

NOTICE OF BUDGET HEARING

2022

The governing body of
City of Arkansas City

will meet on 08/03/2021 at 5:30 pm at City Hall Commission Chambers for the purpose of hearing and answering objections of taxpayers relating to the Revenue Neutral Rate and the amount of ad valorem tax and the proposed use of all funds.

Detailed budget information is available at City Hall and will be available at this hearing.

BUDGET SUMMARY

Proposed Budget 2022 Expenditures and Amount of 2021 Ad Valorem Tax establish the maximum limits of the 2022 budget.

Estimated Tax Rate is subject to change depending on the final assessed valuation.

*Tax rates are expressed in mills

**Revenue Neutral Rate as defined by 2021 Kansas Senate Bill 13.

Jennifer Waggoner

City Official Title: Finance Director/Treasurer

City of Arkansas City

2022

FUND PAGE FOR FUNDS WITH A TAX LEVY

Adopted Budget General	Prior Year Actual for 2020	Current Year Estimate for 2021	Proposed Budget Year for 2022
Unencumbered Cash Balance Jan 1	1,126,588	2,036,661	1,757,035
Receipts:			
Ad Valorem Tax	2,814,332	3,281,583	xxxxxxxxxxxxxxxxxxxx
Delinquent Tax	132,773	90,000	115,000
Motor Vehicle Tax	408,290	434,683	491,618
Recreational Vehicle Tax	3,396	3,995	4,361
16/20M Vehicle Tax	6,986	6,000	4,525
Commercial Vehicle Tax	0	0	6,936
Watercraft Tax	0	0	0
Gross Earning (Intangible) Tax	0	0	0
LAVTR	0	0	0
City and County Revenue Sharing	0	0	0
Special Assessments	26,727	34,000	28,000
Local Alcoholic Liquor	10,092	13,460	9,600
Compensating Use Tax	311,666	300,000	315,000
Local Sales Tax	1,805,442	1,625,000	1,650,000
Franchise Tax	1,154,854	1,117,600	1,117,000
Licenses & Permits	248,152	67,000	74,600
Grants	37,109	68,245	61,574
Cemetery Permits/Deeds	28,885	23,000	21,500
Rural Fire Contracts	379,160	365,000	365,000
County Ambulance Fees	191,100	195,000	180,000
Other Ambulance Fees	560,638	600,000	600,000
Fines, Forfeitures, Penalties	372,131	391,300	390,150
Fleet Management Equity	0	0	71,400
Interest	13,080	4,200	4,000
Sale of Assets	17,177	59,698	0
Rental Income	28,864	33,500	25,400
Donations	6,951	5,225	5,000
Reimbursed Expenses	397,552	197,754	85,000
Transfers:			
Transfer from Water	400,000	400,000	400,000
Transfer from Sewer	550,000	550,000	550,000
Transfer from Sanitation	200,000	200,000	200,000
Neighborhood Revitalization Rebate	-81,221	-83,754	-95,000
Miscellaneous	460,623	79,227	25,500
Does miscellaneous exceed 10% Total Rec			
Total Receipts	10,484,759	10,061,716	6,706,165
Resources Available:	11,611,347	12,098,377	8,463,200

City of Arkansas City

FUND PAGE - GENERAL

CPA Summary

City of Arkansas City

2022

Adopted Budget General Fund - Detail Page 1	Prior Year Actual for 2020	Current Year Estimate for 2021	Proposed Budget Year for 2022
Expenditures:			
General & Administration			
Salaries	931,934	839,891	879,537
Contractual	358,627	370,718	392,730
Commodities	45,676	48,510	48,950
Capital Outlay	42,076	21,000	23,500
Debt Service	0	79,000	82,500
Total	1,378,313	1,359,119	1,427,217
Court & Legal			
Salaries	47,583	89,996	96,071
Contractual	131,252	142,150	146,200
Commodities	1,400	1,950	1,750
Capital Outlay	2,958	3,105	4,500
Total	183,193	237,201	248,521
Fire/EMS Department			
Salaries	2,035,662	2,297,143	2,645,673
Contractual	90,341	118,600	159,700
Commodities	219,260	205,750	230,750
Capital Outlay	332,396	268,800	247,500
Debt Service	140,017	140,000	152,600
Total	2,817,676	3,030,293	3,436,223
Police Department			
Salaries	2,458,488	2,630,740	2,940,882
Contractual	117,805	128,900	133,000
Commodities	90,301	115,000	133,050
Capital Outlay	206,270	189,500	166,500
Debt Service	0	0	8,400
Total	2,872,864	3,064,140	3,381,832
Neighborhood Services			
Salaries	202,218	268,466	296,084
Contractual	45,087	36,860	36,860
Commodities	15,062	61,850	65,680
Capital Outlay	1,812	21,000	23,000
Debt Service	0	0	12,600
Total	264,179	388,176	434,224
Parks & Facilities			
Salaries	518,908	578,345	594,652
Contractual	141,939	160,500	170,548
Commodities	163,141	209,250	196,450
Capital Outlay	43,730	163,000	89,000
Debt Service	0	0	37,800
Total	867,718	1,111,095	1,088,450
Streets			
Salaries	414,560	454,321	460,749
Contractual	428,119	289,100	294,300
Commodities	58,727	72,100	82,550
Capital Outlay	635	2,000	2,000
Total	902,041	817,521	839,599
Northwest Community Center			
Salaries	45,248	49,256	49,657
Contractual	6,430	10,000	8,500
Commodities	2,751	5,750	4,000
Capital Outlay	144	500	500
Total	54,573	65,506	62,657
Page 1 - Total	9,340,557	10,073,051	10,918,723

City of Arkansas City

2022

Adopted Budget General Fund - Detail Page 2	Prior Year Actual for 2020	Current Year Estimate for 2021	Proposed Budget Year for 2022
Expenditures:			
Senior Center			
Salaries	191,427	214,691	218,883
Contractual	28,229	30,400	30,600
Commodities	14,473	22,000	18,800
Capital Outlay	0	1,200	1,200
Total	234,129	268,291	269,483
Page 2 -Total	234,129	268,291	269,483
Page 1 -Total	9,340,557	10,073,051	10,918,723
Grand Total	9,574,686	10,341,342	11,188,206

(Note: Should agree with general sub-totals.)

Page No. 7c

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City of Arkansas City

2022

FUND PAGE FOR FUNDS WITH A TAX LEVY

Adopted Budget Debt Service	Prior Year Actual for 2020	Current Year Estimate for 2021	Proposed Budget Year for 2022
Unencumbered Cash Balance Jan 1	129,681	254,022	88,271
Receipts:			
Ad Valorem Tax	581,310	307,377	xxxxxxxxxxxxxxxxxxxx
Delinquent Tax	35,572	30,000	35,000
Motor Vehicle Tax	84,286	89,767	46,048
Recreational Vehicle Tax	693	824	408
16/20M Vehicle Tax	1,553	757	424
Commercial Vehicle Tax			650
Watercraft Tax			0
Sale of Bonds	21,840,000	0	0
Bond Premium	1,254,936	0	0
Transfer from Water Fund	0	0	1,490,250
Interest on Idle Funds	0	0	0
Neighborhood Revitalization Rebate	-16,774	-17,296	-25,000
Miscellaneous	0		
Does miscellaneous exceed 10% Total Rec			
Total Receipts	23,781,576	411,429	1,547,780
Resources Available:	23,911,257	665,451	1,636,051
Expenditures:			
Debt Service Principal	23,114,128	525,000	1,595,000
Debt Service Interest	169,746	52,080	470,925
Cost of Issuance	373,361	0	0
Agency Fees	0	100	100
Emergency Reserve	0	0	100,000
Cash Basis Reserve (2022 column)			
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	23,657,235	577,180	2,166,025
Unencumbered Cash Balance Dec 31	254,022	88,271	xxxxxxxxxxxxxxxxxxxx
2020/2021/2022 Budget Authority Amount	24,416,046	673,385	2,166,025
Non-Appropriated Balance			
Total Expenditure/Non-Appr Balance		2,166,025	
Tax Required		529,974	
Delinquent Comp Rate:	3.5%	18,549	
Amount of 2021 Ad Valorem Tax		548,523	

Adopted Budget Library	Prior Year Actual for 2020	Current Year Estimate for 2021	Proposed Budget Year for 2022
Unencumbered Cash Balance Jan 1	0	0	0
Receipts:			
Ad Valorem Tax	318,480	336,330	xxxxxxxxxxxxxxxxxxxx
Delinquent Tax	15,811	12,000	12,000
Motor Vehicle Tax	46,200	49,188	50,386
Recreational Vehicle Tax	384	451	447
16/20M Vehicle Tax	801	415	464
Commercial Vehicle Tax	0	714	711
Watercraft Tax	0	0	0
Interest on Idle Funds			
Neighborhood Revitalization Rebate	-9,191	-9,750	-15,000
Miscellaneous			
Does miscellaneous exceed 10% Total Rec			
Total Receipts	372,485	389,348	49,008
Resources Available:	372,485	389,348	49,008
Expenditures:			
Appropriations to Library Board	372,485	389,348	401,700
Miscellaneous			
Does miscellaneous exceed 10% Total Exp			
Total Expenditures	372,485	389,348	401,700
Unencumbered Cash Balance Dec 31	0	0	xxxxxxxxxxxxxxxxxxxx
2020/2021/2022 Budget Authority Amount	423,900	384,950	401,700
Non-Appropriated Balance			
Total Expenditure/Non-Appr Balance		401,700	
Tax Required		352,692	
Delinquent Comp Rate:	3.5%	12,344	
Amount of 2021 Ad Valorem Tax		365,036	

CPA Summary

See Tab C

8

Estimated Value Of One Mill For 2022

The estimated value of one mill would be:	\$60,838.00
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Want The Mill Rate The Same As For 2021?

2021 Mill Rate Was:	70.005
2022 Tax Levy Fund Expenditures Must Be	\$0
Reduced By:	-\$16,523

Impact On Keeping The Same Mill Rate As For 2021

2022 Ad Valorem Tax Revenue:	\$4,275,456
2021 Ad Valorem Tax Revenue:	\$4,258,933
Change in Ad Valorem Tax Revenue:	\$16,523

What Mill Rate Would Be Desired?

Current 2022 Estimated Mill Rate:	70.276
Desired 2022 Mill Rate:	66.863
2022 Ad Valorem Tax:	\$4,067,781
2022 Tax Levy Fund Exp. Changed By:	-\$207,675

2022 Budget Notes:

2021 General Fund Cuts:

- Neighborhood Services – (1) Siren \$18,000
- Police Department – Covered Roof over parking lot \$35,000
- Parks & Facilities – ADA Ramp at Ag Building \$15,000
- Parks & Facilities – Underpass Lighting \$10,000

2021 Unbudgeted General Fund Expenses:

- Fire Department Personnel Salary /OT Adjustments \$130,000
- Fire Department air packs and tanks \$165,000
- Fire Department air conditioner, garage doors \$14,000
- Fire Department contract with Dr. Blatchford \$18,000
- Fire Department phone system \$8000
- Police Department custom website design \$3500
- Retail Attractions \$12,000
- Human Resources Consultant \$30,000 YTD
- Deputy City Clerk position \$39,200
- NEO GOV (applicant tracking) \$2600
- Leave payouts \$55,000
- Judges Contracts \$4000
- REAP Assessment \$5000
- 150th Promo videos and advertising \$5500

Priorities not included / cut from 2022 Budget:

- Parks & Facilities – Dump Truck \$130,000
- Parks & Facilities – Pershing Park Restrooms \$20,000
- Parks & Facilities – Lovie Watson Park Restrooms \$20,000
- Police Department – Security Fencing around parking lot \$30,000
- Police Department – Request for a part-time employee for CALEA work \$30,000
- Police Department – Reduced Building Maintenance budget \$10,000
- Senior Center – Request for an additional Cook/Driver employee \$47,700
- Fire Department – Inflatable water rescue boat \$9,000
- Neighborhood Services – Reduced Building Demolitions Budget \$50,000
- Human Resource Software – base module \$15,000/year with additional modules extra
 - This would be spread across General Fund and Utility Funds

- ExecuTime Software (automated time keeping system for payroll) (spread across GF and Utility Funds)
 - \$12,500 initial fee plus one-time purchase of time clocks
 - \$4,062 annual maintenance fees
- Running Horse Lane Road / Other projects
- Health Insurance Broker - \$30,000 (GF portion would be approximately \$12,000)

Summary of 2022 Personnel Budgets:

- KPERS 9.9% (up from 9.87%)
- KP&F 22.99% (up from 22.80%)
- Merit Increase – used 2020's average of 3.4%
- Health Insurance 15% Increase (normal budgeting practice is 12%-15%)
- Worker's Comp 2% Increase
- COLA 1%

External Agencies - 2022

Last Updated: 5/12/2021

Fund	Account	Organization	2020 Actual	2021 Approved	2021 YTD	2022 Requested	Mill Rate *	Commission Authorized	Notes
General	01-201-6217	Chamber of Commerce	\$ 15,000	\$ 15,000	\$ -	\$ 15,000	0.258		
General	01-201-6217	City-Cowley County Health Department	\$ 17,200	\$ 17,200	\$ 4,300	\$ 17,200	0.296		
General	01-201-6217	Municipal Band	\$ 4,500	\$ 4,500	\$ -	\$ 4,500	0.077		
General	01-201-6217	Fireworks Show	\$ 1,289	\$ 1,000	\$ 1,000	\$ 1,000	0.017		
General	01-201-6217	Outstanding Student- City Commission	\$ -	\$ 1,750	\$ 3,250	\$ 1,750	0.030		
General	01-201-6217	Cowley First: Cowley County Economic Development Partnership	\$ 45,000	\$ 45,000	\$ 22,500	\$ 45,000	0.774		
General	01-201-6217	Cherokee Strip Museum	\$ 75,000	\$ 70,000	\$ 35,000	\$ 70,000	1.205		
General	01-201-6217	Springhill Golf Course	\$ 3,257	\$ 6,000	\$ 6,000	\$ -	0.000		2020 YTD does not include labor
General	01-201-6217	Beautification Advisory Board	\$ -	\$ -	\$ -	\$ -	0.000		
General	01-201-6217	Chamber of Commerce-Dues	\$ 885	\$ -	\$ -	\$ -	0.000		Dues
General	01-201-6217	SCKEDD - South Central Kansas Economic Development District (Yearly Membership Dues)	\$ -	\$ 2,060	\$ 2,058	\$ 2,060	0.035		Dues
General	01-421-6224	Cowley County Humane Society	\$ 33,500	\$ 33,500	\$ 12,675	\$ 33,500	0.577		Contract
General		Total General Fund - Commission Contributions	\$ 195,631	\$ 196,010	\$ 86,783	\$ 190,010	3.27	\$ -	
Other:									
Tourism	23-773-6217	Visit Ark City	\$ 75,000	\$ 75,000	\$ 42,639	\$ 90,000			
Tourism	23-773-6217	Visit Ark City - Firework supplement	\$ -	\$ -	\$ 4,000	\$ -			
Tourism	23-773-6301	Visit Ark City - Tacolalah	\$ -	\$ -	\$ -	\$ -			
Special Alcohol	26-100-6217	Arkansas City After Prom Event- DARE	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000			
Library	27-100-8110	Library	\$ 372,485	\$ 348,529	\$ 209,214	\$ 348,655	6.000		6 Mill Cap
		Total Community Contributions	\$ 448,485	\$ 424,529	\$ 256,854	\$ 439,655	6.00	\$ -	

* Mill Rate Valuation Base: 58,106,205



209 SOUTH SUMMIT
P.O. BOX 1123
ARKANSAS CITY, KS 67005
(620) 741-0000
FAX: (620) 442-6600

CLAYTON E. SOULE

CHAD D. GILES

June 25, 2021

Randy Frazer
City Manager for the City of Arkansas City
118 W. Central Ave.
Arkansas City, KS 67005

Re: Spring Hill Golf Course, request for financial assistance

Dear Mr. Frazer and City Commissioners,

On behalf of the Spring Hill Golf Course board of directors and management team, we first want to say thank you for all of the past support the City of Arkansas City has given us. This has allowed the Course to continue to remain a top community destination. We certainly could not maintain the level of growth and success that we have recently accomplished without the support of the City.

Unfortunately, as all of us are all too aware, the recent Covid-19 pandemic created long lasting, unforeseen and unexpected negative financial consequences for many organizations like us. We are pleased to announce that our management team has handled this in stride, and we are well on our way to a full financial recovery. However, the course is currently in desperate need of some fertilizer/chemicals and some of our equipment needs immediate repairs. As you know, this time of year is a crucial time for course maintenance and proper chemical applications.

With that being said we would respectfully request financial assistance from the City in the amount of \$6,000.00 to ensure that we can cover the necessary costs associated with purchasing the chemicals and making equipment repairs. We do not take this type of a request lightly and would not make the request if it were not absolutely necessary. In recent years we believe we have demonstrated that our new management team has put on us a positive path headed towards financial independence. Unfortunately, the pandemic caused some financial setbacks, and we are in need of the requested \$6,000.00.

Again, we truly and sincerely appreciate the past and continued support from the City towards this ever so important community asset, and any consideration you can offer in support of this request will be tremendously appreciated.

Sincerely,



Monty Potter, Manager

Soule & Giles, LLP



Clayton Soule, Legal Counsel
for Spring Hill Golf Course



Office of Accounts and Reports
Municipal Services

Budget Timeline – Exceeding RNR

If exceeding Revenue Neutral Rate (RNR), follow procedure in 2021 Kansas Senate Bill 13 and Senate Sub for House Bill 2104

- **May 20th:** Motor Vehicle Tax Estimates distributed from County Treasurers
- **June 15th:** Assessed property valuation estimates distributed from County Clerks (will include the Revenue Neutral Rate)
- **July 20th:** Last day to notify County Clerk of intent to levy above RNR
 - Clerk should be provided proposed tax rate and RNR hearing information (date, time, location)
 - Beginning in 2022, County Clerk will notify tax payers via mail/email of all taxing subdivisions exceeding RNR
- **August 20th – September 20th:** Hold RNR hearing *prior to or in conjunction with* budget hearing
 - **Publication of hearing must be done 10 days prior to RNR hearing***
 - **Publish in newspaper and website (if website is maintained)**
- **August 20th – September 20th:** Hold budget hearing
 - Publication of hearing must be done 10 days prior to budget hearing
- **August 20th – October 1st:** Governing body passes resolution to exceed RNR (if applicable) and formally adopts budget
- **August 30th – October 1st:** Governing body certifies budget to County Clerk

***Tip:** Contact your newspaper(s) in advance to confirm publication content due dates, procedure, and contact information! There is no remedy if the RNR hearing newspaper publication is missed.

The Basics of SB 13/HB 2104: Legislation Requiring a Hearing to Exceed the Revenue Neutral Rate

What are SB 13 and HB 2104?

During the 2021 legislative session, the tax lid was removed and the legislature enacted SB 13 and HB 2104. This legislation establishes new notice and public hearing requirements if the proposed budget will exceed the property tax levy's revenue neutral rate. These requirements take effect this year (2021), for a city's 2022 budget.

What is a Revenue Neutral Rate (RNR)?

The tax rate in mills that would generate the same property tax revenue in dollars as levied the previous tax year using the current tax year's total assessed valuation.

How is the Revenue Neutral Rate Calculated?

To calculate the revenue neutral rate, the County Clerk shall divide the property tax revenue for such taxing subdivision levied for the previous tax year by the total of all taxable assessed valuation in such taxing subdivision for the current tax year, and then multiply the quotient by 1,000 to express the rate in mills. (SB 13 Sec. 1(e)(2))

What is a Tax Rate Hearing?

A Tax Rate Hearing is a hearing to exceed the Revenue Neutral Rate (RNR).

$$\text{RNR} = \frac{\text{Last year's total property tax raised in dollars}}{\text{This year's assessed valuation as of June 15}} \times 1,000$$

Year-to-Year RNR Sample Calculation

2021 Budget

- City Levied \$900,000 in property tax
- Assessed Valuation of property = \$29,000,000
- Value of one mill = \$29,000
- Mill Rate = $31.034 \text{ mills} \quad \left(\frac{\$900,000}{\$29,000,000} \right) \times 1,000$

2022 Budget

- In 2021 budget, City levied \$900,000
- Assessed Valuation changes to \$31,000,000
- Value of one Mill = \$31,000
- Revenue Neutral Rate = $29.032 \text{ Mills} \quad \left(\frac{\$900,000}{\$31,000,000} \right) \times 1,000$

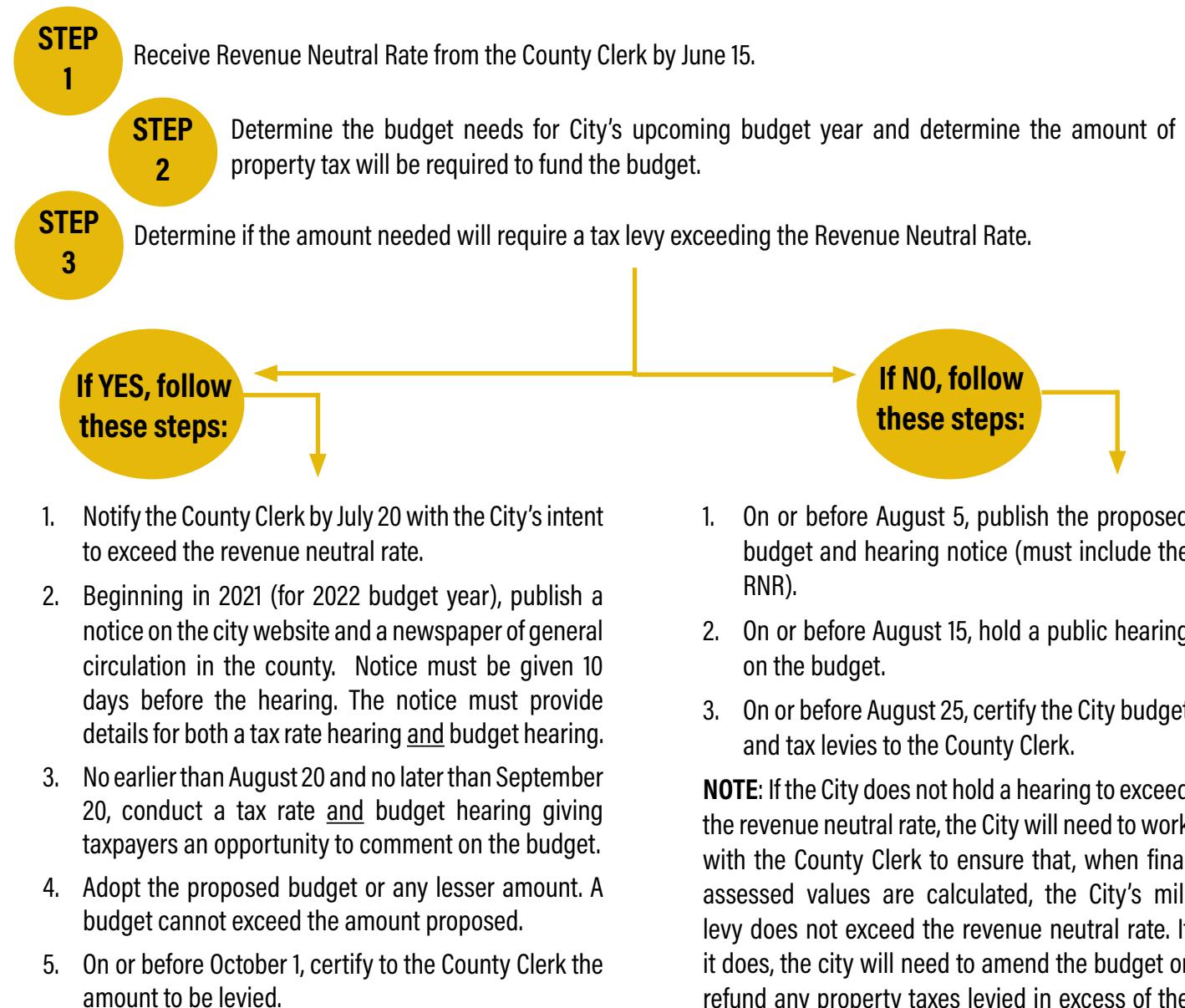
What is the Process to Exceed the RNR (setting a mill levy higher than the RNR)?

1. Notify the County Clerk by July 20 with intent to exceed the revenue neutral rate.
2. Place a notice on the city website and in a newspaper of general circulation in the county 10 days prior to the hearing.
3. No earlier than August 20 and no later than September 20, conduct a tax rate and budget hearing giving taxpayers an opportunity to comment on the budget.
4. Adopt a resolution or ordinance to exceed the revenue neutral rate.
5. Adopt the proposed budget.
6. By October 1, certify to the County Clerk the amount of ad valorem tax to be levied by the City.



1. The tax lid was about actual dollars. The revenue neutral rate is about the MILL LEVY not total dollars!
2. If the City does not hold a hearing to exceed the revenue neutral rate, the City will need to work with the County Clerk to ensure that, when final assessed values are calculated, the City's mill levy does not exceed the revenue neutral rate. If it does, the city will need to amend the budget or refund any property taxes levied in excess of the revenue neutral rate.

Applying SB 13/HB 2104 to the Budget Process



Beginning in 2022, the County Clerk will mail Revenue Neutral Rate notifications to all taxpayers.



Find this infographic, and other League infographics visit our website, www.lkm.org/infographics.

Notice of Revenue Neutral Rate Intent

**THE GOVERNING BODY OF the City of Arkansas City, HEREBY NOTIFIES THE
Cowley COUNTY CLERK OF INTENT TO EXCEED THE REVENUE NEUTRAL RATE;**

Yes, we intend to exceed the Revenue Neutral Rate and our proposed mill levy rate is 70.276. The date of our hearing is _____ at _____ AM/PM and will be held at City Hall in Arkansas City, Kansas.

No, we do not plan to exceed the Revenue Neutral Rate and will submit our budget to the County Clerk on or before August 25, 20____.

WITNESS my hand and official seal on _____, 20____.

(Seal)

Clerk or Officer of Governing Body

NOTE: Notice required to be sent to County Clerk on or before 5 p.m. on July 20, otherwise Revenue Neutral Rate cannot be exceeded. Signed notice may be scanned and sent electronically.