

CITY OF FORT SCOTT
SPECIAL CITY COMMISSION MEETING
123 SOUTH MAIN STREET
FORT SCOTT, KANSAS 66701
5:00 P.M.

Minutes of August 26, 2022

Special Meeting #13

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A special meeting of the Fort Scott City Commission was held August 26th, 2022, at 5:00 p.m. in the City Commission Meeting Room, 123 S. Main Street, Fort Scott, Kansas.

ROLL CALL:

Commissioners Josh Jones, Tim Van Hoecke, Shane Walker, Matthew Wells were present with Mayor Kathryn Harrington presiding.

AUDIENCE IN ATTENDANCE: Travis Shelton, Lisa Lewis, Brad Matkin, Betty Breault, Devin Tally, and Susan Bancroft, Clete Hall, Rob Harrington Deb McCoy, Pete Allen, Grace Nolan Sweat, and representing the press Tammy Helm, Editor, Fort Scott Tribune.

CONSIDERATION:

Adoption of Revenue Neutral Rate Resolution No. 33-2022 – City Manager shared with the Commission a spreadsheet on the amenities the City offers to citizens. He shared that the majority of these are losing money. He said that we need to manage our facilities better. The current revenue neutral rate is 45.222. The proposed revenue neutral rate is 46.756 which is an increase of 1.54 above the Revenue Neutral Rate.

Susan Bancroft informed the Commission she was hired by the Commission to assist in the budget process for 2023. She has over 20 years of experience in governmental accounting. She reminded the Commission that cash reserves are established for unforeseen emergencies and delays in funding. The City of Fort Scott's Financial Policy which was adopted on May 19, 2020 states the following:

The Fort Scott City Commission understands it has a responsibility to maintain prudent financial operations to ensure stable City operations for the benefit of City residents and businesses. This policy is necessary in maintaining a prudent level of financial resources to protect against reducing service levels or raising taxes and fees due to temporary economic conditions or unforeseen one-time expenditures. Appropriate fund balance targets are expected to differ from city to city, based on each city's specific circumstances. Factor to consider include the size of government, diversification of revenue, and volatility of revenue sources.

Unencumbered cash reserves are an important component in ensuring the overall financial health of a community, by giving the City cushion to meet

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contingency or cash flow timing needs. It is recommended that governments maintain a fund balance of no less than 5% to 15% of revenues or one or two months of operating expenditures.

Maintaining fund balances at a prescribed level involves two components: 1) Budgeted reserves; 2) Conservative budgeting ensuring revenues exceed expenditures.

Susan recommended that in order to avoid service disruptions that otherwise could arise from revenue shortfalls or unanticipated expenditures, business funds shall be managed by the Finance Director and Department Directors in such a way as to maintain a minimum unencumbered cash balance on the last day of each fiscal year to equal to at least 25% or three months of current fiscal year budgeted annual operating expenditures before any transfers out.

Pros and Cons to stay Revenue Neutral Rate for the City of Fort Scott:

Pros:

The City will not increase the amount of taxes levied from the previous year.

Cons:

No new revenue coming to the City to cover the increase in commodities/supplies.

No opportunity for employees to have raises without cutting cash reserves or services.

Already dropping reserves with changes that occurred in 2022 to retain employees and reducing reserves more to give raises in 2023 down below policy levels of three months operating.

Budgets need to be fluid to allow for unanticipated expenditures – such as disasters, change in administration, mandates, failing facilities, or retirees.

Susan shared a spreadsheet of budgeted 2022 expenses and changes during 2022. She said that the proposed budget amount of \$2,255,064.00 would drop the mill levy by 1.756.

She also shared cash reserves amounts with the Commission. In 2021, there was \$1,480,293 – Budgeted for 2022 is \$1,313,333; 2022 with changes is \$1,200,805; and proposed for 2023 is \$1,071,750. She cautioned them on lowering the cash reserve amounts.

Susan informed the Commission that they have lowered their mill levy 2 ½ mills in the last two years. The County has lowered their mill levy 4 mills in the last two years.

Susan asked the City Clerk to read the proposed resolution with the budget amount in it.

Diane Clay, City Clerk, read the following proposed resolution:

RESOLUTION NO. 33-2022

RESOLUTION OF THE CITY OF FORT SCOTT, KANSAS REGARDING THE GOVERNING BODY'S INTENT TO LEVY A PROPERTY TAX EXCEEDING THE REVENUE NEUTRAL RATE.

WHEREAS, the Revenue Neutral Rate for the City of Fort Scott was calculated as 45.222 mills by the Bourbon County Clerk; and

WHEREAS, the budget proposed by the Governing Body of the City of Fort Scott will require the levy of a property tax rate exceeding the Revenue Neutral Rate; and

WHEREAS, the Governing Body held a hearing on August 23rd, 2022 allowing all interested taxpayers desiring to be heard an opportunity to give oral testimony; and,

WHEREAS, the Governing Body of the City of Fort Scott, Kansas having heard testimony, still finds it necessary to exceed the Revenue Neutral Rate.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF FORT SCOTT, KANSAS:

The Governing Body of the City of Fort Scott shall levy a property tax rate exceeding the Revenue Neutral Rate with a proposed mill levy not to exceed a mill levy that generates \$2,255,260.00 in Ad Valorem Tax.

This Resolution shall take effect and be in force immediately upon its adoption and shall remain in effect until future action is taken by the Governing Body.

ADOPTED this 26th day of August, 2022.

S. Walker moved to approve the above stated resolution for Revenue Neutral and to keep it flat at 45.222. M. Wells seconded. All voted aye.

APPROVED RESOLUTION 33-2022 OF THE CITY OF FORT SCOTT, KANSAS REGARDING THE GOVERNING BODY'S INTENT TO LEVY A PROPERTY TAX EXCEEDING THE REVENUE NEUTRAL RATE.

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Consideration of publication of public hearing notice for 2023 Budget – City Manager said that this notice of public hearing needs to be approved to be published in the local City newspaper. This reflects the 45.222 rate.

S. Walker moved to approve to publish the notice for the 2023 Budget Public Hearing to be held on September 14th, 2022 at 5:00 p.m. T. Van Hoecke seconded. All voted aye.

APPROVED TO PUBLISH THE NOTICE FOR THE 2023 BUDGET PUBLIC HEARING TO BE HELD ON SEPTEMBER 14TH, 2022 AT 5:00 P.M.

EXECUTIVE SESSION:

J. Jones moved to recess into Executive Session for the financial affairs or trade secrets of corporations, partnerships, trusts, and individual proprietorships exception in K.S.A. 75-4319(b)(4) until 1:08 p.m. This will include City Commissioners, City Manager, City Attorney, and Rob Harrington. T. Van Hoecke seconded. All voted aye.

T. Van Hoecke moved to come out of Executive Session at 1:08 p.m. S. Walker seconded. All voted aye.

ADJOURNMENT:

T. Van Hoecke moved to adjourn the special meeting at 1:08 p.m. J. Jones seconded. All voted aye.

ADJOURNED MEETING AT 1:08 P.M.

Respectfully submitted,

Diane K. Clay, MMC
City Clerk