

FY 2023 Budget Narrative

It is the policy of the Sanilac District Library Board of Trustees to use all income generated from public funds to operate, maintain, purchase and support the library building, materials and services during the current fiscal year except as designated. The Board plans to keep a minimum balance of approximately \$50,000 in the General Fund to provide cash flow until revenue is received in the next fiscal year, act as a contingency fund and to avoid service charges.

The Library Board adopts a Total Fund Budget. The line item budget is used by the Library Director for guidance in purchasing. The Director has the authority granted by the Library Board to transfer funds from line to line as needed as long the fund total is not exceeded. Most budget line items are determined by the previous year's actual revenue and expenses.

Category	General Fund Income Description
CPS School Libraries	CPS reimburses SDL for VERSO Circ/OPAC system, KidsCat, books and supplies. CPS fiscal year is July 1 to June 30.
Donations	Contributions, memorials and fundraising.
Grants & USF	The FCC receives discounts from the government in return for offering discounts to schools and libraries. The discount percentage is based on the free and reduced lunch count of the local school district. SDL qualifies for an 80% discount on Internet access and other telecommunication expenses. Voice service rebates have been eliminated.
Interest	From the checking, money market and Projects Fund CD accounts.
Miscellaneous	Refunds, rebates, insurance dividend, tax tribunal refunds.
Penal Fines	Revenue mandated by the MI State Constitution in 1835. Paid at the discretion of the District Court Judge of Sanilac County. Received by August. Constantly under attack as other entities try to divert these funds. Paid per capita.
Service Charges	
Copies	Income compensates the cost of copy machine, maintenance agreement and supplies.
FAX	Income is applied to FAX machine, paper, toner & dedicated phone line expense.
Movie Rental	Income is used to purchase new movies.
Overdue Fines	Defrays costs of staff, paper, envelopes and postage for notices & retrieval of items.
Replacement Cost	Compensation for damaged or lost materials.
State Aid	Michigan law (1977 PA 89) requires the state to fund libraries at \$1.50 per capita. \$1 is to be paid directly to the public library and \$0.50 (swing aid) to library cooperatives. Membership in a library cooperative is mandatory. Half of the State Aid revenue is the required fee for membership dues. Membership provides statewide delivery, interlibrary loan, continuing education and discounts to various vendors for equipment, materials and supplies. A public library must comply with 4 State Aid Guidelines in order to qualify for State Aid: (1) receive at least 3/10 ^{ths} of a mill from local financial support (2) number of hours open (3) certified personnel and (4) be a member of a Library Cooperative. State Aid is paid per capita times the amount approved by the state legislature. In 2021, the Michigan legislature budgeted \$ 0.214993 per capita. The full amount stated by MI law has only been paid once. Received in March and August.
Taxes	2/10 ^{ths} of a mill has been levied to support operating expenses since 1984 and is distributed per capita (?) to the individual libraries that serve Sanilac County residents. Received in July. The millage is renewable every 4 years. Next election 2024.
County Millage	
District Millage	Levied to support the operating budget. Revenue estimate is based on this formula: the total taxable value of Sanilac Township & CPS School District x 0.000625 mills or as reduced by the Headlee Override. The millage is renewable every 10 years. The next election is in 2028. Received January – March.
Delinquent Taxes	Sanilac County borrows the funds to cover late and unpaid taxes. Received in July.
Personal Property	Tax on equipment & improvements to businesses.

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Category	General Fund Expense Descriptions
CPS School Libraries	Elementary & High School library management expenses such as books, collection maintenance and annual support for circulation/OPAC system. Reimbursed by CPS. CPS fiscal year is July 1 to June 30.
Capital Outlay	Major expenses over \$500 for building & grounds improvement, computers, equipment & furniture. Includes annual CD designated for the Projects Fund.
Materials	
AV Materials	Audio books and movies. Movie rental income used for this expense.
Books	Fiction & nonfiction for all ages and reading levels.
Collection Maintenance	Supplies to prepare materials for circulation such as barcode labels, jacket covers, media cases and Marc Records of bibliographic data to maintain the online catalog.
Digital Materials	Annual subscriptions for eBooks, downloadable audio books and eMagazines.
Magazines	Subscriptions. Donations from the Adopt-a-Magazine applied to this expense.
Operating	
Audit	MI requires an annual audit for public libraries serving a population exceeding 4,000.
Communications	Telephone and postage.
Continuing Education	Professional development classes, workshops & costs to support attendance: accommodations, meals & registration. Rural Library Conference is held every 2 years.
Contractual: 1099	Cleaning, garden, lawn & snow removal services (required by local ordinance).
Election	Reimburse the County (if charged) for expenses of ballots, printing of notices and cost of library elections for trustees or millage renewal.
Insurance	Building & contents replacement. Liability. Board officers & director are bonded. Workers Compensation.
Maintenance	Expenses for cleaning supplies, landscaping, general repairs to the facility & equipment.
Miscellaneous	Expenses not appropriate for any other budget line. Tax tribunal refunds.
Professional Services	Attorney fees, audit, dues (MLA & White Pine Library Cooperative), printing of legal notices, public relations & marketing.
Supplies	Library Supplies: book ends, bookmarks, easels, posters, reading promotions, signage. Office Supplies: Copy paper, toner, tape, pens etc.
Travel	Accommodations, meals and mileage (at the IRS approved rate) to attend White Pine meetings or professional development workshops.
Utilities	Electricity, gas and village water/sewer/trash.
Payroll	Wage budget is prorated based on a 52-week year and number of employees required to meet patron needs and state requirements. Payroll liabilities: Social Security & Medicare required by law to be paid for employees (0.0765% of gross wages). Employees do not receive medical insurance or pension.
Services	
MeLCat Delivery	White Pine Library Cooperative reimburses for RIDES delivery service 2 times per week for interlibrary loans.
Programs	Expenses incurred for Summer Reading Program, Story Time, Toddler Time, Wiggles and special interest programs.
Technology	Computer hardware and software including maintenance, repairs, installation, updates, licenses and technical support fees. Internet access. Online subscriptions. Website host fee. Digitization of original local history records. Membership to DigitalTotes to host & post digitized material. SDL receives an 80% USF rebate for internet access which is reinvested into these expenses.

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Projects Fund

The goal of the Sanilac District Library Board is to accumulate funds for anticipated major capital expenses and/or emergencies. The Board intends to deposit \$2,000 into a designated account or purchase a Certificate of Deposit annually so that funds are available as necessary. As this fund is used, money will continue to accrue so that the account is replenished by the time it is needed again.

On December 21, 2021, the SDL Board decided to designate a Projects line item in the General Fund instead of purchasing an annual CD due to the fact that:

- interest rates for CDs are very low.
- the penalty would exceed the interest earned if a CD needed to be cashed.
- funds would be more accessible.

On December 21, 2021, the SDL Board designated to General Fund Projects:

- \$5,000 to replace the copy machine.
- \$10,000 for building improvements as needed
- \$13,264.87 to fully support the Projects Fund's total goal of \$60,000.

Projects Fund Notes:

- **2021:** Increased Projects Fund total goal to \$60,000.
- **2021:** Increased goal for future roof replacement from \$15,000 to \$20,000.
- **2021:** replaced the roof with 40-year shingles. The CD purchase scheduled for fiscal years 2020 & 2021 was applied directly to this expense along with a \$5,000 memorial donation.
- **2020:** Due to the pandemic, access to the bank was limited and the CD was not purchased. This amount was carried over into the 2021 budget.
- Funds allocated for the Projects Fund were applied directly to expenses (instead on investing in a CD) and used for the following projects:
 - **2019:** The parking lot was seal-coated. The 2019 Budget was amended by reducing the scheduled \$2,000 CD purchase to \$1,000.
 - **2018:** HVAC replacement: Two CDs totaling \$4,657.58 plus interest were cashed in.
 - **2016:** The CD scheduled for 2016 was made in 2015 to take advantage of a special interest rate offered by Exchange State Bank.
 - **2015:** The parking lot was seal-coated.
 - **2014:** The Circulation Desk was renovated.
 - **2013:** Replaced the commercial grade flooring in the restrooms and lobby with ceramic tile.

Projects Fund	Budget	Purpose	Est Date
Carpet	10,000	Life expectancy 20-25 years. Installed 11/2001	As needed
Copy Machine	5,000	Replace copy machine every 10 years. Purchased 2022	2032
Emergencies	5,000	Funds for emergencies or opportunities.	As needed
Furnace/AC	5,000	Life expectancy 15-20 years. Installed: (South) 11/2001 & (North) 10/2018	2025/2038
Improvements	10,000		As needed
Parking Lot	5,000	Maintenance every 3-5 years. Paved 11/2009. Seal-coat: 2009, 2015, 2019	2022
Roof	20,000	Repair or replace the roof in 40 years. Replaced 11/2001, 6/2021	2060
Total	60,000		