

**Josephine Community Library District
Budget Committee Meeting Minutes
Thursday, April 5, 2018 at 5:15 pm
Ben Bones Room, Grants Pass Branch Library**

Members present: Beecher Ellison, John Harelson, Bill Kohn, Jay Meredith, Jim Polk, Jennifer Roberts, Laurel Samson, Joanne Stumpf, Judy Williams

Members absent: Tom Miller

Staff present: Library Director Kate Lasky, Communications Specialist Teresa Stover

Guests: Pre-audit consultant Gerald Burns

1. CALL TO ORDER AND INTRODUCTIONS. JCLD Library Director and Budget Officer Kate Lasky called the meeting to order at 5:15 pm. All present introduced themselves. Ms. Lasky introduced pre-audit consultant Gerald Burns, who's helping ensure the district's accounting and budget are prepared for its first audit.

2. ELECTION OF BUDGET COMMITTEE CHAIR. Jay Meredith explained the committee election process.

Motion: Mr. Meredith nominated Jim Polk as Budget Committee Chair, and Bill Kohn seconded the motion. Mr. Kohn moved that the nominations be closed, and Joanne Stumpf seconded the motion. Mr. Polk was unanimously elected as Budget Committee Chair.

3. ELECTION OF BUDGET COMMITTEE VICE CHAIR. Mr. Polk opened nominations for committee Vice Chair.

Motion: Mr. Kohn nominated Mr. Meredith as Budget Committee Vice Chair, and Ms. Stumpf seconded the motion. Beecher Ellison moved that nominated be closed, and Mr. Kohn seconded. Mr. Meredith was unanimously elected as Budget Committee Vice Chair.

4. NOVEMBER 30 BUDGET COMMITTEE MINUTES. Mr. Polk asked Ms. Lasky to present the minutes. John Harelson stated that the Budget Committee should be commended for its work on the FY18 budget.

Motion: Mr. Harelson moved that the minutes to the November 30, 2017 Budget Committee meeting be approved as distributed. Mr. Ellison seconded. The motion passed unanimously.

5. BUDGET PROCESS AND PROCEDURE. Mr. Polk reviewed the budget review process, indicating that Budget Officer Lasky will present the budget message, the committee will discuss line items, the major appropriation line items will be read, after which point the budget may be presented for approval. If a second meeting is to be held, this meeting is to be continued (not adjourned) until that time.

6. GROUND RULES. Mr. Polk recommended that the meeting follow an informal, open format. During discussions, one person at a time should speak. Most changes can be presented by consensus, not necessarily by motion and vote, until the committee is ready to vote on budget approval. Ms. Lasky confirmed that she can ask questions of the committee during or after the line-item discussion.

7. FY19 BUDGET MESSAGE. Ms. Lasky reviewed the FY 2018-19 Budget Message while referencing the budget forms including the LB-1 Notice of Budget Hearing, LB-20 Resources General Fund, LB-30 Requirements Summary General Fund, LB-31 Detailed Requirements General Fund, and LB-10 Special Fund Resources and Requirements. She pointed out that the district has been operating the library for only two months, so most budget numbers are based on the numbers from the nonprofit Josephine Community Libraries, Inc. (JCLI). She also pointed out that the district's 2017-2020 Strategic Direction provided guidance for budget decisions. The following are highlights of the budget message presentation.

- **Revenue**
 - **Taxes.** Referencing the Statement of Taxes & Summary of Assessment Roll for Josephine County, and Table 4a-Detail of Taxing District Levies for Josephine Community Library District, total taxes are expected to be \$1.4M, with \$1.3M being the amount collected.
 - **Fines and Fees.** This revenue of \$19,500 is expected to be larger than what JCLI collected because patrons living outside the district will pay an annual library card fee.
 - **Donations and Grants.** Donations are not included in the FY19 budget, because donations are now directed to Josephine County Library Foundation (JCLF). Grants totaling \$226,990 that are guaranteed, secured, or carrying over for FY19 are listed in the budget message and included in the proposed budget. According to Policy 2-9, Grants, the board must authorize the expenditure of any new grants not accounted for in the adopted FY19 budget.
- **General Fund**
 - **Personnel.** The budget shows 16 positions at 14 full-time equivalents (FTEs) for \$759,341.
 - **Staff.** Personnel is the largest budget expense. New positions needed to fulfill the Strategic Direction and promises are Teen Librarian and Cataloging Assistant.
 - **Benefits.** Benefits are retirement, health insurance, life, and disability insurance.
 - **Cost of Living Adjustments (COLA).** The budget includes a COLA of 2.5 percent.
 - **Personnel Transfers.** Personnel costs of \$20,000 are charged to the Library Development Project grant from Josephine County Library Foundation.
 - **Materials and Services.** The following are highlights of the materials and services overview.
 - **Collection Development.** The libraries in Josephine County has had an underfunded collection for about 14 years, and have consistently spent far less than neighboring southern Oregon library systems (about \$3/capita) or the Oregon state median (\$3.50/capita). Therefore, the budget includes collection funding at \$3.50/capita based on a population of 50,000. This amount will help rebuild and modernize the collection and also fulfill campaign promises and the strategic plan. Collection is the second largest expense in the budget.
 - **Library Catalog.** The third largest budget expenditure is the online cataloging software: the Polaris integrated library system (ILS).
 - **Building Improvements.** According to the lease agreement with Josephine County for the Grants Pass building, \$5,000 must be deposited into a maintenance trust account. This is accounted for with a special fund.
 - **Facilities and Equipment.** In September when the Facilities Master Plan is complete, the Budget Committee might need to be reconvened to consider a supplemental budget for newly identified facilities expenses.
 - **Computer Maintenance.** Older Window 7 computers are outdated and starting to fail. The district is seeking grants to replace patron computers, and the budget reflects \$22,000 to replace staff and volunteer computers.
 - **Volunteer Support.** The budgeted amount reflects the need for more volunteers to support increased hours.
 - **Grants Expenses.** This line item captures expenses to be paid for by grants. If grants are received, the district realizes these expenses; otherwise it does not. The board sees a monthly statement of grant expenditures.
 - **Contingencies.** The FY18 contingency amount was \$250,000, and the proposed FY19 amount is \$234,430.
Action: The contingency amount is to be added to Form LB-30 Requirements Summary and Form LB-1 Notice of Budget Hearing. The amount will be reduced to account for the transfer corrections.

- **Special Fund**
 - **Grants Pass Maintenance Fund.** JCLI transferred the remaining balance (\$21,458) of its Maintenance Fund to JCLD as it works toward its dissolution this spring.

8. BUDGET DISCUSSION. Mr. Polk reviewed the budget categories as detailed on Form LB-1 Notice of Budget Hearing and opened the committee's line-item discussion of the FY19 budget.

Form LB-20, Resources General Fund. The committee confirmed that it approves revenue with the budget. It also discussed how grants should be reflected in the budget.

Line 1, Available Cash on Hand. Ms. Lasky stated that at the start of FY19, the \$665,000 listed as available cash on hand represents current available cash on hand and some of it will be spent before June 30. Mr. Polk pointed out that the Budget Committee is approving the numbers on this form, but the numbers can change by less than 10 percent without needing re-approval. Ms. Lasky said that she'll plan accordingly. Mr. Burns said that the Budget Committee is approving the big picture of the maximum tax rate and the expected tax revenue.

Line 8, Donations and Grants. Mr. Meredith asked about community donations that would have gone to JCLI, which is dissolving. Ms. Lasky stated that the Josephine County Library Foundation (JCLF) has assumed JCLI's fundraising infrastructure, including donor appeals. Every effort is made to encourage donors to give to the foundation, which has \$1.3 million in assets.

Mr. Meredith asked whether the grants listed in lines 9-17 are expected to be on hand for FY19. Ms. Lasky said she used the number she has for grants now, but better projections regarding carryover by July 1 could be made. Mr. Harelson said that if the Budget Committee approves this budget tonight, it would be approved with the changes we're discussing tonight.

Action: Carryover from any grant is to move into Line 1, Available Cash on Hand.

Line 9, JCLI Grant. Ms. Stumpf asked about funds for library card scholarships. Ms. Lasky stated that the JCLI grant, which shows a \$26,194 carryover to FY19, is restricted to pay for library card scholarships. Scholarships are granted for any child for whom they are requested. The board has discussed adult scholarship policy at length, and staff has developed the corresponding process. For now, adults complete a scholarship request form, and adult scholarships are granted based on staff discretion. As the district considers this a pilot year for adult scholarships, the policy and procedure will be revisited in one year.

Line 30, Taxes estimated to be received. Ms. Stumpf asked about the percentage of FY18 tax collection received so far compared with what was expected. Ms. Lasky responded that the district is \$85,000 short of projections, but another distribution is expected before the end of FY18. The expectation of tax collection is based on Josephine County Treasurer Eve Arce's projections.

Form LB-30, Requirements Summary. Mr. Polk opened the line-item discussion for Form LB-30.

Line 4, COLA, 2.5%. Mr. Kohn asked if there's a maximum on COLA. Mr. Harelson said the board has not decided on a maximum COLA. The committee discussed employee raises, and determined that while raises are a board decision, they should be built in to the FY20 (not FY19) budget according to the compensation schedule.

Line 5, Transfers In: Charged to Grants. Ms. Lasky pointed out that \$20,000 of personnel costs are paid with a grant. Mr. Meredith pointed out that costs should not be reduced or offset; it's still revenue and expenses. Mr. Polk agreed.

Action: Line 8, Total Personnel Services is to be revised from \$759,341 to \$779,341.

Line 12, Contingencies. Ms. Stumpf asked whether the board has discussed how long the fixed rate of 39 cents will fund operations given the realities of annual inflation rates, and whether the board has considered a reserve fund. Ms. Samson said the board has indeed discussed reserve funds and will examine the matter in more depth in a few months. Because the district has only two months of actuals so far, it's difficult to predict operating costs three years hence. Mr. Meredith said the budget shows the contingency of \$234,430 plus the \$665K in unappropriated ending fund balance and reserve for future expenditures, and that \$665K will need to be carried over year to year. Ms. Stumpf expressed concern about taxpayer mood if the district ran out of money. Mr. Harelson said the \$665K would decrease each year until the district must do a tax appropriation. He said a multi-year projection would help the district discern when funds might run low.

Mr. Kohn added concern about what Josephine County might charge in rent after the current lease for the Grants Pass building expires on December 31, 2020. Ms. Lasky said the Facilities Master Plan effort is studying options for the Grants Pass library. Commercial properties in town are being leased at about \$1.25 per square foot, while Josephine County charges well below that rate. The county commissioners are currently supportive of the library, and the county charter specifies that it must provide library services to its constituency. The Facilities Master Plan is first looking at the criteria for a good facility, and options could include paying rent, paying tiered rent, constructing a new building, and being gifted land. Jennifer Roberts said all these options would be filtered through the Facilities Master Plan committee which includes members of the district library board and the Josephine County Library Foundation board.

Mr. Harelson said the district will be able to make its multi-year projection after the Facilities Master Plan is completed with its cost projections.

Ms. Samson said having Contingencies in line 12 implies that it can only be used for Materials and Services. Mr. Meredith pointed out that the transfers should also be their own category.

Action: The Contingencies amount of \$234,430 is to move to below line 33, so it can be used for any category. The \$5,000 in line 13, Transfers OUT: Maintenance Fund Lease Deposit is to move below line 33. Line 5, Transfers IN: Charged to Grants, \$20,000 is to be deleted.

Line 32, Total Materials and Services.

Action: The two Line 32s and the inconsistent row numbers after row 32 is to be corrected.

Form LB-31, Detailed Requirements General Fund, Requirements for Materials and Services. The committee discussed Form LB-30 line items.

Line 2, Collection Development. Ms. Stumpf asked about possibilities for inter-library loans now that the amount for collection meets library standards. Ms. Lasky said there have been preliminary discussions, but a level of uncertainty in neighboring library systems has put such discussions on hold for about 18 months.

Line 10, Audit. The committee discussed the process for assembling the audit report. It was pointed out that if it's expected to be a full government audit, then more than \$18,000 would be needed for an auditor. The fiscal coordinator will maintain the bookkeeping throughout the year, and then, as the pre-audit consultant, Mr. Burns will set up the financial statement to prepare for the audit. Mr. Burns said he's recommending that accounting be done on a modified cash basis. Given this, the committee agreed that \$18,000 for an auditor is probably sufficient.

Line 20, Grant Expenses.

Action: Change the amount from \$206,990 to \$226,990.

Form LB-10, Special Fund, Resources and Requirements, Grants Pass Maintenance Fund (page 16)

Line 30. Unappropriated Ending Fund Balance (UEFB). The committee discussed the \$26,548 in UEFB. This represents the \$21,458 transferred from the JCLI Maintenance Fund plus the \$5,000 annual January deposit into the maintenance fund. The point was made that funds in UEFB may not be spent unless the Budget Committee reconvenes and approves its expenditure. If the funds are in Contingency instead, the board has more spending flexibility. The committee also discussed whether the maintenance fund should be considered Capital Outlay. Ms. Lasky explained that the maintenance fund is for maintenance work or costs that have a life beyond one year. The county does not require preapproval for the district to use this fund. As part of the lease agreement, the county requires that \$5,000 be deposited into this maintenance fund every January.

Action: The \$26,548 on line 30 is to move to line 17, Grants Pass Maintenance Costs.

Approval of budget and tax rate. Mr. Polk read the major appropriation line items on Form LB-1 as revised in this meeting. Mr. Meredith said that the proposed budget is very responsible. Mr. Polk called for a motion to approve the budget and tax rate.

Motion: Mr. Harelson moved that the budget of \$2,318,938 be approved with the changes specified in this meeting. Mr. Ellison seconded the motion. The committee approved the motion unanimously.

Motion: Ms. Stumpf moved to approve the permanent tax rate of 39 cents per \$1,000 assessed value for FY19. Mr. Kohn seconded the motion. The committee approved the motion with a unanimous vote.

9. FY19 MEETING CALENDAR (WEEK OF MAY 7). Mr. Polk noted that because the committee has approved the budget and the tax rate, a second Budget Committee meeting is not necessary.

10. PUBLIC COMMENT. Mr. Polk opened the floor for public comment. No public comments were offered.

11. QUESTIONS ABOUT THE BUDGET OR PROCESS. There were no further questions.

12. INFORMATION REQUESTS FROM BUDGET COMMITTEE. There were no information requests.

13. ADJOURN. Mr. Polk asked for a motion to adjourn the Budget Committee meeting.

Motion: Mr. Ellison moved to adjourn the Budget Committee meeting. Mr. Kohn seconded the motion. The motion passed unanimously, and the meeting adjourned at 7:05 pm.

Respectfully submitted,



Teresa Stover for Board Secretary Kate Lasky
Josephine Community Library District