



County Administrator's Message

Cheryl Harrison-Lee, ICMA-CM, AICP | Interim County Administrator

September 15, 2022

Dear Mayor, Commissioners, and Residents of Wyandotte County,

Twenty-five years ago, in April 1997, the people of Kansas City, KS and Wyandotte County, KS voted to unify their local government with the promise of better coordination of operations and more efficient service delivery for our residents and businesses, all while achieving cost savings. To an extent, this goal has been realized—more than 20 mills have been cut from tax bills for Kansas City, KS residents since unification and Wyandotte County continues to have one of the lowest county mill rates in the state.

This 25th anniversary of the Unified Government is a unique opportunity to reflect on the evolution of our organization, while also planning its future direction. Recent years have brought unprecedented economic development to Wyandotte County, creating national and regional destinations, and attracting new businesses and visitors. However, we are not immune to the impacts of inflation and rising costs, heightening the urgency to address our resiliency as a community and organization.

Our staff has risen to the once-in-a-generation challenge of a global pandemic, as well as cybersecurity attacks and economic uncertainty. As employers fight hard for qualified talent, it is crucial that we deliver on the Commission and Mayor's directive to invest in our staff, while also working to modernize and grow the capacity of our organization so the Unified Government will remain competitive.

We are at a crossroads. The Unified Government is working to balance our budget as we face systemic fund imbalances, yet we must invest in the immediate needs of deferred maintenance and failing infrastructure to keep our economy moving. To provide more equitable opportunity across the county, we need a new, more effective organizational structure better equipped to meet the Commission's priorities and provide customer service excellence.

We are charting a path forward that focuses on our residents first and embraces proven best practices by implementing a structural reimagining of the Unified Government. One thing is clear to me from my time as Interim County Administrator – Wyandotte County residents are uniquely “Dotte,” with an irreplicable hometown pride, and there are no challenges we cannot overcome.

This is UG Forward.

UG Forward

With new leadership and emphasis on fiscal and organizational accountability and improvement, 2022 has been a year of transition and reflecting forward: what is the future of the Unified Government and how do we move forward together? How do we continue to support what works well – our centers of excellence – and address the impediments to our future success?

When I joined as Interim County Administrator in January 2022, I introduced a framework of **Discover (D), Evaluate (E), Identify (I), and Focus (F)**. To be successful as a community, we must discover new ways to broaden engagement, evaluate our organization to better capitalize on our strengths and address our weaknesses, identify economic development opportunities to create equitable prosperity, and focus on superior customer service. This is UG Forward. It's our initiative to reimagine the Unified Government of Wyandotte County and Kansas City, KS for the next 25 years while reflecting on the lessons learned from the past 25 years.

Through UG Forward, we will cultivate transformation through collaboration and redesign how we work with and for the community. This initiative will be key to transitioning the next permanent county administrator and positioning the Unified Government to become a premier public sector employer with a skilled workforce that can effectively do their jobs as proud residents of Wyandotte County. We know that to provide quality community services and support economic development, we must address how

we work and communicate as an organization first. This will help us to foster a culture of continuous improvement and excellent customer service to ensure sustainability and more cost-effective service delivery.

This budget cycle, we engaged citizens more than ever before and heard the preliminary results of several assessments of the Unified Government, including the organization as a whole and a more in-depth analysis of the human resources and finance departments. We started with what is most critical to our long-term sustainability as an organization: our people and our budget. We identified many opportunities for efficiencies but have much more to accomplish in examining the structural issues that will inhibit our transformation if left unaddressed. The 2023 Proposed Budget is an important step forward in this ongoing effort. With your leadership and collaboration over the past few months, we identified the key priorities of the governing body and the community, laying the foundation for the Unified Government's success in the years to come.

Reimagining Your Unified Government for the Next 25 Years.

This is just the first year of a multi-year effort to address the complex needs of our community and organization. The changes needed cannot be accomplished in one budget cycle so the challenge to the Unified Government and our community is to continue the work that has been underway in earnest these past several months.



WYOKCK.ORG/UGFORWARD



DISCOVER new ways to strengthen engagements among residents, local government, and the business community.



EVALUATE the current organization and identify areas for improvement while highlighting and capitalizing on the strengths that will benefit our citizens.



IDENTIFY economic development opportunity that create access, equity and shared prosperity.



FOCUS on superior customer service as a daily practice.

Developing Our Budget

This year we undertook an unprecedented series of engagements with the Commission, public and Unified Government staff to help us better understand community needs and challenges we face as an organization to shape budget priorities.

We hosted in-person community conversations, DotteTalks, around the county, piloted a new budget simulator tool, and engaged the Commission more frequently as the 2023 budget priorities were honed. In addition, the results of the Community Survey were presented to the Commission and public in April 2022 which provided us with a representative community perspective across each commission district.

This summer, we heard reports from consultants that provided us with initial assessments of our overall organization, human resources, and finance departments. These reports have also provided the Commission, Mayor and staff with recommendations and ideas for actions to help us work better together.

We appreciate the time everyone has contributed to this process over the past six months as this input has informed several discussions as the Commission and staff reviewed various budget scenarios.

A complete report on the community survey findings, including an interactive dashboard, and the summary of the community engagement efforts can be found on our website.

MARCH 2022

- 30 - Staff begins preparation based on input
- 31 - First public hearing for the 2022-2023 Community Development Block Grant Budget and first budget hearing

APRIL 2022

- 20 - Launch of the budget simulator
- 20 - DotteTalk at Wyandotte County Museum
- 27 - DotteTalk at Beatrice Lee Community Center
- 28 - Commission meets on Capital Maintenance and Improvement Plan (CMIP) priorities
- 30 - DotteTalk at Eisenhower Community Center

MAY 2022

- 05 - Commission meets on CMIP priorities
- 26 - Budget workshop with Commission

JUNE 2022

- 02 - Budget workshop with Commission
- 15 - Final assessed property values certified
- 16 - Budget workshop with Commission
- 30 - Budget workshop with Commission

JULY 2022

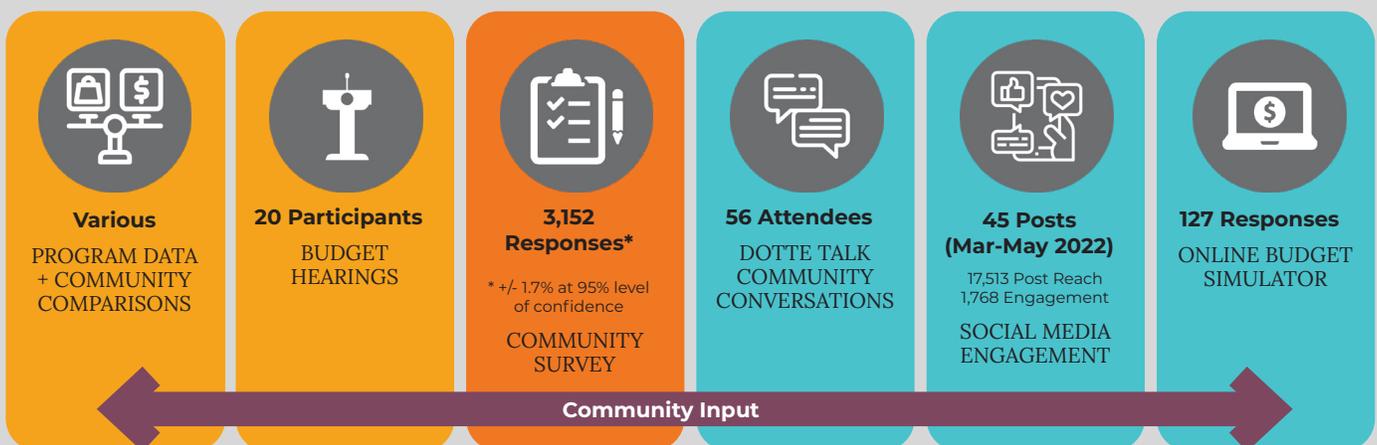
- 14 - Notice of intent to exceed revenue neutral rate
- 14 - Final public hearing on the Community Development Block Grant budget
- 28 - Finance assessment presented to Commission
- 28 - Annual Comprehensive Financial Report presented to Commission

AUGUST 2022

- 04 - Proposed budget presented to Commission
- 11 - Budget workshop with Commission
- 22 - Final public budget hearing
- 25 - Budget workshop with Commission

SEPTEMBER 2022

- Final Budget Adoption



BUDGET ENGAGEMENT: We have engaged more than ever before with our Commission, staff and community on this year's budget process, experimenting with new tools and opportunities to provide input both digitally and in-person.

2023 Budget Priorities

After investing significant time into understanding the community’s needs and available resources, the Unified Government Commission identified specific priorities for 2023 and on. Supported by data from our community survey and citizen engagement efforts, the following outline the 2023 budget priorities:

- Invest in Our Streets
- Provide Tax Relief
- Foster Innovation and Resiliency
- Invest in Our Parks

PRIORITY ONE | Invest in Our Streets

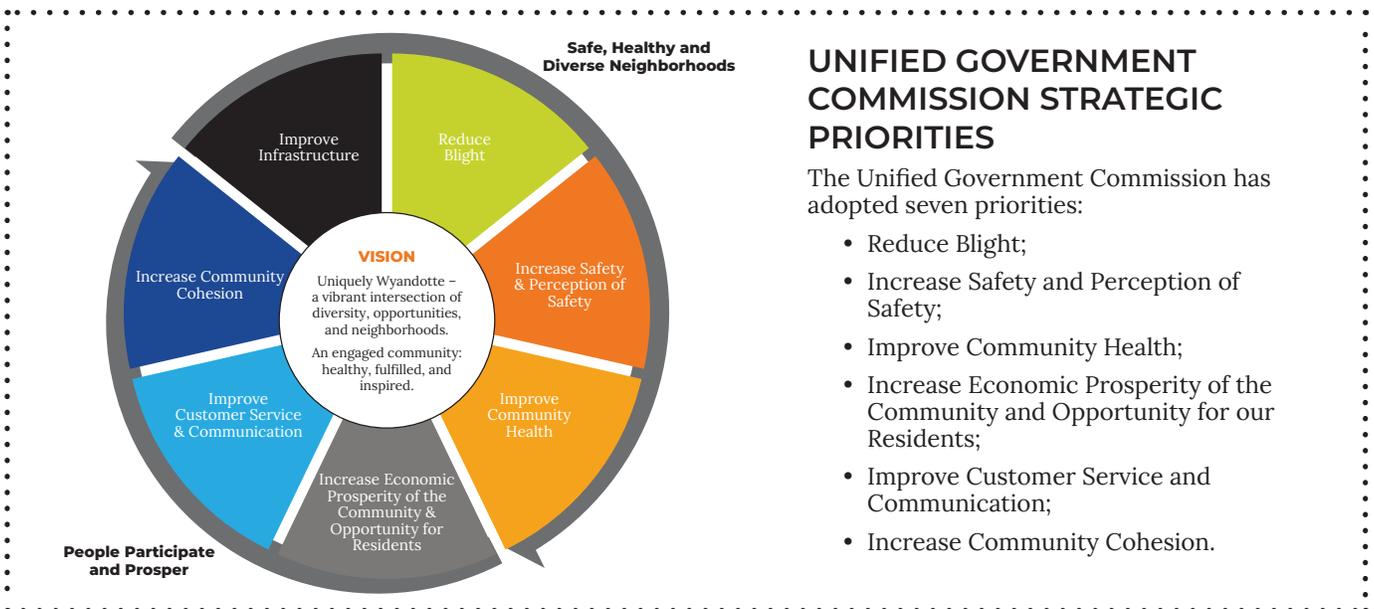
Seventy-two percent of community survey respondents ranked streets the most important community service across all eight commission districts. This is a recurring theme in the biannual community survey: we need better streets. The 2023 Proposed Budget increases spending on street preservation by 25%, for a total allocation of \$8.5 million. While this is a much-needed investment, street conditions will not improve overnight. With two major bridges closed and many roads requiring substantial repairs, we must make strategic, impactful investments in infrastructure countywide to

keep our economy moving forward. We are substantially behind in routine maintenance and, due to the age of our infrastructure, face a challenge that is worsening every day.

Over the past 15 months, the Commission Infrastructure Subcommittees have collaborated closely with our Public Works and Parks & Recreation Department to define strategies and recommendations that will chart a more sustainable future for our infrastructure while addressing critical deferred maintenance.

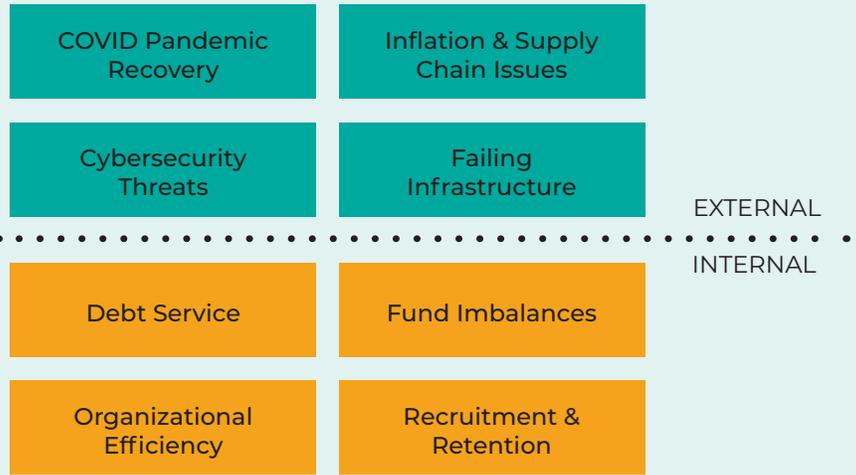
Our objective is to improve our Pavement Condition Index to a rating of 65 by 2038.

The Commission recently adopted [goDotte](#), our first-ever countywide strategy, which incorporates recommendations for the Unified Government to more closely align investment in development, transportation, and infrastructure. This fall we will be launching the update of our citywide comprehensive plan to help us further prioritize where we invest to help neighborhoods moving forward. These collaborative efforts to plan and prioritize our future will position us to be more competitive for federal infrastructure funding that we anticipate will be available in the very near future, allowing us to meet objectives for improving our Pavement Condition Index to a rating of 65 by 2038.



FACING CHALLENGES

Development of our annual budget requires consideration of internal and external influences on the sustainability of both the city and the county. While many of these challenges are not unique to the Unified Government, we must be strategic to mitigate the impacts and consequences to our community.



PRIORITY TWO | Provide Tax Relief

The Commission recognizes people are facing soaring inflation and other economic challenges requiring the need for tax relief. For the first time since 2009, the 2023 Proposed Budget recommends a County tax cut – a reduction of two mills – which will benefit all residents, whether you live in Bonner Springs, Edwardsville, or Kansas City, KS. The Unified Government, however, only accounts for 46% of our tax bill, so it will be important for the elected body to reach out to other taxing jurisdictions across the county to provide truly viable tax relief.

The Unified Government is unique in its design with a City budget and a County budget, and the two are currently performing very differently. On the County side, revenues are growing faster than expenditures, meaning there is capacity for the proposed tax reduction without decreasing services. However, the opposite is true with the City budget operating in a deficit, which will require serious structural changes for long-term sustainability.

Our City General Fund needs structural change for long-term sustainability.

Community comparisons show we need to review our expenditures: we spend less than average on our parks and general community services but spend more than average on public safety. These are not insurmountable issues to

address and, as we heard from the community throughout this budget season, public safety is a priority. To balance the needs of residents with limited resources, the Unified Government must continue its ongoing assessment and evolve its priority-based budgeting efforts to cut waste, find efficiencies, and operate more effectively through data-driven decision-making.

UG Forward is a comprehensive approach to improving how we work through better policies, processes, engagement, and problem-solving, and it is accomplishing these goals by bringing together people to work collaboratively. We are laying the foundation for the tough decisions necessary to ensure our organization is competitive and fiscally sustainable.

This is an important first step, and I appreciate your collaboration these past several months. **The 2023 Proposed Budget will help us initiate critical capacity-building for the next 25 years while providing needed tax relief to residents throughout Wyandotte County.**

PRIORITY THREE | Foster Innovation & Resiliency

In a world where cybersecurity threats and severe weather events can completely immobilize local government operations, 2022 gave us valuable insight into our capacity to handle risk as an organization, and the actions we need to take to be truly prepared for an emergency. We have a myriad of emergency response plans in place, addressing public health crises, public safety concerns, weather

DOTTE LEADS

Lead | Examine | Augment | Develop | Serve

DotteLEADS: The 2021 employee survey indicated a need for more training and professional development and DotteLEADS will be an essential internal program to help our workforce adapt to the changing demands of our day-to-day operations while supporting recruitment and retention goals.

events, and more, but being prepared to fully act on these plans requires greater collaboration across silos so we can address multi-faceted issues with multi-departmental responses. The Unified Government staff is diligently working together across the organization to implement strategies to mitigate risk and increase operational efficiencies and we must continue to support these collaborative efforts to transform organizational outcomes while addressing opportunities for improvement.

It is challenging to learn how to fully operate as one organization, to collaborate and communicate clearly across the entire Unified Government. With the 2023 Proposed Budget, we will tackle this challenge more forcefully, with a clear focus on building organization-wide strategies to transform the way we operate.

With UG Forward, we will create an economic development plan to guide strategic, equitable investment in our growth and ensure our residents have access to the services and amenities they need. This essential strategy will be developed in conjunction with our community health assessment and update to our Community Health Improvement Plan, to confront the opioid crisis, our ongoing pandemic response, and other critical health issues facing the Unified Government.

We will be investing in our capacity to pursue grant funding and setting aside \$7 million in American Rescue Plan Act (ARPA) revenue replacement funds for grant matches, helping us to secure competitive federal grants. We know we are not getting our share of available grant funds and must have shovel-ready projects lined

up when funds become available.

Our people are our greatest resource, and the Commission has made investing in them a clear priority. First, we need to ensure we have the right people in the right places to best benefit from their talent and cultivate their skills. We also must be competitive in our hiring and recruitment in an increasingly challenging jobs market, and we must train, properly equip and motivate staff. Our goal is to foster a culture of excellence and nurture a desirable place to work as we seek to better serve our citizens with a leaner organization. We will be launching DotteLEADS, a professional development program for all staff, to hone leadership skills with training tailored to the work we do. By teaching new skills and empowering our staff to be a part of our transformation, DotteLEADS will help us fortify and support our existing workforce while creating a workplace culture focused on continuous improvement and customer service.

We will continue with our organizational assessment, strategic planning, and training efforts to ensure we are aligning every available resource to measurable outcomes.

Through UG Forward, we will continue with our organizational assessment, strategic planning, and training efforts to ensure we are aligning every available resource to measurable outcomes. We will make it easier to collaborate with the Unified Government by eliminating red tape and working toward a shared vision fully vetted and supported by our community.

PRIORITY FOUR | Invest in Our Parks

Parks not only contribute to our economic development potential, but they also bring many public health benefits to our community and support goals for a healthy, active quality of life in Wyandotte County. Throughout the 2023 Budget process, we heard from the community how access to walking and biking trails; park equipment; youth, adult, and senior services are all priorities among Parks & Recreation services. By shifting some of our tax dollars from the

County General Fund to the Parks General Fund, we will be able to hire additional staff to increase recreation programming, extend the hours of our community centers, and launch a city beautification pilot initiative to address maintenance of parks facilities and amenities across the community.

We will increase recreation programming, extend the hours of our community centers, and launch a city beautification pilot initiative.

Cleanliness and appearance across our community is also a top priority and a relatively affordable opportunity for improvement. In 2023, we will continue to support collaborative efforts that are already underway, such as the SOAR initiative to address blight and property maintenance, a demonstrated success. We will also be investing more in the beautification and improving the appearance of the community by working collaboratively and efficiently.

By strengthening our project and asset management, we will leverage the funds that have been invested in our parks over the past few years through the CARES Act and ARPA funds, ensuring we optimize the return on these important investments. Responsible stewardship of these federal funds is important to being able to catch-up on deferred maintenance and to improve our community amenities.

Recommendations and Next Steps

Change is hard and it takes time. The 2023 Proposed Budget represents a new day for the Unified Government and, while every issue cannot be solved within a single budget cycle, this process has taught us what it will take to protect the financial integrity of our organization. Some of these actions are already being taken by the Commission and others will require diligent and methodical planning as we look ahead to the budget for 2024.

This budget is just the first of many future steps forward aimed at reimagining the Unified Government for the next 25 years. A few items for the Unified Government to consider moving forward:

- Transition from an annual budget to a **two-year budget** to set and achieve long term goals, provide stakeholders with more certainty about the direction of government, and promote more orderly spending;
- Work to find opportunities for reducing and eventually **eliminating the structural imbalance** in the City General Fund;
- Begin **strategic planning** and conversations about the budget process as early as reasonably possible to ensure that necessary changes can be realized in the next budget cycle;
- Develop a profile for the **permanent County Administrator** that emphasizes fiscal expertise and strategic thinking expertise;
- **Identify significant cost drivers** throughout the organization and develop innovative tactics to find efficiencies and savings; and
- Develop a **twenty-year capital improvement and public utility plan** to identify needs and reduce the occurrence of deferred maintenance.

The Unified Government is at a crossroads today.

With the leadership of our elected body, we can take decisive action to ensure our fiscal sustainability, accountability, and transparency of operations are aligned with our community priorities and shared vision. Thank you to the many team members across the Unified Government, our elected officials and community for their ongoing effort to help and support us through this transition. UG Forward is about creating positive change through collaboration and a commitment to continuous improvement. This proposed budget will provide several of the tools we need to realize success.

Respectfully Submitted,



Cheryl Harrison-Lee, ICMA-CM, AICP
Interim County Administrator

Financial Overview

The Unified Government budget is prepared on a modified accrual basis for all funds, including government and proprietary funds. Each fund is established to organize our accounting system so we can track various activities or objectives as governed by different regulations, restrictions, or limitations. As a unified government of city and county, we track our expenses for the city and county separately in many instances, with some functions existing solely as a city service or county service.

Revenue by Source

Total budgeted resources in the coming fiscal year will support the total UG-wide 2023 proposed budgeted revenues of \$418.7 million.

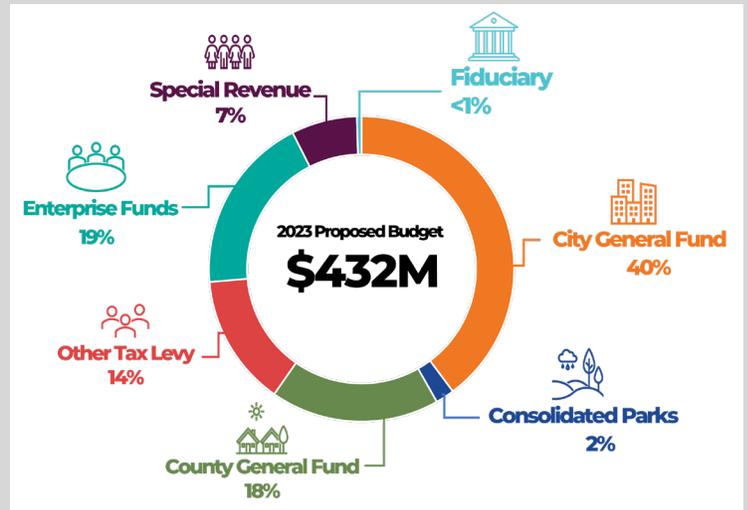
Property tax constitutes the largest source of revenue for the overall budget at \$112.9 million (27%). Following that is sales tax which constitutes for 20% of the overall budget, totaling \$86.1 million. Charges for service represent 17% of the budget for a total of \$72.4 million. Franchise taxes, motor vehicle taxes, and other taxes total 20% of revenue (\$83.7 million) and the remaining 16% (\$66.9 million) includes intergovernmental revenue, annual appropriation revenue, permits & licenses, fines & fees, and miscellaneous funds and transfers.

Revenue by Fund Type

Revenue received by the Unified Government falls into several different funds. The largest portion of revenue goes into the City General Fund for a total of 39% or \$164.3 million. The County General Fund receives ~19% of revenue at \$77.9 million. Enterprise Funds receive ~19% or \$81.2 million in revenue. Other Tax Levies total 14% of budgeted revenue at \$58.5 million. Special Revenue is 7% (\$27.2 million) and Consolidated Parks is budgeted to receive 2% (\$8.4 million) in revenue for 2023. The Fiduciary Fund will receive less than 1% which is approximately \$250,000.

Budgeted Expenditures

The sum of total budgeted expenditures in the coming fiscal year will be \$431.5 million. Half of this total (\$215.7 million) is represented by personnel costs. Contractual services constitute 15% (\$64.7 million) of the overall budget. \$60.4 million of our overall budget covers debt



2023 Budget: The City General Fund makes up the 40% of the total \$432 million budget.

service. Capital Outlay expenses represent \$34.5 million of the budget. The remaining \$51.7 million dollars are dedicated to commodities, grants, claims, shared revenue, contingencies and miscellaneous funds. Reserve expenditures represent \$4.3 million of the overall budget.

Expenditure by Fund Type

Of the \$431.5 million in expenditures, \$168.2 million will come from the City General Fund. The County General Fund will represent \$77.6 million of overall expenditures. Enterprise Funds will represent \$73.3 million. Other Tax Levies total 13% of expenditures which is ~\$56 million. Special Revenue expenses will total \$34.5 million. Consolidated Parks will account for \$8.6 million. The Fiduciary Fund represents less than 1% of expenditures at a little over \$1 million.

Summary of Expenditures and Revenues

All Unified Government fund revenues increase by a total of 0.3% from 2022 and are primarily offset by fund balance reserves that have been elevated by the influx in one-time grant funds received as revenue replacement as a provision of the federal American Rescue Plan Act.

Our overall 2023 expenditures outpace revenue by \$10 million dollars. Our expenditures compared to the minor increase in revenue for the 2023 budget represents the need for continued discussions around strategic revenue generation. Almost half of our revenue is comprised of sales tax and property tax. **To move forward with a balanced and community-**

CITY GENERAL FUND

The City General Fund is the principal operating account of the City of Kansas City, KS.

Revenue: Taxes; fees; intergovernmental revenue; charges for services; and other sources

Supports: General Operations and Administration; Police; Fire; Municipal Court; Public Works; Capital Equipment and Cash-Funded Capital Projects

COUNTY GENERAL FUND

The County General Fund is the principal operating account of Wyandotte County.

Revenue: Taxes; fees; intergovernmental revenue; charges for services; other.

Supports: Emergency Management; Sheriff; Emergency Dispatch; Court Programs; Public Works; General Services and Administration; Capital Equipment and Projects

CONSOLIDATED PARKS GENERAL FUND

The Consolidated Parks General Fund combines the former City and County Parks Department budget into one operating fund.

Revenue: User fees; rentals; contracts and lease revenues; annual appropriation from City General Fund

Supports: Operations of Parks; Parkways; Recreational Areas and Facilities



Unified Government Funds At-A-Glance

OTHER TAX LEVY FUNDS

Includes: County Aging Fund, Bond and Interest Fund, County Bond and Interest Fund, County Developmental Disability Fund, County Elections Fund, County Health Department Fund, and Mental Health Fund.

ENTERPRISE FUNDS

Includes: Emergency Medical Service Fund, Legends Stadium Fund, Public Levee Fund, Sewer System Fund, Solid Waste Fund, Stormwater Utility Fund, and Sunflower Hills Golf Fund.

SPECIAL REVENUE FUNDS

Includes: Clerk's Technology Fund; Court Trustee Fund; Dedicated Sales Tax Fund; Environment Trust Fund; Jail Commissary Fund; Register of Deeds Technology Fund; Special Alcohol Fund; Special Assets Fund; Special Parks and Recreation Fund; Special Street and Highway Fund; Tourism and Convention Fund; Treasurer's Technology Fund; Wyandotte County 911 Fund.

COUNTY LIBRARY FUND

The County Library Fund allocates revenue to the KCK USD #500 and Bonner Springs Libraries. The library tax is levied upon property owners and residents outside the USD #500 and Bonner Springs taxing districts. This includes Kansas City and Edwardsville property owners in the Bonner Springs School District and Piper and Turner School District property owners.

driven budget, we will need to shift our discussions about budget to focus more on revenue growth.

UG-Wide

Total budgeted resources will support the total UG-wide 2023 proposed expenditures of \$431.5 million. Overall 2023 budgeted expenditures are 0.6% higher than the amended 2022 budget. Estimated 2023 intergovernmental revenues of \$13.5 million are down compared to the amended 2022 budget revenue estimates of \$20.6 million due to the one-time American Rescue Plan Act (ARPA) Local Fiscal Recovery Funds revenues, which will not be received in 2023.

The 2023 Budget includes cost of living salary adjustments across all funds totaling \$7 million, increased funding of \$2.6 million for anticipated 7% employee healthcare benefit cost increases, and \$1 million increase in employer pension and other employment contributions due to increased compensation levels.

Changes in Revenue Estimates

Of the UG-Wide total \$418.7 million in 2023 revenue estimates, the largest change by far is tax revenue totaling \$286.9 million (69%). This is followed by charges for services at \$72.4 million (17%). 2023 intergovernmental revenues are projected to be impacted by the loss of \$7.8 million compared to the 2022 amended revenue

estimates. This is a result of one-time grant funds received between 2021 and 2022 and used as revenue replacement per the federal American Rescue Plan Act.

The tax revenue category increase of \$14.2 million (5.2%), contains economically-driven increases in sales and compensating use tax revenues, franchise fees and property tax revenues in various funds.

The property tax mill rates for the County General Fund in the revised budget proposal include a reduction of 2 mills from the County Mill rate and a shift of 0.25 mill away from the County General Fund to be reallocated to the Consolidated Parks Fund. Property tax revenue and delinquent tax payments are expected to grow by \$13.8 million (12.6%). Sales and compensating use taxes total \$85.1 million, an increase of \$2.5 million (3%).

An additional \$14.3 million in charges for services is estimated related to rate increases for sewer utility charges and refuse collection services. Fees, fines, and permit revenues remain steady at \$12.35 million.

The 2023 budget no longer includes \$7.8 million in federal grant allocations from the American Rescue Plan Act in the intergovernmental revenue category. This amount has been calculated per the US Treasury Guidelines as the amount in 2022 revenue replacement the Unified Government is authorized to utilize to cover COVID-19 related revenue shortfalls incurred during 2022 across all Unified Government funds.

Planned Use of Reserve Balances

Estimated 2023 revenues across all Unified Government funds total \$418.7 million with planned use of reserve fund balances of \$12.7 million. The largest planned use of fund balances is \$4.2 million in the City General Fund. The second largest is \$1.8 million in the County General Fund to support a mill reduction to county taxpayers. The third largest planned use of fund balance is \$1.2 million the Health Levy Fund for additional one-time facilities improvements and long-term planning which future year revenue projection can support. The fourth and fifth largest are both at \$730 thousand in the Special Street and Highway Fund and the Dedicated Sales Tax Funds for greater investments in capital and equipment acquisitions utilizing improved highway users' gasoline tax and sales tax revenues from the prior years.

City General Fund

The City General Fund, with total Proposed 2023 expenditures of \$169.2 million, is the largest operating fund of the Unified Government. Estimated 2022 revenues are \$165 million, or 3.2%, lower than the amended 2022 budget revenue estimates mainly due to the shift in residential waste charges from the City General Fund to the new Solid Waste Enterprise Fund. There is a \$10.8 million decrease in expenditures in the proposed 2023 budget compared to the Amended 2022 Budget. Resources of \$4.2 million from fund balance are utilized to close the net between Proposed 2023 revenues and expenditures.

City General Fund	2022 Amended Budget	2023 Proposed Budget	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
TOTAL REVENUES	\$160,969,102	\$155,221,370	\$160,633,958	\$165,765,064	\$171,016,489	\$176,351,469
TOTAL EXPENSES	\$170,497,913	\$159,453,294	\$170,334,986	\$179,837,473	\$192,487,131	\$208,205,757
Net Change in Fund Balance	(\$9,528,811)	(\$4,231,924)	(\$9,701,028)	(\$14,072,409)	(\$21,470,642)	(\$31,854,288)
Cash Basis Ending Fund Balance	\$21,450,789	\$17,218,865	\$7,517,837	(\$6,554,572)	(\$28,025,214)	(\$59,879,502)
ACFR Ending Fund Balance	\$36,339,724	\$32,107,800	\$22,406,772	\$8,334,363	(\$13,136,279)	(\$44,990,567)
Reserve % of Expenditures	21.3%	20.1%	13.2%	4.6%	-6.8%	-21.6%
<i>Fund Balance 17% Target</i>	\$28,984,645	\$27,107,060	\$28,956,948	\$30,572,370	\$32,722,812	\$35,394,979

Changes in Revenue Estimates

Of the City General Fund total \$165.1 million in 2023 revenue estimates, tax revenue totals \$149 million or 90%. This is followed by charges for services at \$3.7 million or 2% of the total. Proposed 2023 revenues are projected to decrease by \$5.4 million or 3% compared to the 2022 amended revenue estimates, due to moving the waste management contract to the new Solid Waste Enterprise Fund.

SOLID WASTE ENTERPRISE FUND

ESTABLISHED 2023. Enterprise funds are self-supporting using fees collected for public services and goods. The new Solid Waste Enterprise Fund will make it easier to track how budget is being spent with the fees collected for garbage and recycling services. This small change will improve accountability and will help us address this service area with better data.

Revenue reductions in the 2023 budget include a \$3.6 million decrease in intergovernmental revenue from the American Rescue Plan Act for revenue replacement compared with amended 2022. The American Rescue Plan revenue replacement funds have been successfully allocated and are not included in the 2023 budget.

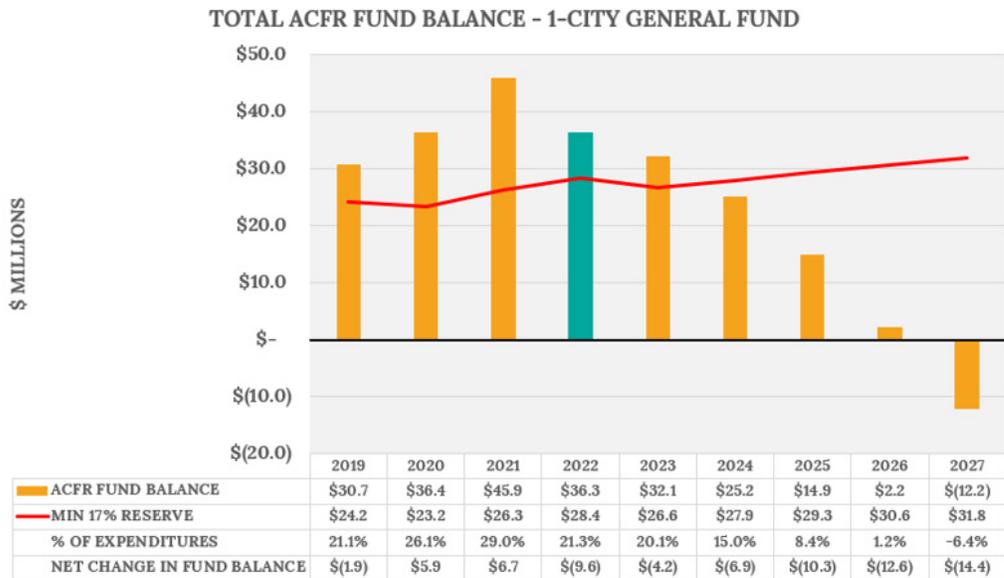
Sales and compensating use tax revenue estimates in 2023 total \$55.7 million, or an additional \$1.6 million or 3% compared to 2022 amended estimates. This includes the STAR retail sales tax revenue from the Village West area totaling \$8.5 million, which is the City

General Fund “base” that can be collected from the Legends shopping area and any additional sales and use tax revenue are then pledged for Series 2015 “Soccer” STAR bonds debt service payments. The ad valorem property tax revenue estimate, which includes delinquent payments, for the 2023 City General Fund is an increase of 17% from \$27.2 million in amended 2022 to \$31.9 million in proposed 2023, or an increase of \$4.6 million. Though assessed value of property in Kansas City, Kansas was certified by the UG Clerk to increase by 13.9% and the 2023 proposed budget maintains the City General Fund property tax mill rate the same as the 2022 budget, 21.34, property tax revenue (not including prior year delinquency payments) grows by 14%. This is by reason of a 7.0% delinquency factor and a \$182,000 refund to Hollywood Casino, one of the UG’s top property taxpayers, due to lost prior years’ appealed taxes.

Changes in Expenditures

The 2023 proposed budget has \$10.8 million decrease in expenditures below the amended 2022 budget, or a 6% decrease. The 2023 proposed expenditures of \$169.3 million include \$4.7 million in increases for personnel, of which \$3.5 million is for compensation increases to support cost-of-living adjustment for sworn law enforcement and other City personnel and associated employer payroll expenses, as well as \$1.0 million in increases for health care benefits. An additional \$1.9 million shift of Fire Personnel out of the EMS fund is anticipated being able to be absorbed by reductions in anticipated levels of Fire overtime and end of service

CITY GENERAL FUND:
There is a structural imbalance in the City General Fund which will need to be addressed.



payouts. Capital is reduced by \$6.4 million from the 2022 amended budget due to one time capital expenditure budgets of \$7 million being budgeted to reserve ARPA revenue replacement funds for future projects and grant match needs.

Planned Use of Reserve Balances

A total of \$4.2 million in fund balance resources is planned to be utilized for the proposed 2023 budget, which is estimated to result in fund balance reserve level of 20.1% of total expenditures and transfers out, exceeding the minimum target operating reserve of two months of operating expenditures and transfers out, or 17%. This is due to the growth of assessed value of 13.9% for Kansas City, Kansas.

County General Fund

The County General Fund, with total proposed 2023 expenditures of \$79.8 million, is the second largest operating fund of the Unified Government. The 2023 County General Fund budgeted expenditures are 2% higher than the 2022 amended budget. Estimated 2023 revenues are \$1.2 million more, 1.6% higher, than the amended 2022 budget revenue estimates, with only an increase of \$1.1 million (1.4%).

The 2023 proposed \$1.6 million expenditure increase is greater than the flat revenue position of 2023 compared with amended 2022. Resources of \$1.85 million from fund balance are proposed to be utilized to close the net between proposed 2023 revenues and expenditures to allow for the reduction of 2 mills to county taxpayers.

Changes in Revenue Estimates

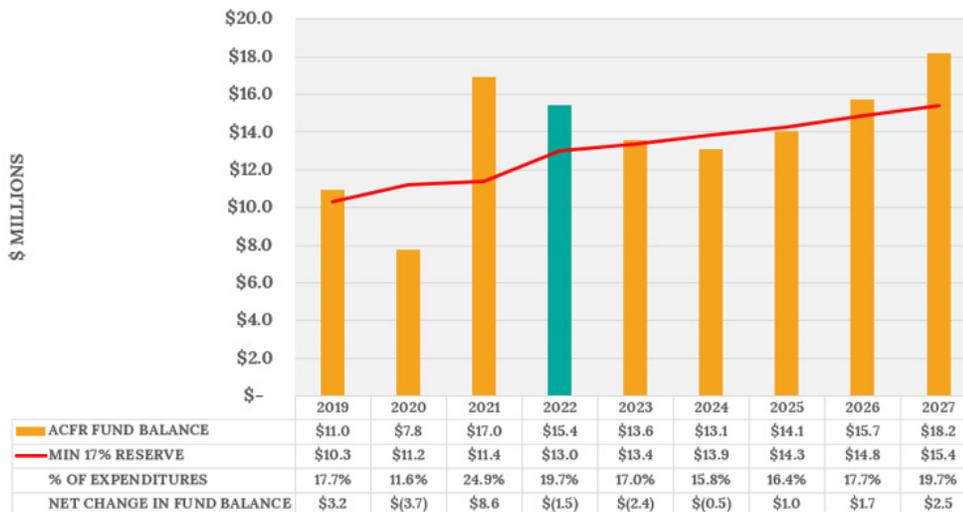
Property taxes and prior year delinquent tax payments of \$48.6 million are 62% of the \$77.8 million in total 2023 revenue estimates. This property tax estimate increases by \$1.7 million over amended 2022 with the property tax mill rate reduction of 2 mills at 29.19. The increase is due to a 13.8% increase in assessed value for 2023 Proposed Budget offset by a 7% delinquency collection factor and a \$248,000 refund to Hollywood Casino for 2015-2018 appealed taxes paid out through 2023.

Revenue changes compared to the 2022 Amended Budget also includes a \$2.5 million decrease in intergovernmental revenue from the American Rescue Plan Act for revenue replacement compared with amended 2022. Total American Rescue Plan revenue replacement funds estimated to be deposited in the County General Fund for 2023 budget totals zero.

Changes in Expenditures

The 2023 proposed budget has \$1.6 million in expenditures above the amended 2022 budget. Of the total increases, \$1.4 million are for personnel made up of compensation increases of \$1.4 million for cost-of-living adjustment for sworn law enforcement, jail and other County personnel, as well as increases of \$520,000 for healthcare benefit increases. These increases are offset by lower levels of anticipated end of service payouts than the 2022 Amended budget. Contractual services are budget to increase by 845,000 primarily from the impact of higher

TOTAL ACFR FUND BALANCE - 3-COUNTY GENERAL FUND



COUNTY GENERAL FUND: The 2023 Proposed Budget recommends a County tax cut – a reduction of two mills – which will benefit all residents, whether you live in Bonner Springs, Edwardsville, or Kansas City, KS.

contractual agreements related to county systems and jail contracts.

Planned Use of Reserve Balances

A total of \$2.1 million in fund balance resources is planned to be utilized for the 2023 budget, which is estimated to result in fund balance reserve level of 11% of total expenditures and transfers-out, falling short of the target minimum operating reserve of two-months of operating expenditures and transfers out, or 17%. The 2023 proposed budget utilizes prior year financial gains in reserves to meet unanticipated obligations. Future year cost containment and anticipated improved property tax revenue performance are anticipated to bring the County General Fund to the minimum two-months of expenditures reserve levels.

City and County General Fund Summary Note

Over the next few years, the Unified Government expects to continue to see very modest increases in its General Fund resources due to macroeconomic conditions impacted by COVID-19 and constantly increasing cost drivers. Financial challenges lie ahead and future revenue expectations could be impacted by economic trends, such as rising interest rates and lower consumer confidence prompting potential inflationary pressures, and geopolitical pressures. At the same time, growth is anticipated in employee salaries to remain competitive with other local governments.

Funding pension and healthcare benefit cost increases over the future will certainly require fiscal discipline and measured choices. Finally, deferred infrastructure maintenance for street

maintenance, replacement of aging public safety equipment, and public parks and public facilities must be among the items included in any final funding plan. Strategic financial planning will ensure the organization maintains resources to continue to deliver core services to residents. Consistent with the theme of fiscal discipline, most service level enhancements included in the proposed budget are devoted to the most pressing issues facing our community: public safety, road and street infrastructure investment, blight reduction, and neighborhood quality of life.

Long-Term Financial Forecast & Policies

Formal financial policies, as well as operating practices, enabled the Unified Government to provide core services to our residents and employees. Formal policies exist in areas such as balanced budgets, revenue diversification, use of one-time and unpredictable revenues, operating expenditures, reserves, investments, and debt. The Unified Government's budgetary and financial policies are provided in the Appendices section of this document, or on the Finance website at: www.wycokck.org/Finance/FAPolicies

The Unified Government has a five-year long-range capital planning process that is updated each year and helps drive annual capital funding decisions, as well as periodic general obligation bond issuances for larger investments. For the General Funds, sewer and stormwater operations revenues are forecasted for ten years to account for planned changes to existing revenues (such as a sunset tax) and to project any future deficits between revenues and expenditures.