

FY27 Budget Overview

Budget & Finance Committee | FY27 Proposed Budget

REVENUE
\$4,897,072
 Projected FY27

EXPENSES
\$5,626,983
 +\$336,338 from FY26

Record community demand. Declining revenue. A gap that requires a new approach.

FY27 expenses exceed projected revenues by \$729,911. The library's healthy fund balance will cover this year, but drawing from reserves annually is not sustainable. A structural solution is needed.

\$5,626,983

TOTAL EXPENSES

+\$336,338 from FY26

\$4,897,072

PROJECTED REVENUE

Down from \$4,957,986 in FY26

\$729,911

RESERVE USE - FY27

HOW WE GOT HERE:

1. Entitlement Share Reallocation

In FY22 the library received \$424,350 in entitlement share. By FY26 that figure had dropped to \$43,118. A loss of more than \$381,000 over four years. This is a 90% reduction in a single revenue line.

2. Decline in Mill Value

The interlocal agreement worked well when mill values were gradually rising. As mill values have declined significantly, revenue has fallen as well, eroding a historically reliable funding source.

3. Legislative Impacts

Recent changes to state law uniquely impact Billings and are expected to reduce available tax revenue further. The library projects an estimated 1% decline in City Tax / General Fund revenue in FY27.

REVENUE vs. EXPENSE TREND

	FY24 Actual	FY25 Actual	FY26 Budget	FY26 Estimate	FY27 Proposed
Revenue	\$5,022,436	\$4,994,204	\$4,957,986	\$5,185,657	\$4,897,072
Expenses	\$4,601,802	\$4,986,606	\$5,290,645	\$5,034,953	\$5,626,983





FY27 FUND BALANCE PROJECTION

Projected Fund Balance (Beginning)	\$5,504,692
+Projected Revenue	\$4,897,072
-Projected Expenses	(\$5,626,983)
-25% Cash Reserve	(\$1,406,746)
-Payout Reserve	(\$100,000)
-Building Maintenance Fund	(\$500,000)
- Reserves to Balance Budget	(\$729,911)
Unobligated Available Cash	\$2,768,035

**UNOBLIGATED
 AVAILABLE
 CASH
 \$2,768,035**

The fund balance is currently healthy. The concern is the trajectory. Drawing nearly \$730K annually is not sustainable long-term.

WHERE THE MONEY GOES — EXPENSE BREAKDOWN

Personal Services		\$3,286,722	59%
Operations & Maintenance		\$1,931,176	34%
Library Materials		\$375,938	7%
Transfers		\$33,147	1%

Note on Cost Increases:

\$281,187 of the \$336,338 increase from FY26 is driven by uncontrollable fixed costs such as vendor contracts, utilities, and insurance.

*Usage is up across every major metric.
The library is serving more people, in more ways than ever before.*

FY26 USAGE AT A GLANCE

<h3>744,000+</h3> <p>CHECKOUTS ↑ 4% from FY25</p>	<h3>290,000+</h3> <p>VISITORS ↑ 3% from FY25</p>	<h3>57,800+</h3> <p>ACTIVE CARDHOLDERS Registered library users</p>	<h3>661,000+</h3> <p>Wi-Fi SESSIONS ↑ 16% from FY25</p>
--	---	--	--

PROGRAM & FACILITY USAGE

SERVICE / PROGRAM	FY26 USAGE	CHANGE
Checkouts (physical & digital materials)	744,000+	↑ 4%
Library Visitors / Door Count	290,000+	↑ 3%
Active Cardholders	57,800+	
24/7 Pickup Locker Uses	16,000+	↑ 50%
Meeting / Study Room Reservations	2,900+	↑ 12%
In-Library Wi-Fi Sessions	661,000+	↑ 16%
CO+LAB Program Attendance & Equipment Use	3,000+	↑ 13%

WHY THE RESERVE MATTERS: FY26–29 STRATEGIC PLAN INVESTMENTS (ESTIMATED)

The following projects are identified in the 2026–2029 strategic plan. Costs are preliminary estimates:

Branch Feasibility Study	\$50K–\$150K	Site analysis, cost modeling, consultant fees
Bookmobile Vehicle Replacement	\$250K–\$500K+	Fleet replacement for outreach services
CO+LAB Expansion	\$200K–\$500K	Equipment, programming, staffing & mobile options over plan period
Building Improvements	~\$500K	Carpet replacement, interior painting, major facility upgrades
Meeting Room / Pod Conversion	~\$300K	Renovation, furniture, and AV upgrades
Fifth Library Express Locker	~\$150K	Hardware and installation at a new location

FY27 and Beyond:

1. Approve the FY27 Budget

The proposed budget is \$5,626,983, and the projected revenue is \$4,897,072.

The fund balance will bridge the \$729,911 gap this year.

2. Address the Structural Gap

The revenue-expense gap is driven by entitlement share reallocation, declining mill values, and state law changes.

Without a new approach, this will grow larger every year as costs rise across all areas.

3. Work Toward a Revised Funding Framework

The historical funding model is no longer adequate.

The library needs a partner in developing a long-term funding solution before the annual draw on reserves becomes unsustainable.