

Summary

- Libraries are a community necessity.
- The Northeast Kansas Library System (NEKLS) supports member libraries through consulting and technology services, continuing education and training, IT support, and grants and subsidies.
- Member libraries and NEKLS effectively partner to ensure all Kansans in the 14-county service area enjoy access to strong library services.
- The proposed 2026 budget includes a modest 0.6% (less than 1%) growth in expenditures, which includes anticipated cost increases for goods and services as well as employee health benefits.
- The proposed budget requires a 1.210 mill levy rate to fund the ad valorem tax – *this is a 0.076 increase in the mill levy from the prior year*. This would be the only mill levy increase in the last ten years. The Revenue Neutral Rate for the 2026 budget is 1.093 mills.
- For a residence appraised at \$300,000, the proposed budget would require the homeowner to pay an additional \$4.04 in ad valorem taxes.
- NEKLS must anticipate budget challenges in future years:
 - An estimated \$58,000 reduction in revenue (State Grant-in-Aid) for 2026.
 - The unpredictable future of the Institute of Museum and Library Services (IMLS) could lead to the reduction or elimination of IMLS funding to the Kansas State Library. In turn, State Library funding decisions could impact regional library systems (e.g. courier grant, summer reading grant, resource sharing).
 - The expected formation of one new library district – and the potential for more new district libraries in the region – would result in a significant net loss of revenue for the System.
- In order to better position NEKLS for the future in a fiscally responsible manner, the organization needs to make budget adjustments now:
 - Eliminated the Focus Grant, a popular competitive grant program, for 2026.
 - Removed a draw from cash reserves as a key revenue source for 2026. (The practice of drawing from cash reserves is not sustainable.)

How NEKLS is Funded

Member public libraries levy taxes from within their legal taxing area (city, township, district or county), often at a higher mill levy rate than the regional library system.

NEKLS, as a special taxing district, collects an ad valorem tax and other taxes (e.g. motor vehicle) from those areas of the region not taxed by a local public library. NEKLS uses these funds judiciously to provide services, resources, grants and subsidies to member libraries, particularly public libraries.

As a result, member libraries and NEKLS effectively partner to ensure all Kansans in the 14-county service area enjoy access to strong library services.

Historical Budget Trends

NEKLS mill levy trends for the last ten years:

<u>Year</u>	<u>Mill Rate</u>	<u>Year</u>	<u>Mill Rate</u>	
2017	1.378	2022	1.295	
2018	1.353	2023	1.291	
2019	1.353	2024*	1.138	*below Revenue Neutral Rate
2020	1.351	2025	1.134	
2021	1.351	2026**	1.210	** proposed; only mill levy increase during this period

Budget Assumptions & Highlights

NEKLS strives to be an effective steward of tax dollars. The annual budget requires balancing the cost of providing strong services (the core purpose of NEKLS) and grants to member libraries with careful analysis of the financial resources available.

The 2026 proposed NEKLS budget is based on the following:

- (1) NEKLS will be staffed at **12 employees** and all employees will accept health insurance.
- (2) 1Q ending cash flow projections for 2025 indicated an **estimated year-end cash balance of \$696,327** in the combined General Fund & Employee Benefits Fund.

NEKLS should maintain at least three months – or about \$757,000 – of annual expenditures in cash reserves. (Generally, auditors recommend that municipalities like NEKLS maintain at least three to six months of annual expenditures in cash reserves.)
- (3) The **assessed valuation** of the taxing district, per June 2025 estimates, increased 5.87%.
- (4) **Motor vehicle tax estimates** for the 2025 budget increased 4.68% from the prior year. (Includes motor vehicle, recreational vehicle, 16/20M vehicle, commercial vehicle, and watercraft taxes.)
- (5) Estimated **\$58,000 reduction in revenue** in State Grant-in-Aid from the prior year.
- (6) Estimated **7% increase in the cost of benefits**: health insurance, worker’s compensation, unemployment insurance costs, and employer KPERS costs.
- (7) **Reduction in expenditures** by eliminating some grant programs, including the popular Focus Grant Program.
- (8) **Grants and subsidies** will account for 42% of the estimated budget and provide nearly \$1.6 million to member libraries.

Budget Summary

SUPPORTING COUNTIES

Douglas County (home county) Atchison County, Brown County, Doniphan County, Franklin County, Jackson County
Jefferson County, Leavenworth County, Miami County, Nemaha County, Osage County

BUDGET SUMMARY

Proposed Budget 2026 Expenditures and Amount of Current Year Estimate for 2025 Ad Valorem Tax establish the maximum limits of the 2026 budget. Estimated Tax Rate is subject to change depending on the final assessed valuation.

FUND	Prior Year Actual for 2024		Current Year Estimate for 2025		Proposed Budget Year for 2026		
	Expenditures	Actual Tax Rate*	Expenditures	Actual Tax Rate*	Budget Authority for Expenditures	Amount of 2025 Ad Valorem Tax	Proposed Estimated Tax Rate*
General	2,558,052	0.990	2,624,931	0.980	3,338,622	2,279,573	1.030
Debt Service							
Employee Benefits	327,233	0.148	402,875	0.154	429,384	399,453	0.180
Kansas Library Express Courier	936,831		1,051,137		1,457,487		
Non-Budgeted Funds	130,000						
Totals	3,952,116	1.138	4,078,943	1.134	5,225,493	2,679,026	1.210
Revenue Neutral Rate **							1.093
Less: Transfers	130,000		0		0		
Net Expenditures	3,822,116		4,078,943		5,225,493		
Total Tax Levied	2,350,017		2,418,934		xxxxxxxxxxxxxxx		
Assessed Valuation	2,065,510,890		2,091,193,067		2,213,940,128		

2025 Budget Year

\$2,418,934 Total ad valorem tax levied for 2025 budget

1.134 Mill levy rate required to fund this amount

2026 Budget Year

1.093 Revenue Neutral mill levy rate for the 2026 budget – *would generate \$2,418,934 in total ad valorem tax dollars, the same amount as the 2025 budget*

\$2,679,026 Proposed total ad valorem tax levied for 2026 budget

1.210 Mill levy rate required to fund this amount – *this is a 0.076 increase in the mill levy from the prior year*

Example of the impact of the proposed 2026 budget on a homeowner

Suppose a residential property is appraised at \$300,000 in 2025.

Determine the assessed value (residential properties are assessed at 11.5%)

$$\begin{array}{rclcl} \text{Appraised value} & \times & \text{Assessment rate} & = & \text{Assessed value} \\ 300,000 & \times & 0.115 & = & 34,500 \end{array}$$

Note: Agricultural land, commercial property and other property classes are assessed at a different percentage. This example is specific to real property for residential purposes.

2026 Tax Bill for this property

$$\begin{array}{rclcl} (\text{Assessed value} & \times & \text{Proposed Mill levy rate}) & / & 1000 = \text{Property tax for NEKLS} \\ (& 34,500 & \times & 1.210 &) / 1000 = & \$41.75 \end{array}$$

2026 Revenue Neutral Tax Bill for this property

$$\begin{array}{rclcl} (\text{Assessed value} & \times & \text{RNR Mill levy rate}) & / & 1000 = \text{Property tax for NEKLS} \\ (& 34,500 & \times & 1.093 &) / 1000 = & \$37.71 \end{array}$$

Estimated total increase in Ad Valorem Property Tax for this homeowner

\$4.04

NEKLS 2026 Proposed Budget – Expenditures

	Estimated	Totals	Change	% Change	% of
	Totals	2025	2026-2025	2026-2025	Total
	2026				
Salaries	\$ 857,835	\$ 830,389	\$ 27,446	3.3%	22.77%
Employee Benefits	\$ 429,384	\$ 402,695	\$ 26,689	6.6%	11.40%
Materials	\$ 47,000	\$ 45,995	\$ 1,005	2.2%	1.25%
Telephone	\$ 6,255	\$ 6,255	\$ -	0.0%	0.17%
Internet Service	\$ 23,020	\$ 23,020	\$ -	0.0%	0.61%
Bibliographic Services	\$ 2,800	\$ 2,800	\$ -	0.0%	0.07%
Postage	\$ 4,300	\$ 3,750	\$ 550	14.7%	0.11%
Printing	\$ 23,065	\$ 17,965	\$ 5,100	28.4%	0.61%
Insurance & Bonding	\$ 14,000	\$ 12,400	\$ 1,600	12.9%	0.37%
Supplies	\$ 20,000	\$ 25,000	\$ (5,000)	-20.0%	0.53%
Contractual Services	\$ 183,000	\$ 162,000	\$ 21,000	13.0%	4.86%
Contractual-Courier	\$ 4,900	\$ 4,245	\$ 655	15.4%	0.13%
Accounting & Audit	\$ 8,665	\$ 8,335	\$ 330	4.0%	0.23%
Budget & Legal Fees	\$ 25,500	\$ 25,200	\$ 300	1.2%	0.68%
Travel	\$ 34,250	\$ 34,250	\$ -	0.0%	0.91%
Staff Development	\$ 23,400	\$ 23,400	\$ -	0.0%	0.62%
Utilities and Cleaning	\$ 16,000	\$ 16,000	\$ -	0.0%	0.42%
Workshops	\$ 48,500	\$ 48,500	\$ -	0.0%	1.29%
Summer Reading	\$ 13,000	\$ 10,000	\$ 3,000	30.0%	0.35%
Maintenance	\$ 25,600	\$ 25,600	\$ -	0.0%	0.68%
Vehicle Expense	\$ 8,200	\$ 8,200	\$ -	0.0%	0.22%
Grants and Subsidies	\$ 1,593,000	\$ 1,654,500	\$ (61,500)	-3.7%	42.28%
Software and Support	\$ 32,190	\$ 32,190	\$ -	0.0%	0.85%
Other Expenses	\$ 435	\$ 435	\$ -	0.0%	0.01%
Capital Outlay:	\$ 26,354	\$ 26,354	\$ -	0.0%	0.70%
Transfer to CIF	\$ -	\$ -	\$ -	---	0.00%
Cash Carry Forward	\$ 297,353	\$ 297,353	\$ -	0.0%	7.89%
TOTAL	\$ 3,768,006	\$ 3,746,831	\$ 21,175	0.6%	100.00%