

# The City of Basehor's 2025 Operating Budget

Presented  
June 26, 2024  
Maddie Bouton  
Deputy City Administrator



# Information about the City's Proposed 2025 Budget

- The public meetings where the budget presentations are presented are available:
  - In person (City Hall – 1600 N 158<sup>th</sup> Street)
  - Via YouTube (<https://www.youtube.com/@cityofbasehor4443streams>)
- These public meetings are noticed:
  - On the City's website ([www.cityofbasehor.org](http://www.cityofbasehor.org)) where community members can sign up for email and/or text notifications
  - In the City's e-News
  - In the City's *Basehor Quarterly Newsletter*
  - On the City's social media pages
  - Public Hearings are noticed in the Leavenworth Times and/or the Tonganoxie Mirror
- Previous presentations as well as the proposed line-item budget document can be found here: <https://cityofbasehor.org/340/Budget-Presentations>



# 2025 Budget Timeline

**May 10, 2024- Governing Body Retreat**

**June 12, 2024- Presentation to Governing Body**

**June 26, 2024- Intent to Exceed Revenue Neutral Rate Presentation**

**July 10, 2024- Presentation to Governing Body**

**July 24, 2024- Presentation to Governing Body**

**August 14, 2024- Presentation to Governing Body**

**August 28, 2024- Budget Public Hearings (2)**



# The City of Basehor's 2025 Budget Priorities

*Priorities working together to  
maintain Basehor as a  
community of choice.*



# Tax Terminology



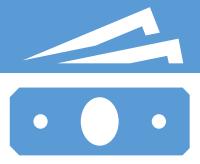
Ad Valorem Tax = Property Tax



Mill Rate = Property Tax Rate



1 mill generates \$139,798 of City tax levy,  
given \$139.8 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



# City of Basehor Fund Structure

*The Governmental Activity Funds fund the general operations of the City.*

*The biggest expense in the Governmental Activity Funds is personnel.*



## Governmental Activity Funds

*These funds are primarily funded by property tax.*

General

Employee Benefit

Parks & Recreation

Bond & Interest

# Breaking Down the Mill Rate

	% of Total Levy	Total Mill Levy
City	24%	33.878
Leavenworth County	26%	35.779
USD #458	39%	54.167
State	1%	1.500
Basehor Community Library	4.5%	6.153
Fairmount Township Fire	5.5%	7.420
Total	1.000	138.897



# 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.

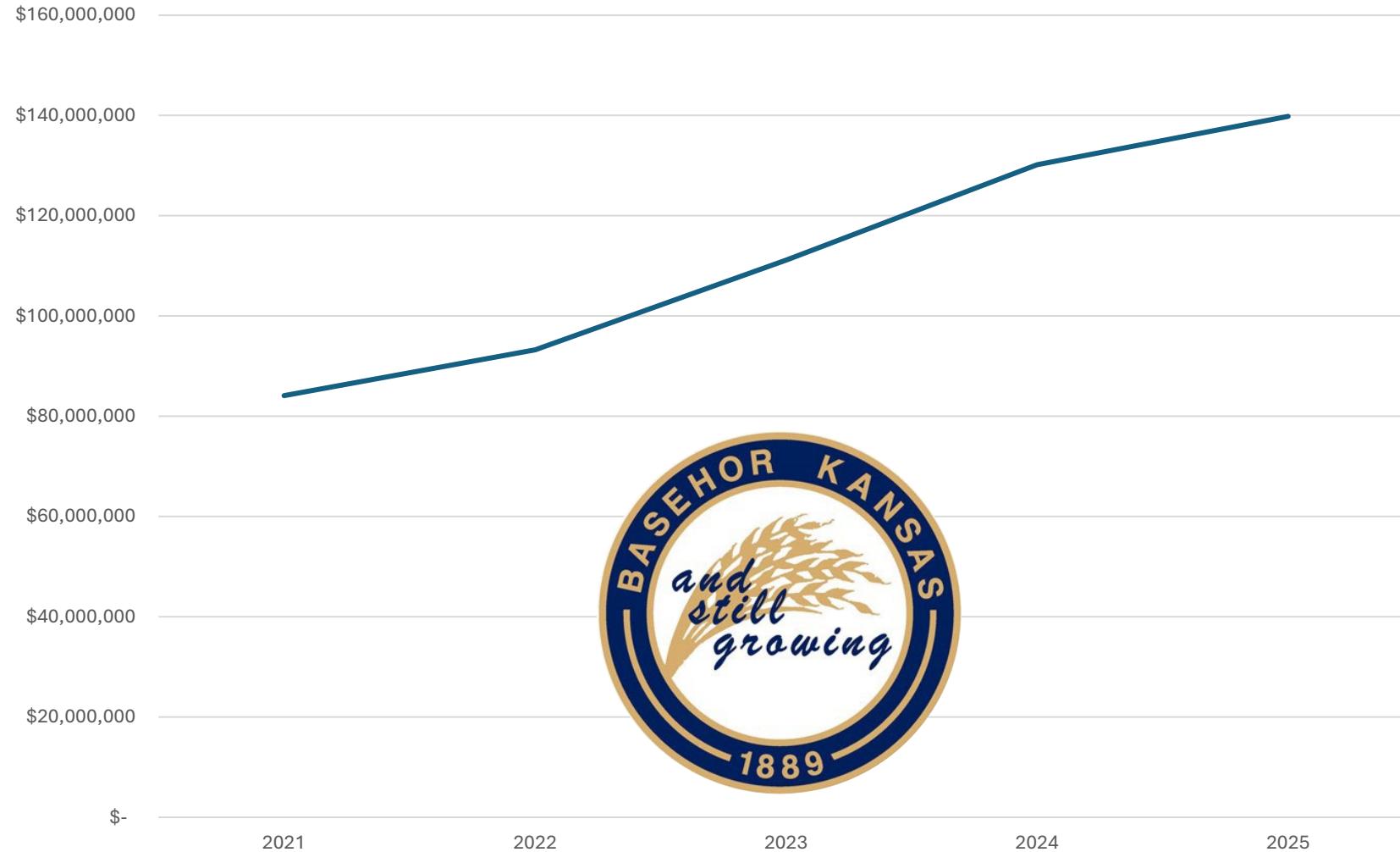
$$\$395,000 \times 11.5\% = \$45,425$$



$$\$45,425 \times 33.878 \div 1,000 = \$1,539$$

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

# History of Property Valuations in Basehor



2025 Value is \$139.8 million.

Increase of 7.4% from 2024.

55% of the increase is from new construction.

45% of this increase is from appreciation of existing properties.

# History of Mill Rate in Basehor



No increase in property tax rate.

Residents and businesses may have paid more in taxes if property value increased.

City of Basehor Governing Body supports capping property valuations for the purpose of providing property tax relief to residents.

# The Importance of a Diversified Tax Base



Being too reliant on one tax base makes any City susceptible to economic downturns.



Cities seek a variety in their community, including residential, commercial, and industrial.



Bedroom communities (communities with primarily single-family homes and little commercial or multifamily properties) often see a limited number of amenities. In addition, most of the population commute elsewhere to work.



# Other Cities in Leavenworth County: Breakdown of Commercial Properties

## % of Appraised Value – Commercial Properties

- Basehor: 3.42% (increase of 0.13% from 2024)
- Lansing: 6.44%
- Tonganoxie: 6.43%
- Leavenworth: 13.14%

*At full build out, the new commercial development actively under construction will add an estimated 0.50%.*



# What is the Revenue Neutral Rate from Senate Bill 13?

- Revenue Neutral Rate = mill rate that generates levy dollars in 2025 equal to levy dollars in 2024, given year-over-year increase in the City's assessed value.
- City of Basehor Revenue Neutral Rate for 2025 = 31.588
- Flat City Mill Rate = 33.878 (no increase from 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 \$3 per month for  
residential properties



an estimated \$20 per month  
for commercial properties





# Recommended Emphasis for 2025 Budget



Paving for Progress Plan for 2025



Remain competitive for recruitment and retention of City staff



Prioritize maintenance of the public's investment into City facilities, trails and parks



Flat mill rate and continue to support 4% cap on property valuations

# Bond Ratings and Annual Audits

	Moody's INVESTORS SERVICE	FitchRatings	S&P Global Ratings	Rating Grade Description
Investment Grade	Aaa	AAA	AAA	Highest credit quality, lowest level of credit risk
	Aa1	AA+	AA+	
	Aa2	AA	AA	Very high credit quality with very low credit risk
	Aa3	AA-	AA-	
	A1	A+	A+	
	A2	A	A	High credit quality with low credit risk
	A3	A-	A-	
	Baa1	BBB+	BBB+	
	Baa2	BBB	BBB	Good credit quality with moderate credit risk
	Baa3	BBB-	BBB-	
Speculative Grade	Ba1	BB+	BB+	
	Ba2	BB	BB	Speculative with substantial credit risk
	Ba3	BB-	BB-	
	B1	B+	B+	
	B2	B	B	Highly speculative with high credit risk
	B3	B-	B-	
	Caa1	CCC+	CCC+	
	Caa2	CCC	CCC	Substantial credit risk with default as a real possibility
	Caa3	CCC-	CCC-	
Default	Ca	CC	CC	Very high levels of credit risk with default either occurring or about to occur
	C	C	C	Default or default-like process has begun
	SD	RD		Selective Default (SD): Issuers have defaulted on one or more specific issues but are expected to meet their other payment obligations. Restricted Default (RD): Issuers have missed one or more payments but are not under supervision for reorganization or liquidation.
	D	D		Default: Issuers are unlikely to pay their obligations and have likely entered into bankruptcy filings, administration, receivership, liquidation or other formal winding-up procedures.

- The City has a bond rating of AA+, which is incredibly rare for a City of Basehor's size.
  - Some of the considerations that influence this rating are: growth, strong management, and strong budgetary performance.
- With the two most recent debt issuances, the City of Basehor will save over \$73,000 in interest savings by having a higher-than-average credit rating.
- The debt limit for municipalities in Kansas is 30% of the assessed value. The City's debt percentage is 18%.
- The most recent financial audit of an external agency yielded the highest rate of opinion from the audit agency and resulted in zero material weaknesses.



# 2025 Budget Progress to Date



Set priorities for the 2025 budget.



Request and review data from the Leavenworth County Appraiser's Office to determine impact to average property owner if mill rate is kept flat (33.868).



Evaluate the League of Kansas Municipalities' data to determine how the City of Basehor compares to other cities of the 3rd class as well as other communities of a similar size.



Set focus areas for 2025 budget.



Review progress in the Kansas Legislature related to property tax relief.





# 2025 Budget Next Steps

1

Consider Resolution of Intent to Exceed Revenue Neutral Rate at the June 26, 2024 City Council Meeting.

2

Return to Governing Body on July 10, 2024 with recommendations on 2025 Budget with flat mill rate – including Paving for Progress, personnel, and maintenance.

3

Return to Governing Body on July 24, 2024 to review the Capital Improvement Plan (CIP).

4

Publish and discuss draft line-item budget on August 14, 2024 for additional feedback from the Governing Body.

5

Hold 2 Public Hearings and consider adoption of the 2025 budget on August 28, 2024.

# Resolution 2024-08: Intent to Exceed Revenue Neutral Rate

- Revenue Neutral Rate = mill rate that generates levy dollars in 2025 equal to levy dollars in 2024, given year-over-year increase in the City's assessed value.
- City of Basehor Revenue Neutral Rate for 2025 = 31.588
- Flat City Mill Rate = 33.878 (no increase from 2024)
- Staff recommends approval of Resolution 2024-08

