

Budget Process: Key Components

Presented April 22, 2021

BIENNIAL BUDGETING: A Two-Year Budgeting Process

2022 IS THE SECOND YEAR OF SPRING HILL'S FIRST BIENNIAL BUDGET

BENEFITS

- Coincides with two-year Council term
- Transparency
- Focus on long-range planning: Impact of growth
- Consistent prioritization from year to year

BIENNIAL BUDGET PROCESS

YEAR ONE:
Adoption of 2021
Conditional approval of 2022

- **2021 Budget formally adopted**
- **2022 Budget conditionally approved**

YEAR TWO:
Adoption for 2022

- **2022 Budget reviewed to adjust for changes**
- **2022 Budget formally adopted**

BUDGET PROCESS - SB 13 CHANGES

- No longer a Tax Lid calculation
- Introduces a Revenue Neutral Rate
 - Focused on Mill Levy
- County Clerk calculates and notifies cities of the Revenue Neutral Rate and Assessed Valuation by June 15

BUDGET PROCESS - SB 13 CHANGES

- City notify County Clerk by July 20 of intent to exceed the rate
- Public Hearing to exceed rate held between August 20 and September 20; and
- Budget Public Hearing held by September 20
- Certification to County completed by October 1

BUDGET PROCESS - SB 13 CHANGES

➤ Penalty Clause

- The City is responsible for refunding the difference back to each property if the rate is exceeded without proper notice.
- If the City elects to not exceed the rate, then budget deadlines default to current process (Certification to the County by August 25th).

KEY BUDGET COMPONENTS

PROPERTY APPRAISAL

- Real property is appraised by the County as of January 1st each year
- Based on Fair Market Value

ASSESSED VALUATION

- Assessed valuation = Appraised value multiplied by the assessment ratio
- Assessment Ratio categories
 - Residential 11.5%
 - Vacant Lots 12%
 - Commercial/Industrial 25%
 - Agricultural 30% (based on use)

KEY BUDGET COMPONENTS

VALUE OF A MILL

- ❑ Total assessed valuation divided by 1,000

EXAMPLE: 2021 BUDGET - VALUE OF 1 MILL

- ❑ Assessed Valuation 2020 = \$105,217,741
 - ❑ $\$105,217,741 / 1,000$
 - ❑ Value of 1 mill = \$105,217

The city's value of 1 mill is actually less for the fire contract area (\$55,400 for 2021)

KEY BUDGET COMPONENTS

CALCULATION OF MILL RATE

- ❑ Total ad valorem tax needed for property tax funds (General, Debt, Fire, Cemetery) divided by the value of 1 mill
 - ❑ Example: $\$3,555,937 / \$89,658^* = 39.661$ tax levy rate

** Total assessed valuation for City is \$105,217,741. Fire contract area reduces overall valuation. Blended value of 1 mill = \$89,658*

KEY BUDGET COMPONENTS

CALCULATION OF TAX FOR PROPERTY OWNER

- ❑ Appraised value of Property multiplied by the Assessment Ratio
 - ❑ Example: \$200,000 appraised value x 11.5% = \$23,000

- ❑ Assessed value divided by 1,000
 - ❑ Example: \$23,000/1,000 = \$23

- ❑ Multiply by Spring Hill tax levy rate (2021 = 39.661)
 - ❑ Example: \$23 x 39.661 = \$912.20*

* *Does not include other taxing entity rates*



COMPARISON DATA REQUESTED

*Select city data for
fastest growing cities in Kansas*

COMPARISON DATA

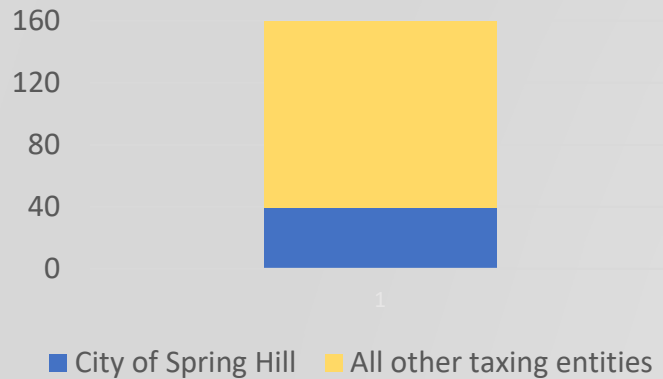
Mill Levy and City Data Comparison

*Data obtained from the Kansas Tax Rate & Fiscal Data report prepared by
the League of Kansas Municipalities
2020 Taxes Levied for 2021*

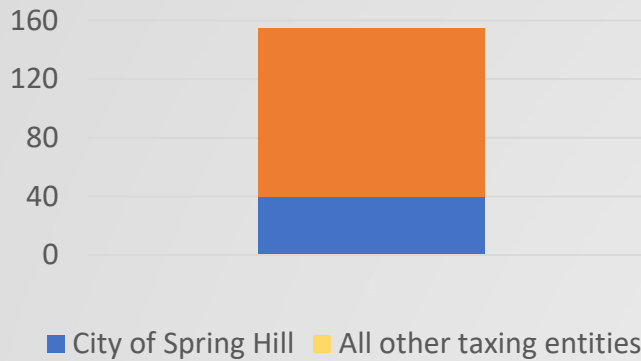
	2020 Population	Assessed Tangible Valuation	Total City Levy	Total Mills Levied in City by All Units
Spring Hill - JoCo	4,233	75,954,875	39.661	160.586
Spring Hill - MiCo	3,093	29,262,866	39.661	155.077
Spring Hill combined	7,326	105,217,741	39.661	
Spring Hill No Fire		49,815,526	26.631	147.677
Cities of First Class				
Derby	24,943	253,334,690	48.040	145.337
Olathe	140,545	2,133,488,888	24.233	132.167
Lenexa	55,625	1,343,315,682	29.242	127.926
Cities of Second Class				
Andover	13,405	172,877,615	42.273	163.652
Gardner	22,031	228,393,250	20.665	138.04
Cities of Third Class				
Basehor	6,496	84,093,059	33.844	146.893

CURRENT MILL LEVIES IN SPRING HILL

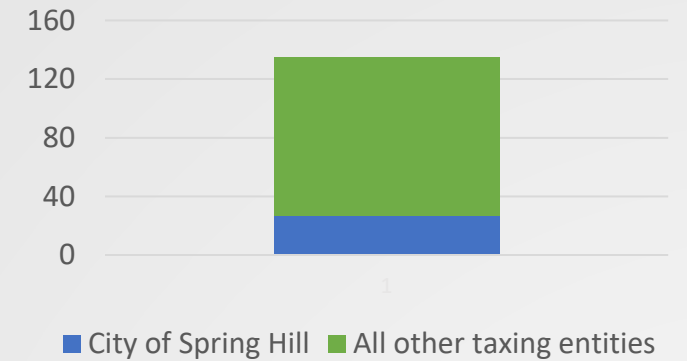
Miami County
(includes City Fire levy)
Total mill rate 160.586



Johnson County
(includes City Fire levy)
Total mill rate 155.077



Johnson County
(excludes City Fire levy)
Total mill rate 147.677



COMPARISON DATA

Mill Levy and City Data Comparison

*Data obtained from the Kansas Tax Rate & Fiscal Data report prepared by
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2020 Taxes Levied for 2021*

	Sales Tax Rate City	Sales Tax Rate Total
Spring Hill - JoCo	1.500%	9.475%
Spring Hill - MiCo	1.500%	9.500%
Cities of First Class		
Derby	0.500%	8.000%
Olathe	1.500%	9.475%
Lenexa	1.375%	9.350%
Cities of Second Class		
Andover	1.000%	7.500%
Gardner	1.500%	9.475%
Cities of Third Class		
Basehor	1.000%	8.500%

COMPARISON DATA

as of June 30, 2020

Mill Levy and City Data Comparison

*Data obtained from the Kansas Tax Rate & Fiscal Data report prepared by
the League of Kansas Municipalities
2020 Taxes Levied for 2021*

	Total Bonded Indebtedness*	Economic Development Bonds	Temporary Notes	Other Debt
Spring Hill	\$ 25,857,785	\$ -	\$ 1,600,000	\$ 2,010,871
Cities of First Class				
Derby	\$ 79,040,893	\$ 23,565,000	\$ 5,845,000	\$ 942,634
Olathe	\$ 899,718,461	\$ 22,477,992	\$ 53,955,000	\$ 14,775,596
Lenexa	\$ 470,376,160	\$ 5,961,193	\$ 5,474,000	\$ 16,734,182
Cities of Second Class				
Andover	\$ 78,765,064	\$ 3,655,000	\$ 3,840,000	\$ -
Gardner	\$ 70,165,000	\$ -	\$ 7,365,000	\$ 10,528,959
Cities of Third Class				
Basehor	\$ 14,807,300	\$ -	\$ -	\$ -

**Total Bonded Indebtedness includes General Obligation bonds (including benefit districts), Special Assessment bonds, Utility Revenue bonds, Other bonds. Industrial Revenue bonds (IRB) are not included in debt calculations.*



DISCUSSION