

Moultonborough
2010 Library Budget
Recommendations and Comments



Advisory Budget Committee

Thursday, February 4th, 2010

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To the Board of Library Trustees
Moultonborough Public Library
Moultonborough, New Hampshire 03254

The Moultonborough Advisory Budget Committee (ABC) would like to thank the Moultonborough Library Trustees and Library Director for their responsiveness during our review. The following report represents our independent opinions and suggestions. Any opinions and suggestions offered by the ABC represent our best efforts to maximize efficiencies, spending power and to consolidate redundancies between the various elements of Town-wide Administration (Town, Library, and School). Our suggestions and opinions should not be viewed as a negative reflection of the dedicated work done by the Library Trustees or Director of the Library Operations. Moultonborough is one Town with "One Consolidated Tax Rate". The ABC will continue to stress the concept of One Town/ One Tax Rate and consolidated services where we believe redundancies exist.

ABC APPROACH:

The ABC has completed its' review of the 2010 Proposed Library Budget.

To gain an understanding of the current environment, opportunities and challenges faced by the Trustees, Administration and Staff the scope of the ABC review included meetings with the Trustees and Library Director. The Trustees reinforced their understanding of the relevant RSA provisions that define Trustee responsibility for governing public libraries within the state of New Hampshire. The powers and duties of Library Trustees are defined in the state statutes Chapter, Title XVI; 202-A: 11. The Library although funded with taxpayer dollars is run independently from the Town Administration.

Our scope further included review of:

- Various operating expense accounts (i.e. fuel, facilities.)
- Current staffing and salary levels
- Current employee benefit offerings,

OBSERVATIONS & COMMENTS:

The ABC has the following observations and comments that the committee would like to share with the Board of Library Trustees.

Salary & Benefits study

- The Library Trustees completed in 2009 a three-year program to bring the Moultonborough Library staff salaries in line with comparable state-wide library wages (study performed by Library Trustees). The Library did not participate in the recent salary and benefits analysis performed by Thornton Associates. However, it should be noted that Thornton did provide the Town with limited comparable data related to library salaries as compared to several New Hampshire communities. The information provided by the Thornton Study validates that the current library salaries fall within the 50 % range of communities surveyed. The ABC believes that the current salaries are now competitive. We recommend that the library adopt a formal salary structure by position similar to the town administrative staff. Annual pay increases should be merit based. A formal program for salary reviews and proposed merit based increases should be documented and implemented. Guidelines for annual salary adjustments should be coordinated annually with the Town in order to maintain parity with all town employees.
- The 2010 budget includes a significant increase (approximately 16 % and 6 % respectively) in the cost of health and dental benefits. Health benefits are part of the total compensation paid to employees, as is the retirement contribution. Often the value of employer provided benefits is overlooked in the annual salary discussion with employees. Currently the Town and Library pays 100 % (single coverage), and 90% (family coverage) toward health insurance plan costs. The ABC believes that the Town and Library should:
 1. Explore the possibility of combining with the School District in order to maximize the health benefits provided and related cost.
 2. The School District, the Town and the Library need to revisit the current cost sharing agreement with employees relative to the percentage of the employee/employer contribution.
 3. The ABC recommends that the employee cost sharing contribution should be increased. The increase could be incrementally phased in over a few years.

Contracts

- Fuel: We recommend that the current joint purchase contract with the Town and Library continue.
- Building & Grounds Maintenance: The Town has implemented for 2010 a consolidated Department of Public works to oversee and coordinate all building & grounds maintenance. Our Committee recommends that the Library consider working with the Town to jointly coordinate building and grounds maintenance and janitorial services. The committee believes that the current library budget related to building, grounds and janitorial maintenance could be reduced by utilizing existing town resources.
- Bulk Purchasing: Our committee recommends the Library, in order to take full advantage of bulk purchasing power and maximize taxpayer dollars, should continue to partner with the Town and School on joint purchases of supplies, utilities, etc (essentially all costs not directly involved in operation of core library affairs).

Accounting and Administration

- Other Non Core Library activities: Currently, the Library Trustees process all Library invoices for payment of goods and services manually. The committee believes that over the past several years the Library has grown considerably and that the time and effort currently expended could be more productively focused on activities directly involved in the operation of core Library Affairs. The committee believes that the Library Trustees should continue to maintain control and management over the approval process for invoice payment. However, all invoices once approved by the Library could be turned over to the Town Administrative Staff for computerized processing. Additionally, centralized processing of the accounts payable would facilitate production of a consolidated Library Financial Report. Currently, the payroll is processed by the Town and the expenditures are processed by the Library on separate accounting systems. A comprehensive departmental financial report is not produced. Having all accounting processed centrally would facilitate such a report.
- Annual Budgets: Annual budgets have historically been presented as prior year budget compared to proposed budget. ABC recommends that in the future budget presentations (Annual and Quarterly) focus on a comparative analysis between current year actual or estimated actual and proposed budget.

Reserve Fund/computers/printers

- The Committee continues to recommend that the Library consider establishing a reserve fund for replacement of technology equipment and office equipment. The Library should establish a replacement schedule with estimated annual costs for systematic replacement of all computer and office equipment.

Budget Summary:

The proposed Library Budget for 2010 represents \$450,397 as compared to \$442,703 for the prior year. This represents an increase of \$7,694; a 1.74 % year-over-year increase.

The \$7,694 increase is attributable to an increase in employee benefits (\$13,194) offset by a reduction of operating expense budget (\$5,500). Actual operating expenditures have historically been below budget by approximately \$5,000. We are pleased to see the Library adjust their budget accordingly.

Within Salaries and Benefits:

The increase in benefits is attributable to an increase in health insurance costs and an increased employer contribution to the state retirement fund absorbed by the Town.

Conclusion:

We believe that the proposed budget for operating expenses of \$450,397 as submitted is a comprehensive representation of the cost to operate Moultonborough's Library for 2010.

After much discussion between the Library Trustees, ABC and Select Board the Library Trustees agreed to hold 2010 salaries consistent with 2009. We believe this is the **right decision** given the current economic environment and are pleased to see that the Trustees have agreed. Given the current employment situation, general overall economy and the reality that many employers are asking employees to take a reduction in pay the ABC does not support across the board salary increases at this time. We consistently recommend (Town, School & Library) that wage rates for the 2010 budget cycle should be maintained at the current 2009 level. We hope the economy will stabilize in 2010 and annual merit increases can be reinstated.

There are opportunities as outlined above that should be pursued for further future cost improvement. We believe these opportunities can be accomplished while maintaining the high quality of services currently offered by the Moultonborough Library.

We recommend that the Board of Library Trustees work with the Town and School Administration on future opportunities to jointly coordinate maintenance of building and grounds activities, janitorial services, shared processing of accounts payable and bulk purchase of common supplies and services. The library needs to develop comprehensive wage and performance review policies consistent with the Town. Cooperative sharing of non-core library activities will maximize the taxpayer contribution while providing additional time and focus by the Trustees on management and operational control of direct library affairs.

The major comparative components of the budget are indicated below:

Salaries:	<u>2009</u>	<u>2010</u>	<u>Variance</u>	<u>%</u>
Librarian's Salaries	\$137,995	\$137,995		.00
Associates/P T	97,937	97,937		.00
Total Salaries	\$235,932	\$235,932	\$0	.00
Benefits:	<u>2009</u>	<u>2010</u>	<u>Variance</u>	<u>%</u>
Health insurance	64,560	76,135	-11,575	-17.9
FICA	16,185	16,185		.00
NHRS	18,698	19,635	-937	-5.01
Other Benefits	6,828	7,510	-897	-13.14
Total Benefits	\$106,271	\$119,465	-\$13,194	-12.42
Salaries/Benefits	\$342,203	\$355,397	-\$13,194	-3.86
Operating Exp.	<u>2009</u>	<u>2010</u>	<u>Variance</u>	<u>%</u>
Building Maint	\$17,000	\$17,000		.00
Books	15,000	15,000		.00
Cleaning	8,000	8,000		.00
Fuel Oil	12,500	10,500	2,000	16.00
Electricity	11,500	10,500	1,000	8.70
Telephone	4,000	3,000	1,000	25.00
Media	6,000	5,000	1,000	16.67
Office Expense	5,000	5,000		.00
Small Equipment	1,500	1,500		.00
Programs	7,000	7,000		.00
Computer Exp	5,000	5,000		.00
Professional	2,000	1,500	500	25.00
All Other Expenses	6,000	6,000		.00
Total Op Expenses	\$100,500	\$95,000	\$5,500	5.47
Total Budget	\$442,703	\$450,397	-\$7,694	-1.74

Note: Unfavorable variances are preceded by a - (negative sign)

Respectfully submitted,

Moultonborough Advisory Budget Committee
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