

## BAKER COUNTY LIBRARY DISTRICT

# Budget Committee Report - Proposed FY2026-27 Budget Summary

May 20, 2026

## Proposed FY2026-27 Budget Compared with FY2025-26 Original Budget

### Executive Summary

The proposed FY2026-27 budget totals \$3,794,898, compared with the FY2025-26 original budget of \$3,586,088, an increase of \$208,810, or approximately 5.8%. The increase is concentrated primarily in the General Fund, with smaller increases in the Other Uses Fund, Capital Investment Reserve Fund, and Sage Library System Fund.

The proposed budget does five main things:

1. Maintains current library operations and staffing capacity at 15.8 FTE.
2. Absorbs continued salary and benefit cost increases, especially PERS and health insurance.
3. Increases General Fund operating reserve capacity for July-November cash flow.
4. Continues long-term capital planning with a \$50,000 transfer to the Capital Investment Reserve.
5. Maintains current permanent and local option tax rates, with no bond debt service levy proposed.

### Fund-Level Changes

Fund	FY2025-26 Original	FY2026-27 Proposed	Change	Main explanation
General Fund	\$2,445,145	\$2,603,398	+\$158,253	Higher taxes, beginning working capital, personnel, materials and services, and operating reserve
Other Uses Fund	\$289,000	\$302,500	+\$13,500	Higher working capital and designated reserves
Reserve Fund - Capital Investment	\$212,500	\$236,500	+\$24,000	Higher working capital; continued capital reserve strategy
Sage Library System Fund	\$639,443	\$652,500	+\$13,057	Stable fund with modest increases in working capital, dues, and operating costs
<b>Total</b>	<b>\$3,586,088</b>	<b>\$3,794,898</b>	<b>+\$208,810</b>	<b>Primarily General Fund growth</b>

## 1. General Fund

### General Fund resources increase by \$158,253

The proposed General Fund budget increases from \$2,445,145 in the FY2025-26 original budget to \$2,603,398 in FY2026-27, an increase of \$158,253, or approximately 6.5%. The increase is primarily from higher beginning net working capital and higher current-year property tax estimates.

Resource	FY2025-26 Original	FY2026-27 Proposed	Change
Net working capital	\$775,000	\$840,000	+\$65,000
Previously levied taxes	\$65,000	\$65,000	\$0
Interest	\$45,000	\$45,000	\$0
Transfers in	\$3,500	\$3,500	\$0
Fines and fees	\$12,000	\$12,000	\$0

Ready to Read grant	\$9,000	\$9,000	\$0
Other tax revenues	\$1,500	\$1,500	\$0
Federal revenue / E-rate	\$16,500	\$10,750	-\$5,750
Donations, grants, and miscellaneous	\$1,250	\$1,250	\$0
Fiscal agency fee	\$2,235	\$2,235	\$0
Other financing sources	\$14,000	\$14,000	\$0
Taxes estimated to be received	\$1,500,160	\$1,599,162	+\$99,002
<b>Total General Fund resources</b>	<b>\$2,445,145</b>	<b>\$2,603,398</b>	<b>+\$158,253</b>

The historical trend is favorable. General Fund resources have grown from \$1.668 million in FY2019-20 to the proposed \$2.603 million in FY2026-27. Beginning net working capital has also grown substantially, from \$272,341 in FY2019-20 to a proposed \$840,000, reflecting the District’s effort to maintain adequate cash flow and reduce reliance on short-term borrowing.

The most notable negative revenue change is Federal E-rate revenue, which decreases from \$16,500 to \$10,750, a reduction of \$5,750, or 34.8%. Most other non-tax revenue categories are budgeted flat, indicating a conservative approach to uncertain or variable revenue sources.

**Takeaway:** The General Fund revenue increase is not from new tax rates. It reflects projected assessed value growth, collection assumptions, and stronger beginning working capital. The proposal maintains the permanent tax rate of \$0.5334 per \$1,000 and the local option levy rate of \$0.249 per \$1,000.

### General Fund Personnel Services increase by \$83,820

General Fund Personnel Services increase from \$1,156,086 in the FY2025-26 original budget to \$1,239,907 in the FY2026-27 proposed budget, an increase of \$83,820, or 7.3%. Total FTE remains unchanged at 15.8, so the increase reflects compensation and benefit cost growth rather than additional staffing.

Personnel category	FY2025-26 Original	FY2026-27 Proposed	Change
Salaries	\$758,459	\$809,989	+\$51,530
Benefits	\$397,627	\$429,917	+\$32,290
<b>Total Personnel Services</b>	<b>\$1,156,086</b>	<b>\$1,239,907</b>	<b>+\$83,820</b>
FTE	15.8	15.8	No change

The historical trend shows steady growth in Personnel Services, from \$762,161 in FY2019-20 to the proposed \$1,239,907. Salaries are proposed to increase by 6.8%, while benefits increase by 8.1%. Major benefit lines include PERS at \$184,081, group health insurance at \$176,092, and Social Security/FICA at \$61,964.

**Takeaway:** This is one of the central budget drivers for FY2026-27. The proposed budget maintains current staffing capacity while absorbing COLA, step increases, payroll taxes, PERS, health insurance, and other benefit costs. For Budget Committee discussion, the key issue is not staffing expansion, but the sustainability of compensation and benefit obligations over time.

### General Fund Materials and Services increase by \$55,500

General Fund Materials and Services increase from \$483,500 in the FY2025-26 original budget to \$539,000 in the FY2026-27 proposed budget, an increase of \$55,500, or 11.5%. Compared with the FY2025-26 supplemental budget, however, the proposed amount is lower, suggesting that some current-year spending authority was one-time or project-driven.

Major increases from the FY2025-26 original budget include:

Line item	FY2025-26 Original	FY2026-27 Proposed	Change
Collection Development	\$128,500	\$140,500	+\$12,000

Library Consortium	\$24,000	\$24,500	+\$500
Facilities Maintenance	\$60,000	\$61,000	+\$1,000
Equipment Maintenance Services / Lease	\$3,000	\$6,500	+\$3,500
Computer Maintenance	\$43,000	\$57,000	+\$14,000
Bookmobile and Vehicle Operations	\$10,000	\$17,500	+\$7,500
Insurance	\$31,450	\$38,500	+\$7,050
Audit	\$11,000	\$15,000	+\$4,000
Bookkeeping	\$3,000	\$4,000	+\$1,000
Dues and Subscriptions	\$4,000	\$5,500	+\$1,500
Marketing / Publication	\$4,000	\$6,500	+\$2,500
Public Programs	\$3,500	\$5,000	+\$1,500
Branch Mileage / BCLD Courier	\$4,000	\$6,500	+\$2,500
Youth Programs	\$14,750	\$15,000	+\$250

Some lines decrease:

Line item	FY2025-26 Original	FY2026-27 Proposed	Change
Election	\$6,500	\$4,000	-\$2,500
Utilities	\$54,750	\$54,650	-\$100
Telecommunications	\$22,150	\$21,300	-\$850

The largest increases are in Computer Maintenance, Collection Development, Bookmobile and Vehicle Operations, Insurance, and Audit. These categories reflect ongoing pressure in technology, collections, insurance markets, vehicle costs, and professional services.

**Takeaway:** Materials and Services growth is broad but not concentrated in a single new initiative. The increase supports core operations: collections, technology, facilities, vehicles, insurance, audit, programs, and branch logistics. This budget category is historically more variable than Personnel Services because it absorbs one-time projects, repairs, inflation, and service changes.

### General Fund Capital Outlay increases by \$5,000

General Fund Capital Outlay increases from \$20,000 to \$25,000, a \$5,000 increase. This continues a modest level of capital project authority within the General Fund, separate from the larger Capital Investment Reserve Fund.

**Takeaway:** This provides limited flexibility for qualifying capital outlays while larger facility and capital needs are planned through the Capital Investment Reserve.

### General Fund not-allocated requirements increase by \$13,932

General Fund not-allocated requirements increase from \$785,559 in the FY2025-26 original budget to \$799,491 in the FY2026-27 proposed budget, an increase of \$13,932, or 1.8%.

Not-allocated item	FY2025-26 Original	FY2026-27 Proposed	Change
Transfer - Technology, Election, Memorial	\$5,000	\$5,000	\$0
Transfer - Severance Liability	\$10,000	\$10,000	\$0
Transfer - Capital Improvement Fund	\$100,000	\$50,000	-\$50,000
Total Interfund Transfers	\$115,000	\$65,000	-\$50,000
Operating Contingency	\$15,559	\$34,491	+\$18,932
Reserve for Future Expenditure	\$655,000	\$700,000	+\$45,000
Total Not Allocated	\$785,559	\$799,491	+\$13,932

The largest policy change is the shift within not-allocated requirements: the transfer to the Capital Investment Fund is reduced from \$100,000 to \$50,000, while the reserve for future expenditure increases from \$655,000 to \$700,000 and operating contingency increases from \$15,559 to \$34,491.

**Takeaway:** This reflects a stronger emphasis on General Fund cash-flow resilience for FY2026-27. The budget still contributes meaningfully to the Capital Investment Reserve, but at a lower level than the unusually large FY2025-26 original transfer. The proposed \$700,000 reserve for future expenditure is a major feature of the budget and supports operations before property tax receipts are received.

### General Fund Resources and Requirements Summary

Category	FY2025-26 Original	FY2026-27 Proposed	Change
<b>Total General Fund resources</b>	<b>\$2,445,145</b>	<b>\$2,603,398</b>	<b>+\$158,253</b>
Total Personnel Services	\$1,156,086	\$1,239,907	+\$83,820
Total Materials and Services	\$483,500	\$539,000	+\$55,500
Total Capital Outlay	\$20,000	\$25,000	+\$5,000
Total Not Allocated	\$785,559	\$799,491	+\$13,932
<b>Total Requirements</b>	<b>\$2,445,145</b>	<b>\$2,603,398</b>	<b>+\$158,253</b>

## 2. Other Uses Fund

The proposed Other Uses Fund increases from \$289,000 in the FY2025-26 original budget to \$302,500 in FY2026-27, an increase of \$13,500.

### Resource changes

Resource	FY2025-26 Original	FY2026-27 Proposed	Change
Working capital	\$245,000	\$260,000	+\$15,000
Interest	\$12,000	\$12,000	\$0
Transfers in	\$15,000	\$15,000	\$0
Grants and loans	\$10,000	\$10,000	\$0
Donations	\$3,000	\$1,500	-\$1,500
Book sales	\$4,000	\$4,000	\$0
Total resources	\$289,000	\$302,500	+\$13,500

### Requirement changes

Requirement	FY2025-26 Original	FY2026-27 Proposed	Change
Memorial and Grants	\$141,750	\$139,250	-\$2,500
Election reserve	\$1,000	\$1,000	\$0
Literacy	\$2,000	\$2,000	\$0
Technology reserve	\$15,000	\$20,000	+\$5,000
Severance liability contingency	\$125,000	\$135,000	+\$10,000
Corporate costs	\$250	\$250	\$0
Transfer out	\$4,000	\$5,000	+\$1,000
Total requirements	\$289,000	\$302,500	+\$13,500

**Takeaway:** The Other Uses Fund increase is mainly a reserve adjustment. Working capital increases by \$15,000, and the requirements side increases the Technology Reserve by \$5,000 and Severance Liability contingency by \$10,000. This fund continues to serve as a special-purpose reserve and designated-resource fund rather than a core operating fund.

### 3. Reserve Fund - Capital Investment

The proposed Capital Investment Reserve Fund increases from \$212,500 in the FY2025-26 original budget to \$236,500 in FY2026-27, an increase of \$24,000.

#### Resource changes

Resource	FY2025-26 Original	FY2026-27 Proposed	Change
Working capital	\$100,000	\$175,000	+\$75,000
Interest	\$7,500	\$6,500	-\$1,000
Transfers in	\$100,000	\$50,000	-\$50,000
Grants and loans	\$5,000	\$5,000	\$0
Total resources	\$212,500	\$236,500	+\$24,000

The full proposed amount of \$236,500 is budgeted for facilities maintenance and repair. The legal sheet identifies the fund purpose as major anticipated maintenance and repairs of District facilities or other capital assets.

**Takeaway:** The Capital Investment Reserve continues to grow even though the annual transfer from the General Fund drops from \$100,000 to \$50,000. The increase is possible because of higher beginning working capital. This indicates that the District is preserving prior reserve accumulation while continuing a moderate annual contribution for future capital needs.

### 4. Sage Library System Fund

The proposed Sage Library System Fund increases from \$639,443 in the FY2025-26 original budget to \$652,500 in FY2026-27, an increase of \$13,057.

#### Sage resource changes

Resource	FY2025-26 Original	FY2026-27 Proposed	Change
Working capital	\$265,000	\$280,000	+\$15,000
Interest	\$12,000	\$12,000	\$0
Membership dues	\$278,943	\$280,000	+\$1,057
Restricted grants	\$80,000	\$75,000	-\$5,000
Miscellaneous revenue	\$3,500	\$5,500	+\$2,000
Total resources	\$639,443	\$652,500	+\$13,057

#### Sage requirement changes

Requirement	FY2025-26 Original	FY2026-27 Proposed	Change
Personnel Services	\$148,918	\$150,238	+\$1,320
Materials and Services	\$238,525	\$243,203	+\$4,678
Capital Outlay	\$15,000	\$15,000	\$0
Operating Contingency	\$30,000	\$30,000	\$0
Unappropriated ending fund balance	about \$207,000	\$214,059	about +\$7,059
Total requirements	\$639,443	\$652,500	+\$13,057

The largest Sage operating lines remain system administration, contracted system support, courier, technology, and reserves. Courier is proposed at \$115,000, down from \$120,000 in the original current-year budget. Technology increases from \$10,000 to \$20,000, while contracted system support increases modestly from \$81,090 to \$82,503.

**Takeaway:** The Sage Fund remains largely stable. The modest increase reflects slightly higher working capital, dues, miscellaneous revenue, and operating costs, offset by a lower restricted grant estimate and lower courier budget. The fund continues to preserve a substantial unappropriated ending balance for Sage operations.

## Major Trends and Developments for Budget Committee Attention

### 1. The proposed budget maintains service capacity rather than expanding staffing

The General Fund maintains 15.8 FTE, the same as the FY2025-26 original budget. The personnel increase is driven by compensation and benefit cost growth, not additional staffing.

### 2. Personnel and benefits are the largest structural cost pressure

General Fund Personnel Services increase by \$83,820, or 7.3%. Salaries increase 6.8%, while benefits increase 8.1%. The increase in employee salaries is due to a combination of the 3.6% Cost of Living Increase and 14 staff meriting STEP increases with their performance and longevity of service. Health insurance and PERS continue to be major long-term budget pressures.

### 3. General Fund resources remain strong

The General Fund increase is supported by higher projected property tax receipts and higher beginning working capital. The beginning net working capital line increases from \$775,000 to \$840,000, and estimated current-year taxes increase from \$1,500,160 to \$1,599,162.

### 4. E-rate revenue declines

Federal E-rate revenue decreases by \$5,750, or 34.8%, from the FY2025-26 original budget. This is the most significant negative change among General Fund revenue lines and should be noted as a federal reimbursement change rather than a local service decision.

### 5. Materials and Services growth reflects operational cost pressure

Materials and Services increase by \$55,500, or 11.5%, over the FY2025-26 original budget. Major drivers include collection development, computer maintenance, vehicle operations (increased fuel costs), insurance, audit, marketing, public programs, and branch courier costs.

### 6. The operating reserve strategy is strengthened

The General Fund reserve for future expenditure increases from \$655,000 to \$700,000. This is one of the most important policy choices in the proposed budget. It supports July-November cash flow before property tax distributions are received and helps the District avoid short-term borrowing.

### 7. Capital reserve funding continues, but at a lower annual transfer level

The transfer to the Capital Investment Fund decreases from \$100,000 in the FY2025-26 original budget to \$50,000 in the FY2026-27 proposed budget. However, the Capital Investment Reserve Fund still increases overall from \$212,500 to \$236,500 because of higher working capital.

### 8. Other Uses Fund continues to support long-term liabilities and designated reserves

The Other Uses Fund increase is mainly tied to working capital, technology reserve, and severance liability contingency. This supports known or anticipated obligations rather than new ongoing operations.

### 9. Sage remains stable

The Sage Fund increases only modestly, from \$639,443 to \$652,500. Membership dues are nearly flat, restricted grants decline, and working capital increases. Sage continues to maintain operating contingency and a significant ending reserve.

## Final Summary

The proposed FY2026-27 budget can be described as a maintenance, stabilization, and reserve-focused budget. It does not add staffing or propose a tax rate increase. Instead, it absorbs personnel and benefit cost growth, maintains service capacity, strengthens operating reserves, continues capital planning, and supports ongoing technology, facilities, collections, and regional system needs.

The proposed FY2026-27 budget increases total budget authority by \$208,810, or approximately 5.8%, compared with the FY2025-26 original budget. The increase is primarily in the General Fund, driven by higher projected property tax receipts, stronger beginning working capital, personnel and benefit cost growth, and operating reserve needs. Total FTE remains unchanged at 15.8. Materials and Services increase for collections, technology, insurance, audit, vehicle operations, and other operating costs. The budget increases the General Fund reserve for future expenditure to \$700,000 while continuing a \$50,000 transfer to the Capital Investment Reserve. Other Uses and Sage increase modestly, and the Capital Investment Reserve grows to \$236,500. Current permanent and local option tax rates are maintained.