

SCAPPOOSE PUBLIC LIBRARY DISTRICT

Budget Message

April 7, 2024

Scappoose Public Library will end the 2024-25 fiscal years in sound financial health. We will end the year with at least \$245,000 in cash on hand. 2024 is another year of growth for the library and we have substantially increased services to the public. Scappoose Library operates on a cash accounting basis.

Issues Impacting the Budget

The taxes due forecast for the Scappoose Public Library from the Columbia County Assessor for the 2024-25 fiscal years is \$394,316, a 2% increase over the 2023-24 collections. Tax collections were not normal this year and we have received slightly less in taxes than I estimated so far for the current fiscal year budget. The reason for this is that Cascades Paper has requested a \$1.4M refund on taxes paid on their now closed business. By state law, we have to place our portion of this requested refund in escrow until the State Tax Court makes a final decision which may or may not occur this current fiscal year. The library has built up a cash balance in the past 4 years and we should end the current budget cycle with \$245,000 or more in cash which is over 7 months of average expenses.

Because of this refund request, I am unsure that tax collections to be within the norm for the past several years. Based on the normal assumption of a non-collection rate of 7% of the imposed tax, the library would yield about \$367,000 for the 2024-25 fiscal year, which is about the same amount as 2023. I am putting the same amount of estimated taxes in the budget for 2024-25 that I estimated for 2023-24 (\$365,000) 7% is a conservative noncollection rate though. Before the Cascades issue, our non-collection rate has been about 5% of estimated taxes. Even with the Cascades issue, the library has collected 97% of this year's estimated total tax collection by March with three more months of collections to go. We likely will collect the full \$365,000 taxes budgeted in the 2023-24 budget documents.

Available cash on hand is estimated to be \$245,000 - \$265,000 at the end of the current library fiscal year. This figure can be a bit confusing in the budget. By law the library operates on a fiscal year that coincides with the state budget year (July through June). However, the library does not receive much in tax income until late November when property tax is received. The cash on hand is what the library operates on during the first 1/3 of the legal fiscal year until taxes begin to be received. Scappoose Library has been increasing operating cash carryover for the past five years.

Besides tax revenue, the library also receives grants and money from fines, fees, and meeting room rental. In the current fiscal year, the library has received over \$25,000 in state, private, and local grants. Those grants were program specific grants. We use that money to pay for a new server, Movies in the Park, Summer Reading, Earth Day events, and the new Scappoose SummerFestival.

The Friends of the Scappoose Public Library (FOSPL) have donated or pledged over \$6000 to the library in the current budget year. Their generous support allowed the

library to purchase necessary materials and activities for the 2023 and 2024 Summer Reading Program and expenses beyond our grant to replace the library server. We are very grateful for their support.

The Scappoose Library District Proposed Budget For Fiscal Year 2024-25.

LB-30, Requirements Summary, This document summarizes the itemized budget documents LB-20 and LB-31.

LB-20, Resources, This shows resource projections estimated from current fiscal year results. Total resources proposed for fiscal year 2024-24 are \$676,000. I believe it is a realistic budget and accurately reflects budget resources that the library can expect. We will end the year with at least \$245,000 cash on hand. The estimated 2024-25 tax revenue for Scappoose Library is \$394,316. Applying an estimated collection rate of 93%, which is about the same as the average collection rate in our district for the past several years, I estimate that Scappoose Library will collect \$365,000 in the 2024-25 fiscal years. I also estimate that the amount of past due taxes paid will be about the same as this current year. Thanks to higher interest rates and based on what we are currently earning (currently 5%, but sure to fall in 2025), I anticipate \$9,000 in interest income from our Treasury account. We no longer charge late fees, but I anticipate the library will receive \$9,500 from meeting room rental, fines, fees, and other income which is slightly less than in previous years. We also receive money to support library programs from the Friends of Scappoose Public Library and the State of Oregon. We anticipate receiving \$18,500 in state, local and private grants, including support from the Friends of Scappoose Public Library. We anticipate \$20,000 in donations and sponsorships. I anticipate \$1,000 in natural gas royalties.

Expenditures in General: The total for services is a 10% increase over 2024-25. This increase is to pay for the city wide events the library produces for the city of Scappoose. If the \$20,000 budgeted for those events is excluded, the entire budget is only \$6,000 (1%) over the current year's budget. If the library board decides not to continue the Scappoose Summer Outdoor Festival, the \$20,000 budgeted for it will not be spent, nor will the library pursue sponsors and donations for the event. The library is experiencing inflation most noticeably in the professional services and utilities we use. Other normal expenses are also rising due to inflation. I am raising the operating contingency to \$44,000 this coming year in case inflation continues to surge. Our contingency budget has always been used for emergencies, not normal operating costs.

LB-31, Personnel Services: The library has to a step scale for hourly employees. The step scale rewards experience by giving employees a 2% raise for each year of service in the library. The step scale is differentiated by paying employees with more experience, education, and job responsibility higher wages. Last year, the budget committee decided to alternate increased COLA between the two wage categories (associate vs. technician). Last year, we substantially increased the associate COLA. This year I am proposing a 5% wage increase for technicians (3% plus step) and 4% for associates (2% plus step). The director receives no wage increase this year. Scappoose Library wages are not competitive with other organizations with similar educational requirements to ours. Except for the director, all our professional staff earn \$18 - 19 an

hour and work 20 – 32 hours a week. Support staff earn \$14.50 to \$16 an hour and work 20 to 24 hours per week. The library does not provide health insurance to any employees and the only defined benefit provided is state retirement (PERS) which is debted at the rate of 18.24% of salary.

LB-31, Material and Services,

Circulation of physical materials and eBooks increased 17% so far this year. The library is exceeding pre-pandemic facility use. We are the most used library in Columbia County and circulate 20% more than our closest competitor. We have had inflationary shocks to our budget this year including increases in utility rates and a 20% increase in insurance costs. I have looked for cost savings in the budget to absorb these increases without exceeding our total Materials and Services budget. These include: not replacing our janitor, increasing/decreasing temperatures in the building, and reducing the book budget. The combination of our limited budget and skyrocketing use makes savings increasingly difficult to find without cutting services or attempting to pass a levy increase. The total for services is a 10% increase over 2024-25. This increase is to pay for the city wide events the library produces for the city of Scappoose. The library is experiencing inflation most noticeably in the professional services we use. Other normal expenses are also rising. I have based the numbers in this budget on our spending from the current year through March. Because we don't have much excess in the budget and an aging building, those figures can change a lot from year to year. I am raising the operating contingency to \$44,000 this coming year in case inflation continues to surge. Our contingency budget is used for emergencies, not normal operating costs.

We have greatly expanded adult and children's in person programming with programs occurring nearly every calendar day. We are planning an expanded slate of summer activities and movies. The entire increase in Materials and Services is to pay for increased programming which is funded by sponsorships and donations. I have increased the Summer Reading budget by \$400 to pay for the increased participation we have been enjoying which is a result of having a good staff to run it. I have increased the programming budget by \$20,000 to pay for large scale city programs in the next fiscal year.

I believe the budget is balanced and as close as we can estimate at this time. I think library operations will be much more normal as we emerge from the pandemic. I believe the Board of Directors, Librarian, Staff, Volunteers, and Patrons can all look forward to another year of growth, programs and community involvement in fiscal year 2024-25.

Respectfully Submitted;

Jeff Weiss,
Budget Officer