

2024 BUDGET PRESENTATION

Presented by Leslee Rivarola
and Maddie Waldeck

July 26, 2023

City Council Work Session



2024 Budget Timeline



Tax Terminology



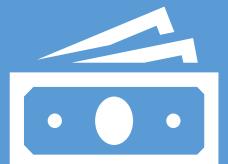
Ad Valorem Tax = Property Tax



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

Governmental Activity Funds

These funds are primarily funded by property tax.

General

Employee Benefit

Parks & Recreation

Bond & Interest

Capital Project and Equip Funds

These funds are primarily funded by sales tax.

Capital Improvement

Consolidated Highway

Special Alcohol Fund

Enterprise Funds

These funds are primarily funded by utility charges.

Wastewater

Solid Waste

Fiduciary Funds

These funds are held by the City but not controlled by the City.

Cedar Lake

Glenwood Sewer

Special Funds

These funds have specific restrictions of revenues and expenditures.

Land Bank Fund

Mayor's Charity Fund

Assistance Programs Fund



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

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).



THE CITY WAS RECENTLY AWARDED OVER
\$350,000 FOR IMPROVEMENTS TO
THE TRAILS AT BASEHOR CITY PARK!

THIS BRINGS OUR
GRANT & EXTERNAL
DOLLARS TOTAL TO

\$17,159,447.68

THIS IS ABOUT 5 TIMES THE AMOUNT
OF PROPERTY TAXES THE CITY
RECEIVES IN A SINGLE YEAR.



More Information on the City's Grants and External Funding



These grants and external dollars are heavily regulated and can only be used for specific uses that were outlined in the application that was submitted by the City.



These dollars are used for primarily for capital projects and therefore a significant portion of those projects are funded by dollars outside of sales tax and property tax of Basehor residents.



More Information on the City's Grants and External Funding

To generate the same amount of dollars from property taxes, the City would have to raise the mill rate by 131.83 mills.

To generate the same amount of dollars from sales tax, the City would have to raise the City's tax rate by more than 15.5%.

To generate the same amount of dollars from fund balance, the City would have to wait until 2037 and not do any additional capital projects between 2024 and 2037.

The information included on this slide is for informational purposes only and is not intended to demonstrate the City's policy decisions or directions. It is to demonstrate the significance of the grant/external dollars the City has been awarded.



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.

$$\$375,000 \times 11.5\% = \$43,125$$



$$\$43,125 \times 33.873 \div 1,000 = \$1,461$$

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

What are the Assessment Percentages for Tax Calculation Purposes?



RESIDENTIAL: 11.5%



COMMERCIAL/INDUSTRIAL:
25%



VACANT LOT: 12%



Other Cities in Leavenworth County: Breakdown of Commercial Properties

% of Appraised Value – Commercial Properties

- Basehor: 3.29%
- Lansing: 6.44%
- Tonganoxie: 6.43%
- Leavenworth: 13.14%



Property Valuation – 2023 and 2024

- Assessed value for 2023 budget:
 - \$111,141,399
- Assessed value for 2024 budget:
 - \$130,165,285
- Increase by percentage:
 - 17.12%
- Increase in property tax collection:
 - Flat Mill Rate: Estimated \$644,000 for 2024
 - Quarter Mill Reduction: Estimated \$612,000 for 2024



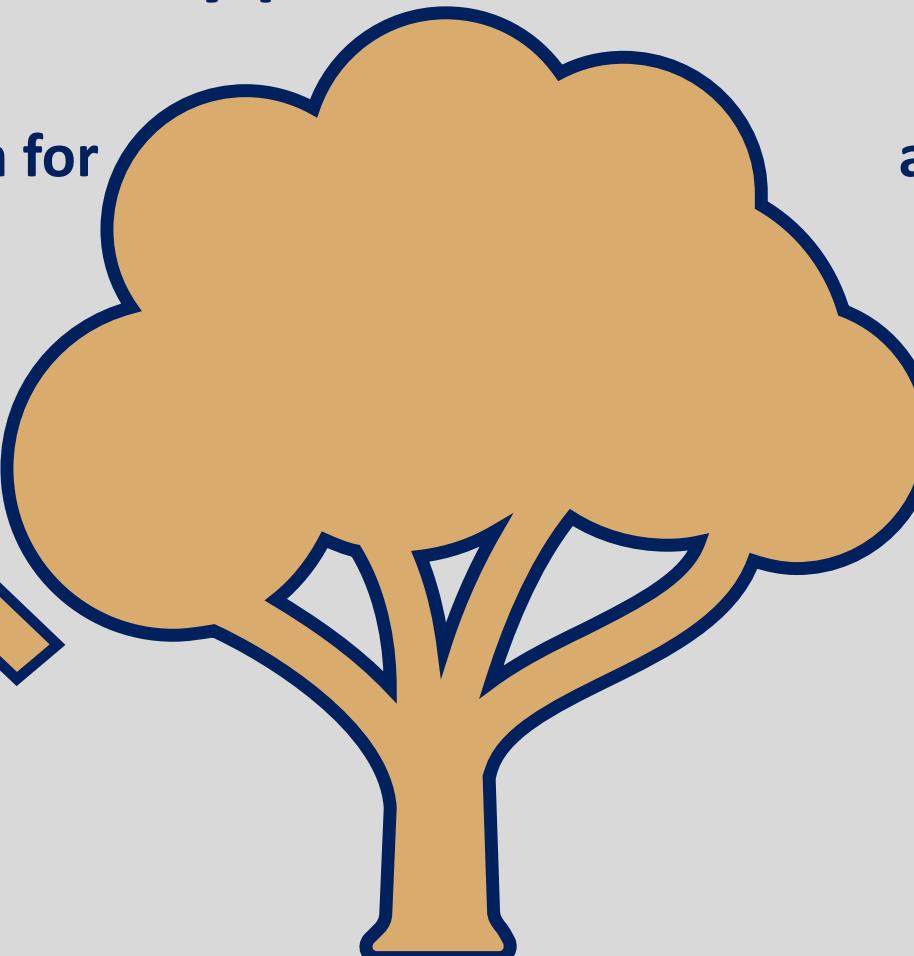
No increase in tax rate but property values increased... what does that mean for Basehor property owners?

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

an estimated \$12 per month for
residential properties



an estimated \$83 per month
for commercial properties



Quarter mill decrease but property values increased... what does that mean for Basehor property owners?

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

an estimated \$11 per month for
residential properties



an estimated \$79 per month
for commercial properties



Staff Recommendations: 2024 Budget

- Staff recommends a flat mill rate for 2024 of 33.873.
 - This is to support the 2024 budget priorities while also helping mitigate the need for a mill rate increase in future years due to reduced residential building permit activity.
- Staff recommends the City of Basehor adopt a formal position to support the funding of the Local Ad Valorem Tax Reduction Fund (LAVTRF).
 - Staff recommends the position include the provision that 100% of the LAVTRF funds received be dedicated to a reduction in the mill rate.
 - For 2022, that would have been a reduction of 2.24 mills.
 - Staff recommends the position include the provision that the City will work collaboratively with Leavenworth County and any other cities where appropriate on this effort.

The recommendations included in this presentation are subject to the review, input, approval, or denial of the Governing Body.



Quarter Mill Reduction – Follow Up

If the direction of the Governing Body is a quarter mill reduction, below are options for the Governing Body's consideration:



Temporary freeze the hiring of a Parks Maintenance Worker

- A Parks Maintenance Worker is responsible for park maintenance, trail maintenance, landscaping and beautification, mowing, and other maintenance needs.



Temporary freeze the hiring of a Management Analyst

- A Management Analyst is responsible for submitting grant applications, assist in the City's budget process, work on various projects as assigned, and other research/managerial duties.

These freezes would be in place unless and until the revenue performance exceeded the forecast of the 2024 budget to a level that would allow one or both positions to be funded. Otherwise, these two positions would remain vacant for the entirety of 2024.



2024 Budget Timeline

May 3, 2023 Governing Body Retreat



May 10, 2023- Presentation to Governing Body in Work Session



June 14, 2023- Presentation to Governing Body in Work Session



June 28, 2023- Intent to Exceed Revenue Neutral Rate Presentation



July 12, 2023- Presentation to Governing Body in Regular Meeting (Set Budget Hearing Date)



July 26, 2023 – Presentation to Governing Body in Work Session



August 9, 2023- Presentation to Governing Body in Work Session



August 23, 2023- Budget Public Hearings (2)

At next meeting:

- *Bring a revised presentation and budget model including all feedback received from the Governing Body.*

