

* Please note: the figures used in this proposed budget assume that the changes proposed in the 2015 Amended Operating Budget were approved.

The format of this budget is redesigned to be more readable and to allow for an easier comparison with our monthly financial statements and yearly audits. You can pretty much go line-by-line with either document and get a good sense of where we stand and what is what. I've added footnotes to explain things that might be unclear to outside observers.

The bottom line, as you'll notice on the first page, is that we are planning on spending more next year than we expect to be getting in revenues. This is to prevent our general fund balance from getting higher than is locally acceptable. Before our budget amendments for 2015, Taylor, Plant, and Watkins informed me it looked as though our fund balance could be \$1.1 million by year end. They, and others in the community I've spoken with, felt that maintaining such a level would be unpopular with the voters.

Choosing a target fund balance amount is an interesting balancing act, filled with differing opinions. The previous director was told by the state library's attorney to keep a full year's operating expenses worth of a fund balance. We've heard differing views on this as well, of course. \$400,000 was seen as a critically low number, giving us enough to handle a major emergency and a year or two of bad finances. Personally, I am comfortable with our general fund balance remaining in the \$600,000 range. If this is our goal, then we could spend down our fund balance a little each year for many years to come, or add some big projects into that mix to speed it up, until we lower the balance to a more palatable goal.

The budget recommendations we've made focus on materials, services, and programming to reach this goal, more so than inflating personnel costs. If in a few years we are at our lower goal, it will be much easier to have fewer programs and DVDs than it would be to cut hours or reduce staff. That is why the increases in hours and staffing proposed are modest. If approved by this Board, having the 5 smaller branches open additional hours will be contingent on the approval of their local supporting governments, since they provide the utilities. I've heard from most of our branch managers on this, and it looks like this support system-wide won't be a problem.

Hopefully, many of your questions will be addressed by the footnotes. But I would still like to address a few other points:

- Salaries: this budget proposes increasing hours open to the public at the Bronson, Quincy, and Union Twp. Branches by 3 hours, by 10 hours at Sherwood, and keeping the hours the same at Algansee (and the same as the proposed hours for Sherwood) but having the library pay the 12-hours previously covered by Algansee Township. Further, there are small increases to service desk coverage at these branches, and planning time to the managers.

The Finance Committee also asked me to put numbers in for the Coldwater Branch to be open for 4 hours on Sundays. These salary numbers reflect this. The utilities numbers later also reflect the estimated utilities cost.

The salary figures support having both professional positions hired next year.

Finally, as the note on the budget documents explains, there is a 3% Cost of Living Adjustment factored in. See the note on page 5 for details.

- Board per diem. Board members are entitled to a small compensation for attending board meetings, according to our bylaws. You, of course, may decline, but that is entirely up to you. Indicate at the meeting if you would like to decline for next year and we can have you sign a form and we can adjust this item accordingly.
- Hospitalization assumes a full family plan for the two as-yet-unknown professional positions. It's possible this number could be a good deal less.
- Training is increased to allow for yet more staff training, as well as sending both the Director and Systems Librarian to 1 conference.
- Telephone is staying at this year's level, even though we won't reach it, to allow for our telephone upgrade to hopefully still happen soon. The staffing shortages have prevented execution of this plan as yet.
- Utilities: allowing for a small increase, as well as taking into account possible Coldwater Branch Sundays.
- Maintenance figures in some added costs just for 2016 for the elevator project and leaves some wiggle room in case we need to re-bid/change some of our services.
- Network Maintenance is at a level to support the upkeep of our usual services, the added services from the 2015 budget amendment, plus the addition of one more online resource for our patrons: NewsBank, a website, accessible from home, that would provide access to the *Coldwater Daily Reporter*, *Bronson Journal*, and other state and national newspapers.
- Periodicals budget is increased to bring back more titles we had cut over the years.
- Audiovisual budget is increased.
- Membership and Dues is increased a bit to allow for the professional staff to maintain professional memberships.
- Community Promotions is greatly increased to give us the opportunity to put on some amazing programming in 2016, all while giving the community a break from the usual fundraising we have to do to support our existing programs.
- Professional Services is increased to plan for legal fees for rewriting our personnel manual and the balance of a director search firm fee.

I hope this overview, along with the notes in the document, give you a good idea from where the Finance Committee and I were coming from on this budget. We will address your remaining questions at the meeting.

Submitted by,
John Rucker



2016 GENERAL FUND BUDGET SUMMARY

The 2016 budget year looks to be a bright one for the Branch District Library. There should be a slight increase in the taxable value of property in Branch County, and the Headlee override will not be affecting our second millage. We are projecting lower Penal Fine revenue, but not drastically so.

Plans for 2016 include a variety of changes to improve library services to our patrons. We will be increasing hours over 2015 levels at all locations, adding credit and debit card services to all locations, upgrading software at all locations, and adding new digital services for at-home use by library patrons. We will also further increase our budget for special events and programming and increase our materials budget at all locations.

These increases will necessitate budgeting expenditures higher than our projected revenue. We will be using our Unassigned Fund Balance to cover the difference.

Projected Operating Revenues (see page 2)	\$	1,579,137
Projected Operating Expenditures (see page 4)	-\$	1,649,121
<i>Difference</i>	-\$	69,984
Actual Unrestricted Unassigned Fund Balance as of 12/31/2014	\$	673,695
Estimated Unrestricted Unassigned Fund Balance as of 12/31/2015	\$	900,923
Estimated Unrestricted Unassigned Fund Balance as of 12/31/2016	\$	830,938
Capital Funds Being Added to Branches in 2016 (see page 6)	\$	117,809

REVENUES

	2014 (Budgeted)	2014 (Actual)	2015 (Budgeted)	2015 (YTD August)	2015 (Projected)	2016 (Proposed)
Branch Co. Taxable Value	\$ 1,295,946,833	\$ 1,300,872,317	\$ 1,300,870,317	\$ 1,394,454,321	\$ 1,394,454,321	\$ 1,394,454,321
Millage 1 Rate (1991, in perpetuity) ¹	0.000605	0.000605	0.000605	0.000605	0.000605	0.000605
Millage 2 Rate (2015 – 2022)	n/a	n/a	0.000500	0.000500	0.000500	0.000500
TOTAL MILLAGE RATE	0.000605	0.000605	0.001105	0.001105	0.001105	0.001105
Millage 1 Tax Income	\$ 766,407	\$ 777,381	\$ 769,318	n/a	n/a	\$ 824,663
Millage 2 Tax Income ²	n/a	n/a	\$ 635,800	n/a	n/a	\$ 681,540
Total Property Tax Income ³	\$ 766,407	\$ 777,381	\$ 1,405,119	\$ 1,425,719	\$ 1,425,719	\$ 1,506,202
Industrial Facilities Tax	\$ 7,500	\$ 8,467	\$ 21,000	\$ 21,062	\$ 21,062	\$ 15,000
Total Taxes	\$ 773,907	\$ 785,848	\$ 1,426,119	\$ 1,446,781	\$ 1,446,781	\$ 1,521,202
<i>Subtracted to Capital Funds⁴</i>	<i>-\$ 109,487</i>	<i>-\$ 110,781</i>	<i>-\$ 219,805</i>	<i>-\$ 222,674</i>	<i>-\$ 222,674</i>	<i>-\$ 235,618</i>
Total Taxes for Operating	\$ 664,420	\$ 675,067	\$ 1,206,314	\$ 1,224,107	\$ 1,224,107	\$ 1,285,584
State Shared Revenue ⁵	\$ 25,200	\$ 27,645	\$ 27,619	\$ 27,619	\$ 27,619	\$ 30,469
Interest Earned	\$ 1,200	\$ 2,028	\$ 2,400	\$ 1,608	\$ 2,412	\$ 2,000
Penal Fines ⁶	\$ 161,000	\$ 289,167	\$ 213,000	\$ 142,157	\$ 213,235	\$ 175,000
Charges for Services ⁷	\$ 21,000	\$ 25,747	\$ 36,000	\$ 24,430	\$ 36,646	\$ 27,000
Reimbursements ⁸	\$ 26,083	\$ 30,295	\$ 36,083	\$ 16,714	\$ 25,071	\$ 28,074
Miscellaneous Revenue ⁹	\$ 14,000	\$ 16,928	\$ 14,000	\$ 9,968	\$ 14,952	\$ 16,000
Capital Transfers ¹⁰	\$ 27,690	\$ 25,190	\$ 30,380	\$ 15,330	\$ 30,380	\$ 15,010
TOTAL OPERATING REVENUES	\$ 940,593	\$ 1,092,067	\$ 1,565,796	\$ 1,461,934	\$ 1,574,423	\$ 1,579,137
<i>Expenditures</i>	<i>\$ 993,128</i>	<i>\$ 984,418</i>	<i>\$ 1,509,102</i>	<i>\$ 837,183</i>	<i>\$ 1,347,195</i>	<i>\$ 1,649,121</i>
<i>Difference</i>	<i>-\$ 52,535</i>	<i>\$ 107,649</i>	<i>\$ 56,694</i>	<i>\$ 624,751</i>	<i>\$ 227,228</i>	<i>-\$ 69,984</i>
<i>Unrestricted Unassigned Fund Balance</i>	<i>\$ 414,610</i>	<i>\$ 673,695</i>	<i>\$ 730,389</i>	<i>\$ 1,301,850</i>	<i>\$ 900,923</i>	<i>\$ 830,938</i>

Notes

1. Voter approved millage was 0.7 mills, reduced to 0.605 by the Headlee Rollback.
2. All revenue generated from Millage 2 is to be added to the general fund for use by all branches for hours, materials, programming, and other needs.
3. Total tax income equals Millage 1 plus Millage 2, all multiplied by 0.9775 to account for typically less than 100% tax collection. Also includes Delinquent Taxes, and Payments in Lieu of Taxes.
4. Capital funds are 2/7 of the income from Millage 1, starting in 2015. Breakdown follows on page 6 of this document.
5. 2016 State Aid rates are \$0.32479 per capita, twice a year. Our service population is 46,905.
6. Penal Fines from both Branch County and Allen Township of Hillsdale County.
7. Charges for Services includes income from such places as faxes, exam proctoring, circulation fees from Coldwater Branch, etc.
8. Reimbursements come from the Branch County Literacy Council for payroll processing services and from the Woodlands Library Cooperative for our MeLCat delivery.
9. Miscellaneous Revenue includes income from such places as lost and damaged book fees, copier and printing income, circulation fees for the 5 smaller branches, Unique Collections, etc.
10. Beginning in 2010, Branches may all present a plan by October 1 to transfer up to 80% of the upcoming year's capital funds into the operating budget. See Plan of Service, Section IV for details.

EXPENDITURES

	2014 (Budgeted)	2014 (Actual)	2015 (Budgeted)	2015 (Aug YTD)	2015 (Projected)		2016 (Proposed)
Salaries ¹	\$ 590,211	\$ 598,961	\$ 741,113	\$ 484,075	\$ 738,113	100%	\$ 910,302
Payroll Taxes	\$ 47,217	\$ 45,865	\$ 59,289	\$ 37,103	\$ 55,655	94%	\$ 72,824
Unemployment	\$ 14,100	\$ 2,475	\$ 14,100	\$ -	\$ 9,412	67%	\$ 10,000
Workers' Compensation	\$ 2,500	\$ 1,879	\$ 2,500	\$ 1,220	\$ 1,830	73%	\$ 2,000
Longevity	\$ 4,300	\$ 2,350	\$ 4,300	\$ 1,925	\$ 4,300	100%	\$ 4,275
Board per Diem	\$ 900	\$ -	\$ 900	\$ 225	\$ 338	38%	\$ 2,160
Contract Labor	\$ 300	\$ 346	\$ 300	\$ 65	\$ 98	33%	\$ 300
Hospitalization	\$ 46,000	\$ 47,807	\$ 59,000	\$ 36,123	\$ 55,685	94%	\$ 90,000
Deferred Compensation	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	\$ 4,500	100%	\$ 7,500
Employee Relations	\$ 500	\$ 339	\$ 600	\$ 395	\$ 400	67%	\$ 1,500
Contracted Services ²	\$ 12,600	\$ 17,319	\$ 18,000	\$ 17,729	\$ 17,729	98%	\$ 18,000
Training	\$ 3,000	\$ 3,168	\$ 7,500	\$ 5,736	\$ 5,736	76%	\$ 10,000
Facilities Rent	\$ -	\$ -	\$ 600	\$ -	\$ 600	100%	\$ 600
Telephone	\$ 6,500	\$ 5,952	\$ 10,000	\$ 4,064	\$ 6,096	61%	\$ 10,000
Utilities	\$ 38,000	\$ 40,249	\$ 50,000	\$ 25,795	\$ 38,693	77%	\$ 49,160
Insurance	\$ 11,500	\$ 11,444	\$ 16,000	\$ 15,060	\$ 15,500	97%	\$ 18,000
Maintenance ³	\$ 50,500	\$ 42,800	\$ 134,040	\$ 37,394	\$ 56,091	42%	\$ 75,000
Equipment Maintenance	\$ 9,000	\$ 5,758	\$ 9,000	\$ 5,039	\$ 7,559	84%	\$ 9,000
Network Maintenance ⁴	\$ 8,000	\$ 10,433	\$ 105,000	\$ 13,159	\$ 99,739	95%	\$ 40,000
Office Supplies	\$ 23,000	\$ 29,817	\$ 41,000	\$ 27,214	\$ 40,821	100%	\$ 45,000
Interlibrary Loan/Doc. Delivery ⁵	\$ 7,500	\$ 447	\$ 7,500	\$ 169	\$ 350	5%	\$ 500
Postage	\$ 4,000	\$ 2,050	\$ 2,500	\$ 1,433	\$ 2,150	86%	\$ 3,000
Books	\$ 42,000	\$ 47,215	\$ 100,000	\$ 54,002	\$ 81,003	81%	\$ 100,000
Periodicals	\$ 5,200	\$ 6,681	\$ 6,500	\$ 1,183	\$ 6,100	94%	\$ 10,000
Audio/visual	\$ 8,000	\$ 8,097	\$ 14,000	\$ 4,120	\$ 6,180	44%	\$ 20,000
Membership and Dues	\$ 2,000	\$ 1,994	\$ 2,000	\$ 1,649	\$ 1,899	95%	\$ 3,000
Transportation ⁶	\$ 8,000	\$ 7,783	\$ 8,000	\$ 5,120	\$ 7,680	96%	\$ 8,000
Community Promotions ⁷	\$ 6,300	\$ 6,715	\$ 16,360	\$ 8,887	\$ 13,331	81%	\$ 40,000
Printing and Publishing	\$ 1,000	\$ -	\$ 1,000	\$ -	\$ -	0%	\$ 1,000
Payroll Fees	\$ 500	\$ 467	\$ 500	\$ 300	\$ 450	90%	\$ 500
Professional Services ⁸	\$ 33,000	\$ 29,236	\$ 70,000	\$ 41,308	\$ 66,962	96%	\$ 85,000
Correction of Prior Years' Taxes	\$ 3,000	\$ 2,271	\$ 3,000	\$ 2,191	\$ 2,200	73%	\$ 2,500
TOTAL EXPENDITURES	\$ 993,128	\$ 984,418	\$ 1,509,102	\$ 837,183	\$ 1,347,195	89%	\$ 1,649,121
Revenues	\$ 940,593	\$ 1,092,067	\$ 1,565,796	\$ 1,461,934	\$ 1,574,423		\$ 1,579,137
Difference	-\$ 52,535	\$ 107,649	\$ 56,694	\$ 624,751	\$ 227,228		-\$ 69,984

Notes

Salary numbers for 2016 reflect an increase in hours at all branches, including being open Sundays at the Coldwater branch, and a 3% Cost of Living Adjustment

1. (COLA). From the our wage freeze in 2010 to the 2015 budget there was a Cost of Living Increase of 8.32%. In 2015 we had a 3.75% COLA. That left BDL wages at 4.57% below 2010 levels in purchasing power. This additional 3% puts us closer to parity with 2010 levels.
2. Contracted services is our line for Woodlands Library Cooperative fees.
3. This line encompasses both Interior and exterior building maintenance, janitorial services, security alarm, elevator maintenance.
4. Network Maintenance includes charges for our Integrated Library System hosting; software, databases (Ancestry, Mango, Tumbleblooms, OverDrive, Hoopla, NewsBank), and service licensing (Baker and Taylor, EnvisionWare), etc.
5. Interlibrary loan fees are sometimes charged to us when a book borrowed from another library is lost.
6. Transporation includes our delivery between branches and mileage reimbursements to staff.
7. Community Promotions includes our programming, advertising, and attendance at paid community events like the fair, farmers' markets, etc.
8. Professional Services includes charges for accounting, legal, collections, and employee search firm services.

CAPITAL FUNDS BREAKDOWN

Total Capital Funds Available: \$ 235,618
Half to Major District Projects: \$ 117,809
Half to Branches: \$ 117,809

	Future Automation 20%	Capital Technology 35%	Other Major District Projects 45%	Totals
Major District Projects Funds Available This Year:	\$ 23,562	\$ 41,233	\$ 53,014	\$ 117,809
Estimated Total MDP Fund as of 12/31/2015:	\$ 23,774	\$ 559	\$ 78,136	\$ 102,469
Estimated Total MDP Fund as of 12/31/2016:	\$ 47,336	\$ 6,792	\$ 131,150	\$ 185,278

	Alganssee 9.375%	Bronson 18.75%	Coldwater 25%	Quincy 18.75%	Sherwood 9.375%	Union Twp. 18.75%	Totals
Branch Capital Funds Available This Year:	\$ 11,045	\$ 22,089	\$ 29,452	\$ 22,089	\$ 11,045	\$ 22,089	\$ 117,809
Capital Funds Available to Transfer (80%)	\$ 8,836	\$ 17,671	\$ 23,562	\$ 17,671	\$ 8,836	\$ 17,671	\$ 94,247
Transferring to Operating for:							
Wages ¹ :	\$ -	\$ 12,710	\$ -	\$ -	\$ -	\$ 1,300	\$ 14,010
Books:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Audivisual:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community Promotions and Programming:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other ² :	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
Total Capital Transferring into Operating:	\$ -	\$ 12,710	\$ -	\$ -	\$ -	\$ 2,300	\$ 15,010
Total Remaining to Add to Branch Capital:	\$ 11,045	\$ 9,379	\$ 29,452	\$ 22,089	\$ 11,045	\$ 19,789	\$ 102,799
Estimated Branch Capital as of 12/31/2015:	\$ 36,068	\$ 10,033	\$ 3,480	\$ 60,268	\$ 14,302	\$ 30,350	\$ 154,501
Estimated Branch Capital as of 12/31/2016:	\$ 47,113	\$ 19,412	\$ 32,932	\$ 82,357	\$ 25,347	\$ 50,139	\$ 257,300



Notes

1. Bronson Branch Wages: to cover additional staff during programming and summer reading.
Union Twp. Branch Wages: to cover additional staff during programming.
2. Union Twp. Branch Other: Snow removal, Salt, and Window Washing.