

Choosing a target fund balance amount is an interesting balancing act, filled with differing opinions. The previous director was told by the state library's attorney to keep a full year's operating expenses worth of a fund balance. Recently, the county expressed a desire to keep its fund balance at 17-25% for the purposes of bond ratings. \$400,000 was seen as a critically low number, giving us enough to handle a major emergency and a year or two of bad finances. However, according to the Public Library Financial Management Guide by Abraham & Gaffney, P.C. (Library of Michigan, 2014), the authors discuss the determination of appropriate levels of a fund balance. They report that according to the Government Finance Officers Association (GFOA), the recommended best practice is to maintain two months of revenue or expenditures (whichever is most stable) in unassigned fund balance (p. 22).

Once the Board decides on a comfort level for the General Fund Balance, then we could spend down the balance a little each year for some years to come, or add some big projects into that mix to speed it up, until we lower the balance to a more palatable goal. While it feels good to be in the black, the negative aspect of that is, according to Taylor, Plant, and Watkins, that maintaining a fund balance of over a million dollars is unpopular with voters.

The budget recommendations I've made this year focus on personnel costs, simply because without the personnel, we are wasting money on materials, services, and programming. It's staff that will keep people coming in to make use of materials and services and to partake in the programs. And, the Board which oversaw the millage increase stated that the money would be used for operating expenses which include but are not limited to salaries, utilities, materials, and supplies. I do understand that we need to take moderate steps in this plan so the staffing proposal is modest.

Hopefully, many of your questions will be addressed by the footnotes. But I would still like to address a few points:

- Salaries

Young Adult Services Coordinator: This budget proposes hiring a Young Adult Services coordinator at \$40,000. This would, if approved by the Board, be a contract employee (40 hours/week, non-exempt, benefits similar to the Director of Public Services position). Just as with the Director of Public Services position, this position will serve the entire system, even though the office would be in the Coldwater building.

Floating Clerk: This budget also proposes hiring another clerk to be a "floating" or "substitute" clerk. There is a need for someone, trained in public

service, to be available to fill shortages. This clerk will travel to whichever branch needs someone to work at the front desk, especially for illnesses or vacations. This position would be hourly (21 hours per week) at \$10.59/hour.

Financial Clerk: This budget also proposes hiring a financial clerk to assist the Financial Manager with data entry and minor tasks. This position would be hourly (21 hours per week) at \$10.59/hour. While it was previously thought that promoting the Financial Manager to full time would alleviate her needing to work more than part time, because of previous inadequate records, there is still much work to be done and a part time Financial Clerk would help with the workload.

Janitor: Included in this budget is funding for a part time janitor for the Coldwater Branch. Hiring someone for 21 hours per week at \$10.59 per hour will be sufficient for cleaning the branch and will eliminate the need to either keep the current, ineffective cleaning company or issue a request for bids for a new cleaning company. I feel this will be a cost-effective solution: 21 hrs/wk X 52 wks X \$10.59 = \$12,489.42 (taxes included) compared to the current cost of \$18,000/yr for the current company.

Finally, there is factored in a 3% Cost of Living Adjustment.

- Board per diem- Board members are entitled to a small compensation for attending board meetings, according to our bylaws. Indicate at the meeting if you would like to decline for next year and I can have you sign a form and I can adjust this item accordingly.
- Hospitalization (Insurance) costs include an employee/spouse plan for the Young Adult Services Coordinator. It's possible this number could be less.
- Network Maintenance is at a level to support the upkeep of our usual services, as well as increasing our deposit for Hoopla services.
- The three materials budgets—Books, Periodicals, and Audiovisual—are at amounts that are close to the average spending amounts.
- Professional Services is increased to plan for a Strategic Plan facilitator (In September 2014, motion by Uhrig, supported by Gordon, to contract with a consultant to help facilitate a Strategic Plan). I am currently drafting an RFP for a facilitator and have spoken to two local people as possible facilitators.

I hope this overview, along with the notes in the document, give you a good idea from where the Finance Committee and I were coming from on this budget. I will address your remaining questions at the meeting.

Submitted by Linda Lyshol