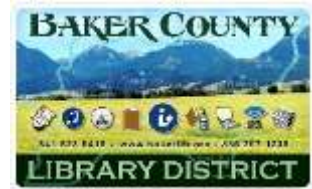


BAKER COUNTY LIBRARY DISTRICT

FISCAL YEAR 2026-2027

BUDGET MESSAGE



INTRODUCTION

Honorable Budget Committee Members and Citizens of Baker County:

I am pleased to present the proposed Fiscal Year 2026–2027 budget for the Baker County Library District. The proposed budget totals **\$3,794,898** across all funds. This amount includes **\$2,880,839 in appropriations** and **\$914,059 in unappropriated and reserve amounts**. The proposed budget continues the District’s commitment to stable library service, responsible stewardship of public funds, debt-free operations, adequate reserves, facility maintenance, staff support, regional cooperation, and countywide access to materials, programs, technology, and information services.

The proposed budget maintains the District’s existing property tax rates: the permanent rate of **\$0.5334 per \$1,000 of assessed value** and the local option levy rate of **\$0.249 per \$1,000 of assessed value**. No general obligation bond debt service levy is proposed.

<u>General Fund</u>	
Organizational Unit or Program:	
Personnel Services.....	1,239,907
Materials & Services.....	539,000
<u>Not Allocated to Organizational Unit or Program:</u>	
Personnel Services.....	0
Materials & Services.....	0
Capital Outlay.....	25,000
Debt Service	0
Special Payments.....	0
Transfers Out.....	65,000
Contingency.....	34,491
Total.....	\$1,903,398

<u>Debt Service Fund</u>	
Debt Service	0
Total.....	\$0

<u>"Other Uses" Fund</u>	
Org. Unit/Program: _____	297,500
Special Payments.....	0
Transfers Out.....	5,000
Contingency.....	0
Total.....	\$302,500

<u>Reserve Fund - Capital Investment</u>	
Org. Unit/Program: _____	236,500
Special Payments.....	0
Transfers Out.....	0
Contingency.....	0
Total.....	\$236,500

EXHIBIT A. Fund Appropriations

<u>Sage Library System Fund</u>	
Org. Unit/Program: _____	408,441
Special Payments.....	0
Transfers Out.....	0
Contingency.....	30,000
Total.....	\$438,441

Total APPROPRIATIONS, All Funds	\$2,880,839
Total Unappropriated and Reserve Amounts, All Funds	914,059
TOTAL ADOPTED BUDGET	\$3,794,898 *
	<i>(*amounts with asterisks must match)</i>

BAKER COUNTY LIBRARY DISTRICT
BUDGET MESSAGE, FY2026-2027

BUDGET OVERVIEW

Organizational Funds Overview

The District budget is organized into **four primary funds**.

It is prepared using the State of Oregon **Local Budget (LB) forms** and is supported by historical data, projected current-year activity, and narrative budget notes. The District continues to budget on the **modified accrual basis of accounting**. No change in accounting basis is proposed.

1. **General Fund** – the District’s primary operating fund, supporting personnel, collections, programs, technology, facilities, utilities, administration, transfers, contingency, and operating reserves. (LB-20 Resources; LB-30 Requirements Summary; LB-31 Personnel Services; LB-31 Materials & Services)
2. **Other Uses Fund** – a special-purpose fund used for grants, donations, online book sales, memorial funds, technology reserve, election reserve, literacy funds, severance liability reserve, and related transfers. (LB-10 Other)
3. **Reserve Fund – Capital Investment** – a reserve fund established for major anticipated maintenance and repairs of District facilities and other capital assets. (LB-11)
4. **Sage Library System Fund** – a special fund used for operation of the Sage Library System, for which Baker County Library District serves as fiscal agent. (LB-10 Sage)

For detailed descriptions of line items in each fund, please refer to the accompanying **Budget Notes**.

Budget Summary by Fund

Fund	FY2026–2027 Proposed Budget	Prior Year Original Budget	\$ Chg
General Fund	\$2,603,398	\$2,445,145	\$158,253
Other Uses Fund	\$302,500	\$289,000	\$13,500
Reserve Fund – Capital Investment	\$236,500	\$212,500	\$24,000
Sage Library System Fund	\$652,500	\$639,443	\$13,057
Total Budget	\$3,794,898	\$3,586,088	\$208,810

Financial Policies and Budget Priorities

The proposed budget continues the District's existing financial approach. No major change in financial policy is proposed. Budget planning continues the District's pattern of conservative revenue forecasting, reserve development, debt avoidance, and careful investment in public service priorities.

Major policy priorities include:

- Maintaining sufficient operating reserves to support cash flow from July through early November, before property tax receipts are distributed.
- Avoiding short-term borrowing whenever possible.
- Using conservative revenue assumptions for property taxes, prior-year taxes, grants, reimbursements, and other variable revenues.
- Maintaining the permanent tax rate and local option levy rate without proposing an increase.
- Supporting staff compensation, retention, and service capacity while recognizing continued pressure from PERS, health insurance, payroll taxes, and other benefit costs.
- Maintaining public collections, digital resources, youth services, outreach, technology, and facility operations.
- Continuing planned investment in capital maintenance and long-term facility needs.
- Preserving the financial separation of Sage Library System funds while continuing BCLD's fiscal agency role.

General Fund

The proposed **General Fund** budget totals **\$2,603,398**. This includes **\$1,803,907** allocated to the District's operating activities and **\$799,491** not allocated to an organizational unit or program. The unallocated amount includes transfers, operating contingency, and reserve for future expenditure.

General Fund Resources

General Fund resources (LB-20) include beginning net working capital, prior-year taxes, interest, transfers in, fines and fees, Ready to Read grant revenue, other tax revenues, federal E-rate revenue, donations and miscellaneous income, the Sage fiscal agency fee, other financing sources, and current-year property taxes. Total General Fund resources (LB-20 line 32) are budgeted at **\$2,603,398**.

BAKER COUNTY LIBRARY DISTRICT
BUDGET MESSAGE, FY2026-2027

Current-year property taxes are projected using a conservative **3.0% assessed value growth assumption**, compared with actual growth of **6.6%** in FY2025–2026.

Current-year property taxes (LB-20 line 30) are estimated at **\$1,599,162**, an increase of **\$99,002** from the FY2025–2026 original budget. General Fund resources other than current-year taxes (LB-20 line 29) are estimated at **\$1,004,235**, an increase of **\$59,250**, or **6.3%**, from the FY2025–2026 original budget.

RESOURCE DESCRIPTION		Budget for Next Year <u>2026-2027</u>				
		Proposed By Budget Officer	\$ Change vs orig.	% Change	\$ Change vs prev.	% Change
1	Available cash on hand* (cash basis) or					
2	Net working capital (accrual basis)	840,000	65,000	8.4%	1,246	0.1%
3	Previously levied taxes estimated to be received	65,000	0	0.0%	0	0.0%
4	Interest	45,000	0	0.0%	0	0.0%
5	Transferred IN, from other funds	3,500	0	0.0%	0	0.0%
6	OTHER RESOURCES					
7	Fines & Fees	12,000	0	0.0%	0	0.0%
8	State revenue (R2R Grant)	9,000	0	0.0%	0	0.0%
9	Other Tax Revenues	1,500	0	0.0%	0	0.0%
10	Federal revenue (E-rate)	10,750	(5,750)	-34.8%	0	0.0%
11	Special Contracts (Tech support)					
12	Job Training Programs					
13	Donations, Grants, & Misc	1,250	0	0.0%	0	0.0%
14	Capital financing					
15	Fiscal agency fee (Sage)	2,235	0	0.0%	0	0.0%
16	Other financing sources	14,000	0	0.0%	0	0.0%
29	Total resources, except taxes to be levied	1,004,235	59,250	6.3%	1,246	0.1%
30	Taxes estimated to be received	1,599,162	99,002	6.6%	48,279	3.1%
31	Taxes collected in year levied					
32	TOTAL RESOURCES	2,603,397	158,252	6.5%	49,525	1.9%

The budget assumes beginning net working capital (LB-20 line 2) of **\$840,000**, reflecting the District’s continuing effort to maintain adequate cash flow for early fiscal year operations. Federal E-rate revenue (LB-20 line 10) is budgeted at **\$10,750**, a decrease of **\$5,750**, or **34.8%**, from the current-year original budget, reflecting the reduction of eligible support related to hotspot lending.

General Fund Requirements

General Fund **Personnel Services (PS)** are budgeted at **\$1,239,907** (LB-30 line 8; LB-31 PS line 35), an increase of **\$83,820**, or **7.3%**, from the FY2025–2026 original budget. This includes **\$809,989 in salaries** (LB-30 line 2) and **\$429,917 in benefits** (LB-30 line 3; details in LB-31 PS lines 23-29). Total full-time equivalent staffing remains at **15.8 FTE**. The budget reflects cost-of-living adjustments, step increases, payroll-related costs,

BAKER COUNTY LIBRARY DISTRICT
BUDGET MESSAGE, FY2026-2027

PERS, and health insurance costs.

REQUIREMENTS FOR: (Name of Org. Unit or Program & Activity)		Budget For Next Year 2026-2027				
		Proposed By Budget Officer	\$ Change vs orig.	% Change	\$ Change vs prev.	% Change
1	PERSONNEL SERVICES					
2	Salaries	809,989	51,530	6.8%	63,821	8.6%
3	Benefits	429,917	32,290	8.1%	41,157	10.6%
4	Special Contracts - Grants, Tech Support, Job Training					
5	Severance					
6	Payroll Expenses					
8	TOTAL PERSONNEL SERVICES	1,239,907	83,820	7.3%	104,978	9.2%
9	Total Full-Time Equivalent (FTE)	15.8				

General Fund **Materials and Services (M&S)** are budgeted at **\$539,000** (LB-30 line 27; LB-31 M&S line 35), an increase of **\$55,500**, or **11.5%**, from the FY2025–2026 original budget. This category supports collection development, Sage catalog and courier costs, facilities maintenance, janitorial services, computer maintenance, vehicle operations, insurance, audit, bookkeeping, public programs, branch courier mileage, youth programs, utilities, telecommunications, and other operating needs (LB-30 lines 11-15 for major categories; LB-31 M&S lines 2-29 for details).

Collection and digital service costs reflect continued support for physical materials and digital platforms, including Libby, Hoopla, Kanopy, ComicsPlus, and related patron media access. Collection Development begins below the District’s 10% benchmark target but remains subject to adjustment if additional resources become available during the fiscal year.

10	MATERIALS AND SERVICES					
11	Collection Development	140,500	12,000	9.3%	(46,000)	24.7%
12	Library Consortium	24,500	500	2.1%	5,300	27.6%
13	Facilities & IT Maintenance	152,700	18,500	13.8%	(44,100)	22.4%
14	Corporate Costs	86,850	15,200	21.2%	5,550	6.8%
15	Library Operations	134,450	9,300	7.4%	2,880	2.2%
27	TOTAL MATERIALS AND SERVICES	539,000	55,500	11.5%	(76,370)	12.4%

Capital Outlay in the General Fund is budgeted at **\$25,000**, an increase of **\$5,000** from the FY2025–2026 original budget. Interfund transfers total **\$65,000**, including **\$5,000** for technology/election/memorial purposes, **\$10,000** for severance liability, and **\$50,000** for the Capital Investment Fund. Operating contingency is budgeted at **\$34,491**, and the reserve for future expenditure is budgeted at **\$700,000**.

BAKER COUNTY LIBRARY DISTRICT
BUDGET MESSAGE, FY2026-2027

REQUIREMENTS DESCRIPTION		Budget For Next Year 2026-2027				
		Proposed By Budget Officer	\$ Change vs orig.	% Change	\$ Change vs prev.	% Change
28	TOTAL INTERFUND TRANSFERS	65,000	(50,000)	-43.5%	(50,000)	-43.5%
29	OPERATING CONTINGENCY	34,491	18,932			
30	RESERVED FOR FUTURE EXPENDITURE (RFE)	700,000	45,000	6.9%	45,000	6.9%
31	UNAPPROPRIATED ENDING BALANCE					
32	Total Requirements NOT ALLOCATED	799,491	13,932	1.8%	15,917	2.0%
33	Total Requirements for ALL Org.Units/Programs within fund	1,803,907	144,320	8.7%	33,608	1.9%
34	Ending balance (prior years)					
35	TOTAL REQUIREMENTS	2,603,398	158,252	6.5%	49,525	1.9%

The reserve for future expenditure is a key feature of the General Fund. It supports District operations from July through early November, before property tax revenues are received. Based on recent expense patterns, this period requires approximately **\$680,000**, with the need expected to rise toward **\$700,000**. The proposed **\$700,000 RFE**, together with **\$34,491 in operating contingency**, is intended to maintain cash-flow stability and avoid Tax Anticipation Notes or other short-term borrowing.

Other Uses Fund

The proposed **Other Uses Fund** budget totals **\$302,500**. Resources include **\$260,000 in working capital**, **\$12,000 in interest**, **\$15,000 in transfers in**, **\$10,000 in grants and loans**, **\$1,500 in donations**, and **\$4,000 in book sales**.

Requirements include:

- **\$139,250** for Memorial and Grants Department activity.
- **\$1,000** for election reserve.
- **\$2,000** for literacy.
- **\$20,000** for technology reserve.
- **\$135,000** for severance liability contingency.
- **\$250** for corporate costs.
- **\$5,000** for transfer out.

This fund continues to serve as the District’s special-purpose fund for grants, donations, reserves, online book sales, severance liability planning, and designated uses.

Reserve Fund – Capital Investment

The proposed **Reserve Fund – Capital Investment** budget totals **\$236,500**. This reserve fund was established by resolution in 2019 for major anticipated maintenance and repairs of District facilities and other capital assets. Resources include **\$175,000 in working capital, \$6,500 in interest, \$50,000 transferred in from other funds, and \$5,000 in grants and loans.**

The full amount of **\$236,500** is budgeted for facilities maintenance and repair. This fund supports the District’s long-term responsibility to maintain public buildings and capital assets. Priority needs include major facility repair, maintenance, and capital improvement projects identified through District planning.

Detailed project information is provided in the **Reserve Fund – Capital Investment** section of the **Budget Notes**.

Sage Library System Fund

The proposed **Sage Library System Fund** budget totals **\$652,500**. Sage resources include **\$280,000 in working capital, \$12,000 in interest, \$280,000 in membership dues, \$75,000 in restricted grants, and \$5,500 in miscellaneous revenue.**

Sage requirements include:

- **\$150,238** in Personnel Services.
- **\$243,203** in Materials and Services.
- **\$15,000** in Capital Outlay.
- **\$30,000** reserved for operating contingency.
- **\$214,059** in unappropriated ending fund balance.

Sage Personnel Services include salaries for the Systems Administrator and administrative support from BCLD staff, along with related benefits. Materials and Services include technology, system support, technical contracted services, dues and subscriptions, travel, training, office supplies, and courier costs. The Sage Fund remains financially separate from the District’s General Fund, and its resources are dedicated to Sage Library System operations.

BAKER COUNTY LIBRARY DISTRICT
BUDGET MESSAGE, FY2026-2027

Major Budget Drivers

The most significant factors shaping the FY2026–2027 proposed budget are:

- Personnel cost growth, including salaries, PERS, health insurance, and payroll-related costs.
- Maintaining 15.8 FTE to support countywide library operations.
- Continued need for operating reserves to manage cash flow before tax distributions.
- Property tax revenue assumptions, including assessed value growth, compression, and collection rates.
- Reduced federal E-rate revenue.
- Continued investment in collections, digital services, technology, and public programs.
- Facilities maintenance and capital repair needs.
- Audit, insurance, utilities, vehicle, and technology cost pressures.
- Sage Library System costs, including courier, technology, system support, and staffing.

The budget uses conservative assumptions where practical and preserves reserves to manage uncertainty.

Risks and Uncertainties

Several factors could affect the District during FY2026–2027 and in future years:

- Property tax assessment disputes, compression, or lower-than-expected collection rates.
- Outcome of the 5-year local option levy renewal on May 2026 ballot.
- Changes in federal E-rate eligibility or reimbursement levels.
- Successful recruitment and transition for critical IT network management staff.
- PERS and health insurance cost growth.
- Inflation in supplies, utilities, maintenance, insurance, and capital projects.
- Audit contract pricing and availability.
- Unanticipated facilities, vehicle, or technology needs.
- Potential changes to state or federal library support affecting Sage courier or regional library services.

The proposed budget addresses these risks through reasonable contingency, reserve for future expenditure, special-purpose reserves, and continued investment in the Capital Investment Reserve Fund.

Budget Committee Considerations

The Budget Committee is asked to receive the proposed budget and budget message, hear public comment, ask questions, deliberate, recommend any changes, and approve the budget and tax rates for forwarding to the Board of Directors.

Key questions for committee consideration include:

- Are the revenue assumptions reasonable?
- Are operating and capital reserve levels adequate?
- Are personnel and benefit assumptions sustainable?
- Are collection, technology, and program investments aligned with community needs?
- Are capital and facilities priorities appropriate?
- Should any changes be recommended before the budget is forwarded to the Board?

Conclusion and Acknowledgments

The FY2026–2027 proposed budget is developed to provide a stable and responsible financial plan for the Baker County Library District. It maintains current tax rates, supports ongoing public library operations, preserves adequate reserves, avoids debt, addresses personnel and benefit obligations, invests in collections and services, supports regional library cooperation through Sage, and continues planning for major facility and capital needs.

Preparing and executing the annual budget is a collaborative effort. I thank the department leads, staff, and Board of Directors who contributed to this process.

Special appreciation goes to:

- Christine Hawes, Finance/HR Director, for her expertise and dedication
- Rob Gaslin, District Auditor
- Aletha Bonebrake, former Library Director, for her invaluable mentorship
- Budget Committee members for their gift of time, stewardship and thoughtful oversight

I respectfully recommend that the Budget Committee approve the proposed FY2026–2027 budget in the amount of **\$3,794,898**, together with the property taxes it contains at the permanent rate of **\$0.5334 per \$1,000 of assessed value** and the local option levy rate of **\$0.249 per \$1,000 of assessed value**, and forward the approved budget to the Baker County Library District Board of Directors for adoption.

Sincerely,

Perry Stokes

Library Director / Budget Officer