I. Call to Order/Roll Call

II. Approval of standing committee minutes from July 8, 2013.

III. Committee Agenda

Item No. 1 - RESOLUTION: SALE OF FIRE DAMAGED PROPERTIES

Synopsis:
Adopt resolution authorizing the sale of 1402 Central Ave. and 4 N. 14th St. under K.S.A. 79-2811 in the amount of $18,234 to Maydelin Martell, submitted by Brandy Nichols, Legal. On July 7, 2011, emergency demolition of buildings located on these properties occurred due to fire damage.

Tracking #: 130294
Item No. 2 - QUARTERLY INVESTMENT REPORT AND BUDGET REVISIONS

Synopsis:
Second Quarter 2013 investment report and budget revisions $10,000 or greater, submitted by Lew Levin, Chief Financial Officer.

For information only.
Tracking #: 970146

Item No. 3 - COMMUNICATION: COMPARISON OF 2012 AUDITED FUND BALANCES

Synopsis:
Comparison of the 2012 audited fund balances with policy goal, submitted by Rick Mikesic, Accounting Manager, and Lew Levin, Chief Financial Officer.

For information only.
Tracking #: 130259

Item No. 4 - REPORT: INTERNAL CONTROLS OVER FINANCIAL REPORTING

Synopsis:
Independent auditor's report on internal controls over financial reporting and on compliance in accordance with Government Auditing Standards - Federal Grant Award Findings, submitted by Lew Levin, Chief Financial Officer.

For information only.
Tracking #: 130292

Item No. 5 - ORDINANCE: ZION REDEVELOPMENT DISTRICT TERMINATION

Synopsis:
An ordinance terminating the Zion Redevelopment District created pursuant to Ordinance No. 65962 and terminating tax increment financing with respect to such redevelopment district, submitted by Lew Levin, Chief Financial Officer.
Tracking #: 130293
Item No. 6 - RESOLUTION: INTENT TO ISSUE IRBS FOR PQ CORPORATION

Synopsis:
A resolution of intent to issue $219M in IRBs for PQ Corporation expansion at 1700 Kansas Ave., submitted by George Brajkovic, Economic Development Director.
Tracking #: 130296

IV. Goals and Objectives

Item No. 1 - GOALS & OBJECTIVES

Synopsis:
The Unified Government Commission conducted a strategic planning process resulting in specific goals and objectives adopted by the commission on May 17, 2012. Commission has directed that the goals and objectives appear monthly on respective standing committee agendas to assure follow-up and action toward implementation.

Economic Development. Foster an environment in which small and large businesses thrive, jobs are created, redevelopment continues, tourism continues to grow, and businesses locate in the community.
Tracking #: 120137

V. Adjourn
The meeting of the Economic Development and Finance Standing Committee was held on Monday, July 8, 2013, at 5:15 p.m., in the 6th Floor Human Resources Training Room of the Municipal Office Building. The following members were present: Commissioner McKiernan, Acting Chairman; Commissioners Walters, Murguia (via conference call) Townsend, and BPU Board Member David Alvey.

**Acting Chairman McKiernan** called the meeting to order. Roll call was taken and members were present as shown above.

II. Approval of standing committee minutes from June 3, 2013. **On motion of BPU Board Member Alvey, seconded by Commissioner Walters**, the minutes were approved. Motion carried unanimously.

III. Committee Agenda:

**Item No. 1 – 130240…RESOLUTION: PROPERTY CONVEYANCE – 1119 R WEST 37TH AVENUE**

**Synopsis:** A resolution authorizing execution of a quit claim deed transferring property located at 1119 R West 37th Avenue to the University of Kansas Hospital Authority for economic development, submitted by Brandy Nichols, Legal. The UKHA is looking to acquire this property for future expansion.

**Brandy Nichols, Legal,** said in front of you is a little parcel of land that did not get properly conveyed about thirty years ago. The University of Kansas Hospital Authority has acquired the rest of the property. They want to acquire it for future expansion. We used a statute to go ahead and try to clear it up, get it over to them so they can do what they are going to do with it. They agreed to pay the back taxes which totals for thirty years $1000.
Action: Commissioner Murguia made a motion, seconded by BPU Board Member Alvey, to approve.

Acting Chairman McKiernan said tell them thank you for clearing that up. Commissioner Murguia said yes.

Roll call was taken on the motion and there were five “Ayes,” Alvey, Walters, Murguia, Townsend, McKiernan.

Item No. 2 – 130237…REIMBURSEMENT RESOLUTIONS: CMIP 7865 AND 1611

Synopsis: Two reimbursement resolutions, submitted by Bill Heatherman, County Engineer. The UG intends to reimburse itself for the expenditures with the proceeds of bonds, notes, or a lease purchase agreement.

a. $510,000 for Kaw Point Park Connector Trail, CMIP 7865
b. $470,000 for Missouri River/Jersey Creek Connector Trail, CMIP 1611

On February 7, 2013, the Commission unanimously adopted Resolution Nos. R-11-13 and R-12-13 endorsing the two applications for KDOT Transportation Enhancement Grant funds.

Bill Heatherman, County Engineer, said these two items pertain to the recently approved transportation enhancement grants that the Unified Government was awarded by KDOT and the Mid-America Regional Council. One is for the Kaw Valley Park Connector and the second is for what we are calling the Missouri River Jersey Creek Connector, which is actually an extension of the 5th Street Trail.

One aspect of these transportation enhancement grants is they are a very short timeframe. Basically, the money expires in September 2014. We have to go through KDOT processes. We are poised to be able to meet all the milestones but we have to get a hot start if we are going to achieve that schedule.

The reason we are bringing the reimbursement resolutions tonight is normally you wouldn’t see these funding resolutions until the fall, but if we are going to be able to make the engineering expenditures in a timely manner, we needed to make sure we had the appropriate budget authorities.

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These are reimbursement resolutions that allows expenses that we incur once created to be retroactively charged to the project and bonded appropriately.

These projects were endorsed by resolution of the commission in February. I would say the Unified Government was extraordinarily successful this round in getting grants. We far exceeded our expectation and we played our cards as best we could, I think.

**Action:** BPU Board Member Alvey made a motion, seconded by Commissioner Walters, to approve.

**Acting Chairman McKiernan** said there has been a motion and a second to approve—now do we need—no, we just need one motion for both reimbursement resolutions. There has been a motion and a second. Any other discussion?

**Commissioner Townsend** said I just wanted to say for the record that as I understand it, Mr. Heatherman has been fantastic in bringing me up to speed on this. This money will be used for, I guess, bypass, particularly the part with the Missouri River/Jersey Creek and going from north on 5th Street all the way up to John Garland Park and then dropping over from Rowland to 7th Street and that is a laudable goal. I would like to see—my comment is that if this is truly to be something that people will use, the citizens will use, I think the commission needs to be aware that there are quite a few spots north of say Parallel—a lot of vacant lots and excessive foliage. If the people are really going to use this, if the public is going to use it, I think we need to be aware that there needs to be other commitments as the commission looks at budget to clear up some of these areas and keep them up. Nobody wants to ride down a nice bike path and smacked in the face with noxious weeds and that type of thing.

The other thing is when we look at John Garland Park, that needs to be kind of a destination place along the way. I see this in a bigger picture. Not just this money, but keeping in the forefront of our minds as the commission putting money aside for upkeeps in the past and things that bikers and pedestrians will see going toward that. Also, I would like to work with Public Works in getting some input from the neighborhood that would be affected about where the widening of the streets or not will take place. Not all of those streets north of Parallel on 5th are the same width and so there are areas where there would probably be more congestion with parking or loss of space if this called for lessening of the actual street.

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Acting Chairman McKiernan said thanks very much for your comments. Mr. Heatherman, is that something that you can do to arrange just more information for Commissioner Townsend in terms of any infrastructure changes? Mr. Heatherman said yes, and Commissioner Townsend and I have discussed so all those points are noted. Acting Chairman McKiernan said perfect, thank you. Any further discussion.

Roll call was taken on the motion and there were five “Ayes,” Alvey, Walters, Murguia, Townsend, McKiernan.

Item No. 3 – 130239…FUNDING COMMITMENT CHANGE: WYANDOTTE PLAZA REDEVELOPMENT

Synopsis: Communication requesting approval to amend the funding commitment with RED Legacy to allow full access to future CID revenues to cover all of the CID eligible expenses in connection with the Wyandotte Plaza Redevelopment Project at 78th & State, submitted by Doug Bach, County Administrator.

Doug Bach, Deputy County Administrator, said I will try to explain the deal points as we set forth and we’ll put this forward into an actual document to bring forward to the commission in the future. With the gap between this meeting and not coming until the end of August, we just weren’t in a position to be done now, so recognizing we’d have a document to come forth later.

The structure of the change that we are talking about is one which will allow RED Legacy to be able to access their CID funding in a greater capacity now. Currently, we have it used as kind of a backstop because we went forward and we did a bond which has ample revenue flow that is coming from the NRA and the sales tax agreement from Wyandotte Plaza.

The CID was there, committed on our side of the project though when we take these out in a public issue, it kind of gave us an extra layer of protection behind it. They asked, and we have been talking through this for many months, about is there a way that their bank who is Great Southern, could have full access to it then it releases into their private capital. When I say full access, it means that we just kind of hold it there in a reserve. They can use it on an ongoing basis, but the future revenue potential of it we hold the control of it. We said well, we could do that so you could have use of that future revenue, but what is our protection in the event that we don’t get—if there is not enough revenue flow on the main part of the project. We have gone through and developed several different funding

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protection things. Some that come to the point of, you know, they can’t protest their taxes on the actual amount of the property value to meet their performance, such like that. But really when it comes to the take out, what we have structured at the end of the day is we will file a CID and bring additional CID.

There is already a CID for sales tax, but we will layer one on for property tax. It will come before the governing body that will say if we can’t issue the bonds needed to take it out then they will pay additional property tax through their Community Improvement District up to whatever amount we need to get the bonds issued. We feel like that kind of gives us a little bit of a—I don’t want to say an open box, but that is really where it comes in that we can issue out the amount that is necessary and we place that amount on the property tax. I think the developer and Dan Lowe has said that he is very comfortable with doing this because he doesn’t feel like it is ever going to be needed. I will say our performance that we have run to date show that we probably won’t need it— to take this money out, but the flipside was we had the CID behind us before so what are they going to put in place to give us so we don’t have to have the CID.

I think in working through this, we feel like this provides us with adequate protection. In approving this, we will actually go through and approve the property tax CID and it kind of gets put on the shelf and set over here. If we ever need it a year, two years or three years down the road, all we have to do is enact it. We don’t have to go back to the developer and say hey, the contract says you will do it. It is already done. In the end, I believe we are ready to bring forward. This is for discussion with the committee and make sure you all understand it. I think what we have negotiated is one where we still put ourselves in a good position of protection on the backside to take out our bonds down the road two years out and we give the developer their revenue flow to the CID that they are looking for and allows them to free up for private financing today.

**BPU Board Member Alvey** asked does this help this project move faster or is it just this gives the developer more flexibility to upfront—**Mr. Bach** said I would say it is probably both. It allows them to move faster in freeing up the revenue that they can put into the project to reinvest as they redo the center.

**Commissioner Townsend** asked what has changed that would make this proposal more beneficial than the original one we entered into. **Mr. Bach** said I wouldn’t say anything makes it more beneficial from our standpoint. It makes it more beneficial from the developer’s standpoint in that they had gone through their different revenue sources. I saw the attorney for the developer stick his head in. I don’t
see where he stepped out. I would ask him if he wanted to comment to that. George, do you see Chase back there? George Brajkovic, Economic Development Director, said he was caught in traffic on the way here—Mr. Bach said he was here. He just walked in. I will say what it does for them quite frankly, I believe, between the developer and the lender they had, they thought they had full access to that CID revenue and that was not our intention and nor how it was laid out. We always kind of had it in that backstop position so the way they put some of their funding for, they thought they had that full access to that CID revenue unfettered for the next twenty years. In order for them to allow the project financing to go into it the way they wanted to, they want to have that open access to that money.

That’s where we came and said okay that is fine, but what do we get to come back to our governing body that says this is—what’s our backstop—then. I won’t classify it, and Lew if you want to comment on it, I look at it now the way we are looking at our performance that it is a level of insurance. It is probably not going to come into the equation, but we had protection before so now we needed something else and that’s where we built in the CID. All that falls back on the developer.

Commissioner Townsend said I know when I read this I was trying to understand what was different, what has changed. Correct me if I am wrong, from what I understand you to say, the developer misunderstood the access that they had to the CID funds. Mr. Bach said well, somewhere between the developer and their lender maybe. Commissioner Townsend said okay. Are we at any more risks in terms of loss allowing them earlier access to the stream of funds than under the original arrangement? Mr. Bach said I would probably say first if they have—the more money they spend on the project, always gets them more invested into it. Just because they have a flow of access to the CID, that CID is planned on additional developments coming on and building and generating that revenue. That is where the CID comes in. You have to build something before there is anything there to gain, so that invests them further into the project. That’s a good part of it from that side of the equation. I think the way we are structuring this property tax CID, it gives us as much protection as we had before. I would welcome Lew, if you want to comment on that side of it.

Lew Levin, Chief Financial Officer, said I think part of it is, the developer has what they are characterizing as a bridge loan with the lender. They need a dedicated revenue source for payment of that loan and that is what they want to use the CID revenues for. I think even on our current revenue stream, the CID loan or the CID revenues are more than required to pay that bridge loan. Given the
growth of what is forth projected in CID revenues, there will be additional. I think with this proposal, once finalized, will at least on the CID sales tax revenue will be a sharing of those revenues between the government and the pledge towards this bridge loan. We would have had full access to it to it so now we will have partial access to it to improve our security is this additional layer of a CID property tax so that would cover any additional shortfall. What we are looking for is a solution that will allow the developer to proceed with the investment in the project that still provides security or a backstop to the financing. In 2012 we did the original financing for this project with the intention that within a two to three year period, we would take out that financing with a special obligation bond backed strictly by the project revenues, if that helps with clarification.

**Action:** BPU Board Member Alvey made a motion, seconded by Commissioner Walters, to approve.

**Mr. Bach** said the approval is just kind of the deal point restructuring. This will come back. This will not go on the Consent Agenda obliviously. It will come back. If we need to come with full commission, we would have to go all the way into deep September to come back if we follow the committee process.

**Acting Chairman McKiernan** said just to clarify what we are effectively approving here is the intent or the ideas presented here but nothing specific. That will be presented to full commission? **Mr. Bach** said yes, probably at the end of the month.

Roll call was taken on the motion and there were five “Ayes,” Alvey, Walters, Murguia, Townsend, McKiernan.

**Item No. 4 – 130241…RESOLUTION OF SUPPORT: CVM SECTION 42 TAX CREDITS**

**Synopsis:** A resolution of support of City Vision Ministries’ (CVM) application for Section 42 tax credits, submitted by Charles Brockman, Economic Development. CVM proposes an $8.6M new construction of a 49-unit housing complex (Nebraska Avenue Lofts) at 6th and Nebraska Avenue.

**Charles Brockman, Economic Development,** said City Vision Ministries submitted an application or a resolution of support to our department a couple of weeks back. It’s a project estimated to cost July 8, 2013
$8.6M. It will have a 49-unit housing complex with 13 two-bedrooms, and 36 one-bedroom units. I want to stress that this is a typical resolution that at this time will have a contingency in it. The contingency is the commission has to approve a TIF. The process for the application today is just for state purposes for applying for funding. We want to stress that there is no guarantee from the UG that the TIF will ever be created. This is just a process that we are going through for the state. I have John Harvey and John Birkel here with City Vision to talk about the project. You can ask them questions.

**Acting Chairman McKiernan** said while they are coming to the table, I'll just remind everybody that we did get an updated resolution with updated wording of the resolution language a day or two ago. **Mr. Bach** said I believe it came in on Friday. **Acting Chairman McKiernan** said so everything else in our packet stays the same except for the actual wording of the resolution itself.

**John Harvey, President of City Vision, 726 Armstrong**, said City Vision in partnership with the YARCO Companies are proposing this project. YARCO was part of our development team when we developed both the Turtle Hill Townhomes and City Hall Lofts. We have a long history of partnership with this company. This site is 601 Nebraska. It is a gravel parking lot owned by the UG. It sits immediately south of Turtle Hill Townhomes. We conducted a market study in February that found that there was an immediate need for a little over 300 affordable rental units, generally in the State Avenue corridor from downtown to I-635.

Our goal with this project is one, to continue to build the residency of our downtown so we will have more people living in our downtown. We know that residents drive the need for amenities, retail, grocery stores, etc. We’re also really interested in capitalizing on the bus transit hub that is being built now at 7th & Minnesota. We know that is going to increase the interest in residential in our downtown. This site was specifically chosen, partly because it augments Turtle Hill Townhomes that we’ve already developed, but also being a block and a half or two blocks from that transit center.

Again, as Charles said, it is $8.6M. About $6M of this will be generated from the sale of the housing tax credits, about $1.4M in permanent mortgage financing and then some other kinds of gap financing structures including the need for a TIF as well as a—LISC is offering a $650,00 short-term, meaning a three year bridge loan. They have a program where that kind of bridge loan can come to non-profit developers, but it must be warranty and backed by the municipality and paid in three years. We are proposing to use that program in this project.
Commissioner Murguia said just a couple of comments. This project in no way obligates us to a TIF is the first question. I just want to confirm that it doesn’t obligate us to TIF this property. I believe from my conversations with staff earlier that this property, part of it or at least part of it is owned by the Unified Government. I just want to make sure that if these LITECHs are approved that we are in no way obligated to gift the land over in this project; just those two questions and that’s it.

Mr. Brockman said, Commissioner Murguia, the TIF does not obligate it. We are not obligated to do a TIF by approving this tonight or moving it to full commission. We are not obligated for the land either. Acting Chairman McKiernan said my understanding on this is that the LITECH credits would only get used if the TIF was ultimately approved by the commission. Is that right? Mr. Brockman said that is correct.

Commissioner Murguia said, Commissioner McKiernan, I have just one other comment to make. I have no objection then to this proposal that comes before us tonight. I am about to lose my battery charge and I have nowhere to plug in. I am hoping to make it to the vote on this issue. The last agenda item I just wanted to tell you that the company I work for has an interest in so I would not be voting on that anyway. That’s all I have for you.

Commissioner Townsend said I have questions about who you see as potential tenants in there. It says here that the rents are projected at $0.87-$1.03 per square foot for market rates. How much square footage are you talking about for the one bedroom and two bedrooms?

Mr. Harvey said the one bedrooms are 700 square feet and the two bedrooms are 1,000. It is pretty similar to the market we are experiencing at City Hall Lofts where it falls into two categories. It is an under 30, young market, singles and couples who are—interest in rental is really surging in that age group, but then there is also an over 55 age group that is also downsizing, moving out of ownership, more interested in rental because of the flexibility and the options at that kind of stage in life might bring. That is who we have at City Hall Lofts. I might mention that in the past four months in Turtle Hill Townhomes or in City Hall Lofts, there has not been one single vacancy in four months. Not one single unit, that is out of 100 units, not a single one available so that tells you in kind of both of these markets and age group what the demand is that we are kind of missing out on that is out there. Did I answer your question? Commissioner Townsend said yes you did. Thank you.

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Acting Chairman McKiernan said sorry I guess we didn’t ask Mr. Harvey to please state his name for the record when he first approached the microphone. Mr. Harvey said John Harvey, President of City Vision and we’re located at 726 Armstrong.

Action: BPU Board Member Alvey made a motion, seconded by Commissioner Walters, to approve. Roll call was taken and there were five “Ayes,” Alvey, Walters, Murguia, Townsend, McKiernan.

Item No. 5 – 130234…ORDINANCE: REMOVE PARCEL FROM PRAIRIE – DELAWARE TIF DISTRICT
Synopsis: An ordinance removing Parcel 258611 from the Kansas Speedway TIF district, submitted by George Brajkovic, Economic Development Director. The parcel was purchased by Cerner in early 2012 from Kansas Speedway; however, the parcel was not removed from the TIF district.

George Brajkovic, Economic Development Director, said item number five before you tonight is an attempt to correct an administrative oversight. Cerner purchased a piece of property from Kansas Speedway in early 2012. That parcel was not moved from the Speedway District which had that parcel as a tax-exempt parcel. This is an attempt to make it a taxable parcel with the other taxing unit on the Cerner Campus. BPU Board Member Alvey said you just spoke magic words.

Action: BPU Board Member Alvey made a motion, seconded by Commissioner Walters, to approve. Roll call was taken and there were five “Ayes,” Alvey, Walters, Murguia, Townsend, McKiernan.

Item No. 6 – 130235…RESOLUTION OF INTENT: MS KANSAS CITY, LLC IRBS
Synopsis: A resolution of intent to issue approximately $15M of IRBs for MS Kansas City, LLC, submitted by George Brajkovic, Economic Development Director. MainStreet Property Group proposes developing a 66,500 sq. ft. “next-generation” 100-bed skilled nursing and assisted living facility at approximately 8900 Parallel Parkway.
George Brajkovic, Economic Development Director, said again, you’ve got in your packet a brief description of what the project is, and actually the development team is here tonight. What I thought I would do is maybe spend a few minutes recapping the IRB process and what we are here for tonight and then kind of turn it over to their team to talk about their project, although I believe in your packet as well was an overview of the product they offer.

In terms of the IRB process, just as a quick reminder, it is a two-step process. A resolution of intent, again, just simply indicating the intent of the Unified Government to issue those bonds and then coming back with an ordinance to actually issue those bonds. With that ordinance would be a cost benefit analysis and a public hearing to consider that tax abatement. We are not quite there yet with this project, although we have begun discussions with them. They are engaged with our compliance department and we have a general idea of what it is they are looking for. The item before you tonight is simply for the resolution of intent. With that, unless you have questions for me I would like to—

BPU Board Member Alvey said I just want to comment that as it states here the developers are in discussion with the Kansas City Kansas Community College to fill both nursing and food service positions. Is that one of the requirements that we laid out or is it a spontaneous idea. Insight?

Mr. Brajkovic said yes. Yes I think the answer is yes. No, I really—the initiative—I don’t know if Greg Kendall is still here. I’ll give the credit to Greg. He kind of got that conversation started with the folks from MainStreet. I think they are very amenable to that idea. I think it just contributes to what they are offering. It is such a unique product and I think it just strengthens their proposal as well. BPU Board Member Alvey said it’s great because as we are doing these things, it builds the community and that is important. Thank you for the idea.

Mr. Brajkovic said Tim, Todd, you guys want to come up? Acting Chairman McKiernan said and so I don’t repeat my earlier mistake, if they could identify themselves for the record.

Tim Cook, Katz, Sapper & Miller, Indianapolis, said we have been working with MainStreet for about three years now. Doug Peterson, MainStreet Property Group, Director of Development. Mr. Cook said we’ve reached out to George and Greg several months ago as we started to look at this market. Really when we first reached out, it was two-fold. One to talk about the project; how we could engage in the community. Two, if something like tax abatement was something that would be available in talking through that process. What we thought we would do today was just very briefly give you an
update or an overview of what the project is. We have a handout that shows you some pictures of other facilities and then obviously be happy to, answer any questions you may have.

MainStreet is headquartered in Carmel, Indiana, which is a suburb of Indianapolis and they are a developer of what we call next generation skilled nursing facilities. What that means is that they have taken the traditional skilled nursing model and really made it a hospitality product. When you go into a MainStreet facility, they want you to feel as though you are walking into a hotel. All those based around that type of concept. As you look as some of the pictures that we have sent out, as you go into a MainStreet facility, there is actually a MainStreet area where they have a number of destinations. They could be themed restaurants, coffee shops, a pool room, and things of that nature. Really the concept is for most of the stays at the MainStreet facility they are going to be short-termed, 15-35 days skilled nursing rehab stays. Just to get away from the common idea if you spend most of your time in the room to really having those residents spend as much time as possible up and about using the common areas.

This is a concept that we have in place and I would say, what do you think, Doug, maybe 4 or 5 facilities that are actually up and running in Indiana. Mr. Peterson said we’re probably in design and construction on 20 right now. Mr. Cook said in this site, which Doug can talk more about, is a site we are excited about. One of the things that George touched on as part of our earlier conversation, we are always looking for ways that we can engage in the community. One of the ways that we do that is we look to the operational phase which would probably be 10-12 months from now. How do we find partnerships with local groups? One of the ways that we look to do that in some of the Indiana communities is whether it is a community college, Chamber of Commerce or whoever it might be if there are opportunities for job fairs or to place people. If there is going to be a job if we are going to have and it might address a shortage or something that would be locally based, just trying to find those commonalities where we can work together. A lot of our conversations have been both about the project and then two, how to reduce some of those types of things where we are working together.
As you look at the slides that we handed you, that first picture is a picture rendering of what a common area might look like.

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Acting Chairman McKiernan said I’m going to interrupt you for just a moment. Commissioner Murguia, they have handed out paper copies of what we all got PDFs of in our agenda packet. You have copies of everything that we are looking at. Commissioner Murguia said yes.

Mr. Cook said if you look at the first slide, this is a picture of one of our facilities in Indiana. As you see, if you walk in on the right-hand side as you are walking out, there is actually a concierge area. There is a coffee shop. All of the facilities now have Wi-Fi, not just for the residents but for family members that are visiting. They really want it to be a really enhanced experience.
Mainstreet’s development model is socially driven. New facilities are state-of-the-art and boast large private rooms, private in-room bathing and restaurant-style dining. Amenities for residents abound, including cafes/marketplace, theaters, chapels, fitness centers, community rooms, wellness centers, spas, in-room kitchens and laundry facilities, and beauty/barbers shops.
Page five, this is a dining area. Again, as you go to some of these different facilities, each restaurant, its order off of the menu. There is a chef in-house. Food is one of the big highlights if you are in a facility of this nature. They really try to make that a great experience.
Page six, because most of the stays at these facilities are short-termed rehab stays, they really started to invest even more so than in this picture which is a really nice picture of a physical rehab area. This has even been enhanced in some of our new projects.
Then page seven, again this gives you an idea of the hotel environment. When you go into a facility, it really feels and looks like a hotel.

From an economic development standpoint, these are really great projects that contribute to the local community. A typical facility is going to have 100 permanent jobs. The wages vary from market to market, but they tend to be 5-10% above the average within that sector. We have had a third party do

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an impact study for this project in this area, and it estimated that the impact over a ten-year period of
time would be around $90M. Not only is it a really nice asset for local residents, but it is also drawing a
lot of commerce into the local market. In sum that gives you a very high level overview of what the
project does. Doug, did you want to add anything?

Mr. Peterson said yes, I can add a few things. You laid it out fairly well there. We are currently under
contract on the land on Parallel Parkway across from the existing hospital. We are in the Planning
Commission process; we actually have a hearing this evening to go through the development plan
approval process and special use. We are in the middle of all that and our submittal with the city, we’re
deep in our engineering plans now. We are on track with plan approval.

It’s a 100 bed facility we are proposing. It’s a combination of skilled nursing and assisted
living. Tim laid it out, you know it’s the mentality. It’s kind of a mentality shift. The studies we have
done, Baby Boomers—have found that 90% of Baby Boomers do not prefer the existing product that is
out there, even if they did, their preference would be more of a hospitality, hotel type of environment
where they would feel more comfortable. We really took care of our interior design. In this particular
facility, it is a little unique to what you saw here. It is one and a half stories and the entrance actually is
a little more grand in this facility. It is kind of a neat feeling when you go in there. We are excited
about the location and the opportunities. It could be a great site for the use.

BPU Board Member Alvey said to be clear, this is not really a retirement home. It can—it might be.
Mr. Peterson said it can be. We are set up with skilled nursing. If that happens to occur and
somebody stays the rest of their life, that can be. Yes.

Acting Chairman McKiernan said one of my questions is skilled nursing, short-term stay and then
move on to either home or aggressive rehab as opposed to assisted living which is a longer term stay.
So you are saying that it is kind of flexible in terms of a ratio from one bed to the other. Mr. Peterson
said yes, the assisted living, the range of care is quite wide of course this living bringing in your own
furniture, have a semi private room or a private room. Mostly private rooms in this facility. The skilled
nursing you have nurse care availability all the way up through full level care. Anything from someone
managing your medicine all the way up to full level care. Acting Chairman McKiernan said in terms
of skilled nursing, does this duplicate any skilled nursing capacity that Providence already has. Mr. Peterson said there is an existing facility in that area on the Providence Hospital site. We consider
ourselves sort of a unique product to that. There is maybe some technical duplication, but the demand is there for both facilities. **Acting Chairman McKiernan** asked what would be the rough— in terms of skilled nursing, not in assisted living, but in terms of skilled nursing, what do you imagine would be the rough draw of this facility in terms of skilled nursing. Would it be from Providence, Saint Luke’s Northland and the Leavenworth hospitals or could you draw from across the metro here? **Mr. Peterson** said you could draw from across the metro eventually. Initially it will be the western region, but eventually it will have a longer draw. **Mr. Cook** said in other markets, we have seen the radius be anywhere from 15-25 minutes away.

**Commissioner Walters** asked is there another similar project in the Kansas City area. **Mr. Peterson** said we don’t believe so to this. No.

**Acting Chairman McKiernan** said in terms of price point and third party payers, again looking at the skilled nursing piece of this—I am guessing you wouldn’t be sitting in front of us if you hadn’t already figured out that reimbursement rates as available now are sufficient—that you are able to get enough reimbursement to cover costs on skilled nursing. Is that accurate? As you look in your crystal ball down the road as healthcare reimbursement may potentially change. Could that present a threat to this facility?

**Mr. Cook** said well, the way I would respond to that is MainStreet will be the owner of the facility; they will be the landlord. They will bring in a third party operator. The hope would be the operator of the facility. That really provides kind of the double checks and balances. That operator can sign a long-term lease when they come into the facility. We’ll go in, we’ll find a market. We think this is a great market. If we can’t find an operator for that market, then we really don’t have a facility to build. That facility is going to be operated by a third party and for them to make that commitment, they are going to do their own evaluation and due diligence of that site and the demographics. The majority of the stays are going to be Medicare stays so that allows us a lot of flexibility in where we would locate a facility of this nature. We are doing a project right now that is under construction in Indianapolis, a very similar site to this site. It is almost a quarter of a mile from a very large hospital. It is about more of an inside the loop type of project as opposed to a suburban site, but it’s a site that we got an operator on board, a long-term lease, very similar to what this will be.

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Commissioner Townsend said at this point, what percentage of the 100 beds have you allocated or are considering with the assisted living, which as Commissioner McKiernan pointed out, is for a long-term situation. Mr. Peterson said right now 30 of the 100 would be assisted living. It will be a 30/70 split.

Commissioner Townsend said with regard to jobs that could potentially come from our students at the community college, what level of commitment are you at with that now? Have there been any agreements entered into or do you anticipate entering into an agreement with the college? Mr. Peterson said that is something that, again, we started those conversations prior to even having this conversation. That is something that as we get closer to that date, because MainStreet will not be the “employer” for those future employees. We will get the operator engaged in that, but again, it is something that we have done in Indiana. We have typically not entered into an agreement per se which would have specific targets and things like that in mind. What we have found is there is such a need for the types of employees that we’re going to need for our facilities. It is kind of a both sides of the street type of thing where it benefits both parties.

Commissioner Townsend said you said MainStreet would not be the employer; your operator would be the employer. Mr. Peterson said correct. Commissioner Townsend asked is that how you’ve operated in the other facilities. Mr. Peterson said that is how all of these projects work. Correct. Mr. Cook said we own them, triple net lease operators. Commissioner Townsend said but the operators would be the employer. Mr. Cook said correct.

Action: Commissioner Walters made a motion, seconded by Commissioner Townsend, to approve. Roll call was taken and there were five “Ayes,” Alvey, Walters, Murguia, Townsend, McKiernan.

Acting Chairman McKiernan said good project, good luck.

Mr. Bach said, Commissioner Murguia, per your previous comment, is this where we will go ahead and hang up the phone on your side of the conversation. Commissioner Murguia said okay. Thank you very much, Commissioner McKiernan. (Commissioner Murguia disconnected the call at 5:58 p.m.)

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Item No. 7 – 130242…RESOLUTION: SET PUBLIC HEARING FOR METROPOLITAN AVE. TIF

Synopsis: A resolution setting a public hearing date of August 15, 2013, to consider the project plan for Project Area 2 of the Metropolitan Avenue Redevelopment District, submitted by George Brajkovic, Economic Development Director. Argentine Retail Developers and Lane 4 Property Group have proposed an approximate $9.5M, 61,400 sq. ft. retail development anchored by a 41,000 sq. ft. Wal-Mart Neighborhood Market grocery.

George Brajkovic, Economic Development Director, said again we have the development team here so I’ll keep my comments pretty brief. They can give you a much better oversight of what the project is. I want to spend a few minutes to kind of talk about the historical piece of this. Whatever we already done with the TIF District here and what else is going on with the property, and statutory requirements that are bringing us here before you tonight. Again, the original TIF for the Metropolitan Avenue Redevelopment District was created by, approved and adopted by the full commission in November 2011. That district was comprised of two project areas. Project Area I is a slightly higher elevated site that included an existing Dollar General, a 15,000 sq. ft. Sav-A-Lot that is currently under construction and about a 9,000 sq. ft. parcel, I believe, I don’t know if the development team has any updates for it, but that would be developed in the future. That left Project Area 2, which was the 20 plus acre site at the lower elevation where the former smelting operation had occurred. It was an EPA superfund site. Project Area 1 came before you, project plan, approved all that so Project Area 2 is the proposal here tonight. Part of the statutory requirement with TIF when considering a TIF plan, you have a resolution to call a public hearing. To set that date, the resolution before you tonight is setting the public hearing date for August 15th. That allows us to meet all of the other statutory requirements to get to August 15th provided we keep it moving tonight. Before I forget, one item we need to do is fast track this item, if you see so fit, to this Thursday, July 11th for consideration. The full commission will get a chance to hear the same pitch.

Deal points on this and again a quick overview; very similar to Project Area 1. You have a property tax TIF and home rule agreement on the sales tax. It differs slightly from Project Area 1. Project Area 1 had a CID sales tax add-on layered on and this proposal does not ask for that additional piece.

Korb Maxwell, Polsinelli Law Firm, said appearing today on behalf of Argentine Retail Developer’s Inc. Sitting with me is Hunter Harris. Hunter is the Vice President of Development for Lane4 Property

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Group. He is also the president of Argentine Retail Developer’s Inc. In this process also Pat Peery, he is the Senior Vice President of Lane 4 and he is the real estate broker for Walmart. That is what brings us specifically here today is that we are trying to develop the 20 acres of the former steel site in the Argentine neighborhood.

George did a nice job of laying out the various TIF districts, but this has been a long time troubled piece of property since the failure of the plan many years ago. It is safe, but the site is an EPA superfund. After you get below fourth via clean fill, there is still potential contamination on that site so we have a very expensive process to redevelop it. The good thing is by the work of Lane4, we are in extensive negotiations at this time to have that anchor tenant that could get this going that this site has looked for, for so many years. That anchor tenant is a 41,000 sq. ft. neighborhood market grocery store that we are working on putting together for this. If this commission would be so good as to approve us and let us move on to the full commission, we would go to the August hearing. We would come in August with a fully vetted development agreement. We’ve been hard at work on that with George, Doug, Lew and others on the staff. We feel confident that we can bring this project forward to the full commission and to this community and are very excited about that. With that, Mr. Chairman, I would stand for any questions you may have or any questions of the other commissioners and any comments by Doug, Lew or others as well.

Mr. Bach said again I’ll note, so the action moving forward from this is one where we just wanted to present the concepts of the deal so you understand it and again, then we would structure that from here. The action then just moves us to full commission to set a public hearing date. That is the only approval that is being requested tonight other than feedback or comment regarding the structure of the deal that we are going to—we feel like we have put together and have it finalized. I will also note within you packet, George has put together somewhat of a waterfall of the funds on the project area which we probably held in very high concern.

As we looked at this and said we needed to build in protection from what’s there with the existing TIF site where the Sav-A-Lot sits today, it enables us to really structure. So the first revenues that come in from this project will be taken off the top. It comes over here and sits in a bucket so if there are any shortfalls on that site, it will make that up. Really this came into the argument where—I don’t want to say argument but the discussion we had that do all votes rise when we bring in the Walmart Neighborhood Market. It comes into the site right by the Sav-A-Lot. The theory and what, the developers presented to us is we believe that actually both stores may do better as a result of it, but

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we have our name on the line with the other project. This puts a little insurance money over there. Hopefully we don’t use any of it.

The developer has access to all the rest of the money as it comes down the waterfall. They use it, they issue special revenue bonds for the project. They go out and pay for eligible site improvements that come onto it. After that, there is a little more revenue that comes down and we can have access to the money that went over to the Sav-A-Lot site. It comes kind of around theirs and if there is money left for that, it goes in to any street infrastructure, improvements around as well as revenue that comes off the whole project. They can come in and pay for items at the end of the day. Those will be backed by us. All of the TIF project revenues that are projected that they use onsite, they are not looking for the Unified Government to back any of those revenues.

**Acting Chairman McKiernan** said I am glad that you brought that up because my biggest concern as I heard about this was since we are so heavily invested in TIF district 1, if that fails or under performs we are on the line for that. I look at this one and I just wonder will this tenant for site 2 be the 900 lb. gorilla that just squishes these other two. **Mr. Maxwell** said it is definitely a valid concern, Commissioner McKiernan, and one that frankly your staff was on top of from the very get-go and asked us those questions. What we have seen and we see often in the market is frankly that Walmart is truly a driver of other retail development around it. Quite frankly, if the other scenario had played out, Walmart was there first, then you still see scenarios like what you see in Roeland Park where you have a Walmart across the street or you have a Price Chopper across the street and then an Aldi will end up forming on a pad site right outside.

That’s not exactly apples and oranges but it is close to show that sometimes full groceries like this can end up driving other development around it and they can coexist. What ends up happening in the community is that people price shop between those two things, that they may end up going to the neighborhood market for certain items, go to a Sav-A-Lot for the others go to the, 18th store, still maybe leave Wyandotte County and go to the Roeland Park Price Chopper for other needs. Kind of part of the whole play here is trying to almost, in some ways, shut off that southern corridor to Wyandotte County then you are not losing sales out of Wyandotte County and losing those into Roeland Park which for any that have shopped in that store or have seen the license plates in the parking lot you would see that currently that has been going on and been going on for a very long time.

That is part of what our potential tenant is seeing in this market. They are thinking there is a hole; they think there is a gap. We think it can also then still work with the Sav-A-Lot, but beyond me
just saying that one of the things that Doug, Lew and others have been diligent on is looking at is what could that possibly mean in decreased sales for the county or what if your theory doesn’t work and those were the protections that we talked about of setting up some form of a waterfall here where we can all make reasonable assumptions to get to that. I think the development team is interested and willing to be engaged in all of those discussions with the caveat and we have stated this very clearly that we just need to get to a level of incentive that ends up making the project feasible so that we can move forward and end up taking on these high levels of discussion. I have laid that out to George, Doug, and Lew. I think they all understand that and we feel very able to be able to work with the revenues that are more than what we actually require. We are creating more revenues on this site than what is actually required for the return level that we need to get to that we will be able to find a happy medium between all that to make that all work.

Acting Chairman McKiernan said just so that you all know, I am going to lean to Doug here and I am going to actually point to a couple of numbers that were—so these are the numbers that we are really looking at in terms of revenue from the TIF and TIF eligible costs and the gap between those two numbers effectively is our protection there. Mr. Bach said well, essentially yes. We are not going to shave that much off the top. Acting Chairman McKiernan said no, I understand. What I am looking at is from page five of the packet we got—project revenues at about $5.9M and then reimbursable project costs of about $4.3M. Mr. Maxwell said that is a good way to look at it or I can take you onto the bond sheets as well, commissioner, but we have about $4.3M in reimbursable cost. We have been able to walk through pro formas with George and Doug and really show them the need of the project of the developers is more like about $3.4M. When we get to about $3.4M, it works. That means we have a lot more TIF eligible expenses, but we’ll be able to cover those with private debt and equity.

We have about $3.4M, just doing a special obligation bond deal on both the Walmart tenant and all of the outlots. You come to about $3.7 - $3.8M and that is with pretty conservative assumptions. I think even Lew would agree on the special obligation bond market so it may be even more than that. There is about $400,000 - $600,000 additional that this TIF should have in it as we roll it out for development. We think with that, there is plenty to then sort of fill the buckets, as Doug said, of providing protection to TIF 1 and being able to use that; to have overflow development that could go on.

I think one of the things that could be talked about—we are definitely not pushing this. We can do this project just special obligation bonds no problem. If you start to look at maybe the stability of a
Walmart type income stream out there and how they end up making decisions and stay there, there may be some additional for all these other things that the UG would like to do. If you did it by a different sort of funding mechanism, it would make those even more revenues to be able to do other things. I don’t think that is sort of the province of this discussion, but it is things we have all been talking about as a team and a staff. Again, we feel very confident that we can get to where we need to be to be able to develop the project. Having worked with the UG on many projects in the past, I feel very confident in your staff that we will be able to get this done.

**Acting Chairman McKiernan** said one last thing for me; remind me again, Argentine Retail Developer’s Inc. is Lane4. **Mr. Harris, Vice President of Development for Lane 4 Property Group/ Pat Peery, Senior Vice President of Lane4** said Affiliates of Lane4. **Acting Chairman McKiernan** asked who is that? **Mr. Harris** said well it is an entity that we are forming to do this transaction. Lane4 Property Group is really just the transactional brokerage and development company. We earn fees. We set up individual partnerships for each one of our developments. Mostly controlled by principles of Lane4, but we also bring in additional partners on an as needed basis. **Mr. Maxwell** said much like 39th & Rainbow, the project that was done there. It was a Lane4 project, but it wasn’t ultimately—Lane4 wasn’t the development entity. There was a specific LLC that was part of it.

**Action:** Commissioner Walters made a motion, seconded by BPU Board Member Alvey, to approve.

**Acting Chairman McKiernan** said once again, there’s a motion and a second to adopt a resolution to set a public hearing and we are fast tracking this request to set the public hearing to this Thursday’s commission meeting. Correct? **Mr. Brajkovic** said correct.

Roll call was taken and there were four “Ayes,” Alvey, Walters, Townsend, McKiernan.

IV. Goals and Objectives

**Item No. 1 – 120137…Goals and Objectives**

**Synopsis:** The Unified Government Commission conducted a strategic planning process resulting in specific goals and objectives adopted by the commission on May 17, 2012. Commission has directed
that the goals and objectives appear monthly on respective standing committee agendas to assure follow-up and action toward implementation.

1. Economic Development: Foster an environment in which small and large businesses thrive, jobs are created, redevelopment continues, tourism continues to grow, and businesses locate in the community.

Acting Chairman McKiernan said the last thing that is on our agenda tonight is our goals and objectives. In talking with Mr. Brajkovic and Mr. Bach earlier this week, their staff has been so involved in not only budget creation, but also in a lot of these project that have been going on here and a lot of other things that we are working on so we are just going to table that discussion until our next meeting. Unless there is anything else we are adjourned.

V. Adjourn

Acting Chairman McKiernan adjourned the meeting at 6:15 p.m.

tp
On July 7, 2011 a fire occurred at 1402 Central Avenue and 4 N. 14th Street. The properties, owned by Michael Johnson, were severely damaged and determined to be an immediate hazard requiring demolition. The emergency demolition resulted in a lien in the amount of $112,421.80 being placed on the property in addition to delinquent property taxes in the amount of $3,236.57. Maydelin Martell, owner of a neighboring insurance business, has offered to purchase the properties for $18,234.00 for parking. The properties have been vacant since the date of demolition.

Action Requested:
Adopt resolution authorizing the sale of 1402 Central Avenue and 4 N. 14th Street under K.S.A. 79-2811 in the amount of $18,234.00 to Maydelin Martell.
Memorandum

To: Unified Government Board of Commissioners

From: Brandy Nichols, Assistant Attorney

Cc: Jody Boeding, Chief Counsel

Date: August 26, 2013

Re: 1402 Central Avenue and 4 North 14th Street

A fire occurred at the above properties, owned by Michael Johnson, causing the buildings to be damaged to the extent that they constituted a danger to public health, safety, and welfare. The properties were razed on after a fire on July 7, 2011 and a lien for the amount of $112,421.80 was placed on 1402 Central Avenue.

Maydelin Martell, owner of a neighboring business, has offered to purchase the properties for $18,234.00 in order to provide parking for her customers.

1402 Central Avenue - current appraised value of $13,090.
  • The property is delinquent in the amount of $112,421.80;
  • taxes ($298.00).

4 N. 14th Street - current appraised value of $6,890.
  • The property is delinquent in the amount of $2,938.56.

K.S.A. 79-2811 authorizes the governing body to sell a property, otherwise eligible for tax sale, directly economic development purposes.
RESOLUTION NO. ____________________

A RESOLUTION transcribing real estate pursuant to K.S.A. 79-2811.

WHEREAS, properties with an address of 4 N. 14th Street, Kansas City, Kansas and 1402 Central Avenue, Kansas City, Kansas has real estate taxes which remain unpaid from 2011 through 2013; and

WHEREAS, Maydelin Martell, owner of neighboring business wishes to purchase the properties for parking; and

WHEREAS, both 4 N. 14th Street and 1402 Central Avenue have been vacant for a one-year period; and

WHEREAS, the redemption period with respect to 4 N. 14th Street, Kansas City, Kansas and 1402 Central Avenue, Kansas City, Kansas has expired; and

WHEREAS, owner of record Michael R. Johnson and Michael R. Johnson, Jr. have been notified that 4 N. 14th Street, Kansas City, Kansas and 1402 Central Avenue, Kansas City, Kansas will be sold to Maydelin Martell; and

WHEREAS, K.S.A. 79-2811 provides that the Board of County Commissioners may sell certain real estate to provide affordable low-income housing or for community development or economic development purposes; and

WHEREAS, the Unified Government finds that the proposed use of the real estate parcels are for community development or economic development purposes and the proposed use is hereby declared to be for a public purpose.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS:

1. That the County Administrator is hereby authorized and directed to execute in the name of the Unified Government of Wyandotte County/Kansas City, Kansas a Quit Claim deed transferring the following real estate to Maydelin Martell:

   Block 3, Lot 19 and 20, Reynolds Grandview Park, a subdivision in the city of Kansas City, Wyandotte County, State of Kansas (approx. address: 1402 Central Avenue); and

   Block 3, Lot 21 and 22, Reynolds Grandview Park, a subdivision in the city of Kansas City, Wyandotte County, State of Kansas (approx. address: 4 North 14th Street).
2. No warranties of title or other conditions are applicable to this transfer.

3. The consideration for the transfer of real estate from the Unified Government of Wyandotte County/Kansas City, Kansas shall be Eighteen Thousand Two Hundred Thirty-four Dollars ($18,234.00) and other valuable consideration, what shall be exchanged prior to the recording of the Deed with the Wyandotte County Register of Deeds.

4. Maydelin Martell shall be responsible for the recording of the Quit Claim Deed within 30 days of execution of the deed.

5. This resolution shall be in full force and effect after its passage, approval, and publication in the Wyandotte Echo.

ADOPTED BY THE COMISSION OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS
THIS _______ DAY OF ____________________, 2013.

____________________________________
Mark Holland, Mayor/CEO

ATTEST:

________________________________________
Unified Government Clerk

Approved as to Form:

________________________________________
Brandelyn K. Nichols, Assistant Counsel
TO: Economic Development and Finance Standing Committee

FROM: Lew Levin, Chief Financial Officer

SUBJECT: Second Quarter 2013 Investment and Budget Revision Reports

DATE: 8/14/13

Attached are three schedules entitled "Investment by Type, Interest Revenue Earned, and Cash by Fund Type", pertaining to cash investments. A fourth table lists budget revisions approved by Administration in excess of $10,000.

The first schedule contains details of the Unified Government cash currently invested indicating investment type, date invested, maturity date, as well as interest rate.

The second schedule is a chart comparing the total interest earned, and the average invested for the years 2009, 2010, 2011, and 2012 through June 30, 2013.

The third schedule indicates the total cash held by fund type.

The final table provides a brief description of the budget revisions referred to above.

These reports are presented for inclusion in the information packet to the Standing Committee members and no action is required.

cc: Cash Management Committee
### INVESTMENT BY TYPE
**UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS**
*June 30, 2013*

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<td>1.710%</td>
<td>04/28/11</td>
<td>05/24/15</td>
<td>632</td>
</tr>
<tr>
<td>UMB/HLB</td>
<td>7,037,722</td>
<td>0.355%</td>
<td>02/01/13</td>
<td>05/27/15</td>
<td>696</td>
</tr>
<tr>
<td>UMB/HLB</td>
<td>7,015,194</td>
<td>0.355%</td>
<td>02/01/13</td>
<td>05/05/15</td>
<td>705</td>
</tr>
<tr>
<td>UMB/HLB</td>
<td>854,328</td>
<td>2.000%</td>
<td>05/06/13</td>
<td>05/13/16</td>
<td>1,048</td>
</tr>
<tr>
<td>UMB/HLB</td>
<td>$13,085,827</td>
<td>0.875%</td>
<td>08/26/12</td>
<td>05/23/16</td>
<td>1,058</td>
</tr>
<tr>
<td>UMB/HLB</td>
<td>5,000,166</td>
<td>0.060%</td>
<td>12/14/12</td>
<td>12/13/16</td>
<td>1,262</td>
</tr>
<tr>
<td>UMB/FNMA</td>
<td>$94,955,774</td>
<td>0.670%</td>
<td>09/06/13</td>
<td>05/06/17</td>
<td>1,437</td>
</tr>
<tr>
<td><strong>TOTAL U.S. TREASURY</strong></td>
<td><strong>$37,037,987</strong></td>
<td><strong>0.386%</strong></td>
<td><strong>Average Rate of interest</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**STATISTICS**
- **Total investments**: $177,357,430
- **Overall Average Rate of Interest**: 0.80%
- **Average Investment**: $181,772,555
- **Weighted Average Yield**: 0.40%
- **91-day T-Bill Rate (Benchmark)**: 0.06%
- **Average Weighted Maturity**: 515.75
- **Interest Posted Through June 30, 2013**: $413,288

**All above investments are fully collateralized in compliance with the Unified Government’s investment policies and K.S.A. 8-1402.**

*Interest posted is calculated on a GAAP basis.*
# CASH BY FUND TYPE

_June 30, 2013_

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Type</td>
<td>38,381,148</td>
</tr>
<tr>
<td>Special Revenue Fund Type</td>
<td>13,654,014</td>
</tr>
<tr>
<td>Debt Service Fund Type</td>
<td>13,184,416</td>
</tr>
<tr>
<td>Capital Project Fund Type</td>
<td>84,035,018</td>
</tr>
<tr>
<td>Enterprise Fund Type</td>
<td>19,305,325</td>
</tr>
<tr>
<td>Internal Service Fund Type</td>
<td>(1,395,699)</td>
</tr>
<tr>
<td>Trust and Agency Fund Type</td>
<td>8,564,022</td>
</tr>
</tbody>
</table>

**Total Cash**  
175,728,244

The difference between the Cash by Fund Type and the Investment by Type report is the investment of reconciling items, such as outstanding warrants.
<table>
<thead>
<tr>
<th>ENTRY</th>
<th>FUND</th>
<th>DEPARTMENT</th>
<th>CMIP/OPERATING</th>
<th>DESCRIPTION</th>
<th>AMOUNT</th>
<th>DATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>County General Fund</td>
<td>Public Works - Buildings</td>
<td>Operating</td>
<td>Shift funds to pay for contract employees</td>
<td>$30,000</td>
<td>April 11, 2013</td>
</tr>
<tr>
<td>2</td>
<td>City General Fund</td>
<td>Public Works - Buildings</td>
<td>Operating</td>
<td>Shift funds to pay for contract employees</td>
<td>$15,000</td>
<td>April 11, 2013</td>
</tr>
<tr>
<td>3</td>
<td>Elections Levy Fund</td>
<td>Elections</td>
<td>Operating</td>
<td>Shift funds to pay for IPADS to function as Pollpads in primary &amp; general elections</td>
<td>$20,000</td>
<td>April 15, 2013</td>
</tr>
<tr>
<td>4</td>
<td>County General Fund</td>
<td>Public Works - Buildings</td>
<td>Capital</td>
<td>Emergency Replacement of Jail's boiler system</td>
<td>$135,000</td>
<td>April 29, 2013</td>
</tr>
<tr>
<td>5</td>
<td>City General Fund</td>
<td>Legal</td>
<td>Operating</td>
<td>Funds moved to pay fees associated with lawsuits</td>
<td>$100,000</td>
<td>April 26, 2013</td>
</tr>
<tr>
<td>6</td>
<td>County General Fund</td>
<td>Legal</td>
<td>Operating</td>
<td>To pay attorney fees, appraisers, and court reporters</td>
<td>$126,000</td>
<td>April 26, 2013</td>
</tr>
<tr>
<td>7</td>
<td>Consolidated Parks Fund</td>
<td>Parks &amp; Recreation</td>
<td>Operating/CMIP</td>
<td>Allocation to YMCA</td>
<td>$100,000</td>
<td>April 10, 2013</td>
</tr>
<tr>
<td>8</td>
<td>City General Fund</td>
<td>Police Department</td>
<td>Capital</td>
<td>Emergency replacement of canine unit</td>
<td>$24,000</td>
<td>May 24, 2013</td>
</tr>
<tr>
<td>9</td>
<td>County General Fund</td>
<td>Legal</td>
<td>Operating</td>
<td>To pay attorney fees, appraisers, and court reporters</td>
<td>$63,500</td>
<td>May 30, 2013</td>
</tr>
<tr>
<td>10</td>
<td>County/City General Fund</td>
<td>Public Works - Buildings</td>
<td>Capital</td>
<td>Replace Emergency Generator</td>
<td>$100,000</td>
<td>June 7, 2013</td>
</tr>
<tr>
<td>11</td>
<td>City General Fund</td>
<td>Police Department</td>
<td>Operating</td>
<td>Pay for Maintenance Agreement on Mugshot System</td>
<td>$20,000</td>
<td>June 28, 2013</td>
</tr>
</tbody>
</table>

**Total**: $736,500

*All above transactions are reflected in the 2013 Amended Budget*
Type: Standard

Committee: Economic Development and Finance Committee

Date of Standing Committee Action: 8/26/2013

Proposed for the following Full Commission Meeting Date: 9/12/2013

Confirmed Date: 9/12/2013

Changes Recommended By Standing Committee (New Action Form required with signatures)

<table>
<thead>
<tr>
<th>Date</th>
<th>Contact Name</th>
<th>Contact Phone</th>
<th>Contact Email</th>
<th>Ref</th>
<th>Department / Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/5/2013</td>
<td>Rick Mikesic/Lew Levin</td>
<td>8046/5186</td>
<td><a href="mailto:mschrick@wycokck.org">mschrick@wycokck.org</a></td>
<td></td>
<td>Accounting/Finance</td>
</tr>
</tbody>
</table>

Item Description:


The overlying goal of the policy is to ensure that there will be adequate liquid resources to serve as a financial cushion against the potential shock of unanticipated circumstances and events.

The attached table compares the 2012 audited fund balances with policy goals.

(For information only)

Action Requested:

For information only.

Will not go to Full Commission

Publication Required

Budget Impact: (if applicable)

Amount: $

Source:

☐ Included In Budget

☒ Other (explain) Information pertaining to Fund Balance Policy
## Unified Government

**Fund Balance: Actual-Policy Comparison**

2010-2012

### Budgetary Basis

#### General Fund

<table>
<thead>
<tr>
<th>Policy Goals</th>
<th>Fund Balance</th>
<th>Exp &amp; Transfers Out</th>
<th>% of Exp.</th>
<th>Fund Balance</th>
<th>Exp &amp; Transfers Out</th>
<th>% of Exp.</th>
<th>Fund Balance</th>
<th>Exp &amp; Transfers Out</th>
<th>% of Exp.</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>10%</td>
<td>6,620,595</td>
<td>118,561,534</td>
<td>5.6%</td>
<td>3,405,397</td>
<td>113,361,363</td>
<td>3.0%</td>
<td>610,828</td>
<td>116,350,941</td>
</tr>
<tr>
<td>County</td>
<td>10%</td>
<td>2,688,284</td>
<td>50,129,737</td>
<td>5.4%</td>
<td>1,252,550</td>
<td>46,504,486</td>
<td>2.5%</td>
<td>722,710</td>
<td>46,600,166</td>
</tr>
<tr>
<td>Parks</td>
<td>10%</td>
<td>441,053</td>
<td>5,190,332</td>
<td>8.5%</td>
<td>225,064</td>
<td>5,319,043</td>
<td>3.6%</td>
<td>541,869</td>
<td>5,750,364</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>10%</td>
<td>9,750,932</td>
<td>173,871,708</td>
<td>5.6%</td>
<td>4,781,011</td>
<td>166,484,991</td>
<td>2.9%</td>
<td>1,884,436</td>
<td>168,791,471</td>
</tr>
</tbody>
</table>

#### Special Revenue Funds

<table>
<thead>
<tr>
<th>Fund</th>
<th>2010-2012</th>
<th>2011-2012</th>
<th>2012-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Court Trustees</td>
<td>8.12%</td>
<td>91,081</td>
<td>93,074</td>
</tr>
<tr>
<td>Dedicated Sales Tax (Special Sales Tax 2010)</td>
<td>5-10%</td>
<td>191,301</td>
<td>6,785,096</td>
</tr>
<tr>
<td>Developmental Disability (Mental Retardation)</td>
<td>10-15%</td>
<td>254,187</td>
<td>455,114</td>
</tr>
<tr>
<td>Elections</td>
<td>10-15%</td>
<td>672,484</td>
<td>833,713</td>
</tr>
<tr>
<td>Environmental Trust Fund</td>
<td>10-15%</td>
<td>721,560</td>
<td>717,922</td>
</tr>
<tr>
<td>Health Department</td>
<td>10-15%</td>
<td>682,494</td>
<td>3,465,465</td>
</tr>
<tr>
<td>Jail Commissary</td>
<td>8-12%</td>
<td>131,400</td>
<td>25,276</td>
</tr>
<tr>
<td>Library</td>
<td>10-15%</td>
<td>1,476,386</td>
<td>1,878,971</td>
</tr>
<tr>
<td>Mental Health</td>
<td>10-15%</td>
<td>89,348</td>
<td>508,331</td>
</tr>
<tr>
<td>Register of Deeds Technology</td>
<td>5-10%</td>
<td>53,513</td>
<td>163,853</td>
</tr>
<tr>
<td>Special Program for the Elderly</td>
<td>10-15%</td>
<td>81,410</td>
<td>1,145,765</td>
</tr>
<tr>
<td>Special 911 Tax</td>
<td>5-10%</td>
<td>9,712</td>
<td>480,132</td>
</tr>
<tr>
<td>Special 911 Tax - Wyandotte County</td>
<td>5-10%</td>
<td>319,730</td>
<td>444,949</td>
</tr>
<tr>
<td>Special Alcohol</td>
<td>10-10%</td>
<td>369,986</td>
<td>461,120</td>
</tr>
<tr>
<td>Special Parks and Rec</td>
<td>3-5%</td>
<td>172,345</td>
<td>432,149</td>
</tr>
<tr>
<td>Special Street and Highway</td>
<td>3-5%</td>
<td>517,655</td>
<td>6,527,115</td>
</tr>
<tr>
<td>Tourism and Convention</td>
<td>3-5%</td>
<td>183,367</td>
<td>747,500</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>Varies</td>
<td>5,434,061</td>
<td>25,532,008</td>
</tr>
</tbody>
</table>

#### Debt Service Fund

<table>
<thead>
<tr>
<th>Fund</th>
<th>2010-2012</th>
<th>2011-2012</th>
<th>2012-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>County</td>
<td>5-10%</td>
<td>1,645,081</td>
<td>25,554,012</td>
</tr>
<tr>
<td>Sub-Total</td>
<td>Varies</td>
<td>23,679,457</td>
<td></td>
</tr>
</tbody>
</table>

#### GAAP Basis

(Generally Accepted Accounting Principles)

<table>
<thead>
<tr>
<th>Fund</th>
<th>2010-2012</th>
<th>2011-2012</th>
<th>2012-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>Varies</td>
<td>14,311,481</td>
<td></td>
</tr>
</tbody>
</table>

---

C:\Documents and Settings\mschick\Local Settings\Temporary Internet Files\Content.Outlook\Q2\FUMKS0\Fund Balance Actual - Policy Comparison.xlsx
Type: Standard
Committee: Economic Development and Finance Committee

Date of Standing Committee Action: 8/26/2013
(If none, please explain):

Proposed for the following Full Commission Meeting Date: 9/12/2013
Confirmed Date: 9/12/2013

Changes Recommended By Standing Committee (New Action Form required with signatures)

<table>
<thead>
<tr>
<th>Date</th>
<th>Contact Name</th>
<th>Contact Phone</th>
<th>Contact Email</th>
<th>Ref</th>
<th>Department / Division</th>
</tr>
</thead>
<tbody>
<tr>
<td>8/20/2013</td>
<td>Lew Levin</td>
<td>5186</td>
<td><a href="mailto:mschrick@wycokck.org">mschrick@wycokck.org</a></td>
<td></td>
<td>Finance</td>
</tr>
</tbody>
</table>

Item Description:
Independent auditor's report on internal control over financial reporting and on compliance in accordance with Government Auditing Standards - Federal Grant Award Findings.

Action Requested:
For information only, no action required.
Will not go to Full Commission.

Publication Required

Budget Impact: (if applicable)

Amount: $
Source:
- Included In Budget
- Other (explain) Final report as requested at June Standing Committee.
UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS

OMB CIRCULAR A-133, SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2012

WITH

INDEPENDENT AUDITOR’S REPORT
UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS

OMB CIRCULAR A-133, SINGLE AUDIT REPORT

YEAR ENDED DECEMBER 31, 2012

WITH

INDEPENDENT AUDITOR'S REPORT
## TABLE OF CONTENTS

A copy of the Unified Government of Wyandotte County / Kansas City, Kansas' Comprehensive Annual Financial Report, year ended December 31, 2012, accompanies this report. The independent auditors' report and the basic financial statements are hereby incorporated by reference.

### Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

1 - 2

### Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

3 - 6

### Schedule of Findings and Questioned Costs

7 - 25

### Schedule of Expenditures of Federal Awards

26 - 28

### Notes to Schedule of Expenditures of Federal Awards

29 - 31
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER 
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 
BASED ON AN AUDIT OF FINANCIAL STATEMENTS 
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Unified Government of Wyandotte County / 
Kansas City, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the 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, 2012, and the related notes to the financial statements, which collectively comprise the Unified Government’s basic financial statements, and have issued our report thereon dated June 20, 2013. Our report includes a reference to other auditors who audited the financial statements of the Board of Public Utilities, as described in our report on the Unified Government’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Unified Government’s internal control over financial reporting (internal control) to determine the 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.

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 a 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 a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies
may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2012-1 and 2012-2 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Unified Government’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Unified Government’s Response to Findings

The Unified Government’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Unified Government’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CERTIFIED PUBLIC ACCOUNTANTS

June 20, 2013
Wichita, Kansas
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

Board of Commissioners
Unified Government of Wyandotte County / Kansas City, Kansas

Report on Compliance for Each Major Federal Program

We have audited the Unified Government of Wyandotte County / Kansas City, Kansas’ (Unified Government) compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Unified Government’s major federal programs for the year ended December 31, 2012. The Unified Government’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

The Unified Government’s basic financial statements include the operations of the Board of Public Utilities, a major fund, whose federal awards are not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2012. Our audit, described below, did not include the operations of the Board of Public Utilities, which engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Unified Government’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Unified Government’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.
We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Unified Government’s compliance.

**Basis for Qualified Opinion on CFDA Nos. 11.307 and 81.128**

As described in findings 2012-5, 2012-6 and 2012-7 in the accompanying schedule of findings and questioned costs, the Unified Government did not comply with requirements regarding the following:

<table>
<thead>
<tr>
<th>Finding #</th>
<th>CFDA #</th>
<th>Program Name</th>
<th>Compliance Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-6</td>
<td>81.128</td>
<td>Energy Efficiency and Conservation Block Grant Program</td>
<td>Allowable Costs</td>
</tr>
<tr>
<td>2012-7</td>
<td>81.128</td>
<td>Energy Efficiency and Conservation Block Grant Program</td>
<td>Suspension &amp; Debarment</td>
</tr>
</tbody>
</table>

Compliance with such requirements is necessary in our opinion, for the Unified Government to comply with the requirements applicable to that program.

**Qualified Opinion on CFDA Nos. 11.307 and 81.128**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Unified Government complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Economic Adjustment Assistance and Energy Efficiency and Conservation Block Grant programs for the year ended December 31, 2012.

**Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, the Unified Government complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2012.

**Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-3, 2012-4, 2012-6, 2012-7 and 2012-8. Our opinion on each major federal program is not modified with respect to these matters.

The Unified Government’s responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Unified Government’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

**Report on Internal Control over Compliance**

Management of the Unified Government is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Unified Government’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the
circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Unified Government’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2012-3, 2012-6, 2012-7, and 2012-8, that we consider to be significant deficiencies.

The Unified Government’s responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Unified Government’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the 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, 2012, and the related notes to the financial statements which collectively comprise the Unified Government’s basic financial statements. We have issued our report thereon dated June 20, 2013, which contained an unmodified opinion on those financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to June 20, 2013. We did not audit the financial statements of the Board of Public Utilities, which is both a major fund and 86 percent, 82 percent, and 90 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 on the report of the other auditors.
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CERTIFIED PUBLIC ACCOUNTANTS

August 2013
Wichita, Kansas
UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

SECTION I – SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

FEDERAL AWARDS

Internal control over major programs:

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? yes no
### SECTION I – SUMMARY OF AUDITOR’S RESULTS

(Continued)

Identification of major programs and type of auditors’ report issued on compliance for major programs:

<table>
<thead>
<tr>
<th>CFDA NUMBER</th>
<th>NAME OF FEDERAL PROGRAM</th>
<th>OPINION</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.307</td>
<td>Economic Adjustment Assistance (Revolving Loan Fund)</td>
<td>Qualified</td>
</tr>
<tr>
<td>14.218 / 14.253</td>
<td>Community Development Block Grants Cluster</td>
<td>Unmodified</td>
</tr>
<tr>
<td>14.228</td>
<td>Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii</td>
<td>Unmodified</td>
</tr>
<tr>
<td>14.239</td>
<td>HOME Investment Partnerships Program</td>
<td>Unmodified</td>
</tr>
<tr>
<td>16.710</td>
<td>Public Safety Partnership and Community Policing Grants (Recovery Act Funded)</td>
<td>Unmodified</td>
</tr>
<tr>
<td>16.738 / 16.804</td>
<td>JAG Program Cluster</td>
<td>Unmodified</td>
</tr>
<tr>
<td>20.205</td>
<td>Highway Planning and Construction</td>
<td>Unmodified</td>
</tr>
<tr>
<td>81.128</td>
<td>Energy Efficiency and Conservation Block Grant Program (EECBG) (Recovery Act Funded)</td>
<td>Qualified</td>
</tr>
<tr>
<td>97.083</td>
<td>Staffing for Adequate Fire and Emergency Response (SAFER)</td>
<td>Unmodified</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between type A and type B programs: $573,872

Auditee qualified as low-risk auditee?  yes  no
SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2012-1: Accounting and Financial Reporting (Significant Deficiency)

Condition: 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 significantly improved the process compared to prior years, as described in the items below:

a) A deficiency related to the overall preparation of the basic financial statements and related footnotes for the Comprehensive Annual Financial Report. Our observation is that the hiring of an Accounting Manager has provided substantial benefits, in that the process for preparation of the financial statements was significantly improved over last year. We noted that the Accounting Manager had taken steps during 2012 to develop improved controls and procedures over the preparation of the financial statements. This resulted in fewer adjusting entries being made during the audit process and management completing the majority of the reconciliations and calculations needed in support of the year-end adjustments and financial statements. 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 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 activity recorded for certain capital assets (see more in c) below)
- adjustments to reconcile and record pollution remediation and landfill closure / post-closure obligations under the requirements of GASB Statement Nos. 18 and 49
- estimates for incurred but not reported health and workers' compensation claims
- adjustments for general liability obligations for litigation or other legal matters

c) A deficiency exists due to capital asset data that was found to include errors relating to the accuracy and completeness of the data. Procedures implemented and overseen by the Accounting manager significantly improved the process for recording capital assets compared to last year, resulting in fewer adjustments from the audit. Areas of focus in future years would include:
SECTION II – FINANCIAL STATEMENT FINDINGS

- the identification of completed construction in process (CIP) projects, and removal of those projects from CIP for Sewer and Stormwater projects.
- recording assets in the Stormwater Fund that had not been previously recorded

Criteria or Specific Requirement: Internal controls should be designed to provide adequate control over the preparation of reliable financial statements.

Cause: Accounting personnel responsible for preparation of the Comprehensive Annual Financial Report are not adequately trained in generally accepted accounting principles issued by the GASB. Additionally, internal resources are not sufficient, and there is a lack of documented policies and procedures, and controls for ensuring completion of tasks needed to prepare the financial statements.

Effect: Lack of resources, controls and procedures could result in a material misstatement to the financial statements.

Recommendation: We recommend management:

a) continue to evaluate and strengthen controls and procedures to capture the information needed to identify, authorize, record and process recurring and nonrecurring journal entries and year-end adjustments to the financial statements.
b) continue additional training for staff in the preparation of financial statements, and ensure that key personnel in the accounting area are trained in the requirements of governmental accounting and reporting

Management Response: During the year, the Accounting Division began or completed the implementation of numerous strategies. Key training was provided to staff utilizing external and internal resources in accordance with a new training policy. Meetings were held during the year between management, the Accounting Manager, and external auditor to discuss the major economic developments to determine the proper accounting treatments of these projects. And the Accounting Manager began the process of examining each operation of the Accounting Division resulting in new policies and procedures.

Management is pleased to note significant improvement from prior years, but we agree that additional work remains. The Accounting Manager will continue to train staff, communicate with related parties regarding significant economic projects during the year and build on the process of establishing new policies and procedures to improve operations. While training and new procedures have resulted in improved outcomes and efforts will continue to realize new growth, it is the belief that future improvements will be limited without additional resources in the Accounting Division to meet the demands of the office. During the 2014 budget process, Administration and the governing body will consider Finance Department requests for a fixed-asset software system and an additional staff member to assist in preparation of the government’s financial statements. The Accounting Division continues to function with fewer budgeted staff positions. As recent as 2008, the division had 9 employees, but currently are operating with a staff of 7.
SECTION II – FINANCIAL STATEMENT FINDINGS (Continued)
Finding 2012-2: Municipal Court (Significant Deficiency)

Condition: During our review of internal controls in the Municipal Court, we noted the following:

a) Municipal Court personnel are unable to generate a listing of bonds outstanding for the bond accounts, and that there is currently no reconciliation being done between the total bonds outstanding and the bank account balance. However, the Project Manager has started the process to get the bond accounts reconciled. The Project Manager has worked on obtaining an understanding of how the bond accounts operate and what reports she will need to complete a reconciliation.

b) Clerks in Municipal Court have the ability to accept and post payments, and the ability to void transactions without supervisory approval. There is a policy that voided receipts must be approved by a supervisor at the time of the void; however, the clerks have access to perform the voids without that approval. At the end of 2012, a compensating control was put in place for individuals to review reports showing voided transactions. The supervisor, who can enter voids, still reviews voids as the daily transactions are reconciled as was done in the past. The Court Administrator now reviews voids and retains the review electronically indicating her review. However, the Court Administrator can also enter voids. In November 2012, the Project Manager started reviewing all voids entered by the Court Administrator.

Criteria or Specific Requirement: Internal controls should be designed to provide for adequate segregation of duties, and for reconciliations of transaction activity to the bank accounts as part of the monitoring process.

Cause: There may be system limitations for generating the list of bonds outstanding. Additionally, there was a lack of understanding that the daily report should be reviewed by someone other than an individual with access to enter voided transactions.

Effect: Lack of adequate segregation of duties and proper reconciliations could result in misappropriation of assets and misstatements to the financial statements.

Recommendation: We recommend that job duties be evaluated for personnel in the Municipal Court area who handle cash, and that procedures be implemented to ensure that voided transactions or other adjustments to the system have adequate supervisory review. In addition, procedures should be implemented so that a reconciliation can be performed between the cash account where bond activity is recorded and the detail listing of outstanding bonds.

Management Response: Two deficiencies were identified in the Municipal Court review.

a. Municipal Court agrees that reconciliation should be done with the bonds account. An issue for the department has been the time commitment necessary to accurately complete this reconciliation. As noted, a Project Manager was assigned to assist the department in completing the reconciliation. A significant amount of time has been invested by the Project Manager to become informed of the
Municipal Court process and the software tracking system. The Project Manager will continue this process and work to establish the reconciliation as noted.

b. Municipal Court’s limited supervisory positions prevents complete segregate of duties. This results in the Court Administrator reviewing all voided transactions while also having authority to enter voided transactions. The compensating control put into effect towards the end of 2012 will continue on a permanent basis.
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2012-3 (Significant Deficiency) (Repeat of Finding 2011-7):

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<th>CFDA #</th>
<th>Program</th>
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**Condition:** Documentation of the comparison of budgeted distributions of salaries to actual costs based on time activity reports was not completed where employees work on multiple activities. In addition, other employees whose salaries are charged 100% to the CDBG or HOME programs cross-train and have some program duties related to other federal HUD grant programs. This finding pertains to non-ARRA funds only.

**Criteria or Specific Requirement:** OMB Circular A-87 states that where budget estimates or other distribution percentages are determined before services are performed, the government should, at least quarterly, perform comparisons of actual costs to budgeted distributions based on monthly activity reports. Distribution percentages should be revised, if necessary, to reflect changed circumstances.

**Questioned Costs:** Questioned costs pertaining to employees who are charged 100% to HOME or CDBG but who may incur efforts for programmatic duties related to other federal HUD grant programs is unknown. Total salaries and fringe benefits for the employees for the HOME program were $111,158, and for the CDBG program were $816,489.

**Context:** Employees are tracking their time spent on their activities; however, this data has not been utilized to distribute their time to the different cost centers. 24 CFR 570.206 allows for CDBG funds to be used to pay for HOME program administration costs. Therefore, the Condition described above for the CDBG program pertains primarily to non-program administration activities performed by employees, and their corresponding salary expenditures.

Regarding the employees whose salaries are charged 100% to CDBG, but who may incur efforts on other programs, it was noted that, of the total federal funding received directly from HUD, approximately 55% is for CDBG, 21% is for HOME, and 24% for other programs.

**Effect:** Salary expenditures incurred under the program may not be allowed as a cost of the grant without proper documentation.

**Cause:** Procedures put in place in 2009 to review the time activity reports and distribute salaries were not continued in 2011 and 2012.
Recommendation: We recommend management utilize the time study process started in 2009 to perform quarterly comparisons of actual costs to budgeted distributions. Additionally, distribution percentages should be revised, if necessary, to reflect changed circumstances.

Management Response: The Community Development Department staff is still completing time activity reports. However, the review and distribution of salaries was not completed during the report period. Staff have been working with auditors, HUD staff, and HUD technical assistance providers to develop an efficient and acceptable system for the time distribution.

Anticipated Completion Date: December 31, 2013

Contact Person and Title: Wilba Miller, Director of Community Development

Finding 2012-4 (Repeat of Finding 2011-8):

Condition: The Unified Government did not maintain the required minimum firefighter staffing levels of 420 positions required by the grant. Adequate internal controls over compliance were in place to address the staffing level requirements.

Criteria or Specific Requirement: The Unified Government is required to maintain the number of firefighters at the time of the application for the grant award (January 15, 2010), plus the additional positions funded by the award, throughout the two-year grant award period.

Questioned Costs: None were noted.

Context: The Unified Government is required to maintain 420 firefighters during the grant period. At the grant period ending date of June 30, 2012, the department reported staffing levels of 411. In July of 2012, the department recruited 8 additional firefighters.

Effect: Not maintaining the required levels could result in the loss of federal program funding under the award.

Cause: Attrition and retirements experienced by the fire department resulted in a loss of total positions filled within the department.

Recommendation: The fire department should continue seeking applicants to fill positions and reach required staffing levels.

Management Response: Management believes it is in compliance with this requirement. Due to the extensive process required to hire and train firefighters, it is impractical to fill the vacancies on an individual basis. Management continues to hire and train new applicants when it is practical. This has previously been acknowledged by the U.S. Department of Homeland Security (grantor agency) during 2010 when they noted that departments had 6 months to fill the vacant positions. Further
noted, the grantor agency has closed the prior year finding (Findings 2010-12 & 2011-8) based on the corrective action plan. The basic facts as presented for 2012 have not changed from the previous year. It is management’s contention that the grantor agency has explicitly provided written approval of this plan two years running which significantly reduces or eliminates the potential deficiency.

Anticipated Completion Date: Completed

Contact Person and Title: Lew Levin, Chief Financial Officer
Kevin Shirley, Deputy Fire Chief

Finding 2012-5 (Repeat of Finding 2011-9):
#11.307, Economic Adjustment Assistance (Revolving Loan Fund), U.S. Department of Commerce, Economic Development Administration, Award No. RLF KS-1

Condition: Prior to fiscal 2010, the Revolving Loan Fund (RLF) was administered by a separate nonprofit entity, not the Unified Government. Records received from the nonprofit entity after the Unified Government took over the program were incomplete, with the following impact on the administration of the program by the Unified Government:

a) For loans made prior to 2011, all required standard loan documents were not completed and located in the loan files.

b) The Unified Government did not have 75% of the Revolving Loan Fund (RLF) capital base loaned or committed during 2012. Excess funds were sequestered in accordance with program requirements.

Criteria or Specific Requirements: 13 CFR section 307.15(b)(2) requires that, prior to the disbursement of any EDA funds, the RLF recipient must certify to EDA that standard RLF loan documents are in place. Such loan documentation must include, at a minimum, the (1) loan application, (2) loan agreements, (3) board of directors’ meeting minutes approving the loan, (4) promissory note, (5) security agreements, (6) deed of trust or mortgage if applicable, (7) agreement of prior lien holder if applicable, and (8) signed bank turn-down letter demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed.

13 CFR section 307.16(c) requires that RLF recipients manage their repayment and lending schedules to provide that at all times at least 75% of the RLF capital base is loaned or committed. If the recipient fails to satisfy the utilization standard for two consecutive reporting periods, the excess funds are required to be sequestered.

Questioned Costs: None noted.

Context/Cause: Prior to fiscal 2010, the RLF was administered by a separate nonprofit entity, not the Unified Government. Records received from the nonprofit entity after the Unified Government
took over the program were incomplete, including loan file documentation, documentation of payments received since the initial disbursement of the loan, and the remaining outstanding principal balances on the loans. With the exception of new loans made in 2011 and 2012, all loans outstanding in 2010 had been initially disbursed and administered by the nonprofit entity. Current year testing on the new loans made in 2011 and 2012 found all standard loan documents to be in place.

**Effect:** There is a risk that outstanding loans do not meet the program criteria.

**Recommendation:** We recommend management continue working on implementing its new policies and procedures for administration of the Revolving Loan Fund, which may also include updating documentation for loans previously disbursed by the former administering agency.

**Management Response:** The Unified Government RLF program staff continues to update and implement procedures to effectively administer the RLF. The following steps were implemented since the EDA officially approved the plan in November 2010:

1. The Unified Government loan manager has contracted recipients of the RLF loans that were originated prior to 2011. Files have been updated, where possible, with bank communications, loan applications and minutes pertaining to loan approval and/or revisions to the terms of the loan. For these loans, the staff has exhausted all means to locate all original loan documents. However, for loans originated since 2011, the Unified Government has maintained all required loan records and documents.
2. Reconciliation of past active loans by the special projects manager and summaries have been completed on all active files.
3. The amortization schedules continue to be enhanced for greater accuracy.
4. Staff has engaged the EDA to verify if UG-RLF administrative income may be applied to prepare new promissory notes, if necessary. EDA has responded that this is not an administrative expense. However, the EDA has not raised this item as a significant concern. Staff is working three problem loans to reach an agreed schedule for future payments.
5. The staff has complied with all semi-annual reporting and any EDA required communications.
6. The staff is continuing the servicing of all active loans per the new November 1, 2010 Unified Government's RLF Plan.
7. Staff will continue to work towards meeting the 75% lending requirement of the capital base. Meeting this objective is dependent upon qualified loan activity occurring in this current year.

**Anticipated Completion Date:** December 31, 2013

**Contact Person and Title:** Charles Brockman, Economic Development Department
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding 2012-6 (Significant Deficiency):

<table>
<thead>
<tr>
<th>CFDA #</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.228</td>
<td>Community Development Block Grants / State’s Program and Non-entitlement Grants in Hawaii, Neighborhood Stabilization Program (NSP1), U.S. Department of Housing and Urban Development, Passed Through the Kansas Department of Commerce, Award No. 09-NSP-021</td>
</tr>
</tbody>
</table>

Condition: The Unified Government could not provide supporting documentation for certain administrative costs that were charged to the program. In addition, for CFDA No. 81.128, the administrative costs were not provided for in the program budget or approved Activity Sheets.

Criteria or Specific Requirement: 2 CFR part 225 to be allowable under federal awards, costs must be adequately documented.

Questioned Costs: For CFDA No. 81.128, there was one item tested with an exception for $24,800. For CFDA No. 14.228, estimated questioned costs were $28,000, which is the difference between the administrative costs reimbursed to the Unified Government, and the administrative costs charged to the program.

Context: For CFDA No. 81.128, the grant program does allow for administrative costs to be charged up to 10% of the award, or $75,000, whichever is less. For CFDA No. 14.228, the grant award allows for administrative costs to be charged up to 7% of total project costs. The Unified Government requested reimbursement for 7% of total project costs (which totaled approximately $87,000 for the year ended December 31, 2012); however, actual administrative expenditures charged to the grant were approximately $59,000.

Effect: Lack of adequate support could result in the potential for unallowable expenditures.

Cause: For CFDA No. 81.128, the program manager left the Unified Government during 2011 and other employees took over the responsibilities; however, their time spent on the program was not documented in support of the administrative cost charged to the program. For CFDA No. 14.228, program personnel indicated that their understanding was that the 7% could be claimed for administrative costs.

Recommendation: We recommend that management ensure there is proper supporting documentation for all administrative costs claimed for reimbursement. If administrative expenditures are incurred that are not being charged to the grant award, those need to be specifically identified and allocated to the grants, in accordance with the cost principles of OMB Circular A-87.
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Management Response:
For CFDA No. 14.228, Community Development will establish internal controls to ensure proper supporting documentation is available and specifically identifiable for all administrative costs claimed for reimbursement.

For CFDA No. 81.128, management has provided OMB Circular A-87 to staff along with a policy directing staff to adhere to those standards. The policy further requires that any deviation, at the direction of grantor staff, be documented in writing and added to the grant file.

Anticipated Completion Date:
CFDA No. 14.228: December 31, 2013
CFDA No. 81.128: The policy was provided to staff on August 16, 2013.

Contact Person and Title:
CFDA No. 14.228: Wilba Miller, Director of Community Development
CFDA No. 81.128: Dennis Laughlin, Stimulus Implementation Director

Finding 2012-7 (Significant Deficiency):

<table>
<thead>
<tr>
<th>CFDA #</th>
<th>Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.218</td>
<td>Community Development Block Grants Cluster – Neighborhood Stabilization Program (NSP3), U.S. Department of Housing and Urban Development, Award No. B-11-MN-20-0001; and U.S. Department of Housing and Urban Development, passed through the Kansas Department of Commerce, Award No. 10-NSP3-01</td>
</tr>
<tr>
<td>81.128</td>
<td>Energy Efficiency and Conservation Block Grants, U.S., Department of Energy, Award No. DE-SC0002481</td>
</tr>
</tbody>
</table>

Condition: The Unified Government could not provide evidence that the required suspension and debarment verification check had been performed on certain contracted vendors.

Criteria or Specific Requirement: Regulations contained in 2 CFR part 180 restrict grantees from contracting with certain parties that are suspended or debarred, or whose principals are suspended or debarred. For covered transactions, the Unified Government must verify the vendor is not suspended or debarred. This verification check can be performed by checking SAM (System for Award Management), collecting a certification from the vendor, or adding a clause or condition to the covered transaction with the vendor that is expected to equal or exceed $25,000.

Questioned Costs: None noted. A subsequently performed verification check of the vendors on the SAM website noted that none were suspended or debarred.
Context: The Unified Government could not provide support that a verification procedure had been performed to ensure that one contractor for the Neighborhood Stabilization program (to which the Unified Government incurred expenditures of approximately $2,037,000) and two contractors for the EECBG program (to which the Unified Government incurred expenditures totaling approximately $350,000) were not suspended or debarred.

For the Neighborhood Stabilization program contractor, it was noted that the request for proposals that was issued prior to selecting a contractor included language that stated, in part, "all team members are or, have in the past, worked on Housing and Urban Development programs as well as other Federal projects and no team member has been disbarred by any Federal Agency." While this statement was noted in the request for proposals, there was not a requirement noted for the vendor to certify that they were in compliance with the requirement.

For the EECBG program, $225,000 was paid to the Board of Public Utilities, which is an administrative agency of the Unified Government. Such payment was noted on an Activity Worksheet, which was communicated to and approved by the awarding agency.

Effect: Failure to perform verification checks on covered transactions could result in expenditures to potentially ineligible vendors.

Cause: The absence of adequate internal controls and instance of noncompliance appears to be the result of inadequate formal procedures, combined with a lack of awareness of the suspension and debarment requirements by personnel involved in the grant programs.

Recommendation: We recommend the Unified Government inform and train all personnel on the policies and procedures for performing required verification checks for suspended or debarred parties as a required step in the formal procurement process. We also recommend that any new federal grant awards made to the Unified Government be provided to the Purchasing Department so that they can ensure proper suspension and debarment procedures can be applied as appropriate.

Management Response:
For CFDA No. 14.218, Community Development will establish internal controls to ensure personnel perform and document the required verification checks on the vendors for applicable procurements and subawards utilizing federal funds. Moreover, NSP3 does not expect additional procurements or subawards to no further instances of noncompliance are anticipated.

For CFDA No. 81.128, management has provided the Unified Government Procurement Department form "Supplier Certification Regarding Debarment and / or Suspension" to program staff. Policy has been amended to require program staff to ensure that the completed form is maintained as part of the grant file. Additionally, staff is required to create documentation that the SAM verification has occurred and add it to the file in the form of a dated screen print.
UNIFIED GOVERNMENT OF WYANDOTTE COUNTY /  
KANSAS CITY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Anticipated Completion Date:
CFDA No. 14.218: December 31, 2013
CFDA No. 81.128: The policy, including the certification document, was provided to staff on August 16, 2013.

Contact Person and Title:
CFDA No. 14.218: Wilba Miller, Director of Community Development
CFDA No. 81.128: Dennis Laughlin, Stimulus Implementation Director

Finding 2012-8 (Significant Deficiency):

<table>
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<tr>
<th>CFDA #</th>
<th>Program</th>
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</table>

Condition: The Unified Government did not file the required reports through the Federal Funding Accountability and Transparency Act Subaward Report system (FSRS) for subawards greater than $25,000.

Criteria or Specific Requirement: 2 CFR part 170 requires prime grant recipients to file a Federal Funding Accountability and Transparency Act (FFATA) subaward report by the end of the month following the month in which the prime recipient awards any subgrant equal to or greater than $25,000.

Questioned Costs: None were noted.

Context: This requirement became effective for subawards made after October 1, 2010 under a federal award agreement entered into on or after that date. The Unified Government did not file the required 2012 reports through FSRS for one qualifying subawards for the HOME program and two qualifying subawards for the CDBG program.

Effect: Failure to file required Federal reports could result in noncompliance with reporting requirements noted above.

Cause: Lack of knowledge among program managers on the reporting requirements and guidelines.
SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

**Recommendation:** We recommend the Unified Government review the requirements of the Federal Funding Accountability and Transparency Act Subaward Reporting System and implement internal controls and processes to ensure the required reports are submitted.

**Management Response:** Community Development will establish internal controls to ensure compliance with the requirements of the Federal Funding Accountability and Transparency Act Subaward Reporting System.

**Anticipated Completion Date:** December 31, 2013

**Contact Person and Title:** Wilba Miller, Director of Community Development
UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2012

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Findings Required to be Reported by Government Auditing Standards

Finding 2011-1, 2010-2, 2009-1, 2008-1, and 2007-1: There is a deficiency in the controls over the period-end financial reporting process, including controls over procedures used to initiate, authorize, record and process journal entries into the general ledger, and record recurring and nonrecurring adjustments to the financial statements.

Corrective Action: 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.

Status: Steps taken by the Unified Government significantly improved the process compared to prior years. See current year finding 2012-1.

Finding 2011-2, 2010-3, 2009-2 and 2008-2: Capital asset data reported for both governmental activities and the enterprise funds was found to include errors relating to the accuracy and completeness of the data.

Corrective Action: Management implemented a new database to capture capital asset information in 2009. In 2010 and 2011, an external accounting firm was hired to assist with the Unified Government’s year-end closing process. In January 2012, the Unified Government filled the Accounting Manager position, resulting in additional resources being available for completing the year-end closing process.

Status: Certain improvements were made in 2010, 2011 and 2012; however, see current year finding 2012-1.

Finding 2011-3, 2010-4, 2009-3 and 2008-3: In Municipal Court, a lack of segregation of duties and a lack of reconciliation between total bonds outstanding and the bank balance were noted.

Corrective Action: A policy was implemented to have voided receipts approved by a supervisor at the time of the void; however, the clerks have access to perform the voids without that approval. As a compensating control, there is a daily report generated that shows voided transactions. This report is reviewed by a supervisor; however, it is one of the supervisors with access to enter voided transactions.

Status: See current year finding 2012-2.

Finding 2011-4: Bank reconciliations for the Inmate Trust Fund were not being done correctly for all of 2011, and were not reconciled as of December 31, 2011.

Corrective Action: The Accounting Manager will work with the third party administrator and the public Safety Business Office to open the lines of communication to allow for the proper sharing of
information among parties which does not currently exist. This will allow the Accounting Division to access the information essential to prepare an accurate and complete reconciliation on a monthly basis.

Status: Completed

Finding 2011-5 and 2010-6: The following deficiencies were noted related to the preparation of the schedule of expenditures of federal awards (SEFA):

Additional items required in the schedule include: a) identification of individual awards within a cluster of programs, b) the identifying number assigned by the pass-through entity for federal awards received as a subrecipient, and c) to the extent practical, the total amount provided by the Unified Government to its subrecipients from each federal program. Management has implemented a form that is sent to individual departments to accumulate this information; however, the process did not capture all the information. We recommend management continue to work on improving the implementation of this process.

Corrective Action: Management will revise the form that is sent to individual departments to include all required information.

Status: Completed.

Findings Required to be Reported by OMB Circular A-133

#14.218/14.253, Community Development Block Grants, U.S. Department of Housing and Urban Development; and #14.239 HOME Investment Partnerships Program, U.S. Department of Housing and Urban Development

Finding 2011-7, 2010-11, 2009-9, 2008-5 and 2007-4: Documentation of the comparison of budgeted distributions of salaries to actual costs based on time activity reports was not completed where employees work on multiple activities. Additionally, in 2009, it was noted that other employees whose salaries are charged 100% to the CDBG program cross-train and have some program duties related to other federal HUD grant programs.

Corrective Action: During 2009, management developed a time tracking system to identify staff time spent on specific awards. However, the time tracking system was not implemented for all of 2009, and was not continued in 2010 and 2011.

Status: In progress. See also current year finding 2012-3.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)


Finding 2011-8 and 2010-12: The Unified Government did not maintain the required minimum firefighter staffing levels required by the grant.

Corrective Action: The Unified Government Fire Department initiated a hiring program in November 2010 for a new recruit class. Applications were taken until January 26, 2011. The actual class of 16 new firefighters began training in August 2011.

Status: See current year finding 2012-4.

#11.307, Economic Adjustment Assistance (Revolving Loan Fund), U.S. Department of Commerce, Economic Development Administration

Finding 2011-9 and 2010-15: Prior to fiscal 2010, the Revolving Loan Fund (RLF) was administered by a separate nonprofit entity, not the Unified Government. Records received from the nonprofit entity after the Unified Government took over the program were incomplete, with the following impact on the administration of the program by the Unified Government:

   a) All required standard loan documents were not completed and located in the loan files for loans made prior to 2011.

   b) Certain data reported on the semi-annual report Form ED-209 was incorrect. Amounts reported for outstanding loans and the balance of remaining principal to be paid did not agree to the outstanding balances noted on amortization schedules maintained by the Unified Government for each loan.

   c) The Unified Government did not have 75% of the Revolving Loan Fund (RLF) capital base loaned or committed. Excess funds were sequestered in accordance with program requirements.

Corrective Action: The Unified Government RLF program staff continue to update and implement procedures to effectively administer the RLF program.

Status: In progress. See current year finding 2012-5.
### UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended December 31, 2012**

<table>
<thead>
<tr>
<th>Program</th>
<th>Pass-Through Entity</th>
<th>CFDA #</th>
<th>Number/Expenditures</th>
<th>Federal Agency</th>
<th>Total By to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Department of Agriculture:</strong></td>
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<tr>
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<td>Direct Funding:</td>
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<tr>
<td>Economic Adjustment Assistance - Revolving Loan Fund Program</td>
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<td>1,315,850</td>
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<td>Direct Funding:</td>
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<td>Community Development Block Grant - Neighborhood Stabilization Program</td>
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<td>$ 198,654</td>
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<td>Direct Funding:</td>
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<td>Discretionary Grants Program</td>
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<td>148,859</td>
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<td>ARRA - Public Safety Partnership and Community Policing Grants</td>
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<td>Edward Byrne Memorial Justice Assistance Grant</td>
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<td>ARRA - Edward Byrne Memorial Justice Assistance Grant program / Grants to Units of Local Government</td>
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<td>43,696</td>
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<td>Crime Victim Assistance</td>
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<td>Violence Against Women Formula Grants</td>
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<td>12-VAWA-32</td>
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<td>SRTS-N0042(803)</td>
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<td>Highway Planning and Construction</td>
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<td>State and Community Highway Safety</td>
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<td>SA-1908-13</td>
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</tbody>
</table>

The accompanying notes are an integral part of this schedule.
<table>
<thead>
<tr>
<th>Program</th>
<th>CFDA #</th>
<th>Pass-Through to Subrecipients</th>
<th>Federal Expenditures</th>
<th>Total By Federal Agency</th>
<th>Passed-Through to Subrecipients</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S. Environmental Protection Agency:</strong></td>
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<td>Passed Through Kansas Department of Health and Environment:</td>
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<td>Air Pollution Control Program Support</td>
<td>66.001</td>
<td>A-00796207</td>
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<td>Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act</td>
<td>66.034</td>
<td>XA977348 01</td>
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<td>255,797</td>
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<td><strong>U.S. Department of Energy:</strong></td>
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<tr>
<td>Direct Funding:</td>
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<td>ARRA - Energy Efficiency and Conservation Block Grant Program</td>
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<td>491,288</td>
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<td>491,288</td>
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<tr>
<td>Passed Through Kansas Department of Aging:</td>
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<td>Aging Cluster:</td>
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<td>Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers</td>
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<td>Nutrition Services Incentive Program</td>
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<td>Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services</td>
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<td>Special Programs for the Aging - Title IV and Title II Discretionary Projects</td>
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<td>12AAKST3SP</td>
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<td>Affordable Care Act - Medicare Improvements for Patients and Providers</td>
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<td>Developmental Disabilities Basic Support and Advocacy Grants</td>
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<td>11-087, 12-087</td>
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<td>Social Services Block Grant</td>
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<td>SY12BCCA</td>
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<td>Communities Putting Prevention to Work: Chronic Disease Self-Management Program</td>
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<td>Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations</td>
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<td>Passed Through Kansas Bureau of Investigation:</td>
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<td>High Intensity Drug Trafficking Areas Program</td>
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<td>G13AMW003A &amp; G11MW0003A</td>
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<td><strong>Total Executive Office of the President</strong></td>
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The accompanying notes are an integral part of this schedule.
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<tr>
<th>Program</th>
<th>CFDA #</th>
<th>Pass-Through Entity</th>
<th>Federal Expenditures</th>
<th>Total By Federal Agency</th>
<th>Passed-Through to Subrecipients</th>
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<td>U.S. Department of Homeland Security:</td>
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<tr>
<td>Direct Funding:</td>
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<td>Staffing for Adequate Fire and Emergency Response (SAFER)</td>
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<td>Emergency Management Performance Grants - 2011</td>
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<td>Citizens Community Resilience Innovation Challenge</td>
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<td>ESF6 3-8-13</td>
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<td>Port Security Grant Program</td>
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<td>Homeland Security Grant Program - KC Metro SHSP 2010</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>$ 19,129,078</td>
<td>$ 1,223,701</td>
<td></td>
</tr>
</tbody>
</table>

1 Child Nutrition Cluster.
2 CDBG - Entitlement Grants Cluster
3 JAG Program Cluster

The accompanying notes are an integral part of this schedule.
Note 1. Organization

The Unified Government of Wyandotte County / Kansas City, Kansas is the recipient of several federal grants. Various Unified Government departments administer these grant programs. The grants are accounted for in the General Fund, Special Revenue Funds, and Capital Project Funds.

Note 2. Basis of Presentation

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

Note 3. Local Government Contributions

Local cost sharing, as defined by the OMB Circular A-102, Attachment F, is required by certain federal grants. The amount of cost sharing varies with each program. Only the federal share of expenditures is presented in the Schedule of Expenditures of Federal Awards.

Note 4. Additional Audits

Grantor agencies reserve the right to conduct additional audits of the Unified Government's grant programs for economy and efficiency and program results which may result in disallowed costs to the Unified Government. However, management does not believe such audits would result in any disallowed costs that would be material to the Unified Government's financial position at December 31, 2012.

Note 5. Scope of Audit Pursuant to OMB Circular A-133

This report does not include the federal financial assistance of the Board of Public Utilities of Kansas City, Kansas. This entity, including the federal financial assistance programs, is audited by other auditors. Copies of financial statements and Single Audit reports can be obtained at the following address:

Board of Public Utilities of Kansas City, Kansas
540 Minnesota Avenue
Kansas City, Kansas 66101
Note 6. Revolving Loan Funds

For the Schedule of Expenditures of Federal Awards, the amount expended for the U.S. Department of Commerce Revolving Loan Fund (RLF) program is determined as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of RLF loans outstanding at December 31, 2012 (^1)</td>
<td>$ 417,088</td>
</tr>
<tr>
<td>Plus: cash and investment balance in the RLF at December 31, 2012</td>
<td>1,371,064</td>
</tr>
<tr>
<td>Plus: administrative expenses paid out of RLF income during the year ended December 31, 2012</td>
<td>1,390</td>
</tr>
<tr>
<td>Plus: unpaid principal of all loans written off during the year ended December 31, 2012</td>
<td>-</td>
</tr>
<tr>
<td>Subtotal</td>
<td>1,789,542</td>
</tr>
</tbody>
</table>

Federal share of the RLF                                                   | 73.53%  |

| Total                                                                       | $ 1,315,850 |

\(^1\) See Finding 2012-5 and 2011-9. Outstanding loan balances reported in 2011 were estimated, based on the best available information known at that time. Certain corrections to loan balances were made subsequent to December 31, 2011, based on research and analysis conducted on each loan in 2012.
UNIFIED GOVERNMENT OF WYANDOTTE COUNTY / KANSAS CITY, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2012

Note 7. Social Services Block Grant Passed Through the Department of Social and Rehabilitation Services

CDDO-12-087
Comparison of Expenditures to Budget
For the Fiscal Year July 1, 2011 Through June 30, 2012

<table>
<thead>
<tr>
<th></th>
<th>July 1, 2011 to December 31, 2011</th>
<th>January 1, 2012 to June 30, 2012</th>
<th>Total</th>
<th>Over (Under) Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Contract</td>
<td>$492,466</td>
<td>$248,054</td>
<td>$244,412</td>
<td>$492,466</td>
</tr>
<tr>
<td></td>
<td>$492,466</td>
<td>$248,054</td>
<td>$244,412</td>
<td>$492,466</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Aid</td>
<td>$155,472</td>
<td>$31,232</td>
<td>$124,240</td>
<td>$155,472</td>
</tr>
<tr>
<td>Administration</td>
<td>$336,994</td>
<td>$196,324</td>
<td>$140,670</td>
<td>$336,994</td>
</tr>
<tr>
<td></td>
<td>$492,466</td>
<td>$227,556</td>
<td>$264,910</td>
<td>$492,466</td>
</tr>
</tbody>
</table>
An ordinance terminating the Zion Redevelopment District created pursuant to ordinance no. 65962 and terminating tax increment financing with respect to such redevelopment district.

Action Requested:
Please pass ordinance.

Publication Required

Publication Date: [ ]

Budget Impact: (if applicable)

Amount: $ 
Source:
☐ Included In Budget  This action was assumed in budget forecasts.
☐ Other (explain)
ORDINANCE NO. ______

AN ORDINANCE TERMINATING THE ZION REDEVELOPMENT DISTRICT CREATED PURSUANT TO ORDINANCE NO. 65962 AND TERMINATING TAX INCREMENT FINANCING WITH RESPECT TO SUCH REDEVELOPMENT DISTRICT.

WHEREAS, the City of Kansas City, Kansas (the “City”), predecessor to the Unified Government of Wyandotte County/Kansas City, Kansas (the “Unified Government”) adopted tax increment financing by creating a Redevelopment District pursuant to the Kansas Tax Increment Redevelopment Act, constituting sections K.S.A. 12-1770 et seq., as amended (the “Act”) and Ordinance No. 65962 of the City, adopted on November 3, 1994, for the real property described therein; and

WHEREAS, all the redevelopment projects costs have been paid and all bonds and obligations are deemed paid with respect to the Redevelopment Project (the “Project”) within the Redevelopment District; and

WHEREAS, the Unified Government has determined that it is necessary and desirable to adopt this Ordinance to terminate the Redevelopment District and to terminate tax increment financing in connection with the Project, effective upon publication of this Ordinance;

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE UNIFIED GOVERNMENT OF WYANDOTTE COUNTY/KANSAS CITY, KANSAS, AS FOLLOWS:

Section 1. Termination of Tax Increment Financing. The Unified Government hereby terminates the Redevelopment District created pursuant to Ordinance No. 65962, and legally described as follows:

THE ABOVE INCLUDING THE FOLLOWING LOTS:
  WYANDOTTE CITY, BLOCK 27, THE SOUTH 20 FEET OF LOT 8, LOTS 9 TO 12, LOTS 34 TO 54.
  WYANDOTTE CITY, BLOCK 28, LOTS 28 TO 54.
  WYANDOTTE CITY, BLOCK 47, LOTS 1 TO 18, AND LOTS 48 TO 54.
  WYANDOTTE CITY, BLOCK 48, LOTS 1 TO 54.
  JERSEY CREEK PARKWAY, BLOCK 1, LOTS 3 TO 6.
  GATEWAY, LOTS 8 TO 12, LOT 19, AND LOT DESIGNATED AS "PARK"

Tax increment financing for all Projects within the Redevelopment District shall terminate, effective upon publication of this Ordinance.

Section 2. Further Authority. The Unified Government shall, and the officers, employees and agents of the Unified Government are hereby authorized and directed to, take such action, expend such funds and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

Section 3. Effective Date. This Ordinance shall take effect and be in full force from and after its passage by the governing body of the Unified Government and publication in the official Unified Government newspaper.

PASSED by the governing body of the Unified Government on ______________ ____, 2013.

(Seal)

ATTEST:

______________________________
Unified Government Clerk

______________________________
Mayor/CEO
Item Description:
PQ Corporation, located at 1700 Kansas Ave, had previously requested and was approved for a $52M IRB (O-63-12) for the expansion project. However, those bonds have not been issued. Additionally, as PQ has proceeded with their current expansion, the scope of the project has been enlarged, and has encompassed some work originally planned for a future expansion. As such, PQ has adjusted their IRB application to a new amount of $219M, replacing the original request for $52M in IRBs. For your consideration is a Resolution of Intent for the $219M. Future action would be to hold a Public Hearing to consider the new Ordinance and abatement/PILOT, and repeal the existing Ordinance.

Action Requested:
Adopt Resolution of Intent to issue $219M in IRBs.

Budget Impact: (if applicable)

Amount: $

Source:

- Included In Budget  Positive development impact.
- Other (explain)
RESOLUTION NO. R-____-13

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 $219,000,000 TO FINANCE THE COSTS OF ACQUIRING, CONSTRUCTING, IMPROVING AND EQUIPPING AN INDUSTRIAL FACILITY FOR THE BENEFIT OF PQ CORPORATION

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, PQ Corporation, a Pennsylvania corporation (the “Company”), has submitted to the Unified Government an Application for the Issuance of Industrial Revenue Bonds requesting that the Unified Government finance the cost of acquiring, constructing, improving and equipping an industrial facility as more fully described in the Application located at 1700 Kansas Avenue in Kansas City, Kansas, consisting of a facility expansion (the “Project”) through the issuance of its revenue bonds in one or more series in the amount of approximately $219,000,000, and to lease the Project to the Company or its successors and assigns in accordance with the Act; and

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 $219,000,000, 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 UNITED 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 $219,000,000 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. 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

**Section 7. 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 8. 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 9. Effective Date. This Resolution shall take effect and be in full force immediately after its adoption by the Governing Body of the Unified Government.


By: ______________________________
Mayor/CEO of the Unified
Government of Wyandotte County/
Kansas City, Kansas

(Seal)

Attest:

By: ______________________________
Unified Government Clerk
<table>
<thead>
<tr>
<th>Commission Goal</th>
<th>Objective</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Development</td>
<td>Grow small business</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grow existing businesses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Expand large businesses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Attract large businesses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Create jobs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Redevelop community</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grow tourism</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Collaborate w/BPU to waive water &amp; electric</td>
<td>Program complete - Marketing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>BPU agreed to waive connection fees in relation to the UG waiving permit fees and sewer connection fees for single family residences through Dec. 2013</td>
</tr>
<tr>
<td></td>
<td>Single family construction</td>
<td>Complete - marketing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Waive building permit fees and sewer connection fees for single family housing through 2013.</td>
</tr>
<tr>
<td></td>
<td>Discuss Port Authority</td>
<td>No action at this time.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jody Boeding reported to SC as to how a Port Authority could be created and Mike Taylor reported on how this could be done through the Kansas Legislature.</td>
</tr>
<tr>
<td></td>
<td>Public Building Commission</td>
<td>Complete - Approved by Full Commission 11-15-12</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Approved by Standing Committee as a finance tool.</td>
</tr>
</tbody>
</table>