

## AUDIT PROPOSAL

### Evaluating the Distribution of Unified Government Funds to Certain Cities

#### SOURCE

This audit proposal was requested by Representative Carolyn Caiharr.

#### BACKGROUND

During the mid-1990's Wyandotte County was struggling financially, with a declining tax base and high property taxes. The 1996 Kansas Legislature authorized a study commission to explore a city/county consolidation, which voters approved. From May to October 1996, the commission held public hearings and meetings. Merger proponents argued it would reduce overhead costs, reduce duplicated services, and cut red tape to help attract economic development. Opponents feared a loss of identity for smaller incorporated areas, such as Bonner Springs and Edwardsville. The 1996 Legislature allowed the commission to develop a plan to merge all cities with the county or to merge only the largest city (Kansas City) with the county. To ensure passage of a public vote, the commission pursued a consolidation plan that allowed existing incorporated cities other than Kansas City to maintain their own city governments.

The study commission finalized its report and provided it to the Governor and the Legislature. The Legislature didn't reject the plan, thus triggering the merger question to be part of the April 1997 election. County residents voted in favor of the Wyandotte/Kansas City merger by a 60% to 40% margin. The merger abolished the then separate city and county commissions and replaced them with a single Chief Executive and a 10-member Board of Commissioners. The new Unified Government (UG) became a county and a city with all the powers, functions, and duties under state law and constitution. According to state law (K.S.A. 12-345), the UG provides its county services to the full county and provides its city services to only Kansas City, not the other incorporated cities of Bonner Springs, Edwardsville, and Lake Quivira. For example, Bonner Springs receives county services (district attorney, sheriff) from the UG, but doesn't receive city services such as police, fire, and public works services.

Recently, legislators have expressed concerns that UG revenues are not spent proportionally. Specifically, legislators raised questions about whether the cities that are not part of the UG receive proportional county services. Legislators are also curious whether Coronavirus Aid, Relief, and Economic Security Act (CARES) funds distributed to the UG in 2020 were shared equitably with other local entities such as Bonner Springs and Edwardsville.

#### AUDIT OBJECTIVES AND TENTATIVE METHODOLOGY

*The audit objective listed below is the question we would answer through our audit work. The steps listed for the objective convey the type of work we would do. These may change as we learn more about the audit issues.*

**Objective 1: Did the Unified Government spend county-dedicated funds proportionally across the county in line with relevant requirements?** Our tentative methodology would include the following:

- Review statutes, the UG charter, and other relevant documents to learn what county services must be provided to the cities that are not part of the UG. Also interview officials from Bonner Springs, Edwardsville, and Lake Quivira to get their understanding of services to be provided to those cities through the UG.
- Interview UG officials to understand what relevant revenue streams come into the UG and should be earmarked for county services.
- Review statutes and other relevant documents to understand what rules exist to segregate those revenues for county purposes, and what requirements exist to spend various revenues on specific county services.
- Request and review budget document summaries and accounting details for the most recent completed fiscal year to determine whether county-earmarked revenues were allocated and used in line with required county services.
- For any requirements that weren't met or any other problem findings, interview stakeholders to confirm and understand the reasons.

#### **ESTIMATED RESOURCES**

We estimate this audit would require **1 auditor** for a total of about **2 months** (from the time the audit starts to our best estimate of when it would be ready for the committee).