

BUDGET MESSAGE 2008/2009

This will be the fourth year that the Lincoln County Library District has had a local option tax (\$0.0900 per \$1,000 as well as our permanent tax rate (\$.2465 per \$1000). This is a 5 year local option tax but to keep it we will need to place it on a ballot in November 2008.

The Lincoln County Library District Board was able to make a small increase in insurance coverage this last year by adding long term disability insurance. We are also creating a sick leave pool to cover employees who need a bit more sick leave than they have in the short term. This change was an increase of about \$600 overall. Part is paid by the Library District and part by the Coastal Resource Sharing Network (CRSN). Making this change was mentioned in last year's budget message so this is an update on that action.

We are continuing to add to our van budget so that we can replace the current courier van when needed. We might need to replace the van this coming fiscal year but hopefully it will last one more year. One of the main services we provide to the local libraries is courier service between the libraries so that library patrons have access within a few days to all of the materials available through the libraries that are members of the Coastal Resource Sharing Network (CRSN). The CRSN libraries include Newport, Toledo, Driftwood (Lincoln City), Siletz, Waldport, Oregon Coast Community College (OCCC), Tillamook County Library, and Tillamook Bay Community College (TBCC). We currently provide this courier service 3 times a week. The Tillamook Library and the Newport Library have suggested that it is time to increase the service to 4 times a week. There is not enough in the van budget this year to accommodate this change.

In December of each year the Library District sends an estimate to the local libraries about how much their reimbursement amount will be each year. This year, for the first time ever, an error was made in the amount estimated. If you look at the "Real 70%" amount this is the amount that I should have estimated. This still would actually have been more than the 70% required in the contracts with the libraries because there would have been an additional amount for Siletz. Because of this error and the hardship adjusting it would cause on the local libraries major cuts were made in the rest of the budget. It is going to make a very tight year. The other disadvantage is that next year when the estimates are sent out libraries will probably see a decrease in what they are receiving next year over this year.

The following pages have the detailed information about the budget. Full budget information may also be found at <http://lclinfo.wikispaces.com/BUDGET+INFORMATION> . If you have future questions about the budget please contact me at any time. Office phone: 265-3066. Cell phone: 961-3117. Office mail: Lincoln County Library District, P.O. Box 2027, Newport, OR 97365. E-mail: diedre@beachbooks.org .

Sincerely,

Diedre Conkling
District Librarian

RESOURCES

Available Cash on Hand: We have not used any of the General Operating Contingency and have not completely used all of the funding in some other areas. This combined with the Unappropriated Fund Balance from 2007/2008 and the significant carryover from 2006/2007 should give us \$150,000 to carry over into this next fiscal year.

Previously Levied Taxes Estimated to be Received: Taxes have been coming in better than they did in the past so \$40,000 may be a little high. However, we typically get close to this level of Previously Levied Taxes from year to year.

Interest: \$1,000 is probably a low estimate for the interest but if we earn more it will help in the next fiscal year.

Ready-to-Read Grant: The funding we get for this grant depends on how many libraries apply for the grant and the funding for libraries in the State from the State Legislature. Our share this year is about \$4,440.

State Forestry: We never know how much this will be. \$10,000 may be a bit high but is a real possibility. This is one area changed to help accommodate the error in the reimbursement estimate so that we can take full advantage of any State Forestry funding that we do receive.

Law Library/Lincoln County: We have an agreement with the County Counsel to handle payroll for the County Law Library staff person and they provide us with free legal service. They reimburse us for the payroll expenditures. The estimate for next year, with a salary increase is \$9,000.

Coastal Resource Sharing Network (CRSN): The Lincoln County Library District provides payroll and insurance services for CRSN and pays ¼ of the cataloger's salary and benefits. CRSN reimburses the Library District for this service. The reimbursement is anticipated to be about \$160,275 with a 3.8% salary increase, 10% increase for health insurance, life insurance, long term disability, and taxes.

Siletz – Carry-over: It would be better to have more carry-over in the Siletz budget to pay for staff and other expenditures during the first part of the fiscal year but there budget does not allow for big increases in this area. However, we had more carry-over than anticipate this last year which is helping get everything needed for the new library building. The anticipated carry-over for this next fiscal year is back to \$3,000

Siletz – Interest: There is almost no interest earned by Siletz during the first part of the fiscal year because the Library District basically subsidizes Siletz until December. The estimate for this next year is \$25.

Siletz – Miscellaneous: Siletz collects some money for lost materials and photocopier/printer use. The Siletz library manager may also apply for some small grants during the year to pay for materials and services. This line is open to help make these funds available to the library, with \$1,000 as the estimate.

Siletz – City of Siletz: Our new contract with the City of Siletz requires them to pay for insurance for the library building and for the Library District to receive the rest of the \$3,000 for help with building expenses. We will not get more than \$1,000 beyond the insurance from the City of Siletz.

Total Resources, Except Taxes to be Levied: The total in the above sections is \$380,740.

Taxes Necessary to Balance the Budget: This amount is based on an estimate of how much tax revenue we will actually receive based on our tax rate and property values within the District. At least a 2.5% increase over last year is expected. There are some major urban development areas being annexed into the cities of Newport and Lincoln City so we have to anticipate some loss in revenue. The largest increase in funding we could expect would be 3%, but this is unlikely. We always have to estimate not receiving a certain amount of tax revenue during the fiscal year since not all taxes are paid during the year. This budget anticipates not receiving 6% of the revenue this fiscal year, though we will get the rest in future years. The estimated taxes to be received are \$1,011,766.

Total Resources: \$1,392,506.

EXPENDITURES

Personal Services:

Salaries: The Cost of Living increase for this year is probably around 3.9% to 4%. I would have liked to have increased salaries by 5% but because of the error in the reimbursement estimate I only made a 3.8% increase. This may be slightly below the cost of living increase this year. The budgeted salaries are: \$68,255 for the District Librarian, \$12,849 (1/4 of full salary) for the cataloger and \$39,000 for the library assistant/courier position(s) which is currently held by one person. There is a little extra in this fund for a substitute courier, if needed.

Benefits: Health costs did increase this by about 11% this year. The letter about this increase is attached. Employer taxes, however, have gone down slightly. We pay an amount equivalent to 8% of an individual's salary into their retirement. We also pay full family health insurance coverage for each employee. The funds not used for health insurance are transferred to their retirement benefits. This is for all employees working more than 20 hours per week. Benefits, including health insurance, retirement and employer taxes are \$63,700.

LD-Siletz: The Siletz Library now has 3 people working 16 hours each instead of one library manager. We do not pay health benefits for these employees but do pay retirement. This year there is a 3.8% salary increase in the budget, similar as the increase for other LCLD staff members, bringing the total amount for salaries to \$41,238. Other personnel expenditures are for retirement and employer taxes, \$7,806. The total personal expenditures for Siletz are \$49,044.

Law Library and CRSN Staff: We pay these employees and all appropriate taxes, health and retirement benefits. We are then reimbursed for these expenses. The amount in the budget is for the entire cost for each employee, not just salary. Law Library: \$9,000. CRSN: \$154,275.

Total Personal Services: \$404,123.

Materials and Services:

Professional Services: These funds are used for paying for a yearly audit, filing with the Oregon Secretary of State and some legal services, if needed. \$8,000 was set aside for bookkeeping help last year but was not used and this is helping fund the error in the reimbursement estimate. \$8,000 is funded for this coming fiscal year but we need to get an idea what our real revenue and expenditures will be before using these funds.

Photocopier: Admittedly we have a state of the art photocopier that we are leasing. The copier now also serves as our main printer, networked to all of our computers, so we are not spending money on toner for other printers. This copier copies all sizes of paper, including poster board and prints in color. The copier saves us a lot of staff time. Yearly lease and maintenance is \$5,500.

CRSN Membership: There is a basic \$2,500 for being a CRSN member. The amount over this fee is based on our percentage of CRSN circulation. This brings our total membership amount to \$3,018, which is a real bargain.

CRSN Staff Expenditures: This line has been added to account for other items we may pay for that are not personal expenditures, such as mileage, conference registration, etc. This is reimbursed to the Library District. We have gone over budget in this area the last two years so a larger amount is being recommended this year, \$6,000. This will be reimbursed by CRSN.

Mileage: With the continually rising cost of fuel the IRS mileage rate continues to increase. The current mileage rate is \$.505 per mile. \$2,500 in this category is probably not enough for staff and Board members to have mileage for meetings, conferences and other events.

Postage: There will be increases in the postal rates again this year and the number of interlibrary loans that we process continues to increase. Increasing this line from \$800 to \$1,000 should help meet the rising costs.

Professional Materials: The cost of periodicals also keeps increasing and we were unable to add to the professional collection for several years because of funding so we are trying to make up some of this short fall. We are not purchasing as many periodicals but are purchasing most professional books that staff in the libraries request. \$1,000 is allocated for this item.

Public Relations: These funds are basically used for a booth at the fair and items for the booth. At some time we may want to increase this fund and pay for newspaper and radio ads. The current amount in this line is \$500.

Rent & Utilities: When looking at the budget an attempt was made to increase this section enough to move into a larger space. Unfortunately, this does not seem possible and the cost of utilities is continuing to increase. \$9,000 is the same amount we budgeted this last fiscal year and we will not use all of it so, hopefully, \$9,000 will cover expenses for next year.

Supplies: We usually have a little of our supply budget left for the next fiscal year when we have budgeted \$3,500. There should be no reason to have to purchase any large items this year so this line was cut for the first time in several years, because of the error in the reimbursement estimate, to \$2,078.

Vans: The older van probably will require more repairs than the newer van but we may put off any major repairs so that this budget line can be decreased. We are using the older van for visits to local libraries and other meetings as the gas prices keep rising. We are able to use the county fuel station for gas for the vans which costs a little less than at the commercial pumps since we don't have to pay the taxes. We may have slightly over-budgeted last year so this line and by planning for no major repairs it is possible to reduce this to \$5,000 for van fuel, maintenance and supplies.

Memberships, Registration, Travel and Training: Membership fees for the American Library Association may be going up and Oregon Library Association fees are increasing. Fortunately, the Special Districts Association of Oregon is no longer charging us a membership fee if we agree to continue using them for insurance coverage. We may not need the whole \$1,500 for membership but can use it for other travel and training costs if needed. We want to continue to encourage staff and Board members to attend conferences and other training. This costs more as more people become interested in the conference and training and as the costs for travel and lodging increase. This line is \$5,000 with a total for this category remaining the same as last year, \$6,500.

Operating Fees/Insurance: Insurance: We may see slight increases in the insurance as the Special Districts program changes but it should not be much and we will continue to participate in the best practices program and the pre-loss legal program which help us keep these expenses down. \$4,500 should be close to enough for coverage. We will be paying for two elections, the local option tax election in November and the Board member election in May. The estimated cost for these elections is a total of \$9,000. The cost for legal notices, such as the budget committee notices, placed in the *News-Times* remains constant and \$200 is enough to pay for the notices. Total expenditures are \$13,700.

Library Development and Reimbursement: Most of our expenditures are in this area as we continue to reimburse local libraries for providing their services to Lincoln County Library District residents. Our local libraries get better all of the time and this funding helps them do this.

Cataloging, Reference and Interlibrary Loan: Through our funding of library and library user access to the OCLC database we are able to provide support for the CRSN catalog, access to materials all over the world and information about what is available in libraries for library patrons. Library patrons may now directly use OCLC through WorldCat

which is part of or FirstSearch subscription with OCLC. This is not an inexpensive service but it is at the heart of our service to our users. \$45,000 is budgeted for these services.

General Library Development: We use to be able to do a lot more in this area but we are only providing minimal funding in this area at the moment with \$4,440 from the Ready-to-Read Grant to support summer reading programs in all of the libraries. This helps fund performers for programs countywide and supplies for the Siletz Library.

Siletz: An additional sheet about Siletz has been provided so that it is clear where the funds are being used. The total allocation from the Library District to the Siletz library is proportional, at \$62,500, to the increase in the reimbursement fund for the other libraries. With the other revenue and carry-over funds the total available for expenditures is \$67,525. Expenditures are: personal \$49,044, materials and services \$17,981, no capital outlay and contingency \$500. Total expenditures are \$67,525. This is not enough to run the library well. It involves a decrease in the funding for books and other materials. The library does get gifts but they do not keep the periodical subscriptions up-to-date and aren't necessarily the current best sellers. The \$4,400 does not allow for any growth or even meeting current needs but is slightly more than last year. There are no other funds available at this time unless more is received through grants.

Library Reimbursement: 70% or more of the anticipated revenue from Tax Revenue, Previously Levied Taxes and State Forestry Receipts must be used for library reimbursement and some library development. 10% or less can be used for cataloging and courier service. 20% or less can be used for all other Library District expenditures. If we receive more than anticipated in any of these fund during a fiscal year this amount goes to the libraries in the second fiscal year following the receipt of the funds. We are required in our contract to provide a reimbursement estimate to the libraries. For some reason, this year I made a significant error in this estimate by not subtracting out the amount for the Siletz Library. I have lowered the reimbursement amount slightly but not enough. Hopefully this very slight decrease from the December estimate will not significantly impact the libraries this coming fiscal year. Reimbursement amounts: Lincoln City \$226,910.09, Newport \$334,445.53, Toledo \$95,684.51 and Waldport \$122,625.87. Total: \$779,666.

Total Library Development/Reimbursement: \$847,587.

Total Materials and Services: \$908,383.

Capital Outlay: \$1,000 has been set aside for any equipment or building needs. Another \$3,500 has been added to the new van fund which brings the fund up to \$19,000. This is very close to enough to purchase a new van if the need arises this coming fiscal year.. The total in Capital Outlay is \$20,000.

General Operating Contingency: If an unanticipated need arises in one of the budget areas some of the \$40,000 in this fund may be used. However, the goal is to not use these funds this fiscal year but to carry them over into 2009/2010.

Total Expenditures \$1,372,506.

Unappropriated Ending Fund Balance: These funds are used to cover expenses during the 2008/2009 fiscal year before tax revenue is received. We have been trying to increase this line and the General Operating Contingency so that we have at least \$100,000 carried over to the following fiscal year each year to cover costs before November of the following fiscal year. This \$20,000 may not be used, for any reason, during the 2009/2010 fiscal year.

Total Expenditures: \$1,392,506.