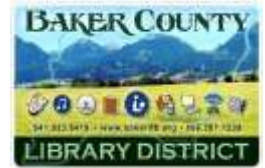


BAKER COUNTY LIBRARY DISTRICT FISCAL YEAR 2024-2025 BUDGET MESSAGE



Honored Budget Committee members and citizens of Baker County,

INTRODUCTION

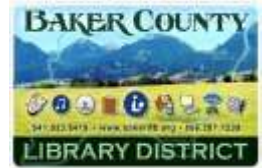
I am pleased to present the Fiscal Year 2024-2025 (FY24-25) Annual Proposed Budget for Baker County Library District, Oregon totaling **\$3,203,733** projected requirements and responsibilities.

This budget was prepared by the Budget Officer in accordance with the directions of the Board of Directors and current regulations. It reflects the district's sound financial health but also highlights some instability in revenue collections. With revenue disbursements withheld during assessment disputes and a significant drop in the growth rate of taxable property valuation this past year, the district will rely on surplus operations reserves to cover the resulting revenue shortfall. Discretionary budget lines will be cut back as a precaution, as well.

Cost drivers for the coming year include inflation pressures on staff salaries and employee health benefits. Any surplus revenues will be prioritized for facilities maintenance projects, collection development, youth programs, and marketing.

General Fund		Debt Service Fund	
<u>Organizational Unit or Program:</u>		Debt Service	
Personnel Services.....	1,104,884	Total.....	\$0
Materials & Services.....	481,950		
		"Other Uses" Fund	
		Org. Unit/Program: _____	238,000
		Special Payments.....	0
		Transfers Out.....	14,000
<u>Not Allocated to Organizational Unit or Program:</u>		Contingency.....	0
Personnel Services.....	0	Total.....	\$252,000
Materials & Services.....	0		
Capital Outlay.....	15,000	Reserve Fund - Capital Investment	
Debt Service	0	Org. Unit/Program: _____	105,000
Special Payments.....	0	Special Payments.....	0
Transfers Out.....	10,000	Transfers Out.....	0
Contingency.....	5,000	Contingency.....	0
Total.....	\$1,616,834	Total.....	\$105,000
		Sage Library System Fund	
		Org. Unit/Program: _____	379,815
		Special Payments.....	0
		Transfers Out.....	0
		Contingency.....	33,685
		Total.....	\$413,500
		Total APPROPRIATIONS, All Funds . . .	\$2,387,334
		Total Unappropriated and Reserve Amounts, All Funds . . .	816,398
		TOTAL ADOPTED BUDGET . . .	\$3,203,733 *
			<i>(*amounts with asterisks must match)</i>

BAKER COUNTY LIBRARY DISTRICT FISCAL YEAR 2024-2025 BUDGET MESSAGE



OVERVIEW

Pursuant to Oregon Budget Law, the budget message must contain certain information to help readers understand major differences in the proposed budget compared to the current year's adopted budget. ORS 294.391 requires that the budget message:

- Explain the budget document
- Contain a brief description of proposed financial policies for the ensuing year
- Highlights 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 comprises four funds: the General Fund, Other Uses Fund, Sage Fund, and Reserve Fund – Capital Investment, 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, other Special Payments, Capital Outlay, Transfers, Contingency, and 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 that 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.

Proposed Financial Policies for the Ensuing Year

The dominant principles guiding the development of the proposed budget are:

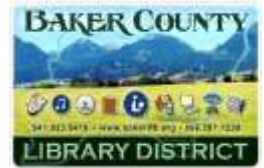
- Prudent budgeting restraints due to income instability
- Responsible stewardship of public assets
- Fair and competitive employee salary structure
- Reasonable allocation of resources according to library usage trends
- Practical investment in facilities maintenance for safety, access, and preservation of assets

The District will continue to ensure debt-free operations by maintaining reserve funds adequate for self-sufficient operations and planned capital improvements. We 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.

Summary of Significant Features and Changes in the Proposed Budget

- **District Reserves:** Operations Reserve (\$620,000) and Capital Improvements (\$105,000) are well-situated for typical expenditures and planned projects. The Operations Reserve funds district operations for one quarter of the year, from July until tax revenues are dispersed in early November. If necessary, the district can draw from resources in the Other Fund temporarily. Maintaining the General Fund

BAKER COUNTY LIBRARY DISTRICT FISCAL YEAR 2024-2025 BUDGET MESSAGE



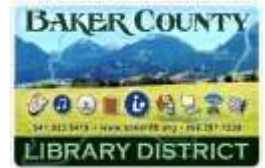
Operations Reserve at an adequate level is crucial to remain debt-free, and we are on target for this obligation.

- **Revenue Streams:** Property tax revenues are conservatively budgeted at 3.0%, an improvement from the prior year's 0.8% but still below the FY22-23 rate of 5.5%. A 1% change equates to approximately \$14,000 in revenue. Prior Year Tax revenue is increased moderately based on recent history. Interest revenue is projected to grow five-fold over 2021-22 receipts due to federal bank rate hikes.
 - See Agenda Notes, pg. 12, for a property value growth rate chart.

	TOTAL	TOTAL	TOTAL	FY23-24	DRAFT	DRAFT		
	Jul '20 - Jun 21	Jul '21 - Jun 22	Jul '22 - Jun 23	Budget CURRENT	FY23-24 Budget SUPPL1	FY24-25 Budget PROPOSAL	\$ Suppl Budget Chg	% Budget Chg
Income	3.5%	3.5%	3.5%	4.0%	0.8%	3.0%		
4000 - Current Year Tax Levy								
4001 - Current Tax Levy	864,213	847,841	942,425	1,002,677	950,000	1,000,816	50,816	5.3%
4006 - Local Option Levy	363,214	370,765	418,227	444,966	440,000	445,867	5,867	1.3%
Total 4000 - Current Year Tax Levy	1,227,427	1,218,606	1,360,652	1,447,643	1,390,000	1,446,683	56,683	4.1%
Total 4005 - Prior Year Taxes	45,596	47,892	54,601	60,000	61,000	65,000	4,000	6.6%
4020 - Other Taxes/Bond Priors-Land Sale	4,302	3,012	1,797	1,500	1,500	1,500	0	0.0%
4060 - State Ready-2-Read Grant	7,889	8,094	8,488	8,500	8,700	9,000	300	3.4%
4066 - Grant Revenue	1,500	52,977	7,000	5,500	500	500	0	0.0%
Total 4100 - Fines and Fees	10,212	12,109	14,736	14,000	15,000	15,000	0	0%
4200 - Interest Income	11,127	8,446	27,734	30,000	43,000	45,000	2,000	5%
Total 4300 - Other Revenues	188,110	22,623	22,051	60,600	56,100	14,100	-42,000	-75%
4330 - Sage Fiscal Agency Fee	1,857	2,160	2,215	2,270	2,270	2,450	180	8%

- **Personnel Services:** Salaries and benefits are increasing by \$35.1K and \$9.2K respectively, for a total expense growth of \$44,335 above the prior year's original budget. Health insurance premiums are rising by 7%. Oregon's Public Employee Retirement System (PERS) contribution rates increased slightly last year and remain the same in year two of the biennial budget. Key changes include:
 - 4.0% cost of living increase to keep staff wages in line with inflation
 - Nine (9) paraprofessional staff eligible for STEP increases
 - Total staff FTE maintained at 15.7
 - Overall, employee salary and benefits increase by 4.2% (69.6% of the operating budget)
- **Materials & Services:** The Collection Development category will start at 8.5% of the operating budget (\$133,500), typically boosted later in the year with unanticipated cash carryover or revenues from growing property values. Facilities Maintenance is sustained at \$54,500 to enable repair and improvement projects as prioritized in the Facilities Maintenance Strategic Plan. Other significant increases include:
 - Computer Maintenance for hardware updates and maintaining a downscaled Wi-Fi Hotspot program for public loan
 - Insurance increased significantly due to a rate hike of up to 20% by Special District Insurance Services
 - Bookmobile and vehicle operating costs reduced due to significant work accomplished on the bookmobile last year

BAKER COUNTY LIBRARY DISTRICT FISCAL YEAR 2024-2025 BUDGET MESSAGE

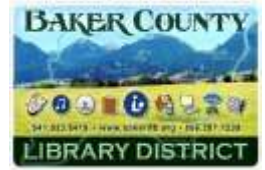


- Youth Programs adjusted to cover historical expense trends
- Telecommunications decreased due to changes of Internet service providers
- Transfers out are constrained due to revenue instability, except for maintaining adequate funds in the Severance Fund for projected staff retirement payouts.
- Overall, the Materials & Services division is decreased by 7.7% (approximately \$40,500) compared to the prior year's original budget.

	TOTAL	TOTAL	TOTAL	FY23-24 Budget CURRENT	DRAFT FY23-24 Budget SUPPL1	DRAFT FY24-25 Budget PROPOSAL	\$ Suppl Budget Chg	% Budget Chg
	Jul '20 - Jun 21	Jul '21 - Jun 22	Jul '22 - Jun 23					
6000 - Materials and Services								
Total 6100 - Books & Periodicals	97,097	110,210	156,345	133,500	155,250	135,500	-19,750	-13%
Total 6310 - Building & Grounds Maint	211,200	60,179	51,447	63,500	63,200	54,500	-8,700	-14%
Total 6320 - Janitorial Services & Sup	27,658	24,592	29,233	28,200	28,200	28,200	0	0%
Total 6345 - Computer Maintenance	34,274	62,687	39,659	58,500	43,000	43,000	0	0%
Total 6400 - Bookmobile & Vehicle Opera	8,167	12,410	12,153	16,000	10,000	10,000	0	0%
Total 6600 - Corporate Costs	51,687	55,924	54,963	67,800	64,625	73,650	9,025	14%
6720 - Branch Mileage	2,538	2,817	3,976	4,500	4,000	4,000	0	0%
Total 6730 - Library Services Supplies	26,377	17,678	17,629	20,000	20,000	20,000	0	0%
Total 6731 - Youth Programs	8,928	10,595	15,020	18,500	18,500	15,750	-2,750	-15%
6740 - Postage & Freight	928	943	972	1,500	1,500	1,500	0	0%
Total 6750 - Utilities	42,038	42,018	50,905	57,150	53,150	55,550	2,400	5%
Total 6756 - Telecommunications	17,138	17,251	17,738	18,300	20,800	18,300	-2,500	-12%
Total 6700 - Other Operating Expenses	98,008	91,303	106,240	119,950	117,950	115,100	-2,850	-2%
Total 6000 - Materials and Services	545,346	434,473	468,966	509,400	505,175	481,950	-23,225	-5%
7000 - Capital Outlay	7,864	0	6,835	15,000	18,000	15,000	-3,000	-17%
7500 - Debt Service	2,000	2,000	2,114	13,000	11,315	0	-11,315	-100%
Total 8000 - Transfers & Contingency	118,555	44,789	18,000	80,000	80,000	10,000	-70,000	-88%
Total Expense	1,482,117	1,344,213	1,430,598	1,677,949	1,633,431	1,611,834	-21,597	-1%
Net Income	574,644	581,077	654,322	581,063	619,638	621,398	1,760	0%

- **Debt Service:** The district is debt-free with the payoff of the Resort Street Project Loan balance to Baker City (\$11,315) in FY23-24.
- **Other Fund:** Significant growth in interest revenue and increased transfers out to the General Fund for election, technology, and book sale proceeds support collection development.
- **Reserve Fund for Capital Investment:** Used to fund major facilities improvement projects like replacing siding and aging rooftop HVAC units at the main branch. In the prior year, a final COVID reimbursement from FEMA offset expenditures. Total spending authority remains steady at around \$105,000.
- **Sage Fund:** Cash balance reserves continue to grow due to savings in delayed retirement of senior administrative staff. Membership fees are proposed to increase to build capacity for recruiting a replacement for the lead System administrator position and to adjust for increased courier expenses due to inflation and fuel costs. Pending approval by the Sage User Council, reserves may be drawn down to help fund a revision of membership pricing structure.
- **Accounting Method:** The modified accrual basis method of accounting will continue.

BAKER COUNTY LIBRARY DISTRICT
FISCAL YEAR 2024-2025
BUDGET MESSAGE



Conclusion and Acknowledgements

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

Special thanks to Finance/HR Department Director Christine Hawes. Her professionalism and assistance throughout the year are invaluable contributions to the development, production, and execution of this budget document. I am 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 their continued oversight and wise counsel on this vital document from development through approval every year. We aim to be worthy of the public's trust through transparency, efficiency, and sensible investments that add value to every community member.

With that, I am pleased to present a budget that represents a district on solid financial footing, prioritizing evolving library services, responsible stewardship of public property and financial assets, robust early literacy programming and youth services, and investment in highly skilled, dedicated staff providing exceptional customer service.

I look forward to your questions and providing any information needed to assist in the deliberation process. I respectfully recommend approval of the Proposed FY2024-2025 District Budget as presented. This budget ensures we continue and add to our recent successes.

Sincerely,

Perry N. Stokes, Budget Officer