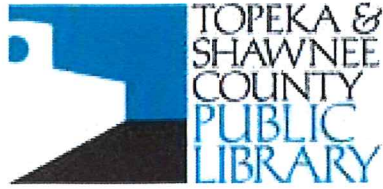


June 1, 2021

Board of Trustees 2022 Budget Work Session #1

Legend of Documents:

1. Budget Work Session Agenda for June 1st and July 7th Sessions
2. Narrative of 2022 Budget Strategy and Key Issues
3. Shawnee County Clerk Senate Bill 13 Letter
4. 10-Year Retrospective of Budgeted Revenues and Expenditures, Actual Cash Balances and Mill Rates
5. 10-Year Retrospective of Budgeted Expenditures, Graphed
6. 10-Year Retrospective of Mill Rate Values, Graphed
7. Funding Matrix and Timeline for Facilities Master Plan



Topeka and Shawnee County Public Library Agenda
Board of Trustees
2022 Budget Work Sessions

June 1, 2021: Budget Work Session #1, 9:00 am to noon

Zoom, Meeting ID: 920 6498 4713

<https://tsopl.zoom.us/j/92064984713?pwd=Y3FMVVB1eTBzRSdTNqa1hVejlzQT09>

Meeting Purpose: Discuss potential FY 2021 budget adjustments, first review of FY 2022 budget strategy, review funding matrices for the Facilities Master Plan and all other non-Facilities-Master-Plan budget items

Expected Product: Engage Trustees in FY 2022 budget planning and development, discuss key issues and consider priorities and funding strategies

Agenda

1. FY 2021 Budget Review – Kim Strube, Chief Financial Officer
2. FY 2022 Budget Overview – Thad Hartman, Interim Chief Executive Officer and Kim Strube, Chief Financial Officer
3. Senate Bill 13/Revenue Neutral Rate (RNR) Discussion – Kim Strube, Chief Financial Officer
4. Facilities Master Plan update and funding – Thad Hartman, Interim Chief Executive Officer and Kim Strube, Chief Financial Officer
5. Review anticipated employee benefit expenses – Jesse Maddox, Chief Human Resources Officer

July 7, 2021: Budget Work Session #2 (Menninger Room 206, noon to 3:00 pm)

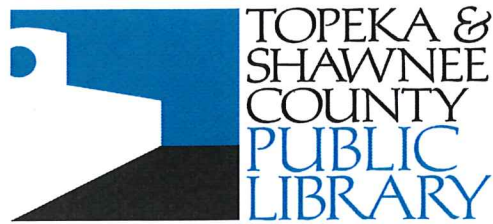
Meeting Purpose: Review proposed FY 2022 budget, including county property valuations

Expected Product: Reach consensus on the FY 2022 budget proposal to allow action at the July 15th Board meeting for publication requirements

Agenda

- Review phased approach to updating wayfinding signage – Diana Friend, Communications and Marketing Director
- Digital Asset Management system review – Diana Friend, Communications and Marketing Director
- Review updated information for property valuations and other key expenditures for the budgeted funds: General, Employee Benefit and State Aid – Kim Strube, Chief Financial Officer
- Review proposed documents to be published: Revenue Neutral Rate, Notice of Hearing and Budget Summary, Notice of Budget Hearing –Kim Strube, Chief Financial Officer

Lunch will be provided at this session.



Budget Narrative

June 1, 2021

Board of Trustees 2022 Budget Work Session #1

Overview

The Board of Trustees and Library management have worked to develop a budget review and preparation process that is based on a comprehensive assessment of operational and strategic needs. This is a logical and responsible progression for funding, and more importantly accomplishing, the initiatives within strategic, community and facilities plans, as well as fulfilling Topeka and Shawnee County Public Library's (TSCPL's) mission and goals. This methodology is particularly important as the Library finalizes its implementation of a strategic plan for the next decade based on five Community Impact Goals and makes decisions regarding prioritization and completion of projects in the multi-year Facilities Master Plan. Further, the Library's past successes have been accomplished by wisely using its resources and maintaining a stable mill levy rate.

Starting with the 2016 budget preparation process, the first Board budget work session was re-designed to focus more on education, review, and discussion of key issues and prioritization of initiatives. This seemed to work well, in advance of the property valuations, actual budget numbers and the technical budget document. Thus, this year's first budget work session will follow a similar approach.

These key goals, initiatives and issues must guide the 2022 budget preparation:

- Supporting mission and vision statements, strategic plan, and tasks and tactics for implementation of the Community Impact Goals:
 1. Every child will be ready for kindergarten.
 2. Everyone will discover their passion for learning.
 3. Everyone will continue learning new ways to live their best life.
 4. Topeka & Shawnee County will be an engaged community of readers.
 5. The library will be a learning organization committed to excellence in: leadership, planning, customer focus, process management and partner focus.
- Prioritizing and funding phases, projects and infrastructure needs proposed in the Facilities Master Plan.
- Leading and funding technological advancements, including digital content, to support the expectations and requirements of customers and the community, and to demonstrate how technology can enhance learning and living.

The budget should emphasize: (1) an exceptional customer experience everywhere library services are provided; (2) a responsible approach to building infrastructure and maintenance, as well as ensuring the building serves 21st century library customer needs; (3) leadership by the Library to provide opportunities for the community in support of literacy and learning based on a fundamental set of core values; and (4) funding operations within the resources provided at the current mill levy rate.

This may present some challenges and decisions will be necessary on how best to continue the Library's current momentum and community impact. Property valuation information will not be available from the County Clerk until June 15th. The 2022 budget could have multiple scenarios. These scenarios may be presented at the second Board budget work session on July 7th, depending on the outcome of trustees' discussion at the first budget work session.

Note that Administration would not be recommending across-the-board cuts to expenses, if the loss of revenues was significant enough to require cost cutting. There would be a careful and strategic review of library operations to determine what budget adjustments would be in the best interests of library customers and the library's ability to maintain service levels and quality.

Status, Issues and Initiatives

Here is what is known at this point in the process:

- There has been little reported in local media this year regarding property valuations. However, *ksnt.com* reported on March 1, 2021 that about 81% of properties in Shawnee County saw a rise in their valuation. Shawnee County Appraiser Steve Bauman provided the following statistics to the County Commission in March, 2021:
 - Commercial market values are increasing this year by about 2.7% and new commercial construction has added a little more than \$78.1 million to Shawnee County property values.
 - Residential market values are rising approximately 5.7% and new residential construction has added a little more than \$94.6 million to Shawnee County property values.

The actual valuations for budget preparation purposes by taxing entities will be distributed by the Shawnee County Clerk no later than June 15th.

- Estimates of motor vehicle tax revenues provided by Shawnee County for use in the budget are a little more than \$8,300 than 2021 for the two levied funds.

Board Budget Work Session #1
June 1, 2021

- Cash balances remain generally healthy and have sufficient fund reserves in the event of an emergency or other unplanned situation.
- In August, 1996, Topeka and Shawnee County voters approved a \$23,000,000 bond issue to expand and renovate the library. The Board is permitted under K.S.A. 12-1270 to levy a tax (a separate mill levy) for the purpose of paying principal and interest on the bonds. In 1998, ground was broken for the 100,000 square foot addition. The Library remained open during the expansion project. On January 12, 2002 the Library opened its new doors to the public.

The Topeka and Shawnee County Public Library Board of Trustees and management have practiced sound financial management and responsible stewardship in the use of tax monies including refinancing of the debt in 2012 to realize almost \$995,166 in savings over the remainder of the debt and maintaining a nearly flat mill levy since 2012.

The outstanding bonds were paid in full on September 1, 2019. The elimination of the debt service in 2019 provides an opportunity to allow the Library to continue to fund Facilities Master Plan projects in 2022 and future years without incurring debt if the total amount of current funding is maintained.

It is important to note that the aggregate level of funding and the levy limit will be the same as it has been for the past 10 years (i.e. funds previously allocated for debt service are now used for operational, maintenance and capital expenditures).

In addition to the implementation of the Facilities Master Plan, this level of funding is also necessary to the continued successful implementation of the Library's multi-year strategic plan based on its Community Impact Goals.

In March, 2019, the Board of Trustees resolved to increase the budget levy for 2020 and following years to not exceed 9.786 mills, which equals the 2019 budget and bond levies.

The Bond and Interest Fund balance was originally sourced from an allocation of General Fund monies by the Board and has since been funded from the specific mill levy for debt service payments. Currently the target ending cash reserve is \$750,000.

It was legally determined that any ending balance in the Bond and Interest Fund, remaining after the indebtedness has been paid, can be transferred to the General Fund for other purposes or be allocated from the General Fund to the special accruing fund (capital improvements). These actions will occur in the budget preparation since residual tax collections are estimated to be received in the Bond and Interest Fund in 2022.

This would allow the money to be saved without limit in the special accruing fund for future years' expenditures, subject to the limited purposes of these funds as defined by K.S.A. 12-1268. This statute restricts any such transfer to the special accruing fund to 20% of "any annual budget prepared, published and approved by the board". This is assumed to be approved expenditures. General Fund budgeted expenditures in 2021, excluding carry forward cash balance, are \$14,537,030. A 20% maximum of this amount is \$2.9 million which is beyond what the Library will have to transfer, probably in any year.

A one-time cash transfer was budgeted from the Debt Service Fund to the General Fund in the amount of \$41,797 to close the fund in 2021. This amount includes the 2021 projected cash forward and an estimate for delinquent taxes which may be received. This amount also includes estimated interest earnings. A second cash transfer is planned from the General Fund to the Capital Improvement Fund (non-budgeted) in 2021 for \$1,750,000. These funds will be utilized for infrastructure needs and building improvements.

These transfer amounts appear in the expenditure section of the 2021 approved budget. Overall, expenditures for the 2021 budgeted funds actually decrease from the approved 2020 budget by about \$646,000 when the one-time transfers are removed from the budget.

- K.S.A. 12-1258 states that "If the library board determines that money which has been transferred to such fund (capital improvement fund) or any part thereof is not needed for the purpose for which transferred, the library board is hereby authorized to direct a retransfer of such amount not needed to the general operating fund..."
- The Board of Trustees approved the Facilities Master Plan on July 21, 2016. This approval was contingent upon it being a multi-year plan, to be done in phases likely over 10 years, and subject to available public and private funding, with each project specifically approved by the Board. The Plan encompasses both infrastructure needs and building remodeling and renovation to ensure relevancy and to support the way in which customers need to use the Library now, as well as support the Community Impact goals.
- This is a major initiative and an important and responsible action for good stewardship of the Library's resources and assets. Here is a brief history of the events that led to the approval of the Plan:
 - On July 22, 2015, the Board approved the Chief Executive Officer to contract with an architect for the development of a multi-year Facilities Master Plan. This plan was expected to:
 - allow the Library to support service changes;

- keep the library current and relevant to 21st century library users;
- minimize inconvenience to customers;
- allow the Board to fund any structural changes in a reasonable and cost-effective manner;
- address long-standing challenges with way-finding and awareness of collections and services;
- redesign the children's library.

The local architectural firm, Tevis Architects, was selected to develop the Master Facilities Plan.

- On March 17, 2016, the Board adopted and approved guidelines for the draft Facilities Master Plan, with these guidelines intended to provide direction and set priorities in the Plan's development and implementation.
 1. Maintain optimal conditions and operation of the building, its site, systems, furnishings, technology and other physical infrastructure.
 2. Increase public space used to support learning, literacy and civic engagement.
 3. Preserve the Library's architectural integrity and character.
 4. Improve people's ability to use the services, programs, collections and learning experiences provided by a 21st century library.
 5. Exercise good stewardship of public and private resources in maintaining and improving the building, its site, its systems, furnishings, technology and other physical infrastructure.
- In 2019, the Topeka office of Tevis Architects formed Civium Architects, an independent firm separate from Tevis Architects. With the creation of this new firm and the majority of the Facilities Master Plan complete, library management decided it would be beneficial to reexamine the architectural landscape in the community. A request for qualifications was posted and a committee was formed to evaluate submissions and to interview architects. After a lengthy process that included several qualified candidates, HTK Architects of Topeka was selected to update and implement the Facilities Master Plan. The Facilities Master Plan will continue to follow the guidelines set forth by the board in 2016 with a focus on maintaining optimal conditions for the operation of the building and support of the library's community impact goals.
- Funding for the phases and projects of the Facilities Master Plan is expected to originate from a combination of the General Fund operating budget, the Capital Improvements Fund, the State Aid Fund, contributions by the Friends of the Library, and gifts to the

Library Foundation. The Capital Improvements unencumbered fund balance as of April 30, 2021 is \$2,923,551.

- Several projects, including renovating the public restrooms and café, and demolition of the Hearing Aid building have been completed in 2021. The paving and landscaping of the area at 1001 Garfield, the creation of public space on the second floor, and the fire panel replacement are expected to be completed in 2021. These projects are funded with the General Fund.
- The Facilities Master Plan includes redesigning the Living Room, re-working and improving the Wings, replacing the air conditioning chillers, replacing the boilers, meeting room audio/visual upgrade, and phase 1 of wayfinding (library signage) redesign. These projects are planned for 2022 and will be part of the discussion regarding funding facilities projects.
- During the past few years, the administration team has been working to find the best way to continue to deliver health benefits of the highest quality and value at a competitive cost for the Library and its employees. Cost containment must continue, to maximize the ability to meet the Library's public service goals. This will continue to be important given the uncertainty of the budget moving forward due to the possible impact of COVID-19. Below is a summary of changes already enacted and actions still necessary.
 - A qualified high deductible health plan (QHDHP), with pre-loaded Health Savings Accounts (HSA) as an incentive, was implemented for the 2015 plan year. This plan is expected to provide significant savings over the long term. It also dovetails with the team's opinion that the Library and its employees will benefit from increasing emphasis on wellness and from a consumer's perspective on health care costs.
 - The use of the QHDHP has increased over the past few years resulting in savings for the library due to the savings in premium costs. 49% of active employees were enrolled in the plan in 2019. This figure increased to 52.5% in 2020 and is now at 53.6% in 2021.
 - The QHDHP is accompanied by Health Savings Accounts with contributions made by the employer. The initial recommendation for 2022 is to continue the employer contributions at their current rates:

Single Plans: \$15 in each of 24 pay periods; 2-\$500 lump-sum contributions in January and June

Dependent Plans: \$30 in each of 24 pay periods; 2-\$1,000 lump-sum contributions in January and June

The lump-sum contributions are split since these accounts belong to the employee and will not be repaid should an employee leave the Library.

Employer contributions for part-time employees are one-half of the listed amounts.

- The premium cost sharing between the employee and the Library for the traditional medical plan, as well as some of the co-payments, were changed beginning with the 2016 plan year. Employees who choose this plan are charged slightly more under the assumption that less risk generally means increased price. The co-payment also was increased from \$25 to \$35 per visit. The co-payment is expected to be the same for plan year 2022.

Beginning with the 2019 plan year, the deductible for the traditional plan was increased to \$1,000 from \$500 for an individual and to \$2,000 from \$1,000 for dependent plans.

- The retiree post-employment health care policy for participation in the health plan was significantly amended by the Board effective April 16, 2015. The Library moved from a 50% premium subsidy to a flat dollar premium reduction. For 2019 the premium contribution by the Library for all retiree health plans is \$300 per month. No subsidy of dental plans is offered. This rate of subsidy is recommended to continue for 2022.
- The health and dental plans were taken to market for the 2016 plan year. This was the first time in many years that the plans were opened for competitive pricing. The medical plan remained very competitive in premium pricing, provided the best local network of health care providers and had excellent negotiated service rates. Blue Cross Blue Shield was again selected as the medical insurance carrier. However, the bid process resulted in a dental premium savings of over 25% by moving from Blue Cross Blue Shield to Delta Dental with virtually identical benefits. An employee-paid vision plan also was offered for the first time.
- The premiums increased in 2021 by 11.6% for the traditional family health plan. That plan experienced a decrease of .1% in 2020. The premiums for the QHDHP plan increased 12% in 2021. In 2020, the rate decreased 2.8%.
- The usage (claims) versus premiums through April 2021 is 107%. Comparatively, usage at this time in 2020 was at 74%. We have three months left of the twelve month rating period. We had a very large usage month in March with 181%. Last year our largest usage month was April with 150%. With things being more unknown with health insurance due to COVID-19 it is hard to say what this may mean for plan year 2022, but an increase in premiums is expected based on the

loss ratios to date. A meeting will occur with the Blue Cross and Blue Shield representative later in June to review the most recent data and determine potential renewal costs for budget purposes.

- The Delta Dental plan did not increase for the 2021 plan year. There is a 5% rate cap for 2022 and 2023.
- The employer share of KPERS will *increase* by .03% on January 1, 2022 in accordance with state law; from 8.87% to 8.9%. The death and disability insurance rate for employers will remain at 1% effective January 1, 2022.
- No communication has yet been received from State Librarian Eric Norris regarding state budget reductions to the State Library and their potential impact on individual libraries.
- Just a brief history of “tax lid” laws concerning the Library:

The 1992 enacting legislation (K.S.A. 12-1267) for the Topeka and Shawnee County Public Library District imposed restrictions and requirements on setting mill levies: (1) set an original mill levy limit of five mills; (2) authorized the Board to annually increase the levy by up to a one-quarter mill maximum, with a total levy to never exceed eight mills; and (3) required the Board pass a resolution for any increase in the mill levy beyond five mills and publish the resolution twice in the official county newspaper, once per week for two weeks. Provided no petition signed by at least 5% of the qualified electors was filed to request an election to contest the increase, it could be implemented for the budget year and all subsequent budget years. If a qualified petition was filed, the tax increase would be contingent upon approval by the majority of electors or otherwise denied.

The 1999 Kansas Legislature suspended all existing mill levy rates and limits by passing a bill to create K.S.A. 79-5040. This law did not amend every specific statute with a mill levy rate or limit and instead served as an “umbrella” law effectively suspending these limits in all statutory cities. However, it did not suspend the resolution and publication requirements shown in item (3) in the above paragraph, nor the right for the constituency to petition for a public vote to contest a tax increase, if there is *any increase* in the mill levy (now that the limits are all removed). This has most recently been confirmed by *Attorney General Opinion No. 2007-34*.

Each year at the State’s municipal budget training this tax lid suspension statute has been discussed, as well as the Attorney General Opinion regarding the lack of a suspension of procedural requirements for tax increases which “evidences an intent to allow the electorate a means of challenging specific proposed tax increases”.

The State's interpretation was submitted for legal review which found that the resolution and publication requirements in K.S.A. 12-1267 are only necessary if the Board makes *any increase* in the mill levy. This is not required if the budget increases without a Board-approved mill levy increase, i.e. valuation increase, and not because the Library's levy now exceeds five mills.

The 2021 Kansas Legislature enacted Senate Bill 13 (SB 13) and House Bill 2104 (HB 2104) which repeals the tax lid and establishes a base levy limit. This legislation establishes new notice and public hearing requirements if the proposed budget will exceed the property tax levy's revenue neutral rate (RNR). These requirements take effect in 2021, for the 2022 budget. The revenue neutral rate is defined as the tax rate in mills that would generate the same property tax revenue in dollars as levied the previous tax year using the current tax year's total assessed valuation. The RNR is calculated by the County Clerk and should be received by June 15th.

Under this law, the Library's taxing limit and requirements for a proposal to exceed the RNR would apply as follows.

- If the Board intends to increase the RNR, the County Clerk must be notified in writing by July 20th and a public tax rate hearing must be scheduled. The hearing notice must be published in the official county newspaper and on the TSCPL website 10 days prior to the hearing date.
- The hearing must not be held before August 20th and no later than September 20th. Once a resolution to exceed the RNR is adopted, the public budget hearing is held to give taxpayers an opportunity to comment on the budget. The deadline to submit the adopted budget to the County Clerk is October 1st. A copy of the dated newspaper clipping for the RNR hearing and the budget hearing must accompany the budget filed with the County Clerk (done by the CFO).
- The agency must refund to taxpayers any amount levied, in excess of the RNR, as a penalty for noncompliance to SB 13.

The Kansas Department of Administration offers this sample publication:

Notice of Revenue Neutral Rate Hearing – Topeka and Shawnee County Public Library

The governing body of Topeka and Shawnee County Public Library will meet for the purpose of hearing and answering objections of taxpayers related to revenue neutral rate and proposed tax rate, as required by 2021 Kansas Senate Bill 13

Board Budget Work Session #1

June 1, 2021

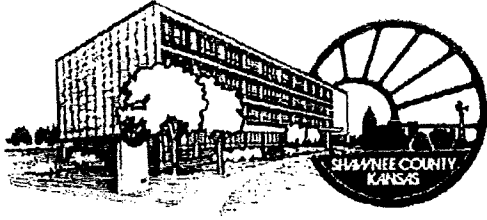
- If there is no increase in the RNR, the proposed budget and hearing notice must be published by August 5th. The notice must include the revenue neutral rate. The public hearing on the budget must be held on or before August 15th and the adopted budget is due to the County Clerk on or before August 25th.
- The biggest concern with SB 13 is the requirement that cities and counties must conduct a public hearing and bear the cost of notifying taxpayers of the hearing. For all tax years commencing after 2021, the County Clerk will notify taxpayers via one mailer/email per taxpayer property per county.
- The State of Kansas will reimburse County Clerks for mailing costs in 2022 and 2023 (FY 2023 and FY 2024 budget appropriations). Subsequent years will be billed proportionately to the subdivisions by the County Clerk.

Proposed 2022 Budget Timeline (Not Exceeding RNR)

July 21, 2021 (Wed)	Budget Notice published in <i>Topeka Capital Journal</i> (must be published at least 10 calendar days before public hearing)
August 12, 2021 (Thu)	Public hearing and adoption of 2022 budget at scheduled Board meeting date @ 5:30 (must be held on or before August 15 th)
August 13, 2021 (Fri)	Budget copies submitted to the governing body of the city and county as required by K.S.A. 12-1267(a)
August 20, 2021 (Fri)	Adopted budget certified with County Clerk

Proposed 2022 Budget Timeline (Exceeding RNR)

July 20, 2021 (Tue)	Notify County Clerk of intent to levy above RNR (provide proposed tax rate and hearing information)
August 19, 2021 (Thu)	Board Meeting (moved from August 12 th to August 19 th)
August 25, 2021 (Wed)	Revenue Neutral Rate Notice and Budget Notice published in <i>Topeka Capital Journal</i> (must be published at least 10 calendar days before hearings)
September 16, 2021 (Thu)	RNR hearing, public budget hearing and adoption of 2022 budget at scheduled Board meeting date @ 5:30 (must be held between August 20 th and Sept 20 th)
September 17, 2021 (Fri)	Budget copies submitted to the governing body of the city and county as required by K.S.A. 12-1267(a)
September 24, 2021 (Fri)	Adopted budget certified with County Clerk



Shawnee County
Office of County Clerk
CYNTHIA A. BECK

785-251-4155
Fax 785-251-4912
www.scco.us

200 SE 7th Street Room 107
Topeka, Kansas 66603-3963

DATE: May 17, 2021
TO: Shawnee County Taxing Entities
FROM: Cynthia A. Beck, Shawnee County Clerk
Re: Information on SB 13/HB 2104

The recent passage of Senate Bill 13 and House Bill 2104 has created the potential for changes to your budgeting processes. These changes become effective for the 2022 *Budget* so this very short implementation time frame also presents a very short learning curve for all of us.

My staff and I have participated in two virtual Q & A sessions with representation from: Kansas Department of Administration Municipal Services, The Kansas Association of Counties, The League of Kansas Municipalities, Kansas Department of Revenue Property Valuation Division, Kansas State Department of Education, various county software representatives and a selection of County Clerks from across the State. We are making every effort to get informed on how the changes from this legislation will impact all of us.

You will receive your Budget Information sheet on June 15 just as in previous years but this year it will look a little different. One term you will see/hear often is "Revenue Neutral Rate". This is the term SB 13 provides to describe what your mill levy will be if you decide your taxing entity can operate on the same amount of property tax revenue you generated for tax year 2021. Almost every taxing entity will have an increase in their assessed property valuation for 2022. In previous budget years if you maintained the same mill levy you would still see an increase in the amount of property taxes your entity received. The Revenue Neutral Rate will automatically be calculated to be a *lower* mill levy so the increased property value will generate *the exact same property taxes* as this year. There are steps you as board members can take in your budget process to increase the mill levy and thereby receive more property taxes for budget year 2022.

The League of Kansas Municipalities has generously prepared an explanation sheet (attached) of the basics of SB 13 and HB 2104 and how they will affect your 2022 budget process. Municipal Services is putting on budget workshops over the next couple weeks and they will also be discussing these law changes.

More information will be provided as it becomes available.

The Basics of SB 13/HB 2104: Legislation Requiring a Hearing to Exceed the Revenue Neutral Rate

What are SB 13 and HB 2104?

During the 2021 legislative session, the tax lid was removed and the legislature enacted SB 13 and HB 2104. This legislation establishes new notice and public hearing requirements if the proposed budget will exceed the property tax levy's revenue neutral rate. These requirements take effect this year (2021), for a city's 2022 budget.

What is a Revenue Neutral Rate (RNR)?

The tax rate in mills that would generate the same property tax revenue in dollars as levied the previous tax year using the current tax year's total assessed valuation.

How is the Revenue Neutral Rate Calculated?

To calculate the revenue neutral rate, the County Clerk shall divide the property tax revenue for such taxing subdivision levied for the previous tax year by the total of all taxable assessed valuation in such taxing subdivision for the current tax year, and then multiply the quotient by 1,000 to express the rate in mills. (SB 13 Sec. 1(e)(2))

What is a Tax Rate Hearing?

A Tax Rate Hearing is a hearing to exceed the Revenue Neutral Rate (RNR).

$$\text{RNR} = \frac{\text{Last year's total property tax raised in dollars}}{\text{This year's assessed valuation as of June 15}} \times 1,000$$

Year-to-Year RNR Sample Calculation

2021 Budget	2022 Budget
• City Levied \$900,000 in property tax	• In 2021 budget, City levied \$900,000
• Assessed Valuation of property = \$29,000,000	• Assessed Valuation changes to \$31,000,000
• Value of one mill = \$29,000	• Value of one Mill = \$31,000
• Mill Rate = $\left(\frac{\$900,000}{\$29,000,000} \right) \times 1,000$	• Revenue Neutral Rate = $\left(\frac{\$900,000}{\$31,000,000} \right) \times 1,000$
31.034 mills	Rate = 29.032 Mills

What is the Process to Exceed the RNR (setting a mill levy higher than the RNR)?

1. Notify the County Clerk by July 20 with intent to exceed the revenue neutral rate.
2. Place a notice on the city website and in a newspaper of general circulation in the county 10 days prior to the hearing.
3. No earlier than August 20 and no later than September 20, conduct a tax rate and budget hearing giving taxpayers an opportunity to comment on the budget.
4. Adopt a resolution or ordinance to exceed the revenue neutral rate.
5. Adopt the proposed budget.
6. By October 1, certify to the County Clerk the amount of ad valorem tax to be levied by the City.

HELPFUL TIPS!

1. The tax lid was about actual dollars. The revenue neutral rate is about the MILL LEVY not total dollars!
2. If the City does not hold a hearing to exceed the revenue neutral rate, the City will need to work with the County Clerk to ensure that, when final assessed values are calculated, the City's mill levy does not exceed the revenue neutral rate. If it does, the city will need to amend the budget or refund any property taxes levied in excess of the revenue neutral rate.

Applying SB 13/HB 2104 to the Budget Process

STEP
1

Receive Revenue Neutral Rate from the County Clerk by June 15.

STEP
2

Determine the budget needs for City's upcoming budget year and determine the amount of property tax will be required to fund the budget.

STEP
3

Determine if the amount needed will require a tax levy exceeding the Revenue Neutral Rate.

If YES, follow these steps:

1. Notify the County Clerk by July 20 with the City's intent to exceed the revenue neutral rate.
2. Beginning in 2021 (for 2022 budget year), publish a notice on the city website and a newspaper of general circulation in the county. Notice must be given 10 days before the hearing. The notice must provide details for both a tax rate hearing and budget hearing.
3. No earlier than August 20 and no later than September 20, conduct a tax rate and budget hearing giving taxpayers an opportunity to comment on the budget.
4. Adopt the proposed budget or any lesser amount. A budget cannot exceed the amount proposed.
5. On or before October 1, certify to the County Clerk the amount to be levied.

If NO, follow these steps:

1. On or before August 5, publish the proposed budget and hearing notice (must include the RNR).
2. On or before August 15, hold a public hearing on the budget.
3. On or before August 25, certify the City budget and tax levies to the County Clerk.

NOTE: If the City does not hold a hearing to exceed the revenue neutral rate, the City will need to work with the County Clerk to ensure that, when final assessed values are calculated, the City's mill levy does not exceed the revenue neutral rate. If it does, the city will need to amend the budget or refund any property taxes levied in excess of the revenue neutral rate.



Beginning in 2022, the County Clerk will mail Revenue Neutral Rate notifications to all taxpayers.



Find this infographic, and other League infographics visit our website, www.lkm.org/infographics.

TOPEKA SHAWNEE COUNTY PUBLIC LIBRARY
SUMMARY BUDGETED AD VALOREM TAX, TOTAL REVENUES AND EXPENDITURES AND TOTAL MILL RATES - 2012 - 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Actual Mill Rate										
General Fund	6.865	7.007	6.915	6.958	7.155	7.852	6.612	7.337	8.070	7.917
Employee Benefit Fund	1.802	1.733	2.011	1.823	1.702	0.986	2.252	1.566	1.716	1.869
Debt Service Fund	1.106	1.043	0.857	1.006	0.941	0.943	0.923	0.883	-	-
TOTAL MILL RATE BY YEAR	9.773	9.783	9.783	9.787	9.798	9.781	9.787	9.786	9.786	9.786
Difference from Prior Year	0.670	0.010	-	0.004	0.011	(0.017)	0.006	(0.001)	-	-
% Change from Prior Year	7.36%	0.10%	0.00%	0.04%	0.11%	-0.17%	0.06%	-0.01%	0.00%	0.00%
									budgeted mill	9.786

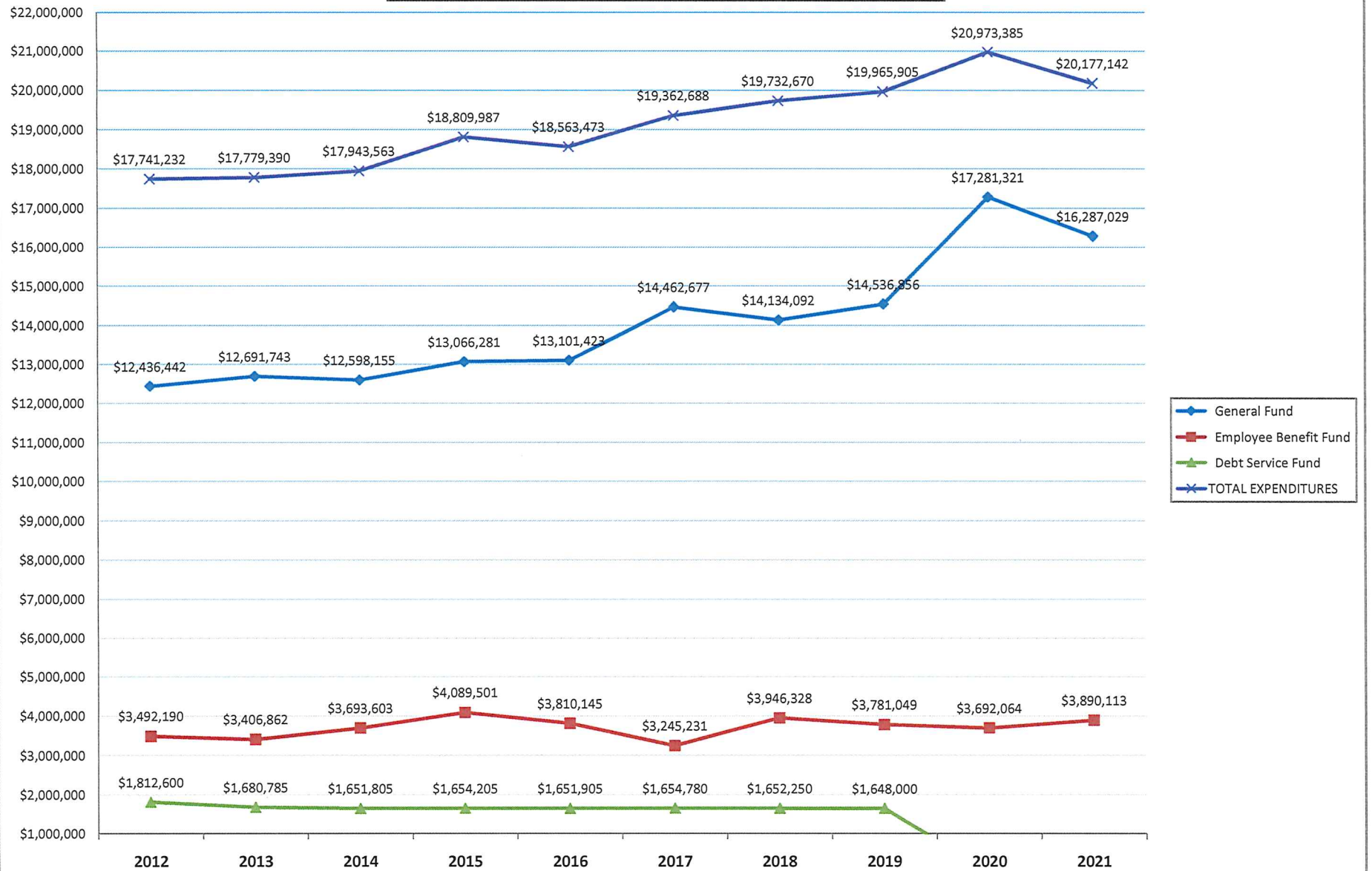
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Budgeted Ad Valorem Property Taxes										
General Fund	10,040,747	10,228,960	10,375,781	10,444,222	11,007,194	12,278,880	10,513,795	12,162,389	13,799,614	13,722,658
Employee Benefit Fund	2,634,392	2,529,505	3,016,383	2,735,758	2,618,296	1,540,725	3,580,993	2,596,006	2,900,904	3,238,907
Debt Service Fund	1,617,713	1,522,370	1,285,760	1,509,009	1,446,979	1,474,129	1,467,546	1,463,467	-	-
TOTAL	14,292,852	14,280,835	14,677,924	14,688,989	15,072,469	15,293,734	15,562,334	16,221,862	16,700,518	16,961,565
% of Total Budgeted Revenues	85.22%	85.41%	87.29%	85.75%	86.19%	87.55%	87.36%	87.39%	83.87%	88.54%

Total Budgeted Revenues										
General Fund	11,845,801	12,026,117	11,940,924	12,242,743	12,747,755	13,900,546	12,334,393	13,818,989	16,455,026	15,493,454
Employee Benefit Fund	3,094,495	2,992,599	3,453,950	3,240,757	3,125,474	1,930,408	3,840,675	3,108,822	3,250,030	3,638,101
Debt Service Fund	1,831,295	1,701,456	1,420,636	1,646,673	1,613,496	1,638,148	1,638,559	1,634,682	207,282	25,100
TOTAL	16,771,591	16,720,172	16,815,510	17,130,173	17,486,725	17,469,102	17,813,627	18,562,493	19,912,338	19,156,655

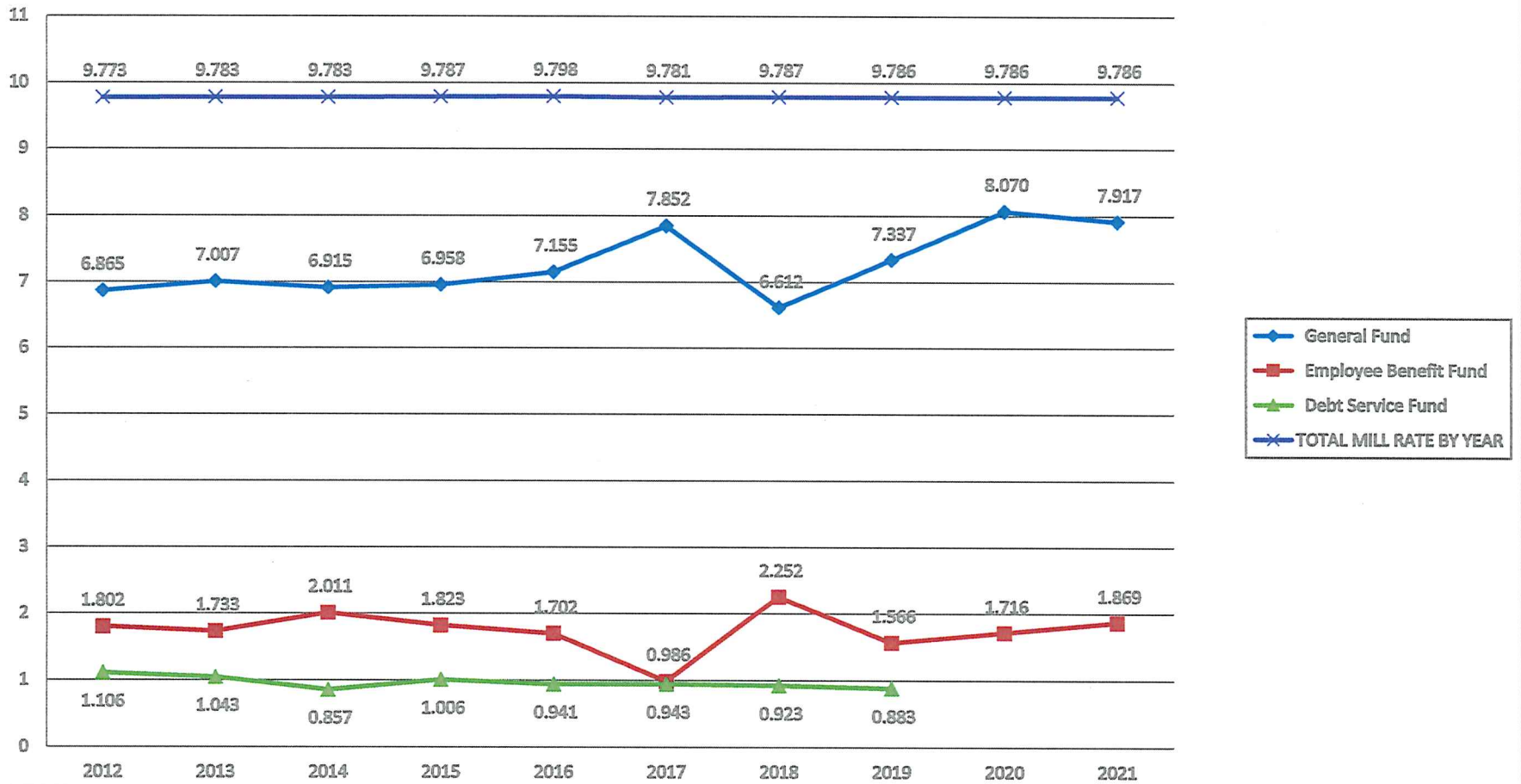
Total Budgeted Expenditures										
General Fund	12,436,442	12,691,743	12,598,155	13,066,281	13,101,423	14,462,677	14,134,092	14,536,856	17,281,321	16,287,029
Employee Benefit Fund	3,492,190	3,406,862	3,693,603	4,089,501	3,810,145	3,245,231	3,946,328	3,781,049	3,692,064	3,890,113
Debt Service Fund	1,812,600	1,680,785	1,651,805	1,654,205	1,651,905	1,654,780	1,652,250	1,648,000	994,167	41,797
TOTAL	17,741,232	17,779,390	17,943,563	18,809,987	18,563,473	19,362,688	19,732,670	19,965,905	21,967,552	20,218,939

Actual Unencumbered Beginning Cash Balance										
General Fund	2,694,568	2,532,937	2,619,880	2,616,796	2,789,460	3,105,758	4,289,984	3,504,014	3,596,303	3,489,713
Employee Benefit Fund	891,375	1,072,681	852,355	1,361,347	1,407,737	1,895,762	750,732	1,308,607	1,101,163	1,066,108
Debt Service Fund	981,384	994,896	1,017,984	828,862	836,900	811,866	808,664	806,781	804,582	13,284
TOTAL	4,567,327	4,600,514	4,490,219	4,807,005	5,034,097	5,813,386	5,849,380	5,619,402	5,502,048	4,569,105

TSCPL 10-Yr Retrospective - Budgeted Expenditures



TSCPL 10-Yr Retrospective - Actual Mill Rate Values (2022 proposed rate @ 9.786 mills)



Facilities Master Plan

PROJECT TASKS	EST COST	FUNDING SOURCES					TOTAL FUNDING	
		GENERAL	CAP IMPROVMNT	FRIENDS	FOUNDATION	STATE AID		
Living Room F&E	Design	\$200,000.00	\$200,000.00				\$200,000.00	
2nd Floor F&E	Design	\$200,000.00	\$151,000.00			\$49,000.00	\$200,000.00	
Wing Layout and Shelving Testing	Design	\$25,000.00	\$25,000.00				\$25,000.00	
Meeting Room AV Upgrade	DS	\$128,000.00	\$128,000.00				\$128,000.00	
Replace air conditioning chillers (M5)	Maint	\$550,000.00	\$550,000.00				\$550,000.00	
Replace boilers (M2)	Maint	\$350,000.00	\$350,000.00				\$350,000.00	
Gallery Lighting	Gallery	\$3,300.00	\$3,300.00				\$3,300.00	
Staff room update	Design	\$15,000.00	\$15,000.00				\$15,000.00	
Wayfinding / signage update (part 1)	C&M	\$100,000.00	\$100,000.00				\$100,000.00	
Arch Fees Chillers	Arch	\$53,000.00	\$53,000.00				\$53,000.00	
Arch Fees Boilers	Arch	\$37,500.00	\$37,500.00				\$37,500.00	
Arch Fees Living Room	Arch	\$37,200.00	\$37,200.00				\$37,200.00	
Subtotal		\$1,699,000.00	\$1,650,000.00	\$0.00	\$0.00	\$0.00	\$49,000.00	\$1,699,000.00
Budget			\$1,650,000.00	\$0.00			\$49,000.00	\$1,699,000.00
Remaining			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

2022