

CITY OF WARRENSBURG
DIRECTOR OF FINANCE

August 22, 2022

Honorable Mayor and
Members of the City Council
City of Warrensburg, Missouri

Dear Mayor and Council Members:

SUBJECT: A Public Hearing on an Ordinance Fixing the Annual Rate of Levy for Taxes by the City of Warrensburg, County of Johnson, Missouri, for General Revenue Fund Purposes for the Year 2022 and Levying Said Taxes

A Public Hearing on an Ordinance Fixing the Annual Rate of Levy for Taxes by the City of Warrensburg, County of Johnson, Missouri, for Park Fund Purposes for the Year 2022 and Levying Said Taxes

A Public Hearing on an Ordinance Fixing the Annual Rate of Levy for Taxes by the City of Warrensburg, County of Johnson, Missouri, for Debt Service Purposes for the Year 2022 and Levying Said Taxes

BACKGROUND:

In August of each year the City receives Pro-Forma Statements summarizing assessed valuations and calculations indicating the maximum allowable property tax levies from the State Auditor's office. With this information the City must indicate its tax levies and hold a public hearing to receive public input on such levies. The Council then shall set the tax levies by ordinance and certify the levies to the County Clerk by the 1st of September of each year. Staff has prepared proposed tax levies based on the pro-forma information received from the State Auditor's Office and has provided notice to the public of a public hearing on the tax levies for the August 22, 2022, regular Council meeting.

ISSUE:

The pro-forma statements received from the State Auditor's Office indicate that the maximum levy for the General Fund is \$0.3549 per \$100 assessed valuation, the maximum levy for the Park Fund is \$0.1928 per \$100 assessed valuation, and the levy for Debt Service is \$0.5900 per \$100 assessed valuation. The total assessed valuation is \$249,049,946 which would bring \$867,040 in property tax revenues to the General Fund, \$471,021 to the Park Fund, and \$1,170,069 to Debt Service for a total of \$2,473,162. The estimated increase in revenue due to new construction is \$5,492 for the General Fund, \$2,984 for the Park Fund, and \$9,131 for the Debt Service for a total increase of \$17,606. Increased tax revenues from value reassessment accounted for 0.6375% of the increase.

The value reassessment takes place in odd number of years. This typically creates an increase in assessed values that results in a decrease in the tax levy. Missouri requires a revenue neutral approach to tax increases that only allows the total revenue to increase for new construction and the Consumer Price Index. Missouri also requires a maximum of 5% for the Consumer Price Index. This year uses the 5% required maximum for Consumer Price Index.

The 2022 tax levy for General Fund and Park Fund remains the same as 2021. The Debt Service Levy remains constant and produces sufficient revenue to meet the annual debt payment.

STRATEGIC PLAN:

This Tax Levy directly correlates to many objectives of the Strategic Plan, specifically Focus III: Growth and Development, 3. Focus on General Obligation Bond developments and spending transparency

FISCAL IMPACT:

This Levy has the following impact to the City:

General Fund \$867,040
Parks & Recreation Fund \$471,021
Debt Service Fund \$1,170,069

ECONOMIC BENEFITS / IMPACT:

This Levy represents a vital piece of the City's revenue, which makes the economic benefit invaluable. This year is not a reassessment year; therefore, the calculation reflects no change in the levy amount and minimal increase in the revenue generated that still yields a relatively flat or minimal year to year economic impact.

RECOMMENDATION:

Staff recommends holding the public hearings and taking public comment on the proposed tax levies. Staff recommends approval of the ordinances as submitted and respectfully requests waiving the rules to consider on first reading to meet the September 1st, 2022, deadline for submission.

Sincerely,

Marcella McCoy

Marcella McCoy
Director of Finance

Attachments: 1. General Fund Levy Pro-Forma
2. Park Fund Levy Pro-Forma
3. Debt Service Levy Pro-Forma
4. Publisher's Proof



Summary Page

(2022)

For Political Subdivisions Other Than School Districts Levying a Single Rate on All Property

Table with 3 columns: Name of Political Subdivision, Political Subdivision Code, Purpose of Levy

The final version of this form MUST be sent to the county clerk.

The information to complete the Summary Page is available from prior year forms, computed on the attached forms, or computed on this page.

For Political Subdivision Use in Calculating its Tax Rate

Table with 2 columns: Description (A through BB) and Tax Rate Value

Certification

I, the undersigned, (Office) of (Political Subdivision) levying a rate in (County(ies)) do hereby certify that the data set forth above and on the accompanying forms is true and accurate to the best of my knowledge and belief.

Please complete Line G through BB, sign this form, and return to the county clerk(s) for final certification.

Form with 4 boxes for Date, Signature, Print Name, and Telephone

Proposed rate to be entered on tax books by county clerk

based on certification from the political subdivision: Lines J AA BB

Section 137.073.7 RSMo, states that no tax rate shall be extended on the tax rolls by the county clerk unless the political subdivision has complied with the foregoing provisions of this section.

Form with 4 boxes for Date, County Clerk's Signature, County, and Telephone



Summary Page

(2022)

For Political Subdivisions Other Than School Districts Levying a Single Rate on All Property

City of Warrensburg 09-051-0008 Parks & Recreation
Name of Political Subdivision Political Subdivision Code Purpose of Levy

The final version of this form MUST be sent to the county clerk.

The information to complete the Summary Page is available from prior year forms, computed on the attached forms, or computed on this page. Information on this page takes into consideration any voluntary reduction(s) taken in previous even numbered year(s). If in an even numbered year, the political subdivision wishes to no longer use the lowered tax rate ceiling to calculate its tax rate, it can hold a public hearing and pass a resolution, a policy statement, or an ordinance justifying its action prior to setting and certifying its tax rate. The information in the Informational Data, at the end of these forms, provides the rate that would be allowed had there been no previous voluntary reduction(s) taken in an even numbered year(s).

For Political Subdivision Use in Calculating its Tax Rate

- A. Prior year tax rate ceiling as defined in Chapter 137, RSMo, revised if the prior year data changed or a voluntary reduction was taken in a non-reassessment year (Prior year Summary Page, Line F minus Line H in odd numbered year or prior year Summary Page, Line F in even numbered year) 0.1928
B. Current year rate computed pursuant to Article X, Section 22, of the Missouri Constitution and Section 137.073, RSMo, if no voter approved increase (Form A, Line 18) 0.1928
C. Amount of rate increase authorized by voters for current year if same purpose. (Form B, Line 7)
D. Rate to compare to maximum authorized levy to determine tax rate ceiling (Line B if no election, otherwise Line C) 0.1928
E. Maximum authorized levy the most recent voter approved rate 0.2000
F. Current year tax rate ceiling maximum legal rate to comply with Missouri laws Political subdivisions tax rate (Lower of Line D or E) 0.1928
G1. Less required sales tax reduction taken from tax rate ceiling (Line F), if applicable
G2. Less 20% required reduction 1st class charter county political subdivision NOT submitting an estimated non-binding tax rate to the county(ies) taken from tax rate ceiling (Line F)
H. Less voluntary reduction by political subdivision taken from the tax rate ceiling (Line F) WARNING: A voluntary reduction taken in an even numbered year will lower the tax rate ceiling for the following year.
I. Plus allowable recoupment rate added to tax rate ceiling (Line F) If applicable, attach Form G or H.
J. Tax rate to be levied (Line F - Line G1 - Line G2 - Line H + Line I) 0.1928
AA. Rate to be levied for debt service, if applicable (Form C, Line 10)
BB. Additional special purpose rate authorized by voters after the prior year tax rates were set. (Form B, Line 7 if a different purpose)

Certification

I, the undersigned, (Office) of (Political Subdivision) levying a rate in (County(ies)) do hereby certify that the data set forth above and on the accompanying forms is true and accurate to the best of my knowledge and belief.

Please complete Line G through BB, sign this form, and return to the county clerk(s) for final certification.

Form with fields for Date, Signature, Print Name, and Telephone.

Proposed rate to be entered on tax books by county clerk

based on certification from the political subdivision: Lines J AA BB

Section 137.073.7 RSMo, states that no tax rate shall be extended on the tax rolls by the county clerk unless the political subdivision has complied with the foregoing provisions of this section.

Form with fields for Date, County Clerk's Signature, County, and Telephone.



Form C

(2022)

For Political Subdivisions Other Than School Districts Levying a Single Rate on All Property

City of Warrensburg	09-051-0008	Debt Service
_____ Name of Political Subdivision	_____ Political Subdivision Code	_____ Purpose of Levy

The final version of this form MUST be sent to the county clerk.

Debt Service Calculation for General Obligation Bonds Paid for with Property Taxes

The tax rate for debt service will be considered valid if, after making the payment(s) for which the tax was levied, the bonds remain outstanding, and the debt fund reserves do not exceed the following year's payments.

Since the property taxes are levied and collected on a calendar year basis (January - December), it is recommended that this levy be computed using calendar year data.

- 1. **Total current year assessed valuation** obtained from the county clerk or county assessor (Form A, Line 1 total) 249,049,946
- 2. **Amount required to pay debt service requirements during the next calendar year** (i.e. Assuming the current year is year 1, use January - December year 2 payments to complete the year 1 Form C) Include the principal and interest payments due on outstanding general obligation bond issues plus anticipated fees of any transfer agent or paying agent due during the next calendar year. 1,111,683
- 3. **Estimated costs of collection and anticipated delinquencies (i.e. collector fees & commissions & assessment fund withholdings)**
Experience in prior years is the best guide for estimating uncollectible taxes.
It is usually 2% to 10% of Line 2 above. 111,168
- 4. **Reasonable reserve up to one year's payment** (i.e. Assuming the current year is year 1, use January - December year 3 payments to complete the year 1 Form C) It is important that the debt service fund have sufficient reserves to prevent any default on the bonds.
Include payments for the year following the next calendar year, accounted for on Line 2. 1,129,438
- 5. **Total required for debt service** (Line 2 + Line 3 + Line 4) 2,352,289
- 6. **Anticipated balance at end of current calendar year**
Show the anticipated bank or fund balance at December 31st of this year (this will equal the current balance minus the amount of any principal or interest due before December 31st plus any estimated investment earning due before December 31st). Do not add the anticipated collections of this tax into this amount. 843,054
- 7. **Property tax revenue required for debt service** (Line 5 - Line 6)
Line 6 is subtracted from Line 5 because the debt service fund is only allowed to have the payments required for the next calendar year (Line 2) and the reasonable reserve of the following year's payment (Line 4). Any current balance in the fund is already available to meet these requirements so it is deducted from the total revenues required for debt service purposes. 1,509,235
- 8. **Computation of debt service tax rate** (Line 7 / Line 1 x 100)
Round a fraction to the nearest one/one hundredth of a cent. 0.6060
- 9. **Less voluntary reduction by political subdivision** 0.0160
- 10. **Actual rate to be levied for debt service purposes *** (Line 8 - Line 9)
Enter this rate on Line AA of the Summary Page. 0.5900

* The tax rate levied may be lower than the rate computed as long as adequate funds are available to service the debt requirements.

**CITY COUNCIL
PUBLIC HEARING NOTICE**

A public hearing will be held on Monday, August 22, 2022, at 7:00 p.m. at the Municipal Center, 200 S. Holden, Warrensburg, Missouri, at which time citizens may be heard on the proposed tax rates to be set by the City of Warrensburg, a political subdivision. The tax rate shall be set to produce the revenues which the budget for the fiscal year beginning October 1, 2022, shows to be required from the property tax. Each tax rate is determined by dividing the amount of revenue required by the assessed valuation.

The result is multiplied by 100 so the tax rate will be expressed in cents per \$100 valuation.

<u>ASSESSED VALUATION (By Category)</u>	<u>CURRENT TAX YEAR 2021</u>	<u>CURRENT TAX YEAR 2022</u>
Real Estate	\$193,826,818	\$198,316,768
Personal Property	<u>\$48,930,980</u>	<u>\$50,733,178</u>
TOTAL	\$242,757,798	\$249,049,946

<u>FUND</u>	<u>AMOUNT OF PROPERTY TAX REVENUE RECEIVABLE 2022</u>	<u>PROPERTY TAX RATES FOR 2021</u>
General	\$867,039	0.3549
Park	\$471,021	0.1928
Debt Service*	<u>\$1,170,069</u>	<u>0.5900</u>
TOTAL	\$2,473,162	1.1377

<u>FUND</u>	<u>ESTIMATED INCREASE IN ASSESSED VALUATION DUE TO NEW CONSTRUCTION</u>	<u>ESTIMATED INCREASE IN REVENUE DUE TO NEW CONSTRUCTION</u>
General	\$4,744,603	\$5,492
Park	\$4,744,603	\$2,984
Debt Service*	<u>\$4,744,603</u>	<u>\$9,131</u>
TOTAL	\$4,744,603	\$17,606

<u>FUND</u>	<u>INCREASED TAX FROM DOLLAR VALUE REASSESSMENT</u>	<u>PERCENTAGE FROM REASSESSMENT</u>
General	\$5,492	0.6375%
Park	\$2,984	0.6375%
Debt Service*	<u>\$9,131</u>	<u>0.7684%</u>
TOTAL	\$17,606	0.7119%

**Debt Service Property Tax Rates for 2022 will be levied on Real Estate property only*