



Southeastern Public Library  
System of Oklahoma

Revised Budget  
FY 2018

Presented to the SEPLSO Board November 14<sup>th</sup>, 2017

## Introduction to FY 2018 Revised Budget

As required by statute, SEPLSO submitted a budget for FY 2018 to the Oklahoma Department of Libraries prior to June 1<sup>st</sup>, 2017. Each fall the SEPLSO Board approves a revised budget once expense estimates and, much more importantly, tax valuations are received. With this revised budget, SEPLSO administration can more efficiently implement the budget.

The approved initial budget was calculated very conservatively for two reasons. First, our county valuations, from which we calculate our ad valorem payments, were not available. Although we expected strong growth, we dared not plan on it before seeing it on paper. Secondly, many of our anticipated expenses were unclear. In the future I expect this to be less of an issue as I feel I have grown in confidence with my knowledge of SEPLSO's finances and financial history.

As you look at our projected income, you will notice that our ad valorem projections are up \$94,000 over what we collected last year. Strong growth should continue for the next several years. We also increased our expected interest revenue due to the amazing CD rates the Board approved in July.

On the expense side, several categories went up notably from the initial budget. In September, SEPLSO doubled its coverage for property insurance, which increased insurance costs by over \$12,000. We also increased special programs by \$16,000. In the past, branches used funds collected into the local checking accounts to fund much of their programs; recent changes to ensure proper oversight of those accounts will make doing so more difficult, and it is necessary that our budget reflect the expenses they are accustomed to making, especially for summer programs.

The largest increase in expenses, however, came in Professional Fees. From this category, fees for professional services such as legal and accounting services are paid. We have employed the monthly services of a CPA to provide guidance and oversight of our financials. Given our size and budget, such a partnership is long overdue and worth every penny.

Of course you are well aware of the sewage-backup disaster in Poteau this past May. You will find that this budget reflects our insurance payment and resulting opening day costs to prepare Poteau for operation.

I extend a special thank you to the budget committee members who have provided guidance and oversight to this document, and to the entire SEPLSO staff whom I have asked for feedback regarding staffing, material, and physical needs. An extra special appreciation goes to our administrative team of Rhonda Tidwell and Charlene McDonald who enter and manage most of our financial information. I look forward to discussing this document with you soon.

Sincerely,

Michael Hull, Executive Director



# Southeastern Public Library System of Oklahoma

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|        |                     |                           |
|--------|---------------------|---------------------------|
| INCOME | AD VALOREM INCOME   | 4,510,512                 |
|        | STATE AID           | 84,136                    |
|        | INTEREST            | 35,000                    |
|        | INSURANCE CLAIM     | 558,523                   |
|        | FEES & CHARGES      | 84,488                    |
|        | SURPLUS SALES       | 12,000                    |
|        | <b>TOTAL INCOME</b> | <b><u>\$5,284,659</u></b> |

|          |                              |                           |
|----------|------------------------------|---------------------------|
| EXPENSES | 1. PAYROLL                   | 2,266,041                 |
|          | 2. FICA TAXES                | 173,485                   |
|          | 3. UNEMP. TAX                | 13,944                    |
|          | 4. WORKERS' COMP             | 33,991                    |
|          | 5. RETIREMENT FUND           | 317,246                   |
|          | 6. HUMAN RESOURCES           | 14,400                    |
|          | 7. EMPLOYEE BENEFITS         | 446,186                   |
|          | 8. UTILITIES                 | 5,800                     |
|          | 9. TELEPHONE                 | 17,436                    |
|          | 10. BOARD TRAVEL             | 15,000                    |
|          | 11. CONTINUING EDUC          | 24,273                    |
|          | 12. EMPLOYEE TRAVEL          | 53,964                    |
|          | 13. POSTAGE & BOX RENT       | 12,302                    |
|          | 14. VEHICLE OPERATION        | 10,000                    |
|          | 15. EQUIP RENTAL             | 56,100                    |
|          | 16. MAINT. CONTRACTS         | 140,000                   |
|          | 17. READING CENTER EQUIPMENT | 9,024                     |
|          | 18. INSURANCE                | 39,790                    |
|          | 19. OFFICE SUPPLIES          | 36,300                    |
|          | 20. SPEC PROG & SUPP         | 47,800                    |
|          | 21. MARKETING                | 13,550                    |
|          | 22. MEMBERSHIPS              | 5,071                     |
|          | 23. FURN & EQUIPMENT         | 22,750                    |
|          | 24. AUDIT                    | 15,000                    |
|          | 25. REVALUATION              | 103,194                   |
|          | 26. INTERNET                 | 16,020                    |
|          | 27. COMPUTERS & SOFTWARE     | 189,058                   |
|          | 28. AUTOMATION SUPPORT       | 61,880                    |
|          | 29. PROFESSIONAL FEES        | 39,100                    |
|          | 30. MISCELLANEOUS            | 4,684                     |
|          | 31. BRANCH INFO MTRLS        | 443,000                   |
|          | 32. DOWNLOADABLE MATERIALS   | 58,000                    |
|          | 33. BIBLIOGRAPHIC SVCS       | 44,300                    |
|          | 34. READING CENTER MTRLS     | 16,000                    |
|          | 35. ONLINE INFORMATION       | 123,492                   |
|          | 36. VEHICLE RESERVE          | 8,000                     |
|          | 37. POTEAU OPENING DAY       | 557,000                   |
|          | <b>TOTAL EXPENSES:</b>       | <b><u>\$5,453,180</u></b> |

**NET ORDINARY INCOME: -\$168,521 \***

## **FY 2018 Projected Cash Flow**

**This first section is intended to give you a picture of the financial health of SEPLSO throughout the year. Please keep in mind that these numbers are estimates based on data and historical trends.**

**SEPLSO ended fiscal year 2017 with over \$5,800,000 in its bank accounts and CDs. This is easily more than the anticipated expenses of \$5,443,000.**

**This revised budget has anticipated \$5,275,080 in revenue and \$5,443,601 in expenses. This would leave SEPLSO accounts with approximately \$5,644,405 at the end of FY 2018.**

**SEPLSO policy requires the company to maintain a minimum of 3-6 months of reserves in its accounts at all time, which is approximately \$2,500,000. Within this year, I believe the Board should consider long-term investments and projects in which to commit portions of these funds, rather than keeping them in unassigned reserve.**

Funds Balance July 1, 2017

|   |                    |
|---|--------------------|
| SEPLSO Primary Checking Account         | 541177             |
| SEPLSO Secondary Checking Account       | 4848940            |
| Local Branch Accounts                   | 22809              |
| Certificates of Deposit                 | 400000             |
| <b>Total SEPLSO Funds July 1, 2017:</b> | <u>\$5,812,926</u> |

FY 2018 Projected Income

|                                       |                    |
|---------------------------------------|--------------------|
| Ad Valorem                            | 4510512            |
| State Aid (estimated)                 | 84136              |
| Interest (estimated)                  | 35000              |
| Insurance Claim (Poteau)              | 557000             |
| Fees & Charges (estimated)            | 84488              |
| <b>Total Estimated FY 2018 Income</b> | <u>\$5,271,136</u> |

**Total Funds Available FY 2018:** \$11,084,062

**FY 2018 Estimated Expenses:** (\$5,453,180)

**Estimated Funds Balance June 30, 2018:** \$5,630,882

## Projected Revenues

FY 2018 valuations came in strong, just as we expected. We are extremely fortunate as few governmental organizations in Oklahoma can plan on an additional nearly \$100,000 in revenue at this time. The largest growth is in Coal County this year, but we have budgeted only about half of the increased valuation as a precaution against potential protests.

You have heard for years that state aid is shrinking. The state of Oklahoma's budget woes suggest another sharp decrease in state funding, though not as much as we initially feared in May. Although worthy of its own line item on the budget, the reality for SEPLSO is that state aid does not provide as much funds as our fees and charges. I fully expect state aid to disappear completely within a few years, but the overall effect on SEPLSO should not be very noticeable, especially if our ad valorem continues to grow. For FY 2018, we are anticipating a 12% decrease from the prior year (FY 2017 also saw a 12% decrease).

Hopefully a one-time circumstance, we have received \$557,000 from our insurance claim for the Patrick Lynch Library's sewage backup of May 20<sup>th</sup>. This money will offset the costs of purchasing materials and furniture necessary to reopen the Patrick Lynch Library.

Our accounts do not generate much interest due to low rates, but they have been consistently generating more than \$25,000 the past several years, and in July two of our CDs were renewed at much higher rates.

FY 2017's fees and charges came in below expectation slightly, and for that reason the anticipated fees and charges for FY 2018 were decreased based on the final FY 2017 Fees and Charges.

Although not reflected here, we are hopeful to receive several grants, especially from the Carolyn Watson Foundation this spring.

|                  | FY 2017             | FY 2018             | FY 2018             | FY 2017           | INITIAL           |  |
|------------------|---------------------|---------------------|---------------------|-------------------|-------------------|--|
| AD VALOREM       | Actual              | INITIAL             | REVISED             | DIFFERENCE        | DIFFERENCE        | Comments   |
| Choctaw County   | 264,795             | 267,960             | 268,569             | 3,774             | 609               | <i>In the initial budget we estimated a very conservatavite growth of 1.1%. As we expected, the actual assessed values of our counties came in strong, but in somewhat different proportions than we anticipated. Coal County's valuations jumped extremely high, so 4% less than the actual assessed value has been estimated in anticipation of contestments by property owners, similar to what we saw in McCurtain County last year.</i> |
| Coal County      | 382,399             | 411,070             | 402,644             | 20,245            | -8,426            |  |
| Haskell County   | 229,363             | 217,560             | 240,500             | 11,137            | 22,940            |  |
| Latimer County   | 231,148             | 220,800             | 248,846             | 17,698            | 28,046            |  |
| LeFlore County   | 972,235             | 983,535             | 983,586             | 11,351            | 51                |  |
| McCurtain County | 824,472             | 844,600             | 833,369             | 8,897             | -11,231           |  |
| Pittsburg County | 1,511,597           | 1,523,080           | 1,532,998           | 21,401            | 9,918             |  |
|                  | <b>\$ 4,416,009</b> | <b>\$ 4,468,605</b> | <b>\$ 4,510,512</b> | <b>\$ 94,503</b>  | <b>\$ 41,907</b>  |  |
| TOTAL STATE AID  | <b>\$ 101,277</b>   | <b>\$ 79,461</b>    | <b>84,136</b>       | <b>\$ -17,141</b> | <b>\$ 4,674</b>   | <i>The initial budget estimated a 15% decrease. We have since been informed by the Department of Libraries this year's cut will be closer to 12%.</i>  |
| INSURANCE CLAIM  | <b>\$ 0</b>         | <b>\$ 0</b>         | <b>\$ 558,523</b>   | <b>\$ 558,523</b> | <b>\$ 558,523</b> | <i>Payout for the May 20 sewage backup in Poteau. This income is being used for opening day materials and furniture.</i>   |
| INTEREST         | <b>\$ 29,000</b>    | <b>\$ 25,000</b>    | <b>\$ 35,000</b>    | <b>\$ 6,000</b>   | <b>\$ 10,000</b>  | <i>Adjusted to more accurately reflect earnings, especially with two CDs renewed at much higher rates.</i>   |
| FEES & CHARGES   | <b>\$ 90,237</b>    | <b>\$ 88,432</b>    | <b>\$ 84,488</b>    | <b>\$ -5,749</b>  | <b>\$ -3,944</b>  | <i>Estimated 2% less than FY 2017 to reflect decline from FY 2016 to FY 2017.</i>  |
| SURPLUS SALES    | <b>\$ 0</b>         | <b>\$ 0</b>         | <b>\$ 12,000</b>    | <b>\$ 12,000</b>  | <b>\$ 12,000</b>  | <i>Estimated \$9,000 for computer sales, and \$3,000 for sale of contaminated materilas at Poteau.</i>   |
| Total Revenue    | <b>\$ 4,636,523</b> | <b>\$ 4,661,499</b> | <b>\$ 5,284,659</b> | <b>\$ 648,136</b> | <b>\$ 615,104</b> |  |



## Projected Expenses

To help put the budget items in context, I have provided comparisons with the final FY 2017 actual expenses and the FY 2018 initial budget. This page highlights the dollar difference in categories with explanatory notes.

Payroll costs are down by \$17,000, primarily because a new part-time aide position for Poteau has not only not been filled yet, but it was budgeted at full time. The correction from full-time to part-time plus factoring in the hours that have not been paid while the position sits unfilled comes to almost exactly \$17,000.

Continuing education received a boost to ensure the recent leadership retreat plus two all-staff meetings and OLA are covered as in the past.

In the past our branches paid for many special program costs out of the local accounts and these were recorded in the "Direct Branch Expense" line in your financial reports. It is imperative that SEPLSO budget these expenses in order to support our branches and continue to offer a service the public relies upon, especially during summer. As we are now properly administering the local accounts, it is important that the expected expenses from those accounts be properly budgeted, thus the increase of \$16,800 in this budget category. It may take a year or two to accurately determine what the actual needs for this budget line are.

Computer Equipment was increased to reflect the approved replacement of SEPLSO's desktop computers. This is reflected in the net ordinary income of the simple budget on page 1.

The largest increase, by far, is in professional fees. In the past months, SEPLSO administration has employed the services of National Tax and Business, a CPA firm, and we have asked them to assist in preparing reports, reviewing financials, and providing professional guidance. Although this is a large expense, and admittedly one whose cost would have otherwise been proposed for use on the staff, we believe the need for professional accounting services is important to both the short and long term interests of SEPLSO. SEPLSO is a large organization with over 80 employees that handles \$11 million in funds each year. Professional accounting services are long overdue-if not critically essential-and vital at this time when we are bringing many policies and procedures up to date.

Finally, this revised budget reflects the opening day expenses necessary to begin full library services in Poteau after the May 20<sup>th</sup> sewage backup. This expense is offset by payment from the insurance claim.

|                          | FY 2017<br>Actual   | FY 2018<br>INITIAL  | FY 2018<br>REVISED  | FY 2017<br>DIFFERENCE | INITIAL<br>DIFFERENCE |  |
|--------------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|--|
| 1 PAYROLL                | 2,262,606           | 2,283,842           | 2,266,041           | 3,434                 | -17,801               | <i>Corrected an error in the formula for a new Poteau aide, who has also not been hired yet.</i>   |
| 2 FICA TAXES             | 178,165             | 167,297             | 173,485             | -4,680                | 6,188                 | <i>Older rates were input with current, higher rates.</i>  |
| 3 UNEMP. TAX             | 13,873              | 13,016              | 13,944              | 71                    | 928                   | <i>Older rates were input with current, higher rates.</i>  |
| 4 WORKERS' COMP          | 10,338              | 34,258              | 33,991              | 23,653                | -267                  | <i>Decreased with lowered payroll costs.</i>   |
| 5 RETIREMENT FUND        | 356,296             | 319,738             | 317,246             | -39,050               | -2,492                | <i>Decreased with lowered payroll costs.</i>   |
| 6 HUMAN RESOURCES        | 11,236              | 14,400              | 14,400              | 3,164                 | 0                     |  |
| 7 EMPLOYEE BENEFITS      | 416,291             | 451,659             | 446,186             | 29,894                | -5,474                | <i>Rates will increase in January, but the initial budget contained an error in the number of employees who receive benefits.</i>  |
| <b>TOTAL PERSONNEL</b>   | <b>\$ 3,248,805</b> | <b>\$ 3,284,209</b> | <b>\$ 3,265,292</b> | <b>\$ 16,486</b>      | <b>\$ -18,917</b>     |  |
| 8 UTILITIES              | 4,201               | 5,800               | 5,800               | 1,599                 | 0                     | <i>Utilities for FY 2017 were low. The FY 2017 budgeted amount of \$5800 has been kept in case they rise this year.</i>  |
| 9 TELEPHONE              | 30,653              | 19,420              | 17,436              | -13,217               | -1,984                | <i>In FY 2017 we received several refunds from prepaid services as we transitioned to purely digital phone services. When that smoke settled early this fiscal year, the clearer picture of actual phone expenses was less than originally anticipated.</i>    |
| 10 BOARD TRAVEL          | 8,712               | 10,000              | 15,000              | 6,288                 | 5,000                 |  |
| 11 CONTINUING EDUC       | 20,519              | 16,640              | 24,273              | 3,755                 | 7,633                 | <i>The revised budget shows an increase to reflect the costs of the September leadership retreat and October in-service training.</i>  |
| 12 EMPLOYEE TRAVEL       | 30,226              | 55,674              | 53,964              | 23,738                | -1,710                | <i>The initial budget increased mileage to account for increased outreach and employee development travel. It was also increased to include staff PLA travel costs. It decreased from the initial budget because PLA costs came in lower than anticipated.</i> |
| 13 POSTAGE & BOX RENT    | -13,692             | 12,302              | 12,302              | 25,994                | 0                     | <i>In FY 2017, postage machines were removed from the branches, resulting in several refunds for prepaid postage.</i>  |
| 14 VEHICLE OPERATION     | 7,201               | 10,000              | 10,000              | 2,799                 | 0                     |  |
| 15 EQUIP RENTAL & REPAIR | 38,310              | 55,942              | 56,100              | 17,790                | 158                   | <i>The initial budget absorbed part of the former Equipment Repair category.</i>   |
| 16 MAINT. CONTRACTS      | 95,321              | 140,000             | 140,000             | 44,679                | 0                     | <i>The initial budget absorbed part of the former Equipment Repair category. We also modified the contract with our IT contractor in the March 2017 board</i>  |

|                            | FY 2017<br>Actual | FY 2018<br>INITIAL | FY 2018<br>REVISED | FY 2017<br>DIFFERENCE | INITIAL<br>DIFFERENCE |  |
|----------------------------|-------------------|--------------------|--------------------|-----------------------|-----------------------|--|
| 17 READING CENTER EQUIP.   | 0                 | 9,024              | 9,024              | 9,024                 | 0                     | <i>A new category this fiscal year to provide leased copiers and Wi-Fi access at 6 partner reading centers.</i>  |
| Equipment Repair (unactive | 57,899            | 0                  | 0                  | -57,899               | 0                     | <i>This inactive category was moved mostly into Maint. Contracts and is included as part of our I.T. Coordinator's contract.</i>   |
| 18 INSURANCE               | 25,069            | 27,000             | 39,790             | 14,721                | 12,790                | <i>In September the Board doubled property coverage, resulting in higher premiums.</i>   |
| 19 OFFICE SUPPLIES         | 37,635            | 36,300             | 36,300             | -1,335                | 0                     |  |
| 20 SPEC PROG & SUPP        | 30,021            | 31,000             | 47,800             | 17,779                | 16,800                | <i>In past years many special programs expenses have been listed under an unbudgeted "Direct Branch Expense" that was paid from local branch accounts. Now that we are properly accounting for local account expenditures, we have a need to budget for special program expenses. It may still be another year before we can accurately budget the needs of this category.</i> |
| 21 MARKETING               | 7,863             | 10,050             | 13,550             | 5,687                 | 3,500                 | <i>Increased to absorb additional costs for 50th anniversary promotion.</i>  |
| 22 MEMBERSHIPS             | 4,892             | 6,239              | 5,071              | 179                   | -1,168                | <i>Membership costs are lower than two years ago because of dropped Amigos membership.</i>   |
| 23 FURN & EQUIPMENT        | 36,992            | 22,750             | 22,750             | -14,242               | 0                     | <i>In FY 2017 several branch requests were funded. Fewer were approved in the initial 2018 budget.</i>   |
| 24 AUDIT                   | 15,000            | 15,000             | 15,000             | 0                     | 0                     |  |
| 25 REVALUATION             | 94,506            | 96,527             | 103,194            | 8,688                 | 6,667                 | <i>This fee paid to counties for collecting our taxes goes up with our ad valorem.</i>   |
| 26 INTERNET                | 30,261            | 16,020             | 16,020             | -14,241               | 0                     | <i>In late FY 2017 several bills were approved late in the year by OUSF. We should receive credits this year for much of that.</i>   |
| 27 COMPUTERS & SOFTWARE    | 66,265            | 21,962             | 189,058            | 122,793               | 167,096               | <i>The revised budget reflects the recently approved computer replacement bid.</i>   |
| 38 AUTOMATION SUPPORT      | 61,496            | 60,810             | 61,880             | 384                   | 1,070                 | <i>A new reporting module was added.</i>   |
| 29 PROFESSIONAL FEES       | 32,017            | 13,000             | 39,100             | 7,083                 | 26,100                | <i>Increased in revised budget to cover monthly CPA fee.</i>   |
| 30 MISCELLANEOUS           | 8,124             | 4,680              | 4,684              | -3,440                | 4                     |  |

|                         | FY 2017<br>Actual   | FY 2018<br>INITIAL  | FY 2018<br>REVISED  | FY 2017<br>DIFFERENCE | INITIAL<br>DIFFERENCE |
|-------------------------|---------------------|---------------------|---------------------|-----------------------|-----------------------|
| DIRECT BRANCH EXPENSE   | 52,960              | 0                   | 0                   | -52,960               | 0                     |
| E-COMMERCE              | 480                 | 0                   | 0                   | -480                  |                       |
| <b>TOTAL OPERATING</b>  | <b>\$ 782,933</b>   | <b>\$ 696,140</b>   | <b>\$ 938,096</b>   | <b>\$ 155,163</b>     | <b>\$ 241,957</b>     |
|                         |                     |                     |                     | 0                     |                       |
| 31 BRANCH INFO MTRLS    | 639,262             | 444,000             | 443,000             | -196,262              | -1,000                |
| 32 DOWNLOADABLE CONTENT | 0                   | 66,000              | 58,000              | 58,000                | -8,000                |
| 33 BIBLIOGRAPHIC SVCS   | 62,428              | 55,500              | 44,300              | -18,128               | -11,200               |
| 34 READING CENTER MTRLS | 11,954              | 16,000              | 16,000              | 4,046                 | 0                     |
| 35 ONLINE INFORMATION   | 96,424              | 115,000             | 123,492             | 27,068                | 8,492                 |
| <b>TOTAL MATERIALS</b>  | <b>\$ 810,069</b>   | <b>\$ 696,500</b>   | <b>\$ 684,792</b>   | <b>\$ -125,277</b>    | <b>\$ -11,708</b>     |
|                         |                     |                     |                     | 0                     |                       |
| 36 VEHICLE RESERVE      | 8,000               | 2,500               | 8,000               | 0                     | 5,500                 |
| 37 POTEAU OPENING DAY   | 0                   | 0                   | 557,000             | 557,000               | 557,000               |
| <b>TOTAL ASSIGNED</b>   | <b>\$ 8,000</b>     | <b>\$ 2,500</b>     | <b>\$ 565,000</b>   | <b>\$ 557,000</b>     | <b>\$ 562,500</b>     |
|                         |                     |                     |                     | 0                     |                       |
| <b>TOTAL EXPENSES</b>   | <b>\$ 4,849,807</b> | <b>\$ 4,679,349</b> | <b>\$ 5,453,180</b> | <b>\$ 603,373</b>     | <b>\$ 773,831</b>     |

*In prior years all expenses from branch checking accounts were listed under this umbrella category. All expenses are now being reported under budgeted expense categories, typically special programs or grant/donation expenses. These services were cancelled last year and are no longer an expense.*

*FY2017 carried over \$150,000 not spent the prior year. New standing orders and collection tools also allowed us to decrease this category. The decrease from initial to revised is because Hugo children's materials will be expensed from a FY 2017 designated expense.*

*This year we are separating downloadable content from branch informational materials. The revised reduction reflects the credit still remaining from last year's Hoopla implementation.*

*Decreases reflect the lowered materials expenses and corrected formulas.*

*In FY 2016 we temporarily lowered the amount of materials purchased for the reading centers.*

*New databases were added in the past year. Recently, we increased our Tumblebooks access for school and student use.*

*Increasing to \$8,000 will fund 1/3rd of the replacement cost of a van.*

*Funded by the insurance payment, this will cover the materials and furniture necessary for Poteau to reopen.*

|              | # of Full Time Staff | # of Part Time Staff | Total FTE <sup>1</sup> |
|--------------|----------------------|----------------------|------------------------|
| Arkoma       | 2                    | 0                    | 2                      |
| Broken Bow   | 4                    | 3                    | 5.5                    |
| Coalgate     | 4                    | 0                    | 4                      |
| Hartshorne   | 3                    | 0                    | 3                      |
| Heavener     | 2                    | 1                    | 2.5                    |
| Hugo         | 3                    | 1                    | 3.5                    |
| Idabel       | 6                    | 0                    | 6                      |
| McAlester    | 9                    | 5                    | 11.5                   |
| Poteau       | 7                    | 2                    | 8                      |
| Spiro        | 2                    | 1                    | 2.5                    |
| Stigler      | 3                    | 1                    | 3.5                    |
| Talihina     | 2                    | 1                    | 2.5                    |
| Valliant     | 2                    | 1                    | 2.5                    |
| Wilburton    | 3                    | 2                    | 4                      |
| Wister       | 2                    | 1                    | 2.5                    |
| <b>Total</b> | <b>54</b>            | <b>19</b>            | <b>63.5</b>            |

There are no significant staffing changes presented in the revised budget.

<sup>1</sup> Full-Time Equivalent

## **Contingency Plans**

I believe it prudent to have goals and plans in case of a revenue increase or failure. Our revised budget is likely to include higher revenues based on county valuations. A revenue failure would be very unlikely, and in that event we have sufficient cash on hand, but I have outlined areas wherein cuts could be made if necessary.

### **Contingency Plans for Increased Revenue**

- Consideration of staff bonus
- Increasing Vehicle Replacement funds
- Increasing Furniture and Equipment
- Increasing Online Information (there are always more databases that would serve the public)
- Consideration of capital assets such as shelving and furniture

### **Contingency Plans for Decreased Revenue**

- Freezing purchases of Furniture, Marketing, and Special Programs
- Decrease Employee Travel and Continuing Education
- Withhold renewal of Online Information
- Reduce purchases of Branch Informational Materials
- Decrease funding of Reading Center Materials
- Cut professional fee expenses such as the CPA as much as safely possible

As I continually state, the possibility of a revenue failure for SEPLSO is almost non-existent. Although personnel costs make up the largest portion of our expenses, I hope these would be the last categories that would be considered for cutting, and only in extreme circumstances, as I fully believe any revenue failure would be temporary and our cash reserves, along with the contingency cuts above, would support SEPLSO until revenue improved.



Appendix 1  
Detail by County

|                          | <u>Choctaw</u>   | <u>Coal</u>      | <u>Haskell</u>   | <u>Latimer</u>   | <u>Leflore</u>     | <u>McCurtain</u>   | <u>Pittsburg</u>   | <u>Administration</u> | <u>Total</u>       |
|--------------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|-----------------------|--------------------|
| <b>Income</b>            |                  |                  |                  |                  |                    |                    |                    |                       |                    |
| Ad Valorem               | 268,569          | 402,644          | 240,500          | 248,846          | 983,586            | 833,369            | 1,532,998          | -                     | 4,510,512          |
| State Aid                | 8,087            | 4,168            | 6,598            | 6,523            | 21,444             | 18,404             | 18,911             | -                     | 84,136             |
| Interest                 | 5,000            | 5,000            | 5,000            | 5,000            | 5,000              | 5,000              | 5,000              | -                     | 35,000             |
| Insurance Claim          | -                | -                | -                | -                | 558,523            | -                  | -                  | -                     | 558,523            |
| Fees & Charges           | 9,020            | 4,678            | 5,910            | 4,047            | 17,211             | 21,398             | 22,223             | -                     | 84,488             |
| Surplus Sales            | 1,286            | 1,286            | 1,284            | 1,286            | 4,286              | 1,286              | 1,286              | -                     | 12,000             |
| <b>Total Revenue</b>     | <b>\$291,962</b> | <b>\$417,776</b> | <b>\$259,292</b> | <b>\$265,703</b> | <b>\$1,590,051</b> | <b>\$879,457</b>   | <b>\$1,580,418</b> | <b>\$0</b>            | <b>\$5,284,659</b> |
| <b>Expenses</b>          |                  |                  |                  |                  |                    |                    |                    |                       |                    |
| Payroll                  | 115,301          | 111,405          | 101,971          | 116,083          | 580,062            | 426,685            | 458,439            | 356,095               | 2,266,041          |
| FICA Taxes               | 9,224            | 1,114            | 8,158            | 9,287            | 46,405             | 34,135             | 36,675             | 28,488                | 173,485            |
| Unemployment Tax         | 756              | 700              | 682              | 838              | 3,820              | 2,724              | 2,977              | 1,446                 | 13,944             |
| Worker's Comp            | 1,730            | 1,671            | 1,530            | 1,741            | 8,701              | 6,400              | 6,877              | 5,341                 | 33,991             |
| Retirement Fund          | 16,142           | 15,597           | 14,276           | 16,252           | 81,209             | 59,736             | 64,181             | 49,853                | 317,246            |
| Human Resources          | 300              | 300              | 300              | 400              | 1,700              | 800                | 600                | 10,000                | 14,400             |
| Employee Benefits        | 22,034           | 29,378           | 22,034           | 22,034           | 123,022            | 88,135             | 84,463             | 55,085                | 446,186            |
| Utilities                | -                | -                | -                | -                | -                  | -                  | -                  | 5,800                 | 5,800              |
| Telephone                | 1,061            | 1,061            | 1,061            | 1,176            | 6,481              | 3,183              | 2,352              | 1,061                 | 17,436             |
| Board Travel             | -                | -                | -                | -                | -                  | -                  | -                  | 15,000                | 15,000             |
| Continuing Education     | 340              | 780              | 570              | 510              | 3,955              | 2,780              | 2,780              | 12,558                | 24,273             |
| Employee Travel          | 1,750            | 4,653            | 1,950            | 2,554            | 17,825             | 7,877              | 5,802              | 11,553                | 53,964             |
| Postage & Box Rent       | -                | -                | -                | -                | 216                | 86                 | -                  | 12,000                | 12,302             |
| Vehicle Operation        | -                | -                | -                | -                | -                  | -                  | -                  | 10,000                | 10,000             |
| Equipment Rental         | 2,600            | 2,600            | 2,600            | 2,600            | 16,400             | 7,800              | 8,500              | 13,000                | 56,100             |
| Maintenance Contracts    | -                | -                | -                | -                | -                  | -                  | -                  | 140,000               | 140,000            |
| Reading Center Equipment | 3,008            | -                | 1,504            | 1,504            | -                  | -                  | 3,008              | -                     | 9,024              |
| Insurance                | -                | -                | -                | -                | -                  | -                  | -                  | 39,790                | 39,790             |
| Office Supplies          | 2,025            | 2,250            | 2,025            | 1,500            | 7,688              | 6,375              | 11,363             | 3,075                 | 36,300             |
| Speical Programs         | 3,175            | 3,200            | 3,175            | 3,175            | 17,675             | 8,975              | 8,425              | -                     | 47,800             |
| Marketing                | 500              | 500              | 500              | 500              | 3,250              | 1,800              | 1,500              | 5,000                 | 13,550             |
| Memberships              | 97               | 403              | 97               | 194              | 1,774              | 903                | 806                | 797                   | 5,071              |
| Furniture & Equipment    | 1,000            | 4,000            | 1,000            | 1,000            | 2,250              | 1,500              | 11,000             | 1,000                 | 22,750             |
| Audit                    | -                | -                | -                | -                | -                  | -                  | -                  | 15,000                | 15,000             |
| Revaluation              | 10,804           | 6,164            | 15,411           | 7,928            | 19,672             | 12,862             | 30,353             | -                     | 103,194            |
| Internet                 | 1,068            | 1,068            | 1,068            | 1,068            | 6,408              | 3,204              | 2,136              | -                     | 16,020             |
| Computers & Software     | 1,794            | 1,758            | 1,765            | 1,726            | 10,524             | 5,787              | 3,682              | 162,022               | 189,058            |
| Automation Support       | -                | -                | -                | -                | -                  | -                  | -                  | 61,880                | 61,880             |
| Professional Fees        | -                | -                | -                | -                | -                  | -                  | -                  | 39,100                | 39,100             |
| Miscellaneous            | -                | -                | -                | -                | -                  | -                  | -                  | 4,684                 | 4,684              |
| Branch Info. Materials   | 27,000           | 30,000           | 27,000           | 20,000           | 102,500            | 85,000             | 151,500            | -                     | 443,000            |
| Downloadable Materials   | -                | -                | -                | -                | -                  | -                  | -                  | 58,000                | 58,000             |
| Bibliographic Services   | 2,700            | 3,000            | 2,700            | 2,000            | 10,250             | 8,500              | 15,150             | -                     | 44,300             |
| Reading Center Materials | 5,000            | -                | 2,500            | 2,500            | -                  | -                  | 6,000              | -                     | 16,000             |
| Online Information       | -                | -                | -                | -                | -                  | -                  | -                  | 123,492               | 123,492            |
| Vehicle Reserve          | -                | -                | -                | -                | -                  | -                  | -                  | 8,000                 | 8,000              |
| Poteau Opening Day       | -                | -                | -                | -                | 557,000            | -                  | -                  | -                     | 557,000            |
| Administrative Portion   | 68,162           | 65,843           | 63,548           | 64,348           | 483,949            | 230,343            | 272,928            | (1,249,121)           | -                  |
| <b>Total Expenses</b>    | <b>\$297,571</b> | <b>\$287,446</b> | <b>\$277,424</b> | <b>\$280,918</b> | <b>\$2,112,734</b> | <b>\$1,005,590</b> | <b>\$1,191,497</b> | <b>\$0</b>            | <b>\$5,453,180</b> |
| <b>Net Income</b>        | <b>-\$5,608</b>  | <b>\$130,330</b> | <b>-\$18,132</b> | <b>-\$15,215</b> | <b>-\$522,684</b>  | <b>-\$126,133</b>  | <b>\$388,922</b>   |                       | <b>-\$168,521</b>  |





Appendix 2  
Detail by Branch

|                          | <u>Arkoma</u>    | <u>Broken Bow</u> | <u>Coalgate</u>  | <u>Hartshorne</u> | <u>Heavener</u>  | <u>Hugo</u>      | <u>Idabel</u>    | <u>McAlester</u>   |
|--------------------------|------------------|-------------------|------------------|-------------------|------------------|------------------|------------------|--------------------|
| <b>Income</b>            |                  |                   |                  |                   |                  |                  |                  |                    |
| Ad Valorem               | 97,119           | 380,070           | 402,644          | 170,032           | 183,462          | 268,569          | 365,163          | 1,362,966          |
| State Aid                | 2,117            | 8,393             | 4,168            | 2,097             | 4,000            | 8,087            | 8,064            | 16,813             |
| Interest                 | 2,333            | 2,333             | 2,333            | 2,333             | 2,333            | 2,333            | 2,333            | 2,333              |
| Insurance Claim          | -                | -                 | -                | -                 | -                | -                | -                | -                  |
| Fees & Charges           | 745              | 10,598            | 4,678            | 3,564             | 3,537            | 9,020            | 9,828            | 18,659             |
| Surplus Sales            | 600              | 600               | 600              | 600               | 600              | 600              | 600              | 600                |
| <b>Total Revenue</b>     | <b>\$102,915</b> | <b>\$401,995</b>  | <b>\$414,423</b> | <b>\$178,627</b>  | <b>\$193,932</b> | <b>\$288,610</b> | <b>\$385,989</b> | <b>\$1,401,372</b> |
| <b>Expenses</b>          |                  |                   |                  |                   |                  |                  |                  |                    |
| Payroll                  | 64,578           | 157,589           | 111,405          | 100,738           | 68,360           | 115,301          | 192,997          | 357,701            |
| FICA Taxes               | 5,166            | 12,607            | 1,114            | 8,059             | 5,469            | 9,224            | 15,440           | 28,616             |
| Unemployment Tax         | 390              | 1,152             | 700              | 525               | 523              | 756              | 1,050            | 2,452              |
| Worker's Comp            | 969              | 2,364             | 1,671            | 1,511             | 1,025            | 1,730            | 2,895            | 5,366              |
| Retirement Fund          | 9,041            | 22,062            | 15,597           | 14,103            | 9,570            | 16,142           | 27,020           | 50,078             |
| Human Resources          | 300              | 300               | 300              | 200               | 300              | 300              | 300              | 400                |
| Employee Benefits        | 14,689           | 29,378            | 29,378           | 22,034            | 14,689           | 22,034           | 44,068           | 62,429             |
| Utilities                | -                | -                 | -                | -                 | -                | -                | -                | -                  |
| Telephone                | 1,061            | 1,061             | 1,061            | 1,176             | 1,061            | 1,061            | 1,061            | 1,176              |
| Board Travel             | -                | -                 | -                | -                 | -                | -                | -                | -                  |
| Continuing Education     | 720              | 1,055             | 780              | 1,105             | 285              | 340              | 770              | 1,675              |
| Employee Travel          | 4,381            | 3,687             | 4,653            | 3,007             | 1,650            | 1,750            | 2,740            | 2,795              |
| Postage & Box Rent       | 132              | -                 | -                | -                 | 84               | -                | -                | -                  |
| Vehicle Operation        | -                | -                 | -                | -                 | -                | -                | -                | -                  |
| Equipment Rental         | 2,600            | 2,600             | 2,600            | 2,600             | 2,600            | 2,600            | 2,600            | 5,900              |
| Maintenance Contracts    | -                | -                 | -                | -                 | -                | -                | -                | -                  |
| Reading Center Equipment | -                | -                 | -                | -                 | -                | -                | -                | -                  |
| Insurance                | -                | -                 | -                | -                 | -                | -                | -                | -                  |
| Office Supplies          | 750              | 2,625             | 2,250            | 2,513             | 1,238            | 2,025            | 2,850            | 8,850              |
| Speical Programs         | 2,650            | 3,200             | 3,200            | 3,175             | 2,700            | 3,175            | 3,175            | 5,250              |
| Marketing                | 500              | 600               | 500              | 500               | 500              | 500              | 600              | 1,000              |
| Memberships              | 403              | 403               | 403              | 403               | 97               | 97               | 194              | 403                |
| Furniture & Equipment    | 250              | 500               | 4,000            | 1,000             | 250              | 1,000            | 500              | 10,000             |
| Audit                    | -                | -                 | -                | -                 | -                | -                | -                | -                  |
| Revaluation              | 1,942            | 5,866             | 6,164            | 3,367             | 3,669            | 10,804           | 5,636            | 26,986             |
| Internet                 | 1,068            | 1,068             | 1,068            | 1,068             | 1,068            | 1,068            | 1,068            | 1,068              |
| Computers & Software     | 1,709            | 1,825             | 1,758            | 1,732             | 1,749            | 1,794            | 1,867            | 1,950              |
| Automation Support       | -                | -                 | -                | -                 | -                | -                | -                | -                  |
| Professional Fees        | -                | -                 | -                | -                 | -                | -                | -                | -                  |
| Miscellaneous            | -                | -                 | -                | -                 | -                | -                | -                | -                  |
| Branch Info. Materials   | 10,000           | 35,000            | 30,000           | 33,500            | 16,500           | 27,000           | 38,000           | 118,000            |
| Downloadable Materials   | -                | -                 | -                | -                 | -                | -                | -                | -                  |
| Bibliographic Services   | 1,000            | 3,500             | 3,000            | 3,350             | 1,650            | 2,700            | 3,800            | 11,800             |
| Reading Center Materials | -                | -                 | -                | -                 | -                | -                | -                | -                  |
| Online Information       | -                | -                 | -                | -                 | -                | -                | -                | -                  |
| Vehicle Reserve          | -                | -                 | -                | -                 | -                | -                | -                | -                  |
| Poteau Opening Day       | -                | -                 | -                | -                 | -                | -                | -                | -                  |
| Support Services         | 36,932           | 85,703            | 65,843           | 61,108            | 40,123           | 65,783           | 103,586          | 209,143            |
| <b>Total Expenses</b>    | <b>\$161,232</b> | <b>\$374,145</b>  | <b>\$287,446</b> | <b>\$266,774</b>  | <b>\$175,161</b> | <b>\$287,183</b> | <b>\$452,216</b> | <b>\$913,039</b>   |
| <b>Net Income</b>        | <b>-\$58,317</b> | <b>\$27,850</b>   | <b>\$126,977</b> | <b>-\$88,146</b>  | <b>\$18,772</b>  | <b>\$1,426</b>   | <b>-\$66,227</b> | <b>\$488,333</b>   |

|                          | <u>Poteau</u>      | <u>Spiro</u>     | <u>Stigler</u>   | <u>Talihina</u>   | <u>Valliant</u>  | <u>Wilburton</u> | <u>Wister</u>     | <u>Service Center</u> |
|--------------------------|--------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|-----------------------|
| <b>Income</b>            |                    |                  |                  |                   |                  |                  |                   |                       |
| Ad Valorem               | 467,616            | 116,289          | 240,500          | 59,872            | 88,136           | 248,846          | 59,228            | -                     |
| State Aid                | 10,195             | 2,535            | 6,598            | 1,305             | 1,946            | 6,523            | 1,291             | -                     |
| Interest                 | 2,333              | 2,333            | 2,333            | 2,333             | 2,333            | 2,333            | 2,333             | -                     |
| Insurance Claim          | 558,523            | -                | -                | -                 | -                | -                | -                 | -                     |
| Fees & Charges           | 6,000              | 2,957            | 5,910            | 2,700             | 972              | 4,047            | 1,273             | -                     |
| Surplus Sales            | 3,600              | 600              | 600              | 600               | 600              | 600              | 600               | -                     |
| <b>Total Revenue</b>     | <b>\$1,048,267</b> | <b>\$124,714</b> | <b>\$255,942</b> | <b>\$66,811</b>   | <b>\$93,988</b>  | <b>\$262,350</b> | <b>\$64,726</b>   | <b>\$0</b>            |
| <b>Expenses</b>          |                    |                  |                  |                   |                  |                  |                   |                       |
| Payroll                  | 213,175            | 69,096           | 101,971          | 77,830            | 76,098           | 116,083          | 87,022            | 356,095               |
| FICA Taxes               | 17,054             | 5,528            | 8,158            | 6,226             | 6,088            | 9,287            | 6,962             | 28,488                |
| Unemployment Tax         | 1,449              | 438              | 682              | 508               | 522              | 838              | 511               | 1,446                 |
| Worker's Comp            | 3,198              | 1,036            | 1,530            | 1,167             | 1,141            | 1,741            | 1,305             | 5,341                 |
| Retirement Fund          | 29,844             | 9,673            | 14,276           | 10,896            | 10,654           | 16,252           | 12,183            | 49,853                |
| Human Resources          | 300                | 300              | 300              | 200               | 200              | 400              | 300               | 10,000                |
| Employee Benefits        | 49,576             | 14,689           | 22,034           | 14,689            | 14,689           | 22,034           | 14,689            | 55,085                |
| Utilities                | -                  | -                | -                | -                 | -                | -                | -                 | 5,800                 |
| Telephone                | 1,061              | 1,061            | 1,061            | 1,176             | 1,061            | 1,176            | 1,061             | 1,061                 |
| Board Travel             | -                  | -                | -                | -                 | -                | -                | -                 | 15,000                |
| Continuing Education     | 880                | 670              | 570              | 445               | 955              | 510              | 955               | 12,558                |
| Employee Travel          | 3,757              | 2,727            | 1,950            | 2,000             | 1,450            | 2,554            | 3,310             | 11,553                |
| Postage & Box Rent       | -                  | -                | -                | -                 | 86               | -                | -                 | 12,000                |
| Vehicle Operation        | -                  | -                | -                | -                 | -                | -                | -                 | 10,000                |
| Equipment Rental         | 3,400              | 2,600            | 2,600            | 2,600             | 2,600            | 2,600            | 2,600             | 13,000                |
| Maintenance Contracts    | -                  | -                | -                | -                 | -                | -                | -                 | 140,000               |
| Reading Center Equipment | -                  | -                | -                | -                 | -                | -                | -                 | -                     |
| Insurance                | -                  | -                | -                | -                 | -                | -                | -                 | 39,790                |
| Office Supplies          | 3,000              | 900              | 2,025            | 1,050             | 900              | 1,500            | 750               | 3,075                 |
| Speical Programs         | 4,375              | 2,675            | 3,175            | 2,650             | 2,600            | 3,175            | 2,625             | -                     |
| Marketing                | 750                | 500              | 500              | 500               | 600              | 500              | 500               | 5,000                 |
| Memberships              | 403                | 403              | 97               | 97                | 306              | 194              | 371               | 797                   |
| Furniture & Equipment    | 1,000              | 250              | 1,000            | 250               | 500              | 1,000            | 250               | 1,000                 |
| Audit                    | -                  | -                | -                | -                 | -                | -                | -                 | 15,000                |
| Revaluation              | 9,352              | 2,326            | 15,411           | 1,197             | 1,360            | 7,928            | 1,185             | -                     |
| Internet                 | 1,068              | 1,068            | 1,068            | 1,068             | 1,068            | 1,068            | 1,068             | -                     |
| Computers & Software     | 1,943              | 1,716            | 1,765            | 1,704             | 2,095            | 1,726            | 1,703             | 162,022               |
| Automation Support       | -                  | -                | -                | -                 | -                | -                | -                 | 61,880                |
| Professional Fees        | -                  | -                | -                | -                 | -                | -                | -                 | 39,100                |
| Miscellaneous            | -                  | -                | -                | -                 | -                | -                | -                 | 4,684                 |
| Branch Info. Materials   | 40,000             | 12,000           | 27,000           | 14,000            | 12,000           | 20,000           | 10,000            | -                     |
| Downloadable Materials   | -                  | -                | -                | -                 | -                | -                | -                 | 58,000                |
| Bibliographic Services   | 4,000              | 1,200            | 2,700            | 1,400             | 1,200            | 2,000            | 1,000             | -                     |
| Reading Center Materials | -                  | -                | -                | -                 | -                | -                | -                 | -                     |
| Online Information       | -                  | -                | -                | -                 | -                | -                | -                 | 123,492               |
| Vehicle Reserve          | -                  | -                | -                | -                 | -                | -                | -                 | 8,000                 |
| Poteau Opening Day       | 557,000            | -                | -                | -                 | -                | -                | -                 | -                     |
| Support Services         | 281,252            | 38,881           | 62,358           | 42,089            | 41,055           | 63,158           | 44,673            | (1,249,121)           |
| <b>Total Expenses</b>    | <b>\$1,227,838</b> | <b>\$169,738</b> | <b>\$272,231</b> | <b>\$183,744</b>  | <b>\$179,229</b> | <b>\$275,724</b> | <b>\$195,023</b>  | <b>\$0</b>            |
| <b>Net Income</b>        | <b>-\$179,570</b>  | <b>-\$45,023</b> | <b>-\$16,289</b> | <b>-\$116,933</b> | <b>-\$85,241</b> | <b>-\$13,374</b> | <b>-\$130,297</b> | <b>\$0</b>            |

|                          | <u>Boswell</u>  | <u>Kiowa</u>    | <u>McCurtain</u> | <u>Pickens</u>  | <u>Quinton</u>  | <u>Red Oak</u>  | <u>Total</u>       |
|--------------------------|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|--------------------|
| <b>Income</b>            |                 |                 |                  |                 |                 |                 |                    |
| Ad Valorem               | -               | -               | -                | -               | -               | -               | 4510512            |
| State Aid                | -               | -               | -                | -               | -               | -               | 84136              |
| Interest                 | -               | -               | -                | -               | -               | -               | 35000              |
| Insurance Claim          | -               | -               | -                | -               | -               | -               | 558523             |
| Fees & Charges           | -               | -               | -                | -               | -               | -               | 84488              |
| Surplus Sales            | -               | -               | -                | -               | -               | -               | 12000              |
| <b>Total Revenue</b>     | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>       | <b>\$0</b>      | <b>\$0</b>      | <b>\$0</b>      | <b>\$5,284,659</b> |
| <b>Expenses</b>          |                 |                 |                  |                 |                 |                 |                    |
| Payroll                  | -               | -               | -                | -               | -               | -               | 2,266,041          |
| FICA Taxes               | -               | -               | -                | -               | -               | -               | 173,485            |
| Unemployment Tax         | -               | -               | -                | -               | -               | -               | 13,944             |
| Worker's Comp            | -               | -               | -                | -               | -               | -               | 33,991             |
| Retirement Fund          | -               | -               | -                | -               | -               | -               | 317,246            |
| Human Resources          | -               | -               | -                | -               | -               | -               | 14,400             |
| Employee Benefits        | -               | -               | -                | -               | -               | -               | 446,186            |
| Utilities                | -               | -               | -                | -               | -               | -               | 5,800              |
| Telephone                | -               | -               | -                | -               | -               | -               | 17,436             |
| Board Travel             | -               | -               | -                | -               | -               | -               | 15,000             |
| Continuing Education     | -               | -               | -                | -               | -               | -               | 24,273             |
| Employee Travel          | -               | -               | -                | -               | -               | -               | 53,964             |
| Postage & Box Rent       | -               | -               | -                | -               | -               | -               | 12,302             |
| Vehicle Operation        | -               | -               | -                | -               | -               | -               | 10,000             |
| Equipment Rental         | -               | -               | -                | -               | -               | -               | 56,100             |
| Maintenance Contracts    | -               | -               | -                | -               | -               | -               | 140,000            |
| Reading Center Equipment | 1,504           | 1,504           | 1,504            | 1,504           | 1,504           | 1,504           | 9,024              |
| Insurance                | -               | -               | -                | -               | -               | -               | 39,790             |
| Office Supplies          | -               | -               | -                | -               | -               | -               | 36,300             |
| Speical Programs         | -               | -               | -                | -               | -               | -               | 47,800             |
| Marketing                | -               | -               | -                | -               | -               | -               | 13,550             |
| Memberships              | -               | -               | -                | -               | -               | -               | 5,071              |
| Furniture & Equipment    | -               | -               | -                | -               | -               | -               | 22,750             |
| Audit                    | -               | -               | -                | -               | -               | -               | 15,000             |
| Revaluation              | -               | -               | -                | -               | -               | -               | 103,194            |
| Internet                 | -               | -               | -                | -               | -               | -               | 16,020             |
| Computers & Software     | -               | -               | -                | -               | -               | -               | 189,058            |
| Automation Support       | -               | -               | -                | -               | -               | -               | 61,880             |
| Professional Fees        | -               | -               | -                | -               | -               | -               | 39,100             |
| Miscellaneous            | -               | -               | -                | -               | -               | -               | 4,684              |
| Branch Info. Materials   | -               | -               | -                | -               | -               | -               | 443,000            |
| Downloadable Materials   | -               | -               | -                | -               | -               | -               | 58,000             |
| Bibliographic Services   | -               | -               | -                | -               | -               | -               | 44,300             |
| Reading Center Materials | 2,500           | 3,000           | 2,500            | 2,500           | 3,000           | 2,500           | 16,000             |
| Online Information       | -               | -               | -                | -               | -               | -               | 123,492            |
| Vehicle Reserve          | -               | -               | -                | -               | -               | -               | 8,000              |
| Poteau Opening Day       | -               | -               | -                | -               | -               | -               | 557,000            |
| Support Services         | 1,190           | 1,338           | 1,190            | 1,190           | 1,338           | 1,190           | 0                  |
| <b>Total Expenses</b>    | <b>\$5,194</b>  | <b>\$5,842</b>  | <b>\$5,194</b>   | <b>\$5,194</b>  | <b>\$5,842</b>  | <b>\$5,194</b>  | <b>\$5,453,180</b> |
| <b>Net Income</b>        | <b>-\$5,194</b> | <b>-\$5,842</b> | <b>-\$5,194</b>  | <b>-\$5,194</b> | <b>-\$5,842</b> | <b>-\$5,194</b> | <b>-\$168,521</b>  |



Appendix 3  
Definitions of Line Items

## Income & Carryover

**Ad Valorem Revenue:** The majority of SEPLSO's funding comes from 4-mil property tax approved by voters. What this means is that for every dollar assessed in property tax within our counties, we receive 1/1000<sup>th</sup> of each 4 times, or \$4 for every \$1,000 assessed.

**State Aid:** We receive a portion of funds appropriated to the Oklahoma Department of Libraries, dependent upon our compliance with their rules, mostly focused on the hours each branch is open.

**Interest:** SEPLSO receives income from investments that typically include checking accounts and certificates of deposit.

**Insurance Claim:** Payments received from our insurance company in the event of an incident that requires a claim.

**Fees & Charges:** SEPLSO branches charge fees for specific services to offset costs. These services include copying and printing, faxing and interlibrary loan. We also collect overdue charges and replacement material charges when circulated materials are not returned or returned damaged.

## Expenses

1. Payroll: Salary and wages for all SEPLSO employees.
- 2 & 3. FICA and Unemp. Tax: Payroll taxes required for each employee.
4. Workers' Comp: Insurance paid per employee that covers workman's compensation claims.
5. Retirement Fund: SEPLSO uses a profit-sharing model and makes an annual lump sum contribution on behalf of eligible employees. SEPLSO has been budgeting 14% of the payroll line item for placement in the plan.
6. Human Resources: Covers payroll and timekeeping expenses. It also covers ads for open positions.
7. Employee Benefits: The health, dental and vision insurance paid for employees who work 25 or more hours per week.
8. Utilities: SEPLSO pays the City of McAlester a percentage of the utility bills of the 401 N 2<sup>nd</sup> facilities in lieu of rent for the Service Center facilities. Most systems own or rent their service center.
9. Telephone: The costs of maintaining phone services. All of SEPLSO's phone services are provided with VoIP (Voice over Internet) technology and we maintain no traditional telephone lines.
10. Board Travel: Mileage reimbursement for board and committee meetings paid to SEPLSO board members. This item can also include travel to conferences if you choose to send members.

11. Continuing Education: The registration cost of workshops and conferences attended by staff. Also covers the costs of staff meetings.

12. Employee Travel: Mileage, meals, lodging and other expense incurred by staff for conducting SEPLSO business or attending continuing education activities.

13. Postage & Box Rental: Our postage needs mostly involve sending books through ILL and sending out overdue notices.

14. Vehicle Operation: Gas, turnpike fees, and maintenance costs for the two SEPLSO vans.

15. Equipment Rental and Repair: Lease of copy machines, a postage machine in the Service Center, and miscellaneous repair costs.

16. Maintenance Contracts: Maintenance contracts with Sporos Computer Service for IT support and leasing contracts for each location's copy machine.

17. Reading Center Equipment: Leased copiers and Wi-Fi hotspots provided in SEPLSO's 6 reading centers.

18. Insurance: Property insurance to protect the value of the contents of SEPLSO's facilities, vehicle insurance, and liability insurance.

19. Office Supplies: General supplies require for operation.

20. Special Programs & Supplies: Materials, supplies and presenter fees for special library programs and performer for special programs.

21. Marketing: Covers the cost of marketing materials including flyers, ads, and other promotional services.

22. Memberships: SEPLSO pays for the membership in professional organizations such as OLA or ALA when it will save money when staff are attending conferences or workshops.

23. Furniture & Equipment: Covers chairs, desks, shelves and other furniture needed in the branches or Service Center.

24. Audit: State statues require that SEPLSO receive a professional audit of our finances each year.

25. Revaluation: Counties receive a percentage of the ad valorem taxes they collect on behalf of SEPLSO. The revaluation fee is that percentage.

26. Internet: The cost of Internet access at all SEPLSO locations. This amount is discounted by the federal e-Rate program and further subsidized by the Oklahoma Universal Service Fund.

27. Computers & Software: Replacement and upgrades to public and staff computers and technology as well as the various applications and programs used on SEPLSO computers.

28. Automation Support: The cost of maintaining our materials and customer databases and web services including catalog.

29. Professional Fees: The cost of outside consultants such as accountants and legal representation.

30. Miscellaneous: This line item is a catch-all for any expenses not anticipated that do not fall within a category described by another line item.

31. Branch Informational Materials: All books, DVDs, CDs, audiobooks, magazines, or other physical material bought for loan to the public.

32. Downloadable Materials: Includes downloadable items such as eBooks, eAudiobooks, and eMagazines.

33. Bibliographic Services: The costs of processing library materials including barcodes, labels, and cases for media such as DVDs and CDs.

34. Reading Center Materials: All physical materials that are bought for SEPLSO's reading centers and outreach locations.

35. Online Information: Web services that can be accessed by library computers and, in most cases, from home. Includes Ancestry Library Edition, Auto Repair Reference Center, Pronunciator language learning, NewsBank which provides access to local newspapers, TumbleBooks, tutor.com, and many others.

36. Vehicle Replacement: SEPLSO uses two vehicles to make deliveries and transport staff for business. We plan to replace one every three years.

37. Poteau Opening Day: Funded by an insurance claim, this category covers the costs of new materials and furniture necessary to open the Poteau library after the May 20<sup>th</sup>, 2017 sewage backup.