

Presented for you here are two versions of the 2022 Operating Budget, one with the 3% cost of living adjustment (COLA) as originally presented, and one with a 5% COLA. A trustee not on the finance committee requested that we consider this higher amount in light of the 7.6% increase in wages that Branch County recently approved for 2022.

Aside from the COLA difference, the two budget proposals are otherwise identical. They both vary from the draft presented in October in the following ways:

- End of year fund balance predictions updated based on data from the October financial statements.
- Wages and insurance information for the two new full-time and one new part-time hires have been added. An increase in retirement contributions for Kimberly Feltner and Jessica Tefft has been added.
- The line item for rent has been raised by \$1000, back to the 2020 budgeted level, to account for needing storage units for the bookmobile and Algansee Branch.
- \$1000 added to the Utilities line item to account for expected Verizon and Michigan Gas increases.
- Footnotes are updated to show that inflation is now up to 6.2% for the last 12 months.

Per-capita State Aid increases have still not been announced by State government, so this budget contains the FY 2021 numbers. So we will see somewhat higher State Aid next year, we just still can't calculate how much.

The end result for the two budget proposals is as follows:

	<b>3% COLA</b>	<b>5% COLA</b>
<b>Deficiency On Paper</b>	\$ 397,000	\$ 419,000
<b>Deficiency without 1-time Major projects</b>	\$ 41,401	\$ 62,388
<b>Effective Likely Real-World Ongoing Deficiency, Subtracting Out Major Projects, Algansee Branch Mgr., and Tuition Reimbursement</b>	\$ 11,752	\$ 32,261

Both effective deficiencies are within the amount we would expect penal fine recovery and/or property tax increases to offset. Both options are therefore safe over the long term.

Submitted by John Rucker