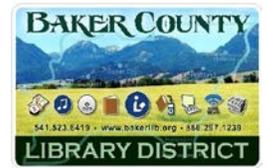


# BAKER COUNTY LIBRARY DISTRICT FISCAL YEAR 2020-2021 BUDGET MESSAGE



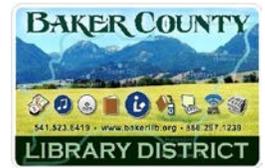
Honored Budget Committee members and citizens of Baker County,

I am pleased to present the Fiscal Year 2020-2021 (FY20-21) Annual Proposed Budget for Baker County Library District, Oregon totaling \$2,470,775 ~~\$2,363,775~~ projected requirements and responsibilities.

<table border="0" style="width: 100%;"> <tr> <td colspan="2"><b>General Fund</b></td> </tr> <tr> <td colspan="2"><u>Organizational Unit or Program:</u></td> </tr> <tr> <td>Personnel Services.....</td> <td style="text-align: right;">835,128</td> </tr> <tr> <td>Materials &amp; Services.....</td> <td style="text-align: right;">411,255</td> </tr> <tr> <td></td> <td style="text-align: right;">0</td> </tr> <tr> <td></td> <td style="text-align: right;">0</td> </tr> <tr> <td colspan="2"><u>Not Allocated to Organizational Unit or Program:</u></td> </tr> <tr> <td>Personnel Services.....</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Materials &amp; Services.....</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Capital Outlay.....</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Debt Service .....</td> <td style="text-align: right;">2,000</td> </tr> <tr> <td>Special Payments.....</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Transfers Out.....</td> <td style="text-align: right;">46,000</td> </tr> <tr> <td>Contingency.....</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td><b>Total.....</b></td> <td style="text-align: right; border: 1px solid black;"><b>\$1,309,383</b></td> </tr> </table>	<b>General Fund</b>		<u>Organizational Unit or Program:</u>		Personnel Services.....	835,128	Materials & Services.....	411,255		0		0	<u>Not Allocated to Organizational Unit or Program:</u>		Personnel Services.....	0	Materials & Services.....	0	Capital Outlay.....	10,000	Debt Service .....	2,000	Special Payments.....	0	Transfers Out.....	46,000	Contingency.....	5,000	<b>Total.....</b>	<b>\$1,309,383</b>	<table border="0" style="width: 100%;"> <tr> <td colspan="2"><b>Debt Service Fund</b></td> </tr> <tr> <td colspan="2"><u>Debt Service</u></td> </tr> <tr> <td></td> <td style="text-align: right;">0</td> </tr> <tr> <td><b>Total.....</b></td> <td style="text-align: right; border: 1px solid black;"><b>\$0</b></td> </tr> <tr> <td colspan="2"><b>"Other Uses" Fund</b></td> </tr> <tr> <td colspan="2"><u>Org. 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The proposed budget was prepared by the Budget Officer in accordance with the directions of the Board of Directors and current regulations. It is a product that reflects the library taking a defensive tactical position to contend with impacts from the COVID-19 pandemic including anticipated decreased revenues but significantly increased costs driven mainly by personnel benefits, enhanced facilities management contracts, and renovation projects necessary for community and staff safety.

# BAKER COUNTY LIBRARY DISTRICT FISCAL YEAR 2020-2021 BUDGET MESSAGE



## OVERVIEW

Pursuant to Oregon Budget Law, the budget message must contain certain information, which assists the reader of the budget in understanding major differences in the proposed budget from the current year adopted budget.

For example, ORS 294.391 requires that the budget message accomplish the following:

- Explain the budget document
- Contain a brief description of proposed financial policies for the ensuing year
- Call out significant features of the proposed budget
- Explain any major changes in financial policy reflected in the proposed budget

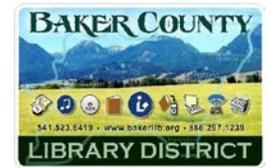
### Budget document orientation

The Library District budget is composed of four funds: General Fund, Other Uses Fund, Sage Fund, and Reserve Fund – Capital Investment which the District recently established in Fiscal Year 2019-2020 (FY19-20). For each fund, at least one Legal Budget (LB) worksheet form provided by the State of Oregon Department of Revenue details the primary categories for Resources, and appropriations for Requirements, Debt Service and other Special Payments, Capital Outlay, Transfers, Contingency plus Unappropriated Reserves. There are four separate LB forms describing activity for the General Fund, and three others for each of the special funds. I have modified the worksheets from their original format with additional columns for historical context and comparative data convenience. Please see the Budget Notes document included with the meeting agenda for brief descriptions of each category line.

### Description of Proposed Financial Policies for the Ensuing Year

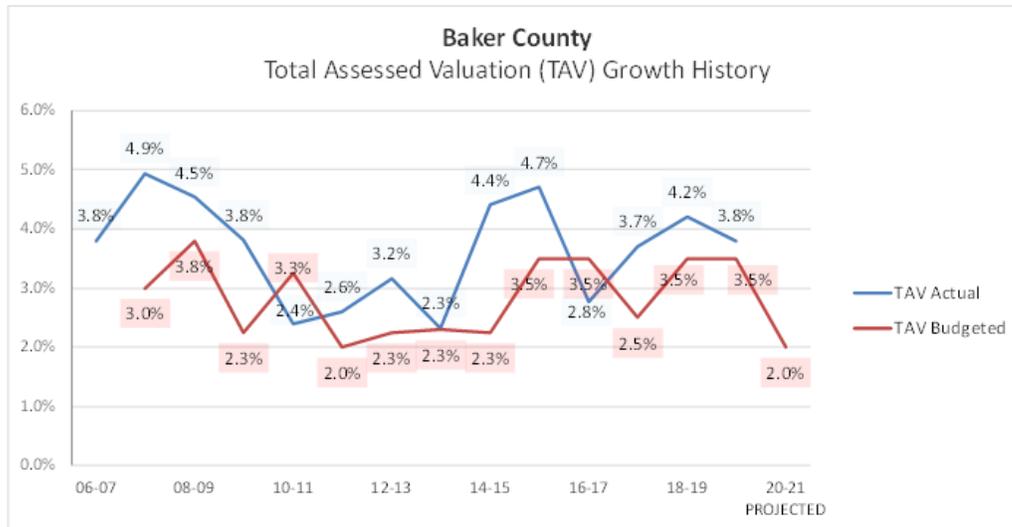
The dominant principles guiding the development of the proposed budget are responsible stewardship of public assets, and prioritizing resources for community and staff safety through the active COVID-19 pandemic and post-pandemic periods. The district will make strategic investments in maintenance services and facilities renovations for safety and preservation of assets. It will also ensure debt-free district operation by building reserve funds adequate for self-sufficient operations and planned capital improvements. Finally the district, as always, will sustain exceptional library services to the community with skilled staff, up-to-date technology with high-speed public Internet access, and quality materials in various formats.

# BAKER COUNTY LIBRARY DISTRICT FISCAL YEAR 2020-2021 BUDGET MESSAGE



## Summary of Significant Features and Changes in the Proposed Budget

- The primary revenue streams from property taxes in the current year are budgeted conservatively, at just 2.0% growth as compared to the 3.8% actual rate of the prior year. Note that a 1% change equates to about \$10,000 revenue. Most other minor sources are projected with declines, including a 55% reduction of Fines & Fees proceeds.



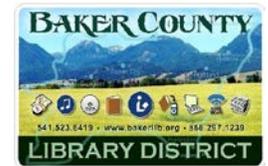
- District Reserves for Operations (\$400,000) and Capital Improvements (\$90,000) are strongly situated due to unanticipated surplus revenues from large property development sales and settlements in recent years. The Operations Reserve is used to fund district operations for a third of the year, from the start of the fiscal year in July until tax revenues begin to be dispersed in early November. If insufficient, the district traditionally takes a temporary loan from its own Other Fund. FY20-21 may be the first time for the General Fund to operate on its own.

## TAX INCOME REVENUE HISTORY

	FY16-17 ACTUAL	\$ Chg	FY17-18 ACTUAL	\$ Chg	FY18-19 ACTUAL	\$ Chg	ADOPTED Budget 1 FY19-20	REVISED Budget 2 FY19-20	\$ Chg vs Prior Year	FY20-21 Budget PROPOSAL	\$ Chg vs Original
<b>Income</b>											
4000 - Current Year Tax Levy											
4001 - Current Tax Levy	710,121	20,399	734,035	23,914	851,115	117,080	870,000	840,000	-11,115	854,385	-15,615
4006 - Local Option Levy	254,356	1,019	270,030	15,674	254,507	-15,523	280,000	335,000	80,493	337,857	57,857
4000 - Current Year Tax Levy - Other	0		0		0						
<b>4000 - Current Year Tax Levy</b>	<b>964,477</b>	<b>21,418</b>	<b>1,004,065</b>	<b>39,588</b>	<b>1,105,622</b>	<b>101,557</b>	<b>1,150,000</b>	<b>1,175,000</b>	<b>69,378</b>	<b>1,192,242</b>	<b>42,242</b>
<b>Total 4005 - Prior Year Taxes</b>	<b>38,070</b>	<b>9,115</b>	<b>29,006</b>	<b>-9,064</b>	<b>31,544</b>	<b>2,538</b>	<b>35,000</b>	<b>138,000</b>	<b>106,456</b>	<b>35,000</b>	<b>0</b>

- In the Personnel division, employee health insurance rates are once again one of the most significant cost drivers with an increase of 15% this year, making a total increase of 25% over a 3 year period. Oregon’s Public Employee Retirement System (PERS) contribution rates are stable in this second year of the biennium cycle, but are expected to spike again next year, resulting in increased costs of at least \$16,000 for PERS alone.

# BAKER COUNTY LIBRARY DISTRICT FISCAL YEAR 2020-2021 BUDGET MESSAGE



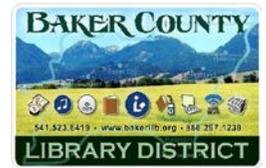
- Salaries include a 1.0% cost of living increase, which I encourage the Budget Committee to think of as a modicum of “hazard pay” this year since only a few of our employees on the public service “front lines” qualify for the health insurance benefits. Employee wages are experiencing upward pressure from the base wage rate due to the state mandatory minimum wage schedule increasing by \$0.50 annually. Staff hours are stable overall. Seven staff are eligible for STEP increases, and one is re-classed due to expanded responsibilities. Branch staff hours are slightly increased for additional cleaning requirements.
- Taken as a whole, employee salary and benefits increase by 2.0% (67.0% of operating budget) primarily due to health insurance costs.
- In the **Materials & Services** division, Collection Development funding will begin at 8% of the operating budget (\$102,000), but may be boosted later in the year with greater than anticipated carryover or revenues.
- Facilities Maintenance is sustained at a high level in order to accomplish planned repair and improvement projects, plus renovations to improve community safety as result of the COVID-19 pandemic.
- Other significant increases in Materials & Services provide for new janitorial contracts and cleaning supplies for public safety (\$24,700), staff Personal Protective Equipment (PPE), a high-cost year for the Local Option Levy on the ballot, increased publication for marketing library services, and utilities adjustment based on recent history. Youth programming will remain high for continued development of summer reading programs.
- Overall, the Materials & Services division increases by 9.2% (approx. \$35,000) as compared to the original adopted budget the prior year.

## EXPENSE HISTORY (SELECT CATEGORIES) - GENERAL FUND

Expense	FY17-18	\$ Chg	FY18-19	\$ Chg	ADOPTED	REVISED	\$ Chg vs Prior Year	FY20-21	\$ Chg vs Original
	ACTUAL		ACTUAL		Budget 1 FY19-20	Budget 2 FY19-20		Budget PROPOSAL	
Total 5001 · District salaries	559,678		537,068	-22,610	564,823	548,905	11,837	566,323	1,500
Total 5400 · Payroll Taxes & Benefits	212,305		218,431	6,126	254,543	239,437	21,006	269,450	14,907
Total 5000 · Personnel Services	771,983		755,499	-16,484	819,366	788,342	32,843	835,773	16,407
Total 6100 · Books & Periodicals	91,538		113,472	21,934	120,000	130,000	16,529	102,000	-18,000
Total 6310 · Building & Grounds Maintenan	99,761		37,891	-61,870	38,500	59,000	21,109	52,000	13,500
Total 6320 · Janitorial Services & Supplies	20,629		18,899	-1,730	20,300	20,300	1,401	45,000	24,700
Total 6000 · Materials and Services	397,365		351,773	-45,592	376,375	418,960	67,187	411,255	34,880
Total 8000 · Transfers & Contingency	10,000		12,500	2,500	52,500	52,500	40,000	46,000	-6,500
Total Expense	1,181,348		1,121,772	-59,576	1,260,241	1,271,802	150,030	1,305,028	44,787
Net Income / Operations Reserve	240,040		336,632	96,591	315,759	427,708	91,076	401,922	86,163

- Changes to **Other Fund** and **Sage Fund** are negligible. Sage did spend out \$15,000 of its available contingency this fiscal year to improve access to digital content through the Library2Go service. Their Operations Reserve has grown to an ample amount.
- The new Reserve Fund for Capital Investment will be boosted with surplus Prior Year Taxes revenue (\$25,000) transferred from the General Fund, bringing it to a total of \$90,000.
- Modified accrual basis** method of accounting will continue.

# BAKER COUNTY LIBRARY DISTRICT FISCAL YEAR 2020-2021 BUDGET MESSAGE



## CONCLUSION AND ACKNOWLEDGEMENTS

Producing and executing the annual budget is a large and collective task. I extend my sincere thanks to all the individual department leads and staff who contributed to the development of this proposed budget. It is a team effort and reflects the collective commitment of the library board and continued mentorship of colleagues and my predecessor, Aletha Bonebrake, to develop a fiscal roadmap that both sustains our outstanding public service levels and provides some opportunity for innovation and improvement.

Especially noteworthy is the effort of Finance / HR Department Director Christine Hawes. Her professionalism and assistance throughout the year always greatly contribute to the development and production of the proposed budget document. Thanks also to our auditors Stan Mitchell and Rob Gaslin, and the Budget Committee for their continued oversight of the budget from development through approval every year.

With that assistance, I am pleased to offer a budget that represents a district on solid financial footing, one that prioritizes community safety as well as library services, responsible stewardship of public property and financial assets, develops the collections though perhaps modestly, supports robust early literacy programming and youth services, and perhaps recovers some staff wage depreciation as a form of hazard pay in response to the pandemic.

I look forward to taking your questions and providing whatever information you may require to assist in the deliberation process.

Subsequently, I respectfully recommend approval of the Proposed FY2020-2021 District Budget as presented.

Sincerely,

Perry N. Stokes, Budget Officer