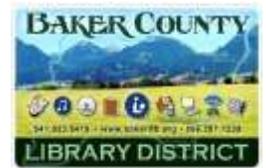


# BAKER COUNTY LIBRARY DISTRICT FISCAL YEAR 2019-2020 BUDGET MESSAGE



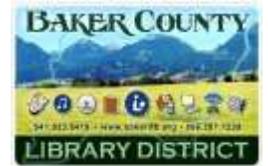
Honored Budget Committee members and citizens of Baker County,

I am pleased to present the Fiscal Year 2019-2020 (FY19-20) Annual Proposed Budget for Baker County Library District, Oregon totaling \$2,278,836 projected requirements and responsibilities.

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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 District's mission to provide a wide range of materials and dynamic library services that meet the diverse needs, current trends, and interests of the Baker County public, while exercising responsible governance and fiscal-efficiency through investment in keeping capital assets in good condition and retaining skilled and dedicated professional and para-professional staff.

# BAKER COUNTY LIBRARY DISTRICT FISCAL YEAR 2019-2020 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.

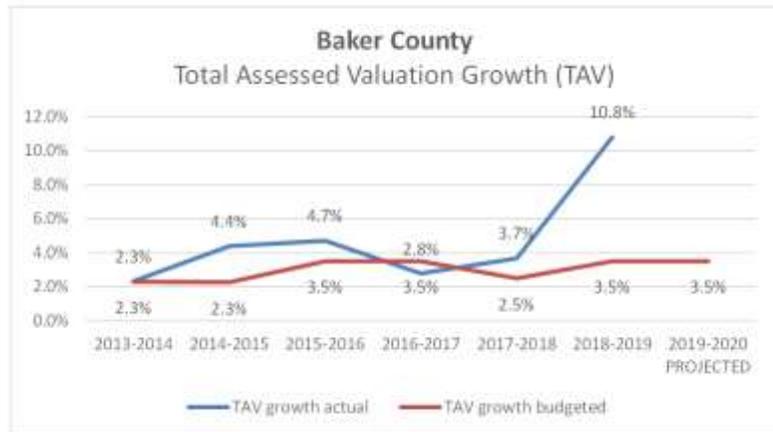
For example, ORS 294.391 requires that the budget message accomplish the following:

- 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

The 2019-2020 District Budget reflects revenue streams and traditional cost drivers exhibiting significant volatility in the current strong economy, but which currently results in the district's favor. Recently flat tax revenues have soared with a double digit percentage increase, from 3.7% in 2017-2018 to 10.8% in 2018-2019.

Personnel expenses continue to be the most significant cost driver due to spikes in retirement and health insurance rates, and wage growth pressure from inflation and state mandatory minimum wage increases.

The Baker County Assessor's Millage Report of November 2018 showed the rate of Baker County property valuation surged by seven full percentage points from 3.7% to 10.8%-- the largest single year increase in memory.



According to the County Assessor and Treasurer, this increase is related to valuation of utility properties. The district anticipates surplus tax revenues for the current fiscal year to be 106% of original budget (\$83,000 more than the \$33,000 growth originally projected). This allows for a sizeable 36% reinforcement of the Collection budget and still ends the year with surplus to the cash carryover of \$90,000, boosting the Operating Reserve close to \$315,000.

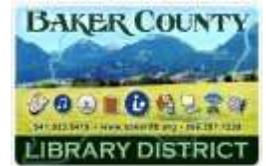
### TAX INCOME REVENUE HISTORY

Jul '13 - Jun 14	Jul '14 - Jun 15	\$ chg	Jul '15 - Jun 16	\$ chg	Jul '16 - Jun 17	\$ chg	Jul '17 - Jun 18	\$ chg	ADOPTED Budget 1 Jul '18 - Jun 19	REVISED Budget 2 Jul '18 - Jun 19	\$ chg	PROPOSED Jul '19 - Jun 20	\$ chg
626,462	649,488	23,026	689,722	40,234	710,121	20,399	734,035	23,914	758,680	850,000	115,965	870,000	20,000
228,406	237,835	9,429	253,337	15,501	254,356	1,019	270,030	15,674	278,657	270,000	-30	280,000	10,000
0	0	0	0	0	0	0	0	0	0	0	0	0	0
854,869	887,323	32,455	943,059	55,736	964,477	21,418	1,004,065	39,588	1,037,337	1,120,000	115,935	1,150,000	30,000

# BAKER COUNTY LIBRARY DISTRICT

## FISCAL YEAR 2019-2020

### BUDGET MESSAGE



An unknown amount of additional revenue may yet be forthcoming from a matter currently arbitration. The district will direct tax revenue growth toward budget priorities of investment in facility assets, collection development, skilled staff, and operating reserves for self-sufficiency.

The district's health insurance costs have also risen with an increase of 7% this year, up from 2% the year prior. Oregon's Public Employee Retirement System (PERS) continues to siphon a lion's share of revenue gains with another oppressive spike in contribution rates increasing Personnel costs by over \$26,000.

Materials & Services focuses on facilities maintenance, staff training, youth programs and expanded collection investment. Surplus revenue is proposed to boost Reserves, both for keeping the district debt-free, and for strategic planning towards large facilities repair projects with a new fund specifically for Capital Investment.

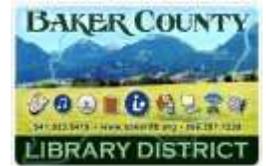
#### **Description of Proposed Financial Policies for the Ensuing Year**

The over-arching principle guiding the development of the proposed budget is adherence to the library service & operations goals: strategic investment in collections, information technology, facilities, & quality staff empowered to provide exceptional library services to our communities.

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

- Revenue growth estimates for the proposed FY19-20 budget (\$30,000) are conservative, at 20% less than the average growth of tax income in the previous four years. This equates to a 3.5 % rate of growth of property values, approximately the same as 2017-2018.  
\*Note: a 1% change equates to about \$10,000 revenue.
- Cash Carryover in General Fund, will begin at \$320,000 courtesy of surplus revenues from FY18-19 and is budgeted for a slight decrease to \$315,000 (including contingency) by FY19-20 year end. This 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 received in early November.
- Salaries include a 2.5% cost of living increase. Seven staff will receive a Step increase, including the final Step for the Library Director. IT personnel hours are voluntarily downsized by 60%. Branch staff hours and Baker service capacity for high traffic weekends are slightly expanded.
- Employee salary and benefits increase overall by 5.6% (68.5% of operating budget) primarily due to PERS obligations which are increasing by over 35% (\$26,000) as compared to the FY18-19 budget.
- Collection Development funding will begin at 10% of the operating budget (\$120,000).
- Facilities Maintenance is sustained at a high level in order to accomplish special repair and improvement projects. Roof repair funds originally budgeted in FY18-19 are moved to a Reserve Fund for future use.
- Corporate Costs increase by 6.1% due to training and library supplies.
- Library operations increase by 16.3% due to increases to the Sage catalog and janitorial contracts, bookmobile maintenance costs, rising gas prices, water usage in utilities, and

# BAKER COUNTY LIBRARY DISTRICT FISCAL YEAR 2019-2020 BUDGET MESSAGE



the addition of a WiFi Hotspot for the Bookmobile. Youth programming will remain high for continued development of summer reading programs.

- A new Reserve Fund for Capital Investment is proposed to be created and infused with surplus General Revenue funds plus grant and reserve resources transferred from the Other Uses fund.
- **Modified accrual basis** method of accounting will continue.

## 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 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 Finance 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 auditor Kent Bailey and the Budget Committee for their continued oversight of the budget from development through approval every year. I also need to acknowledge and credit Buzzy Nielsen, Director of Crook County Library District for providing exceptional models of administrative documents such as the salary survey I've used for the Budget Committee Packet.

With that assistance, I am pleased to have developed a budget based on a Strategic Investment approach which expands district capacity to maintain its facilities, develops collections, sustains early literacy programs and youth services, and keeps staff wages from being diminished by inflation.

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

Subsequently, I respectfully recommend you approve the Proposed FY2019-2020 District Budget as submitted.

Sincerely,

Perry N. Stokes, Budget Officer