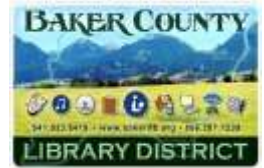


BAKER COUNTY LIBRARY DISTRICT FISCAL YEAR 2023-2024 BUDGET MESSAGE



Honored Budget Committee members and citizens of Baker County,

INTRODUCTION

I am pleased to present the Fiscal Year 2023-2024 (FY23-24) Annual Proposed Budget for Baker County Library District, Oregon totaling **\$3,149,762** projected requirements and responsibilities.

<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">General Fund</td> </tr> <tr> <td colspan="2"><u>Organizational Unit or Program:</u></td> </tr> <tr> <td>Personnel Services.....</td> <td style="text-align: right;">1,059,830</td> </tr> <tr> <td>Materials & Services.....</td> <td style="text-align: right;">509,400</td> </tr> <tr> <td colspan="2"> </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 & Services.....</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Capital Outlay.....</td> <td style="text-align: right;">15,000</td> </tr> <tr> <td>Debt Service</td> <td style="text-align: right;">13,000</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;">76,000</td> </tr> <tr> <td>Contingency.....</td> <td style="text-align: right;">5,000</td> </tr> <tr> <td>Total.....</td> <td style="text-align: right; border: 1px solid black;">\$1,678,230</td> </tr> </table>	General Fund		<u>Organizational Unit or Program:</u>		Personnel Services.....	1,059,830	Materials & Services.....	509,400			<u>Not Allocated to Organizational Unit or Program:</u>		Personnel Services.....	0	Materials & Services.....	0	Capital Outlay.....	15,000	Debt Service	13,000	Special Payments.....	0	Transfers Out.....	76,000	Contingency.....	5,000	Total.....	\$1,678,230	<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Debt Service Fund</td> </tr> <tr> <td>Debt Service</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Total.....</td> <td style="text-align: right; border: 1px solid black;">\$0</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td colspan="2">"Other Uses" Fund</td> </tr> <tr> <td>Org. Unit/Program:</td> <td style="text-align: right;">213,000</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;">4,000</td> </tr> <tr> <td>Contingency.....</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Total.....</td> <td style="text-align: right; border: 1px solid black;">\$217,000</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td colspan="2">Reserve Fund - Capital Investment</td> </tr> <tr> <td>Org. Unit/Program:</td> <td style="text-align: right;">159,250</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;">0</td> </tr> <tr> <td>Contingency.....</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Total.....</td> <td style="text-align: right; border: 1px solid black;">\$159,250</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td colspan="2">Sage Library System Fund</td> </tr> <tr> <td>Org. Unit/Program:</td> <td style="text-align: right;">348,841</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;">0</td> </tr> <tr> <td>Contingency.....</td> <td style="text-align: right;">40,659</td> </tr> <tr> <td>Total.....</td> <td style="text-align: right; border: 1px solid black;">\$389,500</td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>Total APPROPRIATIONS, All Funds . . .</td> <td style="text-align: right; border: 1px solid black;">\$2,443,980</td> </tr> <tr> <td>Total Unappropriated and Reserve Amounts, All Funds . . .</td> <td style="text-align: right; border: 1px solid black;">705,782</td> </tr> <tr> <td>TOTAL ADOPTED BUDGET . . .</td> <td style="text-align: right; border: 1px solid black;">\$3,149,762 *</td> </tr> <tr> <td></td> <td style="text-align: right; font-size: small;">(*amounts with asterisks must match)</td> </tr> </table>	Debt Service Fund		Debt Service	0	Total.....	\$0			"Other Uses" Fund		Org. Unit/Program:	213,000	Special Payments.....	0	Transfers Out.....	4,000	Contingency.....	0	Total.....	\$217,000			Reserve Fund - Capital Investment		Org. Unit/Program:	159,250	Special Payments.....	0	Transfers Out.....	0	Contingency.....	0	Total.....	\$159,250			Sage Library System Fund		Org. Unit/Program:	348,841	Special Payments.....	0	Transfers Out.....	0	Contingency.....	40,659	Total.....	\$389,500			Total APPROPRIATIONS, All Funds . . .	\$2,443,980	Total Unappropriated and Reserve Amounts, All Funds . . .	705,782	TOTAL ADOPTED BUDGET . . .	\$3,149,762 *		(*amounts with asterisks must match)
General Fund																																																																																							
<u>Organizational Unit or Program:</u>																																																																																							
Personnel Services.....	1,059,830																																																																																						
Materials & Services.....	509,400																																																																																						
<u>Not Allocated to Organizational Unit or Program:</u>																																																																																							
Personnel Services.....	0																																																																																						
Materials & Services.....	0																																																																																						
Capital Outlay.....	15,000																																																																																						
Debt Service	13,000																																																																																						
Special Payments.....	0																																																																																						
Transfers Out.....	76,000																																																																																						
Contingency.....	5,000																																																																																						
Total.....	\$1,678,230																																																																																						
Debt Service Fund																																																																																							
Debt Service	0																																																																																						
Total.....	\$0																																																																																						
"Other Uses" Fund																																																																																							
Org. Unit/Program:	213,000																																																																																						
Special Payments.....	0																																																																																						
Transfers Out.....	4,000																																																																																						
Contingency.....	0																																																																																						
Total.....	\$217,000																																																																																						
Reserve Fund - Capital Investment																																																																																							
Org. Unit/Program:	159,250																																																																																						
Special Payments.....	0																																																																																						
Transfers Out.....	0																																																																																						
Contingency.....	0																																																																																						
Total.....	\$159,250																																																																																						
Sage Library System Fund																																																																																							
Org. Unit/Program:	348,841																																																																																						
Special Payments.....	0																																																																																						
Transfers Out.....	0																																																																																						
Contingency.....	40,659																																																																																						
Total.....	\$389,500																																																																																						
Total APPROPRIATIONS, All Funds . . .	\$2,443,980																																																																																						
Total Unappropriated and Reserve Amounts, All Funds . . .	705,782																																																																																						
TOTAL ADOPTED BUDGET . . .	\$3,149,762 *																																																																																						
	(*amounts with asterisks must match)																																																																																						

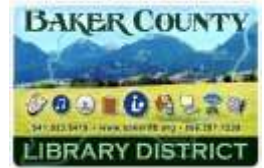
The proposed budget was prepared by the Budget Officer in accordance with the directions of the Board of Directors and current regulations.

This budget is a picture of the District in sound financial health, with revenue growth from growing taxable property value enabling debt-free operations, steady progress on facilities maintenance projects, and keeping employee wages comparable to those in the library field and in our community. Budget cost drivers for the coming year are primarily from inflation pressure on staff salaries, health and retirement benefits, expansion of digital content and access, increased investment in technology services and public programs, high natural gas prices, and closeout of residual debt. Any surplus revenues will be prioritized for Unappropriated Ending Fund Balance / Operating Reserves to maintain debt-free operation, collection development, and facilities improvement projects.

BAKER COUNTY LIBRARY DISTRICT

FISCAL YEAR 2023-2024

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: (1) General Fund, (2) Other Uses Fund, (3) Sage Fund, and (4) Reserve Fund – Capital Investment which the District 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. For strategic budget planning I used modified forms which include additional columns for historical context and comparison.

Please see the Budget Notes document included with the meeting agenda for brief descriptions of each category line.

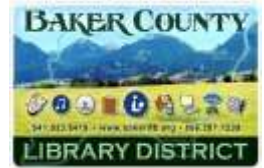
Description of Proposed Financial Policies for the Ensuing Year (Unchanged from prior year)

The dominant principles guiding the development of the proposed budget are

- responsible stewardship of public assets,
- cultivation of fair and competitive employee salary structure,
- expanded delivery of digital content to library users, and
- robust investment in facilities maintenance for safety, improved access, and preservation of assets.

The District will continue to ensure debt-free district operation by maintaining 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 2023-2024 BUDGET MESSAGE



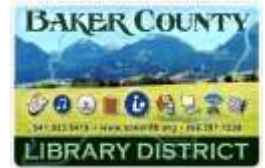
Summary of Significant Features and Changes in the Proposed Budget

- District Reserves for Operations (\$600,000) and Capital Improvements (\$159,250) are well-situated for typical expenditures and planned projects. The Operations Reserve is used to fund district operations for one quarter 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 is able to draw upon resources in the Other Fund temporarily. To remain debt-free, the District must maintain the General Fund Operations Reserve at an adequate level. We are on target for that obligation.
- The main revenue streams from property taxes in the current year are budgeted conservatively at 4.0%. This is a full point below the actual prior year rate of 5.5%. Note that a 1% change equates to about \$14,000 revenue. Prior Year Tax revenue is increased moderately based on recent history. Interest revenue has tripled due to rate hikes this past year. A significant increase to Other Revenues is due to a final payment anticipated from FEMA for reimbursement of COVID expenses.
 - See Agenda Notes, pg. 12, for property value growth rate chart.

	TOTAL	TOTAL	TOTAL	APPROVED	DRAFT	\$ Budget Chg	% Budget Chg
	Jul '19 - Jun 20	Jul '20 - Jun 21	Jul '21 - Jun 22	FY22-23 Budget CURRENT	FY23-24 Budget PROPOSAL		
Income	3.8%	3.5%	3.5%	4.5%	4.0%		
4000 - Current Year Tax Levy							
4001 - Current Tax Levy	853,170	864,213	847,841	955,056	1,002,677	47,621	5.0%
4006 - Local Option Levy	337,382	363,214	370,765	412,945	444,966	32,020	7.8%
Total 4000 - Current Year Tax Levy	1,190,552	1,227,427	1,218,606	1,368,002	1,447,643	79,641	5.8%
Total 4005 - Prior Year Taxes	137,586	45,596	47,892	55,000	60,000	5,000	9.1%
4020 - Other Taxes/Bond Priors-Land Sale	0	4,302	3,012	500	1,500	1,000	200.0%
4060 - State Ready-2-Read Grant	7,890	7,889	8,094	8,500	8,500	0	0.0%
4066 - Grant Revenue	0	1,500	52,977	4,000	5,500	1,500	37.5%
Total 4100 - Fines and Fees	14,474	10,212	12,109	13,000	14,000	1,000	8%
4200 - Interest Income	19,926	11,127	8,446	12,000	30,000	18,000	150%
Total 4300 - Other Revenues	8,548	188,110	22,623	9,500	60,600	51,100	538%
4330 - Sage Fiscal Agency Fee	2,200	1,857	2,160	2,235	2,270	35	2%

- In the **Personnel Services** category, salaries and benefits are increasing by \$57k and \$27.5k respectively for a total expense growth of \$84,559 above the prior year original budget. Oregon's Public Employee Retirement System (PERS) contribution rates have increased slightly and Health insurance premium rates are rising by 6%. Other main budget changes are due to:
 - 5.0% cost of living increase to keep staff wages from falling in relation to inflation
 - Eleven staff eligible for STEP increases
 - Increase of 3 hours/week for the Business Manager
 - Restructuring of Technical Services department
 - Adding a Youth Services Assistant (10 hrs/week)
 - Re-classification of two senior staff positions based on Peer Salary Survey
 - Total staff FTE is increased from 15.6 to 15.7.
 - **Taken as a whole, employee salary and benefits increase by 8.7% (67.5% of operating budget).**

BAKER COUNTY LIBRARY DISTRICT FISCAL YEAR 2023-2024 BUDGET MESSAGE



- In the **Materials & Services** division, the Collection Development category will begin at 8.5% of the operating budget (\$133,500), and is typically boosted later in the year with unanticipated cash carryover or revenues from growing property values.
 - Facilities Maintenance will grow to \$63,500 to enable repair and improvement projects as prioritized in the Facilities Maintenance Strategic Plan.
 - Other significant increases in Materials & Services include
 - Computer Maintenance for hardware updates, maintaining new Wi-Fi Hotspots for public loan, and additional software licenses for bookkeeping, email, and website platforms
 - Public Programs are boosted to enable resources for resuming and expanding adult programs in the post-pandemic
 - Bookmobile and Vehicle operating costs are up due to high gas prices
 - Youth Programs are increased for expanding branch events
 - Utilities costs are up due to a spike of natural gas rates
 - Overall, the Materials & Services division increases by 10% (approx. \$47,500) as compared to the original budget the prior year.

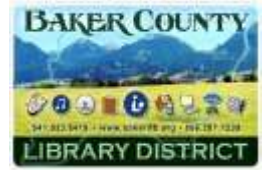
	TOTAL	TOTAL	TOTAL	APPROVED	DRAFT	\$ Budget Chg	% Budget Chg
	Jul '19 - Jun 20	Jul '20 - Jun 21	Jul '21 - Jun 22	FY22-23 Budget CURRENT	FY23-24 Budget PROPOSAL		
Expense							
5000 - Personnel Services							
Total 5001 - District salaries	537,123	552,232	580,013	849,740	706,867	57,127	9%
Total 5400 - Payroll Taxes & Benefits	225,038	256,120	282,938	325,531	352,964	27,433	8%
Total 5000 - Personnel Services	762,161	808,352	862,951	975,271	1,059,830	84,559	9%
6000 - Materials and Services							
Total 6100 - Books & Periodicals	106,389	97,097	110,210	126,000	133,500	7,500	6%
Total 6310 - Facilities Maintenance	57,695	211,200	80,179	81,500	63,500	2,000	3%
Total 6320 - Janitorial Services & Supplies	21,059	27,658	24,582	28,000	28,200	200	1%
Total 6345 - Computer Maintenance	21,353	34,274	62,687	41,500	58,500	17,000	41%
Total 6400 - Bookmobile & Vehicle Operations	6,587	8,167	12,410	14,500	16,000	1,500	10%
Total 6600 - Corporate Costs	39,416	51,687	55,924	63,080	67,900	4,720	7%
Total 6730 - Library Services Supplies	24,845	26,377	17,678	20,500	20,000	-500	-2%
Total 6731 - Youth Programs	8,221	8,928	10,595	15,000	18,500	3,500	23%
6740 - Postage & Freight	885	928	943	1,500	1,500	0	0%
Total 6750 - Utilities	43,782	42,098	42,018	47,400	57,150	9,750	21%
Total 6756 - Telecommunications	16,538	17,138	17,251	18,300	18,300	0	0%
Total 6700 - Other Operating Expenses	98,706	98,008	91,303	107,200	119,950	12,750	12%
Total 6000 - Materials and Services	367,304	545,346	434,473	461,880	509,400	47,520	10%
7000 - Capital Outlay	10,283	7,864	0	25,000	15,000	-10,000	-40%
7500 - Debt Service	2,000	2,000	2,000	2,000	13,000	11,000	550%
Total 8000 - Transfers & Contingency	52,500.00	118,555	44,789	16,000	76,000	60,000	375%
Total Expense	1,194,248.52	1,482,117	1,344,213	1,480,151	1,673,230	193,079	13%
Net Income	522,345.36	574,644	581,077	550,086	560,782	10,697	2%

- In the Debt Service category, the district will use surplus funds to pay off the remainder of Resort Street Project Loan to Baker City (approx. \$13,000).
- Changes to **Other Fund** are negligible.
- The **Reserve Fund** for Capital Investment is used to fund major facilities improvement projects such replacement of siding and aging rooftop HVAC units at the main branch. With a final COVID reimbursement anticipated from FEMA and other transfers from General Fund amounting to \$65,000, total spending authority will remain steady at around \$159,000.

BAKER COUNTY LIBRARY DISTRICT

FISCAL YEAR 2023-2024

BUDGET MESSAGE



- In the **Sage Fund**, cash balance reserves have dipped in recent years with payouts of residual member credits, investment in new server equipment, contracted tech support for a major software update. Those reserves are back up to a level adequate for both anticipated and unanticipated needs. In recent years, membership dues have been increased both to build capacity for recruiting a replacement for the lead System administrator position and adjust for increased courier expenses rising due to inflation and fuel costs.
- **Modified accrual basis** method of accounting will continue.

CONCLUSION AND ACKNOWLEDGEMENTS

Producing and executing the annual budget is team effort. I extend my sincere thanks to all the individual department leads, staff, and library board members who contributed to the development of this proposed budget. Together we have developed a fiscal roadmap that both sustains our outstanding public service levels and provides opportunity for innovation and improvement.

Especially noteworthy is the effort of Finance / HR Department Director Christine Hawes. As always, her professionalism and assistance throughout the year are an invaluable contribution to the development, production, and execution of the proposed budget document. I'm also deeply grateful for the continued mentorship of my predecessor, Aletha Bonebrake and other library colleagues whose work is exemplary and inspirational. Thanks also to our auditor Rob Gaslin, and the Budget Committee for continued oversight and wise counsel on this vital document from development through approval every year. We aim to be worthy of being entrusted with the public resources in our stewardship through transparency, efficiency, and sensible investments that provide added value to every member of our community.

With that, again, I am pleased to offer a budget that represents a district on solid financial footing, one that prioritizes library services evolving and adapting to new technology and usage trends, responsible stewardship of public property and financial assets, robust early literacy programming and youth services, and investment in highly skilled, dedicated staff able to provide exceptional customer service.

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 FY2023-2024 District Budget as presented. This budget helps ensure that we continue and add to our success of recent years.

Sincerely,

Perry N. Stokes, Budget Officer