

2024 BUDGET PRESENTATION

Presented by Leslee Rivarola
and Maddie Waldeck

August 23, 2023
City Council Regular Meeting



2024 Budget Timeline



Information about the City's Proposed 2024 Budget

- The public meetings where the budget presentations are presented are available:
 - In person (City Hall - 2620 N 155th Street)
 - Via Zoom (www.cityofbasehor.org – select “Government > Agenda and Minutes”)
 - Via YouTube (<https://www.youtube.com/@cityofbasehor4443streams>)
- These public meetings are noticed:
 - On the City’s website (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>



Budget Public Hearings- 2024 Budget

2024 Exceeding the Revenue Neutral Rate

2024 Operating Budget

2023 Budget Amendments



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)
- In June, the City of Basehor approved Resolution 2023-16, approving the intent to exceed the revenue neutral rate.
- The City complied with all notification and process requirements under Senate Bill 13.



Tax Terminology



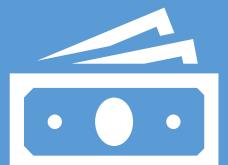
Ad Valorem Tax = Property Tax



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				



Citizen Satisfaction Survey

- A Citizen Satisfaction Survey was completed in 2019 to determine the community's priorities for the future of Basehor.
- The top priorities for improvement were:
 - Sidewalks/Trail Connections
 - Walking and Biking Trails
 - Streets
 - Park Amenities
- Basehor's Comprehensive Plan + Parks Master Plan: Planning for 2040 and Beyond also surveyed residents in 2021 and 2022. The priorities from the 2019 Citizen Satisfaction survey were affirmed.
- The 2024 Proposed Operating Budget includes an additional Citizen Satisfaction Survey to be completed in 2024.



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.

Source: Kansas League of Municipalities



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).

Source: Kansas League of Municipalities



Average Mill Levy – By County

- Motor Vehicle taxes are levied by taking an average of the levies within a County, less the General Levy of the School Districts (K.S.A. 79-5105 (c))
- When looking at 2023 data, Leavenworth County has an average Motor Vehicle levy of 106.723.
- The average of all 105 counties is 133.046.
- When ranked from the highest mill rate to the lowest mill rate, Leavenworth County is 91 out of 105.

Source: Kansas Department of Revenue



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%



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.

In addition to the difference in assessment percentages, certain commercial also bring in sales tax revenue to the community.



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.

Amount of rooftops and daytime population are two of many factors businesses evaluate when deciding whether to locate in a particular community.



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%

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



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



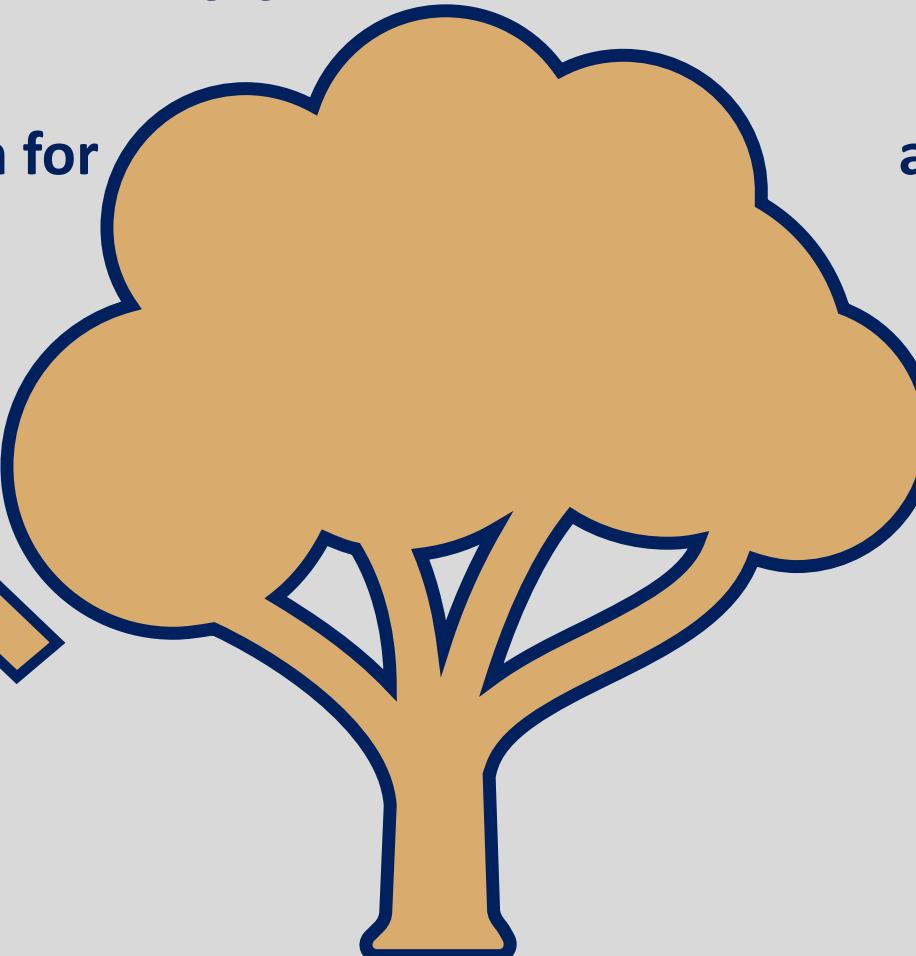
No increase in tax rate but property values increased... what does that mean for Basehor property owners?

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



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

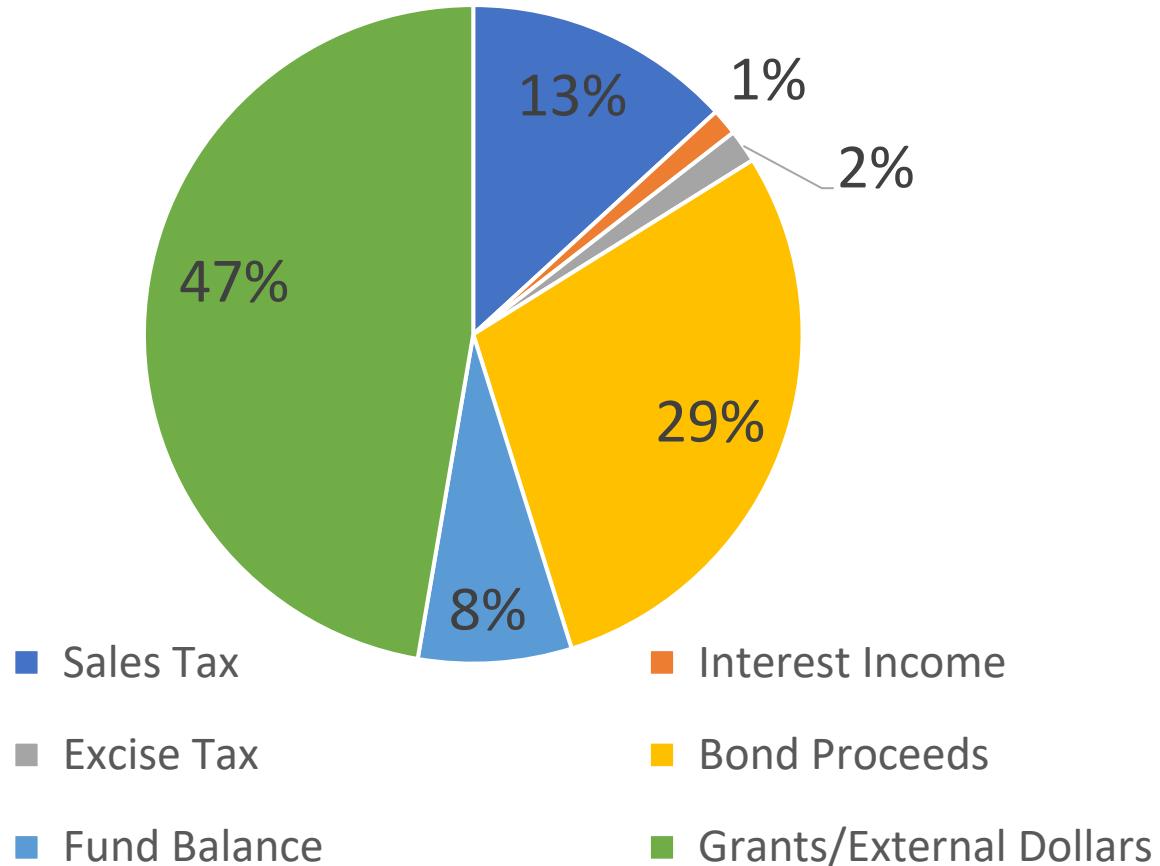
THIS BRINGS OUR
GRANT & EXTERNAL
DOLLARS TOTAL TO

\$17,159,447.68

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



Funding of Capital Projects: 2023-2024



- This snapshot shows the funding for the Capital Improvement Projects during the 2023 and 2024 budget years.
- 47% of the estimated \$24 million in projects comes from grants or external dollars the City has been awarded through competitive processes.
- These projects include:
 - 155th Street Improvements
 - Year 1 – 5 Year Roadway Improvement Plan
 - MetroGreen Trail
 - Tomahawk Park Phase II
 - Civic Campus – including park amenities, parking, trails, and new City Hall
 - Field of Dreams Improvements – Year 2



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.



Bond Ratings and Annual Audits

	Moody's INVESTORS SERVICE	FitchRatings	S&P Global Ratings	Rating Grade Description
	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-	
	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-	
	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 14.61%.
- The most recent financial audit of an external agency yielded the highest rate of opinion from the audit agency and resulted in zero deficiencies or material weaknesses.

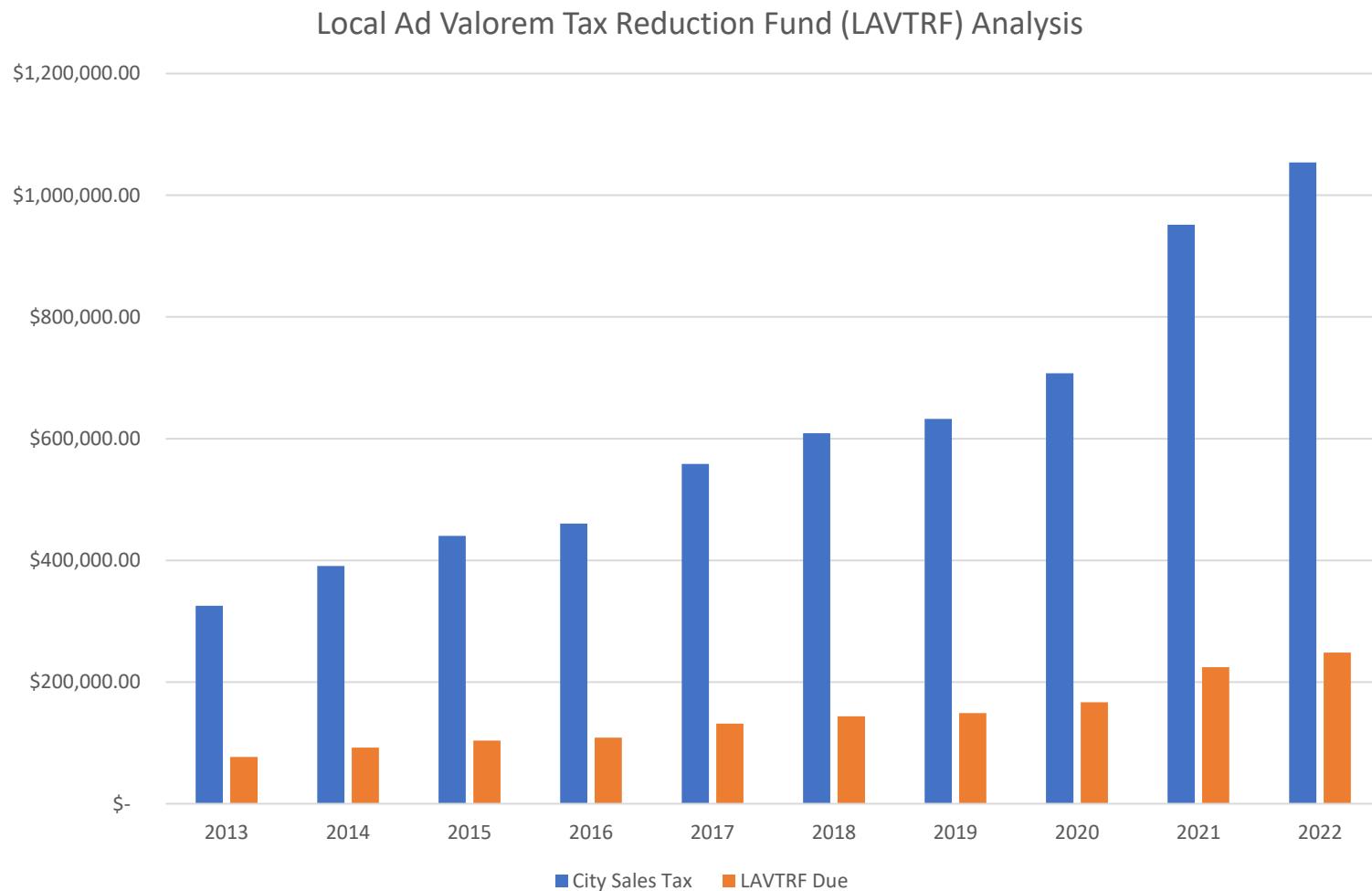




Local Ad Valorem Tax Reduction Fund (LAVTRF)

- 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 2001-2024.
- The City of Basehor's Governing Body will entertain formal action to support and dedicate any of these funds directly to property tax relief.

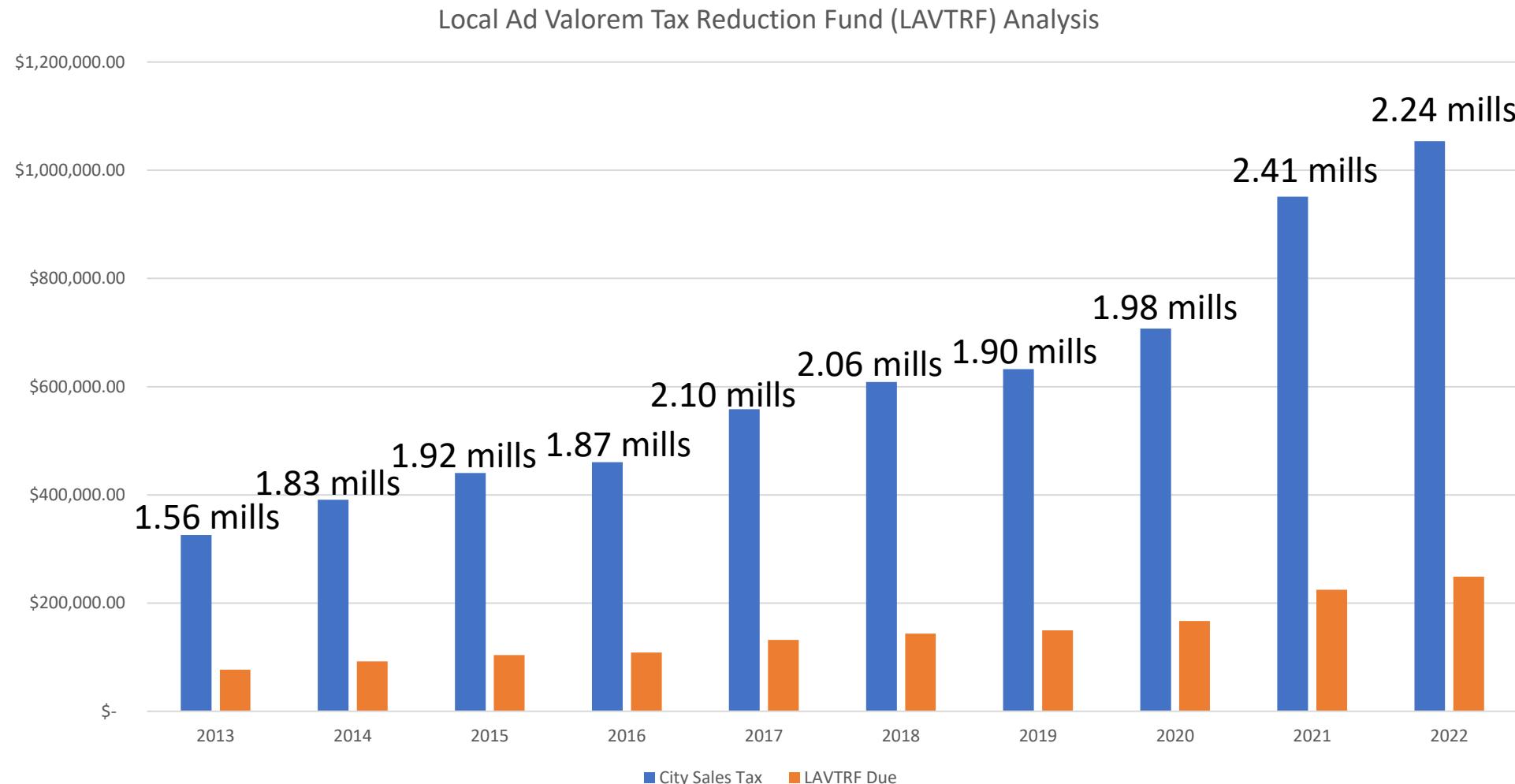
Local Ad Valorem Tax Reduction Fund (LAVTRF)



	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.



2024 Proposed Budget Highlights

- ➡ Flat mill rate.
- ☑ “Right-sizing” each line item with the growth in professional staff.
- 🏢 Advance all projects in the Capital 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%).
- 🎆 Funding of Fireworks Display with Basehor Community Volunteers.



2024 Proposed Budget – Flat Mill Rate

	Revenues	Expenditures	Gap Analysis
General Fund	\$ 6,253,614	\$ 6,242,083	\$ 11,530
Employee Benefits	\$ 1,304,540	\$ 1,298,785	\$ 5,755
Sewer	\$ 2,498,100	\$ 2,482,095	\$ 16,005
Solid Waste	\$ 883,270	\$ 878,318	\$ 4,952
Bond & Interest	\$ 2,092,889	\$ 2,055,188	\$ 37,701
Consolidated Highway**	\$ 1,544,502	\$ 2,809,764	\$ (1,265,262)
Parks & Recreation	\$ 147,647	\$ 132,089	\$ 15,559
Capital Improvement**	\$ 605,681	\$ 11,375,554	\$ (10,769,873)
Cedar Lakes Maintenance	\$ 40,347	\$ 35,000	\$ 5,347
Glenwood Sewer District	\$ 33,395	\$ 25,000	\$ 8,395
Special Alcohol Fund	\$ 23,094	\$ 17,811	\$ 5,283
Mayor's Charity Fund*	\$ -	\$ -	\$ -
Assistance Fund**	\$ -	\$ 5,000	\$ (5,000)
Land Bank Fund	\$ 500	\$ 500	\$ -
	\$ 15,427,580	\$ 27,357,188	\$ (11,929,608)

A line-item proposed budget is available on the City's website at
<https://cityofbasehor.org/340/Budget-Presentations>

*The Mayor's Charity Fund has revenues and expenses only related to fundraising activities and does not rely on any revenues from the City of Basehor.

** The spending of fund balance in these funds is intentional.



2023 Budget Amendments

- The budget amendments for 2023 are:
 - Solid Waste – Increase in expenses due to the change in trash collection services. There will be a corresponding increase in fees collected to offset.
 - Special Drug & Alcohol – Increase in overtime expenses for the School Resource Officer (SRO).
 - General Fund – Planned purchase of acreage at the property referred to as “Basehor Town Center.” This was a planned purchase paid for by fund balance of the General Fund.



Summary: Public Hearing Budget Action Items

- Resolution 2023-24 to Exceed the Revenue Neutral Rate.
- Resolution 2023-25 to Approve the 2024 Operating Budget
- Resolution 2023-26 to Approve the 2023 Budget Amendments

Staff would like to thank the Mayor, City Council President, and all Councilmembers for their input, vision, feedback, and direction regarding the 2024 budget.

