



**2021 Kansas
Recreation and Park
Association**

Municipal Services
Office of Accounts and Reports
May 6th, 2021

Welcome

**Presented by
Kansas Department of Administration
Municipal Services**

Stacy Jaramillo
Stacy.Jaramillo@ks.gov
785-296-6033

Lindsay Olson
Lindsay.A.Olson@ks.gov
785-296-8083

admin.ks.gov/offices/oar/municipal-services

Mill Levy Calculation Review

Ad Valorem Taxes & Mill Levy Rates

Mill rate is the amount of tax payable per dollar of assessed value of a property.

A mill is one one-thousandth of a dollar, in property tax terms equals \$1 per \$1,000 of assessed valuation.

Definitions:

- Mill = Thousandth (one-tenth of one percent (0.001))
- Assessed Valuation (AV)
 - Assessed Valuation = Property Appraised Value X Assessment Rate
 - Kansas Residential property is assessed at 11.5%, per Kansas Constitution (see Article 11, Section 1)
 - Industrial and Commercial property is generally assessed at 25%

Mill Levy Formula:

Total Assessed Valuation ÷ 1,000 = Value of one mill

Ad Valorem Taxes & Mill Levy Rates

Example:

- Residential real estate with an appraised value of \$100,000
- Residential real estate has an assessed value of 11.5% - Thus the \$100,000 home has an assessed value of \$11,500 ($\$100,000 \times 11.5\% = \$11,500$)
- Divide the assessed value of \$11,500 by 1,000 to determine one mill results in a tax of \$11.50 ($\$11,500 / 1,000 = \11.50)
- A two mill increase would result in a \$23.00 increase in property taxes for this taxpayer

Ad Valorem Taxes & Mill Levy Rates

Example:

Desired Mill Rate X (Total Assessed Valuation ÷ 1,000) = Total Taxes Levied

$$4 \quad X \quad (1,323,770^* \quad \div \quad 1,000) = \quad \$5,295$$

(*June 15th budget information from county clerk)

Caution: Holding MILL RATE steady *could* conflict with 2021 Kansas Senate Bill 13.

Ad Valorem Taxes & Mill Levy Rates

Example:

City of Ike needs to levy \$500,000 for the 2022 budget. The estimated valuation of the city is \$14,500,000 (June 15th budget information from county clerk).

The *estimated* tax rate is 34.483 mills

Formula: $(\$500,000/\$14,500,000)*1,000$

Scenario 1: Final assessed valuations are \$14,800,000

The *final* tax rate is 33.783 mills

Formula: $(\$500,000/\$14,800,000)*1,000$

Scenario 2: Final assessed valuations are \$14,200,000

The *final* tax rate is 35.211 mills

Formula: $(\$500,000/\$14,200,000)*1,000$

Valuation is driver of rate change!

Kansas Senate Bill 13

2021 Kansas Senate Bill 13

- March 14, 2021 – Passed House (120-3) and Senate (30-5)
- March 26, 2021 – Approved by Governor Kelly
- Followed up with Senate Substitute for House Bill 2104
- Repeals Tax Lid, establishes base levy limit and additional hearing requirements for ad valorem property tax increases
- Includes penalty of refunds
- **Effective now – Impacts the 2022 budget!**

2021 Kansas SB 13 – Tax Lid Repeal

- KSA 79-2925b is repealed
- Districts will no longer use the CPI to compute a computed limit for tax levy

Ike Extension District Eisenhower County		2021
Computation to Determine Limit for 2021		
		Amount of Levy
1. Total tax levy amount in 2020 budget	+	\$ 200,000
2. Debt service levy in 2020 budget	-	\$ 0
3. Tax levy excluding debt service		\$ 200,000
2020 Valuation Information for Valuation Adjustments		
4. New improvements for 2020:	+	10,000
5. Increase in personal property for 2020:		
5a. Personal property 2020	+	0
5b. Personal property 2019	-	0
5c. Increase in personal property (5a minus 5b)	+	0

15. Consumer Price Index for all urban consumers for calendar year 2019		0.018
16. Consumer Price Index adjustment (3 times 15)	\$	3,600
17. Maximum levy for budget year 2021, including debt service, not requiring 'notice of vote publication' or adoption of a resolution prior to adoption of the budget (14 plus 16)	\$	205,620

If the 2021 adopted budget includes a total property tax levy exceeding the dollar amount in line 17 you must, prior to adoption of such budget, adopt a resolution authorizing such levy and, subsequent to adoption of such budget, publish notice of vote by the governing body to adopt such budget in the official county newspaper and attach a copy of the published notice to this budget.

2021 Kansas SB 13 – Tax Lid Repeal

- KSA 79-2925c is repealed
- Cities and counties no longer have automatic CPI or other increases
- Cities and counties no longer have an election requirement

City of Ike		2021	(Do not include building construction or remodeling costs)	
Computation to Determine Limit for 2021				
			Amount of Levy	
1. Total tax levy amount in 2020 budget		+ \$ 80,773		
2. Library levy in 2020 budget		- \$ 9,368		
Other tax entity levy in 2020 budget		- \$		
3. Net tax levy		\$ 71,405		
Percentage Adjustments				
4. New improvements, remodeling and renovations for 2020 :	+	22,037		
5. Increase in personal property for 2020 :				
5a. Personal property 2020	+	73,147		
5b. Personal property 2019	-	68,019		
5c. Increase in personal property (5a minus 5b)	+	5,128		
		(Use Only if > 0)		
6. Valuation of annexed territory for 2020 :				
6a. Real estate	+	0		
			26. Total Revenue Adjustments	17,514
			Levies on Behalf of Another Political or Governmental Subdivision	
			27. Library Levy - 2021 budget	+ 9,945
			Other tax entity levy - 2021 budget	+
			Other tax entity levy - 2021 budget	+
			28. Total Levies on Behalf of Another Political or Governmental Subdivision	+ 9,945
			29. Levy for Dissolved Taxing Entity (Only Use the First Year After Dissolved)	+
			30. Total Computed Tax Levy	104,569

2021 Kansas SB 13 – Revenue Neutral Rate

- The County Clerk shall calculate and provide the Revenue Neutral Rate (RNR) to taxing subdivisions along with the assessed valuation estimates on the 'Budget Information' document provided by June 15th.
 - Revenue Neutral Rate is defined in the bill as “the tax rate for the current tax year that would generate the same property tax revenue as levied the previous tax year using the current tax year's total assessed valuation”.
- The 'taxing subdivision' may cannot levy in excess of the RNR unless the procedure in SB 13 is followed.
 - Taxing subdivision is defined in the bill as “any political subdivision of the state that levies an ad valorem tax on property”.
 - This includes recreation commissions!

2021 Kansas SB 13 – Revenue Neutral Rate

- Revenue Neutral Rate (RNR) – Rate calculated to compare prior year ad valorem tax to current year estimates
- $RNR = (\text{Prior year ad valorem revenue} / \text{current year valuation estimate}) \times 1,000$
 - Note: Revenue will be the final billed tax revenue
- *Example: $(\$80,773 / 1,323,770) \times 1,000 = 61.017$ (RNR)*
- *Prior year mill levy rate was 66.442 $(\$80,773 / 1,215,690) \times 1,000$*
- City of Ike **CANNOT** levy more than the 61.017 RNR *without holding the RNR hearing.*
- **RNR will be provided by County Clerk with June 15th budget estimates**

2021 Kansas SB 13 – Revenue Neutral Rate

- Ike Recreation Commission – generally levies 4 mills
- $RNR = (\text{Prior year ad valorem revenue} / \text{current year valuation estimate}) \times 1,000$
 - Note: Revenue will be the final billed tax revenue
- *2021 mill levy rate was 4.00 $(\$1,215,690 / 1,000)$*
 - Generated \$4,863
- *2022 Revenue Neutral Rate = $(\$4,863 / \$1,323,770) \times 1,000 = 3.674$*
- Ike Recreation Commission **CANNOT** levy more than the 3.674 RNR *without holding the RNR hearing.*

2021 Kansas SB 13 – Revenue Neutral Rate

<u>Computation to Determine Dollar Amount Levy Limitation</u>	
<u>Name of County</u>	<u>July 1 Valuation:</u>
Eisenhower County	1,323,770
0	
0	
0	
0	
0	
Total valuation:	1,323,770
Mill rate limitation	4.00
Dollar amount to be raised by 4 mill:	\$ 5,295
Revenue Neutral Rate	3.674

2021 Kansas SB 13 – Revenue Neutral Rate

- County clerks of the “Home County” will provide the RNR to districts with boundaries in more than one county.
 - County clerks of contributing counties will certify valuations and billed tax revenue to the county clerk in the home county
 - All contributing counties that are not the home county will note ‘RNR will be provided by Home County’ on the budget information document
- If the shared district will exceed the RNR, all contributing county clerks should be notified by district.
- USDs or other districts with different fund assessed valuations will have an RNR for each fund with a different valuation.

2021 Kansas SB 13 – Revenue Neutral Rate

Eisenhower County (home county)

BUDGET SUMMARY OF EXPENDITURES

The proposed budget year expenditure amount is the maximum expenditure limit for the proposed budget year.

Fund	Prior Year Actual 2020	Current Year Estimated 2021	Proposed Budget Year 2022
General	15,500	16,500	17,500
Totals	15,500	16,500	17,500

Lease Purchases:	2019	2020	2021
January 1,	0	0	0

Revenue Neutral Rate as defined by 2021 Kansas Senate Bill 13. 3.674

2021 Kansas SB 13 – Revenue Neutral Rate

FUND	Prior Year Actual for 2020		Current Year Estimate for 2021		Proposed Budget for 2022		
	Expenditures	Actual Tax Rate*	Expenditures	Actual Tax Rate*	Budget Authority for Expenditures	Amount of 2021 Ad Valorem Tax	Estimate Tax Rate*
General	111,964	42.086	119,074	41.502	164,032	60,481	45.688
Debt Service	23,275	16.359	22,418	17.234	43,553	10,346	7.816
Library	12,250	8.835	12,300	7.706	13,550	9,945	7.513
Special Highway	12,787		14,200		36,340		
Water Utility	83,777		89,424		117,004		
Special Parks and Recreation	980		1,215		1,725		
Sewer Utility	51,922		53,465		78,266		
Non-Budgeted Funds	19,500						
Totals	318,455	67.280	312,096	66.442	454,470	80,772	61.017
Revenue Neutral Rate**							61.017
Less: Transfers	20,000		19,500		17,500		
Net Expenditure	298,455		292,596		436,970		
Total Tax Levied	73,351		80,773		xxxxxxxxxxxxxxxxxxxxxxx		

If the estimated tax rate is EQUAL the RNR, normal budget hearing and process are required – NO NEW ACTION IS NEEDED... BUT....

2021 Kansas SB 13 – Revenue Neutral Rate

FUND	Prior Year Actual for 2020		Current Year Estimate for 2021		Proposed Budget for 2022		
	Expenditures	Actual Tax Rate*	Expenditures	Actual Tax Rate*	Budget Authority for Expenditures	Amount of 2021 Ad Valorem Tax	Estimate Tax Rate*
General	111,964	42.086	119,074	41.502	169,279	65,728	49.652
Debt Service	23,275	16.359	22,418	17.234	43,553	10,346	7.816
Library	12,250	8.835	12,300	7.706	13,550	9,945	7.513
Special Highway	12,787		14,200		36,340		
Water Utility	85,777		89,424		117,004		
Special Parks and Recreation	980		1,215		1,725		
Sewer Utility	51,922		53,465		78,266		
Non-Budgeted Funds	19,500						
Totals	318,455	67.280	312,096	66.442	459,717	86,019	64.981
<i>Revenue Neutral Rate**</i>							<i>61.017</i>
Less: Transfers	20,000		19,500		17,500		
Net Expenditure	298,455		292,596		442,217		
Total Tax Levied	73,351		80,773		xxxxxxxxxxxxxxxxxxxx		

If the estimated tax rate is **MORE THAN** the RNR, an additional hearing is required **ALONG WITH THE NORMAL BUDGET HEARING PROCESS**.

2021 Kansas SB 13 – RNR Hearing

- **By July 20th**, subdivisions must notify county clerk of intent to levy above RNR.
 - Notify all sponsoring county clerks of intent
 - For all tax years commencing **AFTER 2021**, the county clerk will notify tax payers via one mailer/email per tax payer per county
- **August 20th-September 20th**: RNR Hearing must be held
 - Hearing may be conducted in conjunction with the budget hearing required by KSA 79-2929, but must occur prior to budget adoption.
 - 10 days prior to hearing, subdivision must publish intent to exceed RNR along with hearing time, date and location. Publication in newspaper and website (if applicable).
 - Taxpayers must be given an opportunity to be heard within reasonable time limits and without unreasonable restrictions.
- At the conclusion of the public hearing, the governing body must vote to pass a resolution to approve exceeding the RNR. **The vote must be held at the hearing.**

2021 Kansas SB 13 – RNR Hearing

- **10 days prior to RNR hearing:**

- Publication must be made to a newspaper with general circulation in the subdivision, **AND**
- Publication must be made to taxing subdivision website (if maintained)

NOTICE OF REVENUE NEUTRAL RATE HEARING

The governing body of
City of Ike
will meet on August 28, 2021 at 8:00 AM at Scenic Drive Community Hall, Ike, KS for the purpose of hearing and answering objections of taxpayers relating to revenue neutral rate and proposed tax rate, as required by 2021 Kansas Senate Bill 13.

SUPPORTING COUNTIES
Eisenhower County (home county)

Revenue Neutral Rate**	61.017	Proposed Tax Rate	64.981
------------------------	--------	-------------------	--------

*Rates are expressed in mills
** Revenue Netural Rate as defined by 2021 Kansas Senate Bill 13

2021 Kansas SB 13 – RNR Hearing

- If the governing body approves to exceed the RNR, the subdivision cannot adopt a budget with a rate in excess of the published proposed rate.
- Subdivisions that will hold a RNR hearing will submit their budget to the county clerk by **October 1st**.
- Penalty for noncompliance to SB 13: **REFUND TO TAXPAYERS ANY AMOUNT LEVIED IN EXCESS OF RNR.**

2021 Kansas SB 13 – RNR Cautions

- If the governing body does not intend to levy above the RNR, they should work with the county clerk to cap the levy.
 - **Note: Subdivisions that do not intend to levy taxes exceeding the RNR will remain aware of the final assessed valuation. Valuation decreases will result in decreased tax revenue. The RNR is based on estimated assessed valuation.**
- If the governing body levies above the RNR, the budget adopted cannot exceed the published rate.

2021 Kansas SB 13 – Timeline (Exceed RNR)

- **May 20th**: Motor Vehicle Tax Estimates from county treasurers
- **June 15th**: Assessed property valuations from county clerks – will include RNR
- **July 20th**: Last day to notify county clerk of intent to levy above RNR (provide proposed tax rate and hearing information)
- **August 20th – September 20th**: Hold RNR hearing *prior to or in conjunction with* budget hearing
 - Publication of each hearing is separate and in each case must be done at least 10 days prior to the hearing date
- **August 20th- October 1st**: Governing body formally adopts budget
- **August 30th – October 1st**: Governing body certifies budget to county clerk

2021 Kansas SB 13 – Timeline (Not Exceed RNR)

- **May 20th**: Motor Vehicle Tax Estimates from county treasurers
- **June 15th**: Assessed Property Valuations from county clerks – will include RNR
- **By August 4th**: Publish Notice of Budget Hearing
- **By August 15th**: Hold budget hearing at least 10 days after published Notice of Budget Hearing
- **August 15th – August 24th**: Governing body formally adopts budget
- **August 25th**: Budgets submitted to county clerk

Annual Budget Checklist

- Certificate page with signatures of governing body
- Allocation of MV, RV, 16-20M, commercial, and watercraft tax estimates
- Statement of Conditional Lease Purchase and Certificate of Participation
- All applicable fund pages
- Budget summary
- *Published* Notice of Budget Hearing, and Proof/Affidavit of Publication (if necessary, i.e. publication date is not included on published Notice of Budget Hearing)
- ***Published* Notice of RNR Hearing (if applicable)**
- ***Adopted Resolution to Exceed RNR (if applicable)***

2021 Kansas SB 13 – Additional Provisions

- Valuation for property can not be increased solely as the result of normal repair, replacement or maintenance of existing structures, equipment or improvements on the property.
- County treasurers may establish payment plans for delinquent and non-delinquent tax
 - Note: did not change the disbursement to subdivisions

Budget Process

KSA 12-1927 and Kansas Budget Law

Why adopt a budget?

- Provides authority to spend, as stated by KSA 79-2934
 - “The budget as approved and filed with the county clerk . . . shall constitute and shall hereafter be declared to be an appropriation for each fund”
- Recreation commissions are required to do so by KSA 12-1927
- A planning tool for the coming year(s) to enhance decision making
- Communication tool to share financial plan with taxpayers
- Mechanism for levying ad valorem taxes
- Budgeting should provide: Transparency, Accountability, Predictability, and Prioritization of Resources

29

Recreation Commission Laws

KSA 12-1927

- Recreation commission shall prepare an annual budget
- Prior to budget adoption, the recreation commission shall hold a budget hearing
- Public should be given at least 10 days’ notice of the time and place of hearing
- Public hearing is required to be held not less than 10 days prior to the budget certification date to taxing district
- Adopted and certified budget is provided to the city or school district **no later than August 1**, for the purpose of tax levy

30

Recreation Commission Laws

KSA 12-1927 (continued)

- A copy of the (full) budget shall be filed (electronically) with the county clerk of the county the commission is located by August 1st–
See Recreation Commission Budget Checklist for a listing of documents to be filed
- The taxing entity shall levy at a rate of the current resolution
- If the commission desires to increase the mill levy above the current levy, the commission shall request the city or district to authorize an increase by adopting a new resolution

31

Recreation Commission Laws

KSA 12-1927 (continued) – General Fund

- Any resolution adopted by the city or school district concerning the increase shall state the total amount of tax to be levied for the recreation system and shall be published once each week for two consecutive weeks in the official newspaper of the taxing district
- Such annual levy in the amount not to exceed the amount stated in the resolution may be made for the ensuing budget year and each successive budget year unless a petition requesting an election upon the proposition . . . signed by at least 5% of the qualified voters of the taxing district is filed with the county election officer within 30 days following the date of last publication of the resolution
- In the event a valid petition is filed, no such increased levy shall be made without such proposition having been submitted to and having been approved by a majority of the voters of the taxing district voting at an election called . . .
- All such elections shall be called and held in the manner provided by the general bond law (KSA 10-120) and the cost of the election shall be borne by the recreation commission

32

Mill Levy Rate Suspension – General Fund

KSA 12-1927(a) provides, in part:

“...The city or school district may authorize the increase by resolution, but such increase shall not exceed one mill per year. The maximum annual mill levy for the recreation commission general fund shall not exceed a total of four mills”

KSA 79-5040 provides, in part:

“In 1999, and each year thereafter, all existing statutory fund mill levy rate and aggregate levy rate limitations on taxing subdivisions are hereby suspended.”

In interpreting **KSA 79-5040**, the Attorney General opined the following:

“We are cognizant of the rule of statutory interpretation that when a statute's language is plain and unambiguous, a court should follow the intent expressed rather than determining what the law should or should not be. **KSA 2001 Supp. 79-5040 clearly states that all statutory fund mill levy rate limitations are suspended. The one mill levy limitation referred to in KSA 12-1927(a) is a "statutory fund mill levy rate limitation," and, therefore, is suspended as is the four mill maximum rate limitation also mentioned in the statute.**” *Attorney General Opinion 2002-44*

33

Mill Levy Rate Suspension – General Fund

KSA 79-5040 provides, in part:

“In 1999, and each year thereafter, all existing statutory fund mill levy rate and aggregate levy rate limitations on taxing subdivisions are hereby suspended.”

In interpreting **KSA 79-5040**, the Kansas Attorney General has opined the following:

“However, **the power to exceed a mill levy limit does not automatically authorize a taxing subdivision to ignore other steps that may be required prior to increasing such limits.** . . .

(T)he fact that the Legislature was aware of procedural and election requirements when it enacted (KSA 79-5040), but did not likewise suspend related procedural requirements connected with levying a tax, evidences an intent to allow the electorate a means of challenging specific proposed tax increases.” *Attorney General Opinion No. 2007-34*

34

Kansas Budget Law

KSA 79-2925 et seq.

- Attorney General Opinion 2001-001 concludes that recreation commissions are subject to the Budget Law
- Expenditure authority at the fund level
- Requires the Director of Accounts and Reports (Municipal Services) to develop the budget forms
- Requires the budget form to present revenues and expenditures in three parallel columns
- Provides for a publication and public hearing requirements
- Provides for a process for amending the budget
- Transfers between funds require legal authority

35

Kansas Budget Law

KSA 79-2925 et seq.

- Indebtedness in excess of budget is unlawful
- Removal from office if violating law
- The budget of expenditures for each fund shall balance with the budget of revenues for such fund

36

Kansas Budget Law – Basic Budget Timeline

- **June 15:** Assessed Property Valuations from County Clerks
- **July 11:** Last day for notice of hearing to be published in weekly or daily newspaper within the taxing district
- **July 22:** Last day for public hearing with taxpayers
- **July 22-July 31:** Recreation Commission formally adopts budget
- **August 1:** Recreation Commission budget due to city or school district, and County Clerk
- **August 25:** City or School District budget due to County Clerk

37

Kansas Budget Law – Tax Increase Timeline

- **March 1:** Recreation Commission resolution to city or USD
- **March 24:** City or USD publish resolution for first time
- **March 31:** City or USD publish resolution for second time
- **April 1-30:** 30 day protest period (5% of qualified voters)
- **May 1:** Notify County Election Officer if election is needed
- **June 22:** First election notice publication
- **June 29:** Second election notice publication

38

Kansas Budget Law – Tax Increase Timeline

- **July 11:** Last day for notice of hearing to be published in weekly or daily newspaper within the taxing district
- **July 15:** Election (if required)
- **July 20:** Board of Canvassers review/verify election results
- **July 22:** Last day for public hearing with taxpayers
- **July 22-July 31:** Recreation Commission formally adopts budget
- **August 1:** Recreation Commission budget due to city or school district, and County Clerk
- **August 25:** City or School District budget due to County Clerk

39

Kansas Cash-Basis Law

KSA 10-1101 *et seq.*

40

Kansas Cash-Basis Law

- Generally requires municipalities to conduct their financial affairs on a cash-basis
- Unlawful to authorize any order, warrant, check or other form of indebtedness in excess of cash on hand
- Municipality must track amount of cash in treasury as well as all indebtedness and contracts creating liability
- Any contract entered into violating the provisions of the cash-basis law shall be void
- Any member, clerk, secretary or treasurer of the municipality is subject to removal from office and may be subject to misdemeanor conviction and fines for knowingly violating the cash-basis law

41

Kansas Cash-Basis Law

KSA 10-1116

- Provides authority for spending more than what is currently available when (partial list)...
 - Payment is authorized by a vote of the electors
 - Provision is made for payment by issuance of bonds
 - By issuance of no-fund warrants,
 - Establishment of a post-employment benefits trust fund

42

Kansas Cash-Basis Law

KSA 10-1116(b) – Exceptions

- Provides authority for creating indebtedness beyond funds currently available in cases of agreements related to...
 - [1] electric facilities or services
 - [2] lease agreements without an option to buy, or
 - [3] lease-purchase agreements

“if any of such agreements specifically state that the municipality is obligated only to pay periodic payments or monthly installments under the agreement as may lawfully be made from:

(a) funds budgeted and appropriated for that purpose during such municipality’s current budget year or...

(b) funds made available from any lawfully operated revenue producing source. . .”

43

Kansas Municipal Audit Law

KSA 75-1117 *et seq.*

44

Kansas Municipal Audit Law

- Municipalities with aggregate gross receipts or bonds outstanding of \$275,000 or less, there is no agreed upon procedure or audit requirement
- Municipalities with aggregate gross receipts or bonds outstanding in excess of \$275,000 but less than \$500,000, there is an agreed upon procedure requirement
 - Each municipality subject to this subsection shall have its accounts examined using enhanced agreed-upon procedures at least once every three years.
- Every USD and municipalities with aggregate gross receipts or bonds outstanding in excess of \$500,000, a GAAP or Regulatory Basis Audit is required
- Recreation Commissions are subject to the same audit thresholds as all other municipalities
- The 2020 Kansas Municipal Audit and Accounting Guide (KMAAG) contains the agreed-upon procedures and enhanced agreed-upon procedures

45

Kansas Municipal Audit Law

- Audit is to be performed by a municipal public accountant or certified public accountant, licensed to practice in Kansas
- Audit reports are to be filed with the Office of Accounts and Reports (Municipal Services), as designated by the Secretary of Administration, within one year after the end of the audit period, unless otherwise required by law
- If a municipality is not subject to the Municipal Audit Law, voters can petition for such an audit to take place (20% or more of voters)
- When an audit performed under this act indicates a violation of a penal statute or discloses reasonable grounds for removal from office, the auditor is to file a copy of the audit with the county or district attorney
- Any member, employee or officer of the municipality is subject to removal from office and may be subject to misdemeanor conviction and fines for violation of any provisions of this act

46

Dillon's Rule

47

Dillon's Rule

- Local governments have only three types of power:
 - (1) those granted in express words
 - (2) those necessarily or fairly implied in or incident to those powers expressly granted
 - (3) those essential to the declared objects and purposes of the corporation, not simply convenient, but indispensable
- If there is any reasonable doubt whether a power has been conferred on a local government, then the power has not been conferred

48

Funds Authorized

KSA 12-1927 *et seq.*

KSA 79-2925

49

Funds Authorized

Because of Dillon's Rule, the commission can have only those budgeted funds that are authorized by statute:

- General fund – KSA 12-1927(a)
- Insurance fund – KSA 12-1928(e)
- Employee benefits fund – KSA 12-1928(j)
- Donation fund – KSA 12-1928(c) and KSA 79-2925(b)

50

Questions?



**Office of Accounts and Reports
Municipal Services**

Stacy Jaramillo

Stacy.Jaramillo@ks.gov

Lindsay Olson

Lindsay.A.Olson@ks.gov

admin.ks.gov/offices/oar/municipal-services