

MEMORANDUM

DATE: September 19, 2016
TO: Winnefox Library System Board of Trustees
FROM: Jeff Gilderson-Duwe
SUBJECT: 2017 System budget proposal

Background

In 2017, for the sixth consecutive year, state aids revenues to Winnefox will be \$885,885. Local library funding of the WALs operation will experience a moderate (3.9%) increase, and county funding of the WCTS operation will also rise moderately (2.6%). We propose to supplement revenue by drawing \$10,000 from the “New Services Reserve” in order to establish the linking of our shared WALs catalog data to the Internet via the “BlueCloud Visibility” product profiled for the board at the July board meeting. The New Services Reserve was created in 2009 and has never been drawn upon, retaining its original \$150,000 balance since that time. We believe that the linked data service is the very sort of innovative new service that the reserve was created to support.

On the expenditure side, eliminating graphic design services in 2016 has freed up financial resources that allow Winnefox to compensate its employees at rates competitive in the Fox Valley region. We project a surplus in the Winnefox operating budget of \$23,058 for 2017.

In 2017, I recommend that Winnefox maintain market area competitiveness by increasing the pay rates by 3 percent across the board, by authorizing pay steps for the 7 full-time employees and 3 van drivers who are eligible, and by funding the “pay for performance” system in the amount of \$12,000.

Winnefox’s pay plan applies to all system employees and consists of three parts: 1) a pay rate matrix that was established in 2012 to be competitive with public and private employers in the Fox Valley region; 2) a step system that allows Winnefox to hire in new employees at a below-market pay rate and that allows the employee to progress to a market average pay rate for their work as they gain knowledge and experience over several years; and 3) a “pay for performance” program that rewards employees for meeting or exceeding the requirements of their positions.

Winnefox

Our 2017 expenditures proposal is \$23,058 below estimated revenues for the year. We already know that 2017 state aids revenues will be the same as for the previous 5 years, so this expected surplus could be applied later to assist in balancing future expenditures. Alternatively, these funds may make it possible to implement recommendations for new collaborative service models that may emerge from the Public Library System Redesign (PLSR) process.

Revenues: as mentioned above, state aids will be same amount as they have been every year since 2012.

Expenditures: Other than personnel costs, the major expenditure increase appearing in the Winnefox budget proposal summary is for “Collections” (i.e., WPLC OverDrive project). Those increases will be balanced by revenues from increased member library contributions and an expected grant.

WALS

Revenues: As endorsed by the Winnefox Technology Executive Council, the proportion of member library support versus Winnefox support for WALS is proposed to continue to shift gradually, decreasing the system subsidy. The 2017 share of 83.9% local library funding / 16.1% Winnefox funding compares to 83.7% / 16.3 % in 2016. The long-term goal is to gradually reduce Winnefox support to 10% of total WALS funding. The proposed use of Winnefox New Services reserve funding shows as \$10,090 in WALS revenues. Also, \$35,000 in estimated online fine collections shows as revenue to balance the payout of the same amount to libraries in the expenditures section.

Expenditures: SirsiDynix Symphony software maintenance costs are up due to the addition of the BlueCloud Visibility module and other changes in our service configuration; several service contracts are expected to see increase in 2017 (OPL database support; Heartland Business Systems network support and OCLC).

WCTS

Revenues: 2.5% increase in county funding has been requested.

Expenditures: In order to bring 2017 expenditures into line with expected revenues, some labor costs are being shifted from WCTS into the Winnefox budget (OPL contractual administrative support; Winnefox support for WCTS library materials ordering software). A \$2,117 surplus is being projected in the WCTS budget for 2017 and will be placed in WCTS reserves. As for Winnefox and WALS, we maintain a reserve for cash flow, compensated absences, and equipment replacement. Because we drew on WCTS reserves for operating funds in 2015 they are a little low at this time. When reserves rise high enough we consult with the WCTS Executive Committee, consisting of two directors from each county, as to how these will be returned to the libraries in Green Lake, Marquette, and Waushara counties.

Winnefox Library System 2016 Budget Summary

	2015 Actual	2016 Budget	2017 Budget	Difference 16 - 17	% Difference
State System Aids	885,885.00	885,885.00	885,885.00	0.00	0.00%
Interest Revenue	2,884.45	3,000.00	3,000.00	0.00	0.00%
Contractual Revenue	105,020.57	110,562.41	112,845.16	2,282.75	2.06%
Printing Revenue	12,656.57	5,000.00	5,000.00	0.00	0.00%
Overdrive Revenue from libraries	121,849.53	109,911.47	121,632.21	11,720.74	10.66%
Other Revenues	117.12	1,500.00	1,442.93	-57.07	-3.80%
Grant Revenue	0.00	0.00	10,000.00	10,000.00	#DIV/0!
Total Operating Revenue	1,128,413.24	1,115,858.88	1,139,805.30	23,946.42	0.02
Transfer from reserve--WALS fee assistance	1,984.40	1,488.30	992.20	-496.10	-33.33%
Transfer from reserve--operations	0.00	37,187.11	0.00	-37,187.11	-100.00%
Transfer from reserve--Visibility		12,800.00	10,090.00	-2,710.00	-21.17%
Total Operating Funds	1,130,397.64	1,167,334.29	1,150,887.50	-496.10	-33.33%

	2015 Actual	2016 Budget	2017 Budget	Difference 16 - 17	% Difference
Personnel	250.00	717,015.44	724,028.75	7,013.31	0.98%
Contractual Expenditures	53,474.83	57,965.48	63,798.00	5,832.52	10.06%
Administrative Supplies & Expenses	13,498.29	13,650.00	12,193.00	-1,457.00	-10.67%
Capital Expenditures	3,719.26	0.00	0.00	0.00	#DIV/0!
Services: Collections	63,405.99	116,221.47	138,388.64	22,167.17	19.07%
Services: Delivery	29,943.63	37,923.00	32,592.00	-5,331.00	-14.06%
Services: Interlibrary Loan	5,206.04	5,100.00	5,800.00	700.00	13.73%
Services: Technology support	2,292.75	1,500.00	1,050.00	-450.00	-30.00%
Services: Printing and Graphics	14,076.85	14,100.00	14,485.89	385.89	2.74%
Services: Member Library Continuing Education	3,798.28	2,500.00	2,000.00	-500.00	-20.00%
Staff / Board Training, Travel, & Dues	5,772.13	4,250.00	4,250.00	0.00	0.00%
Interfund Transfers	124,800.00	136,100.00	136,190.00	90.00	0.07%
Funds Allocated to Member Libraries	1,488.30	992.20	496.10	-496.10	-50.00%
Total Operating Expenditures	321,726.35	1,107,317.59	1,135,272.38	27,954.79	2.52%
	808,671.29	60,016.70	15,615.12		

Winnefox Automated Library Services 2017 Budget Summary

	2016 Budget	2017 Budget	Difference 16 - 17	% Difference
Member Library Funding	632,910.00	657,747.77	24,837.77	3.9%
LSTA	19,100.00	19,230.00	130.00	0.7%
Winnefox Funding	123,300.00	126,100.00	2,800.00	2.3%
Winnefox Funding for Visibility	0.00	10,090.00	10,090.00	#DIV/0!
Other	1,500.00	1,900.00	400.00	26.7%
Online Fine Payment	0.00	35,000.00	35,000.00	#DIV/0!
Total Operating Revenue	776,810.00	850,067.77	73,257.77	9.43%

	2016 Budget	2017 Budget	Difference 16 - 17	% Difference
Personnel	255,939.53	263,978.78	8,039.25	3.1%
Contractual Expenditures	266,750.51	282,115.75	15,365.24	5.8%
Administrative Supplies & Expenses	16,341.98	16,439.98	98.00	0.6%
Maintenance	128,922.98	149,403.26	20,480.28	15.9%
Travel, Training, Dues	13,430.00	13,730.00	300.00	2.2%
Telecommunications	34,560.00	35,400.00	840.00	2.4%
Online Fine Payment		35,000.00	35,000.00	#DIV/0!
Total Operating Expenditures	715,945.00	796,067.77	80,122.77	11.19%

Capital Expenditures	60,865.00	54,000.00	-6,865.00	-11.28%
Total Expenditures	776,810.00	850,067.77	73,257.77	9.43%

Winnefox Library System
Cooperative Technical Services
2017 Budget Summary

	2015 Actual	2016 Budget	2017 Proposed	Difference 16 - 17	% Difference
Operating Revenue					
County Contracts	168,284.00	171,169.60	175,538.88	4,369.28	2.55%
Rotating Collections	7,750.00	10,400.00	10,400.00	0.00	0.00%
Other revenue	1,269.97	3,400.00	3,625.00	225.00	6.62%
Operating Revenue	177,303.97	184,969.60	189,563.88	4,594.28	2.48%

	2015 Actual	2016 Budget	2017 Budget	Difference 16 - 17	% Difference
Operating Expenditures					
Personnel	0.00	160,629.60	163,437.07	2,807.47	1.75%
Contractual	19,653.43	6,700.00	6,700.00	0.00	0.00%
Administrative Supplies and Expenses	1,090.67	915.00	860.00	-55.00	-6.01%
Capital Expenditures	1,684.26	0.00	0.00	0.00	#DIV/0!
Material Processing Supplies	12,720.05	5,575.00	5,450.00	-125.00	-2.24%
Staff Training Travel and Dues	372.00	750.00	600.00	-150.00	-20.00%
Grants	0.00	0.00	0.00	0.00	#DIV/0!
Rotating Collections	8,017.10	10,400.00	10,400.00	0.00	0.00%
Total Operating Expenditures	43,537.51	184,969.60	187,447.07	2,477.47	1.34%

Apparent Surplus	133,766.46	0.00	2,116.81
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Transfers from reserves					
Transfer for new PCs	2,076.52	3,000.00	0.00	-3,000.00	-100.00%
Budget transfer		14,356.47	0.00	-14,356.47	-100.00%
Total transfers from reserves	2,076.52	17,356.47	0.00		

Surplus	135,842.98	17,356.47	2,116.81
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