

## **Board Packet**

9.15.23 Board Meeting

# FY2024 Budget Summary and Revised Estimates

09.15.23 presented to Board

A. Eccles

## FY2024 Budget Changes

1. FY 2024 the approved Salary & Benefits is \$3,977,502. This brings staff to just above the “Below Market” Salary Range scenario.

***An additional \$88,323, over what was budgeted, was needed to bring staff up to the Low Market Range.*** CLN’s salary schedule at low and below market, makes it difficult to attract and retain employees. The generally accepted industry standard is a 10% turnover each year. CLN’s ranged between 18%-32% (2019-2022). **Turnover, YTD is 31%**

***An additional \$125,748, over what was budgeted, was needed to bring staff up to the Mid-Market Range.*** CLN’s salary schedule at mid-market would positively impact CLN’s ability to attract and retain employees.

2. Staff and Board Training / Conf Travel was reduced by **43%** (from \$35,000 to \$20,000).
3. Programming including Adult, Youth and Technology was reduced by **29%** (from \$70,000 to \$49,500).
4. Collections including Books, eBooks, things were reduced by **30%** (from \$473,591 to \$332,079).

## FY2024 Budget - Community Response

EMAILS: From July 12, 2023, through August 18, 2023, the Board received 209 emails.

***73% of written community feedback from citizens was overwhelming in support of a tax increase or maintaining current services. Seventeen (17) citizens sent more than one email with duplicates removed from the count.***

- a. 153 citizens expressed they were IN FAVOR of a tax increase or maintaining services at current levels.
- b. 41 citizens expressed they were NOT IN FAVOR of any tax increase.
- c. 15 citizens expressed they were neutral, or the comment was not budget related.

BUDGET HEARNG: August 10th

- d. 16 citizens expressed they were IN FAVOR of a tax increase.

***100% of public testimony was in favor of library services at the Budget Hearing.***

## FY2024 Budget Revenues

URD New Construction Growth	\$ 81,394	Board opted not to receive.
3% Allowed by law	\$149,916	Board opted not to receive.
Growth	\$ 88,544	Board approved to accept.

**Maximum Board allowed increase to FY2024 Revenue: \$319,854**

**Board approved increase to FY2024 Revenue: \$88,544**

## URD Closure (FY2023)

CLN will receive URD Closure funds on 09/21/23 in the amount of \$42,256.90. Funds will not be expended before September 30<sup>th</sup> – the result will be an increase to the library’s carryforward fund balance. These taxes were collected in the CLN service area that were not received by the library due to the existence of an Urban Renewal District.

As there will be no revenue increase in FY2024, if the Board chooses to reduce the property tax levy, the Board will need to update the Budget to spend carryforward or reduce other line-items. The carryforward fund contains 4 months of average daily expenses and amounts for unexpected and unanticipated expenses. Two unanticipated expenses, Legal and Insurance, are now being estimated at 50 -100% higher than budgeted.

## Revised Estimates as of 09/13/2023

1. **Legal & Professional** was reduced by 21% (FY2023 \$103,575 to FY2024 \$82,000).

Legal Services | Budgeted amount: \$46,000 / Revised estimate: \$90,000 based upon a conservative range of \$7,500 per month. **An increase of \$44,000.**

2. **Insurance** | Budgeted amount: \$51,293 / Revised estimate: \$75,000 - \$100,000.

**An increase of \$25,000-\$50,000.** The lower number would likely include higher deductibles and policy may have less coverage or lower limits on coverage.

**Both legal and insurance costs will continue to increase with additional risk and claims.**

## Carryforward “Fund” Balance

Toni A. Hackwith, CPA and Auditor provided a written statement on 07/18/2023, “The District’s general fund expenditures for the fiscal year ending September 30, 2022, were \$4,967,696, \$13,610 of average daily expenses. The District receives 91% of its funding from property tax revenues, which are not received daily, monthly or quarterly, they are received in January and July of each year. Thus, there is six months between the receipt of most of their annual revenues. For the District to pay their average daily expenses, it is imperative that they maintain a fund balance to provide for this. In addition to maintaining a fund balance for this purpose, it is also important that the District maintain amounts in fund balance for unexpected and unanticipated expenses.”



## Kootenai County Clerk Jennifer Locke

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Good Afternoon,

In light of some recent confusion regarding the URD termination, I'd like to take the time to explain the different terms and amounts.

**Allowable Budget Increase:** Districts are allowed to increase their budget authority by the following accumulation of variables:

- 1) 3% of the highest non-exempt property tax budget of the prior three years.
- 2) 90% of New Construction.
- 3) 90% of Annexation.
- 4) 80% of expiring Urban Renewal increases.
- 5) Recovered forgone. (Stipulations apply).

Items 1-3 cannot exceed 8% but there is no cap on expiring URDs.

**Urban Renewal (UR)/Urban Renewal Area (URA)/Urban Renewal District (URD)** – these terms are used interchangeably. Often UR and URA are used by the State and URD by the County. An expiring URD is taking value that was captured by the URD and returning it to the underlying taxing districts that predate its creation.

**Value:** The assessed value is a property's determined valuation to calculate the appropriate tax rates. A value is assessed and reported by the Assessor, a taxing district does not have the authority to change their values.

2023 Expiring Urban Renewal:			
Total expiring Urban Renewal value	(14)	\$707,820,843	
80% of expiring Urban Renewal value	(15)	\$566,256,674	
Expiring Urban Renewal budget increase (line 6 multiplied by line 15)			(16) \$81,394

This screenshot is taken directly from the Community Library's L-2 Worksheet.

As you can see the expiring Urban Renewal **value** is \$707,820,843. This value is the sum of both closing URDs.

As a district you are allowed to take a **one-time budget increase** based on 80% of the total value (\$566,256,674). This year that amount is \$81,394 (based on the two closing URDs. For further clarification, URDs do not close every year. Kootenai has had two years where more than one URD has expired back to back, that is not the norm). The Community Library Network is not required to take this increase, but the value will be added to the total value of the Library Network going forward. This budget increase is "potential money", not to be confused with the rebate which is actual money that has already been collected.

In addition to these amounts, there is what we will call a **rebate**. These dollars are taxes that have already been collected by the URDs and are being redistributed back to the underlying taxing districts. These are dollars that would have gone to the Library if the URD did not exist.



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The URD is dissolving and will not exist in the future, in order to close, they need to disburse these monies to the appropriate districts. This money has to go somewhere.

The Library has committed itself to easing the tax burden to the citizens of Kootenai County. The Library does not have the authority to refuse the value, but does have the authority to decline the budget increase. The rebate is a check that will be sent to the district. If the Library elects to continue their mission to lower taxes, then there is the option of reducing the budget by the anticipated revenue from the *rebate*. This amount has been estimated at \$42,256. This will lower the overall budget of the Library and therefore decrease the taxes of the citizens.

If the Library elects to lower their budget, it is not required that you republish. The district is allowed to lower taxes without another hearing, it is only required if taxes are being raised. I hope this clarifies the different amounts the Library has been offered during this year's L-2 process.

Sincerely,

Alicia Lynch  
Tax Accountant  
Kootenai County  
[AUtax@kcgov.us](mailto:AUtax@kcgov.us)

Community Library Network  
FY'24 Worksheet

Board Approved  
August 18, 2023

<p align="center">3% Allowed by law = \$149,916 2% Allowed by law = \$99,944 1% Allowed by law = \$49,972 Actual Growth Amount = \$88,544 Please note: the E-rate Discount is now approved</p>	<p align="center">FY'24 - 0%, Growth Only Annual Budget WITH E-rate Discount</p>	<p align="center">% of Revenue</p>
<b>CURRENT REVENUES</b>		
1a INCOME - PROPERTY TAXES	4,966,876	84.29%
1b INCOME - PROPERTY TAXES - ACTUAL GROWTH	88,544	1.50%
2 INCOME - BOND LEVY	278,400	4.72%
3 INCOME - SALES TAX & AG EQUIP	300,000	5.09%
4 INCOME - COOP ELECT AGRMENT	35,100	0.60%
5 INCOME - PERSONAL PROP RPLCMNT	27,983	0.47%
6 INCOME - PROPERTY TAX RELIEF	64,300	1.09%
7 INCOME - URD CLOSE	-	0.00%
8 INCOME - COPIERS/PRINTERS	34,000	0.58%
9 INCOME - DONATIONS	10,000	0.17%
10 INCOME - FEES, ETC.	1,100	0.02%
11 INCOME - LOST & PAID BOOKS	7,400	0.13%
12 INCOME - GRANTS	20,000	0.34%
13 INCOME - CLN FRIENDS	15,000	0.25%
14 INCOME - POST FALLS FRIENDS	10,000	0.17%
15 INCOME - INTEREST	34,000	0.58%
16 INCOME - LEVY EDUCATION	-	0.00%
17 INCOME - MISC	-	0.00%
<b>18 TOTAL CURRENT REVENUES</b>	<b>5,892,703</b>	
<b>CURRENT EXPENDITURES</b>		
19 SALARIES	2,993,456	50.80%
20 PERSI RETIREMENT BENEFITS	288,626	4.90%
21 MEDICAL/DENTAL BENEFITS	374,736	6.36%
22 EMPLOYEE ASSISTANCE PROGRAM	2,350	0.04%
23 VEBA HEALTH BENEFITS	65,440	1.11%
24 EMPLOYMENT TAXES	252,895	4.29%
<b>25 TOTAL SALARIES &amp; BENEFITS</b>	<b>3,977,502</b>	<b>67.50%</b>
26 ADULT PROGRAMS	17,000	0.29%
27 CHILDREN'S PROGRAMS	30,000	0.51%
28 COLLECTIONS - Physical & E- Materials	332,079	5.64%
29 COLLECTIONS - Library of Things	-	0.00%
30 COMMUNICATIONS/MARKETING	22,500	0.38%
31 EMERGING TECHNOLOGY PROGRAMS	2,500	0.04%
32 OCLC/DATABASES	37,000	0.63%
33 SOFTWARE	108,000	1.83%
34 INTERNET ACCESS	7,164	0.12%
35 TELECOM	66,202	1.12%
36 TECH PROC / OFFICE SUPPLIES	57,628	0.98%
37 GRANT	20,000	0.34%
38 GRANTS - CLN FRIENDS	15,000	0.25%
39 GRANTS - POST FALLS FRIENDS	10,000	0.17%
<b>40 TOTAL PRGMS, MATERIALS &amp; SERVICES</b>	<b>725,073</b>	<b>12.30%</b>
41 JANITORIAL	160,000	2.72%
42 LIBRARY EQUIP (UNDER \$2500)	93,544	1.59%
43 MILEAGE & VEHICLE MAINT.	24,000	0.41%
44 OUTREACH VEHICLES - R & M	38,300	0.65%
45 REPAIRS&MAINT/AT	14,225	0.24%
46 REPAIRS&MAINT/HR	7,600	0.13%
47 REPAIRS&MAINT/HL	23,800	0.40%
48 REPAIRS&MAINT/PK	18,900	0.32%
49 REPAIRS & MAINT/PF	35,200	0.60%
50 REPAIRS&MAINT/RA	18,800	0.32%

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51 REPAIRS&MAINT/SL 52 SNOW REMOVAL 53 TELEPHONE 54 UTILITIES/AT 55 UTILITIES/HR 56 UTILITIES/HL 57 UTILITIES/PK 58 UTILITIES/PF 59 UTILITIES/RA 60 UTILITIES/SL	12,750 35,000 18,250 9,050 6,000 37,700 6,700 55,200 11,750 7,600	0.22% 0.59% 0.31% 0.15% 0.10% 0.64% 0.11% 0.94% 0.20% 0.13%
<b>61 TOTAL FACILITIES MAINTENANCE</b> 62 AUDIT 63 BANK SVC CHGS 64 BOND PRINCIPAL PAYMENT 65 BOND INTEREST 66 CIN 67 COURIER 68 CONT EDUCATION -(Tuition) 69 COPIERS 70 DUES 71 INSURANCE (ICRMP) 72 LEGAL & PROFESSIONAL 73 LEVY EDUCATION EXPENSE 74 PETTY CASH EXP 75 POSTAGE 76 SALES TAX EXP 77 STORAGE RENTAL 78 TRAINING / CONF TRAVEL	<b>634,369</b> 14,500 350 255,000 23,400 34,972 45,204 - 9,500 2,000 51,293 82,000 - 1,000 10,000 2,040 4,500 20,000	<b>10.77%</b> 0.25% 0.01% 4.33% 0.40% 0.59% 0.77% 0.00% 0.16% 0.03% 0.87% 1.39% 0.00% 0.02% 0.17% 0.03% 0.08% 0.34%
<b>79 TOTAL DISTRICT GENERAL OPERATIONS</b> 80 CAPITAL EXPENDITURE FROM CURRENT REVENUE 81 ANNUAL TRANSFER TO CARRF FUND	<b>555,759</b> - -	<b>9.43%</b> 0.00% 0.00%
<b>82 TOTAL CAPITAL INVESTMENT</b> <b>83 TOTAL CURRENT EXPEDITURES</b> 84 Total Current Revenues 85 Total Current Expenditures <b>86 Net: Current Revenues less Current Expenditures</b>	- <b>5,892,703</b> 5,892,703 5,892,703 <b>0</b>	<b>0.00%</b>

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FY'24 Worksheet

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<b>3% Allowed by law = \$149,916</b> <b>2% Allowed by law = \$99,944</b> <b>1% Allowed by law = \$49,972</b> <b>Actual Growth Amount = \$88,544</b> <b>Please note: the E-rate Discount is now approved</b>	<b>FY'24 - 0%, Growth Only</b> <b>Annual Budget</b> <b>WITH E-rate Discount</b>	<b>% of</b> <b>Revenue</b>
<b>Balance Sheet Line Items</b> Carryforward assigned to Capital Projects CARRF assigned to Capital Project(s) Total Non-Current Revenue Funds Assigned for Capital Project	56,000 102,500 158,500	
<b>Capital Projects</b> <b>From CARRF Account</b> Lighting retrofit at Hayden HVAC Controls CCTV Camera upgrade at Spirit Lake	75,000 10,500 17,000 102,500	
<b>Capital Projects from Non-Current Revenue Funds</b> Sidewalk Ramp at Harrison Storage / HVAC at Harrison	16,000 40,000 56,000	
<b>Total Capital Expenditures</b> <b>Funds Available for Expenditures</b> Current Year Revenues <b>Estimated</b> Carryforward CARRF Assigned to Capital Projects Carryforward Assigned to Capital Project Total Funds Budgeted for Expenditures	<b>158,500</b>  5,892,703 2,357,000 102,500 56,000 8,408,203	
<b>Planned Expenditures</b> Current Year Budgeted Expenditures less Capital Project Capital Project from Current Revenues Capital Projects from Non-Current Revenues <b>Estimated</b> Carryforward Reserved for Next Fiscal Year Total Proposed Expenditures	5,892,703 - 158,500 2,357,000 8,408,203	
<b>Total Funds Available less Total Planned Expenditures</b>	<b>0</b>	