

BOARD REPORT – Proposed FY26-27 Budget Summary

May 12 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. Maintain current library operations and staffing capacity at **15.8 FTE**.
2. Absorb continued salary and benefit cost increases, especially PERS and health insurance.
3. Increase General Fund operating reserve capacity for July–November cash flow.
4. Continue long-term capital planning with a **\$50,000 transfer** to the Capital Investment Reserve.
5. Maintain 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, M&S, 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 increase in working capital, dues, and operating costs
Total	\$3,586,088	\$3,794,898	+\$208,810	Primarily General Fund growth

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1. General Fund**General Fund resources increase by \$158,253**

The proposed General Fund budget increases from **\$2,445,145** in 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 & 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 & 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
Total General Fund resources	\$2,445,145	\$2,603,398	+\$158,253

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**.

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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
Total Personnel Services	\$1,156,086	\$1,239,907	+\$83,820
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 Board discussion, the key issue is not staffing expansion but sustainability of compensation and benefit obligations over time.

General Fund Materials & Services increase by \$55,500

General Fund Materials & Services increase from **\$483,500** in FY2025–26 original budget to **\$539,000** in 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

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Line item	FY2025–26 Original	FY2026–27 Proposed	Change
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 & 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 & Vehicle Operations, Insurance, and Audit**. These categories reflect ongoing pressure in technology, collections, insurance markets, vehicle costs, and professional services.

Takeaway:

Materials & 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.

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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.

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2. Other Uses Fund

The proposed Other Uses Fund increases from **\$289,000** in 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 & 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.

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3. Reserve Fund – Capital Investment

The proposed Capital Investment Reserve Fund increases from **\$212,500** in 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 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

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Resource	FY2025–26 Original	FY2026–27 Proposed	Change
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 & 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 Board 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. This is an important distinction for Board and Budget Committee discussion.

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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%**. 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 & Services growth reflects operational cost pressure

Materials & Services increase by **\$55,500**, or **11.5%**, over the FY2025–26 original budget. Major drivers include collection development, computer maintenance, vehicle operations, 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.

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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 & 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.