

2024 BUDGET PRESENTATION

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and Maddie Waldeck

June 14, 2023

City Council Work Session



2024 Budget Timeline



Tax Terminology



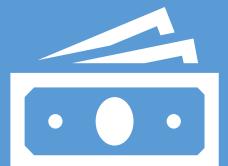
Ad Valorem Tax = Property Tax



Mill Rate = Property Tax Rate



1 mill generates \$130,165 of City tax levy,
given \$ 130.2 M assessed value



Tax Levy = Revenue generated by applying
mill rate to assessed value

City of Basehor Fund Structure

| <u>Governmental Activity Funds</u> | <u>Capital Project and Equip Funds</u> | <u>Enterprise Funds</u> | <u>Fiduciary Funds</u> | <u>Special Funds</u> |
|--|---|---|---|---|
| <i>These funds are primarily funded by property tax.</i> | <i>These funds are primarily funded by sales tax.</i> | <i>These funds are primarily funded by utility charges.</i> | <i>These funds are held by the City but not controlled by the City.</i> | <i>These funds have specific restrictions of revenues and expenditures.</i> |
| General | Capital Improvement | Wastewater | Cedar Lake | Land Bank Fund |
| Employee Benefit | Consolidated Highway | Solid Waste | Glenwood Sewer | Mayor's Charity Fund |
| Parks & Recreation | Special Alcohol Fund | | | Assistance Programs Fund |
| Bond & Interest | | | | |



The City of Basehor

2024 Budget Priorities

Basehor is...
advancing
trails and
parks projects.



Basehor is...
a place where we
take pride in our
community and its
safety.



Basehor is...
improving,
modernizing, and
maintaining
roads.



Basehor is...
proposing
no tax rate
increase.



Basehor is...
a desirable place
to live, work,
and grow a
business.



Basehor is...
continuing to
promote fiscal
transparency
and stewardship.



You spoke. We listened.

Priorities established are in line with results of 2019 ETC Citizen Survey

How are property taxes calculated on a house?



The Leavenworth County Appraiser's Office assigns an appraised value to all homes in Basehor.

Appraised Value \times Assessment Percentage = Assessed Value



Assessed Value \times Mill Rate \div 1,000 =

City Portion of Tax Bill

The Mill Rate is the only portion of the tax calculation equation that the City controls.

How are property taxes calculated on a house?



The Leavenworth County Appraiser's Office assigns an appraised value to all homes in Basehor.

$$\$325,000 \times 11.5\% = \$37,375$$



$$\$37,375 \times 33.873 \div 1,000 = \$1,266$$

The Mill Rate is the only portion of the tax calculation equation that the City controls.

Breaking Down the Mill Rate

| | % of Total Levy | Total Mill Levy |
|---------------------------|-----------------|-----------------|
| City | 23% | 33.873 |
| Leavenworth County | 25% | 35.924 |
| USD #458 | 41% | 59.633 |
| State | 1% | 1.500 |
| Basehor Community Library | 5% | 7.142 |
| Fairmount Township Fire | 5% | 7.419 |
| Total | 1.000 | 145.491 |



Analysis of Cities of the Third Class

There are three classes of cities in Kansas: First Class (25), Second Class (98) and Third Class (503).

The average city mill rate (property tax rate) of third class cities is **48.795 mills**.

When ranked from the highest mill rate to the lowest mill rate, Basehor is **339** out of 503.

The City took formal action in 2022 to remain a city of the third class.



Analysis of Cities of with Similar Populations (6,000-8,000)

Regardless of class, there are 12 cities in Kansas that have a population of between 6,000 – 8,000.

The average city mill rate (property tax rate) of those cities is **44.022 mills**.

When ranked from the highest mill rate to the lowest mill rate, Basehor is 10 out of 12 (or 2nd from the lowest).

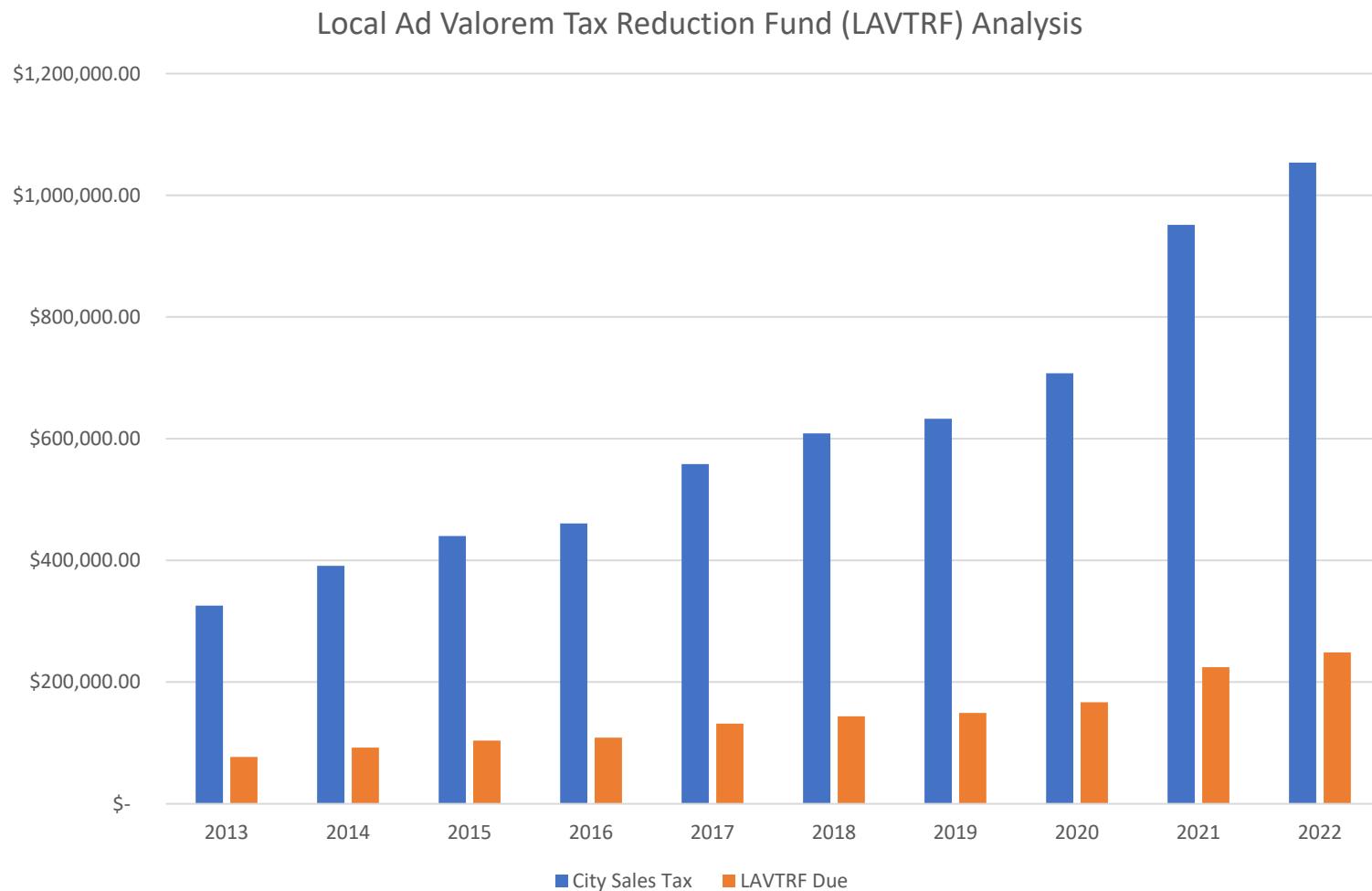




Local Ad Valorem Tax Reduction Fund (LAVTRF)

- KSA 79-2959
- Outlines the transfer of sales and use tax to local counties and cities equivalent to 3.63% of the State of Kansas' receipts.
- These funds were intended to allow local jurisdictions to reduce their mill rate.
- The State of Kansas has exempted itself from this obligation from 2003-2024.

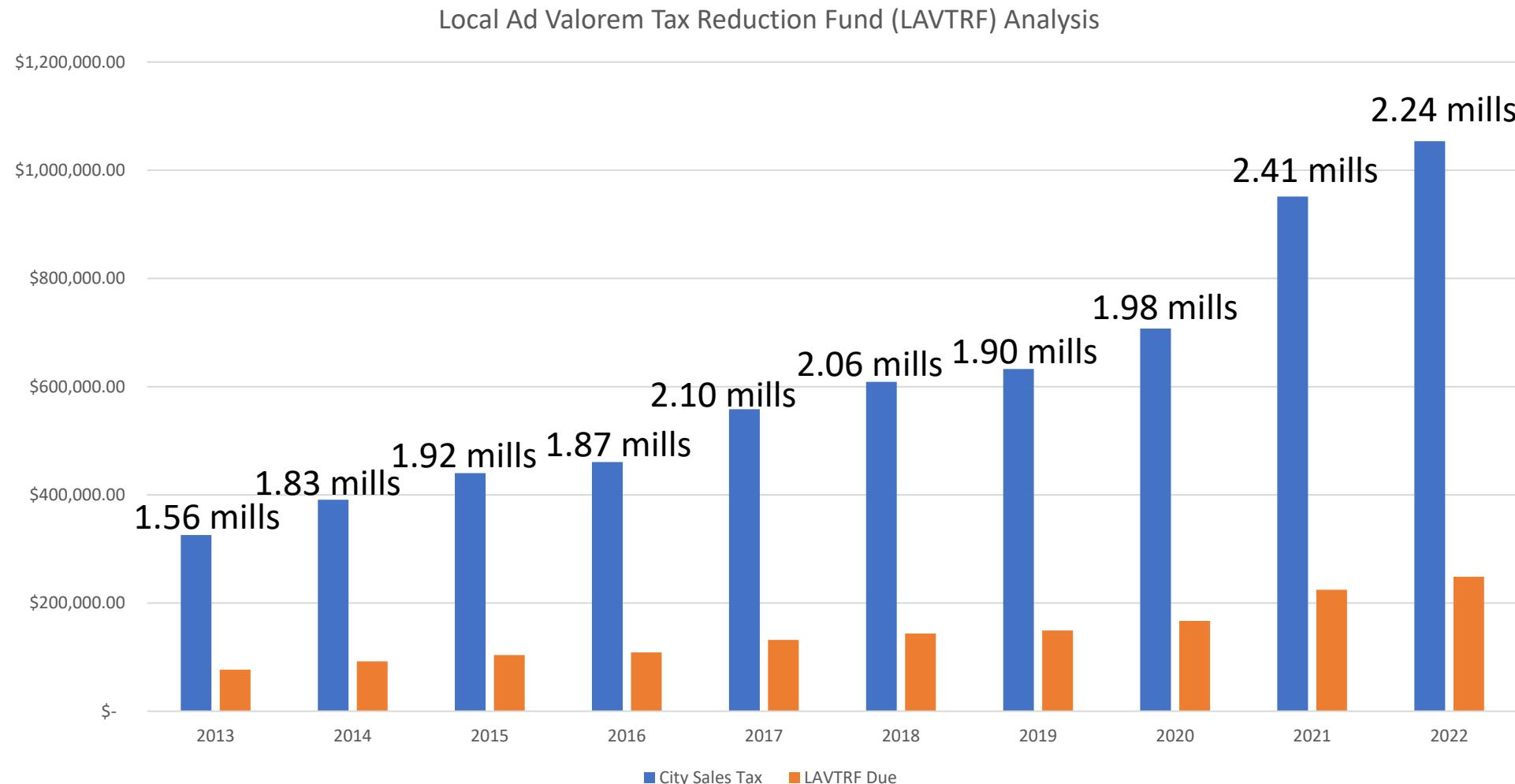
Local Ad Valorem Tax Reduction Fund (LAVTRF)



| | City Sales Tax | LAVTRF Due |
|--------------|-----------------------|------------------------|
| 2013 | \$325,630.73 | \$76,832.57 |
| 2014 | \$390,949.67 | \$92,244.57 |
| 2015 | \$440,151.28 | \$103,853.69 |
| 2016 | \$460,597.75 | \$108,678.04 |
| 2017 | \$558,277.71 | \$131,725.63 |
| 2018 | \$608,837.93 | \$143,655.31 |
| 2019 | \$632,649.60 | \$149,273.67 |
| 2020 | \$707,402.24 | \$166,911.56 |
| 2021 | \$951,472.28 | \$224,499.88 |
| 2022 | \$1,053,834.77 | \$248,652.31 |
| Total | | \$ 1,446,327.24 |



Local Ad Valorem Tax Reduction Fund (LAVTRF)



The mill rate reduction shown is not cumulative. It is for that specific year considering that year's value of 1 mill for the City of Basehor.



Proposed Constitutional Amendment – Property Valuations

- Kansas Senate passed a constitutional amendment restraining property valuations.
- The maximum property valuation would be 4%, with exclusions including:
 - Sold properties
 - Improved/renovated properties
 - New development
- City staff has requested the necessary data to run a model that includes:
 - Home sales data
 - New development (City has data)
 - This includes a projection of a significant decline in building permit activity.
 - Improved/renovated properties
- City staff will have an analysis completed by the July budget presentation.





Sales Tax Election Update

- The 1% sales tax for the purpose of enhancing police, improving parks, and bettering roads did not pass with a total of 906 votes against and 845 votes in favor.
- The County Clerk alerted the City that the City could go back on the ballot for the November election or future general elections with a revised sales tax question. This would be at no additional expense to the taxpayers.
- Staff received significant feedback from the public throughout the election process.
- With the Governing Body's approval, staff could return in July after more extensive data analysis on the possibility of a revised question for sales tax being placed on November's ballot or another future ballot.

What is the Revenue Neutral Rate from Senate Bill 13?

- Revenue Neutral Rate = mill rate that generates levy dollars in 2024 equal to levy dollars in 2023, given year-over-year increase in the City's assessed value.
- City of Basehor Revenue Neutral Rate for 2024 = 28.918
- Flat City Mill Rate = 33.873 (no increase from 2023)



No increase in tax rate but property values increased... what does that mean for Basehor property owners?

On average, the City portion of the taxes will increase...

an estimated \$13 per month for
residential properties



an estimated \$92 per month
for commercial properties



2024 Draft Budget – Assumptions included in the model

- ➡ Flat mill rate (can be changed at the request of the City Council until the mill rate is published)
- 💰 Growth in expenses at an average of 3%.
- ☑ Expenses were analyzed to compare the 2023 approved budget and 2022 actual expenses to “right size” if necessary.
- 📅 Advance all projects in the Capital Improvement Plan (excluding years 2-5 of the Roadway Improvement Plan).
- 🚗 Replacement of 2 vehicles.
- ❗ Contractual maintenance of trails and landscaping of high traffic corridors (155th Street, MetroGreen Trail).
- 📊 Citizen Satisfaction Survey.
- 💲 Adjustment to salary schedule to keep pace with market (6%).



2024 Draft Budget – Flat Mill Rate

| 2024 Draft Budget - Flat Mill Rate | | | |
|---|-----------------|---------------------|---------------------|
| | Revenues | Expenditures | Gap Analysis |
| General Fund | \$ 6,307,817 | \$ 6,252,999 | \$ 54,818 |
| Employee Benefits | \$ 1,314,540 | \$ 1,307,306 | \$ 7,234 |
| Sewer | \$ 2,498,100 | \$ 2,439,455 | \$ 58,645 |
| Solid Waste | \$ 631,710 | \$ 623,571 | \$ 8,140 |
| Bond & Interest | \$ 2,017,890 | \$ 2,003,948 | \$ 13,942 |
| Consolidated Highway | \$ 1,107,968 | \$ 950,456 | \$ 157,512 |
| Parks & Recreation | \$ 147,647 | \$ 132,089 | \$ 15,559 |
| Capital Improvement | \$ 594,465 | \$ 11,592,100 | \$(10,997,635)* |
| Cedar Lakes Maintenance | \$ 40,347 | \$ 40,000 | \$ 347 |
| Glenwood Sewer District | \$ 33,395 | \$ 33,000 | \$ 395 |
| | \$ 14,693,879 | \$ 25,374,923 | \$(10,681,043) |

**The spending down of fund balance and bond proceeds in this fund is intentional.*



2024 Draft Budget – Year 2 of Street Improvements

2024 Draft Budget - Flat Mill Rate

| | Revenues | Expenditures | Gap Analysis |
|-------------------------|---------------|---------------|-----------------|
| General Fund | \$ 6,307,817 | \$ 6,252,999 | \$ 54,818 |
| Employee Benefits | \$ 1,314,540 | \$ 1,307,306 | \$ 7,234 |
| Sewer | \$ 2,498,100 | \$ 2,439,455 | \$ 58,645 |
| Solid Waste | \$ 631,710 | \$ 623,571 | \$ 8,140 |
| Bond & Interest | \$ 2,017,890 | \$ 2,003,948 | \$ 13,942 |
| Consolidated Highway | \$ 1,107,968 | \$ 950,456 | \$ 157,512 |
| Parks & Recreation | \$ 147,647 | \$ 132,089 | \$ 15,559 |
| Capital Improvement | \$ 594,465 | \$ 11,592,100 | \$(10,997,635)* |
| Cedar Lakes Maintenance | \$ 40,347 | \$ 40,000 | \$ 347 |
| Glenwood Sewer District | \$ 33,395 | \$ 33,000 | \$ 395 |
| | \$ 14,693,879 | \$ 25,374,923 | \$(10,681,043) |

*The spending down of fund balance and bond proceeds in this fund is intentional.

Year 2 of Street Improvements:
\$1,832,000

Budget for Year 2 of Street Improvements:
\$463,500

Gap:
\$1,368,500



2024 Budget Timeline



At next meeting:

- *Consideration of a Resolution of Intent to Exceed the Revenue Neutral Rate.*
- *Consideration of a Resolution to set the Public Hearings for the 2024 Budget and a Resolution to Exceed the Revenue Neutral Rate.*

