

2022 Revised and 2023 Budget Overview

May 23, 2022

Agenda

- Budget Introduction
 - Budget Calendar
 - Budget Goals
- 2021 Review
- Senate Bill 13

Budget Process

Council Committees	
May 23	<ul style="list-style-type: none"> • Budget 101 • Revenue Overview
June 13	<ul style="list-style-type: none"> • Propose CIP • Special Revenue Funds including Stormwater Utility Fee • SEDC/Visit Shawnee (Council Meeting)
June 20 (Special Call)	<ul style="list-style-type: none"> • Department Budgets • Staffing Requests • CIP (Planning Commission)
June 27	<ul style="list-style-type: none"> • Revenue Update • Big Picture Review • Budget Wrap Up

Budget Process

Other & Council Meetings

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July 11	<p style="text-align: center;"><u>City Council Meeting</u></p> <ul style="list-style-type: none"> • Intent to exceed RNR (last day to decide is July 20) • Adopt CIP
Early August	<p style="text-align: center;"><u>Budget Open Houses</u></p> <ul style="list-style-type: none"> • Civic Centre • Monticello Library • Virtual
August 22	<p style="text-align: center;"><u>City Council Meeting</u></p> <ul style="list-style-type: none"> • Council Establishes Budget Limit • Sets Notice for Public Hearings
September 12	<p style="text-align: center;"><u>City Council Meeting</u></p> <ul style="list-style-type: none"> • Hold RNR Public Hearing (if exceeding) • Hold Public Budget Hearings • Adopt 2022 Revised and 2023 Budgets

Budget Introduction

- COVID-19 Funding
 - Business assistance grants (SERA)
 - ARPA Funds
- City's Vision – Imagine Shawnee, Parks and Recreation Master Plan, Achieve Shawnee
- Strong financial management – GFOA awards and AAA bond rating
 - General Fund ended the year with 51% fund balance
 - General Fund Revenues were 6% over 2021 revised budget
 - Sales and Use Taxes were up 12% over 2021 revised budget
 - Assessed valuation was up 6.6% from tax year 2020 to 2021
 - General Fund Expenditures were under 2021 revised budget by \$3 million (4.9%)
 - City staff targeted the General Fund ending balance to 42.5% in 2021 and 38.5% in 2022. With no changes to the 2022 budget, the ending balance for 2022 is predicted to be at 49.7%, about \$6.5 million above expectations.

Budget Goals

- Using ten-year forecasting to plan for the future
- Identifying dedicated sources of revenue to ensure we maintain strong reserves
- Developing equipment replacement schedules, comprehensive facility maintenance programs, and long term technology plans to maintain our assets
- Identifying specific gaps in the critical priorities of stormwater, street maintenance, and public safety and gaining public support and initiating new revenue sources to help fill those gaps
- Establishing policies that define our best practices for financial management and total compensation
- Leveraging outside funding at the local, state, and federal level as well as public-private partnerships to help us achieve our goals
- Dedicating a portion of the landfill impact fee to economic development, providing an otherwise non-existent resource for special projects that will increase our tax base and enhance the economic viability of our community
- Recruitment and retention crisis

Transparent Budget Information

- Budget Public Open Houses
 - Late July to early August
 - Between the time the postcard is received and the budget public hearing
- [Finance Department](#)
- [2022 Annual Budget Book](#)
- [Budget in Brief](#)
- [Annual Financial Report](#)

Budget Information

[What is a Municipal Budget](#)
[Priority Based Budgeting](#)

[2022 Annual Budget](#)
[2022 Budget in Brief \(pdf\)](#)

[2021 Annual Budget](#)
[2021 Budget in Brief \(pdf\)](#)

[2020 Annual Budget \(pdf\)](#)
[2020 Budget in Brief \(pdf\)](#)

[2019 Annual Budget \(pdf\)](#)
[2019 Budget in Brief \(pdf\)](#)

Financial Information

[2020 Comprehensive Annual Financial Report](#)

[2019 Comprehensive Annual Financial Report](#)

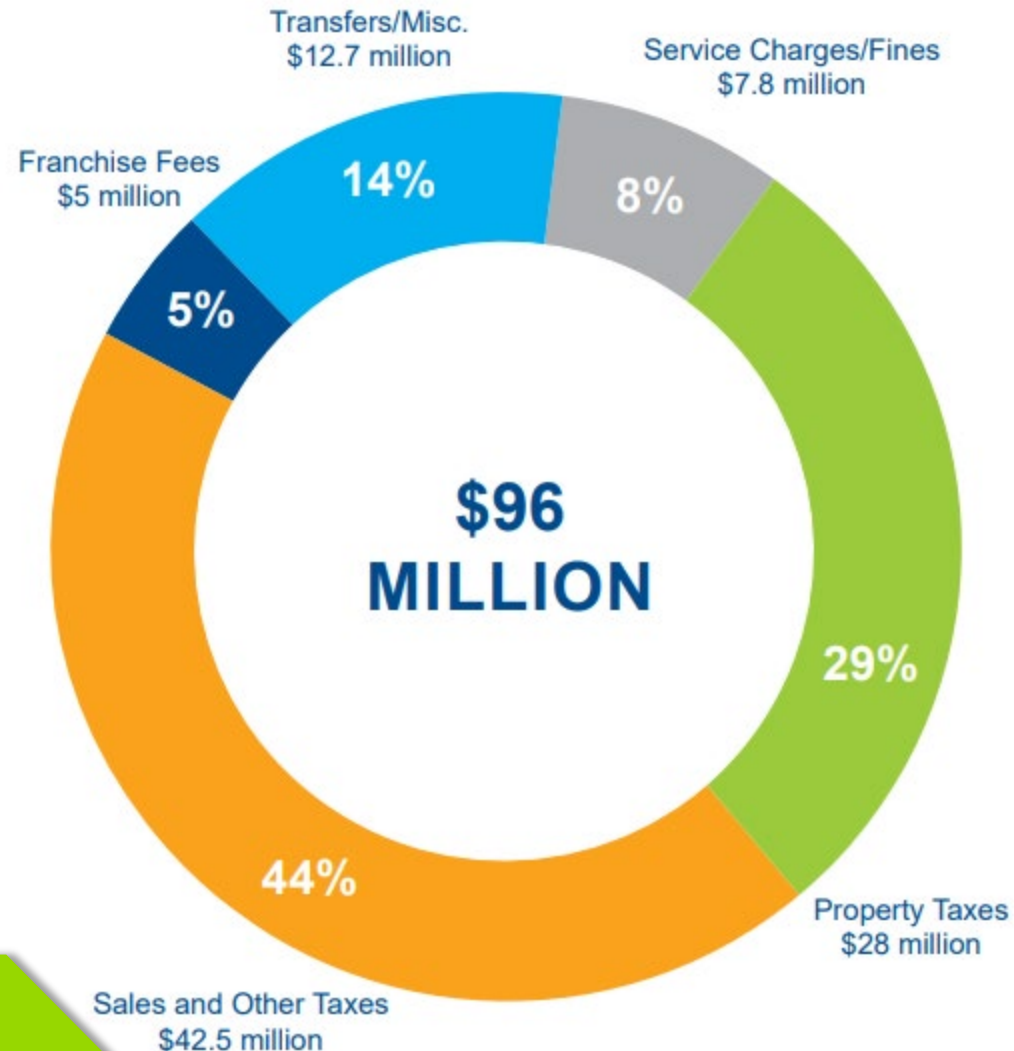
[2018 Comprehensive Annual Financial Report](#)

[Purchasing Manual](#)

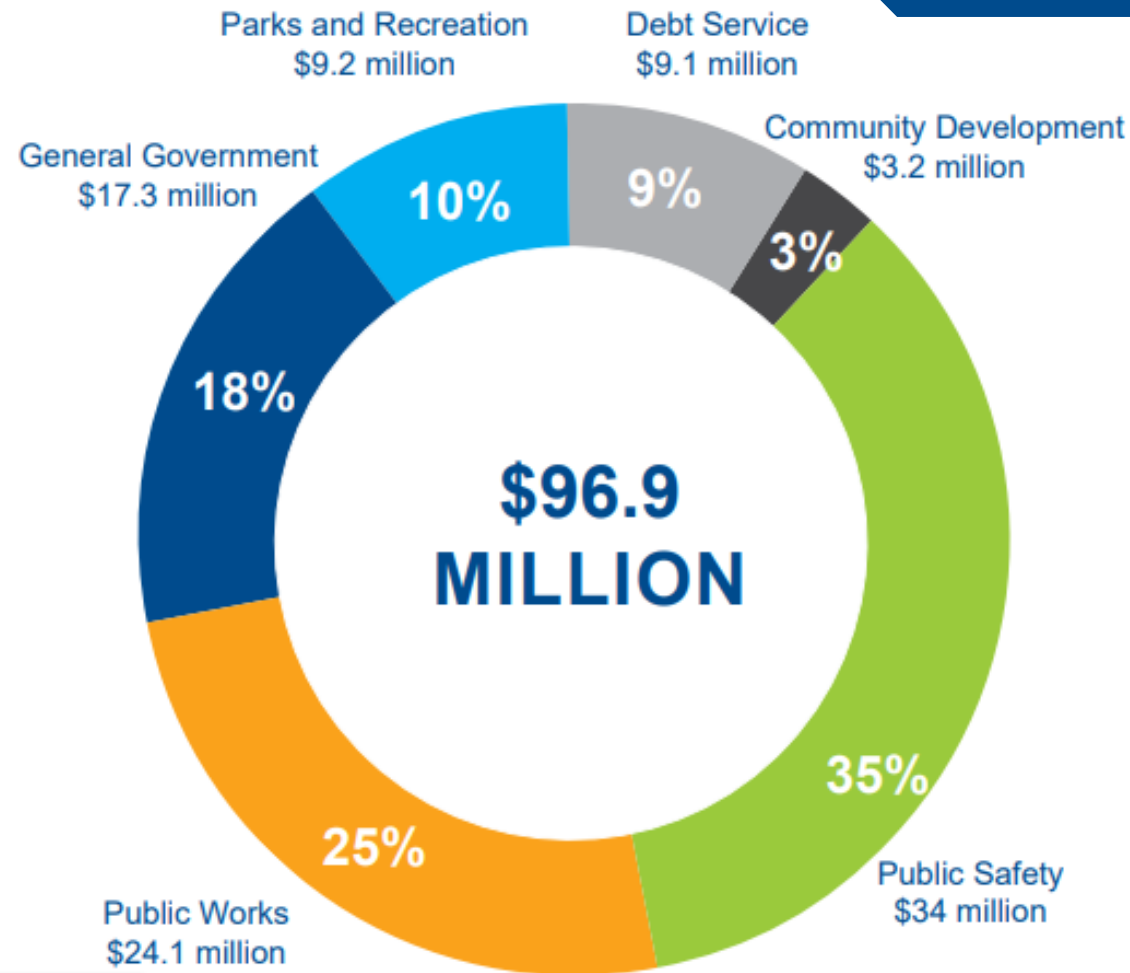
Tax Information

[How to Calculate your City Property Tax](#)
[Tax Structure](#)
[Property Tax Relief for Seniors](#)

How the Budget is Funded (2022 Budget)



How the Budget is Spent (2022 Budget)



Property Tax



Shawnee Mission USD 512 School District

SMSD USD 512	51.667	46%
City of Shawnee	26.004	23%
Johnson County	18.564	16%
JoCo Community College	9.111	8%
JoCo Library	3.908	3%
JoCo Park & Rec District	3.096	3%
State	1.5	1%
	<hr/>	
	113.849	100%

De Soto USD 232 School District

DeSoto USD 232	61.949	50%
City of Shawnee	26.004	21%
Johnson County	18.564	15%
JoCo Community College	9.111	7%
JoCo Library	3.908	3%
JoCo Park & Rec District	3.096	3%
State	1.5	1%
	<hr/>	
	124.131	100%

Calculating Property Tax

In 2022, the City's property tax rate (or mill levy) used to calculate property taxes is .026004. Below is the formula to calculate your property taxes.

Your Home's Market Value x 11.5% = Your Home's Assess Value
Assessed Value x City's Mill Levy Rate (.026004) =
What you pay in City Property Taxes

Example:

$\$311,085 \times 11.5\% = \$35,775$

$\$35,775 \times .026004 = \930

Sales Tax

For every **\$100 in purchases**, residents and businesses pay **\$9.60 in sales tax**. Of this amount, **the City receives \$1.63**. The remaining \$7.97 goes to the State of Kansas and Johnson County.

Total Sales Tax Rate Within Shawnee	9.600%
State of Kansas	6.500%
Johnson County	1.475%
*City of Shawnee	1.000%
Shawnee Parks and Pipes	0.125%
Shawnee Public Safety	0.125%
Shawnee Pavement	0.375%

***Additional 1.0% at Shawnee Plaza Shopping Center for a Transportation Development District*

**Additional 1.5% at Westbrooke Green for a Community Improvement District*

2021 General Fund

	Actual 2019	Actual 2020	Approved 2021	Revised 2021	Actual* 2021	Actual 2021*		
						Change from 2020	Change from 2021 App	Change from 2021R
Beginning Fund Balance	\$ 25,097,276	\$ 25,577,675	\$ 20,304,812	\$ 30,405,262	\$ 30,405,262	\$ 4,827,588	\$ 10,100,451	\$ -
Revenue	54,351,473	56,369,367	54,609,055	57,439,868	60,871,950	4,502,583	6,262,895	3,432,082
Less: Expenditures	53,871,076	51,541,779	52,288,165	63,415,811	60,318,569	8,776,790	8,030,404	(3,097,242)
Revenue over Expenditures	480,397	4,827,588	2,320,890	(5,975,943)	553,381	(4,274,207)	(1,767,509)	6,529,324
FUND BALANCE ENDING	\$ 25,577,673	\$ 30,405,262	\$ 22,625,702	\$ 24,429,319	\$ 30,958,643	\$ 553,381	\$ 8,332,942	\$ 6,529,324
Fund Balance % of Revenues	47.1%	53.9%	41.4%	42.5%	50.9%			

*Unaudited

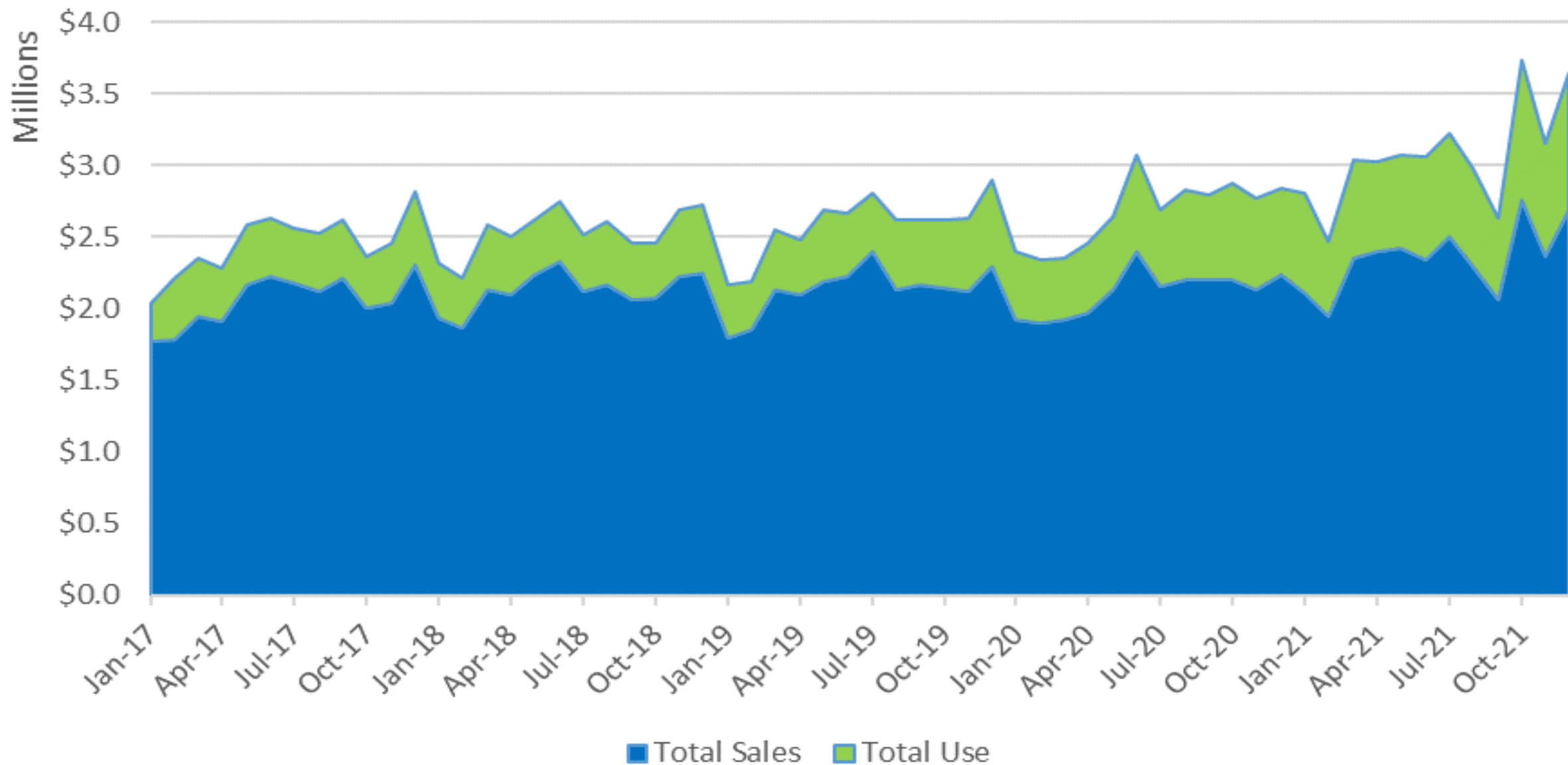
2021 Revenue

	Actual 2019	Actual 2020	Approved 2021	Revised 2021	Actual* 2021	Actual 2021*		
						Change from 2020	Change from 2021 App	Change from 2021R
Property Taxes	\$ 20,008,977	\$ 20,772,418	\$ 21,967,413	\$ 21,786,174	\$ 22,196,543	\$ 1,424,125	\$ 229,130	\$ 410,369
Sales Taxes	23,188,732	23,923,840	22,757,300	24,759,000	27,608,853	3,685,013	4,851,553	2,849,853
Franchise Taxes	5,125,861	4,861,124	4,995,841	5,008,000	4,958,010	96,886	(37,831)	(49,990)
Other Taxes	328,158	470,915	200,000	1,360,000	336,818	(134,097)	136,818	(1,023,182)
<i>Subtotal - Taxes</i>	<i>48,651,727</i>	<i>50,028,297</i>	<i>49,920,554</i>	<i>52,913,174</i>	<i>55,100,224</i>	<i>5,071,927</i>	<i>5,179,670</i>	<i>2,187,050</i>
Grants	201,410	61,518	25,000	25,000	104,451	42,932	79,451	79,451
Licenses & Permits	1,105,061	1,623,258	895,300	1,293,000	1,839,421	216,163	944,121	546,421
Charges & Fees	1,874,527	837,374	1,937,045	1,471,400	2,186,896	1,349,522	249,851	715,496
Fines	1,271,733	960,412	1,275,340	1,275,340	1,045,317	84,904	(230,024)	(230,024)
Earnings from Assets	530,789	301,806	141,000	100,000	166,044	(135,762)	25,044	66,044
Miscellaneous	474,949	2,551,587	213,500	196,600	262,099	(2,289,488)	48,599	65,499
Transfers	241,278	5,116	201,316	165,354	167,500	162,384	(33,816)	2,146
TOTAL REVENUE	\$ 54,351,473	\$ 56,369,367	\$ 54,609,055	\$ 57,439,868	\$ 60,871,950	\$ 3,770,855	\$ 7,379,937	\$ 4,674,969
<i>Percent Change</i>						6.7%	13.1%	8.3%

* Unaudited

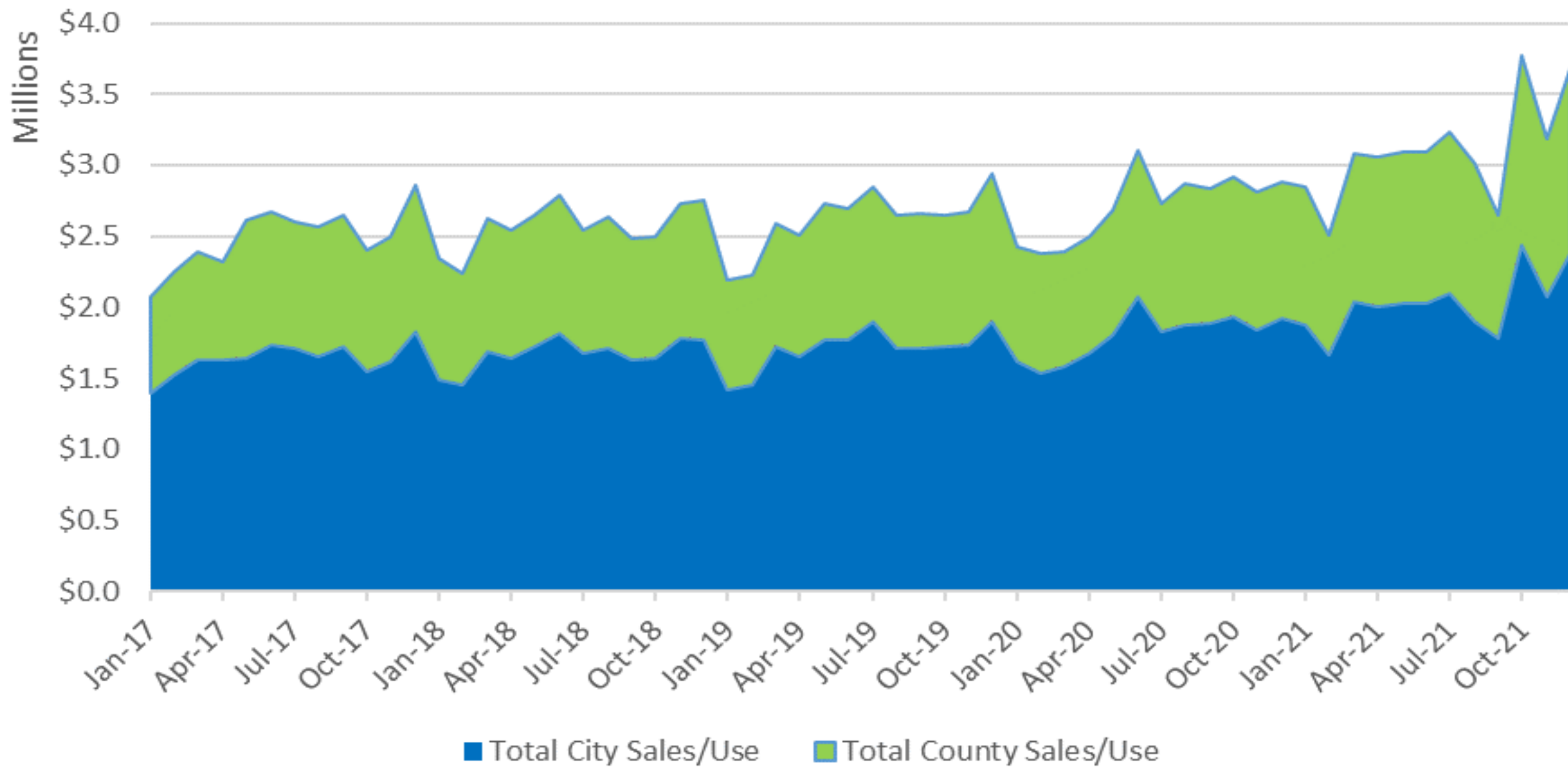
Sale & Use Tax Collections

2017 - 2021



Sale & Use Tax Collections

2017 - 2021



2021 Expenditures

	Actual 2019	Actual 2020	Approved 2021	Revised 2021	Actual* 2021	Actual 2021*		
						Change from 2020	Change from 2021 App	Change from 2021R
BY OBJECT								
Personnel	\$ 36,412,111	\$ 35,575,322	\$ 37,373,060	\$ 39,042,985	\$ 37,855,674	\$ 2,280,352	\$ 482,614	\$ (1,187,311)
Contractual Services	9,187,908	8,301,747	10,056,755	10,592,874	8,781,734	479,987	(1,275,021)	(1,811,140)
Commodities	2,439,278	2,454,185	2,355,350	2,316,969	1,979,408	(474,777)	(375,942)	(337,561)
Capital Outlay	105,729	91,315	68,100	288,538	250,501	159,187	182,401	(38,037)
Grants & Assistance	110,201	109,867	139,300	239,300	83,700	(26,167)	(55,600)	(155,600)
<i>Subtotal - Expenses</i>	<i>48,255,225</i>	<i>46,532,436</i>	<i>49,992,565</i>	<i>52,480,666</i>	<i>48,951,017</i>	<i>2,418,582</i>	<i>(1,041,548)</i>	<i>(3,529,649)</i>
Transfers to Other Funds	5,615,851	4,903,250	2,294,100	10,933,645	11,308,645	6,405,395	9,014,545	375,000
Refunds & Other	-	106,093	1,500	1,500	58,907	(47,186)	57,407	57,407
<i>Subtotal - Non Expense</i>	<i>5,615,851</i>	<i>5,009,343</i>	<i>2,295,600</i>	<i>10,935,145</i>	<i>11,367,552</i>	<i>6,358,209</i>	<i>9,071,952</i>	<i>432,407</i>
TOTAL EXPENDITURES	\$ 53,871,076	\$ 51,541,779	\$ 52,288,165	\$ 63,415,811	\$ 60,318,569	\$ 8,776,790	\$ 8,030,404	\$ (3,097,242)
<i>Percent Change</i>						17.0%	15.4%	-4.9%

*Unaudited

2021 Expenditures

	Actual 2019	Actual 2020	Approved 2021	Revised 2021	Actual* 2021	Actual 2021*		
						Change from 2020	Change from 2021 App	Change from 2021R
BY DEPARTMENT								
City Council	\$ 231,949	\$ 206,344	\$ 230,435	\$ 531,745	\$ 509,502	\$ 303,158	\$ 279,067	\$ (22,243)
City Hall	6,364,036	6,616,876	5,668,725	7,235,599	6,639,233	22,357	970,508	(596,366)
Information Technology	3,203,791	3,750,221	2,475,530	3,393,890	3,156,194	(594,027)	680,664	(237,696)
Finance	913,128	923,577	1,044,840	1,547,810	1,280,468	356,892	235,628	(267,342)
Police	16,315,288	15,645,147	16,471,975	16,494,739	15,751,122	105,975	(720,853)	(743,617)
Fire	9,859,068	9,574,874	9,519,900	10,369,988	10,499,984	925,110	980,084	129,996
Public Works	9,045,976	7,726,347	8,550,095	14,865,655	14,190,398	6,464,050	5,640,303	(675,257)
Community Development	2,395,123	2,553,714	2,645,535	2,816,755	2,647,737	94,023	2,202	(169,018)
Parks & Recreation	5,542,717	4,544,679	5,681,130	6,159,630	5,643,931	1,099,252	(37,199)	(515,699)
TOTAL EXPENDITURES	\$ 53,871,076	\$ 51,541,779	\$ 52,288,165	\$ 63,415,811	\$ 60,318,569	\$ 8,776,790	\$ 8,030,404	\$ (3,097,242)
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State Law (Senate Bill 13)

State Law (SB 13) Review

- Repealed the property tax lid law effective 1/1/2021
- Established notice and public hearing requirements in order to collect property tax in excess of the “revenue-neutral” rate
 - An increase of property tax revenue collected over previous year
 - No exclusions for: properties coming back on the tax rolls from incentives, or for new construction or changes in use

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

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 = $\left(\frac{\$900,000}{\$29,000,000} \right) \times 1,000$
31.034 mills

2022 Budget

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

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 by September 10 (and 10 days prior to the hearing).
3. By 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.

Revenue Neutral Rate Review

- Governing Body passes resolution allowing the City to exceed the revenue-neutral rate (July 11 City Council)
- Recommended by the Kansas League of Municipalities regardless of the rate because of possible fluctuations in valuations

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Discussion