

Explanation of Adjacent County Reimbursement

The issue of adjacent county reimbursement for circulation to county residents who do not support a library is often confusing. The calculation of reimbursement is really easier if you think of it as three separate formulas, the first of which determines a Cost Per Circulation.

Let's assume that we have a library with annual operating expenditures of \$1,883,360 and total circulation of 643,423, and adjacent county circulation of 6,888. The first part of the formula looks like this:

$$\text{Annual Operational Expenses} \div \text{Total Circulation} = \text{Cost Per Circulation}$$

For example, your 2019 reimbursement (from 2017 expenses and circulation) looks like this:

$$\$1,883,360 \div 643,423 = \$2.927$$

The second part of the formula to determine adjacent county reimbursement is to take this cost per circulation and multiply it by the number of circulations to county residents who live in areas that don't support a library. That usually means rural residents, but can also be people who live in villages or cities that don't have a library. This formula looks like this:

$$\text{Cost Per Circulation} \times \text{Non-Resident County Circulation} = 100\% \text{ Reimbursement}$$

For example, for 2019 your Adjacent County reimbursement (again from 2017 numbers) looks like this:

$$\$2.927 \times 6,888 = \$20,161.20$$

The third and part of the formula is to make a final determination of the county reimbursement. State Statute requires that counties reimburse libraries at 70% of this total reimbursement calculated above. The third part of the reimbursement formula looks like this:

$$100\% \text{ Reimbursement} \times 0.7 = \text{County Reimbursement}$$

For 2019, your final Adjacent County Reimbursement (at 70%) looks like this:

$$\$20,161.20 \times 0.70 = \$14,112.84$$

These calculations must be done for each adjacent county to which a library has circulation in a given year.

Note: The data for each reimbursement is from 2 years prior (2017 data for 2019 reimbursement, etc.).