

Date: April 9, 2018

To: The Board of The Urbana Free Library

From: Celeste Choate

Re: Fiscal Year 2019 Budget memo – part 2

Highlights of the proposed April draft of the FY19 budget:

As you know, we are still in a transition period with Munis. Among other things, we are currently working through the transition of the “L10 Trust Fund” into the “810 Trust Fund.” The City has been provided with updated information for how we would like the old fund layouts to align with the new fund layout, and when the changes have been made, I will send the Board the budget laid out with the new system. If you would like to see what the “802 General Fund” budget will look like, the FY18 budget from February 5 to the present is available online at <https://urbanafreelibrary.org/financial-reports>. All financial information will be transferred into Munis for inclusion in the City’s budget.

We mentioned last month that the FY19 budget depends upon gifts from the Friends of The Urbana Free Library and The Urbana Free Library Foundation. The Library is grateful for the dedication of these organizations and the generosity of our community. All of the Foundation’s pledges at their 3-14-18 meeting have been added to the General Fund as both revenue and expense, so less is removed from the Library’s fund balance than in the March budget. In addition, the Foundation’s unspent pledges from last year for the chiller and the Development Director are included in the General Fund.

Pledged Funds from The Urbana Free Library Foundation:

Adult and Youth Services		
9 UFLive! Concerts	\$ 1,800	
Author event, which could kick off the Pygmalion event in Urbana	\$ 3,800	
Glenna Spitze Fund - coral reef aquariums	\$ 2,000	
Circulating WiFi hotspots	\$ 1,000	
		\$ 8,600
Champaign County Historical Archives		
Intern to process the Chanute Collection 10 hours a week for 52 weeks	\$ 8,960	
		\$ 8,960
Facilities		
Porch replacement	\$ 71,000	
Porch project engineering	\$ 17,000	
Compressor replacement	\$ 10,000	
		\$ 98,000
Landscaping and sign for 202 W. Green Street (corner lot)	\$ 1,000	
		\$ 1,000
Total		\$ 116,560

Fund Balances/Reserve Funds:

- We just learned that it would be prudent to work with the City's Legal department to create a special reserve fund and a plan for this fund (described in 75 ILCS 5/5-8).
 - (75 ILCS 5/5-8) (from Ch. 81, par. 5-8)
 - Sec. 5-8. The library board of any public library organized under the provisions of this Act may accumulate and set apart, as reserve funds, for the purchase of sites and buildings, for the construction and equipment of buildings, for the rental and repair of buildings acquired for library purposes, and for planned or emergency repairs and alterations of library buildings and equipment, the unexpended balances of the proceeds annually received from taxes not to excess of the statutory limits, provided the library board in its annual appropriation determination to the corporate authorities specifies that a specific fund is to be or is being accumulated for this purpose and has further resolved to develop and adopt a plan or plans pursuant to this Article. The plan required herein will be developed in general form within 2 years of the adoption of the ordinance establishing a special reserve fund; such plan subsequently may be amended as circumstances may require. No plan is needed for the emergency expenditures from this fund for the repair of an existing library building or its equipment.
 - (Source: P.A. 84-770.)

- The special reserve fund creation document and the plan for the fund will cover this additional funds designated for the Special fund balance in the FY19 budget and the funds already saved in:
 - Building, capital expense L05 0 1040-5105 (anticipated fund balance of \$38,243 by the end of FY18); and
 - Electronic Equipment, Capital Expense L05 0 1040-5745 (anticipated fund balance of \$26,000 by the end of FY18).
- In addition, the Library will add \$5,000 for future Health Savings Plan Separation Agreements payouts but will also plan to spend some, not knowing whether or not any staff member might retire this year.
- In addition, per a conversation with legal counsel, I recommend that the Board create a Contingency Fund that has an goal of having 90 days' worth of funds (currently in the Library's Fund Balance) to pay all Library obligations in case of emergency.

Expenditures:

- Because we have no way of knowing what projects will be completed this fiscal year, we are budgeting as though all work will be done on the porch, chiller, and compressor during FY19. Work will begin in FY18, and we have budgeted to roll unspent funds on these projects into FY19.
- We plan to spend any unspent funds from the City and funds the Foundation pledged for the Director of Development & Promotion in FY19.
- The City is currently redoing the balances and distributions of the Trust Fund (810) section of the budget. As soon as the data is available, I will share the current balance and the anticipated balance after all of the expenditures have been made. In hiring a Development Director, we anticipate an increase in giving. Some gifts received in FY18 will not be spent in FY18, so we propose to spend those funds in FY19. There is a net decrease in the Trust Fund, given the funds for the one-time costs, mentioned below the chart below.

The Urbana Free Library Trust Fund 810 Budget		
9-Apr-18		FY19
	Category	Estimated
Revenue		
81080821	Admin Endowments	\$100
81080822	Adult Endowments	\$100
81080823	Children's Endowments	\$100
81080824	Archives Endowments	\$100
81080831	Admin Gifts	\$8,000
81080832	Adult Gifts	\$16,200
81080833	Children's Gifts	\$11,100
81080834	Archives Gifts	\$3,700
Revenue Total		\$39,400
Expense		
81080821	Admin Endowments	
81080822	Adult Endowments	
81080823	Children's Endowments	
81080824	Archives Endowments	
81080831	Admin Gifts	\$69,500
81080832	Adult Gifts	\$23,200
81080833	Children's Gifts	\$14,600
81080834	Archives Gifts	\$3,700
Expense Total		\$111,000
Trust Fund 810 Total		-\$71,600
The current balance in the 810 Trust Fund is over \$530,000.		

One-time costs from Admin Gift funds:

- Implement RFID for checkout of DVDs behind the Circulation Desk to allow for patron self-selection and circulation: \$14,500.
- Begin strategic planning in Fall 2018: \$10,000.
- Lewis Auditorium AV upgrade \$5,000.
- New furniture: \$32,000

Library properties:

I met with the City to discuss the best way to include the Webber property in TUFL’s budget, and the recommendation was to include it in the General Fund (802). In a nutshell, these are overestimated expenses and underestimated revenue based on current plans to improve the building and based on last year’s revenue and expenses. We anticipate that the one-time expenses of improve the building (painting the exterior, replacing the furnace/AC unit) are investments in attracting and keeping tenants. The MCORE Project 5 will be terminating in front of the Webber building next summer, so it is appropriate to make these one-time investments in this building.

New budget for Webber properties:

The Urbana Free Library FY19 Budget					
A new program will be created in Munis for the properties.					
Revenue					
Org Code	Name	Object Code	Title	Amount	Note
		44599	Other Sales OR	\$ 24,840	Rent, late fees
		44505	Property Rental Revenue		
		TBD	From Fund balance including unspent HVAC funds from the City to pay for the new furnace/AC	\$ 13,685	
		TBD	Prepaid Rent		kept in escrow by property management company
		TBD	Funds held by Mgmt Company		\$1,500 kept in escrow by property management company
			Total	\$ 38,525	
Expenses					
Org Code	Name	Object Code	Title	Amount	Note
		52201	Building Repair & Maintenance	\$ 16,500	Furnace; paint; grounds maintenance; other misc. repairs
		52199	Other Professional Services	\$ 2,750	Engineering, etc.
		52600	Utilities	\$ 7,000	Utilities
		52999	Other Contractual Services	\$ 12,150	Property Management company; Property taxes for Auler & Webber properties
		52909	Adv/Mkting/Public Education	\$ 100	
		51900	Other Supplies	\$ 25	
			Total	\$ 38,525	