Mohawk Valley Library System

2026 Proposed Budget

Budget Narrative

The proposed 2026 budget is, in all ways but one, a continuation of the sound budgets that have guided MVLS for many years. Our budget process has resulted in a stable and improving overall financial condition, with the fund balance steadily growing over the last ten years. The temporary more extreme budgeted deficit for 2026 is a one-year attempt to stabilize the JA budget and services in a year where the JA Project experienced much uncertainty due to the Schenectady withdrawal. MVLS has the fund balance, currently over $2 million, to absorb this one-time annual deficit.

Income

The 2026 proposed income budget shows a $26,556 reduction in income. This is mostly due to the changes accompanying Schenectady's withdrawal from the JA Project and the shared Overdrive platform. We are following our usual practice of budgeting state aid to remain at 2025 levels, and reducing out any one-time grants received in 2025. We also slightly decreased projected interest income due to gradual reductions in interest rates.

The Earned Income categories reflect the changes referenced above. The reduction in the e-resources line is left over from the SCPL withdrawal from the shared Overdrive platform. We have stopped updating the rotating DVD and Audio CD collections. The increase in JA fees reflects the JA fees decisions made a year ago. The decrease in estimated JA Equipment costs is due to SCPL no longer participating. As is the accepted practice, we are carrying the same $70,000 value in the expense budget.

Expenses

The proposed 2026 expense budget shows an increase of $44,427 in expenses; however, if the one-time increase of $52,816 in the MVLS annual payment to JA is factored in, the overall expenses would decrease. Again, this is primarily due to the SCPL withdrawal from the JA Project and the shared Overdrive platform.

Salaries and benefits show a modest increase, which will be reviewed in executive session. The changes in the library materials lines are due to the SCPL withdrawal and the new Central Library plan. The changes in the grants section are for changes in the Central Library plan, and the removal of one-time projects. The Contracts section contains small, known, increases for some lines – e.g., Delivery – and the big, one-time increase in the MVLS payment to JA. Finally, the larger reduction in Capital Expenses is due to removing the one-time grant for laptops for libraries. The remaining changes are just acknowledging small known increases/decreases for some line items.

The Deficit

There are two relevant mitigating factors that take the "scary" away from the budgeted deficit. The first is its one-time nature. The JA is planning to reduce the MVLS and SALS allocations back to the previous formula in 2027, reducing each by about $50,000. 2026's extra amount is a planned, one-time, use of fund balance, designed to bring stability to the JA at a time when we had a lot of uncertainty due to the SCPL withdrawal. When this was planned a year ago, it was viewed as a valid use of fund balance to deal with a temporary challenge. And in truth, situations like the SCPL withdrawal are exactly why it is wise to build fund balances, and is appropriate to use that available fund balance when challenges arise. As stated in the introduction above, MVLS has more than an adequate fund balance to deal with this one-time situation; and JA has the fund balance to gradually introduce a sustainable solution beginning with the 2027 library fees discussion that will take place in December.

The second factor mitigating potential problems with a budgeted deficit involves history and the basic budgeting philosophy that I have always followed. If you look back over the last ten years, in all but one proposed budget, we are showing a budgeted deficit; with the deficit typically between $20,000 and $25,000. And yet, over the same period, we added $750,000 to the available fund balance. How does that happen? Because of that basic budgeting philosophy.

In short, in this and all of the proposed budgets, income reflects what is known; and expenses show what is likely or possible. So, for example, we typically budget for flat state aid, even though there is potential for an increase. That budgeting practice means that budgeted deficits can easily turn into actual surpluses. And that is exactly what happens in most years.