



## Lane Library District

P.O. Box 366

Creswell, Oregon 97426

### Budget Message FY 2017–2018

**To: LLD Budget Committee**

**From: Su Liudahl, LLD Budget Officer**

**May 17, 2017**

The proposed 2017–18 Budget calls for levying the District’s permanent tax rate of \$0.59 per \$1,000 of assessed value. The total assessed value of taxable property within the District in 2016-2017 was \$671,337,534 and I expect that the assessed value will only increase by slightly more than the 3% allowed--not anticipating any significant growth beyond that. So this year, continuing to be somewhat conservative, I estimate the assessed value for 2017–18 to be \$691,477,660. Using a collection rate of 94% for the coming year (based on recent trends) this should generate \$383,494 in property tax revenues for the District.

The 2016-17 fiscal year has been a year of continued work toward our Library Expansion Project, while library operations remained relatively stable. As we had hoped, we ended last year with more than our planned unappropriated ending balance, giving us a great start to this fiscal year. Because of our strong ending balance we were able to contribute an additional \$100,000 to the Building Reserve Fund this year. We expect to also end this year in a very strong position.

We were very pleased to accomplish our long-term goal of purchasing the property in December 2016. This purchase includes the entire property on the west side of the alley which bisects this block—encompassing the front parking lot, the whole building containing 64 and 98 W. Oregon Avenue, the “annex” building where we process books and store supplies, parking area alongside the annex, and the lumberyard.

We have experienced success in grant-writing this year, receiving a \$250,000 grant from The Ford Family Foundation and a \$50,000 grant from the Oregon Community Foundation. We continue actively writing and submitting more grants proposals and during the coming fiscal year may secure sufficient funds to begin renovation/construction. With that in mind I have once again included the entire project in the LB-11A. Including appropriations in the budget would allow us to get started if we do obtain funds during the 2017-2018 fiscal year. Obviously, if we are unable to raise the money that quickly, we will scale back our spending accordingly and maintain the funds in reserve for the next fiscal year.

Since we have previously met our goal of creating a substantial annual unappropriated ending balance for July-November operating costs, we are able to again contribute additional money to the Building Reserve fund for the Expansion Project. I am recommending we appropriate a \$25,000 transfer for that purpose. Last year marked the third year that an interfund loan was not needed.

Operating costs, including utility costs, are based on last year's usage history and allow for moderate price increases as well as additional expenses for the increased space.

The appropriation of moneys for youth collection development is maintained at a slightly reduced level since shelf space is currently limited and we want to focus on other issues until the expansion is completed. We shifted some of those funds to youth programming. The appropriation for the adult collection is maintained at the same level since we receive many purchase requests. I recommend keeping the programming budget at similar levels so we can continue developing new programs that suit our community, as well as maintaining those they already love.

Due to continued support from our outstanding library volunteers (who gave over 3,000 hours in volunteer time last year) we continue with a fairly minimal paid library staff.

In addition to the full-time Director and full-time Youth & Community Librarian, we have two part-time Library Assistants (15 and 17 hrs./wk.), and a part-time Library Assistant/Bookkeeper/Volunteer Coordinator (32 hrs./wk.) The generosity of our volunteers and the flexibility and team spirit of the paid staff makes it possible for us to do more for less.

In the past salaries have been adjusted annually based on the Portland-Salem CPI for the previous year, which was only 2.1% in 2016 (up 0.9% from the previous year), as well as a step increase for deserving employees. We never assume an automatic increase, instead evaluate our situation each year--in past years we have sometimes only given the CPI increase. This year I have budgeted for both the modest CPI increase and a step increase since our budget is not as tight as it has been previously and staff morale is especially important as everyone copes with an increased work-load due to the Expansion Project. Step increases are considered at the time of each employee's anniversary date. CPI increases take effect July 1.

Health insurance rates have settled down and there are fewer unknowns. Last year we took advantage of the Special District Association's self-insured health coverage and have been very pleased with both the coverage and renewal rates, which decreased slightly this year. Employees with health insurance coverage pay 10% of their own premium.

## **Funds**

**General Fund** – This fund accounts for all general operating revenues and expenditures not specifically accounted for in another fund. The revenue sources are property taxes, grants, donations, out-of-district card fees, other library fees, copy/printing fees, and interest earnings.

**Building Reserve Fund** – This fund was established to reserve moneys for future capital projects for the expansion, purchase or construction of a library building. This fund is financed by transfers from the general fund, donations, grants, and interest earned in the Local Government Investment Pool account and from interfund loans (if needed) to the General Fund. This fund was reviewed at last year's meeting and will be reviewed again in 2025.

**Technology Reserve Fund** – This fund was established to reserve moneys for future technology needs. This fund is financed by transfers from the general fund, donations, and grants. This fund will be reviewed in 2019.

**Notes for 2017-2018 budget:**

1. LB-11 (A and B) – We have two reserve funds—the Building Reserve Fund and the Technology Reserve Fund. There is an LB-11 for each reserve fund.
2. LB-11-A – The Building Reserve Fund has money budgeted for capital campaign expense, contract services (architect, etc.), and construction. Allocating the funds will allow us to begin the project when we have raised sufficient funds. If we are unable to meet our goal during the coming fiscal year those funds will be carried over to the following year.
3. LB-11-B – We replaced patron computers this year and will be replacing a couple of key staff computers in the coming year.
4. LB-20 – (Line 4) Interest earnings have been somewhat higher than expected due to small interest rate increases by the Local Government Investment Pool.
5. LB-30-A is a summary of LB-31. The page totals are different because LB-30-A does not include transfers to other funds, operating contingency, or unappropriated ending balance. Those items are included on LB-30-B (a new form last year).
6. LB-30-A – (Lines 10 and 11) Building Expenses are now reduced since we no longer make lease payments. Operating Expenses are increased to show the debt service on the property purchase loan (that is not technically a mortgage, thus the classification).
7. LB-30-B is a new required form. LB-30-A is for requirements allocated to an organizational unit or program. Since all of our general fund is allocated to library services, everything gets reported there except the transfers, etc. (This makes a lot more sense for larger municipalities, such as cities or counties that have multiple organizational units.)
8. LB-31 – (Lines 1-4) Salaries increase slightly with a 2.1% CPI increase and step increases (based on merit). We expect benefits to be similar to this year due to stable health insurance premiums, but budgeted a small increase to allow for any unforeseen changes.
9. LB-31 – (Line 11) We do most of our own bookkeeping now--this amount is budgeted for special assistance and reviews of our payroll and financial reports.
10. LB-31 – (Line 11) We recently hired a new auditor who charges more (and who, hopefully, provides more timely services).
11. LB-31 – (Lines 15-18) We have increased utility expense now that we own the entire building. Even though we have not begun renovation, we are using the space as much as possible for community meetings, programs, and events.
12. LB-31 – (Line 19) Since the property purchase in December there will be no more lease payments. Loan payment requirements can be found on Line 38 under “Debt Service.”
13. LB-31 – (Line 20) An aging building requires regular maintenance and repair and I budgeted to match this increasing need.
14. LB-31 – (Line 25) We anticipate spending more on Equipment (Technology) Maintenance as we continue without a strong tech person on staff.
15. LB-31 – (Line 35) No Board positions are up for election this year but this is to cover election expenses (charged by Lane County) in the event a Board member happened to resign.
16. LB-31 – (Line 52, 54) This year I budgeted for an adequate Unappropriated Ending Fund Balance (for operations through November, 2018) and maintained a reasonable Operating Contingency since there are many unknowns as we approach our Expansion Project.