

TO: Josephine Community Library District Budget Committee
FROM: Kate Lasky, Budget Officer
DATE: May 17, 2018, Budget Hearing
SUBJECT: FY 2018–19 Budget Message

JOSEPHINE COMMUNITY LIBRARY DISTRICT FY 2018–19 BUDGET MESSAGE

INTRODUCTION

Primer: On the May 16, 2017 ballot, voters approved Measure 17-79 to form a noncontiguous library district, Josephine Community Library District (JCLD). The results were 52 to 47 percent in favor of the measure. This library district has a permanent dedicated tax rate of 39 cents per \$1,000 of assessed property value for those living within the library district boundaries. The boundary of the district includes noncontiguous areas in Grants Pass, Illinois Valley, Williams, and Wolf Creek with an estimated population of 39,000 (of a total county population of 83,000) based on calculations from the State Library of Oregon.

This smaller district, which was officially formed on June 14, 2017, provides a foundation of stable funding for the future and is completely independent of county government. It is governed by the five members of the library district board who were elected on the same ballot.

The district's initial tax turnover transfer occurred on November 14, 2017, five months after formation. To support the newly formed district, the nonprofit Josephine Community Libraries, Inc. (JCLI), which has been operating the library system for the past eight years, granted JCLD a start-up funding grant of \$122,000 in July. As a result, the nonprofit JCLI agreed to continue operations until the end of the calendar year to allow the district time to build its infrastructure. JCLD took over operations of the library system on January 1, 2018 for the last six months of fiscal year (FY) ending June 30, 2018.

This budget document represents the planned revenue and expenditures (resources and requirements) for fiscal year (FY) 2018–19. The JCLD strategic plan which was completed on November 9, 2017, guides budget development and operations through 2021. Expenditures in the FY 2018–19 budget represent the goals and activities of the strategic plan, which is therefore referenced throughout this narrative (see attached).

GENERAL FUND RESOURCES

Cash Carryover

The district anticipates an unrestricted cash carryover (Library Operations) from FY 2017–18 of an estimated \$665,000 due to its financial partnership with the nonprofit Josephine Community Libraries, Inc. (JCLI)—see “Primer” above. The amount of cash carryover allows the district to operate the library system beginning July 1, 2018 prior to the influx of tax revenue in November 2018.

Restricted cash carryover (Gifts and Grants) represents remaining grant funds to be spent in FY 2018–19 and totals \$79,938. To learn more about these funds and their restricted use, see Grants and Donation detail on budget page LB30 Grants and Donations — Restricted Funding.

Total available cash carryover equals \$744,938.

Previously Levied Taxes and Interest

The district anticipates revenue from past due taxes will be \$20,150. Earned interest on cash in the Local Government Investment Pool will amount to approximately \$7,000.

Fines & Fees

Fines and fees for library services include fines for overdue materials, replacement charges, fees for library cards and meeting spaces, and charges for service.

Fines and fees calculations are based on one-half of JCLI's last three years of revenue history at \$9,000 due to the reduction in service population from 85,000 to an estimated 50,000.

Currently, JCLD has a record of 25,219 active library cards. Members of one household may have multiple library cards.

An additional \$10,500 is expected from implementation of new library fees for those patrons living outside the library district boundary. Cost for annual library cards for those outside the district is \$60 per household per year, with an estimated 600 households affected. Of these households, at least half will be paid for by grant scholarships, leaving an estimated 175 households to pay annual fees.

Total fines and fees expected in FY 2018-19 is \$19,500.

Grants and Donations Restricted

Donations and Grants represent funds from grants. Grants are included in the General Fund as restricted funds.

Grants anticipated for FY 2018-19 are to be spent out in one 12-month period. These grants are short term restricted funds, and not recurring or accumulating funds for a future service. Grant funds in FY 2018-19 are considered restricted gifts.

The board adopted Policy 2-9 Grants in FY 2017-18. See attached. The board will decide how best to define the limits of restricted gifts in the coming year. Restricted gifts are required to align with JCLD's core services.

JCLD library core services are to:

- Maintain and circulate a curated and balanced collection of catalogued books and other materials selected for a wide range of interests for adults, youth, and children in the community.
- Provide a pleasant experience and convenient space for library users, with trained volunteers and professional staff available for guidance in the acquisition of information.
- Provide access to the Internet and a variety of digital media with subsequent digital skills training.
- Provide special programming to encourage children's literacy.
- Provide adult and teen programs that encourage lifelong learning.

Total cash carryover grants and new grants anticipated in FY 2018-19 equal \$226,990.

Grants and Donations Unrestricted

Unrestricted gifts are considered donations. No unrestricted donations are anticipated. It is the practice of the district to redirect all unrestricted gifts to the Josephine County Library Foundation (JCLF) as its fundraising partner. Some grants, though short term, extend through the fiscal year end. Those grants will have cash carryover which will be calculated accurately prior to board approval and budget adoption in June 2018.

Taxes

Assessed Values (AV) of all taxable properties within the boundaries of JCLD equals \$3,533,185,521 (\$3.5 billions). The district's AV is 47 percent of all AV in Josephine County which totals \$7,527,274,297.

The district's permanent rate levy (0.39 per \$1,000 AV) for FY 2018-19 estimates an increase of 4.5 percent over FY 2017-18 producing total taxes to be received of \$1,440,828. The actual amount expected to be collected in FY 2018-19 is \$1,353,750.

Current year cash tax collections are estimated to be 93.96 percent of amounts billed to district taxpayers. Discounts for full or 2/3 payments are estimated to be 2.4 percent of the total or \$34,580. The expected balance of delinquent taxes at a rate of 3.64 percent as of June 30, 2019 is \$52,450.

The attached Assessor's Statement of Taxes¹ shows the total countywide tax assessments by district. It shows each district's assessed value and share of the amount to be received.

The attached Assessor's Table 4a, Detail of Taxing District levies² shows how the library's "total to be received" was calculated and answers the question of why \$0.39 per \$1,000 does not equal this number.

GENERAL FUND REQUIREMENTS Appropriations Summary

JCLD provides two program services – *Library Operations* and *Enhanced Library Services*. A program is a group of related activities aimed at accomplishing a major service or function of a local government. JCLD distinguishes library operations from enhanced library services to demonstrate services which are paid for by unrestricted funds and services supported by grants or other restricted donations.

Library Operations includes all aspects of operating the library branches and provides the basic level of service anticipated when the District was formed. Funding is provided by the property taxes, service fees, late fines and unrestricted donations and grants.

Enhanced Library Services includes additional services and acquisitions that are paid for through restricted donor gifts to the Library and grants obtained from other organizations that can only be spent for specific purposes as defined by the donor and grantor.

Interfund Transfers represent a transfer of \$5,000 from the general fund to the Grants Pass Maintenance Fund as required by the lease agreement between Josephine County and JCLD for use

of the Grants Pass branch at 200 NW C Street. This transfer will occur in January 2019 per the lease agreement and may be used for maintenance and repairs to the Grants Pass branch building.

Operating Contingency

For FY 2018–19, a contingency of \$189,430 is set. It is not anticipated these funds will be needed, however, given the complexity of starting up a new library district and operating services for its first full year, the board reserves the right to appropriate funds from contingency should the need arise.

Unappropriated Ending Fund Balance

JCLD determined to conserve the cash carryover in FY 2018–19 of \$665,000 as unappropriated ending fund balance(unspent) in the district’s first full year of operations. The board will decide how best to reallocate these funds in FY 2019–20 according to its reserve fund financial policies to be developed in the coming year. The unappropriated ending fund balance will allow the district to operate the library system beginning July 1, 2019 prior to the influx of tax revenue in November 2019, in preparation of FY 2019–20.

GENERAL LIBRARY OPERATIONS

General Library Operations is divided into expense groupings or program elements. Under Personnel Services, these elements include Library Staff Salaries, and Taxes and Benefits. Under Materials and Services, these elements include Library Services, Maintenance and Repair, and Administration.

Personnel Services: Library Staff Salaries

The first imperative of JCLD’s strategic plan is to enhance program quality and customer service, with the initiative to expand hours of operations to achieve this goal. JCLD has successfully increased weekly hours from 59 hours to 100 hours across all four branches with 40 hours per week in Grants Pass, 25 hours per week Illinois Valley, 20 hours per week in Williams, and 15 hours per week in Wolf Creek. No additional hours are anticipated in FY 2018–19.

The district plans to increase staffing levels to better support the increase in open hours. Beginning in July, the district will employ 16 positions at 14 FTEs. Total gross salaries/wages equal \$607,556.

Employee Positions	hourly wage range	hours per week	Notes	FTE
Library Director	\$40-48	40		1.00
Public Services Director	\$22-28	40		1.00
Collection Librarian (MLIS)	\$20-26	36		0.90
Cataloguing Manager	\$20-26	40	Current employee retiring, hiring in June	1.00
Reference Librarian (MLIS)	\$20-26	40		1.00
Fiscal Coordinator	\$18-24	40	Current open position	1.00
Children’s Librarian (MLIS)	\$18-24	40		1.00
Partnership Manager	\$18-24	40		1.00
Teen Librarian (MLIS)	\$18-24	20	New position	0.50
Volunteer Manager	\$16-22	40		1.00
Communications Coordinator	\$16-22	40		1.00
Williams Branch Manager	\$16-22	29		0.73
Wolf Creek Branch Manager	\$16-22	24		0.60
Illinois Valley Branch Manager	\$16-22	40		1.00
Facilities Maintenance Coordinator	\$12-18	40		1.00
Cataloguing Assistant	\$12-18	20	New position	0.50
			TOTAL	14.23

COLA: A cost of living adjustment (COLA) was calculated at 2.5 percent of gross wages and may be applied by approval of the board.

Personnel: Taxes and Benefits

Employee benefits include worker's compensation, employment insurance, health insurance, life and disability insurance, and a retirement program. Total employee benefits equal \$156,595.

Retirement: The district offers a tax-deferred Simple IRA retirement plan. The district matches employee contributions up to 3 percent of gross wages. All employees working at least 20 hours per week are eligible to participate. In FY 2018–19, JCLD will have 16 eligible employees.

Health Insurance: The district offers two options for healthcare: a standard insurance plan and a high-deductible health savings account (HSA) plan. Employees working at least 32 hours per week are eligible. In FY 2018–19, JCLD will have 12 eligible employees. The monthly district cost is capped at \$525 per month per employee.

Life and Disability Insurance: The district covers 100 percent of the cost of life and disability insurance for all employees, amounting to \$25.30 per month per employee. In FY 2018–19, JCLD will have 16 eligible employees.

Personnel Transfers: The Library Development Program grant from Josephine County Library Foundation is set to pay for \$20,000 of staff time to implement the program. This is transferred between the Materials and Services appropriation and the Personnel appropriation within the General Fund to offset payroll costs for this project.

Materials and Services: Library Services

The Materials and Services budget is closely tied to the JCLD strategic plan and is based on an analysis of the JCLI historical expenditures over its last three full fiscal years FY 2014–15, FY 2015–16, and FY 2016–17. Given the nonprofit's reduced hours and limited budget for materials, the district projects a higher investment in some of these areas to better serve its library patrons and to fulfill promises made during the library district campaign.

Collection Development (books, audiovisual, digital, and other materials.): The first imperative of JCLD's strategic plan is to enhance program quality and customer service, with the initiative to improve materials to align with [Oregon Library Association Library Standards](#)—which states, "The Library will obtain, organize, and make conveniently available to all the people of the community educational, recreational, and informational materials in convenient forms, including print, non-print and electronic." The district based its cost of collection development on a per capita formula compared to other regional public library systems using the [Oregon Public Library Statistics Report](#) published annually.

Expenditure on materials per capita compared

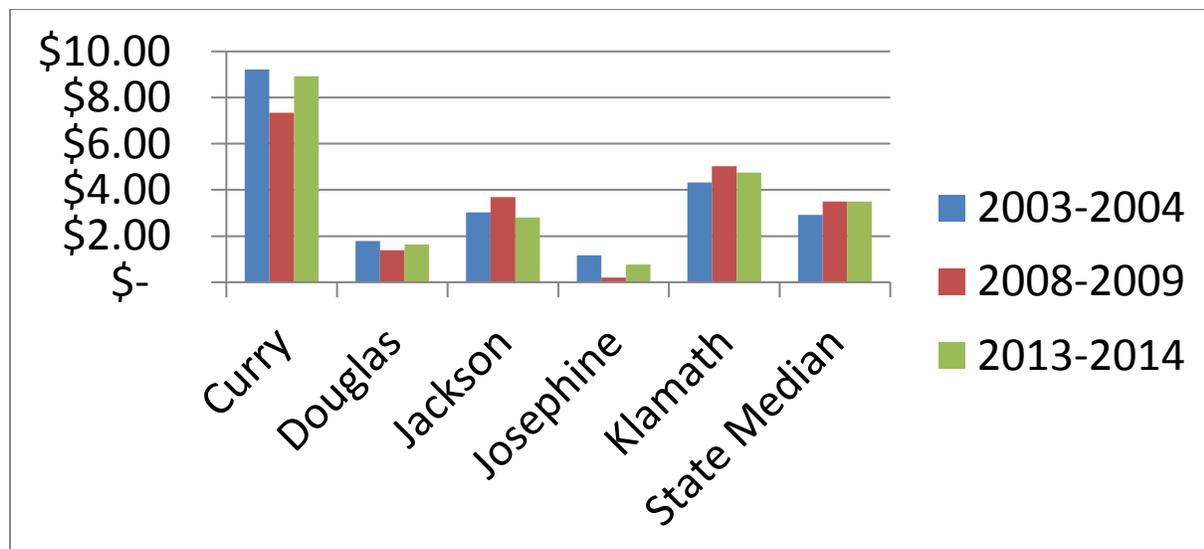
The average expenditure across comparable library systems on collection development is \$3 per capita. The district will expend \$3.50 per capita (the state median) in FY 2018–19, as well as in the following three years to rebuild, repair, and modernize the collection of materials.

With comparable collection development budgets, neighboring library systems may enter into inter-library loan agreements, greatly expanding service to its patrons by sharing books and other

materials. In the wake of the 10 years of reduced collection investments by Josephine County and library closure in 2007, and the limited nonprofit JCLI budget since reopening in 2009, JCLD will need to invest in its collection of materials for three years before inter-library loan can be considered.

The population size of residents inside the library district is estimated to be 39,000 by the State Library of Oregon. The population of Josephine County is much larger at 83,000. JCLI's boundary was countywide with an estimated 50 percent of existing library cardholders living outside the new district boundary (based on a sample set of active library cardholders for three months). While the district now serves a smaller population within its boundary, it is projected that residents outside the library district will benefit from library services by purchasing library cards and through school partnerships, increasing the population served by a minimum of 11,000 in FY 2017-18. Therefore, the population estimate for this budget is 50,000.

Items in collection development expenses include e-books, audiobooks, print books and periodicals, online database subscriptions, and cataloging supplies.



Library Catalog: Libraries require online cataloging software—called an integrated library system (ILS)—to conduct the business of checking materials in and out for patron services. JCLD contracts with the same ILS previously used by JCLI; Polaris/Innovative Interfaces, Inc. The annual contract with Innovative Interfaces, Inc. began on December 1, 2017 and was paid in full at that time. Two additional desktop licenses for staff and volunteers will be needed in FY 2018-19 as well as an inventory module to conduct a more thorough review of the collection across all branches at \$1,500 each (X3). Cost is based on FY 2017-18 contracted services of 23,494.28 plus \$4,500 for a total of \$27,995.

Patron Services and Supplies (library cards and displays): Historically, JCLI reflected between \$500 and \$1,500 annual costs for library cards and displays. In FY 2018-19, the district is not planning to order new library cards. However, staff plan to update library signage at all four branches with new branding including directional and display signs. Estimated cost is \$3,652.

Volunteer Support: According to the JCLD strategic plan, the district plans to recruit more volunteers in FY 2018-19 to maintain additional library open hours. This budget category includes background checks, volunteer badges and t-shirts, hospitality supplies, and appreciation events and programs.

The district reviewed the nonprofit JCLI average expenditures for volunteer support for the past three years, noting that historically library volunteers are adamantly opposed to increased costs for volunteer gifts and awards. The district is committed to maintaining the successful volunteer program built by JCLI. The average expenditure for background checks increase last year to \$10 each @15 per month for a total of \$1,800 estimated in FY 2018–19. Hospitality and appreciation programs are projected to be \$1,100 for a total of \$2,900 for Volunteer Support.

Events at Library: The district reviewed the nonprofit JCLI average expenditures for events at the library for the past three years. The average JCLI expenditure was \$8,500 annually, including expenses paid by grant funding. The district separates such grant funding in the budget under Grant Expenses, therefore all district funds in Events at Library will come from unrestricted taxpayer dollars. This category includes Oregon Humanities Conversation Project (\$300), Readapalooza (\$500), children’s special events (\$300), and teen/adult trainings and workshops (\$2,100) for all four branches. The district anticipates an increase in programming for teens and adults which is reflected in the previous allocations.

Communications and Outreach: The JCLI average expenditures for communications and outreach for the past three years was \$37,000 annually. This budget category includes printing, advertising and social media, Constant Contact subscription for email content management, bumper stickers, bookmarks, posters, and graphic design. The district anticipates reduced costs in this area as most of JCLI costs were associated with fundraising efforts. In FY 2018–19, implementation of the brand transition project will require staff time but not increased printing or graphic design costs as those costs were absorbed in FY 2017–18. Once the board has developed its reserve funds policy, some cash carryover may be available for special communications and outreach projects in the future.

Special Contracts: This budget category includes annual costs of technical and grant writing services (\$25,000), web development (\$5,000), information technology services (\$12,000), board retreat and strategic planning (\$10,000), and patron survey (\$5,000).

- Contract for technical and grant writing services represents the district’s commitment to seek new revenue to support a lean budget.
- Contract for other web development supports the transition from JCLI to JCLD, with funding to create new web content for the library’s online presence.
- Contract for IT represents JCLD’s existing contract with IT’s Managed network support services.
- Contract for board retreat and strategic plan update with professional facilitator.
- Contract for patron survey represents JCLD’s commitment to measure patron satisfaction year over year as stated in the JCLD strategic plan.

Materials and Services: Maintenance and Repairs

Building Improvements: JCLD will make a deposit into the Grants Pass Maintenance Fund in January 2019 as required by its lease agreement with Josephine County for the facility. Building Improvements includes capital improvements and furnishings such as new shelving, renovation of children’s library (carpet, drywall), and asbestos removal. According to the JCLD strategic plan, no new building projects are planned until after the completion of a Master Facilities Plan by September 2018.

Facilities & Equipment: The district reviewed the nonprofit JCLI average expenditures for facilities and equipment for the past three years, which was \$12,500 annually. This category of expenses includes alarm and security service, building repairs, maintenance supplies, janitorial supplies, and the portable toilet service in Williams. JCLD does not anticipate additional costs in FY 2018–19 due

to owning and operating the Illinois Valley and Williams branch library buildings. Cost for deferred maintenance such as roof repair and plumbing will be addressed in the Master Facilities Plan due in September 2018. No additional costs are anticipated at this time.

Computer Maintenance (software and hardware): In FY 2018–19, the district will replace 20 outdated staff and volunteer computer workstations at all four library branches. Like the patron computers, (see “Technology Project” under “Donations and Grants” above), these old computers are currently running the Windows 7 operating system and are consistently stalling and crashing. They need to be replaced by new, Windows 10 workstations which have the operating, processing power, and speed necessary to run up-to-date software and websites efficiently.

Each workstation, including the system unit, monitor, and Windows 10, would cost \$1,000 and upgrading 3 units @ \$300 each with additional memory for a total of \$20,900.

Software cost for the Office 365 annual licenses is 28 @ \$39 each for a total of \$1,092 for staff computers and \$390 for patron computers. Total anticipated cost for software and hardware equals \$22,382.

Replace/Upgrade	Position	Location	Memory	Hardware	Software
Staff	Partner Manager	GP	8GB	Core i5	Windows 7 64
	Volunteer Coord	GP	4GB	Core2	Windows 7 Pro 32
	Communication Coord	GP	4GB	Core2	Windows 7 Pro 32
	Maintenance Office	GP	4GB	Core2	Windows 7 Pro 32
	Collection Dev Lib	GP	4GB	Core2	Windows 7 Pro 32
	Branch Manager	WM	4GB	Core 2	Windows 7 Pro 32
	Branch Manager	WC	4GB	Core 2	Windows 7 Pro 32
Volunteers	Branch Manager	IV	4GB	Core i3	Windows 7 Pro
	Collection Dev office	GP	4GB	Core i5	Windows 7 32
	Check-in	GP	4GB	Core i3	Windows 7 Pro 32
	Check-out	GP	2GB	Core2	Windows 7 Pro 32
	Check-out	GP	4GB	Celeron	Windows 7 Pro 64
	Check-out	GP	2GB	Core2	Windows 7 Pro
	Info (high)	GP	2GB	Core 2	Windows 7 Pro
	Info (low)	GP	4GB	Core i5	Windows 7 Pro
	Welcome Desk	GP	2GB	Core2	Windows 7 Pro 32
	Holds Office	GP	2GB	Pentium D	Windows 7 64
	Cataloging	GP	4GB	Core i3	Windows 7 Pro 32
	Cataloging	GP	2GB	Pentium 4	Windows 7 Pro 32
	Circ	WC	4GB	Core 2	Windows 7 Pro 32
	Library Assistant	IV	4GB	Dual Core	Windows 7 Pro
	Check-out	IV	4GB	Dual Core	Windows 7 Pro
Check-out	IV	2GB	Dual Core	Windows 7 Pro	

Materials and Services: Administration

Insurance: Costs in the budget category include property, fire, volunteer, general liability, and board officer insurance. Cost are based on FY 2017–18 actuals with a projected 4.2 percent increase.

Travel and Training: The second imperative of JCLD’s strategic plan is to nurture a work culture that values and supports its staff and volunteers with the initiative to develop and implement a staff and volunteer professional development program that aligns with the organization’s needs. The district plans to support employee conference attendance and committee work with Southern Oregon Library Federation, Oregon Library Association, Public Library Association, and Special Districts Association of Oregon, including professional development webinars, conference fees, accommodations, travel reimbursement, and possible college coursework at a cap of \$1,000 per employee annually for 13 of the 15 employees (based on position needs). Some additional funds will

be used for travel reimbursement between branch libraries, averaging \$1,000 annually for JCLI and an estimated \$3,000 annually for the district due to increased branch support in training financial processes and procedures and volunteer recruitment. An additional \$1,600 is available for board member travel and training reimbursement. The district's annual cost is estimated to be \$17,600.

Audit Services: Annual financial audits by a third party are required under ORS 297.425. The district will develop and implement a long-term financial plan in FY 2017–18 as an initiative of the JCLD strategic plan and will seek the services of an auditing firm with an estimated cost of \$15,000. The district will publish a request for proposals from auditors in June 2018. As part of the district's commitment to developing efficient operating systems and structures for the benefit of the taxpayers, the library director works with a pre-audit consultant to set up structures for the cash basis accounting system in preparation for audit the following year with an estimated cost of \$3,000. The contract for auditing and pre-audit consultant services will be renewed annually.

Legal Services: The district is committed to developing efficient operating structures and systems, as stated in the JCLD strategic plan. This will require support from legal counsel. It is anticipated costs may be higher in FY 2018–19 as JCLD actuals for FY 2017–18 are \$1,800. In FY 2018–19, JCLD will also use legal counsel to prepare for the e-Rate RFP process for the "Library Telecommunications Infrastructure project," which will install high-speed fiber-optic internet lines for the Illinois Valley and Wolf Creek branches in FY 2019-20. The full e-Rate project is not included in the FY 2018–19 fiscal year budget message or projections, because it will not be implemented until FY 2019–20. However, the e-Rate project planning will require additional legal counsel review of the RFP and resulting contract of the vendor selected by the board.

The district will utilize the services its insurance and payroll service provide, and the Special Districts Association of Oregon (SDAO) for advice in human resources, policies, and other matters as applicable.

Administrative Support: The district reviewed the nonprofit JCLI average expenditures for administrative support for the past three years and found that the average expenditure was \$11,500 annually. This budget category includes office supplies, job recruitment advertising, public meeting notice advertising, banking and business fees, postage (stamps), post office box rental fees, printers and copier services, and strategic planning for the board. This category also includes the library's organizational membership fees to the Chamber of Commerce, Oregon Library Association, Special Districts Association of Oregon, American Library Association, and the library director's Rotary membership fee. Some of the items in this category have been pre-paid for one year by the nonprofit JCLI (for example, Chamber of Commerce and Rotary dues).

Telecommunications (internet, telephones): The district reviewed the nonprofit JCLI average expenditures on internet and telephones for the past three years. JCLI benefited from free fiber-optic internet service at the Grants Pass and Williams branch libraries for the past five years through a donation by Hunter Communications. Currently, Hunter Communications continues to provide free service to JCLD which is anticipated through the end of FY 2018–19. Average JCLI expenditure for Williams and Wolf Creek internet, plus telephone costs for all branches, was \$11,500 annually.

Utilities: The district reviewed the nonprofit JCLI average expenditures for utilities for the past three years and found that the average expenditure was \$30,000 annually. This budget category includes electricity, gas, water and sewer, and waste. Additional open hours at all four branches will have an incremental effect of costs for electricity and gas to heat and light the buildings, but not the fixed costs of alarm and waste services.

ENHANCED LIBRARY SERVICES Grants and Donations

Personnel Services: Library Staff Salaries

JCLD anticipates some personnel services (wages) will be offset by grants for project management.

Library Development Program: The goal of the Library Development Program is to support Josephine County Library Foundation's (JCLF) efforts to raise funds for special programs, capital projects, and initiatives that are beyond the reach of district tax funding. JCLD was invited to request these funds from the foundation to support the transition since the recent passage of the library district and the dissolution of the nonprofit JCLI. JCLF has indicated that it intends to extend the grant through FY 2018-19. JCLD anticipates the need to request \$40,000 additional funds to carry out the Library Development Program for the FY 2018-19 full year including the restricted cash carryover of \$37,677, for a total of \$77,677. Per the grant agreement, this grant pays for fundraising costs and personnel wages to manage the program. It is anticipated that \$24,677 will pay for project management (allocated to Materials and Services: Administration) and \$53,000 will pay for fundraising cost such as strategic planning, communications, website, etc. (allocated to Materials and Services: Library Services)

Materials and Services: Library Services

Library Development Program: See above explanation of this program grant. It is anticipated that \$53,000 of the total \$77,677 (including restricted cash carryover) will pay for fundraising cost such as strategic planning, communications, website, etc.

Ready to Read: This is a non-competitive grant program administered by the State Library of Oregon, which distributes state general funds to legally established public libraries in Oregon. Libraries may use the Ready to Read grant to fund early literacy services for young children 0-6 years old and/or summer reading programs for youth 0-14 years old. The State Library sends Ready to Read grant applications to directors of all eligible libraries in July every year.

The State Library uses a formula based on Oregon Revised Statute (ORS) 357.780 and Oregon Administrative Rules 543-040-0020 and 543-040-0023 to calculate how much each library may apply for every year. Libraries apply for the exact amount calculated by the State Library, no more or less. In FY 2017-18, the district applied for and received \$11,052. The completed grant application with project budget is fulfilled in August of each year. Funds are received in December 2017. The exact amount of the funds changes annually by a small amount, so JCLD is using last year's figures to determine FY 2018-19 estimated grant revenue. The total grant revenue plus restricted cash carryover from FY 2017-18 equals \$21,519.

Friends of the Library: The Grants Pass Friends of the Library (FOL) operate the bookstore in the Grants Pass branch and dedicate all revenue from sales to support Josephine Community Library District. Over the past three years, FOL has granted funds to JCLI to pay for patron requested materials and other items, averaging \$20,000 annually. The total grant revenue plus restricted cash carryover from FY 2017-18 equals \$20,100.

Kaye Jean Turner Trust: This fund is held by the Josephine County Library Foundation and was formerly held by Josephine County. Historically, JCLI requested \$2,000 annually from this fund to pay for materials and promote art history and art appreciation in any library location. JCLD intends to continue to request \$2,000 annually for this purpose. Funds will be distributed to the district by JCLF.

Dorothy Thompson Trust: This fund is held by the Josephine County Library Foundation and was established in 2017 through JCLI by a library donor in memory of her mother to support collection development. The monies are required to be spent annually at \$25,000 for adult and children's books. Funds will be distributed to the district by JCLF.

Gilder Lehrman Grant: JCLD was awarded a "Revisiting the Founding Era" program grant for \$1,500 plus materials and training from the Gilder Lehrman Institute of American History and American Library Association (ALA). JCLD will develop and host at least two interactive programs for teens and adults based on primary source founding era documents in November 2018.

Materials and Services: Maintenance and Repair (computer software, hardware)

Technology Project: JCLD is initiating the Library Technology Replacement Project to replace 48 outdated public access computer workstations at all four library branches. Sales of computers installed with Windows 7 ended in 2016. Users are experiencing frustration and data loss with frequent system failures. The maintenance costs to patch up these machines have overtaken the cost to replace them.

Each workstation, including the system unit, monitor, and Windows 10, would cost \$1,000. Therefore, the full equipment cost for the workstations is \$48,000.

In partnership with the district, the Josephine County Library Foundation is seeking grant funding for these equipment expenses. JCLF would match these grants with up to \$20,000 and the district will pay for installation, configuration, and project coordination.

Materials and Services: Administration

Library Development Program: See above explanation of this program grant. It is anticipated that \$27,677 of the total \$77,677 (including restricted cash carryover) will pay for fundraising cost such as mailings, advertising, web support, etc.

JCLI Grant: To support the newly formed district, the nonprofit Josephine Community Libraries, Inc. (JCLI), granted JCLD a start-up funding grant of \$122,000 in July 2017 in accordance with a Memorandum of Understanding (MOU) between the two boards. During its January 2018 board meeting, JCLI voted to restrict the remaining funds of the JCLI Grant to pay for district strategic planning and scholarships for library cards. It is anticipated the remaining grant funds will be spent by the end of FY 2018-19. Total expenditures for library cards and strategic planning will amount to \$26,194.

Solid Waste Agency: JCLI initiated the JCLI-Aspire Book Recycling Project in August 2016 and was awarded \$7,119 by the Solid Waste Agency with an anticipated \$4,500 remaining as cash carryover in FY2018-19. The project goal is to recycle several tons of damaged, outdated, and otherwise unusable donated used books, thereby keeping them out of our region's landfills. With the permission of the Solid Waste Agency, JCLI transferred the funds and the project to JCLD in March 2018. Funds from this account pay for recycling costs. No additional funds will be requested. Total expenditures for library cards and strategic planning will amount to \$5,000.

SPECIAL FUND

Special Funds are used to manage revenue for a recurring source of revenue for unique items beyond the scope of the budget. Special Funds are typically used to reserve funds for expenditures in future years or to save money to establish a service which requires accumulated funding.

Grants Pass Maintenance Fund: In accordance with the lease agreement between JCLD and Josephine County for the use of the Grants Pass branch building, JCLD holds a dedicated reserve fund account for repairs and renovation of the building. JCLD transferred its remaining balance of \$21,458 of the Grants Pass Maintenance Fund in March 2018 according to its dissolution plan. JCLD is required to deposit \$5,000 per year into the Grants Pass Maintenance Fund and may use the funds with written approval from the Josephine County financial officer. According to the JCLD strategic plan, no new projects are planned until after the completion of a Master Facilities Plan due in September 2018.