

**METROPOLITAN LIBRARY COMMISSION
OF OKLAHOMA COUNTY**

**FINANCE COMMITTEE
AGENDA**

Members: Hugh Rice, Chair
Nancy Anthony
Scott Duncan
Greg Womack

Tuesday, June 11, 2002
3:30 p.m.

Warr Acres Library
5901 NW 63rd
Oklahoma City, OK 73132
(Phone: 721-2616)

NOTE: Comments from the general public will be limited to 15 minutes with time prorated among speakers. Preference will be given to residents of Oklahoma County. Persons signing up to address the committee must list their residential address and personally sign a speaker form.

- I. Call to Order and Establishment of Quorum – Hugh Rice, Chair
- II. Approval of Minutes of May 13, 2002 meeting
- III. Request to accept Recommendations from Administrative and Personnel Committee
 - Recommendation 1 – Acceptance of the Definition of Medical Funding Account
 - Recommendation 2 – Approval of Performance Awards and Market Adjustments FY 02-03
 - Recommendation 3 – Acceptance of Insurance Plans rate increases FY 02-03
- IV. General Review of Health Insurance
- V. Review Preliminary Budget for the Metropolitan Library System FY 2002-2003

Cc: Metropolitan Library Commission
Administrative Team
Darlene Browers, President, Staff Association
Managers and Supervisors

**METROPOLITAN LIBRARY COMMISSION
SERVING OKLAHOMA COUNTY**

FINANCE COMMITTEE

MINUTES

MEETING PLACE: Belle Isle Library
DATE: May 13, 2002 TIME: 3:30 p.m.

Written public notice of the time, date and place of this meeting was given to the County Clerk of Oklahoma County April 25, 2002. Notice of the time, date, place and agenda for this meeting was posted by the Secretary of the Commission in prominent public view at the Belle Isle Library, 5501 N. Villa, and the Downtown Library, 131 Dean A. McGee Avenue, Oklahoma City, on May 8, 2002, in conformity with the Oklahoma Open Meeting Act.

PRESENT:

Hugh Rice, Chair
Nancy Anthony
Scott Duncan
Greg Womack

ALSO PRESENT:

Penny McCaleb, Metropolitan Library Commission, Chair
Shirley Pritchett, Metropolitan Library Commission
Cynthia Trent, Metropolitan Library Commission
Norman Maas, Executive Director, Metropolitan Library System
Anne Hsieh, Director of Finance, Metropolitan Library System

ESTIMATE OF OTHERS PRESENT: 13

I. The meeting was called to order at 3:30 p.m. by Mr. Hugh Rice, Chair.

Roll was called to establish a quorum. Present: Anthony, Duncan, Womack (3:33 p.m.), Rice.

II. Mr. Rice called on Mrs. Anne Hsieh, Director of Finance, to present the second agenda item, General Review of Library Finances.

Mrs. Hsieh stated she would be brief with this review. The same information will be presented in more detail at the next Finance Committee meeting in a few weeks. She began with three spreadsheets that show budget projections into FY 2007-08 as follows:

- 1) Metropolitan Library System Budget Projections **with Current 5.2 Mills**
- 2) Metropolitan Library System Budget Projections **with Additional 1 mill in FY 2004-2005 (Annual growth 4.88%)**
- 3) Metropolitan Library System Budget Projections **with Additional 1 mill in FY 2004-2005 (Annual growth 5.00%)**

Mrs. Hsieh noted that the figures in the spreadsheets do not reflect the figures from the Metropolitan Library System's Long-term Facilities Improvements Plan. Mr. Todd Olberding, Director of Construction Management and Mrs. Donna Morris, Deputy Director of MLS/Support Services are compiling the Facilities Improvement Plan projection. The resulting figures will be incorporated into the spreadsheet projections and the appropriate fiscal year budget.

She also presented Projected Designated Reserves from FY 2000-01 through FY 2015-16. This document shows all projected fund reserves and projected Capital Improvement Projects approved by the Commission.

III. Mr. Rice called on Mrs. Morris to present the next agenda item.

Mrs. Morris discussed the Historical Review of Funding for the New Choctaw Library. This review shows the chronology of Commission approval of funding. Mrs. Morris referred agenda item IV to Mrs. Hsieh for presentation.

IV. Mrs. Hsieh presented the next agenda item, Request for Transfer of Funds with Choctaw Library Guild. The Choctaw Library Guild (the Guild), a long-time Friends group of the Choctaw Library, has obtained a \$50,000 grant from the Sarkeys Foundation for adding a porch to the planned new Choctaw Library building. The grant money will not be available until the latter part of years 2002 and 2003. However, the City of Choctaw is required by law to have all funds in hand before the construction contract can be signed with the successful bidder.

To solve the cash flow difficulty faced by the Guild, they asked the Metropolitan Library Commission to consider a transfer of \$50,000 of the library system's contribution for furniture and equipment to the Choctaw Library's current \$449,539 cost sharing for construction costs. The Guild will transfer the \$50,000 grant to the Library System immediately upon receipt. Under this arrangement, the total Library System's cost sharing of \$800,172 would remain the same. The Library Commission approved a similar transfer on March 16, 2000, to allow the City of Choctaw to obligate the funds for professional fees.

It is the opinion of this Administration that the following recommendation be made to the Metropolitan Library Commission from the Finance Committee:

That the Commission approve:

The transfer of \$50,000 in funding to the Choctaw Library project from Furniture/Fixture/Equipment (FF/E) to Construction Cost with the understanding that the Choctaw Library Guild will transfer the \$50,000 grant from the Sarkeys Foundation to the Metropolitan Library System immediately upon receipt.

Mr. Greg Womack moved that the Finance Committee accept the Administration's recommendation. Mr. Scott Duncan seconded the motion. After discussion, the motion passed unanimously.

V. Mr. Todd Olberding presented the next agenda item, Request to approve additional funds for Construction of Choctaw Library. The City of Choctaw let bids for building construction in March 2002. Nine qualified bids were received and opened April 4, 2002. The lowest base bid was \$1,540,000. The range of the bids from high to low was approximately 10%. The difference between the first and the second bids was a little more than \$9,000.

Even with the advantages of the competitive bid market as indicated by the closeness of the bids. The base bid, in combination with several desirable add alternates, exceeds the current budget by approximately \$300,000.

Mr. Olberding and Mrs. Morris are working in cooperation with the architectural firm Elliott & Associates, The City of Choctaw and J. L. Walker Construction to reduce the cost of the project. This is being done through a Value Engineering process. The intent of this process is to delete select items of work without impacting the integrity of the project. Mr. Olberding referred to the document titled, Choctaw Library - Projected Funding Schedule, to show where the use of Value Engineering made possible an estimated \$63,870 cut from the original estimated/bid building costs. Mr. Olberding asked the Committee to discuss the possibility of providing additional funding for construction cost. Mr. Rice inquired if it was not the responsibility of this Committee to assist in attaining the goal of cutting the construction cost overage to zero through Value Engineering, by taking no action today.

Mr. Olberding said that while it is the goal of this Administration to reduce the cost of the project to the budget ideal, if the library is unsuccessful in its attempt, it runs the risk of losing the contract and having to go out to bid again, a delay that certainly would result in even higher cost. Mrs. Anthony stated that since the contractor is committed to the bid price, it is the responsibility of the City of Choctaw to come up with the additional dollars or adjustments to the costs. As of now the library system is providing more than one-third of the project's construction cost. This exceeds the stipulated guideline of 25% of construction underwriting for expansion and remodeling of an extension library or a new extension library as stated in the Guidelines for Updating Facilities dated March 2, 2000. When preliminary plans for a new Choctaw Library were being developed, it was considered a new extension library. Mrs. Anthony commended all involved for their efforts to cut cost. Mr. Rice stated that this Committee has complete faith that with the combined efforts, the construction costs overage will be reduced to zero.

Mr. Rice asked if there was discussion. Following further discussion, the Committee opted to take no action.

VI. Mrs. Morris presented the next agenda item, Review of funding for the New Downtown Library & Learning Center. She presented the document titled Historical Review of Funding for the Downtown Library & Learning Center. This review shows the chronology of Commission approved funding. Supporting documentation has also been provided in the following attachments:

- Attachment 1 - Table 1 - Construction sub-contracts to be completed
- Attachment 2 - MLC Document #28, Request for Additional Funding for the Downtown Library & Learning Center
- Attachment 3 - Expenditure Schedule for the Downtown Library & Learning Center

Mrs. Anthony referred to previous Executive Director reports that referenced the intention to start a fund-raising campaign to raise a million dollars to offset costs for the Downtown Library & Learning Center. She asked if a plan was in place. Mr. Maas stated that a plan has been implemented. The Endowment Trust is actively participating in the campaign and is acting as the 501(C)(3) agent. Mrs. Morris has spoken with Oklahoma City Manager, Jim Couch, on the issue of sponsorship, particularly the naming of rooms in the Downtown Library & Learning Center. Mr. Couch requested that a presentation be made to the MAPS Oversight Committee. Mr. Maas made the presentation on February 28, 2002. No formal action or objection was noted.

VII. Mr. Rice tabled agenda item VII - Request to accept Recommendation of Administrative and Personnel Committee to approve the Definition of Medical Funding Account until the next Finance Committee meeting.

VIII. Mr. Rice stated that agenda item VIII - General Review of Health Insurance was compiled as a result of a request from the Finance Committee last year. Mr. Rice added that no action needed to be taken today, that he wanted the Committee members to review this information. Mr. Rice tabled any discussion until the next Finance Committee meeting.

IX. The Finance Committee will meet on Tuesday, June 11, 2002, at 3:30 pm at the Warr Acres Library, 5901 NW 63rd, Oklahoma City..

X. Mr. Rice thanked everyone for attending and adjourned the meeting at 5:25 pm.



Norman Maas, Executive Director
(Secretary)

METROPOLITAN LIBRARY COMMISSION
SERVING OKLAHOMA COUNTY

ADMINISTRATIVE & PERSONNEL COMMITTEE

MINUTES

DATE: Monday, May 6, 2002 TIME: 3:30 PM
MEETING PLACE: Belle Isle Library
5501 N. Villa
Oklahoma City, OK 73112
(405) 843-9601

Written public notice of the time, date and place of this meeting was given to the County Clerk of Oklahoma County, April 3, 2002. Notice of the time, date, place, and agenda for this meeting was posted by the Secretary of the Commission in prominent public view at the Belle Isle Library, 5501 N. Villa, and the Downtown Library, 131 Dean A. McGee Avenue, Oklahoma City, on May 2, 2002, in conformity with the Oklahoma Open Meeting Act

COMMITTEE MEMBERS PRESENT:

David Greenwell, Chair
Dr. Ann Caine
Carolyn Cornelius
Shirley Pritchett
Marguerite Ross

COMMITTEE MEMBERS EXCUSED:

COMMISSION MEMBERS PRESENT:

Penny McCaleb, Chair, Metropolitan Library Commission

METROPOLITAN LIBRARY SYSTEM STAFF PRESENT:

Norman Maas, Executive Director
Ric Rea, Director of Human Resources
Jim Welch, Deputy Director MLS/Information Technology
Anne Hsieh, Director of Finance
Karyn Miller, Benefits Manager
Kay Bauman, Director of Planning
Ernestine Clark, Director of Development
Denyveta Davis, Director of Branch Services
Darlene Browsers, Metropolitan Library System's Staff Association, President
Lori Kane, Executive Assistant

ESTIMATE OF OTHERS PRESENT: 3

I. The meeting was called to order at 3:30 p.m. by Mr. David Greenwell, Chair.

Roll was called to establish a quorum. Present: Caine, Cornelius, Pritchett, Ross, Greenwell.

II. Mr. Greenwell asked for comments from the general public. There were none.

III. Mr. Greenwell called on Mr. Ric Rea, Director of Human Resources to present agenda items II through VII.

Mr. Rea began with the Annual Review of Human Resources – Salaries and Benefits – April 2002. It is a report this committee is familiar with. It changes in content from year to year. However, the formatting is kept the same so it is consistent for committee members to make comparisons with past years reports.

From December 2000 to December 2001, the average annual salary increased by 1.56%. From the combination of the performance awards and market adjustments, one would expect an increase of something in the range of 3% to 5.5%. This expectation, however, is offset by the turnover in positions and the generally lesser starting salaries of new employees as opposed to the salaries of long-term employees.

Mr. Rea reviewed the Metropolitan Library System's Annual Vacation Leave, Sick Leave, Holidays, and Characteristics of Benefit Plans. This report is informational only and required no action from the committee. After discussion, Mr. Rea continued with the next agenda item, the Compensation Report – April 2002.

Since the Administrative & Personnel Committee of May 5, 1994, the Metropolitan Library System has stated, as a long-term goal, that it was desirable to be the leader in-state among the four major public library employers and to be 4% to 5% above the regional average. For the first time in several years, the first objective is no longer being met. The second objective has remained a long-term goal for several years, whether the Tulsa survey or the Allen County survey is considered to be the best regional average goal. It would be necessary to increase Metropolitan Library System's starting salaries by 9.68% to 10.68% to meet the goal set by the Tulsa survey or 11.59% to 12.59% to meet the goal set by the Allen County survey.

The third part of the component of the market adjustment consideration is the budgetary constraints of the library system. It is this component that prevents the accomplishment of the stated goals.

It is the opinion of this Administration that the following recommendation is made to the Metropolitan Library System's Finance Committee from the Administrative & Personnel Committee:

That the Commission approves:

A performance award ranging from 0% to 3% for both full-time and part-time employees (including pages) for FY 02-03.

A market adjustment of 2.5%, effective December 23, 2002, for all positions not currently above the maximum for their salary grade. Funds have been included in the FY 02-03 Budget to allow for these performance awards and market adjustments.

Dr. Anne Caine moved that the Administrative & Personnel Committee accept the Administration's recommendation. . Mrs. Carolyn Cornelius seconded the motion. After discussion, the motion passed unanimously.

IV. Mr. Rea reviewed the next agenda item, Report on Insurance Plan-April 2002.

Beginning on July 1, 1995, the Metropolitan Library System became independently self-insured, breaking away from the self-insured consortium that also included Oklahoma County and the City-County Health Department.

The current plan year to date shows that through the third quarter of the current fiscal plan year ending March 31, 2002, the plan fund showed a balance of \$613,101 available to pay claims. For comparison, at the end of the third quarter last fiscal year; the plan showed a balance of \$350,095. Through the middle of April of the current plan year, two plan participants had reached the specific stop loss level of \$45,000. Through an examination of claims pending and the medical conditions involved, we anticipate that three other participants will reach that level by June 30. One year ago, no plan participants reached this level. Needless to say, this is not considered a good sign for the stop loss insurance costs for the upcoming year. Although the end of March balance was in a much better financial position than last year, we should expect the balance to be reduced by these pending claims and reimbursed only for those amounts over the stop loss limits.

The only proposed plan provision change recommended for the coming years is that employees be allowed to order **by mail** three months of prescription drugs that are considered to be in the maintenance category. Currently, an employee may obtain a three-month supply of maintenance prescriptions, but must do so in person at their pharmacy. The mail order process would give them this option and would result in a lower cost to both the medical plan and the employee. There is no additional cost to the plan for this change.

The 2002-03 proposed premium costs are not yet available. Most stop-loss carriers are not willing to quote rates more than 30 days in advance. When a plan has experienced a good year by not reaching stop loss levels (specific or aggregate) by April 30, some carriers may quote rates as much as 60 days in advance. Unfortunately, this has not been a good year for the library system's stop loss experience. The cost of stop-loss insurance is a major consideration in determining the over-all rate. Without it, premiums cannot be calculated.

A contingency for a rate increase of 12.3% (This 12.3% contingency represents \$116,376) has been included in the working documents in preparation for presenting the budget to the Finance Committee, should this contingency be found to be insufficient when rates are received. A corrected amount will be included in the budget.

It is the opinion of this Administration that the following recommendation is made to the Metropolitan Library System's Finance Committee from the Administrative & Personnel Committee:

That the Commission accepts:

Rate increases within the indicated contingency amount (\$116,376 for medical/dental insurance and \$6,360 for Long Term Disability).

And amend the medical/dental plan to allow employees to obtain by mail order a three-month supply of maintenance prescriptions in addition to their current ability to obtain them at their local pharmacy.

Mrs. Shirley Pritchett moved that the Administrative & Personnel Committee accept the Administration's recommendation. Mrs. Marguerite Ross seconded the motion. After discussion, the motion passed unanimously.

V. Mr. Rea discussed the next agenda item Medical/Dental Insurance Review. This information is being provided in answer to questions raised by Mr. Hugh Rice and Mrs. Nancy Anthony at a previous Finance Committee meeting. This is an informational report. This report covers the high points of the medical/dental insurance plan comparison. It attempts to show what makes a good or great plan and how the Metropolitan Library System's plan compares to other plans. The Medical/Dental Insurance Review includes a section titled Definition of Medical Funding Account this document defines the purpose of the fund, source of funding and additional uses for monies from this fund.

It is the opinion of this Administration that the following recommendation is made to the Metropolitan Library System's Finance Committee from the Administrative & Personnel Committee:

That the Commission adopts:

This Definition of Medical Funding Account, including the formula, (A dollar amount equal to 30% of the current year's beginning total premium level plus \$100,000 amount for cash flow, and anytime at the end of the prior year that this is over this amount, the excess would be used to buy down the cost of the insurance for the next fiscal year for both the library and the employees.), as stated for the maintenance of the account, the authorized use of excess funds and the division of the benefit of those funds.

Mrs. Cornelius moved that the Administrative & Personnel Committee accept the Administration's recommendation. Dr. Caine seconded the motion. After discussion, the motion passed unanimously.

VI. Mr. Rea discussed the next agenda item Employee Assistance Program. The Employee Assistance Program (EAP) initiated by the Metropolitan Library System in January 2000 as a resource for employees and their families, has served this library system well. During the calendar year 2001, sixty-nine employees or family members made contact with the EAP counselors.

On April 1, 2002, the library system received notice from the EAP provider that as of June 1, 2002, their firm would no longer be able to provide EAP services.

The Administration feels the need for an interim EAP provider is essential. When the library system first provided an EAP for employees, two local providers were considered. The second agency, A Chance to Change, is still interested in providing this service. Mr. Rea has met with them and is satisfied that they can provide an equal or better service for month of June 2002. This covers the period of time from the termination of the service by the previous provider through the end of the fiscal year (June 30). A recommendation for an EAP provider for FY 2002-03 will be presented as a part of the contract renewals at the June Commission meeting.

Mr. Rea introduced Mr. David Swope, Employee Assistance Program Consultant. Mr. Swope presented the Committee with informational brochures on A Chance to Change Foundation's services, and answered questions.

It is the opinion of this Administration that the following recommendation is made to the Metropolitan Library Commission from the Administrative & Personnel Committee:

That the Commission approves:

A Chance to Change as interim providers for the Metropolitan Library System's Employee Assistance Program (EAP) for June 2002.

Mrs. Pritchett moved that the Administrative & Personnel Committee accept the Administration's recommendation. Mrs. Ross seconded the motion. After discussion, the motion passed unanimously.

VII. Mr. Rea discussed the next agenda item Need to Study the Grievance Procedure.


From a review of the past experiences applying the provision of the Grievance Procedure, it has become clear to the administration that one of the steps (Steps 4) in the procedure is cumbersome at best. This step presents the matter before a Grievance Review Board of fellow employees who must sit almost in a judge and jury role to attempt to resolve a grievance between an employee and their supervisor. The board is not a standing body, but rather is drawn by lot with each party excusing two individuals from the pool of board members and requires that the Director of Human Resources act the advisor to the board.

The administration has initiated a discussion with the staff association, ad team, and library staff regarding changes to the grievance procedure. This group hopes to workout a series of steps that provide an opportunity for a grievance to be heard in a timely manner, to be fair to all parties, and to promote reaching the right decision rather than determining who was "right" or who was "wrong."

This report is presented as an informational item to inform the Committee of the administration's review of this procedure. The results of this review will be brought to the Committee for review and action.

Mr. Rea thanked the Committee. Mr. Greenwell commended Mr. Rea and the entire Metropolitan Library System staff for all their hard work compiling these reports.

VIII. Mr. Greenwell thanked everyone for attending and adjourned the meeting at 4:50 p.m.



Norman Maas, Executive Director
(Secretary)

REPORT AND RECOMMENDATIONS FROM THE ADMINISTRATIVE AND PERSONNEL COMMITTEE

The Administrative and Personnel Committee met May 6, 2002 for:

1. Annual Review of Human Resources
2. Compensation Report
3. Report on Insurance Plans
4. Medical /Dental Insurance Review
5. Report on Employee Assistance Program
6. Report on Need to Study the Grievance Procedure

During its meeting, the committee:

1. Reviewed and discussed items # 1 through # 6.
2. As a result of the discussions, the following items have been unanimously voted for recommendation to the Finance Committee.
 - a. Compensation Report recommendation - The performance awards ranging form 0% to 3% for both full-time and part-time employees (including pages) be approved for FY 2002-03. A market adjustment of 2.5% be approved effective December 23, 2002 for all positions not currently above the maximum for their salary grade.
 - b. Insurance Plans Report recommendation- The acceptance of rate increases within the indicated contingency amounts. Amending the medical/dental plan to allow employees to obtain by mail order a three-month supply of maintenance prescriptions in addition to their current ability to obtain them at their local pharmacy.
 - c. The acceptance of the Definition of Medical Funding Account.

COMMITTEE ACTION: To accept or approve the following recommendations of the Administrative and Personnel Committee for recommendation to the Metropolitan Library Commission for action:

Recommendation # 1 - The acceptance of the Definition of Medical Funding Account

Recommendation # 2 - To incorporate into the FY 02-03 Annual Budget. The performance awards ranging form 0% to 3% for both full-time and part-time employees (including pages) be approved for FY 2002-03. A market adjustment of 2.5% be approved effective December 23, 2002 for all positions not currently above the maximum for their salary grade.

Recommendation # 3 - To incorporate into the FY 02-03 Annual Budget. The acceptance of Insurance plan rate increases within the indicated contingency amounts. And amending the medical/dental plan to allow employees to obtain by mail order a three-month supply of maintenance prescriptions in addition to their current ability to obtain them at their local pharmacy.

(THE DOCUMENTS FROM THE A & P COMMITTEE MEETING ARE INCLUDED)

Finance Committee
MLC FY 2001-2002
June 11, 2002

Tabled From:
Finance Committee
MLC 2001 - 2002
May 13, 2002

Accepted by:
Administrative & Personnel Committee
MLC 2001-2002
May 6, 2002

DEFINITION OF MEDICAL FUNDING ACCOUNT

A. PURPOSE OF FUND

The Metropolitan Library System entered into being self-funded July 1, 1995. Our intent was to build up an amount of money that would buffer us for certain purposes. The following is to clarify the purposes for which this money could be used. As of June 30, 2001, the fund had accumulated \$522,188.

Now that we have these years of experience behind us, it is proposed that the medical funding account be maintained at:

1. a dollar amount equal to 30% of the current year's beginning total premium level, plus,
2. a \$100,000 amount for cash flow, and
3. any time at the end of the prior year that this is over this amount, the excess would be used to buy down the cost of the insurance for the next fiscal year for both the library and the employees.

The purpose of this fund is for paying for claims as they come into the third party administrator on a daily basis from the medical/dental providers and for reducing the amount of premiums in a year when the library has experienced unusually large claims which may or may not have reached the stop loss level. In a year in which there have been a great many claims or unusually large claims, the premiums for the next year will be very high and this can be used to offset this expense for the library and employees. The premiums never seem to go back down, but if the next year is good any rate increases will be built upon the top of the bad year rates.

B. SOURCE OF FUNDING

This account is funded by premiums set by insurance actuaries at the beginning of each plan year for the estimated claims plus 25%. This is paid by both the employer and employee. This split is 90% for the employer for single coverage and 10% for the employee. The split for the dependents of

the employee is 70% for the employer and 30% for the employee. The average contribution split between the library and the employee for family coverage is 79% and 21%, respectively. If the claims are not as much as anticipated, there will remain unspent dollars in the medical funding account.

C. ADDITIONAL USES FOR MONIES FROM THIS FUND

The monies in this fund can be used to pay claims prior to monies being collected in the current year from the library and the employees. Also, it traditionally takes time for the stop loss insurance to reimburse the library once it has been reached either on an individual or aggregate basis, but the providers must be paid in a timely manner.

D. RELEASE THE GENERAL FUND RESERVE

For the same reason stated above in C, a \$100,000 cash reserve was designated in the library system's general fund at the inception of this program for cash flow purposes. Except the first year, this reserve has not been used since then. Considering the accumulated fund balance, it is believed that this general fund reserve is no longer needed and can be released for other library operational purposes.

RECOMMENDATION

An administrative committee composed of Norman Maas, Anne Hsieh, Richard Rea and Karyn Miller developed the above definition to document the purpose and intent of the medical funding account.

The administration recommended that the Administrative and Personnel Committee recommend for adoption this definition including the formula, as stated above, for the maintenance of the account, the authorized use of excess funds and the division of the benefit of those funds.

The Administrative and Personnel Committee accepted the recommendation at their meeting of May 6, 2002. The Committee is recommending that the Finance Committee accept this recommendation and recommend adoption by the Metropolitan Library Commission.

COMMITTEE ACTION

If in agreement with the recommendation, the appropriate Finance Committee action would be to recommend that the Library Commission adopt the definition of the medical funding account including the formula for the maintenance of the account, the authorized use of excess funds and the division of the benefit of those funds.

COMPENSATION REPORT

APRIL 2002

BACKGROUND

The salary administration policy as adopted by the Library Commission in 1992 consists of two components: the classification plan and the compensation plan. The compensation plan is additionally divided into two components: performance awards and market adjustment.

The performance awards component is the method of advancing an individual from the starting salary within the pay range and is based upon actual performance. Full-time and some part-time employees (excluding pages) receive a formal performance review just prior to the completion of the initial six months of employment or promotion and annually thereafter. This review is based on defined performance standards that are reviewed with the employee by his/her supervisor at the start of the evaluation period. Some of the standards are common for all employees (the good employee standards) while most are designed specifically for the position of the employee. The performance of part-time pages is reviewed on a different schedule using either this same performance standards based method or a performance ranking method. Both methods have previously been approved by commission action and are incorporated in the Policy and Procedure Manual under Section VIII.

PERFORMANCE AWARDS

Under the performance award model approved as a part of the FY 01-02 budget, the highest salary increase possible is 3% and this is available only to those individuals who achieve a score of 3.5 or better on a scale of 1 to 4. Individuals with this same score but who are in the third or fourth quartiles of their range receive a 3% increase. Although the scale of possible increases ranges from 0% to 3%, the statistics for FY 01-02, July 1 through March 31, indicate an average performance award increase of 2.4%.

EMPLOYEES AT TOP OF SALARY RANGE RECEIVE BONUSES IN LIEU OF INCREASES

Some individuals receive bonuses in lieu of salary increases because they reached or were at the top of their salary range. Those bonuses were equal to three-fourths of the percentage of increase for which the employee's evaluation score otherwise would have qualified him or her.

MARKET ADJUSTMENTS

The market adjustment is the component that is used to insure that the salary structure is adjusted equally across-the-board. Several considerations dictate whether a market adjustment will be administered: (1) changes in the overall wage scale nationally, (2) the results of salary surveys and (3) the budgetary constraints of the library system. Each year as a part of the budget process, the Administration, with Commission approval, determines the applicability and the financial ability to apply a market adjustment to the salary structure. When applicable and when funds are available, a percentage increase is applied equally to all ranges and to all eligible employee salaries.

A national study conducted by Buck Consulting of Fortune 1000 companies projects a rise in base salary rates of approximately 4.0 to 4.3% for the year 2002. The study involved executives, salaried exempt, salaried nonexempt and hourly nonexempt employees with the executive increases at 4.3% and hourly nonexempt at 4.0%.

The U.S. Department of Labor, Bureau of Labor Statistics reports indicated that the Employment Cost Index (ECI) for the 4th quarter of 2001 for the state and local government sector increased 4.2% over the previous year. By comparison, the Consumer Price Index-All Urban Consumers rose only 1.1% from February 2001 to February 2002..

A market survey was conducted in late 1998 for inclusion in the Classification and Compensation Study performed by Slavin Management and was implemented as a part of the adoption of the plan in December 1999. Since that time, the library administration has conducted limited studies of major public librarian employers within the state and has participated in and received the results of the salary surveys conducted by the Tulsa City-County Library (TCCL) System and Allen County (Ft. Wayne, Indiana) Public Library. The TCCL survey includes a limited number of libraries, while the Allen County survey is much more widespread. It presents results in two formats, the survey average and a mid-west average.

SURVEY RESULTS

In-State Survey

Within the state, the four major employers of public service librarians are the Oklahoma Department of Libraries, the Pioneer Library System, the Tulsa City-County System and this system. A comparison of salaries for closely comparable librarian positions follows.

Agency	Minimum	Maximum
Pioneer	30,829	43,954
MLS	29,806	42,078
Tulsa	28,056	40,632
ODL	26,564	44,273
Average	28,814	42,734
<u>MLS Above Average</u>	3.44%	(1.53% <u>below</u>)

One year ago, the MLS minimum was 7.03% above average, twelve months later, it is 3.44% above the average in the major libraries in the Oklahoma survey. Comparing the minimum of the range, MLS has fallen 3.59% during this twelve month period and have fallen ever so slightly below the average.

Tulsa Survey

Tulsa City-County Library System conducts an annual salary survey in which this system participates. Responses were received from eleven public libraries. These include:

Denver	Memphis
Fort Worth	Metropolitan Library System
Jefferson County (CO)	Mid-Continent (MO)
Johnson County (KS)	Milwaukee
Kansas City, MO	Tulsa
Louisville	

Reference Librarian	Minimum	Maximum
Survey Average	31,686	46,223
MLS Range	29,806	42,078
MLS Below Average	1,800	4,145
<u>MLS Below Average</u>	5.68%	8.97%

One year ago, MLS range was 2.57% below the minimum average and 7.62% below the maximum average in the Tulsa survey. Comparing the minimum average, MLS range has fallen by 3.11% during this twelve-month period.

Allen County Survey

The other major salary survey in which the library system is included is the Allen County (IN) Public Library Salary Survey. That library system provides an "all survey" average and a "midwest" average for the position of librarian.

	2000		2001	
	Minimum	Maximum	Minimum	Maximum
All Survey	31,756	45,737	33,035	48,645
Midwest	31,473	46,035	32,253	47,461
MLS	29,078	41,038	29,806	42,078
MLS Below				
Midwest Average	6.39%	10.85%	7.59%	11.34%

One year ago, the MLS minimum was 6.39% below the minimum average in the Allen County survey. Comparing the minimum average, MLS range has fallen by 1.20% during this twelve month period.

COMPENSATION GOAL

Since the Administrative and Personnel Committee of May 5, 1994, the library system has stated, as a long-term goal, that it was desirable to be the leader in-state among the four major public library employers and to be 4% to 5% above the regional average. For the first time in several years, the first objective is no longer being met. The second objective has remained a long-term goal for several years. Depending on whether the Tulsa survey or the Allen County survey is considered to be the best regional average, it would be necessary to increase MLS starting salaries by 9.68% to 10.68% to meet the goal (Tulsa survey) or 11.59% to 12.59% to meet the goal (Allen County survey).

The third part of the component of the market adjustment consideration is the budgetary constraints of the library system. It is this component that prevents the accomplishment of the stated goal.

RECOMMENDATIONS

The performance awards ranging from 0% to 3% for both full-time and part-time employees (including pages) be approved for FY 02-03. Funds have been included in the Estimate of Needs to allow for this. (See attachment for the proposed Merit Increase Guide for FY 02-03.) Although a range of from 0% to 3% might give the impression that everyone will be getting 3% plus the proposed market adjustment of 2.5% for a total of 5.5%, this is not the reality of the situation. Based on the experience of past years, a range of 0% to 3% is more likely to result in an average increase of 2.4%. The estimated cost for FY 2002-03 is approximately \$92,357. (The proposed Merit Increase Guide for FY 02-03 is attached.)

A market adjustment of 2.5% be approved effective December 23, 2002 for all positions not currently above the maximum for their salary grade. The date of December 23 is proposed since it is the beginning of the biweekly pay period that includes January 1, 2003. The estimated cost for FY 2002-03 is approximately \$96,203.

COMMITTEE ACTION

If in agreement with these recommendations, the appropriate committee action would be to recommend that the Finance Committee incorporate in the FY 02-03 Annual Budget the recommended performance awards model of from 0% to 3% for the upcoming fiscal year, and the market adjustment of 2.5% effective December 23, 2002.

Metropolitan Library System
Section VIII
Policy and Procedure Manual
Human Resources

ITEM A - SALARY ADMINISTRATION
ATTACHMENT A-4

FY 02-03

MERIT INCREASE GUIDE

QUARTILE	1	2	3	4
PERFORMANCE RATING	PERFORMANCE AWARDS % INCREASE			
3.50 TO 4.00	3	3	3	3
2.75 TO 3.49	2	2	2	2
2.00 TO 2.74	1	1	1	1
1.00 TO 1.99	0	0	0	0

PERFORMANCE RATINGS

Rating 3.50 to 4.00 - Performance Substantially Exceeds Standards

All standards were met and most were clearly exceeded. The individual performance in important job objectives goes beyond what is required.

Rating 2.75 to 3.49 - Performance Meets All Standards

The individual performance is fully satisfactory and all performance standards and objectives were met at pre-established levels of proficiency.

Rating 2.00 to 2.74 - Performance Acceptable/Some Improvement Needed

The basic and/or most important standards are being met satisfactorily; however, some areas need improvement. This is a way of telling the employee that there are some areas in his/her performance that are less than satisfactory and need to be addressed.

Rating 1.00 to 1.99 - Unacceptable Performance

The individual performance is unacceptable, with the basic and/or most important standards not being met satisfactorily. With this rating, the employee should be on performance probation as well as an improvement program for these areas of responsibility.

REPORT ON INSURANCE PLANS

APRIL 2002

MEDICAL/DENTAL INSURANCE

BACKGROUND

Beginning on July 1, 1995, the library system became independently self-insured, breaking away from the self-insured consortium that also included Oklahoma County and the City-County Health Department. At that time, for purposes of continuity and ease of transition, the library system did not change any plan provisions even though there were some areas that already had been identified as appropriate for modification. Prior to that time, all plan provision changes were determined solely by Oklahoma County.

CURRENT PLAN YEAR TO DATE

Through the third quarter of the current (plan) fiscal year (March 31, 2002), the plan showed a balance of \$613,101 available to pay claims. For comparison, at the end of the third quarter last fiscal year, the plan showed a balance of \$350,095. Through the middle of April of the current plan year, two plan participants had reached the specific stop loss level of \$45,000. Through an examination of claims pending and the medical conditions involved, we anticipate that three other participants will reach that level by June 30. One year ago, no plan participants reached this level. Needless to say, this is not considered a good sign for the stop loss insurance costs for the upcoming year.. Although the end of March balance was in a much better position than last year, we should expect the balance to be reduced by these pending claims and reimbursed only for those amounts over the stop loss limits.

MARKET TRENDS

Employee benefits reporting sources all indicate that employers should expect the cost of health insurance to increase in the year 2002. The estimates for increase vary, but all indicate an increase. Nationally recognized human resources/benefits consulting firms including Hewitt Associates, Watson Wyatt, William M. Mercer, and Buck Consulting have predicted that costs for healthcare coverage will rise between 12 percent

and 14 percent every year for the next several. The Mercer/Foster Higgins National Survey of Employer-Sponsored Health Plans generated more than 2,800 responses in 2001. The survey projects employer costs will rise 12.7 percent in 2002.

As reported in the January 2002 issue of *Oklahoma Cities and Towns*, the publication of the Oklahoma Municipal League, "four of every five Oklahoma municipalities listed the cost of employee health benefits as the most unfavorable budgetary impact item on Oklahoma municipalities. Average municipal costs increased 14.8 percent for 2001-02."

The article goes on to indicate that "the rising cost of prescription drugs is perhaps the biggest driver in the healthcare cost climb. The aging population is another factor contributing to escalating costs. As people age, they use their health plans more; an older pool of insured individuals means increased costs for providers. These costs are in turn passed on to employers."

It continues stating that "the general health of Oklahomans can share some of the blame. The Oklahoma State Board of Health reported this year that Oklahoma is above the national average for heart disease, death due to stroke and chronic obstructive pulmonary disease. In their most recent annual report, the Board of Health stated that 21 percent of Oklahoma's adult population is at risk for health problems related to obesity, and that among the 50 states, Oklahoma has the ninth highest death rate from smoking-related illnesses.

Prescription drug costs currently represent 27.86 percent of the claims to the library system's plan.

According to the previously cited Mercer survey, the average total cost to employers for health care plans rose from \$4,430 in 2000 to \$4,924 in 2001. For employers with 10 to 499 employees, the average plan costs were \$4,649 in 2001.

The library system's average cost for medical/dental insurance as of December 27, 2001, was \$4,379.06 as reported in the annual review of salaries and benefits. We are very pleased that the MLS average is below national average for 2001, and even below the national average for 2000.

2001-02 PREMIUM COSTS

The 2001-02 monthly premiums for medical/dental coverage through the system's self-insured program and the cost sharing ratios are shown in the following chart. The library system pays 90% of the cost of single coverage and 70% of the additional cost for dependents leaving the employee to pay 10% of the cost of single coverage and 30% of the additional cost for dependents. As of April 1, 2002, there are 108 employees with employee only coverage and 69 employees with family coverage under the system's plan.

<u>Library's Share of Monthly Premiums</u>	
(approximately 90% of single coverage & 70% of additional cost for dependents)	
	<u>FY 01-02</u>
Single Coverage	\$300.90
Additional Cost for Dependents	<u>285.98</u>
Total Cost for Both	\$586.88

<u>Employee's Share of Monthly Premiums</u>	
(approximately 10% of single coverage & 30% of additional cost for dependents)	
	<u>FY 01-02</u>
Single Coverage	\$ 33.43
Additional Cost for Dependents	<u>122.56</u>
Total Cost for Both	\$155.99

<u>Total Monthly Premiums</u>	
	<u>FY 01-02</u>
Single Coverage	\$334.33
Additional Cost for Dependents	<u>408.54</u>
Total Cost for Both	\$742.87

PLAN PROVISION CHANGE

The only change recommended for the coming year is a "win-win" change. It is proposed that employees be allowed to order by mail three months of prescription drugs that are considered to be in the maintenance category. Currently, an employee may obtain a three-month supply of maintenance prescriptions, but must do so in person at their pharmacy. The mail order process would give them this option and would result in a lower cost to both the medical plan and the employee. There is no additional cost to the plan for this change.

2002-03 PROPOSED PREMIUM COSTS

The proposed premiums are not yet available. Most stop-loss carriers are not willing to quote rates more than 30 days in advance. When a plan has experienced a good year by not reaching stop loss levels (specific or aggregate) by April 30, some carriers may quote rates as much as 60 days in advance. Unfortunately, this has not been a good year for the library system's stop loss experience as indicated earlier in this report. The cost of stop-loss insurance is a major consideration in determining the over-all rate. Without it, premiums cannot be calculated.

A contingency for a rate increase of 12.3% has been included in the working documents in preparation of presenting the budget to the Finance Committee. This 12.3% contingency represents \$116,376.

Should this contingency be found to be insufficient when rates are received, a corrected amount will be included in the budget before presentation to the Commission in June.

LIFE AND AD&D INSURANCE

No increase is anticipated in the life and accidental death and dismemberment premiums.

No coverage changes are proposed.

VISION INSURANCE

The addition of vision coverage (for employees only) was called for in the long-range plan and was added in the fall of 2000. Premiums were quoted as a guaranteed two-year rate.

The plan was amended in July 2001 to provide for adding vision coverage for family members with the employee paying 100% of this added cost. Doing this did not change the library system's cost of \$10.66 per month for employee coverage.

LONG TERM DISABILITY INSURANCE

A small contingency of \$6,360 has been included in the working documents for the budget for an increase in long term disability insurance (LTD). This would cover an increase of 9.4%. While the library system has not been notified of a rate increase as of this time, the contingency has been included because the system has had some employees qualify for these benefits during the current (plan) fiscal year. This may result in an increase.

RECOMMENDATIONS

The administration recommends the following:

the acceptance of rate increases within the indicated contingency amounts (\$116,376 for medical/dental insurance and \$6,360 for Long Term Disability), and

amending the medical/dental plan to allow employees to obtain by mail order a three-month supply of maintenance prescriptions in addition to their current ability to obtain them at their local pharmacy.

COMMITTEE ACTION

If in agreement with these recommendations, the appropriate committee action would be to recommend that the Finance Committee incorporate the funds for the above recommendations in the FY 02-03 Budget.

GENERAL REVIEW OF HEALTH INSURANCE

MEDICAL/DENTAL INSURANCE

April 2002

REQUESTED BY THE FINANCE COMMITTEE

The Finance Committee previously requested a general review of the library system's medical/dental insurance plan as it compares to other plans administered by the third party administrator as well as definition of the Medical Funding Account (the claims payment account.)

The administration has worked with Commissioner Rice, chair Finance Committee, over the past several months to clarify the committee's request and answer their questions.

A Definition of Medical Funding Account was taken to the May 6, 2002 Administrative & Personnel Committee. The Committee recommendation and request for action is included separately.

HIGH POINTS OF THE MEDICAL/DENTAL INSURANCE PLAN COMPARISON

High Points of the Medical/Dental Insurance Plan Comparison

The comparison was prepared as a result of questions raised by the Library Commission as to what makes a good or great plan and how the library system's plan compares to others.

What makes a good or great medical plan:

- Different industries, different locales and different size companies find that different benefits meet their employee needs best.
- A Preferred Provider Organization (PPO) appears best for the library system because of the larger and more widespread base of providers fits better with the number of library locations and location of employees.
- The PPO allows employees to go in and out of the network at will.
- The employee has a \$300 annual deductible going to PPO providers and a \$500 deductible going out of network.
- The plan pays 80% when a PPO provider is used and 70% when a non-PPO provider is used.
- According to one national study, the average annual cost per employee for medical coverage in 2001 was \$5,266.29. The cost per employee for the library system's combined medical and dental plan for FY 2001-02 is \$4,011.96.

The comparison with other plans;

- Four other plans, administered by Mutual Assurance Administrators and of generally the same size as the library's were compared to the library's plan.
- Of the five, when it came to cost of the plans, the library's fell in the middle. The library's plan also covers dental and hearing coverage while the other plans do not.
- Comparing individual plan elements is somewhat like comparing apples and oranges (no two plans have identical benefits); however, the library system's plan falls fairly well in the middle of the two extremes.
- As always happens when doing this type of study, there are areas identified in which our plan does not seem as current as the others. These include lifetime maximums, annual deductibles and dental calendar year limits.

The area of greatest concern:

- Prescription costs are rising at a 17% to 25% rate annually.
- Nationally, prescriptions are averaging about 14% of total plan costs.
- For the plan year (fiscal year) 2000-2001, prescriptions ran 29.7% of the total plan costs for the library's plan.

What stop loss insurance does for the library's self-insured plan.

- Aggregate stop loss insurance limits the amount the plan has to pay for all covered persons. The amount changes based on the number of employees enrolled in the plan (which changes monthly). At the beginning of the plan year, the aggregate stop loss was \$845,631.86 based on 166 employees with 64 dependent units.
- Specific stop loss insurance limits the amount the plan has to pay for a specific individual. The amount is \$45,000 of covered medical charges.
- After the stop loss limit is reached, the re-insurer reimburses the library for the amount of allowable charges over the limit.

What the maximum "out-of-pocket" limit does for the employee.

- The maximum out-of-pocket expense (also referred to as an individual's stop loss) comes into play when an employee has had covered medical expenses of \$2,300 in-network (the \$300 deductible and another \$2000 of expenses to them in co-payments) or \$3,500 out-of-network (the \$500 deductible and another \$3000 of expenses to them in co-payments).
- The out-of-pocket expense maximum excludes co-payments for prescriptions, co-payments for psychiatric care and co-payments for dental expenses.

04-23-02
Human Resources

WHAT IS A GOOD/GREAT MEDICAL PLAN?

1. **What is a good/great medical plan?** According to the 2000 Hay Benefits Reports there is not one correct answer. They state that different industries, different locales, and different size employers find that different benefits in a medical plan meet their employee needs better. An example of this is that the "all industrials" category plans have 56% covering physical examinations while only 22% of the "government" category plans carry this type of coverage. By the same token, plans in the Mountain and West Region show that 48% will have some coverage for physical exam, while only 35% of the New England region plans will contain this coverage. Also, plans with 500 or less participants show that only 36% contain physical exam coverage, but if there are 10,000 or more participants this jumps to 52%(see pages 10 & 11.)

In addition, the California Management Review, Fall2000, Vol. 43 Issue 1, p34, 16p 1 graph states that even standard plans, in practice, are anything but standard or consistent because they do not address the gray areas such as a common and clear definition of medical necessity.

2. What is a good/great medical plan for The Metropolitan Library System?

Would a traditional indemnity plan, a health maintenance organization (HMO), a preferred provider organization (PPO), or a point of service organization (PSO) be the best choice for the Library System? The Library System currently has a PPO because it offers a larger base of providers who are more widespread. This seemed to fit better with the number of Library locations and the location of employees.

The plan selected by the Library allows the employee to go in and out of the PPO network at will. The PPO providers are paid at 80% and the non-PPO providers are paid at 70% with a \$300 and \$500 annual deductible respectively. This gives greater flexibility to employees and eliminates the need to first visit a "gatekeeper" provider before getting specialized care.

According to the C&B Consulting 2001 Benefit Plan Survey report, the average annual cost per employee for medical coverage is \$5,266.29. The cost per employee for the Library System's medical and dental insurance for 2001-2002 is \$4,011.96.

3. Would The Metropolitan Library System Be Better Served By a Self-Insured Plan or a Contract Plan From an Insurance Company?

In 1990 after receiving a 100% rate increase for the indemnity plan with Blue Cross and Blue Shield, I was asked to determine a way to help keep this type of rate increase from occurring. Through the advice of Duane Meyers, Associate Director for Management Services at that time, it was decided that we would request to join with Oklahoma County in their self-insurance. Starting November 1, 1990, we entered into an agreement with

them and were part of that self-insured group until July 1, 1995. The claims year of July 1, 1994 through June 30, 1995 was a very bad claims year for the Library System and we were told that we were not welcome to be part of their plan for the coming year. As an aside, the years prior to 1994-1995 had been very good years and they had made more than enough to cover the bad year, but that was not part of their concern when it came time to renew.

Until we were part of the self-insured plan of the County, the Library was unable to obtain claim information from the HMOs that we contracted with for our employees. This meant that we were unable to determine exactly what our ratio of claims to premium was on anything other than our indemnity plan. In addition, by being self-insured we do not automatically have to add state mandated coverage to the Library plan. In most cases, the Library has elected to include coverage for state mandated benefits, but we do have the option of not covering certain illnesses if we wish. Armed with the above information, it was decided that we should explore the possibility of becoming self-insured on our own. Through a great deal of research and the advice of more than one insurance agent it was decided that we would try this on our own for a year or so and see if it would work for us.

In self-insurance, at least in our case, the rates paid each year are set to cover the actuarial estimate of claims plus 25%. The rates paid by the employees and library are set to cover this amount. We purchase an umbrella policy to cover anything over this amount so that in the case of a catastrophe the library would not be at additional risk.

The insurance companies, being the "good little old" record keepers that they are, will tell you that you will have one bad year in seven for claims. They cannot in all their wisdom tell you which one will be bad or if you will have two bad years in row. One of the reasons that it was decided that we would try to go self-insured was so that we could keep our costs somewhat level by using any claims dollars not used in prior years to supplement claims costs for both the Library and employees in future years. This philosophy may have changed, but this is the history of how we got where we are.

For the current year, 2001-2002, quotes were obtained from Blue Cross and Blue Shield as well as quotes for the self-insured plan. The rates for Blue Cross were about 12 % higher than those quoted for the self-insured plan and the benefits were not nearly as good and did not include dental.

4. The Current Medical/Dental Plan of The Metropolitan Library System.

The current plan of the Library System is a good plan. Upon recent studies of other plans of similar size groups, we found that the coverage in this custom plan covers most things in a very comparable way.

The areas that stood out as being exceptional in our plan were the cost, since dental is an included benefit, the hearing coverage and our prescription plan. All of the other plans did have coverage for transplants which we added last year.

As always happens when doing this type of study, there were a few areas in which our plan does not seem as current as the others. These areas are:

	<u>CURRENT</u>	<u>SUGGESTED INCREASE</u>
Lifetime Maximum	\$1,000,000	\$2,000,000
Psychiatric (Lifetime Maximum)	20,000	25,000
Deductibles		
In Network	300	200
Out of Network	500	300

Coverage that we may want to look at in the coming years would be such things as the \$300.00 wellness benefit that we currently have in place. This price does not cover even a general physical, it has risen more to the level of \$500.00. Doctors are beginning to routinely include such things as bone density scans in physicals and stress tests which add to the cost. These are tests that seem to catch a great many illnesses before they become full blown and expensive to treat.

In the dental plan, the \$1,000 calendar limit probably should be raised to \$1,500 per year to cover the same amount of work that \$1,000 would have covered 2 or 3 years ago.

Areas to Watch

Prescription costs are a concern to all plans as they are rising at a 17% to 25% rate and there seems to be no stopping point. Prescriptions are averaging about 14 % of total plan costs according to Mercer/Foster Higgins National Survey of Employer-sponsored Health Plan 2000. Our average for July 2000 – June 2001 was 29.726% of total plan costs. Some studies are showing that for the year 2001, the average claims costs to the overall medical plan have increased to 18.94%. In July 2001 to December 2001, the average to total plan costs for the Library System has increased to 36.16%. I am seeing a single prescription cost as much as \$900 per month. There is a company that will study your prescription usage at no cost to the organization and look for different prescription providers who will give deeper discounts. This company is paid by the drug companies. I have requested information from our current provider so that we can see if this would be helpful to us. Also, we are in the process of setting up a method so employees can order prescriptions by mail as these would be available to us

with deeper discounts and, also, be less expensive to our employees. It would be more convenient for employees too.

Laboratory costs also seem to be very high. This year we have instigated the use of a LabOne Card which allows our employees to go to their collection sites with a prescription from their individual doctors and LabOne will run the tests and deliver the results back to the individual doctors for their patients at a greatly reduced cost to the plan. I know from a test that I have to have run every three months that it has been costing \$119.00 to do the lab work and LabOne does it for \$42.00. To encourage our employees to use this instead of having the lab work done in the doctor's office, the plan pays 100% of the costs. I am monitoring this to see how much a savings it results in to the plan.

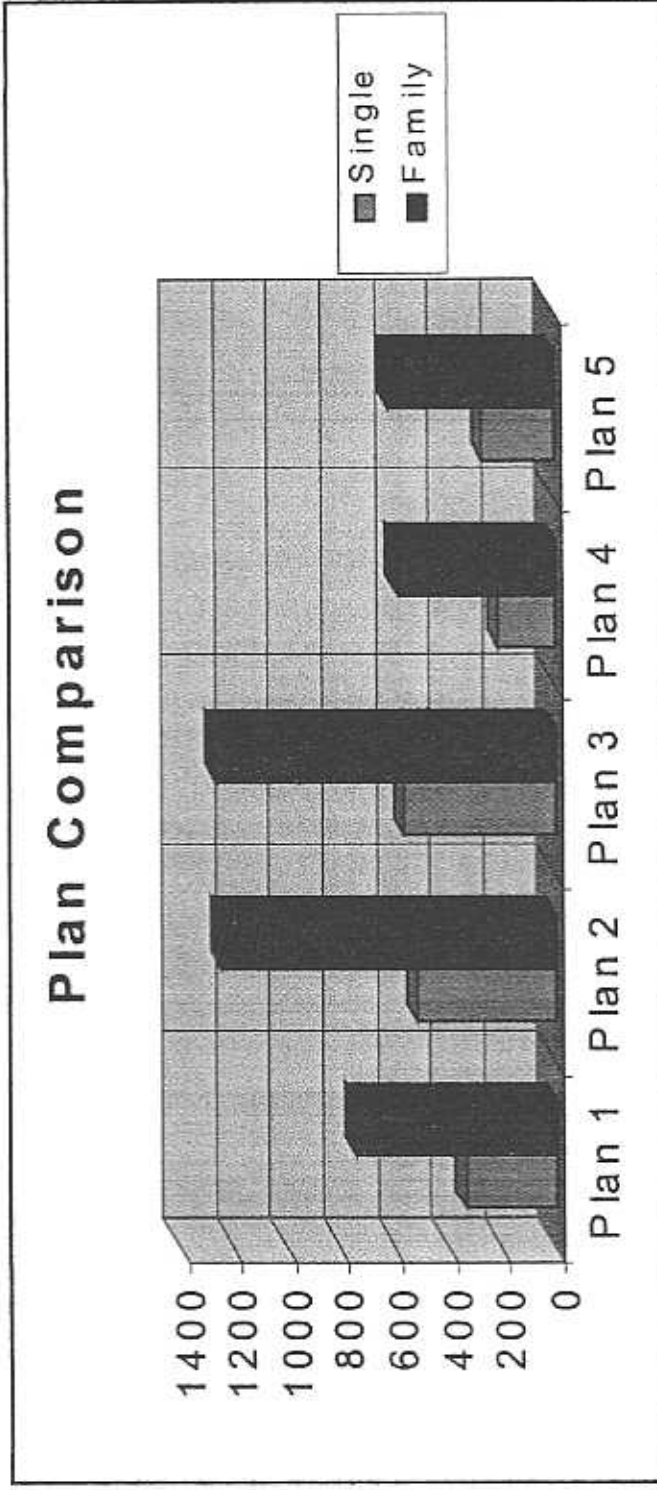
Orthotics could be something that should be added in the future as they become more and more popular to aid in foot problems. The public service staff of the library are on their feet most of the time and are walking on concrete floors. The addition of this benefit could aid us in our quest to reduce our workers compensation claims. It would help with feet problems, but more important is the fact that very often feet problems lead to back problems and that is a very prominent cause of workers compensation injuries.

4-17-02
Human Resources

BENEFITS COMPARISON

The following is a comparison of benefits between The Metropolitan Library System and other plans that are more or less the same size and in the same locale that are administered by Mutual Assurance Administrators, Inc.

Description of Benefit	Plan (1) 1	Plan (2) 2	Plan (3) 3	Plan (3) 4	Plan 5
Premiums					
Single	334.33	512.64	564.91	212.61	266.82
Family	742.78	1,248.38	1,262.61	584.46	615.78
Dental Included	Yes	No	No	No	Yes
Number of Lives	165	168	332	225	226



Description of Benefit	Plan 1	Plan 2	Plan 3	Plan 4	Plan 5
Lifetime Maximums					
Per Person	1,000,000	1,000,000	1,000,000	2,500,000	2,000,000
Transplant Maximum	500,000	500,000	subject to Lifetime maximum	250,000	500,000
Temporomandibular Joint Dysfunction	1,000 (non-surgical)	1,000	80%	Not Shown	Not Shown
Psychiatric Care					
Chemical Dependency	5,000	N/A	N/A	N/A	N/A
Psychiatric	20,000	25,000	4,000	See Calendar Year	25,000
Calendar Year Maximums					
<u>Deductibles</u>	PPO	Non-PPO		PPO	Non-PPO
Single	300	500	100	-0-	300
Family	900	1,000	200	-0-	600
Hospital	-0-	100 (5)	100 (2 max/yr) Not Covered 150 per admit	200 (2 max/yr) N/A	250
Out-of-pocket (6)					
Single	2,000	2,300	1,200	2,000	500 (4)
Family	6,000	10,500	2,400	4,000	1,600
Wellness Benefit	300	200	80%	\$15 co-pay w/ \$25 co-pay w/ \$75 maximum on mammograms	\$15 then 100% to \$500, 100% mammograms 70% to \$300, 70% plus deductible
Outpatient Physical Therapy & Chiropractic	1,800	900	80%	15-500 15-70%	80% chiropractic, lesser of 20 visits or \$800

Description of Benefit

Precertification Noncompliance Penalty

Plan 1	Plan 2	Plan 3	Plan 4	Plan 5
50%	50%	N/A	50%	PPO & Non-PPO 7 days in advance for non-emergency if not done: \$300 or \$500

Co-Payments

Hospitals

PPO	Non-PPO	PPO	Non-PPO	PPO	Non-PPO
80%	70%	100%	N/A	100%	70%

Physicians

80%	70%	\$15	50%	80%	\$15 to \$300 / 80%	70%
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Outpatient Lab

80%	70%	\$15	50%	\$15	70%	80%	70%
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X-Ray

80%	70%	\$25	50%	\$25	70%	80%	70%
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Prescriptions

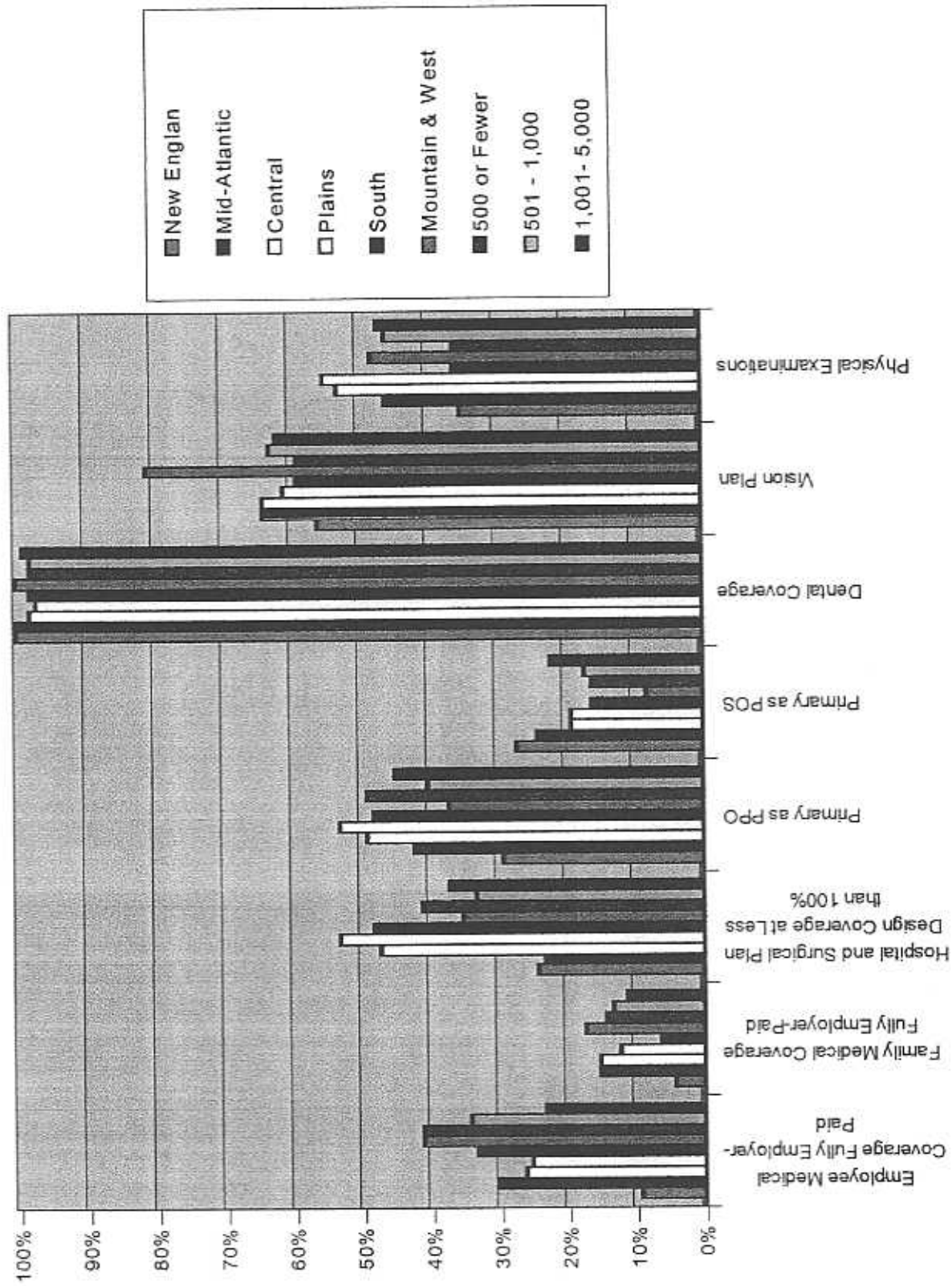
20%; \$5 min. \$50 Max; 30 day Maintenance Trial	Brand - \$20 Generic - \$10	Retail Brand - \$5 Mail Brand - \$10 Generic - \$0	Retail Brand - \$15 Generic - \$15 Mail Brand - \$30 Generic - \$15	Retail Brand - \$15 Generic - \$5 Mail Brand - \$20 Generic - \$10
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- (1) The Metropolitan Library System.
(2) Plan to be Terminated 12/31/01.
(3) Blue Collar. Young, white, healthy males primarily. This plan is hospital coverage only.
(4) Excludes doctor visits and co-payments.
(5) Waived if life threatening.
(6) Out-of-pocket maximums do not apply to deductibles, co-payments, psychiatric or chemical dependency treatments, amounts in excess of reasonable and customary expenses not covered by this plan and precertification noncompliance penalties.

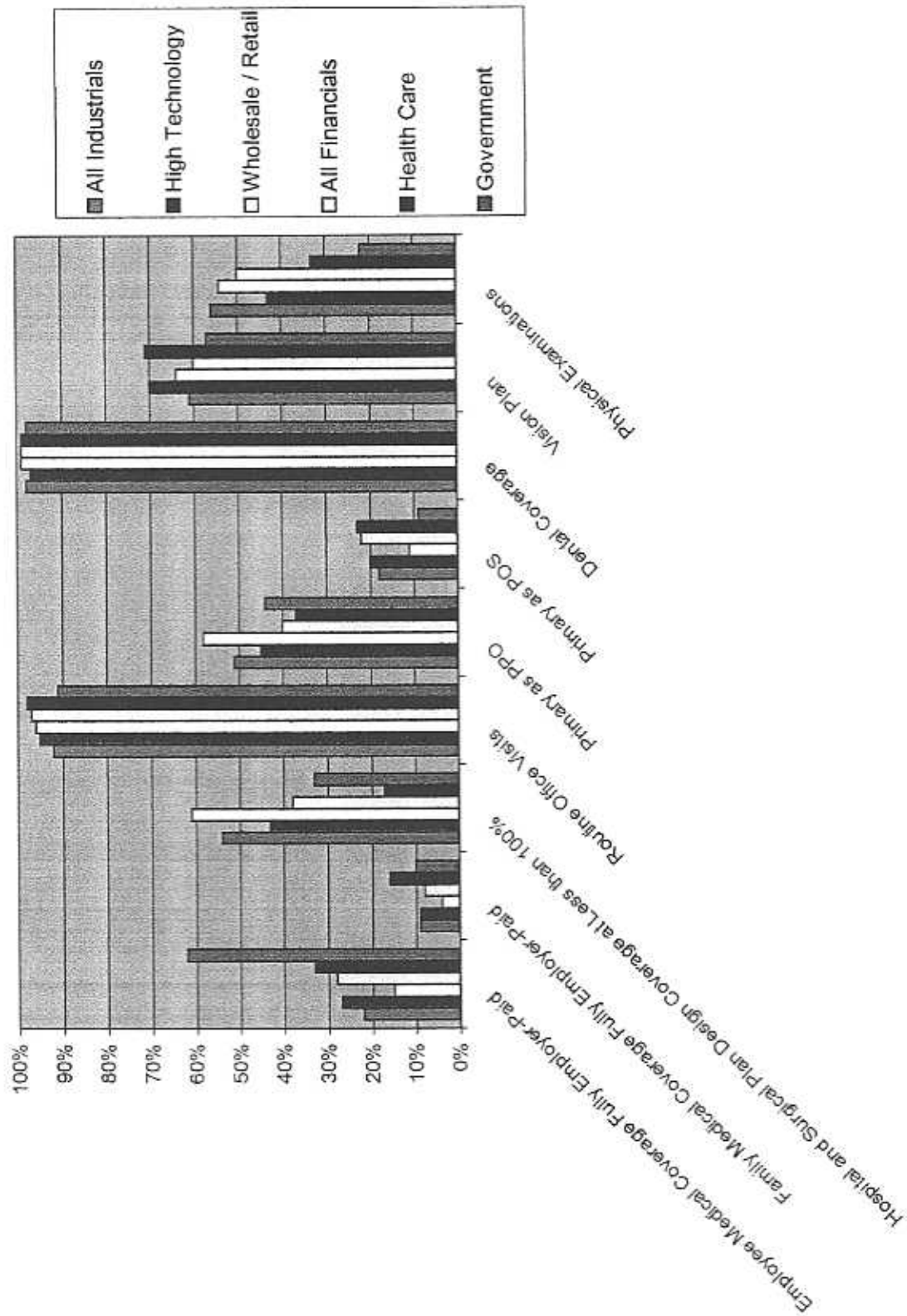
Note: Plan has added Lab-One for fiscal year 2001. This plan has estimated they will be able to save our plan up to 55% of the \$63,730.96 paid for the previous year. Because the use of this card is not mandatory, I estimate it will be more in the 25% range. The tests done using Lab-One are paid 100% as an incentive to use the plan.

4-17-02

Health Coverage Prevalence by Region, Size



Health Coverage Prevalence By Industry



List of Budget Adjustments

Each year, the Library System's budget process starts in early January. During the period from January to mid-March, each department head (program manager) has the responsibility to consult with the department staff, determine the departmental needs for the next fiscal year and input the needs into the computerized budget system directly. Then, all budget requests will be compiled and made available for the Administrative Team to review.

The FY 2002-03 budget process was no exception. The initial budget requests compiled on March 15, 2002 had a total amount of \$22,936,069 excluding the reserves. With the projected revenue at that time, that budget amount would bring our undesignated reserve to a dangerously low level. Since it was understood that department heads made their original budget requests with no funding restrictions, the Executive Director directed Ad Team members to review budget requests with their staff and then to recommend any possible cuts or deferments.

Individual budget meetings were scheduled with Ad Team members. All of them came to the meeting cooperatively with a long list of potential budget cuts and a few new requests that were unintentionally missed. As a result of those meetings, more than 400 adjustments were made and the budget was reduced by \$1,240,917 to the total amount of \$21,695,152 as proposed.

Attached is the detailed list of all budget adjustments made. Some of the items listed are needed but deferred to the future years when funds are available. Some others are decided as non-essential to the daily operations and removed from the budget.

List of changes for 2002-03 budget:				5/31/02
Acct	Prog.	(Decrease) Increase	Description	Sub-Total By Acct
101	all	(19,505.00)	Reduce Market Adj. From 3% to 2.5%	
101	HUM	12,897.00	Increase salary for assistant benefit manager	
101	MTC	(17,997.00)	Delete the extra existing position	
101	MTC	7,440.00	Sunday hours (310)	
101	MTC	10,041.00	Saturday book pick-up (416)	
101	MTC	17,850.00	Two new positions starting 2/1/02	
101	CAT	(23,524.00)	Delete the cataloging assistant	
101	ILL	(23,525.00)	Delete the material services assistant	
101	PSA	(2,400.00)	Savings by replacing Bennet with Jackson	
101	OUT	8,471.00	Increase salary for Outreach coordinators	
101	ED	(13,338.00)	Delete 3/4 circ clerk	
101	ED	(17,644.00)	Delete 3/4 library assist.	
101	RE	(8,892.00)	Delete 2/1 circ clerk	
101	VI	(6,063.00)	Delete 3/4 library assist.	
101	VI	(8,892.00)	Delete 1/2 circ clerk	
101	CT	(16,763.00)	Delete library assist.	
101	CT	(8,892.00)	Delete circ clerk	
				(110,736.00)
102	all	(2,723.00)	Reduce Market Adj. From 3% to 2.5%	
102	DVS	(16,900.00)	Delete temp support for special events	
102	CAT	10,000.00	Temporary help for cataloging books for DN and CT	
102	DN	(3,165.00)	Delete page hours (466)	
102	DN	(28,515.00)	Reduce page hours from 6200 to 2000	
102	RE	(240.00)	Delete duplicate security hours	
102	RE	(22,524.00)	Replace all security hours by security serv. In acct 213	
102	VI	(3,395.00)	Delete additional page hours	
				(67,462.00)
103	all	(11,808.00)	To reflect reduction made on accounts 101 & 102	
				(11,808.00)
109	all	(347.00)	To reflect salary changes	
				(347.00)
112	all	(56,302.00)	Rate adjustment by using \$125,800 from ins. Fund	
112	SYS	(5,000.00)	Duplicate entry for COBRA & Retiree advance	
				(61,302.00)
207	SYS	5,000.00	Add contingency for janitorial services	
				5,000.00
208	DN	(3,000.00)	Delete plant maint-new location	
208	DN	(5,000.00)	Delete fountain maint-new location	
208	DN	(5,000.00)	Delete roof repairs	
208	DN	(1,000.00)	Decrease A/C repairs	
208	DN	(1,500.00)	Delete duplicate A/C repair	
208	BI	500.00	Increase contingency	
208	BI	(750.00)	Move to acct 408	
208	BI	(750.00)	Move to acct 408	
208	BI	(1,500.00)	Delete smoke detection	
208	BI	(3,000.00)	Delete painting interior/decrease painting exterior	
208	BI	(3,500.00)	Delete workroom/lounge tiles	
208	BI	(500.00)	Decrease-blinds for lounge/office	

List of changes for 2002-03 budget:				5/31/02
Acct	Prog.	(Decrease) Increase	Description	Sub-Total By Acct
208	BE	500.00	Increase contingency	
208	BE	(1,000.00)	Reduce landscaping	
208	BE	(500.00)	Delete replacement of lobby lights	
208	BE	(1,500.00)	Delete sandblast/paint porch	
208	BE	(500.00)	Delete striping of parking lot	
208	BE	(7,000.00)	Delete installation of lawn watering system	
208	CH	(4,000.00)	Delete repair of outside sidewalk	
208	DC	500.00	Increase contingency	
208	ED	(1,000.00)	Delete a/c to elec equipment room	
208	ED	(3,000.00)	Delete elec. circuits/revised children area	
208	ED	(2,000.00)	Delete moving of signage	
208	MC	500.00	Increase contingency	
208	MC	(500.00)	Delete back work room intercom	
208	MC	(7,000.00)	Delete the cleaning of the ceiling tile	
208	MC	(4,500.00)	Reduce the investigation of wall covering	
208	MC	(2,000.00)	Reduce rework of gallery wall	
208	MC	(1,500.00)	Delete adjustment of a/c in children area	
208	MC	(500.00)	Reduce service to folding doors	
208	MC	(400.00)	Delete folding door/vinyl base	
208	MC	(2,000.00)	Delete boiler investigation/Replace w memory detector	
208	MC	(500.00)	Delete memory detector	
208	RE	500.00	Increase contingency	
208	RE	(1,500.00)	Delete smoke detection shut down	
208	SO	(1,500.00)	Delete smoke detector/loading dock	
208	SO	(1,500.00)	Delete smoke detection shut down	
208	SO	(2,000.00)	Delete 3 cameras to north side	
208	VI	500.00	Increase contingency	
208	VI	(7,500.00)	Delete elec. work/ 1st floor revision	
208	VI	(2,500.00)	Delete storage cabinets	
208	VI	(3,000.00)	Delete toilet partitions	
208	VI	(5,000.00)	Delete work on French drains; grading & irrigation	
208	WA	500.00	Increase contingency	
208	WA	(1,750.00)	Delete landscaping	
208	WA	(6,000.00)	Delete paint inside/outside	
208	WA	(3,500.00)	Delete repair sidewalk	
208	WA	(500.00)	Delete removing aquarium	
208	WA	(1,000.00)	Decrease-repairing wall	
208	WA	(8,000.00)	Delete resurfacing east parking lot	
208	WA	(2,500.00)	Delete replacing tile floors	
208	WA	(1,500.00)	Decrease replacing of shrubbery	
208	WA	(1,500.00)	Delete window shades/west side	
208	WA	(3,000.00)	Decrease-raising sidewalks	
208	WA	(2,500.00)	Delete VCT for workroom floor	
208	WR	(6,000.00)	Delete sealing exterior for moisture	
208	HR	(500.00)	Delete sign & sidewalk at book drop	
208	HR	(3,000.00)	Delete painting exterior	
				(127,150.00)
211	PIO	330.00	Increase mileage	

List of changes for 2002-03 budget:				5/31/02
Acct	Prog.	(Decrease) Increase	Description	Sub-Total By Acct
211	Aut	(3,900.00)	Change parking cost to half year	
211	OUT	(2,340.00)	Change parking cost to half year	
211	OUT	1,000.00	Increase mileage	
211	PSA	500.00	Additional mileage for special training for all libraries	
211	CT	350.00	Increase mileage	
211	SYS	(10,200.00)	Delete the parking requirement for SBA	
				(14,260.00)
212	PIO	(800.00)	Delete trip to OLA and Creative Workshop	
212	PIO	(350.00)	Delete trip to Oklahoma Press Asso.	
212	DVS	(1,200.00)	Delete trip to Asso. for Volunteer	
212	PLA	(1,440.00)	Delete ALA trip for EDC	
212	AUT	(10.00)	OLA parking paid by contingency	
212	TP	(10.00)	OLA parking paid by contingency	
212	SUP	(1,100.00)	Delete duplicate ALA request	
212	OUT	1,125.00	Add trip for I&R training and education conf	
212	DN	(1,190.00)	Delete duplicate ALA request	
212	DN	(1,150.00)	Defer genealogy conference	
212	BI	(60.00)	Delete OLA	
212	CH	(1,745.00)	Delete ALA conference	
212	ED	(1,040.00)	Delete FP training	
212	MC	(1,200.00)	Delete ALA conference	
212	MC	(750.00)	Delete FP training	
212	RE	(1,190.00)	Delete ALA Midwinter conference	
212	RE	(400.00)	Delete OLA conference	
212	RE	(1,500.00)	Delete FP training	
212	RE	(545.00)	Reduce ALA conf. cost in line with other staff	
212	CT	(1,200.00)	Delete ALA conference	
212	CT	(100.00)	Delete OLA conference	
				(15,855.00)
213	HUM	(1,200.00)	Delete flexible benefit acct audit	
213	PIO	(200.00)	Delete PLA registration	
213	PIO	(200.00)	Delete Okla. Press Association registration	
213	DVS	(550.00)	Delete reg. for volunteer trip	
213	PLA	(125.00)	Delete reg. for EDC's ALA trip	
213	PSA	(1,400.00)	Delete OKC leadership training	
213	OUT	396.00	Registration for I&R training and education conf.	
213	DN	(90.00)	Delete duplicate ALA reg.	
213	DN	(225.00)	Defer genealogy conference	
213	CH	(125.00)	Delete ALA conference	
213	ED	(1,500.00)	Delete FP training	
213	MC	(125.00)	Delete ALA conference	
213	MC	(1,500.00)	Delete FP training	
213	RE	(90.00)	Delete ALA midwinter conference	
213	RE	(500.00)	Delete FP training	
213	RE	(180.00)	Reduce OLA reg. from 4 staff to 2	
213	CT	(200.00)	Delete ALA conference	
				(7,814.00)
216	SUP	110.00	Pager for Construction Dir.	

List of changes for 2002-03 budget:				5/31/02
Acct	Prog.	(Decrease) Increase	Description	Sub-Total By Acct
				110.00
217	Adm	44,443.00	Increase electricity for new DN building	44,443.00
220	DN	(55,000.00)	Decrease Trigent cost for DN	(55,000.00)
226	DIR	(500.00)	Duplicate OK Center for Book membership of PR req.	
226	SUP	110.00	Increase ALA membership for Construction Director	
226	PAS	200.00	Add ALA membership for Branch Director	
226	ED	225.00	Edmond Chamber of Commerce	
226	WA	245.00	War Acres/Putnam Chamber of Commerce	
226	NP	100.00	Nicoma Park Kiwis	
226	WR	50.00	Stockyard City Main Street	
226	HR	100.00	Harrah Chamber of Commerce	530.00
230	PIO	(1,000.00)	Delete Center for the Book Reception	
230	PIO	(9,600.00)	Delete promotional efforts - duplicate of other promotion	
230	PIO	(1,000.00)	Reduce BookPage from \$7000 to 6000	
230	PIO	(2,750.00)	Delete OPA clipping service	
230	DVS	(125,000.00)	Reduce opening event from \$150000 to 25000	
230	PSA	600.00	Teen Inc. Magazine	(138,750.00)
231	AUT	(7,500.00)	Reduce electrical work in new computer room	(7,500.00)
301	PIO	(18,000.00)	Delete forms, stationery printing	
301	PIO	(3,000.00)	Reduce annual report from \$9000 to \$6000	
301	PLA	(750.00)	Reduce training printing from \$1500 to \$750	(21,750.00)
302	DVS	6,000.00	Postage - Special Event	6,000.00
303	HUM	(400.00)	Delete general supply for addi. Position	
303	PLA	(1,250.00)	Reduce training supply from \$2500 to \$1250	
303	PSA	1,000.00	Mic. Signage from account 331	
303	MWC	6,064.00	End of range signs carryover from FY 2001-02	
303	CT	(250.00)	Reduce copy paper from \$500 to \$250	
303	CT	(127.00)	Delete book covers	
303	CT	(1,000.00)	Delete supply contingency	
303	CT	(159.00)	Delete duplicate flipper track display	
303	NP	(100.00)	Delete color paper cost	
303	WR	(100.00)	Delete color paper cost	
303	HR	(100.00)	Delete color paper cost	
303	JN	(100.00)	Delete color paper cost	
303	LU	(100.00)	Delete color paper cost	3,378.00
322	MTC	2,000.00	Increase on vehicle repairs	2,000.00
330	PIO	2,000.00	Increase summer reading rewards	
330	PSA	(20,000.00)	Toni Morris visit was cancelled	
330	ED	800.00	From acct 331 for Mayor's tree ceremony	

List of changes for 2002-03 budget:				5/31/02
Acct	Prog.	(Decrease) Increase	Description	Sub-Total By Acct
330	ED	340.00	From acct 331 for customer service reception	
330	OUT	(1,000.00)	Decrease Computer Lab	
330	OUT	(2,200.00)	Decrease Internet classes	
330	OUT	(1,000.00)	Decrease Give-away books	
330	OUT	(1,500.00)	Decrease Natl Children's Book Week	
330	OUT	(500.00)	Decrease Senior Prgms-Proj. Laughter	
330	OUT	(1,000.00)	Delete Wintertales	
330	OUT	(500.00)	Decrease YA prgms	
330	OUT	(500.00)	Decrease humanities presentation	
330	OUT	(1,500.00)	Decrease job procurement skills training	
330	OUT	(2,000.00)	Decrease Come Read with Me H.S. Assistants	
330	DN	(2,000.00)	Delete author visit	
330	DN	(2,000.00)	Decrease toys from \$3000 to 1000	
330	BE	(150.00)	Decrease programs for seniors	
330	BE	(100.00)	Decrease holiday craft prgms for families	
330	BE	(300.00)	Decrease Open House prgms	
330	BE	(400.00)	Decrease Community Health Fair	
330	BE	(200.00)	Decrease summer prgms for children	
330	BE	(125.00)	Decrease prgms for elementary children	
330	CH	(100.00)	Decrease holiday Open House program	
330	CH	(400.00)	Delete business Open House	
330	CH	(600.00)	Delete general Latino program	
330	CH	(250.00)	Decrease young adult prgms	
330	CT	(700.00)	Decrease Let's Talk About It	
330	CT	(300.00)	Decrease general adult prgms	
330	CT	(170.00)	Decrease elementary age prgms	
330	CT	(340.00)	Decrease preschool storytimes	
330	CT	(100.00)	Decrease toddler storytimes	
330	CT	(50.00)	Delete National Children's Book Week prgm	
330	CT	(20.00)	Delete Spring Break prgms	
330	CT	(1,150.00)	Decrease summer prgms for children	
330	CT	(300.00)	Decrease community events	
330	CT	(300.00)	Decrease Opening Week prgms	
330	CT	(200.00)	Decrease YA summer prgms	
330	CT	(50.00)	Delete National Library Week prgms	
330	CT	(300.00)	Decrease 25-yr. Anniversary Week	
330	CT	(400.00)	Decrease Literacy Partnerships	
330	CT	(6.00)	Decrease on soft dolls	
330	CT	(209.00)	Delete blocks set	
330	CT	(99.00)	Delete Teen Inc.	
330	DC	(1,000.00)	Decrease preschool & elementary prgms	
330	DC	(200.00)	Decrease YA prgms	
330	DC	(200.00)	Decrease summer reading-children & YA	
330	ED	(200.00)	Decrease Jul-Aug reading prgms	
330	ED	(240.00)	Decrease Music Play class	
330	ED	(325.00)	Decrease toddler storytimes	
330	ED	(175.00)	Decrease board games, etc. for teen area	
330	ED	(300.00)	Decrease storytimes for 4-6 yr	

List of changes for 2002-03 budget:				5/31/02
Acct	Prog.	(Decrease) Increase	Description	Sub-Total By Acct
330	ED	(450.00)	Decrease K-6 prgms	
330	ED	(600.00)	Decrease teen prgms	
330	ED	(3,456.00)	Decrease Comedy Commandos	
330	ED	(100.00)	Decrease Halloween prgm	
330	ED	(300.00)	Decrease adult prgms	
330	ED	(300.00)	Decrease senior prgms	
330	ED	(1,200.00)	Decrease family resource professionals	
330	MC	(4,500.00)	Delete infant programming	
330	MC	(850.00)	Decrease toddler prgms	
330	MC	(200.00)	Decrease teen prgms	
330	MC	(200.00)	Decrease adult educational prgms	
330	MC	(200.00)	Decrease adult recreational prgms	
330	MC	(200.00)	Decrease intergenerational prgms	
330	MC	(150.00)	Decrease Customer Service Month	
330	MC	(1,350.00)	Delete misc. program expenses	
330	RE	550.00	Add art supplies	
330	SO	(30.00)	Decrease storytimes for 4-6 yr	
330	SO	(20.00)	Decrease Valentine craft time	
330	SO	(100.00)	Decrease Customer Appreciation Month prgm	
330	SO	(30.00)	Decrease toddlertimes	
330	SO	(100.00)	Decrease National Library Week Celebration	
330	SO	(40.00)	Decrease for Natl Library Week presenter	
330	SO	(50.00)	Decrease summer reading KickOff party	
330	SO	(10.00)	Decrease 'Come Alive' Moore H.S. Drama class	
330	SO	(20.00)	Decrease Oct. mask making	
330	SO	(50.00)	Decrease Halloween prgm	
330	SO	(40.00)	Decrease tree trimming prgm	
330	SO	(25.00)	Decrease chess master workshop	
330	SO	(50.00)	Decrease for special presenters	
330	SO	(40.00)	Decrease fake blood slime makeup	
330	SO	(5.00)	Decrease monster movie night	
330	SO	(350.00)	Delete skateboard ramp workshop	
330	SO	(200.00)	Delete Word 2000 workshop	
330	SO	(750.00)	Delete online search workshops	
330	SO	(50.00)	Decrease senior craft prgms	
330	SO	(20.00)	Decrease book club prgms	
330	SO	(20.00)	Decrease Natl Parents Day	
330	SO	(5.00)	Decrease Health Awareness prgm	
330	SO	(25.00)	Decrease 4th of July prgm	
330	SO	(5.00)	Decrease Family Back to School prgm	
330	SO	(5.00)	Decrease Natl Inventors Month prgm	
330	SO	(25.00)	Decrease Natl Night Out prgm	
330	SO	(5.00)	Decrease OCCC Arts Festival partnership prgm	
330	SO	(5.00)	Decrease grandparents & Literacy Day prgm	
330	SO	(5.00)	Decrease library card sign up month prgm	
330	SO	(75.00)	Delete special events for customer appreciation	
330	SO	(5.00)	Decrease women's health prgm	
330	SO	(30.00)	Decrease fire prevention week prgm	

List of changes for 2002-03 budget:				5/31/02
Acct	Prog.	(Decrease) Increase	Description	Sub-Total By Acct
330	SO	(20.00)	Decrease Teen Read Week prgm	
330	SO	(5.00)	Decrease diabetes awareness prgm	
330	SO	(30.00)	Decrease family Thanksgiving prgm	
330	SO	(5.00)	Decrease Jan. Health prgm	
330	SO	(5.00)	Decrease Library Lovers Month prgm	
330	SO	(25.00)	Decrease Women's History Month prgm	
330	SO	(5.00)	Decrease water gardens prgm	
330	SO	(5.00)	Decrease genealogy prgm	
330	SO	(50.00)	Decrease Natl Library Week prgm	
330	SO	(5.00)	Decrease April Health Awareness prgm	
330	SO	(5.00)	Decrease Mother's Day prgm	
330	SO	(5.00)	Decrease severe weather prgm	
330	SO	(5.00)	Decrease travel prgm	
330	SO	(5.00)	Decrease June Health Awareness prgm	
330	SO	(5.00)	Decrease Father's Day prgm	
330	SO	(5.00)	Decrease small business prgm	
330	VI	(670.00)	Decrease Beginning Art classes	
330	VI	(500.00)	Decrease summer reading prgm	
330	VI	(200.00)	Decrease summer reading prizes	
330	VI	(400.00)	Decrease Make-n-Take club	
330	VI	(800.00)	Delete Music Play classes	
330	VI	(300.00)	Decrease Omniplex storytimes	
330	VI	(100.00)	Delete Wee Read storytimes	
330	VI	(350.00)	Decrease children's art classes	
330	VI	100.00	Increase misc children's prgms	
330	VI	(50.00)	Decrease college prep/scholarship	
330	VI	(120.00)	Decrease Landing Your First Job	
330	VI	(300.00)	Delete Cooking with the Chef	
330	VI	(750.00)	Decrease Red Cross babysitting	
330	VI	(450.00)	Delete Native Amer basket weaving	
330	VI	(1,200.00)	Delete sign language basics	
330	VI	(300.00)	Delete Native Amer Culture	
330	VI	(100.00)	Decrease YA creative writing	
330	VI	(670.00)	Decrease Intermediate Art classes	
330	VI	(1,500.00)	Delete African-Amer Culture	
330	VI	(1,500.00)	Delete musical presentations	
330	VI	(1,000.00)	Delete concert series	
330	VI	100.00	Increase misc adult prgms	
330	VI	(350.00)	Delete Kwanzaa celebration	
330	VI	(250.00)	Decrease adult reading prgm	
330	VI	(3,456.00)	Delete Beginning Spanish classes	
330	WA	(1,350.00)	Decrease Monday entertainment series	
330	WA	(120.00)	Decrease adult prgms	
330	WA	(560.00)	Delete Music Play classes	
330	HR	(100.00)	Decrease juvenile prgms	
330	HR	(100.00)	Decrease adult prgms	
330	NP	(125.00)	Decrease juvenile prgms	
330	NP	(50.00)	Decrease adult prgms	

List of changes for 2002-03 budget:				5/31/02
Acct	Prog.	(Decrease) Increase	Description	Sub-Total By Acct
330	WR	(100.00)	Decrease juvenile prgms	
330	WR	(50.00)	Decrease adult prgms	
330	JN	(150.00)	Decrease general prgms	
330	LU	(350.00)	Decrease open house	(76,571.00)
331	PIO	(2,500.00)	Delete appreciation gifts	
331	SUP	150.00	Add film processing	
331	PSA	(200.00)	Meal function duplicate of business lunches	
331	PSA	(1,000.00)	Move signage to acct 303	
331	DN	(400.00)	Move Teen Inc. Magazine to 230 PSA	
331	DN	(220.00)	Delete duplicate requests entered by BO	
331	CH	(90.00)	Move Teen Inc. Magazine to 230 PSA	
331	ED	(800.00)	Move Mayor's Tree lighting to acct 330	
331	ED	(150.00)	Move customer service reception to 330	
331	MC	(90.00)	Move Teen Inc. Magazine to 230 PSA	
331	VI	(90.00)	Move Teen Inc. Magazine to 230 PSA	
331	WA	(90.00)	Move Teen Inc. Magazine to 230 PSA	(5,480.00)
401	OUT	(1,385.00)	Decrease materials budget	
401	DN	(13,505.00)	Decrease materials budget	
401	BI	(2,330.00)	Decrease materials budget	
401	BE	(2,105.00)	Decrease materials budget	
401	CH	(10,200.00)	Decrease materials budget	
401	DC	(1,880.00)	Decrease materials budget	
401	ED	(15,910.00)	Decrease materials budget (\$2,850 adj. to basic)	
401	MC	(16,750.00)	Decrease materials budget	
401	RE	(9,200.00)	Decrease materials budget	
401	SO	(1,500.00)	Decrease materials budget	
401	VI	(12,725.00)	Decrease materials budget	
401	WA	(10,385.00)	Decrease materials budget	
401	CT	(3,135.00)	Decrease materials budget	
401	NP	(150.00)	Decrease materials budget	
401	WR	(265.00)	Decrease materials budget	
401	HR	(210.00)	Decrease materials budget	
401	JN	(430.00)	Decrease materials budget	
401	DX	(120.00)	Decrease materials budget	
401	LU	(395.00)	Decrease materials budget	
401	SYS	(22,750.00)	Decrease materials budget	(125,330.00)
407	SYS	(4,500.00)	Decrease Contingency for Magazines & newspapers	(4,500.00)
408	HUM	(350.00)	Reduce calculator cost from \$600 to \$250	
408	DVS	(300.00)	Delete rolling file cart	
408	CAT	(1,082.00)	Delete furniture for the unfunded position	
408	SUP	(750.00)	Reduce plan rack from \$1500 to \$750	
408	SUP	400.00	Add a digital camera and software	
408	SUP	150.00	Add a 35 mm camera	
408	DN	(12,880.00)	Reduce map cases from \$21880 to 9000	

List of changes for 2002-03 budget:				5/31/02
Acct	Prog.	(Decrease) Increase	Description	Sub-Total By Acct
408	DN	(425.00)	Reduce map cases bases from \$750 to 325	
408	DN	(1,085.00)	Reduce booktrucks from \$2525 to \$1440	
408	DN	(25,000.00)	Delete lift equipment	
408	DN	(50,000.00)	Delete misc. equipment (will request next FY if needed)	
408	BI	750.00	Add refrigerator with icemaker from acct 208	
408	BI	3,000.00	Add 2 security cameras from acct 208	
408	ED	(1,000.00)	Delete sign	
408	ED	(1,000.00)	Delete furniture contingency	
408	ED	(1,902.00)	Reduce End of shelf displyers from 3804 to 1902	
408	ED	(540.00)	Reduce counter/shelf displays from 1080 to 540	
408	ED	(2,000.00)	Delete modi for children's computer tables	
408	MC	(645.00)	Delete Hi- capacity mobil coat rack	
408	MC	(200.00)	Delete hangers	
408	MC	(200.00)	Delete digital camera	
408	MC	(200.00)	Delete cordless phone	
408	MC	(2,000.00)	Delete computer furniture	
408	MC	(1,500.00)	Delete reading nook for children's area	
408	MC	(2,000.00)	Delete lounge furniture for teen space	
408	MC	(4,000.00)	Delete book displays	
408	MC	(750.00)	Delete portable public address system	
408	MC	(2,100.00)	Delete 6-foot folding tables	
408	MC	(315.00)	Delete folding chairs	
408	MC	(150.00)	Delete chare truck	
408	MC	(1,000.00)	Delete large toy storage	
408	MC	(525.00)	Delete book trucks	
408	MC	(300.00)	Delete literature rack	
408	RE	(1,195.00)	Delete office desk, credenza & hutch	
408	VI	(1,412.00)	Delete CPU pedestal	
408	VI	(2,058.00)	Delete monitor station	
408	VI	(2,076.00)	Delete computer workstation	
408	VI	(473.00)	Delete revolving CD displayer	
408	VI	(231.00)	Delete rotating magazine displayer	
408	VI	(1,840.00)	Delete upholstered side chair	
408	VI	(1,680.00)	Delete computer carrels	
408	VI	(1,317.00)	Delete computer carrels, add on units	
408	VI	(420.00)	Delete locking bulleting board	
408	VI	(3,768.00)	Reduce re-upholstery of chairs from 7718 to 3950	
408	VI	(1,014.00)	Delete shelving	
408	VI	(2,021.00)	Delete shelving	
408	CT	(5,000.00)	Delete contingency	
408	CT	(330.00)	Delete rocking chair	
408	LU	(5,000.00)	Reduce furniture for new building from 15000 to 10000	
				(139,734.00)
410	HUM	(1,200.00)	Reduce one microcomputer	
410	PLA	(2,700.00)	Delete one laptop for staff training lab	
410	AUT	(3,600.00)	Reduce three microcomputers (replacement)	
410	SUP	(2,700.00)	Delete laptop computer	
410	SUP	(2,500.00)	Delete primavera expedition software	

List of changes for 2002-03 budget:				5/31/02
Acct	Prog.	(Decrease) Increase	Description	Sub-Total By Acct
410	SUP	(3,000.00)	Delete maintenance assessment software	
410	PSA	(2,700.00)	Delete laptop computer	
410	ILL	(1,200.00)	Reduce one microcomputer	
410	DN	(6,400.00)	Reduce microcomputers in children's area	
410	DN	(2,800.00)	Reduce microcomputers in 1st floor public area	
410	DN	(1,000.00)	Reduce microcomputers in genealogy area	
410	DN	(10,800.00)	Delete microcomputers in 4th floor lab	
410	DN	(13,500.00)	Delete software in 4th floor lab	
410	DN	(1,500.00)	Delete printer in 4th floor lab	
410	DN	(8,000.00)	Reduce 4 "Gates" type computers	
410	DN	(1,500.00)	Reduce printers for public computer lab	
410	CH	(2,400.00)	Reduce microcomputers	
410	ED	(21,600.00)	Reduce microcomputers	
410	ED	(18,000.00)	Reduce "Gates" type computers	
410	ED	(1,500.00)	Reduce printers	
410	MC	(13,800.00)	Reduce microcomputers	
410	MC	(9,000.00)	Reduce "Gates" type computers	
410	MC	(1,500.00)	Reduce printers	
410	RE	(1,200.00)	Reduce one microcomputer	
410	SO	(2,400.00)	Reduce microcomputers	
410	VI	(13,600.00)	Reduce microcomputers	
410	VI	(6,000.00)	Reduce "Gates" type computers	
410	VI	(1,500.00)	Reduce printers	
410	WA	(2,400.00)	Reduce microcomputers	
410	CT	(2,800.00)	Reduce microcomputers	
410	CT	(3,000.00)	Reduce "Gates" type computers	
410	SYS	(5,000.00)	Delete RFID research & development	
				(170,800.00)
		(1,100,688.00)	Total Changes for Operating Budget	(1,100,688.00)
			Total Operating Budget as of 3/15/02	20,336,936.00
			Total revised operating budget 5/31/02	19,236,248.00
450	MTC	5,000.00	Add RE in the upgrade fire alarm system	
450	MTC	(2,000.00)	Reduce separate water meters from \$9000 to \$7000	
450	DN	100,000.00	Additional contingency for construction	
450	DN	(111,000.00)	Delete duplicate request for the new DN wiring	
450	DN	3,200.00	Security Design - retainage fee carryover from 00-01	
450	BI	(30,000.00)	Delete boiler replacement	
450	BI	(25,000.00)	Delete roof top condenser unit	
450	BI	3,250.00	Concrete project carryover including engineering fee	
450	BE	(12,000.00)	Delete replacing windows	
450	BE	4,984.00	Concrete project carryover including engineering fee	
450	MC	(14,000.00)	Reduce paint interior from \$30000 to \$16000	
450	MC	95,000.00	New carpet for MWC - carryover from 01-02	
450	MC	(100,000.00)	Delete moisture problem pending city contribution	
450	RE	(5,000.00)	Reduce cost for replacing flat wire	
450	RE	2,345.00	Concrete project carryover including engineering fee	

List of changes for 2002-03 budget:				5/31/02
Acct	Prog.	(Decrease) Increase	Description	Sub-Total By Acct
450	SO	19,190.00	Concrete project carryover including engineering fee	
450	VI	(5,000.00)	Reduce cost for replacing flat wire	
450	WA	(5,000.00)	Reduce paint interior from \$10000 to \$5000	
450	WA	(20,000.00)	Delete re-work restrooms	
450	CT *	(85,998.00)	Reduce FFE carryover by Guild and other adjustment	
450	CT	1,800.00	Security Design -- retainage fee carryover from 00-01	
450	SP	40,000.00	Contribution to a new Spencer building	
Total 450		(140,229.00)	Total Capital Improvement Budget	(140,229.00)
		(1,240,917.00)	Total Budget Changes	(1,240,917.00)
			Total Budget as of 3/15/02	22,936,069.00
			Total Revised Budget as of 5/31/02	21,695,152.00

PROJECTED DESIGNATED RESERVES

	2000-01	2001-02	Projected 2002-03	Projected 2003-04	Projected 2004-05	Projected 2005-06	Projected 2006-07	Projected 2007-08
Allocation of Reserves:								
Reserve for Cash flow	1,800,000	1,900,000	2,052,000	2,216,160	2,366,859	2,508,870	2,659,403	3,005,125
Reserve for Insurance Fund	100,000	100,000						
Reserve for Extra Payday	55,350	90,000	141,273	191,601	243,717	301,396	365,120	464,159
Reserve for computer software					200,000	400,000	600,000	800,000
Capital Improvement Projects:								
Approved by the Commission:								
Drexel Portable Building	52,400	52,400	52,400	52,400	52,400	52,400	52,400	52,400
Contribution for Spencer								
DN Library/Learning Center								
F/F/E & A.V. Equipment	2,000,000							
Other Related Projects	660,000	565,000						
Opening Collections	600,000	350,000	150,000					
Choctaw New Facility		86,750						
OKC-CIP -- CH		205,332	205,332	161,160				
OKC-CIP -- RE		424,930	424,930	424,930	424,930	321,378	0	
OKC-CIP -- SO		717,363	717,363	717,363	717,363	532,207	0	
OKC-CIP -- NW		3,551,527	3,551,527	3,551,527	3,551,527	2,611,792	594,000	0
Total Committed	5,267,750	8,043,302	7,294,825	7,315,141	7,556,796	6,728,044	4,270,923	4,321,684

Budget/reservebudget-reserveproj

5/11/02

PROJECTED DESIGNATED RESERVES

	Projected 2008-09	Projected 2009-2010	Projected 2010-2011	Projected 2011-2012	Projected 2012-2013	Projected 2013-2014	Projected 2014-2015	Projected 2015-2016
Allocation of Reserves:								
Reserve for Cash flow	3,185,432	3,376,558	3,579,152	3,793,901	4,021,535	4,262,827	4,518,597	4,789,713
Reserve for Insurance Fund								
Reserve for Extra Payday	546,676	637,424	57,948	122,849	195,330	276,066	390,174	551,446
Reserve for computer software	1,000,000	1,100,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Capital Improvement Projects:								
Approved by the Commission:								
Drexel Portable Building	52,400							
Contribution for Spencer								
DN Library/Learning Center								
F/E/E & A.V. Equipment								
Other Related Projects								
Opening Collections								
Choctaw New Facility								
OKC-CIP -- CH								
OKC-CIP -- RE								
OKC-CIP -- SO								
OKC-CIP -- NW								
Total Committed	4,784,508	5,113,983	4,837,100	5,116,750	5,416,865	5,738,894	6,108,771	6,541,158

Notes:

(1) The cash flow required during summer months are projected with the same percentage increase as the salaries because salary and related fb constitute more than 60% of monthly expenditures.

Budget/reserbdgt-reserveproj

5/31/02

Projected Implementation Schedule of Capital Improvement Projects

Amounts to be Included in Budget Accounts 450:

Acct 450 By Library	FY 2001/2002	FY 2002/2003	FY 2003/2004	FY 2004/2005	FY 2005/2006	FY 2006/2007	FY 2007/2008	FY 2008/2009	Total
Choctaw	\$ 644,672	18,000							662,672
Downtown	2,539,500	1,065,000						52,400	3,604,500
Drexel									52,400
OKC Capital Imprv.									
Capital Hill			44,172	161,160					205,332
Ralph Ellison					103,552	321,378			424,930
Southern Oaks					185,156	532,207			717,363
Northwest OKC					939,735	2,017,792	594,000		3,551,527
Totals	\$ 3,184,172	\$ 1,083,000	\$ 44,172	\$ 161,160	\$ 1,228,443	\$ 2,871,377	\$ 594,000	\$ 52,400	\$ 9,218,724

Materials in Acct 401

Choctaw	68,750	68,750
Downtown	200,000	150,000

4,154,500

Amounts to be Included in Cash Reserve Plan:

By Library	FY 2001/2002	FY 2002/2003	FY 2003/2004	FY 2004/2005	FY 2005/2006	FY 2006/2007	FY 2007/2008	FY 2008/2009
Drexel	52,400	52,400	52,400	52,400	52,400	52,400	52,400	
Choctaw	86,750							
Downtown	1,415,000							
OKC Capital Imprv.								
Capital Hill	205,332	205,332	161,160				-	-
Ralph Ellison	424,930	424,930	424,930	424,930	321,378	-	-	-
Southern Oaks	717,363	717,363	717,363	717,363	532,207	-	-	-
Northwest OKC	3,551,527	3,551,527	3,551,527	3,551,527	2,611,792	594,000	-	-
Totals	\$ 6,453,302	\$ 4,951,552	\$ 4,907,380	\$ 4,746,220	\$ 3,517,777	\$ 646,400	\$ 52,400	\$ -

Materials in Acct 401

Downtown	150,000
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Budget/Lrp-facility

[illegible]

5/30/02	Metropolitan Library System										4.88% growth
Revenues:	Budget Projections With Additional 1 Mill in FY 2004-05										
	1998-99 Final	1999-00 Final	2000-01 Final	2001-02 Final	2002-03 Projected	2003-04 Projected	2004-05 Projected	2005-06 Projected	2006-07 Projected	2007-08 Projected	
Current Year Tax % of increase	12,942,684	13,872,678	14,828,943	15,957,629	16,915,087	17,760,841	22,231,031	23,315,905	24,453,721	25,647,063	
State Aid/Fines	628,214	632,797	624,781	634,541	653,746	660,283	666,886	673,555	680,291	687,094	
Tax carryover	961,469	1,143,535	1,319,472	1,199,694	1,376,364	1,438,300	1,503,024	1,803,629	1,884,792	1,969,608	
Investment Income	200,031	303,229	500,997	727,128	727,128	210,000	210,000	231,000	300,300	345,345.00	
Other Income	182,580	269,527	348,468	394,652	225,097	275,000	277,750	280,528	283,333	286,166	
Lapsed Fund	1,357,453	1,290,371	2,993,198	1,821,145	1,356,771	800,000	800,000	1,000,000	1,000,000	1,000,000	
Available for Budget	16,272,431	17,512,137	20,615,859	20,734,789	21,254,193	21,144,425	25,688,691	27,304,617	28,602,437	29,935,275	
% of increase	105.81%	7.92%	17.72%	0.58%	2.50%	-0.52%	21.49%	6.23%	4.75%	4.66%	
Reserve carryover	3,750,000	5,982,857	7,065,350	9,600,875	9,379,799	8,781,711	8,684,588	11,451,926	13,420,294	13,615,081	
Expenditures:											
100-S.W. & FB	8,084,786	8,772,322	9,768,340	10,970,921	11,981,144	13,093,253	14,109,780	14,956,367	15,853,749	17,804,974	
% of increase	5.98%	8.50%	11.35%	12.31%	9.21%	9.28%	7.76%	6.00%	6.00%	12.31%	
200-M&O Contract	1,953,592	2,016,103	2,002,871	2,494,182	2,923,040	3,192,362	3,415,828	3,620,777	3,838,024	4,418,306	
	6.95%	3.20%	-0.66%	24.53%	17.19%	9.21%	7.00%	6.00%	6.00%	15.12%	
300-M&O Comm. Mod.	550,609	571,050	678,578	773,578	988,705	1,067,801	1,142,547	1,211,100	1,283,766	1,395,792	
	4.05%	3.71%	18.83%	14.00%	27.81%	8.00%	7.00%	6.00%	6.00%	8.73%	
400-Materials	2,039,906	2,298,880	2,527,160	2,754,340	2,848,800	3,019,728	3,231,109	3,424,975	3,630,474	3,848,302	
	6.41%	12.70%	9.93%	8.99%	3.43%	6.00%	7.00%	6.00%	6.00%	6.00%	
400-OP Capital	497,882	413,471	431,035	468,021	494,559	524,233	560,929	594,585	630,260	668,075	
	1.16%	-16.95%	4.25%	8.58%	5.67%	6.00%	7.00%	6.00%	6.00%	37.73%	
Total OP budget	13,126,775	14,071,826	15,407,984	17,461,042	19,236,248	20,897,377	22,460,193	23,807,805	25,236,273	28,335,450	
	5.92%	7.20%	9.50%	13.32%	10.17%	8.64%	7.48%	6.00%	6.00%	12.28%	
450-Capital Proj.	812,800	2,357,818	2,672,350	3,494,822	2,458,904	344,172	461,160	1,528,443	3,171,377	894,000	
Total OP & CIP	13,939,575	16,429,645	18,080,334	20,955,864	21,695,152	21,241,549	22,921,353	25,336,248	28,407,650	29,229,450	
490-Capital Reser.	2,332,856	1,082,492	2,535,525	(221,075)	(598,088)	(97,124)	2,767,338	1,968,369	194,787	705,826	
Total Budget	16,272,431	17,512,137	20,615,859	20,734,789	21,097,064	21,144,425	25,688,691	27,304,617	28,602,437	29,935,276	
Reserves as of 6/30	6,082,856	7,065,350	9,600,875	9,379,800	8,781,711	8,684,588	11,451,926	13,420,294	13,615,081	14,320,907	
Designated Reserv.	4,812,400	5,039,400	5,267,750	8,043,302	7,294,825	7,315,141	7,556,796	6,728,044	4,270,923	4,321,684	
Undesignated Reserv	1,270,456	2,025,950	4,333,125	1,336,498	1,486,886	1,369,447	3,895,130	6,692,250	9,344,158	9,999,223	

Assumptions for Budget Projections					
Revenue Assumptions:					
Current Year Tax	From 1999 to 2001 property values increased by about 7% each year due to good economy. But it has been leveling off, 4-8%, the average annual growth in the past 20 years, is used for years after 2004-05. The law in FY 1997-98 limited annual increase on existing property to 5%.				
State Aid/Fines	State aid is projected about the same each year. Fines will have a small steady increase each year due to expected higher circulation.				
Tax carryovers	The collection of prior year delinquent taxes is very unpredictable. An annual growth of 4.5% is assumed here to be in line with current year tax.				
Investment Income	There are two major factors affecting the investment income: the amount of cash reserve and the interest rate. Cash reserve will decrease gradually after FY 2002-03 because of the completion of DN and CT libraries and future OKC-CJP projects. Fed lowered the interest rate 11 times in 2001 from 6.5% to 1.75%, a 73% decrease. However, since the investment income is recorded on cash basis and used as budget source of the next year, The low interest will not impact the budget much until FY 2003-04.				
Other Income	Several large reimbursements or refund received in the prior years, such as E-rates, WC rate discount, have been changed to discount. Therefore, a reduction was budgeted for FY 2002-03. An increase of \$50,000 is added to FY 2003-04 and after for learning center rent revenue. As the investment income above, misc. revenues are also budgeted one year behind.				
Lapsed Fund	Historically, it has been around one million each year from operating budget plus incomplete capital projects. However, the projected lapsed fund from operating budget from 2001-02 will be only around \$800,000. \$1million is only used for yrs 2004-05 and after. The carryover from capital projects usually are not included because they are usually offset by increased amount in the following year budget.				
Expenditure Assumptions: (assume the new DN will open Jan. 2003 and new Choctaw, July 2003 and the new NW library, July 2007)					
100 - SW& FB	A basic 6% annual increase plus anticipated additional staff or benefit costs. Additional costs include: \$257,279 in FY 2003-04 for DN & CT. \$128265 in FY 2003-04 for insurance to compensation one-time rate cut in 2002-03, \$100,000 in FY 2004-05 for new positions, \$1million in 2007-08 for the new NW library.				
200 - M & O Contr.	A basic 6% annual increase except 7% for 2004-05 and additional \$93,940 in 2003-04for DN. Additional \$350,000 in 2007-08 for the new NW library.				
300 - M & O	A basic 6% annual increase except 7%for 2004-05. Additional \$35,000 is added in FY 2007-08 for the NW library.				
400 - Materials	A basic 6% annual increase except 7% for 2004-05. Additional opening collection of \$1.6 million for NW Lib is included in capital proj. as part of one-time cost.				
400 - FFE, Vehicle Computers	A basic 6% annual increase except 7% for 2004-05. Additional \$200,000 for new computers in FY 2007-08 for the new NW library.				
450 - Capital Proj.	Annual requirement of \$300,000 plus special capital projects transferred from cash reserve fund. Starting 2009-10 the requirement increased to \$500,000 annually.				
Designated Reserves	Designated reserve items are listed in a separate schedule. It includes monies need to be reserved for a specific purpose as approved by the Commission.				
budget/lrbudget					

5/30/02	Metropolitan Library System										5% growth
	Budget Projections With Additional 1 Mill in FY 2004-05										
	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	
Revenues:	Final	Final	Final	Final	Projected	Projected	Projected	Projected	Projected	Projected	
Current Year Tax % of increase	12,942,684	13,872,678	14,828,943	15,957,629	16,915,087	17,760,841	22,273,457	23,387,130	24,556,486	25,784,311	
State Aid/Fines	628,214	632,797	624,781	634,541	653,746	660,283	666,886	673,555	680,291	687,094	
Tax carryover	961,469	1,143,535	1,319,472	1,199,694	1,376,364	1,438,300	1,503,024	1,803,629	1,884,792	1,969,608	
Investment Income	200,031	303,229	500,997	727,128	727,128	210,000	210,000	231,000	300,300	345,345,000	
Other Income	182,580	269,527	348,468	394,652	225,097	275,000	277,750	280,528	283,333	286,166	
Lapsed Fund	1,357,453	1,290,371	2,993,198	1,821,145	1,356,771	800,000	800,000	1,000,000	1,000,000	1,000,000	
Available for Budget	16,272,431	17,512,137	20,615,859	20,734,789	21,254,193	21,144,425	25,731,117	27,375,841	28,705,202	30,072,523	
% of increase	105.81%	7.62%	17.72%	0.58%	2.50%	-0.52%	21.69%	6.39%	4.66%	4.76%	
Reserve carryover	3,750,000	5,982,857	7,065,350	9,600,875	9,379,799	8,781,711	8,684,588	11,494,352	13,533,945	13,831,497	
Expenditures:											
100-S.W. & FB	8,084,786	8,772,322	9,768,340	10,970,921	11,981,144	13,093,253	14,109,780	14,956,367	15,853,749	17,804,974	
% of increase	5.98%	8.50%	11.35%	12.31%	9.21%	9.28%	7.76%	6.00%	6.00%	12.31%	
200-M&O Contract	1,953,592	2,016,103	2,002,871	2,494,182	2,923,040	3,192,362	3,415,828	3,620,777	3,838,024	4,418,306	
300-M&O Commod.	550,609	571,050	678,578	773,578	988,705	1,067,801	1,142,547	1,211,100	1,283,766	1,395,792	
400-Materials	2,039,906	2,298,880	2,527,160	2,754,340	2,848,800	3,019,728	3,231,109	3,424,975	3,630,474	3,848,302	
400-OP Capital	497,882	413,471	431,035	468,021	494,559	524,233	560,929	594,585	630,260	868,075	
Total OP budget	13,126,775	14,071,826	15,407,984	17,461,042	19,236,248	20,897,377	22,460,193	23,807,805	25,236,273	28,335,450	
450-Capital Proj.	812,800	2,357,818	2,672,350	3,494,822	2,458,904	344,172	461,160	1,528,443	3,171,377	894,000	
Total OP & CIP	13,939,575	16,429,645	18,080,334	20,955,864	21,695,152	21,241,549	22,921,353	25,336,248	28,407,650	29,229,450	
490-Capital Reser.	2,332,856	1,082,492	2,535,525	(221,075)	(598,088)	(97,124)	2,809,764	2,039,593	297,552	843,073	
Total Budget	16,272,431	17,512,137	20,615,859	20,734,789	21,097,064	21,144,425	25,731,117	27,375,841	28,705,202	30,072,523	
Reserves as of 6/30	6,082,856	7,065,350	9,600,875	9,379,800	8,781,711	8,684,588	11,494,352	13,533,945	13,831,497	14,674,570	
Designated Reserv.	4,812,400	5,039,400	5,267,750	8,043,302	7,294,825	7,315,141	7,556,796	6,728,044	4,270,923	4,321,684	
Undesignated Reserv	1,270,456	2,025,950	4,333,125	1,336,498	1,486,886	1,369,447	3,937,556	6,805,901	9,560,574	10,352,886	

Assumptions for Budget Projections

Revenue Assumptions:

Current Year Tax	From 1999 to 2001 property values increased by about 7% each year due to good economy. But it has been leveling off. 5% annual growth is used for this projection. The law in FY 1997-98 limited annual increase on existing property to 5%.
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State Aid/Fines		
State aid is projected about the same each year. Fines will have a small steady increase each year due to expected higher circulation.		

Tax carryovers	The collection of prior year delinquent taxes is very unpredictable. An annual growth of 4.5% is assumed here to be in line with current year tax.
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Investment Income	There are two major factors affecting the investment income: the amount of cash reserve and the interest rate. Cash reserve will decrease gradually after FY 2002-03 because of the completion of DN and CT libraries and future OKC-CIP projects. Fed lowered the interest rate 11 times in 2001 from 6.5% to 1.75%, a 73% decrease. However, since the investment income is recorded on cash basis and used as budget source of the next year. The low interest will not impact the budget much until FY 2003-04.
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Other Income:	Several large reimbursements or refund received in the prior years, such as E-rates, WC rate discount, have been changed to discount. Therefore, a reduction was budgeted for FY 2002-03. An increase of \$50,000 is added to FY 2003-04 and after for learning center rent revenue. As the investment income above, misc. revenues are also budgeted one year behind.
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Lapsed Fund	Historically, it has been around one million each year from operating budget plus incomplete capital projects. However, the projected lapsed fund from operating budget from 2001-02 will be only around \$800,000. \$1 million is only used for years 2004-05 and after. The carryover from capital projects usually are not included because they are usually offset by increased amount in the following year budget.
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Expenditure Assumptions: (assume the new DN will open Jan. 2003 and new Choctaw, July 2003 and the new NW library, July 2007)

100 - SW&FB	A basic 6% annual increase plus anticipated additional staff or benefit costs. Additional costs include: \$257,279 in FY 2003-04 for DN & CT, \$128,265 in FY 2003-04 for insurance to compensation one-time rate cut in 2002-03, \$100,000 in FY 2004-05 for new positions, \$1million in 2007-08 for the new NW library.
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200 - M & O Contr. A basic 6% annual increase except 7% for 2004-05 and additional \$93,940 in 2003-04 for DN. Additional \$350,000 in 2007-08 for the new NW library.

300 - M & O	A basic 6% annual increase except 7% for 2004-05. Additional \$35,000 is added in FY 2007-08 for the NW library.
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400 - Materials

400 - FFE, Vehicle	A basic 6% annual increase except 7% for 2004-05. Additional \$200,000 for new computers in FY 2007-08 for the new NW library
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50 - Capital Proj.	Annual requirement of \$300,000 plus special capital projects transferred from cash reserve fund. Starting 2009-10 the requirement increased to \$500,000 annually.
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Designated Reserves	Designated reserve items are listed in a separate schedule. It includes monies need to be reserved for a specific purpose as approved by the Commission

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