



Southeastern Public Library
System of Oklahoma

Initial Budget
FY 2018

Presented to the SEPLSO Board May 9, 2017

APPROVED
05-09-2017

Introduction to FY 2018 Initial Budget

By statute, SEPLSO must submit a budget for the following fiscal year by June 1st to the Oklahoma Department of Libraries. We call this our initial budget because our best guesses for income and expenses are exactly that at this time of year-just guesses. No later than November, after tax valuations are provided from the counties, a final budget will be presented to the SEPLSO Board for approval. Because of these limitations, this initial budget was calculated in a very conservative manner.

Without property valuations for FY 2018 available yet, we can only rely on recent trends when estimating the largest portion of our revenue, ad valorem taxes. Recent trends indicate strong growth should be anticipated in most SEPLSO counties, but the ad valorem revenue budgeted herein is but half of what has recently been shown. In Latimer and Haskell Counties the ad valorem revenue has been estimated slightly less than this year's valuations based on recent trends, though I have hopes that the declining revenue, especially in Latimer County, will soon begin swinging upward.

Most expense categories show reduction in this budget. For many categories, SEPLSO has been able to reduce expenses recently. The largest change you will note in this proposed budget is a large reduction in physical materials (books, DVDs, audiobooks, etc) For years the physical budget has remained constant despite increases in downloadable content, web services, programming, and computer services. A large portion of this cut will be absorbed by cutting magazines, which remain popular only in our largest branches in Poteau and McAlester. After valuations are received in the fall, I hope to propose an increase in this budget in November's final budget.

I would like to end with 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. And an extra special appreciation goes to our administrative team of Rhonda Tidwell and Charlene McDonald who enter and manage most of our financial information.

Sincerely,

Michael Hull
Executive Director

May 1st, 2017



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INCOME & CARRYOVER	AD VALOREM INCOME	\$4,468,605
	STATE AID	\$79,461
	INTEREST	\$25,000
	FEES & CHARGES	\$88,432
	TOTAL REVENUE:	\$4,661,499

	CARRYOVER (ALA Attendance)	\$17,850
	TOTAL AVAILABLE FUNDS:	\$4,679,349

EXPENSES	1. PAYROLL	\$2,283,842
	2. FICA TAXES	\$167,297
	3. UNEMP. TAX	\$13,016
	4. WORKERS' COMP	\$34,258
	5. RETIREMENT FUND	\$319,738
	6. HUMAN RESOURCES	\$14,400
	7. EMPLOYEE BENEFITS	\$451,659
	8. UTILITIES	\$5,800
	9. TELEPHONE	\$19,420
	10. BOARD TRAVEL	\$10,000
	11. CONTINUING EDUC	\$16,640
	12. EMPLOYEE TRAVEL	\$55,674
	13. POSTAGE & BOX RENT	\$12,302
	14. VEHICLE OPERATION	\$10,000
	15. EQUIP RENTAL	\$55,942
	16. MAINT. CONTRACTS	\$140,000
	17. READING CENTER EQUIPMENT	\$9,024
	18. INSURANCE	\$27,000
	19. OFFICE SUPPLIES	\$36,300
	20. SPEC PROG & SUPP	\$31,000
	21. MARKETING	\$10,050
	22. MEMBERSHIPS	\$6,239
	23. FURN & EQUIPMENT	\$22,750
	24. AUDIT	\$15,000
	25. REVALUATION	\$96,527
	26. INTERNET	\$16,020
	27. COMPUTER EQUIP	\$6,300
	28. COMPUTER SOFTWARE	\$15,662
	29. AUTOMATION SUPPORT	\$60,810
	30. PROFESSIONAL FEES	\$13,000
	31. MISCELLANEOUS	\$4,680
	32. BRANCH INFO MTRLS	\$444,000
	33. DOWNLOADABLE MATERIALS	\$66,000
	34. BIBLIOGRAPHIC SVCS	\$55,500
	35. READING CENTER MTRLS	\$16,000
	36. ONLINE INFORMATION	\$115,000
	37. VEHICLE RESERVE	\$2,500
	TOTAL EXPENSES:	\$4,679,349

FY 2018 Projected Cash Flow

This first section is intended to give you a picture of the financial health of SEPLSO throughout the year. Of course, at this time of year the first numbers are purely estimates based on the current balances of SEPLSO's accounts, our remaining anticipated ad valorem revenue, and the typical year-end expenses. SEPLSO should end fiscal year 2017 with over \$6,000,000 in its bank accounts and CDs. This is well above the anticipated expenses of \$4,680,000, and even FY 2017's \$4,877,150.

This initial budget has anticipated \$4,661,500 in revenue and \$4,679,349 in expenses. This would leave SEPLSO accounts with approximately \$6,517,150 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 the next 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 unmarked reserve.

FY 2018 Projected Cashflow

Funds Balance July 1, 2017 (estimated)

SEPLSO Primary Checking Account	\$360,000
SEPLSO Secondary Checking Account	\$5,740,000
Local Branch Accounts	\$35,000
CDs (Automation & Computer Reserves)	\$400,000
Total SEPLSO Funds July 1, 2017:	\$6,535,000

FY 2018 Projected Income

Ad Valorem	\$4,468,605
State Aid (estimated)	\$79,461
Interest (estimated)	\$25,000
Fees & Charges (estimated)	\$88,432
Total Estimated FY 2018 Income	\$4,661,499

Total Funds Available FY 2018: \$11,196,499

FY 2018 Estimated Expenses: (\$4,679,349)

Estimated Funds Balance June 30, 2018: \$6,517,150

**Restricted & Dedicated Funds*

<i>Children's Reading Charitable Trust grant</i>	\$247,464
<i>Hartshorne furniture and equipment</i>	\$44,707
<i>Vehicle replacement</i>	\$8,000
Total Restricted Funds:	\$300,171

Projected Revenues

As indicated in my introductory letter, SEPLSO's ad valorem history indicates strong growth. However, for this initial budget I have used very conservative estimates. The patterns of five SEPLSO counties indicate growth, and for those five counties I have projected ad valorem growth at half of the FY16-FY17 growth. Ad Valorem in Haskell and Latimer Counties has shrunk the past couple years, so although I suspect that may change relatively soon, I have estimated a decrease in ad valorem revenue.

You have heard for years that state aid is shrinking. The state of Oklahoma's budget woes suggest another sharp decrease in state funding. 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. For FY 2018, I am anticipating a 15% decrease (FY 2017 saw a 12% decrease).

Our accounts do not generate much interest due to low rates, but they have been consistently generating \$25,000 the past several years.

FY 2017's fees and charges seem to be coming in below expectation slightly, and for that reason the anticipated fees and charges for FY 2018 has been slightly decreased based on the expected final FY 2017 income from Fees and Charges.

Ad Valorem	FY 2017	Estimated Growth	FY2018
Choctaw County	\$ 264,000	1.50%	\$ 267,960
Coal County	\$ 407,000	1.00%	\$ 411,070
Haskell County	\$ 222,000	-2.00%	\$ 217,560
Latimer County	\$ 230,000	-4.00%	\$ 220,800
LeFlore County	\$ 969,000	1.50%	\$ 983,535
McCurtain County	\$ 820,000	3.00%	\$ 844,600
Pittsburg County	\$ 1,508,000	1.00%	\$ 1,523,080
Total Ad Valorem:	\$ 4,420,000	1.10%	\$ 4,468,605

State Aid	FY 2017	Estimated Growth	FY2018
Choctaw County	\$ 8,986	-0.15	\$ 7,638
Coal County	\$ 4,631	-0.15	\$ 3,936
Haskell County	\$ 7,331	-0.15	\$ 6,231
Latimer County	\$ 7,248	-0.15	\$ 6,161
LeFlore County	\$ 23,827	-0.15	\$ 20,253
McCurtain County	\$ 20,449	-0.15	\$ 17,382
Pittsburg County	\$ 21,012	-0.15	\$ 17,860
Total State Aid	\$ 93,484.00	-0.15	\$ 79,461

Interest	
FY16	\$ 25,000
FY17	\$ 25,000
Est. FY18	\$ 25,000

Fees & Charges	FY 2016	FY 2017	FY 2018
Arkoma	\$ 818	\$ 760	\$ 745
Broken Bow	\$ 11,665	\$ 10,814	\$ 10,598
Coalgate	\$ 5,106	\$ 4,773	\$ 4,678
Hartshorne	\$ 4,371	\$ 3,637	\$ 3,564
Heavener	\$ 2,763	\$ 3,609	\$ 3,537
Hugo	\$ 9,353	\$ 9,204	\$ 9,020
Idabel	\$ 10,150	\$ 10,029	\$ 9,828
McAlester	\$ 18,930	\$ 19,040	\$ 18,659
Poteau	\$ 11,311	\$ 10,147	\$ 9,944
Spiro	\$ 2,199	\$ 3,017	\$ 2,957
Stigler	\$ 5,961	\$ 6,031	\$ 5,910
Talihina	\$ 3,016	\$ 2,755	\$ 2,700
Valliant	\$ 1,110	\$ 992	\$ 972
Wilburton	\$ 4,652	\$ 4,130	\$ 4,047
Wister	\$ 1,282	\$ 1,299	\$ 1,273
	\$ 92,687	\$ 90,237	\$ 88,432

FY17 vs FY18 Comparisons

To help put the budget items in context, I have provided comparisons with FY 2017's final budget. This page highlights the dollar difference in categories with explanatory notes.

Despite having added extra staff and the inclusion of a proposed 1% raise to the staff, the payroll costs have decreased by nearly \$30,000. The biggest reason for a decrease is that four long-term staff retired (Head Librarians Carol Burgess, Arkoma; Margie Jump, Coalgate; Latoyah Pendergraft, Wilburton and Library Assistant Carole Gill, Poteau). The difference in salaries is due to SEPLSO's Longevity Policy. We have also been able to replace a couple full-time positions with part-time, meaning \$7,500 per year, per employee in health insurance costs has been saved. This draft budget also includes an additional part-time employee in Poteau and promotions for two McAlester positions so that they can handle more duties and responsibilities.

Our phone costs decreased by a third because we have deactivated all traditional telephone lines in preparation of e-rate's cutting of funding traditional phone lines. This leaves only our VOiP phone service.

I rebalanced the Continuing Education and Employee Travel categories. These two items are closely related as continuing education often results in employee travel charges. This was an oversight on my part in FY17 that has been corrected to accurately reflect the expenses and prevent the Employee Travel category from going over budget.

Computer and software costs have been lowered due to plans to use the computer reserve to replace SEPLSO computers. The amount normally budgeted for this item will be returned in the FY19 budget.

I am sure you have noticed a significant decrease in Branch Informational Materials. The first factor in this is that for FY17, \$95,000 was budgeted from carryover and reserves to keep the materials budget flat. The physical materials budget has remained relatively flat for many years, despite growth in downloadable content and web services. I believe it is time to finally cut the materials budget to reflect our shift in services to other areas. The 5-year average spent on physical materials at SEPLSO is \$485,622. The proposed budget is \$41,000 less than that. \$41,000 may seem like a lot, but approximately \$9,000 of that will come from cutting magazines subscriptions. I also believe it is a conservative estimate to state that another \$10,000 is being wasted by over-purchasing of mass-market paperbacks and end-of-the-year shopping sprees, when materials are purchased not to meet demand, but to expend the budget. So in reality this budget proposes about \$20,000 in cuts to valued physical materials. I strongly believe that the revised budget this fall, which will be based on actual property valuations, will allow us to restore the \$20,000 to the materials budget. If you are reluctant to lower the physical materials budget this much, I then propose delaying the 1% raise for the staff, which would lower personnel costs by \$20,000.

Finally, this budget contain proposed increases in the services we provide our Reading Center Partners. In addition to restoring materials funding to FY16 levels, Wi-Fi access and printers can be provided for all six reading centers for less than \$10,000.

Final FY17 vs Initial FY18 Comparison FY17 vs FY18 Expense Comparison

	FY17 Final	FY18 Initial	Difference	Comments
AD VALOREM INCOME	\$4,444,505	\$4,468,605	\$24,100	<i>Very conservatavite estimated growth of 1.1%</i>
STATE AID SHARE	\$93,486	\$79,461	(\$14,025)	<i>Anticipated 15% decline</i>
INTEREST	\$22,000	\$25,000	\$3,000	<i>Adjusted to match historical revenue</i>
FEES & CHARGES	\$92,312	\$88,432	(\$3,879)	<i>Lowered based on FY17 revenue</i>
CARRYOVER/FROM RESERVES	\$224,846	\$17,850	(\$206,996)	<i>Conference Attendance approved in FY2017</i>
TOTAL FUNDS	\$4,877,149	\$4,679,349	(\$197,800)	
PAYROLL	\$2,308,054	\$2,283,842	(\$24,212)	<i>Absorbed Extra Help line item; includes 1% raise</i>
FICA TAXES	\$167,824	\$167,297	(\$527)	
UNEMP. TAX	\$13,536	\$13,016	(\$520)	
WORKERS' COMP	\$34,621	\$34,258	(\$363)	
RETIREMENT FUND	\$320,385	\$319,738	(\$647)	
HUMAN RESOURCES	\$14,400	\$14,400	\$0	
EMPLOYEE BENEFITS	\$455,056	\$451,659	(\$3,397)	
TOTAL PERSONNEL	\$3,313,876	\$3,284,209	(\$29,667)	<i>4 long-term employees retired in FY17</i>
UTILITIES	\$5,800	\$5,800	\$0	
TELEPHONE	\$29,297	\$19,420	(\$9,877)	<i>POTS lines deactivated; only VOIP costs remain</i>
BOARD TRAVEL	\$12,500	\$10,000	(\$2,500)	
CONTINUING EDUC	\$55,865	\$16,640	(\$39,225)	<i>These two line items, which are closely related,</i>
EMPLOYEE TRAVEL	\$29,173	\$55,674	\$26,501	<i>have been rebalanced for accuracy</i>
POSTAGE & BOX RENT	\$12,295	\$12,302	\$7	
VEHICLE OPERATION	\$15,000	\$10,000	(\$5,000)	<i>FY17 (First year w/2 vans) was under budget</i>
EQUIPMENT RENTAL & REPAIR	\$21,678	\$55,942	\$34,264	<i>Absorbed part of Equipmment Repair</i>
MAINT. CONTRACTS	\$137,782	\$140,000	\$2,218	<i>Absorbed part of Equipmment Repair</i>
READING CENTER EQUIPMENT	0	\$9,024.00	\$9,024	<i>New Category for Wi-Fi hotspots and printers</i>
INSURANCE	\$27,000	\$27,000	\$0	
OFFICE SUPPLIES	\$38,153	\$36,300	(\$1,853)	
SPEC PROG & SUPP	\$30,000	\$31,000	\$1,000	
MARKETING	\$7,700	\$10,050	\$2,350	
MEMBERSHIPS	\$3,347	\$6,239	\$2,892	
FURN & EQUIPMENT	\$35,000	\$22,750	(\$12,250)	<i>Lowered until revised FY18 budget.</i>
AUDIT	\$15,000	\$15,000	\$0	
REVALUATION	\$97,003	\$96,527	(\$476)	
INTERNET	\$16,020	\$16,020	\$0	
COMPUTER EQUIP	\$45,249	\$6,300	(\$38,949)	<i>Reserves will be used to replace computers</i>
COMPUTER SOFTWARE	\$24,281	\$15,662	(\$8,619)	
AUTOMATION SUPPORT	\$75,000	\$60,810	(\$14,190)	<i>FY17 saw many one-time upgrade costs</i>
PROFESSIONAL FEES	\$33,000	\$13,000	(\$20,000)	<i>End of Poteau security contract</i>
MISCELLANEOUS	\$5,239	\$4,680	(\$559)	
ECOMMERCE	\$2,000	\$0	(\$2,000)	<i>Category eliminated</i>
TOTAL OPERATING	\$773,382	\$696,140	(\$75,242)	
BRANCH INFO MTRLS	\$528,700	\$444,000	(\$84,700)	<i>\$95,000 of FY17 was carried over from FY16</i>
DOWNLOADABLE MTRLS	\$66,000	\$66,000	\$0	
BIBLIOGRAPHIC SVCS	\$77,311	\$55,500	(\$21,811)	<i>Reflects decrease in materials cost</i>
READING CENTER MTRLS	\$14,000	\$16,000	\$2,000	
ONLINE INFORMATION	\$95,881	\$115,000	\$19,119	<i>Addition of EDS, Fold 3, and increased Tutor</i>
TOTAL MATERIALS	\$781,892	\$696,500	(\$85,392)	
VEHICLE RESERVE	\$8,000	\$2,500	(\$5,500)	<i>Lowered until revised F18 budget</i>
TOTAL RESTRICTED FUNDS	\$8,000	\$2,500	(\$5,500)	
Total Expenses	\$4,877,150	\$4,679,349	(\$195,801)	

Projected Expenses

The data on the following page provides further breakdown of expense categories. You can see what portion of the budget each line item is, and compare with FY17 by dollar and percentage difference.

Southeastern Public Library System Of Oklahoma
Projected Expenses for Fiscal Year 2017

		FY 2018 INITIAL BUDGET		FY 2017 FINAL BUDGET		Projected Expenses	
						DIFFERENCE	
1.	PAYROLL	\$2,283,842	48.81%	\$2,308,054	47.32%	-1.05%	(\$24,212)
2.	FICA TAXES	\$167,297	3.58%	\$167,824	3.44%	-0.31%	(\$527)
3.	UNEMP. TAX	\$13,016	0.28%	\$13,536	0.28%	-3.84%	(\$520)
4.	WORKERS' COMP	\$34,258	0.73%	\$34,621	0.71%	-1.05%	(\$363)
5.	RETIREMENT FUND	\$319,738	6.83%	\$320,385	6.57%	-0.20%	(\$647)
6.	HUMAN RESOURCES	\$14,400	0.31%	\$14,400	0.30%	0.00%	\$0
7.	EMPLOYEE BENEFITS	\$451,659	9.65%	\$455,056	9.33%	0.00%	(\$3,397)
	TOTAL PERSONNEL	\$3,284,209	70.19%	\$3,313,876	67.95%	-0.90%	(\$29,667)
8.	UTILITIES	\$5,800	0.12%	\$5,800	0.12%	0.00%	\$0
9.	TELEPHONE	\$19,420	0.42%	\$29,297	0.60%	-33.71%	(\$9,877)
10.	BOARD TRAVEL	\$10,000	0.21%	\$12,500	0.26%	-20.00%	(\$2,500)
11.	CONTINUING EDUC	\$16,640	0.36%	\$55,865	1.15%	-70.21%	(\$39,225)
12.	EMPLOYEE TRAVEL	\$55,674	1.19%	\$29,173	0.60%	90.84%	\$26,501
13.	POSTAGE & BOX RENT	\$12,302	0.26%	\$12,295	0.25%	0.06%	\$7
14.	VEHICLE OPERATION	\$10,000	0.21%	\$15,000	0.31%	-33.33%	(\$5,000)
15.	EQUIP RENTAL & REPAIR	\$55,942	1.20%	\$21,678	0.44%	158.06%	\$34,264
16.	MAINT. CONTRACTS	\$140,000	2.99%	\$137,782	2.83%	1.61%	\$2,218
17.	READING CENTER EQUIP.	\$9,024	0.19%	\$0	0.00%	n/a	\$9,024
18.	INSURANCE	\$27,000	0.58%	\$27,000	0.55%	0.00%	\$0
19.	OFFICE SUPPLIES	\$36,300	0.78%	\$38,153	0.78%	-4.86%	(\$1,853)
20.	SPEC PROG & SUPP	\$31,000	0.66%	\$30,000	0.62%	3.33%	\$1,000
21.	MARKETING	\$10,050	0.21%	\$7,700	0.16%	30.52%	\$2,350
22.	MEMBERSHIPS	\$6,239	0.13%	\$3,347	0.07%	86.41%	\$2,892
23.	FURN & EQUIPMENT	\$22,750	0.49%	\$35,000	0.72%	-35.00%	(\$12,250)
24.	AUDIT	\$15,000	0.32%	\$15,000	0.31%	0.00%	\$0
25.	REVALUATION	\$96,527	2.06%	\$97,003	1.99%	-0.49%	(\$476)
26.	INTERNET	\$16,020	0.34%	\$16,020	0.33%	0.00%	\$0
27.	COMPUTER EQUIP	\$6,300	0.13%	\$45,249	0.93%	-86.08%	(\$38,949)
28.	COMPUTER SOFTWARE	\$15,662	0.33%	\$24,281	0.50%	-35.50%	(\$8,619)
29.	AUTOMATION SUPPORT	\$60,810	1.30%	\$75,000	1.54%	-18.92%	(\$14,190)
30.	PROFESSIONAL FEES	\$13,000	0.28%	\$33,000	0.68%	-60.61%	(\$20,000)
31.	MISCELLANEOUS	\$4,680	0.10%	\$5,239	0.11%	-10.67%	(\$559)
	E-COMMERCE	\$0	0.00%	\$2,000	0.04%		
	TOTAL OPERATING	\$696,140	14.88%	\$773,382	15.86%	-9.99%	(\$77,242)
32.	BRANCH INFO MTRLS	\$444,000	9.49%	\$528,700	10.84%	-16.02%	(\$84,700)
33.	DOWNLOADABLE CONTEN	\$66,000	1.41%	\$66,000	1.35%	0.00%	\$0
34.	BIBLIOGRAPHIC SVCS	\$55,500	1.19%	\$77,311	1.59%	-28.21%	(\$21,811)
35.	READING CENTER MTRLS	\$16,000	0.34%	\$14,000	0.29%	14.29%	\$2,000
36.	ONLINE INFORMATION	\$115,000	2.46%	\$95,881	1.97%	19.94%	\$19,119
	TOTAL MATERIALS	\$696,500	14.88%	\$781,892	16.03%	-10.92%	(\$85,392)
39.	VEHICLE RESERVE	\$2,500	0.05%	\$8,000	0.16%	0.00%	(\$5,500)
	TOTAL RESTRICTED	\$2,500	0.05%	\$8,000	0.16%	0.00%	(\$5,500)
	TOTAL EXPENSES	\$4,679,349		\$4,877,150		-4.06%	(\$197,801)

	# of Full Time Staff	# of Part Time Staff	Total FTE ¹
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
Total	54	19	63.5

The Initial FY 2018 Budget and the FTE count above include:

- 1% raise for current staff.
- Additional part time aide for Poteau
- Reclassification of 2 McAlester Library Assistants to Senior Library Assistants so that they can assume more duties and responsibilities.

¹ 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 1% of personnel budget for staff incentive
- Increasing Branch Informational Materials by up to \$30,000
- Increasing Special Programs by up to \$10,000
- Increasing Vehicle Reserve by up to \$7,000
- Increasing Furniture and Equipment by up to \$15,000
- Increasing Online Information by up to \$8,000
- Adding hours and benefits to a part-time position in Hugo
- Consideration of other part-time needs in all branches

Contingency Plans for Decreased Revenue

- Hold on Employee Travel and Continuing Education
- Hold on Computer Equipment and Computer Software
- Decreases to Special Programs and Marketing
- Decreases to Online Information and Branch Informational Materials
- Cuts to Reading Center Materials

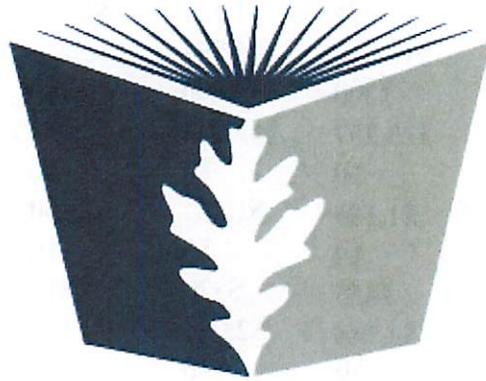
As I continually state, the possibility of a revenue failure for SEPLSO is almost non-existent. Although personnel costs make up the largest portion of our expenses, I hope these would be the last categories that would be considered for cutting, and only in extreme circumstances, as I fully believe any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



Appendix 1
Expenses by County

Expenses by County

	<u>Choctaw</u>	<u>Coal</u>	<u>Haskell</u>	<u>Latimer</u>	<u>Leflore</u>	<u>McCurain</u>	<u>Pittsburg</u>
Payroll	\$112,731	\$111,536	\$102,098	\$116,083	\$595,748	\$432,827	\$458,533
FICA Taxes	\$8,624	\$1,115	\$7,811	\$8,880	\$45,575	\$33,111	\$35,078
Unemployment Tax	\$653	\$700	\$630	\$734	\$3,607	\$2,575	\$2,743
Worker's Comp	\$1,691	\$1,673	\$1,531	\$1,741	\$8,936	\$6,492	\$6,878
Retirement Fund	\$15,782	\$15,615	\$14,294	\$16,252	\$83,405	\$60,596	\$64,195
Human Resources	\$300	\$300	\$300	\$400	\$1,700	\$800	\$600
Employee Benefits	\$21,943	\$29,257	\$21,943	\$21,943	\$129,829	\$87,772	\$84,115
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Telephone	\$1,185	\$1,185	\$1,185	\$1,300	\$7,225	\$3,555	\$2,600
Board Travel	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Continuing Education	\$625	\$855	\$570	\$510	\$3,805	\$2,780	\$2,525
Employee Travel	\$3,225	\$3,744	\$2,050	\$2,150	\$18,575	\$9,350	\$6,205
Postage & Box Rent	\$0	\$0	\$0	\$0	\$216	\$86	\$0
Vehicle Operation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Equipment Rental	\$2,955	\$2,369	\$2,697	\$2,814	\$17,919	\$8,852	\$9,321
Maintenance Contracts	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Reading Center Equipment	\$3,008	\$0	\$1,504	\$1,504	\$0	\$0	\$3,008
Insurance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Office Supplies	\$2,400	\$2,250	\$2,025	\$1,500	\$7,388	\$6,375	\$11,363
Speical Programs	\$2,000	\$2,000	\$2,000	\$2,000	\$12,500	\$6,000	\$4,500
Marketing	\$500	\$500	\$500	\$500	\$3,250	\$1,800	\$1,500
Memberships	\$394	\$394	\$194	\$194	\$2,126	\$982	\$982
Furniture & Equipment	\$1,000	\$4,000	\$1,000	\$1,000	\$2,250	\$1,500	\$11,000
Audit	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Revaluation	\$10,718	\$6,577	\$8,702	\$7,728	\$19,671	\$12,669	\$30,462
Internet	\$1,068	\$1,068	\$1,068	\$1,068	\$6,408	\$3,204	\$2,136
Computer Equipment	\$300	\$300	\$300	\$300	\$1,800	\$900	\$600
Computer Software	\$875	\$733	\$828	\$759	\$4,764	\$3,044	\$2,038
Automation Support	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Professional Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Branch Info. Materials	\$32,000	\$30,000	\$27,000	\$20,000	\$98,500	\$85,000	\$151,500
Downloadable Materials	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Bibliographic Services	\$4,000	\$3,750	\$3,375	\$2,500	\$12,313	\$10,625	\$18,938
Reading Center Materials	\$5,000	\$0	\$2,500	\$2,500	\$0	\$0	\$6,000
Online Information	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Vehicle Reserve	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Support Services	\$63,883	\$61,359	\$57,224	\$59,248	\$303,419	\$217,873	\$254,678
Total Expenses	\$296,861	\$281,281	\$263,330	\$273,609	\$1,390,929	\$998,769	\$1,171,495



Appendix 2 Expenses by Branch

Expenses by Branch

Appendix 2: Expenses by Branch

	<u>Arkoma</u>	<u>Broken Bow</u>	<u>Coalgate</u>	<u>Hartshorne</u>	<u>Heavener</u>
Payroll	\$61,932	\$163,525	\$111,536	\$100,738	\$68,360
FICA Taxes	\$4,738	\$12,510	\$1,115	\$7,706	\$5,230
Unemployment Tax	\$350	\$1,060	\$700	\$525	\$465
Worker's Comp	\$929	\$2,453	\$1,673	\$1,511	\$1,025
Retirement Fund	\$8,670	\$22,894	\$15,615	\$14,103	\$9,570
Human Resources	\$300	\$300	\$300	\$200	\$300
Employee Benefits	\$14,629	\$29,257	\$29,257	\$21,943	\$14,629
Utilities	\$0	\$0	\$0	\$0	\$0
Telephone	\$1,185	\$1,185	\$1,185	\$1,300	\$1,185
Board Travel	\$0	\$0	\$0	\$0	\$0
Continuing Education	\$570	\$1,055	\$855	\$1,120	\$285
Employee Travel	\$3,675	\$3,650	\$3,744	\$3,180	\$1,675
Postage & Box Rent	\$132	\$0	\$0	\$0	\$84
Vehicle Operation	\$0	\$0	\$0	\$0	\$0
Equipment Rental	\$2,287	\$2,873	\$2,369	\$2,638	\$2,521
Maintenance Contracts	\$0	\$0	\$0	\$0	\$0
Reading Center Equipment	\$0	\$0	\$0	\$0	\$0
Insurance	\$0	\$0	\$0	\$0	\$0
Office Supplies	\$600	\$2,625	\$2,250	\$2,513	\$1,238
Speical Programs	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Marketing	\$500	\$600	\$500	\$500	\$500
Memberships	\$297	\$394	\$394	\$394	\$194
Furniture & Equipment	\$250	\$500	\$4,000	\$1,000	\$250
Audit	\$0	\$0	\$0	\$0	\$0
Revaluation	\$1,942	\$5,778	\$6,577	\$6,092	\$3,669
Internet	\$1,068	\$1,068	\$1,068	\$1,068	\$1,068
Computer Equipment	\$300	\$300	\$300	\$300	\$300
Computer Software	\$618	\$878	\$733	\$721	\$767
Automation Support	\$0	\$0	\$0	\$0	\$0
Professional Fees	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0	\$0	\$0
Branch Info. Materials	\$8,000	\$35,000	\$30,000	\$33,500	\$16,500
Downloadable Materials	\$0	\$0	\$0	\$0	\$0
Bibliographic Services	\$1,000	\$4,375	\$3,750	\$4,188	\$2,063
Reading Center Materials	\$0	\$0	\$0	\$0	\$0
Online Information	\$0	\$0	\$0	\$0	\$0
Vehicle Reserve	\$0	\$0	\$0	\$0	\$0
Support Services	\$32,356	\$82,105	\$61,359	\$57,821	\$37,352
Total Expenses	\$148,328	\$376,385	\$281,281	\$265,061	\$171,230

Expenses by Branch

Appendix 2: Expenses by Branch

	<u>Hugo</u>	<u>Idabel</u>	<u>McAlester</u>	<u>Poteau</u>	<u>Spiro</u>
Payroll	\$112,731	\$193,203	\$357,795	\$231,508	\$69,096
FICA Taxes	\$8,624	\$14,780	\$27,371	\$17,710	\$5,286
Unemployment Tax	\$653	\$1,050	\$2,218	\$1,441	\$438
Worker's Comp	\$1,691	\$2,898	\$5,367	\$3,473	\$1,036
Retirement Fund	\$15,782	\$27,048	\$50,091	\$32,411	\$9,673
Human Resources	\$300	\$300	\$400	\$300	\$300
Employee Benefits	\$21,943	\$43,886	\$62,172	\$49,372	\$14,629
Utilities	\$0	\$0	\$0	\$0	\$0
Telephone	\$1,185	\$1,185	\$1,300	\$1,185	\$1,185
Board Travel	\$0	\$0	\$0	\$0	\$0
Continuing Education	\$625	\$770	\$1,405	\$880	\$670
Employee Travel	\$3,225	\$2,600	\$3,025	\$4,725	\$2,875
Postage & Box Rent	\$0	\$0	\$0	\$0	\$0
Vehicle Operation	\$0	\$0	\$0	\$0	\$0
Equipment Rental	\$2,955	\$3,576	\$6,683	\$7,151	\$1,562
Maintenance Contracts	\$0	\$0	\$0	\$0	\$0
Reading Center Equipment	\$0	\$0	\$0	\$0	\$0
Insurance	\$0	\$0	\$0	\$0	\$0
Office Supplies	\$2,400	\$2,850	\$8,850	\$3,000	\$900
Special Programs	\$2,000	\$2,000	\$2,500	\$2,500	\$2,000
Marketing	\$500	\$600	\$1,000	\$750	\$500
Memberships	\$394	\$194	\$588	\$588	\$394
Furniture & Equipment	\$1,000	\$500	\$10,000	\$1,000	\$250
Audit	\$0	\$0	\$0	\$0	\$0
Revaluation	\$10,718	\$5,551	\$24,369	\$9,352	\$2,326
Internet	\$1,068	\$1,068	\$1,068	\$1,068	\$1,068
Computer Equipment	\$300	\$300	\$300	\$300	\$300
Computer Software	\$875	\$1,162	\$1,317	\$1,120	\$667
Automation Support	\$0	\$0	\$0	\$0	\$0
Professional Fees	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0	\$0	\$0
Branch Info. Materials	\$32,000	\$38,000	\$118,000	\$40,000	\$12,000
Downloadable Materials	\$0	\$0	\$0	\$0	\$0
Bibliographic Services	\$4,000	\$4,750	\$14,750	\$5,000	\$1,500
Reading Center Materials	\$4,000	\$0	\$5,000	\$0	\$0
Online Information	\$0	\$0	\$0	\$0	\$0
Vehicle Reserve	\$0	\$0	\$0	\$0	\$0
Support Services	\$63,883	\$97,169	\$196,857	\$115,740	\$35,895
Total Expenses	\$292,853	\$445,441	\$902,426	\$530,574	\$164,550

Expenses by Branch

Appendix 2: Expenses by Branch

	<u>Stigler</u>	<u>Talihina</u>	<u>Valliant</u>	<u>Wilburton</u>	<u>Wister</u>
Payroll	\$102,098	\$77,830	\$76,098	\$116,083	\$87,022
FICA Taxes	\$7,811	\$5,954	\$5,822	\$8,880	\$6,657
Unemployment Tax	\$630	\$455	\$465	\$734	\$458
Worker's Comp	\$1,531	\$1,167	\$1,141	\$1,741	\$1,305
Retirement Fund	\$14,294	\$10,896	\$10,654	\$16,252	\$12,183
Human Resources	\$300	\$200	\$200	\$400	\$300
Employee Benefits	\$21,943	\$14,629	\$14,629	\$21,943	\$21,943
Utilities	\$0	\$0	\$0	\$0	\$0
Telephone	\$1,185	\$1,300	\$1,185	\$1,300	\$1,185
Board Travel	\$0	\$0	\$0	\$0	\$0
Continuing Education	\$570	\$445	\$955	\$510	\$955
Employee Travel	\$2,050	\$2,025	\$3,100	\$2,150	\$3,600
Postage & Box Rent	\$0	\$0	\$86	\$0	\$0
Vehicle Operation	\$0	\$0	\$0	\$0	\$0
Equipment Rental	\$2,697	\$2,287	\$2,404	\$2,814	\$2,111
Maintenance Contracts	\$0	\$0	\$0	\$0	\$0
Reading Center Equipme	\$0	\$0	\$0	\$0	\$0
Insurance	\$0	\$0	\$0	\$0	\$0
Office Supplies	\$2,025	\$1,050	\$900	\$1,500	\$600
Speical Programs	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Marketing	\$500	\$500	\$600	\$500	\$500
Memberships	\$194	\$194	\$394	\$194	\$459
Furniture & Equipment	\$1,000	\$250	\$500	\$1,000	\$250
Audit	\$0	\$0	\$0	\$0	\$0
Revaluation	\$8,702	\$1,197	\$1,340	\$7,728	\$1,185
Internet	\$1,068	\$1,068	\$1,068	\$1,068	\$1,068
Computer Equipment	\$300	\$300	\$300	\$300	\$300
Computer Software	\$828	\$945	\$1,004	\$759	\$648
Automation Support	\$0	\$0	\$0	\$0	\$0
Professional Fees	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$0	\$0	\$0	\$0	\$0
Branch Info. Materials	\$27,000	\$14,000	\$12,000	\$20,000	\$8,000
Downloadable Materials	\$0	\$0	\$0	\$0	\$0
Bibliographic Services	\$3,375	\$1,750	\$1,500	\$2,500	\$1,000
Reading Center Materials	\$3,000	\$0	\$0	\$2,000	\$0
Online Information	\$0	\$0	\$0	\$0	\$0
Vehicle Reserve	\$0	\$0	\$0	\$0	\$0
Support Services	\$57,224	\$39,184	\$38,599	\$59,248	\$42,891
Total Expenses	\$262,326	\$179,627	\$176,943	\$271,605	\$196,620



Appendix 3

Explanation of Line Items

Income & Carryover

Ad Valorem Revenue: The majority of SEPLSO's funding comes from property tax. Current trends indicate strong growth in most of our counties, but this initial budget has chosen a conservative estimate for FY18's growth. The revised budget in the fall will be based on actual valuations received from each county.

State Aid: In FY 2017 the Oklahoma Department of Libraries decreased state aid by 12%.

Interest: Thanks to the recession interest rates remain low. FY 2016 ended the year with \$25,000 earned interest. FY 2017 appears to be following the same trend, and therefore this amount has been placed in this budget.

Fees & Charges: Our fees & charges collected in branches appears to be on a slight decline, and the revenue budgeted for FY18 reflects that decline.

Carryover/From Reserves: This year the Board authorized using cash reserves to send SEPLSO managers to the annual American Library Association Conference in two waves. The first wave will be funded in FY 2017, the other in FY 2018. If ad valorem valuations prove what I expect, SEPLSO may be able to cash flow this conference's cost in FY 18.

Expenses

Payroll: This amount is the salaries and wages of all SEPLSO employees. This amount has decreased from FY 2017 due to several retirements of long-term employees. Those employees had very high salaries due to the SEPLSO longevity policy. This budget includes a proposed additional part-time position in Poteau and a promotion/reclassification of two McAlester Library Assistants to Senior Library Assistants so that they can handle more duties and responsibilities.

FICA and Unemp. Tax: Payroll taxes required for each employee.

Workers' Comp: Insurance paid per employee that covers workman's compensation claims.

Retirement Fund: In the FY 2017 budget draft, 14% of the payroll line item is set aside for employer paid retirement plan. SEPLSO uses a profit-sharing model and makes an annual lump sum contribution on behalf of eligible employees.

Human Resources: Covers payroll and timekeeping expenses. It also covers ads for open positions.

Employee Benefits: The health insurance paid for employees who work 25 or more hours per week.

Utilities: SEPLSO pays the City of McAlester a percentage of the utility bills of the 401 N 2nd facilities in lieu of rent.

Telephone: In FY 2017 SEPLSO was able to cut all traditional costs. This line item now covers SEPLSO's VOIP (Voice Over Internet) service.

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.

Continuing Education: The registration cost of workshops and conferences attended by staff. Also covers paid trainers brought to staff meetings.

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

Postage & Box Rental: A few branches cannot have mail delivered so the system pays to rent PO boxes. This line item also covers the costs of all mailings, including overdue notices.

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

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

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

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

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

Office Supplies: General supplies needed to operate.

Special Programs & Supplies: Materials and supplies for special library programs and performer fees for special programs. Over time I hope we can increase this portion of the budget to make special programs more feasible for the staff and of better quality for the public.

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

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.

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

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

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

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.

Computer Equipment: Replacement and upgrades to public and staff computers and technology.

Computer Software: Various applications and programs used by SEPLSO and SEPLSO computers.

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

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

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.

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

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

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

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.

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

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