INDEPENDENCE CITY COMMISSION

SPECIAL SESSION AGENDA

May 15, 2024

9:00 AM

Commission Room, City Hall

The Agenda shall be as follows:

I. SPECIAL SESSION

A. Call to Order

II. EXECUTIVE SESSION

A. Data relating to financial affairs or trade secrets of second parties.

III. ITEMS FOR DISCUSSION

A. Budget Worksession.

IV. ADJOURNMENT

REQUEST FOR COMMISSION ACTION
CITY OF INDEPENDENCE
May 15, 2024

Department Admin **Director Approval Kelly Passauer**

AGENDA ITEM Data relating to financial affairs or trade secrets of second parties.

SUMMARY RECOMMENDATION Go into Executive Session with the City Manager, Assistant City Manager, Finance Director, and Chair of the Economic Development Advisory Board.

BACKGROUND

FINANCIAL INFORMATION

SUGGESTED MOTION I move that we recess for an executive session concerning confidential data relating to financial affairs and/or trade secrets of a company pursuant to the exception found at K.S.A. 75-4319(b)(4). The open meeting will resume at _____:_____ o'clock p.m. in the City Commission Room of City Hall.

SUPPORTING DOCUMENTS

OTHER DISCUSSION
CITY OF INDEPENDENCE
May 15, 2024

Department Finance **Prepared By Lacey Lies**

AGENDA ITEM Budget Worksession.

BACKGROUND The Finance Director will discuss the proposed attached timeline and expectations for the 2025 budget.

Budget Timeline

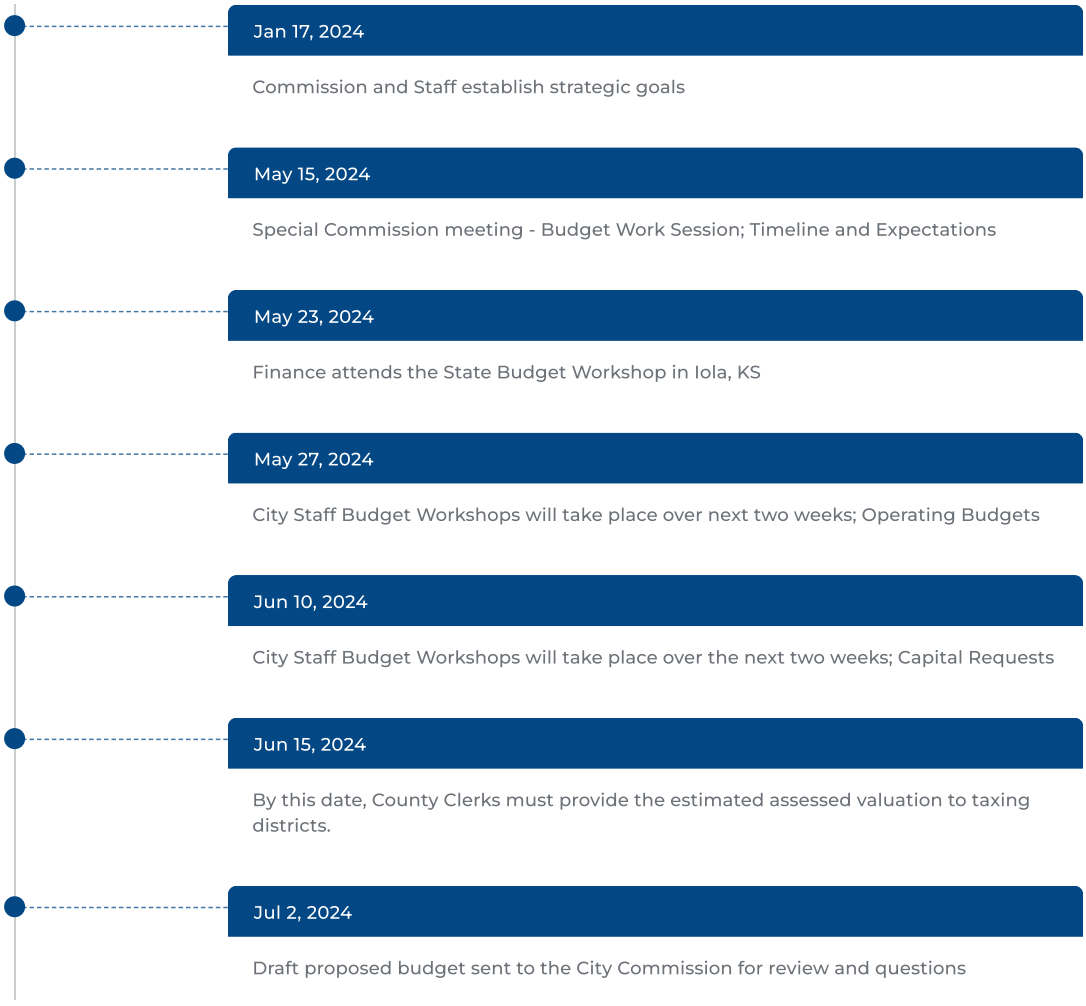
The City budget is one of the most important policy documents adopted by the City Commission each year. As a result, planning for the annual budget begins nearly a year before the budget's fiscal year begins.

A budget kickoff meeting is held internally, with staff, in March and allows the Department Directors to initiate the annual budget process. The kickoff is an opportunity to review the upcoming budget process, financial outlook, and share information. In the following months, departments develop base budgets and any proposals based on changing needs and programs.

Once submitted, the requests are evaluated by the Finance Director and the impact of the requests are analyzed on the financial forecast. Individual meetings are held with each Department Head and staff members to discuss alternatives and potential budget recommendations. The Administrative Team (Finance Director, City Manager, Assistant City Manager, City Engineer, Chief of Police) then meet to further review and analyze the impact of the requests and their place in the budget and strategic direction of the City.

The proposed budget is presented to the City Commission over a series of meetings in May through August. The Commission provides direction and input to finalize the budget. A formal public hearing is conducted, in compliance with Kansas State Statutes, prior to adopting the budget to allow citizens the opportunity to express any comments or concerns. Adoption of the budget is required before October 1 of each year. The adopted budget goes into effect on January 1 of the next calendar year.

The below timeline outlines major milestones in the City's budget process.



Jul 8, 2024

Budget workshops will take place throughout the week with City Staff and Commissioners

Jul 17, 2024

Special Commission meeting - Budget Work Session; Set Maximum Rate to submit to the County.

Taxing districts must notify the county of intent to exceed the revenue neutral rate by July 20, 2024.

Jul 29, 2024

City Staff begins to prepare the 2025 Budget Book

Aug 21, 2024

Special Commission meeting - Budget Work Session to review the 2025 Budget Book

Aug 24, 2024

RNR and Proposed Budget published in the paper.
Must submit to the paper by Wednesday, August 21.

Sep 12, 2024

Revenue Neutral Rate and Budget Public Hearings

(Must be held between August 20 and September 20. Notice must be published 10 clear days in advance)

Oct 1, 2024

Last day to submit budget to the County Clerk

KSA 79-2988 - Revenue Neutral Rate

- In March 2021, the Kansas Legislature passed Senate Bill (SB) 13 to establish limitations on ad valorem property tax levies by taxing subdivisions without an additional notice and hearing prior to budget adoption. Subsequently, Senate Substitute for House Bill 2104 was passed to amend the timelines in SB 13. SB 13 is retroactively effective January 1, 2021.
- The bill repeals the tax lid law and computed tax limits imposed by KSA 79-2925b and KSA 79-2925c. Alternatively, the bill introduces the use of a “revenue neutral rate”(RNR), defined as the amount of ad valorem tax revenue levied in the prior year over the current year's assessed valuation estimates, expressed as a mill. County clerks are responsible for computing and providing the estimated rates for taxing subdivisions with the budget information estimates by June 15th.
- Valuations for properties participating in incentive and/or abatement programs such as Neighborhood Revitalization Districts and Industrial Revenue bonds are still included in the RNR calculation although they will not be realized by the taxing entity.
- Taxing subdivisions cannot levy above the RNR without holding a Revenue Neutral Rate Hearing for taxpayers to attend and provide feedback. At the end of the RNR hearing, the governing body of the taxing subdivision will publicly vote to pass a resolution to exceed the RNR for the upcoming budget year.
- If the taxing subdivision adopts a budget that does not exceed the RNR, the subdivision should contact the county clerk to prepare for valuation decreases from the June 15th property valuation estimates to the November 1st property valuations certified by the county clerk. If property valuations decrease from June 15th to November 1st, the taxing subdivision would realize fewer dollars than budgeted.