



LONG TERM FINANCIAL FORECAST

FISCAL YEARS

2022 TO 2026



TABLE OF CONTENTS

I	Executive Summary	1
II	Economic Overview	14
III	General Funds Forecast	22
IV	Other Funds Forecast	52
V	Debt Forecast	65



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EXECUTIVE SUMMARY

This forecast projects the use of fund balance in 2021 to 2024 in the General Fund and various other funds partially due to diminished revenue growth resulting from the COVID-19 pandemic. The Forecast reflects a slow-down in the economy in 2021 and 2022, followed by a more positive outlook through 2026. Due to the anticipated economic slowdown, the General Fund's financial position is projected to decline without budgetary action to repair the annual shortfalls.

Long-term financial forecasting informs policy makers as they plan for the future. It provides the information needed to make decisions that will maintain sustainable operations and identifies opportunities to further invest in the organization's strategic goals and objectives.

This Long-Term Financial Forecast for 2022-2026 provides a five-year outlook for the Unified Government's (UG) major operational funds. The following sections include a review of the UG's main operating fund, the General Fund, which combines the operations of the City, County and Consolidated City/County Parks funds. It also examines other funds that are statutorily required to be separately presented, such as the County Special Levy Funds, Dedicated (Public Safety/ Neighborhood Infrastructure) Sales Tax Fund, Special Street & Highway Fund, Tourism and Convention Promotion Fund, and Emergency Medical Services Enterprise Fund. Finally, this Forecast includes an overview of the outstanding debt of the City, County, and Tax Increment Financing Districts.

The Recent Economy. Although not as significant as preliminarily anticipated, economic indicators show that the local business environment has been negatively impacted by the COVID-19 pandemic. Unemployment in the County grew from an average of 4.3% in 2019, to during the shelter-in-place period 14.9% in April 2020, then steadily dropped to 7.4% as of September 2020. Given the rise in COVID-19 infections this fall, it is difficult to predict the extent of the impact to businesses and consumer behavior in these future months before the end of 2020 and into early 2021.

As discussed in the Economic Section of this report, Kansas City, Kansas economic performance has been mixed over the past few years. On the bright side comparing 2019 with 2018, single family home prices grew 9%, unemployment rate dropped from 4.8% to 4.3%, median household income remained level, and annual average wages grew 3.9%. Additionally, the County's assessed valuation grew 5.3% in 2019 tax levy year. The positive economic indicators would be signs of positive momentum if it weren't for the region also having experienced a decline in single-family residential permits from 159 in 2018 to 126 in 2019. In 2020 and 2021 due to the COVID-10 pandemic, unemployment is estimated to increase from 4.3% in 2019 to 7.4% and 6.5% in 2021. Also due to the pandemic, Wyandotte County jobs are expected to decrease 6.5% in 2020 and retail sales is expected to decrease by 6% in 2020.

Forecasting Uncertainties. Several uncertainties are included in the Forecast that diminish the General Fund reserves during the five-year period. One uncertainty is the timing and length of the economic downturn caused by the pandemic. A second uncertainty is the timing of the significant level of retiring employees in the next five years; if these employees retire sooner than expected, the General Fund financial position would be more negatively impacted and could impair the UG's ability to meet operational demands in subsequent years. The Forecast as presented includes conservative, yet hopeful projections of these uncertainties. Economic vitality and consumer behavior are projected to resume to prior levels in mid-2021, and level of employee retirements is projected to take place in a steady manner consistent with the recent years' pattern, as opposed to annual sudden spikes of retirements.

To address both short-term and long-term issues, the UG administration will continue reviewing its operations and service delivery options. Towards meeting financial sustainability objectives, the UG has a history of partnering with the private and non-profit sectors for the cost-effective delivery of a variety of services to our residents. While the UG continues exploring alternative service delivery models, the UG is also reviewing cost recovery levels of services and the fees charged for these services.

During the upcoming months, staff will continue to monitor revenue sources as well as update spending plans, as applicable, based on newly available information. This updated information will be reflected in the 2021 Amended/2022 Proposed Budget, which is scheduled to be released to the Commission in June or July of 2021.

Long-Term Obligations and Fiscal Challenges. In addition to maintaining the General Fund reserve, the Government has various other fiscal challenges. One challenge is achieving the Commission's goal to identify resources to invest in our aging public streets, facilities and equipment. Recent analysis from the Public Works Department concludes that to restore our streets to safe roadway standards and forestall their decline into the "failed street" category, budgets must be re-aligned to identify \$20 million a year in new funding for street preservation. Additionally, a compilation of the various condition assessment reports of the UG's over 150 facilities and buildings calculated a significant level of deferred maintenance costs, given the size of UG organization and

geographic service area. Another challenge is that although statutorily precluded from augmenting employer contribution levels above the legal cap, the UG's portion of the KPERS AND KP&F net pension liability as of the end of 2019 was \$178 million, or 70% funding status. Along with this pension liability, the Government has a long-term liability related to retiree health care costs (Other Post-Employment Benefits, or OPEB) of estimated at \$100 million as of the end of 2019.

Vision and Strategic Goals. As part of its strategic planning efforts, the UG Commission approved their vision and seven goals.

The vision is:

Uniquely Wyandotte – a vibrant intersection of diversity, opportunities, and distinctive neighborhoods. An engaged community: healthy, fulfilled and inspired.

The seven goals are to:



- Reduce Blight
- Increase Safety and Perception of Safety
- Improve Community Health
- Increase Economic Prosperity of the Community and Opportunity for our Residents
- Improve Customer Service and Communication
- Increase Community Cohesion
- Improve Infrastructure

To address both the strategic goals and fiscal challenges, the UG will continue reviewing its operations and service delivery options in a disciplined manner. A policy framework to guide in setting appropriate fees for services based on the values of our community is planned. Establishment of an OPEB Trust will be presented to begin setting aside funds for future retiree health care costs that can yield investment earnings greater than the UG's operating funds. The organization will be continuing the process of implementing Priority-Based Budgeting as a tool for identifying alternative resource allocation options. Finally, the Commission will continue to vigilantly monitoring the impacts of the COVID-19 pandemic and ensuring the health needs of the community are met.

Forecast Assumptions and Methodology

In developing the Forecast, various economic indicators and cost drivers were developed based on past trends or average annual rates of change, and statistical correlations. Anticipated future events were also incorporated into the Forecast. The methodology for calculating changes for out-years of the Forecast (2022-2026) are based on historical analysis of increases with adjustments factored in for known items. Forecast assumptions vary per the respective revenue and cost category and, in most cases, are based on statistical correlation with other revenue or cost drivers in which they are statistical correlated. Correlation is a statistical technique that can show whether and how strongly pairs of variables are related. A correlation is a single number that describes the degree of relationship between two variables, with the closer the correlation calculation approaches 1.0 the more correlated are the two variables. Staff also performed a reasonableness test of the results.

This Forecast assumes that a fall-off in economically sensitive revenues occurs once every eight to ten years, and as a result of this assumption and the COVID-19 pandemic event, a recession is included in the Forecast in years 2021 and/or 2022. While it is not staff's intent to predict the exact timing of the recession, its inclusion in the Forecast is to send a signal that a cyclical event, whereby revenues can drop dramatically, will inevitably occur. In 2022 and 2023 a post-recession modest upswing is incorporated.

The following table is a sample of the economic indicators and cost drivers utilized in the Forecast.

Forecast Assumptions	2022	2023	2024	2025	2026
Population annual growth rate	0.6%	0.6%	0.6%	0.6%	0.6%
Inflation rate	1.5%	1.5%	1.5%	1.5%	1.5%
Unemployment Rate	6.0%	5.5%	4.8%	4.8%	4.8%
Assessed Value (KCK) annual growth rate	5.7%	3.8%	7.1%	4.8%	4.8%
Property Tax Delinquency Rate (KCK)	7.6%	7.0%	6.0%	5.7%	5.7%
Property tax Mill Levies	No change from 2021	No change from 2021	No change from 2021	No change from 2021	No change from 2021
BPU Electric PILOT growth rate	3.0%	1.5%	1.5%	1.5%	1.5%
Taxable Retail Sales growth rate (WyCo)	3.3%	3.3%	3.3%	3.3%	3.3%
Salaries and Wages growth rate	2.3%	2.3%	2.3%	2.3%	2.3%
Employee Health Insurance growth rate	5.8%	5.8%	5.8%	5.8%	5.8%

Inmate Medical growth rate	4.0%	4.0%	4.0%	4.0%	4.0%
Residential Trash Services	2.2%	2.2%	2.2%	2.2%	2.2%
Other Professional Services growth rate	1.5%	1.5%	1.5%	1.5%	1.5%

Overview of Forecasts by Fund Group

Each operating area, or fund, is uniquely impacted by the application of the forecast assumptions due to each fund's unique mix of revenue sources and operational costs. For example, some funds are reliant on economically sensitive revenues, such as sales tax. Other funds' costs are concentrated in on-going costs, such as personnel, that are less flexible to change compared with other funds that have their focus on one-time costs, such as capital outlay, which can be more easily be adapted to changing economic events. The following is summary of the fiscal overview for each fund group discussed in this report. Refer to each section for more detailed information.

General Fund - Having preliminarily weathered the initial financial impacts of the COVID-19 pandemic, this baseline five-year Forecast reflects a decline of reserves due to annual operating costs exceeding ongoing revenues. Slow revenue growth is expected in the near-term as the region recovers from the longer-term impacts of the pandemic. The General Fund is estimated to end 2021 with \$18.4 million in cash balances. Over the Forecast period ending in 2026, \$13.7 million are estimated to be drawn down from the General Fund estimated cash reserves if no actions were taken to remedy the imbalance. Although this Forecast projects strong revenue growth, annual resources are insufficient to meet required accrued leave balance payments to the expected increase of retirees while keeping pace with conservative expenditure needs, such as a moderate cost of living adjustment for active employee compensation. It is anticipated that between \$5-\$10 million in annual operating expenditure efficiencies or additional revenues are needed in 2021 and 2022 to achieve a more sustainable financial position.

Special County Levy Funds - These funds are reliant on dedicated property tax mill levies, and provide a myriad of social services, health and other community services. The cash fund balance of the Special County Levy Funds expects to end 2021 at \$582,000 and grows to a projected \$3.3 million by the end of the forecast period, or 36% of 2026 total expenditures. This growth is due to expected increases in the market value of residential and commercial properties having a positive affect on property tax revenues.

Dedicated (Public Safety/ Neighborhood Infrastructure) Sales Tax Fund – This fund's revenues are 100% from sales and use taxes from a 3/8th cent sales tax recently renewed by voters for another 10-years, through 2030. The cash fund balance of the Dedicated Sales Tax Fund expects to end 2021 at \$2.5 million. This large cash balance is because the 2020 and 2021 expenditure

budgets were reduced due to the expectation that sales taxes would be 20% lower than 2019 actuals due to the pandemic. Actual sales tax collections during 2020 (after adoption of the 2020 Amended Budget) came in much higher than anticipated. The projection offers an opportunity to augment capital expenditures in 2021.

Special Street and Highway Fund – This fund’s revenues are 100% from the gasoline tax distributed to the UG by the State of Kansas. The cash fund balance of the Street and Highway Fund expects to end 2021 at \$2.4 million. This larger than expected cash balance is because the 2020 and 2021 expenditures budgets were reduced due to the expectation that gasoline taxes would be much lower than 2019 actuals due to a dramatic decrease in gasoline prices in the spring of 2020. Actual gas tax collections during 2020 (after adoption of the 2020 Amended Budget) came in much higher, at approximately level with 2019 actuals. The projection offers an opportunity to augment street maintenance capital expenditures in 2021.

Tourism and Convention Promotion Fund – This fund is 100% reliant on the transient guest tax, a tax paid on hotel and motel lodging businesses within the City and is assessed at 8% of sales per Ordinance. The cash fund balance of the Tourism and Convention Promotion Fund expects to end 2021 at \$1.1 million and grow to a projected \$6.6 million by the end of the forecast period. The 2020 and 2021 revenue estimates were reduced from prior year levels due to the impact of the pandemic on the hotel and accommodations activities, and 2020 collections to date are performing only slightly better than projected. The forecast assumes prior level of tourism activity will resume in 2022 and additional hotels will be added in future years for known developments anticipated to be completed.

Emergency Medical Services (EMS) Fund – Supporting paramedic and ambulance services, this fund is dependent on a 1/4th cent sales tax passed by City voters in 2004. Additional revenues include charges for services fee collections and medical insurance reimbursement for ambulance services. The cash fund balance of the Emergency Medical Services Fund expects to end 2021 at \$600,000 and grow to a projected \$1.14 million by the end of the forecast period. Costs in this fund were reduced during the 2020/2021 budget season due to the anticipated revenue loss resulting from the pandemic. Although sales tax revenue performance exceeded estimates in 2020, the charges for services collections have remained lower than prior year levels. Performance of this fund will be closely monitored.

City and County Debt Funds – These funds are reliant on dedicated property tax mill levies. These funds’ forecast shows that the current revenue projections supports the issuance of debt at the level approved in the UG’s 2021 Adopted Budget/Capital and Maintenance Improvement Program (CMIP). Additional capital investment financing prior to 2026 is not fiscally support for the County Bond & Interest Fund; however opportunities present themselves in the City Bond & Interest Fund in the later years of the 5-year forecast to increase capital financing investments or make a change to the revenue dedication.

Fiscal Sustainability Proposals

The following is a list of fiscal sustainability proposals recommended to be undertaken to meet the UG's fiscal challenges:

- **Analyze current service delivery costs**, through the Priority Based Budgeting Process, to ensure their alignment with the Commission's strategic goals;
- Develop a plan to address **funding the Street Preservation Program and public facility deferred maintenance costs** which would provide a framework for future policy discussions surrounding identifying new resources;
- Continuing the community engagement process in identifying the revenue requirements for dedicated funding of the Government's **stormwater** future operating and capital infrastructure needs.
- Finish implementation of policy to allow for accumulation of **resources for future equipment replacement costs**;

Long-Unfunded Term Liabilities

This Forecast, as outlined in the following sections of this report, does not reflect the following long-term liabilities:

1. **Capital Debt Financing Policy:** The Forecast assumes any future debt load above current administrative parameters must be supported by additional revenue. The UG Finance staff recommends including in the capital financing debt policy a comprehensive strategy with specific debt capacity parameters that will enable the Government to meet its infrastructure investment needs while remaining fiscally sustainable within an appropriate debt capacity level.
2. **Potential Litigation and Settlement Costs:** The Unified Government is self-insured for liability claims. All liability claims are reviewed, challenged if appropriate, and processed for payment at the agreed amount by the Chief Legal Counsel. Kansas statutes limit the liability in tort cases to \$500,000. Although an estimated \$850,000 is annually included in the Forecast to cover such claims, judgments and settlements, unanticipated settlements may significantly exceed this estimated budgeted cost. In addition, although necessary to take advantage of the opportunity to potentially mitigate legal settlement costs, legal defense expenses for litigating such lawsuits often exceed budgeted estimates.

3. **Streets Rehabilitation and Replacement Costs:** Public Works Department has developed a comprehensive, data-driven street preservation program. The Unified Government's over 2,400 lane miles pavement network has a current Pavement Condition Index (PCI) rating of 57 with 70% of the network rated as in poor, marginal to fair category. Current funding levels for street maintenance are insufficient to maintain even our current low PCI rating in the future. Currently poorly rated streets will become "failing" streets in the future due to their age and condition without more attention. This baseline Forecast sustains the current funding level for street maintenance (approximately \$7.5 million annually) and does not include additional resources of \$20 million annually to address this cost-effective infrastructure investment. This \$20 million a year is needed for each of the next 18 years in order to increase the UG's PCI from 57 to 74. After the 18 years, continued funding of between \$12-\$14 million annually is needed to maintain the 74 PCI level. Street and road maintenance have been consistently rated as the top priority for UG focus in resident community surveys of UG services performance.
4. **Parks Master Plan:** The Parks Master Plan was presented to the Commission in the late 2017. This baseline Forecast does not include funding for the estimated costs of the Parks Master Plan. A new revenue source will be needed to fund the recommended park and community center improvements, as well as restore the Parks and Recreation Department staffing to levels consistent with other comparative local government.
5. **Deferred Facility Maintenance Costs:** A compilation of the various condition assessment reports of the UG's over 150 facilities and buildings have identified a significant level of deferred maintenance costs are needed, given the size of UG organization and geographic service area. Due to the prolonged slow recovery since the last recession a decade ago, on-going operating funds have been unavailable to address these deferred maintenance needs. In the absence of a property tax mill rate increase or other dedicated resource, utilizing the UG's current general obligation debt capacity to finance this level of infrastructure investment will be challenging. This baseline Forecast does not include funding for these expected costs.
6. **Capital Equipment Replacement Costs:** Many UG departments need to replace their aging capital equipment. Due to the prolonged slow recovery since the last recession a decade ago, on-going operating funds have been unavailable to fully address these equipment replacement needs. Additional funding from the early payoff of the STAR bonds in 2017 has provided for some replacements, however a dedicated fund for the future replacement of capital equipment is a recommended practice and including some minimal funding would be a good start towards addressing this need. This baseline Forecast does not include additional funding for this purpose.

7. **Unfunded Net Pension Liability:** Based on the most recent July 2019 KPERS pension actuarial report, the UG-wide net pension liability (including the combined KPERS-Local and KP&F-Local group plans) totals \$178 million, which represents a funding status of 70% (plan fiduciary net position as a percentage of the total pension liability).¹ In other words, UG's current proportion of the KPERS pension fund assets are 30% lower than the level of assets sufficient to meet 100% of estimated future retirement obligations of covered UG employees (of which those total obligations are based on actuarial assumptions). The Government Finance Officers Association (GFOA) recommends a policy of fully funding pension plans. Credit rating agencies generally categorize as average or above average pension plans with funding statuses between 80% and 90%, and funding statuses between 60% and 70% as below average or weak.²

	KPERS Plan		KP&F Plan		TOTAL COMBINED	
	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019
UG Proportion of collective net pension liability	3.65%	3.60%	12.72%	12.64%		
UG proportionate Share of collective net pension liability	\$50,838,678	\$50,325,974	\$122,426,702	\$127,903,862	\$173,265,380	\$ 178,229,836
UG covered-employee payroll	\$73,297,503	\$75,829,932	\$59,115,470	\$61,157,909	\$132,412,973	\$136,987,470
UG proportionate share of collective net pension liability as a percentage of UG employee-covered payroll	69%	66%	207%	209%	131%	130%
Plan fiduciary net position as a percentage of the total pension liability <i>(for combined plans)</i>	68.9%	69.9%	68.9%	69.9%	68.9%	69.9%

The UG is annually contributing 100% of its contractually required contributions, or \$21.0 million in 2019.³ Contractually required refers to the amount KPERS requires local governments to pay; it is not the amount that will bring pension assets to the full value of estimated future costs. The UG is not legally required to contribute additional resources to reduce its net pension liability. State places a cap on the level of employer contributions, and the UG is contributing at this capped rate. Without a state law change, this unfunded net pension liability will remain on the UG balance sheet.

As a side note, KPERS assumes that should local governments annually contribute their contractually required contributions, their proportion of pension fund assets will attain the 100% funding status in 30 years. This assumption supports the rationale behind the required KP&F special retirement payments for retiring Police and Fire employees whose final compensation calculations for future pension payment purposes are increased with the inclusion of accrued vacation and sick leave payouts at their separation from UG service.

8. **Unfunded Retiree Healthcare Net Liability (Other Post-Employment Benefits, or OPEB):** State statute requires the UG to offer healthcare benefits to its retirees up till age 65. Unlike pensions, OPEB costs are based on benefit costs during the years that a retiree (and applicable dependents) are eligible to receive benefits, ending at age 65 per Kansas Statute 12-5040. These retirement benefits (medical, dental, vision) are paid on behalf of retirees and their eligible dependents, in addition to pensions. Benefits are not uniform for all retirees, due to differences in negotiated OPEB benefits over time. Eligible participants must contribute full-blended premiums to maintain coverage. The blended premium is based on average costs amongst all active and retirees in the healthcare plan. The reason there is a net unfunded liability is because the amount retirees contribute through their premiums is lower than respective costs incurred by these retirees. It is referred to as the “implicit subsidy” because health care costs are higher for older, retired participants than younger, active employees.

For example, in 2018 the Unified Government’s Health Benefit Fund spent \$4.7 million on healthcare cost claims for 702 retirees, and these retirees partially offset these costs by contributing to the UG, through their premium payments, a total of \$2.3 million. This works out to be \$3,295 per/year or \$275 per/month per retiree, although some retired plan participants pay more, while others pay less or no contribution depending on their union contract or if they received an early-retirement subsidy prior to 2011. Each year this \$2.4 million difference between the \$4.7 million in claims and \$2.3 million in retiree premium contributions is recorded as the UG contribution to the net OPEB liability.

At the end of 2019, the Unified Government’s net OPEB liability totaled \$100.0 million, which includes the estimated future health care claims of both the retirees and active employees that are projected to be covered with these benefits in the future. We are currently only on a “pay go” basis and are not setting aside funds for these future costs. This baseline Forecast does not include additional OPEB contributions to bring down the net liability. Finance staff have developed a plan for establishing an OPEB trust that will provide a funding strategy for reducing this liability. OPEB trusts allow local governments to invest the “pay go” contributions during each year and additional resources in the long-term investment securities that earn better yields than local governments can earn with fixed income investments.

Stabilization, Occupation and Revitalization (SOAR)

In January of 2016 the Unified Government of Wyandotte County/Kansas City, Kansas established the SOAR program- Stabilization, Occupation, and Revitalization – to tackle the issues of housing rehabilitation and blight remediation within the county. The initiative focuses on breaking down the barriers and information silos within the organization and using its resources in a more strategic and effective manner. The premise involves using data to make strategic decisions on targeting, preventing, and remediating the problems that plague a community and cause property to fall into disrepair. This will involve reducing the amount of delinquent taxes, educating property owners about codes, and creating a database that can track and manage vacant properties and unfit structures. The two overall goals of the initiative is to improve 10,000 properties by 2021 which should help both revitalize the housing stock, and improve the tax base, and to improve the perception of safety within the community which should both attract people in and stop the exodus out of the community.



The Unified Government has partnered with Bloomberg philanthropies and What Works Cities for the initial phase of this project. Two phases, the creation of an open data portal and the development of performance metrics, were addressed in this partnership. What Works Cities used its resources and aided the Unified Government in the implementation of an Open Data Policy and Open Data Portal to enable the sharing of data both internally and with the public. The performance management team came up with cascading goals and metrics that would analyze the progress for the 4-year period. More than a dozen departments are involved in aligning their missions with this effort. The next phases of the project include involving stakeholders in the implementation and partnering with a network of other cities to share ideas and progress toward improving the amount of healthy fabric within the community.

Forecast Potential Risks

This Forecast, as outlined in the following sections of this report, does not reflect the following potential risks in the future five years:

1. **Changes in the local, regional and national economy:** This Forecast assumes a modest recession in 2020 and/or 2021 caused by the pandemic marked by a moderate slow-down in the growth rate for the local economy, followed by an economic rebound in the subsequent years. Any changes from this assumption may have positive or negative impacts on economically sensitive revenues, such as sales taxes. National government policy changes, such as international trade policy disputes or additional federal assistance to local governments due to COVID, could impact the regional business climate and job growth.

The Forecast projection for job growth took the number of county jobs at the end of 2019 (which saw a 0.5% increase compared with 2018) and then applied an estimated reduction in jobs in 2020-2021, followed by the average annual growth in county jobs over the prior ten-year period of 1.1%. The Midwest Urban Area consumer price index (CPI) increase from 1.9% in 2018 and 1.5% in 2019, with forecast including the 1.5% for 2021-2026. Wyandotte County Taxable Retail Sales saw a decline of (2.6%) in 2017, an increase of 5.6% in 2018, and an increase of 2.9% in 2019. As a result of the pandemic, the 2020 and 2019 estimate for retail sales is a decline in 2021 of 3% and a rebound of 5% in 2021. The Forecast estimates this indicator will be 3.3% between 2022-2026.

2. **Labor Negotiations:** The Unified Government has various employee organization (labor) agreements expiring December 31, 2019 and one contract that expired December 31, 2018. Although funding for a moderate cost of living adjustment has been included in the 2021-2026 salary and benefits cost lines for potential contract costs resulting from the negotiations of these expiring labor agreements, any agreements reached between the UG's employee organizations and the UG administration above moderate cost of living funding level have not been included in the Forecast. The fiscal challenge with this assumption relates to the Government's ability to remain competitive with other local governments. As detailed in the expenditure section, beyond 2021 the Forecast assumes no additional employee positions.
3. **Future Retiree Payout Assumptions:** One-fourth of the UG-wide labor force is eligible to retire in the next five years. Assumptions have been made to reasonably predict the timing of these retirements, the expected accrued vacation and sick leave balances, and contribution amounts to the pension funds for additions to these retiring employees actuarial pension liability resulting from the additional final compensation calculation incurred from the leave balance payouts at separation. These costs are one-time in nature, but the amounts and timing are subject to change depending on the decisions of retiring employees. Assumptions have also been made for the potential salary savings the UG might experience following the retirements. These required payments are significant, estimated to have a net \$18 million impact over the next five years.

Staff plans to research possible solution to diminish or smooth the pay-out timing of the one-time accrued leave balance payouts of *expected* retirees. One option being explored is to offer retirement-eligible employees the opportunity, on a voluntary basis, to begin liquidating a portion of their accrued leave payouts for deposit into their tax-deferred 457 deferred compensation plans. Discussions with KPERs are required to determine if this is a legally viable option.

Endnotes

1. Unified Government Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended December 31, 2019, Pension Status References, Pages 78-82 and Pages 102-104
2. National Association of State Retirement Administrators, "The 80-percent threshold: Its source as a healthy or minimum funding level for public pension levels", January 2012, web link: [NASRA Pension Funding Status Threshold White Paper-January 2012](#)
3. Unified Government Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended December 31, 2019, Pension Status References, Pages 78-82 and Pages 102-104
4. Unified Government Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended December 31, 2019, OPEB (Retiree Health Care) Status References, Pages 87-90 and Pages 107-108



ECONOMIC OVERVIEW

In preparing the 2022-2026 Long Term Financial Forecast, key economic indicators were reviewed. Overall, the economic overview calls for measured optimism as the nation expects to recover from the COVID-19 pandemic beginning in mid-2021.

A National View

Economist John Kenneth Galbraith said, "The only function of economic forecasting is to make astrology look respectable."

Economists typically use the past to attempt to predict the future. Government policymakers rely on economic forecasts to anticipate downturns and prepare plans to maintain resilient service delivery to residents. Since in this past year the world experienced a pandemic that can only be compared with the 1918 Spanish Flu, it has been challenging to use the recent past to plan the future.

On the right is a chart of gross domestic product annual growth rates since 1985 in the United States. The graph illustrates downturns in GDP in 1991, 2001 and 2008. Over the past 30 years, there has been a recessionary period every 8 to 10 years, with latest recession having occurred 10 years ago. In the past 10 months, GDP declined dramatically due to the COVID-10 pandemic. The most recent GDP decline of (3%) for the second quarter 2020 compared to the same period in the prior year is a full five percentage points below the 2% GDP for 2019 same period.

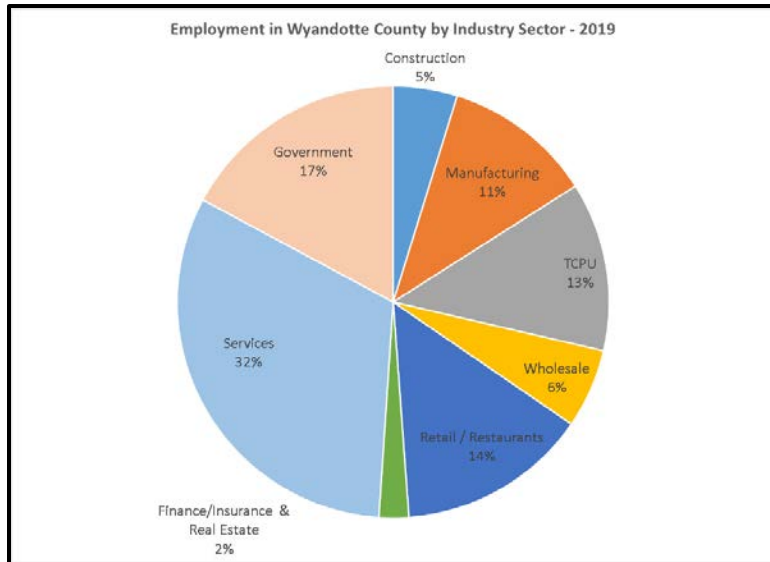
Economists at Goldman Sachs have recently estimated that the US GDP will be back to pre-pandemic levels by mid-2021 under a new Biden presidency and as vaccine progress continues.¹ US GDP will grow 3.5% in the first quarter of 2021, the team led by Jan Hatzius said, citing fallout from record-high case counts. That's half of the 7% growth previously forecasted. Still, the Goldman Sachs sees GDP returning to pre-pandemic levels in the US in the second quarter of 2021 with an anticipated continued fiscal stimulus and with containment of the virus throughout the next year.



Anticipating downturns help policymakers plan so that services provided to residents are not disrupted. Such plans include maintaining appropriate reserve levels and investing in infrastructure improvements that will help grow the economy once an economic downturn ends.

Why Care About Fiscal Policy?

In your economics class, the professor told us that $GDP = C + I + G + (Ex-Im)$. C is total spending by consumers. I is total business investment in goods and services. G is total spending by government. (Ex-Im) is net exports. According to this equation, what government spends makes up 17% of our total economy. Good government fiscal policy that retains our workforce plays an important part in a regional economy's ability to weather a downturn and come out resilient and ready for the upturn that follows.



Fiscal policy is important for two reasons. Firstly, governments employ a lot of people. Governments need operational continuity for our economy to not dip too low in a recession. Further, recessions are very stressful for governments. The volatility of sales taxes which often falls during a recession restricts revenue growth, while structural costs and service delivery often increase, not decrease, during a downturn.

A majority of government spending goes for jobs, or employee compensation. In 2019 all federal, state, municipal and school district governments within Wyandotte County employed 15,527, or 17% of the total 90,479 jobs. Many of these government jobs are held by residents of Wyandotte County. As we are in the midst of an economic downturn, the sustainability of our region's economy is dependent on sound fiscal policies its governments execute in the period prior to a downturn. Ten years ago, prior to the Great Recession, the percentage government employment was 19% of total employment, or 2

percentage points higher than it is currently. Since 2009, total employment increased 15%, while the total government jobs have remained flat during the same period. Governments are now more efficient and doing more with less since the Great Recession.

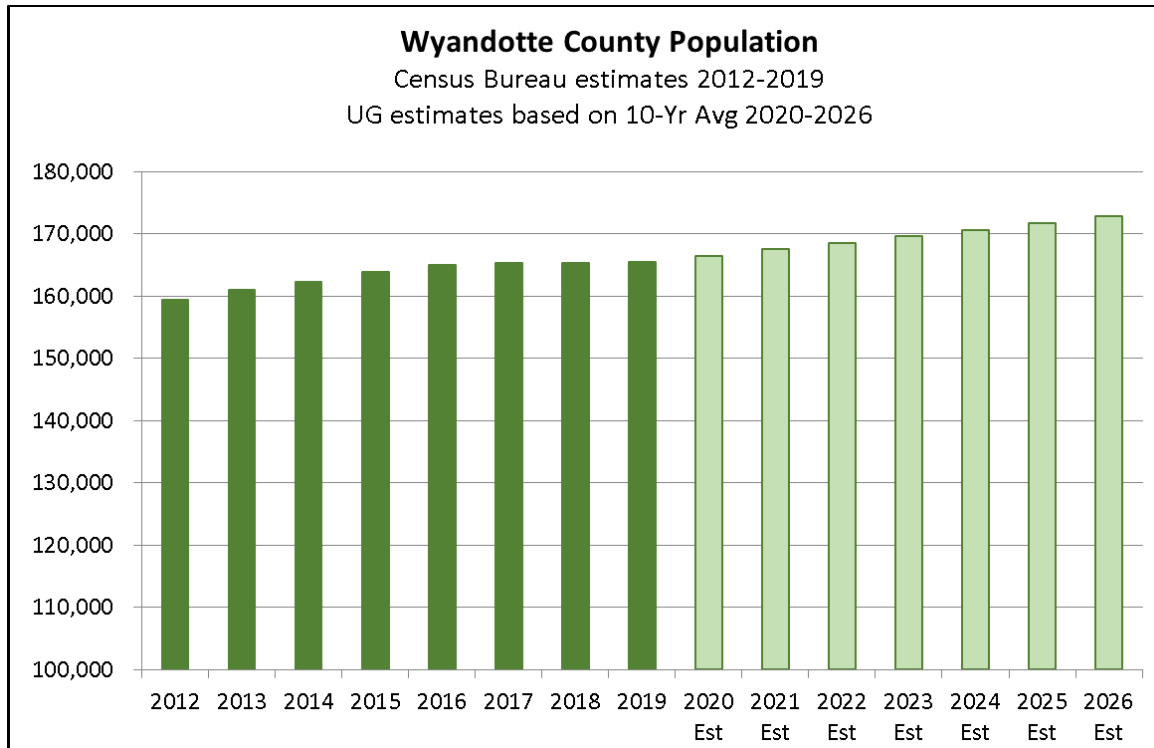
Secondly, fiscal policy is important because sometimes government don't pay their debts. There are three reasons for government defaults: economic shock, contagion and overwhelming debt load. Two of the three reasons trigger a fiscal distress event for a government.

A Regional & Local View

Kansas City, Kansas economic performance has been mixed over the past few years with various indicators demonstrating positive economic activity, while others signally a continued slowdown in the economy or more disruption in the near future. The following sections discuss the performance of various economic indicators, most of which were utilized in forming the long-term financial forecast of the Unified Government

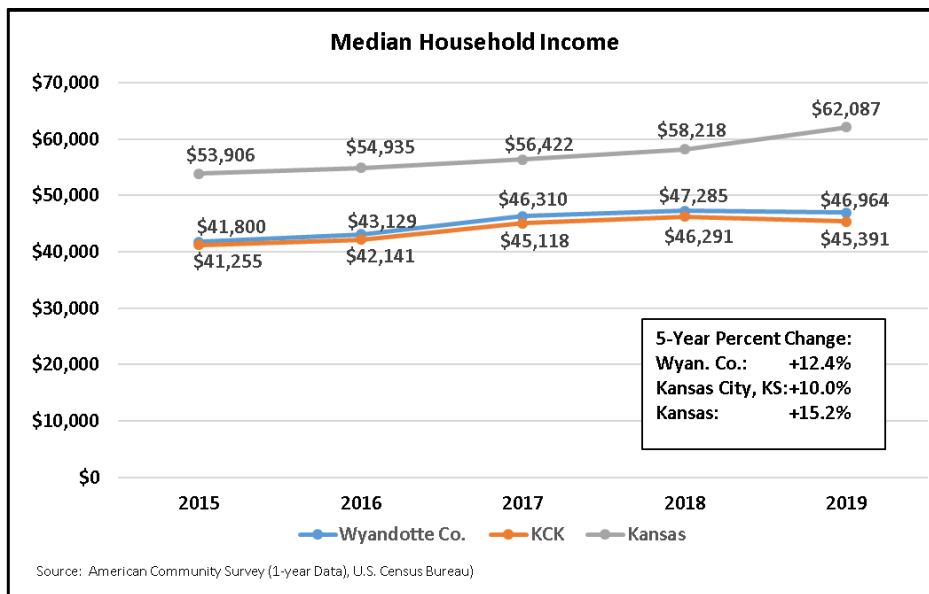
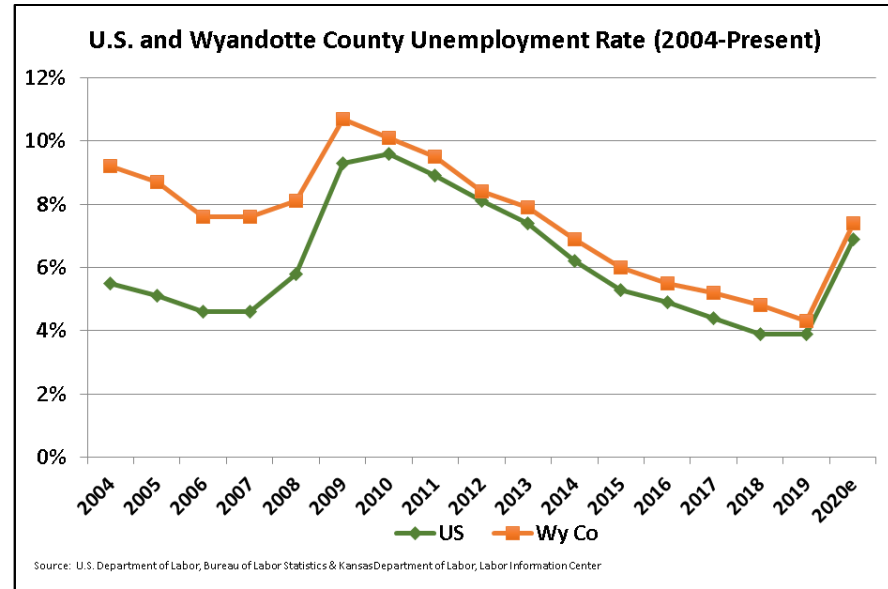
On the Bright Side

On the bright side comparing 2019 with 2018, single family home prices grew 9%, unemployment rate dropped from 4.8% to 4.3%, median household income remained level, and annual average wages grew 3.9%. Additionally, the County's assessed valuation grew 5.3% in 2019 tax levy year.



Wyandotte County's population is 5% higher than it was ten years ago, or an annual average growth rate of 0.60%. While this is a modest growth rate, many communities in Kansas are experiencing declines in population. This ten-year average growth factor of 0.6% is what is used in the forecast for population, growing from 165,429 in 2019 to 172,765 in 2026.

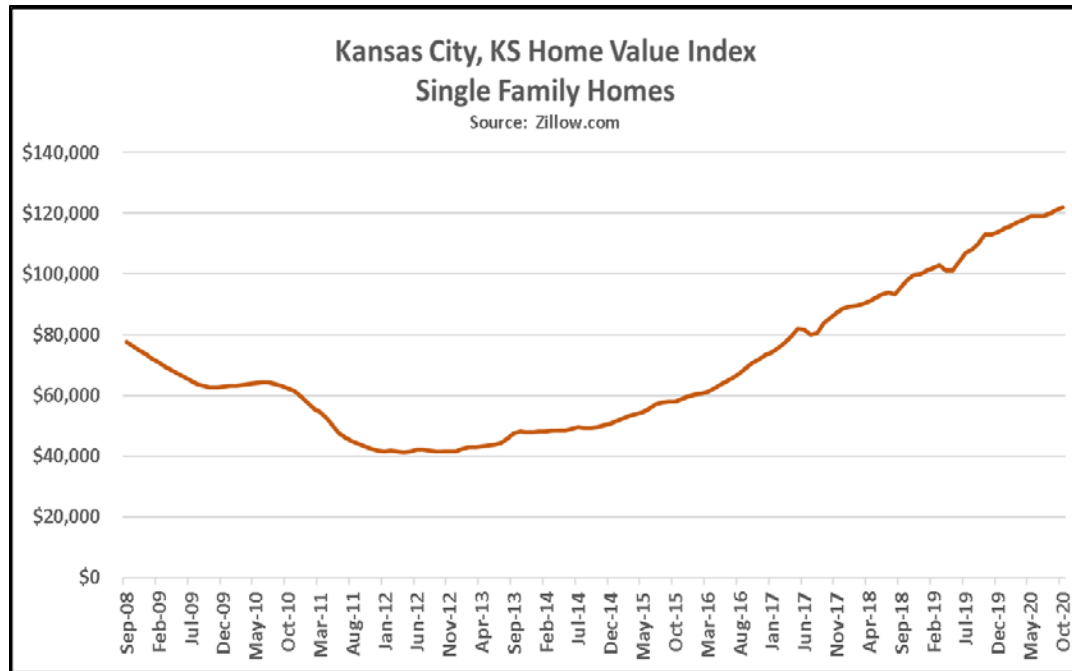
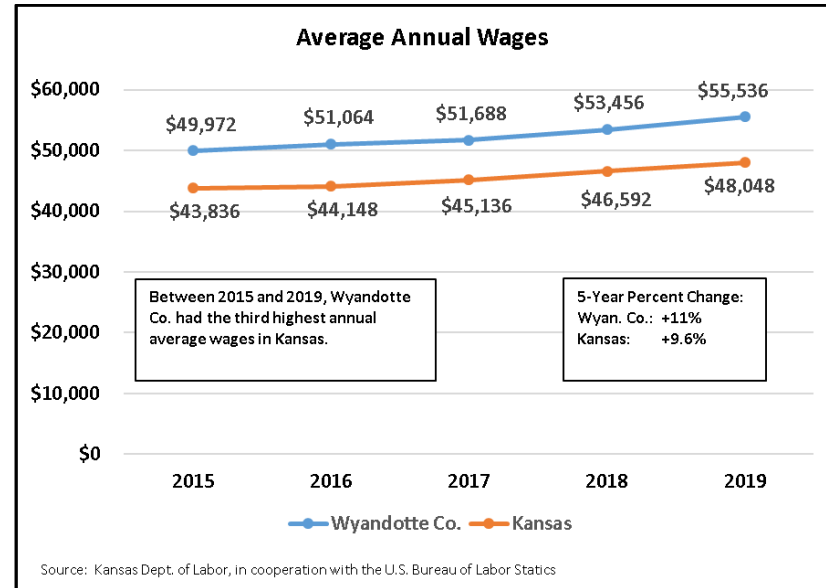
Wyandotte County's unemployment rate declined from 10.7% in 2009 to 4.3% in 2019. The unemployment rate for the County was still above the national level of 3.9% in 2019 but was decreasing at a rate consistent with the national rates. Since 2009, the County unemployment rate has been an average of 0.6% higher than the national unemployment rate. Due to the pandemic, unemployment increased dramatically, estimated to end the year at 7.4%. The Forecast uses a 10-year annual average percentage decline assumption along with anticipated increase in the unemployment rate resulting from the expected slowdown in the economy in 2021 or 2022. The Forecast projects unemployment to improve from 7.4% in 2020 to 6.5% at the end of 2021, continuing to improve to 6.0% in 2022 and 5.5% in 2023, then continuing to decline at the same prior 10-yr average rate dropping to 4.8% by 2026.



Kansas City, Kansas and Wyandotte County's median household income is approximately \$47,000. Kansas City, Kansas median household income over the five-year period grew 12.4%. Although since 2015 the County and City saw a substantial increase in median household incomes, current income level of \$47,000 are still 30% below the national average for median household income.

Similarly, annual average wages have seen improvement since 2015. From 2015 to 2019 Wyandotte County had the 3rd highest annual average wages in the State. The County's 2019 average wage was \$55,536. County wages are 11% higher than in 2015. The national average wage in 2018 was \$57,266. Although improving over the period, the Wyandotte County wages were still only 93% of the national average.

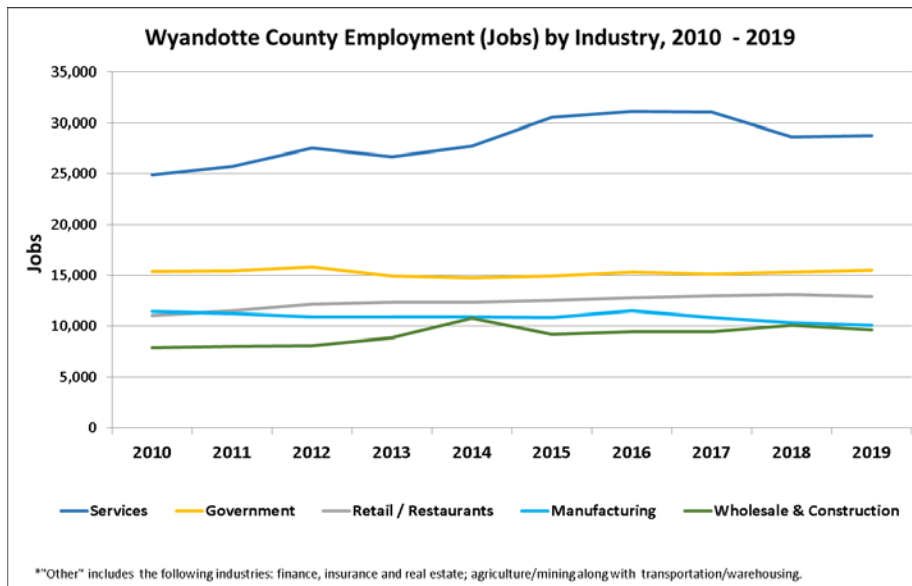
The forecast uses a 5-year annual average growth rate for median income and average wages, calculating to be an annual average increase of 4.0% for median household income and 3.3% for annual average wages.



Home values are increasing at a significant level recently. The Zillow.com Home Value Index for Kansas City, Kansas single family homes of \$120,000 in August 2020 far exceeded the pre-recession high of \$77,600 in September 2008. The graph illustrates how home values lag economic downturns, with the lowest prices showing three years after the 2009 recession. The August 2020 \$120,000 home value was an increase of 9% compared to August 2019, with increases in prior years of 12.5% in August 2019, 11.3% in August 2018, and 17% in August 2017 with a home value of \$80,700, following a 16% increase in August 2016. The forecast uses an estimate 7.5% increase in 2020 and 2021, and a ten-year average growth rate of 5.5% beginning in 2022.

On the Downside

The positive economic indicators would be signs of positive momentum if it weren't for the region also having experienced a decline in single-family residential permits from 159 in 2018 to 126 in 2019. In 2020 and 2021 due to the COVID-10 pandemic, unemployment is estimated to increase from 4.3% in 2019 to 7.4% and 6.5% in 2021. Also due to the pandemic, Wyandotte County jobs are expected to decrease 6.5% in 2020 and retail sales is expected to decrease by 6% in 2020.



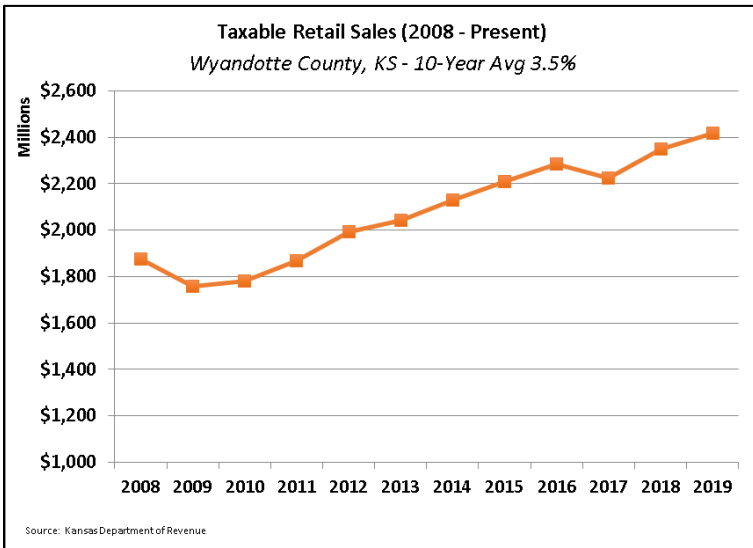
Total jobs in the County increased a modest 0.5% to 90,908 in 2019 after a (0.5%) drop in 2018. Wyandotte County saw an increase in jobs over the past five years due to several companies relocating to the area, increasing from 88,297 in 2014 to 90,908 in 2019. The total number of jobs in 2019 were 13.5% higher than the number of jobs ten years earlier in 2010. The largest average growth over the decade has been in the transportation/warehouse sector at 15% of 2019 total jobs. New developments, such as the Amazon Fulfillment Center, brought over 2,000 additional jobs beginning in 2017.

Services sector jobs have increased over 15% since 2010, or an annual average of 2.3%. Although services have been trending upward, it saw an 8% decline in 2018 compared to 2017. The services jobs lost were made up for in an

increase of 1,572 in jobs for transportation/ warehousing and other categories which saw a 14% increase in 2018 and the addition of 658 in warehousing and construction job in 2018, or 7% increase compared with 2017. In 2019, transportation/warehouse saw an increase of 635 jobs, government 209 jobs and services 110 jobs. These gains were offset by a loss of 317 warehouse jobs, 228 manufacturing jobs, 188 retail/restaurants jobs, and 143 construction jobs.

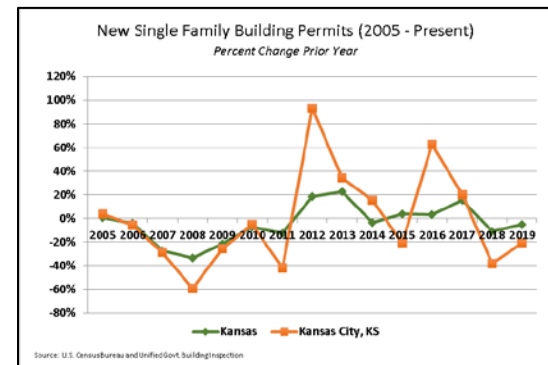
Also notable is the continued decline in manufacturing jobs from 10,855 in 2017, 10,353 in 2018, 10,125 in 2019, or 6.7% drop for the 3-year period. Over the ten-year period, manufacturing jobs were 11,431 in 2010, rising to a peak of 11,516 in 2016, then declining to 10,125 in 2019. Retail & restaurants saw strong growth at the beginning of the decade but has flattened at 12,921 in 2019 or 14% of total 2019 jobs. Government sector has 17% of total jobs in 2019 at 15,527 and this total as remained relatively flat over the 10-year period.

Over the past few years, the data shows a shift away from services and manufacturing, towards more jobs in transportation/ warehousing. The forecast includes an over 5,000 job loss in 2020 due to the pandemic, with partial recovery in 2021. Thereafter, estimate uses the average annual percentage increase in jobs over the past ten years of 1.1% as a predictor of future job growth.

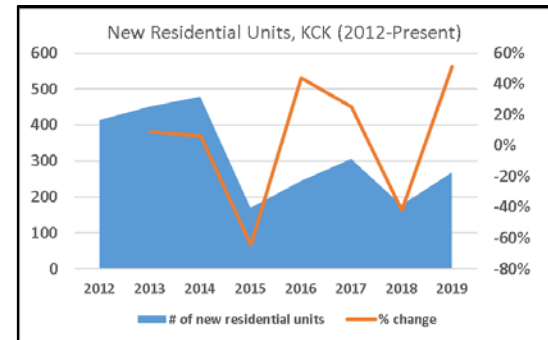


As median household income and average annual wages have been growing at over the past ten years, growth has also occurred in taxable retail sales. Over the 10-year period, the average annual percentage growth was 3.3%. Following a 2.6% decline in 2017, in 2018 the growth rate was 5.6% over the prior year. During 2020 & 2021 due to the pandemic, a decrease of 3% is estimated in 2020 with a recovery increase of 5% in 2021. Beginning in 2022, the forecast increases this indicator by 3.3% for the five-year period using an annual average growth rate.

New single-family residential building permits dropped in 2018 by 38% in Kansas City, Kansas from 258 in 2017 to 159 in 2018, then dropped additional 21% in 2019 to 126. These decreases were also seen statewide, although not as dramatic. The chart on the right illustrates this activity since 2005. The dramatic spike in Kansas City, Kansas is attributed to a reduction in permitted fee program in place at that time.



Conversely, new residential units dropped 42% in 2018 from 306 in 2017 to 177 in 2018; but they recovered by 51% in 2019 to 268. In the forecast both new single family and new residential units are projected with a modest 5% increase year-over-year.



Endnotes

1. Business Insider.com, November 9, 2020, <https://www.businessinsider.com/economic-outlook-gdp-recovery-biden-stimulus-coronavirus-vaccine-goldman-sachs-2020-11>



GENERAL FUND FORECAST

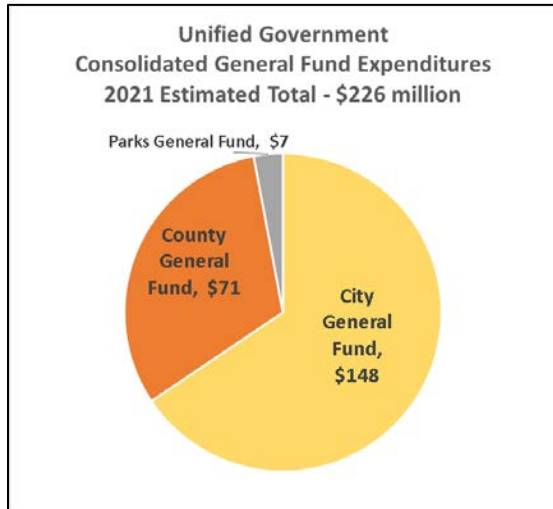
Having preliminarily weathered the initial financial impacts of the COVID-19 pandemic, this baseline five-year Forecast reflects a decline of General fund reserves due to annual operating costs exceeding ongoing revenues. Slow revenue growth is expected in the near-term as the region recovers from the longer-term impacts of the pandemic.

Dr. Seuss said, *"Sometimes the questions are complicated, but the answers are simple."*

Will the pandemic fundamentally change the way shopping is done? Will the higher unemployment rate in our County recover? Will unemployed residents find meaningful, well-paying jobs? Will the recent demand for single family homes continue, or will some residents impacted by job losses be forced to sell their homes, driving down home prices? Will increased remote working and learning impact commuter and traffic patterns; and, if so, how will it change business and education?

Local governments across the country are asking these complicated questions. The simple answer is that nothing stays the same and that change is inevitable.

The finances of the Unified Government of Wyandotte County and Kansas City, Kansas are complex due to our unique governance structure as a consolidated government, both a city and a county. To simplify this forecast, references to the General Fund include the consolidation of three distinct general funds. The largest is the Kansas City, Kansas (City) General Fund which collects revenues to spend on services typically provided to city residents, such as police, fire, street maintenance, and recreational activities. The second largest is the Wyandotte County, Kansas (County) General Fund with resources to support services often required by the State of Kansas, such as the sheriff, jail detention, the district attorney, the appraiser, motor vehicle registration and many other services provided to all residents within the County. The third is the Parks General Fund that combines resources from both the City and County to maintain over 2,715 acres of park land.



Out of all Governmental Funds, the General Fund is the largest and is the main operating fund of the UG. Together, the three funds comprise the Consolidated General Fund which has a total 2021 expenditure budget of \$226 million and represents over 60% of the entire Unified Government's financial operations. Given its size and the many services it supports for residents, a careful analysis of its long-term fiscal health is provided.

General Fund Net Operating Margin Baseline Forecast

In a household budget, successful performance is measured whether a family's income received matches with outgoing expenses – that's the net operating margin. In this forecast, the net operating margin approach is used to single out transactions only occurring during the forecast year, in the absence of prior year fund balance reserves. The net annual surplus / shortfall reflects the difference between the projected General Fund revenues and expenditures for each year of the forecast. The net operating margin cumulatively tallies each year's performance over the Forecast period, resulting in the estimated change to fund balance over the course of the Forecast period.

Despite strong anticipated future revenue growth projections, matching operational obligations with available resources is a fiscal challenge. The Baseline Forecast table below provides a quick view of the annual net margin for the future five years.

Baseline Long Term Financial Forecast

Fiscal Year 2022 - 2026

(\$s in 000s)	2021 ^(a)	2022	2023	2024	2025	2026
Total Revenue	\$220,614	\$230,834	\$238,093	\$248,442	\$257,949	\$267,445
Total Expenditures	\$225,739	\$240,014	\$244,435	\$250,774	\$257,387	\$263,881
Net Annual Surplus / (Shortfall)	(\$5,125)	(\$9,180)	(\$6,342)	(\$2,332)	\$562	\$3,563
Net Operating Margin (Cumulative)	\$0	(\$9,180)	(\$15,522)	(\$17,854)	(\$17,292)	(\$13,728)

(a) For the Forecast, the Net Operating Margin (Cumulative) approach is used which assumes that no beginning fund balance is available prior to the forecast period (2022-2026).

(b) Assuming the estimated cash fund balance of \$18.4 million at the end of 2021.



Over the Forecast period, \$13.7 million are estimated to be drawn down from the General Fund reserve by 2026 if no actions were taken to remedy the imbalance. The graph on the left provides an illustration of the net operating margins of this base forecast. Net annual shortfalls fluctuate between \$562,000 and \$9.18 million.

Although this Forecast projects strong revenue growth, annual resources are insufficient to meet required accrued leave balance payments to the expected increase of retirees while keeping pace with conservative expenditure needs, such as a moderate cost of living adjustment for active employee compensation. It is anticipated

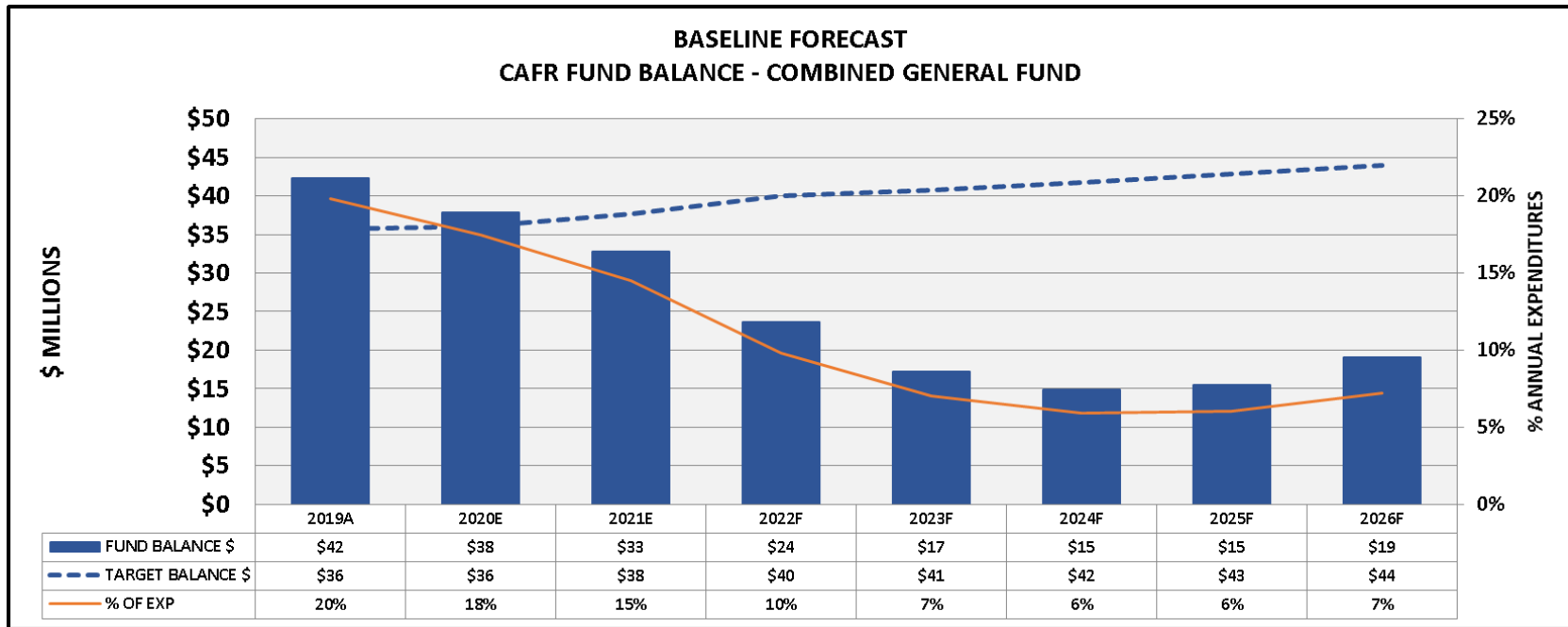
that between \$5-\$10 million in annual operating expenditure efficiencies or additional revenues are needed in 2021 and 2022 to achieve a more sustainable financial position.

More detailed information on all the major revenue and expenditure categories of the General Fund is provided in this section, including discussions of past performance and assumptions of projected future performance.

General Fund (CAFR) Total Fund Balance - Baseline Forecast

In 2018, the UG Commission adopted a fiscal policy that prescribes a General Fund reserve level be retained in its ending fund balance (modified accrual basis (CAFR) basis) of 2-months of expenditures, or 2/12th or 16.67% percent. For simplicity purposes, the target reserve is referred to as 17% of expenditures. The reserve fund balance purpose is to accumulate resources to counter economic and/or operating budgetary uncertainty. For purposes of measuring the target reserve, the modified accrual basis fund balance is a better fiscal measure to use than the cash basis because it includes various receivables and payable reflected on the Government's balance sheet, and is the standard approach recommended by credit rating agencies and finance professionals.

At the end of 2020, the Government expects to end the year with over 2-months of expenditures in its General Fund balance with a reserve of 18% of expenditures. Assuming no actions undertaken, the baseline forecast estimates the CAFR fund balance to drop to 15% of expenditures in 2021, 10% in 2022, and stabilize at 6%-7% of total expenditures in 2023 thru 2026. These projected reserve levels fall below the 17% target prescribed in the reserve policy.



Reserves are recommended so that there are enough resources to meet operating needs during economic downturns or unanticipated events, such as a global pandemic. The reserve policy also stipulates that in the event reserves are required to be utilized, a plan be developed to replenish the reserve to the minimum 2-month of expenditures operating reserve level over the future five years. To restore the fund balance of the General Fund to the 17% target reserve, actions to both augment resources and reduce operating costs will be necessary. It is anticipated that between \$5-\$10 million in annual operating expenditure efficiencies or additional revenues are needed in 2021 and 2022 to achieve the reserve target objectives. The dotted line represents where the fund balance should be in each year if the target reserve policy balance was met.

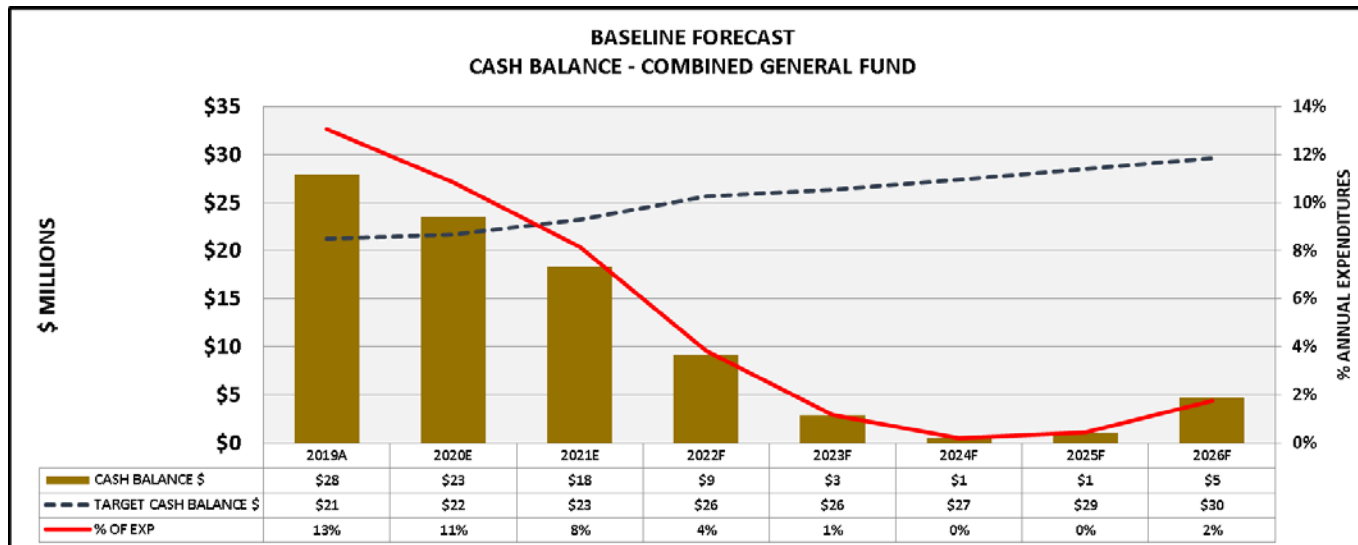
This forecast includes a slowdown in the economy during 2020-2022 negatively impacting sales and use tax revenues. Sales tax receipts are estimated to not quickly recover to prior level annual growth due to anticipated changing consumer practices. With the rise of online shopping, sales tax revenue is expected to flatten since tax revenue from online sales is not as closely regulated as on-premise retail sales.

General Funds Budgetary (\$ Cash \$) Fund Balance Baseline Forecast

The State of Kansas requires local governments to develop their budgets on a cash basis. As a result, the following discusses the projected budgetary (or cash) balances of the General Fund, rather than the CAFR modified accrual basis total fund balance. The charts below illustrate the financial projections of the General Fund on a cash basis through the Forecast period. The dotted line represents where the cash balance should be in each year if the target reserve policy balance was met.

Combined General Fund Position (2019-2026)

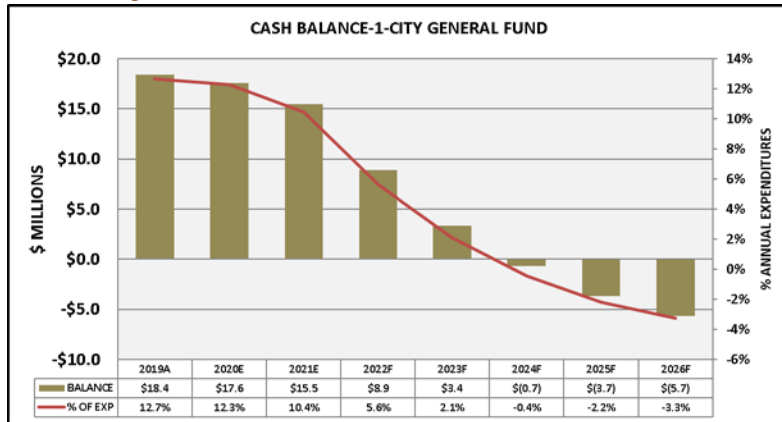
On a combining the three UG general funds together, the cash fund balance declines over the forecast period but remains positive.



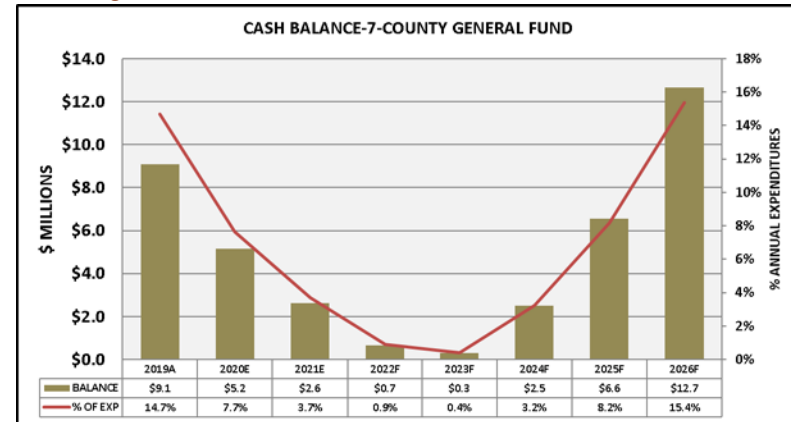
In the years 2022 to 2026, \$13.7 million is projected to be drawn from the 2021 ending budgetary basis (cash) fund balance of \$18.4 million. Of the total \$13.7 million drawn-down from fund balance, a net estimated \$16 million in one-time costs from 2022 to 2026 are required to be paid to *expected* retirees for accrued leave payouts and KP&R retirement special payments upon their separation from service due to the “silver tsunami”. In other words, without the significant level of expected retirements, the General Fund’s reserves would have increased rather than been reduced.

Separately reviewing the financial projections of the individual general funds (City, County and Parks (city/county) funds) is helpful in evaluating the sustainability of the resources used to support the various services recorded in each of these funds. Due to increased reliance on sales and use tax (at 31% in 2021) and given the projected flattening of this source, the City General Fund is forecasted to decline to a deficit position in 2024. Conversely the County General Fund, whose reliance on sales tax is only 10% of its total revenues, shows its fund balance increasing in 2024. The Parks General Fund reflects a deficit position beginning in 2022.

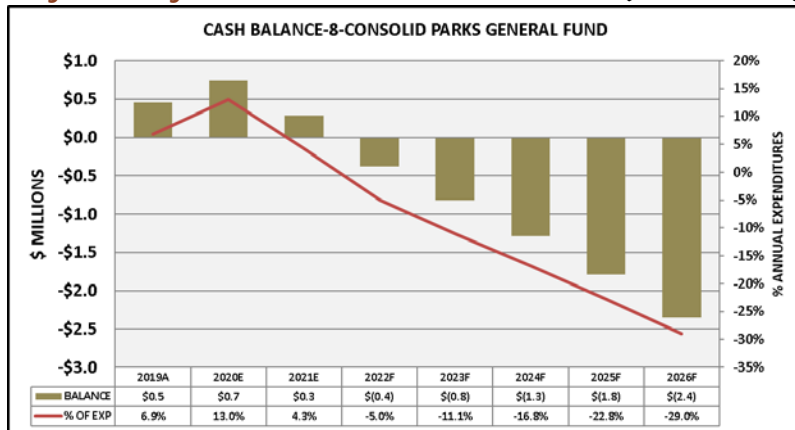
City General Fund Position (2019-2026)



County General Fund Position (2019-2026)



City/County Parks General Fund Position (2019-2026)



Changes from Baseline Revenue Scenarios

Projected revenues and expenditures will vary from the forecast. As a result, it is useful to see a range of possibilities. The following charts below illustrate how the Combined General Fund financial position would look if the revenue and/or expenditures deviate from the baseline forecast.

Chart A assumes revenue estimates are to be 1% greater than estimated in the baseline forecast assuming, expenditures remain at the baseline. Under these assumptions, the ending cash fund balance would change from 13% of total expenditures in 2019 (which on a CAFR fund balance basis exceeds the 17% reserve target illustrated by the dotted line) to 8% of total expenditures in 2026.

A. 1% above Baseline Revenues

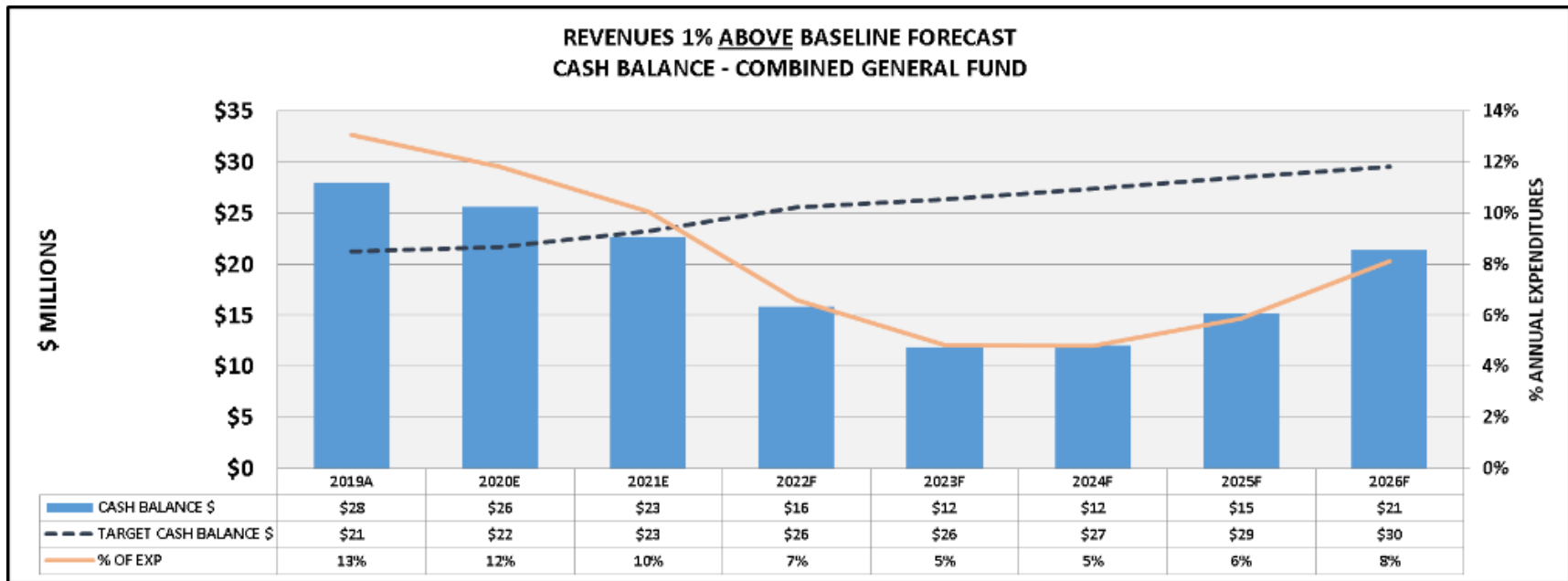
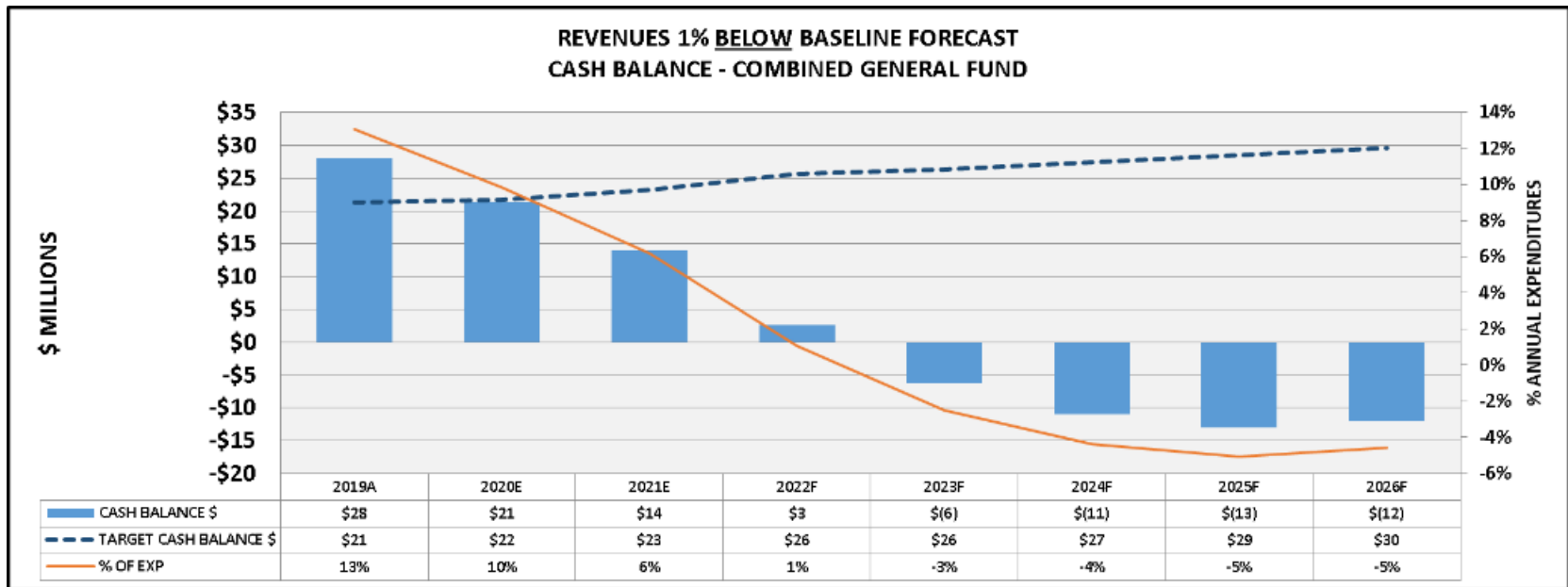


Chart B below illustrates how the Consolidated General Fund financial position would look if the revenue estimates are 1% lower than estimated in the baseline forecast assuming expenditures remain at the baseline. Under these assumptions, the ending cash fund balance would change from 13% of total expenditures in 2019 (which on a CAFR fund balance basis exceeds the 17% reserve target illustrated by the dotted line) to a negative (5%) of total expenditures in 2026.

B. 1% below Baseline Revenues



Changes from Baseline Expenditures

The charts below illustrate how the Combined General Fund financial position would look if the expenditure estimates varied. Chart C assumes that expenditures are 1% less than estimated in the baseline forecast assuming revenues remain at the baseline. Under these assumptions, the ending cash fund balance would change from 13% of total expenditures in 2019 (which on a CAFR fund balance basis exceeds the 17% reserve target) to 8% of total expenditures in 2026.

C. 1% below Baseline Expenditures

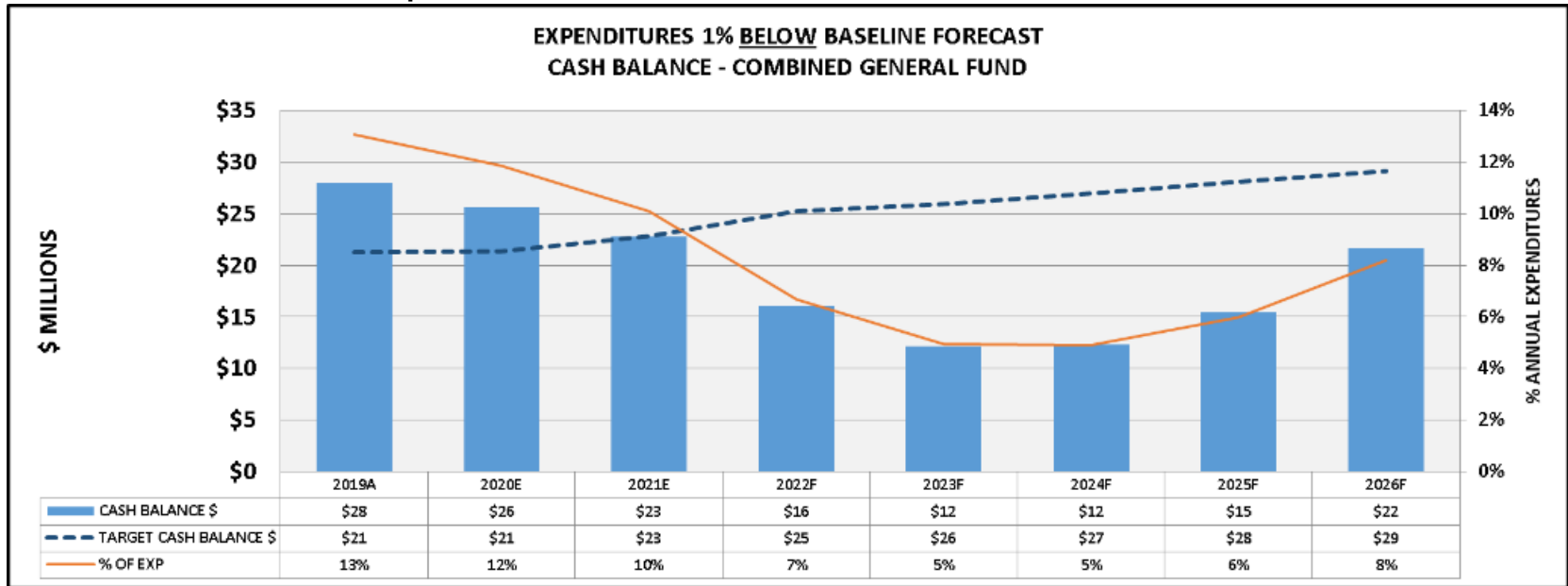
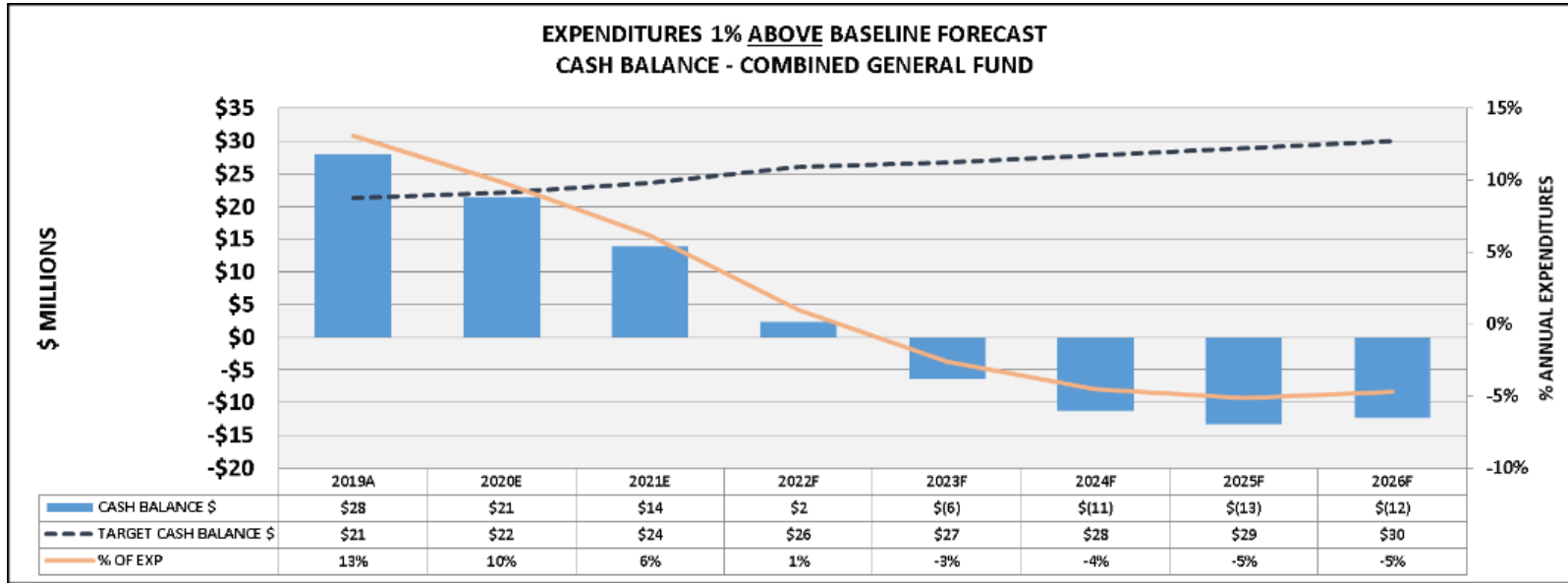


Chart D as follows illustrates how the Combined General Fund financial position would look if the expenditure estimates are 1% greater than have been estimated in the baseline forecast assuming revenues remain at the baseline. Under this assumption, the ending cash fund balance would change from 13% of total expenditures in 2019 (which on a CAFR fund balance basis exceeds the 17% reserve target) to a negative (5%) of total expenditures in 2026.

D. 1% above Baseline Expenditures

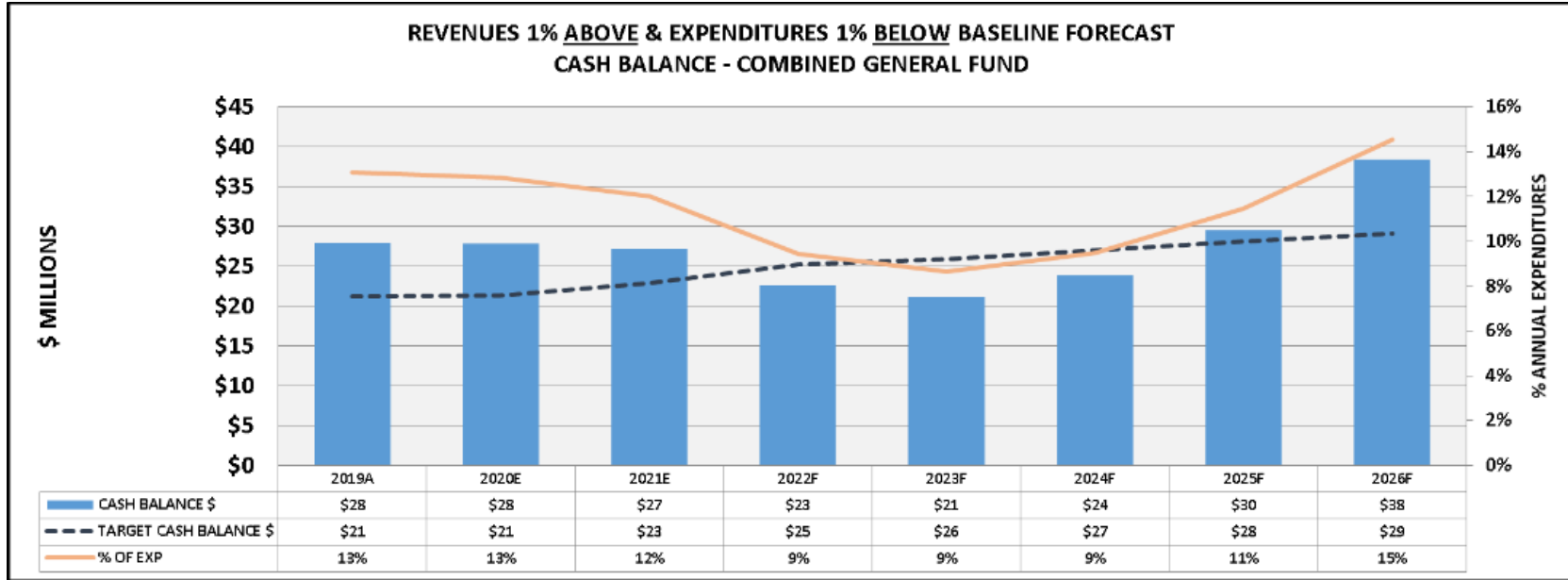


Changes from Baseline - Combination of Revenue and Expenditures

Chart B+D as follows illustrates how the Combined General Fund financial position would look if the revenue estimates are 1% greater than the baseline forecast, and expenditure estimates are 1% lower than estimated in the baseline forecast. Under these assumptions, the ending cash fund balance would improve from 13% of total expenditures in 2019 (which on a CAFR fund balance basis exceeds the 17% reserve target) to 15% of total expenditures in 2026 and the cash balances would exceed the minimum operating reserve target (refer to dotted line).

This chart on the following page illustrates that having discipline in our revenue collection efforts and operations can significantly improve our financial sustainability. Though Priority Based Budgeting (PBB), the Government is evaluating all its programs to determine which no longer match with the Commission's priorities or can be made more efficient, as well as identifying additional revenue sources. In January 2020, the Commission established the objective of re-allocating 5% of the total governmental expenditures (or \$15 million) by 2024. This objective was agreed upon before the COVID-19 pandemic hit the community, which has made this PBB objective even more challenging, but also more necessary.

B+D 1% above Baseline Revenues and 1% below Baseline Expenditures – 15% cash balance reserve in 2026



Forecasts are conducted to anticipate potential events before they occur so that policymakers can undertake discussions on how best to react and make plans to mitigate the negative impact to residents. The underlying reason for forecasts is because we fundamentally care about people; we seek to minimize harms such as job loss or homelessness when economic downturns occur. Although perfectly predicting the timing of an economic slowdown or catastrophic events is impossible, our residents benefit from having contingency plans as part of our charge to have a sustainable and resilient local government.

General Funds Revenues

General Fund Forecast for 2022-2026 projects revenue increases ranging from 3.1% to 4.6% on total revenues of \$220.6 million in 2021. The economic drivers anticipate slower economic growth early in the forecast with recovery beginning in 2023 as various economic development initiatives are completed. The first table as follows provides revenue estimates which include year-over-year increases for 2021 to 2026. The second table displays the growth projected for the General Fund revenue streams on a percentage change basis. Fiscal Year 2022 revenues are estimated to increase by \$10.2 million or 4.6%.

General Funds Revenue Baseline Forecast

Fiscal Years 2022 – 2026

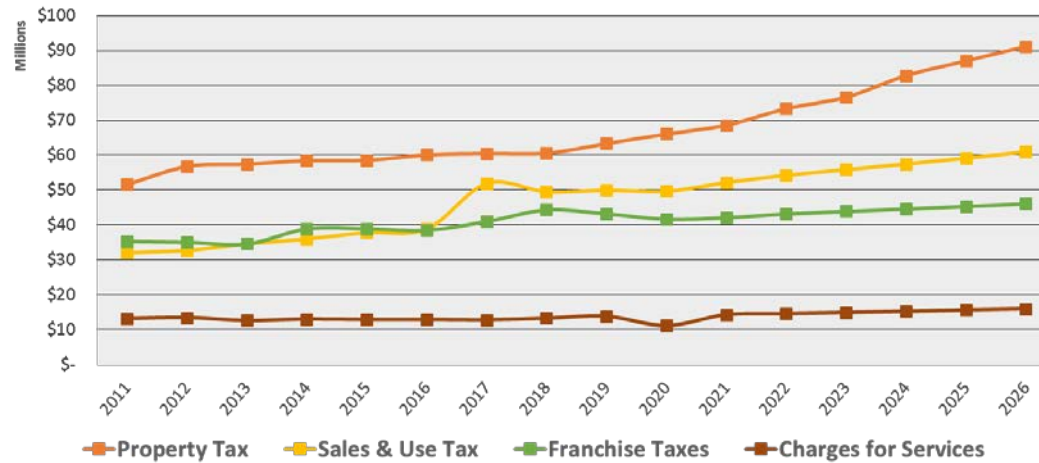
REVENUE & OTHER SOURCES (\$s in 000s)	EST					
	2021	2022	2023	2024	2025	2026
PROPERTY TAX	\$68,597	\$73,316	\$76,616	\$82,770	\$86,978	\$91,110
SALES & USE TAX	52,189	54,311	55,892	57,529	59,225	60,982
FRANCHISE TAX- ELECTRIC/WATER	32,682	33,558	34,041	34,531	35,028	35,532
FRANCHISE TAX-OTHER SERVICES	9,475	9,684	9,902	10,128	10,362	10,605
PERSONAL PROPERTY TAX	7,958	8,309	8,676	9,059	9,458	9,875
OTHER TAXES	6,671	6,784	6,900	7,017	7,137	7,258
DELINQUENT TAXES	2,548	2,631	2,717	2,805	2,897	2,991
OCCUPATIONAL TAX	1,988	2,054	2,121	2,191	2,264	2,338
IRB / TAX ABATEMENT FEES	1,297	1,665	1,892	2,140	3,436	4,670
SUBTOTAL: TAXES	\$183,406	\$192,313	\$198,756	\$208,170	\$216,785	\$225,364
CHARGES FOR SERVICES	14,275	14,600	14,933	15,273	15,622	15,978
FINES, FORFEITS, FEES	6,002	6,132	6,265	6,401	6,540	6,681
INTERGOVTAL REVENUES	4,071	4,558	4,581	4,605	4,630	4,655
MISC. & INTEREST	5,314	5,407	5,503	5,600	5,698	5,799
REIMBURSEMENTS	2,706	2,861	2,968	3,178	3,329	3,487
PERMITS AND LICENSES	2,503	2,574	2,647	2,723	2,800	2,880
SUBTOTAL: NON-TAXES	\$34,871	\$36,133	\$36,898	\$37,779	\$38,618	\$39,480
TRANSFERS	2,337	2,388	2,439	2,492	2,546	2,601
TOTAL SOURCE OF FUNDS	\$220,614	\$230,834	\$238,093	\$248,442	\$257,949	\$267,445

REVENUE & OTHER SOURCES (% change)	2022	2023	2024	2025	2026
PROPERTY TAX	6.9%	4.5%	8.0%	5.1%	4.8%
SALES & USE TAX	4.1%	2.9%	2.9%	2.9%	3.0%
FRANCHISE TAX- ELECTRIC/WATER	2.7%	1.4%	1.4%	1.4%	1.4%
FRANCHISE TAX-OTHER SERVICES	2.2%	2.2%	2.3%	2.3%	2.3%
PERSONAL PROPERTY TAX	4.4%	4.4%	4.4%	4.4%	4.4%
OTHER TAXES	1.7%	1.7%	1.7%	1.7%	1.7%
DELINQUENT TAXES	3.3%	3.3%	3.3%	3.3%	3.3%
OCCUPATIONAL TAX	3.3%	3.3%	3.3%	3.3%	3.3%
IRB / TAX ABATEMENT FEES	28.4%	13.6%	13.1%	60.6%	35.9%
SUBTOTAL: TAXES	4.9%	3.4%	4.7%	4.1%	4.0%
CHARGES FOR SERVICES	2.3%	2.3%	2.3%	2.3%	2.3%
FINES, FORFEITS, FEES	2.2%	2.2%	2.2%	2.2%	2.2%
INTERGOVTAL REVENUES	12.0%	0.5%	0.5%	0.5%	0.5%
MISC. & INTEREST	1.8%	1.8%	1.8%	1.8%	1.8%
REIMBURSEMENTS	5.7%	3.8%	7.1%	4.7%	4.8%
PERMITS AND LICENSES	2.8%	2.8%	2.8%	2.8%	2.9%
SUBTOTAL: NON-TAXES	3.6%	2.1%	2.4%	2.2%	2.2%
TRANSFERS	2.2%	2.2%	2.2%	2.2%	2.2%
TOTAL SOURCE OF FUNDS	4.6%	3.1%	4.3%	3.8%	3.7%

Based on the economic analysis presented in the previous section of this report, revenue estimates linked to the performance of the regional and local economy reflect modest increases in consumer spending impacted by the anticipated economic slowdown resulting from the pandemic. The upward trend of the General Fund tax revenue in 2022 through 2026 anticipate a moderate economic recovery. This Forecast assumes that the pandemic recession and fall-off in economically sensitive revenues occurs in 2020 and 2021. While it is not staff's intent to predict the exact timing of economic events, anticipated trends are included to inform policy makers of the anticipated cyclical event, so that actions can be taken to sustain the resilience of the organization's operations.

The graph as follows depicts a historical and projected view of the top four major General Fund revenues, constituting 80% of total 2021 revenues. It includes 9 years of actual revenue history; the estimated revenue for budget years 2020 and 2021, as well as the projections for the subsequent five-years of the Forecast. The projections are based on current available data and application of annual average growth rates and economic factors. The following section is a discussion of these four revenue sources by category.

Top Four General Fund Revenues (2011-2026)



General Funds Property Tax

Property tax revenue is the largest revenue source for the Unified Government. Its calculation includes three variables: ad valorem real estate assessed value, the mill levy rate and a discounting factor to reflect delinquent payments. Each factor is discussed in the following section.

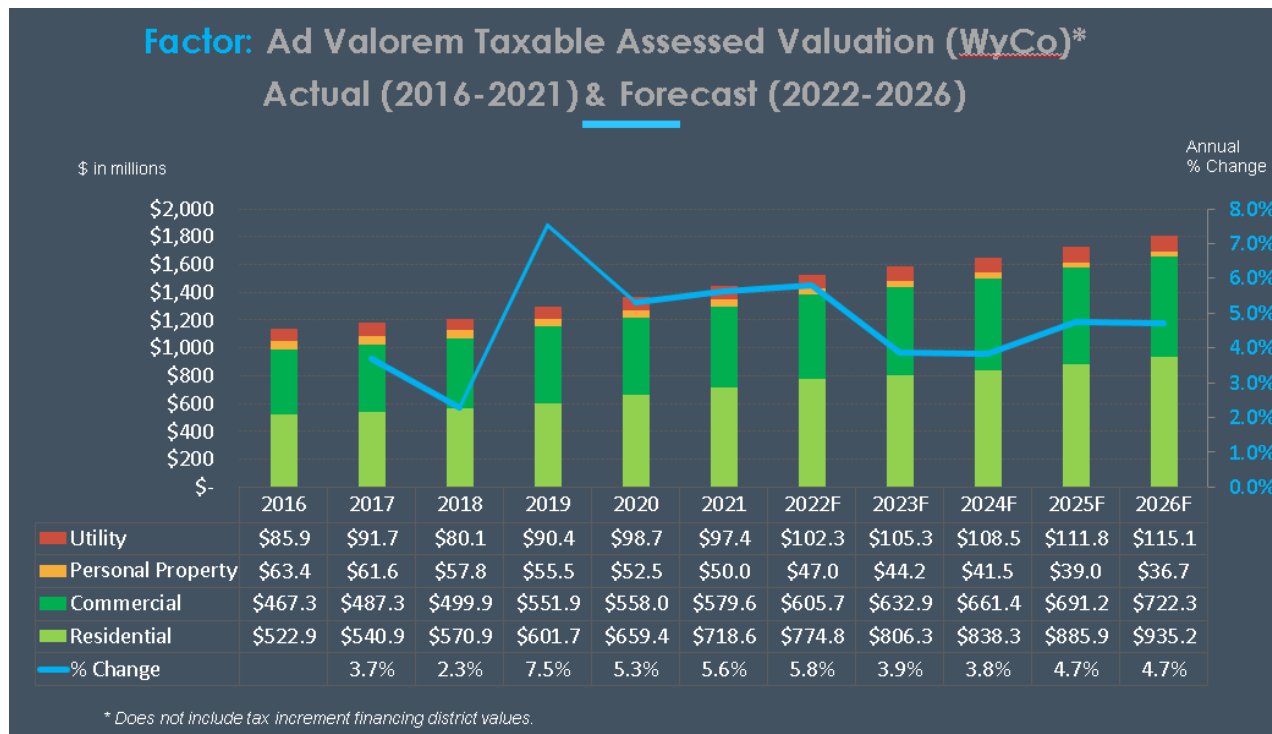
Assessed Valuation

Since the end of the Great Recession of 2009 that drove homes and commercial business property values down, the value of real estate has modestly increased at an annual average rate of 2.7% between 2013 and 2019. Over this 7-year period, assessed valuation recovered to its pre-Great Recession high of \$1.27 billion in 2009 to \$1.299 billion in 2019. The lowest point was in 2012 at \$1.078 billion.

As the following chart illustrates, 50% of total Wyandotte County assessed value is residential, 40% commercial, 3% of personal property, and 7% utilities in 2021. Residential assessed value calculation is at 11.5% of appraised/market value, and commercial values are calculated at 25% of appraised/market value. Personal property values are dropping annually an annual average of 5% due to prior legislation regarding machinery & equipment being removed from the tax rolls. Lower growth in 2018 was due to \$10 M drop in utility property valuation due to reallocation of land value related to a company reorganization/ownership transfer. Higher overall value in 2019 due to utilities value rebounding to prior levels and a 10% increase in commercial property. The slower growth

rate in 2020 value partially due to a reduction in commercial property value resulting from the Hollywood Casino tax appeal.

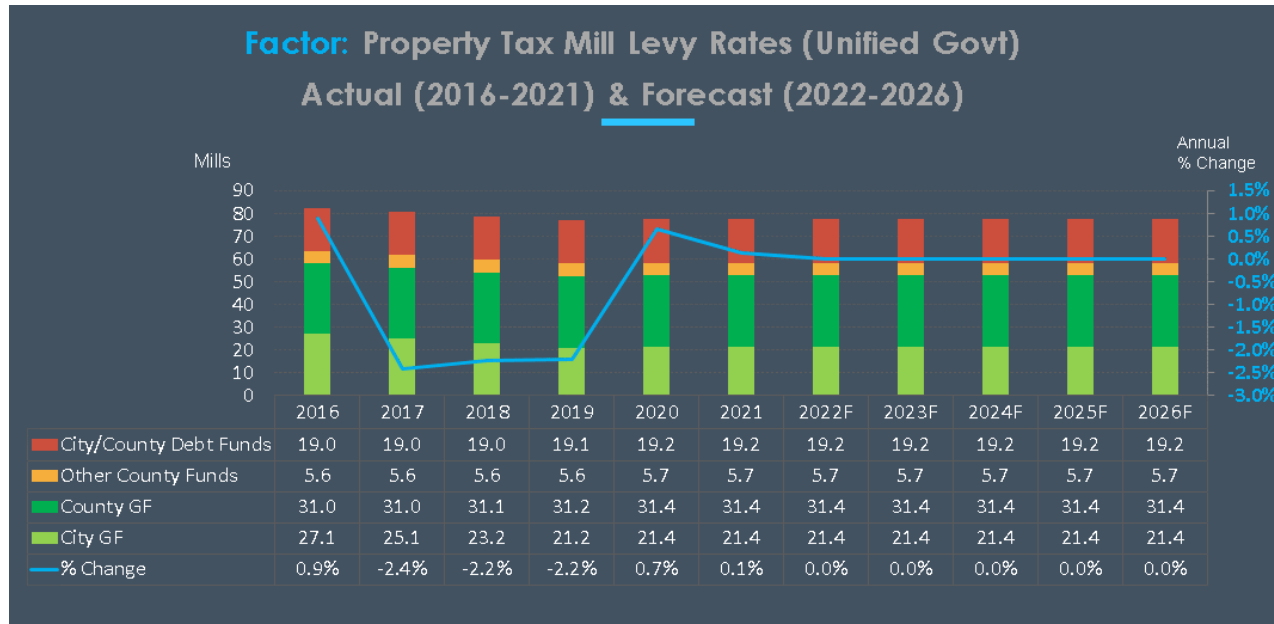
The assessed value forecast includes an average 5.5% annual increase in residential and 4.5% increase in commercial, offset by a 6% decrease in personal property values. It is anticipated that single family home real estate values will grow substantially. According to the UG Appraiser, median sales price on homes were up 15% at \$161,500 in September 2020 compared to same month in 2019. The Forecast includes a reduction in growth rate in 2023 and 2024 for both residential and commercial due to potential slowing in real estate market values due to COVID-19 related foreclosures or inventory sell-off should residents be affected by unemployment and experience an inability to keep up with mortgage payments.

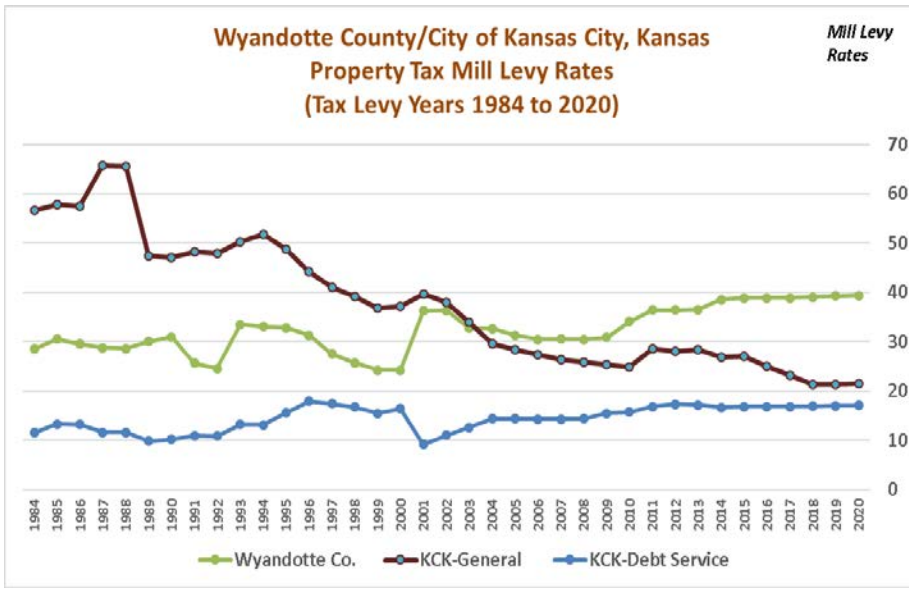


Property Tax Mill Levies (All Unified Government Governmental Funds)

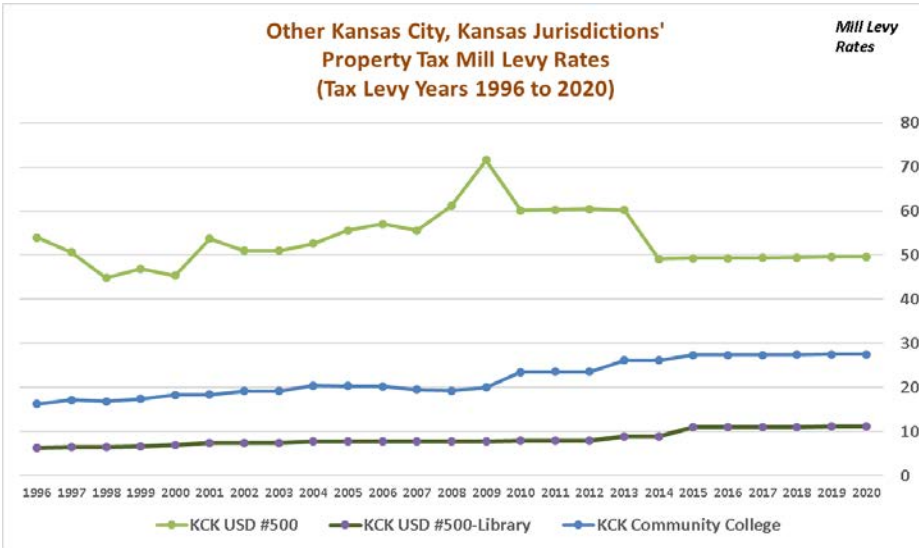
The second component in calculating property tax revenues is the mill levy rate adopted by the Commission. The chart below includes the City and County general and debt funds and County special mill levy funds for a total of 78-mills. For informational purposes, the table includes 17-mills for City debt service and 2-mills for County-debt service. Residents also pay another 75 to 100 mills to other gov't jurisdictions, depending where they live, for government services provided by school districts, the community college, water drainage districts, library districts and others. On behalf of these districts, the County collects all the property taxes and distributes them four times a year to those governments to support their resident/student needs. To learn more on other jurisdictions, refer to the statistical table of the Comprehensive Annual Financial Report (CAFR) for 10-yr's of mill rates by district.

In the chart below, notice the 2-mill reduction in the City General Fund in 2017, 2018 and 2019, for a total of a 6-mill reduction. This equates to the Unified Government reducing its revenues by approximately \$6 million per year. The mills have remained the same in 2020 and 2021 with only slight changes in mill rates compared to 2019 due to adjustment in parcel values that take place between the June and October UG Clerk certifications. Baseline forecast for 2022-2026 assume no change in mill rates.





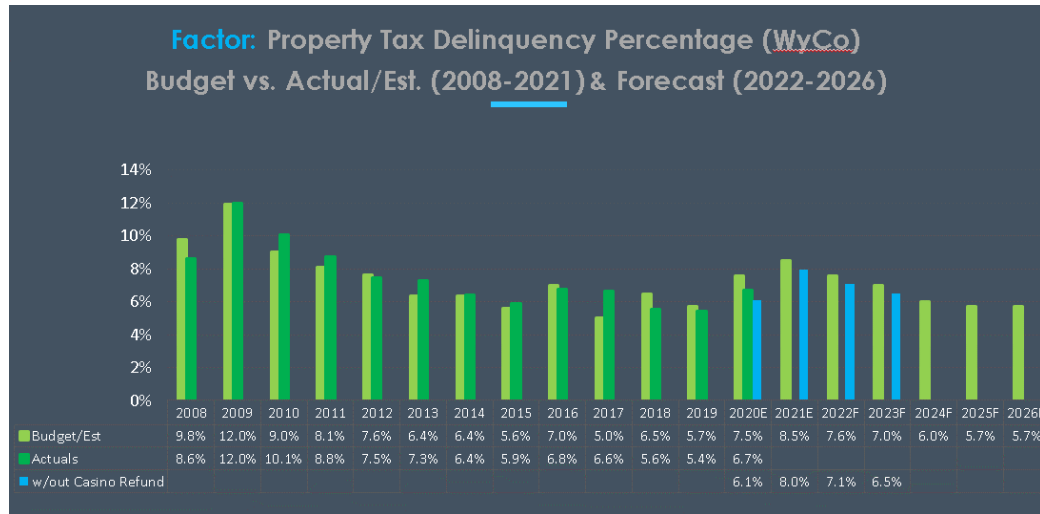
The chart to the left illustrates UG property tax mill levy levels since 1984 for only the County and City. The top two lines are the mill levies supporting property tax revenues deposited to the City and County General Funds to meet operational demands of the Unified Government. The bottom line is the mill levy supporting general obligation debt service payments in the City Bond & Interest Fund.



The Adopted 2018 Tax Year 21.242 City General Fund mill levy rate (purple line), for the 2019 Budget, was at its lowest point over this 35-year period, following a 6-mill reduction over a three-year period beginning in 2016. This mill levy was ranked 14th out of 25 Kansas 1st Class Cities category. The County General Fund 39.011 mill levy rate (green line) for the 2019 Budget was at its highest point historically. This mill levy was ranked 95th out of the 105 Kansas counties.

The second chart shows the historical mill rates levied by other jurisdictions within Kansas City, Kansas, as an example. The rates are approved by other governing bodies, namely the USD #500 school district and Kansas City, Kansas Community College. The UG is responsible for collecting these revenues on their behalf and distributing the revenues to them. Since 2014 these rates have remained generally the same. There are other mill levies for drainage districts and other purposes that vary depending on where residents live.

Property Tax Delinquency Factor



The third factor is the level on delinquent collections for the given budget year's property tax bills. It is the percent of property owners' tax bill that is unpaid for that given budget year. Below is a chart illustrating since 2008 the property tax delinquency rate. We show both the amount the UG estimated as part of the budget process, as well as the amount of delinquency that occurred.

Highest delinquency collection rate was at 12% in 2009 during the house market meltdown of the great recession, which has progressively dropped over the decade to 5.4% in 2019.

Budgeted delinquency rates in 2017-2020 were estimated higher than the actual, due to successful collection efforts, such as:

- pursuing collections via three tax sales per year of all properties that are over 3 years delinquent,
- more focused efforts in tax collection by the Delinquent Real Estate Division,
- requiring current year taxes be brought current before entering payment plan for past year delinquency,
- a vacancy registry for mortgage foreclosed properties that reduces the time from delinquency from three years to one year,
- pursuing all parcels more than three years delinquent, not just those with the highest amount of revenue owed,
- coordinating directly with UG departments to ensure that they are being accurately tracked and placed into the tax sale,
- ensuring accurate and precise delivery of notice to all parcels going into the tax sale process, and
- ensuring those seeking payment plans are making the required payments, and if not placing them immediately back in the next tax sale as allowed by State Statute.

Beginning in 2020, approximately \$650,000 per year is being refunded by the Unified Government back to Hollywood Casino as a result of the property tax appeal settlement. These refunds are scheduled for 2020, 2021, 2022, and 2023. The last line on the chart reflects the delinquency rate if these Hollywood Casino refunds were not being made. The Chart includes an estimated increase in delinquencies in 2021 at 8.5% due to the COVID-19 pandemics impact, as residents and businesses are assumed may be

having difficulty keeping up payments after job losses and business closures. The 2020 delinquent rate is not as high compared with 2021 (at 6.7%) because ½ of the property tax collections were already received in January prior to the pandemic's impact. After 2021 the delinquency rates gradually reduce as the economy is assumed to stabilize after the pandemic.

Prior Year Actual and Budgeted Estimates for Property Tax Revenue

The table below details the amount of property taxes that have been collected and deposited in the three UG General Funds over the past eight years, and an estimated amount for 2020 and 2021. Property tax revenues stayed relatively flat in 2017 and 2018 due to a 2-mill reduction in each of those two years (for a total of 4 mills in 2018 compared with 2016). Revenues increased by \$2.7 million in 2019 despite another 2-mill reduction in the City General Fund due to strong growth in assessed value and lower delinquencies. Collections in 2020 and 2021 include the same level of mill levies as in 2019 yet increase by 4.3% and 3.8% respectively. This increase is due to strong assessed value growth, offset by higher delinquencies caused by the pandemic and the absence of \$650,000 in revenue in each year that was refunded to Hollywood Casino due to the tax appeal settlement.

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	56,837,214	57,493,825	58,487,765	58,605,683	60,118,941	60,506,630	60,615,395	63,336,917	66,076,528	68,597,483
Percent Change %		1.2%	1.7%	0.2%	2.6%	0.6%	0.2%	4.5%	4.3%	3.8%
Changes \$\$		\$ 656,611	\$ 993,940	\$ 117,918	\$1,513,258	\$ 387,689	\$ 108,765	\$ 2,721,523	\$ 2,739,611	\$ 2,520,955
General Funds Mill Rates	59.911	59.547	59.893	59.500	59.506	57.506	55.636	53.820	54.177	54.270

In the Forecast period, property tax revenue is projected to increase over the Forecast period, by a 6.9% increase in 2022, 4.5% in 2023, 8.0% in 2024, 5.1% in 2025 and 4.7% in 2026. The Forecast assumes the property tax mill levies will remain flat during the Forecast period. These 2022 and 2023 estimates include the continued loss of revenue due to the refund resulting from the Hollywood Casino tax appeal, one of the County's largest property taxpayers. The decline in the growth rate in 2023 is based on the assumed high delinquency rate due to the pandemic. The 8% increase in 2024 includes the anticipated completion of various economic development projects currently being undertaken.

General Funds Sales and Compensating Use Tax

Sales and use tax revenue is the second largest revenue source constituting 24% of total 2021 General Fund revenues. The tables below display over the past ten years revenue data for sales and use tax separately. The average annual percentage growth of sales and use tax revenue over the period between 2012 and 2021 was 5.8%; but, excluding the influx of STAR bond revenue in 2017 results in an average annual increase in revenue of only 3.0%. At the end of 2016, the Unified Government paid off the STAR Bonds issued to construct public improvements related to the Legends shopping area and as a result beginning in 2017 the sales and use tax revenue generated by the shopping area were then available to deposit in the Unified Government's operating accounts to

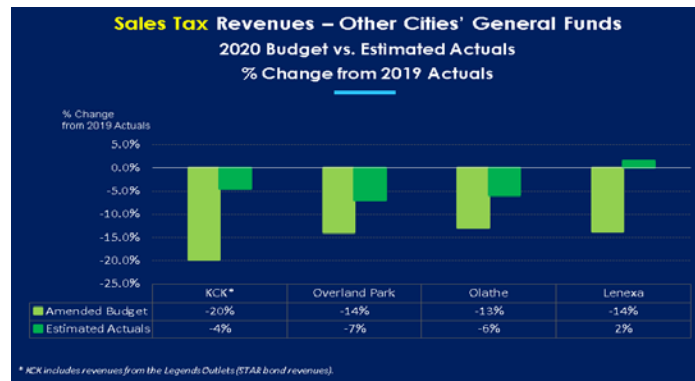
support a variety of operating needs and one time capital projects.

The decline/stall in 2018 and 2019 of sales tax was due to an unanticipated downturn in retail sales receipts activity beginning in mid-2018 and continuing into 2019. The decline estimated in 2020 of \$1.8 million (based on year-to-date collections) is due to the closure of businesses during the shelter-in-place period in the spring of 2020 and continued slowdown of retail activity due to the COVID-10 pandemic. A modest growth rate is assumed for 2021, although this total of \$41.8 million is still relatively low considering it is consistent with the revenue collection from four years prior in 2017.

General Fund Sales Tax Revenue

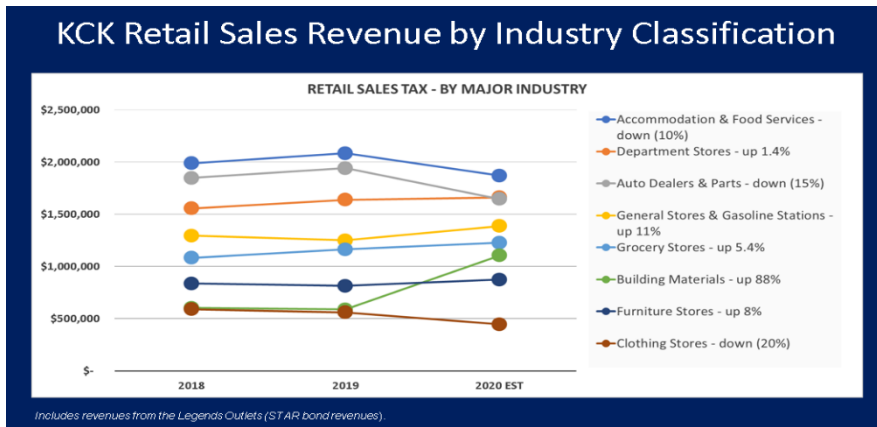
Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	25,593,221	27,299,656	28,596,850	29,562,852	29,793,103	41,810,279	41,297,813	41,822,571	40,022,879	41,853,451
Percent Change %		6.7%	4.8%	3.4%	0.8%	40.3%	-1.2%	1.3%	-4.3%	4.6%
Percent Change % without STAR revenues in begin in 2017		6.7%	4.8%	3.4%	0.8%	5.6%	3.4%	-0.8%	-0.8%	1.4%
Changes \$\$		1,706,435	1,297,194	966,002	230,251	12,017,175	(512,466)	524,758	(1,799,692)	1,830,572

Sales tax revenues for the City and County General Funds were estimated in the Amended 2020 Budget to only be \$33.4 million, yet collections to date are expected to be \$40.0 million. Due to the COVID-19 pandemic the Amended 2020 sales tax revenue estimate was set at a (20%) reduction compared with 2019 actuals yet based on year to date collections the decline is estimated to only be (4%). This additional revenue in 2020 of \$6.6 million coincides similarly to the level of fund balance reserves that were budgeted to be utilized to continue operations without causing disruptions, such as employee layoffs. This unanticipated influx in revenue in 2020 will ensure that the General Fund is able to retain its cash balances for unanticipated economic events in 2021 and beyond.



For comparison purposes, the chart on the left illustrates how our neighboring jurisdictions handled their 2020 sales tax revenue estimates through the pandemic – Overland Park, Olathe and Lenexa. The first set of bars illustrates the percentage decrease compared with 2019 actuals for sales tax which the cities estimated at the beginning of the pandemic. At this time in April/May of 2020 little data was available make an accurate prediction of the negative impact the pandemic would have on consumer behavior. Data was limited because cities don't receive sales tax revenue until two months after the sales transaction occurred.

The second set of bars is the percentage decreases compared to 2019 actuals these cities expect to receive in sales tax revenue now that ten months of collections has been received. Compared with the budgeted estimates, collections for sales tax has performed much better than preliminarily estimated, although still is expected to be below the actuals in 2019.



This chart on the left illustrates the changes in retail sales tax collections during 2020 by industry classification and the impact of the pandemic. During 2020, typical consumer behavior altered significantly due to the pandemic. Reduced sales took place in accommodation and food services, automobile sales, and clothing stores. At the same time, increases took place in general stores/gasoline stations, furniture stores and, especially, building materials. During the pandemic, many households made investments to update their homes.

During the forecast period an average growth rate of 2.6% is used for sales tax revenue based on conservative views of changing consumer patterns, with a 4.0% increase in 2022 reflecting an economy that is recovering from the pandemic. This projection is based on prior year average growth rate of 3.3% of county-wide retail sales receipts, then discounted by 0.7% to reflect the fact that the \$9.6 million received in previous STAR bond revenue from the Legends shopping area is capped per various bond documents.

Compensating use tax is difficult to estimate due to one-time taxes paid by companies purchasing equipment and materials for their growth needs, and the progressively increasing shift of consumer activities from “brick-and-mortar” stores to online retail sales. As the table on the next page details, compensating use tax revenue grew by \$1.05 million in 2017 with the significant one-time acquisition of robotic and other equipment for the new Amazon Fulfillment Center. The same use taxes paid by Amazon in 2017 was refunded back to the company in January 2018 in conformance with the development agreement’s IRB use tax waiver provisions, partially contributing to a decline in collections in 2018 of \$1.875 million.

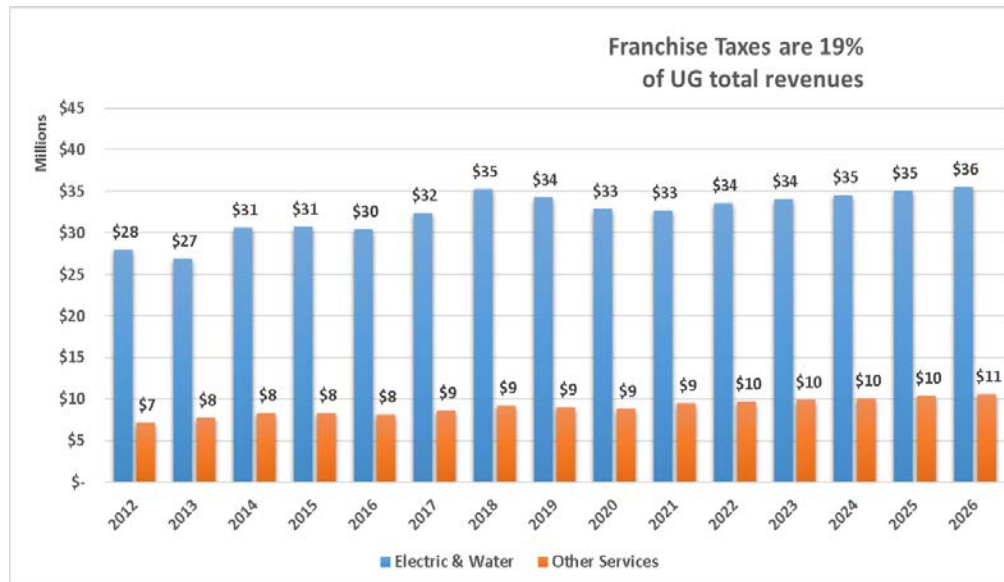
General Fund Compensating Use Tax Revenue

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	6,770,705	7,530,005	7,169,401	8,310,253	9,098,723	10,144,065	8,268,999	8,168,080	9,705,000	10,335,825
Percent Change %		11.2%	-4.8%	15.9%	9.5%	11.5%	-18.5%	-1.2%	18.8%	6.5%
Changes \$\$		\$ 759,300	\$ (360,604)	\$ 1,140,852	\$ 788,470	\$ 1,045,342	\$ (1,875,067)	\$ (100,918)	\$ 1,536,920	\$ 630,825

For 2020 and 2021, compensating use tax collections are expected to increase by 18.8% in 2020 and 6.5% in 2021 as consumers are purchasing products online due to the pandemic.

During the forecast period an average growth rate of 4.3% is used for compensating use tax revenue based on conservative views of changing consumer patterns, with a 5.2% increase in 2025 reflecting some expected economic development project completion, followed by a 3.4% increase in 2026.

Franchise Taxes and PILOT



Franchise tax revenue is the third largest revenue source at \$42.1 million constituting 19% of total 2021 General Fund revenues. The average annual percentage growth of franchise tax revenue over the period between 2012 and 2021 was 1.9%. Most of the franchise tax is from the rate percentages used to calculate the franchise tax payments made by the Board of Public Utilities (BPU), of which many refer to as the “payment in lieu of tax” (PILOT). The current PILOT is 11.9% of BPU electric and water utilities gross revenues. A 1% change in the electric and water utilities franchise tax percentage represents approximately \$3.0 million in revenue. Franchise taxes are also collected on the UG’s sewer system, and outside firms providing video services, gas, cable television and telephone.

Increases in 2017 and 2018 for the BPU electric PILOT were due to an increase in their electric rates to fund required capital infrastructure for their power plant and distribution systems. The 4% drop in 2019 is attributed to reductions in electric consumption levels in industry and commercial classifications. These consumption levels are anticipated to continue to drop in 2020 and 2021 related to the COVID-19 pandemic.

Franchise Tax Revenue related to BPU Electric Services (PILOT)

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	23,406,647	22,303,266	25,604,768	25,548,596	25,192,764	27,120,969	29,837,155	28,907,124	27,760,380	27,100,000
Percent Change %		-4.7%	14.8%	-0.2%	-1.4%	7.7%	10.0%	-3.1%	-4.0%	-2.4%
Changes \$\$		\$ (1,103,381)	\$ 3,301,502	\$ (56,172)	\$ (355,832)	\$ 1,928,205	\$ 2,716,185	\$ (930,030)	\$ (1,146,744)	\$ (660,380)

Franchise Tax Revenue related to Water Services (PILOT)

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	4,564,419	4,576,387	5,043,086	5,151,661	5,210,196	5,282,262	5,386,570	5,301,942	5,116,134	5,581,941
Percent Change %		0.3%	10.2%	2.2%	1.1%	1.4%	2.0%	-1.6%	-3.5%	9.1%
Changes \$\$		\$ 11,968	\$ 466,699	\$ 108,575	\$ 58,535	\$ 72,067	\$ 104,307	\$ (84,628)	\$ (185,808)	\$ 465,807

Franchise Tax Revenue related to UG Sewer Services (PILOT)

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	3,652,698	3,716,327	4,023,392	4,360,174	4,719,704	5,062,765	5,198,979	5,286,802	5,570,000	5,870,000
Percent Change %		1.7%	8.3%	8.4%	8.2%	7.3%	2.7%	1.7%	5.4%	5.4%
Changes \$\$		\$ 63,629	\$ 307,065	\$ 336,782	\$ 359,530	\$ 343,062	\$ 136,214	\$ 87,823	\$ 283,198	\$ 300,000

The average growth rate in the future five years for franchise taxes from BPU electric and water services is 1.7% consistent with BPU gross revenue patterns, and for the UG Sewer System it is 3% due to expected sewer system rate increases to cover the capital costs related to the EPA consent decree. Other services charged a franchise tax include companies providing services in video, telephone, gas and telephone and their average growth rate is varies with the services provided with telephone and cable trending down by (2%-10%) annually. Gas and video services are expected to growth annually in the 2%-3.3% range.

General Funds Charges for Services

Charges for services revenue is the fourth largest revenue source at \$14.3 million constituting 6.5% of total 2021 General Fund revenues. User fees are charged to fund services that either the City provides or contracts with outside agencies to provide. Fees can be charged for services that are provided to all residents and businesses or could be charged only to a specific user group. This also includes non-residents that are using the services. Charges and fees reduce the need for additional tax revenues and should be

used to offset the cost of providing that service. For example, the City charges a monthly trash/recycling fee that is used to pay for trash pickup. Fees are also charged for recreational activities provided by the Parks and Recreation Department.

The tables below display the historic charges for services collections over the past ten years. The first table includes total charges for services in the General Fund, followed by detailed information of several of the larger fee sources. In all these categories you will find that the estimated revenues in 2020 dropped due to the COVID pandemic impacting service delivery levels, with the assumption that service levels will resume to nearly the former levels in 2021. Planning and building fees for 2021 were increased by an additional amount to include expected increases related to a comparative fee analysis.

Total General Fund Charges for Services

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	13,475,431	12,626,784	13,049,760	12,898,947	12,922,898	12,809,286	13,295,764	13,816,058	11,194,696	14,275,113
Percent Change %		-6.3%	3.3%	-1.2%	0.2%	-0.9%	3.8%	3.9%	-19.0%	27.5%
Changes \$\$		\$ (848,647)	\$ 422,976	\$ (150,813)	\$ 23,951	\$ (113,612)	\$ 486,477	\$ 520,294	\$ (2,621,362)	\$ 3,080,417

Residential Trash Charges for Services

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	6,917,531	6,882,682	7,623,232	7,839,881	7,910,822	7,954,614	8,101,885	8,093,195	7,655,122	8,022,224
Percent Change %		-0.5%	10.8%	2.8%	0.9%	0.6%	1.9%	-0.1%	-5.4%	4.8%
Changes \$\$		\$ (34,849)	\$ 740,550	\$ 216,649	\$ 70,941	\$ 43,792	\$ 147,271	\$ (8,691)	\$ (438,073)	\$ 367,102

Jail Fees

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	2,498,502	1,825,496	1,586,056	1,422,200	947,917	1,335,672	1,439,550	1,739,416	780,000	1,454,600
Percent Change %		-26.9%	-13.1%	-10.3%	-33.3%	40.9%	7.8%	20.8%	-55.2%	86.5%
Changes \$\$		\$ (673,006)	\$ (239,440)	\$ (163,856)	\$ (474,283)	\$ 387,755	\$ 103,878	\$ 299,866	\$ (959,416)	\$ 674,600

Planning and Building Inspection Charges for Services

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	1,736,025	1,575,725	1,272,301	1,213,179	1,823,639	1,448,496	1,588,800	1,801,736	1,150,000	2,373,805
Percent Change %		-9.2%	-19.3%	-4.6%	50.3%	-20.6%	9.7%	13.4%	-36.2%	106.4%
Changes \$\$		\$ (160,300)	\$ (303,424)	\$ (59,122)	\$ 610,460	\$ (375,143)	\$ 140,304	\$ 212,936	\$ (651,736)	\$ 1,223,805

The past performance and economic assumptions generally form the basis to project the specific revenue source's future performance. The average growth rate in the future five years for total charges for services is 1.3%. Residential trash charges for

services future revenue is forecast to increase by 2.2% correlated to historic increases in residential trash collection costs. Jail fees future revenue is forecast to increase by 2.2% correlated to historic increases in inmate housing costs. Planning and building inspection fees future revenue is forecast to increase by 2.5% correlated to historic increases in the value of new construction in the community.

General Funds Expenditures

General Fund Forecast for 2022-2026 projects expenditure increases ranging from 1.8% to 6.3%, on total 2021 expenditures of \$225.7 million. The first table as follows provides expenditure estimates which include year-over-year increases for the future five years. The second table displays the steady growth projected for General Fund expenditures. Fiscal Year 2022 expenditures are estimated to increase by \$14.3 million or 6.5% due to resumption to prior budgeted levels for personnel and capital outlay.

General Funds Expenditure Baseline Forecast Fiscal Year 2021-2025

EXPENDITURES & OTHER USES (\$s in 000s)	EST					
	2021	2022	2023	2024	2025	2026
SALARY	\$114,857	\$118,894	\$121,674	\$124,519	\$127,430	\$130,409
BENEFITS	47,778	49,923	52,173	54,520	57,617	60,151
LEAVE BENEFIT PAYOUTS	2,045	2,687	2,324	2,206	1,896	1,896
KP&F SPECIAL PAYMENTS	1,291	1,537	1,444	1,517	1,145	1,145
SUBTOTAL: SALARY & BENEFITS	\$165,971	\$173,041	\$177,615	\$182,762	\$188,088	\$193,600
SERVICES	41,471	42,718	43,830	45,280	46,569	47,903
SUPPLIES & MATERIALS	6,437	6,551	6,667	6,785	6,906	7,029
GRANTS & CLAIMS	5,805	5,886	5,969	6,052	6,137	6,223
CAPITAL OUTLAY	3,147	8,497	6,912	6,451	6,245	5,681
DEBT SERVICE	104	516	638	639	638	641
SUBTOTAL: OTHER OPERATING EXPENDITURES	\$56,964	\$64,169	\$64,016	\$65,208	\$66,495	\$67,477
TRANSFERS / OTHER	2,804	2,804	2,804	2,804	2,804	2,804
TOTAL USES OF FUNDS	\$225,739	\$240,014	\$244,435	\$250,774	\$257,387	\$263,881

EXPENDITURES & OTHER USES (\$s in 000s)	EST				
	2022	2023	2024	2025	2026
SALARY	3.5%	2.3%	2.3%	2.3%	2.3%
BENEFITS	4.5%	4.5%	4.5%	5.7%	4.4%
LEAVE BENEFIT PAYOUTS	31.4%	-13.5%	-5.1%	-14.1%	0%
KP&F SPECIAL PAYMENTS	19.0%	-6.0%	5.0%	-24.5%	0%
SUBTOTAL: SALARY & BENEFITS	4.3%	2.6%	2.9%	2.9%	2.9%
SERVICES	3.0%	2.6%	3.3%	2.8%	2.9%
SUPPLIES & MATERIALS	1.8%	1.8%	1.8%	1.8%	1.8%
GRANTS & CLAIMS	1.4%	1.4%	1.4%	1.4%	1.4%
CAPITAL OUTLAY	170.0%	-18.7%	-6.7%	-3.2%	-9.0%
DEBT SERVICE	395.5%	23.6%	0.1%	-0.1%	0.5%
SUBTOTAL: OTHER OPERATING EXPENDITURES	12.6%	-0.2%	1.9%	2.0%	1.5%
TRANSFERS / OTHER	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL USES OF FUNDS	6.3%	1.8%	2.6%	2.6%	2.5%

General Funds Salary & Benefits

The table above depicts the salaries and benefit costs for the next six years. Total General Fund salary and benefits increase from \$166 million in 2021 to \$193.6 million in 2026. In 2021, salary and benefits costs represent 74% of the expenditure budget and proportion remains the same in 2026.

The prior ten-year annual average growth of benefits costs was 2.9%. The tables below detail total combined personnel costs for the General Fund, followed by two tables with salaries and then benefits separately presented.

Total General Fund Salaries and Benefits

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Expenditure	\$ 129,401,855	\$ 139,438,665	\$ 146,109,684	\$ 141,659,012	\$ 143,636,568	\$ 148,228,265	\$ 153,756,265	\$ 156,758,797	\$ 152,903,510	\$ 165,970,793
Percent Change %		7.8%	4.8%	-3.0%	1.4%	3.2%	3.7%	2.0%	-2.5%	8.5%
Changes \$\$		\$ 10,036,810	\$ 6,671,019	\$ (4,450,672)	\$ 1,977,556	\$ 4,591,698	\$ 5,528,000	\$ 3,002,531	\$ (3,855,286)	\$ 13,067,282

The General Fund's salary and wages costs include actual rate of pay by position in accordance with the applicable labor contract between the UG and its labor groups. Additionally, a line for the number of budgeted FTE has been added for more information.

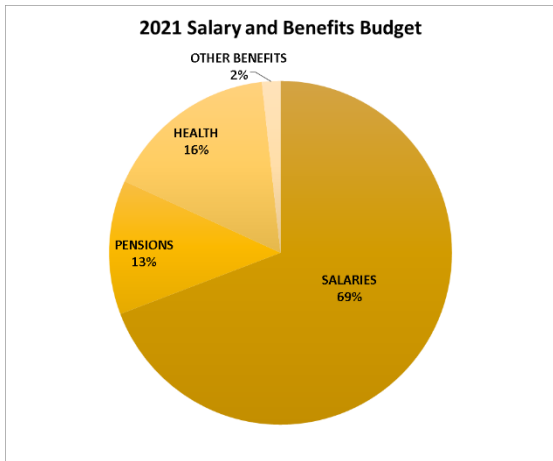
General Fund Salaries and Wages

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Expenditure	\$ 97,271,366	\$ 102,938,749	\$ 104,447,938	\$ 104,940,979	\$ 105,233,031	\$ 107,898,117	\$ 112,536,941	\$ 113,512,395	\$ 104,431,557	\$ 114,856,714
Percent Change %		5.8%	1.5%	0.5%	0.3%	2.5%	4.3%	0.9%	-8.0%	10.0%
Changes \$\$		\$ 5,667,383	\$ 1,509,189	\$ 493,041	\$ 292,052	\$ 2,665,086	\$ 4,638,824	\$ 975,455	\$ (9,080,838)	\$ 10,425,157
Budgeted Positions	1,640	1,738	1,755	1,767	1,804	1,773	1,765	1,780	1,770	1,772

Employee benefits primarily include pensions, health insurance, workers' compensation insurance, and unemployment insurance. Pension and health care benefits comprise of 94% of total benefit costs in 2021, amounting to \$21 million for employer contributions to the retirement systems and \$27 million in health benefit employer contributions.

General Fund Employee Benefits

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Expenditure	\$ 32,130,489	\$ 36,499,916	\$ 41,661,746	\$ 36,718,033	\$ 38,403,537	\$ 40,330,148	\$ 41,219,325	\$ 43,246,401	\$ 48,471,954	\$ 51,114,078
Percent Change %		13.6%	14.1%	-11.9%	4.6%	5.0%	2.2%	4.9%	12.1%	5.5%
Changes \$\$		\$ 4,369,427	\$ 5,161,830	\$ (4,943,713)	\$ 1,685,504	\$ 1,926,611	\$ 889,176	\$ 2,027,077	\$ 5,225,552	\$ 2,642,125



Over the Forecast period, salary and benefits costs remain relatively constant on a proportional basis in comparison to other operating expenditures. The five-year growth rate is 3.1% reflecting expected increases in the employer contributions for pensions and while anticipating slightly lower health care cost contributions due to design plan changes. The Forecast period includes a moderate cost of living adjustment for all labor groups and no additional FTE beginning in 2022. Leave benefit payouts and KP&F special payments associated with *expected* retirements are one-time expenses and are expected to drop-off in the years following 2025.

Benefit costs vary due to one-time KP&F special payments to the employees *expected* to retire, on-going increases in employer contributions to both KPERS and KP&F pensions attributed to retirement pay-outs, and on-going estimated annual increases of 5.75% in

general health care costs. Pension and health benefit employer contributions are based as a percentage of on-going salary costs; thus, as lower salaries replace retired employee positions, overall benefit costs also decline on a relative basis.

General Funds Services

Services expenditures is the second largest cost category of the General Fund totaling \$41.5 million in 2021 or 18% of total expenditures. This category includes residential waste (trash), the Kansas City Area Transportation Authority (ATA) contract, inmate medical contract, inmate housing, jail food and transportation, demolition, rents and leases, repair and maintenance, property and general liability insurance premiums, telephone, outside legal costs, counsel/guardian ad litem, and other professional and contractual services.

General Fund Services Expenditures

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Expenditure	\$ 27,428,264	\$ 28,371,296	\$ 27,922,519	\$ 28,678,536	\$ 32,859,175	\$ 31,011,737	\$ 33,081,428	\$ 36,222,275	\$ 35,907,089	\$ 41,470,514
Percent Change %		3.4%	-1.6%	2.7%	14.6%	-5.6%	6.7%	9.5%	-0.9%	15.5%
Changes \$\$		\$ 943,032	\$ (448,777)	\$ 756,017	\$ 4,180,639	\$ (1,847,438)	\$ 2,069,691	\$ 3,140,846	\$ (315,185)	\$ 5,563,424

Forecast assumptions vary per the respective cost category and, in most cases, are based on statistical correlation with the cost driver being statistical correlated to the cost category. Correlation is a statistical technique that can show whether and how strongly pairs of variables are related. A correlation is a single number that describes the degree of relationship between two variables, with the closer the correlation calculation approaches 1.0 the more correlated are the two variables.

Services increased an average annual rate of 4.9% over the ten-year period. There were notable increases in 2018 for inmate contract bed, inmate food costs, residential waste collection contract costs, and cost increases in other services. The increase in 2019 is due to increases in rents and software leases related to the Police Department's body cameras, upgrades to the Neighborhood Resource Center permitting software and enhancement to the UG-wide Microsoft operating system contract.

Residential Trash Contract Services Expenditures

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Expenditure	\$ 5,463,117	\$ 5,279,711	\$ 6,079,157	\$ 6,244,160	\$ 6,478,461	\$ 6,477,000	\$ 6,750,000	\$ 7,250,000	\$ 7,555,000	\$ 7,797,000
Percent Change %		-3.4%	15.1%	2.7%	3.8%	0.0%	4.2%	7.4%	4.2%	3.2%
Changes \$\$		\$ (183,406)	\$ 799,446	\$ 165,003	\$ 234,301	\$ (1,461)	\$ 273,000	\$ 500,000	\$ 305,000	\$ 242,000

Residential waste (trash) 2021 contract costs of \$7.8 million (along with related costs in other cost categories) are offset by trash services revenues of \$8.0 million. Residential waste management services increased an average annual rate of 4.1% over the ten-year period. For the Forecast, Residential waste (trash) contract costs strongly correlates to population and inflationary growth rates combined of 2.2%.

Area Transit Authority (ATA) Contract Services Expenditures

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Expenditure	\$ 2,198,271	\$ 2,447,137	\$ 2,711,325	\$ 2,991,742	\$ 3,309,973	\$ 3,350,037	\$ 3,664,864	\$ 3,649,676	\$ 2,974,817	\$ 3,338,190
Percent Change %		11.3%	10.8%	10.3%	10.6%	1.2%	9.4%	-0.4%	-18.5%	12.2%
Changes \$\$		\$ 248,866	\$ 264,188	\$ 280,417	\$ 318,231	\$ 40,064	\$ 314,827	\$ (15,189)	\$ (674,859)	\$ 363,373

ATA contract costs in 2021 are anticipated to be around \$3.3 million being partially offset by an anticipated grants and passenger fare revenue. ATA transit contract services increased an average annual rate of 5.2% over the ten-year period. For the Forecast, the ATA contract cost assumption is 3% annually with the assumption of no changes in routes or loss of grant funding.

Inmate Contract Beds and Medical Contract Services Expenditures

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Expenditure	\$ 6,351,028	\$ 6,769,558	\$ 5,872,111	\$ 5,984,786	\$ 5,553,057	\$ 4,213,991	\$ 4,737,060	\$ 5,358,802	\$ 5,197,473	\$ 6,078,445
Percent Change %		6.6%	-13.3%	1.9%	-7.2%	-24.1%	12.4%	13.1%	-3.0%	17.0%
Changes \$\$		\$ 418,530	\$ (897,447)	\$ 112,675	\$ (431,729)	\$ (1,339,066)	\$ 523,069	\$ 621,742	\$ (161,329)	\$ 880,972

Inmate housing, medical and related jail contract costs of \$6.1 million in 2021. These services increased an average annual rate of 0.4% over the ten-year period. Inmate housing and food services cost assumptions are a combination of factors, as the UG transitions away from paying for private sector jail beds to housing inmates in existing adult jail and the new juvenile justice center

facilities. For the Forecast, the assumption includes increases for food costs while maintaining constant the amounts paid out in contracted private sector inmate beds. Associated personnel cost increases related to increased jail security needs in existing facilities are reflected in the salary and cost category. Medical inmate contracted costs are forecasted to increase annually over the forecast period by 4.0%, based on the annual rate of medical-related inflation.

Demolition and clearance total budget for 2021 is maintained at \$650,000. The Forecast inflates these costs by 4.0% which is the median household income growth rate of which it strongly correlates. Due to their strong correlation, contractual services, rent/lease costs and repair and maintenance cost assumptions are based on the historic percentage changes in assessed valuation, or around 3.9%-5.7% annually. The other professional services cost assumption is 1.5% annually. The cost categories for other services and our strongly correlates to inflation, estimated at an annual growth rate of 1.5%.

General Funds Supplies and Materials

Supplies and materials expenditures of the General Fund total \$6.4 million in 2020 or 3% of total expenditures. This category includes gasoline and fuel, utilities, clothing, maintenance and construction materials (not included in capital outlay), vehicle parts, office equipment, custodial materials, ammunition and other supplies.

General Fund Supplies and Materials Expenditures

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Expenditure	\$ 5,915,450	\$ 5,737,280	\$ 5,333,107	\$ 5,389,279	\$ 5,496,153	\$ 5,989,723	\$ 6,482,110	\$ 7,074,480	\$ 7,206,250	\$ 6,436,855
Percent Change %		-3.0%	-7.0%	1.1%	2.0%	9.0%	8.2%	9.1%	1.9%	-10.7%
Changes \$\$		\$ (178,170)	\$ (404,173)	\$ 56,172	\$ 106,874	\$ 493,569	\$ 492,387	\$ 592,370	\$ 131,770	\$ (769,395)

Gasoline and fuel costs have increased over the past few years due to increasing market rates, from \$1.1 million in 2016 down to \$1.4 million in 2021. The Forecast retains a \$1.4 million funding level for this cost category due to year over year price volatility in this cost category and recent increases in gasoline and fuel costs. Utility costs strongly correlates to BPU kilowatt data is projected to increase at 2.4%. All other supplies and materials cost categories strongly correlate inflation of 1.5%.

General Funds Grants & Claims

Grants and claims expenditures of the General Fund total \$5.8 million in 2021 or 2.6% of total expenditures. In 2021, this category includes a City General Fund intra-fund contribution to the Consolidated Parks and Recreation (General) Fund of \$3.7 million, grants totaling \$1.2 million, claims and judgments estimate of \$850,000, and taxes that are remitted, rebated and/or refunded totaling \$500,000. The grants and claims costs correlate with inflation, or 1.4% annually. The City General Fund intra-fund contribution

(cost) to the Consolidated Parks and Recreation (General) Fund of \$3.7 million is offset by a corresponding revenue in the Consolidated Parks and Recreation (General) Fund.

General Fund Grants & Claims Expenditures

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Expenditure	\$ 4,990,132	\$ 4,786,522	\$ 4,510,754	\$ 4,637,155	\$ 5,062,754	\$ 6,585,722	\$ 5,721,590	\$ 5,414,107	\$ 5,945,332	\$ 5,805,181
Percent Change %		-4.1%	-5.8%	2.8%	9.2%	30.1%	-13.1%	-5.4%	9.8%	-2.4%
Changes \$\$		\$ (203,610)	\$ (275,768)	\$ 126,401	\$ 425,599	\$ 1,522,968	\$ (864,132)	\$ (307,483)	\$ 531,225	\$ (140,151)

General Funds Capital Outlay

Capital outlay expenditures that are General Fund cash-funded total \$3.15 million in 2021 or 1.4% of total expenditures. Capital outlay expenditures are those capital projects and equipment paid from the “cash” category in the Capital and Maintenance Improvement Program (CMIP). Of the total in 2021, \$2.9 million is dedicated to equipment and machinery. The remaining \$215,000 is dedicated to public building improvements, design and engineering, bridge and park improvements, parking lot improvements and capital project contingencies. Capital outlay for 2021 was reduced due to the COVID-19 pandemic.

General Fund Capital Outlay Expenditures

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Expenditure	\$ 3,601,438	\$ 3,324,406	\$ 2,888,734	\$ 4,687,800	\$ 4,595,056	\$ 6,243,890	\$ 5,808,640	\$ 5,008,743	\$ 5,178,187	\$ 3,147,447
Percent Change %		-7.7%	-13.1%	62.3%	-2.0%	35.9%	-7.0%	-13.8%	3.4%	-39.2%
Changes \$\$		\$ (277,032)	\$ (435,672)	\$ 1,799,066	\$ (92,744)	\$ 1,648,834	\$ (435,250)	\$ (799,896)	\$ 169,444	\$ (2,030,740)

Capital outlay expenditures in the Forecast for 2022 and 2026 are based on the planned CMIP projects as reflected in the Adopted 2021 Budget. Capital outlay costs are forecast to resume to prior levels, with \$8.5 million in 2021 be \$5.7 million in 2026 or 2.2% of the total expenditures. The 2022 planned projects are higher due to the postponement of project and equipment acquisition in 2021. Between 2022 and 2026, the levels of funding reflect what has been listed in the CMIP capital schedule in the 2021 Unified Government budget document. This level of funding is maintained in 2026 to reflect an ongoing commitment to fund a basic level of infrastructure and ongoing maintenance and replace equipment.

A compilation of the various condition assessment reports of the UG’s over 150 facilities and buildings will likely arrive at a very significant level of deferred maintenance costs given the size of UG organization and geographic service area. Due to on-going operations, additional capital funding to address these needs is challenging. In the absence of a property tax mill rate increase or other identified resources, the UG’s current general obligation debt capacity is not currently large enough to finance this level of

infrastructure investment. Funding these deferred maintenance costs will be challenging without additional resources.

[Additional discussion of UG capital projects and infrastructure needs is provided in the executive summary.]

General Funds Debt Service

The only debt service payment made directly from the General Fund is the Soccer Stadium Parking General Obligation Bonds (originally issued as Series 2010-H) with principal and interest payment amounting to approximately \$650,000 annually. In September 2020, the Unified Government refinanced these bonds which lowered the bond payments in 2021 and 2022. The annual amounts included in the Forecast are based on the bond documents' annual debt service schedule. This debt payment is offset by Soccer Stadium Ticket Tax revenues received from the soccer facility.

All other bonded debt service payments are recorded in the City Debt Service Fund and County Debt Service Fund.

[Refer to the Debt Profile section for more detail.]

General Funds Transfers & Other

Transfers and Other expenditures total \$2.8 million in 2021 and remain relatively constant during the forecast period. This category includes transfers-out to other UG funds and budget contingencies in 2021 and beyond. The Forecast keeps-out to other UG funds at a constant level.

Transfers that are budgeted for 2022 and beyond include \$1.2-\$1.5 million annually for the debt service on the Juvenile Center project, approximately \$250,000 to the Sewer (Water Pollution Control) fund payback of an advance made by the Sewer Fund in 2015, with the remainder going to support activities of the T-Bones Stadium and other UG funds.

OTHER FUNDS FORECAST

In addition to the General Fund, the 2022-2026 Long Term Financial Forecast also includes analysis specific to the following other funds: Special County Levy Funds, Dedicated Sales Tax Fund, Special Street and Highway Fund, Tourism & Convention Promotion Fund, and the Emergency Medical Service Fund. Each fund has resources supporting specific required functions and has unique fiscal outlooks.

Despite modest tax revenue and receipt growth projected forward, the Unified Government continues to face fiscal challenges in some functional areas outside the General Fund. Conversely, some of these other funds are expected to perform in a sustainable manner in the future five years. These other funds have been selected for discussion and analysis.

Special County Levy Funds

The Special County Levy Funds each have a specific Wyandotte County property tax mill levy assessed to provide resources to support the specific functions of each fund, as authorized by Kansas state statute. These five funds have been grouped together for simplicity purposes because they share the same revenue source and include the Aging, Developmental Disabilities, Elections, Health Department and Mental Health.

The ***Aging County Levy Fund*** was established by KSA 12-1680 to provide funds for service programs for the elderly. Grants to local providers of service for seniors age 60 and over who reside in Wyandotte County are funded by this mill levy. Services range from funding for three senior centers, providing two transportation systems, educating and monitoring clients with diabetes, providing hearing aids, eye exams and eyewear, providing attendant call services, Lifeline telephone reassurance, support groups, case management for Asian immigrants and connecting seniors with volunteers.

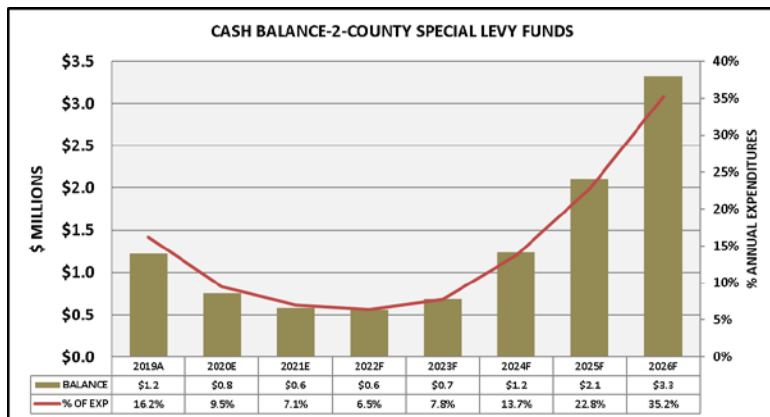
Developmental Disabilities County Levy Fund helps support Wyandotte Developmental Disabilities services. The tax levy is authorized by KSA 19-4004, 19-4007, and 19-4011, which supports services such as: job placement services for disabled and developmentally disabled clients; vocation services to help clients gain wage earning job skills; services to help individuals learn independent living skills; and a preschool designed to prepare disabled children for the school experience.

The **Elections County Levy Fund** is used to account for the revenues and expenses related to communitywide elections in Wyandotte County. Revenue is used by the Election Commissioner's Office to conduct and oversee all elections: national, state, county, city, community college, school districts, drainage districts, and special elections. Revenues collected to fund these activities are generated from ad valorem property taxes and the local ad valorem tax reduction from the State of Kansas. This fund was established by KSA 19-3435a, 25-2201a, and 39-417.

A **County Health Department Levy Fund** is authorized by KSA 65-204 for the purpose of providing funds to assist in carrying out health laws, rules and regulations of the county and to provide funds for capital expenditures for county health purposes. Funds generated by this mill levy help support the County Health Department's operations.

The **County Mental Health Levy Fund** is authorized by KSA 19-4004, 19-4007, and 19-4011. This legislation allows the commissioners to levy taxes for the purpose of contracting services with nonprofit corporations to provide either mental health services or services for the intellectually/developmentally disabled. A portion of the funds are used to help support Wyandot Behavioral Health Network offering sexual abuse services, child and adolescent services, community services, psychiatric services, and adult services.

Cash Fund Balances Baseline Forecast



The cash fund balance of the Special County Levy Funds expects to end 2021 at \$582,000 and grows to a projected \$3.3 million by the end of the forecast period. The chart illustrates the financial projection of all the five funds through 2026. Given current assumptions for service level and without any mill levy adjustments, these funds combined have a cash fund balance of 7.1% the end of 2021 and by 2026 has a cash balance that is 35% of total expenditures.

On a modified accrual CAFR fund balance basis, these five combined funds ended 2019 with a reserve equal to 17% of their total expenditures. Given the estimated revenues and spending during 2020 and 2021, the CAFR fund balance reserve declines to 8% of 2021

expenditures. A 10% level is maintained thru 2023 then increases to 14.4% in 2024, 23.5% in 2025 and 36% in 2026.

More detailed information on all the major revenue and expenditure categories is provided below, including discussions of past performance and assumptions of projected future performance.

Revenues

In 2021 total revenues are \$8.0 million and growth to \$10.7 million by 2026. Annual average revenue increases by 5.8% over the five-year Forecast, with a 6.3% in 2022 and then ranging from 4.3% to 7.0% thereafter.

REVENUE & OTHER SOURCES (\$s in 000s)	EST						REVENUE & OTHER SOURCES (% change)	2022	2023	2024	2025	2026
	2021	2022	2023	2024	2025	2026						
PROPERTY TAX	\$5,640	\$6,028	\$6,299	\$6,806	\$7,152	\$7,491	6.9%	4.5%	8.0%	5.1%	4.8%	
PERSONAL PROPERTY	670	700	731	763	797	832	4.4%	4.4%	4.4%	4.4%	4.4%	
IRB PILOT/TAX ABATEMENT TAX	113	145	165	186	299	407	28.4%	13.6%	13.1%	60.6%	35.9%	
OTHER TAXES	30	31	31	31	32	32	1.5%	1.5%	1.5%	1.5%	1.5%	
DELINQUENT TAXES	183	189	195	201	208	215	3.3%	3.3%	3.3%	3.3%	3.3%	
SUBTOTAL: TAXES	\$6,637	\$7,093	\$7,421	\$7,988	\$8,488	\$8,977	6.9%	4.6%	7.6%	6.3%	5.8%	
PERMITS & LICENSES	80	83	85	88	91	94	3.3%	3.3%	3.3%	3.3%	3.3%	
CHARGES FOR SERVICES	361	370	379	389	399	409	2.5%	2.5%	2.5%	2.5%	2.5%	
INTERGVTL REVENUES	3	3	3	3	3	3	3.0%	3.0%	3.0%	3.0%	3.0%	
MISC. & INTEREST	45	46	47	48	49	50	2.2%	2.2%	2.2%	2.2%	2.2%	
REIMBURSEMENTS	521	550	571	611	640	671	5.7%	3.8%	7.1%	4.8%	4.7%	
SUBTOTAL: NON-TAXES	\$1,010	\$1,052	\$1,086	\$1,140	\$1,183	\$1,227	4.2%	3.2%	4.9%	3.8%	3.8%	
TRANSFERS	417	426	435	444	454	464	2.2%	2.2%	2.2%	2.2%	2.2%	
TOTAL SOURCE OF FUNDS	\$8,063	\$8,571	\$8,942	\$9,572	\$10,124	\$10,668	6.3%	4.3%	7.0%	5.8%	5.4%	

The table below provides a 10-year summary of these funds' largest revenue source.

Property Taxes

The Special County Levy Funds are reliant on property tax, constituting 70% of its total revenues in 2021. Each fund has a mill levy rate set by the Board of Commissioners during the annual budget process. As of the 2021 budget, the mill levy rates total 4.264 and individually are 1.035 for the Aging Fund, 0.207 for the Developmental Disabilities Fund, 0.880 for the Elections Fund, 1.713 for the Health Department Fund, and 0.428 for the Mental Health Fund. Annual average property tax increase is 5.8% over the five-year Forecast, with a 6.9% in 2022. Refer to the General Fund section for more details on the assumption for the property tax estimate.

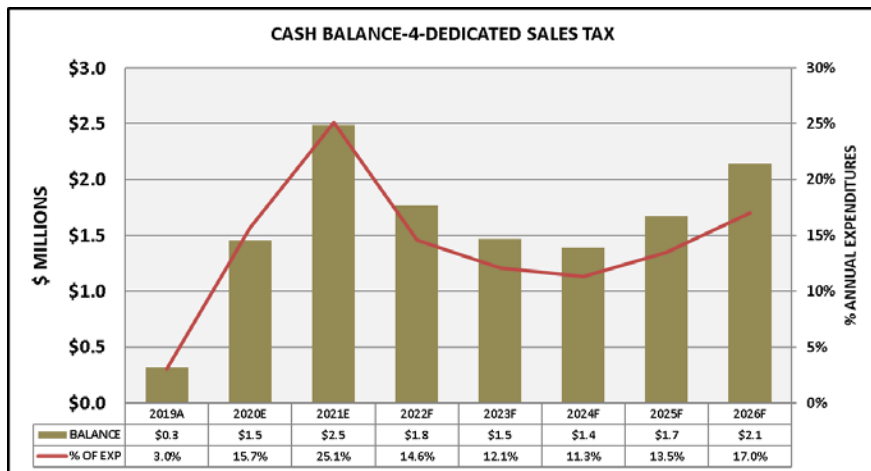
Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	4,121,856	4,233,863	4,286,337	4,320,798	4,476,258	4,648,653	4,819,011	5,203,121	5,387,050	5,640,219
Percent Change %		2.7%	1.2%	0.8%	3.6%	3.9%	3.7%	8.0%	3.5%	4.7%
\$\$ Change		112,007	52,474	34,461	155,460	172,395	170,358	384,110	183,929	253,169
County Special Levy Mills	4.138	4.168	4.175	4.173	4.209	4.209	4.216	4.230	4.258	4.264

Expenditures

A majority of the Special County Levy Funds' costs are in salary and benefits, constituting 65% of total expenditures in 2021. The second largest cost center is services. In 2021 total expenditures are \$8.2 million and growth to \$9.5 million by 2026. Annual average expenditure increases by 2.8% over the five-year Forecast, with a 4.4% in 2021 and approximately 2.5% thereafter.

EXPENDITURES & OTHER USES (\$s in 000s)	EST 2021	2022	2023	2024	2025	2026
SALARY	\$3,879	\$4,041	\$4,137	\$4,234	\$4,334	\$4,437
BENEFITS	1,463	1,550	1,621	1,700	1,782	1,868
SUBTOTAL: SALARY & BENEFITS	\$5,342	\$5,591	\$5,758	\$5,934	\$6,116	\$6,305
SERVICES	1,276	1,306	1,332	1,366	1,395	1,426
SUPPLIES & MATERIALS	465	473	481	489	497	505
GRANTS & CLAIMS	864	876	889	901	914	926
CAPITAL OUTLAY	99	165	165	147	147	105
DEBT SERVICE	0	0	0	0	0	0
SUBTOTAL: OTHER OPERATING EXPENDITURES	\$2,705	\$2,820	\$2,866	\$2,902	\$2,952	\$2,962
TRANSFERS / OTHER	186	186	186	186	186	186
TOTAL USES OF FUNDS	\$8,232	\$8,597	\$8,809	\$9,022	\$9,254	\$9,453

EXPENDITURES & OTHER USES (% change)	2022	2023	2024	2025	2026
SALARY	4.2%	2.4%	2.4%	2.4%	2.4%
BENEFITS	6.0%	4.6%	4.8%	4.8%	4.9%
SUBTOTAL: SALARY & BENEFITS	4.7%	3.0%	3.1%	3.1%	3.1%
SERVICES	2.3%	2.0%	2.6%	2.2%	2.2%
SUPPLIES & MATERIALS	1.7%	1.7%	1.7%	1.7%	1.7%
GRANTS & CLAIMS	1.4%	1.4%	1.4%	1.4%	1.4%
CAPITAL OUTLAY	65.9%	0.0%	-11.0%	0.0%	-28.7%
DEBT SERVICE	0.0%	0.0%	0.0%	0.0%	0.0%
SUBTOTAL: OTHER OPERATING EXPENDITURES	4.2%	1.6%	1.3%	1.7%	0.3%
TRANSFERS / OTHER	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL USES OF FUNDS	4.4%	2.5%	2.4%	2.6%	2.1%



Dedicated Sales Tax Fund

In April 2010 Kansas City, Kansas voters approved a 10-year 3/8th cent sales tax and this tax was renewed by the voters in 2018 for an additional 10-years through 2030. Per the sales tax measure, these resources are dedicated for capital and operating needs of neighborhood streets and public safety functions, with 1/3rd going to Police, Fire and Public Works departments.

Cash Fund Balances Baseline Forecast

The cash fund balance of the Dedicated Sales Tax Fund expects to end 2021 at \$2.5 million. This large cash balance is because

the 2020 and 2021 expenditure budgets were reduced due to the expectation that sales taxes would be 20% lower than 2019 actuals. As discussed in the General Fund Forecast section, actual sales tax collections during 2020 (after adoption of the 2020 Amended Budget) came in much higher, at approximately level with 2019 actuals. The projection offers an opportunity to augment capital expenditures in 2021. The chart below illustrates the financial projection for the Dedicated Sales Tax Fund through 2026.

On a modified accrual CAFR fund balance basis, this fund ended 2019 with fund balance of \$4.8 million and a reserve equal to 46% of their total 2019 expenditures. This is due to various receivables on the fund's balance sheet. Given the estimated revenues and spending during 2020 and 2021, the CAFR fund balance reserve grows to 71% of 2021 expenditures. The projection has the fund with reserves of 52% of expenditures in 2022, and approximately 50% thereafter.

Revenues

Sales and use taxes are the only revenue source in this fund. The current revenue estimates have been adjusted upward for fiscal years 2020 and 2021 from budget to the better than expected activity in retail sales during the pandemic. The revenue forecast for future periods is an increase of 3.6%.

REVENUE & OTHER SOURCES (\$s in 000s)	EST						REVENUE & OTHER SOURCES (% change)					
	2021	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	
SALES & USE TAXES	\$10,896	\$11,364	\$11,759	\$12,168	\$12,591	\$13,029	4.3%	3.5%	3.5%	3.5%	3.5%	
SUBTOTAL: TAXES	\$10,896	\$11,364	\$11,759	\$12,168	\$12,591	\$13,029	4.3%	3.5%	3.5%	3.5%	3.5%	
INTERGOVTAL REVENUES	40	41	42	44	45	46	3.0%	3.0%	3.0%	3.0%	3.0%	
MISC. & INTEREST	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	
REIMBURSEMENTS	10	11	11	12	12	13	5.7%	3.8%	7.1%	4.8%	4.8%	
SUBTOTAL: NON-TAXES	\$50	\$52	\$53	\$55	\$57	\$59	3.5%	3.2%	3.8%	3.4%	3.4%	
TRANSFERS	0	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%	0.0%	
TOTAL SOURCE OF FUNDS	\$10,946	\$11,416	\$11,812	\$12,223	\$12,648	\$13,088	4.3%	3.5%	3.5%	3.5%	3.5%	

The revenue increase in 2017 is partially due to the Dedicated Sales Tax Fund's share of a sales tax revenue resulting from the early payoff of STAR Bonds that financed the Village West Shopping Area. Sales tax revenues declined between mid-2018 to mid-2019.

Sales and Uses Tax Revenue History

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	6,241,082	6,760,480	7,049,453	7,486,226	8,180,967	9,769,800	10,346,372	10,348,502	10,330,000	10,895,700
Percent Change %		8.3%	4.3%	6.2%	9.3%	19.4%	5.9%	0.0%	-0.2%	5.5%
\$\$ Change		519,398	288,973	436,773	694,741	1,588,834	576,572	2,129	(18,502)	565,700

Expenditures

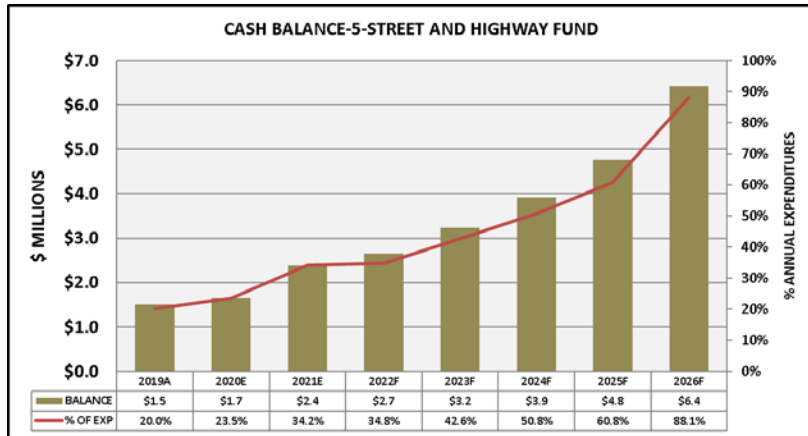
Expenditures are split between the Streets and Public Safety functions. Police and Fire funding can be spent on operating and capital needs and Streets funding can be spent on neighborhood infrastructure. Typically, the resources in this fund are divided by one-third for qualified needs in the Police, Fire and Public Works departments. Approximately 50 full time employees are funded in this Fund. Future spending needs in this fund is be limited to the amount of revenue generated by the 3/8 cent sales tax.

EXPENDITURES & OTHER USES (\$s in 000s)	EST					
	2021	2022	2023	2024	2025	2026
SALARY	\$3,759	\$3,824	\$3,911	\$3,999	\$4,090	\$4,182
BENEFITS	1,431	1,519	1,570	1,631	1,696	1,763
SUBTOTAL: SALARY & BENEFITS	\$5,190	\$5,343	\$5,480	\$5,630	\$5,785	\$5,945
SERVICES	1,167	1,194	1,217	1,248	1,275	1,303
SUPPLIES & MATERIALS	350	356	362	369	375	382
GRANTS & CLAIMS	0	0	0	0	0	0
CAPITAL OUTLAY	3,206	5,241	5,056	5,049	4,937	4,981
DEBT SERVICE	0	0	0	0	0	0
SUBTOTAL: OTHER OPERATING EXPENDITURES	\$4,723	\$6,791	\$6,635	\$6,665	\$6,588	\$6,666
TRANSFERS / OTHER	0	0	0	0	0	0
TOTAL USES OF FUNDS	\$9,913	\$12,134	\$12,116	\$12,296	\$12,373	\$12,611

EXPENDITURES & OTHER USES (% change)					
	2022	2023	2024	2025	2026
SALARY	1.7%	2.3%	2.3%	2.3%	2.3%
BENEFITS	6.1%	3.4%	3.9%	4.0%	4.0%
SUBTOTAL: SALARY & BENEFITS	2.9%	2.6%	2.7%	2.8%	2.8%
SERVICES	2.3%	2.0%	2.5%	2.2%	2.2%
SUPPLIES & MATERIALS	1.8%	1.8%	1.8%	1.8%	1.8%
GRANTS & CLAIMS	0.0%	0.0%	0.0%	0.0%	0.0%
CAPITAL OUTLAY	63.5%	-3.5%	-0.1%	-2.2%	0.9%
DEBT SERVICE	0.0%	0.0%	0.0%	0.0%	0.0%
SUBTOTAL: OTHER OPERATING EXPENDITURES	43.8%	-2.3%	0.5%	-1.2%	1.2%
TRANSFERS / OTHER	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL USES OF FUNDS	22.4%	-0.2%	1.5%	0.6%	1.9%

Special Street & Highway Fund

The Street and Highway Fund is a special revenue fund, per KSA 12-1119, which accounts for the gasoline tax revenues received from the State of Kansas for road improvements. Revenues are allocations received from the State of Kansas from motor fuel tax collections. The allocation is based on the population of the city and county. The expenditures of these funds are limited to roadway development and maintenance. The Unified Government targets the revenues from this fund toward operating expenses related to roadway maintenance and certain equipment and capital improvement projects.



Cash Fund Balances Forecast

The cash fund balance of the Street and Highway Fund expects to end 2021 at \$2.4 million. This large cash balance is because the 2020 and 2021 expenditure budgets were reduced due to the expectation that gasoline taxes would be much lower than 2019 actuals due to a dramatic decrease in gasoline prices in the spring of 2020. As discussed in the General Fund Forecast section, actual gas tax collections during 2020 (after adoption of the 2020 Amended Budget) came in much higher, at approximately level with 2019 actuals. The projection offers an opportunity to augment operating or capital expenditures in 2021. The chart illustrates the cash

balance projection for the Special Street & Highway Fund through 2026.

On a modified accrual CAFR fund balance basis, this fund ended 2019 with fund balance of \$1.7 million and a reserve equal to 22% of their total 2019 expenditures. This is due to various receivables on the fund's balance sheet. Given the estimated revenues and spending during 2020 and 2021, the CAFR fund balance reserve grows to 37% of expenditures. The projection has the fund with reserves ranging from 37% in 2022 to 63% in 2026.

Revenues

Intergovernmental revenue (Gas Tax) from the State of Kansas growth has been about 3% in past years. The forecast for future periods includes annual increases of 3.3%.

REVENUE & OTHER SOURCES (\$s in 000s)	EST					
	2021	2022	2023	2024	2025	2026
INTERGOVTAL REVENUES	7,100	7,313	7,532	7,758	7,991	8,231
MISC. & INTEREST	0	0	0	0	0	0
REIMBURSEMENTS	560	592	614	658	689	722
SUBTOTAL: NON-TAXES	\$7,660	\$7,905	\$8,147	\$8,416	\$8,680	\$8,952
TRANSFERS	0	0	0	0	0	0
TOTAL SOURCE OF FUNDS	\$7,660	\$7,905	\$8,147	\$8,416	\$8,680	\$8,952

REVENUE & OTHER SOURCES (% change)					
	2022	2023	2024	2025	2026
INTERGOVTAL REVENUES	3.0%	3.0%	3.0%	3.0%	3.0%
MISC. & INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%
REIMBURSEMENTS	5.7%	3.8%	7.1%	4.8%	4.8%
SUBTOTAL: NON-TAXES	3.2%	3.1%	3.3%	3.1%	3.1%
TRANSFERS	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL SOURCE OF FUNDS	3.2%	3.1%	3.3%	3.1%	3.1%

Intergovernmental Revenue (Motor Fuel – Gas – Tax)

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	6,572,276	6,410,136	6,617,919	6,847,615	7,029,338	7,047,146	7,540,546	7,214,263	6,973,368	7,100,000
Percent Change %		-2.5%	3.2%	3.5%	2.7%	0.3%	7.0%	-4.3%	-3.3%	1.8%
\$\$ Change		(162,140)	207,783	229,696	181,723	17,807	493,401	(326,283)	(240,895)	126,632

Expenditures

Expenditures are limited to roadway development and maintenance. This fund currently pays for both operating and capital needs. Future spending needs in this fund will be limited to the amount of revenue generated by the motor fuel tax collections.

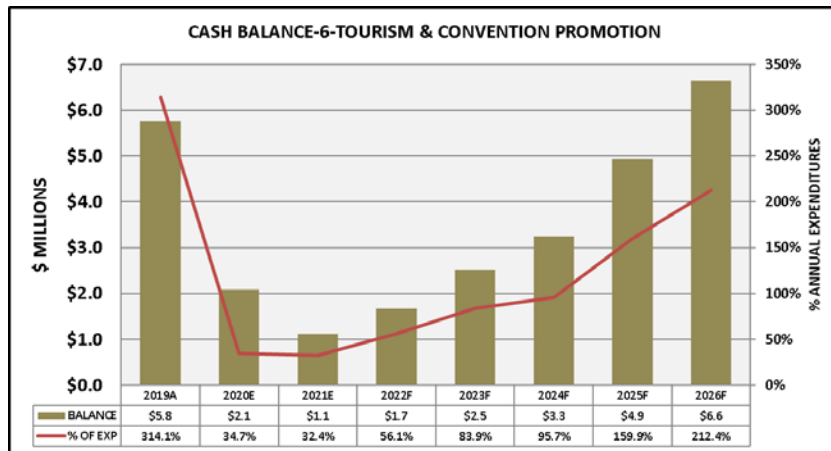
EXPENDITURES & OTHER USES (\$s in 000s)	EST					
	2021	2022	2023	2024	2025	2026
SALARY	\$2,212	\$2,276	\$2,328	\$2,382	\$2,437	\$2,494
BENEFITS	1,031	1,085	1,111	1,161	1,215	1,271
SUBTOTAL: SALARY & BENEFITS	\$3,243	\$3,361	\$3,439	\$3,544	\$3,652	\$3,765
SERVICES	1,026	1,085	1,126	1,202	1,258	1,318
SUPPLIES & MATERIALS	1,125	1,144	1,163	1,183	1,202	1,222
GRANTS & CLAIMS	15	15	15	16	16	16
CAPITAL OUTLAY	1,274	1,764	1,566	1,520	1,449	711
DEBT SERVICE	0	0	0	0	0	0
SUBTOTAL: OTHER OPERATING EXPENDITURES	\$3,441	\$4,009	\$3,871	\$3,920	\$3,925	\$3,267
TRANSFERS / OTHER	260	260	260	260	260	260
TOTAL USES OF FUNDS	\$6,943	\$7,630	\$7,570	\$7,723	\$7,837	\$7,292

EXPENDITURES & OTHER USES (% change)					
	2022	2023	2024	2025	2026
SALARY	2.9%	2.3%	2.3%	2.3%	2.3%
BENEFITS	5.2%	2.4%	4.6%	4.6%	4.6%
SUBTOTAL: SALARY & BENEFITS	3.6%	2.3%	3.0%	3.1%	3.1%
SERVICES	5.7%	3.8%	6.7%	4.7%	4.7%
SUPPLIES & MATERIALS	1.7%	1.7%	1.7%	1.7%	1.7%
GRANTS & CLAIMS	1.4%	1.4%	1.4%	1.4%	1.4%
CAPITAL OUTLAY	38.5%	-11.2%	-3.0%	-4.7%	-50.9%
DEBT SERVICE	0.0%	0.0%	0.0%	0.0%	0.0%
SUBTOTAL: OTHER OPERATING EXPENDITURES	16.5%	-3.4%	1.3%	0.1%	-16.8%
TRANSFERS / OTHER	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL USES OF FUNDS	9.9%	-0.8%	2.0%	1.5%	-7.0%

Tourism and Convention Promotion Fund

The Tourism and Convention Promotion Fund is a special revenue fund used to account for the City's portion of the transient guest tax receipts. This tax is paid on hotel and motel lodging sales within the City and is assessed at 8% per Ordinance. This tax is commonly referred to as a "bed tax," "hotel occupancy tax," or "motel tax." The revenues are allocated to the Convention and Visitors' Bureau, Sister City Initiatives, and the operational and capital needs of the Reardon Center and Memorial Hall.

Cash Fund Balances Forecast



The cash fund balance of the Tourism and Convention Promotion Fund expects to end 2021 at \$1.1 million and grow to a projected \$6.6 million by the end of the forecast period. The chart on the left illustrates the financial projection through 2026.

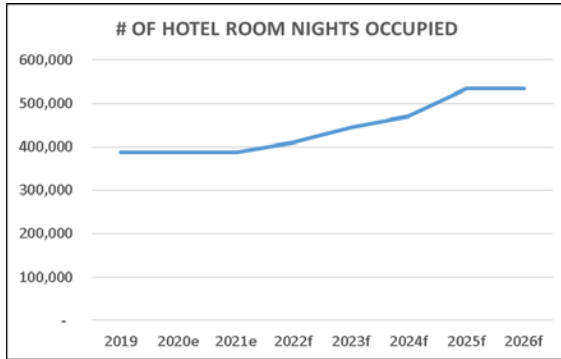
More detailed information on all the major revenue and expenditure categories is provided below, including discussions of past performance and assumptions of projected future performance.

Revenues

Transient guest tax revenue is the sole source of revenue for this fund, totaling \$2.5 million in 2021. These revenues are dedicated for the promotion of tourism and support the operations of the Kansas City, Kansas Convention and Visitors Bureau. The 2020 and 2021 revenue estimates were reduced from prior year levels due to the impact of the pandemic on the hotel and accommodations activities. Actual collections in 2020 have been consistent, or only slightly improved, with the budgeted revenue estimate. The forecast assumes prior level of tourism activity will resume in 2022 and additional hotels will be added in the future years.

REVENUE & OTHER SOURCES (\$ in 000s)	EST					
	2021	2022	2023	2024	2025	2026
TRANSIENT GUEST TAX	\$2,488	\$3,506	\$3,855	\$4,136	\$4,762	\$4,835
SUBTOTAL: TAXES	\$2,488	\$3,506	\$3,855	\$4,136	\$4,762	\$4,835
CHARGES FOR SERVICES	0	0	0	0	0	0
MISC. & INTEREST	0	0	0	0	0	0
SUBTOTAL: NON-TAXES	\$0	\$0	\$0	\$0	\$0	\$0
TRANSFERS	0	0	0	0	0	0
TOTAL SOURCE OF FUNDS	\$2,488	\$3,506	\$3,855	\$4,136	\$4,762	\$4,835

REVENUE & OTHER SOURCES (% change)					
	2022	2023	2024	2025	2026
TRANSIENT GUEST TAX	40.9%	10.0%	7.3%	15.1%	1.5%
SUBTOTAL: TAXES	40.9%	10.0%	7.3%	15.1%	1.5%
CHARGES FOR SERVICES	0.0%	0.0%	0.0%	0.0%	0.0%
MISC. & INTEREST	0.0%	0.0%	0.0%	0.0%	0.0%
SUBTOTAL: NON-TAXES	0.0%	0.0%	0.0%	0.0%	0.0%
TRANSFERS	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL SOURCE OF FUNDS	40.9%	10.0%	7.3%	15.1%	1.5%



The revenue forecast for future periods includes increases of 41% in 2022, then ranges from 1.5% to 15% between 2023-2026. The forecast includes revenues expected to be generated from additional hotel development.

The Forecast assumes growth in the number of hotel room nights occupied due to several new hotels planned to be constructed and potentially opening in the next five years.

The table below displays the historic charges for collections over the past ten years, with the significant increase in 2017 related to the payoff of the Legends shopping area STAR bonds. The revenue increase in 2017 is partially due to a transient guest tax revenue resulting from the early payoff of STAR Bonds that financed the Village West Shopping Area. Revenues growth has been increasing for the last several years, although was significantly impacted by the COVID-19 pandemic in 2020 and 2021.

Transient Guest Tax Revenue

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	778,402	820,417	847,127	1,057,883	1,365,433	3,537,536	3,619,198	3,683,604	2,235,907	2,487,883
Percent Change %		5.4%	3.3%	24.9%	29.1%	159.1%	2.3%	1.8%	-39.3%	11.3%
\$\$ Change		42,015	26,710	210,756	307,550	2,172,103	81,663	64,406	(1,447,697)	251,976

Expenditures

Expenditures include the allocation of revenues to the Convention and Visitor's Bureau and Sister City Initiatives. This fund also includes maintenance and capital needs for the Reardon Center and Memorial Hall, as well as other facilities of the UG that support tourism or increase tourist visits.

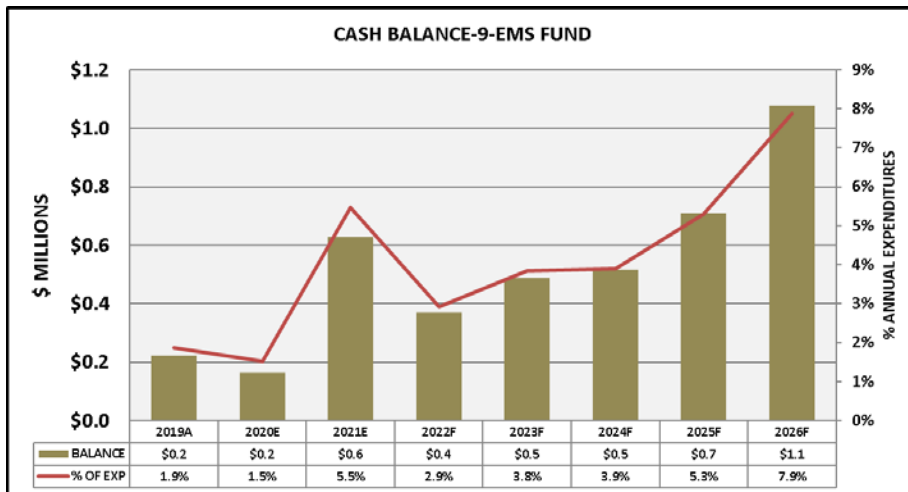
EXPENDITURES & OTHER USES (\$s in 000s)	EST					
	2021	2022	2023	2024	2025	2026
SALARY	\$31	\$32	\$32	\$33	\$34	\$35
BENEFITS	30	32	33	34	36	38
SUBTOTAL: SALARY & BENEFITS	\$61	\$63	\$65	\$67	\$70	\$72
SERVICES	621	637	651	669	685	702
SUPPLIES & MATERIALS	33	34	34	35	36	36
GRANTS & CLAIMS	1,479	1,500	1,521	1,542	1,564	1,586
CAPITAL OUTLAY	660	127	127	482	127	127
DEBT SERVICE	0	0	0	0	0	0
RESERVES	0	0	0	0	0	0
SUBTOTAL: OTHER OPERATING EXPENDITURES	\$2,793	\$2,298	\$2,333	\$2,729	\$2,412	\$2,451
TRANSFERS / OTHER	603	603	603	603	603	603
TOTAL USES OF FUNDS	\$3,457	\$2,964	\$3,001	\$3,399	\$3,085	\$3,126

EXPENDITURES & OTHER USES (% change)					
	2022	2023	2024	2025	2026
SALARY	2.6%	2.3%	2.3%	2.3%	2.3%
BENEFITS	5.1%	2.9%	5.0%	5.0%	5.0%
SUBTOTAL: SALARY & BENEFITS	3.8%	2.6%	3.7%	3.7%	3.7%
SERVICES	2.6%	2.1%	2.9%	2.4%	2.4%
SUPPLIES & MATERIALS	2.1%	2.1%	2.1%	2.1%	2.1%
GRANTS & CLAIMS	1.4%	1.4%	1.4%	1.4%	1.4%
CAPITAL OUTLAY	-80.8%	0.0%	280.0%	-73.7%	0.0%
DEBT SERVICE	0.0%	0.0%	0.0%	0.0%	0.0%
RESERVES	0.0%	0.0%	0.0%	0.0%	0.0%
SUBTOTAL: OTHER OPERATING EXPENDITURES	-17.7%	1.5%	17.0%	-11.6%	1.6%
TRANSFERS / OTHER	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL USES OF FUNDS	-14.3%	1.2%	13.3%	-9.3%	1.4%

Emergency Medical Services Fund

The Fire Department began providing emergency medical (ambulance and paramedic) services on July 1, 2004. Sources of revenues are a 1/4th cent sales tax, which was passed by Kansas City, Kansas voters on June 8, 2004. This revenue is offset by a transfer to the City General Fund to account for the revenues the UG previously reliant upon prior to sales tax dedication vote in 2004. Revenues also include insurance reimbursements, Medicare, Medicaid, and individual user payments.

Cash Fund Balances Forecast



The cash fund balance of the Emergency Medical Services Fund expects to end 2021 at \$600,000 and grow to a projected \$1.14 million by the end of the forecast period. Costs in this fund were reduced during the 2020/2021 budget season due to the anticipated revenue loss resulting from the pandemic. Although sales tax revenue performance exceeded estimates in 2020, the charges for services collections have remained lower than prior year levels. Performance of this fund will be closely monitored. The chart on the left illustrates the cash fund projection through 2026.

Revenues

Sales and use tax revenue, along with charges for services, are the main revenue sources of this Fund. included in the forecast due to the addition of the Tourism and Convention Promotion Special Revenue Fund.

REVENUE & OTHER SOURCES (\$s in 000s)	EST					
	2021	2022	2023	2024	2025	2026
SALES & USE TAX	\$7,264	\$7,577	\$7,840	\$8,112	\$8,394	\$8,686
SUBTOTAL: TAXES	\$7,264	\$7,577	\$7,840	\$8,112	\$8,394	\$8,686
CHARGES FOR SERVICES	4,717	4,835	4,956	5,080	5,207	5,337
MISC. & INTEREST	10	10	10	10	11	11
REIMBURSEMENTS	3	3	3	3	3	3
SUBTOTAL: NON-TAXES	\$4,729	\$4,848	\$4,969	\$5,093	\$5,220	\$5,351
TRANSFERS	0	0	0	0	0	0
TOTAL SOURCE OF FUNDS	\$11,994	\$12,424	\$12,808	\$13,205	\$13,614	\$14,037

REVENUE & OTHER SOURCES (% change)					
	2022	2023	2024	2025	2026
SALES & USE TAX	4.3%	3.5%	3.5%	3.5%	3.5%
SUBTOTAL: TAXES	4.3%	3.5%	3.5%	3.5%	3.5%
CHARGES FOR SERVICES	2.5%	2.5%	2.5%	2.5%	2.5%
MISC. & INTEREST	1.5%	1.5%	1.5%	1.5%	1.5%
REIMBURSEMENTS	5.7%	3.8%	7.1%	4.8%	4.8%
SUBTOTAL: NON-TAXES	2.5%	2.5%	2.5%	2.5%	2.5%
TRANSFERS	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL SOURCE OF FUNDS	3.6%	3.1%	3.1%	3.1%	3.1%

Revenues growth has been increasing for the last several years. The sales and use tax revenue increase in 2017 is partially due to the early payoff of STAR Bonds that financed the Village West Shopping Area.

Sales & Use Tax Revenue

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	4,160,722	4,506,986	4,699,635	4,984,900	5,454,063	6,106,707	6,897,582	6,898,999	6,787,000	7,264,155
Percent Change %		8.3%	4.3%	6.1%	9.4%	12.0%	13.0%	0.0%	-1.6%	7.0%
\$\$ Change		346,264	192,649	285,265	469,163	652,644	790,875	1,418	(111,999)	477,155

Charges for Services Revenue

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	4,589,846	4,419,792	4,453,260	4,697,399	4,662,103	4,275,169	4,767,991	4,506,696	3,882,000	4,716,879
Percent Change %		-3.7%	0.8%	5.5%	-0.8%	-8.3%	11.5%	-5.5%	-13.9%	21.5%
\$\$ Change		(170,054)	33,468	244,139	(35,296)	(386,934)	492,822	(261,295)	(624,696)	834,879

Expenditures

Expenditures includes paramedic personnel costs and related equipment for the provision of EMS services.

EXPENDITURES & OTHER USES (\$s in 000s)	EST					
	2021	2022	2023	2024	2025	2026
SALARY	\$4,422	\$4,555	\$4,660	\$4,767	\$4,877	\$4,989
BENEFITS	1,815	1,931	2,006	2,086	2,169	2,255
SUBTOTAL: SALARY & BENEFITS	\$6,238	\$6,486	\$6,667	\$6,853	\$7,046	\$7,245
SERVICES	827	853	874	905	930	956
SUPPLIES & MATERIALS	854	868	883	898	914	929
GRANTS & CLAIMS	597	606	614	623	631	640
CAPITAL OUTLAY	742	1,615	1,401	1,645	1,645	1,645
DEBT SERVICE	0	0	0	0	0	0
RESERVES	15	15	15	15	15	15
SUBTOTAL: OTHER OPERATING EXPENDITURES	\$3,035	\$3,956	\$3,787	\$4,086	\$4,135	\$4,186
TRANSFERS / OTHER	2,256	2,256	2,256	2,256	2,256	2,256
TOTAL USES OF FUNDS	\$11,529	\$12,699	\$12,710	\$13,194	\$13,437	\$13,686

EXPENDITURES & OTHER USES (% change)					
	2022	2023	2024	2025	2026
SALARY	3.0%	2.3%	2.3%	2.3%	2.3%
BENEFITS	6.4%	3.9%	3.9%	4.0%	4.0%
SUBTOTAL: SALARY & BENEFITS	4.0%	2.8%	2.8%	2.8%	2.8%
SERVICES	3.1%	2.4%	3.5%	2.8%	2.8%
SUPPLIES & MATERIALS	1.7%	1.7%	1.7%	1.7%	1.7%
GRANTS & CLAIMS	1.4%	1.4%	1.4%	1.4%	1.4%
CAPITAL OUTLAY	117.6%	-13.2%	17.4%	0.0%	0.0%
DEBT SERVICE	0.0%	0.0%	0.0%	0.0%	0.0%
RESERVES	0.0%	0.0%	0.0%	0.0%	0.0%
SUBTOTAL: OTHER OPERATING EXPENDITURES	30.4%	-4.3%	7.9%	1.2%	1.2%
TRANSFERS / OTHER	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL USES OF FUNDS	10.1%	0.1%	3.8%	1.8%	1.9%



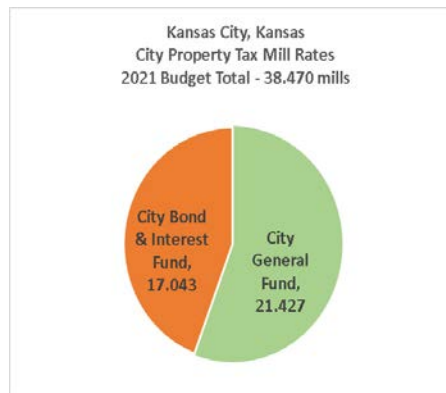
DEBT FORECAST

The FY 2022-2026 Forecast estimates resources dedicated for debt repayment are enough to support the Government's current limited capital infrastructure plan.

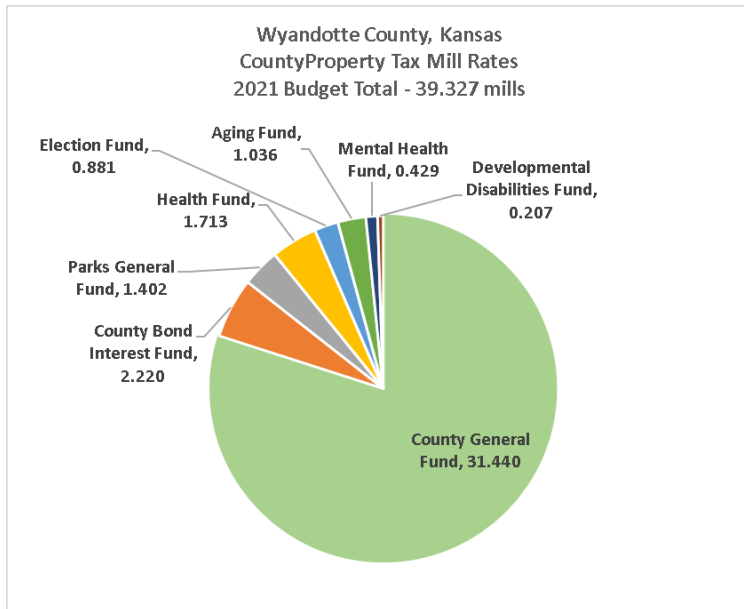
The Unified Government finances infrastructure investments through the use of general obligations bonds and various economic development tax increment financing tools. Debt service payments are generally recorded in the City Bond & Interest Fund and the County Bond & Interest Fund. These payments include all governmental debt service, as well as business-type debt such as for the Sewer and Stormwater enterprise funds. Revenues supporting business-type debt is transferred into these funds to meet their annual debt obligations. Tax-Increment Financing (TIF) debt service payments are recorded in separate sub-funds that roll up to the City Bond & Interest Fund. The following profile focuses on only the governmental debt, which includes TIF debt. An evaluation of the governmental debt is necessary to determine the financial sustainability of the Unified Government.

Governmental Debt Profile

Property Tax Mills dedicated for Operational and Capital Investment Needs



The outstanding general obligation debt is reliant on ad valorem property tax revenues as the debt repayment source. Often confusion arises when referencing the City of Kansas City, Kansas General property tax mill levy rate that includes **both** the mill rate generating property tax revenues for the City General Fund operating needs and the mill rate generating property tax revenues pledged to the repayment of outstanding City debt. The pie chart on the left illustrates the 2021 Budget Commission adopted mill levy rate for the City, totaling 38.470 mills. Of this total, the City General Fund (operating) plans to receive property tax collections associated with a 21.427 mill rate, while the City Bond and Interest Fund mill levy rate of 17.043 is dedicated for general obligation bond debt service payments. In accordance with the bond documents and for credit rating analyst review, the combined mill rate is considered, but for operational purposes these two mill levies are separately reported and analyzed.



The Unified Government of Wyandotte County/Kansas City, Kansas is authorized to issue debt as a city and a county. Because of our consolidated governance structure, the financial framework of the Unified Government is complex. In addition to a KCK City property tax mill rate, there is a mill rate for the operational needs and debt repayment of Wyandotte County. The pie chart on the left illustrates the 2021 Budget Commission adopted mill levy rate for the County, totaling 39.327 mills. Of this total, the County General Fund (operating) plans to receive property tax collections associated with a 31.440 mill rate and the Parks General Fund with a mill rate of 1.402, while the County Bond and Interest Fund mill levy rate of 2.220 is dedicated for general obligation bond debt service payments. The remaining County mill rates are dedicated to support of variety of county government-related services to residents.

City Bond and Interest Fund

The City Bond and Interest Fund includes the annual debt service (principal and interest) for debt issued by the City of Kansas City, Kansas. This fund accounts for those debt service payments, which are determined to be the responsibility of citizens of Kansas City, Kansas and not Wyandotte County. The primary source of revenue for the City Bond and Interest Fund is ad valorem property taxes and transfers from the Sewer Fund and Stormwater Fund for sewer and storm general obligation debt.

For the purposes of this report, tax increment financing district revenue and financing obligations are separately presented.

More detailed information on all the major revenue and expenditure categories is provided below, including discussions of past performance and assumptions of projected future performance.

Revenues

In 2021 total revenues are \$32.3 million and grows to \$48.6 million by 2026. Annual average revenue increases by 8.5% over the five-year Forecast, with an 8.0% in 2022 and then ranging from 7% to 10% thereafter.

REVENUE & OTHER SOURCES (\$s in 000s)	EST					
	2021	2022	2023	2024	2025	2026
PROPERTY TAX	\$20,014	\$21,392	\$22,341	\$24,174	\$25,403	\$26,610
PERSONAL PROPERTY TAXES	2,275	2,375	2,480	2,589	2,703	2,823
IRB PILOT/TAX ABATEMENT TAX	370	472	535	605	963	1,305
OTHER TAXES	192	134	136	138	140	142
DELINQUENT TAXES	693	716	739	763	788	814
SUBTOTAL: TAXES	\$23,483	\$25,088	\$26,231	\$28,269	\$29,998	\$31,693
INTERGOVTAL REVENUES	0	0	0	0	0	0
MISC. & INTEREST	27	28	28	29	29	30
REIMBURSEMENTS	140	140	140	140	140	140
SUBTOTAL: NON-TAXES	\$167	\$168	\$168	\$169	\$169	\$170
TRANSFERS-IN SEWER/STORM	8,157	9,145	10,766	12,506	14,767	16,271
TRANSFERS-IN OTHER	500	500	500	500	500	500
TOTAL SOURCE OF FUNDS	\$32,307	\$34,901	\$37,665	\$41,444	\$45,435	\$48,634

REVENUE & OTHER SOURCES (% change)						
	2022	2023	2024	2025	2026	
PROPERTY TAX	6.9%	4.4%	8.2%	5.1%	4.8%	
PERSONAL PROPERTY TAXES	4.4%	4.4%	4.4%	4.4%	4.4%	
IRB PILOT/TAX ABATEMENT TAX	27.7%	13.4%	12.9%	59.3%	35.5%	
OTHER TAXES	1.5%	1.5%	1.5%	1.5%	1.5%	
DELINQUENT TAXES	3.3%	3.3%	3.3%	3.3%	3.3%	
SUBTOTAL: TAXES	6.8%	4.6%	7.8%	6.1%	5.7%	
INTERGOVTAL REVENUES	0.0%	0.0%	0.0%	0.0%	0.0%	
MISC. & INTEREST	1.5%	1.5%	1.5%	1.5%	1.5%	
REIMBURSEMENTS	0.0%	0.0%	0.0%	0.0%	0.0%	
SUBTOTAL: NON-TAXES	0.3%	0.3%	0.3%	0.3%	0.3%	
TRANSFERS-IN SEWER/STORM	12.1%	17.7%	16.2%	18.1%	10.2%	
TRANSFERS-IN OTHER	0.0%	0.0%	0.0%	0.0%	0.0%	
TOTAL SOURCE OF FUNDS	8.0%	7.9%	10.0%	9.6%	7.0%	

The chart below provides a 10-year summary of this fund's largest revenue source.

Property Taxes

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	15,047,389	15,868,563	15,824,342	15,428,308	15,952,291	16,602,035	17,146,669	18,537,177	19,138,707	20,013,558
Percent Change %		5.5%	-0.3%	-2.5%	3.4%	4.1%	3.3%	8.1%	3.2%	4.6%
\$\$ Change		821,175	(44,222)	(396,033)	523,982	649,744	544,634	1,390,508	601,530	874,851
Mill Levy Rate	16.799	17.356	17.136	16.628	16.782	16.782	16.836	16.896	17.011	17.043

The City Bond & Interest Fund is reliant on property tax, constituting 62% of total fund revenues in 2021, with a mill rate of 17.043. Annual average property tax increases by 5.9% over the five-year Forecast, with between 4.4% to 8.2% thereafter.

Expenditures

Nearly all the City Bond & Interest Fund costs are for debt service payments, constituting 99% of total expenditures in 2021. In 2021 total expenditures are \$30.2 million and grow to \$46.5 million by 2026. Annual average expenditure increases by 9.1% over the five-year Forecast, with a 15% in 2022 and between 3% to 10% thereafter.

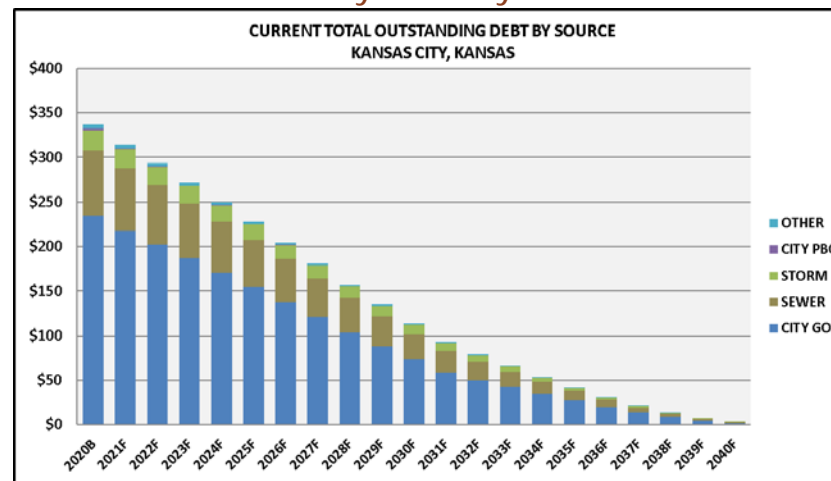
EXPENDITURES & EST							EXPENDITURES &					
OTHER USES (\$s in 000s)	2021	2022	2023	2024	2025	2026	OTHER USES (% change)	2022	2023	2024	2025	2026
SERVICES	30	31	31	32	32	33	SERVICES	1.5%	1.5%	1.5%	1.5%	1.5%
DEBT SERVICE-SEWER/STORM	8,157	9,145	10,766	12,506	14,767	16,271	DEBT SERVICE-SEWER/STORM	12.1%	17.7%	16.2%	18.1%	10.2%
DEBT SERVICE-OTHER CITY	21,738	25,360	27,292	28,478	30,009	29,877	DEBT SERVICE-OTHER CITY	16.7%	7.6%	4.3%	5.4%	-0.4%
SUBTOTAL: OTHER OPERATING EXPENDITURES	\$29,925	\$34,536	\$38,089	\$41,015	\$44,809	\$46,181	SUBTOTAL: OTHER OPERATING EXPENDITURES	15.4%	10.3%	7.7%	9.2%	3.1%
TRANSFERS / OTHER	294	294	294	294	294	294	TRANSFERS / OTHER	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL USES OF FUNDS	\$30,220	\$34,831	\$38,383	\$41,310	\$45,103	\$46,475	TOTAL USES OF FUNDS	15.3%	10.2%	7.6%	9.2%	3.0%

Kansas City, Kansas (City General) Debt Profile

Current Debt Obligations

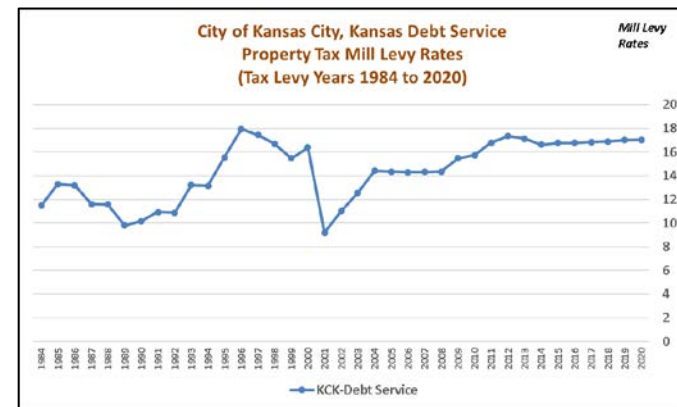
The City Bond and Interest Fund plays an important role in the Government’s ability to support capital infrastructure needs, and property tax revenue is a significant source in financing capital investments. Outstanding Kansas City, Kansas General Fund-backed (City Bond & Interest Fund, excluding TIF debt) at the end of 2020 debt totals \$337.2 million at the end of 2020, of which \$101.4 million or 30 percent have dedicated revenue streams outside the property tax revenue base. This \$101.4 million includes, \$73.7 million from sewer services revenues, \$22.6 million in storm water fee revenues, \$2.8 million in electric utility transfers from the KCK Board of Public Utilities, and \$2.2 million in Public Building Commission lease revenues. The remaining outstanding debt fully supported by ad valorem property tax revenues totals \$235.8 million issued with 34 separate bond issues.

Outstanding General Fund-Backed City Debt by Dedicated Revenue Source Category



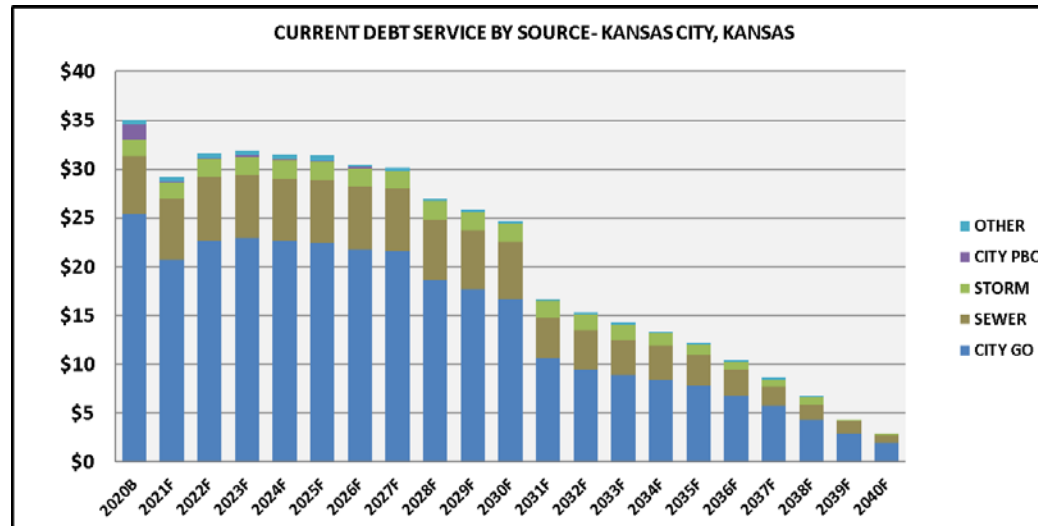
The City Bond and Interest Fund expenditures, consisting of principal and interest debt service payments, are supported by a City debt service property tax mill rate of 17.043 in 2021, as mentioned earlier. The City debt service mill levy is estimated to generate \$20.0 million in tax revenue in 2021, which are combined with other additional revenues of \$4.14 million from personal property and motor vehicle related tax revenues and various other sources, and \$8.16 million in transfers-in primarily from the Sewer and Stormwater funds to support payment of their respective debt service. The total annual debt service payments out of this City Bond and Interest Fund are budgeted at \$29.9 million for 2021. Of this \$29.9 million total, \$21.7 million is for governmental debt service and \$8.16 million is for business-type (sewer, stormwater and other) debt service payments.

A historic review of the mill rate dedicated for debt repayment is important due to significant reliance on property tax revenue to support capital investments. The chart on the right displays the Kansas City, Kansas (City) debt service-related property tax mill levy rate from 1984 to 2020. *[As a note, mill levies are established in the year prior to the collection period; thus the 2020 levy associated revenues are budgeted in 2021.]* Over the 36 years shown in the chart, the City Debt service mill levy increased from 11.495 in 1984 to 17.043 in 2020, or 48 percent. Over the past 23 years since UG consolidation, a slight decrease of (2.3) percent occurred with the City Debt service mill levy from 17.449 in 1997 to today's 17.043 mills.



This chart on the next page displays the debt service payments obligations (excluding TIF debt payments) over the future life of outstanding bonds recorded in this Fund by the repayment revenue source category.

Current General Fund-Backed City Debt Service Payments by Dedicated Revenue Source Category



Future City Debt Affordability and Capacity

The City Bond & Interest Fund's ability to support future capital investments is primarily dependent on the revenue generating capacity of its 17.043 property tax mills. To determine this capacity, the annual growth rates for Kansas City, Kansas's assessed valuation used for this Forecast have been applied, namely 5.4% for 2021, 5.7% in 2022, 3.8% in 2023 with a slight slower growth rate due to pandemic, 7.8% in 2024 as a new economic development project is expected to be completed, and 4.8% thereafter. The debt capacity is also impacted by the current municipal bond interest rate environment, which with the Federal Reserve on a path toward holding steady or potentially increasing the recently lowered interest rates due to the COVID-19 pandemic, the assumption issued for this analysis is an average of 2.46% interest rate for 20-year general obligation bonds.

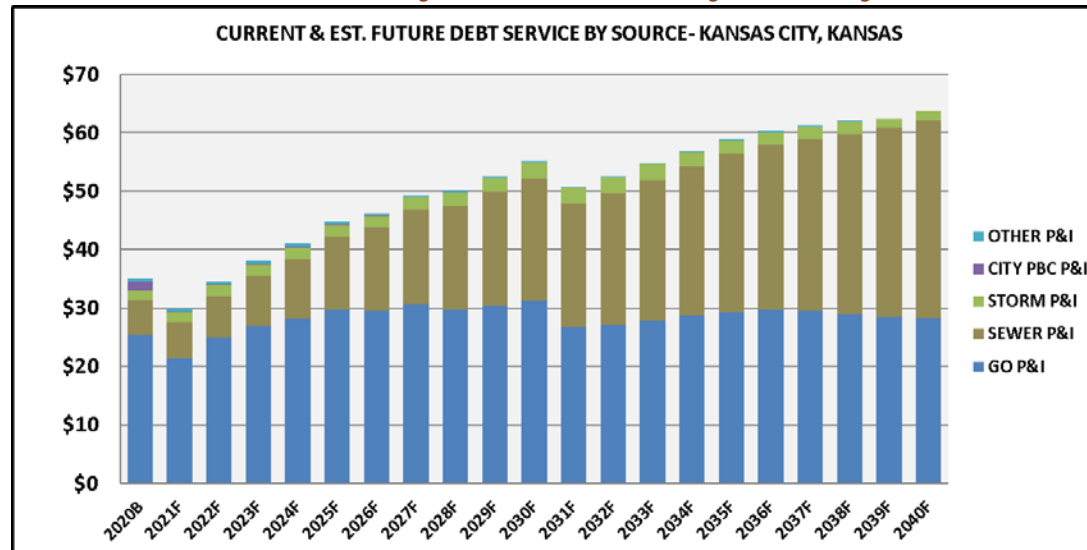
Given these revenue assumptions and the current municipal bond interest rate environment, as well as, known debt service payment outstanding obligations, the City Bond and Interest Fund can support additional new money borrowing. The amount and timing of the additional new money are affected by the current outstanding temporary note and the approved 2021-2025 Capital and Maintenance Improvement Program (CMIP). The addition of new money does not directly influence the schedule of permanent bonding (i.e. adding \$15 million in new money does not necessarily determine that \$15 million will be permanently financed that same year). The schedule

for current outstanding and expected future temporary notes to be permanently financed is determined by the timing of project completions, which is statutorily limited to 4 years.

For this analysis, it is assumed that new money is permanently financed within 3 years, and years subsequent to the approved CMIP are limited to \$15 million (plus CPI over the period) in new money additions. Current outstanding and expected future temporary notes are expected to be permanently financed as 20-year general obligation bonds. The additional stormwater and sanitary sewer debt are assumed to have a corresponding transfer in of revenues to cover their portion of debt service.

With these additions, the adjusted schedule for debt service in the City Bond & Interest Fund is shown below.

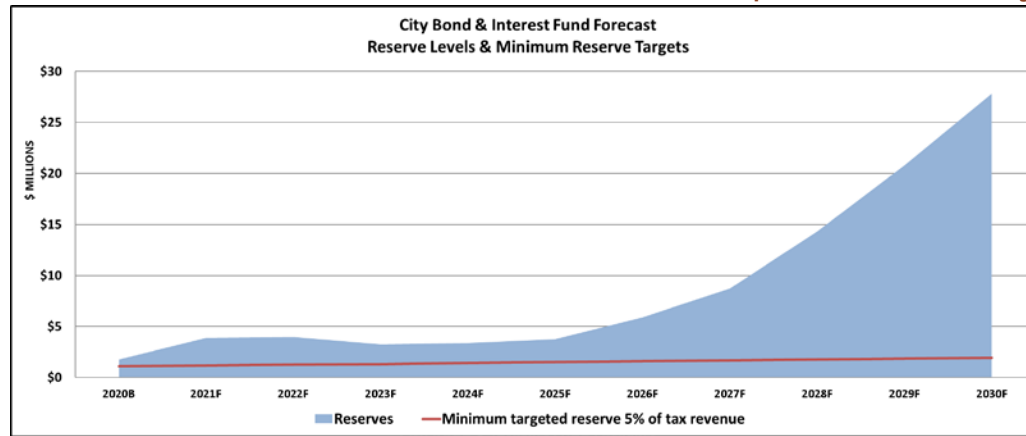
Future General Fund-Backed City Debt Service Payments by Bond Issuance Type



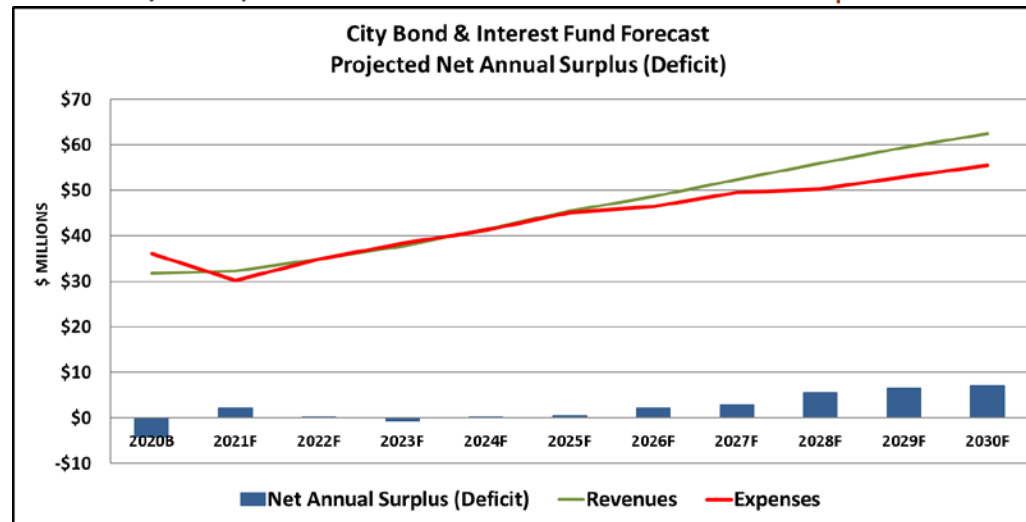
The Unified Government has anticipated an annual capital financial plan of issuing \$15 million (plus inflation) in low interest temporary notes for a max of four years (subsequently converted to 20-year general obligation debt) to meet our street infrastructure and other public facilities infrastructure needs, which in the near-term is consistent with, but less than the forecasted level of bonded debt that can be supported with the current revenue stream. As a result of the anticipated future revenue growth, the Forecast projects the fund balance to increase.

The next two graphs show the position of the Fund with future anticipated debt service. The first graph shows fund balance as a percent of expenditures. The second graph demonstrates that the issuance of debt in accordance with the method described previously results in sources exceeding uses beginning in 2026.

City Debt Service (CAFR) Fund Balance with Anticipated Future City Debt



City Debt Service (CAFR) Fund Sources and Uses with Anticipated Future City Debt



County Bond and Interest Fund

The County Bond and Interest Fund includes the annual principal and interest payments on debt issued by the County for capital maintenance and improvement projects, equipment purchases, and legal judgments. The primary source of revenue is from ad valorem property taxes. This mill levy is authorized by KSA-10-113, which requires officials to levy enough taxes to pay annual interest on debt service. More detailed information on all the major revenue and expenditure categories is provided below, including discussions of past performance and assumptions of projected future performance.

Revenues

In 2021 total revenues are \$5.3 million and grow to \$6.8 million by 2026. Annual average revenue increases by 5.1% over the five-year Forecast, with a 9.4% in 2022 and then ranging from 3% to 5% thereafter.

REVENUE & OTHER SOURCES (\$s in 000s)	EST 2021	2022	2023	2024	2025	2026
PROPERTY TAX	\$2,933	\$3,138	\$3,280	\$3,541	\$3,721	\$3,898
PERSONAL PROPERTY TAXES	327	341	356	372	388	406
IRB PILOT/TAX ABATEMENT TAX	67	86	97	110	175	237
OTHER TAXES	117	119	120	122	124	126
DELINQUENT TAXES	89	91	94	97	101	104
SUBTOTAL: TAXES	\$3,532	\$3,775	\$3,948	\$4,242	\$4,509	\$4,770
INTERGVTL REVENUES	0	0	0	0	0	0
MISC. & INTEREST	96	98	99	101	102	104
REIMBURSEMENTS	390	390	390	390	390	390
SUBTOTAL: NON-TAXES	\$486	\$488	\$489	\$491	\$492	\$494
TRANSFERS	1,250	1,500	1,500	1,500	1,500	1,500
TOTAL SOURCE OF FUNDS	\$5,268	\$5,762	\$5,938	\$6,233	\$6,501	\$6,763

REVENUE & OTHER SOURCES (% change)	2022	2023	2024	2025	2026
PROPERTY TAX	7.0%	4.5%	7.9%	5.1%	4.8%
PERSONAL PROPERTY TAXES	4.4%	4.4%	4.4%	4.4%	4.4%
IRB PILOT/TAX ABATEMENT TAX	27.7%	13.4%	12.9%	59.3%	35.5%
OTHER TAXES	1.5%	1.5%	1.5%	1.5%	1.5%
DELINQUENT TAXES	3.3%	3.3%	3.3%	3.3%	3.3%
SUBTOTAL: TAXES	6.9%	4.6%	7.4%	6.3%	5.8%
INTERGVTL REVENUES	0.0%	0.0%	0.0%	0.0%	0.0%
MISC. & INTEREST	1.5%	1.5%	1.5%	1.5%	1.5%
REIMBURSEMENTS	0.0%	0.0%	0.0%	0.0%	0.0%
SUBTOTAL: NON-TAXES	0.3%	0.3%	0.3%	0.3%	0.3%
TRANSFERS	20.0%	0.0%	0.0%	0.0%	0.0%
TOTAL SOURCE OF FUNDS	9.4%	3.0%	5.0%	4.3%	4.0%

The chart following provides a 10-year summary of these funds' largest revenue source.

Property Taxes

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	815,934	807,721	819,059	1,735,306	2,350,883	2,424,281	2,508,543	2,708,505	2,802,981	2,932,943
Percent Change %		-1.0%	1.4%	111.9%	35.5%	3.1%	3.5%	8.0%	3.5%	4.6%
\$\$ Change		(8,213)	11,338	916,246	615,578	73,397	84,263	199,962	94,476	129,962
Mill Levy Rate	0.820	0.796	0.798	1.672	2.191	2.191	2.195	2.202	2.216	2.220

The County Bond & Interest Fund is reliant on property tax, constituting 56% of total revenues in 2021. The fund has a mill levy

rate set by the Board of Commissioners during the annual budget process. As of the 2021 budget, the mill levy rate totals 2.220. Annual average property tax increases by 5.9% over the five-year Forecast, with a 7% in 2022 and between 4.5% to 7.9% thereafter.

Expenditures

Nearly all of the County Bond & Interest Fund costs are for debt service, constituting 99.9% of total expenditures in 2021. In 2021 total expenditures are \$5.7 million and grow to \$6.1 million by 2026. Annual average expenditure increases by 1.4% over the five-year Forecast, with a 3.1% in 2022 and constant thereafter.

EXPENDITURES & OTHER USES (\$s in 000s)	EST 2021	2022	2023	2024	2025	2026
SERVICES	6	6	6	6	6	7
CAPITAL OUTLAY	0	0	0	0	0	0
DEBT SERVICE	5,719	5,897	5,938	6,042	6,177	6,124
SUBTOTAL: OTHER OPERATING EXPENDITURES	\$5,725	\$5,904	\$5,944	\$6,048	\$6,183	\$6,131
TRANSFERS / OTHER	0	0	0	0	0	0
TOTAL USES OF FUNDS	\$5,725	\$5,904	\$5,944	\$6,048	\$6,183	\$6,131

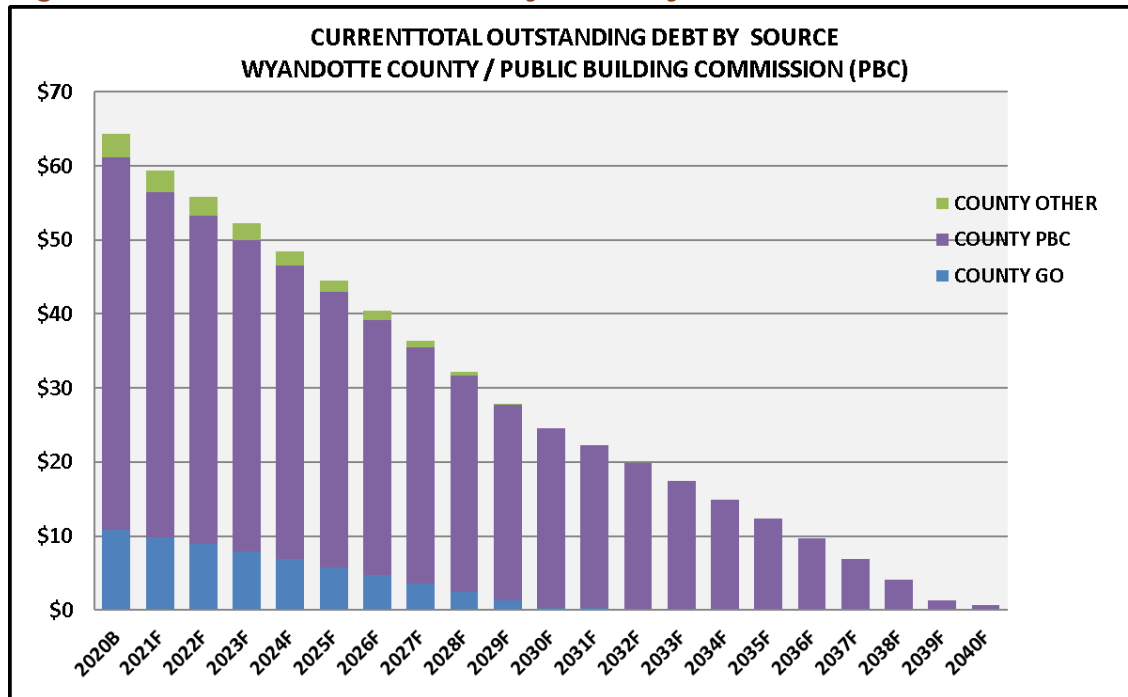
EXPENDITURES & OTHER USES (% change)	2022	2023	2024	2025	2026
SERVICES	1.5%	1.5%	1.5%	1.5%	1.5%
CAPITAL OUTLAY	0.0%	0.0%	0.0%	0.0%	0.0%
DEBT SERVICE	3.1%	0.7%	1.8%	2.2%	-0.9%
SUBTOTAL: OTHER OPERATING EXPENDITURES	3.1%	0.7%	1.8%	2.2%	-0.9%
TRANSFERS / OTHER	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL USES OF FUNDS	3.1%	0.7%	1.8%	2.2%	-0.9%

Wyandotte County, Kansas (County General) Debt Profile

Current Debt Obligations

The County Bond and Interest Fund plays an important role in the Government’s ability to support county facility infrastructure needs, and property tax revenue is a significant resource in planning capital investments. Outstanding Wyandotte County General Fund-backed (County Bond & Interest Fund) debt totals \$64.3 million the end of 2020, of which \$53.5 million or 78 percent have dedicated revenue streams outside the property tax revenue base. This \$53.5 million includes \$50.4 million in Public Building Commission lease revenue-backed debt, along with \$3.2 million of transfers from the KCK Board of Public Utilities for the radio project, which was debt financed with both general obligation and public building commission lease revenue bonds. The remaining outstanding debt fully supported by ad valorem property tax revenues totals \$10.8 million issued with 5 separate bond issues.

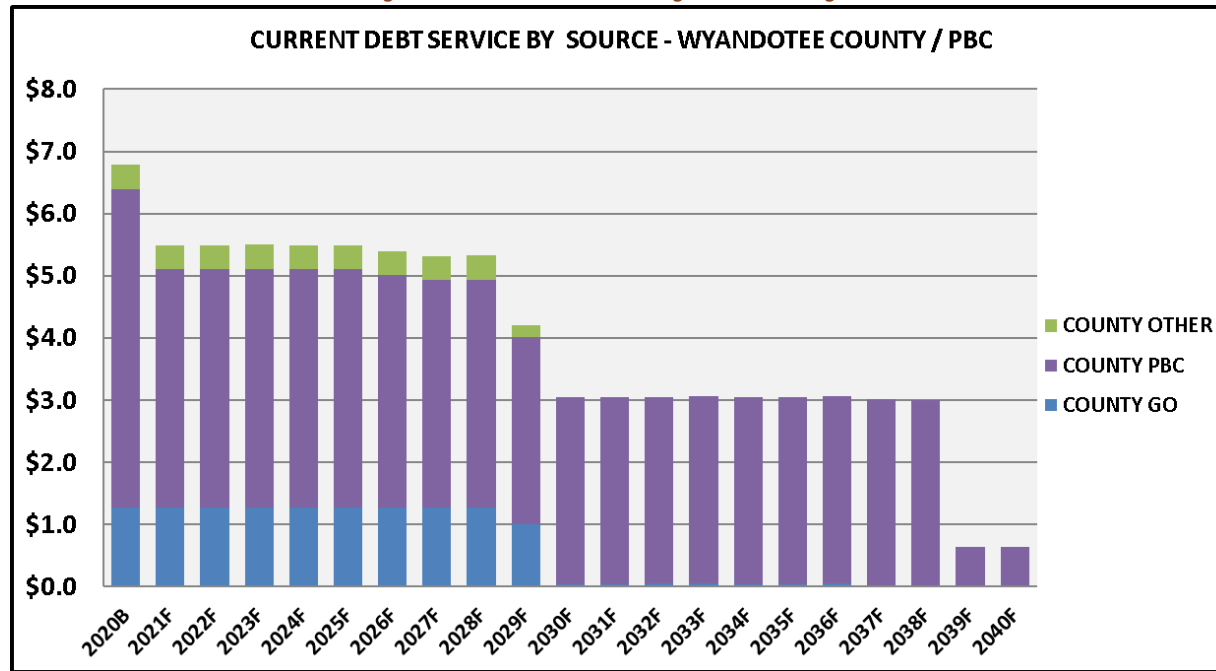
Outstanding General Fund-Backed County Debt by Dedicated Revenue Source Category



The County Bond and Interest Fund expenditures, consisting of principal and interest debt service payments, are supported by a County debt service property tax mill rate of 2.220 in 2021. The County debt service 2021 revenues are \$5.3 million, of which the mill levy will generate \$3.5 million in tax revenues, combined with \$1.8 million from other revenue sources to support the PBC lease payments. The total annual debt service payments out of the County Bond and Interest Fund are budgeted at \$5.7 million for 2021.

The following is a chart illustrating the County Bond & Interest Fund’s debt service payment over the future life of the outstanding bonds issued. The chart displays the debt service payments by the revenue source category.

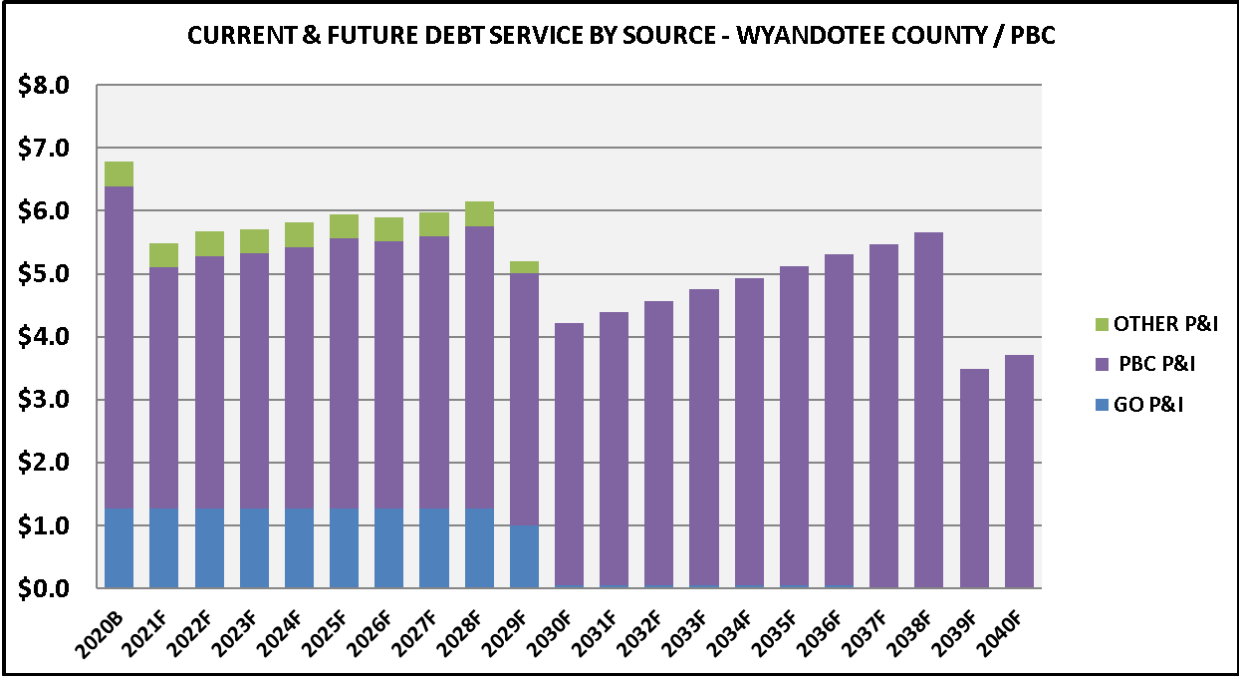
Current General Fund-Backed County Debt Service Payments by Dedicated Revenue Source Category



Future County Debt Affordability and Capacity

The County Bond & Interest Fund's ability to support our future capital investments is primarily dependent on the revenue generating capacity of its 2.220 property tax mills. To determine this capacity, the annual growth rates for Wyandotte County's assessed valuation used for the County General Fund Forecast have been applied. The debt capacity is also impacted by the current municipal bond interest rate environment, which with the Federal Reserve on a path toward holding steady at the low rate prompted by the COVID-19 pandemic or potentially increasing interest rates, the assumption issued for this analysis is an average of 2.46% interest rate for 20-year general obligation bonds.

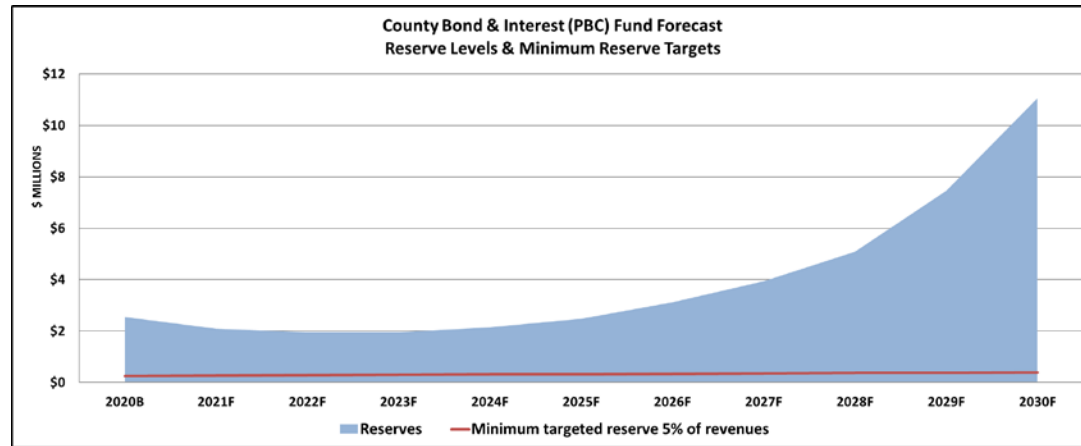
Future General Fund-Backed County Debt Service Payments by Dedicated Revenue Source Category



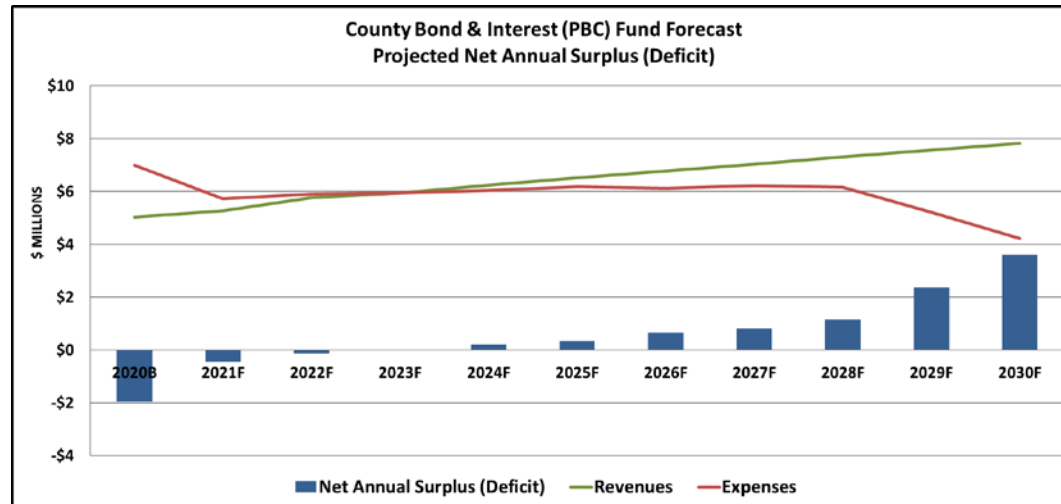
Given these revenue assumptions and the current municipal bond interest rate environment, as well as, known debt service obligations, the County Bond and Interest Fund can support the borrowing for public building commission projects budgeted in the 2021-2025 CMIP, but can support only limited borrowing for general obligation bonds over the next three years.

The next two graphs show the position of the Fund with future anticipated debt service. The first graph shows that the fund balance is not expected to grow in the foreseeable future from current revenue sources by taking into account known and anticipated expenditures. The second graph shows that uses (expenditures) meet sources (revenues) until 2025.

County Debt Service Fund Balance with Anticipated Future County Debt



County Debt Service Fund Sources and Uses with Anticipated Future County Debt



The Unified Government's County infrastructure and other public facility needs are limited, not only by the level of revenue generated by its dedicated debt mill levy, but also by various State statutes. The analysis in the charts above results in the County being able to borrow additional funds above the projects funded in the adopted in the CMIP in 2025.

Tax Increment Financing Funds

The Tax Increment Financing (TIF) Funds includes the annual debt service (principal and interest) for debt issued by the City of Kansas City, Kansas for tax increment financing districts. The primary sources of revenue from ad valorem property taxes and sales and use tax revenue.

More detailed information on all the major revenue and expenditure categories is provided below, including discussions of past performance and assumptions of projected future performance.

Revenues

In 2021 total revenues are \$2.8 million and grow to \$3.4 million by 2026. Due this time into the future, TIF district debt will be fulfilled and the related tax increment is returned to the Unified Government operation and the operations of the affected taxing entities. Revenue varies year-over year but generally increases about 4% over the five-year Forecast.

REVENUE & OTHER SOURCES (\$s in 000s)	EST 2021	2022	2023	2024	2025	2026	REVENUE & OTHER SOURCES (% change)	2022	2023	2024	2025	2026
TAX INCREMENT PROPERTY TAX	\$1,704	\$1,794	\$1,856	\$1,980	\$2,068	\$2,161	TAX INCREMENT PROPERTY TAX	5.3%	3.5%	6.6%	4.5%	4.5%
OTHER TAXES	402	409	415	421	428	435	OTHER TAXES	1.5%	1.5%	1.5%	1.5%	1.5%
SALES & USE TAXES	552	576	595	615	635	657	SALES & USE TAXES	4.3%	3.3%	3.3%	3.3%	3.3%
DELINQUENT TAXES	12	12	13	13	14	14	DELINQUENT TAXES	3.3%	3.3%	3.3%	3.3%	3.3%
SUBTOTAL: TAXES	\$2,670	\$2,791	\$2,879	\$3,029	\$3,145	\$3,266	SUBTOTAL: TAXES	4.5%	3.2%	5.2%	3.8%	3.8%
INTERGVTL REVENUES	0	0	0	0	0	0	INTERGVTL REVENUES	0.0%	0.0%	0.0%	0.0%	0.0%
SUBTOTAL: NON-TAXES	\$0	\$0	\$0	\$0	\$0	\$0	SUBTOTAL: NON-TAXES	0.0%	0.0%	0.0%	0.0%	0.0%
TRANSFERS	169	165	166	167	168	169	TRANSFERS	-2.3%	0.7%	0.6%	0.5%	0.4%
TOTAL SOURCE OF FUNDS	\$2,839	\$2,956	\$3,045	\$3,196	\$3,313	\$3,435	TOTAL SOURCE OF FUNDS	4.1%	3.0%	4.9%	3.7%	3.7%

The charts below provide a 10-year summary of these funds' largest revenue sources.

Tax Increment Property Taxes

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	729,930	1,030,914	1,252,231	1,223,973	1,420,597	1,465,022	1,219,296	1,467,279	1,623,340	1,703,704
Percent Change %		41.2%	21.5%	-2.3%	16.1%	3.1%	-16.8%	20.3%	10.6%	5.0%
\$\$ Change		300,985	221,316	(28,258)	196,625	44,425	(245,727)	247,984	156,061	80,364

Sales & Use Increment Taxes

Fiscal Year	2012	2013	2014	2015	2016	2017	2018	2019	2020e	2021e
Revenue	483,206	521,140	581,773	565,259	570,517	600,042	605,265	665,347	537,043	552,149
Percent Change %		7.9%	11.6%	-2.8%	0.9%	5.2%	0.9%	9.9%	-19.3%	2.8%
\$\$ Change		37,934	60,632	(16,514)	5,259	29,525	5,223	60,082	(128,304)	15,106

Expenditures

All the TIF Debt Funds costs are for debt service. In 2021 total expenditures are \$2 million and grow to \$2.7 million by 2026. Annual expenditure varies year-over-year of the forecast period.

EXPENDITURES & OTHER USES (\$s in 000s)	EST					
	2021	2022	2023	2024	2025	2026
DEBT SERVICE	2,018	2,042	2,349	2,291	2,304	2,794
SUBTOTAL: OTHER						
OPERATING EXPENDITURES	\$2,018	\$2,042	\$2,349	\$2,291	\$2,304	\$2,794
TRANSFERS / OTHER	0	0	0	0	0	0
TOTAL USES OF FUNDS	\$2,018	\$2,042	\$2,349	\$2,291	\$2,304	\$2,794

EXPENDITURES & OTHER USES (% change)	2022	2023	2024	2025	2026
DEBT SERVICE	1.2%	15.0%	-2.4%	0.6%	21.3%
SUBTOTAL: OTHER					
OPERATING EXPENDITURES	1.2%	15.0%	-2.4%	0.6%	21.3%
TRANSFERS / OTHER	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL USES OF FUNDS	1.2%	15.0%	-2.4%	0.6%	21.3%

Tax Increment Financing Districts Debt Profile

Current Debt Obligations

Tax Increment Financing (TIF) allows the Unified Government to work with private developers to authorize redevelopment projects in blighted areas in accordance with State statutory requirements as set forth in K.S.A 12-1770a. In a TIF district, the development project is able to access the incremental property and/or sales tax revenues generated by the project. The districts discussed in this section are those that have been debt financed with the Unified Government's general obligation backing. Toward the onset of the

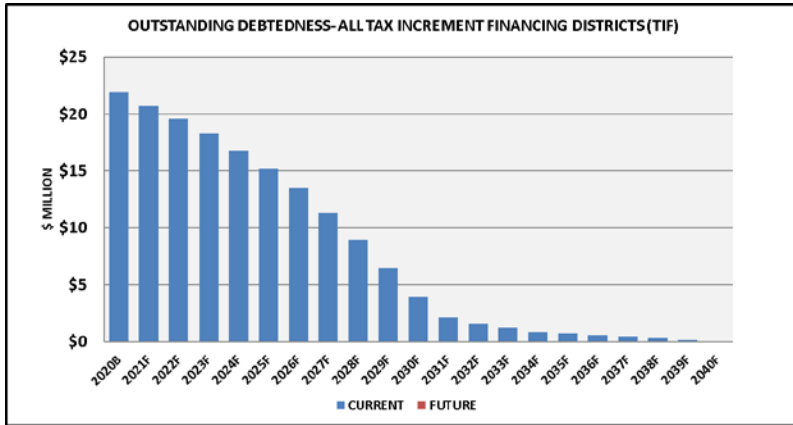
project, general obligation bonds are issued, and the incremental revenues captured over the life of the district are applied toward debt service. When a TIF district with a general obligation backing is underperforming, revenues from the City Bond & Interest fund are applied to supplement the TIF revenues.

The Tax Increment Financing projects are categorized as sub-funds under the City Bond & Interest Fund. Outstanding Tax Increment Financing debt with the Kansas City, Kansas General Fund-backing (County Bond & Interest Fund) debt totals \$21.6 million as of August 2020. This total consists of the 14 projects listed

to the right which are sorted by expiration. A couple of districts are included which have been terminated but have debt service outstanding. Accumulated revenues from the district allowed for their early termination, but the remaining liability impacts the fund balance as the necessary funds have been received but payments are still outstanding. This is discussed in more detail later. For the purposes of this analysis, TIF expiration date has not been forecasted.

TIF Project	District Approved	TIF Plan	TIF Expires	Outstanding Debt as of end 2020 (in millions)	
Adams Street	2004	2004	2016	\$	0.2
NE Armourdale/Mt. Carmel	1999	1999	2018	\$	0.8
Melrose	2002	2003	2023	\$	1.8
Rainbow Park	2003	2003	2023	\$	0.2
St. Peter's Waterway	2004	2005	2025	\$	2.2
Peregrine Falcon	2005	2005	2025	\$	0.5
I-70 & Armstrong	2006	2006	2026	\$	1.2
Prescott	2005	2006	2026	\$	5.3
Strawberry Hill	2006	2007	2027	\$	0.2
Mission Cliffs- Project Area B	2005	2008	2028	\$	0.0
Mission Cliffs- Project Area A	2005	2008	2028	\$	1.9
Metropolitan Avenue- Project Area 1	2011	2012	2032	\$	1.2
Metropolitan Avenue- Project Area 2	2011	2013	2033	\$	3.1
Downtown Grocery	2019	2019	2039	\$	3.1
TOTAL OUTSTANDING TIF DEBT (\$ in millions)				\$	21.6

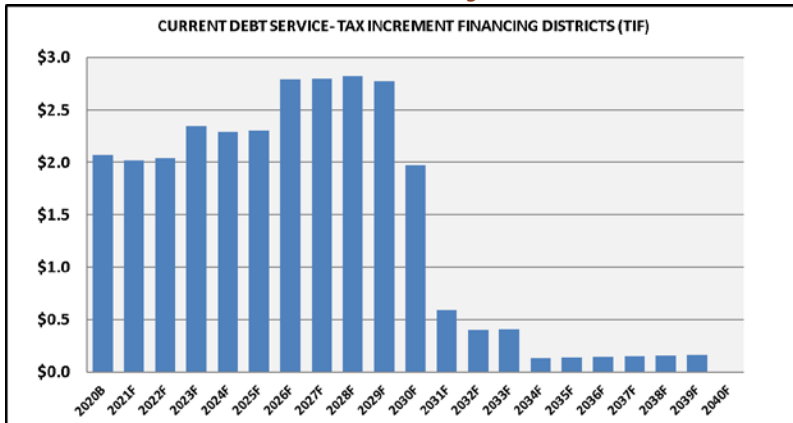
Outstanding TIF Debt



The chart on the left illustrates the combined TIF Fund's debt service payments over the future life of the outstanding bonds

The following chart illustrating the TIF Fund's debt service payment over the future life of the outstanding bonds recorded. The chart displays the debt service payments by the repayment revenue source category. Annual debt service is supported by 2021 revenues of \$2.8 million, of which \$1.8 million is from property tax increment revenues. The remaining \$1.0 million are other tax revenues including sales and use taxes, and transfers from other sources to support debt payments.

Current TIF Debt Service Payments



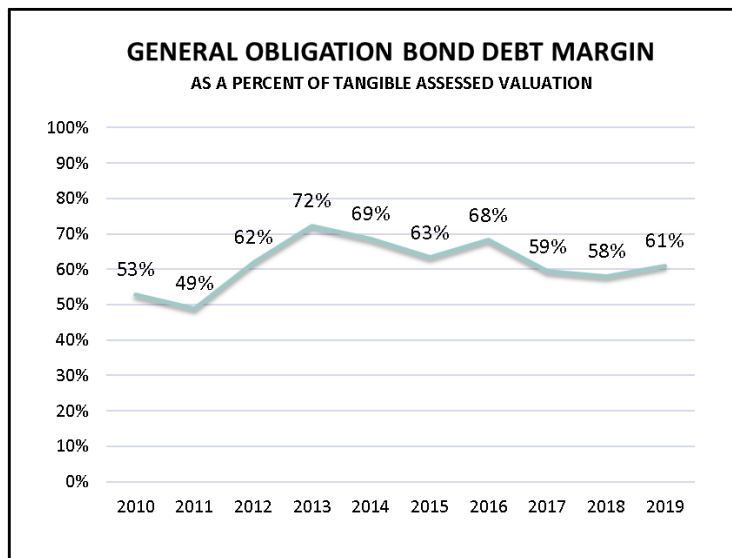
Changes in appraised value have a strong impact on the performance of TIF districts. As stated previously, the assumptions for growth of KCK assessed value are applied in the following manner: 5.4% for 2021, 5.7% in 2022, 3.8% in 2023 with a slight slower growth rate due to pandemic, 7.8% in 2024 as a new economic development project is expected to be completed, and 4.8% thereafter. With these property tax increment and sales and use tax revenue assumptions, the tax increment financing districts are estimated to generate \$2.9 million in tax increment revenue in 2022 to support payment of the debt service. The total annual debt service payments are budgeted at \$2.0 million for 2022.

Opportunities for early payoff of TIF projects financed in this manner are limited. TIF districts that have been bonded with general obligation debt generally are included in a debt issuance that finances dozens of projects and has a set debt service schedule. As a result, the application of TIF revenues to pay down debt ahead of maturity are mitigated by the fact that the interest is set at issuance. Instead, revenues are accumulated in the TIF fund until the liability is reduced to zero and then the district is terminated. Any monies remaining in the fund, or deficits, are distributed to the appropriate taxing jurisdictions.

Unified Government Issuer Credit Ratings

The Unified Government's "issuer rating" on its general obligation debt is rated AA Stable by Standard & Poor's credit rating agency and A1 Stable by Moody's Investor Service. Both rating agencies in their most recent reports in September 2020 affirmed that the UG had strong management practices, strong budgetary performance and flexibility, strong liquidity, yet are negatively impacted by weak economic factors and an overburdened debt load and contingent liabilities, such as our unfunded \$178 million pension and \$100 million retiree health (OPEB) liability. In recent years, the rating agencies have placed greater emphasis on local government's ability to meet these retirement -related obligations.

In their recent reports, both rating agencies emphasized that improvement in the UG ratings (and hence a reduction in our borrowing costs) would improve if the level of outstanding debt were reduced or the level of future borrowing would diminish. They both also stressed the importance of maintaining the General Fund reserves at levels considered to be very strong, or between 10 percent and 15 percent of total expenditures. The reports also mentioned a significant improvement in the County's economic factors could also result in a rating upgrade.



Kansas Statutory Debt Margin for the Unified Government

The debt margin computation is based on a 30 percent of the equalized assessed tangible valuation and the outstanding general obligation debt of which property tax revenues are pledged, per Kansas statutes that specifically references the Unified Government. Given the outstanding debt that is statutorily included in this calculation, the Unified Government is at 61% of the General Obligation Debt Margin in 2019, with available statutory debt authority remaining as of December 2019 is \$178 million. Maintaining at the current level or reducing the debt margin is recommended, while reaching 100% of the debt margin would be ill advised. For comparative purposes in 2018, the City of Wichita was at 27%, City of Topeka at 23% and Johnson County at only at 0.4%.

City General Fund (Operating) Debt-Related Items

As mentioned previously, the City General Fund is the main operating fund of the City of Kansas City, Kansas. For the most part, it does not record debt-related obligations. There are two notable exceptions which require disclosure in order to provide a complete discussion for this Long-Term Financial Forecast. First, the only debt service payment made directly from the City General Fund is the Soccer Stadium Parking General Obligation Bonds (Series 2020-D that refinanced the 2010-H in September 2020), with principal and interest payments amounting to \$638,000 in 2023. The annual amounts included in the Forecast are based on the bond documents' annual debt service schedule. This debt payment is entirely offset by Soccer Stadium ticket tax received from the soccer facility and recorded in the City General Fund.

The second item is the *"annual debt appropriation"* that is added annually to the City General Fund (operating) budget. For 2021, the annual debt appropriation is estimated to be \$10,304,981. This annual debt appropriation is required by the bond documents for various outstanding bond series provides bond holders with additional security that the repayment obligations will be met, and as a result the Unified Government received a lower interest rate on those bonds at the time of the bonds' issuance. There are four debt obligations in which the bond documents require an appropriation be adopted annually to authorize the debt service payments from the City General Fund should the primary dedicated revenue source pledged to debt repayment prove to be insufficient. These debt obligations, some of which the UG is not the obligor or issuer, include the 1999 Kansas Speedway International Corporation Taxable STAR Bonds, 1999 Kansas Speedway International Corporation Tax-Exempt STAR Bonds, the 2014 Kansas Speedway International Corporation Sales Tax Refunding Bonds, and the 2015B Schlitterbahn Vacation Village STAR bonds.

The total annual appropriations for 2021 of \$10,304,981 was budgeted as both an expenditure and a revenue in the City General Fund for balancing purposes. Although budgeted, the prior year actual expenditures do not reflect these payments because the City General Fund has never had to make any of these debt service payments. The dedicated revenue sources for these bond issuances were sufficient to meet debt service requirements. As a result, these budgeted figures have been eliminated from the Long-Term Financial Forecast in order to provide more accurate analysis of percentage changes year-over-year.



Wyandotte County was organized on January 29, 1859. The county contains the cities of Bonner Springs (part), Edwardsville, Kansas City and Lake Quivira (part), and was named for the Wyandot Indians (various spellings). The Wyandot Indians arrived in the area from Ohio in 1843. They were responsible for the early cultivation of the land, barn buildings, planting of orchards, and road building. The Wyandot Constitutional Convention met on July 5, 1859, remained in session twenty-one days, and at the close gave Kansas a new constitution. This constitution was approved by the people on October 4, 1859. Other significant historical facts include: White Church was founded in 1832 and is the oldest church in Kansas still in use; the first county fair was held in 1863 on the levee in Wyandot and the first school district was organized in 1867 in the city of Wyandot.

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