. Employee Retirement Systems and Pension Plans

UG Plan.

General Information about the Pension Plan

Plan description. The Unified Government participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at <http://www.kpers.org> or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Benefits provided. KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the General Assembly. Member employees (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 "points" (Police and Firemen' normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. The accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees chose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump-sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current member employees and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 30 years with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contributions rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active

and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. K.S.A. 74-4975 establishes the Police and Firemen (KP&F) member-employee contribution rate at 7.15% of covered salary. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3 and KP&F be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rate was 9.48% for KPERS and 21.36% for KP&F for the fiscal year ended December 31, 2015. Contributions to the pension plan from the Unified Government were \$5,690,910 for KPERS and \$13,413,946 for KP&F for the year ended December 31, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Although KPERS administers one cost sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of recourse, and pension expense are determined separately for each group of the plan. The Unified Government participates in the local (KPERS) group and the Police and Firemen (KP&F) group.

At December 31, 2015, the Unified Government reported a liability of \$46,954,379 for KPERS and \$100,868,767 for KP&F for its proportionate share of the KPERS' collective net pension liability. The collective net pension liability was measured by KPERS as of June 30, 2015, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. The Unified Government's proportion of the collective net pension liability was based on the ratio of the Unified Government's actual contributions to KPERS and KP&F, relative to the total employer and nonemployer contributions of the KPERS and KP&F for the fiscal year ended June 30, 2015. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2015, the Unified Government's proportion and change from its proportion measured as of June 30, 2014 were as follows:

Net pension liability as of December 31, 2015				
	Governmental Activities	Business-Type Activities	Total	Proportion as of June 30, 2015
KPERS (local)	\$ 41,886,700	\$ 5,067,679	\$ 46,954,379	3.576%
KP&F	95,710,931	5,157,836	100,868,767	13.892%
	<u>\$ 137,597,631</u>	<u>\$ 10,225,515</u>	<u>\$ 147,823,146</u>	

For the year ended December 31, 2015, the Unified Government recognized pension expense of \$3,151,081 for KPERS and \$12,119,645 for KP&F. At December 31, 2015, the Unified Government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Governmental Activities		Business-Type Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 873,417	\$ 2,787,819	\$ 47,069	\$ 229,791
Net difference between projected and actual earnings on pension plan investments	-	4,670,003	-	361,065
Changes in proportionate share	2,301,159	3,924,491	148,416	350,978
Changes in assumptions	-	1,542,500	-	122,404
County contributions subsequent to measurement date	9,160,278	-	684,351	-
Total	<u>\$ 12,334,854</u>	<u>\$ 12,924,813</u>	<u>\$ 879,836</u>	<u>\$ 1,064,238</u>

The \$9,844,629 reported as deferred outflows of resources related to pensions resulting from the Unified Government's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as increases (decreases) to pension expense as follows:

Year ended December 31:	Governmental Activities	Business-Type Activities
	Deferred Outflows (Inflows) of Resources	Deferred Outflows (Inflows) of Resources
2016	\$ (3,718,894)	\$ (331,356)
2017	(3,718,894)	(331,356)
2018	(3,718,894)	(331,356)
2019	2,536,102	225,968
2020	(1,129,657)	(100,653)
	<u>\$ (9,750,237)</u>	<u>\$ (868,753)</u>

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	3.00%
Wage inflation	4.00%
Salary increases, including wage increases	4.00% to 16.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	8.00%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted for the three year period beginning December 31, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of June 30, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	13	0.80
Yield driven	8	4.20
Real return	11	1.70
Real estate	11	5.40
Alternatives	8	9.40
Short-term investments	2	(0.50)
Total	100%	

Discount rate. The discount rate used by KPERS to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the KPERS' Board of Trustees for this group may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in the future. Employers contribute the full actuarial determined rate for KP&F. Future employer contribution rates were also modeled for KP&F assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Unified Government's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the Unified Government's proportionate share of the collective net pension liability calculated using the discount rate of 8.00%, as well as what the Unified Government's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Unified Government's KPERS proportionate share of the net pension liability	\$ 66,654,233	\$ 46,954,379	\$ 30,252,773
Unified Government's KP&F proportionate share of the net pension liability	146,479,081	100,868,767	62,343,640
	<u>\$ 213,133,314</u>	<u>\$ 147,823,146</u>	<u>\$ 92,596,413</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

BPU Plan. *Plan Description.* The Retirement Pension Plan for the Board of Public Utilities of Kansas City, Kansas (the Plan) is a single-employer defined benefit pension plan as defined by GASB 68.

The Plan is governed by Kansas State statutes, which, provide for the establishment of a Board of Pension Trustees and provides authorization for the Plan to take control and custody of all assets, property, and funds presently held, controlled, and in the possession of the Plan's Board of Pension Trustee. The Plan was established and may be amended only by the Board of Pension Trustees. The Board of Pension Trustees is represented equally by three management seats appointed by the General Manager, and three non-management seats elected by the BPU members. The Plan membership includes all persons employed by the BPU on a regular, permanent basis. The Plan is not

subject to either minimum funding standards of the Employee Retirement Income Security Act of 1974 or the maximum funding limitations.

Separate, stand-alone financial statements of the Plan can be obtained from the Pension Administrator, in care of the Human Resources Department of the BPU, 540 Minnesota Avenue, Kansas City, KS 66101.

Benefits Provided. The primary benefits provided by the Plan are retirement benefits. However, the Plan also provides ancillary benefits in the event of pre-retirement death, disability, or termination of employment prior to meeting the eligibility requirements to retire. An employee of the BPU is eligible for coverage at the time of employment as a regular, permanent BPU employee. An employee remains a member of the Plan as long as they continue employment with the BPU. Vesting is achieved upon the completion of five years of service. Tier 1 member, retirement is at age 55, regardless of service. Benefits are calculated using the compensation for the three highest years of service within the last 10 years of service, multiplied by the total years of service and the formula factor of 1.80 percent, plus final average salary multiplied by the total years of service prior to January 1, 2004 and the formula factor of 0.40 percent. Benefits vest after 5 years of service. For Tier 2 members, retirement is at age 65, with 5 years of service or age 60, with 30 years of service. Benefits are calculated using the compensation for member's entire career, multiplied by the formula factor of 1.50 percent. Benefits vest after 5 years of service.

The cost of living adjustment (COLA) is an automatic, simple 3% for members who retired before January 1, 1993. The COLA is not automatic, but discretionary for members who retired on or after January 1, 1993. The COLA can vary from 0% to 3% of the previous year's pension as determined by the Pension Board every year. If, on the first January 1 following benefit commencement, benefits have been received for less than a full calendar year, the increase is a fraction of the determined increase equal to the ratio of number monthly benefit payments received divided by 12.

The data required regarding the membership of the Plan were furnished by the Pension Administrator of the Plan. The following table summarized the membership of the Plan as of January 1, 2014, the Valuation date.

Inactive Members or Beneficiaries Currently Receiving Benefits	773
Disabled Members	12
Inactive member Entitled To But Not Yet Receiving Benefits	23
Active Members	570
Total	1378

Funding Policy. Benefit and contribution provisions are established by and may only be amended by the Pension Board of Trustees. Contribution rates are determined annually by the Pension Board of Trustees. BPU contributes a fixed contribution rate, equal to that of the members, currently 8.50% of pensionable earnings.

Pension Liabilities. The net pension liability was measured as of December 31, 2014 (the measurement date), and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 and rolled forward to the measurement date. As of December 31, 2015, the Plan reported a net pension liability of \$11,727,545.

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at December 31, 2014			
Changes for the year:	\$477,102,631	\$474,253,091	\$ 2,849,540
Service cost	7,560,923	-	7,560,923
Interest on total pension liability	36,958,626	-	36,958,626
Employer contributions	-	4,278,318	(4,278,318)
Employee contributions	-	4,278,318	(4,278,318)
Net investment income	-	27,423,709	(27,423,709)
Benefit payments, including member refunds	(30,832,788)	(30,832,788)	-
Administrative expenses	-	(338,801)	338,801
Net changes	13,686,761	4,808,756	8,878,005
Balance at December 31, 2015	\$490,789,392	\$479,061,847	\$ 11,727,545

Actuarial Assumptions. The following actuarial methods and assumptions were used to determine the actuarially determined employer contribution reported in the most recent actuarial valuation (January 1, 2014).

Valuation date	January 1, 2014
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed, 15-year floor, 30-year level percent of payroll, open, if a surplus exists on a funding basis
Remaining amortization period	24 years
Asset valuation method	8-year smoother market
Price inflation	3.10 percent
Wage inflation	4.00 percent
Long-term rate of return, net of investment expenses; and including inflation rate assumption	8.00 percent
Municipal Bond Index rate	3.70 percent
Salary increase, including wage inflation	4.70 to 11.00 percent
Cost-of-living adjustment	Retired before January 1, 1993: 3.0 percent in all future years Retired on/after January 1, 1993: 1.0 percent through 2020 and then 3.00 percent for 2021 and later.

Pre-retirement mortality rates were based on the RP-2000 Employee Table with generational mortality projections using Scale AA. Post-retirement mortality rates were based on the RP-2000 Healthy Annuitant Table with generational mortality projections using Scale AA.

The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience study, which covered the five-year period ending December 31, 2012. The experience study report is dated June 18, 2014.

The long-term expected rate of return on pension plan investments is reviewed as part of the regular experience study prepared for the Plan. The results of the most recent experience study were presented in a report dated June 18, 2014. Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and an analysis in which best-estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation), along with estimates of variability and correlations for each asset class, were developed by the Plan's investment consultant. These ranges were combined to develop the long-term expected rate of return by consultants are often intended for use over a 10-year investment horizon and are not always useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The investment consultant for the BPU does provide capital market assumptions for a 50-year period and those were used as part of our analysis. The long-term rate of return assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class used for the experience study dated June 18, 2014, as provided by the Plan's investment consultant, Demarche, are summarized in the following table:

Asset class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Large Cap Equity	20.0%	5.9%
Domestic Large Cap Equity	20.0	7.2
International equity	13.0	6.1
International Small Cap Equity	4.0	7.4
Emerging Market Equities	3.0	8.9
Real Estate	14.0	5.5
Fixed Income- Intermediate	21.0	3.4
Fixed Income - High Yield	5.0	5.2
Cash and Equivalents	0.0	1.0
	<u>100.0%</u>	

* Arithmetic mean, net of investment expenses

Discount Rate. The discount rate used to measure the total pension liability was 8.0 percent. There was no change in the discount rate since the Prior Measurement Date. The projection of cash flows used to determine the discount rate assumed the plan contributions from members and the District will be made at the current contribution rates as set out in the labor agreements in effect on the measurement date:

- i. Employee contribution rate: 8.5 percent of annual compensation
- ii. BPU contribution rate: Same as member contributions (8.5 percent of annual compensation)

Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments of 8.0 percent was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the Net Pension Liability of the Plan, calculated using the discount rate of 8.00 percent, as well as what the

Plan's Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (7.00 percent) or one percentage-point higher (9.00 percent) than the current rate.

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
Net Pension asset (liability)	\$ (67,868,864)	\$ (11,727,545)	\$ 35,485,565

Pension Expense. For the fiscal year ended December 31, 2015, the BPU recognized pension expense of \$5,452,849. Annual pension expense consists of service cost, interest and administrative expenses on pension liability less employee contributions and projected earnings on pension plan investments. The difference between actual and expected earnings is recorded as deferred outflow/inflow of resources recognized in pension expense over a five year period. The pension expense for the fiscal year ended December 31, 2015 is summarized below.

Service cost at end of year	\$ 7,560,923
Interest on the total pension liability	36,958,626
Benefit changes	-
Expense portion of the current-period difference between expected and actual experience in the total pension liability	-
Expensed portion of current-period assumption changes	-
Employee contributions	(4,278,318)
Projected earnings on plan investments	(37,053,051)
Expense portion of the current-period difference between expected and actual earnings on plan investments	1,925,868
Administrative expenses	338,801
Other	-
Recognition of beginning deferred outflows of resources	-
Recognition of beginning deferred inflows of resources	-
Total pension expense	<u>\$ 5,452,849</u>

Deferred Outflows/Inflows of Resources related to Pensions. In accordance with GASB Statement No. 68, the BPU recognizes differences between actual and expected experience with regard to economic or demographic factors, changes of assumptions about future economic or demographic factors, the difference between actual and expected investment returns, changes in proportion, and contributions subsequent to the measurement date as deferred outflow/inflows of resources.

As of December 31, 2015, the BPU reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Difference between projected and actual earnings on pension plan investments	7,703,474	-
Contributions subsequent to the measurement date	4,172,968	-
Total	<u>\$ 11,876,442</u>	<u>\$ -</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date of \$4,172,968 will be recognized as a reduction in the net pension liability for the year ended December 31, 2016. Other amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Year ended December 31:	Deferred Outflow of Resources
2016	\$ 1,925,868
2017	1,925,868
2018	1,925,869
2019	1,925,869
	<u>\$ 7,703,474</u>

Defined Benefit Plans Prior Period Adjustment. For the Unified Government and BPU plans combined the implementation of GASB 68 resulted in a \$129,652,782 increase to the net pension liability, a \$27,780,473 increase to deferred inflows, a \$14,871,670 increase to deferred outflows and a \$142,561,585 decrease to net position for governmental activities and a \$4,715,446 decrease to the net pension liability, a \$2,072,834 increase to deferred inflows, a \$5,282,154 increase to deferred outflows and a \$7,924,766 increase to net position for business type activities as of January 1, 2015.

Unified Government Closed Plan. In 1962, certain individuals elected not to participate in KPERS. Currently, there are 2 remaining retirees or their spouses receiving benefits under the prior plan maintained by the Unified Government. There are no employees contributing to the plan. The most recent actuarial study was prepared in 1998 and estimated total payments for 2016 through 2030 to be approximately \$255,919. The Unified Government has made no provision to fund these payments but includes an estimate of the annual expense in the general fund budget. Payments made to plan retirees for the year ended December 31, 2015 were \$38,366. This future payable is included with long-term debt.

F. Other Postemployment Benefits Other Than Pensions

1. UG Plan.

Plan Description. The Unified Government sponsors a single-employer defined benefit healthcare plan that offers lifetime benefits to retirees and their dependents including medical, dental and vision. Retiree health care coverage to age 65 is mandated under Kansas Statute 12-5040. The UG also offers coverage past age 65 that is secondary to Medicare. Retired employees who do not meet the following employer paid retiree coverage criteria may elect to continue coverage at the retired employee's own expense.

Employees must qualify for "unreduced" retirement under either KPERS or KP&F. Also, coverage due to disability retirement is available for qualifying individuals at any age who meet the requirements of KPERS or KP&F. A retiree may not enroll in medical coverage after once declining coverage. Dental and vision coverage are available each open enrollment whether or not a prior declination has occurred.

Additionally, employees that elected to retire under an early retirement offer receive direct subsidies off of the normal retiree premium rate to age 65. Employees not receiving a subsidy are required to pay blended premium rates to maintain coverage.

The Plan does not issue separate financial statements.

Funding Policy

GASB Statement 45 does not require the funding of the OPEB liability. Medical and dental benefits are self-funded with a stop-loss for medical. The funding policy of the UG is to pay claims, administrative

costs and stop-loss premiums as they are due through an internal service fund. This arrangement does not qualify as an "OPEB Plan" under GASB 45 requirements and thus cannot be treated as holding assets for GASB reporting.

Unless an early retirement direct subsidy applies, participants must contribute full blended premiums to maintain coverage. The full premium amounts (on a monthly basis) that applied for 2015 ranged from \$325 to \$429, depending on retiree age and marital status. Retirees who meet stipulated age and service criteria receive a subsidy off the full premiums. The subsidy applies to retiree medical coverage to age 65. It does not apply to dental or vision, nor does it apply to dependent coverage except when a qualifying retiree elects the 50%-family paid option. The subsidy percentages (i.e. amount of plan premium paid by UG) vary from 50% to 100%, generally based on the single premium. The subsidy is not available to employees terminating due to disability retirement. The early retirement subsidy for pre-65 medical coverage is no longer available for retirements with UG occurring after December 31, 2010.

Annual OPEB Cost and Net OPEB Obligation

The Unified Government's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation.

Primary Government Other Post Employment Benefits

1. Annual OPEB Cost for 2015

Normal Cost	\$ 5,324,101
Amortization of Unfunded Actuarial Accrued Liability	6,206,406
Annual Required Contribution (ARC)	<u>11,530,507</u>
Interest on Net OPEB Obligation	2,987,058
Adjustment to the ARC	<u>(4,483,376)</u>
Annual OPEB Cost	10,034,189
Contribution made	<u>(2,311,837)</u>
Increase in Net OPEB Obligation	<u>\$ 7,722,352</u>

2. Employer Contributions for 2015

Claims + Admin Paid on Behalf of Retirees	\$ 4,322,327
Retiree Contributions	<u>(2,010,490)</u>
Net Employer Contributions	<u>\$ 2,311,837</u>

3. Schedule of Employer Contributions

Year	Annual OPEB Cost	Net Employer Contributions	Percentage Contributed	Net OPEB Obligation
2015	\$ 10,034,189	\$ 2,311,837	23.04%	\$ 93,066,865
2014	9,296,928	4,073,989	43.82%	85,344,513
2013	9,413,028	2,791,044	29.65%	80,121,574

4. Net OPEB Obligation at 12/31/15

Beginning balance at 12/31/14	\$ 85,344,513
Net increase for 2015	7,722,352
Balance at 12/31/15	<u>\$ 93,066,865</u>

Funded Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits was \$114,148,528, and there was no actuarial value of assets, resulting in

an unfunded actuarial accrued liability (UAAL) of \$114,148,528. The covered payroll (annual payroll active employees covered by the plan) was \$106,221,076, and the ratio of the UAAL to the covered payroll was 107.5%.

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

Actuarial Methods and Assumptions

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

In the January 1, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 2.75% inflation rate implicitly included in the 3.5% investment rate of return, which is a blended rate of the expected long-term investment returns on the employer's own investments, calculated based on the funded level of the plan at the valuation date. Other assumptions included an annual healthcare cost trend rate of 7.0% initially, reduced by decrements to an ultimate rate of 5.0% after six years. The UAAL is being amortized in level dollar amounts on an open basis over thirty years. The remaining amortization period at December 31, 2015 was 30 years.

2. BPU Plan.

Plan Description. The BPU provides certain postemployment health care and life insurance benefits to eligible retirees and their dependents in accordance with provisions established by the BPU's Board. The plan is a single-employer defined benefit healthcare plan administered by the BPU. The plan does not issue separate financial statements. Employees are given a 90-day window to retire with medical coverage at ages 55 and above with 7 consecutive years of service. The retiree plan is a comprehensive major medical plan with a \$100 deductible per individual or \$200 per family. For individuals, the plan pays 80% of the next \$12,500 of allowable charges and 100% thereafter for the remainder of that calendar year. For families, the plan pays 80% of the next \$25,000 of allowable charges and 100% thereafter for the remainder of that calendar year. The plan has a lifetime maximum of \$750,000. Benefits cease at the first of the month that the retired employee attains age 65 or death. Spouse benefits end at the first of the month that the retired employee attains age 65, the end of the month of the retiree's death, or the spouse's date of death. Retirees are not required to contribute toward the cost of the postretirement benefits. There were 363 participants eligible to receive benefits under this plan as of December 31, 2015.

Funding Policy

The contribution requirements of plan members and the BPU are established and can be amended by the BPU's Board. Contributions are made to the plan based on a pay-as-you-go basis. For the year ended December 31, 2015, the BPU paid \$4,057,829 for retirees.

Annual OPEB Cost and Net OPEB Obligation

The BPU's annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years. The BPU's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013-2015 are as follows:

Fiscal year ended:	Annual OPEB	Percentage of	Net OPEB
	Cost	annual OPEB contributed	
December 31, 2015	\$4,863,731	83%	\$5,074,739
December 31, 2014	4,217,197	87%	4,268,837
December 31, 2013	4,266,768	90%	3,719,986

The following table shows the components of BPU's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the BPU's net OPEB obligation:

Normal costs	\$ 1,946,310
Amortization payment	<u>2,981,056</u>
Annual required contribution (ARC)	4,927,366
Amortization of net OPEB obligation	(266,405)
Interest on net OPEB obligation	<u>202,770</u>
Annual OPEB cost	4,863,731
Annual employer contribution	<u>(4,057,829)</u>
Increase in OPEB obligation	805,902
Net OPEB obligation - beginning of year	<u>4,268,837</u>
Net OPEB obligation - end of year	<u>\$ 5,074,739</u>

The funded status of the plan as of December 31, 2015 is as follows:

Actuarial accrued liability (AAL)	\$45,945,465
Actuarial value of plan assets	\$ -
Unfunded actuarial accrued liability (UAAL)	\$45,945,465
Funded ratio	-%
Covered payroll	\$49,091,000
UAAL as percentage of covered payroll	93.6%

Actuarial Methods and Assumptions

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include benefits provided at the time of each valuation date and the historical pattern of sharing benefit costs between the employer and plan member to that point. The actuarial methods used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of plan assets, consistent with the long-term perspective of the calculations. The valuation of the liabilities is based on a closed group. In the actuarial valuation as of December 31, 2015, the projected unit credit actuarial cost method was used. The valuation of liabilities is based on a closed group. The actuarial assumptions included a 4.75% discount rate, which includes a 2% inflation rate and an annual healthcare cost trend of 7.5% in 2015, reduced by decrements to an ultimate rate of 5.0% in 2020. The projected salary increase is 2.5%. The unfunded actuarial accrued liability is being amortized over 20 years as a level percent of payrolls.

G. Economic Condition

As described in Notes III.F., IV.E. and IV.F., the Unified Government has significant long-term liabilities for compensated absences, other post-employment benefit obligations (OPEB), and pensions. These obligations are the primary cause of the resulting deficit in net position for governmental activities recorded on the Statement of Net Position. For governmental activities, total long-term liabilities for compensated absences were \$42.3 million, for OPEB were \$85.5 million, and for pensions totaled \$137.6 million.

The annual increase in the net OPEB obligation for retiree health benefits has averaged over \$6.0 million for the prior three years. In 2015, the annual increase in liability was \$7,722,352. As of the most recent actuarial valuation, January 1, 2015 for OPEB, the total unfunded actuarial liability was approximately \$114 million. For more information on the OPEB unfunded actuarial liability, see Note IV.F.

With the implementation of GASB 68, the Unified Government recorded for the first year a total net pension liability of \$147.8 million resulting from its participation in KPERS and KP&F based on the most recent actuarial valuation as of December 31, 2014. For more information on the unfunded actuarial liability, see Note IV.E.

The deficit net position of the Unified Government reflects there are currently insufficient assets to provide all the benefits earned by employees under the OPEB and pension plans in order to pay off the unfunded liability during the adopted amortization periods ending in 2045. A significant majority of the compensated absences, OPEB and pension obligations will be liquidated by General Fund resources. For the year ended December 31, 2015, General Fund revenues accounted for approximately 67% of all governmental fund revenues, excluding the Economic Development Fund which is restricted for sales tax obligation and transportation development bonds. General Fund revenue sources such as property taxes and sales taxes are affected by general economic conditions, and the Unified Government, like many other entities, experienced economic challenges in past years. There is a reasonable possibility that continued growth in compensated absences and net OPEB and pension obligations will result in increases to the deficit in net position for governmental activities in future years.

Continued growth in sales and use tax revenues to the General Fund, with an annual increase of 6.5% in 2015 and 20.5% growth since 2011, have positively impacted government revenues. Also, a 4-year reduction in the tax delinquency rate of 7.7% (2012), 7.3% (2013), 6.4% (2014) and 5.9% (2015) have increased property tax revenue collections for the General Fund.

Several actions have been implemented by management to reduce future increases in OPEB retiree health benefit and compensated absences liabilities. In 2015 employee deductibles were set to \$500 single/\$1,000 family. These deductibles will reduce the Unified Government's total contributions and

may result in lower future participation by retirees. As of January 2014, the Unified Government established a new "employee class" for new and future hires. Sick leave accruals and the payout of accrued vacation and sick leave, at separation and retirement, have been significantly reduced for this employee class. This change in accrued leave balances has been implemented for all new employees with the exception of employees under the International Brotherhood of Electrical Workers (IBEW) and International Association of Fire Fighters (IAFF) bargaining groups.

Further, management negotiated and implemented employee contributions of \$10, \$20 and \$30 per month depending on salary level towards the employee's and family health care coverage, which was previously paid 100% by the Unified Government. During 2015, the employee health care contributions were effective for all employees except the IBEW and the International IAFF bargaining groups. This action has generated an estimated \$363,480 in FY 2015 in additional employee contributions to the health plan. The IBEW group agreed to these contributions for FY 2016.

The Unified Government expects positive increases in General Fund revenues during the next two years. The Hollywood Casino opened in February of 2012 and generated over \$3.2 million in gaming and \$6.2 million property tax revenues in 2015. Consistent with a development agreement, the Casino began contributing an additional 1% of net gaming revenues in 2015. This represents approximately \$1.3 million on an annual basis. The development agreement also required the construction of a first class- 250 room hotel to begin 24 months after opening or be subject to an additional payment of 1% of net gaming revenues. In April of 2015, the Casino announced a delay in the start of this project and was required to make annual payments in excess of \$2.3 million, including both a partial year 2014 and full-year 2015 obligation. This penalty payment will continue until the Casino proceeds with the hotel construction project.

The economic outlook for Wyandotte County and Kansas City, KS remains positive. Wyandotte County remains strong in terms of job growth among Kansas City metro area counties as well as nationally. Wyandotte County's growth rate was stronger than the national growth rate. Wyandotte County had a 2.3% increase in jobs between September 2014 and September 2015 which ranked the County 2nd of the six Kansas City Missouri-Kansas metropolitan area cities in the analysis. Nationally, job growth was 1.9% for this period. In 2015, the County saw several major projects covering all sectors of the economy advance. Example of these projects are: auto mall (Fenton Nissan, Victory Chrysler-Jeep-Dodge, Victory Ford) adjacent to Village West area (\$16 million); new elementary school (\$15 million); continued manufacturing & industrial investment - Sunshine Biscuit & PQ Corporation (\$8 million); Kaw Point Industrial building (\$9 million) and completion of phase 2, Prairie View, of the Village West luxury market-rate apartments (\$27 million). Industrial growth has resulted from the General Motors \$600 million investment in its Kansas City plant. The redevelopment of two adjacent industrial parks is currently underway. An initial building of 80,000 sq. ft. was completed in 2014. This building is occupied by Inergy and is a supplier to the General Motors automotive plant.

These commercial investments spurred the residential construction. In 2015, there were 132 single-family permits issued in Kansas City, Kansas, and 167 issued in 2014. The decade of the 2000's saw more new single-family building permits (3,098) than any other prior decade going back to the 1960's. The Home Builders Association of Greater Kansas City tracks new housing starts for 69 communities in an eight-county Kansas City area and, in 2015, Kansas City, Kansas ranked eighth among all cities in the number of single-family units added.

In 2015, STAR bonds were issued for two major projects. Adjacent to Schlitterbahn water park, the construction of a seven dealership auto mall continued in 2015, as well as construction of a training center and office facility for U.S. Soccer National Training and Coaching Development Center. The proposed development will have state-of-the-art facilities for professional soccer athletes; a training facility for coaches and officials; and a 12-field youth tournament complex. Adjacent to the U.S. Soccer facility, Schlitterbahn has additional plans for the creation of new retail stores including an automotive plaza, which began development in 2016 as mentioned above, four restaurant pad sites

and a convenience store/gas station. The developments will be subject to property tax and a portion of the sales tax is not pledged to STAR Bond pay-off, but will be retained by the government.

Finally, the retirement of STAR bonds, remains on schedule for retirement to occur by November 2016. The STAR Bond payoff will result in local sales tax revenues increasing by approximately \$12-\$14 million annually.

H. Subsequent Events

Since January of 2016, the Unified Government has issued seven financings for both bonds and temporary notes. No other financings are expected to be completed by June 30th of 2016. The table below provides a summary of these issuances.

Unified Government Financings: January - May 2016

Issue	Month	Tax Status	Term	Amount	True Interest Cost
2016-I	February	Tax-Exempt GO Bonds	1 \$	60,470,000	0.61%
2016-II	February	Taxable GO Bonds	1	5,390,000	1.11%
2016-A	February	Tax-Exempt GO Bonds	20	26,825,000	2.70%
2016-B	March	Tax-Exempt GO Bonds	12	19,675,000	1.91%
2016-C	March	Taxable GO Bonds	12	2,870,000	2.38%
PBC 2016-A (BPU)	February	Tax-Exempt Revenue Bonds	4	6,775,000	1.18%
PBC 2016-B (UG Med Clinic)	February	Taxable Revenue Bonds	10	1,830,000	2.44%
Wyandotte Plaza 2016	February	Special Obligation Refunding and Impr Bonds	10	14,550,000	4.79%
39th & Rainbow 2016A and 2016B	March	Special Obligation Tax Increment Refunding Bonds	15	4,193,000	3.15%

In April 2016, the Unified Government sold the Hilton Garden Inn for \$8.8 million to Fairwood Capital, LLC. See Note IV.D. for discussion of the KCK Hotel Group and related investment in joint venture. The Hilton Garden Inn was built in 2002, and underwent a \$2-million renovation in 2013. The Unified Government will maintain ownership of the adjacent Reardon Convention Center and will continue to manage this facility for civic and government-sponsored events. The sale of the 147 room hotel will allow the Unified Government to invest \$2 million for capital improvements and renovations to the convention center and to cover the outstanding debt obligations on the hotel. Outstanding debt on the hotel includes an approximate balance of \$1.6 million on a 2010 Section 108 loan refinancing and a \$4.1 million balance on the 2103-D debt issuance, neither of which can be defeased until a future maturity date.

During the first quarter of 2016, the BPU plans to issue approximately \$125 million of revenue bonds to finance environmental equipment upgrades to comply with the new EPA regulations impacting the Nearman power generation stations. This debt is estimated to have an average interest cost of 4.1 percent and is expected to be repayable through 2045.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - BUDGETARY BASIS**

**GENERAL FUND - COMBINED
Year Ended December 31, 2015**

	2014	2015			Variance with Final Budget- Positive (Negative)
	Actual Amounts	Budget Amounts		Actual Amounts	
		Original	Final		
REVENUES					
Tax revenue	\$ 153,915,417	\$ 158,368,031	\$ 166,895,439	\$ 158,106,549	\$ (8,788,890)
Intergovernmental revenues	3,565,760	3,843,500	3,843,500	3,854,285	10,785
Charges for services	13,049,760	13,123,900	12,949,300	12,898,945	(50,355)
Fines, forfeitures and penalties	5,578,117	5,681,000	8,143,100	8,108,639	(34,461)
Interest earnings	1,843,127	1,725,000	1,625,000	1,536,193	(88,807)
Licenses and permits	2,040,114	2,140,000	2,037,000	2,334,336	297,336
Miscellaneous revenues	3,137,972	3,959,682	4,310,194	4,101,300	(208,894)
TOTAL REVENUES	183,130,267	188,841,113	199,803,533	190,940,247	(8,863,286)
EXPENDITURES					
Personnel	146,109,685	140,215,320	142,099,370	141,658,997	440,373
Contractual services	27,922,514	30,708,019	31,538,298	28,673,021	2,865,277
Commodities	5,333,107	5,804,216	6,269,128	5,405,810	863,318
Capital outlay	2,888,736	3,388,587	5,221,286	4,687,800	533,486
Grants, claims, shared revenue	4,510,754	5,190,237	5,039,426	4,637,154	402,272
Debt service	888,071	7,417,720	13,348,296	1,174,900	12,173,396
Other	174,857	1,002,317	673,770	30,924	642,846
TOTAL EXPENDITURES	187,827,724	193,726,416	204,189,574	186,268,606	17,920,968
OTHER FINANCING SOURCES(USES)					
Transfers in	5,509,000	2,256,000	2,258,000	2,264,738	6,738
Transfers out	-	(1,473)	(3,096,844)	(3,095,672)	1,172
Bond proceeds	-	-	-	275,000	275,000
Proceeds from sale of capital assets	576,189	1,641,364	9,650,000	9,678,350	28,350
TOTAL OTHER FINANCING SOURCES (USES)	6,085,189	3,895,891	8,811,156	9,122,416	311,260
NET CHANGE IN FUND BALANCE	1,387,732	(989,412)	4,425,115	13,794,057	9,368,942
UNENCUMBERED FUND BALANCE					
Beginning of year	5,947,035	7,334,767	7,334,767	7,334,767	-
End of year	\$ 7,334,767	\$ 6,345,355	\$ 11,759,882	\$ 21,128,824	\$ 9,368,942

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - BUDGETARY BASISGENERAL FUND - CITY
Year Ended December 31, 2015

	2014	2015			
		Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final		
REVENUES					
Tax revenue	\$ 106,751,888	\$ 111,858,819	\$ 118,461,664	\$ 108,109,186	\$ (10,352,478)
Intergovernmental revenues	700,290	678,000	678,000	703,537	25,537
Charges for services	10,433,051	10,286,400	10,341,800	10,408,835	67,035
Fines, forfeitures and penalties	4,532,613	4,620,000	5,749,100	5,621,012	(128,088)
Interest earnings	39,587	50,000	25,000	77,158	52,158
Licenses and permits	1,140,763	1,185,000	1,132,000	1,188,398	56,398
Miscellaneous revenues	2,182,957	2,981,286	3,283,298	3,157,687	(125,611)
TOTAL REVENUES	125,781,149	131,659,505	139,670,862	129,265,813	(10,405,049)
EXPENDITURES					
Personnel	104,536,295	100,549,678	101,010,036	100,202,597	807,439
Contractual services	16,017,129	17,118,673	17,971,821	16,352,602	1,619,219
Commodities	3,543,081	4,017,889	4,296,623	3,659,422	637,201
Capital outlay	1,796,256	2,413,587	3,578,613	3,129,180	449,433
Grants, claims, shared revenue	3,639,129	4,264,313	4,174,974	3,855,168	319,806
Debt service	888,071	7,417,720	13,347,547	1,174,151	12,173,396
Other	95,554	627,132	280,857	3,763	277,094
TOTAL EXPENDITURES	130,515,515	136,408,992	144,660,471	128,376,883	16,283,588
OTHER FINANCING SOURCES(USES)					
Transfers in	5,456,000	2,256,000	2,256,000	2,256,000	-
Transfers out	-	(363)	(3,095,734)	(3,095,672)	62
Bond proceeds	-	-	-	275,000	275,000
Proceeds from sale of capital assets	571,189	1,636,364	9,575,000	9,602,690	27,690
TOTAL OTHER FINANCING (USES)	6,027,189	3,892,001	8,735,266	9,038,018	302,752
NET CHANGE IN FUND BALANCE	1,292,823	(857,486)	3,745,657	9,926,948	6,181,291
UNENCUMBERED FUND BALANCE					
Beginning of year	3,565,801	4,858,624	4,858,624	4,858,624	-
End of year	\$ 4,858,624	\$ 4,001,138	\$ 8,604,281	\$ 14,785,572	\$ 6,181,291

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - BUDGETARY BASIS**

**GENERAL FUND - COUNTY
Year Ended December 31, 2015**

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final		
REVENUES					
Tax revenue	\$ 45,460,656	\$ 44,862,146	\$ 46,731,755	\$ 48,257,484	\$ 1,525,729
Intergovernmental revenues	65,470	65,500	65,500	50,748	(14,752)
Charges for services	2,020,302	2,239,500	2,009,500	1,871,187	(138,313)
Fines, forfeitures and penalties	1,045,504	1,061,000	2,394,000	2,487,627	93,627
Interest earnings	1,803,540	1,675,000	1,600,000	1,459,035	(140,965)
Licenses and permits	899,351	955,000	905,000	1,145,938	240,938
Miscellaneous revenues	840,077	877,396	925,896	842,226	(83,670)
TOTAL REVENUES	52,134,900	51,735,542	54,631,651	56,114,245	1,482,594
EXPENDITURES					
Personnel	37,919,050	36,065,642	37,414,334	37,779,564	(365,230)
Contractual services	11,193,657	12,729,301	12,687,190	11,533,634	1,153,556
Commodities	1,265,401	1,249,623	1,368,543	1,261,359	107,184
Capital outlay	935,784	612,000	1,353,860	1,335,459	18,401
Grants, claims, shared revenue	778,768	920,649	784,177	702,711	81,466
Debt Service	-	-	749	749	-
Other	78,683	355,185	373,726	27,161	346,565
TOTAL EXPENDITURES	52,171,343	51,932,400	53,982,579	52,640,637	1,341,942
OTHER FINANCING SOURCES(USES)					
Transfers in	53,000	-	2,000	8,738	6,738
Proceeds of sale of capital assets	5,000	5,000	75,000	75,660	660
TOTAL OTHER FINANCING (USES)	58,000	5,000	77,000	84,398	7,398
NET CHANGE IN FUND BALANCE	21,557	(191,858)	726,072	3,558,006	2,831,934
UNENCUMBERED FUND BALANCE					
Beginning of year	2,006,714	2,028,271	2,028,271	2,028,271	-
End of year	\$ 2,028,271	\$ 1,836,413	\$ 2,754,343	\$ 5,586,277	\$ 2,831,934

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL - BUDGETARY BASISGENERAL FUND - PARKS
Year Ended December 31, 2015

	2014	2015			Variance with Final Budget- Positive (Negative)
	Actual Amounts	Budget Amounts		Actual Amounts	
		Original	Final		
REVENUES					
Tax revenue	\$ 1,702,873	\$ 1,647,066	\$ 1,702,020	\$ 1,739,879	\$ 37,859
Intergovernmental revenues	2,800,000	3,100,000	3,100,000	3,100,000	-
Charges for services	596,407	598,000	598,000	618,923	20,923
Miscellaneous revenues	114,938	101,000	101,000	101,387	387
TOTAL REVENUES	<u>5,214,218</u>	<u>5,446,066</u>	<u>5,501,020</u>	<u>5,560,189</u>	<u>59,169</u>
EXPENDITURES					
Personnel	3,654,340	3,600,000	3,675,000	3,676,836	(1,836)
Contractual services	711,728	860,045	879,287	786,785	92,502
Commodities	524,625	536,704	603,962	485,029	118,933
Capital outlay	156,696	363,000	288,813	223,161	65,652
Grants, claims, shared revenue	92,857	5,275	80,275	79,275	1,000
Other	620	20,000	19,187	-	19,187
TOTAL EXPENDITURES	<u>5,140,866</u>	<u>5,385,024</u>	<u>5,546,524</u>	<u>5,251,086</u>	<u>295,438</u>
OTHER FINANCING SOURCES(USES)					
Transfers out	-	(1,110)	(1,110)	-	1,110
TOTAL OTHER FINANCING (USES)	<u>-</u>	<u>(1,110)</u>	<u>(1,110)</u>	<u>-</u>	<u>1,110</u>
NET CHANGE IN FUND BALANCE	73,352	59,932	(46,614)	309,103	355,717
UNENCUMBERED FUND BALANCE					
Beginning of year	374,520	447,872	447,872	447,872	-
End of year	<u>\$ 447,872</u>	<u>\$ 507,804</u>	<u>\$ 401,258</u>	<u>\$ 756,975</u>	<u>\$ 355,717</u>

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Schedules

The Unified Government adopts a legal budget for the general fund separately for the city, county and parks divisions; however for GAAP purposes the general fund is presented for the Unified Government as a whole. The schedules above present both the combined general fund budgetary schedule as well as the individual budgetary schedules which represent the legal level of budget authority.

Budget / GAAP Reconciliation

All legal operating budgets are prepared using the modified cash basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Accordingly, the data presented in the budgetary comparison statements differ from the data presented in the financial statements prepared in accordance with accounting principles generally accepted in the United States of America. The following schedule presents the reconciliation between the different bases of reporting for the general fund:

Revenue and other sources:	<u>General Fund</u>
GAAP basis revenues	\$ 199,974,152
Revenue adjustments	31,663
Intrafund appropriations and transfers	3,107,255
Cancellation of prior year encumbrances	<u>45,265</u>
Budgetary basis revenue	<u>\$ 203,158,335</u>
Expenditures and other uses:	
GAAP basis expenditures	\$ 184,763,343
Expenditure adjustments	(354,036)
Intrafund appropriations	3,107,255
Change in reserve for encumbrances	1,802,451
Cancellation of prior year encumbrances	<u>45,265</u>
Budgetary basis expenditures	<u>\$ 189,364,278</u>

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

Defined Benefit Pension Plans

Unified Government

Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
Last Three Fiscal Years*

	2015	2014	2013
Unified Government's proportion of the collective net pension liability:			
KPERS (local group)	3.576%	3.766%	3.725%
KP&F (police & firemen)	13.892%	14.190%	13.807%
Unified Government's proportionate share of the collective net pension liability	\$ 147,823,146	\$ 139,414,084	\$ 168,946,370
Unified Government's covered-employee payroll ^	\$ 125,440,405	\$ 127,086,410	\$ 122,982,901
Unified Government's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll	118%	110%	137%
Plan fiduciary net position as a percentage of the total pension liability	64.95%	66.60%	59.94%

* GASB 68 requires presentation of ten years. As of December 31, 2015, only three years of information is available.

^ Covered payroll is measured as of the measurement date ending June 30.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Unified Government's Contributions
Kansas Public Employees Retirement System
Last Three Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually required contribution	\$ 19,104,856	\$ 23,246,022	\$ 19,435,537
Contributions in relation to the contractually required contribution	<u>(19,104,856)</u>	<u>(23,246,022)</u>	<u>(19,435,537)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unified Government's covered-employee payroll ^	\$125,104,747	\$126,562,034	\$126,122,490
Contributions as a percentage of covered-employee payroll	15.27%	18.37%	15.41%

* GASB 68 requires presentation of ten years. As of December 31, 2015, only three years of information is available.

^ Covered payroll is measured as of the fiscal year end December 31.

Changes in benefit terms for KPERS. In the state fiscal year 2014, the KP&F group had a change in benefit terms. The Legislature increased this group's employee contributions to 7.15 percent and eliminated the reduction of employee contributions to 2.0 percent after 32 years of service. In addition, the maximum retirement benefit increased to 90 percent of final average salary (reached at 36 years of service). Before this change the maximum retirement benefit was limited to 80 percent of final average salary (reached at 32 years of service).

Effective January 1, 2014, KPERS 1 member's employee contribution rate increased to 5.0 percent and then on January 1, 2015, increase to 6.0 percent, with an increase in benefit multiplier to 1.85 percent for future years of service. For KPERS 2 members retired after July 1, 2012, the cost of living adjustment (COLA) is eliminated, but members will receive a 1.85 percent multiplier for all years of service.

January 1, 2015, the KPERS 3 cash balance plan became effective. Members enrolled in this plan are ones first employed in a KPERS covered position on or after January 1, 2015, or KPERS 1 or KPERS 2 members who left employment before vesting and returned to employment on or after January 1, 2015. The retirement benefit is an annuity based on the account balance at retirement.

REQUIRED SUPPLEMENTARY INFORMATION

Board of Public Utilities

Schedule of Changes in Net Pension Liability and Related Ratios
Fiscal Year Ended December 31, 2015*

	2015
Total Pension Liability	
Service cost	\$ 7,560,923
Interest on total pension liability	36,958,626
Benefit payments, including member refunds	(30,832,788)
Net change in total pension liability	13,686,761
Total pension liability, beginning	477,102,631
Total pension liability, ending (a)	<u>\$ 490,789,392</u>
 Plan Fiduciary Net Position	
Employer contributions	\$ 4,278,318
Employee contributions	4,278,318
Net investment income	27,423,709
Benefit payments, including member refunds	(30,832,788)
Administrative expenses	(338,801)
Net change in plan fiduciary net position	4,808,756
Plan fiduciary net position, beginning	474,253,091
Plan fiduciary net position, ending (b)	<u>\$ 479,061,847</u>
 Net pension liability, ending (a)-(b)	<u>\$ 11,727,545</u>
 Fiduciary net position as a percentage of the total pension liability	97.61%
 Covered payroll	\$ 49,091,000
 Net pension liability as a percentage of covered payroll	23.89%

* GASB 68 requires presentation of ten years. As of December 31, 2015, only one year of information is available.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Employer Ten Year Contributions
Fiscal Year Ended December 31, 2014
Accordance with GASB No. 67
(Dollar amounts in thousands)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined employer contributions	\$ 7,887	\$ 8,398	\$ 7,257	\$ 5,817	\$ 5,269	\$ 6,959	\$ 3,367	\$ 2,495	\$ 7,026	\$ 5,205
Actual employer contributions	4,278	4,269	4,332	4,255	4,155	3,365	2,812	2,811	2,832	2,839
Contribution deficiency (excess)	\$ 3,609	\$ 4,129	\$ 2,925	\$ 1,562	\$ 1,114	\$ 3,594	\$ 555	\$ (316)	\$ 4,194	\$ 2,366
Covered-employee payroll	\$ 50,128	\$ 50,792	\$ 51,357	\$ 50,254	\$ 49,254	\$ 50,111	\$ 50,389	\$ 48,138	\$ 46,424	\$ 44,714
Contribution as a percentage of covered employee payroll	8.53%	8.40%	8.44%	8.47%	8.44%	6.72%	5.58%	5.84%	6.10%	6.35%

Notes to Required Supplementary Information for Contributions

The following actuarial methods and assumptions were used to determine the actuarially determined employer contribution reported in the most recent actuarial valuation (January 1, 2014):

Actuarial cost method

Entry age normal

Amortization method

Level percentage of payroll, closed, 15-year floor; 30-year level percent of payroll, open, if a surplus exists on a funding basis 24 years

90

Remaining amortization period

Asset valuation method

Price inflation

Salary increases

Investment rate of return

4.70 to 11.00 percent

8.00% net investment expenses and including inflation

Retired before January 1, 1993: 3.0 percent in all future years

Retired on/after January 1, 1993: 1.0 percent through 2020 and then 3.00 percent for 2021 and later.

Future cost-of-living adjustment

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

REQUIRED SUPPLEMENTARY INFORMATION

Other Postemployment Benefits Other Than Pensions

Board of Public Utilities

Schedule of Funding Progress

December 31, 2015
(Dollars in millions)

Actuarial Valuation date, Jan 1	Actuarial value of assets	Actuarial accrued liability (AAL)	Funded Ratio	Unfunded (overfunded) AAL(UAAL)	Covered payroll	UAAL as a percentage of covered payroll
2013	\$-	\$40.8	-%	\$40.8	\$50.3	81.1%
2014	-	47.8	-	47.8	49.6	96.3
2015	-	45.9	-	45.9	49.1	93.6

Unified Government

Schedule of Funding Progress

December 31, 2015
(Dollars in millions)

Actuarial Valuation date, Jan 1	Actuarial value of assets	Actuarial accrued liability (AAL)	Funded Ratio	Unfunded (overfunded) AAL(UAAL)	Covered payroll	UAAL as a percentage of covered payroll
2011	\$ -	\$ 111.3	0%	\$ 111.3	\$ 106.3	104.7%
2013	-	112.9	0	112.9	109.4	103.2
2015	-	114.1	0	114.1	106.2	107.5

GOVERNMENTAL FUNDS

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

As of December 31, 2015

	Special Revenue				
	Clerk's Technology	Community Development	Court Trustee	Dedicated Sales Tax	Developmental Disability
ASSETS					
Cash and investments	\$ 34,200	\$ -	\$ 780,236	\$ 2,014,178	\$ 296,153
Restricted cash and investments	-	127,407	-	-	-
Receivables (net of uncollectible)					
Taxes	-	-	-	1,253,751	394,812
Accounts	-	148,224	-	-	-
Notes	-	-	-	-	-
Interest	-	-	-	-	-
Special assessments	-	8,408	-	-	-
Due from other funds	-	-	-	-	-
Due from other governments	-	-	-	-	-
TOTAL ASSETS	\$ 34,200	\$ 284,039	\$ 780,236	\$ 3,267,929	\$ 690,965
LIABILITIES					
Accounts and contracts payable	\$ -	\$ 52,376	\$ 3,782	\$ 154,251	\$ 1,904
Accrued wages and other	-	22,389	12,118	74,549	4,604
Due to others	-	13,234	-	-	-
Due to other funds	-	910,912	-	-	-
Due to other governments	-	14,464	-	-	-
TOTAL LIABILITIES	-	1,013,375	15,900	228,800	6,508
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax receivable	-	-	-	-	394,812
Unavailable revenue - special assessments	-	8,408	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-	8,408	-	-	394,812
FUND BALANCE					
Restricted	34,200	-	764,336	3,039,129	289,645
Committed	-	-	-	-	-
Unassigned	-	(737,744)	-	-	-
TOTAL FUND BALANCE	34,200	(737,744)	764,336	3,039,129	289,645
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 34,200	\$ 284,039	\$ 780,236	\$ 3,267,929	\$ 690,965

continued

Special Revenue				
Elections	Environmental Trust	Health Department	Jail Commissary	Library
\$ 703,039	\$ 1,253,833	\$ 833,128	\$ 182,698	\$ 643,210
-	-	-	-	-
997,361	-	1,780,563	-	2,292,276
-	167,594	-	-	-
-	-	-	-	-
-	-	-	-	4,899
-	-	-	-	-
-	-	-	-	-
\$ 1,700,400	\$ 1,421,427	\$ 2,613,691	\$ 182,698	\$ 2,940,385
\$ 8,203	\$ 719,685	\$ 39,796	\$ 8,333	\$ -
24,587	-	66,148	-	-
-	-	78	-	-
-	-	-	-	-
5,492	-	-	-	-
38,282	719,685	106,022	8,333	-
997,361	-	1,780,100	-	2,292,276
-	-	-	-	-
997,361	-	1,780,100	-	2,292,276
664,757	-	727,569	-	648,109
-	701,742	-	174,365	-
-	-	-	-	-
664,757	701,742	727,569	174,365	648,109
\$ 1,700,400	\$ 1,421,427	\$ 2,613,691	\$ 182,698	\$ 2,940,385

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS - continued

As of December 31, 2015

	Special Revenue			
	Mental Health	Register of Deeds Tech	Revolving Loan	Service Program for the Elderly
ASSETS				
Cash and investments	\$ 55,248	\$ 60,914	\$ 972,787	\$ 353,697
Restricted cash and investments	-	-	-	-
Receivables (net of uncollectible)				
Taxes	485,482	-	-	1,172,961
Accounts	-	-	-	78
Notes	-	-	795,199	-
Interest	-	-	-	-
Special assessments	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
TOTAL ASSETS	\$ 540,730	\$ 60,914	\$ 1,767,986	\$ 1,526,736
LIABILITIES				
Accounts and contracts payable	\$ -	\$ -	\$ 150	\$ 23,135
Accrued wages and other	-	-	-	35,880
Due to others	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
TOTAL LIABILITIES	-	-	150	59,015
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax receivable	485,482	-	-	1,172,961
Unavailable revenue - special assessments	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	485,482	-	-	1,172,961
FUND BALANCE				
Restricted	55,248	60,914	1,767,836	294,760
Committed	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCE	55,248	60,914	1,767,836	294,760
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 540,730	\$ 60,914	\$ 1,767,986	\$ 1,526,736

continued

Special Revenue					
Special 911 Tax Wyandotte County	Special Alcohol Programs	Special Asset	Special Grants	Special Law Enforcement Program	
\$ 306,430	\$ 550,555	\$ -	\$ 1,644,191	\$ 2,530,061	
-	45,455	-	-	-	
133,140	-	-	-	-	
-	-	-	382,800	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	67,429	-	
-	-	-	-	-	
<u>\$ 439,570</u>	<u>\$ 596,010</u>	<u>\$ -</u>	<u>\$ 2,094,420</u>	<u>\$ 2,530,061</u>	
\$ 84,612	\$ 4,840	\$ -	\$ 349,604	\$ 40,095	
-	5,193	-	296,509	-	
-	-	-	-	306,159	
-	-	-	-	-	
-	-	-	-	-	
<u>84,612</u>	<u>10,033</u>	<u>-</u>	<u>646,113</u>	<u>346,254</u>	
-	-	-	-	-	
-	-	-	-	-	
354,958	585,977	-	1,448,307	2,183,807	
-	-	-	-	-	
-	-	-	-	-	
<u>354,958</u>	<u>585,977</u>	<u>-</u>	<u>1,448,307</u>	<u>2,183,807</u>	
<u>\$ 439,570</u>	<u>\$ 596,010</u>	<u>\$ -</u>	<u>\$ 2,094,420</u>	<u>\$ 2,530,061</u>	

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS - continued

As of December 31, 2015

	Special Revenue				
	Special Parks and Recreation	Special Street and Highway	Tourism and Convention Program	Treasurer's Technology	Total
ASSETS					
Cash and investments	\$ 207,456	\$ 1,051,531	\$ 187,384	\$ 34,200	\$ 14,695,129
Restricted cash and investments	-	-	-	-	172,862
Receivables (net of uncollectible)					
Taxes	-	-	-	-	8,510,346
Accounts	-	-	-	-	698,696
Notes	-	-	-	-	795,199
Interest	-	-	-	-	4,899
Special assessments	-	-	-	-	8,408
Due from other funds	-	-	-	-	67,429
Due from other governments	-	-	220,783	-	220,783
TOTAL ASSETS	\$ 207,456	\$ 1,051,531	\$ 408,167	\$ 34,200	\$ 25,173,751
LIABILITIES					
Accounts and contracts payable	\$ 14,399	\$ 98,161	\$ -	\$ -	\$ 1,603,326
Accrued wages and other	4,938	191,102	-	-	738,017
Due to others	-	-	-	-	319,471
Due to other funds	-	14,346	-	-	925,258
Due to other governments	-	-	-	-	19,956
TOTAL LIABILITIES	19,337	303,609	-	-	3,606,028
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax receivable	-	-	-	-	7,122,992
Unavailable revenue - special assessments	-	-	-	-	8,408
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	-	-	7,131,400
FUND BALANCE					
Restricted	188,119	747,922	-	34,200	13,889,793
Committed	-	-	408,167	-	1,284,274
Unassigned	-	-	-	-	(737,744)
TOTAL FUND BALANCE	188,119	747,922	408,167	34,200	14,436,323
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 207,456	\$ 1,051,531	\$ 408,167	\$ 34,200	\$ 25,173,751

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS - continued

As of December 31, 2015

	Debt Service		Capital Projects		Total Nonmajor Governmental Funds
	Debt Service Fund	County Initiative To Fund Infrastructure	Public Building Commission		2015
ASSETS					
Cash and investments	\$ 4,856,961	\$ 476	\$ -	\$	19,552,566
Restricted cash and investments	-	-	-	-	172,862
Receivables (net of uncollectible)					
Taxes	19,230,023	-	-	-	27,740,369
Accounts	-	-	-	-	698,696
Notes	-	-	-	-	795,199
Interest	30,564	-	-	-	35,463
Special assessments	1,097,734	-	-	-	1,106,142
Due from other funds	852,547	-	-	-	919,976
Due from other governments	-	-	-	-	220,783
TOTAL ASSETS	\$ 26,067,829	\$ 476	\$ -	\$	51,242,056
LIABILITIES					
Accounts and contracts payable	\$ -	\$ -	\$ -	\$	1,603,326
Accrued wages and other	287,448	-	-	-	1,025,465
Due to others	-	-	-	-	319,471
Due to other funds	1,091	-	-	-	926,349
Due to other governments	-	-	-	-	19,956
TOTAL LIABILITIES	288,539	-	-	-	3,894,567
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax receivable	19,139,136	-	-	-	26,262,128
Unavailable revenue - special assessments	1,097,734	-	-	-	1,106,142
TOTAL DEFERRED INFLOWS OF RESOURCES	20,236,870	-	-	-	27,368,270
FUND BALANCE					
Restricted	5,542,420	476	-	-	19,432,689
Committed	-	-	-	-	1,284,274
Unassigned	-	-	-	-	(737,744)
TOTAL FUND BALANCE	5,542,420	476	-	-	19,979,219
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 26,067,829	\$ 476	\$ -	\$	51,242,056

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2015

	Special Revenue				
	Clerk's Technology	Community Development	Court Trustee	Dedicated Sales Tax	Developmental Disability
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 7,541,364	\$ 432,349
Intergovernmental revenue	-	2,579,369	-	-	-
Charges for services	34,200	-	-	-	-
Fines, forfeitures and penalties	-	-	428,586	-	-
Interest income	-	883	-	-	-
Licenses, permits and fees	-	-	-	-	-
Miscellaneous revenues	-	109,636	-	-	-
TOTAL REVENUES	34,200	2,689,888	428,586	7,541,364	432,349
EXPENDITURES					
General government	-	103,468	3,686	1,995	1,882
Public works	-	-	-	-	-
Public safety	-	-	-	4,757,798	-
Judicial	-	-	378,479	-	-
Health and welfare	-	-	-	-	378,105
Planning and development	-	2,238,512	-	-	-
Parks and recreation	-	-	-	-	-
Capital outlay	-	36,847	123	1,326,108	30
Debt service					
Principal	-	280,000	-	234,922	-
Interest	-	-	-	38,386	-
Other	-	-	-	-	-
TOTAL EXPENDITURES	-	2,658,827	382,288	6,359,209	380,017
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(587,200)	-
Issuance of bonds	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-
Premiums from issuance of refunding bonds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	(587,200)	-
NET CHANGE IN FUND BALANCE	34,200	31,061	46,298	594,955	52,332
FUND BALANCE					
Beginning of year	-	(768,805)	718,038	2,444,174	237,313
End of year	\$ 34,200	\$ (737,744)	\$ 764,336	\$ 3,039,129	\$ 289,645

continued

Special Revenue				
Elections	Environmental Trust	Health Department	Jail Commissary	Library
\$ 1,090,638	\$ -	\$ 1,948,354	\$ -	\$ 2,350,188
-	-	5,069	-	-
3,355	1,053,144	609,234	-	-
-	-	-	-	-
-	(4,181)	-	-	4,103
-	-	70,497	-	-
12,034	2,031	313,613	31,966	-
1,106,027	1,050,994	2,946,767	31,966	2,354,291
971,111	-	28,515	-	2,350,881
-	-	-	-	-
-	-	-	28,317	-
-	-	-	-	-
-	869,906	2,840,288	-	-
-	-	-	-	-
-	-	-	-	-
3,563	97,785	1,220	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
974,674	967,691	2,870,023	28,317	2,350,881
-	250,000	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	250,000	-	-	-
131,353	333,303	76,744	3,649	3,410
533,404	368,439	650,825	170,716	644,699
\$ 664,757	\$ 701,742	\$ 727,569	\$ 174,365	\$ 648,109

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS - continued

For the Year Ended December 31, 2015

	Special Revenue			
	Mental Health	Register of Deeds Tech	Revolving Loan	Service Program for the Elderly
REVENUES				
Taxes	\$ 531,774	\$ -	\$ -	\$ 1,282,133
Intergovernmental revenue	-	-	-	-
Charges for services	-	143,250	-	-
Fines, forfeitures and penalties	-	-	-	-
Interest income	-	(151)	27,781	-
Permits and licenses	-	-	-	-
Miscellaneous revenues	-	-	-	25,980
TOTAL REVENUES	531,774	143,099	27,781	1,308,113
EXPENDITURES				
General government	-	112,390	58,744	7,929
Public works	-	-	-	956,917
Public safety	-	-	-	-
Judicial	-	-	-	-
Health and welfare	528,330	-	-	321,835
Planning and development	-	-	-	-
Parks and recreation	-	-	-	-
Capital Outlay	-	-	-	22,738
Debt service	-	-	-	-
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
TOTAL EXPENDITURES	528,330	112,390	58,744	1,309,419
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Issuance of bonds	-	-	-	-
Issuance of refunding bonds	-	-	-	-
Premiums from issuance of refunding bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCE	3,444	30,709	(30,963)	(1,306)
FUND BALANCE				
Beginning of year	51,804	30,205	1,798,799	296,066
End of year	\$ 55,248	\$ 60,914	\$ 1,767,836	\$ 294,760

continued

Special Revenue					
Special 911 Tax Wyandotte County	Special Alcohol Programs	Special Asset	Special Grants	Special Law Enforcement Program	
\$ 743,092	\$ 585,131	\$ -	\$ 37,377	\$ 486,138	
-	-	-	14,065,903	-	
-	-	-	56,796	-	
-	95	-	118,837	496,747	
-	-	-	-	36	
-	-	-	-	-	
-	-	11,455	2,622,339	7,072	
743,092	585,226	11,455	16,901,252	989,993	
-	497,445	-	1,273,359	-	
-	-	-	781,510	-	
523,907	-	-	2,586,318	360,432	
-	-	-	2,505,862	11,965	
-	-	-	7,277,425	-	
-	-	1,995,968	492,998	-	
-	-	-	8,793	-	
-	46	-	1,239,165	909,321	
-	-	6,945,147	-	-	
-	-	69,742	-	-	
-	-	-	-	-	
523,907	497,491	9,010,857	16,165,430	1,281,718	
-	-	199,402	5,000	200	
(291,000)	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	8,800,000	-	-	
(291,000)	-	8,999,402	5,000	200	
(71,815)	87,735	-	740,822	(291,525)	
426,773	498,242	-	707,485	2,475,332	
\$ 354,958	\$ 585,977	\$ -	\$ 1,448,307	\$ 2,183,807	

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS - continued

For the Year Ended December 31, 2015

	Special Revenue				Total
	Special Parks and Recreation	Special Street and Highway	Tourism and Convention Program	Treasurer's Technology	
REVENUES					
Taxes	\$ 583,077	\$ -	\$ 986,818	\$ -	\$ 18,598,433
Intergovernmental revenue	-	6,847,615	-	-	23,497,956
Charges for services	-	-	-	34,200	1,934,179
Fines, forfeitures and penalties	-	-	-	-	1,044,265
Interest income	-	-	-	-	28,471
Permits and licenses	-	-	-	-	70,497
Miscellaneous revenues	-	-	-	-	3,136,126
TOTAL REVENUES	583,077	6,847,615	986,818	34,200	48,309,927
EXPENDITURES					
General government	706	22,354	-	-	5,434,465
Public works	-	5,862,274	-	-	7,600,701
Public safety	-	-	-	-	8,256,772
Judicial	-	-	-	-	2,896,306
Health and welfare	-	-	-	-	12,215,889
Planning and development	-	-	765,886	-	5,493,364
Parks and recreation	249,657	-	-	-	258,450
Capital Outlay	321,633	968	-	-	3,959,547
Debt service					
Principal	-	509,455	86,170	-	8,055,694
Interest	-	47,026	57,660	-	212,814
Other	-	-	-	-	-
TOTAL EXPENDITURES	571,996	6,442,077	909,716	-	54,384,002
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	454,602
Transfers out	-	(31,146)	-	-	(909,346)
Issuance of bonds	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-
Premiums from issuance of refunding bonds	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	8,800,000
TOTAL OTHER FINANCING SOURCES (USES)	-	(31,146)	-	-	8,345,256
NET CHANGE IN FUND BALANCE	11,081	374,392	77,102	34,200	2,271,181
FUND BALANCE					
Beginning of year	177,038	373,530	331,065	-	12,165,142
End of year	\$ 188,119	\$ 747,922	\$ 408,167	\$ 34,200	\$ 14,436,323

Debt Service		Capital Projects		Total Nonmajor Governmental Funds
Debt Service Fund	County Initiative To Fund Infrastructure	Public Building Commission		2015
\$ 22,936,028	\$ 1,483	\$ -	\$	41,535,944
11,189	-	-		23,509,145
-	-	-		1,934,179
-	-	-		1,044,265
510,681	-	-		539,152
-	-	-		70,497
528,702	-	-		3,664,828
23,986,600	1,483	-		72,298,010
-	-	-		5,434,465
-	-	-		7,600,701
-	-	-		8,256,772
-	-	-		2,896,306
-	-	-		12,215,889
-	-	-		5,493,364
-	-	-		258,450
-	-	-		3,959,547
14,586,492	-	-		22,642,186
9,928,263	-	-		10,141,077
134,442	-	30,000		164,442
24,649,197	-	30,000		79,063,199
1,838,428	-	-		2,293,030
(680,286)	(1,483)	(750,000)		(2,341,115)
-	-	780,000		780,000
16,800,000	-	-		16,800,000
3,039,776	-	-		3,039,776
(19,293,926)	-	-		(19,293,926)
-	-	-		8,800,000
1,703,992	(1,483)	30,000		10,077,765
1,041,395	-	-		3,312,576
4,501,025	476	-		16,666,643
\$ 5,542,420	\$ 476	\$ -	\$	19,979,219

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS
BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: CLERKS TECHNOLOGY FUND
Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Fines, fees, forfeitures	\$ -	\$ 37,600	\$ 32,000	\$ 34,200	\$ 2,200
TOTAL REVENUES	-	37,600	32,000	34,200	2,200
EXPENDITURES					
Contractual services	-	-	15,000	-	15,000
Capital outlays	-	15,000	-	-	-
TOTAL EXPENDITURES	-	15,000	15,000	-	15,000
NET CHANGE IN FUND BALANCE	-	22,600	17,000	34,200	17,200
UNENCUMBERED FUND BALANCE					
Beginning of year	-	-	-	-	-
End of year	\$ -	\$ 22,600	\$ 17,000	\$ 34,200	\$ 17,200

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS
BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: COURT TRUSTEE
Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Fines, fees, forfeitures	\$ 421,217	\$ 400,000	\$ 400,000	\$ 428,586	\$ 28,586
TOTAL REVENUES	<u>421,217</u>	<u>400,000</u>	<u>400,000</u>	<u>428,586</u>	<u>28,586</u>
EXPENDITURES					
Personnel	345,918	380,501	418,813	315,238	103,575
Contractual services	51,176	72,848	72,198	59,994	12,204
Commodities	7,064	7,092	7,742	6,934	808
Capital Outlay	-	-	123	123	-
Grants, Claims, Shared Revenue	56,000	56,000	-	-	-
Other	-	45,000	44,877	-	44,877
TOTAL EXPENDITURES	<u>460,158</u>	<u>561,441</u>	<u>543,753</u>	<u>382,289</u>	<u>161,464</u>
NET CHANGE IN FUND BALANCE	(38,941)	(161,441)	(143,753)	46,297	190,050
UNENCUMBERED FUND BALANCE					
Beginning of year	757,004	718,063	718,063	718,063	-
End of year	<u>\$ 718,063</u>	<u>\$ 556,622</u>	<u>\$ 574,310</u>	<u>\$ 764,360</u>	<u>\$ 190,050</u>

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS
BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: DEDICATED SALES TAX
Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Tax revenue	\$ 7,049,453	\$ 7,000,000	\$ 7,140,000	\$ 7,486,227	\$ 346,227
Miscellaneous revenue	77,375	-	-	24,001	24,001
TOTAL REVENUES	<u>7,126,828</u>	<u>7,000,000</u>	<u>7,140,000</u>	<u>7,510,228</u>	<u>370,228</u>
EXPENDITURES					
Personnel	2,433,095	2,597,692	2,502,240	2,935,191	(432,951)
Contractual services	1,104,918	1,190,775	1,386,193	1,324,440	61,753
Commodities	1,007,126	718,215	564,943	397,458	167,485
Capital outlay	2,021,496	1,755,000	1,911,363	1,704,487	206,876
Other	-	170,000	-	-	-
TOTAL EXPENDITURES	<u>6,566,635</u>	<u>6,431,682</u>	<u>6,364,739</u>	<u>6,361,576</u>	<u>3,163</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(583,300)	(600,000)	(587,200)	(587,200)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(583,300)</u>	<u>(600,000)</u>	<u>(587,200)</u>	<u>(587,200)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(23,107)	(31,682)	188,061	561,452	373,391
UNENCUMBERED FUND BALANCE					
Beginning of year	495,130	472,023	472,023	472,023	-
End of year	<u>\$ 472,023</u>	<u>\$ 440,341</u>	<u>\$ 660,084</u>	<u>\$ 1,033,475</u>	<u>\$ 373,391</u>

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS
BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: DEVELOPMENTAL DISABILITY
Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Tax revenue	\$ 421,718	\$ 410,051	\$ 422,873	\$ 432,349	\$ 9,476
Reimbursements	14,626	-	-	-	-
Miscellaneous revenue	2,117	500	-	28	28
TOTAL REVENUES	438,461	410,551	422,873	432,377	9,504
EXPENDITURES					
Personnel	356,708	181,963	105,925	91,511	14,414
Contractual services	160,467	325,879	366,271	285,897	80,374
Commodities	2,693	1,000	2,608	2,607	1
Capital Outlay	-	-	30	30	-
Other	-	30,000	29,970	-	29,970
TOTAL EXPENDITURES	519,868	538,842	504,804	380,045	124,759
NET CHANGE IN FUND BALANCE	(81,407)	(128,291)	(81,931)	52,332	134,263
UNENCUMBERED FUND BALANCE					
Beginning of year	318,724	237,317	237,317	237,317	-
End of year	<u>\$ 237,317</u>	<u>\$ 109,026</u>	<u>\$ 155,386</u>	<u>\$ 289,649</u>	<u>\$ 134,263</u>

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS
BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: ELECTIONS
Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Tax revenue	\$ 1,065,967	\$ 1,032,846	\$ 1,067,033	\$ 1,090,638	\$ 23,605
Charges for services	2,081	10,000	4,000	3,355	(645)
Miscellaneous revenue	8,093	-	-	13,427	13,427
TOTAL REVENUES	1,076,141	1,042,846	1,071,033	1,107,420	36,387
EXPENDITURES					
Personnel	645,169	665,000	650,000	644,833	5,167
Contractual services	365,845	427,052	338,168	249,232	88,936
Commodities	117,475	141,004	111,004	86,793	24,211
Capital outlay	9,115	10,000	10,213	3,563	6,650
Other	-	42,000	29,787	-	29,787
TOTAL EXPENDITURES	1,137,604	1,285,056	1,139,172	984,421	154,751
OTHER FINANCING SOURCES (USES)					
Transfers out	(50,000)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(50,000)	-	-	-	-
NET CHANGE IN FUND BALANCE	(111,463)	(242,210)	(68,139)	122,999	191,138
UNENCUMBERED FUND BALANCE					
Beginning of year	645,131	533,668	533,668	533,668	-
End of year	<u>\$ 533,668</u>	<u>\$ 291,458</u>	<u>\$ 465,529</u>	<u>\$ 656,667</u>	<u>\$ 191,138</u>

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS
BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: ENVIRONMENTAL TRUST
Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Charges for services	\$ 1,017,305	\$ 1,025,000	\$ 1,040,000	\$ 1,042,116	\$ 2,116
Interest income	2,922	4,000	4,000	250	(3,750)
Miscellaneous revenue	3,720	-	10,301	10,419	118
TOTAL REVENUES	1,023,947	1,029,000	1,054,301	1,052,785	(1,516)
EXPENDITURES					
Contractual services	933,690	970,000	950,000	855,930	94,070
Capital outlay	80,760	100,000	100,000	56,066	43,934
Other	-	80,000	80,000	-	80,000
TOTAL EXPENDITURES	1,014,450	1,150,000	1,130,000	911,996	218,004
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	250,000	250,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	250,000	250,000	-
NET CHANGE IN FUND BALANCE	9,497	(121,000)	174,301	390,789	216,488
UNENCUMBERED FUND BALANCE					
Beginning of year	287,602	297,099	297,099	297,099	-
End of year	<u>\$ 297,099</u>	<u>\$ 176,099</u>	<u>\$ 471,400</u>	<u>\$ 687,888</u>	<u>\$ 216,488</u>

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS
BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: HEALTH DEPARTMENT
Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Tax revenue	\$ 1,905,088	\$ 1,843,594	\$ 1,906,136	\$ 1,948,354	\$ 42,218
Intergovernmental revenue	27,374	23,000	23,000	5,069	(17,931)
Charges for services	499,857	638,900	537,450	609,234	71,784
Licenses and permits	73,790	75,500	74,500	70,497	(4,003)
Miscellaneous revenue	331,362	357,000	385,000	313,650	(71,350)
TOTAL REVENUES	2,837,471	2,937,994	2,926,086	2,946,804	20,718
EXPENDITURES					
Personnel	2,394,441	2,584,275	2,500,000	2,303,410	196,590
Contractual services	194,708	263,241	225,365	195,987	29,378
Commodities	197,596	221,773	220,328	188,602	31,726
Capital outlay	29,462	-	1,220	1,220	-
Grants, claims, shared revenue	200,000	200,000	200,000	200,000	-
Other	78	50,000	23,780	-	23,780
TOTAL EXPENDITURES	3,016,285	3,319,289	3,170,693	2,889,219	281,474
NET CHANGE IN FUND BALANCE	(178,814)	(381,295)	(244,607)	57,585	302,192
UNENCUMBERED FUND BALANCE					
Beginning of year	793,025	614,211	614,211	614,211	-
End of year	\$ 614,211	\$ 232,916	\$ 369,604	\$ 671,796	\$ 302,192

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS
BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: JAIL COMMISSARY
Year Ended December 31, 2015

	2014	2015			
		Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Miscellaneous revenue	\$ 28,706	\$ 25,000	\$ 30,000	\$ 31,966	\$ 1,966
TOTAL REVENUES	<u>28,706</u>	<u>25,000</u>	<u>30,000</u>	<u>31,966</u>	<u>1,966</u>
EXPENDITURES					
Commodities	38,123	60,000	60,000	28,317	31,683
TOTAL EXPENDITURES	<u>38,123</u>	<u>60,000</u>	<u>60,000</u>	<u>28,317</u>	<u>31,683</u>
NET CHANGE IN FUND BALANCE	(9,417)	(35,000)	(30,000)	3,649	33,649
UNENCUMBERED FUND BALANCE					
Beginning of year	169,725	160,308	160,308	160,308	-
End of year	<u>\$ 160,308</u>	<u>\$ 125,308</u>	<u>\$ 130,308</u>	<u>\$ 163,957</u>	<u>\$ 33,649</u>

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS
BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: LIBRARY
Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Tax revenue	\$ 2,318,567	\$ 2,153,635	\$ 2,330,025	\$ 2,350,188	\$ 20,163
Interest income	2,055	500	1,000	1,952	952
TOTAL REVENUES	<u>2,320,622</u>	<u>2,154,135</u>	<u>2,331,025</u>	<u>2,352,140</u>	<u>21,115</u>
EXPENDITURES					
Contractual services	-	-	1,485	1,485	-
Other	2,237,520	2,519,396	2,517,911	2,349,396	168,515
TOTAL EXPENDITURES	<u>2,237,520</u>	<u>2,519,396</u>	<u>2,519,396</u>	<u>2,350,881</u>	<u>168,515</u>
NET CHANGE IN FUND BALANCE	83,102	(365,261)	(188,371)	1,259	189,630
UNENCUMBERED FUND BALANCE					
Beginning of year	558,851	641,953	641,953	641,953	-
End of year	<u>\$ 641,953</u>	<u>\$ 276,692</u>	<u>\$ 453,582</u>	<u>\$ 643,212</u>	<u>\$ 189,630</u>

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS
BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: MENTAL HEALTH
Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Tax revenue	\$ 518,992	\$ 503,759	\$ 520,295	\$ 531,774	\$ 11,479
TOTAL REVENUES	<u>518,992</u>	<u>503,759</u>	<u>520,295</u>	<u>531,774</u>	<u>11,479</u>
EXPENDITURES					
Grants, claims, shared revenue	533,331	533,331	528,331	528,331	-
Other	-	-	5,000	-	5,000
TOTAL EXPENDITURES	<u>533,331</u>	<u>533,331</u>	<u>533,331</u>	<u>528,331</u>	<u>5,000</u>
NET CHANGE IN FUND BALANCE	(14,339)	(29,572)	(13,036)	3,443	16,479
UNENCUMBERED FUND BALANCE					
Beginning of year	66,142	51,803	51,803	51,803	-
End of year	<u>\$ 51,803</u>	<u>\$ 22,231</u>	<u>\$ 38,767</u>	<u>\$ 55,246</u>	<u>\$ 16,479</u>

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS

BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: REGISTER OF DEEDS TECHNOLOGY FUND

Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Fines/fees/forfeitures	\$ 133,634	\$ 175,000	\$ 140,000	\$ 143,250	\$ 3,250
Interest income	214	300	100	75	(25)
Miscellaneous revenue	10,800	-	-	-	-
TOTAL REVENUES	144,648	175,300	140,100	143,325	3,225
EXPENDITURES					
Personnel	45,000	50,008	-	-	-
Contractual services	108,923	120,000	120,000	112,390	7,610
TOTAL EXPENDITURES	153,923	170,008	120,000	112,390	7,610
NET CHANGE IN FUND BALANCE	(9,275)	5,292	20,100	30,935	10,835
UNENCUMBERED FUND BALANCE					
Beginning of year	39,255	29,980	29,980	29,980	-
End of year	<u>\$ 29,980</u>	<u>\$ 35,272</u>	<u>\$ 50,080</u>	<u>\$ 60,915</u>	<u>\$ 10,835</u>

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS

BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: SERVICE PROGRAM FOR THE ELDERLY

Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Tax revenue	\$ 1,252,464	\$ 1,216,358	\$ 1,254,505	\$ 1,282,133	\$ 27,628
Miscellaneous revenue	16,351	12,000	18,000	25,980	7,980
TOTAL REVENUES	<u>1,268,815</u>	<u>1,228,358</u>	<u>1,272,505</u>	<u>1,308,113</u>	<u>35,608</u>
EXPENDITURES					
Personnel	913,803	923,077	1,118,922	1,046,631	72,291
Contractual services	115,979	114,211	113,371	105,590	7,781
Commodities	109,132	188,098	145,688	136,420	9,268
Capital Outlay	19,150	35,000	35,191	3,588	31,603
Grants, claims, shared revenue	1,158	209	209	-	209
Other	140	15,000	29,809	-	29,809
TOTAL EXPENDITURES	<u>1,159,362</u>	<u>1,275,595</u>	<u>1,443,190</u>	<u>1,292,229</u>	<u>150,961</u>
NET CHANGE IN FUND BALANCE	109,453	(47,237)	(170,685)	15,884	186,569
UNENCUMBERED FUND BALANCE					
Beginning of year	169,989	279,442	279,442	279,442	-
End of year	<u>\$ 279,442</u>	<u>\$ 232,205</u>	<u>\$ 108,757</u>	<u>\$ 295,326</u>	<u>\$ 186,569</u>

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS

BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: SPECIAL 911 TAX - WYANDOTTE COUNTY

Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Tax revenue	\$ 760,323	\$ 770,000	\$ 715,000	\$ 728,210	\$ 13,210
Miscellaneous revenue	36,875	-	-	-	-
TOTAL REVENUES	<u>797,198</u>	<u>770,000</u>	<u>715,000</u>	<u>728,210</u>	<u>13,210</u>
EXPENDITURES					
Contractual services	492,379	583,850	525,564	520,209	5,355
Commodities	-	-	23,286	23,286	-
Other	-	25,000	25,000	-	25,000
TOTAL EXPENDITURES	<u>492,379</u>	<u>608,850</u>	<u>573,850</u>	<u>543,495</u>	<u>30,355</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(291,000)	(291,000)	(291,000)	(291,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(291,000)</u>	<u>(291,000)</u>	<u>(291,000)</u>	<u>(291,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	13,819	(129,850)	(149,850)	(106,285)	43,565
UNENCUMBERED FUND BALANCE					
Beginning of year	291,612	305,431	305,431	305,431	-
End of year	<u>\$ 305,431</u>	<u>\$ 175,581</u>	<u>\$ 155,581</u>	<u>\$ 199,146</u>	<u>\$ 43,565</u>

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS

BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: SPECIAL ALCOHOL AND DRUG PROGRAMS

Year Ended December 31, 2015

	2014	2015			
		Budget Amounts		Actual Amounts	Variance with Final Budget-Positive (Negative)
		Original	Final Amended		
REVENUES					
Tax revenue	\$ 541,960	\$ 545,000	\$ 540,000	\$ 585,131	\$ 45,131
Fines, forfeitures and penalties	766	7,500	100	95	(5)
TOTAL REVENUES	<u>542,726</u>	<u>552,500</u>	<u>540,100</u>	<u>585,226</u>	<u>45,126</u>
EXPENDITURES					
Personnel	213,217	196,575	217,662	209,958	7,704
Contractual services	21,760	146,000	123,093	36,817	86,276
Commodities	1,311	7,925	6,786	1,170	5,616
Capital Outlay	-	-	46	46	-
Grants, claims, shared revenue	248,500	249,500	249,500	249,500	-
TOTAL EXPENDITURES	<u>484,788</u>	<u>600,000</u>	<u>597,087</u>	<u>497,491</u>	<u>99,596</u>
NET CHANGE IN FUND BALANCE	57,938	(47,500)	(56,987)	87,735	144,722
UNENCUMBERED FUND BALANCE					
Beginning of year	440,305	498,243	498,243	498,243	-
End of year	<u>\$ 498,243</u>	<u>\$ 450,743</u>	<u>\$ 441,256</u>	<u>\$ 585,978</u>	<u>\$ 144,722</u>

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS

BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: SPECIAL ASSETS

Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Interest income	\$ -	\$ -	10,000	\$ -	\$ (10,000)
Miscellaneous revenue		-	-	11,455	11,455
TOTAL REVENUES	-	-	10,000	11,455	1,455
EXPENDITURES					
Contractual services	-	-	100,000	127,324	(27,324)
Grants, Claims, Shared Revenue	-	-	1,250,000	1,868,644	(618,644)
Capital Outlay	-	-	1,500,000	-	1,500,000
Other	-	-	1,000,000	-	1,000,000
Debt service	-	-	8,730,825	7,014,889	1,715,936
TOTAL EXPENDITURES	-	-	12,580,825	9,010,857	3,569,968
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	16,900,000	8,800,000	(8,100,000)
Transfers in	-	-	-	199,402	199,402
TOTAL OTHER FINANCING SOURCES (USES)	-	-	16,900,000	8,999,402	(7,900,598)
NET CHANGE IN FUND BALANCE	-	-	4,329,175	-	(4,329,175)
UNENCUMBERED FUND BALANCE					
Beginning of year	-	-	-	-	-
End of year	\$ -	\$ -	\$ 4,329,175	\$ -	\$ (4,329,175)

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS

BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: SPECIAL PARKS AND RECREATION

Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Tax revenue	\$ 539,735	\$ 544,000	\$ 550,000	\$ 583,077	\$ 33,077
TOTAL REVENUES	<u>539,735</u>	<u>544,000</u>	<u>550,000</u>	<u>583,077</u>	<u>33,077</u>
EXPENDITURES					
Personnel	229,761	187,000	119,963	120,363	(400)
Contractual services	90,000	90,000	90,000	90,000	-
Commodities	-	-	40,000	40,000	-
Capital outlay	303,663	308,000	308,037	267,814	40,223
Other	-	-	10,000	-	10,000
TOTAL EXPENDITURES	<u>623,424</u>	<u>585,000</u>	<u>568,000</u>	<u>518,177</u>	<u>49,823</u>
NET CHANGE IN FUND BALANCE	(83,689)	(41,000)	(18,000)	64,900	82,900
UNENCUMBERED FUND BALANCE					
Beginning of year	149,154	65,465	65,465	65,465	-
End of year	<u>\$ 65,465</u>	<u>\$ 24,465</u>	<u>\$ 47,465</u>	<u>\$ 130,365</u>	<u>\$ 82,900</u>

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS

BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: SPECIAL STREET AND HIGHWAY

Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Intergovernmental revenue	\$ 6,617,919	\$ 6,700,000	\$ 6,700,000	\$ 6,847,615	\$ 147,615
Miscellaneous revenue	107,387	102,000	102,000	3,365	(98,635)
TOTAL REVENUES	6,725,306	6,802,000	6,802,000	6,850,980	48,980
EXPENDITURES					
Personnel	5,186,643	5,400,000	5,200,000	5,113,994	86,006
Contractual Services	46,770	-	-	-	-
Commodities	963,307	350,000	950,000	930,000	20,000
Capital outlay	361,156	803,919	753,312	637,873	115,439
Grants, claims, shared revenue	3,936	15,000	15,000	4,692	10,308
Other	-	200,000	32	-	32
TOTAL EXPENDITURES	6,561,812	6,768,919	6,918,344	6,686,559	231,785
OTHER FINANCING SOURCES (USES)					
Transfers out	(17,325)	(16,800)	(16,800)	(31,146)	(14,346)
TOTAL OTHER FINANCING SOURCES (USES)	(17,325)	(16,800)	(16,800)	(31,146)	(14,346)
NET CHANGE IN FUND BALANCE	146,169	16,281	(133,144)	133,275	266,419
UNENCUMBERED FUND BALANCE					
Beginning of year	39,677	185,846	185,846	185,846	-
End of year	\$ 185,846	\$ 202,127	\$ 52,702	\$ 319,121	\$ 266,419

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS

BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: TOURISM AND CONVENTION PROMOTION

Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Tax revenue	\$ 847,127	\$ 840,000	\$ 911,000	\$ 1,057,883	\$ 146,883
TOTAL REVENUES	<u>847,127</u>	<u>840,000</u>	<u>911,000</u>	<u>1,057,883</u>	<u>146,883</u>
EXPENDITURES					
Grants, claims, shared revenue	734,769	703,257	766,087	765,886	201
Debt service	139,050	156,660	143,830	143,830	-
TOTAL EXPENDITURES	<u>873,819</u>	<u>859,917</u>	<u>909,917</u>	<u>909,716</u>	<u>201</u>
NET CHANGE IN FUND BALANCE	(26,692)	(19,917)	1,083	148,167	147,084
UNENCUMBERED FUND BALANCE					
Beginning of year	65,907	39,215	39,215	39,215	-
End of year	<u>\$ 39,215</u>	<u>\$ 19,298</u>	<u>\$ 40,298</u>	<u>\$ 187,382</u>	<u>\$ 147,084</u>

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS

BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

SPECIAL REVENUE FUND: TREASURERS TECHNOLOGY FUND

Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Fines, fees, forfeitures	\$ -	\$ 37,600	\$ 32,000	\$ 34,200	\$ 2,200
TOTAL REVENUES	-	37,600	32,000	34,200	2,200
EXPENDITURES					
Capital outlays	-	15,000	15,000	-	15,000
TOTAL EXPENDITURES	-	15,000	15,000	-	15,000
NET CHANGE IN FUND BALANCE	-	22,600	17,000	34,200	17,200
UNENCUMBERED FUND BALANCE					
Beginning of year	-	-	-	-	-
End of year	\$ -	\$ 22,600	\$ 17,000	\$ 34,200	\$ 17,200

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS

BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

DEBT SERVICE FUND - CITY

Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Tax revenue	\$ 20,954,336	\$ 19,978,853	\$ 20,579,996	\$ 20,993,716	\$ 413,720
Intergovernmental revenue	19,894	5,000	4,200	11,189	6,989
Interest income	16,826	10,000	15,000	25,249	10,249
Miscellaneous revenue	995,465	1,178,813	1,639,487	831,233	(808,254)
TOTAL REVENUES	21,986,521	21,172,666	22,238,683	21,861,387	(377,296)
EXPENDITURES					
Debt service	26,698,372	27,508,862	29,984,739	27,298,472	2,686,267
TOTAL EXPENDITURES	26,698,372	27,508,862	29,984,739	27,298,472	2,686,267
OTHER FINANCING SOURCES (USES)					
Transfers in	6,321,549	5,877,069	5,934,108	6,400,716	466,608
Transfers out	(204,033)	-	-	(205,259)	(205,259)
TOTAL OTHER FINANCING SOURCES (USES)	6,117,516	5,877,069	5,934,108	6,195,457	261,349
NET CHANGE IN FUND BALANCE	1,405,665	(459,127)	(1,811,948)	758,372	2,570,320
UNENCUMBERED FUND BALANCE					
Beginning of year	2,151,914	3,557,579	3,557,579	3,557,579	-
End of year	\$ 3,557,579	\$ 3,098,452	\$ 1,745,631	\$ 4,315,951	\$ 2,570,320

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS

BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

DEBT SERVICE FUND - COUNTY

Year Ended December 31, 2015

	2014	2015			Variance with Final Budget- Positive (Negative)
	Actual Amounts	Budget Amounts		Actual Amounts	
		Original	Final Amended		
REVENUES					
Tax revenue	\$ 988,886	\$ 1,850,246	\$ 1,916,988	\$ 1,946,309	\$ 29,321
Interest income	1,041	800	1,500	2,891	1,391
Miscellaneous revenue	205,874	374,200	348,337	306,337	(42,000)
TOTAL REVENUES	1,195,801	2,225,246	2,266,825	2,255,537	(11,288)
EXPENDITURES					
Debt service	1,616,630	2,252,001	2,306,962	2,262,093	44,869
TOTAL EXPENDITURES	1,616,630	2,252,001	2,306,962	2,262,093	44,869
OTHER FINANCING SOURCES (USES)					
Transfers in	115,714	-	-	42,428	42,428
TOTAL OTHER FINANCING SOURCES (USES)	115,714	-	-	42,428	42,428
NET CHANGE IN FUND BALANCE	(305,115)	(26,755)	(40,137)	35,872	76,009
UNENCUMBERED FUND BALANCE					
Beginning of year	518,579	213,464	213,464	213,464	-
End of year	\$ 213,464	\$ 186,709	\$ 173,327	\$ 249,336	\$ 76,009

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS

BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

CAPITAL PROJECTS FUND: COUNTY INITIATIVE TO FUND INFRASTRUCTURE

Year Ended December 31, 2015

	2014	2015			
	Actual Amounts	Budget Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
		Original	Final Amended		
REVENUES					
Tax revenue	\$ 3,197	\$ -	\$ 1,524	\$ 1,483	\$ (41)
TOTAL REVENUES	<u>3,197</u>	<u>-</u>	<u>1,524</u>	<u>1,483</u>	<u>(41)</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(3,000)	-	(2,000)	(1,483)	517
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,000)</u>	<u>-</u>	<u>(2,000)</u>	<u>(1,483)</u>	<u>517</u>
NET CHANGE IN FUND BALANCE	197	-	(476)	-	476
UNENCUMBERED FUND BALANCE					
Beginning of year	279	476	476	476	-
End of year	<u>\$ 476</u>	<u>\$ 476</u>	<u>\$ -</u>	<u>\$ 476</u>	<u>\$ 476</u>

ENTERPRISE FUNDS

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

As of December 31, 2015

	EMS	Public Levee	Stormwater Enterprise	Sunflower Hills Golf Course	Stadium	Totals Nonmajor Funds
ASSETS						
Cash and temporary investments	\$ 852,583	\$ 365,219	\$ 3,982,771	\$ 18,522	\$ -	\$ 5,219,095
Restricted cash and temporary investments	-	2,011,190	-	-	1,281,315	3,292,505
Receivables (net uncollectible)						
Taxes	835,834	-	-	-	-	835,834
Accounts and returns	900,084	46,255	285,980	44	-	1,232,363
Interest	11,522	2,590	41,070	3	-	55,185
Capital assets	4,970,850	116,598	8,458,311	5,816,132	6,075,017	25,436,908
Construction in progress	-	-	10,959,734	-	-	10,959,734
Accumulated depreciation	(1,860,450)	-	(507,391)	(4,113,669)	(116,224)	(6,597,734)
TOTAL ASSETS	5,710,423	2,541,852	23,220,475	1,721,032	7,240,108	40,433,890
DEFERRED OUTFLOWS OF RESOURCES						
Deferred refunding	-	59,042	-	-	-	59,042
Deferred outflows - pensions	491,946	-	5,431	12,893	-	510,270
TOTAL DEFERRED OUTFLOWS OF RESOURCES	491,946	59,042	5,431	12,893	-	569,312
LIABILITIES						
CURRENT LIABILITIES						
Accounts and contracts payable	\$ 141,808	\$ -	\$ 122,892	\$ 9,101	\$ 2,492	\$ 276,293
Accrued wages and other	111,101	8,778	2,934	6,157	-	128,970
Accrued interest payable	-	68,569	209,078	10,583	-	288,230
Due to other funds	-	-	-	878,898	33,342	912,240
Compensated absences payable	240,010	-	-	504	-	240,514
Current maturities of long-term debt	861,530	170,000	624,161	264,457	-	1,920,148
Total current liabilities	1,354,449	247,347	959,065	1,169,700	35,834	3,766,395
LONG-TERM LIABILITIES						
Compensated absences payable	3,511,514	-	-	7,372	-	3,518,886
Capital lease payable	931,062	-	-	127,590	-	1,058,652
Sales tax obligation bonds	-	-	-	-	5,668,060	5,668,060
Accreted interest on bonds	-	-	-	-	737,499	737,499
General obligation bonds payable (net of unamortized premiums)	-	4,059,038	14,769,614	495,444	-	19,324,096
OPEB liability	2,656,285	-	206,151	153,529	-	3,015,965
Net pension liability	5,157,836	-	70,965	168,440	-	5,397,241
Total long-term liabilities	12,256,697	4,059,038	15,046,730	952,375	6,405,559	38,720,399
TOTAL LIABILITIES	13,611,146	4,306,385	16,005,795	2,122,075	6,441,393	42,486,794
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - pensions	401,165	-	9,285	22,039	-	432,489
TOTAL DEFERRED INFLOWS OF RESOURCES	401,165	-	9,285	22,039	-	432,489
NET POSITION						
Net investment in capital assets	1,317,808	-	3,516,879	814,972	1,572,048	7,221,707
Unrestricted	(9,127,750)	(1,705,491)	3,693,947	(1,225,161)	(773,333)	(9,137,788)
TOTAL NET POSITION	\$ (7,809,942)	\$ (1,705,491)	\$ 7,210,826	\$ (410,189)	\$ 798,715	\$ (1,916,081)

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION

NONMAJOR ENTERPRISE FUNDS
Year ended December 31, 2015

	EMS	Public Levee	Stormwater Enterprise	Sunflower Hills Golf Course	Stadium	Totals Nonmajor Funds
OPERATING REVENUES						
Charges for service	\$ 4,697,399	\$ -	\$ -	\$ 588,922	\$ -	\$ 5,286,321
Fines/forfeits/fees	-	-	3,395,039	-	-	3,395,039
Earned lease income	-	327,058	-	-	32,296	359,354
Intergovernmental	-	-	217,990	-	184,049	402,039
TOTAL OPERATING REVENUES	4,697,399	327,058	3,613,029	588,922	216,345	9,442,753
OPERATING EXPENSES						
EMS	6,745,339	-	-	-	-	6,745,339
Public Levee	-	108,056	-	-	-	108,056
Stormwater Enterprise	-	-	2,190,300	-	-	2,190,300
Sunflower Hills Golf Course	-	-	-	509,775	-	509,775
T-Bones Stadium	-	-	-	-	45,323	45,323
Depreciation and amortization	453,563	-	182,730	179,101	80,771	896,165
TOTAL OPERATING EXPENSES	7,198,902	108,056	2,373,030	688,876	126,094	10,494,958
Operating income (loss)	(2,501,503)	219,002	1,239,999	(99,954)	90,251	(1,052,205)
NON-OPERATING REVENUES (EXPENSES)						
Taxes	5,022,869	-	-	-	-	5,022,869
Interest earnings	13,448	(9,485)	82,361	9,120	4,525	99,969
Interest expense	(19,914)	(103,576)	(535,782)	(31,115)	(425,909)	(1,116,296)
Gain (loss) on disposal of assets	(10,846)	-	-	-	-	(10,846)
Other non-operating revenue (expense)	596	-	-	-	-	596
TOTAL NON-OPERATING REVENUES (EXPENSES)	5,006,153	(113,061)	(453,421)	(21,995)	(421,384)	3,996,292
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,504,650	105,941	786,578	(121,949)	(331,133)	2,944,087
Transfers in	5,628	-	142,334	33,368	-	181,330
Transfers out	(2,256,000)	(5,000)	(4,474,545)	-	-	(6,735,545)
Capital contributions-other governments	-	-	-	-	-	-
Capital contributions-local government	-	-	1,493,020	-	-	1,493,020
TOTAL CONTRIBUTIONS AND TRANSFERS	(2,250,372)	(5,000)	(2,839,191)	33,368	-	(5,061,195)
CHANGE IN NET POSITION	254,278	100,941	(2,052,613)	(88,581)	(331,133)	(2,117,108)
Beginning of year	(2,909,772)	(1,806,432)	9,342,920	(132,954)	1,129,848	5,623,610
Prior period adjustment	(5,154,448)	-	(79,481)	(188,654)	-	(5,422,583)
End of year	\$ (7,809,942)	\$ (1,705,491)	\$ 7,210,826	\$ (410,189)	\$ 798,715	\$ (1,916,081)

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

Year ended December 31, 2015

	EMS	Public Levee	Stormwater Enterprise	Sunflower Hills Golf Course	Stadium	Totals Nonmajor Funds
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 4,697,399	\$ 280,803	\$ 3,607,771	\$ 588,922	\$ 216,345	\$ 9,391,240
Payments to suppliers	(1,591,805)	(99,278)	(1,415,039)	(16,096)	(79,579)	(3,201,797)
Payments to employees	(4,752,264)	-	(713,569)	(288,724)	-	(5,754,557)
NET CASH FLOW FROM OPERATING ACTIVITIES	(1,646,670)	181,525	1,479,163	284,102	136,766	434,886
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Receipts from sales taxes	4,984,899	-	-	-	-	4,984,899
Transfer in	5,628	-	142,334	33,368	-	181,330
Transfers out	(2,256,000)	(5,000)	(4,474,545)	-	-	(6,735,545)
NET CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES	2,734,527	(5,000)	(4,332,211)	33,368	-	(1,569,316)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Principal paid on bonds	-	(160,000)	(470,584)	(200,000)	-	(830,584)
Principal paid on capital lease	(772,331)	-	-	(82,398)	-	(854,729)
Proceeds from issuance of bonds	-	2,075,515	4,449,703	-	-	6,525,218
Interest paid on bonds and capital leases	(19,914)	(148,267)	(456,872)	(41,808)	-	(666,861)
Payment of debt issuance costs	-	-	(52,951)	-	-	(52,951)
Acquisition of capital assets	-	-	(509,518)	-	(566,250)	(1,075,768)
NET CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(792,245)	1,767,248	2,959,778	(324,206)	(566,250)	3,044,325
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments	6,059	(10,190)	69,074	9,122	4,525	78,590
NET CASH FLOW FROM INVESTING ACTIVITIES	6,059	(10,190)	69,074	9,122	4,525	78,590
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	301,671	1,933,583	175,804	2,386	(424,959)	1,988,485
CASH AND CASH EQUIVALENTS						
Beginning of year	550,912	442,826	3,806,967	16,136	1,706,274	6,523,115
End of year	\$ 852,583	\$ 2,376,409	\$ 3,982,771	\$ 18,522	\$ 1,281,315	\$ 8,511,600
Cash and temporary investments	\$ 852,583	\$ 365,219	\$ 3,982,771	\$ 18,522	\$ -	\$ 5,219,095
Restricted cash and temporary investments	-	2,011,190	-	-	1,281,315	3,292,505
	\$ 852,583	\$ 2,376,409	\$ 3,982,771	\$ 18,522	\$ 1,281,315	\$ 8,511,600

	EMS	Public Levee	Stormwater Enterprise	Sunflower Hills Golf Course	Stadium	Totals Nonmajor Funds
RECONCILIATION OF OPERATING INCOME TO						
CASH FLOWS FROM OPERATING ACTIVITIES						
Operating income (loss)	\$ (2,501,503)	\$ 219,002	\$ 1,239,999	\$ (99,954)	\$ 90,251	\$ (1,052,205)
Adjustments to reconcile operating income (loss) to cash flow from operating activities						
Depreciation and amortization	453,563	-	182,730	179,101	80,771	896,165
Changes in assets and liabilities						
Accounts receivable	-	(46,255)	(5,258)	-	-	(51,513)
Deferred outflows - pensions	146,916	-	(320)	(762)	-	145,834
Accrued wages and expenses	(106,059)	8,778	(2,285)	(1,532)	-	(101,098)
Accounts payable	32,947	-	36,149	2,754	(613)	71,237
Accrued vacation and sick pay	349,547	-	-	(27,717)	-	321,830
Due to others	-	-	-	-	-	-
Due to other funds	-	-	-	229,400	(33,643)	195,757
OPEB liability	212,228	-	32,490	13,118	-	257,836
Net pension liability	399,177	-	911	2,162	-	402,250
Deferred inflows - pensions	(633,486)	-	(5,253)	(12,468)	-	(651,207)
NET CASH FROM OPERATING ACTIVITIES	\$ (1,646,670)	\$ 181,525	\$ 1,479,163	\$ 284,102	\$ 136,766	\$ 434,886
SUPPLEMENTAL DISCLOSURE OF NONCASH						
CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital contributions-local government	\$ -	\$ -	\$ 1,493,020	\$ -	\$ -	\$ 1,493,020
Accreted interest on sales tax obligation bonds	-	-	-	-	(425,909)	(425,909)
Property, plant and equipment acquired with capital leases	819,992	-	-	-	-	819,992

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS
BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

ENTERPRISE FUND: SEWER SYSTEM
Year ended December 31, 2015

	2014	2015			
	Actual Amounts	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final Amended		
OPERATING REVENUES					
Charges for services	\$ 29,378,831	\$ 29,744,100	\$ 30,871,100	\$ 32,016,771	\$ 1,145,671
Permits and licenses	279,494	338,000	293,500	449,372	155,872
Miscellaneous revenues	533,459	37,500	37,500	726,925	689,425
TOTAL OPERATING REVENUES	30,191,784	30,119,600	31,202,100	33,193,068	1,990,968
OPERATING EXPENSES					
Personnel costs	8,330,864	8,000,000	8,197,923	8,276,024	(78,101)
Contractual services	1,706,851	2,280,337	3,250,314	2,211,826	1,038,488
Commodities	2,952,579	3,468,980	3,333,683	2,855,591	478,092
Capital outlay	4,671,470	6,410,800	6,416,990	4,707,236	1,709,754
Grants, claims and shared revenue	4,567,788	4,859,015	5,043,103	4,721,913	321,190
Other	91,000	200,000	237,184	-	237,184
TOTAL OPERATING EXPENSES	22,320,552	25,219,132	26,479,197	22,772,590	3,706,607
Net operating income (loss)	7,871,232	4,900,468	4,722,903	10,420,478	5,697,575
NON-OPERATING REVENUES (EXPENSES)					
Tax revenue	19,029	25,000	20,200	17,566	(2,634)
Transfers In	-	-	250,000	250,000	-
Interest earnings	96,690	100,000	100,000	95,683	(4,317)
Debt service	(1,802,912)	(2,429,000)	(2,464,530)	(2,464,529)	1
Transfers out: debt service	(6,148,570)	(3,654,779)	(3,655,761)	(3,655,761)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(7,835,763)	(5,958,779)	(5,750,091)	(5,757,041)	(6,950)
NET CHANGE IN UNENCUMBERED FUND BALANCE	35,469	(1,058,311)	(1,027,188)	4,663,437	5,690,625
UNENCUMBERED FUND BALANCE					
Beginning of year	7,797,097	7,832,566	7,832,566	7,832,566	-
End of year	\$ 7,832,566	\$ 6,774,255	\$ 6,805,378	\$ 12,496,003	\$ 5,690,625

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS
BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

ENTERPRISE FUND: EMERGENCY MEDICAL SERVICE
Year ended December 31, 2015

	2014	2015			
	Actual Amounts	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final Amended		
OPERATING REVENUES					
Charges for service	\$ 4,453,260	\$ 4,515,000	\$ 4,615,000	\$ 4,697,399	\$ 82,399
Miscellaneous revenues	125	154,000	4,000	596	(3,404)
TOTAL OPERATING REVENUES	4,453,385	4,669,000	4,619,000	4,697,995	78,995
OPERATING EXPENSES					
Personnel costs	4,439,662	4,500,000	4,450,000	4,646,204	(196,204)
Contractual services	512,202	519,633	528,524	504,337	24,187
Commodities	709,496	696,572	634,344	634,283	61
Capital outlay	678,534	785,500	887,176	869,295	17,881
Grants, claims, shared revenue	466,624	466,624	466,624	466,624	-
Other	-	-	156,661	-	156,661
TOTAL OPERATING EXPENSES	6,806,518	6,968,329	7,123,329	7,120,743	2,586
Net operating income (loss)	(2,353,133)	(2,299,329)	(2,504,329)	(2,422,748)	81,581
NON-OPERATING REVENUES (EXPENSES)					
Tax revenue	4,699,635	4,577,650	4,700,000	4,984,900	284,900
Interest earnings	5,360	5,000	5,000	5,463	463
Transfers out	(2,256,000)	(2,256,000)	(2,256,000)	(2,256,000)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	2,448,995	2,326,650	2,449,000	2,734,363	285,363
NET CHANGE IN UNENCUMBERED FUND BALANCE	95,862	27,321	(55,329)	311,615	366,944
UNENCUMBERED FUND BALANCE					
Beginning of year	95,847	191,709	191,709	191,709	-
End of year	\$ 191,709	\$ 219,030	\$ 136,380	\$ 503,324	\$ 366,944

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS
BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

ENTERPRISE FUND: PUBLIC LEVEE
Year ended December 31, 2015

	2014	2015			
	Actual Amounts	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Final Amended		
OPERATING REVENUES					
Miscellaneous revenues	\$ 411,244	\$ 325,000	\$ 360,800	\$ 368,867	\$ 8,067
TOTAL OPERATING REVENUES	411,244	325,000	360,800	368,867	8,067
OPERATING EXPENSES					
Personnel costs	-	-	375	375	-
Contractual services	157,240	140,000	139,625	76,208	63,417
Grants,claims,shared revenue	-	70,000	-	-	-
Capital outlay	-	-	-	31,473	(31,473)
Other expenses	-	40,000	50,000	-	50,000
TOTAL OPERATING EXPENSES	157,240	250,000	190,000	108,056	81,944
Net operating income (loss)	254,004	75,000	170,800	260,811	90,011
NON-OPERATING REVENUES (EXPENSES)					
Bond proceeds	-	-	-	2,060,000	2,060,000
Interest earnings	1,706	1,000	1,000	14,163	13,163
Debt Services	-	-	-	(19,823)	(19,823)
Transfers out: debt service	(290,615)	(287,245)	(292,245)	(292,245)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(288,909)	(286,245)	(291,245)	1,762,095	2,053,340
NET CHANGE IN UNENCUMBERED FUND BALANC	(34,905)	(211,245)	(120,445)	2,022,906	2,143,351
UNENCUMBERED FUND BALANCE					
Beginning of year	356,449	321,544	321,544	321,544	-
End of year	\$ 321,544	\$ 110,299	\$ 201,099	\$ 2,344,450	\$ 2,143,351

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS
BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

ENTERPRISE FUND: STORMWATER ENTERPRISE
Year ended December 31, 2015

	2014	2015			Variance with Final Budget - Positive (Negative)
	Actual Amounts	Budgeted Amounts		Actual Amounts	
		Original	Final Amended		
OPERATING REVENUES					
Fines/forfeits/fees	\$ 3,351,441	\$ 3,300,000	\$ 3,300,000	\$ 3,395,035	\$ 95,035
Intergovernmental revenue	-	-	-	217,990	217,990
Miscellaneous revenues	30,616	-	-	15,107	15,107
TOTAL OPERATING REVENUES	3,382,057	3,300,000	3,300,000	3,628,132	328,132
OPERATING EXPENSES					
Personnel costs	750,238	750,000	745,152	711,284	33,868
Contractual services	8,892	150,000	143,378	19,266	124,112
Commodities	3,309	-	7,000	194	6,806
Capital outlay	1,492,591	2,310,000	3,203,025	2,895,282	307,743
Grants, claims, shared revenue	328,486	328,486	343,931	343,294	637
Other expenses	-	200,000	-	-	-
TOTAL OPERATING EXPENSES	2,583,516	3,738,486	4,442,486	3,969,320	473,166
Net operating income (loss)	798,541	(438,486)	(1,142,486)	(341,188)	801,298
NON-OPERATING REVENUES (EXPENSES)					
Interest earnings	14,795	13,700	13,700	15,885	2,185
Transfers out: debt service	(439,886)	(809,725)	(809,725)	(809,725)	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(425,091)	(796,025)	(796,025)	(793,840)	2,185
NET CHANGE IN UNENCUMBERED FUND BALANCE	373,450	(1,234,511)	(1,938,511)	(1,135,028)	803,483
UNENCUMBERED FUND BALANCE					
Beginning of year	2,824,192	3,197,642	3,197,642	3,197,642	-
End of year	\$ 3,197,642	\$ 1,963,131	\$ 1,259,131	\$ 2,062,614	\$ 803,483

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS
BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

ENTERPRISE FUND: SUNFLOWER HILLS GOLF COURSE
Year ended December 31, 2015

	2014	2015			
		Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
		Original	Amended		
OPERATING REVENUES					
Charges for service	\$ 587,539	\$ 728,000	\$ 698,000	\$ 588,920	\$ (109,080)
Miscellaneous revenues	292	80,000	70,000	-	(70,000)
TOTAL OPERATING REVENUES	587,831	808,000	768,000	588,920	(179,080)
OPERATING EXPENSES					
Personnel costs	254,397	245,000	252,670	287,191	(34,521)
Contractual services	143,570	161,489	152,412	146,260	6,152
Commodities	132,382	131,855	135,262	101,412	33,850
Capital outlay	72,968	72,000	78,368	62,318	16,050
Other expenses	-	40,000	9,932	-	9,932
TOTAL OPERATING EXPENSES	603,317	650,344	628,644	597,181	31,463
Net operating income (loss)	(15,486)	157,656	139,356	(8,261)	(147,617)
NON-OPERATING REVENUES (EXPENSES)					
Interest earnings	602	100	100	96	(4)
Transfers out: debt service	-	(150,000)	(150,000)	-	150,000
Transfers In	-	-	-	9,328	9,328
TOTAL NON-OPERATING REVENUES (EXPENSES)	602	(149,900)	(149,900)	9,424	159,324
NET CHANGE IN UNENCUMBERED FUND BALANCE	(14,884)	7,756	(10,544)	1,163	11,707
UNENCUMBERED FUND BALANCE					
Beginning of year	31,268	16,384	16,384	16,384	-
End of year	\$ 16,384	\$ 24,140	\$ 5,840	\$ 17,547	\$ 11,707

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

SCHEDULE OF BUDGETARY ACCOUNTS
BUDGET AND ACTUAL - BUDGETARY BASIS (NON-GAAP)

ENTERPRISE FUND: Stadium (T-Bones)
Year ended December 31, 2015

	2014	2015			Variance with Final Budget - Positive (Negative)
	Actual Amounts	Budgeted Amounts		Actual Amounts	
		Original	Final Amended		
OPERATING REVENUES					
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 184,050	184,050
Miscellaneous revenues	26,719	37,400	50,000	34,659	(15,341)
TOTAL OPERATING REVENUES	<u>26,719</u>	<u>37,400</u>	<u>50,000</u>	<u>218,709</u>	<u>168,709</u>
OPERATING EXPENSES					
Contractual services	43,973	50,000	50,000	45,324	4,676
Capital outlay	5,790,297	200,000	500,000	496,849	3,151
Other expenses	-	25,000	100,000	-	100,000
TOTAL OPERATING EXPENSES	<u>5,834,270</u>	<u>275,000</u>	<u>650,000</u>	<u>542,173</u>	<u>107,827</u>
Net operating income (loss)	<u>(5,807,551)</u>	<u>(237,600)</u>	<u>(600,000)</u>	<u>(323,464)</u>	<u>276,536</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest earnings	6,003	5,000	5,000	6,758	1,758
Bond proceeds	8,097,229	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>8,103,232</u>	<u>5,000</u>	<u>5,000</u>	<u>6,758</u>	<u>1,758</u>
NET CHANGE IN UNENCUMBERED FUND BALANCE	<u>2,295,681</u>	<u>(232,600)</u>	<u>(595,000)</u>	<u>(316,706)</u>	<u>278,294</u>
UNENCUMBERED FUND BALANCE					
Beginning of year	-	2,295,681	2,295,681	2,295,681	-
End of year	<u>\$ 2,295,681</u>	<u>\$ 2,063,081</u>	<u>\$ 1,700,681</u>	<u>\$ 1,978,975</u>	<u>\$ 278,294</u>

**INTERNAL
SERVICE
FUNDS**

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

COMBINING STATEMENT OF NET POSITION

INTERNAL SERVICE FUNDS

As of December 31, 2015

	Workers'	Self-Insured	Cafeteria	Totals
	Compensation	Health Care	Plan (Section 125)	2015
ASSETS				
Cash and investments	\$ -	\$ -	\$ 147,310	\$ 147,310
Restricted cash	7,203	1,148,496	-	1,155,699
Accounts receivable	-	93,739	115	93,854
TOTAL ASSETS	\$ 7,203	\$ 1,242,235	\$ 147,425	\$ 1,396,863
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 5,729	\$ 362,933	\$ -	\$ 368,662
Due to others	-	87,174	-	87,174
Due to other funds	2,207,077	1,718,113	-	3,925,190
Claims incurred but not reported	1,973,000	2,977,000	-	4,950,000
Total current liabilities	4,185,806	5,145,220	-	9,331,026
LONG-TERM LIABILITIES				
Claims incurred but not reported	279,000	-	-	279,000
Total long-term liabilities	279,000	-	-	279,000
TOTAL LIABILITIES	4,464,806	5,145,220	-	9,610,026
NET POSITION				
Net position	(4,457,603)	(3,902,985)	147,425	(8,213,163)
TOTAL LIABILITIES AND NET POSITION	\$ 7,203	\$ 1,242,235	\$ 147,425	\$ 1,396,863

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

ALL INTERNAL SERVICE FUNDS

Year ended December 31, 2015

	Workers'	Self-Insured	Cafeteria	Totals	
	Compensation	Health Care	Plan (Section 125)	2015	2014
OPERATING REVENUES					
Miscellaneous revenues	\$ 2,017,027	\$ 25,196,834	\$ 453,214	\$ 27,667,075	\$ 29,471,384
Reimbursements	3,110	1,894,207	-	1,897,317	744,870
TOTAL OPERATING REVENUES	<u>2,020,137</u>	<u>27,091,041</u>	<u>453,214</u>	<u>29,564,392</u>	<u>30,216,254</u>
OPERATING EXPENSES					
Contractual services	183,790	3,253,790	-	3,437,580	3,935,887
Grants, claims, shared revenue	1,525,263	27,939,839	446,901	29,912,003	30,612,376
TOTAL OPERATING EXPENSES	<u>1,709,053</u>	<u>31,193,629</u>	<u>446,901</u>	<u>33,349,583</u>	<u>34,548,263</u>
Net operating income (loss)	<u>311,084</u>	<u>(4,102,588)</u>	<u>6,313</u>	<u>(3,785,191)</u>	<u>(4,332,009)</u>
NON-OPERATING REVENUE					
Interest income	-	(1,349)	-	(1,349)	10,885
TOTAL NON-OPERATING REVENUES	<u>-</u>	<u>(1,349)</u>	<u>-</u>	<u>(1,349)</u>	<u>10,885</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>311,084</u>	<u>(4,103,937)</u>	<u>6,313</u>	<u>(3,786,540)</u>	<u>(4,321,124)</u>
Transfers in	250,000	2,000,000	-	2,250,000	-
TOTAL TRANSFERS	<u>250,000</u>	<u>2,000,000</u>	<u>-</u>	<u>2,250,000</u>	<u>-</u>
NET INCOME (LOSS)	<u>561,084</u>	<u>(2,103,937)</u>	<u>6,313</u>	<u>(1,536,540)</u>	<u>(4,321,124)</u>
NET POSITON					
Beginning of year	(5,018,687)	(1,799,048)	141,112	(6,676,623)	(2,355,499)
End of year	<u>\$ (4,457,603)</u>	<u>\$ (3,902,985)</u>	<u>\$ 147,425</u>	<u>\$ (8,213,163)</u>	<u>\$ (6,676,623)</u>

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

Year ended December 31, 2015

	Workers' Compensation	Self-Insured Health Care	Cafeteria Plan (Section 125)	Totals 2015
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,020,137	\$ 27,086,398	\$ 453,214	\$ 29,559,749
Payments to employees and suppliers	(2,270,137)	(29,218,998)	(446,902)	(31,936,037)
NET CASH FLOWS FROM OPERATING ACTIVITIES	(250,000)	(2,132,600)	6,312	(2,376,288)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfer in	250,000	2,000,000	-	2,250,000
NET CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	250,000	2,000,000	-	2,250,000
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	-	1,224	-	1,224
NET CASH FLOW FROM INVESTING ACTIVITIES	-	1,224	-	1,224
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(131,376)	6,312	(125,064)
CASH AND CASH EQUIVALENTS				
Beginning of year	7,203	1,279,872	140,998	1,428,073
End of year	\$ 7,203	\$ 1,148,496	\$ 147,310	\$ 1,303,009
RECONCILIATION OF OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	\$ 311,084	\$ (4,102,588)	\$ 6,313	\$ (3,785,191)
Changes in assets and liabilities				
Accounts receivable	-	(4,643)	(1)	(4,644)
Accounts payable	(4,616)	(96,604)	-	(101,220)
Claims incurred	(300,000)	358,000	-	58,000
Due to others	-	(4,878)	-	(4,878)
Due to other funds	(256,468)	1,718,113		1,461,645
	\$ (250,000)	\$ (2,132,600)	\$ 6,312	\$ (2,376,288)

AGENCY FUNDS

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS
Year ended December 31, 2015

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

ALL AGENCY FUNDS

	Balance		Balance	
	Jan 1, 2015	Additions	Deductions	Dec 31, 2015
<u>AGENCY FUND</u>				
ASSETS				
Cash and investments	\$ 181,201	\$ 703,970	\$ 772,868	\$ 112,303
TOTAL ASSETS	\$ 181,201	\$ 703,970	\$ 772,868	\$ 112,303
LIABILITIES				
Accounts payable	\$ 123,857	\$ 1,290,858	\$ 1,359,456	\$ 55,259
Due to others	55,944	87,900	87,900	55,944
Due to other governments	1,400	2,475	2,775	1,100
TOTAL LIABILITIES	\$ 181,201	\$ 1,381,233	\$ 1,450,131	\$ 112,303
<u>ETAC POLICE CHIEF'S ASSOCIATION</u>				
ASSETS				
Cash and investments	\$ 7,146	\$ -	\$ 7,146	\$ -
TOTAL ASSETS	\$ 7,146	\$ -	\$ 7,146	\$ -
LIABILITIES				
Due to others	\$ 7,146	\$ -	\$ 7,146	\$ -
TOTAL LIABILITIES	\$ 7,146	\$ -	\$ 7,146	\$ -
<u>FIRE INSURANCE PROCEEDS</u>				
ASSETS				
Cash and investments	\$ 212,535	\$ 253,155	\$ 142,898	\$ 322,792
TOTAL ASSETS	\$ 212,535	\$ 253,155	\$ 142,898	\$ 322,792
LIABILITIES				
Due to others	\$ 212,535	\$ 253,389	\$ 143,132	\$ 322,792
TOTAL LIABILITIES	\$ 212,535	\$ 253,389	\$ 143,132	\$ 322,792
<u>KANSAS STATE WITHHOLDING</u>				
ASSETS				
Cash and investments	\$ (1,464)	\$ 4,334,917	\$ 4,334,918	\$ (1,465)
Due from other funds	-	1,030,112	1,030,112	-
TOTAL ASSETS	\$ (1,464)	\$ 5,365,029	\$ 5,365,030	\$ (1,465)
LIABILITIES				
Due to other governments	\$ (1,464)	\$ 4,334,943	\$ 4,334,944	\$ (1,465)
TOTAL LIABILITIES	\$ (1,464)	\$ 4,334,943	\$ 4,334,944	\$ (1,465)

continued

	Balance Jan 1, 2015	Additions	Deductions	Balance Dec 31, 2015
<u>PAYROLL DEDUCTIONS CLEARING</u>				
ASSETS				
Cash and investments	\$ 91,357	\$ 95,280,079	\$ 95,261,689	\$ 109,747
Due from other funds	-	22,704,886	22,704,886	-
TOTAL ASSETS	\$ 91,357	\$ 117,984,965	\$ 117,966,575	\$ 109,747
LIABILITIES				
Accounts payable	\$ 91,357	\$ 133,562,431	\$ 133,544,041	\$ 109,747
TOTAL LIABILITIES	\$ 91,357	\$ 133,562,431	\$ 133,544,041	\$ 109,747
<u>REGISTER OF DEEDS</u>				
ASSETS				
Cash and investments	\$ 28,108	\$ 2,322,118	\$ 2,300,721	\$ 49,505
TOTAL ASSETS	\$ 28,108	\$ 2,322,118	\$ 2,300,721	\$ 49,505
LIABILITIES				
Due to other governments	\$ 28,108	\$ 2,322,118	\$ 2,300,721	\$ 49,505
TOTAL LIABILITIES	\$ 28,108	\$ 2,322,118	\$ 2,300,721	\$ 49,505
<u>SHERIFF</u>				
ASSETS				
Cash and investments	\$ 27,937	\$ 1,250,445	\$ 1,259,291	\$ 19,091
TOTAL ASSETS	\$ 27,937	\$ 1,250,445	\$ 1,259,291	\$ 19,091
LIABILITIES				
Due to others	\$ 27,937	\$ 1,250,445	\$ 1,259,291	\$ 19,091
TOTAL LIABILITIES	\$ 27,937	\$ 1,250,445	\$ 1,259,291	\$ 19,091
<u>TAX COLLECTION</u>				
ASSETS				
Cash and investments	\$ 107,223,372	\$ 234,125,147	\$ 227,556,867	\$ 113,791,652
Accounts receivable	1,944	220,916	205,528	17,332
TOTAL ASSETS	\$ 107,225,316	\$ 234,346,063	\$ 227,762,395	\$ 113,808,984
LIABILITIES				
Accounts payable	\$ 44,062	\$ 5,117,452	\$ 5,307,379	\$ (145,865)
Due to others	13,930	-	-	13,930
Due to other governments	107,167,324	232,619,694	225,846,099	113,940,919
TOTAL LIABILITIES	\$ 107,225,316	\$ 237,737,146	\$ 231,153,478	\$ 113,808,984

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS
Year ended December 31, 2015

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

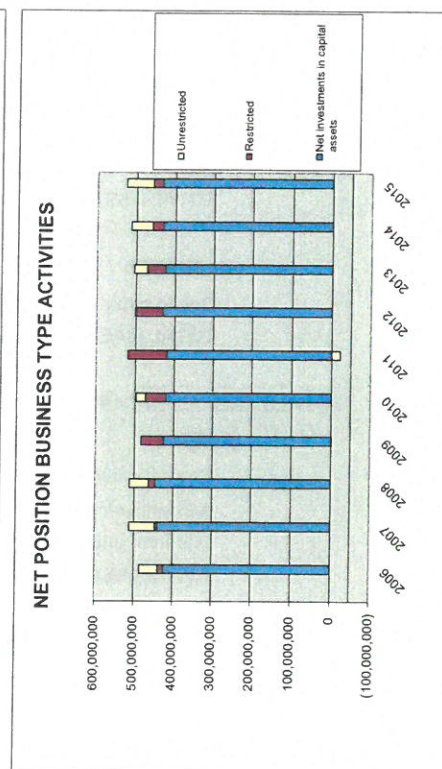
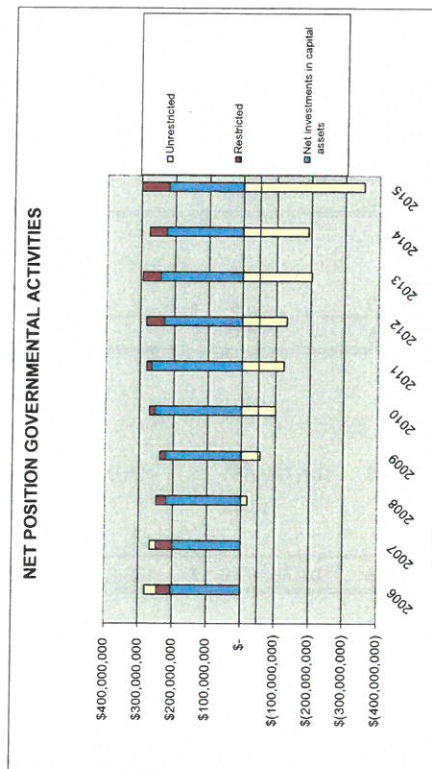
ALL AGENCY FUNDS

	Balance Jan 1, 2015	Additions	Deductions	Balance Dec 31, 2015
<u>TAX DISTRIBUTION</u>				
ASSETS				
Cash and investments	\$ (13,750)	\$ 117,704,901	\$ 117,675,134	\$ 16,017
TOTAL ASSETS	\$ (13,750)	\$ 117,704,901	\$ 117,675,134	\$ 16,017
LIABILITIES				
Due to other governments	(13,750)	\$ 117,619,554	\$ 117,589,787	16,017
TOTAL LIABILITIES	\$ (13,750)	\$ 117,619,554	\$ 117,589,787	\$ 16,017
<u>U.S. SAVINGS BONDS</u>				
ASSETS				
Cash and investments	\$ 3,392	\$ -	\$ -	\$ 3,392
TOTAL ASSETS	\$ 3,392	\$ -	\$ -	\$ 3,392
LIABILITIES				
Due to other governments	\$ 3,392	\$ -	\$ -	\$ 3,392
TOTAL LIABILITIES	\$ 3,392	\$ -	\$ -	\$ 3,392
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 107,759,834	\$ 455,974,732	\$ 449,311,532	\$ 114,423,034
Accounts receivable	1,944	220,916	205,528	17,332
Due from other funds	-	23,734,998	23,734,998	-
TOTAL ASSETS	\$ 107,761,778	\$ 479,930,646	\$ 473,252,058	\$ 114,440,366
LIABILITIES				
Accounts payable	\$ 259,276	\$ 139,970,741	\$ 140,210,876	\$ 19,141
Due to others	317,492	1,591,734	1,497,469	411,757
Due to other governments	107,185,010	356,898,784	350,074,326	114,009,468
TOTAL LIABILITIES	\$ 107,761,778	\$ 498,461,259	\$ 491,782,671	\$ 114,440,366

STATISTICAL SECTION

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investments in capital assets	\$ 204,659,383	\$ 199,833,368	\$ 219,826,396	\$ 221,299,106	\$ 255,635,659	\$ 285,081,754	\$ 229,277,747	\$ 240,297,777	\$ 225,110,072	\$ 218,839,753
Restricted	47,716,354	28,210,748	16,963,758	16,963,758	15,109,099	15,014,405	52,449,466	54,073,195	50,125,523	79,816,230
Unrestricted	156,943,029	171,622,620	202,862,638	204,335,348	240,526,560	270,067,349	176,828,281	186,224,582	175,000,000	139,023,523
Total governmental activities net position	\$ 261,602,412	\$ 271,456,088	\$ 422,689,034	\$ 425,562,864	\$ 496,162,219	\$ 555,149,103	\$ 406,106,028	\$ 396,522,369	\$ 395,235,595	\$ 357,862,983
Business-type activities										
Net investments in capital assets	\$ 423,138,783	\$ 439,466,356	\$ 445,669,977	\$ 425,007,799	\$ 420,099,070	\$ 419,256,036	\$ 428,738,821	\$ 423,372,753	\$ 429,805,573	\$ 432,030,655
Restricted	14,574,135	7,064,244	18,061,823	57,809,722	53,823,025	100,186,670	69,552,333	48,963,655	28,935,418	24,763,759
Unrestricted	408,564,648	432,402,112	427,608,154	367,198,077	366,276,045	319,069,366	359,186,488	374,409,098	399,870,155	407,266,896
Total business-type activities net position	\$ 437,703,521	\$ 446,928,460	\$ 463,278,127	\$ 482,007,521	\$ 476,375,095	\$ 489,445,066	\$ 487,925,311	\$ 492,841,451	\$ 428,740,643	\$ 439,000,250
Primary government										
Net investments in capital assets	\$ 627,798,146	\$ 639,299,724	\$ 665,496,373	\$ 646,306,905	\$ 675,735,029	\$ 684,337,790	\$ 658,016,568	\$ 663,670,530	\$ 654,715,645	\$ 650,870,408
Restricted	55,121,382	54,762,598	46,272,569	74,773,480	68,732,524	115,201,075	122,001,799	103,036,850	78,060,941	104,999,999
Unrestricted	572,676,764	584,537,126	619,223,804	571,533,425	607,002,505	569,136,715	535,984,769	560,633,680	576,654,704	545,870,409
Total primary government net position	\$ 1,255,596,292	\$ 1,278,599,448	\$ 1,330,992,744	\$ 1,292,613,810	\$ 1,351,467,554	\$ 1,368,675,580	\$ 1,316,003,077	\$ 1,327,341,060	\$ 1,259,431,290	\$ 1,201,740,816



UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes										
Intergovernmental	167,245,525	172,169,402	174,657,584	173,727,730	179,650,292	190,755,147	203,060,631	213,987,743	187,942,513	196,028,207
Charges for services	28,174,958	28,893,929	30,465,945	31,658,398	35,152,715	32,628,499	75,634,063	73,041,064	68,394,097	68,927,599
Fines and forfeits	10,723,274	11,014,270	11,289,047	2,090,162	15,074,325	14,752,914	10,150,279	13,961,482	14,568,677	14,786,758
Interest income	6,026,860	6,347,172	6,879,659	11,887,899	7,464,884	6,665,618	6,689,618	6,394,593	6,506,682	9,152,902
Licenses and permits	9,657,697	11,362,492	7,638,204	7,134,965	2,697,361	3,388,997	3,434,181	2,403,089	2,952,884	2,855,537
Other	1,821,676	2,036,912	2,083,703	3,812,573	2,381,505	2,353,746	2,427,042	2,153,260	2,113,904	2,404,850
Total revenues	238,493,113	245,847,633	242,061,278	240,280,722	251,730,826	257,789,175	311,859,203	318,465,246	289,485,351	303,383,205
Expenditures										
General government										
Public works	25,676,780	27,050,974	32,300,863	23,630,694	23,557,173	22,531,506	25,438,838	27,464,803	28,005,977	27,126,153
Public Safety	33,178,154	33,439,156	35,233,444	33,521,679	34,264,954	35,175,946	36,957,012	38,281,756	36,197,992	35,654,979
Judicial	94,323,734	103,932,912	106,616,700	106,722,422	104,581,273	107,328,253	110,745,870	117,976,588	121,921,445	118,496,129
Health and welfare	10,960,092	11,804,541	11,656,145	11,407,740	10,740,785	10,670,642	10,691,287	11,107,499	11,675,911	11,169,082
Planning and Development	13,869,503	14,447,927	14,014,561	14,164,694	14,104,662	14,045,683	13,717,453	12,926,519	13,046,661	12,774,870
Parks & Recreation	14,029,108	12,810,765	16,141,032	16,856,928	18,467,426	15,244,481	18,684,758	97,172,857	49,041,064	53,036,360
Debt service	7,659,686	9,125,662	9,164,019	8,636,966	6,060,195	5,012,970	4,829,493	5,344,765	5,378,681	5,301,110
Principal	20,186,633	26,440,847	35,282,367	31,504,403	36,634,039	28,347,221	100,377,297	35,685,391	58,072,200	43,995,575
Interest and fiscal charges	13,091,102	14,386,641	15,505,340	14,086,063	12,284,553	15,319,813	17,259,860	17,691,040	19,578,924	20,190,883
Other	438,551	478,436	705,128	812,748	980,369	604,078	1,411,665	1,654,868	2,027,194	1,957,418
Capital outlay	58,019,889	59,250,756	35,959,093	37,398,326	61,258,669	60,655,124	44,431,302	56,362,001	40,420,549	51,792,280
Total expenditures	291,433,232	313,169,617	312,578,692	298,742,663	322,934,098	314,935,717	384,544,835	421,668,687	385,366,598	381,494,859
Other financing sources (uses)										
Transfers from other funds	16,419,291	30,057,936	49,121,870	28,458,409	24,432,532	17,006,404	19,368,689	22,411,872	63,326,708	53,266,795
Proceeds from issuance of bonds	(3,910,755)	(27,507,160)	(40,930,199)	(23,323,251)	(11,292,809)	(9,625,162)	(6,566,178)	(12,047,890)	(19,084,860)	(11,777,041)
Discount from issuance of bonds	49,361,062	-	39,405,239	21,545,726	140,635,339	16,004,650	23,372,439	75,796,868	20,960,944	68,872,912
Proceeds from refunding bonds	636,222	(7,235,000)	-	(282,240)	(177,896)	1,245,112	(60,111)	-	-	(679,274)
Proceeds from sale of assets	3,400,109	6,366,021	69,361	8,197	8,175,000	14,700,000	12,785,000	8,455,000	19,566,000	16,800,000
Premium from capital lease	8,631,144	11,312,299	730,993	925,600	714,789	661,380	600,955	284,015	30,734	18,619,010
Premium from issuance of bonds	-	-	378,647	-	2,311,526	4,188,189	591,748	2,377,527	1,523,629	1,720,103
Payment to refunding of refunding bonds	-	480,887	-	-	4,216,368	-	1,465,660	422,930	465,722	1,361,927
Premium to refunding bond escrow agent	-	-	-	-	-	-	-	1,307,618	1,776,984	3,039,776
Total other financing sources (uses)	74,537,073	16,805,000	(9,900,000)	-	(8,105,000)	(12,130,000)	51,558,202	89,693,065	88,565,861	(19,293,926)
Net change in fund balances	21,596,954	(37,041,001)	(31,641,503)	(31,131,500)	89,766,577	(25,095,989)	(21,127,430)	(13,510,376)	(7,315,386)	53,918,628
Debt service as a percentage of noncapital expenditures	13.80%	16.00%	17.94%	16.78%	16.94%	15.57%	32.40%	14.06%	21.10%	17.88%
Noncapital expenditures are total expenditures less capital outlay (to the extent capitalized for gov-wide statement of net assets) and expenditures for capitalized assets included within the functional expenditure categories										
Total expenditures	291,433,232	313,169,617	312,578,692	298,742,663	322,934,098	314,935,717	384,544,835	421,668,687	385,366,598	381,494,859
Capital outlay from recon GAAP to Mod Accr	50,187,393	58,082,851	29,427,235	27,071,318	34,130,665	34,429,542	21,457,117	42,138,536	17,404,807	22,463,135
Non-capital expenditures	241,245,839	255,086,766	283,151,457	271,671,345	288,803,433	280,506,175	363,087,718	379,530,151	367,961,791	359,031,724
Debt service	33,277,735	40,827,488	50,787,707	45,590,466	48,918,592	43,667,034	117,637,157	53,377,031	77,651,124	64,186,458
Debt SVC at % of non-capital expend.	13.80%	16.00%	17.94%	16.78%	16.94%	15.57%	32.40%	14.06%	21.10%	17.88%

Note: The significant variances noted in the net change in Fund Balances is due in large part to timing issues related to when Bond Proceeds are received on Capital Outlay costs.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(Accrual Basis of Accounting)

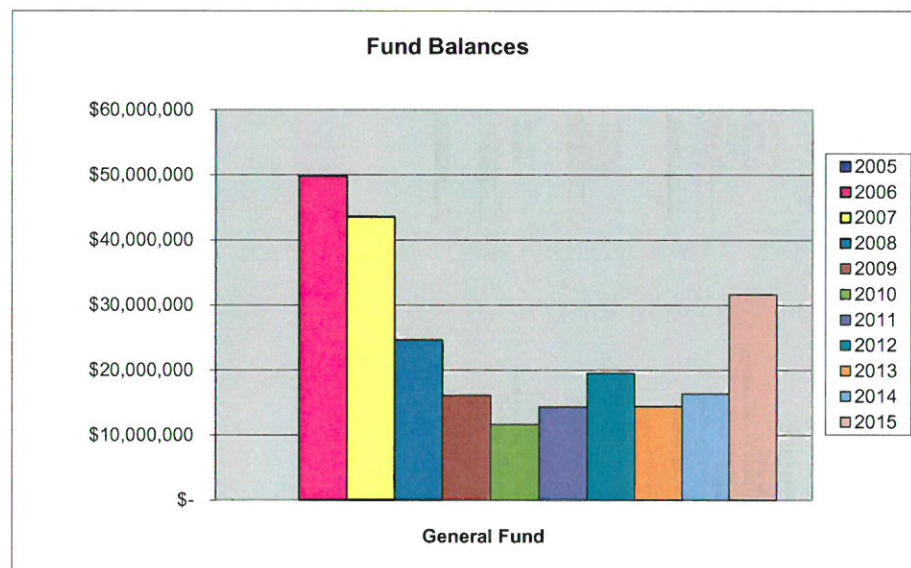
Expenses	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
General government	\$ 27,673,242	\$ 30,260,703	\$ 38,152,695	\$ 28,883,020	\$ 27,087,733	\$ 25,079,952	\$ 26,520,320	\$ 30,174,513	\$ 29,261,061	\$ 28,081,551
Public safety	105,717,926	124,080,775	133,104,186	135,838,855	128,169,717	127,440,244	130,719,941	139,770,779	136,643,321	134,877,172
Public works	58,485,179	54,460,009	58,852,528	49,439,819	58,107,781	58,107,781	77,746,268	68,930,633	68,859,206	76,009,713
Health and welfare	13,760,503	14,798,295	14,715,932	14,496,775	14,726,903	14,320,574	14,062,319	13,382,130	13,382,429	13,069,790
Parks and recreation	7,381,313	9,343,632	9,801,025	9,409,508	9,476,736	5,495,405	5,265,063	5,914,099	5,673,770	5,556,053
Planning and development	14,283,076	12,907,802	17,431,756	23,102,672	41,321,126	32,662,526	26,627,128	39,986,868	52,360,674	67,407,166
Interest on long-term debt	1,435,076	1,435,076	1,435,076	1,435,076	1,435,076	1,435,076	1,435,076	1,435,076	1,435,076	1,435,076
Total governmental activities expenses	<u>241,419,266</u>	<u>261,859,613</u>	<u>268,099,602</u>	<u>285,591,027</u>	<u>284,116,230</u>	<u>280,364,325</u>	<u>302,640,692</u>	<u>376,156,970</u>	<u>329,542,418</u>	<u>345,105,890</u>
Business-type activities:										
Electric and water systems	\$ 250,258,575	\$ 230,920,697	\$ 238,766,982	\$ 238,175,513	\$ 221,555,124	\$ 245,026,662	\$ 256,465,888	\$ 259,339,905	\$ 271,053,725	\$ 273,413,456
Public levee	1,271,762	1,527,795	1,164,347	1,504,174	1,413,301	1,163,555	1,162,015	282,208	3,000,572	211,632
EMS	3,846,025	5,081,613	6,944,949	6,944,949	7,367,253	7,024,665	7,392,927	8,209,082	7,219,336	7,218,816
Stormwater	-	-	22,056,220	661,304	1,480,508	1,512,916	1,512,916	2,566,832	2,715,389	2,008,812
Sewer system	21,530,247	21,369,521	22,056,220	23,788,544	17,772,564	20,809,643	22,012,623	25,489,647	25,285,207	23,147,910
Surfwater Hills golf course	861,923	759,816	910,510	819,472	679,706	860,540	825,125	810,075	784,808	719,091
Stadium	-	-	268,722,900	289,881,958	250,778,456	276,352,951	289,370,794	287,697,746	310,953,047	352,003
Total business-type activities expenses	<u>277,771,532</u>	<u>259,655,442</u>	<u>268,722,900</u>	<u>555,483,723</u>	<u>534,994,686</u>	<u>556,717,276</u>	<u>592,011,686</u>	<u>663,854,619</u>	<u>840,135,465</u>	<u>853,276,610</u>
Total primary government expenses	<u>\$ 519,190,828</u>	<u>\$ 521,515,055</u>	<u>\$ 536,822,502</u>	<u>\$ 841,074,750</u>	<u>\$ 819,110,916</u>	<u>\$ 837,081,601</u>	<u>\$ 894,652,378</u>	<u>\$ 1,040,011,589</u>	<u>\$ 1,169,677,883</u>	<u>\$ 1,198,382,500</u>
Program Revenues										
Charges for services:										
General government	\$ 2,738,188	\$ 2,931,976	\$ 2,582,381	\$ 3,546,937	\$ 4,623,345	\$ 3,088,044	\$ 3,579,602	\$ 3,462,929	\$ 3,326,556	\$ 4,862,124
Public safety	7,293,839	8,062,735	9,021,180	9,073,041	9,640,757	8,835,402	8,744,676	7,409,484	7,366,385	7,640,286
Public works	4,464,289	4,271,681	4,716,235	6,693,601	8,207,250	8,307,791	8,614,203	8,082,739	9,088,896	9,175,237
Health and welfare	945,870	987,319	1,339,141	789,085	1,028,850	865,818	706,109	790,631	635,196	736,527
Parks and recreation	340,863	354,503	355,063	355,063	1,160,736	635,219	547,780	559,687	603,504	625,328
Planning and development	3,113,349	3,163,394	2,751,712	2,299,151	3,201,347	3,638,409	4,460,336	4,742,193	4,473,966	6,073,356
Operating grants and contributions:										
General government	461,422	559,782	588,008	857,042	886,779	954,831	1,449,387	1,166,459	1,165,087	1,263,590
Public safety	6,214,353	5,724,747	6,248,268	4,685,658	6,335,125	6,856,885	6,761,464	6,165,685	6,090,741	5,700,271
Public works	7,430,081	9,664,249	9,000,428	7,863,473	7,696,076	7,388,647	8,766,393	7,875,791	7,813,656	8,194,694
Health and welfare	8,409,496	8,276,022	7,896,489	7,921,420	8,087,027	7,896,448	7,260,100	6,780,351	6,933,040	6,824,396
Parks and recreation	422,436	830,506	590,812	3,050,717	2,700,000	-	10,000	-	-	-
Planning and development	5,725,466	4,883,831	7,077,848	8,537,247	12,526,305	9,216,477	8,881,541	49,748,269	42,916,513	54,585,186
Interest on long-term debt	-	-	-	-	340,372	720,537	1,141,970	640,848	624,563	604,126
Capital grants and contributions:										
Public safety	789,990	249,372	2,284,824	2,742,209	1,446,928	-	273,032	5,081,790	428,954	241,773
Public works	-	-	-	-	-	-	-	-	199,841	336,597
Planning and development	972,508	187,037	139,622	217,585	640,659	426,781	1,009,906	444,495	449,878	393,781
Total governmental activities program revenues	<u>40,522,000</u>	<u>50,352,124</u>	<u>55,447,188</u>	<u>58,825,189</u>	<u>67,701,576</u>	<u>58,863,319</u>	<u>62,226,699</u>	<u>102,851,383</u>	<u>92,111,836</u>	<u>107,947,242</u>
Business-type activities:										
Charges for services:										
Electric and water systems	\$ 258,910,231	\$ 228,782,867	\$ 240,093,868	\$ 210,066,949	\$ 237,199,626	\$ 243,459,904	\$ 261,315,976	\$ 260,084,320	\$ 311,540,386	\$ 303,124,272
EMS	3,385,556	3,269,600	4,216,457	4,251,550	4,414,666	4,383,301	4,580,845	4,419,792	4,453,260	4,897,309
Public Levee	686,970	991,053	1,033,636	1,034,244	1,034,244	1,034,244	1,034,244	1,034,244	1,034,244	1,034,244
Stormwater	-	-	-	-	-	-	-	-	-	-
Sewer System	17,276,920	17,515,026	18,067,391	18,140,239	19,855,939	21,001,659	23,633,571	23,758,804	26,827,867	28,970,870
Surfwater Hill Golf Course	826,618	747,656	729,321	715,492	669,895	636,032	707,015	605,497	587,539	588,922
Stadium	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions:										
Capital grants and contributions:										
Electric and water systems	1,403,996	880,873	1,466,171	209,965	300,888	59,048	130,878	234,557	206,722	951,050
Sewer System	-	-	-	-	566,162	271,701	192,083	23,480	9,840	-
Stadium	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>289,716,761</u>	<u>252,187,735</u>	<u>246,568,844</u>	<u>235,487,467</u>	<u>248,631,147</u>	<u>273,567,650</u>	<u>294,819,695</u>	<u>293,018,939</u>	<u>346,835,150</u>	<u>342,488,645</u>
Total primary government program revenues	<u>\$ 332,237,220</u>	<u>\$ 334,539,859</u>	<u>\$ 331,154,033</u>	<u>\$ 294,292,979</u>	<u>\$ 333,922,723</u>	<u>\$ 334,423,669</u>	<u>\$ 357,046,394</u>	<u>\$ 353,073,322</u>	<u>\$ 440,376,986</u>	<u>\$ 450,435,087</u>
Net (Expense)/Revenue										
Governmental activities	\$ (191,897,296)	\$ (211,547,469)	\$ (232,652,414)	\$ (226,766,598)	\$ (216,924,654)	\$ (221,481,006)	\$ (240,414,193)	\$ (273,205,487)	\$ (237,430,582)	\$ (237,158,748)
Business-type activities	5,003,759	(7,468,167)	(3,656,062)	(34,424,581)	15,752,691	(2,762,691)	5,448,191	5,321,190	38,242,113	34,326,025
Total primary government net expense	<u>\$ (186,893,537)</u>	<u>\$ (219,015,636)</u>	<u>\$ (236,308,476)</u>	<u>\$ (261,191,179)</u>	<u>\$ (201,171,963)</u>	<u>\$ (224,243,697)</u>	<u>\$ (234,966,002)</u>	<u>\$ (267,884,297)</u>	<u>\$ (199,188,469)</u>	<u>\$ (202,832,723)</u>

General Revenues and Other Changes in Net Position

	2009	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Property taxes	\$ 90,034,509	\$ 93,692,006	\$ 96,321,532	\$ 95,137,607	\$ 86,298,207	\$ 89,841,305	\$ 95,535,842	\$ 98,079,687	\$ 101,248,029	\$ 104,289,273
Sales taxes	44,218,277	47,094,289	47,238,982	44,174,371	52,252,785	59,428,395	63,279,907	70,525,816	68,045,425	71,400,000
Other taxes	25,115,152	24,087,737	24,825,134	28,568,370	35,854,199	36,088,926	35,690,760	35,733,594	8,864,600	8,775,685
Other charges	5,032,840	4,556,518	3,744,134	3,114,724	1,855,050	4,578,991	5,207,238	5,213,943	5,213,943	5,836,065
Transient guest tax	12,367,865	12,367,865	8,029,348	6,288,507	6,788,869	7,600,917	8,634,194	8,472,220	1,060,048	1,185,040
Unrestricted investment earnings	10,271,852	12,367,865	8,384,705	4,384,308	3,960,620	3,488,400	3,720,098	3,735,731	4,208,123	3,914,400
Miscellaneous	18,243,232	20,969,476	9,468,031	7,234,963	6,076,702	5,119,817	5,518,890	6,189,071	8,314,299	9,422,352
Special item	-	-	-	-	-	3,683,302	-	-	-	-
Transfers	6,930,392	(2,091,203)	3,616,939	1,550,805	17,504,984	205,117,410	8,753,246	357,252	34,161,295	35,768,078
Total governmental activities	\$ 200,371,512	\$ 200,201,800	\$ 184,440,392	\$ 185,423,095	\$ 216,922,330	\$ 205,117,410	\$ 215,041,035	\$ 220,765,499	\$ 229,115,762	\$ 241,544,996
Business-type activities:										
Sales taxes	4,016,471	3,999,892	3,927,919	3,578,923	3,738,538	4,120,807	4,218,676	4,506,987	4,727,470	5,022,869
Other taxes	56,333	9,442	7,484	6,073	-	-	303,875	402,792	329,018	542,002
Unrestricted investment earnings	4,455,822	3,127,564	1,495,007	619,140	467,604	1,003,486	849,052	387,487	(956,686)	847,763
Miscellaneous	165,357	1,865,822	1,120,467	1,120,467	680,666	783,859	(6,753,449)	(357,252)	(34,161,295)	(35,768,078)
Transfers	(6,930,392)	2,891,205	(3,616,939)	(1,550,805)	(17,504,984)	(3,131,301)	(1,391,745)	4,940,014	(30,063,493)	(26,355,444)
Total business-type activities	\$ 1,764,551	\$ 10,658,369	\$ 1,792,353	\$ 3,173,788	\$ (12,619,126)	\$ 2,756,851	\$ (1,391,745)	\$ 4,940,014	\$ (30,063,493)	\$ (26,355,444)
Total primary government	\$ 202,136,063	\$ 210,860,169	\$ 186,238,745	\$ 188,596,883	\$ 204,303,204	\$ 207,874,264	\$ 213,649,290	\$ 225,705,513	\$ 199,052,269	\$ 215,189,552
Change in Net Position										
Government activities	\$ 8,474,216	\$ (11,255,689)	\$ (36,212,022)	\$ (41,343,503)	\$ (2,324)	\$ (16,063,593)	\$ (24,473,163)	\$ (52,439,688)	\$ (6,314,820)	\$ 4,386,248
Business-type activities	98,745,478	280,266,156	266,231,929	228,019,907	182,165,575	170,017,225	156,043,216	150,024,143	90,888,029	82,593,209
Net Position-Beginning of year	176,666,812	295,631,929	228,019,907	(4,510,620)	(182,165,575)	(2,089,594)	18,454,050	(6,886,126)	-	(142,961,585)
Prior period adjustment	280,266,157	-	-	182,165,575	182,165,251	156,043,216	150,024,143	90,888,029	82,593,209	(155,592,128)
Total governmental activities	6,788,310	3,190,202	(1,266,709)	(30,650,751)	3,134,585	(8,450)	4,086,448	10,261,204	8,178,620	4,970,581
Changes in Net Position	477,506,103	484,274,413	512,360,100	512,595,777	481,045,026	487,217,167	487,217,167	504,856,366	513,037,066	513,037,066
Net Position-End of year	484,274,413	512,360,100	512,595,777	481,045,026	487,217,167	487,217,167	504,856,366	513,037,066	513,037,066	513,037,066
Prior period adjustment	-	-	-	-	-	-	-	-	-	-
Total primary government	\$ 764,540,520	\$ 778,632,029	\$ 740,615,684	\$ 664,110,601	\$ 687,242,842	\$ 653,360,383	\$ 651,307,756	\$ 595,756,415	\$ 595,620,215	\$ 470,340,226

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KAN:
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

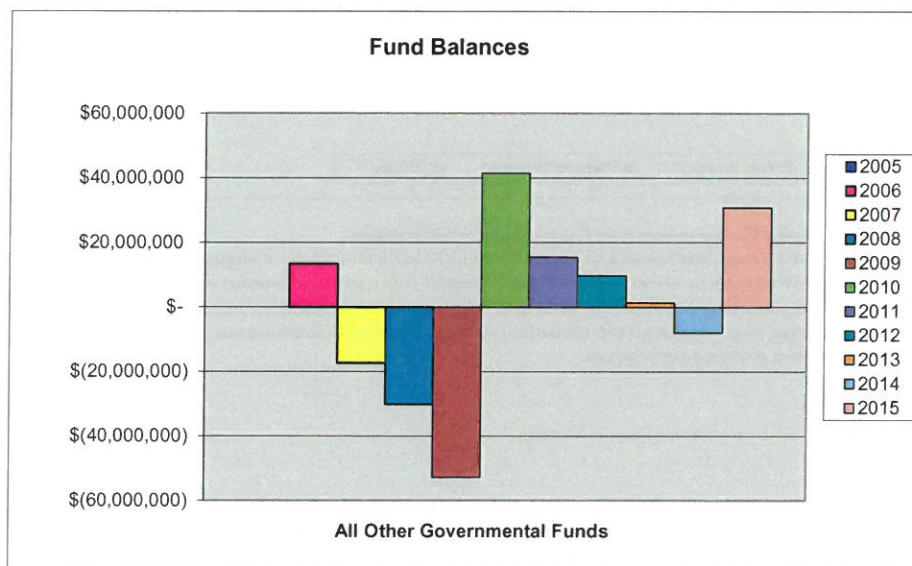
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Reserved	\$ 3,731,365	\$ 2,534,531	\$ 2,209,108	\$ 1,260,078
Unreserved	46,090,297	41,021,879	22,399,364	14,860,536
Designated for restricted sales tax	7,964	7,964	7,964	7,964
Restricted	N/A	N/A	N/A	N/A
Committed	N/A	N/A	N/A	N/A
Assigned	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A
Total general fund	\$ 49,829,626	\$ 43,564,374	\$ 24,616,436	\$ 16,128,578
All Other Governmental Funds				
Reserved	17,694,680	15,579,130	22,973,920	14,740,008
Unreserved	-	-	-	-
Designated				
Designated crossover refunded boi	-	10,025,335	-	-
Undesignated				
Special revenue funds	15,503,824	15,871,924	9,519,621	3,453,909
Debt service Fund	6,366,505	11,057,310	15,286,601	10,113,695
Capital projects funds	(26,201,227)	(69,945,666)	(77,885,673)	(81,056,786)
Restricted	N/A	N/A	N/A	N/A
Committed	N/A	N/A	N/A	N/A
Unassigned	N/A	N/A	N/A	N/A
Total all other governmental funds	\$ 13,363,782	\$ (17,411,967)	\$ (30,105,531)	\$ (52,749,174)



Note:

In 2011, the Unified Government implemented Governmental Accounting Standards Board Statement 54, which resulted in the new fund balance classifications.

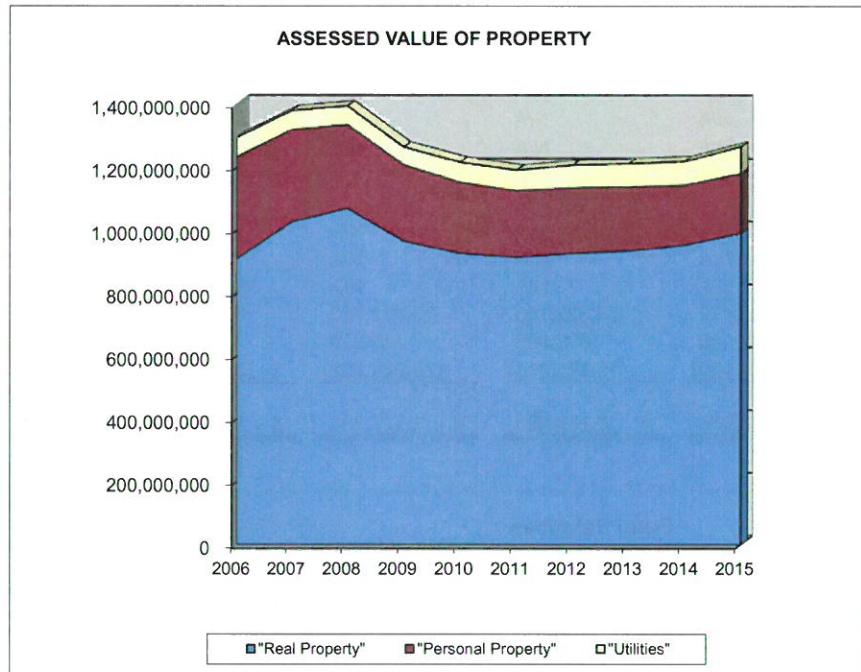
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	1,741,912	N/A	N/A	N/A	N/A	N/A
	9,899,484	N/A	N/A	N/A	N/A	N/A
	7,964	N/A	N/A	N/A	N/A	N/A
	N/A	-	751,740	463,243	216,347	95,443
	N/A	253,692	560,204	493,012	495,470	854,812
	N/A	1,438,927	1,629,346	1,019,593	891,422	2,912,722
	N/A	12,618,862	16,527,952	12,434,668	14,775,610	27,726,681
	<u>\$ 11,649,360</u>	<u>\$ 14,311,481</u>	<u>\$ 19,469,242</u>	<u>\$ 14,410,516</u>	<u>\$ 16,378,849</u>	<u>\$ 31,589,658</u>
	17,284,705	N/A	N/A	N/A	N/A	N/A
	-	N/A	N/A	N/A	N/A	N/A
		N/A	N/A	N/A	N/A	N/A
	-	N/A	N/A	N/A	N/A	N/A
	3,112,038	N/A	N/A	N/A	N/A	N/A
	15,830,660	N/A	N/A	N/A	N/A	N/A
	5,269,218	N/A	N/A	N/A	N/A	N/A
	N/A	25,522,172	24,322,105	23,432,723	30,200,148	33,152,395
	N/A	586,540	832,686	746,929	870,220	1,284,274
	N/A	(10,615,036)	(15,375,811)	(22,852,322)	(39,026,757)	(3,685,239)
	<u>\$ 41,496,621</u>	<u>\$ 15,493,676</u>	<u>\$ 9,778,980</u>	<u>\$ 1,327,330</u>	<u>\$ (7,956,389)</u>	<u>\$ 30,751,430</u>



UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
ASSESSED AND ESTIMATED ACTUAL VALUES OF TAXABLE TANGIBLE PROPERTY
Including Motor Vehicles, Last Ten Fiscal Years

UNIFIED GOVERNMENT PRIMARY GOVERNMENT

	Real Property (1)	Personal Property (2)	Utilities (2)	Total
Fiscal Year	Assessed Value	Assessed Value	Assessed Value	Assessed Value
2006	908,899,542	324,970,743	60,672,383	1,294,542,668
2007	1,026,694,090	293,356,034	60,003,173	1,380,053,297
2008	1,069,442,741	265,953,815	59,613,262	1,395,009,818
2009	966,053,674	242,392,251	55,937,343	1,264,383,268
2010	927,030,390	225,604,185	63,329,809	1,215,964,384
2011	914,682,119	211,367,889	65,236,304	1,191,286,312
2012	927,243,259	208,650,769	71,302,534	1,207,196,562
2013	934,648,262	203,839,096	73,309,125	1,211,796,483
2014	953,992,985	189,995,200	74,586,821	1,218,575,006
2015	990,206,580	189,771,046	85,851,534	1,265,829,160



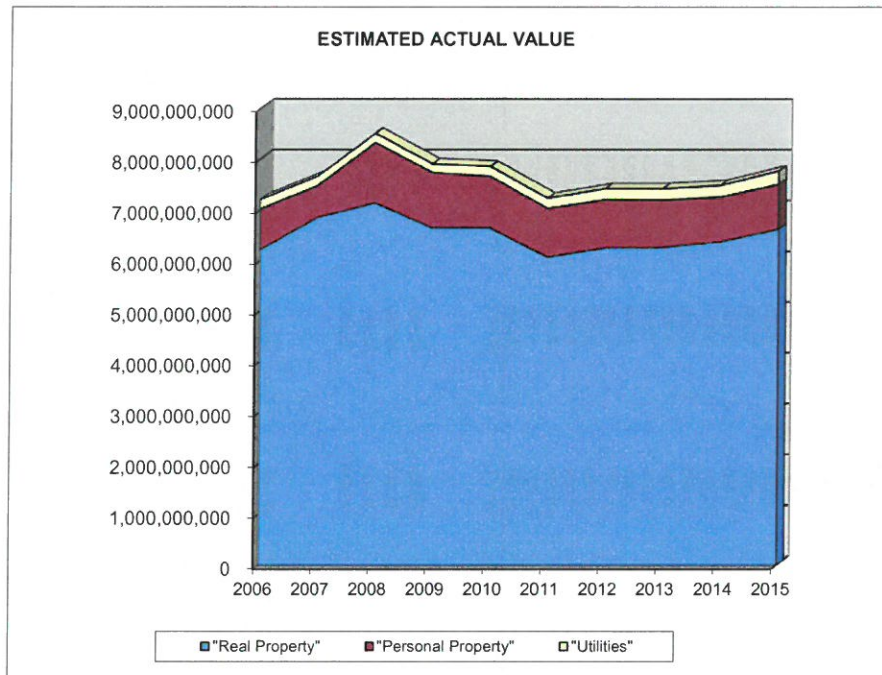
¹ Real Property Estimated Actual Value is the value assigned by the County Appraiser on taxable property.

² Personal Property Estimated Actual Value and Utilities Estimated Actual Value was calculated using a formula based on assessed rate

³ The total direct tax rate for citizens in the Unified Government varies according to the location of the property and the relation of the various taxing entities within the Unified Government boarders. The total direct tax rate presented represents the rate for property located in City of Kansas City, Kansas, the school district of USD 500 and Drainage District #1. The applicable drainage rates for property on other cities, school districts or drainage districts will vary.

Source: Unified Government Clerk

	Real Property (1)	Personal Property (2)	Utilities (2)			
Fiscal Year	Estimated Actual Value	Estimated Actual Value	Estimated Actual Value	Estimated Actual Value	Assessed/ Actual Ratio	Total Direct Tax Rate (3)
2006	6,214,268,915	802,291,592	183,855,706	7,200,416,213	17.98%	71.987
2007	6,848,879,075	628,612,840	181,827,797	7,659,319,712	18.02%	71.224
2008	7,135,799,722	1,188,771,374	180,646,248	8,505,217,344	16.40%	70.735
2009	6,641,739,576	1,090,054,600	169,507,100	7,901,301,276	16.00%	71.697
2010	6,641,739,576	1,019,460,051	191,908,512	7,853,108,139	15.48%	74.711
2011	6,068,832,960	959,079,479	197,685,770	7,225,598,209	16.49%	81.666
2012	6,250,481,620	948,429,918	216,068,285	7,414,979,823	16.28%	81.865
2013	6,259,523,650	931,483,401	222,148,864	7,413,155,915	16.35%	82.003
2014	6,372,823,830	879,815,632	226,020,670	7,478,660,132	16.29%	81.961
2015	6,616,509,010	885,480,168	260,156,164	7,762,145,342	16.31%	82.688



UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS

PROPERTY TAX RATES

DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

(rate per \$1,000 of assessed value)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
County Direct Rates										
General	19.750	22.208	23.102	24.557	27.857	30.072	30.115	30.162	31.271	31.029
Election	0.842	0.846	0.847	0.857	0.856	0.861	0.861	0.861	0.861	0.869
County Park	2.135	2.145	2.148	1.216	1.464	1.369	1.371	1.373	1.372	1.384
Historical Society	0.168	0.169	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Appraiser's Cost	2.057	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Reappraisal	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Noxious Weed	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Wy. County Extension Council	0.299	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Soil Conservation	0.043	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
County Fair Building	0.144	0.145	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Service Program - Aging	0.896	0.900	0.901	0.811	0.907	1.011	1.012	1.014	1.013	1.022
Arts Program/Projects	0.035	0.035	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Economic Development	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Health Department	1.503	1.510	1.512	1.532	1.529	1.535	1.537	1.539	1.538	1.551
Mental Health	0.458	0.460	0.461	0.416	0.332	0.418	0.419	0.420	0.420	0.423
Developmental Disabilities	0.476	0.478	0.479	0.485	0.314	0.315	0.340	0.341	0.341	0.344
Juvenile Detention	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Community College Tuition	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Employee's Benefit	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Bond and Interest	0.000	0.000	1.027	1.014	0.817	0.820	0.796	0.798	1.672	2.191
County Infrastructure	1.593	1.600	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total County direct rate	30.399	30.539	30.477	30.889	34.076	36.399	36.450	36.508	38.488	38.813

City Rates

Kansas City	41.588	40.685	40.258	40.808	40.635	45.267	45.415	45.495	43.473	43.875
Bonner Springs	31.127	30.456	29.065	29.086	30.101	30.578	30.605	33.635	33.616	33.658
Edwardsville	34.211	40.427	40.427	42.441	44.505	44.505	44.467	47.367	47.367	47.367
Lake Quivira	13.700	13.553	13.315	13.226	13.633	19.317	19.317	18.65	18.436	18.436

Unified Government Direct Rate (County + City)

Unified Government - Kansas City	71.987	71.224	70.735	71.697	74.711	81.666	81.865	82.003	81.961	82.688
Unified Government - Bonner Springs	61.526	60.995	59.542	59.975	64.177	66.977	67.055	70.143	72.104	72.471
Unified Government - Edwardsville	64.610	70.966	70.904	73.330	76.581	80.904	80.917	83.875	85.855	86.180
Unified Government - Lake Quivira	44.099	44.092	43.792	44.115	47.709	55.716	55.767	55.158	56.924	57.249

Community College

	20.244	19.524	19.296	19.991	23.456	23.456	23.58	26.121	26.108	27.336
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School Districts

	45.509 - 65.037	48.876 - 65.627	51.257 - 67.818	61.416 - 71.475	61.414 - 68.078	57.988-68.459	60.327-68.378	59.618-71.450	49,165-63.008	49,309-62.775
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Cemetery Districts

	0.248	0.261	0.261	0.000	0.000	0.000	0.000	0.000	0.000	0.000
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Drainage Districts

	4.101 - 10.066	4.101 - 11.269	4.101 - 11.285	4.798 - 11.471	4.121 - 13.428	4.058-13.210	3.946-13.777	3.720-15.338	3,208-14.826	3,052-16.378
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Library

	3.380	4.130	4.130	4.130	5.030	5.030	5.030	5.578	5.583	6.059
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Other Districts

	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
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Source: Unified Government Clerk

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
PRINCIPAL PROPERTY TAX PAYERS
Current Year and Nine Years Ago

	Fiscal Year 2015			Fiscal Year 2006		
	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Kansas Entertainment LLC	\$39,250,000	1	3.44%			
General Motors	\$35,885,253	2	3.15%	\$58,360,524	1	4.99%
KKR Legends, LLC	\$30,580,338	3	2.68%	\$10,104,504	5	0.86%
Magellan Pipeline	\$19,275,429	4	1.69%			
Union Pacific Railroad	\$16,576,253	5	1.45%			
Burlington Northern Santa Fe	\$14,127,311	6	1.24%			
Cerner Corporation	\$12,540,775	7	1.10%			
SVV I LLC (Schlitterbahn)	\$12,455,873	8	1.09%			
Nebraska Furniture Mart	\$12,270,498	9	1.08%	\$16,738,676	2	1.43%
Prime Investments LLC	\$10,743,581	10	0.94%	\$8,044,892	7	0.69%
Proctor and Gamble				\$10,716,476	4	0.92%
Owens Corning				\$9,397,640	6	0.80%
Colgate Palmolive				\$6,134,391	8	0.52%
Certain-Teed Corp.				\$14,575,584	3	1.25%
Cabela's				\$5,959,472	9	0.51%
Rubicon NGP of Kansas City				\$5,918,717	10	0.51%
	<u>\$203,705,311</u>		<u>17.88%</u>	<u>\$145,950,876</u>		<u>12.48%</u>

Total 2015 Wyco Assessed Value \$1,139,433,176

*Does not include exempt properties including businesses with exemptions granted which require payments in lieu of taxes or properties which are part of a TIF project.

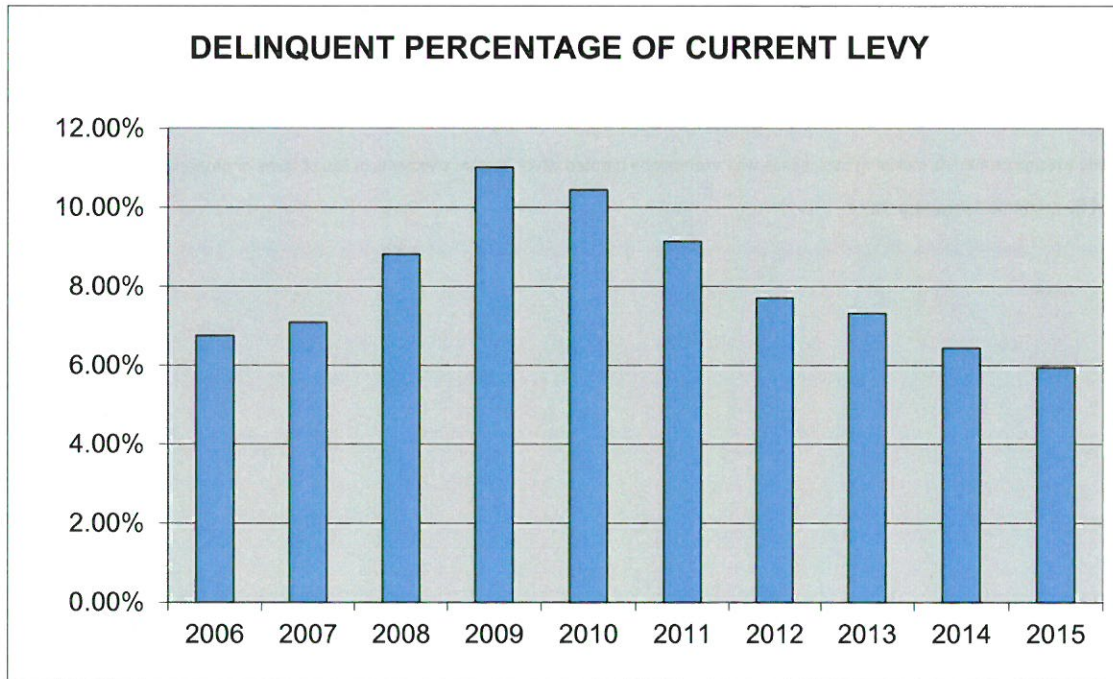
Source: Unified Government Appraisers Office

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
GENERAL PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

UNIFIED GOVERNMENT PRIMARY GOVERNMENT

Budget Year ¹	Taxes Levied for the Fiscal Year (Original Levy)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Year ²	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2006	77,667,951	72,433,411	93.26%	3,448,998	75,882,409	97.70%
2007	80,690,926	74,975,134	92.92%	3,650,410	78,625,544	97.44%
2008	86,210,883	78,613,006	91.19%	2,997,523	81,610,529	94.66%
2009	86,553,044	77,018,671	88.98%	3,745,924	80,764,595	93.31%
2010	78,780,950	70,555,802	89.56%	3,323,323	73,879,125	93.78%
2011	79,410,908	72,160,092	90.87%	4,004,222	76,164,314	95.91%
2012	85,042,936	78,494,361	92.30%	4,263,845	82,758,206	97.31%
2013	86,535,383	80,208,596	92.69%	5,387,418	85,596,014	98.91%
2014	86,991,190	81,396,447	93.57%	5,424,778	86,821,225	99.80%
2015	87,265,691	82,087,300	94.07%	4,472,811	86,560,111	99.19%

Budget Year	Amount Levied	Amount Collected	Amount Delinquent	Percent Delinquent
2006	77,667,951	72,433,411	5,234,540	6.74%
2007	80,690,926	74,975,134	5,715,792	7.08%
2008	86,210,883	78,613,006	7,597,877	8.81%
2009	86,553,044	77,018,671	9,534,373	11.02%
2010	78,780,950	70,555,802	8,225,148	10.44%
2011	79,410,908	72,160,092	7,250,816	9.13%
2012	85,042,936	78,494,361	6,548,575	7.70%
2013	86,535,383	80,208,596	6,326,787	7.31%
2014	86,991,190	81,396,447	5,594,743	6.43%
2015	87,265,691	82,087,300	5,178,391	5.93%



¹ Taxes levied support the subsequent year's budget, e.g., 2013 taxes financed 2014 spending.

² County Treasurer's records do not provide a determination of delinquent tax collections by levy year; therefore, delinquent tax collections may include collections of prior year delinquencies and current year delinquencies.

Source: Unified Government Treasurer

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
TOTAL EQUALIZED ASSESSED TANGIBLE VALUATIONS**

<i>Wyandotte County</i>					
Year	Real Property	Personal Property	State Assessed Utilities	Special Motor Vehicles	Total
2006	908,899,542	200,572,898	60,672,383	124,397,845	1,294,542,668
2007	1,026,694,090	167,633,466	60,003,173	125,722,568	1,380,053,297
2008	1,069,442,741	140,997,701	59,613,262	124,956,114	1,395,009,818
2009	966,053,674	121,906,655	55,937,343	120,485,596	1,264,383,268
2010	927,030,390	108,560,874	63,329,809	117,043,311	1,215,964,384
2011	914,682,119	97,759,966	65,236,304	113,607,923	1,191,286,312
2012	927,243,259	94,797,562	71,302,534	113,853,207	1,207,196,562
2013	934,648,262	87,712,079	73,309,125	116,127,017	1,211,796,483
2014	953,992,985	70,160,368	74,586,821	119,834,832	1,218,575,006
2015	990,206,580	63,375,062	85,851,534	126,395,984	1,265,829,160

<i>City of Kansas City, Kansas</i>					
Year	Real Property	Personal Property	State Assessed Utilities	Special Motor Vehicles	Total
2006	810,615,698	189,489,227	52,825,802	113,020,579	1,165,951,306
2007	921,052,950	158,719,094	52,262,532	114,204,294	1,246,238,870
2008	957,720,722	132,804,602	52,440,398	113,258,701	1,256,224,423
2009	858,775,239	114,620,480	49,139,429	109,375,508	1,131,910,656
2010	827,160,814	101,988,198	56,337,965	106,222,539	1,091,709,516
2011	817,605,423	92,163,360	58,315,374	102,834,773	1,070,918,930
2012	831,130,786	89,139,267	63,840,942	102,990,904	1,087,101,899
2013	837,949,270	82,234,789	65,791,156	105,001,763	1,090,976,978
2014	852,927,158	65,279,122	66,852,833	108,205,718	1,093,264,831
2015	884,539,295	58,869,677	77,655,254	114,240,821	1,135,305,047

Source: County Clerk's office of Wyandotte County, Kansas.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
GENERAL FUND RETAIL SALES AND COMPENSATING USE TAXES
Last Ten Fiscal Years

<u>Year</u>	<u>City Tax</u>	<u>County Tax</u>	<u>City Use Tax</u>	<u>County Use Tax</u>	<u>Annual Total</u>
2006	13,174,021	11,303,283	2,776,314	2,255,286	29,508,904
2007	13,164,595	11,240,198	2,897,659	2,377,388	29,679,840
2008	12,888,279	11,137,014	2,887,775	2,426,624	29,339,692
2009	11,841,271	10,323,246	2,603,481	2,133,057	26,901,055
2010	10,902,730	9,622,909	2,616,096	2,087,402	25,229,137
2011	11,506,397	9,975,892	3,234,153	2,522,365	27,238,807
2012	11,881,706	10,419,493	3,319,256	2,622,511	28,242,966
2013	12,611,862	10,890,778	3,613,485	2,993,656	30,109,781
2014	13,309,315	11,250,773	3,460,198	2,801,449	30,821,735
2015	13,683,154	11,444,023	4,045,804	3,168,447	32,341,428

Note: Sales and use taxes to general fund do not include sales taxes pledged to special sales tax districts. Also, Emergency Medical Services (0.25%) and Public Safety Infrastructure (0.375%) sales taxes are not reflected in the above table.

Source: Kansas Department of Revenue

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
KANSAS SPEEDWAY STAR BONDS - ANNUAL SALES TAX COLLECTIONS
Last Ten Fiscal Years

<u>Year</u>	<u>State Tax</u>	<u>City Tax</u>	<u>County Tax</u>	<u>Total Revenues</u>
2006	2,644,031	629,291	475,645	3,748,967
2007	2,332,532	565,094	414,887	3,312,513
2008	2,379,418	604,837	480,244	3,464,499
2009	2,310,231	580,258	431,853	3,322,342
2010	2,592,525	664,407	419,936	3,676,868
2011	3,539,573	963,209	555,175	5,057,957
2012	3,342,323	960,020	638,616	4,940,959
2013	2,736,162	712,401	412,658	3,861,221
2014	2,770,282	737,584	428,937	3,936,803
2015	3,641,160	948,592	542,688	5,132,440

Source: Kansas Department of Revenue

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Governmental Activities									
Fiscal Year	General Obligation Bonds	Special Obligation Bonds	Revenue Bonds	Capital Leases	Certificates of Participation	Section 108 Loan	STAR Bonds	TDD Bonds	
2006	123,158,372	-	-	27,187,694	105,000	4,294,000	84,941,306	19,935,000	
2007	123,042,248	-	-	35,179,385	-	4,073,000	75,131,738	19,415,000	
2008	122,294,703	-	-	19,805,238	8,200,000	3,837,000	64,314,106	20,795,000	
2009	138,680,552	-	-	14,920,099	8,100,000	3,584,000	54,352,319	20,580,000	
2010	223,100,366	-	-	14,859,322	-	3,314,000	85,317,108	20,009,000	
2011	222,715,718	7,725,000	-	10,421,691	-	3,025,000	72,091,680	19,353,000	
2012	219,468,230	22,025,000	-	7,808,657	-	2,715,000	77,734,667	18,482,000	
2013	223,617,040	58,255,000	9,915,000	8,092,694	-	2,384,000	60,925,224	27,218,000	
2014	237,738,948	55,433,142	9,818,271	7,427,230	-	2,029,000	57,684,315	25,560,528	
2015	245,001,722	52,599,618	10,000,992	6,839,477	-	1,650,000	79,987,272	23,999,096	
Business Type Activities									
Fiscal Year	General Obligation Bonds	Capital Leases	Sewer Revolving Loan	STAR Bonds	BPU Revenue Bonds	BPU Capital Leases	BPU Government Loan	Total Primary Government	Percentage of Personal Income ¹
2006	16,811,628	1,080,600	15,737,397	-	333,954,975	3,342,010	20,471,208	651,019,190	16.4%
2007	16,147,752	943,125	14,820,947	-	323,001,990	1,738,066	23,690,167	637,183,418	15.1%
2008	20,915,297	773,492	13,816,268	-	313,043,225	1,018,921	22,707,905	621,521,155	14.1%
2009	22,384,448	1,077,448	13,653,555	-	363,881,515	650,042	21,710,900	663,574,878	15.4%
2010	39,734,634	1,792,146	12,570,320	-	355,430,000	367,952	20,717,121	777,211,969	17.6%
2011	40,859,282	1,863,319	11,273,779	-	421,100,000	74,989	19,813,666	830,317,124	18.2%
2012	46,766,770	2,175,132	10,018,884	-	479,735,000	-	18,788,619	905,697,959	18.6%
2013	51,957,960	3,237,906	10,822,225	-	462,765,000	1,011,816	27,585,940	947,787,805	18.8%
2014	58,258,086	2,835,314	12,438,998	5,979,650	594,842,762	1,454,219	32,448,862	1,103,949,325	22.3%
2015	68,858,876	2,450,728	14,222,104	6,405,559	574,800,051	3,812,374	33,275,100	1,123,902,969	22.2%

Details regarding the Unified Government's outstanding debt can be found in the notes to the financial statements.

¹ Population and personal income data can be found in the Demographic Schedule

These ratios are calculated using personal income and populations for the prior calendar year.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	General Bond Debt Outstanding				Percentage of Personal Income ²	Percentage of Actual Value of Taxable Property ³	Per Capita ²
	General Obligation Debt ¹	Less:		Total			
		Amounts Restricted to Repaying Principal					
2006	139,970,000	(6,366,505)		133,603,495	3.51%	1.86%	859
2007	139,190,000	(15,744,129)		123,445,871	3.14%	1.61%	795
2008	153,210,000	(5,927,079)		147,282,921	3.34%	1.73%	955
2009	161,065,000	(3,846,913)		157,218,087	3.52%	1.99%	1,011
2010	262,835,000	(3,432,786)		259,402,214	5.61%	3.30%	1,647
2011	263,575,000	(3,294,379)		260,280,621	5.94%	3.60%	1,647
2012	266,235,000	(2,523,496)		263,711,504	5.61%	3.56%	1,654
2013	275,575,000	(3,172,621)		272,402,379	5.41%	3.67%	1,692
2014	295,997,034	(4,501,025)		291,496,009	5.89%	3.90%	1,798
2015	313,860,598	(5,542,420)		308,318,178	6.08%	3.97%	1,887

¹ Includes General Obligation Bonds

² Population and personal income data can be found in the Demographic Schedule

³ Property value data can be found in Schedule Actual Values Schedule

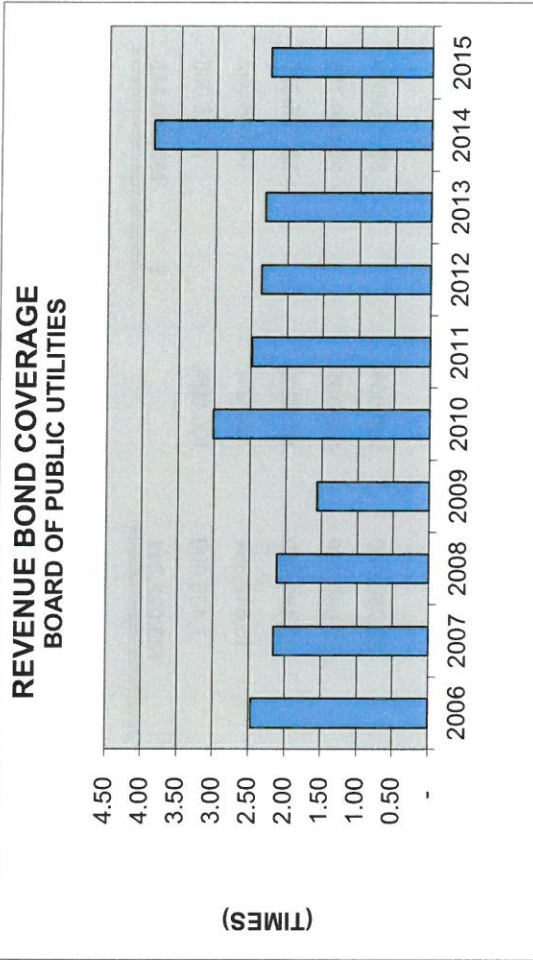
UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	2006 (As of 3/31/07)	2007 (As of 12/31/07)	2008 (As of 12/31/08)	2009 (As of 12/31/09)	2010 (As of 12/31/10)	2011 (As of 12/31/11)	2012 (As of 12/31/12)	2013 (As of 12/31/13)	2014 (As of 12/31/14)	2015 (As of 12/31/15)
Statutory debt capacity:										
Equalized assessed valuation of taxable										
tangible property	\$ 1,170,144,823	\$ 1,194,327,556	\$ 1,270,053,704	\$ 1,143,897,672	\$ 1,098,921,073	\$ 1,077,678,389	\$ 1,093,343,355	\$ 1,095,669,466	\$ 1,098,740,174	\$ 1,139,433,176
Estimated tangible valuation of motor vehicles	124,397,845	125,722,568	124,966,114	120,485,596	117,043,311	113,607,923	113,853,207	116,127,017	119,834,832	126,395,984
Estimated tangible valuation for computation										
of bonded indebtedness limitations	1,294,542,668	1,320,050,124	1,395,019,818	1,264,383,268	1,215,964,384	1,191,286,312	1,207,196,562	1,211,796,483	1,218,575,006	1,265,829,160
Debt limit (30% of total valuation)	388,362,800	396,015,037	418,505,945	379,314,980	364,789,315	357,385,894	362,158,969	363,538,945	365,572,502	379,748,748
Amount of debt applicable to limit										
Total bonded indebtedness	221,435,000	243,785,000	273,547,299	275,107,299	313,695,000	314,865,000	320,883,000	364,150,000	369,585,001	369,585,001
Less exempt issues	(112,181,830)	(117,117,367)	(87,092,962)	(81,102,801)	(120,678,806)	(140,062,853)	(96,615,096)	(101,413,770)	(128,992,366)	(128,992,366)
Total net debt applicable to limit	109,253,170	126,667,633	186,454,337	194,004,498	193,016,194	174,802,147	224,277,904	262,736,230	240,592,635	240,592,635
Legal debt margin	279,109,630	269,347,404	232,051,608	185,310,482	171,773,121	182,583,747	137,881,065	100,802,715	124,979,867	139,156,113
Total net debt applicable to the limit										
as a percentage of debt limit	28.13%	31.99%	44.55%	51.15%	52.91%	48.91%	61.93%	72.27%	65.81%	63.36%

* Amount was adjusted to present updated figure

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Fiscal Year	BPU Revenue Bonds				STAR Bonds ¹				TDD Bonds ²			
	Gross Revenues ³	Direct Operating Expenses ³	Net Available Revenue	Total Debt Service Requirements	Sales Tax Revenues	Principal	Interest	Coverage	Sales Tax Revenues	Principal	Interest	Coverage
2006	262,805,352	181,735,686	81,069,666	32,857,208	9,956,814	5,568,810	4,135,336	1.03	257,398	0	95,929	2.68
2007	248,628,392	180,408,174	68,220,218	31,666,838	12,769,316	9,809,568	3,839,332	0.94	1,277,777	520,000	933,241	0.88
2008	258,694,309	191,646,083	67,048,226	31,666,839	12,785,814	10,817,632	3,485,647	0.89	1,221,851	620,000	963,369	0.77
2009	231,955,328	185,129,869	46,825,459	29,908,142	12,010,638	9,961,787	3,190,804	0.91	1,384,668	615,000	1,019,714	0.85
2010	265,907,854	171,635,395	94,272,459	31,363,760	13,529,636	11,116,268	2,723,395	0.98	1,653,312	571,000	1,016,321	1.04
2011	273,231,435	192,613,493	80,617,942	32,481,143	14,620,449	13,225,428	2,044,921	0.96	1,589,184	646,000	973,531	0.98
2012	290,217,990	204,642,159	85,575,831	36,295,726	61,108,119	84,312,186	5,222,713	0.68	1,870,493	891,000	921,536	1.03
2013	287,771,566	196,863,453	90,908,113	39,323,773	17,068,733	16,809,443	4,606,309	0.80	2,481,133	1,219,000	1,157,689	1.04
2014	311,540,386	215,695,728	95,844,658	24,804,869	58,453,245	44,181,854	13,530,823	1.01	2,738,028	1,366,000	1,283,196	1.03
2015	303,124,272	201,260,954	101,863,318	45,334,587	61,697,772	45,026,515	16,782,445	1.00	3,007,406	1,575,000	1,257,442	1.06



¹ Includes sales tax generated in the Prairie Delaware Redevelopment District. See more in Note III.F. to the financial statements.

² Includes sales tax generated in three transportation development districts. See more in Note III.F. to the financial statements.

³ Excludes depreciation expense, amortization expense, and amortization revenue.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
INDIRECT DEBT AS OF DECEMBER 31, 2015

Four school districts are located completely within the territorial limits of the Unified Government, as is the Kansas City, Kansas Community College.

Jurisdiction	Total Debt	Applicable % to Wyandotte County	Wyandotte County	Applicable % to Kansas City	Kansas City
Kansas City, Kansas Community College	\$ 35,878,868	100.00%	\$ 35,878,868	89.61%	\$ 32,151,625
U.S.D. No. 500	57,847,090	100.00%	57,825,000	99.98%	57,815,012
U.S.D. No. 202	33,760,000	100.00%	33,760,000	99.84%	33,707,554
U.S.D. No. 203	22,099,789	100.00%	27,099,789	100.00%	27,099,789
U.S.D. No. 204	23,189,180	97.82%	22,725,396	31.72%	7,208,496
City of Bonner Springs	15,812,384	93.23%	14,246,092	0.00%	-
City of Edwardsville	7,435,000	100.00%	7,435,000	0.00%	-
Total	\$ 196,022,311		\$ 198,970,145		\$ 157,982,476

Source: Unified Government Finance Department.

Note: Overlapping governments are those that coincide, at least in part, with the geographical boundaries of the County or City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents of Wyandotte County and Kansas City, Kansas. The applicable percentage is based on the County & City percent share of the respective entities total assessed valuation.

**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
DEBT RATIOS**

	<u>Wyandotte Co.</u>	<u>Kansas City</u>
Estimated Actual Valuation (Appraised)	7,130,165,422	6,367,949,920
Equalized Assessed Tangible Valuation ^(a)	1,139,433,176	1,021,064,226
Population (2013 U.S. Census Estimate)	161,636	149,636
Outstanding General Obligation Indebtedness (as of February 25, 2016)		
General Obligation Bonds	14,650,000	312,365,001
General Obligation Notes	157,250	133,270,000
Less: Debt Service Funds on Hand as of December 31, 2015	<u>(249,337)</u>	<u>(4,607,561)</u>
Net Outstanding General Obligation Indebtedness	14,557,913	441,027,440
Ratio of Net General Obligation Debt to Estimated Actual Valuations	0.20%	6.93%
Ratio of Net General Obligation Debt to Equalized Assessed Tangible Valuation	1.28%	43.19%
Net General Obligation Debt per Capita	90	2,947
Overlapping Indebtedness	198,970,145	157,982,476
Direct and Overlapping Indebtedness	213,528,058	599,009,916
Ratio of Direct and Overlapping Indebtedness to Estimated Actual Valuation	2.99%	9.41%
Ratio of Direct and Overlapping Indebtedness to Equalized Assessed Tangible Valuation	18.74%	58.67%
Direct and Overlapping Indebtedness per Capita	1,321	4,003
Overlapping Indebtedness per Capita	1,231	1,056

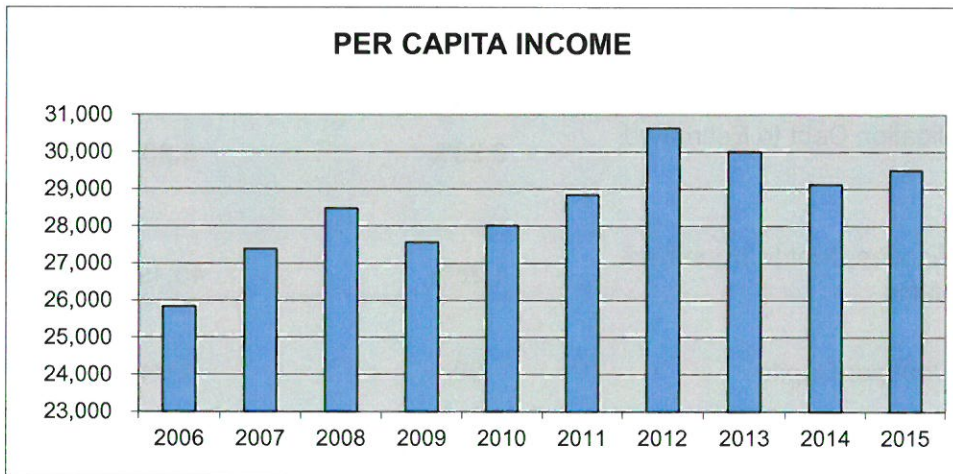
(a) Includes real property, personal property, and state assessed utility valuations and excludes valuations for motor vehicles.

Source: Unified Government Finance Department.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years

Year	Population		Personal Income (thousands of dollars)		Per Capita Personal Income		Public School Enrollment		Unemployment Rate
2006	152,900	(1)	3,970,858	(3)	25,837	(3)	27,970		7.6%
2007	153,454	(1)	4,223,792	(3)	27,380	(3)	27,877		7.6%
2008	154,233	(1)	4,415,768	(3)	28,472	(3)	27,867		8.1%
2009	155,499	(1)	4,310,940	(3)	27,561	(3)	28,538		10.7%
2010	157,505	(2)	4,420,281	(3)	28,010	(3)	28,455		10.1%
2011	158,031	(1)	4,562,495	(3)	28,836	(3)	28,462		9.5%
2012	159,472	(1)	4,875,180	(3)	30,637	(3)	29,284		8.4%
2013	161,009	(1)	5,036,061	(3)	29,996	(3)	29,753		8.0%
2014	162,147	(1)	4,945,590	(3)	29,119	(3)	30,200		6.9%
2015	163,369	(1)	5,069,230	(4)	29,498	(4)	30,414		6.1%

Includes Kansas City Kansas #500, Turner #202, Piper #203, Bonner Springs #204 and the Parochial schools within Wyandotte County.



Notes:

¹ U.S. Dept of Commerce, Bureau of Census, Local Population Estimates, revisions post-2010 Census data release.

² 2010 U.S. Census Counts

³ Bureau of Economic Analysis

⁴ Estimates based on trends

* Updated in 2015 for final figures

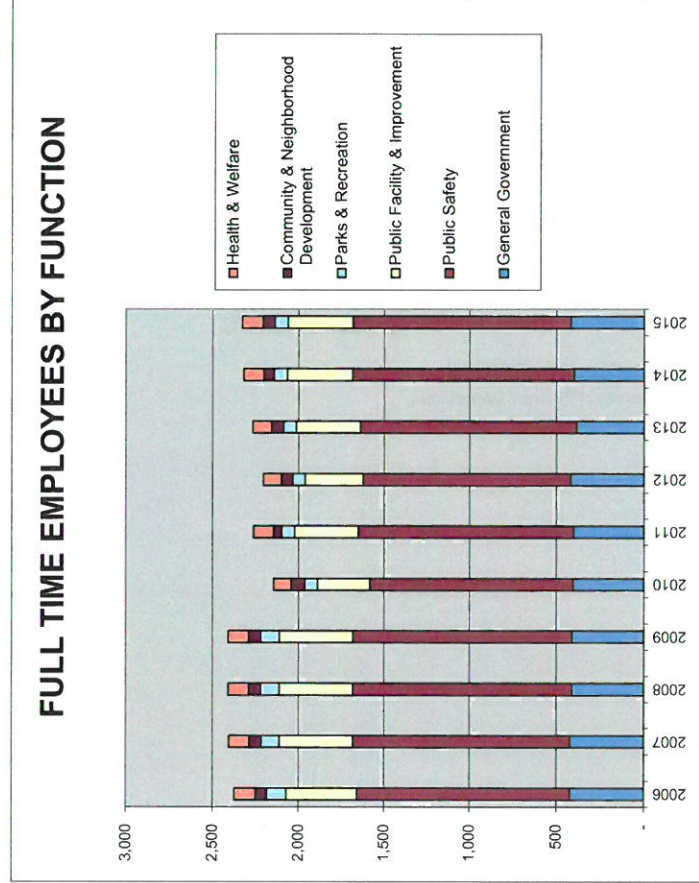
UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

	Fiscal Year 2015			Fiscal Year 2006		
	Employees in County (Employment Range)	Rank	Percentage of Total County Employment	Employees in County (Employment Range)	Rank	Percentage of Total County Employment
Kansas University Hospital	5,000+	1	6.44%	2500-3499	2	-
University of Kansas Medical Center	3500-4000	2	3.90%	2500-3499	3	-
General Motors Corporation	3500-4000	3	3.47%	2500-3499	5	-
Kansas City, KS School District #500	2500-4000	4	3.65%	3500-4000	1	-
Burlington Northern/Santa Fe Railroad	2500-4000	5	2.69%	2500-3499	4	-
Cerner	1000-2499	6	2.69%	-	-	-
Unified Government of Wyandotte Co/KCK	1000-2499	7	2.52%	2500-3499	6	-
Associated Grocers	1000-2499	8	1.28%	1000-2499	9	-
Providence Medical Center	1000-2499	9	1.27%	1000-2499	7	-
Nebraska Furniture Mart	1000-2499	10	0.97%	750-999	8	-
United Parcel Service	-	-	-	750-999	10	-
	<u>26,892</u>		<u>28.89%</u>	<u>-</u>		<u>-</u>

Source: Unified Government Finance Department.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	418	419	409	409	404	400	416	383	397	416
Public Safety	1,236	1,260	1,270	1,270	1,177	1,247	1,204	1,254	1,285	1,264
Public Facility & Improvement	416	430	431	431	308	375	340	375	382	380
Parks & Recreation	111	108	108	108	72	74	73	75	77	77
Community & Neighborhood Development	69	67	69	69	79	50	66	70	62	71
Health & Welfare	120	120	120	120	104	115	107	110	114	118
	2,371	2,404	2,407	2,407	2,144	2,261	2,205	2,267	2,317	2,326



Source: Unified Government Annual Budget Reports

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS OPERATING INDICATORS BY FUNCTION Last Ten Fiscal Years

<u>Function/Program</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government										
Number of Documents recorded in Register of Deeds	32,593	28,340	22,320	20,479	18,008	19,432	22,281	23,714	20,852	23,208
Number of registered voters	84,300	83,778	91,201	90,764	76,174	80,613	81,980	81,638	70,787	82,550
Public Safety										
Number of 911 calls	195,070	190,067	178,119	181,164	180,826	179,544	189,020	201,335	199,646	223,413
Number of Fire Department Calls	23,603	24,619	25,166	24,970	25,592	25,744	26,689	27,471	26,127	25,244
Violent Crimes	1,269	1,204	917	942	808	906	853	707	865	944
Public Facility & Improvement										
Number of bridges maintained	151	151	151	151	151	151	151	151	151	151
Miles of road maintained	1,924	1,943	1,947	1,943	1,943	1,943	1,943	1,943	1,943	1,943
Parks & Recreation										
Park acres maintained	2,729	2,729	2,729	2,600	2,600	2,600	2,600	2,715	2,715	2,715
Community & Neighborhood Development										
Number of Business Licenses Issued	7,394	7,515	7,387	7,185	7,092	7,141	7,036	6,906	6,621	6,956
Number of Demolition Permits Issued	212	208	153	119	195	123	171	64	100	112
¹ Number of Downpayment Assistance	20	16	10	16	13	8	24	39	16	14
² Number of Grants/Loans	141	95	86	149	97	117	149	113	101	68
Health & Welfare										
Number of Visits to the Health Department	25,938	24,682	26,313	34,537	30,506	29,520	29,286	29,037	27,477	24,811
Number of Clients to the Health Department	12,386	15,894	13,844	19,071	20,381	16,540	21,035	19,794	13,781	12,493
Number of Visits to the WIC Department	81,672	50,531	59,060	65,225	64,337	63,998	60,293	50,844	56,499	52,225
Number of Clients to the WIC Department	6,210	6,917	7,485	8,047	7,722	7,429	7,449	6,946	6,639	6,309
Number of Congregate Meals Served to Seniors	69,159	62,268	67,041	58,828	50,426	40,430	40,271	39,770	398,180	34,225
Number of Home Delivered Meals Served to Seniors	138,782	139,392	144,969	147,914	138,776	129,989	126,423	127,384	117,767	118,797
Number of Newsletters distributed	24,341	33,054	16,157	24,418	20,751	22,534	22,694	24,552	19,200	19,200
Number of Legal Hours provided	506	478	522	534	510	533	497	506	498	496

* Information not available.

Note: 911 Calls Wireline & Wireless 2003 does not include first 4 months of wireless call stats

¹ Downpayment Assistance Program (CHIP) is aimed at low-to moderate-income households for assistance to purchase single-family homes.

² At an average estimated value of \$12,000 each over a ten year period represents an estimated \$5,808,000 investment

³ Grants are aimed at very low-income single-family households and includes emergency grants, roofs, sewers, residential barrier removal, special service grants, lead-based paint removal, etc.

⁴ Also includes grants/loans for low-to moderate income households such as the HELP loan program.

⁵ At an average estimated value of \$4,000 each over a ten year period represents an estimated \$7,412,000 investment

Source: Unified Government budget department and individual departments.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS
CAPITAL ASSET STATISTICS BY FUNCTION
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Office Buildings	11	11	11	12	12	12	12	12	12	13
Other Buildings	31	27	27	27	27	27	27	26	26	21
Public Safety										
Fire Stations	18	18	18	18	18	18	18	18	18	18
Fire Trucks/Engines	22	22	22	22	22	16	16	22	22	22
Ambulances	11	12	12	12	12	12	12	12	12	12
Police Stations	6	7	7	7	7	7	7	7	7	7
Public Facility & Improvement										
Number of Bridges	151	151	151	151	151	151	151	151	151	151
Miles of Roads	1,924	1,943	1,947	1,943	1,943	1,943	1,943	1,943	1,943	1,943
Number of Waste Water Plants	4	4	5	5	5	5	5	5	5	5
Parks & Recreation										
Number of Recreation Centers	6	9	8	7	7	7	7	9	10	10
Number of Parks	50	48	51	54	54	54	54	53	53	53

Source: Unified Government budget department and individual departments.

**ECONOMIC DEVELOPMENT AND FINANCE
STANDING COMMITTEE MINUTES**

Monday, April 4, 2016

The meeting of the Economic Development and Finance Standing Committee was held on Monday, April 4, 2016, at 5:30 p.m., in the 5th Floor Conference Room of the Municipal Office Building. The following members were present: Commissioner Walker, Co-Chairman; Commissioners, Townsend, Murguia, and BPU Board Member Norman Scott. Commissioners, McKiernan and Walters were absent. The following officials were also in attendance: Gordon Criswell, Assistant County Administrator; Joe Connor, Assistant County Administrator; Misty Brown, Senior Attorney; Patrick Waters, Senior Attorney; Emerick Cross, Commission Liaison; Kathy VonAchen, Chief Financial Officer; George Brajkovic, Economic Development Director; Marlon Goff, Urban Development Manager; and Charles Brockman, Management Analyst.

Co-Chairman Walker called the meeting to order. Roll call was taken and members were present as shown above.

Co-Chairman Walker said we do have a revision to tonight's agenda. Commissioners should have received a blue sheet sometime during the last week indicating the addition of a memorandum of understanding with Bonner Springs relating to capital improvements at Providence Medical Center Amphitheatre. That item will be heard as Item No. 6.

Approval of standing committee minutes from February 1, 2016. **On motion of Commissioner Murguia, seconded by Commissioner Townsend, the minutes were approved.** Motion carried unanimously.

Committee Agenda:

Item No. 1 – 16499...RESOLUTION: SETTING A PUBLIC HEARING TO CONSIDER A NEW SSMID

Synopsis: A resolution setting a public hearing for May 26, 2016, to consider the establishment of a Self-Supported Municipal Improvement District (SSMID), submitted by Patrick Waters, Senior Attorney.

Patrick Waters, Senior Attorney, said the resolution before you tonight is the first step in a process to consider reauthorization of the Downtown SSMID. State law allows for two ways that the district can be initiated, either through a signature drive or by the Commission and this is the second round. The current SSMID term expires at the end of 2016 and so reauthorization is required before the end of the year for the SSMID district to continue.

SSMID Timeline

April 4 – ED&F mtg for Resolution considering adoption of SSMID

April 14 – Full Commission votes on Resolution considering adoption of SSMID

(April 28 – first Echo publication)

(May 5 – second Echo publication)

May 9 – Planning Commission holds hearing to consider if SSMID is consistent with the comprehensive plan

(May 12 – third Echo publication)

(May 11 – deadline to provide copy of resolution to property owners)

May 26 – Full Commission holds public hearing on SSMID, votes on adoption.

June 30 – If passed, Full Commission adopts official ordinance authorizing SSMID.

On the screen you see the process set forth by state law. There are quite a few steps involved but essentially, first to adopt a resolution stating that you're considering adopting it, then the

April 4, 2016

Planning Commission has to find that it's consistent with the master plan. The full Commission holds a public hearing and then finally a month after that, the actual ordinance would be adopted if approved. What we're asking tonight is simply that the standing committee recommend approval of the resolution which would set forth the public hearing on May 26th. On that date, we would go into more depth about the actual details of the SSMID.

Commissioner Murguia asked are the businesses more than 50% of the businesses still in support of the SSMID. **Mr. Waters** asked could I invite the Director of the Downtown Shareholders and the Chairman of the SSMID. I think they can answer that.

Len Kaluva said I own a business at 833 Minnesota Ave. I'm also the Chairman of the Advisory Board for the current Self-Supported Municipal Improvement District. Regarding the Commissioner's question, what we have done is survey 150 businesses within the area covered by the district. Of those 150, 62 respondents met with our surveyor. Of them, 79% of the respondents favored renewal of the Self-Supported Municipal Improvement District, 5% were not supporting it and 16% were undecided. They were not all the property owners; many of them were the tenants but they're the people that we surveyed with. They were the ones who were in a position to determine the effectiveness of the district.

Commissioner Murguia said I thought the historical piece of this was that there was always more than 50% of the business property owners that were paying the sales tax that were in support of this. That doesn't sound like it's the case anymore. **Mr. Kaluva** said well, of the 62 respondents, I think 37% of them were the property owners. We have not yet contacted the property owners. Now, within the timeline, of course, official notices will be sent to all of the property owners announcing the hearing. We also intend about a week or two ahead of that to send a letter from the Advisory Board making them aware of the hearing and offering to meet with them if they wish to discuss it. We have not surveyed all several hundred property owners themselves. We have surveyed 150 of the business owners which 37% of which are also property owners.

Co-Chairman Walker asked won't this be dealt with at the public hearing. I mean, before the public hearing, at some point you'll have to present evidence that you have 50% support. **Mr. Kaluva** said okay. **Co-Chairman Walker** said I mean whether you have it now or not is—I've not gotten any phone calls complaining on the SSMID so I would assume if there were complaints, they would have trickled up to Commissioners maybe. I guess my question is I don't think we need to get down into this today. Let's just consider whether we want to have a public hearing or not and move forward.

Action: **Commissioner Murguia made a motion, seconded by Commissioner Townsend, to approve setting the public hearing.** Roll call was taken and there were four "Ayes," Scott, Murguia, Townsend, Walker.

Co-Chairman Walker said thank you gentleman and I hope you have your 50%. It sounds like you have a significant number. **Mr. Kaluva** said we do. I don't want to take everybody's time but 8 years ago when we went through the process, we had the petition drive, town hall meeting and so forth. It was very labor intensive and time consuming, but we will do what it takes. **Co-Chairman Walker** said thank you very much, Mr. Kaluva. **Chuck Schlitter, Director of Downtown Shareholders**, said thank you, Commissioner.

Item No. 2 – 16500...PRESENTATION & DISCUSSION: PROPOSED PROJECT & DEVELOPMENT AGREEMENT

Synopsis: A resolution setting a public hearing for May 26, 2016, to consider adoption of the Redevelopment Project Plan in the Rainbow Village Redevelopment District (NW corner of 34th St. and Rainbow Blvd.), submitted by Marlon Goff, Management Analyst, Economic Development. Lane 4 Property Group is proposing the construction of an 89-bed hotel and certain site improvements. On December 17, 2015, the commission unanimously approved Ordinance No. O-72-15 establishing said redevelopment district.

Marlon Goff, Management Analyst, Economic Development, said I'm going to start with brief introductions: Hunter Harris and Korb Maxwell representing the development entity for this project, Rainbow Legacy Investors. Tonight we're back before you again.

Project Calendar		
Date	Committee	Action
11/9/15	ED&F Standing Committee	Presentation and discussion of district plan proposal
11/12/15	Full Commission	Resolution setting a public hearing on 12/17/15
12/17/15	Full commission	1. Public Hearing 2. O-72-15 Established redevelopment district.
4/4/16	ED&F Standing Committee	Presentation of TIF project plan and development agreement terms
4/11/16	Planning Commission	TIF Plan and land use conformance
4/14/16	Full Commission	Resolution setting public hearings on 5/26/16 ➤ TIF Project Plan, CID Petition
5/26/16	Full Commission	Conduct Public Hearing ➤ TIF Project Plan, D.A., ➤ Ordinances (CID, TGT)

This calendar represents the timeline of milestones we've been tracking for this project. We were last before the Commission in December when we adopted the ordinance to establish the Rainbow Village TIF District.

Agenda Items	
• Presentation of the TIF Project Plan and terms outlining development agreement. • Committee Discussion • Resolution → public hearing on <u>May 26, 2016</u>.	

Tonight, we're prepared to present the business case and the terms of the development agreement that represents the work we've been at over the last couple of months. The request is for a resolution to set a public hearing for the TIF project plan.

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Project Overview

Ordinance O-72-15 - Adopted 12/17/15 established redevelopment district.

Project Scope:

Developer: Rainbow Legacy Investors, LLC
 Location: 34th & Rainbow Blvd (2 acre site)

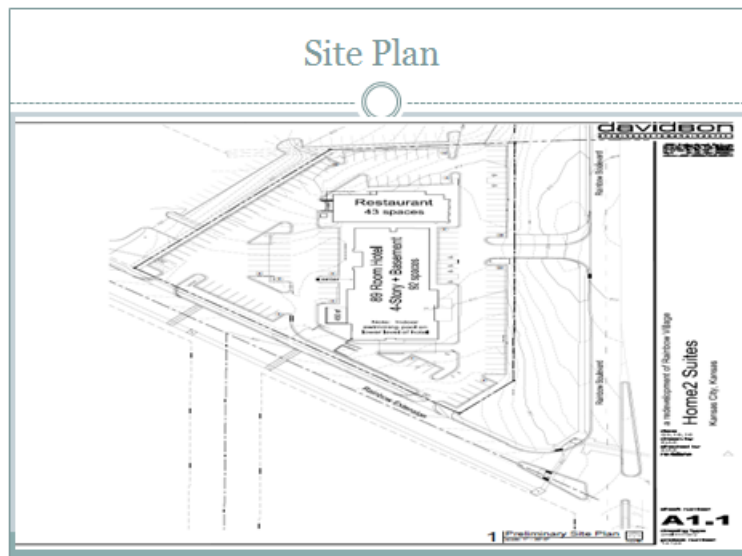
- ✦ 89 - Room Hotel Project
 - Site demolition and clearance of existing center.
 - Applebee's restaurant will remain in place and be adjacent to new hotel.
- ✦ \$15.7 M total project costs
- ✦ Jobs Summary:
 - (35) Construction phase
 - (25) Permanent positions (hotel)
 - (30) Retained (Restaurant)

A quick summary overview on this project, it's an 89 room extended stay hotel project. The scope also includes site demolition and clearance. The existing Applebee's Restaurant is intended to remain in place and be a part of this new project area. Total investment just under \$16M. You can see the job summary represented there on the screen as well.



A quick satellite orientation of where this project site is located. We'll see where 7th Street Trafficway transitions into Rainbow as it crosses the intersection at Southwest Boulevard. It's

about a two acre parcel. Most of those improvements at this site were constructed circa 1987, so about 30 years old.



This preliminary site drawing represents the civil engineering design. Again, we're going to be presenting before the—this project will be in consideration for the Planning Commission next week on April 11th.

Sources & Uses			
Sources		Uses	
Equity	\$2,498,551	Land Acquisition	\$2,832,500
Debt	\$9,994,204	Infrastructure	\$600,000
Incentives	\$3,237,194	Vertical Construction	\$8,994,500
TIF	\$1,430,044	Soft Costs	\$2,737,781
CID	\$413,085	Contingency	\$616,168
TGT	\$1,394,085		
Total Sources	\$15,729,949	Total Uses	\$15,729,949

Public incentives = 20% of capital sources
Private equity & debt = 80% of capital sources

These next series of slides will represent the business case that outlines the TIF project plan. When we see our sources and uses capital, roughly \$3.2M is the incentive package.

Summary of Public Incentives	
Incentive Tool	Revenue Pledged
Property Tax Increment (TIF)	\$2M cap – Eligible Costs
Transient Guest Tax (TGT)	TGT revenue (88.5%)
Community Improvement District (CID)	CID Tax Rate 1.25%

Key Terms:

- No pledge of city/county sales tax
- \$2M cap established for TIF eligible hard project costs.
- Revenue model forecasts \$2M cap threshold in year 10
- Percentage pledge of transient guest tax revenue
- Financing structured as Pay-As-Go or Spec. Obligation Bonds.
- Use of IRB sales tax exemption for construction materials.
- LMW participation goals

It's a mixture of TIF increment on the property tax side that calls for the creation of a community improvement district sales tax and then a pledge of the transient guest tax revenues. In total of the \$15.7M, we have roughly 20% representing the public incentives with 80% carrying the private equity and debt.

To further summarize what's called out for in the TIF plan, with respect to the TIF statute, it allows for 20 years to recapture the incremental property tax revenues on the project, but for this particular proposal, we're capping those property tax increments at \$2M for eligible hard project costs. We zeroed in on the underlying challenge with this urban redevelopment project when the developer has to pay a cost premium for the ground just to demo and improve the site. The TIF tool is a great product to have available but certainly the way we're projecting the revenues, it is conceivable that we'll achieve that threshold before the 20 year term. In fact, our model forecast that cap to be realized as early as year 10.

There's also no pledge of the city and county sales tax revenue for this project. The taxing entities will retain those existing and new project revenues that will be made available. The project that's proposed is either structured as pay-as-you-go or make use of special obligation bond financing and then the IRB sales tax exemption will allow some specific savings on materials.

Base Values - Taxing Jurisdictions

Base property tax revenue retained by taxing entities:

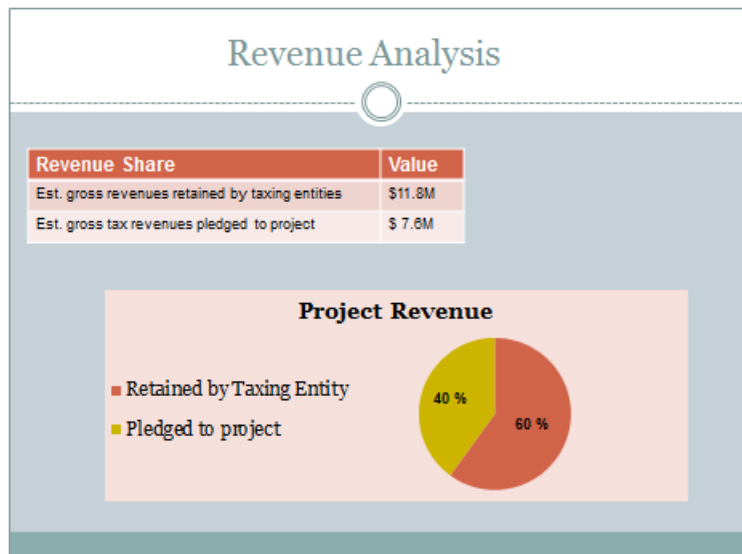
Parcel ID	Base Assessed Value	2015 Tax Revenue	Property Tax Revenue Years (1-10)
220204	\$490,725	\$84,315	\$843,150*

Sales tax revenue generated for city & county:

Parcel ID	2015 Sales Tax Revenue	Sales Tax Revenue Project Years (1-10)
220204	\$52,500	\$1,090,182

**Excludes (20) mills for public school district and (1.5) mills for state of Kansas*

If we look at present day, these charts represent the existing base values and revenue generated from the site. We see in the last column what's projected for the first ten years of the project. This will represent obviously the base values just carried forward over the ten year period. In the second column, we show the sales tax revenues that are being retained by the taxing entities and what those figures represent.



Finally, this a summary of the revenue that will be generated from the project. Again, if we break down this percentage of share between the taxing entities and what we're making available for the project, it represents 60% retention for the taxing entities with 40% of those new revenues available to help finance the project.

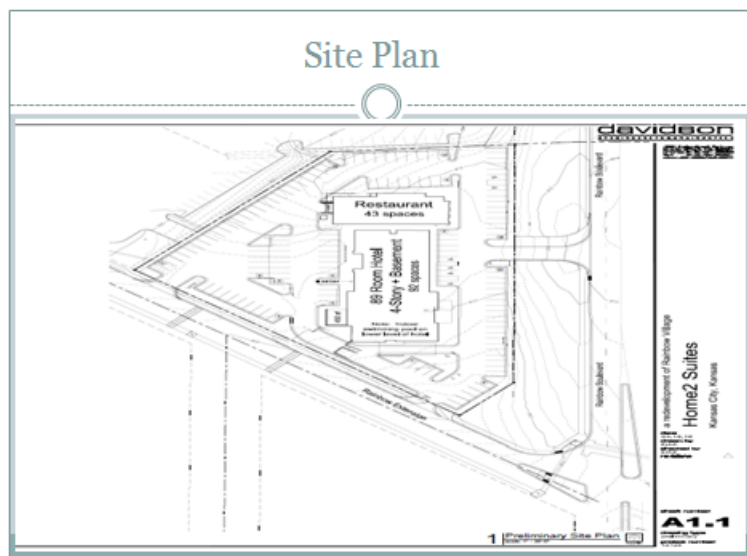
Korb Maxwell, Polsinelli Firm, said I'm appearing today on behalf of Rainbow Legacy Investors, the owner of the current blighted shopping center and the proposed redeveloper of that shopping center to the new Applebee's and Extended Stay Hotel Home2 Suites that we are discussing for this site. As Marlon did a good job of recommending, and believe this committee remembers, we were in front of you approximately 3-4 months ago discussing this project and the creation of a TIF district. We were successful in getting that TIF district created before the year turned over.

We did get comments from the County Administrator and multiple members of this committee to peel back and work to sharpen our pencil. Since that time, we basically have been doing that and working, I think, in a very good faith effort with the staff on coming up with what do we think could be a win-win for both the developer where we still have the ability to get this project financed and the county and city and all the rest of the taxing jurisdictions in creating a model that allows revenues to continue to flow to the county today and through the life of this 20-year project. I believe that's what you've seen in the presentation that Marlon put together and the comments that he made.

What we are showing is over 60% of the revenues that will be generated from this project will be maintained by the Unified Government. Only 40% of those revenues will flow to the developer. That 40% is necessary because we have gone out, bought a productive asset, as unsightly as it may be, and are going to tear down that asset to create something new and better that better represents the Rainbow Corridor and the potential of that corridor. Obviously, everyone in our firm and Lane4 is incredibly proud of the transformation of the Rainbow Corridor and continue to be sort of all in on Rainbow spending a large amount of our time working to improve that area along with partners at KU Med, KU Hospital and the Unified Government.

Hunter Harris, Partner with Lane4 Property Group, said I've been working on this project and the others on the Rainbow Corridor for a number of years now. I'd like to thank staff and the commissioners for their comments in the finding and the creation of the TIF district, for working with us over the past several months to work on what we view as really a win/win solution for all involved in getting a project built and financed in the underwritten properly but also creating value from day one in additional benefit to the Unified Government. These are the additional tax dollars that will be created by this project.

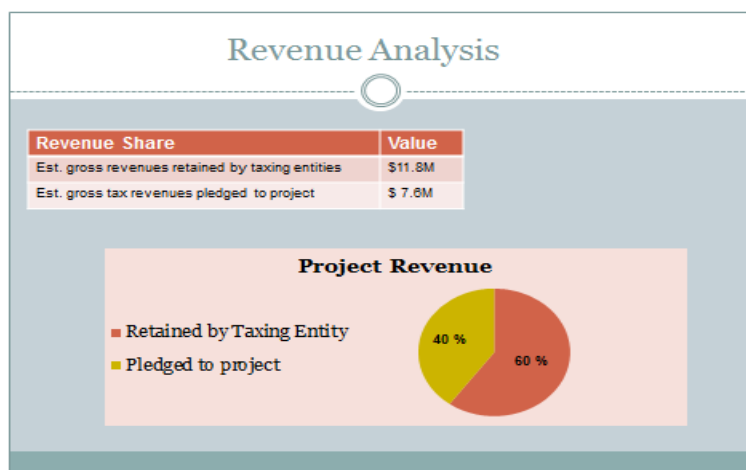
At present time, we are under review for our franchise application for the Home2 Suites product by Hilton. We think that's a very important step in the process. We presently own the property. Under the current timeline, all of this should hopefully be done by May 26th. We would like to be under construction, breaking ground on the project by late summer of this year with an estimated completion 10 to 12 months after.



Commissioner Townsend said could I see the schematic that showed the triangle and the property in there just so I can visualize that again. Did that include the Applebee's? That will remain functioning? **Mr. Harris** said correct. They have a lease on that. They have a lease for a period of time with that store. They do well there. They are very happy with the location and we're very happy that they are happy with the location. They're a good asset for the community in that neighborhood. The plan is to effectively stage them off from a portion of the construction

and keep them open and operational during construction of this. We'll rebuild a party wall where it presently stands today. We'll do some additional improvements to the exterior of the Applebee's and we're encouraging them to reinvest in that store as well on the interior and have it in keeping with the new project when we come online. We'll tear off the balance of the shopping center which either is vacant or short-term leases including the fuel station that's there today to create the new four-story Extended Stay Hotel product which we view as a compliment to the limited service hotel that we developed up the hill at 39th & Rainbow which is the Holiday Inn Express. This will be a different experience for their customer. While the Holiday Inn Express is focused on the short-termed stays; this will be for longer termed stays. We think it's very important to have both in this community as opposed to opposite the state line. **Commissioner Townsend** said thank you.

The other question I had as I heard counselor talking about sharpening the pencil since, I guess, December, the last time you were here. Right now it's a 60/40 split, with the city at 60. Do you recall what the split was in December? How sharp did the pencil get? I'm just asking out of curiosity. Sounds like a good plan. **Mr. Maxwell** said it's an interesting question. We didn't actually calculate it that way. I would think probably, Commissioner, that it was something in our earliest proposals of 85/15, something like that. We've made a substantial move in the public's direct—sorry, the other direction. It was 50/50 or 40/60, the developer's way. It's moved substantially the government's way. **Commissioner Townsend** said and Rainbow does look good. Remember, I would invite you to make five come alive or make seven heaven too. Thank you.



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Co-Chairman Walker asked, Mr. Goff, could you move that to where it shows the tax increments. **Mr. Goff** asked is this the one? **Co-Chairman Walker** said there. This projected revenue is based on when the hotel is built? What is the assessed value projected to be? **Mr. Maxwell** said assessed value, Commissioner, would jump to approximately \$1.8M or appraised value of approximately \$7.5M. **Mr. Goff** said, Commissioner, keep in mind—**Co-Chairman Walker** said you know where I'm going with this. I have always—what the Legends Shopping Center taught me is we get a number up front that this is worth \$1.8 assessed value and then when the time comes to start paying taxes, the \$1.8M or the \$7.5M that it's based on becomes too high, there's a protest, there's an attempt to lower the taxes.

Now you structured this so that we have a \$2M cap. How fast we reach that \$2M and getting full taxes depends ultimately on what the assessed value is. Is the ownership saying here tonight that if it's \$1.8M, they're not going to protest those taxes or in the general ballpark of that number? **Mr. Maxwell** said, Commissioner, I think I understand the directive of the question. As Marlon knows, as George knows, we have spent time with the county appraiser to try to hone in on what they will set the appraised value at. That is a very difficult discussion as the county appraiser cannot give guidance. They believe they are ethically bound that they're not allowed to give that guidance. That is different than other counties across the state of Kansas and the state of Missouri but so be it.

From their guidance we made an appraised assessed value calculation the best we could off of that information. We have then structured an incentive structure that those property taxes are generally going back to the developer, thus it wouldn't benefit us in any form or fashion to go and protest those taxes. It would only actually be affecting our returns and how we are set up. Structurally, we are sort of setting this up to not have a protest of those. Legally, we cannot bind ourselves to not protest the taxes based on the fact that it would then blow our tax-exempt tax structure and other things that we've put together. To your specific question, do we believe that is generally the right value for the property in looking at all of that and do our pro formas on the private side contemplate paying that level of taxes, yes, Commissioner. **Co-Chairman Walker** said that's all I wanted to hear.

Mr. Harris said I find it interesting. I was not aware of that issue with the Legends. We can have a discussion offline but actually what we found recently is that the information can sometimes turn out to be pretty close or a little bit higher. **Co-Chairman Walker** said well, I can give you dozens of examples of specific businesses that—let me give you an example. If I build my house and my house is a \$250,000 house to build. At least that first year, the appraisers are going to appraise it at \$250,000 as assessed value for taxes; it will be based on. You would think that if you build a business for \$120M, and that was the actual cost of construction, that would be the basis for the assessed value but lo and behold, they took the position that it was only worth \$22M. In this particular case, the business, the ownership group behind it doesn't seem like a very smart business move to build something with that amount of money and then have it end up only being worth a sixth of what you've paid for it.

I could give you dozens of examples where we were told certain things up front but when it got down to actually paying, it didn't work out quite as well for some reason or another, location restrictions, easements, whatever it might be was the theory. I just want to make that point because I think you have made great movements since this issue was brought up. It looks like a reasonably good project. My only concern now aside from is it going to be worth what you say it is, is what is the long-term synergy or potential synergy this will have with Southwest Boulevard. That major corner needs to be redeveloped substantially. I don't have an answer to that question and I doubt you're prepared to either.

Mr. Harris said well, I certainly agree with your comments and I can assure you that we're working on the same. We obviously have a vested interest in the area and we plan to continue our redevelopment efforts in and around this area. It's been encouraging and refreshing to work with the folks from BNIM and their team who are presently working on the Rosedale Master Plan update and the community meetings that we've had. They've been to our office twice and they're planning to come back in next week. We're constantly challenging each other on ideas and how we can continue to build on what is presently happening there, but I really appreciate your comments.

Co-Chairman Walker said you can certainly see when you're at that intersection looking east, west, north, I guess not so much north because you've got the bridge, but south for sure going

back up, there is great potential at that intersection. It's location to the interstate, it's location to Kansas City, MO, and their—I don't know if that's really an entertainment district down further but Boulevard Beer and then back up on 39th it just seems like there could be—and I just hope that this project is able to be tied in with that in a way that doesn't delay. I mean, I don't know enough about it to know but that was only a thought.

Mr. Maxwell said, Commissioner, we think it all actually—well, we love the property there. Everything starts, begins and ends with KU Med and KU Hospital with the activity of the hundreds of millions of dollars of investment that are flowing through there every year and the capital investment that only continues and that is what makes us so bullish on this whole corridor and continuing to want to invest and find projects. With the great partnership with the Unified Government, we continue to be able to move those forward and move those faster than Kansas City, MO can move those forward and continue to be able continue to capitalize and bring economic activity across the state line here into the Unified Government.

Co-Chairman Walker said well, I want to thank both of you and staff that has worked on this for the progress that's been made, certainly it's got to go eventually in front of the full commission. Some of those commissioners, I'm not sure how familiar they are with it, but I'm much happier with this proposal than the initial ones. Thank you for your efforts.

Action: **Commissioner Murguia made a motion, seconded by Commissioner Townsend, to approve.**

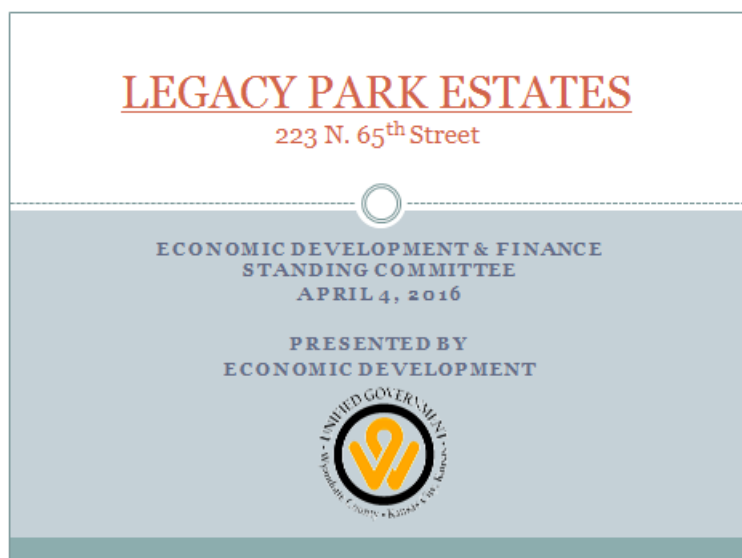
Co-Chairman Walker asked what are we approving. **Mr. Goff** said yes, we do have a resolution we're looking to advance. That will actually appear on the full commission agenda on the 14th to schedule a public hearing on May 26th. **Commissioner Murguia** said they're asking us to recommend approval for—**Co-Chairman Walker** said there's no resolution on here tonight. **Mr. Goff** said yes, resolution—my item I have. **Commissioner Murguia** said that's what I asked earlier that—I was asking Joe about. It doesn't say that like it normally does. **Co-Chairman Walker** said okay. **Commissioner Townsend** said well mine says, it says resolution—**Co-Chairman Walker** said well, legally—**Commissioner Murguia** said it's not on

the item number line. **Mr. Harris** said it's on my copy. **Co-Chairman Walker** said I don't mind approving the resolution. I'm obviously in favor of what I'm saying but with it not being on this agenda, is there a problem? **Patrick Waters, Senior Attorney**, said my packet has it. I'd have to see the official packet from the Clerk's Office. **Co-Chairman Walker** asked does my packet have it. Did I miss it. **Joe Connor, Assistant County Administrator**, said a resolution setting a public hearing for May 26th. **Mr. Goff** said yes, under the synopsis for Item No. 2. **Co-Chairman Walker** said the synopsis does not have it. **Commissioner Townsend** said yes, it does. **Co-Chairman Walker** said you do have it on the staff request. Alright, I'm sorry. It does appear in the actual request for action, there is a resolution. Alright, we have a resolution to approve. Is there a motion?

Roll call was taken and there were four "Ayes" Scott, Murguia, Townsend, Walker.

Item No. 3 – 16502...RESOLUTION: LEGACY PARK ESTATES-LOW INCOME HOUSING TAX CREDIT (LIHTC) PROJECT

Synopsis: A resolution of support for the use of Section 42 tax credits by Neighborhood Housing Services Oklahoma City, Inc., for the Legacy Park Estates development, located at 223 N. 65th Street, comprising of 30 new single-family homes with a lease-purchase option, submitted by Charles Brockman, Management Analyst, Economic Development.



April 4, 2016

Charles Brockman, Management Analyst, Economic Development, said tonight staff wants to introduce a new project, a LIHTC, at 223 N. 65th St. To the left of me is the Belmont Development Group and they can introduce themselves. **Greg Rodewald, Belmont Development and Lainey Schubert, Belmont Development**, introduced themselves.

What we are here for tonight

- Introduce a new workforce LIHTC affordable housing project consisting of 30 new single family homes with a lease-purchase for KCK working families
- A presentation from Belmont Development, LLC
- Advance the Resolution of Support to the full commission public hearing date of April 14, 2016 for approval

Mr. Brockman said tonight, we want to do three things. Like I said, we want to introduce you to a new 30 single-family development. We have an opportunity for a presentation by Belmont Development and then to advance a resolution of support to the April 14th full commission meeting for approval.

Time Line

- February 10, 2016 – Pre-application meeting with the Developer
- February 23, 2016 – UG Application submitted
- March 10, 2016 – Fairview Baptist Church community meeting
- March 18, 2016 – Project review binders submitted
- March 22, 2016 – Local Review Criteria scored 86 pts

April 4, 2016

This is the timeline. It takes several steps to get to the standing committee and the most important, the last one, achieve a score of 80 points. In this case, 86 was achieved.



Just to get a perspective where the project is, in the middle of the screen is I-70 & 65th Street. There are a couple of items on here that I want to discuss. Just to the south of I-70 and to the east is the proposed site. To the left you see a landmark of BPU. Down to the southwest we have our Turner Commerce area. If you go up north you'll see 65th & State, the Kansas City Kansas Community College Tech Center.

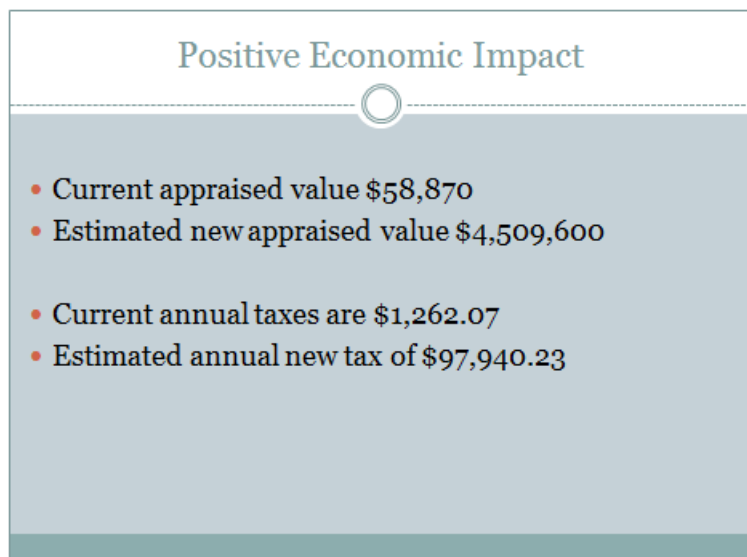


What I want to do also is show the perspective of the other properties in the area. We have Forest Glen Apartments, a 160 unit, and then we have Buchanan's Crossing to the north of that on the left, which are 12 duplexes. That gives you a perspective and I apologize, Turner USD 202. We also reached out, staff did, to the district to tell them about the project. This is an up-close of the property. There is Turner USD 202, the Board of Public Utilities, the water department and then the proposed site.

Proposed Development

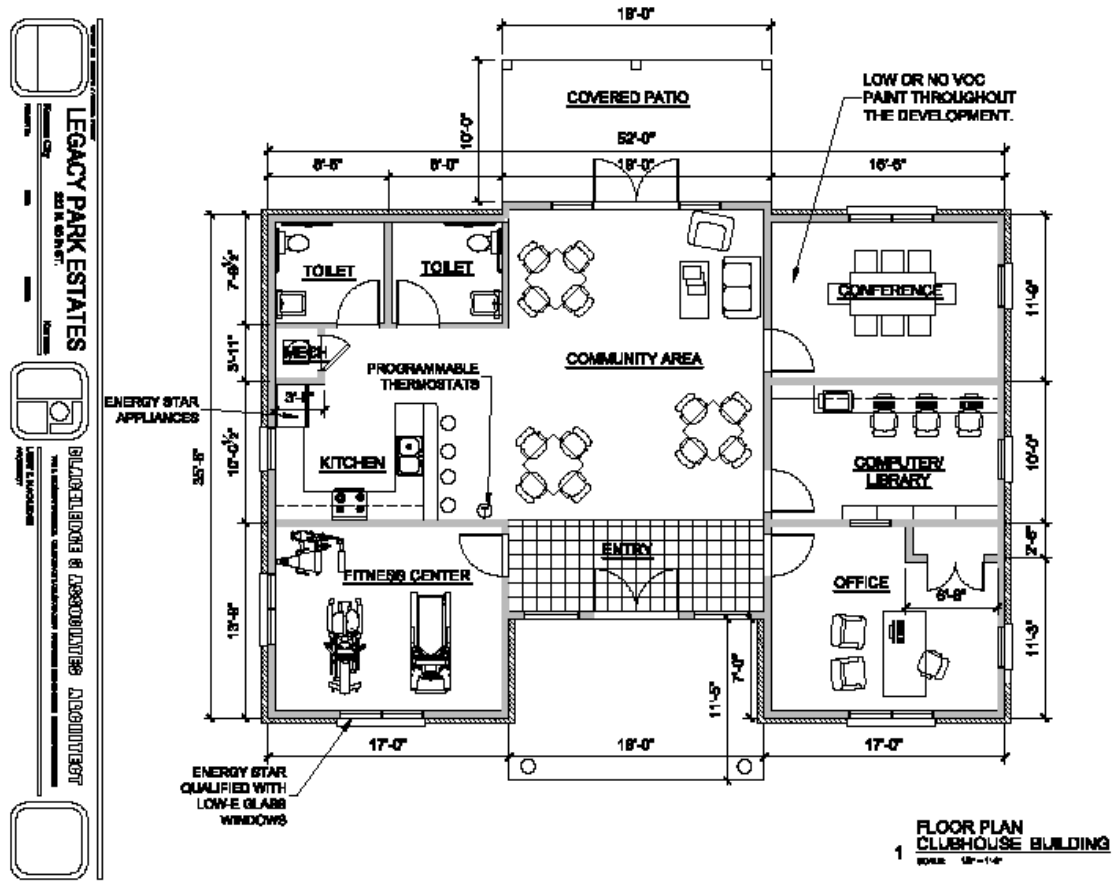
- Located on 12.5 m/l acres of land at 65th & Riverview
- 30 new construction single family homes
- All 3-bedroom, 2-bath and 2-car garages
- Total project cost of \$8.2 million
- Project completion in 1 year

This site is on more or less 12.5 acres of land, you know it has 30 single-family homes, all three bedrooms, two baths and two car garages. The total construction cost is estimated to be roughly \$8.2M. Once approved, it has a one year construction completion date.



We always want to look at the economic impacts when we come before the Commission. Looking at this presently, the appraised value is \$58,870. With the 30 new homes, it estimated at \$4.5M. The current annual taxes right now on that property are \$1,262. It's estimated over \$97,000 in new taxes for the area.

Greg Rodewald, Belmont Development, said I'll just sort of walk you through. I guess ordinarily we like to save the questions and answers for the end, but if your memory is as bad as mine, if I waited until the end, I would forget what I wanted to ask you. If you have any questions as we go through, feel free to go ahead and ask and I'll do my best to answer.



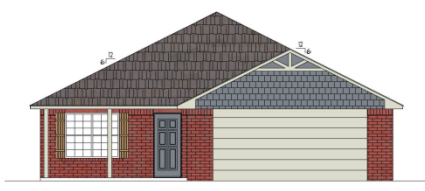


LEGACY PARK ESTATES
KANSAS CITY
223 N. 60th ST.
KANSAS



CLARK HILL & ASSOCIATES ARCHITECT
1100 W. BROADWAY, SUITE 200, KANSAS CITY, MO 64101
KANSAS CITY, MO 64101
ARCHITECT

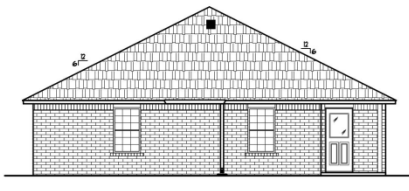




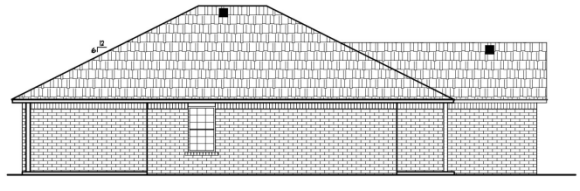
1
FLOOR PLAN - 2
FRONT ELEVATION
SCALE: NTS



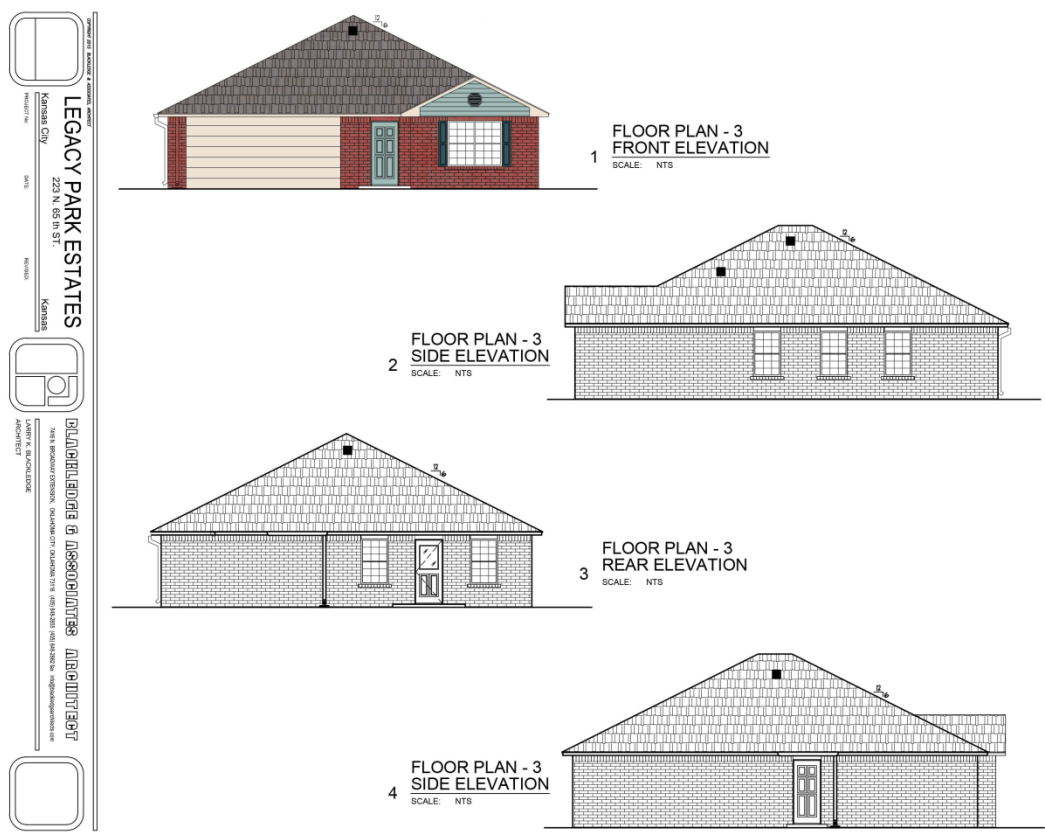
2
FLOOR PLAN - 2
SIDE ELEVATION
SCALE: NTS



3
FLOOR PLAN - 2
REAR ELEVATION
SCALE: NTS



4
FLOOR PLAN - 2
SIDE ELEVATION
SCALE: NTS



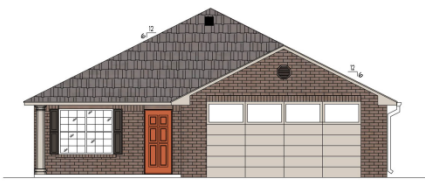


LEGACY PARK ESTATES
KANSAS CITY
223 N. 65th ST.
KANSAS

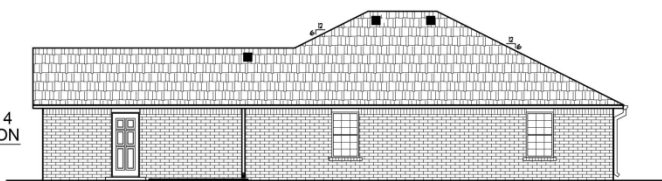


CLARKHURST & ASSOCIATES ARCHITECT
1818 W. BROADWAY, SUITE 200, KANSAS CITY, MISSOURI 64108
KANSAS CITY, MISSOURI 64108
ARCHITECT





1 FLOOR PLAN - 4
FRONT ELEVATION
SCALE: NTS



2 FLOOR PLAN - 4
SIDE ELEVATION
SCALE: NTS



3 FLOOR PLAN - 4
REAR ELEVATION
SCALE: NTS



4 FLOOR PLAN - 4
SIDE ELEVATION
SCALE: NTS

LEGACY PARK ESTATES

223 N. 55TH ST.

KANSAS CITY

PROJECT NO.

DATE

REVISIONS

KANSAS CITY

PLANNED & ASSOCIATES ARCHITECTS

1001 W. BROADWAY STREET, SUITE 200, KANSAS CITY, MO 64108

PHOTOGRAPHY

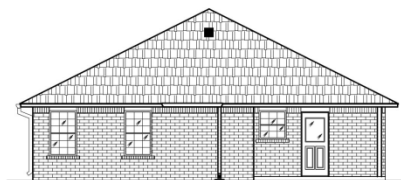
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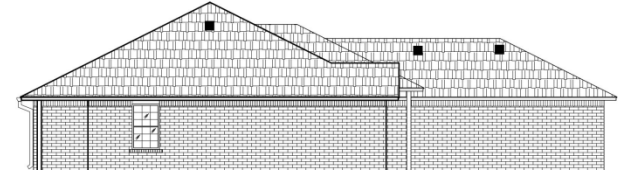
1
FLOOR PLAN - 5
FRONT ELEVATION
SCALE: NTS



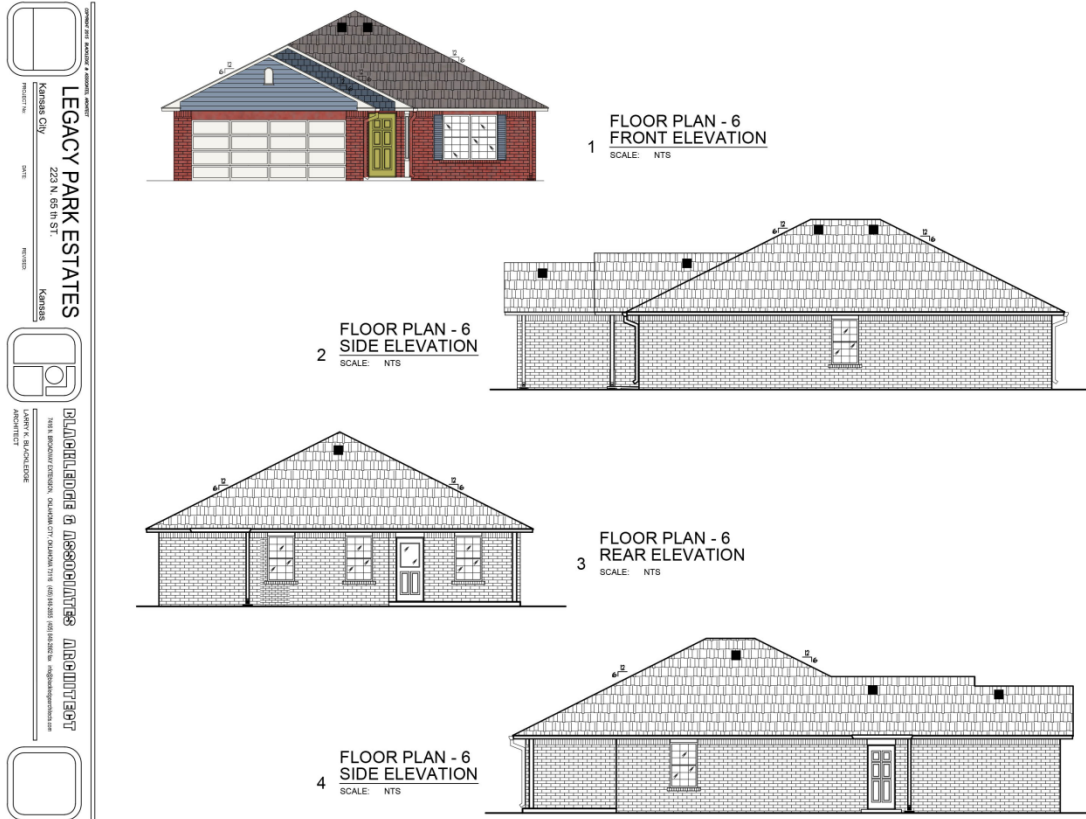
2
FLOOR PLAN - 5
SIDE ELEVATION
SCALE: NTS



3
FLOOR PLAN - 5
REAR ELEVATION
SCALE: NTS



4
FLOOR PLAN - 5
SIDE ELEVATION
SCALE: NTS



We have five different house plans, if you will. Those five house plans are represented there. The board on the left also follows suite with the board on the right, is actually the floor plans of the community building as well as the five various house plans. That's sort of what we have there.

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We're with Belmont Development as we went through. Belmont Development has been involved in the development of affordable housing since approximately 2007, however, some of the principals including myself, have been involved in the development of affordable housing for well over 20 years. We have a very, well developed expertise, if you will, inside the office.



As you can see from the map, our primary focus, we do have some properties in a few other states, but our primary focus is in the six states that you see there. We have a Midwest focus. Belmont Development, the development company itself is headquartered out of Oklahoma City.

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We have offices in Topeka, Kansas; we have offices in Fort Smith, Arkansas. We have a presence all across those states that you see there.



Just to give you a quick idea of what we have here. It's just an idea, just a few. These are not representative of what we're wanting to do in the state of Kansas because we've never built single-family in the state of Kansas. We've built single-family in other areas of the country. Very quickly, there's a property that we have in Wellsville, Kansas; Farmington, Arkansas; and Crosbyton, Texas. The bottom left-hand corner is what we call the Commons on Classen which is a 54-unit senior development in Oklahoma City at about 13th & Classen which is about 8 or 10 blocks or so from our office. I apologize in advance if you can't see those.



April 4, 2016

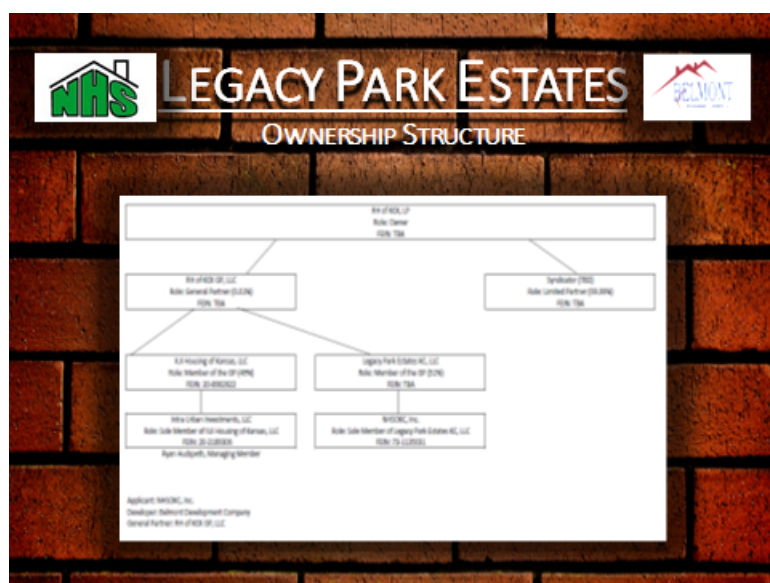
The board that Lainey just flipped over there for you are some single-family homes that we've done in northwest Oklahoma City. That is very, very similar, as you can see, if you compare the actual photographs versus the board on the right, you'll see that the elevations, for lack of a better phrase, that's basically what we're proposing here in Kansas City, Kansas.



The name of the project is Legacy Park Estates. It's what we call a workforce housing development. It's primarily focused toward working families across all spectrums of income levels. Our development partners, you can see a couple of logos there on the screen at the bottom. Neighborhood Housing Services is a national non-profit housing organization that is headquartered also in Oklahoma City. The logo on the right, of course, is Belmont Development. The NHS will be a development partner; they're a not-for-profit. They'll also be a development partner with us on Legacy Park Estates.



Very quickly, there is a site plan. If I can get my bearings here, on the right-hand side of the screen is I-70. The left-hand side of the screen is Riverview, on the top is 65th Street. There is the basic site plan as it exists now, 30 single-family homes representing those five house plans. Contained on site, we have covered gazebo areas, we have over 300 linear feet per unit of paved walking space, we've got greenspace, we've got a community garden and we meet and or exceed the minimum landscaping requirements of the Unified Government.



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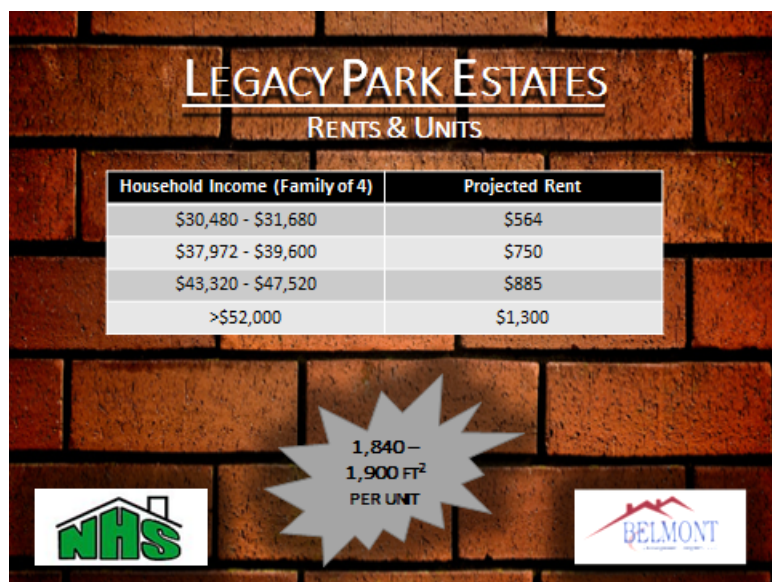
Legacy Park Estates, this may get a little convoluted so if you have any questions, please feel free. This is the organizational chart of the ownership structure for Legacy Park Estates. When we develop LIHTC property, we always structure the ownership as a limited partnership and you will see that at the top, the limited partnership that has already been set up with the state of Kansas Secretary of State's Office. It's called RH of KCKLP. The limited partnership itself is made up of a general partnership entity and the investor limited, that's who we sell the tax credits to, to generate the equity to help offset the cost of the development.

The general partnership is RH of KCKGP, LLC, it's a single asset entity. It's also been set up with the state of Kansas Secretary of State's office. That general partner entity is made up of two entities: IUI of Kansas, which is an entity that we have that is based out of Topeka, Kansas, and the non-profit that I referenced a little bit ago out of Oklahoma, they have also set up a single asset entity in the state of Kansas. The not-for-profit will be a 51% owner of the general partner entity and we, as the for-profit developer, will be a 49% owner of the general partner interest.

That's sort of how the ownership entity is structured. It's structured as a limited partnership and as things flow down, there are the two entities that make up the limited partnership; the general partner and the investors and then the entities that actually make up on the left-hand side there that actually make up the general partner entity and the principals that are involved in those.



Just a few design characteristics for Legacy Park Estates, it's designed for working families. It will be designed and will be certified to the bronze level of the National Association of Homebuilders Green Building standards so it will be, for lack of a better phrase, extremely energy efficient. Right now we have, and if my memory serves, in terms of low-income, women and minority owned sub-contractors, we have a minimum goal of 40% on the construction side and currently right now on all the soft costs, the environmental surveys, engineering, those sort of items, the soft costs, 58.2% right now of all soft costs have been allocated and geared toward LW and MBE entities.



LEGACY PARK ESTATES
RENTS & UNITS

Household Income (Family of 4)	Projected Rent
\$30,480 - \$31,680	\$564
\$37,972 - \$39,600	\$750
\$43,320 - \$47,520	\$885
>\$52,000	\$1,300

1,840 – 1,900 FT² PER UNIT

NHS **BELMONT**

Just to give you an idea of the incomes. It's like I said, Legacy Park Estates is designed to serve working families in Kansas City, Kansas, so we try to take a holistic approach and serve all segments of the economic strata. You can see the income levels that, of course, with the LIHTC that we're bound to do, in terms of Section 42 of the Internal Revenue Code. We have four units at what we call 40% of area median income. We have six units projected at 50% of area median income. We have 12 units at 60% of area median income, and we have 8 units or 25% to meet the Unified Government requirements at market rate. We have what we believe to be a 30 unit development here that encompasses all economic strata that we may encounter in the Kansas City metropolitan area.

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Square footages range between 1,840 square feet to 1,900 square feet across those five house plans up there so they're various generous size units. They're all three bedroom, two bath. They have all the amenities. They're wired for security. Every single home, I don't know about you guys in Kansas; I know it's extremely important to us in Oklahoma, every single garage floor will be equipped with a tornado shelter. That's something that we pretty much have to do in Oklahoma. It's just that important to us, to keep folks safe. Since we are neighbors, we can see the news too and when you guys do have an issue from time to time with twisters as well as we do. We think that's important to provide that amenity to the folks that we serve.



The clubhouse itself, as I indicated previously, it's got office space for our full-time onsite property management and maintenance personnel. There will also be a conference center/room. We have a library, a fitness center, a multi-station computer lab and a full kitchen so the clubhouse itself is designed for the residents of the 30 units. For example, like with the kitchen, if they have a birthday that they would like to celebrate, they can work with the onsite management personnel to secure the space to hold birthday parties, etc. If there are any not-for-profit entities that operate in and around 223 N. 65th, a good example might be Turner Community Connections. If when they need to have a board meeting or if there are any other not-for-profits, we've got space there that we can provide free of charge to folks within the neighborhood.



Outdoor amenities, as I said a while ago, our landscaping will meet or exceed all of the Unified Government requirements. We'll have an onsite playground for kids, we have sports courts, we have walking trails, we have covered seating, we have outdoor barbeque grill areas and gazebo areas. We also have what we call a community garden, if folks want to get together to grow some vegetables, etc. We do provide space for that as well.



Legacy Park Estates is being structured under what we call a lease purchase. Belmont Development right now in our portfolio, we own and manage over 4,500 units in those six states

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that I showed you on that map of the United States that were colored in red. We, in this particular case, we think it's important on the single-family product that we develop to create homeowners.

The Section 42 of the Internal Revenue Code mandates that at least for the minimum of a 15-year compliance period, since we're using the credits as part of our financing capitals, stack, they have to remain rental. It is our intent with our Neighborhood Housing Services not-for-profit partner, who is a nationally certified homebuyer education trainer, we will be providing services on site in the conference room to the tenants over time to help them get their credit cleared up so they understand pre-purchase as well as post-purchase issues with owning a home.

It is our intent at the end of the 15-year compliance period, as we move through that process, we're creating homeowners. We're taking people from the rent rolls which will be a landlord for that 15-year initial period. Our intent is to create homeowners which we believe stabilizes neighborhoods. It creates wealth not only for the city; it creates wealth for families and individuals.

The way the lease purchase has been structured, at the end of the initial 15-year period, whatever that house is at that point in terms of fair market value based on an appraisal, that will be the purchase price for the home. The tenant that has been living there, for every year that they have lived in that home, they'll get a 3% discount off of the fair market value of the home.

Our national non-profit partner, the Neighborhood Housing Services, they are certified at the national level in homebuyer education. They also have other tools in their little box. We can help folks as we move through the process. We can take some of those people that may never have a chance to own a home and through proper education and training as we move through the process, we can take those people from the rent rolls and move them into home ownership and create wealth for neighborhoods and for individuals.

We have found at the national level that this approach with sound homebuyer education, the credit repair, all the education that is necessary, if that is done properly, the default rates based on these income strata that we're talking about, the 40% AMI, 50, 60, etc., the default rates on these people, on these families after we have worked with them over time is actually just a little bit less than the national average. So it just goes to show that through sound education, training and given a good opportunity to own a piece of the American dream, we're able to do that. That would be our goal here as well.



Legacy Park Estates, our management philosophy, the Belmont Companies were vertically integrated. We have Belmont Management which does our onsite property management. We have Belmont Development and we have Belmont Construction so we're somewhat vertically integrated as a company. The management entity will provide ongoing property management services onsite with full-time personnel.

That just goes to show you a little bit of our management philosophy. We believe in reliable tenant screening. It's important for us to do good, sound tenant screening. We're going to get folks in there; we're going to get families in there that are hardworking, that need a place to live that have a desire to own a home somewhere over time. It's just important for us.

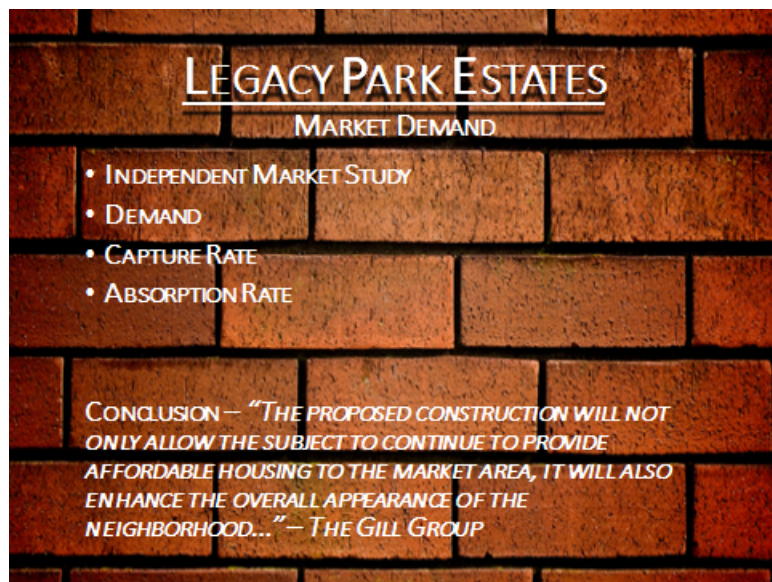
I personally don't work for the management company but just my own personal management philosophy; I would rather keep a unit empty than to put a bad tenant in it. It cost me money over time if I put a bad tenant in there, but if I take the time through sound screening and good training, that just works out a lot better.

Preventative Maintenance. We believe in preventative maintenance versus what we like to call an industry breakdown maintenance. A lot of folks don't react to anything until it happens. We have found over time with 4,500 units in six states, the breakdown maintenance philosophy doesn't work too well for us. We believe in preventative maintenance. We find it's just logical for us. It just makes good sense. We can keep our finger on the pulse of the product

April 4, 2016

that we have out there. It reduces our energy footprint, which in today's time with all the green energy, which ties back to we're certifying this project to the bronze level of the green building standard. All of those things are important to us to reduce our energy footprint and just to keep a good product in the marketplace.

One thing that we found in the application process was that the Unified Government had a keen interest in any minimal, well not just minimal, but any code or police enforcement violations across our portfolio of over 4,500 units. We went back, we've have two violations, period. Both of those were in a town in Arkansas called Camden, Arkansas. We provided the documentation to the Unified Government in the application process that showed the violation and showed how the violations were corrected in both cases. They were due to a lift station. If any of you've been to Arkansas, things tend to get a little rocky and a little hilly. We had some issues with two different lift stations. To remedy the situation, the two lift stations were corrected and we installed two brand new lift stations to go along with the two that we currently had. The code violations they've been minimal and we believe they've been dealt with efficiently and effectively.



In terms of the market demand, we had an independent third party market study done a few months back now. I know the state of Kansas, when you're working with KHRC for LIHTC credits, there's a little leeway in terms of who can do the market study, etc. We take the

approach and always have in every single state, we engage in independent third-party market analyst to do our market studies because we want to be told, for lack of a better word, the truth. Is there a market here for what we're wanting to do? A project like this has huge investment upfront. We've got upwards probably of \$25,000 invested as we speak. So before we start to invest those funds as we move through the process, we need to know that we have a market there.

It is always a good idea for us to engage in independent third-party market analyst to provide market data. That was done this time as well. We engaged in independent third-party market study analyst. Based on the data, based on the 30 units that we have, the percent income that we're trying to serve, the 40%, 50%, 60% AMI as well as market rate units, they're in our primary market area which does not encapsulate all of Wyandotte County but it's just the market area that the analyst deemed was the market area for this project, we found 531 renter households that are eligible to live in the product that we're wanting to develop. The capture rate based on that was 5.6% which basically says as a developer of that 531 households out there that I need, I only need to capture 5.6% of those 531 households to reach sustaining occupancy in my development. Long story short, there's a huge market demand in Wyandotte County, at least in the primary market area that we're serving for the product that we're proposing to put on the street.

The market analyst also talked about the absorption rate. The absorption rate—the 30 units would be absorbed into the marketplace within five months. Our management company typically starts pre-leasing activities four months prior to construction completion. Based on when we start our pre-leasing activities and the absorption rate that the market analyst said we could experience, we fully anticipate that we'll open this thing full. We truly believe in the market here or we wouldn't be here. Basically, I think we left you with one little snippet that from the market study that came from the market analyst itself that says the proposed construction will not only allow the subject, which is our property, to continue to provide affordable housing to the market area, it will also enhance the overall appearance of the neighborhood. We truly believe in that and that's what brings us here this evening.

Norman Scott, BPU Board Member, asked do you have a start date and a completion date. **Mr. Rodewald** said we anticipate, if we receive the LIHTC credits from KHRC when they make

their announcement here shortly, we anticipate construction to start in October of this year. It's a 14-month construction term with a 12-month construction timeline. We allow a couple of months there from construction completion so we can convert to permanent financing. Construction completion will be September of 2017.

Mr. Scott asked have you been in touch with Mr. Bill Johnson at the BPU. **Mr. Rodewald** said not at this point other than to discuss adequate utilities. **Mr. Scott** said so you have talked to him. **Mr. Rodewald** said yes, I believe we actually had a letter from—was that BPU? **Lainey Schubert, Belmont Development**, said we sent him a letter. We sent a letter to all the neighbors. **Mr. Rodewald** said to be on our coves, RCF for adequate utilities. Is that who we reached out to? **Ms. Schubert** said I have to go back and check. **Mr. Rodewald** said if we haven't, we soon will. I know part of our application to Kansas Housing requires that we have documentation from utility providers that show that there was adequate utilities in the area, to serve the proposed project.

Co-Chairman Walker said I'm just going to be blunt. I'm less than wowed by your project. I'm not very enthusiastic. I don't know how you can build a quality house on a lease purchase for the amount of money you're saying each of these units are going to cost. I've had some experience in an organization with what it takes to do a quality home with materials that are meant to last 40, 50, 60 years. I just honestly don't believe that these are going to maintain a quality—I don't really like anything about what I heard.

It's not that we don't have demand for low-income housing and certainly we do and we certainly have taken a number of steps to address low-income housing or whatever you wish to call this, affordable housing at different levels of affordability. I think I would have had a projection of what Mr. Scott was getting to was how much utility benefit is there for us in this. How much will the utility—I mean I grew up not in that particular area of the Turner School District, but I'm familiar with that area because it was Turner. I look at the industrial facility that we have nearby. The BPU buildings are quite well done; quite well maintained. That street further up has—I'm not sure what the current status of it is but at the time it was built it was low-income housing. That's what they called it. I don't see this as an improvement to the neighborhood, sir. Frankly, I don't know how my fellow committee members feel. If I vote to

approve it, I'm only voting to approve it to send it on to the full commission because the Commissioner who represents that district is not on this committee.

Mr. Rodewald said well, if I could ask, you made mention just a second ago that in terms of cost, I don't know that we mentioned anything about costs. **Co-Chairman Walker** asked what did you say it cost to build one of those homes. **Mr. Rodewald** said right now we have costs, construction costs that should be fairly consistent with the area of just hard construction costs, not any overhead, not any profit or anything like that, we're sitting at \$141.62 a square foot. These are 100% brick. I'm not sure where you're getting at when you're talking about the quality is not there. These are extremely—I can build a heck of a nice house for \$141 a square foot. **Co-Chairman Walker** said maybe you just haven't stated your case clearly enough and the documents I have did not make me believe that. **Mr. Rodewald** said I apologize in advance if I've lead you to believe that these are less than quality. **Co-Chairman Walker** said but I would be less than honest if I didn't tell you how I felt after the presentation here. **Mr. Rodewald** said oh sure and if at the end of the day with all the facts if you still have that opinion I can respect that. I would just hope that you—and it could be that's my fault and I apologize. I think given all the facts and the costs per square foot and the cost of over \$8M of investment, this is a quality product. We build a quality product. You can look at the houses we have up there. These are 100% brick, 3 bedroom, 2 bath, and 1,900 square feet with all the amenities. I would respectfully disagree that these are less than quality homes. I mean I stand by what we build. We have 4,500 units. We obviously build a quality product. **Co-Chairman Walker** said I spoke how I feel. If I'm wrong there's certainly opportunity between now and then to change my mind but I'm under wowed.

Commissioner Townsend said I was going to ask about some numbers I see in our packets, some of the numbers, all that I need, the estimated appraised values of the homes that you're talking.

Let me just ask some other questions. I don't have the experience that Commissioner Walker has. Based on what I've heard today let me ask this—30 homes and you say that of similar type, you have a project of similar type and construction in northwest Oklahoma City. **Mr. Rodewald** said those on that board have now since been completed. Those are done and leased up. You can actually drive by and see those homes in northwest Oklahoma City.

Commissioner Townsend asked what's the name of that area/development. **Mr. Rodewald** said its northwest, it's actually a little, and this will confuse you, it's a little south and east of Memorial Boulevard and McArthur. It doesn't have a name like Legacy Park Estates. **Commissioner Townsend** asked how recently was that development completed. **Mr. Rodewald** said within the last couple of years.

Commissioner Townsend asked did you take the same move from renter to homeowner philosophy with that one that you've espoused tonight with these homes. **Mr. Rodewald** said yes, correct. **Commissioner Townsend** said but we don't have a track record yet. **Mr. Rodewald** said right and I understand that concern but anyone that has ever done, for lack of a better phrase or attempted, what we call a lease purchase, there's no track record on those because it takes 15 years to get there. There is a 15 year compliance period with the tax credits where those properties have to remain technically rental. Through good education and training, we move these people at the end of that 15 year period. Now they have the opportunity to buy the home at fair market value. **Commissioner Townsend** said well, I like the philosophy and that's where I was getting at, what kind of track record of achieving that philosophy do you have. **Mr. Rodewald** said unless a developer has started this process 17 years ago, there's no record track record of that to show. To be honest to answer your question, we have not taken on any of what we call lease purchase 17 years ago. We can show you where we're moving through that process and we're providing good, sound education and training and credit repair, etc. to get ready to move these folks in there but the timeline has not yet allowed us to get there.

Commissioner Townsend asked do you have another development anywhere where you've applied that philosophy other than the northwest Oklahoma City properties. **Mr. Rodewald** said no. Those are typically, at least it's been our experience that we only try to roll that vehicle out in the major metropolitan areas.

Commissioner Townsend said well, the other question I have along the same line is what is the guarantee or safeguard that a great philosophy will be carried out by the same people espousing it now 15 years down the line. **Mr. Rodewald** said I'm not sure if I follow you. **Commissioner Townsend** said well, one of the things that I've heard discussed here on the committee with

LIHTC properties was it starts out great but after so many years there's a turnover in ownership. Will Legacy Park Estates, is there anything that will be signed or part of this that will ensure that Legacy Park Estates with the philosophy of going from renter to homeowner will still be around 15 years. **Mr. Rodewald** said that will be part of the land use restriction agreement that is a recorded document.

All I can say is from our own experience is we are long-term owners. We have over 4,500 units. We have never once, to my knowledge, never once went in and developed a property and a couple of years later sold the GP interest in it and turned around and walked away. We want to be and we try to espouse that philosophy in every community that we're in. We want to be a part of your community. These are Kansas entities that have been set up. Our properties, they're local. We hire local. We join the Chamber of Commerce. We join the neighborhood groups. We pay our taxes. We want to be a part of your neighborhood and that's exactly what Legacy Park Estates will be. The staff that we hire to run and to maintain the property will be done local. Legacy Park Estates will join the local chamber and any other local neighborhood entities. They'll be a part of neighborhood watch and any other things that we can be a part of.

This is a big investment. I know you guys deal with a lot of big industrial and sort of stuff that can get into the multi, multi millions of dollars but an \$8M investment for us, it's not the biggest we've ever made by any stretch, but it's a pretty big investment that we're willing to make in Wyandotte County. We want to be a part of that over time.

To my knowledge, honestly, 100% honest, we have never once, to my knowledge, developed a property and a couple of years later sold it off to some other out of state entity and walked away. We are long-term owners, otherwise why would we have 4,500 units. Some of those we have owned for 10, 12 years. We're long-term owners. We want to be a part of your community and that's the philosophy that we operate with.

Commissioner Townsend said and that's what I'm getting at. The philosophy sounds great to me, it's just what ensures that those people who are espousing that now will be around for the 15 year to see that transition come to fruition from renters to homeowners.

What would be the average rent or the range of the rents then that you would be offering? I'm not sure I heard those numbers talked about tonight. **Mr. Rodewald** said we actually had a

slide in there but I have those in front of me. The rents range anywhere from \$564 a month for a three bedroom, two bath, two car garage home, over 1,900 square feet up to a high of about \$1,300.

In terms of utilities, there are utility allowances that have to be built into the model. I know the one Commissioner had a question about utilities. Those are actually built into the model. We have to build those in. In this case, I believe the tenant is paying all the utilities but we have to give them what we call a tenant utility allowance that has to come off the rent. In this case, the three bedroom utility allowance for Wyandotte County is a \$198 so that had to be factored into those projected rents. That's all figured into the Internal Revenue calculations. There's a \$198 utility allowance per unit that we have given every tenant.

Commissioner Townsend said so those are the projected rents and that's everything, that's not including an additional \$198 or whatever the number was. **Mr. Rodewald** said no. To get to those numbers, there is a maximum rent that you can charge under Section 42 of the Internal Revenue Code that governs tax credits at the 60% AMI level, the 50% and the 40%. Here's the maximum rent and then based on where you're at, in this case Wyandotte County, we know what the utility allowances are. We have to call and get those. Here are the utility allowances. In this case its \$198. We take the maximum rents, less the utility allowance, and that's not some number that we come up with. That's a number the state comes up with and you subtract that out. At that point, that is the maximum rent that we can charge. We have to make an allowance for utilities and that's what you see at least in the first three.

The \$1,300, those are what we call market rate units. There are no income restrictions there. It's strictly market rate people. I mean it's folks that—there are no restrictions on those units. Those are what we call market rate units and the Unified Government in its tax credit application plan provides points if we, as a developer, agree to make a minimum of 25% of the overall units market rate units so we're not putting all affordable families together where there's a mixed income here. We've done our very, very best to make sure that happens here.

Commissioner Townsend said, Mr. Brockman, I see where the project received a total of 86 points. What was the maximum? Was it 90? I can't remember what it was. **Mr. Brockman**

said the least amount you can get is 80. You have to score 80 points. **Commissioner Townsend** said you have to score at least an 80.

I have no other questions. I think I had all of my questions answered. I just wanted more background. Not saying anything about the quality of the home. I like the attitude. I was hopeful that there would have been some legacy for which you can say if you go to northwest Oklahoma that you could see this works.

Action: **Commissioner Townsend made a motion, seconded by BPU Board Member Scott, to approve.** Roll call was taken and there were two “Ayes,” Scott, Townsend; and two “Nos,” Murguia, Walker. (motion failed)

Co-Chairman Walker said not moving it forward at this time. I think we—I don’t know what—obviously I need to have a better presentation and more information, Mr. Brockman. I would appreciate that. My mind isn’t closed on it but that wasn’t—I’ve already made my speech.

Commissioner Townsend said I had a question. If there is a minimum, I’m just asking, I’ve had my vote and say. If there is a minimum number of points awarded, does this go on anyway? Do they need us? Mr. Brockman, could you—**Mr. Brockman** said, Commissioner, yes, this is just a pass-through showing the commissioners what is being brought to Commission for approval on the 14th. **Commissioner Townsend** said you’re saying it’s going on. **Mr. Brockman** said yes, it would need to go—**Commissioner Townsend** said with or without our vote. **Mr. Brockman** said well, you can vote yes and correct me if I’m wrong, what my understanding is with this is yes or no, but it goes forward to full commission. **Mr. Rodewald** said and at this point it does not go forward. Correct. **Mr. Brockman** said I need to check with—it’s correct. It does go forward to full commission. **Joe Connor, Assistant County Administrator**, said no, it doesn’t. It’s a tie. **Mr. Brockman** said no, it does not.

Commissioner Murguia said, Patrick, can we get some legal clarity here. I thought even if things were voted down they still went forward as denial. They do not? Am I confused by that? **Patrick Waters, Senior Attorney**, said no, the rules require an affirmative vote of four

members to move it forward. I think the motion failed. **Commissioner Murguia** asked can you just help me with the administrative housekeeping in my head here. Had there been five commissioners here and we voted 4-1 against, would it have gone forward. **Mr. Waters** said 4-1 against, no. 4-1 in favor, it would have gone forward; but 4-1 against, it would not. **Commissioner Townsend** said I just thought because there was something unique about the nature of the LIHTC. That's why I asked the question that it went forward without us if they had a minimum number of points but maybe I'm wrong. **Mr. Waters** said I will certainly follow-up on that to confirm.

Item No. 4 – 16503...RESOLUTION: INTENT TO ISSUE IRBS FOR ONGOAL, LLC SOCCER PROJECT

Synopsis: A resolution of intent to issue \$82.225M in industrial revenue bonds (IRBs) for OnGoal, LLC to construct the US Soccer National Training Center, youth tournament fields and ancillary improvements and infrastructure, located at the southeast corner of Parallel Parkway and 98th St., submitted by George Brajkovic, Economic Development Director. On April 9, 2015, the Commission unanimously adopted Resolution No. R-26-15 approving the First Amendment to the Multi-Sport Stadium Specific Venture Agreement and also the US Soccer National Training Center Development Agreement.

Commissioner Murguia said I have a quick question about this, Chairman. Can I ask a question about this next item, the IRB bonds? Is my memory correct where we've gone over this particular issue multiple times; this is just the final approval for this. Is it correct? It seems like this has been in front of me a lot of times, no offense. Not that I don't want to hear it again but really.

George Brajkovic, Economic Development Director, said you have seen it a few times, especially as we worked on the development agreement because we knew it was going to be an incentive we used in this project, however, this is, if you recall, with IRBs there's really a two-step process. One is issuing the resolution of intent and then the second would be issuing an ordinance. There will be a PILOT consideration as part of this project. There will be another action with an ordinance to conduct a public hearing to consider the PILOT. Even within the

development agreement itself, we anticipated either through the ownership structure that the facilities will probably be exempt, however, we're going to talk about tax abatement policy after this.

We always protect the existing base, so one of the things that prevented us from doing the public hearing on the PILOT tonight is there's a 40-acre lease property from Schlitterbahn and we have to determine what that value is of that property. **Commissioner Murguia** said but we'll discuss that at the public hearing. **Mr. Brajkovic** said that's right. This is purely—**Commissioner Murguia** said no offense George, no offense. I love your project but we've heard about it so many times. **Mr. Brajkovic** said this is Evan Fitts, with Polsinelli, if you guys don't know.

Action: Commissioner Murguia made a motion, seconded by Commissioner Townsend, to approve.

Mr. Brajkovic said, Commissioner, I do have one. I noticed I made a typo. It says \$82.225M, it's actually \$83M. The resolution that's attached is correct. It was just my mistake. We'll edit that as it rolls through to full commission.

Roll call was taken and there were four "Ayes," Scott, Murguia, Townsend, Walker.

Item No. 5 – 16494...REVIEW: TAX ABATEMENT POLICY

Synopsis: Presentation of the current Tax Abatement Policy adopted October 21, 2010, and seek input for any proposed changes, submitted by George Brajkovic, Economic Development Director.

George Brajkovic, Economic Development Director, said I will try my best to kind of roll through it but it is discussion on tax abatement policy.

Co-Chairman Walker said wait a minute. I'm a little confused then. Okay, I see, go ahead. I was just hoping, in the interest of accommodating our visiting representative from Bonner, I think that's Ms. Harrington. Can we take Item No. 5 before we drag her through this prolonged

perhaps discussion of an extremely dry topic? **Commissioner Murguia** said you mean No. 6. **Co-Chairman Walker** said No. 6, move No. 6 ahead of No. 5. Is there any objection from any commissioners? I want to take Item No. 6 before we discuss the tax abatement in general. Sorry, George. It's not going to take very long, I don't think. **Mr. Brajkovic** said no, I was just going to give room to whomever—I'm not doing that item. **Co-Chairman Walker** said we're moving to the resolution to approve/forward to the full commission a MOU with Bonner Springs. Is there someone here from Bonner Springs?

Item No. 6 – 16529...RESOLUTION: MOU WITH BONNER SPRINGS, KS

Synopsis: A resolution approving a Memorandum of Understanding (MOU) with Bonner Springs, KS, relating to capital improvements at Providence Medical Center Amphitheater, 633 N. 130th St., Bonner Springs, KS, submitted by Joe Connor, Assistant County Administrator.

Marcia Harrington, Community & Economic Development Director, for Bonner Springs, appeared.

Co-Chairman Walker said we're doing a switch here so Ms. Harrington wouldn't have to wait here all evening and listen to our debating. **Ms. Harrington** said thank you. That's very nice of you to do that.

Joe Connor, Assistant County Administrator, said to my left is Marcia Harrington. Marcia is the Economic Director and Tourism Director for the city of Bonner Springs and has worked closely with us on this particular project.

What we have before you tonight is a follow-up to a presentation we started last summer actually with a proposal to renovate the amphitheater now known as Providence Medical Center Amphitheater. This was a partnership with the City of Bonner Springs. They put in some cash up front and then they were willing to contribute their amusement tax that they have a city ordinance for to help fund the ongoing operation of the amphitheater as well as for the bond payment.

This was an \$865,000 project. The work is almost complete. They'll start to have shows in May, next month already. We're excited about the possibilities of the amphitheater. They actually have probably two or three more shows already booked than they had all of last year.

What you have before you is a memorandum of understanding that's been approved by the city of Bonner Springs and also a resolution. The memorandum of understanding is an agreement that was necessary between the Unified Government and Bonner Springs for the exchange of the amusement tax dollars that Bonner Springs will be collecting and basically rebating back to us to meet the terms of our agreement. Nothing has changed from when I first presented in July of last year, and nothing has changed as we went through the financing process as well. This is just a mechanism that they will pay us money and we will receive the money and what the money is to go for.

The second part of that is a resolution that establishes a dedicated fund for those payments received from Bonner Springs that will go towards the capital improvements and the bond payments for the amphitheater during this ten-year period. This is just again, another mechanism to kind of solidify our agreement. All of the basic terms are in place from when we first talked about this last summer. This is kind of the end product for us as far as to move this forward and start the season, the outdoor concert season.

Action: **Commissioner Murguia made a motion, seconded by Co-Chairman Walker, to approve.** Roll call was taken and there were four "Ayes," Scott, Murguia, Townsend, Walker.

Commissioner Townsend said, Ms. Harrington, excuse me, before you leave. I'm just curious. When did, what did it use to be Verizon become Providence Medical Center Amphitheater? That's the only question I really have. **Ms. Harrington** said, well, do you remember. **Mr. Connor** said it was actually Cricket after it was Verizon. It's been Cricket for the last two or three years I think. **Ms. Harrington** said at least that. **Commissioner Townsend** asked so it became Providence Medical Amphitheater when. **Mr. Connor** said this season. They made that announcement late last year, early this year.

Co-Chairman Walker said thank you George for waiting. We're here to discuss the current tax abatement policy.

Item No. 4 – 16503...RESOLUTION: INTENT TO ISSUE IRBS FOR ONGOAL, LLC SOCCER PROJECT

Synopsis: A resolution of intent to issue \$82.225M in industrial revenue bonds (IRBs) for OnGoal, LLC to construct the US Soccer National Training Center, youth tournament fields and ancillary improvements and infrastructure, located at the southeast corner of Parallel Parkway and 98th St., submitted by George Brajkovic, Economic Development Director. On April 9, 2015, the commission unanimously adopted Resolution No. R-26-15 approving the First Amendment to the Multi-Sport Stadium Specific Venture Agreement and also the US Soccer National Training Center Development Agreement.



George Brajkovic, Economic Development Director, said I appreciate the opportunity to do it and I realize we're kind of getting late into the evening so I'll try to roll through the presentation as quickly as possible. I'm glad to bring it before you tonight. The current policy we have was adopted in 2010. This committee in particular has seen a lot of projects come before you that have requested a level of incentives that correlate back to this policy. I think it's working great but it's been over five years. It's time we sit down and take a review of it. I'm going to, again,

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I'll go over kind of the high level overview and then kind of go into each level, the bonus structure as quickly as time permits.



The slide is titled "Current Policy" in a teal serif font, centered at the top. Below the title is a horizontal dashed line with a small teal circle in the center. The main content area has a light blue background and contains a bulleted list. The first bullet is "Amended October 21, 2010". The second bullet is "Abatement Policy applies to:", followed by two indented sub-bullets: "Industrial Revenue Bonds (IRBs), K.S.A. 12-1740 *et seq.* and K.S.A. 79-201a" and "Article 11, Section 13 Kansas Constitution (EDX)". The slide has a dark teal footer bar.

- Amended October 21, 2010
- Abatement Policy applies to:
 - Industrial Revenue Bonds (IRBs), K.S.A. 12-1740 *et seq.* and K.S.A. 79-201a
 - Article 11, Section 13 Kansas Constitution (EDX)

The abatement policy, what does it actually apply to? Well, two things. One, its either the use of industrial revenue bonds or IRBs which are the predominant number of projects we bring before you and the two statutes that are there are basically what allows that. One allows us to issue revenue bonds, the other is the taxation statute and how you grant PILOTs or abatements through that. The other one is the Kansas State Constitution which allows for an exemption or a tax abatement through Article 11, Section 13, We call that an EDX. I won't bore you with the variety of reasons we don't do that anymore but I'll give you the primary one, we have a very strong NRA program that basically has replaced that.

Purpose of Tax Abatement Policy

- Attract and retain quality businesses
- Add and retain employment opportunities
- Attract major projects to impact local tax base
- Diversify local economy
- Create opportunities in distressed areas
- Ensure equal opportunities for L/M/Wbe
- Reward quality environmental design

Purposes of the Tax Abatement Policy, I'll let your read it real quickly. I strongly believe that the current policy reflects every one of these components as best as it can.

Key Components to Policy

- Project must add value to local economy – Capital Investment, jobs, positive revenue impacts
- Type of Business
- Existing vs. New
- Maintain **Existing Tax Base**
- Transfer of ownership
- Excluded Businesses: car wash, day care, private school, veterinary clinic, storage facility, and branch bank offices.

Key components to the policy then, I highlighted one in particular here. It's maintain the existing tax base. I kind of talked about that with that previous discussion, brief discussion we had on the soccer project about we always protect the existing base for ourselves and any other taxing jurisdiction. When we talk about tax abatement, all of that is applied to only the increment the project creates.

Transfer of Ownership, we've been before you here too. If one developer does the project, we write into the development agreement that yes, we would consider a transfer but you have to bring that new ownership before us and we have to approve it in some capacity. Outside of what's already prohibited by the statute, the current policy, and I co-authored this policy with Brent Miles when he was president of WYEDC. We couldn't exactly remember why, but I'm sure there was a great reason why we excluded these particular businesses. The statute kind of excludes any retailers. We added the car wash, daycare, private school, veterinary clinic, those mainly because some of them crossover into retail and some of them are not very good job creators that's why those excluded businesses were included with the current policy.

The current policy, purely in terms of how long the abatement can last, our base, per the policy, our basic abatement is a five-year, 45% abatement. I'll get into the details of how you can add on to that percentage in the next few slides. How you get beyond five years is based on the level of capital investment you make.

One of the important features of this policy is that we allow both for existing and new businesses. We give some discounted rates to existing businesses knowing that it's just a little bit harder to either redevelop or add a wing as opposed to hey new companies want to come in and actually have a different level of investment. Those numbers were pretty solid in 2010. We felt it actually in '09 when we were really developing the policy, there could be an opportunity now to reexamine these and say did we set the threshold a little bit low on that. Do we want to bump those numbers up in terms of what minimum investment is required to get you there? You can see essentially to get ten years as an existing business, you have to be a \$4M project or more. New business, you have to be \$6M or greater.

Commissioner Murguia said just an observation, if I was really crafty, I would just do a \$4M minimum investment for the ten, for five more years of abatement. **Mr. Brajkovic** said there are other components associated with IRBs relegated to issuance fees and things like that. It has to make some sense. Also, in 2010 we didn't have as strong of an NRA policy. Getting to \$3M was a huge hurdle so getting beyond—even getting to \$4M for an existing business, it was something we were hearing from our local businesses. It's just hard to do an expansion unless we have some different thresholds, but again, all of this, I feel like tonight, and maybe I should have started here, I feel like tonight it's just like maybe a refresher on what we're doing. We'll

come back at a future date to say hey, let's talk about how we want to edit this if we want to edit it at all. **Commissioner Murguia** said well, if it works, it works.

Co-Chairman Walker said let me make a statement. I don't mean this and I have sometimes a way of saying things to people I think I'm maybe being mean, but this is not a policy that this committee is going to change. I definitely think, in a general sense, our policy does not give us enough money upfront. We're always on the tail end. We're the third party in a three party deal. We're the hind leg, if you will. While we maintain our base, usually that base is lousy just like the one you showed us here, not you, Charles showed us earlier. We're getting \$1,200 taxes off of it now. Maintaining the base is usually not much of an incentive for me. What bothers me is that these tax abatements, these developers, they want it all upfront and I don't like that aspect of it.

The bottom line is I don't—I'll defer to my colleagues here. I don't see what the point of discussing this is tonight outside of the spring retreat perhaps, a special session or a work session of the entire Commission because I don't know that three commissioners are going to be much of a pulse read of the remaining commissioners, the other eight of them when it comes to doing this to be perfectly blunt. I don't mind, you know, talking about it; you know it's an issue for me. I've made that point that we got to get more out of these deals than we're getting. I may be the only one that feels that way about it. I guess what I'm saying to you, George, and, again, I'll let the other three decide. I don't feel like spending an hour sitting here talking about this and then having to do it again, at least twice more. It's not a criticism to you. This is an issue—this is what we need to be doing, in my opinion. If we need to be doing it, it is as a commission as a whole. **Mr. Brajkovic** said I can respect that. I think that makes sense.

Commissioner Murguia asked are you going to be at our strategic planning. **Mr. Brajkovic** said I hadn't planned on it. **Commissioner Murguia** said no, then you shouldn't. I was just curious if you were going to be there.

Co-Chairman Walker said well, I'm a little surprised to hear that because in my opinion this type of an issue has long-term effects for future Commissions as to what—you know we always talk about wanting to increase revenue, increase revenue. I'm sixty-five years old. I need to

increase revenue now. Twenty years down the road isn't going to do me a lot of good in the nursing home or with dirt six feet over me. **Mr. Brajkovic** said sure.

Commissioner, let me rephrase my answer. I hadn't been asked to participate, so if you guys decide this is something you want, I'm sure the agenda can be modified. As long as I'm not on a sandy beach somewhere, I'll be sure to be there. **Co-Chairman Walker** said well, my opinion is that Mr. Connor needs to carry back to Mr. Bach, and I don't see a Mayor's representative here tonight, but either this needs to be the subject of a substantial discussion, a special work session, the whole two hours of it, not thirty minutes, or we need to talk about it at strategic planning because there's no bigger strategy for increasing revenues than tax abatement, my opinion. **Mr. Brajkovic** said, yes, it's a powerful tool.

Commissioner Townsend said well, I hadn't thought about it when I read this at first but you make a lot of sense as always, Commissioner. **Commissioner Murguia** said I don't know if I'd go that far. **Commissioner Townsend** said well, we may not agree but I get it. This is so important. This would be my first time hearing the presentation. We've been dealing with it but I think it is so important that it needs its own timeslot. We've only got what four or five hours during the strategic planning and any number of issues, I'm sure, would come up. I think you're right that this is so important that it needs its own hour to probably two hour timeslot if the body is being asked to give input on changes or leaving it status quo. **Mr. Brajkovic** said okay. We'll follow your lead through the Administrator's Office.

Commissioner Murguia said, George, I just want to tell you, the only two cents I have to add to that is it would be great—I'd like to hear—we all, like Commissioner Walker said, talk about how important economic development is to this county and yet anytime there is a special session or a strategic planning there is never a section dedicated to economic development. There's been a lot of talk around urban development and why we need the incentives we need in order to attract the development. I think it's a great opportunity for you to provide some education to commissioners that don't necessarily do that and may not necessarily have a point of reference. I think you do a great job. I think you have a really good handle on economic development. I think you just need—I just spend a lot of time with you though so I know you do a really good job but others—**Co-Chairman Walker** said lucky George. **Mr. Brajkovic** said I have time for

all of you. **Commissioner Murguia** said yes, I think you would benefit from the education. **Mr. Brajkovic** said I think it's a great suggestion whether it's back in front of you at a special session. You know, we can talk about it all night but just not tonight.

Co-Chairman Walker said I, with the committee's acquiesce, I would like to defer this to the full commission at a special session. We've got a pretty good mix of people with diverse backgrounds. Maybe everybody's happy with what we're doing and this is the only way we're going to be able to compete, but I have made my point. I think there needs to be more upfront for the government now. Twenty years, who knows what is going to happen. We need it now. **Mr. Brajkovic** said I can respect that. Okay, we'll work that through the County Administrator. **Co-Chairman Walker** said George, this is not in anyway—**Mr. Brajkovic** said oh, I know. **Co-Chairman Walker** said we love you and you make great presentations. I just don't want to sit through it tonight and sit through it again, and again, and again. I want everybody at the table at the same time. **Mr. Brajkovic** said yes. I don't disagree with that.

Adjourn

Co-Chairman Walker adjourned the meeting at 7:11 p.m.

tpl



Staff Request for Commission Action

Tracking No. 16605

Full Commission Meeting Date: June 9, 2016

Committee: Economic Development & Finance

Date of Standing Committee Action: June 6, 2016

(If none, please explain):

Publication Required: No

<u>Date:</u> 05/18/2016	<u>Contact Name:</u> Kathleen VonAchen, Chief Financial Officer	<u>Contact Phone:</u> x5186	<u>Contact Email:</u> kvonachen@wycokck.org	<u>Department/Division:</u> Finance
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Item Description:

Presentation by the Unified Government's external financial auditors of the required financial statements and reports for the Fiscal Year ended December 31, 2015. Presentation will be from U.G. Chief Financial Officer Kathleen VonAchen and from the external financial audit firm of Allen, Gibbs & Houlik, L.C. Sr. Vice President Shelly Hammond and Audit Manager Tara Laughlin. CAFR submitted by U.G. Accounting Manager Rick Mikesic.

Action Requested:

Accept the report and forward to the County Commission for their acceptance. Please FAST TRACK to the June 9, 2016 Commission meeting to allow for submission of the Comprehensive Annual Financial Report (CAFR) by June 30, 2016 for the Government Finance Officers Association's (GFOA) award for Excellence in Financial Reporting.

Budget Impact: (if applicable)

Amount:

Source:

Included In Budget:

Other (explain):

Attachments List:



Staff Request for Commission Action

Tracking No. 16627

Full Commission Meeting Date: June 9, 2016

Committee: Economic Development & Finance

Date of Standing Committee Action: June 6, 2016

(If none, please explain):

Publication Required: No

<u>Date:</u> 05/25/2016	<u>Contact Name:</u> Charles Brockman, Management Analyst	<u>Contact Phone:</u> x5733	<u>Contact Email:</u> cbrockman@wycokck.org	<u>Department/Division:</u> Economic Development
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Item Description:

The Unified Government owns surplus property located at 10041 Leavenworth Road. Hodges Properties, LLC desires to purchase the Property from the Unified Government and make certain improvements to the Property, including a first-class veterinary hospital consisting of approximately 5,965 sq. ft. of office space, exam rooms and kennels, plus associated parking for staff and visitors and an outdoor exercise yard.

Action Requested:

Approve the Resolution and fast track to the June 9, 2016 Full Commission meeting for final approval.

Budget Impact: (if applicable)

Amount:

Source:

Included In Budget:

Other (explain):

Attachments List:

Resolution, Purchase Agreement

RESOLUTION NO. R-_____

WHEREAS, the Unified Government of Wyandotte County/Kansas City, Kansas (“Unified Government”) is the legal owner of that certain real estate, commonly known as 10041 Leavenworth Road, Kansas City, Kansas 66109, Parcel 243204, legally described on Exhibit A attached hereto and incorporated herein by reference (collectively referred to as the “Property”); and

WHEREAS, it is the policy of the Unified Government that it should dispose of surplus real property in a manner that will provide the best and highest return to the government and its taxpayers; and

WHEREAS, the Unified Government has adopted procedures for the disposal of real property as authorized and provided for in K.S.A. 19-211(b) and as authorized by the Unified Government’s home rule power; and

WHEREAS, Hodges’ Properties, LLC (“Hodges”) desires to purchase the Property from the Unified Government and make certain improvements to the Property, including a first-class veterinary hospital for the treatment of dogs, cats and other small pets, consisting of approximately five thousand nine hundred and sixty five (5965) square feet of office space, exam rooms and kennels, plus associated parking for staff and visitors and an outdoor exercise yard for dogs, (the “Improvements”), as more fully depicted in Exhibit B attached hereto.

WHEREAS, the timely redevelopment of the Property is in the best interests of the parties and the health, safety, and welfare of the Unified Government’s residents.

WHEREAS, Hodges has agreed to commence construction on the Improvements to the Property, within twelve months.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/ KANSAS CITY, KANSAS:

Section 1. That the Unified Government Board of Commissioners hereby approves the sale of the Property located at 10041 Leavenworth Rd, Kansas City, Kansas 66109, Parcel 243204, by the Unified Government to Hodges for consideration of the sum of One dollar (\$1.00) and other good and valuable considerations, which shall be agreed upon by the parties.

Section 2. That the County Administrator is hereby authorized to negotiate the terms and conditions of such sale and to execute in the name of the Unified Government of Wyandotte County/Kansas City, Kansas, the deed and such other documents, including any necessary purchase agreements, development agreements and any other certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution and to take any further action necessary to effectuate the sale.

ADOPTED BY THE BOARD OF COMMISSIONERS OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS, THIS 9th DAY OF JUNE 2016.

Mark Holland, Mayor/CEO

Attest:

Unified Government Clerk

Approved as to form:

Unified Government Counsel

REAL ESTATE PURCHASE AGREEMENT

THIS REAL ESTATE PURCHASE AGREEMENT (the "Agreement"), is made and entered into as of the Effective Date by and between **Hodges' Properties, LLC**, a Kansas limited liability company ("Buyer"), and **Unified Government of Wyandotte County/Kansas City, Kansas**, a municipal corporation ("Seller").

WITNESSETH:

WHEREAS, Seller is the legal owner of that certain real estate, commonly known as 10041 Leavenworth Road, Kansas City, Kansas, 66109, Parcel 243204, legally described on Exhibit A attached hereto and incorporated herein by reference (collectively referred to as the "Property"); and

WHEREAS, it is the policy of Seller that it should dispose of surplus real property in a manner that will provide the best and highest return to the government and its taxpayers; and

WHEREAS, Seller has adopted procedures for the disposal of real property as authorized and provided for in K.S.A. 19-211(b) and as authorized by Seller's home rule power; and

WHEREAS, Buyer desires to purchase, and Seller desires to sell the Property upon the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and other good and valuable consideration, the adequacy, sufficiency and receipt of which are hereby acknowledged, the parties hereto, hereby agree as follows:

Section 1 – Definitions

- 1.1 (a) "Closing Date" shall mean the last day of the Closing Period or such other date during the Closing Period selected by Buyer;
- (b) "Closing Period" shall mean thirty (30) days after the Inspection Period.
- (c) "Effective Date" shall mean the date that the Agreement is executed by the Seller and a fully-executed copy is delivered to the Buyer;
- (d) "Inspection Period" shall mean one hundred twenty (120) days after Buyer's receipt of the Seller deliverables described in Sections 5.3 and 5.4 hereof, unless extended as provided for in Section 5.5.

Section 2 - Property

2.1 Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller, upon the terms, conditions and provisions hereinafter set forth, (i) the Property, together with all improvements thereon and all appurtenances, rights, permits, privileges, licenses, easements and rights of way

incident thereto, and (ii) to the extent assignable, all right, title and interest of Seller in any plans, building permits, surveys and certificates of occupancy relating to the Property, and all licenses, permits and warranties relating to the ownership, occupancy and operation thereof (the "Personalty"). Consideration for all of the above items shall be included as the Purchase Price.

Section 3 – Purchase Price

3.1 The Purchase Price for the Property shall be One Hundred Sixty Nine Thousand Three Hundred Ninety Six Dollars and zero cents (\$169,396.00) (the "Purchase Price") and shall be paid in full on the Closing Date. The parties agree that payment of the Purchase Price is adequate consideration for the purchase of the Property and Personalty.

Section 4 – Earnest Money

4.1 Within five (5) business days from the Effective Date, Buyer will deliver to the Escrow Agent earnest money in the amount of Five Thousand Dollars and zero cents (\$5,000.00)(the "Earnest Money"). The Earnest Money shall become non-refundable upon expiration of the Inspection Period. The Earnest Money will be credited towards the Purchase Price at closing, if closing occurs.

Section 5 - Buyer's Right to Inspect the Property

5.1 Buyer and its authorized representatives shall have the right, during the Inspection Period, to enter upon the Property to make test borings, drainage tests, surveys, engineering and architectural studies, to perform site inspections of any improvements including structural, HVAC, roof, electrical, plumbing, mechanical, and parking plan, and for other purposes commensurate with ascertaining the suitability of the Property for Buyer's purposes. Such test and studies may be invasive, and Buyer agrees to return the Property to its previous condition should this transaction fail to close.

5.2 Buyer acknowledges that Buyer is responsible for all due diligence in connection with the Property, that on the Closing Date Buyer shall accept the Property in its current "as is" condition, and the Seller shall have no liability to Buyer for any matters discovered or which could have been discovered by Buyer in performing its due diligence. Subject to the foregoing, Seller agrees to cooperate with any reasonable requests of Buyer's environmental consultants (including standard owner questionnaire form), surveyor, and/or lender.

5.3 To the extent such documents are not already in the possession of Buyer, within thirty (30) days of the Effective Date, Seller shall deliver to Buyer copies of any and all agreements, contracts, plans, building permits, surveys, certificates of occupancy, licenses, and permits relating to the ownership, occupancy and operation of the Property, to the extent Seller is a party thereto and Seller is in possession or control thereof.

5.4 Seller hereby advises Buyer that Seller has not received any notice or communication of any possible violation of any environmental law with respect to the Property, and Seller neither knows of nor suspects any such violation. Seller further agrees to provide to Buyer any

environmental surveys or related documents in their possession or to which they have access, within thirty (30) days of the Effective Date of this Agreement.

5.5 Buyer shall have the right to extend the Inspection Period for one (1) additional term of thirty (30) days beyond the original Inspection Period. If Buyer exercises its right to extend the Inspection Period, Buyer shall deposit an additional Two Thousand Five Hundred Dollars and zero cents (\$2,500.00) of Earnest Money with the Title Company (the "Additional Earnest Money"). The Additional Earnest Money shall be non-refundable to Buyer and shall be credited toward the Purchase Price at closing, if closing occurs.

5.6 If at any time prior to the Closing Date, Buyer has determined in its sole discretion that the condition of the Property is unacceptable, Buyer may cancel this Agreement by a written notice to Seller and neither party shall have any further rights or obligations to the other. In the event such termination notice is delivered to Seller prior to expiration of the initial Inspection Period, the Earnest Money shall be refunded to Buyer.

Section 6 – Closing Date

6.1 The Closing Date shall be no later than thirty (30) days after the expiration of the Inspection Period, unless extended by mutual agreement of the parties. Buyer may elect to close sooner by providing reasonable advance notice to Seller.

Section 7 - Title to Property

7.1 At Buyer's option and cost, Buyer may order an ALTA form title commitment from Escrow Agent (the "Title Commitment"), and may arrange to have an existing survey updated or a new survey prepared (the "Survey"). At any time prior to the Closing Date, Buyer may provide written objections to Seller regarding matters shown on the Title Commitment or the Survey.

7.2 Within thirty (30) days of such written objections, Seller shall respond in writing as to whether such objections will be cured by the Closing Date. If Seller does not cure the objections or commit to do so by Closing, Buyer may either waive the objections not cured and proceed to Closing or Buyer may cancel this Agreement within three (3) days of Seller's written response by a written notice to Seller and neither party shall have further rights or obligations to the other. Any title encumbrances or exceptions which are set forth in the Title Commitment and the Survey, and to which Buyer does not object or waives any objection shall be deemed to be permitted exceptions to the status of Seller's title (the "Permitted Exceptions").

7.3 Seller shall convey the Property to Buyer by quitclaim deed (the "Deed") and subject to the Permitted Exceptions (as set forth in Section 7.2).

Section 8 – Required Approvals

8.1 The parties agree and understand that closing is conditional upon Buyer's ability to obtain the necessary approvals from Seller's Development Review Committee, and any necessary planning, zoning approvals and building permits required for the Property and Buyer's Improvements during the Closing Period (the "Approvals"). Seller agrees to cooperate with Buyer by executing any documents required to evidence Seller's consent, as current owner of the Property, to the submittal of planning and zoning applications by Buyer, a prospective purchaser of the Property. Notwithstanding the foregoing, the parties agree and understand that granting the Approvals is ultimately at the discretion of Seller's Development Review Committee and Seller's governing body, and that nothing in this Agreement is intended to limit the authority or discretion of Seller's governing body in any way with respect to the Approvals.

Section 9 - Taxes and Assessments

9.1 To the extent applicable, Buyer shall be responsible for all real estate taxes and assessments, both general and special, accruing on and after the Closing Date. All such taxes shall be prorated as of the Closing Date.

Section 10 - Escrow Agent and Escrow Instructions

10.1 A copy of this Agreement shall be deposited by Seller or Buyer into escrow with Chicago Title-Overland Park KS, Attn. Randi Canon, 10740 Nall Ave. #201, Overland Park, KS 66211 (the "Escrow Agent") within fourteen (14) days of the Effective Date. All other funds and documents required hereunder shall be deposited with the Escrow Agent on or before the Closing Date. A copy of this Agreement shall serve as escrow instructions, subject to receipt by Escrow Agent of further written instructions by either party that do not conflict with this Agreement.

Section 11 - Closing and Escrow Charges; Closing Documents

11.1 At such time as the Escrow Agent (i) has in its possession all funds representing the balance of the Purchase Price due hereunder, (ii) has in its possession all documents required hereunder, including all documents necessary to satisfy and discharge delinquent taxes, judgments, mortgages, liens and assessments against the Property, (iii) is committed to issuing an ALTA owner's title insurance policy insuring fee simple title in Buyer subject only to the Permitted Exceptions (the "Owner's Policy"), and (iv) has received written authorization from Buyer and Seller, or their respective authorized parties, it shall file the Deed for record transferring title to Buyer and shall issue the Owner's Policy to the Buyer as hereinabove provided. The Escrow Agent shall deliver to Buyer the recorded Deed and the Owner's Policy.

11.2 Each party shall bear its own legal costs and expenses. All other costs of Closing shall be borne by Buyer, including but not limited to, (i) the escrow fee; (ii) the cost of recording the Deed; (iii) the cost of any endorsements to the Owner's Policy; and (iv) the cost of any Survey; and (vi) any costs of the title examination and Title Commitment.

11.3 At Closing, in addition to the Deed, Seller shall deliver (i) a seller's affidavit in the form required by the Title Company, (ii) a bill of sale conveying any Personalty to Buyer, (iii) an affidavit confirming that Seller is neither a "foreign person" nor a "foreign corporation" (as those terms are defined in Section 1445 of the Internal Revenue Code of 1986, as amended), (iv) a closing statement, reflecting the adjustments contemplated hereunder, and (v) all such other documents and instruments as may reasonably be required by Buyer and/or Escrow Agent to close the sale in accordance with this Agreement. At Closing, Buyer shall deliver (i) a closing statement, reflecting the adjustments contemplated hereunder, and (ii) all such other documents and instruments as may reasonably be required by Seller and/or Escrow Agent to close the sale in accordance with this Agreement.

Section 12 – Improvements

12.1 Buyer and Seller acknowledge and agree that the timely redevelopment of the Property is of utmost concern and importance, and is in the best interests of the parties and the health, safety, and welfare of Seller's residents.

12.2 Buyer agrees to commence construction on certain improvements (the "Improvements") on the Property, which are estimated to cost Buyer approximately One Million Eight Hundred Thousand Dollars and zero cents (\$1,800,000.00) (the "Estimated Improvements Cost"). Buyer shall have the sole right to, and shall be responsible for, the scope, design, construction, equipment and completion of the Improvements, and any modifications thereof, and shall operate and use the Improvements in the manner described herein, all in accordance with the terms of this Agreement and all other applicable local, state and federal ordinances, laws and regulations (the "Applicable Laws and Requirements"). The parties agree that the Improvements shall include the following:

- (i) A first-class veterinary hospital for the treatment of dogs, cats and other small pets, consisting of approximately five thousand nine hundred and sixty five (5965) square feet of office space, exam rooms and kennels, plus associated parking for staff and visitors and an outdoor exercise yard for dogs, as shown in Exhibit B attached hereto.

12.3 **Seller's Right to Repurchase:** In the event Buyer fails to commence construction of the Improvements on the Property on or before the first anniversary of the date of closing of the transaction represented by this Agreement, Seller may repurchase the Property from Buyer for fifty percent (50%) the Purchase Price set forth in this Agreement (and on such other terms set forth herein). For the purpose of this covenant, "commencement of construction" shall be defined as the installation of all building footings. Seller may exercise its right to repurchase by providing written notice thereof to Buyer within one sixty (60) days after the date of the first anniversary of the date of closing of the transaction represented by this Agreement, but in any event before building permit issuance and commencement of construction. The repurchase of the Property must be completed within sixty (60) days after the date of Seller's notice to Buyer of its intention to repurchase the Property. Buyer shall convey title to the Property by quitclaim deed to Seller.

Section 13 - Representations and Warranties of Seller.

13.1 Seller represents and warrants to Buyer as follows:

- (i) Organization. Seller is a municipality organized under the laws of the State of Kansas.
- (ii) Authority. The execution, delivery and performance by Seller of this Agreement are within such party's powers and have been duly authorized by all necessary action of such party.
- (iii) No Conflicts. Neither the execution and delivery of this Agreement, nor the consummation of any of the transaction herein or therein contemplated, nor compliance with the terms and provisions hereof or thereof, will contravene the ordinances, rules, regulations of Seller or the laws of the State of Kansas, or to any judgment, decree, license, order, or permit applicable to Seller, or will conflict or be inconsistent with, or will result in any breach of any of the terms of these covenants, conditions or provisions of any indenture, mortgage, deed of trust, agreement or other instrument to which the Seller is a party, by which the Unified Government or any of its assets is bound, or by which Seller or any of its assets is subject.
- (iv) No Consent. No consent, authorization, approval, order or other action by, and no notice to or filing with, any court of Government Authority or regulatory body or third party is required for the due execution and delivery by the Seller of this Agreement. No consent, authorization, approval, order or other action by, and no notice to or filing with, any court or Government Authority or regulatory body or third party is required for the performance by the Seller of this Agreement or the consummation of the transactions contemplated hereby.
- (v) Valid and Binding Obligation. This Agreement is the legal, valid and binding obligation of Seller, enforceable against the Seller in accordance with its terms, except as may be limited by bankruptcy, reorganization, insolvency, receivership, fraudulent conveyance, moratorium or other similar laws relating to or affecting creditors' rights generally and the enforcement thereof, and subject to general principles of law and equity and the availability of specific legal and equitable remedies, including but not limited to the remedy of specific performance or similar relief, and the discretion of the court (regardless of whether enforcement is sought in equity or at law), and subject to standards of commercial reasonableness.

Section 14 - Representations and Warranties of Buyer.

14.1 As of the Effective Date, Buyer represents and warrants to the Seller as follows:

- (i) Organization. Buyer is a limited liability company duly formed and validly existing under the laws of the State of Kansas. Buyer is duly authorized to conduct business in each other jurisdiction in which the nature of its properties or activities requires such

authorization. Buyer shall: (1) preserve and keep in full force and effect its corporate or other separate legal existence, and (2) remain qualified to do business and conduct its affairs in the State and each jurisdiction where the nature of its properties or activities requires such authorization.

(ii) Authority. The execution, delivery and performance by Buyer of this Agreement are within such party's powers and have been duly authorized by all necessary action of such party.

(iii) No Conflicts. Neither the execution and delivery of this Agreement, nor the consummation of any of the transactions herein or therein contemplated, nor compliance with the terms and provisions hereof or thereof, will contravene the organizational documents of Buyer or any provision of law, statute, rule or regulation to which Buyer is subject, or to any judgment, decree, license, order or permit applicable to Buyer, or will conflict or be inconsistent with, or will result in any breach of any of the terms of the covenants, conditions or provisions of any indenture, mortgage, deed of trust, agreement or other instrument to which Buyer is a party, by which Buyer or any of its assets is bound, or to which the Buyer or any of its assets is subject.

(iv) No Consents. No consent, authorization, approval, order or other action by, and no notice or filing with, any court or Government Authority or regulatory body or third party is required for the due execution and delivery by Buyer of this Agreement.

(v) Valid and Binding Obligation. This Agreement is the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with its terms, except as may be limited by bankruptcy, reorganization, insolvency, receivership, fraudulent conveyance, moratorium or other similar laws relating to or affecting creditors' rights generally and the enforcement thereof, and subject to general principles of law and equity and the availability of specific legal and equitable remedies, including but not limited to the remedy of specific performance or similar relief, and the discretion of the court (regardless of whether enforcement is sought in equity or at law), and subject to standards of commercial reasonableness.

Section 15 - Notices

15.1 All notices required or desired to be given hereunder shall be in writing and all such notices and other written documents required or desired to be given hereunder shall be deemed duly served and delivered for all purposes if (i) delivered by nationally recognized overnight delivery service; (ii) facsimile (with follow up within one (1) business day by United States Mail); or (iii) delivered in person, in each case if addressed to the parties set forth below:

To Seller:

The Unified Government Clerk
The Unified Government of Wyandotte County/Kansas City, Kansas
701 N. 7th Street, Room 323
Kansas City, Kansas 66101
Telephone: (913) 573-5010
Facsimile: (913) 573-5020

with a copy to:

George Brajkovic
Economic Development Director
701 N. 7th St.
Kansas City, KS 66101
Telephone: (913) 573-5749
Facsimile: (913) 573-5745

And to Buyer at:

Hodges' Properties, LLC
c/o Corbin Hodges, DVM
Piper Heritage Veterinary Clinic
3140 North 99th St.
Kansas City, KS 66109
Telephone:(913) 299-0010
Facsimile:(913) 788-8346

with a copy to:

Jason Romero
Husch Blackwell LLP
4801 Main Street, Suite 1000
Kansas City, MO 64112
Telephone: (816) 983-8264
Facsimile: (816) 983-8080

All notices given by fax (if followed by United States mail within one (1) business day) or personal delivered shall be deemed duly given one (1) business day after they are so delivered. Any party may change the address to which notices are to be addressed by giving the other parties notice in the manner set forth above.

Section 16 - Casualty; Condemnation

16.1 If prior to the Closing Date the Property or any part thereof is damaged or destroyed by fire or by any other cause or becomes subject to condemnation proceeding, this Agreement shall become null and void at Buyer's option, and upon delivery to Seller of written notice of an election by Buyer to treat this Agreement as null and void delivered by Buyer within ten (10) days of its

knowledge of the casualty or condemnation, this Agreement shall terminate and neither party shall have any further rights or obligations hereunder. If Buyer elects to proceed and to consummate the purchase despite said damage or destruction or condemnation, Seller will assign to Buyer its interest in and to any insurance policies and proceeds and/or condemnation award thereof payable as a result of such damage or destruction, less such portion thereof as shall first be reimbursed to Seller for the costs of any restoration work incurred by Seller prior to Closing.

Section 17 – Default

17.1 Default Provisions. Buyer shall be in default under this Agreement if:

(a) Buyer fails to make any of the payments of money required by the terms of this Agreement, and Buyer fails to cure or remedy the same within thirty (30) days of written notice of such failure from Seller;

(b) Buyer fails in a material manner to keep or perform any covenant or obligation herein contained on Buyer's part to be kept or performed, and Buyer fails to remedy the same within thirty (30) days after Buyer's receipt of written notice specifying such failure and that Seller considers such failure to be material and requesting that it be remedied; provided, however, that if any event of default shall be such that it cannot reasonably be corrected within such period, it shall not constitute an event of default if corrective action is instituted by Buyer within such period and diligently pursued until the default is corrected; or

(c) Buyer shall file a voluntary petition under any bankruptcy law or an involuntary petition under any bankruptcy law is filed against Buyer in a court having jurisdiction and said petition is not dismissed within sixty (60) days; or Buyer generally is not paying its debts as such debts become due; or Buyer makes an assignment for the benefit of its creditors; or a custodian, trustee or receiver is appointed or retained to take charge of and manage any substantial part of the assets of Buyer and such appointment is not dismissed within sixty (60) days;

(d) Buyer breaches its representations and warranties set forth in this Agreement and Buyer fails to remedy the same within thirty (30) days after Buyer's receipt of written notice from Seller specifying such failure and requesting that it be remedied; provided, however, that if any event of default shall be such that it cannot reasonably be corrected within such period, it shall not constitute an event of default if corrective action is instituted by Buyer within such period and diligently pursued until the default is corrected.

17.2 Rights and Remedies.

In the event of any default by Buyer, Seller may take such actions, or pursue such remedies, as exist hereunder, or at law or in equity, including specific performance. Without limiting the generality of the foregoing, and in addition to and not to the exclusion of any other rights or remedies of the Seller hereunder, in the event of such default which is not cured within the applicable cure period, in the event of any default by Buyer, the Seller may terminate this Agreement upon written notice to Buyer and retain the Earnest Money as liquidated damages.

17.3 Default by Seller. Seller shall be in default under this Agreement if:

(a) Seller fails to make any of the payments of money required by the terms of this Agreement, and Seller fails to cure or remedy the same within thirty (30) days of written notice of such failure from Buyer;

(b) Seller fails in a material manner to keep or perform any covenant or obligation herein contained on Seller's part to be kept or performed, and Seller fails to remedy the same within thirty (30) days after Seller's receipt of written notice specifying such failure and that Buyer considers such failure to be material and requesting that it be remedied; provided, however, that if any event of default shall be such that it cannot reasonably be corrected within such period, it shall not constitute an event of default if corrective action is instituted by Seller within such period and diligently pursued until the default is corrected; or

(c) Seller breaches its representations and warranties set forth in this Agreement and Seller fails to remedy the same within thirty (30) days after Seller's receipt of written notice from Buyer specifying such failure and requesting that it be remedied; provided, however, that if any event of default shall be such that it cannot reasonably be corrected within such period, it shall not constitute an event of default if corrective action is instituted by the Seller within such period and diligently pursued until the default is corrected.

17.4 Rights and Remedies.

In the event of any default by Seller, Buyer may take such actions, or pursue such remedies, as exist hereunder, or at law or in equity, including specific performance. Without limiting the generality of the foregoing, and in addition to and not to the exclusion of any other rights or remedies of the Seller hereunder, in the event of such default which is not cured within the applicable cure period, Buyer may terminate this Agreement and receive a refund of the Earnest Money.

Section 18 -- Miscellaneous

18.1 Assignment. Seller shall not assign its rights and interests hereunder. Buyer shall only be permitted to assign its rights and interests under this Agreement to one or more affiliated entities upon the express written approval of Seller.

18.2 Cash Basis Law. This Agreement is subject to the Kansas Cash Basis Law, K.S.A. 10-1101 et seq. and amendments thereto. This Agreement shall be construed and interpreted so as to ensure that Seller shall at all times stay in conformity with such laws and, as a condition of this Agreement, Seller reserves the right to unilaterally terminate this Agreement if the Agreement is deemed to violate the terms of such law. Seller is obligated only to make payments under the Agreement as may lawfully be made from: (a) funds budgeted and appropriated for that purpose during the Seller's current budget year; or (b) funds made available from any lawfully operated revenue producing source.

18.3 Entire Agreement. This Agreement, together with all the Exhibits attached hereto and incorporated by reference herein, constitutes the entire undertaking between the parties hereto, and supersedes any and all prior agreements, arrangements and understandings between the parties. This Agreement shall not be modified or amended unless such amendment is set forth in writing and executed by both Seller and Buyer.

18.4 Force Majeure. In the event either party hereto shall be delayed or hindered in or prevented from the performance of any act required under this Agreement by reason of acts of God, strikes, lockouts, failure of power or other insufficient utility service, riots, insurrection, any lawsuit seeking to restrain, enjoin, challenge or delay construction, failure of Seller to make timely approvals with regard to the Improvements (if applicable), war, terrorism or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Agreement, then performance of such act shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. The provisions of this Section shall not be applicable to delays resulting from the inability of a party to obtain financing or to proceed with its obligations under this Agreement because of a lack of funds.

18.5 Run with the Land. This Agreement shall be binding on and inure to the benefit of the parties hereto and their respective heirs, successors and assigns and shall run with the land.

18.6 Provisions Surviving Closing. The provisions of Sections 10, 11, 12, 13 and 15 shall survive Closing.

18.7 Counterparts. This Agreement may be executed in counterparts, which together shall constitute the agreement of the parties.

18.8 Authority. By executing this Agreement the signatory represents that they possess the required authority of their respective party.

18.9 Execution of Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. Scanned signatures shall have the same binding effect as production of original signatures.

18.10 Invalidity of Any Provisions. If for any reason any provision hereof shall be determined to be invalid or unenforceable, the validity and effect of the other provisions hereof shall not be affected thereby.

18.11 Broker Disclosure. Seller represents that no broker is assisting Seller with the transaction described herein except Joe Vaught of the Vaught Group ("Seller's Broker"); and Buyer represents that no broker is assisting Buyer with the transaction described herein except Jordan Zenger of Ferguson Properties, Inc. ("Buyer's Broker"). Seller will be responsible for paying commissions in the amount of 3% of the Purchase Price to Seller's Broker and 3% of the Purchase Price to Buyer's Broker at closing, and only if closing occurs.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed these presents as of the Effective Date.

**THE UNIFIED GOVERNMENT OF WYANDOTTE
COUNTY/KANSAS CITY, KANSAS**

By: _____
Douglas G. Bach
County Administrator

Date: _____

(SEAL)

ATTEST: _____
Bridgette D. Cobbins
Unified Government Clerk

ACKNOWLEDGMENT

STATE OF KANSAS)
) SS.
COUNTY OF WYANDOTTE)

On this _____ day of _____, 2016, before me personally appeared Douglas G. Bach, to me known to be the person described in and who executed the foregoing instrument, and acknowledged that he executed the same in his capacity as County Administrator of the Unified Government of Wyandotte County/Kansas City, Kansas.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

Notary Public

My term expires:

HODGES' PROPERTIES, LLC

By: _____
Corbin Hodges

Title: _____

Date: _____

STATE OF KANSAS)
) SS.
COUNTY OF WYANDOTTE)

On this _____ day of _____, 2016, before me personally appeared _____
_____ to me known to be the person described in and who executed the foregoing
instrument, and acknowledged that he executed the same in his capacity as _____ of
Hodges' Properties, LLC.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in
the County and State aforesaid, the day and year first above written.

Notary Public

My term expires:

EXHIBIT A

Property Legal Description

Lot 3-B Woodlands West Commercial Development, according to the recorded plat thereof.

EXHIBIT B

Improvements

- A first-class veterinary hospital
- Approximately six thousand square feet of office space, exam rooms and kennels
- Associated parking for staff and visitors
- An outdoor exercise yard
- Development of the site at \$1.8 million
- Construction to commence within one year



3D Parking Lot View



3D Street View



1150 MILLERS AVENUE, SE
ALLIANCE, MINNESOTA 55301
312.222.9644 FAX 312.222.3157
www.twcinc.com

THIS RENDERING IS A REPRESENTATION OF THE PROPOSED PROJECT AND IS NOT A CONTRACT. THE PROJECT IS SUBJECT TO THE APPROVAL OF THE CITY OF KANSAS CITY. THE PROJECT IS SUBJECT TO THE APPROVAL OF THE CITY OF KANSAS CITY. THE PROJECT IS SUBJECT TO THE APPROVAL OF THE CITY OF KANSAS CITY.

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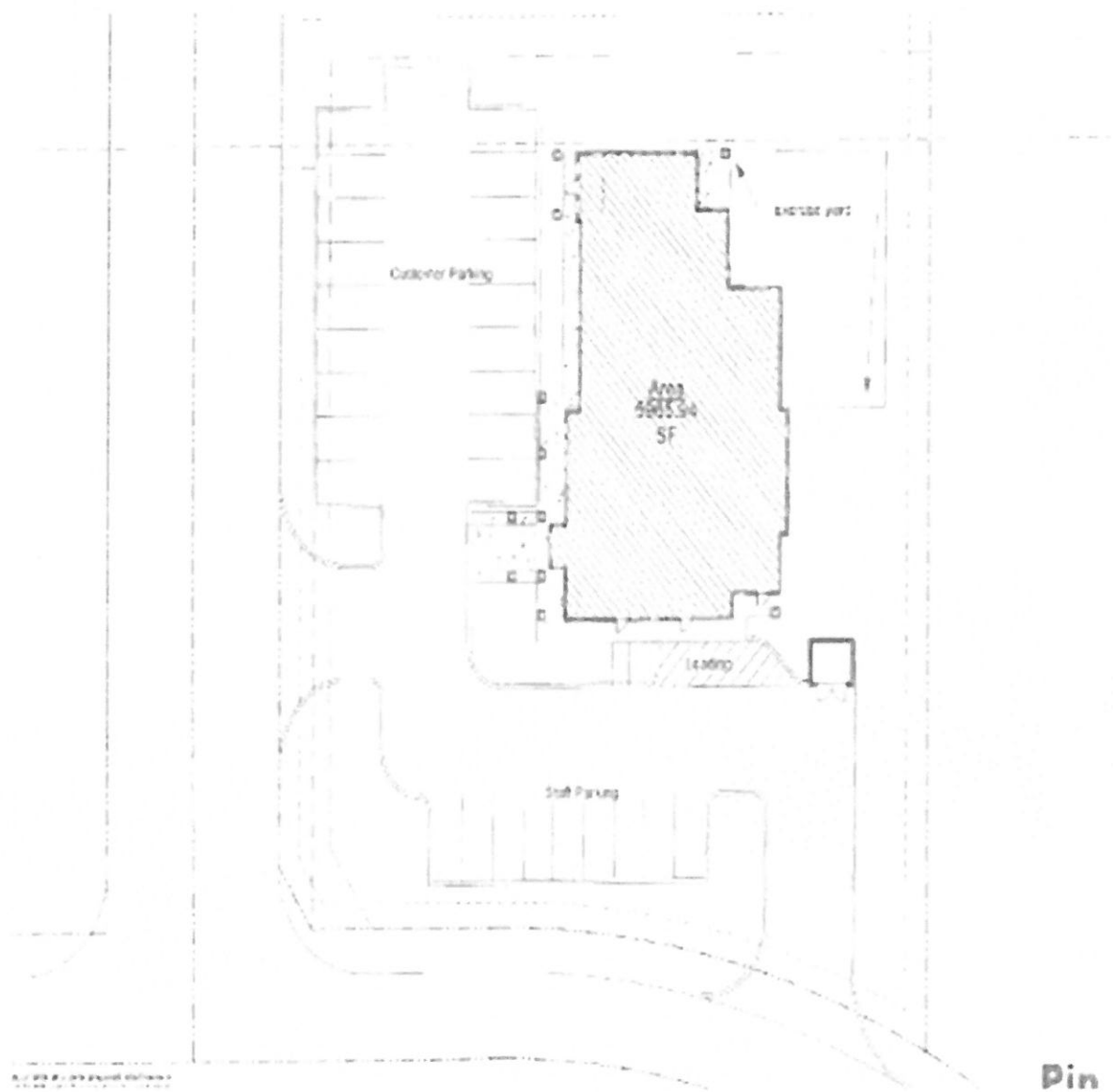
Piper Heritage VC

Kansas City, Kansas

2015-12-08

Perspective

Rendering



Site

Pin



Staff Request for Commission Action

Tracking No. 16632

Full Commission Meeting Date: N/A

Committee: Economic Development & Finance

Date of Standing Committee Action: June 6, 2016

(If none, please explain):

Publication Required: No

<u>Date:</u> 05/25/2016	<u>Contact Name:</u> Charles Brockman, Management Analyst	<u>Contact Phone:</u> x5733	<u>Contact Email:</u> cbrockman@wycokck.org	<u>Department/Division:</u> Economic Development
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Item Description:

Economic Development staff is presenting to the ED&F Standing Committee an update of the UG Small Business Incentive Pilot Program.

Action Requested:

Information only.

Budget Impact: (if applicable)

Amount:

Source:

Included In Budget:

Other (explain):

Attachments List:



Staff Request for Commission Action

Tracking No. 16626

Full Commission Meeting Date: 6/30/16

Committee: Economic Development & Finance

Date of Standing Committee Action: 6/6/16

(If none, please explain):

Publication Required: No

<u>Date:</u> 05/25/2016	<u>Contact Name:</u> George Brajkovic, Director	<u>Contact Phone:</u> x5749	<u>Contact Email:</u> gbrajkovic@wycokck.org	<u>Department/Division:</u> Economic Development
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Item Description:

On 08/13/2015, the Board of Commissioners passed O-53-15 which approved a Development Agreement with Turner Woods, LLC (NorthPoint) for the Turner Commerce Center. The 130 acre former residential TIF project site was projected to develop 3 industrial facilities, with about 1M sf of new space, 600 new jobs, all over a 10 year period.

For consideration is a Resolution of Intent for \$310.5M in IRBs as submitted by RELP Turner, LLC (USAA Real Estate) for the development of a single 856,605 sf Industrial facility, with an additional 1.5M sf coming from an internal mezzanine design, for a total of 2.3M+ sf. The project is expected to create 1,500 jobs initially, and grow to 2,500 or more.

The Resolution of Intent also includes a provision to amend and assign the original DA. The original incentive structure of IRBs with a 100% tax abatement remains in place. However, the special assessment CID will be removed from the project area. The revenue generated from the CID and retained by the UG for infrastructure improvements to Riverview Ave is being replaced by a \$7M grant from KDOT.

Action Requested:

Public Hearing for consideration of IRBs/PILOT structure set for June 9, 2016, adopt Resolution of Intent.

Budget Impact: (if applicable)

Amount:

Source:

Included In Budget:

Other (explain):

Attachments List:

Resolution of Intent TCC

RESOLUTION DETERMINING THE INTENT OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS, TO ISSUE ITS INDUSTRIAL REVENUE BONDS IN THE AMOUNT OF APPROXIMATELY \$310,500,000 TO FINANCE THE COSTS OF ACQUIRING, CONSTRUCTING, IMPROVING AND EQUIPPING INDUSTRIAL FACILITIES FOR THE BENEFIT OF RELP TURNER, LLC)

WHEREAS, the Unified Government of Wyandotte County/Kansas City, Kansas (the “Unified Government”), desires to promote, stimulate and develop the general welfare and economic prosperity of Wyandotte County/Kansas City, Kansas and their inhabitants and thereby to further promote, stimulate and develop the general welfare and economic prosperity of the State of Kansas; and

WHEREAS, the Unified Government is authorized and empowered under the provisions of K.S.A. 12-1740 to 12-1749d, inclusive (the “Act”), to issue revenue bonds to pay the cost of certain facilities (as defined in the Act) for the purposes set forth in the Act and to lease such facilities to private persons, firms or corporations; and

WHEREAS, RELP Turner, LLC, a Delaware limited liability company or its subsidiary (the “Company”), has submitted to the Unified Government an Application for the Issuance of Industrial Revenue Bonds (the “Application”) requesting that the Unified Government finance the cost of acquiring, constructing, improving and equipping certain industrial facilities consisting of approximately 857,000 total square feet as more fully described in the Application generally located at the southwest corner of Riverview Avenue and the Turner Diagonal Freeway consisting of certain industrial facilities (collectively, the “Project”) through the issuance of its revenue bonds in one or more series in the amount of approximately \$310,500,000, and to lease the Project to the Company or its successors and assigns in accordance with the Act;

WHEREAS, it is hereby found and determined to be advisable and in the interest and for the welfare of Wyandotte County/Kansas City, Kansas and their inhabitants that the Unified Government finance the costs of the Project by the issuance of revenue bonds under the Act in a principal amount of approximately \$310,500,000, said bonds to be payable solely out of rentals, revenues and receipts derived from the lease of the Project by the Unified Government to the Company;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS, AS FOLLOWS:

Section 1. Approval of Project. The Governing Body of the Unified Government hereby finds and determines that the acquiring, constructing, improving and equipping of the Project will promote the general welfare and economic prosperity of Wyandotte County/Kansas City, Kansas, and the issuance of the Unified Government's revenue bonds to pay such costs will be in furtherance of the public purposes set forth in the Act.

Section 2. Intent to Issue Bonds. The Governing Body of the Unified Government hereby determines and declares the intent of the Unified Government to acquire, construct, improve and equip the Project out of the proceeds of revenue bonds of the Unified Government in a principal amount of approximately \$310,500,000 to be issued pursuant to the Act.

Section 3. Provision for the Bonds. Subject to the conditions of this Resolution, the Unified Government will (i) issue its revenue bonds to pay the costs of acquiring, constructing, improving and equipping the Project, with such maturities, interest rates, redemption terms and other provisions as may be determined by ordinance of the Unified Government; (ii) provide for the lease (with an option to purchase) of the Project to the Company; and (iii) to effect the foregoing, adopt such resolutions and ordinances and authorize the execution and delivery of such instruments and the taking of such action as may be necessary or advisable for the authorization and issuance of said bonds by the Unified Government and take or cause to be taken such other action as may be required to implement the aforesaid.

Section 4. Conditions to Issuance. The issuance of said bonds and the execution and delivery of any documents related to the Bonds are subject to (i) obtaining any necessary governmental approvals; (ii) agreement by the Unified Government, the Company and the purchaser of the bonds upon (a) mutually acceptable terms for the bonds and for the sale and delivery thereof and (b) mutually acceptable terms and conditions of any documents related to the issuance of the bonds and the Project; and (iii) the Company's compliance with the Unified Government's policies relating to the issuance of revenue bonds.

Section 5. Sale of the Bonds. The sale of the bonds shall be the responsibility of the Company.

Section 6. Ad Valorem Tax Abatement. In consideration of the Company's decision to acquire, construct, improve and equip the Project, the Unified Government hereby agrees to take all appropriate action to request the Kansas Board of Tax Appeals to approve a 100% ad valorem property tax abatement (not including special assessments) for all real property financed with the proceeds of the Bonds.

The Unified Government and the Company shall enter into a Performance Agreement in substantially the form approved by the Governing Body for the Project. The Project financed with the proceeds of the Bonds shall be entitled to a 10-year tax abatement, with the first year of the abatement being the year beginning on the January 1 following the year the Bonds are issued by the Unified Government. The abatement is subject to adjustment in accordance with the Performance Agreement and the Development Agreement as defined in Section 10 hereof.

In consideration of the Unified Government's agreement to request 100% ad valorem property tax abatement, the Company will agree to make an annual fixed payment in lieu of tax to the Unified Government during the term of the abatement for the Project equal to the amounts set forth below:

Year	PILOT
1	\$5,000
2	\$5,000
3	\$5,000
4	\$5,000
5	\$5,000
6	\$5,000
7	\$5,000
8	\$5,000
9	\$5,000
10	\$5,000

Section 7. Limited Obligations of the Unified Government. The bonds and the interest thereon shall be special, limited obligations of the Unified Government payable solely out of the amounts derived by the Unified Government under the Lease Agreement and as provided herein and are secured by a transfer, pledge and assignment of and a grant of a security interest in the Trust Estate to the Trustee and in favor of the Owners of the bonds, as provided in the Indenture. The Bonds shall not constitute a general obligation of the Unified Government, the State or of any other political subdivision thereof within the meaning of any State constitutional provision or statutory limitation and shall not constitute a pledge of the full faith and credit of the Unified Government, the State or of any other political subdivision thereof and shall not be payable in any manner by taxation, but shall be payable solely from the funds provided for as provided in the Indenture. The issuance of the bonds shall not, directly, indirectly or contingently, obligate the Unified Government, the State or any other political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

Section 8. Required Disclosure. Any disclosure document prepared in connection with the offering of the bonds shall contain the following disclaimer:

NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT, OTHER THAN WITH RESPECT TO INFORMATION CONCERNING THE UNIFIED GOVERNMENT CONTAINED UNDER THE CAPTIONS "THE UNIFIED GOVERNMENT" AND "LITIGATION -- THE UNIFIED GOVERNMENT" HEREIN, HAS BEEN SUPPLIED OR VERIFIED BY THE UNIFIED GOVERNMENT, AND THE UNIFIED GOVERNMENT MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

Section 9. Further Action. Counsel to the Unified Government and Gilmore & Bell, P.C., Bond Counsel for the Unified Government, together with the officers and employees of the Unified Government, are hereby authorized to work with the purchaser of the bonds, the Company, their respective counsel and others, to prepare for submission to and final action by the Unified Government all documents necessary to effect the authorization, issuance and sale of the bonds and other actions contemplated hereunder.

Section 10. Development Agreement. The Unified Government hereby approves the Amended and Restated Development Agreement for Turner Woods Industrial Park (the "Development Agreement") for the development to be entered into with the Company in substantially the form presented to and reviewed by the governing body of the Unified Government (a copy of which document, upon execution thereof, shall be filed in the office of the Unified Government Clerk), with such changes therein as shall be approved by the officers of the Unified Government executing such documents, such officers' signatures thereon being conclusive evidence of their approval thereof. The Mayor/CEO and the Clerk are hereby authorized to execute and deliver the Development Agreement and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Resolution.

Section 11. Effective Date. This Resolution shall take effect and be in full force immediately after its adoption by the Governing Body of the Unified Government.

ADOPTED BY THE COMMISSION OF THE UNIFIED GOVERNMENT OF WYANDOTTE
COUNTY/KANSAS CITY, KANSAS ON JUNE 9, 2016.

By: _____

Mayor/CEO of the Unified
Government of Wyandotte County/
Kansas City, Kansas

(Seal)

Attest:

By: _____

Unified Government Clerk



Staff Request for Commission Action

Tracking No. 16628

Full Commission Meeting Date: NA

Committee: Economic Development & Finance

Date of Standing Committee Action: 6/6/16

(If none, please explain):

Publication Required: No

<u>Date:</u> 05/25/2016	<u>Contact Name:</u> George Brajkovic, Director	<u>Contact Phone:</u> x5749	<u>Contact Email:</u> gbrajkovic@wycokck.org	<u>Department/Division:</u> Economic Development
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Item Description:

The current Tax Abatement policy was adopted October 21, 2010. While many facets of the Policy remain relevant, it is considered best practice to review policies at frequent intervals. As such, staff will make presentation of key features of the policy and seek input for proposed changes.

Action Requested:

Staff will make presentation on current Tax Abatement policy and seek input for any requested changes.

Budget Impact: (if applicable)

Amount:

Source:

Included In Budget:

Other (explain):

Attachments List:

Current Tax Abatement Policy

UNIFIED GOVERNMENT
OF
WYANDOTTE COUNTY/KANSAS CITY, KANSAS

TAX ABATEMENT POLICY

Revised and Adopted

October 21, 2010

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS
TAX ABATEMENT POLICY
ADOPTED OCTOBER 21, 2010

Section 1. Purpose. This Tax Abatement Policy is designed to create a positive business environment to stimulate economic growth and development in order to encourage capital investment, employment opportunities, and quality services for the benefit of the community. The objectives of the Tax Abatement Policy are described below:

- Attract and retain quality businesses for the community
- Add and retain employment opportunities for Residents
- Attract major projects to impact local tax base
- Diversify the local economy
- Create opportunities in older distressed areas of the community
- Ensure equal opportunities for minority, women, and locally owned businesses
- Reward quality environmental design

Section 2. Scope. This Policy shall apply to the City of Kansas City, Kansas (“City”).

Section 3. Policy Statement. To meet the economic goals of the community, it shall be the policy of the Unified Government to typically provide a 45% real property tax abatement for portions of a Project that qualify for tax abatement under Kansas law so long as the Project meets the criteria established by the Unified Government. Depending how the tax abatement is structured over the term, tax abatement for a Project may exceed an overall average of 45%. It shall be the policy of the Unified Government that, regardless of the percentage amount of bonus provisions an applicant may be eligible for, the maximum percentage of abatement provided for any Project shall not exceed 75% for 10 years.

It shall also be the policy of the Unified Government that economic development Projects pay their fair share of property tax, special improvement district assessments, and cost of utility services. Economic development Projects shall have a positive financial impact on the community, and the Unified Government reserves the right to approve the cost-benefit analysis model used to determine the financial impact. The Board of Commissioners shall consider the following factors when granting property tax incentives pursuant to Section 13 of Article 11 of the Kansas Constitution and K.S.A. 12-1740 *et seq.* and 79-201a.

- A. **Existence of Economic Benefit.** The Project must add to the local economy. Evaluation criteria to be used in determining benefit to the community shall include but shall not be limited to the following: the amount of Capital Investment; whether the Project produces value-added products and services; number of jobs created and associated payroll; and whether the Project provides a positive fiscal impact and economic impact.
- B. **Type of Business.** The Project shall be of a nature that is desirable and stimulates the local economy and improves the quality of life for its citizens. Additional considerations may include whether the Project has the effect of supporting or spurring other development and whether a Project would help achieve successful completion of an existing commercial or industrial park or the development of a new commercial or industrial enterprise.
- C. **Compatibility with Adopted Plans.** All Projects shall be consistent with the Unified Government Comprehensive Plan, any applicable corridor plans, and other plans of the Unified Government which may be relevant to the Project. When evaluating proposed Projects, the Unified Government will consider a variety of factors to determine compliance, including compatibility of the location of the business with land use and development plans of the Unified Government and the availability of existing infrastructure facilities and essential public services.
- D. **Excluded Businesses.** In addition to the uses of property prohibited by K.S.A. 79-201 (a) *Second*, the following uses shall not be eligible for property tax abatement: car wash, day care, private school, veterinary clinic, storage facility, and branch bank offices. The Unified Government may, at its sole

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS
TAX ABATEMENT POLICY
ADOPTED OCTOBER 21, 2010

discretion, waive any of these prohibitions if the applicant demonstrates compelling and unique circumstances regarding its Project.

- E. **Maintain Existing Tax Base.** To facilitate new development, the Unified Government shall assist new industries that invest in new buildings and building expansion. However, the amount of property taxes or special assessments on the existing land and facilities shall under no circumstances be reduced for new development Projects.
- F. **Transfer of Ownership.** The owner or lessee of any property that is all or partially exempt from ad valorem taxes as the result of the Unified Government having granted the exemption shall obtain the Unified Government written consent before transferring majority ownership of the property unless the transfer is to an affiliate or a related entity.

Section 4. Definitions. For purposes of this Tax Abatement Policy, when used in this Policy, the following words shall have the following meanings. Additional definitions may be added in exhibits to this Policy.

ABATEMENT: The difference between the amount of ad valorem property taxes an entity would pay if there were no abatement granted and the amount required to be paid as payments in lieu of taxes. For example, if the taxes required with no abatement were \$5,000, and the required in lieu payments were \$3,000, the “abatement” would be \$2,000.

APPLICANT: Any person, firm, or entity making application to receive private activity conduit financing and/or requesting tax abatement.

BOND COUNSEL: That firm or individual designated by the Unified Government to handle legal and financial matters and issues associated with the issuance of temporary notes and bonds by the Unified Government.

CAPITAL INVESTMENT: Capital investment shall include expenditures for land, buildings, or personal property subject to ad valorem taxation.

ECONOMIC DEVELOPMENT EXEMPTION or EDX: For purposes of an abatement pursuant to the Kansas Constitution, this term shall mean the establishment of a new business or the expansion of an Existing Business, engaged in manufacturing commodities which are sold or traded in interstate commerce.

EXISTING BUSINESS: A business shall be an “Existing Business” if it has had facilities and operations in Wyandotte County for a period of not less than one year. All other businesses shall be “New Businesses.”

LEED CERTIFICATION: A third party green building certification program developed by the U.S. Green Building Council that offers validation of a Project’s green features and verifies that the building is operating exactly the way it was designed to.

LOCAL BUSINESS ENTERPRISE or LBE: A business headquartered or that maintains a major branch that performs the significant functions of the business in Wyandotte County, or businesses of which at least 51% of the stock, equity, or beneficial interest is owned, held, or controlled and whose day-to-day management is under the control of an individual residing in Wyandotte County, Kansas.

MINORITY BUSINESS ENTERPRISE or MBE: A business of which at least 51% of the stock, equity, or beneficial interest is owned, held, or controlled and whose day-to-day management is under the control of one or more minority individuals and which business is certified as a Minority Business Enterprise under Article V of Chapter 18 of the Unified Government Code. A “minority individual” is as defined in Article V of Chapter 18 of the Unified Government Code.

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS
TAX ABATEMENT POLICY
ADOPTED OCTOBER 21, 2010

NEW BUSINESS: Any business which is not an Existing Business.

PRIVATE ACTIVITY BONDS or BONDS: The financing or refinancing of Projects, including but not limited to buildings, equipment, furniture and fixtures, and related capital items by bonds or other debt obligations issued by the Unified Government where the Projects are owned by or leased to a private entity and the debt service on such bonds or other obligations is paid or secured by a private entity.

PROJECT: The purpose for which issuance of the Private Activity Bonds/or an EDX abatement is being requested.

RESIDENT: An individual residing in Wyandotte County, Kansas.

WOMEN BUSINESS ENTERPRISE or WBE: A business of which at least 51% of the stock, equity, or beneficial interest is owned, held, or controlled and whose day-to-day management is under the control of one or more women who are citizens or lawful permanent residents of the United States and which business is certified as a Woman Business Enterprise under Article V of Chapter 18 of the Unified Government Code.

Section 5. Abatement Criteria and Adjustments. Adjustments made to increase the total amount of abatement are intended to be provided as an extra incentive to exceed certain criteria when others may not be met and to fulfill certain goals of the community. The following are the criteria for abatement and adjustments to the total amount of abatement.

- A. **Project Investment Bonus.** It is the goal to strengthen the local economy through the growth of the local tax base. Capital Investments produce a long-term tax benefit to the community; therefore a major Project may be eligible for an additional abatement percentage determined by the level of capital investment. To be eligible for the Project Investment Bonus, the Project's construction labor costs must comply with the provisions of the Davis-Bacon Act, 40 USC 276(a). Depending upon the Project's capital investment, an increase in the abatement may be considered as follows:
 - a. Capital Investment of up to \$24,999,999 may receive a bonus of up to 5%
 - b. Capital Investment of \$25,000,000 to \$49,999,999 may receive a bonus of up to 10%
 - c. Capital Investment of \$50,000,000 and above may receive a bonus of up to 15%
- B. **Target Area Bonus.** It is a goal to encourage development / redevelopment in distressed areas of the community. Strong consideration will be given for a business that will be located in a targeted area for economic development or redevelopment. An abatement adjustment of up to 10% may be considered for Projects that locate in the targeted area. The Target Area is defined in Exhibit A of this document.
- C. **Targeted Industries.** It is a goal to attract and retain certain targeted industries for the community due to their long term economic impact. An abatement adjustment of 5% to 15% may be considered for Projects that are in targeted industries. The current targeted industries generally include Class A office, high technology and bioscience-related businesses and development. The attached list of Targeted Industries and associated abatement bonuses are defined in Exhibit B of this document.
- D. **Residency Bonus:** It is a goal to create new employment opportunities for community Residents. An abatement adjustment from 5% to 10% will be considered depending on the percentage of Wyandotte County Residents employed by the company receiving tax abatements; the required percentage of Wyandotte County Residents and the associated abatement percentage are attached in Exhibit C of this document. To be considered for this abatement bonus a minimum of 35 total jobs must be created in the first year of operation. Existing Businesses which apply for abatement will be examined for the

UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS
TAX ABATEMENT POLICY
ADOPTED OCTOBER 21, 2010

amount of existing Wyandotte County Residents currently employed in operations, as well as commitment for new hires due to the Project receiving abatement. To maintain this abatement bonus, the company will be required to provide an annual certification of the number of Wyandotte County Residents employed.

- E. **Minority, Women, and Locally Owned Businesses Bonus:** It is a goal to give opportunities for the utilization of Minority, Women, and Locally Owned Business where available and applicable. A bonus of 5% to 10% may be given depending on the participation of MBE, WBE, and LBE in the construction of the Project receiving tax abatement; the attached list of MBE, WBE, LBE percentages and associated abatement bonuses are defined in Exhibit D of this document. It is the intent that the designated percentages for each of MBE, WBE, LBE categories are achieved, but an adjustment may be made for a designated level of cumulative participation by MBEs, WBEs, and LBEs.
- F. **Environmental Design Bonus.** It is a goal to create quality and sustainable developments / structures throughout the City. The City, at its sole discretion, may require higher design standards for the design of buildings and materials used for Projects receiving property tax abatement. An abatement adjustment will be given to businesses whose new construction achieves U.S. Green Building Council LEED Certification. This abatement adjustment shall range from 5% to 10% given the level of LEED Certification. The levels of certification and associated bonuses are defined in Exhibit E of this document.

Section 6. Term of Abatement. The abatement period for a Project approved under this Policy will be determined by the amount of new Capital Investment in the City. Capital Investment shall include expenditures for land, building, or personal property subject to ad valorem taxation.

- A. **Existing Businesses.** The normal term of abatement for each Project where the applicant is an Existing Business is determined according to the following schedule, unless a different term is established by the Board of Commissioners:

<i>Capital Investment</i>	<i>Normal Term</i>
\$3,999,999 or less	5 years
\$4,000,000 or greater	10 years

- B. **New Businesses.** The normal term of abatement for each Project where the applicant is a New Business is determined according to the following schedule, unless a different term is established by the Board of Commissioners:

<i>Capital Investment</i>	<i>Normal Term</i>
\$5,999,999 or less	5 years
\$6,000,000 and greater	10 years

- C. **Commencement of Abatement.** The abatement term for Projects under authority of Section 13 of Article 11 of the Kansas Constitution shall begin in the calendar year after the calendar year in which the business commences its operations or the calendar year in which expansion of an Existing Business is completed, as the case requires. The abatement term for Projects under authority of K.S.A. 12-1740 through 12-1749 and 79-201a shall begin in the calendar year after the calendar year in which the Private Activity Bonds are issued. Projects which include multiple phases shall have an expiration date for the commencement of the term of the abatement for all phases as determined by the Board of Commissioners at the time of the adoption of the Resolution of Intent.

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Section 7. Procedure. The Unified Government will consider granting a tax exemption pursuant to this Policy after receipt of a complete application from the applicant in a form prescribed by the Unified Government together with the application fee. The application shall be submitted in sufficient time for staff to follow established procedures for publication of notice, to review the Project's preliminary site plans and building elevations, to prepare a fiscal impact analysis, and to contact the school district within which the property proposed for exemption is located. The Project's site plans and building elevations are subject to final approval to ensure that they are similar to the preliminary plans and elevations submitted.

Based on each application and such additional information as may be requested by the Unified Government, the Unified Government shall prepare or cause to be prepared a fiscal impact analysis of the proposed exemption on the City, County, and State of Kansas, which analysis shall be used by the Board of Commissioners in considering the request for abatement.

Prior to formal action on each Resolution of Intent, the Board of Commissioners shall conduct a public hearing thereon, to be scheduled at least seven days after publication of notice.

Section 8. Performance Agreement.

- A. **Continued Compliance.** Any tax exemption/abatement granted pursuant to this Policy shall be accompanied by a performance agreement between the applicant and/or lessee and the Unified Government. Any tax exemption or abatement is subject to annual review and determination by the Unified Government County Administrator that the conditions qualifying the business for the exemption or abatement continue to exist. The Unified Government at any time may review information provided by the company, lessee, or State of Kansas, or may request additional information to determine compliance with the performance agreement. If the Board of Commissioners finds that the business or Project is not in compliance, then the tax exemption or abatement may be modified pursuant to the performance agreement or eliminated as the Board of Commissioners deems appropriate. The County Assessor and the Board of Tax Appeals shall be notified of such action. Each performance agreement shall contain a notice and waiver disclosing to each applicant that the Unified Government reserves the right to grant future tax exemptions or abatements on comparable Projects in amounts different than the exemption or abatement granted to such applicant. Such notice and waiver shall include a provision that the applicant waives any right to request a modification or amendment of such exemption or abatement based upon such differences.
- B. **Clawbacks.** Each performance agreement for a Project shall provide that the percentage of property tax abatement shall be scaled back to the term provided for in this Policy if, within three years after the issuance of the Private Activity Bonds, the applicant has not incurred the required Capital Investment.
- C. **Utilization of UG Services.** The performance agreement shall require that the company receiving the property tax abatement (or any other user of the property) utilize solid waste services provided by the Unified Government. This requirement shall not apply to any user if the user demonstrates that solid waste services provided by the Unified Government are not adequate to serve such user's reasonable needs.
- D. **Fee Schedule.** The Fee Schedule for applications, issuance, and monitoring is contained in Exhibit F of this document. Such Fee Schedule shall apply to both Private Activity Bonds and EDX abatement requests. The Fee Schedule will be made available upon request.

Section 9. Authority of UG Commission. The Board of Commissioners reserves the right to deviate from this Policy, but not any procedure set forth in this Policy or any other procedural requirements of State law, when it considers such action to be of exceptional benefit to the Unified Government or extraordinary circumstances prevail that the Commission believes such deviation is in the best interests of the Unified Government.

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Exhibit A
Target Area Bonus

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Exhibit B

Target Industries ***

NAICS Code	Industry	Bonus Abatement Percentage
3111	Animal Food Manufacturing	5%
3251	Basic Chemical Manufacturing	5%
3253	Pesticide, Fertilizer, and other Ag Chemical Mfg	5%
3254	Pharmaceutical and Medicine Manufacturing	5%
3341	Computer and Peripheral Equipment Manufacturing	5%
3342	Communication Equipment Manufacturing	5%
3343	Audio and Video Equipment Manufacturing	5%
3344	Semiconductor and Other Electronic Component Manufacturing	5%
3345	Navigational Measuring, Electromedical, and Control Instruments Manufacturing	5%
3359	Other Electrical Equipment and Component Manufacturing if researching developing or manufacturing power system technology for the following: • Aerospace; • Space; • Defense; • Hybrid vehicles; or • Implantable or wearable medical devices	5%
3364	Aerospace Product and Parts Manufacturing	5%
3391	Medical Equipment and Supplies Mfg	5%
5171	Wired Technology Carriers	5%
5179	Other Telecommunications	5%
5181	Internet Service Providers and Web Search Portals	5%
5182	Data Processing, Hosting, and Related Services	5%
5416	Management, Scientific, and Technical Consulting Services	5%
5417	Scientific Research and Development Services	5%
6113	Colleges, Universities and Professional Schools	5%
54171	Research & Development in	5%

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	Physical, Engineering and Life Sciences	
325193	Ethyl Alcohol Manufacturing	5%
325199	All Other Basic Organic Chemical Manufacturing	5%
325411	Medicinal and Botanical Manufacturing	5%
325412	Pharmaceutical Preparation Manufacturing	5%
325414	Biological Product (except Diagnostic) Manufacturing	5%
334510	Electromedical and Electrotherapeutic Apparatus Mfg	5%
334516	Analytical Laboratory Instrument Manufacturing	5%
334517	Irradiation Apparatus Manufacturing	5%
339111	Laboratory Apparatus and Furniture Mfg	5%
339112	Surgical and Medical Instrument Manufacturing	5%
339113	Surgical Appliance and Supplies Mfg	5%
339114	Dental Equipment and Supplies Mfg	5%
541380	Testing Laboratories	5%
541711	Research and Development in Biotechnology	5%
621511	Medical Laboratories	5%
621512	Diagnostic Imaging Centers	5%
622110	General Medical and Surgical Hospitals	5%

Quality office developments shall receive up to a 15% bonus depending on quality design and material used.

***Target Industries included in Exhibit B are excluded from Minimum Employment Requirements.

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Exhibit C
Residency Bonus

<i>Percentage of Residency Hires</i>	<i>Abatement Bonus Percentage</i>	<i>Minimum Employment</i>
25% Wyandotte County Residents Employed	5% Abatement Bonus	35 New Hires
50% Wyandotte County Residents Employed	10% Abatement Bonus	70 New Hires

***Target Industries included in Exhibit B are excluded from Minimum Employment Requirements.

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Exhibit D

Minority, Women, and Locally Owned Business Bonus

MBE / WBE / LBE Participation Percentage	Abatement Bonus Percentage
LBE – 15% MBE – 10% WBE – 5% Combined Total – 25%	5% Abatement Bonus
LBE -20% MBE – 15% WBE – 10% Combined Total – 35%	10% Abatement Bonus

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Exhibit E

Environmental Design Bonus

LEED Certification Level	Abatement Percentage Bonus
LEED Certified or LEED Silver	5% Abatement Bonus
LEED Gold or LEED Platinum	10% Abatement Bonus

Exhibit F

Fee Schedule

The following fees are hereby established:

- A. **Application Fee.** For Existing Businesses, a non-refundable application fee of \$1,000 shall accompany all applications for the issuance of Private Activity Bonds or for EDX abatement. For New Businesses, a non-refundable application fee of \$2,000 shall accompany all applications for the issuance of Private Activity Bonds or for EDX abatement.
- B. **Issuance Fee.** For Projects requesting tax abatement, applicants shall pay an issuance fee of (i) .400 of the first \$10 million par amount of Bonds being issued or the amount of EDX abatement being requested, plus (ii) .250 of the par amount in excess of \$10 million but less than \$25 million of Bonds being issued or the amount of EDX abatement being requested. (iii) .125 of the par amount in excess of \$25 million of Bonds being issued. The fee shall be due and payable at the time the Bonds are issued.
- C. **Additional Costs.** The applicant shall reimburse the Unified Government for all costs associated with all legal publication notices, application fees to the Court of Tax Appeals, the Unified Government's Bond Counsel fees, and all other miscellaneous costs.
- D. **Monitoring Fee.** The Unified Government will require an annual compliance review of all Projects receiving tax abatement either from the issuance of Private Activity Bonds or by EDX. The business will be required to submit an annual monitoring fee of \$1,000 for activities required to insure compliance.



Staff Request for Commission Action

Tracking No. 16629

Full Commission Meeting Date: NA

Committee: Economic Development & Finance

Date of Standing Committee Action: 6/6/16

(If none, please explain):

Publication Required: No

<u>Date:</u> 05/25/2016	<u>Contact Name:</u> George Brajkovic, Director	<u>Contact Phone:</u> x5749	<u>Contact Email:</u> gbrajkovic@wycokck.org	<u>Department/Division:</u> Economic Development
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Item Description:

FY 2016, the Unified Board of Commissioners established a \$3M Urban Development Gap Fund (grant) to assist with the financing and facilitation of renovations, revitalization and attraction of new business ventures. Further defined in budget documents as money intended as matching revenue to leverage more investment and used for land acquisition, demolition of rundown properties, and repair infrastructure.

Staff has prepared a draft Policy re: these funds, and is looking to present and receive feedback.

Action Requested:

Staff will make presentation on draft policy and seek input from Committee.

Budget Impact: (if applicable)

Amount:

Source:

Included In Budget:

Other (explain):

Attachments List:

Draft Urban Gap Fund Policy

Urban Development Gap Fund Policy

(Economic Development Grant)

Introduction

FY 2016, the Unified Government Board of Commissioners established a \$3M Urban Development Gap Fund (grants) to assist with the financing and facilitation of renovations, revitalization and attraction of new business ventures. This money, intended as matching revenue to leverage more investment, can be used for needed land acquisition, demolition of old rundown properties to make way for new opportunities and repair infrastructure.

Site Eligibility Criteria:

As the title suggests, the target area for use of these funds is in Urban settings. As the City of Kansas City, KS has a large and diverse “Urban” profile, the eligible area will not be defined by a geographic coverage map. Instead, each site proposal will be evaluated along the following criteria:

1. Substantial number of deteriorated or deteriorating structures, vacancies
2. Predominance of defective or inadequate street layout
3. Unsanitary or unsafe conditions
4. Tax or special assessment delinquency exceeding the fair market value of the real property
5. Defective or unusual conditions of title
6. Improper subdivision or obsolete platting or land uses
7. The existence of conditions which endanger life or property
8. Conditions which create economic obsolescence
9. Environmentally contaminated
10. Inadequate utilities and infrastructure

Eligible sites will meet a minimum of 4 of the 10 criteria above to determine site eligibility.

Project Eligibility Criteria:

In addition to the information provided in the Introduction, this program is not intended to exclude any new business venture, except the following uses: Liquor Stores, bars, car wash, storage facility, branch bank office, and home-based businesses.

Preference may be given to Projects which:

- create permanent FT jobs
- create quality housing
- designed as mixed-use developments
- redevelopment of existing structures
- provide or enhance amenities to existing neighborhoods/surrounding area
- fill a bona-fide development void for a neighborhood, supported by independent analysis

Financing Eligibility Criteria:

Each proposal is expected to have been vetted by Economic Development staff to ensure that the traditional incentives have been applied, and that the project still has a legitimate gap in financing. Part of this process will look to ensure that project hard costs are accurately reflected to industry standards and that project soft costs aren't driving the overall costs towards the funding gap.

Once that initial analysis has been completed, and a gap financing amount identified, staff will also review Community impacts for a positive or negative weighting, to include the following:

Positive Impacts:

- Substantial amount of private capital invested in the project, not supported by revenues from local incentives
- Aside from local incentives, project leverages other public funding sources
- Credit worthiness of applicant
- Previous development experience, proven track record of completing projects
- Ability to increase revenue performance on projects with existing public incentives
- Reasonable ROI for the invested local public dollars, to include all incentives and grant dollars compared to new tax revenue generated but not pledged to project
- Value of local incentives is pledged as pay-as-you-go

Negative Impacts:

- Lack of private capital invested in the project
- Lack of established record as a proven Developer, previous failed developments
- Increase in competitive impact for revenues on existing Projects with public financing (cannibalization of existing businesses)
- Poor ROI for the invested local public dollars, to include all incentives and grant dollars compared to new tax revenue generated but not pledged to project
- Value of local incentives are bonded and/or backed by annual appropriations

Award Limitations:

In addition to the conditions previously listed, the following absolutes must apply:

- The grant award may not exceed 15% of the total project costs
- The grant award and value of local incentives pledged may not exceed 75% of the total project costs