

2013 Budget Summary
Public Hearing – August 9, 2012, 5:30 pm, Marvin Auditorium 101C

Overview

Beginning with the Topeka and Shawnee County Public Library's (TSCPL) 2012 budget, a more comprehensive assessment of operational and strategic needs was conducted. This is a logical and responsible progression for funding the approved initiatives in the strategic, information technology, facilities and community connection plans, as well as fulfilling TSCPL's mission and goals for the benefit of the community.

In the discussion and preparation of the 2013 budget, a more detailed funding matrix was developed with initiatives through 2018 categorized within all potential funding sources, public and private. This strategic planning and multi-year resource projection process anticipates needs and resources in advance and helps to avoid fluctuations in mill levy rates.

TSCPL Trustees and management have practiced very good stewardship in use of tax resources with a fluctuation of only 1.56 mills in the past eleven years and a fluctuation of only .81 mills for the past six years. Further, the decline in the local economy, coupled with an increase in the portion of resources needed for the rising costs of employment benefits, was recognized and managed with a decrease in the mill levy rate. The use of additional strategic and financial planning tools to anticipate and plan for needs will enhance this pattern of excellent stewardship. Please refer to Schedule A which provides a graphical depiction of mill levy rates for the three funds with taxing authority for the past 10 years, as well as the 2013 proposed budget.

TSCPL has crafted a 2013 budget that does not increase the total mill levy and actually expands services, including the development of a partnership with Shawnee County to utilize most of the community centers to provide library services to patrons within their neighborhoods. The TSCPL 2013 "Budget Summary", published in the July 25, 2012 edition of the *Topeka Capital Journal*, is proposed with these goals:

- Fund the 2013 budget year operations within the resources provided at the same 2012 total mill levy rate (9.773).
- Utilize a portion of available cash carry forward balances to fund one-time expenditures in accordance with the approved strategic, information technology, facilities and community connection plans.
- Maintain prudent and sufficient cash balances to: (1) fund next year operations before tax revenues are received; (2) allow for unforeseen situations; and (3) maintain the Library's exceptional financial rating of Aa2.

The total ad valorem tax to be levied is proposed to be \$14,280,835 to fund expenditures in the General Fund (operating), Employee Benefit, and Debt Service funds. This is an annual decrease in ad valorem tax revenues of about \$12,000 over the 2012 approved budget.

The published budget also includes the State Aid Fund whose source is from the State of Kansas.

When comparing 2013 and 2012 total budgeted expenditures, the increase appears to be almost \$2.95 million. However, municipal governments are allowed to include a fund balance carry forward, categorized as a "miscellaneous expenditure" or "cash basis reserve" (for debt service) in the proposed budget. This balance is necessary to fund payroll, debt service and other operating expenditures in the new year, before tax revenues are distributed in mid to late January. The fund balance carry forward represents \$2,575,000 of the expenditure increase.

Additionally, the reported 2012 expenditures represent the latest estimates and reflect savings from a delay in the cost increase of medical insurance and the refunding of debt service at a lower interest rate. These revisions are important to the 2013 budget to recognize carry forward cash available to apply to budget year expenditures, instead of finding new-year revenue, but gives the appearance of a larger change between 2012 and 2013 expenditure budgets.

Please refer to the enclosed Schedule B "Key to 2012 and 2013 Comparison-Notice of Budget Hearing" to assist with understanding TSCPL's budget year-to-year. Actual spending authority for all three funds increases by only about \$155,000 between 2012 and 2013.

Schedule C is also enclosed and provides revenue source definitions to help with understanding that portion of the budget.

How Was the 2013 Budget Accomplished and Will this Continue Every Year?

- The 2013 proposed budget is a somewhat atypical budget year for many reasons, but much of the funding has been made available because of careful and prudent financial management efforts and the benefit of stable property valuations.
- The continued use of data-driven, process improvement techniques and the objective review of each vacant position have provided a reduction in the amount of the budget spent on salaries and fringe benefits, without a sacrifice in the quality or quantity of patron services. A significant reorganization took place at the beginning of 2012. This effort paid for the 2013 merit pay increase and provided nearly \$97,000 to be redirected to other needs. This is now a standard and proven practice at TSCPL with tangible benefits and should provide budget flexibility in the future as retirements and opportunities occur.
- The decision by the Board of Trustees to refinance the outstanding bond issue (originally issued for the building construction) has resulted in a savings of over \$995,000 that will benefit the Library and its patrons through 2019. This allows funds to be used for strategic initiatives and patron services instead of paying interest on debt with no tangible return for these dollars. This savings

began with a redirection of over \$129,000 in 2012/2013. Another \$13,000-\$15,000 will be redirected as the annual savings amount increases starting in 2014. This will be a permanent change to the base funding between the General Fund and the Debt Service Fund at about \$145,000 per year beginning in 2014.

- The delay in the expected cost of medical insurance due to a number of factors, including careful claims management by Library employees, resulted in 2012 savings of about \$320,000. This savings increases the fund balance available to carry forward to 2013 to apply to the anticipated 12% cost increase. The portion of the levy rate allocated to the Employee Benefit Fund could be decreased and reallocated to the General Fund for this one year. If the medical insurance cost increase becomes a reality and is sustained in the future, funding resources will need to be redirected to the Benefit Fund and/or costs will need to be decreased. Thus, this is more of a one-time windfall for 2013.
- Included in the 2013 budget are one-time or longer-term cyclical expenditures, or expenditures that may be eligible to be paid from other funding sources in the future, for initiatives related to the strategic, information technology, facilities and community plans. These total about \$522,000. Planning thus far for 2014 includes about \$285,000 in these one-time type expenditures. Thus, if existing revenues can be sustained and savings continues to be incurred throughout the year, it will pay for most future expenditures of this type.

What does the Community Receive for its Funding Dollars?

- The Library's beautiful and spacious facility is open 78 hours per week to provide a multitude of services to patrons of all ages with varying expectations and needs.
- An extraordinary Kids' Library has transformed into an engaging space just for kids, with more exciting changes forthcoming.
- Over 96,000 members of the community are also library members by owning a library card.
- During 2011, over 822,000 visitors came to the building, including over 135,000 using its meeting rooms and over 86,000 attending programs.
- Countless visitors use the 178 public computers to search and apply for jobs, research, learn and correspond.
- Over two million books, movies and games were borrowed by Library customers in 2011.
- Last year, nearly 239,000 reference questions were answered by Library staff through various formats including in person or by telephone, text, email and online chat.
- The Digital Branch welcomed nearly 423,000 unique visitors in 2011.
- Bookmobiles stop during the day and evening in 24 locations throughout the city and county, with the Adventuremobile visiting many schools and day cares throughout the year to provide services and programs to children. Red Carpet serves 42 facilities to provide library services to elderly and homebound patrons.
- Summer reading 2011 had more than 5,500 children reading 37,000 hours; helping to prevent the "summer slide" that stalls or decreases reading levels attained during the school year.
- In 2011, the Library provided an estimated \$30 million value to the community.

Understanding the Budget Document

There are four funds that are required by Kansas law to be budgeted; General, Employee Benefit, Debt Service and State Aid funds. All except the State Aid Fund have ad valorem property tax as their main source of revenue.

The General Fund is the source for the majority of operational expenditures (gross salaries, information technology equipment and maintenance, utilities and telecommunications, vehicle costs, supplies, insurance, professional service contracts, special projects, marketing, printing, postage, library materials purchased for patron checkout, etc).

The Employee Benefit Fund is used to pay the employer-paid portion of benefits for employees, most of which are mandatory (social security, Medicare, state retirement (KPERs), medical and dental insurance, workers compensation insurance, unemployment insurance and the employee assistance program.)

The Debt Service Fund is used to pay the principal and interest on the bond issue for the building expansion project (opened in January 2002). The debt payments conclude in 2019.

State Aid is provided from the Kansas State Library, but is a declining revenue source.

General Fund Budget (pages 6, 6a)

Page 11 shows the estimated tax rate for the 2013 General Fund budget is 7.000 mills; an increase of .135 mills from the 2012 General Fund tax rate of 6.865 mills. This increase is available due to an equivalent decrease in the levy needed for the Employee Benefit and Debt Service funds. The net total mill levy impact is zero between 2012 and 2013 for the three taxing funds.

Revenues

- Ad valorem property tax is 85.1% of the total projected revenue for 2013; 84.8% in 2012.
- Vehicle taxes are 9.8% of the total projected revenue for 2013 compared to 9.0% in 2012. Total vehicle taxes increased by nearly \$105,000 across the budgeted funds, with an increase of \$115,000 allocated to the General Fund. (Amounts are from the County Financial Administrator.)
- Tax revenues represent the amount if 100% is collected, but historically there is an uncollectible amount of less than 5%. However, this can range from a few thousand dollars to a few hundred thousand dollars so careful review occurs during the year.
- Other revenue sources from fines, fees and reimbursements are 5.7% of the total projected revenue for 2013.

Expenditures

The total General Fund budgeted expenditures for 2013 are \$13,891,743 (including an allowable fund balance carry forward of \$1.2 million classified as "miscellaneous expense".) This is a 1.87% increase (\$255,301) from the 2012 adopted budget of \$13,636,442 (including fund balance carry forward).

The "miscellaneous expense" for fund balance carry forward represents the amount needed to carry over into the beginning of 2014, to pay expenses prior to tax revenues being received the third week of January. The fund balance carry forward and miscellaneous lines in the budget cannot be more than 15% of the total General Fund expenditure budget. TSCPL's combined percentage is 8.7%.

The recent refunding (refinancing) of the Library's outstanding bonds provides 2013 savings of \$113,468 (from the amount that would have been due under the previous debt structure). The funds are redirected from debt service to operations.

Gross Salaries (Benefits are budgeted in the Employee Benefit Fund.)

The budget includes funding for a maximum of 234 full-time and part-time employees. At any given time, approximately 225 positions are usually filled due to turnover and seasonal staffing.

- Salary expenditures comprise 58.7% of the expenditure budget in 2013; 60.4% of the expenditure budget in 2012; (or 64.2% and 66.3% respectively, when fund balance carry forward is subtracted from total expenditures.)
- A position has been added for the pending partnership with Shawnee County Parks and Recreation for support of computer labs, classes and programs in community centers within Topeka. One-half of this is estimated to be reimbursed by the County. A 35% time position has been added for the Friends of the Library for internet sales and all of it will be reimbursed by the Friends.
- The proposed 2013 salary schedule for new employees is the same as the 2012 salary schedule, i.e. no adjustment for a cost-of-living or inflationary increase.
- Merit pay increases are included in a range of 0-3% based on performance. The budget is created using a 2% increase on each employee's job anniversary date. This is granted strictly based on performance and no increase is guaranteed. The cost of the pay increases in 2013 is estimated at about \$88,400.
- Even with the raise, the gross salaries are about \$97,000 less than the 2012 budget. The careful consideration and review of every vacant position has resulted in reorganizations in staffing that have met the goal of reducing the cost of salaries and benefits, while still sustaining excellent customer service.
- TSCPL was awarded grant funds (\$44,500) in 2012 to provide Talking Books services to the regional counties. It has been decided that a transition from a regional service provider to a service facilitator for Topeka and Shawnee County customers better serves TSCPL patrons. The Red Carpet/Talking Books staffing compliment will be retained. To make this loss of grant funding budget-neutral, a Public Services Specialist position will be held vacant.

Information Technology (Digital Branch) Plan and Expenditures

Information technology is vital to keep pace with the ever-changing world, the use of the Digital Branch, and the relevancy of the Library to its constituency.

- In accordance with the previously approved strategic and information technology plans, the 2013 budget funds the prioritized initiatives. This is funded in part by the reduction in personal computer replacements from 110 in 2012 to 70 in 2013 (approximate budgetary savings is \$35,000).
- Contracted Digital Services' budget includes increases for the change in several vendors to provide better service (\$1,885), as well as some programming support (\$15,000) to further customize the new integrated library system. This is standard practice after the installation of a system of this magnitude.

- Digital Services Support budget includes increases for: (1) mandatory replacement of the firewall (\$12,000) and the web filter application (\$5,332); (2) Office Professional licenses for 150 (\$11,100); (3) eMuseum completion (\$25,000); (4) conversion from analog to digital radios (\$35,000, although exploring ways to spend less); (5) community center support (\$5,000, of which one-half is planned to be reimbursed through the pending agreement with Shawnee County); (6) podcasting upgrade (\$1,220); (7) video upgrade (\$1,860); (8) replacement projector for the auditorium (\$8,000); and (9) replacement large format printer (\$6,000) that allows printing to be done in-house.
- Telecommunications' budget includes a fee increase for the new AT&T contract, the annual cost of the wireless system maintenance and an expansion of the internet "pipe" into the Library (to accommodate the many wireless devices) (\$46,000 total).

Strategic, Community and Facilities Plans

The 2013 budget continues the progression to fund initiatives to fulfill these plans and best meet the needs of the Library's community.

The Library building is still the main source of library services. It is now over 10 years old and carpeting, furniture, café equipment and overall maintenance of the facility must be planned and acted upon to avoid the excessive cost caused when maintenance issues are deferred. Additionally, new technologies and requirements, such as the move to LED lighting and more environmentally safe alternatives, must be implemented. Plans for expanding library services outside the physical building will improve service equity for all patrons, regardless of the location of their homes.

- The 2012 budget established a base of \$250,000 for Special Projects. The 2013 budget includes funding for the self-check project and lobby reconfiguration (\$155,200), the voice over internet protocol telephone implementation (\$122,000) and one-half the cost of lock boxes and dispensers (\$25,000) for location two in the community connection plan. It is anticipated that the other half of the funding will originate from private sources.
- The Furniture and Equipment budget includes replacement of a 1997 pickup truck (\$45,000) and a change in budgeted funding of \$22,000 from a service agreement for the security system in Contracted Facilities (due to bid of the contract) to a budget for replacement of aging security equipment. To keep pace with necessary building maintenance, it includes furniture replacement in the public areas of the Library (\$17,000) and replacement of aging equipment in the Cafe (\$10,000).
- The Contracted Facilities budget includes the start of the conversion of the interior lighting to LED (\$25,500) and continuation of the conversion of the parking lot lights, one at a time as they go out, to LED (\$5,000).
- To assess the community's satisfaction with Library services and leverage the investment in Special Collections by expanding access to them, the Contracted Professional Services' budget includes funding for a community survey (\$15,000) and a digitization project to share the special and rare collections through the Digital Branch (\$7,000). Fees budgeted in 2012 of \$10,000 for a medical insurance risk assessment have been removed from the 2013 budget.
- The Contracted Professional Services budget also includes the annual fee for services and use of a hosted system for scheduling/human resources/payroll (\$65,000). This contract is planned to be entered into in the summer of 2012. It will allow processing and clerical tasks to be automated to free up Library

staff time for services and mission critical activities, as well as improve accuracy and allow the time and cost of employee resources to be constantly reviewed and redirected as needed.

Library Materials

Funding reductions in recent years have caused a deep cut in the amount available for library materials; the stuff patrons check out. Accordingly, a reduction in circulation has occurred because there is just not enough new stuff to check out. The 2012 budget attempted to restore the Library Materials budget to 12% of the total General Fund budget, the minimum percentage required for Northeast Kansas Library System Accreditation Standards. At this point, the collections are still recovering from the multi-year reductions and the impact of the 2012 increase cannot yet be measured in regard to Circulation.

- The Northeast Kansas Library System reports that libraries should expect a decline in State Aid of 5% in 2013. This is an annual reduction of \$3,700. This follows an over 12% reduction (\$10,350) from 2011 to 2012. This funding is normally used for library materials. With this continual decline in funding, reliance on this source for paying ongoing operations must be limited.
- The 2013 budget can only increase the annual amount spent on library materials by \$73,300. This will be used to purchase more new books and digital content and explore digital periodicals. The materials' budget represents 13.2% of the total General Fund budget, but drops to 9.8% of the four budgeted funds which is well below the accreditation standards.
- As e-content for e-readers evolves, more of the Library Materials' budget will need to be allocated for purchase of materials in this format. This market is currently very volatile and changes are occurring quickly as libraries and publishers strive to resolve their differences and work together. Pricing for this form of material will evolve as well and will likely cause future changes in the needs of the Library Materials' budget.

Other Expenditures

Expenditures are increased for basic operating expenditures that have been reduced in the past several years and are beginning to erode the Library's ability to support its basic mission:

- Conferences/Staff Training – The Public Library Association conference occurs every other year and 2012 was the most recent year. However, limited staff were allowed to attend due to funding constraints. Training needs exist for many other staff, both those in the librarian profession and in other professions needed to support the Library. The budget for these two line items was increased by \$12,000.
- Memberships are increased by \$1,000 due to increasing costs.
- With the plan to deploy more staff within the community to improve service equity county-wide, an additional 1,000 miles in personal vehicles were budgeted at a cost of \$555.
- By Kansas Statute, the TSCPL is required to support 50% of the budget requests for the libraries in Rossville and Silver Lake. These costs continue to increase. An additional 7.6% increase (\$4,500) is budgeted.
- Market increases are budgeted for postage/shipping and printing.

- As more data is continued to be stored with the Library's emphasis on technology, new data storage tapes are needed at an additional cost of \$10,000 (Supplies – Office/Library). Another \$2,000 was added based on 2011 actuals.

Utilities and vehicle fuel and repair costs are budgeted at the same amount as 2012 due to the recent weather extremes, rate increases sought by the utility providers, unpredictable fuel prices and aging vehicles which can only be replaced a year at a time. Additionally, funding for snow removal remains in the Contracted Facilities budget for these same reasons.

The Library Foundation has provided funding for programming due to operational budget reductions in the past several years. However, their fund raising efforts can be better spent on larger needs. Thus, programming funding returns to the operational budget, as well as from Friends contributions and specific, existing Foundation gifts. No increase is included for programming until this funding mix is given a trial year.

Several categories of expenditures have also decreased due to process improvement or seeking better pricing:

- The greatest expenditure reduction is for salaries, as previously discussed.
- The public use copiers were rebid, along with one administrative copier, resulting in reduced lease and maintenance costs of \$6,400 annually. Additionally, one copier was eliminated entirely for an additional savings of almost \$2,500 annually.
- Insurance was rebid resulting in an annual savings of \$4,000 for liability/property/vehicles.
- Processing supplies have been decreased by \$20,000. This was thought to be due to the deep reductions in library materials. However, the line item was nearly \$26,000 under-budget in 2011 and has spent only 15% through June 2012.

Debt Service Fund Budget (page 7)

As previously explained, the refunding of the Library's outstanding bonds to take advantage of the unprecedented low interest rates will provide over \$995,000 in savings from 2012 through 2019. The total budget for 2013 is \$2,680,785 and includes \$1 million as a cash basis reserve for debt service payments (similar to a fund carry forward balance that is considered an "expenditure" in the budget year).

Page 11 shows the estimated tax rate for the 2013 Debt Service Fund budget is 1.042 mills; a decrease of .064 mills from the 2012 General Fund tax rate of 1.106 mills. This decrease is due to the bond refinancing which allows available funds to be spent on operation costs for library materials and services instead of interest. The net total mill levy impact is zero between 2012 and 2013 for the three taxing funds.

Revenue

- Ad Valorem Property tax is 89.5% of the total projected revenue in 2013; in 2012 it is 88.3%.
- Vehicle taxes are 11.2% of the total projected revenue in 2013; in 2012 they are 11.1%. Total vehicle taxes increased by nearly \$105,000 across the budgeted

funds, with a decrease of about \$13,700 allocated to the Debt Service Fund. (Amounts are from the County Financial Administrator.)

Expenditures

The principal payment for 2013 is \$1,375,000, due September 1. Interest payments of \$152,877 are due March 1 and September 1. These amounts are from the State Treasurer's amortization schedule for General Obligation Refunding Bond. (See Statement of Indebtedness on page 5.)

The cash basis reserve (\$1 million) cannot be more than the principal and interest payments due in 2013 which are \$1,680,755. It must be sufficient to assure cash is available when the principal and interest payments are due.

Employee Benefit Fund (page 8)

The total budget for 2013 is \$3,781,862 (including fund balance carry forward "Miscellaneous Expense" of \$375,000). This is a decrease of \$85,328 or 2.2% from the 2012 adopted budget of \$3,867,190 (including fund balance carry forward).

Page 11 shows the estimated tax rate for the 2013 Employee Benefit Fund budget is 1.731 mills; a decrease of .071 mills from the 2012 rate of 1.802 mills. This decrease is due to the delay in the cost increase for medical and dental insurance which allows available funds to be spent on operation costs for library materials and services instead of employee benefits. Unspent fund balance from 2012 was carried forward to fund the expected 12% increase without the need for new revenue. The net total mill levy impact is zero between 2012 and 2013 for the three taxing funds.

Revenue

- Ad valorem property tax is 84.5% of the total projected revenue in 2013; in 2012 it is 85.1%.
- Vehicle taxes are 10.4% of the total projected revenue in 2013; in 2012 they are 9.9% of the total projected revenue. Total vehicle taxes increased by nearly \$105,000 across the budgeted funds, with an increase of about \$3,400 allocated to the Employee Benefit Fund. (Amounts are from the County Financial Administrator.)
- Other miscellaneous revenue sources in 2013 are 5.8% of the total projected revenue; in 2012 they are 4.6%. The 2013 revenues include an estimated 50% reimbursement from Shawnee County for the benefits related to the technical position for the pending agreement with Shawnee County for city community centers.

Expenditures

- FICA and Medicare rates will remain the same in 2013 as in 2012.
- Kansas Public Employees Retirement System (KPERS) – The 2013 employer rate will be 8.94%, a .6% statutorily required increase over the 2012 rate of 8.34%.
- Workers Compensation – This policy was rebid in 2012 and resulted in cost savings. The 2013 budget has been reduced accordingly by \$23,000.
- Unemployment Compensation – The rate is set by the State of Kansas and will increase to .2% in 2013 from the 2012 rate of .13%

- Health/Dental Insurance – Rates are projected to increase by 12% for 2013, based on preliminary claims and benefit information from Blue Cross and Blue Shield. The actual rates will not be known until October.
- Effective in 2013, the cost of the employee assistance program was moved from the General Fund to the Employee Benefit Fund for more proper classification.

State Aid Fund (Page 9)

Grants-in-aid to libraries, K.S.A. 75-2556, is revenue received from the Kansas State Library. The State Librarian determines the amount of the grant-in-aid for which each eligible local public library is to receive based on the latest population census figures. This amount continues to decrease. However, the budget is estimated at a maximum amount to set sufficient budget authority (\$75,000) without the need for a later budget amendment. However, 2013 actual revenues are expected to be much the same as those received in 2012.

Non-Budgeted Funds (Page 10)

Only the actual revenues and expenditures for 2011 are required to be reported.

(1) Capital Improvement Fund: A special accruing fund established under K.S.A. 12-1268 which provides for an amount, not to exceed 20% of any annual General Fund budget prepared, published and approved by the Board of Trustees, to be set aside in a special fund for major capital improvements or major equipment purchases. No new money can be transferred to this fund until the Library is free of bonded indebtedness in 2020. (Last bond payment due in 2019.) The new integrated library system was purchased with these funds in 2011.

(2) Federal & State Grants: Grant funds that are for a specific purpose, i.e. LSTA Talking Books state grant and Big Read federal grant.

(3) Other Special Revenue: Funds received that are restricted for a specific purpose. These funds originate primarily from the Friends of the Library and The Library Foundation.

(4) Permanent Funds: Endowment funds under which TSCPL can spend the interest received on the funds, but cannot spend the principal. Enacting documents establishing the endowments specify the restrictions on the use of these funds.

Budget Summary (Page 11) and Certificate (Page 1)

These documents establish the maximum expenditure authority for the budgeted funds for 2013. Only estimated mill levy rates are presented. The TSCPL Board of Trustees sets the budgeted expenditures but does not establish the actual mill levy rates. The actual tax rates will be determined by the County Clerk based on the total assessed valuation November 1 for the TSCPL District.

What does the TSCPL 2013 budget proposal mean to a residential taxpayer in Shawnee County?

The following tables display the annual cost of the TSCPL total mill levy of 9.773 for property at various values. The formula is provided so that property taxes in support of the TSCPL can be calculated based on specific property values.

**Total Assessed Valuation for 2013 Budget Purposes per the Shawnee County Clerk:
\$1,461,254,184 (value of one mill = \$1,461,254)**

Impact of Mill Levy on Residential Properties*

		\$50,000	\$100,000	\$200,000	\$300,000
9.773	Total Proposed Mill	\$56.19	\$112.39	\$224.78	\$337.17
Formulas:					
Amount of Property Tax / Value of one mill = Mill Rate					
Value of Home X .115 = Assessed Value; Assessed Value X Mill Rate / 1,000 = Total Tax					

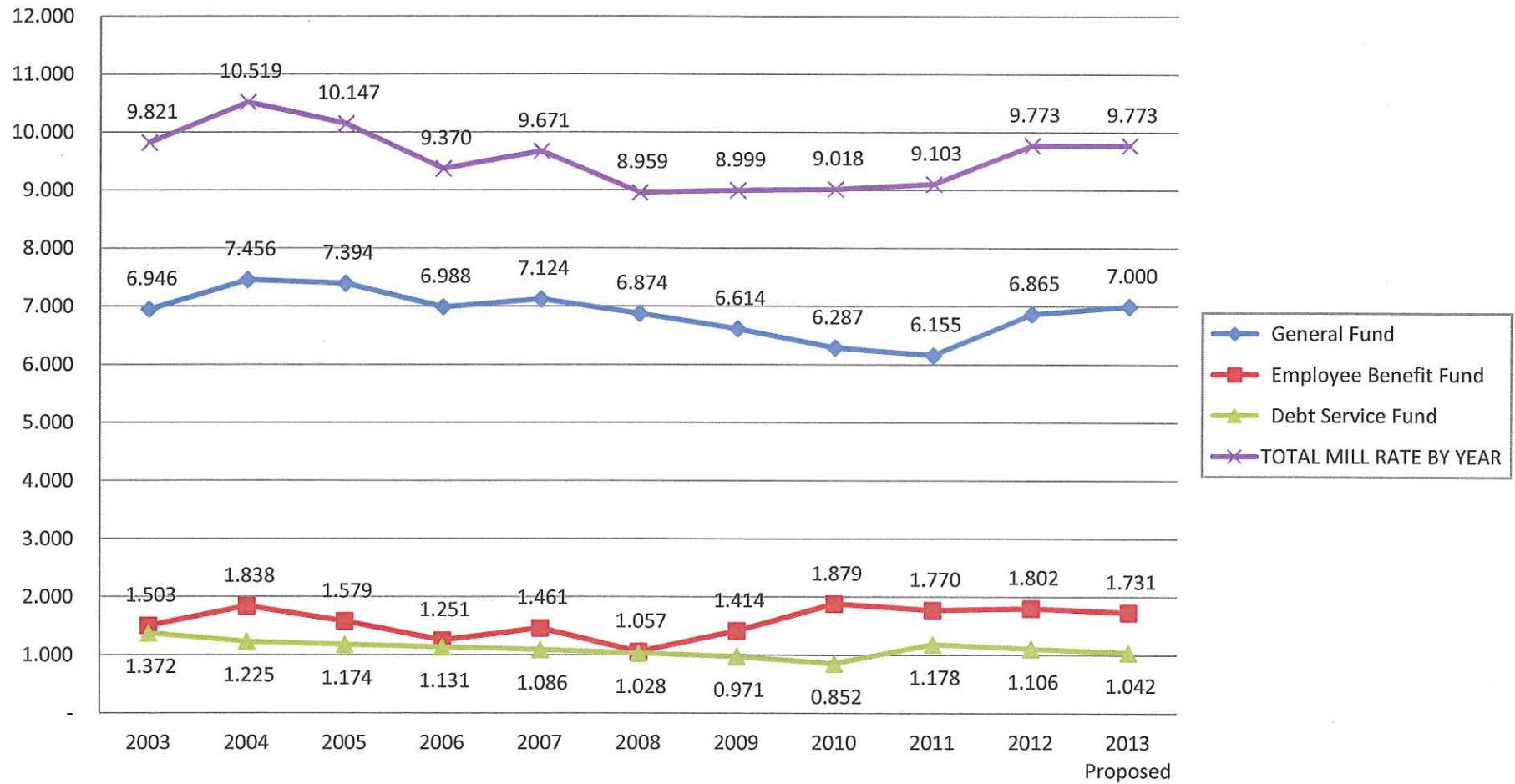
* Residential properties are assessed at 11.5% of value pursuant to K.S.A. 79-1439(b)(1)(A). Commercial, industrial, railroad and improved ag land properties are assessed at 25% of value pursuant to K.S.A. 79-1439(b)(1)(F).

Enclosures:

Schedule A - Graph of TSCPL Levy Rates – 10-year Retrospective and 2013 Proposed Budget
Schedule B - Key to Understanding the "Notice of Budget Hearing"
Schedule C - Revenue Source Definitions

Schedule A

TSCPL 10-Yr Retrospective and 2013 Proposed - Mill Rate Values



NOTICE OF BUDGET HEARING

The governing body of
Topeka & Shawnee County Public Library (TSCPL)
Shawnee County

will meet on August 9, 2012 at 5:30 PM at 1515 SW 10th Avenue, Topeka, Kansas for the purpose of hearing and answering objections of taxpayers relating to the proposed use of all funds and the amount of tax to levied. Detailed budget information is available at <http://www.tscpl.org>, or hard copies from TSCPL and will be available at this hearing.

BUDGET SUMMARY

Proposed Budget 2013 Expenditures and Amount of 2012 Ad Valorem Tax establish the maximum limits of the 2013 budget. Estimated Tax Rate is subject to change depending on the final assessed valuation.

FUND	Prior Year Actual 2011		Current Year Estimate for 2012		Proposed Budget Year for 2013		
	Expenditures	Actual Tax Rate*	Expenditures	Actual Tax Rate*	Budget Authority for Expenditures	Amount of 2012 Ad Valorem Tax	Estimate Tax Rate*
General	10,636,487	6.155	12,436,448	6.865	13,891,743	10,228,960	7.000
Debt Service	1,796,713	1.178	1,796,754	1.106	2,680,785	1,522,370	1.042
Employee Benefits	2,948,581	1.770	3,172,190	1.802	3,781,862	2,529,505	1.731
State Aid	85,036		74,105		75,000		
Non-Budgeted Funds	598,343						
Totals	16,065,160	9.103	17,479,497	9.773	20,429,390	14,280,835	9.773
Less: Transfers	0		0	1	0	3	2
Net Expenditures	16,065,160		17,479,497	5	20,429,390	6	
Total Tax Levied	13,175,349		14,292,852	4	xxxxxxxxxxxxxxxxxx		
Assessed Valuation	1,447,536,783		1,462,680,363		1,461,254,184		

Outstanding Indebtedness,

Jan 1,	2010	2011	2012
G.O. Bonds	14,565,000	13,335,000	12,060,000
Revenue Bonds	0	0	0
Other	0	0	0
Lease Pur. Princ.	0	0	0
Total	14,565,000	13,335,000	12,060,000

*Tax rates are expressed in mills.

Melissa P. Masoner
Melissa P. Masoner
Secretary

Page No.

**Topeka and Shawnee County Public Library
Key to 2012 and 2013 Comparison
Notice of Budget Hearing**

Has the amount of tax requested increased or decreased?

1 - Actual Tax Rate 2012	9.773
2 - Estimate Tax Rate 2013	<u>9.773</u>
Net Change	0

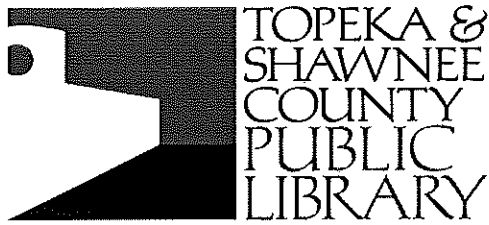
The mix of the levy between General Fund, Employee Benefit Fund and Debt Service Fund has changed, but the total remains the same.

Even though the levy is the same, is the Library receiving more ad valorem tax dollars?

3 - Total Amount of 2012 (2013) Budget Ad Valorem Tax	\$ 14,280,835
4 - Total Tax Levied 2012	<u>\$ 14,292,852</u>
Total Decrease in Annual Ad Valorem Tax Revenues	\$ (12,017)

Why does the Library need an over \$20 million budget and why did it increase over 2012?

5 - Net Expenditures 2012	\$ 17,479,497
Add Back Revisions to 2012 Estimates for 2013 Budget:	
Debt Service Refunding	\$ 15,846
General Service Net Changes	\$ (6)
Medical Insurance Savings	\$ 320,000
State Aid Reduction to Actual	<u>\$ 20,895</u>
Original 2012 Expenditure Authority - excluding cash carry forward	\$ 17,836,232
Less Revitalization Rebates Changed to Revenue Reductions in 2013	<u>\$ (137,187)</u>
2012 Expenditure Authority - Revised to 2013 Approach	\$ 17,699,045
6 - Net Expenditures 2013	\$ 20,429,390
Less Cash Carry Forward/Reserves classified as "Expenditures":	
General Fund	\$ (1,200,000)
Employee Benefit Fund	\$ (375,000)
Debt Service Fund	<u>\$ (1,000,000)</u>
2013 Actual Expenditure Authority	\$ 17,854,390
Increased Expenditure Authority in 2013	\$ 155,345



Schedule C

Revenue Source Definitions

Ad Valorem Property Tax – Tax on all taxable tangible property in Shawnee County, excluding the Townships of Rossville and Silver Lake. The amount approved to fund the budget is converted to mills by the County Clerk when final property valuations are known (end of October).

Delinquent Tax – Taxes unpaid after the date when the penalty for non-payment begins. These are not budgeted because collection is uncertain.

Motor Vehicle Tax – Tax is based on the value of the vehicle and the previous year's county-wide average levy. It is paid when the vehicle is registered.

Recreational Vehicle (RV) Tax – Tax is assessed by weight of the RV, rather than the value of the RV, and is paid when the RV is registered. It is based on the levies in the previous year's budget.

16/20 Vehicle Tax – Tax is assessed like the motor vehicle tax when light trucks with a weight of 16,000 to 20,000 pounds are registered. The tax is collected like an ad valorem tax, in December and June.

In Lieu of Tax – Tax received from businesses that have issued industrial revenue bonds. These businesses do not pay taxes, but may be assessed an in lieu of tax amount to help pay for services.

Slider – This has been phased out by the State of Kansas and is no longer a revenue source. Previously, it represented reimbursement from the State due to the loss of tax revenue caused by machinery and tax exemptions passed in the 2006 legislative session.

Reimbursement Foundation, Friends and Parks and Recreation – TSCPL initially pays the salaries and fringe benefits for employees on loan to The Library Foundation and the Friends of the Library organizations. Occasionally, other small amounts are paid on behalf of these organizations. New for 2013 is the expected reimbursement for a technical position as a result of a partnership agreement underway with Shawnee County Parks and Recreation. This partnership will provide computer training and access, as well as programming, in the community centers to best utilize computer facilities, equipment and instructors. This cost-effectively boosts service equity to TSCPL customers without the need to invest in "bricks and mortar." The revenues represent the reimbursement of the expected agreed-upon share for which these organizations are responsible.

Fees – TSCPL charges fees for a number of services or for non-compliance with library policies. These fees include: (1) overdue fees for materials not returned by the due date; (2) debt collection (recovery of cost to TSCPL for using an outside debt collection service); (3) interlibrary loan mailing fees; (4) mailing fees for patron-requested items; (5) non-resident library card fees; (6) copies, telephone and fax usage fees (staff and patrons); (7) obituary lookup fees; (8) meeting room and/or equipment usage fees; (9) vending machine income from the purchase of supplies; (10) charges for lost and damaged materials; and (11) fees for tax forms.

E-rate Reimbursement – A federal program in which approved, actual costs paid by TSCPL for internet, wireless, telephone and pager services are reimbursed.

Miscellaneous – Up to \$5,000 of annual revenues not categorized elsewhere. Due to the infrequency of receipt or small dollar amount per transaction, it is more efficient to lump them in one miscellaneous category.

Investment Income – Interest on idle funds.

Neighborhood Revitalization Rebates – Neighborhood revitalization districts may qualify for property tax rebates based only on the valuation of new improvements to the property. In past budgets, the rebates were budgeted as expenditures and increased the expenditure authority. However, since the rebates represent the ad valorem property tax that TSCPL will not receive, the reporting was changed to the acceptable alternative reporting method as a revenue reduction, beginning with the 2013 budget. (Estimate is based on information from the County Clerk.)