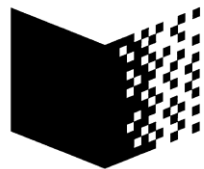


# Annual 2016 Budget

Approved  
December 9, 2015



Pierce County  
Library System

INFORMATION ■ IMAGINATION

Figure 0-1: GFOA Distinguished Budget Presentation Award



# PIERCE COUNTY LIBRARY SYSTEM

---

## BOARD OF TRUSTEES

Rob Allen, Chair  
Donna Albers, Vice Chair  
Monica Butler  
Linda Ishem  
J.J. McCament

## BUDGET PREPARED BY DIRECTOR'S TEAM

Georgia Lomax  
Executive Director

Melinda Chesbro  
Deputy Director

Clifford Jo  
Finance & Business Director

Jennifer Patterson  
Customer Experience Director (Interim)

## WITH ASSISTANCE FROM

(Vacant) IT Manager	Chereé Green Staff Experience Director	Joy Kim Customer Experience Manager
David Durante UX Manager	Lynne Hoffman Development Director	Judy Nelson Customer Experience Manager
Lorie Erickson Facilities Director	Dale Hough Finance Manager	Jennifer Patterson Customer Experience Manager
Linda Farmer Communications Director	(Vacant) Collection Management Manager	Jaime Prothro Customer Experience Manager

## AND

Petra McBride  
Executive Assistant to the Director

## Library Locations/Hours of Operations/Phone

Library/Facility	Address	Hours of Operation				Phone
Anderson Island	11319 Yoman Road Anderson Island, WA 98303	Wed	11 a.m. - 3 p.m.			253-548-3536
Bonney Lake	18501 90th St E Bonney Lake, WA 98391	Mon – Wed Thu – Fri	10 a.m. - 9 p.m. 10 a.m. - 6 p.m.	Sat Sun	10 a.m. - 5 p.m. 1 - 5 p.m.	253-548-3308
Buckley	123 S River Ave Buckley, WA 98321	Mon – Wed Thu – Fri	11 a.m. - 8 p.m. 11 a.m. - 6 p.m.	Sat Sun	11 a.m. - 5 p.m. Closed	253-548-3310 or 360-829-0300
DuPont	1540 Wilmington Dr Dupont, WA 98327	Mon - Wed Thu - Fri	11 a.m. - 8 p.m. 11 a.m. - 6 p.m.	Sat Sun	11 a.m. - 5 p.m. Closed	253-548-3326
Eatonville	205 Center St W Eatonville, WA 98328	Mon – Wed Thu – Fri	11 a.m. - 8 p.m. 11 a.m. - 6 p.m.	Sat Sun	11 a.m. - 5 p.m. Closed	In town: 253-548-3311 Out of town: 360-832-6011
Fife	6622 20th St. E. Fife, WA 98424	Mon - Wed Thu - Fri	11 a.m. - 8 p.m. 11 a.m. - 6 p.m.	Sat Sun	11 a.m. - 5 p.m. Closed	253-548-3323
Gig Harbor	4424 Point Fosdick Dr NW Gig Harbor, WA 98335	Mon - Thu Fri	10 a.m. - 9 p.m. 10 a.m. - 6 p.m.	Sat Sun	10 a.m. - 5 p.m. 1 - 5 p.m.	253-548-3305
Graham	9202 224th St E Graham, WA 98338	Mon - Wed Thu - Fri	10 a.m. - 9 p.m. 10 a.m. - 6 p.m.	Sat Sun	10 a.m. - 5 p.m. 1 - 5 p.m.	253-548-3322
Key Center	8905 Key Peninsula Hwy N Lakebay, WA 98349	Mon - Wed Thu - Fri	11 a.m. - 8 p.m. 11 a.m. - 6 p.m.	Sat Sun	11 a.m. - 5 p.m. Closed	253-548-3309
Lakewood	6300 Wildaire Rd SW Lakewood, WA 98499	Mon - Thu Fri	10 a.m. - 9 p.m. 10 a.m. - 6 p.m.	Sat Sun	10 a.m. - 5 p.m. 1 - 5 p.m.	253-548-3302
Milton/Edgewood	900 Meridian E., Suite 29 Milton, WA 98354	Mon - Wed Thu - Fri	11 a.m. - 8 p.m. 11 a.m. - 6 p.m.	Sat Sun	11 a.m. - 5 p.m. Closed	253-548-3325
Orting	202 Washington Ave S Orting, WA 98360	Mon - Wed Thu - Fri	11 a.m. - 8 p.m. 11 a.m. - 6 p.m.	Sat Sun	11 a.m. - 5 p.m. Closed	253-548-3312
Administrative Center and Library	3005 112th Street East Tacoma, WA 98446-2215	Mon - Fri	7:30 a.m. - 5 p.m.	Sat Sun	Closed Closed	253-548-3300
Parkland/Spanaway	13718 Pacific Ave S Tacoma, WA 98444	Mon - Thu Fri	10 a.m. - 9 p.m. 10 a.m. - 6 p.m.	Sat Sun	10 a.m. - 5 p.m. 1 - 5 p.m.	253-548-3304
South Hill	15420 Meridian E South Hill, WA 98375	Mon - Thu Fri	10 a.m. - 9 p.m. 10 a.m. - 6 p.m.	Sat Sun	10 a.m. - 5 p.m. 1 - 5 p.m.	253-548-3303
Steilacoom	2950 Steilacoom Blvd Steilacoom, WA 98388	Mon - Wed Thu - Fri	11 a.m. - 8 p.m. 11 a.m. - 6 p.m.	Sat Sun	11 a.m. - 5 p.m. Closed	253-548-3313
Summit	5107 112th St E Tacoma, WA 98446	Mon - Wed Thu - Fri	10 a.m. - 9 p.m. 10 a.m. - 6 p.m.	Sat Sun	10 a.m. - 5 p.m. 1 - 5 p.m.	253-548-3321
Sumner	1116 Fryar Ave Sumner, WA 98390	Mon - Thu Fri	10 a.m. - 9 p.m. 10 a.m. - 6 p.m.	Sat Sun	10 a.m. - 5 p.m. 1 - 5 p.m.	253-548-3306
Tillicum	14916 Washington Ave SW Lakewood, WA 98498	Mon - Wed Thu - Fri	1 p.m. - 8 p.m. 11 a.m. - 5 p.m.	Sat Sun	11 a.m. - 5 p.m. Closed	253-548-3313
University Place	3609 Market Place W., Suite 100 University Place, WA 98466	Mon - Thu Fri	10 a.m. - 9 p.m. 10 a.m. - 6 p.m.	Sat Sun	10 a.m. - 5 p.m. 1 - 5 p.m.	253-548-3307

To obtain copies of this document, please contact:

The document is available online at the Library's website:  
<http://www.piercecountylibrary.org>

Petra McBride  
Pierce County Library System  
3005 112th Street East  
Tacoma, WA. 98446-2215  
(253) 548 – 3420  
(253) 537 – 4600 (fax)  
pmcbride@piercecountylibrary.org

## Table of Contents

---

<b>PIERCE COUNTY LIBRARY SYSTEM.....</b>	<b>3</b>
Library Locations/Hours of Operations/Phone .....	4
Table of Contents.....	5
<b>Part 1 Overview of the Budget .....</b>	<b>7</b>
Budget Messages.....	8
Board of Trustees Message .....	8
Executive Director’s Message .....	9
Budget in a Page .....	10
2016 Combined Funds Budget.....	11
<b>Part 2 General Fund.....</b>	<b>12</b>
2016 Operating Budget Summary .....	13
Revenues .....	14
Summary of Revenues and Revenue Assumptions .....	14
Property Taxes and Other Taxes.....	17
Non-Tax Revenues .....	21
Total Budgeted Revenues.....	25
Expenditures.....	26
Summary of Expenditures and Assumptions .....	26
Personnel .....	28
Library Staffing.....	30
Maintenance & Operations .....	31
Books, Movies, Music, and Downloadables (Materials) .....	34
Other Set-Asides & Transfers.....	36
General Fund Balance.....	38
General Fund Balance.....	38
<b>Part 3 Other Funds .....</b>	<b>41</b>
Capital Improvement Fund .....	42
2016 Capital Improvement Budget Summary .....	42
Capital Projects Funding Sources.....	44
Capital Improvement Plan—Project Expenditures .....	46
Capital Improvement Fund Balance .....	50
Special Purpose Fund.....	52
2016 Special Purpose Budget Summary .....	52
Special Purpose Funding Sources .....	53
Special Purpose Budget—Expenditures .....	54
Special Purpose Fund Balance .....	55
Bonds, Debt, and Debt Service Fund .....	56
<b>Part 4 Cash Flow and Funds .....</b>	<b>59</b>
Cash Flow, Budgeting, and Funds .....	60
General Fund Cash Flow .....	60
Capital Improvement Fund Cash Flow.....	62
Summary of Fund Balances .....	63
<b>Part 5 About the Budget Process.....</b>	<b>64</b>
Budget Method and Sequence .....	65
Strategic Planning & Measures.....	70
Strategies to Meet Fiscal Challenges .....	70
System Measures: 2008 – 2015.....	72
Finance.....	75
Financial Administration of the Budget .....	75

Fiscal Principle, Policy, and Practices .....	78
Budget Planning Process.....	80
<b>Part 6 About the Library .....</b>	<b>81</b>
General Information .....	82
Library Facility Information.....	85
Communities the Library Serves .....	86
The Library: Organized to Serve the Community.....	87
The Organization of the Pierce County Library System .....	87
Mission / Vision / Values .....	90
Library Priorities .....	91
The Departments .....	92
Department Narratives.....	95
Executive Office .....	96
Collection Management (formerly Reading & Materials) .....	97
Customer Experience.....	98
Communications.....	100
Facilities Management.....	101
Finance.....	102
Fund Development .....	103
Information Technology .....	104
Staff Experience .....	105
<b>Part 7 Appendixes .....</b>	<b>106</b>
Acronyms & Glossary.....	107
References .....	110

We hope you enjoy the poetry, art, and photography from our community; they reflect creativity, tenderness, smarts, family... the thoughts and dreams of children and youth.

# Part 1 Overview of the Budget



**Landscape of My Soul** by Claire Defrancesco  
1st Place 9th/10th Grade Winner of the 2015 Our Own Expressions Drawing Contest

THIS PAGE LEFT INTENTIONALLY BLANK



---

## Budget Messages

---

---

### Board of Trustees Message

---

**D**ear Pierce County Residents:

A new year and a new budget marks a good time to take stock of where we've been, where we are and where we're going. The year began as we welcomed Georgia Lomax as our new Executive Director. Hopefully, due to our outstanding Library staff, the change in leadership was barely noticeable to you. Georgia has made and will continue to make important changes in how the Library System operates, but one thing that will not change is our focus on providing the residents of Pierce County with the best service available.

After several years of making hard choices about how to maintain the highest levels of service to the community in the face of declining revenue, the recovering economy has allowed us a measure of relief. We've invested in our buildings and made upgrades that had been deferred during the recession. And we've invested in our technology infrastructure to bring you a better digital experience.

At the same time, programs like Pierce County READS and Summer Reading attracted more participants than ever before. By leveraging partnerships and resources, the Library helped our youngest residents learn to read and our working-age residents become more competitive in the job market. Your library system worked hard to bring you the programming that fits your needs and helps you discover, learn and prosper.

As always, the Pierce County Library Foundation has been beside us throughout the year, making possible what the Library could not do on its own. They helped us buy books for Pierce County READS and helped furnish special places within our branches. Pierce County would not have the exceptional library system we have if not for the Foundation and everyone who contributes to our success.



In the coming year we will be asking you for your thoughts, dreams and desires for your library system. What do you want Pierce County Libraries to be? How can we best serve you? We are at the beginning of a strategic planning process to guide our operations for the coming years. We will need your help to determine the future of your library. Thank you for the honor and privilege of serving as the Chair of the Pierce County Library Board of Trustees.

Rob Allen  
Chair, Pierce County Library System Board of Trustees

---

## Executive Director's Message

---

I'm often asked, "What do you foresee as the future of libraries?"

I know for the Pierce County Library System it includes reading, smart staff ready to help you, and up-to-date services firmly rooted in the needs and interests of our communities.

But what exactly will our Library and its services look like in 10 years? How precisely will we read books, or find answers to our questions? What technology will be our tool of choice? My crystal ball is not providing specific answers.

Knowing there is cloudiness in our future-telling abilities, and that our fast-moving and diverse world will only continue to speed forward, the Library must be prepared, ready and eager for whatever the future brings.

And that is the goal of Pierce County Library's 2016 Work Plan – ensuring the Library is focused and ready for the future.

The Library's 2016 budget increases 5.86%, as the Library's property tax revenue continues to climb towards its pre-recession level. 2016 will be the last year the Library's revenue will significantly increase before it reaches its pre-Recession cap and is limited to no more than 1% growth annually.

With this final year of budget growth, we'll make sure our technology is up-to-date, our skilled staff is ready to help you, and our facilities are safe and welcoming. And we'll be learning about the services that matter to you, your family and your community.

We'll be asking you to polish your crystal ball and share what you foresee as the future of your Library. This year Pierce County Library will conduct a community-focused planning process to build a Strategic Action Plan based on your vision of the Library's role throughout the county.

We look forward to another year of helping you read, learn and explore, while behind the scenes, we will continue to build and strengthen the operational infrastructure – technology, resources, staff, and spaces – that will allow us to deliver the vision of Pierce County Library's future that you help us imagine.

Respectfully submitted,



Georgia Lomax  
Executive Director



Georgia Lomax, Executive Director

## Budget in a Page

The 2016 budget is hereby submitted. It is the *Library's story of ongoing commitment to the community to provide services.*

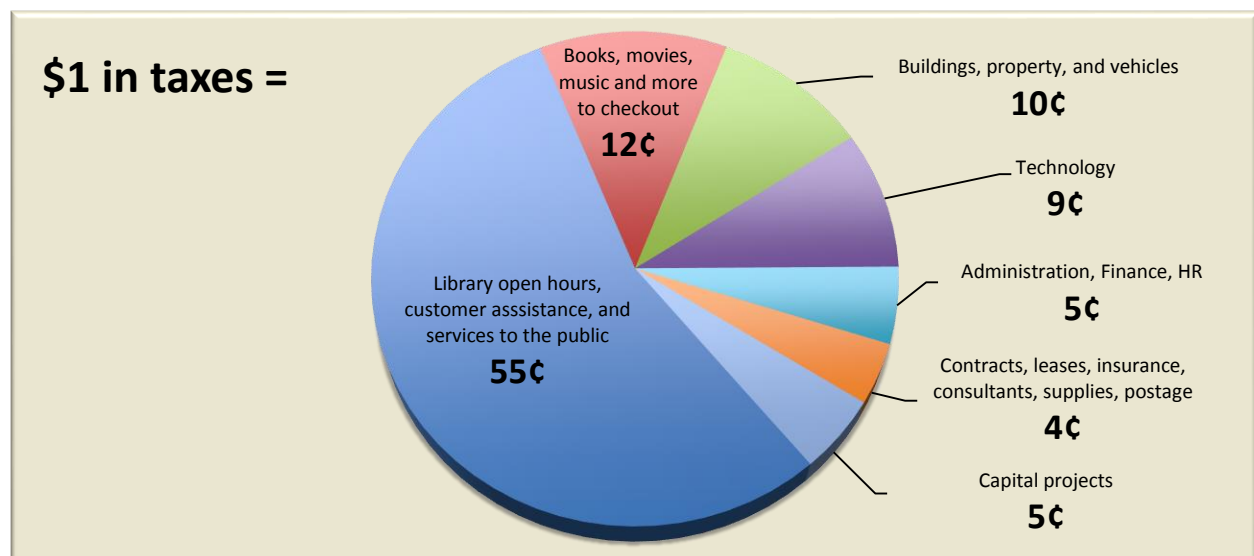
In 2015, property values of the Library's district increased by 5.63% with a corresponding year-to-year budgeted revenue increase of 5.86%. The Library's mill rate, the rate used to levy taxes on properties, remains at its statutory limit of 50 cents per \$1,000 assessed property value and will stay there for at least two to three years. In 2015, the Library will not use cash reserves. The budget is presented as balanced by fiscal policy: source of all revenues and use of fund balances equals expenditures.

The Library's financial recovery will conclude in 2016 when it reaches the statutory maximum received in 2010. Beginning in 2017, property tax revenue will increase by a maximum of 1% plus a small amount from new construction.

This year, the Library is conducting a Strategic Planning process that will determine service priorities and outcomes for the next five years. In 2017, Library finances will be positioned to support implementation of the strategic plan.

	2014	2015	2016
	ACTUALS	FINAL (12/10)	BUDGET (12/9)
<b>OPERATING BUDGET</b>			
New Revenues .....	\$ 26,278,218.04	\$ 28,063,748	\$ 29,709,541
Use of Fund Balance .....	0.00	0	0
Total Available Funds .....	26,278,218.04	28,063,748	29,709,541
Less:			
Operating costs .....	25,763,097.09	27,221,836	28,321,159
Set-asides & Transfers .....	260,245.00	841,912	1,388,382
Total Expenditures .....	26,023,342.09	28,063,748	29,709,541
<b>Net of Revs &amp; Exps .....</b>	<b>\$ 254,875.95</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>CAPITAL IMPROVEMENT BUDGET</b>			
New Revenues .....	\$ 221,602.94	\$ 0	\$ 300,000
Transfers from General Fund .....	1,760,245.00	841,912	1,188,382
Use of Fund Balance .....	973,955.00	1,027,588	0
Total Available Funds .....	2,955,802.94	1,869,500	1,488,382
Less: Capital project costs .....	1,183,439.09	1,869,500	1,405,000
<b>Net of Revs &amp; Exps .....</b>	<b>\$ 1,772,363.85</b>	<b>\$ 0</b>	<b>\$ 83,382</b>
<b>SPECIAL PURPOSE BUDGET (Beginning 2016)</b>			
New Revenues .....			\$ 227,000
Transfers from General Fund .....			560,000
Use of Fund Balance .....			0
Total Available Funds .....			787,000
Less: Total Expenditures .....			267,000
<b>Net of Revs &amp; Exps .....</b>			<b>\$ 520,000</b>
<b>DEBT SERVICE FUND</b>			
Revenues .....	\$ 81.36	\$ 0	\$ 0
Expenditures .....	0	0	0
<b>Net of Revs &amp; Exps .....</b>	<b>\$ 81.36</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>Combined Fund Balances (Cash Reserves)</b>			
<b>General, Capital Improvement, Special Purpose, and Debt Service Funds</b>			
Begin Balances, Jan 1 .....	\$ 11,447,380.51	\$ 10,661,227	\$ 9,133,639
Net of all revs, exps, transfers .....	(786,153.67)	(1,527,588)	243,382
End Balances, Dec 31 .....	\$ 10,661,226.84	\$ 9,133,639	\$ 9,377,021

Figure 1-1: Pierce County Library Value of \$1 in Taxes



## 2016 Combined Funds Budget

**Table 1-1: Combined Funds Budget (Expenditures)**

	2014 <u>ACTUALS</u>	2015 <u>FINAL (12/11)</u>	2016 <u>BUDGET (12/10)</u>	% CHANGE 2015 <u>FINAL TO 2016</u>
General Fund (Operating) .....	\$ 26,023,342.09 .....	\$ 28,063,748 .....	\$ 29,709,541 .....	5.86%
Capital Improvement Fund .....	1,183,439.09 .....	1,869,500 .....	1,138,000 .....	-39.13%
Special Purpose Fund (Beginning 2016) .....	.....	.....	267,000 .....	New
Debt Service (minor fund—unbudgeted) .....	0 .....	0 .....	0 .....	0.00%
<b>TOTAL FUNDS BUDGET</b>	<b>\$ <u>27,206,781.18</u></b>	<b>\$ <u>26,878,035</u></b>	<b>\$ <u>31,114,541</u></b>	<b><u>15.76%</u></b>

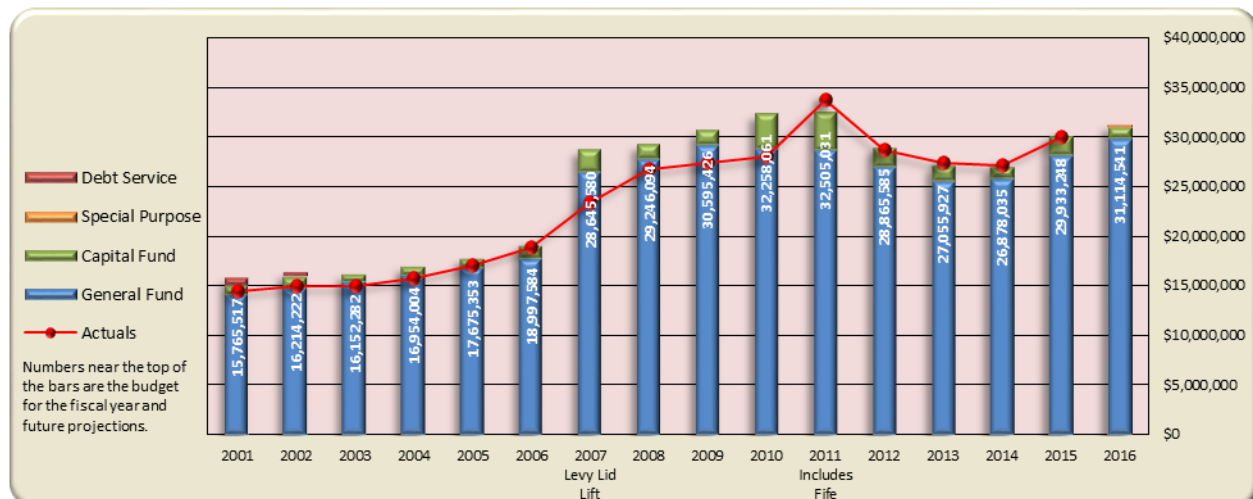
For 2016, the combined funds budget is \$31,114,541. Note that the Debt Service Fund remains unused because the Library carries no debt. Unlike the operating budget, the capital budget varies greatly from year to year, depending on capital improvements approved by the Board of Trustees. Beginning in 2016, the Library will use a new fund to manage special purpose expenditures for grants,

projects, multi-departmental programs, set-asides, and other needs. See table and chart below for the historical combined budget. Each year, the Library plans the operating, capital, and special purpose budgets with an eye towards its mission, priorities, and fiscal responsibility. The 2016 budget continues that excellence by creating a budget that promotes service priorities while staying within current fiscal realities.

**Table 1-2: Combined Funds Budget (2012 - 2016 Expenditures)**

	2012 <u>FINAL (12/11)</u>	2013 <u>FINAL (12/12)</u>	2014 <u>BUDGET (12/11)</u>	2015 <u>BUDGET (12/10)</u>	2016 <u>BUDGET (12/9)</u>
General Fund (Operating) .....	\$ 26,869,885 .....	\$ 25,423,927 .....	\$ 25,654,035 .....	\$ 28,063,748 .....	\$ 29,709,541 .....
Capital Improvement Fund .....	1,995,700 .....	1,632,000 .....	1,224,000 .....	1,869,500 .....	1,138,000 .....
Special Purpose Fund .....	.....	.....	.....	.....	267,000 .....
Debt Service Fund .....	0 .....	0 .....	0 .....	0 .....	0 .....
<b>TOTAL</b>	<b>\$ <u>28,865,585</u></b>	<b>\$ <u>27,055,927</u></b>	<b>\$ <u>26,878,035</u></b>	<b>\$ <u>29,933,248</u></b>	<b>\$ <u>31,114,541</u></b>

**Figure 1-2: Combined Funds Budget & Actuals**



# Part 2 General Fund

---



**Savannah Rose** by Katlyn Daniels  
2nd Place 9th/10th Grade Winner of the 2015 Our Own Expressions Drawing Contest

THIS PAGE LEFT INTENTIONALLY BLANK

## 2016 Operating Budget Summary

**Table 2-1: 2016 Operating Budget Summary**

	2014 <u>ACTUALS</u>	2015 <u>FINAL (12/10)</u>	2016 <u>BUDGET (12/9)</u>	% CHANGE 2015 <u>FINAL TO 2016</u>
<b>FUND BALANCE</b>				
Use of Fund Balance (cash reserves).....	\$ 0.00	\$ 0	\$ 0	0.00%
<b>TOTAL USE OF FUND BALANCE</b>		0	0	0.00%
<b>REVENUES</b>				
Taxes .....	\$ 24,778,899.59	\$ 26,620,748	\$ 28,186,541	5.88%
Intergovernmental.....	23,404.11	0	0	0.00%
Charges for Services.....	169,944.38	156,000	176,000	12.82%
Fines .....	548,387.90	600,000	550,000	-8.33%
Other <sup>1</sup> .....	757,582.06	687,000	797,000	16.01%
<b>TOTAL NEW REVENUES</b>	26,278,218.04	28,063,748	29,709,541	5.86%
<b>TOTAL AVAILABLE FUNDS</b>	26,278,218.04	28,063,748	29,709,541	5.86%
<b>EXPENDITURES</b>				
Personnel .....	\$ 18,555,629.43	\$ 19,897,279	\$ 20,893,026	5.00%
Maintenance & Operations .....	3,804,752.58	3,769,484	3,895,960	3.36%
Materials .....	3,402,715.08	3,555,073	3,532,173	-0.64%
<b>SUBTOTAL</b>	25,763,097.09	27,221,836	28,321,159	4.04%
<b>SET-ASIDES &amp; TRANSFERS</b>				
ELECTION SET-ASIDE .....	\$ 0.00 <sup>1</sup>	\$ 0	\$ 0	0.00%
CONTINGENCY .....	0.00 <sup>1</sup>	0	0	0.00%
TRANSFERS TO CAPITAL IMPROVEMENT FUND .....	260,245.00	841,912	1,188,382	41.15%
TRANSFERS TO SPECIAL PURPOSE FUND <sup>2</sup> .....			200,000	New
<b>SUBTOTAL</b>	260,245.00	841,912	1,388,382	64.91%
<b>TOTAL EXPENDITURES</b>	26,023,342.09	28,063,748	29,709,541	5.86%
<b>NET OF REVENUES &amp; EXPENDITURES</b>	<b><u>\$ 254,875.95</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 0</u></b>	<b><u>0.00%</u></b>

**Notes:**

1. The Election Set-Aside and Contingency budget items are by design budgeted but not spent; the unused funds flow into the General Fund. Beginning with the 2011 budget, the Library identifies these items explicitly in the General Fund. This line item will be eliminated in 2017.
2. Beginning in 2016, a Special Purpose Fund is used to manage expenditures for restricted or committed revenues for programs, projects, and set-asides.

The summarized version of the 2016 operating budget is presented in the above table as a balanced budget where expenditures match new revenues and use of fund balance.

A detailed discussion of revenues and expenditures follows in the next two chapters.



## Revenues

### Summary of Revenues and Revenue Assumptions

Table 2-2: Summary of all Revenues

	2014 ACTUALS	2015 FINAL (12/12)	2016 BUDGET (12/10)	% CHANGE 2015 FINAL TO 2016
Taxes .....	\$ 24,778,899.59	\$ 26,620,748	\$ 28,186,541	5.88%
Intergovernmental.....	23,404.11	0	0	0.00%
Charges for Services.....	169,944.38	156,000	176,000	12.82%
Fines .....	548,387.90	600,000	550,000	-8.33%
Other <sup>1</sup> .....	757,582.06	687,000	797,000	16.01%
<b>TOTAL NEW REVENUES</b>	<b>\$ 26,278,218.04</b>	<b>\$ 28,063,748</b>	<b>\$ 29,709,541</b>	<b>5.86%</b>

Notes:

1. Includes Foundation donations.

#### Revenue Projections

The 2016 budget was developed based on revenue projections for 2017–2020. Because 94.9% of the Library's budget is derived from property tax and state law strictly regulates property tax collections, it is essential for the Library to project revenues in advance to plan spending for the current budget in light of budgets expected in future years.

Revenue projections were developed in the context of three assumptions:

1. 50¢ per \$1,000 assessed property valuation will remain the levy limit for the taxing district.
2. The Library reaches its highest taxing limit last experienced in 2010, so revenue growth for 2017 returns to 1% plus new construction.
3. After 2017, revenue is projected to increase by 1% plus new construction, due to growth limitation enacted in Washington State law.

By law, the Library may collect up to 50¢ for every \$1,000 of assessed property value. The Library district's property tax rate is based on property values. The 2015 property values increased by 5.63% for 2016 tax collection. When developing future year projections, the Library projected that property values would continue to increase between 2017 and 2020.

The 5.63% increase for tax collections in 2016 is near projections. The Library continues to refine revenue projections for 2017–2020. The Library projects property values are set to increase for 2017 by around 4%. It is unclear whether property value increases will remain stable.

The mill rate (also known as millage) is calculated after a district's property taxes have been assessed according to state laws. The mill rate works in inverse: it is driven up when property values decrease, or down when property values increase. However, at no time may the district collect more than 50¢ for every \$1,000 of assessed property value. The 8.52% decline in property values for 2011 collection drove the mill rate up from 46.95¢ to 50¢. The increase in values by 5.63% in 2015 continues to keep the Library above the 50¢ mill rate. As a result, the Library can only collect the 50¢ applied to the assessed value. The overall property tax revenue collections from 2015 to 2016 will increase by nearly \$1.5 million (calculated using the preliminary levy certificate issued in September 2015). Based on projections for increased property values, the overall revenue for the Library is expected to increase between \$700,000 and \$900,000 after 2016.

Between 2011 and 2016, the Library was at its full taxing authority. When the Library is at its full taxing authority, it does not receive revenue from new construction.



Beginning with 2017, the Library will return to the 1% annual increase of tax collection and will be eligible for property taxes on new construction, which will add \$400,000 to \$500,000 per year.

These projections are updated several times a year after the preliminary assessed values by the County are made available (using the Case-Shiller data). Because the Library relies on property taxes to fund most of its operations, changes in the non-property tax revenues, while important, don't make significant impact to the bottom line. For example, should investment income decrease by \$10,000, its impact is overshadowed when property taxes increase or decrease by \$1 million. The Library takes all of these into consideration.

### **2016 Revenue Assumptions**

With exception to the Foundation, budgets for donations, gifts, or grants vary greatly from year to year and cannot be predicted with precision. Therefore these are reflected in year-end actuals and in any mid-year budget adjustments. This is one of the first steps to ensuring a conservative revenue approach.

The Government Finance Officers Association (GFOA) Best Practices recommends analyzing revenue trends and forecasts. Although it doesn't specify how many prior years to report, for discussing 2016 revenues the starting point is set generally at or after 2002 (some begin 2001), when state law was changed to provide only 1% increase in property taxes over the previous year.

On the next page is a table showing budgeted revenues from 2011 through 2016. It provides a six-year listing of

revenues (going beyond exceeding the promise to maintain the Levy Lid-Lift goals for six years). The plan was that after seven years, the Library would have strived to maintain the Levy Lid-Lift promises/goals, while taking into consideration fiscal realities. A chart on the next page is also provided to show the comparison of budget, actuals, and projections of revenues (2001 – 2021).

For 2016, total new revenues are budgeted to increase by \$1,645,739 from 2015, a 5.86% increase. This is due to a mill rate of 50.00¢ per \$1,000 of assessed property value, continuing 2015's 50¢ per \$1,000. While the statutory limit of 50.00¢ per \$1,000 of assessed property value is in place, when district-wide property values increase the Library's property-tax revenue will also increase.

Revenues other than taxes increased based on experience and trends. The Library budgets revenues from the Pierce County Library Foundation, for fines, interest, and other reasonably predictable revenues.

Due to the cyclical nature of revenue receipts versus the regularity of expenditures, there will be temporary shortfalls in the available operating budget (generally in April and October). To fund these shortfalls, the General Fund Balance and if necessary, an inter-fund loan from the Capital Improvement Fund will be used to finance these shortfalls. More information on this is discussed in the Cash Flow Analysis chapter (page 60).

The pie chart below shows the breakdown of revenues by category. The Library's majority of revenues from property taxes stay steady between 94% and 97%. For 2016 the proportion is 94.87%.

**Figure 2-1: Source of Revenues**

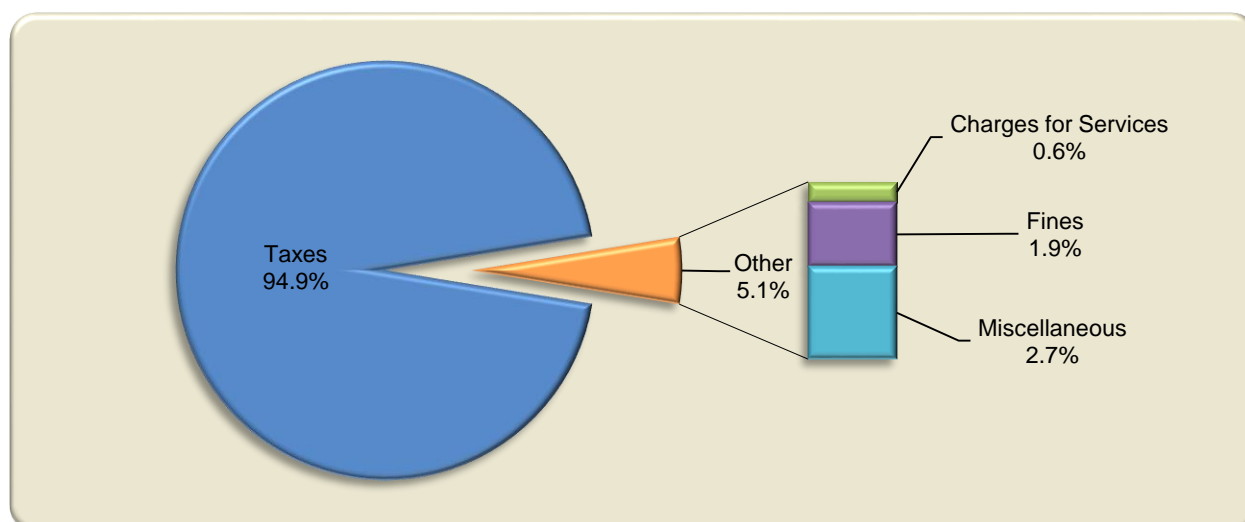
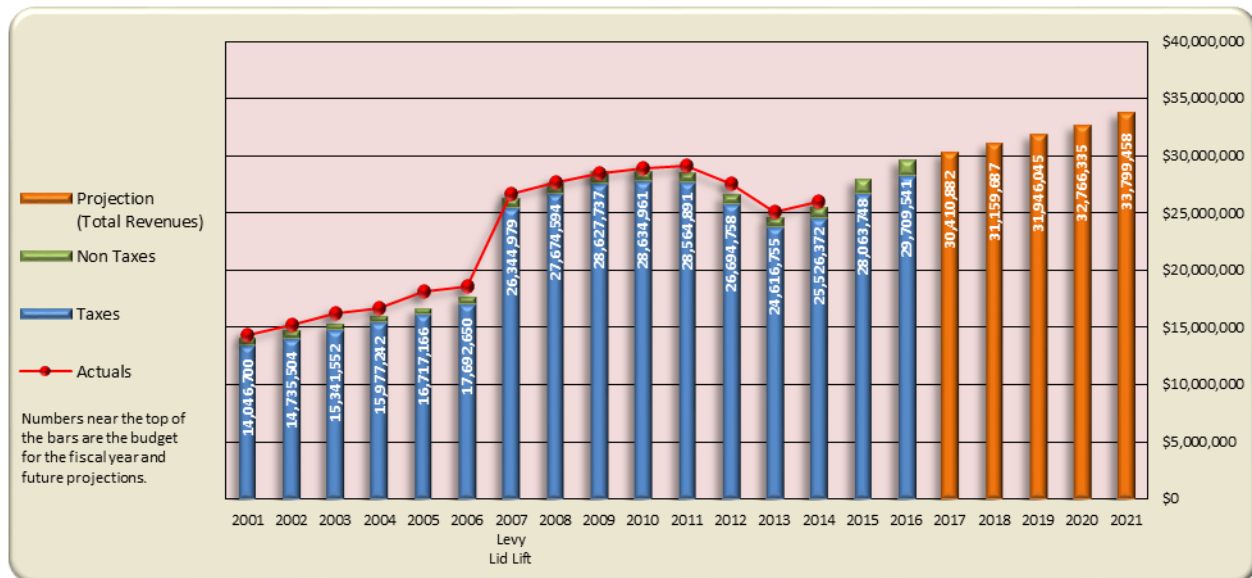


Table 2-3: 2010-15 General Fund Revenue (Final Budgets—Board Approved in December)

		2011 FINAL	2012 FINAL	2013 FINAL	2014 FINAL	2015 FINAL	2016 BUDGET	% CHANGE 2015 TO 2016
<b>TAX REVENUES</b>								
31111	Property Taxes Current	\$ 26,535,472	\$ 24,708,421	\$ 22,724,764	\$ 23,502,762	\$ 25,674,805	\$ 27,294,700	6.31%
31112	Property Taxes Delinquent	1,061,419	988,337	908,991	940,110	872,943	818,841	-6.20%
31130	Sale of Tax Title Property	3,000	3,000	3,000	3,000	3,000	3,000	0.00%
31210	Private Harvest Tax	50,000	50,000	50,000	50,000	50,000	0	-100.00%
31720	Leasehold Excise Tax	10,000	10,000	15,000	20,000	20,000	20,000	0.00%
32740	Timber Excise Tax						50,000	New
	<b>SUBTOTAL</b>	<b>27,659,891</b>	<b>25,759,758</b>	<b>23,701,755</b>	<b>24,515,872</b>	<b>26,620,748</b>	<b>28,186,541</b>	<b>5.86%</b>
		-125,070 (-0.45%)	-1,870,133 (-6.55%)	-2,058,003 (-7.98)	814,117 (3.43%)	2,537,376 (9.94%)	1,645,793 (5.86%)	
<b>NON-TAX REVENUES</b>								
33300	Indirect Federal Grants	\$ 5,000	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0	0.00%
34160	Copier Fees	25,000	25,000	25,000	25,000	30,000	30,000	0.00%
34162	Printer Fees	45,000	45,000	60,000	60,000	105,000	125,000	19.05%
34163	Fax Fees					21,000	21,000	0.00%
35970	Library Fines	605,000	615,000	615,000	615,000	600,000	550,000	-8.33%
36110	Investment Income	25,000	25,000	10,000	10,000	10,000	5,000	-50.00%
36700	Foundation Donations	130,000	150,000	150,000	225,500	350,000	300,000	-14.29%
36920	Book Sale Revenue	40,000	40,000	20,000	20,000	20,000	20,000	0.00%
36991	Payment for Lost Materials	25,000	25,000	25,000	25,000	12,000	12,000	0.00%
36692	Fee for Lost Library Cards	5,000	0					
36998	E Rate Reimbursement					250,000	415,000	66.00%
36699	Rebates – Procurement Card	0	5,000	10,000	15,000	30,000	30,000	0.00%
39510	Sale of Fixed Assets				15,000	15,000	15,000	0.00%
	<b>SUBTOTAL</b>	<b>905,000</b>	<b>935,000</b>	<b>915,000</b>	<b>1,010,500</b>	<b>1,443,000</b>	<b>1,523,000</b>	<b>5.54%</b>
	<b>TOTAL REVENUES</b>	<b>\$ 28,564,891</b>	<b>\$ 26,694,758</b>	<b>\$ 24,616,725</b>	<b>\$ 25,526,372</b>	<b>\$ 28,063,748</b>	<b>\$ 29,709,541</b>	<b>5.86%</b>

Figure 2-2: Taxes &amp; Non Taxes, Historical &amp; Projections



## Property Taxes and Other Taxes

### Taxes

\$ 28,186,541

**Table 2-4: 2016 Tax Revenues**

	2014 <u>ACTUALS</u>	2015 <u>FINAL (12/10)</u>	2016 <u>BUDGET (12/9)</u>	% CHANGE 2015 <u>FINAL TO 2016</u>
31111 Property Taxes Current .....	\$ 24,048,981.73 .....	\$ 25,674,805 .....	\$ 27,294,700 .....	6.31%
31112 Property Taxes Delinquent.....	636,031.76 .....	872,943 .....	818,841 .....	-6.20%
31130 Sale of Tax Title Property .....	11,070.22 .....	3,000 .....	3,000 .....	0.00%
31210 Private Harvest Tax .....	76,053.17 .....	50,000 .....	0 .....	-100.00%
31720 Leasehold Excise Tax .....	6,762.71 .....	20,000 .....	20,000 .....	0.00%
32740 Timber Excise Tax .....			50,000 .....	New
<b>TOTAL TAXES</b>	<b>\$ <u>24,778,899.59</u></b>	<b>\$ <u>26,620,748</u></b>	<b>\$ <u>28,186,541</u></b>	<b><u>5.86%</u></b>

Local property taxes constitute 94.9% of total 2016 revenues. The breakdown of these taxes is provided in the above table.

The total allowable levy (Property Taxes Current) is calculated by Pierce County Office of the Assessor-Treasurer using statutory rates and limitations. See below for the preliminary calculation of the tax levy.

A history of the tax base is provided as follows:

For Year	Property Tax Base	%Change
2016 .....	\$ 56,277,730,948 .....	5.63%
2015 .....	53,277,813,749 .....	8.81% <sup>1</sup>
2014 .....	48,964,088,146 .....	2.94%
2013 .....	47,566,193,799 .....	-8.82%
2012 .....	52,166,456,544 .....	-6.79%
2011 .....	55,964,407,888 .....	-5.11%
2010 .....	58,984,142,315 .....	-5.00%
2009 .....	62,085,405,469 .....	3.34%
2008 .....	60,077,557,821 .....	13.37%
2007 .....	52,990,993,065 .....	25.02%
2006 .....	42,385,528,523 .....	20.00%
2005 .....	35,306,548,741 .....	9.25%
2004 .....	32,318,475,182 .....	6.39%
2003 .....	30,377,319,365 .....	3.84%
2002 .....	29,255,137,258 .....	8.25%
2001 .....	27,025,182,627 .....	-

Notes:

The 8.81% is based on the final certificate issued in January 2015 over the final certificate issued in January 2014. The preliminary certificate for 2015 actually noted an 8.56% increase in property values, which was used for all 2015 budget decisions. The reason for the difference

is that the preliminary certificate does not include final assessments made between September and December. Final assessments made in late 2014 affected values by +0.25%.

This base includes the growth in assessed valuation (AV) of existing property in Pierce County and all new construction. For the 2016 fiscal year, the estimated tax base to levy is assessed at nearly \$56.3 billion, which represents a 5.63% increase from the previous year's assessed valuation. (On November 3, 2009, during general elections, Fife residents overwhelmingly approved a measure to annex to the library system. These revenues began receipt in 2011.)

### Revenue Increases

State law allows the Library to increase its revenues by up to 1% over the previous year, so long as it does not exceed the 50¢ per \$1,000 calculation, also set in state law. Voters restored the levy rate for 2007 to 48¢. In October 2015 the Implicit Price Deflator (IPD, another limiter) was recorded at 0.251%. If the IPD is less than 1%, to collect 1% more than the previous year (or any future year) the Board would need to override the IPD rule. Because the IPD is less than 1%, during the November 2015 Board meeting, the Board passed a "substantial need" resolution to override the 0.251%. While this action does not affect 2016 revenues, not overriding the IPD would have significant negative repercussions by reducing revenues by about \$200,000 henceforth, which would have affected restoring services, including technology and books, which had been reduced during the five year recession.

Figure 2-3: 2016 Tax Levy Calculation—Preliminary Certificate

**Pierce County****Mike Lonergan, Assessor-Treasurer**

2401 South 35th Street  
 Tacoma, WA 98409-7498  
 (253) 798-6111 FAX (253) 798-3142  
 ATLAS (253) 798-3333  
 www.piercecountywa.org/atr

**TAX LEVY LIMIT 2015 FOR 2016**

RURAL LIBRARY  
 > 10,000

<b>REGULAR TAX LEVY LIMIT:</b>	2010
A. <u>Highest regular tax which could have been lawfully levied beginning with the 1985 levy</u> (refund levy not included) times limit factor (as defined in RCW 84.55.005).	28,026,013.05
	1.01
	28,306,273.18
B. Current year's assessed value of new construction, improvements and wind turbines in original districts before annexation occurred times last year's levy rate (if an error occurred or an error correction was made in the previous year, use the rate that would have been levied had no error occurred).	850,894,127
	0.500000000000
	425,447.06
C. Current year's state assessed property value in original district if annexed less last year's state assessed property value. The remainder to be multiplied by last year's regular levy rate (or the rate that should have been levied).	838,934,432
	838,934,432
	0.00
	0.500000000000
	0.00
D. REGULAR PROPERTY TAX LIMIT (A + B + C)	28,731,720.24
<b>ADDITIONAL LEVY LIMIT DUE TO ANNEXATIONS:</b>	
E. To find rate to be used in F, take the levy limit as shown in Line D above and divide it by the current assessed value of the district, excluding the annexed area.	28,731,720.24
	56,277,730,948
	0.510534446930
F. Annexed area's current assessed value including new construction and improvements times rate found in E above.	0.00
	0.510534446930
	0.00
G. NEW LEVY LIMIT FOR ANNEXATION (D + F)	28,731,720.24
<b>LEVY FOR REFUNDS:</b>	
H. RCW 84.55.070 provides that the levy limit will not apply to the levy for taxes refunded or to be refunded pursuant to Chapters 84.68 or 84.69 RCW. (D or G + refund if any)	28,731,720.24
	96,172.96
	28,827,893.20
I. TOTAL ALLOWABLE LEVY AS CONTROLLED BY THE LEVY LIMIT (D,G,or H)	28,827,893.20
J. Amount of levy under statutory rate limitation.	56,277,730,948
	0.500000000000
	28,138,865.47
K. LESSER OF I OR J	28,138,865.47

### New Construction

New construction varies year to year, depending on property improvements generated by construction (such as new homes, apartments, etc.). For every \$1,000 of new construction, the Library may levy at its current levy rate (50¢ for 2016). State law does not apply the 1% limit for revenues received from new construction. New construction can have a significant effect on revenues, as the values can contribute between 2% and 4% of revenue growth. However, when the Library is at its statutory limit of 50 cents per \$1,000 assessed valuation, no revenues from new construction can be collected. Below is a breakdown that shows new construction values:

For Year	New Construction	PCLS Revenue	% of Budget
2016	\$ 850,894,127	\$ 0	0.00%
2015	751,513,170	0	0.00%
2014	664,868,196	0	0.00%
2013	688,832,368	0	0.00%
2012	447,391,586	0	0.00%
2011	508,485,021	0	0.00%
2010	759,965,065	408,506	1.43%
2009	1,494,356,425	660,926	2.31%
2008	1,789,938,371	859,170	3.10%
2007 <sup>1</sup>	1,769,575,840	709,401	0.00%
2006	1,519,842,131	696,437	4.09%
2005	1,092,187,309	519,261	3.22%
2004	841,593,691	420,797	2.63%

Notes:

1. New construction was not a factor for 2007 due to the levy lid-lift being calculated at 48¢ per \$1000 of the districts' property value.

### Calculation of Mill Rate ("Millage")

The district's property value is used to calculate the levy rate of assessment (mill rate) of individual properties

and the amount the Library will receive for regular property taxes. The statutory limit for taxes is 50 cents per \$1,000 of assessed valuation. Recent mill rates were as follows (table at bottom includes projected mill rates):

For Year	Calculated Mill Rate
2016	\$ 0.5000
2015	0.5000
2014	0.5000
2013	0.5000
2012	0.5000
2011	0.5000
2010	0.4695
2009	0.4437
2008	0.4425
2007	0.4800 <sup>1</sup>
2006	0.4002
2005	0.4560
2004	0.4766

Notes:

1. Voter approved.

See projected mill rate chart below for future years. The Library estimates that the mill rate will remain at 50 cents per \$1,000 assessed value until 2017. This will change depending on circumstances, such as permits issued, houses built, major developments, etc.

### Final Revenue Calculation for Property Taxes

**Property Taxes Current.....\$ 27,294,700**

**Property Taxes Delinquent .....\$ 818,841**

For budget purposes the Library applies a 97% collection rate on current property taxes and 3% of the forecasted collection of current taxes as delinquent taxes to be collected. The delinquency collection rate is based on previous years' experience. For 2016, this ratio changed from 96.6%/3.4%, reflecting that property owners generally pay taxes on time.

**Table 2-5: Mill Rate Projections (2015 - 2019)**

Year	Mill Rate		Assessed Value		Base Property Taxes				New Construction	
	Actual	Projected	\$ Value	Change	Actuals	Projection	Difference	Change	Actuals	Projection
2011	0.5000		55,964,407,888	-8.52%	27,982,204		215,816	0.78%	15,923	
2012	0.5000		52,166,456,544	-6.79%	26,083,228		(1,898,976)	-6.79%	-	-
2013	0.5000		47,566,193,799	-8.82%	23,783,097		(2,300,131)	-8.82%	-	-
2014	0.5000		48,964,088,146	2.94%		24,482,044	698,947	2.94%	-	-
<b>2015</b>	<b>0.5000</b>		<b>53,156,946,492</b>	<b>8.56%</b>	<b>26,578,473</b>	<b>26,578,473</b>	<b>2,096,429</b>	<b>8.56%</b>	<b>-</b>	<b>-</b>
2016		0.5000	56,877,932,746	7.00%	28,438,966	28,438,966	1,860,493	7.00%	-	-
2017		0.4871	59,835,585,249	5.20%	29,146,356	29,146,356	707,390	2.49%		423,000
2018		0.4747	62,947,035,682	5.20%	29,882,820	29,882,820	736,464	2.53%		445,000
2019		0.4576	66,975,645,966	6.40%	30,654,648	30,654,648	771,828	2.58%		473,000

**Private Harvest Tax:.....\$ 50,000**

Once a major source of revenues, private harvest tax steadily declined between 1998 and 2003, had a resurgence in 2004 (see following table) through 2007, and then dropped to less than half in 2008. In 2015 the Library is projected to receive approximately the same as 2014. This source of revenue is not in the Library's control.

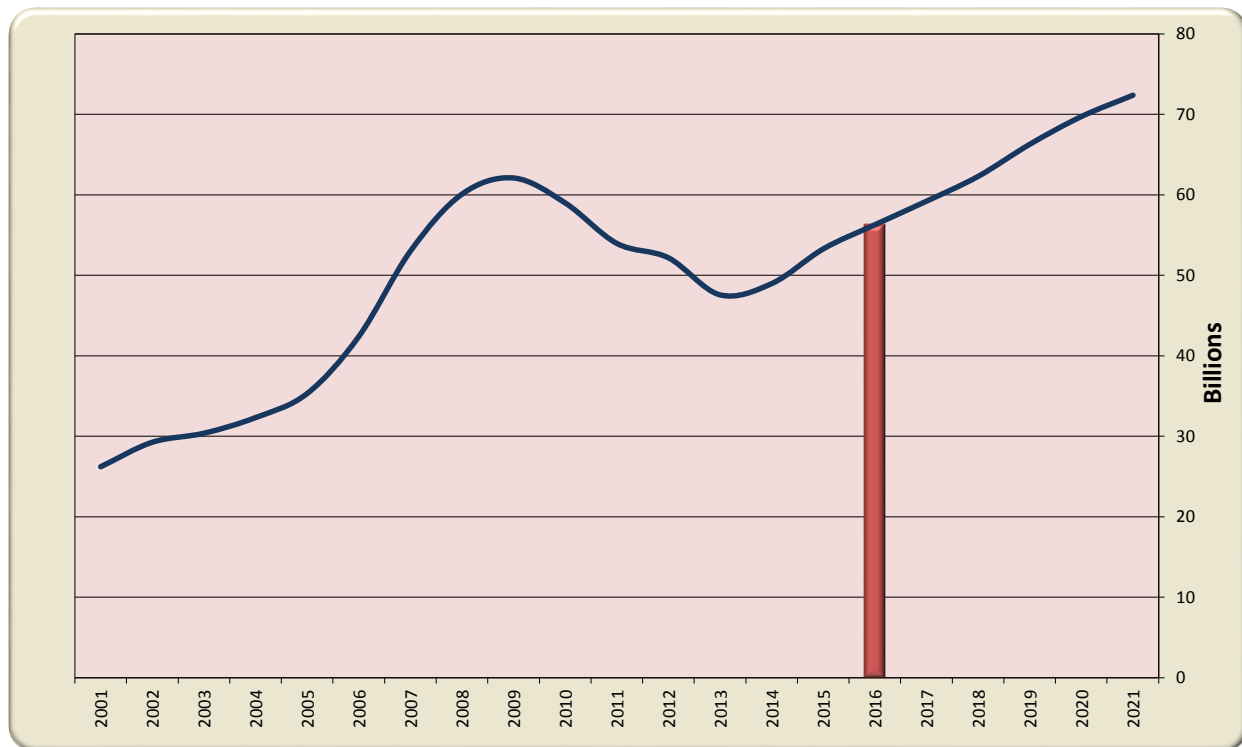
<u>Year</u>	<u>Private Harvest Revenue</u>
2015 (estimated).....	\$ 50,000
2014 (projected) .....	50,000
2013 .....	70,214
2012 .....	70,352
2011 .....	71,846

2010.....	35,710
2009.....	74,516
2008.....	66,671
2007.....	168,198
2006.....	133,861
2005.....	125,977
2004.....	109,022
2003.....	43,110

**Other Taxes (summarized):.....\$ 23,000**

Other tax collections include sale of title property and leasehold excise taxes. They are not in the Library's control, and are not discussed in this section due to their low amounts.

**Figure 2-4: Library District Assessed Property Values (2001-Current with 5 Year Projections)**



## Non-Tax Revenues

### Intergovernmental

\$ 0

**Table 2-6: 2016 Intergovernmental Revenues**

	2014 <u>ACTUALS</u>	2015 <u>FINAL (12/10)</u>	2016 <u>BUDGET (12/9)</u>	% CHANGE 2015 <u>FINAL TO 2016</u>
33000 Indirect Federal Grants .....	\$ 0.00	\$ 0	\$ 0	0.00%
33533 State Forest Funds .....	12,898.50			
33872 Contract Fees-Cities .....	3,240.00			
33890 Governmental Service Fees.....	7,265.61			
<b>TOTAL INTERGOVERNMENTAL</b>	<b>\$ <u>7,801.37</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>0</u></b>	<b><u>0.00%</u></b>

The Library receives certain revenues from other governmental entities, such as from grants and contracts. Because these revenues are not predictable, the Library budgets conservatively.

**Indirect Federal Grants ..... \$ 0**

Indirect Federal Grants are pass-through grants and come typically through the Washington State Library, which has several grant-related programs. The Library

applies for these grants throughout the year. For 2015, any revenue from indirect federal grants will be recognized in the mid-year process.

**Other Intergovernmental (summarized) ..... \$ 0**

The Library does not budget for the other line items; they are instead recognized during the mid-year budget process.

### Charges for Services

\$ 156,000

**Table 2-7: 2016 Charges for Services**

	2014 <u>ACTUALS</u>	2015 <u>FINAL (12/10)</u>	2016 <u>BUDGET (12/9)</u>	% CHANGE 2015 <u>FINAL TO 2016</u>
34160 Copier Fees .....	\$ 29,841.59	\$ 30,000	\$ 30,000	0.00%
34161 Graphics Services Charge .....	7,996.59			
34162 Printer Fees .....	110,859.33	105,000	125,000	19.05%
34163 Fax Fees.....	21,097.90	21,000	21,000	0.00%
34710 Meeting Room Fees .....	20.00			
34730 Interlibrary Loan Fees .....	128.97			
<b>TOTAL CHARGES FOR SERVICES</b>	<b>\$ <u>169,944.38</u></b>	<b>\$ <u>156,000</u></b>	<b>\$ <u>176,000</u></b>	<b><u>12.82%</u></b>

Library charges for services include revenue from photocopying, customers printing and faxing in the libraries, and interlibrary loan fees. The Vend-to-Print system installed in late 2013 helped increase revenue.

**Photocopy Fees ..... \$ 30,000**

All libraries provide photocopiers for public use. The fee of 10¢ per copy will remain for 2016.

**Fax Fees.....\$ 21,000**

Fax services are available and charged.

**Printer Fees .....\$ 105,000**

All libraries offer laser printers for customers to print from the computers. 10¢ per page is charged.

**Other Charges for Services (summarized) ..... \$ 0**

Graphics Services Charges is used for the receipt of Foundation funding for Summer Reading program but



is generally not budgeted. Interlibrary Loan Fees are fees charged between libraries for loaning each other

books. The Library does not budget these but they are recognized during the mid-year budget process.

### Library Fines

\$ 550,000

**Table 2-8: 2016 Fines**

		2014 <u>ACTUALS</u>	2015 <u>FINAL (12/10)</u>	2016 <u>BUDGET (12/9)</u>	% CHANGE 2015 <u>FINAL TO 2016</u>
35970	Library Fines .....	\$ 548,387.90	\$ 600,000	\$ 550,000	-8.33%
	<b>TOTAL FINES</b>	<b>\$ 548,387.90</b>	<b>\$ 600,000</b>	<b>\$ 550,000</b>	<b>-8.33%</b>

Library fines are received from library customers paying for overdue books and other materials, or for lost items.

When this service was offered, there was no offsetting decrease noted in the total of collections in the libraries.

### **Library Fines .....\$ 550,000**

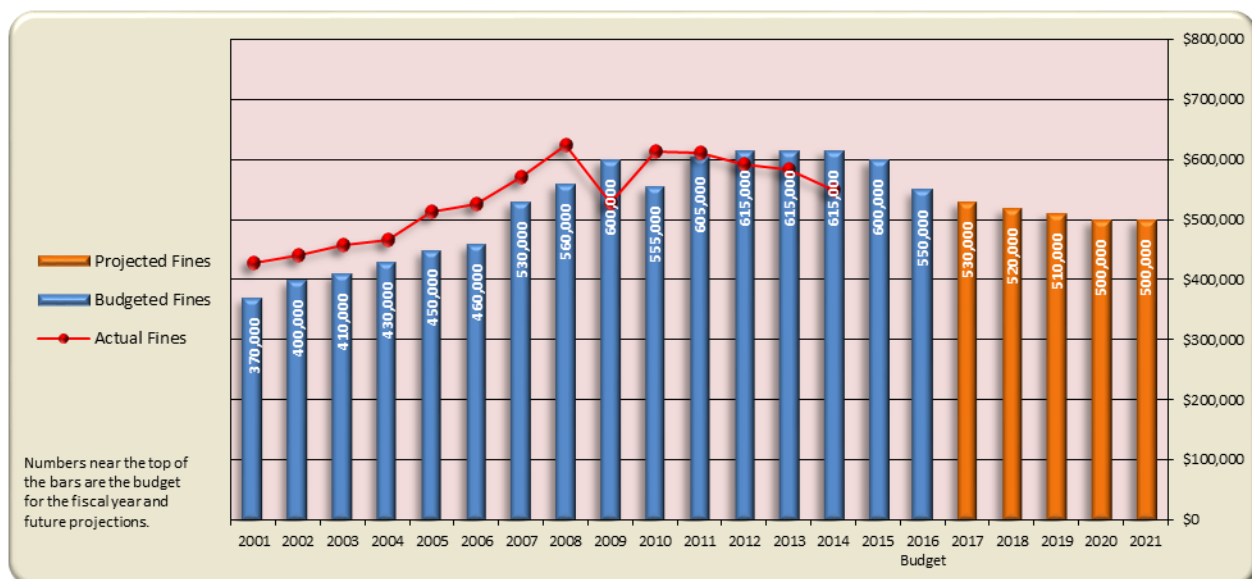
All materials returned after the due dates are considered late and subject to fines. The daily fine for any item, whether book, DVD or other physical item is 15¢. There are no fines associated with e-books as they are automatically deleted from the customer's e-book reader at the end of the loan period (3 weeks).

To great success and to recognize the economic hardships our community was suffering, in October 2009 the Library offered a one-week Fine Amnesty Week that forgave all fines should the customer return overdue books during that week. Per the graph below, note the dip in budget for 2010; this was made on the assumption that Fine Amnesty Week would have an impact in 2010. It did not (as the red line shows); therefore the budget was restored in 2011.

The Library had a reasonably consistent trend of increases in this category (see Figure 16) through 2011. In 2008, the Library reduced the fines for DVDs, but this did not considerably affect revenues. Also in 2008 the Library began offering customers the convenience of paying their fees online using their credit/debit cards.

Beginning in 2012, fines have seen a declining trend, accompanying lower circulation. This is anticipated to continue and future revenue has been lowered.

**Figure 2-5: Library Fines Budget & Actuals**





**Other Revenues**

\$ 797,000

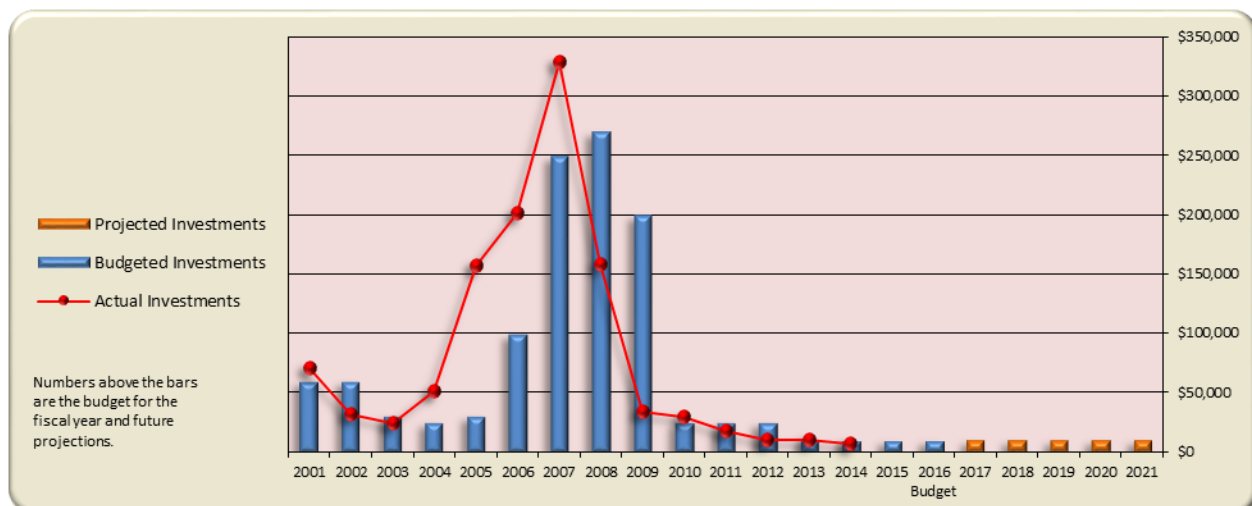
**Table 2-9: 2016 Other Revenues**

	2014 <u>ACTUALS</u>	2015 <u>FINAL (12/10)</u>	2016 <u>BUDGET (12/9)</u>	% CHANGE 2015 <u>FINAL TO 2016</u>
36110 Investment Income .....	\$ 6,208.81	\$ 10,000	\$ 5,000	-50.00%
36111 Interest – State Forest Fund .....	0.10			
36190 Other Interest Earnings .....	2.36			
36200 Key Peninsula Lease .....	969.68			
36700 Foundation Donations .....	422,151.24	350,000	300,000	-14.29%
36710 Friends' Donations .....	760.14			
36720 Friend's Reimbursement .....	13,972.92			
36725 Donations – Other .....	2,663.74			
36910 Sale of Scrap and Salvage .....	347.50			
36920 Book Sale Revenue .....	16,034.05	20,000	20,000	0.00%
36990 Miscellaneous Revenue .....	5,868.11			
36991 Payment for Lost Materials .....	10,584.12	12,000	12,000	0.00%
36994 Unclaimed Property .....	1,157.02			
36996 Jury Duty Reimbursement .....	582.96			
36997 Prior Year's Refunds .....	6,666.27			
36998 E Rate Reimbursement .....	228,454.17	250,000	415,000	66.00%
36999 Rebates – Procurement Card .....	33,761.59	30,000	30,000	0.00%
39510 Sale of Fixed Assets .....	0.00	15,000	15,000	0.00%
39520 Insurance Recoveries – Capital Assets .....	7,396.28			
<b>TOTAL OTHER REVENUES</b>	<b>\$ 757,582.06</b>	<b>\$ 672,000</b>	<b>\$ 797,000</b>	<b>18.60%</b>

Other revenues include interest earned on investments and other revenues. Revenues from scrap sales of assets, Friends donations, and collection agencies are not budgeted because they cannot be reasonably predicted, but will be recorded in actuals or in mid-year budget adjustments. E Rate reimbursement is now budgeted.

**Investment Income ..... \$ 10,000**

On a weekly basis, the Library invests any substantial amounts of excess cash available after calculating the immediate expenditure needs. This line item was significantly reduced in 2012 to reflect significantly low interest rates, which continue in 2016. See chart below.

**Figure 2-6: Investment Budget & Actuals**

**Foundation Donations .....\$ 300,000**

Foundation Donations are budgeted based on funding commitments approved by the Foundation Board in the summer of 2015. Beginning with 2016, some Foundation distributions will be budgeted into the Special Purpose Fund.

**Book Sale Revenue .....\$ 20,000**

The Library sends surplus books to retailers that sell materials online. A portion of the sales is forwarded to the Library. Revenues from online sales fluctuate and are budgeted accordingly.

**Payment for Lost Materials.....\$ 12,000**

This includes payments made by customers for their lost/damaged materials.

**E Rate Reimbursement .....\$ 415,000**

ERate is a federally supported program that provides substantial reimbursements to schools and libraries for network, Internet connectivity, and equipment costs. The Library has participated in ERate since 2000. The Library estimates its annual telecommunications costs and applies for the reimbursement. Because the federal program is a July 1 to June 30 calendar year, some of the increased reimbursements are not seen until the following fiscal year. For 2016, the Library anticipates significantly higher reimbursements due to (1) increased connectivity costs from greatly improving speeds and (2) higher ERate percentage discounts.

**Rebates—Procurement Card .....\$ 30,000**

The Library will budget rebates from use of purchase/credit cards. When paying invoices, the Library makes every attempt to pay using US Bank

purchase cards. When the balance is paid within 30 days, the Library receives 1% “cash back” rebates. Revenue has increased as a result of paying large invoices, such as construction projects and contracts, with purchase/credit cards.

**Sale of Fixed Assets.....\$ 15,000**

This includes government sales of real estate (land and buildings), equipment, street vacations, and timber sales.

**All Other Revenues (summarized) ..... \$ 0**

This includes all other revenues not identified above, such as refunds, lost/damaged materials revenue, insurance settlements, jury duty fees received, etc. These items are recorded during the mid-year process as actuals.



**Back on the Farm** by Sydney Paulsen

1st Place 11th/12th Grade Winner of the 2015 Our Own Expressions Photography Contest

## Total Budgeted Revenues

Provided below is a complete, combined listing of revenues discussed in this chapter.

**Table 2-10: 2016 General Fund Revenues (all combined)**

	2014 ACTUALS	2015 FINAL (12/10)	2016 BUDGET (12/9)	% CHANGE 2015 FINAL TO 2016
<b>TAX REVENUES</b>				
31111 Property Taxes Current .....	\$ 24,048,981.73	\$ 25,674,805	\$ 27,294,700	6.31%
31112 Property Taxes Delinquent.....	636,031.76	872,943	818,841	-6.20%
31130 Sale of Tax Title Property .....	11,070.22	3,000	3,000	0.00%
31210 Private Harvest Tax .....	76,053.17	50,000	0	-100.00%
31720 Leasehold Excise Tax .....	6,762.71	20,000	20,000	0.00%
32740 Timber Excise Tax.....			50,000	New
<b>TOTAL TAXES</b>	<b>\$ 24,778,899.59</b>	<b>\$ 26,620,748</b>	<b>\$ 28,186,541</b>	<b>5.86%</b>
<b>NON-TAX REVENUES</b>				
33000 Indirect Federal Grants .....	\$ 0.00	\$ 0	\$ 0	0.00%
33533 State Forest Funds .....	12,898.50			
33872 Contract Fees-Cities .....	3,240.00			
33890 Governmental Service Fees.....	7,265.61			
34160 Copier Fees .....	29,841.59	30,000	30,000	0.00%
34161 Graphics Services Charge .....	7,996.59			
34162 Printer Fees .....	110,859.33	105,000	125,000	19.05%
34163 Fax Fees.....	21,097.90	21,000	21,000	0.00%
34710 Meeting Room Fees .....	20.00			
34730 Interlibrary Loan Fees .....	128.97			
35970 Library Fines .....	548,387.90	600,000	550,000	-8.33%
36110 Investment Income .....	6,208.81	10,000	5,000	-50.00%
36111 Interest – State Forest Fund .....	0.10			
36190 Other Interest Earnings.....	2.36			
36200 Key Peninsula Lease .....	969.68			
36700 Foundation Donations .....	422,151.24	350,000	300,000	-14.29%
36710 Friends' Donations .....	760.14			
36720 Friend's Reimbursement .....	13,972.92			
36725 Donations – Other .....	2,663.74			
36910 Sale of Scrap and Salvage.....	347.50			
36920 Book Sale Revenue.....	16,034.05	20,000	20,000	0.00%
36990 Miscellaneous Revenue .....	5,868.11			
36991 Payment for Lost Materials.....	10,584.12	12,000	12,000	0.00%
36994 Unclaimed Property .....	1,157.02			
36996 Jury Duty Reimbursement.....	582.96			
36997 Prior Year's Refunds .....	6,666.27			
36998 E Rate Reimbursement .....	228,454.17	250,000	415,000	66.00%
36999 Rebates – Procurement Card .....	33,761.59	30,000	30,000	0.00%
39510 Sale of Fixed Assets .....	0.00	15,000	15,000	0.00%
39520 Insurance Recoveries – Capital Assets .....	7,396.28			
<b>SUBTOTAL</b>	<b>1,499,318.45</b>	<b>1,443,000</b>	<b>1,523,000</b>	<b>5.54%</b>
<b>TOTAL REVENUES</b>	<b>\$ 26,278,218.04</b>	<b>\$ 28,063,748</b>	<b>\$ 29,709,541</b>	<b>5.86%</b>

## Expenditures

### Summary of Expenditures and Assumptions

**Table 2-11: 2016 Operating Expenditure Summary**

	2014 ACTUALS	2015 FINAL (12/10)	2016 BUDGET (12/9)	% CHANGE 2015 FINAL TO 2016
<b>EXPENDITURES</b>				
Personnel .....	\$ 18,555,629.43	\$ 19,897,279	\$ 20,893,026	5.00%
Maintenance & Operations .....	3,804,752.58	3,769,484	3,895,960	3.36%
Materials .....	3,402,715.08	3,555,073	3,532,173	-0.64%
<b>SUBTOTAL</b>	<b>25,763,097.09</b>	<b>27,221,836</b>	<b>28,321,159</b>	<b>4.04%</b>
<b>SET-ASIDES &amp; TRANSFERS</b>				
ELECTION SET-ASIDE .....	\$ 0.00 <sup>1</sup>	\$ 0	\$ 0	0.00%
CONTINGENCY .....	0.00 <sup>1</sup>	0	0	0.00%
TRANSFERS TO CAPITAL IMPROVEMENT FUND .....	260,245.00	841,912	1,188,382	41.15%
TRANSFERS TO SPECIAL PURPOSE FUND <sup>2</sup> .....			200,000	New
<b>SUBTOTAL</b>	<b>260,245.00</b>	<b>841,912</b>	<b>1,388,382</b>	<b>64.91%</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 26,023,342.09</b>	<b>\$ 28,063,748</b>	<b>\$ 29,709,541</b>	<b>5.86%</b>

**Notes:**

1. The Election Set-Aside and Contingency budget items are by design budgeted but not spent; the unused funds flow into the General Fund. Beginning with the 2011 budget, the Library identifies these items explicitly in the General Fund. This line item will be eliminated in 2017.
2. Beginning in 2016, a Special Purpose Fund is used to manage expenditures for restricted or committed revenues for programs, projects, and set-asides.

**Table 2-12: Allocation of Budgeted Costs (2009 - 2016)**

	2009	2010	2011	2012	2013	2014	2015	2016
Personnel	69.6%	64.2%	67.1%	69.6%	72.9%	73.4%	70.9%	70.3%
Maintenance & Operations	11.4%	10.7%	12.6%	11.4%	12.2%	12.8%	13.4%	13.1%
Materials (books, DVDs, etc)	15.8%	16.1%	16.1%	16.0%	13.0%	12.8%	12.7%	11.9%
<b>TOTAL OPER. EXPENDITURES</b>	<b>96.8%</b>	<b>91.0%</b>	<b>95.8%</b>	<b>97.0%</b>	<b>98.1%</b>	<b>99.0%</b>	<b>97.0%</b>	<b>95.3%</b>

For the 2016 budget process, managers were given budget worksheets for developing their budgets and were expected to stabilize and maintain services while the 2016 strategic plan was being developed. Managers had leeway to fund personnel and purchases based on what are necessary to sustain successful departments.

The operating budget consists of three major areas of operating expenditures that usually account for over 95% (see table below) of total expenditures. Personnel

costs are based on the labor agreement, which is under negotiations for a new contract for 2016-2019. Cost of medical benefits usually rises faster than inflation, at times by more than 10%. Between 2005 and 2015, the Library's contribution rate to retirement costs increased by 409%. These rates are set by the Legislature, and has had a dramatic effect on the budget. The Library anticipates that the Legislature will keep rates relatively steady for the next two to three years. (See Benefits, under Personnel section, below.)

Traditionally the Library has allocated 16% of revenue for materials (books, music, movies, magazines, downloadable materials, etc.). In 2012 the Library conducted a comprehensive evaluation of the materials budget, studying how it could best support what

customers want. Through research on current use, customer demand and a review of related statistics and data, the Library identified how to reduce the budget by about \$1 million, while still providing a vibrant collection. 2016's budget remains nearly the same.

**Table 2-13: 2016 Expenditures—BARS Summary Level**

	2014 <u>ACTUALS</u>	2015 <u>FINAL (12/10)</u>	2016 <u>BUDGET (12/9)</u>	% CHANGE 2015 <u>FINAL TO 2016</u>
<b>PERSONNEL</b>				
5.11.xx Salaries & Wages.....	\$ 13,926,363.78	\$ 15,072,333	\$ 15,714,247	4.26%
5.12.xx Overtime Wages .....	5,535.20	5,400	7,400	37.04%
5.20.xx & 5.22.xx Employee Benefits .....	4,623,730.45	5,329,733	5,707,098	7.08%
SUBTOTAL	18,555,629.43	20,407,466	21,428,745	5.00%
5.19.99 <sup>1</sup> Reduction in salaries planning budget to.....	0	(510,187)	(535,719)	-5.00%
& 5.29.99 match projections (-3% in 2014; -2.5% in 2015 & 2016)				
SUBTOTAL	18,555,629.43	19,897,279	20,893,026	5.00%
<b>MAINTENANCE &amp; OPERATIONS</b>				
5.31.xx Supplies.....	353,586.85	322,100	393,800	22.26%
5.32.xx Fuel .....	42,655.36	47,000	47,000	0.00%
5.35.xx Small Tools and Minor Equipment .....	340,292.36	82,000	100,600	22.68%
5.41.xx Professional Services.....	568,989.07	546,184	561,050	2.72%
5.42.xx Communications .....	380,790.41	496,300	497,900	0.32%
5.43.xx Travel .....	78,563.28	73,250	77,550	5.87%
5.44.xx Advertising .....	38,895.20	43,000	69,500	61.63%
5.45.xx Operating Rentals/Leases .....	376,905.97	422,250	436,400	3.35%
5.46.xx Insurance .....	172,760.25	189,500	200,000	5.54%
5.47.xx Utilities.....	364,197.25	333,500	322,000	-3.45%
5.48.xx Repair and Maintenance.....	950,670.05	1,048,300	1,041,900	-0.61%
5.49.00 Registrations & Tuition Assistance.....	26,390.02	44,750	43,850	-2.01%
5.49.0x Miscellaneous .....	110,056.51	104,350	104,410	0.06%
5.51.xx Intergovernmental .....	0.00	17,000	0	-100.00%
SUBTOTAL	3,804,752.58	3,769,484	3,895,960	3.36%
<b>MATERIALS</b>				
5.34.xx Materials .....	3,402,715.08	3,555,073	3,532,173	-0.64%
<b>SET-ASIDES &amp; TRANSFERS</b>				
5.49.12 CONTINGENCY .....	0.00 <sup>2</sup>	0	0	0.00%
5.97.00 TRANSFERS TO CAPITAL IMPROVE. FUND .....	260,245.00	841,912	1,188,382	41.15%
5.97.00 TRANSFERS TO SPECIAL PURPOSE FUND .....			200,000	New
SUBTOTAL	260,245.00	841,912	1,388,382	64.91%
<b>TOTAL EXPENDITURES</b>	<b>\$ <u>26,023,342.09</u></b>	<b>\$ <u>28,063,748</u></b>	<b>\$ <u>29,709,541</u></b>	<b><u>5.86%</u></b>

Notes:

- Due to the personnel line item coding requirements of BARS for 5.19.xx for Salaries & Wages and 5.29.xx for Benefits, Coding for the -2.5% reduction must be split between 5.19.xx and 5.29.xx, hence 5.19.99 and 5.29.99.
- The Contingency budget item is by design budgeted but not spent; the unused funds flow into the General Fund. Beginning with the 2011 budget, the Library identifies this item explicitly in the General Fund.

## Personnel

\$ 20,893,026

**Table 2-14: 2016 Personnel Detail**

	2014 ACTUALS	2015 FINAL (12/10)	2016 BUDGET (12/9)	% CHANGE 2015 FINAL TO 2016
51110 Salaries & Wages.....	\$ 13,248,465.73	\$ 14,345,866	\$ 14,984,682	4.45%
51105 Additional Hours .....	271,359.08	259,045	273,883	5.73%
51106 Shift Differential .....	139,752.01	151,607	159,882	5.46%
51107 Substitute Hours .....	266,786.96	315,515	295,500	-6.34%
51109 Tuition Assistance Program.....	0.00	300	300	0.00%
51200 Overtime Wages .....	5,535.20	5,400	7,400	37.04%
52001 Industrial Insurance .....	189,119.79	193,617	196,629	1.56%
52002 Medical Insurance .....	1,923,359.82	2,191,477	2,289,031	4.45%
52003 FICA .....	1,050,564.43	1,153,581	1,202,711	4.26%
52004 Retirement .....	1,209,583.38	1,508,392	1,727,914	14.55%
52005 Dental Insurance .....	185,303.86	212,859	219,387	3.07%
52003 Other Benefit .....	10,920.00	11,020	10,540	-4.36%
52010 Life and Disability Insurance .....	25,434.36	26,987	29,086	7.78%
52020 Unemployment Compensation .....	28,309.78	30,500	30,500	0.00%
52200 Uniforms .....	1,135.03	1,300	1,300	0.00%
<b>SUBTOTAL PERSONNEL</b>	<b>18,555,629.43</b>	<b>20,407,466</b>	<b>21,428,745</b>	<b>5.00%</b>
51999 <sup>1</sup> Reductions in salaries planning .....	0.00	(510,187)	(535,719)	-5.00%
& 52999 budget to match projections (3% in 2014; 2.5% in 2015 & 2016)				
<b>TOTAL PERSONNEL</b>	<b>\$ 18,555,629.43</b>	<b>\$ 19,897,279</b>	<b>\$ 20,893,026</b>	<b>5.00%</b>

**Notes:**

- Due to the personnel line item coding requirements of BARS for 51xxx for Salaries & Wages and 52xxx for Benefits, Coding for the -2.5% reduction must be split between 51xxx and 52xxx, hence 51999 and 52999.

Personnel costs account for over 70% of expenditures and pay for staffing the Library to meet its mission and goals. The total change for 2016 from 2015 is 5.00%. The Library reduces the bottom line personnel budget by 2.5% (\$535,719) to account for the realities of personnel changes through the year. While the Library budgets by position, when retirements, resignations, or terminations occur, filling the vacancies takes time and incoming employees are hired generally at lower salary steps than the departed employees. Therefore, by applying an adjustment to the personnel budget to match projections, the Library can reduce its budget without causing budget hardship. A study of budget to actual for the past 10 years (2002-2011) shows that on average actuals came in 5% less than budget. In 2013 and 2014 the Library applied a 3% reduction, and in 2015 it was reduced to 2.5%, which is kept for 2016. The Library will be monitoring this through the year and may make adjustments in the mid-year process.

Managers used the mid-year budget of the current fiscal year to construct personnel costs for the 2016 fiscal year.

**Salaries and Wages ..... \$ 14,984,682**  
Staffing includes all full and part-time personnel located in all locations. Salaries and Wages include \$300 for Tuition Assistance.

**Additional Hours..... \$ 273,883**  
Additional hours are used to pay part-time regular staff to cover illness, vacations, and other staffing needs.

**Substitute Hours ..... \$ 295,500**  
Substitute hours are used to pay individuals who are "on-call" and have no regularly assigned hours to cover illness, vacations, and other staffing needs.

**Shift Differential .....\$ 159,882**

Union employees who work Sunday hours are paid at 1.5 times their regular non-Sunday wages. The amount is estimated each year.

**Overtime .....\$ 7,400**

Overtime costs are established by Managers for emergency or unusual situations that require an hourly employee to work beyond the 40-hour workweek. Library management keeps overtime costs low but increased it for 2016.

**Benefits .....\$ 5,707,098**

Benefits as a category include medical and dental costs, retirement, payroll taxes, and unemployment insurance.

The 2014 Legislature passed retirement rates for 2014 and 2015 (July-June). Therefore the Library will budget at the State Actuary's Office expected analysis (11.18% for 2016-18). Rates can and have had a major impact on the Library's budget. The following shows historic and projected contribution rates:

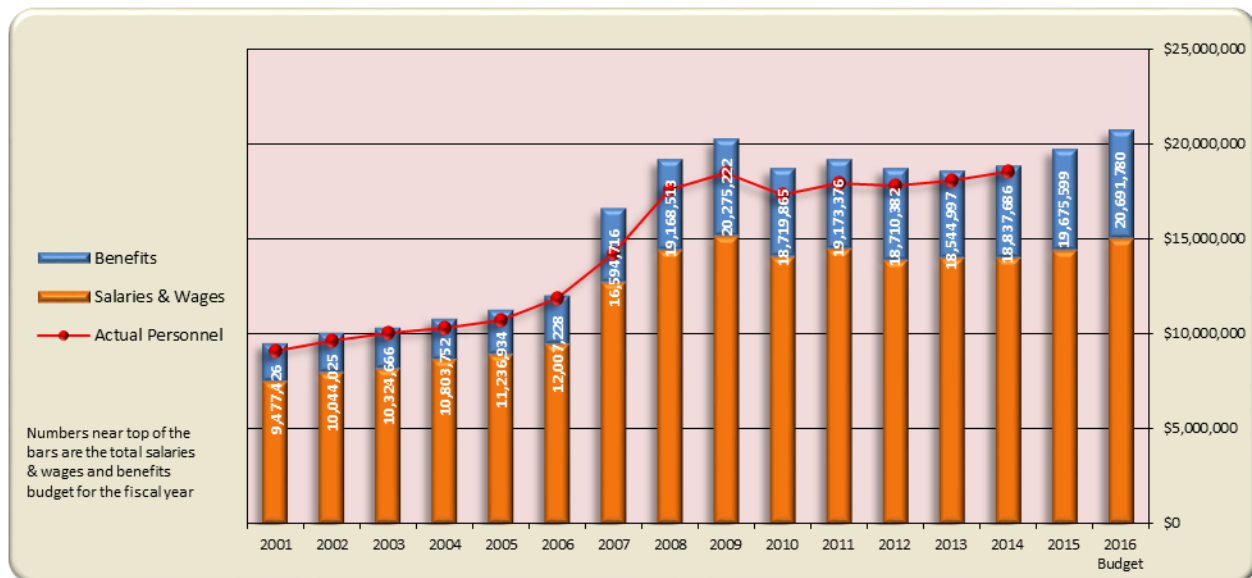
July 2018 - June 2019: 13.120%  
July 2017 - June 2018: 13.120%

**July 2016 - June 2017: 11.180%**  
**July 2015 - June 2016: 11.180%**

July 2014 - June 2015: 9.210%  
July 2013 - June 2014: 9.210%  
July 2012 - June 2013: 7.250%  
July 2011 - June 2012: 7.250%  
July 2010 - June 2011: 5.310%  
July 2009 - June 2010: 8.310%  
July 2008 - June 2009: 8.310%  
July 2007 - June 2008: 5.940%  
July 2006 - June 2007: 3.065%  
July 2005 - June 2006: 2.195%

Provided below is a chart that shows the historical budgeting and actual of the personnel costs for the Library.

**Figure 2-7: Personnel Budget & Actuals**





## Library Staffing

**Table 2-15: Budgeted Library Staffing**

DEPARTMENT FTE STAFFING <sup>1</sup>	2014 FINAL (12/11)	2015 FINAL (12/10)	2016 FINAL (12/9)	2016 FTEs w/ MLS/MLIS <sup>2</sup>
Executive Office .....	5.00	5.00	4.00	2.00
Collection Management <sup>3</sup> .....	26.00	28.78	28.00	7.00
Customer Experience .....	183.91	183.70	188.81	47.00
Communications .....	5.85	5.85	5.60	
Facilities Management .....	20.93	19.85	20.51	
Finance .....	6.00	6.00	6.00	
Fund Development .....	2.75	2.75	2.80	
Information Technology .....	12.20	12.20	17.00	
Staff Experience .....	4.00	4.80	4.80	
<b>TOTAL FTE COUNT</b> .....	<b>266.64</b>	<b>268.93</b>	<b>277.52</b>	<b>56.00</b>
Change in personnel by FTE from previous year	1.32	2.29	8.59	-3.00
	0.50%	0.86%	3.19%	-5.08%

**Notes:**

1. See chapter on department narratives for a breakdown of budgets by department.
2. MLS or MLIS: Masters of Library Science or Library Information Science graduate degree, a requirement to hold the title "Librarian".
3. Formerly, Reading & Materials.

The Library maintains a workforce of fulltime and regular part-time employees with regularly assigned hours that calculate into fulltime equivalent (FTEs) employees, where 1 FTE equates to 40 hours per workweek and may be spread over one or more employees. The Library also maintains a substitute, on-call workforce with no regularly assigned hours (similar to schools). FTEs are found in the above table and in the chapter on department narratives (see page 95).

### **Changes in Overall Staffing (2012-2016)**

In 2012, facing a \$1.9 million shortfall, the Library conducted extensive management reorganization and also administrative reductions (most in the way of eliminating open positions), which ended in minimal staff layoffs in front-line positions. The budgeted reduction in staffing was -5.08 FTEs. Further reductions were avoided due to creating a workforce for the new Fife Library using employees who otherwise would have been laid off.

In 2013 the Library faced its largest budget reduction to date at \$3 million. As part of its planning strategy, the Library filled most vacancies during 2012 as temporary positions that could be eliminated at the end of the year as needed to meet necessary budget reductions.

Several positions were eliminated when bookmobile service was ended in November 2012.

For 2014, the Library did reduce 1.5 FTEs as part of implementing efficiencies in the Finance and Staff Experience Departments. Hours or positions were added in other departments to maintain or increase service needs.

In 2016, FTE levels are anticipated to remain stable. The Strategic Planning project will drive future staffing adjustments and priorities.



## Maintenance & Operations

\$ 3,895,960

**Table 2-16: 2016 Maintenance & Operations Detail**

	2014	2015	2016	% CHANGE 2015
	<u>ACTUALS</u>	<u>FINAL (12/10)</u>	<u>BUDGET (12/9)</u>	<u>FINAL TO 2016</u>
53100 Office/Operating Supplies .....	\$ 193,732.34	\$ 164,400	\$ 236,100	43.61%
53101 Custodial Supplies .....	58,173.21	52,500	52,500	0.00%
53102 Maintenance Supplies .....	57,623.77	60,200	60,200	0.00%
53103 A/V Processing Supplies .....	24,349.92	25,000	25,000	0.00%
53104 Book Processing Supplies .....	19,707.61	20,000	20,000	0.00%
53200 Fuel .....	42,655.36	47,000	47,000	0.00%
53500 Minor Equipment .....	4,221.75	3,500	3,500	0.00%
53501 Furnishings .....	57,771.42	35,000	35,000	0.00%
53502 PC Hardware .....	235,177.86	20,000	50,000	150.00%
53503 Printers .....	3,110.92	10,000	0	-100.00%
53505 Software .....	40,010.41	13,500	12,100	-10.37%
54100 Professional Services .....	461,663.22	437,884	457,750	4.54%
54101 Legal Services .....	33,188.61	30,000	30,000	0.00%
54102 Collection Agency .....	20,824.13	22,000	17,000	-22.73%
54161 Resource Sharing Services .....	14,280.36	19,000	19,000	0.00%
54162 Bibliographics Services .....	35,527.78	33,000	33,000	0.00%
54163 Printing and Binding .....	1,637.95	1,500	1,500	0.00%
54165 Inter Library Loan Lost Item Charges .....	1,867.02	2,800	2,800	0.00%
54200 Postage .....	30,955.06	35,000	36,600	4.57%
54201 Telephone/Data Lines .....	349,835.35	461,300	461,300	0.00%
54300 Travel .....	49,405.13	42,100	47,200	12.11%
54301 Mileage Reimbursements .....	29,158.15	31,150	30,350	-2.57%
54400 Advertising .....	38,895.20	43,000	69,500	61.63%
54501 Rentals/Leases - Buildings .....	337,410.82	389,950	404,000	3.60%
54502 Rentals/Leases - Equipment .....	39,495.15	32,300	32,400	0.31%
54600 Insurance .....	172,760.25	189,500	200,000	5.54%
54700 Electricity .....	252,683.31	235,000	235,000	0.00%
54701 Natural Gas .....	9,387.12	15,000	15,000	0.00%
54702 Water .....	26,794.50	20,000	21,000	5.00%
54703 Sewer .....	43,249.05	36,000	25,000	-30.56%
54704 Refuse .....	32,083.27	27,500	26,000	-5.45%
54800 General Repairs/Maintenance .....	201,936.19	229,300	231,300	0.87%
54801 Contracted Maintenance .....	727,353.82	788,000	779,600	-1.07%
54803 Maint. Telecomm Equipment .....	21,380.04	31,000	31,000	0.00%
54900 Registrations .....	23,838.12	42,750	41,850	-2.11%
54901 Dues and Memberships .....	38,371.95	35,170	30,170	-14.22%
54902 Taxes and Assessments .....	29,639.34	29,500	29,500	0.00%
54903 Licenses and Fees .....	38,978.49	38,890	43,950	13.01%
54904 Miscellaneous .....	3,066.73	790	790	0.00%
54905 Event Registration .....	2,551.90	2,000	2,000	0.00%
55100 Intergovernmental .....	0.00	17,000	0	-100.00%
<b>Total Maintenance &amp; Operations</b>	<b>\$ 3,804,752.58</b>	<b>\$ 3,769,484</b>	<b>\$ 3,895,960</b>	<b>3.36%</b>

The following descriptions are based on the BARS summarized categories and not the complete line item breakdowns as presented in the table above, which is a complete listing of all line items. See the BARS Summary Table presented at the beginning of this chapter.

**Supplies .....\$ 393,800**

The Supplies category includes office and operating supplies, custodial supplies, maintenance supplies, materials processing supplies, audiovisual and book processing supplies, supplies for the Summer Reading Program, and audio/visual replacement parts. The amount budgeted is 22.3% more than budgeted last year, due to increased needs for 2016.

**Fuel.....\$ 47,000**

Fuel consists of charges for gasoline, diesel, and propane. Fuel budget remains unchanged from 2015.

**Smalls Tools & Minor Equipment.....\$ 100,600**

Minor equipment includes furniture, computers, printers, scanners, and software. This category decreased by 22.7%. Some computer equipment was budgeted for 2016.

**Professional Services .....\$ 561,050**

This category includes services provided by a private business or agency. In addition to the services of attorneys, accountants, and consultants, it includes software consultants, interpreters, trainers, maintenance-related services, etc. This increased by 2.7% due to adding in Strategic Planning consultant.

**Communications.....\$ 497,900**

Communications include all Library mailings (postage, Federal Express, UPS, courier services); voice communication service (monthly service and long distance, TDD, and cellular); costs associated with the high speed network lines connecting all Library computers together and to the Internet; leased telephone lines used in support of Internet access; and costs associated with having landline phone lines for security alarm monitoring. Communications increased by marginally by 0.3%.

The Library annually applies for E-rate reimbursements for network connectivity costs, including Internet services. The Library receives reimbursement for about 50% of overall connectivity costs from the Federal E-rate program either as direct reimbursement or applied to telecommunication provider's monthly statements. E-rate reimbursements are projected to be similar to 2015.

**Travel .....\$ 77,550**

This includes reimbursement to employees and Board of Trustees for use of personal automobiles on Library business and travel expenses associated with attendance at training and continuing education events, conferences, and seminars. The budget is 5.9% more.

*Heart has Human Hate*

The beauty lies in darkened eyes  
Or hides around unhealthy tides,  
A 'love you' seems a deathly scheme  
And 'pretty' morphed as 'ugly' dreams.  
To cut can only bring relief,  
A sorrow between black and grief  
No light can reach through murky ice  
To warm the soul that rolls a dice.  
But final breath to soon be past  
A saving grace to come at last?  
A pill slipped back into its case  
For love has come and peaked its face  
'I know the pain you try to bare,  
For I have just been saved from there.'

**Allison Moren**  
Covenant High School

**2015 Our Own Expressions**  
**9th & 10th Grade Poetry Winner—3rd place**

**Advertising .....\$ 69,500**

This includes newspaper advertising for library activities, advertising employee and Board of Trustees vacancies, requests for bids, and other marketing. The amount budgeted increased by 61.6% which factor in improved online and social media presence.

**Operating Rentals/Leases .....\$ 436,400**

This includes leases of the remaining fleet of copy machines, and leases for the DuPont Library and Milton/Edgewood Library, and UP Library condominium agreement costs. The amount budgeted increased by 3.4%.

**Insurance .....\$ 200,000**

This includes all insurance for the Library's real and personal property, vehicles, fidelity, errors and omissions, employment practices, umbrella plan, commercial crime, cybercrime, differences in conditions, earthquake and underground storage tanks. Coverage remained the same as 2015.

**Utilities .....\$ 322,000**

Utilities include electricity, natural gas, water, sewer, and refuse collection for all Library facilities. In 2003, the Facilities Management Department implemented

significant energy conservation projects throughout the system, which continue to result in dramatic year-to-year offsets of significant rate increases. The amount budgeted is -3.4 less than 2015.

**Repair & Maintenance.....\$ 1,041,900**

This category includes commercial repair of the Library's office equipment; fees for the maintenance and service contracts for the Polaris Integrated Library System (ILS) software and related hardware; telecommunications system, personal computer and peripheral maintenance, elevator service, heating, ventilation and air conditioning preventive maintenance; and unscheduled commercial repairs, septic tank cleaning, and pest control. The budget decreased marginally by -0.6%.

**Training .....\$ 43,850**

Training includes non-travel costs for attendance at classes, seminars, and conferences. The training budget is 0.6% more for 2015.

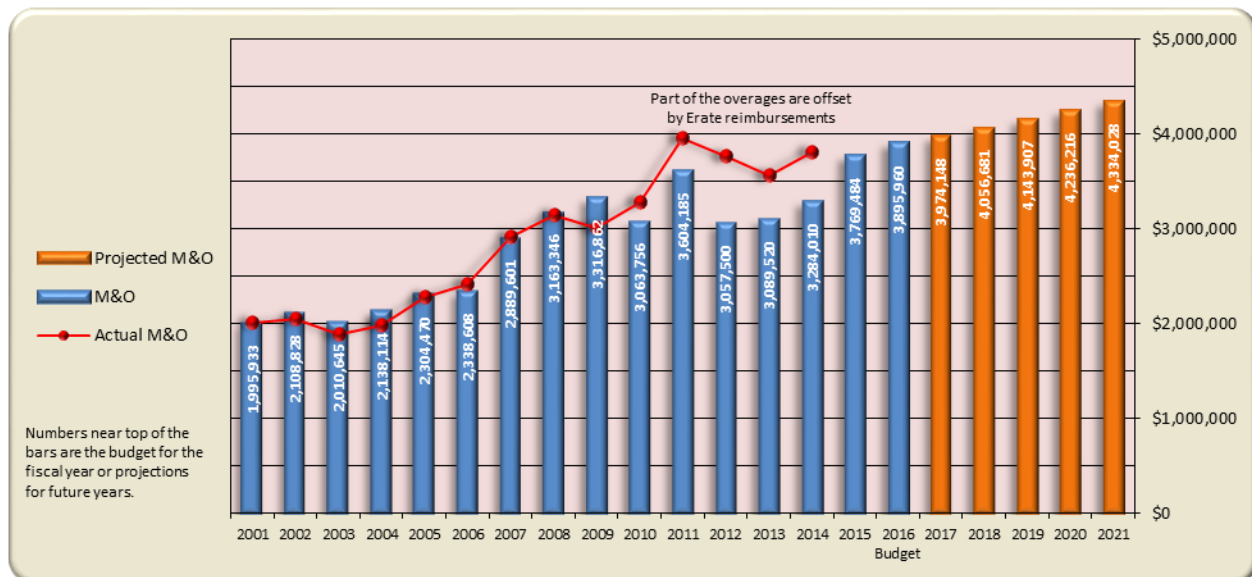
**Intergovernmental.....\$ 0**

This category includes costs associated with fees paid to other governmental agencies. No budget is needed in 2016. The next biennial audit is scheduled for 2017.

**Miscellaneous.....\$ 104,410**

This category includes memberships in ALA, WLA, and PNLA, and dues for local Chambers of Commerce and other groups; sales tax payable on photocopies/printers and graphics sales, use tax on out-of-state purchases, and sewer assessments/surface water management fees. It also includes fees for driving records requests, bad debt expenses/bank fees, and charges associated with the collection of fines, and other charges at the branches. This category increased marginally by 0.6%.

**Figure 2-5: Maintenance & Operations Budget & Actuals**



## Books, Movies, Music, and Downloadables (Materials)

\$ 3,532,173

**Table 2-17: 2016 Materials Detail**

	2014 <u>ACTUALS</u>	2015 <u>FINAL (12/10)</u>	2016 <u>BUDGET (12/9)</u>	% CHANGE 2015 <u>FINAL TO 2016</u>
53401 Adult Materials .....	825,726.39	806,000	806,000	0.00%
53403 Periodicals .....	68,605.22	88,135	88,135	0.00%
53405 Juvenile Books .....	489,976.87	544,279	544,279	0.00%
53406 Professional Collection .....	17,452.44	4,200	4,200	0.00%
53407 International Collection .....	45,331.38	60,000	60,000	0.00%
53408 Audiovisual Materials - Adult .....	880,541.64	842,000	842,000	0.00%
53409 Audiovisual Materials - Juvenile .....	88,148.63	94,000	94,000	0.00%
53411 Electronic Info Sources .....	189,253.53	379,068	379,068	0.00%
53412 Reference Serials .....	15,644.70	18,000	18,000	0.00%
53413 Electronic Services .....	183,638.06	149,391	143,391	-4.02%
53414 Electronic Collection .....	432,197.65	417,000	400,100	-4.05%
53464 Vendor Processing Services .....	159,868.68	153,000	153,000	0.00%
53499 Gifts - Materials .....	6,329.89	806,000	0	0.00%
<b>TOTAL MATERIALS</b>	<b>\$ 3,402,715.08</b>	<b>\$ 3,555,073</b>	<b>\$ 3,532,173</b>	<b>-0.64%</b>

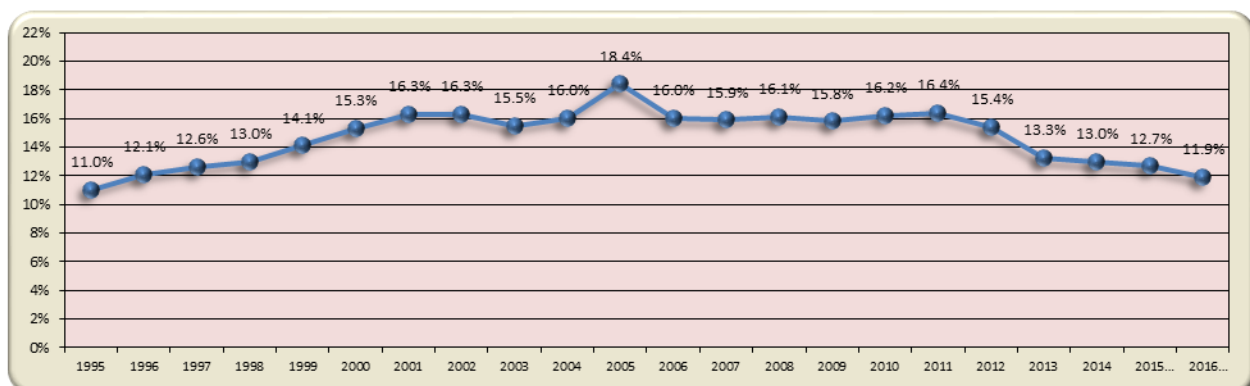
Pierce County Library System provides a wealth of materials for its customers to read, view and listen to. Books, movies, music, magazines, eBooks and more are carefully selected from a variety of sources. Staff get to know the interests and needs of each community so branch collections are customized to support the unique interests of their customers.

Prior to 2013 the Library had allocated 16% of new revenues for the materials budget. Using customer-driven priorities and a zero-based budget technique, a staff committee was able to reduce the materials budget for 2013 by \$1 million while preserving a vibrant collection with breadth and depth of interest.

In 2012, the Library conducted a comprehensive study of the Materials it buys, how much it spend on each and how the items purchased are used. The study looked at each branch holistically, balancing the need for books, computers, gathering spaces, quiet reading corners and meeting rooms.

The 2016 Materials budget is 11.9% of new revenues. Figure 2-6 shows the historical funding of Materials as a percentage of each year's new revenues. The spike in the 2005 Materials budget is due to a carrying forward of unexpected 2004 unexpended funds (the catalog system replacement project delayed purchasing and receipt of materials).

**Figure 2-6: Materials Budget History (Actuals 2002 - 2014)**



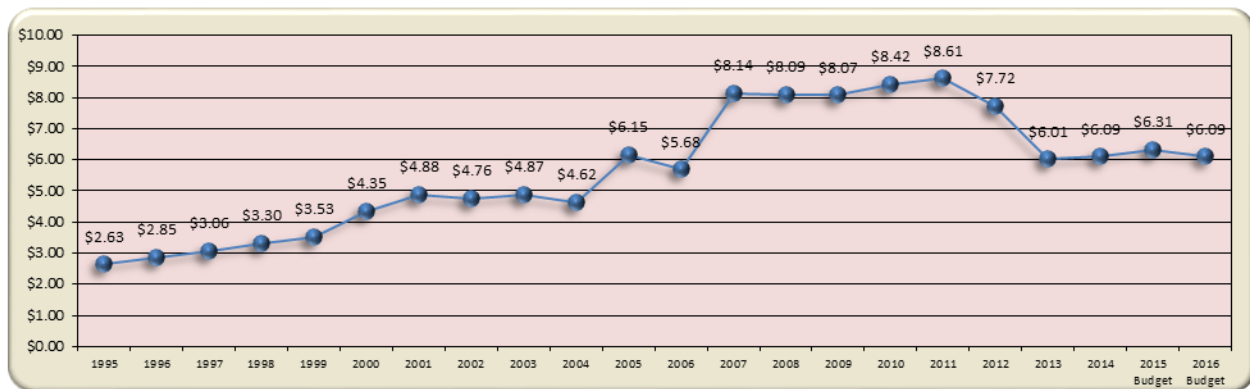
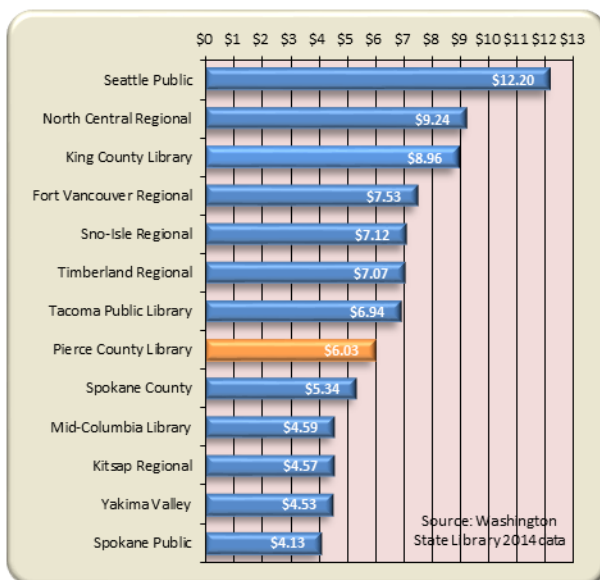
**Figure 2-7: Materials Expenditures Per Capita History (Actuals 2002 - 2014)**

Figure 2-7 shows PCLS's Materials budget per capita, which is an effective measure of our focus on our collection. Figure 2-8 gives a comparison of our budget along with that of other local libraries. We are 8th out of the 13 regional libraries for the second year in a row. The 2016 materials expenditure per capita is estimated to be \$6.09 per capita.

**Figure 2-8: Materials Expenditures Per Capita Comparison (2014)**

In 2012 the Library was reported as third among the above libraries, at \$7.64 per capita. Due to the ongoing materials budget reductions during the recession, in 2014 the Library dropped to the middle at \$6.03 per capita.

### *The Hare Who Lost the Race*

I lost, to a turtle  
 Why  
 I was being stupid  
 I won't go home  
 My brother will laugh  
 He'll say, "You'll never beat me"  
 But I could  
 Running in the morning  
 With the dew still on the leaves  
 Only the sun racing me  
 I am fast  
 I am free  
 No one judging me  
 Or racing me  
 Just me  
 Kicking dirt  
 Happily  
 Loving every moment  
 Try  
 Try to beat me then, dear brother

**Makaela Whalen**  
 Cedarcrest Junior High

**2015 Our Own Expressions**  
**7th & 8th Grade Poetry Winner—3rd place**

## Other Set-Asides & Transfers

\$ 1,388,382

**Table 2-18: 2016 Other Expenditures, Set-Asides, and Transfers**

	2014 <u>ACTUALS</u>	2015 <u>FINAL (12/10)</u>	2016 <u>BUDGET (12/9)</u>	% CHANGE 2015 <u>FINAL TO 2016</u>
ELECTION SET-ASIDE.....	\$ 0.00 <sup>1</sup>	\$ 0	\$ 0	0.00%
CONTINGENCY.....	0.00 <sup>1</sup>	0	0	0.00%
TRANSFERS TO CAPITAL IMPROVEMENT FUND ...	260,245.00	841,912	1,188,382	41.15%
TRANSFERS TO SPECIAL PURPOSE FUND <sup>2</sup> .....			200,000	New
<b>TOTAL SET-ASIDES &amp; TRANSFERS</b>	<b>\$ 1,760,245.00</b>	<b>\$ 841,912</b>	<b>\$ 1,388,382</b>	<b>64.91%</b>

Notes:

1. The Election Set-Aside and Contingency budget items are by design budgeted but not spent; the unused funds flow into the General Fund. Since the 2011 budget, the Library identifies these items explicitly in the General Fund. This line item will be eliminated in 2017.
2. Beginning in 2016, a Special Purpose Fund is used to manage expenditures for restricted or committed revenues for programs, projects, and set-asides.

### **Election Set-Aside ..... \$ 0**

From 2007 to 2011, the Library set aside between \$60,000 and \$80,000 annually towards the next levy lid-lift. The goal was to achieve \$360,000 to conduct a potential levy lid-lift election within the next five to six years. Costs for the election include ballot preparations, postage, professional services, office supplies, etc. The set-aside goal was met in 2011; thus no more needs to be set-aside. It is reserved in the general fund balance. The balance of this set-aside will be moved to the Special Purpose Fund.

### **Contingency..... \$ 0**

The Library uses contingency as a floating variable to calculate cash-solvency to pay April's bills two fiscal years ahead. Having set-aside enough in unrestricted reserves, no cash needs to be set-aside to cover cash flow shortfalls. For 2016, this means that enough restricted funds are available to plan for paying April 2016's bills. The Library's goal is to maintain at least 2% cash-to-revenues in the unrestricted fund balance, and this line item will be used when restricted funds need to be replenished.

### **Transfers to Capital Improvement Fund.....\$ 1,188,382**

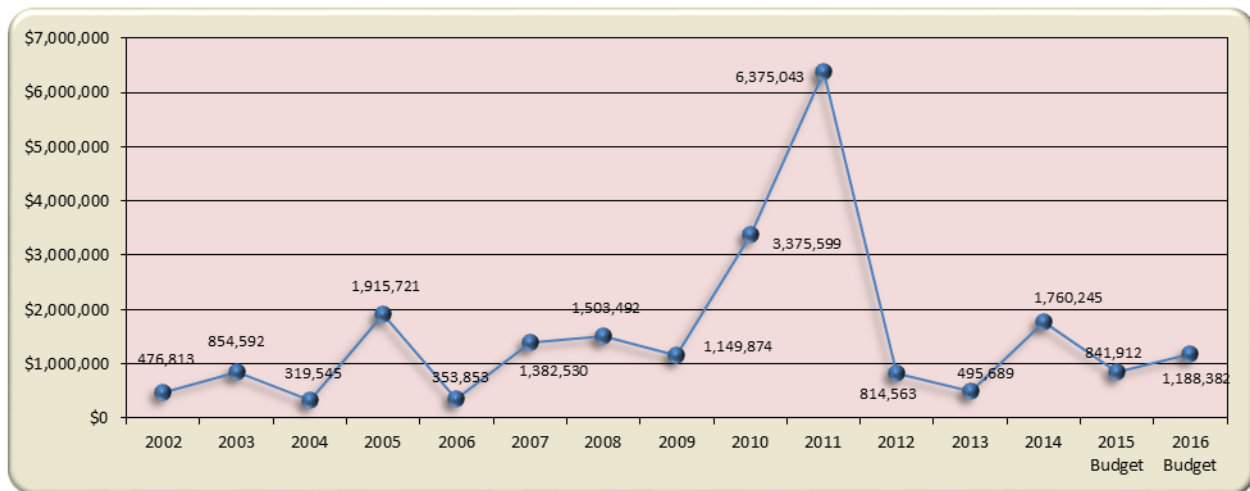
Some funding for the Capital Improvement Plan comes from transferring funds out of the operating budget. From 2011 to 2014 the Library reduced the capital fund transfer to offset further reductions of services. In 2015 the Capital transfer was restored to the original 3% of revenues to pay for anticipated capital improvement projects. After a comprehensive exam of current and future needs, the transfer was increased to 4% for 2016.

Figure 2-9 shows capital transfer history since 2002. The spike in 2010 and 2011 reflects building projects in University Place, Milton/Edgewood, and Fife.

### **Transfers to Special Purpose Fund .....\$ 200,000**

Beginning in 2016, the Library will be managing a special purpose fund for its restricted and committed revenues. These programs, projects, and set-asides have well-defined activities and are distinct from general operations and capital improvements. An initial transfer to provide resources to the fund is necessary for 2016. Therefore, it is anticipated that the fund will be funded through grants, donations, and other sources of revenue instead of or in addition to transfers from the general fund.



**Figure 2-9: Capital Improvement Fund Transfer History (Actuals 2002 - 2014)****Dandelion** by Rebecca Hernandez

3rd Place 7th/8th Grade Winner of the 2015 Our Own Expressions Photography Contest

## General Fund Balance

### General Fund Balance

The Library may budget funds out of the General Fund balance for special purposes. This includes charging expenditures to the General Fund balance, and identifying special funds that carry forward from one fiscal year into the next. This complies with Board Policy on Fiscal Management, which states “fiscal year carryovers of funds within the General Fund are limited in nature, and are used for special purposes that are related to grants, gifts/donations, and collection materials.” At year close, all unexpended revenues are released into the General Fund unless the Board takes action to identify and approve use of fund balance.

#### **GFOA Statement on General Fund Balance**

The General Fund balance is a key tool for managing the Library’s cash flow. Should the General Fund balance be too low, not enough funds are available to pay for the first four months of each year (until tax collections are received), requiring the Library to borrow from the Capital Improvement Fund or establish a line-of-credit.

In 2009, the Government Finance Officers Association (GFOA) released an updated policy statement on cash reserves (Fund Balance), approved by its Executive Board during 2009’s GFOA Conference held in Seattle:

*“Furthermore, a government’s particular situation often may require a level of unrestricted fund balance in the general fund significantly in excess of this recommended minimum level [2 months’ worth]. In any case, such measures should be applied within the context of long-term forecasting, thereby avoiding the risk of placing too much emphasis upon the level of unrestricted fund balance in the general fund at any one time.”*

— GFOA, October 2009

This has been consistent with the Library’s practice since 2002. The Library’s fund balance is a critical resource for paying bills during normal intra-year shortfalls, and has used it in long-term forecasting. GFOA recommends a Fund Reserve policy (which was incorporated into the Fiscal Management Policy) to address one or more of the following 5 factors:

1. Predictability of revenues and the volatility of expenditures—higher levels may be needed if there are unpredictable fluctuations in revenues or expenditures are volatile.

*The Library continues to experience major, unpredictable volatility of property tax revenues and interest rates.*

2. Perceived exposure to significant one-time outlays (e.g., disasters, state budget cuts, immediate capital needs).

*The Library’s policy has a disaster provision should emergency circumstances warrant use. However, the Library has not budgeted cash reserves specifically for an emergency disaster. Instead, timely assessments dictated whether cash is required, or whether other means may be available to maintain payments for operations until emergency circumstances are mitigated.*

3. Potential drain upon general fund resources from other funds. I.e., deficits in other funds may require that a higher level of fund balance be maintained.

*The Library’s only other major fund is the Capital Improvement Fund. It is used to pay for major projects related to maintaining or improving the Library’s capital assets. The Library’s Fiscal Management policy approves funding for capital projects through operating budget transfers, unanticipated savings, and through other sources, for example donations. When the Capital Improvement Fund is depleted, the Library can’t borrow from it for cash flow.*

4. Liquidity (i.e., disparity between when financial resources become available to make payments and the average maturity of related liabilities may require a higher level be maintained).

*The Library requires approximately 4 months of fund reserves to pay its bills until the large property tax revenues are received in early May and early November. The fund is replenished and automatically restored.*



5. Commitments and assignments for a specific purpose may require higher than normal levels.

*The Library set asides commitments in the Special Purpose Fund.*

The Library's Fiscal Management Policy and its directives on usage and planning of cash reserves conform to GFOA's most recent statement on fund balance. The Library has been practicing to this most recent update since 2002.

**Table 2-19: 2016 General Fund Balance Summary**

	2014 ACTUALS	2015 FINAL (12/10)	2016 BUDGET (12/9)	% CHANGE 2015 FINAL TO 2016
<b>Beginning Fund Balance, January 1</b>	<b>\$ 10,007,332.75</b>	<b>\$ 8,510,835</b>	<b>\$ 8,010,835<sup>2</sup></b>	<b>-5.87%</b>
<b>Less: RESERVE COMMITMENTS</b>				
Operational needs for first 4 months (calculated) .....	7,068,256.00	6,314,343	6,417,261	1.63%
Reserve for future election .....	360,000.00	360,000	360,000	0.00%
<b>TOTAL RESERVE COMMITMENTS</b>	<b>7,428,256.00</b>	<b>6,614,343</b>	<b>6,777,261</b>	<b>2.46%</b>
<b>Available unrestricted funds at beginning of year</b>	<b>2,579,076.75</b>	<b>1,896,492</b>	<b>1,233,574</b>	<b>-34.95%</b>
<b>INFLOWS</b>				
Set aside from operating budget for min. of 2% goal .....	0.00	0	0	0.00%
Other inflows .....	0.00	0	0	0.00%
<b>TOTAL OF INFLOWS</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>OUTFLOWS</b>				
Use of cash reserves to balance budget .....	0.00	0	0	0.00%
Transfers to CIF from previous year-end results .....	0.00	0	TBD	0.00%
Transfers to CIF for critical project needs .....	1,500,000	500,000	TBD	-100.00%
<b>TOTAL OF OUTFLOWS</b>	<b>1,500,000.00</b>	<b>500,000</b>	<b>TBD</b>	<b>-100.00%</b>
<b>Net unrestricted fund balance at end of year</b>	<b>1,079,076.75</b>	<b>1,396,492</b>	<b>1,233,574</b>	<b>-11.67%</b>
% of following year revenues	3.84%	4.70%	4.06%	-13.62%
<b>Add: UNUSED/REPLENISHED RESERVE COMMITMENTS</b>				
Operational needs for first 4 months (replenished) ....	7,068,256.00	6,314,343	6,417,261	1.63%
Reserve for future election .....	360,000.00	360,000	0 <sup>2</sup>	-100.00%
<b>TOTAL UNUSED RESERVE COMMITMENTS</b>	<b>7,428,256.00</b>	<b>6,614,343</b>	<b>6,417,261</b>	<b>-2.98%</b>
<b>Subtotal Fund Balance at end of year</b>	<b>8,507,332.75</b>	<b>8,010,835</b>	<b>7,650,835</b>	<b>-4.49%</b>
<b>RESULTS OF FISCAL YEAR OPERATIONS</b>				
Use of fund balance to cover shortfall (for operations) ..	571,595.00	0	0	0.00%
New revenues .....	26,278,218.04	28,063,748	29,709,541	5.86%
Less Expenditures and budgeted transfers .....	26,023,342.09	28,063,748	29,709,541	5.86%
<b>NET OF OPERATIONS</b> .....	<b>\$254,875.95</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
Add: Estimated difference between budget & actuals <sup>3</sup> .....	NA	0	TBD	0.00%
Warrants & sales tax payable, benefit accruals, adj ....	(251,373.24)	TBD	TBD	TBD%
<b>Ending Fund Balance, December 31</b>	<b>\$ 8,510,835.46</b>	<b>\$ 8,010,835<sup>1</sup></b>	<b>\$ 7,650,835</b>	<b>-4.49%</b>

Notes:

1. The 2015 year-end fund balance is estimated; numbers are finalized with the annual report in April 2016.
2. The \$360,000 set aside for future election will be moved to the Special Purpose Fund in 2016.
3. The estimated difference between budget & actuals is an adjustment calculated by the difference between final budget of revenues and expenditures as approved in December and the projected actual of revenues and expenditures received and incurred throughout the year. The difference is used to calculate the 2016 beginning fund balance. This estimated difference was calculated as of the end of December 2015.

**Beginning Fund Balance**

\$ 8,010,835

The fund balance is estimated at just over \$8 million. The actual amount is reconciled and released in the April annual report.

**Reserve Commitments**

\$ 6,777,261

**Operational needs for first 4 months .....\$ 6,417,261**

The Library calculates that approximately \$6.4 million will be needed for cash flow to operate until the large influx of tax revenues come in late April. Some revenue, for example fines and some property taxes arrive between January and April, therefore the calculation is not 33% of expenditures.

As revenues are received through December, this reserve is restored and becomes available for the following year.

**Reserve for future election .....\$ 360,000**

Building up the set aside for a future election was met in 2011. This amount will remain unspent and is reserved in the fund balance until the Library asks voters to restore revenues. In cash flow, it is excluded from operational needs and therefore is never used. Within an aggregate of cash available, it is invested. This set aside will be transferred to the Special Purpose Fund in 2016.

**Inflows**

\$ 0

**Set aside from operating budget..... \$ 0**

The unreserved fund balance for 2015 is estimated to be 6.2%, which satisfies the minimum requirement of 2% of following year revenues. There is no need to build up the unreserved fund balance by use of the Contingency line item.

**Other inflows..... \$ 0**

No other inflows are budgeted or anticipated.

**Outflows**

\$ 0

**Use of cash reserves (fund balance)..... \$ 0**

For the past three years the Library budgeted cash reserves to balance the budget after making significant reductions in many areas. For these years, using some cash reserves prevented further layoffs and maintained services. For 2016, cash reserves will not be used.

**Transfers to CIF from previous year-end results.....TBD**

The amount of unanticipated revenues and savings to be transferred to the Capital Improvement Fund from the General Fund will be determined in April 2016.

**Transfers to CIF from 2016 mid-year savings .....\$ TBD**

Any funds available due to savings in 2015 may be identified and transferred in 2016. The last time this occurred was in 2011.

**Bottom Line Adjustments****Estimated difference between budget & actuals ...TBD**

This line item is only used when estimating year-end actuals for the current year. It is neither used for the prior year nor for the budget year.

**Warrants & sales tax payable, bene. accruals, adj .TBD**

As part of closing a fiscal year, cash in the general fund is adjusted by any sales tax payables, benefit accruals, and adjustments made necessary to reconcile cash with accounting records. These are reported to the state auditor in the final report.

**Ending Fund Balance**

\$ 7,650,835

**Net effect on general fund balance.....-\$ 360,000**

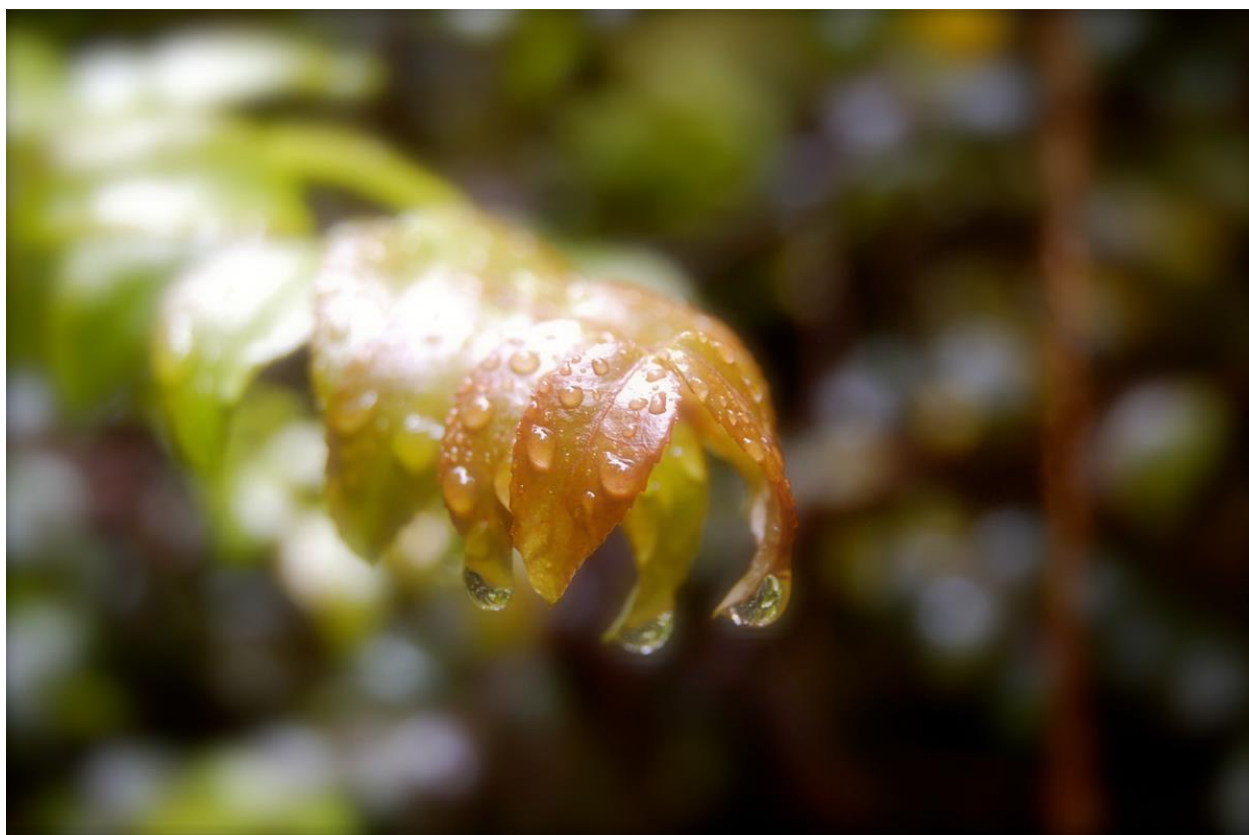
With the transfer of the future election reserve to the Special Purpose Fund, the general fund balance will decrease. Aside from that, the Library projects that no other changes to the fund balance at year end.

**Conclusion**

The General Fund unrestricted fund balance—at 3.18%—is greater than the 2% practice prescribed by the Board of Trustees. However, given considerable anticipated shortcomings in revenues, a fund balance greater than minimum 2% will help the Library mitigate shortfalls in future revenues. The Board of Trustees remains concerned about future cash flow, and encourages the Library to reserve aside cash as much as possible to ensure that the Library does not diminish its product during times of significant economic stress.

## Part 3 Other Funds

---



**Drop of Light** by Taija PerryCook  
2nd Place 7th/8th Grade Winner of the 2015 Our Own Expressions Photography Contest

THIS PAGE LEFT INTENTIONALLY BLANK

## Capital Improvement Fund

### 2016 Capital Improvement Budget Summary

**Table 3-1: 2016 Capital Improvement Budget Summary**

	2014 ACTUALS	2015 FINAL (12/10)	2016 BUDGET (12/9)	% CHANGE 2015 FINAL TO 2016
<b>FUNDING SOURCES</b>				
Use of fund balance .....	\$ 0.00 .....	\$ 1,027,588.....	\$ 0 .....	-100.00%
Transfers from General Fund.....	1,760,245.00 .....	841,912.....	1,188,382 .....	41.15%
New revenues .....	218,886.94 .....	0.....	300,000 .....	New
<b>TOTAL FUNDING SOURCES</b>	<b>1,979,131.94</b>	<b>1,869,500</b>	<b>1,488,382</b>	<b>-20.39%</b>
<b>EXPENDITURES</b>				
Total project expenditures.....	1,183,439.09 .....	1,869,500.....	1,405,000 .....	-24.85%
<b>TOTAL EXPENDITURES</b>	<b>1,183,439.09</b>	<b>1,869,500</b>	<b>1,405,000</b>	<b>-24.85%</b>
<b>NET OF FUNDING SOURCES &amp; EXPENDITURES</b>	<b>\$ <u>795,692.85</u></b>	<b>\$ <u>0</u></b>	<b>\$ <u>83,382</u></b>	<b><u>New</u></b>

**Notes:**

Transfers due to prior fiscal year savings occur as a Board-approved fund-to-fund transfer from the General Fund and the Capital Improvement Fund, generally without effect on the current operating budget. Because prior fiscal year savings in the General Fund already occur by the time the budget is finalized but are unknown by the time the fiscal year begins, they are not recorded against the operating budget; however, depending on timing, they may be estimated in the Capital Improvement Fund budget.

The Capital Improvement Fund was established in 1998 as a fiscal mechanism to fund large projects or equipment purchases, which may cross fiscal years. In order to receive an allocation through the Capital Improvement Fund, a project must be approved and be included in the Capital Improvement Plan (CIP). The following criteria must be met for a project to be considered in the CIP:

1. The value of the asset/project/service is equal to or greater than \$5,000; and
2. Has a useful life equal to or greater than three years.

Major repairs or maintenance projects may be included in the CIP with a third criterion: the project increases capacity and/or extends the original useful life of the asset. Additionally, ongoing maintenance as a part of a system-wide project or smaller capital items, beneath the threshold needing to be purchased as a larger "group", can be aggregated into larger-value capital improvement projects.

#### 5 Year Capital Planning

The Library produces an annual 2 year capital plan. Considerable work would normally have been done to project realistic needs from 2016-2020. However, given the Strategic Planning project setting priorities for the future of Library, only 2016 and 2017 capital plans were developed.

Managers submitted estimates according to when the projects would occur, whether they were multiyear projects, and more detailed funding breakdowns. The Library does not automatically carry forward Capital Improvement funding of a project from one fiscal year to the next. Instead, Managers resubmit projects for appropriate funding, including ones that have started or are currently moving.

The Capital Improvement Plan and its corresponding budget is reviewed mid-year and revised as needs and funding dictate.

#### **Recurring vs. Non-recurring Capital Projects**

In 2009 and 2010, the Library removed specific general repairs to facilities from Capital Improvement Projects and put them into the operating budget. This included parking lot repairs and touchup painting. While these passed the CIP test above, they were recurring in a manner that did not need to be funded in the capital improvement fund. With exception to a contingency afforded to significant vehicle repairs and by agreement to payments made to purchasing 5,000 square feet for the University Place Library for future expansion, by Library definition *all capital projects entered into the capital improvement plan are non-recurring*. Due to the kinds of projects the Library has in the capital plan, all are worked within the existing scope of the operating budget.

Managers propose capital projects that can be done either within the context of external contracts or plan their projects with their internal resources. Exceptions are capital projects that are intended to make efficiencies by reducing the impact of future labor; these are clearly identified during the planning process and measured by the impact on departmental budgets. An example is purchasing and delivering online timesheets, a tool that ultimately reduced staffing needs within the Finance Department.

#### **Planning Before Project Execution**

The Library implements a two-step process for planning capital projects. During budget planning prior to the next fiscal year, managers proposing projects conduct reasonable analysis of costs, timelines, and deliverables required of their capital projects so that the overall capital improvement budget can be proposed and approved by the Board of Trustees. Prior to creating purchase orders related to capital projects, managers must hone their project budgets by planning projects across multiple departments, acquiring competitive costs, and calculating a contingency. Once completed and evaluated for accuracy, the Finance & Business Director appropriates funding for the capital project, a project number is assigned and the budget is entered into the financial system for the project manager and managers to begin expending against.



**Oh, Honey** by Katie Lasko

1st Place 11th/12th Grade Winner of the 2015 Our Own Expressions  
Drawing Contest

## Capital Projects Funding Sources

**Table 3-2: Summary of Funding Sources**

	2014 <u>ACTUALS</u>	2015 <u>FINAL (12/10)</u>	2016 <u>BUDGET (12/9)</u>	% CHANGE 2015 <u>FINAL TO 2016</u>
<b>FUND BALANCE</b>				
Use of fund balance .....	\$ 0.00	\$ 1,027,588	\$ 0	-100.00%
<b>TRANSFERS</b>				
Budgeted GF transfer from operating budget .....	260,245.00	841,912	1,188,382	41.15%
GF transfers from prior fiscal year savings <sup>1</sup> .....	0.00			
Transfers for critical project needs .....	1,500,000.00 <sup>1</sup>	500,000 <sup>2</sup>	TBD	-100.00%
<b>TOTAL TRANSFERS</b> .....	<b>1,760,245.00</b>	<b>1,341,912</b>	<b>1,188,382</b>	<b>-11.44%</b>
<b>NEW REVENUES</b>				
New revenues .....	218,886.94	0	300,000	New
<b>TOTAL FUNDING SOURCES</b>	<b>\$ 1,979,131.94</b>	<b>\$ 1,341,912</b>	<b>\$ 1,488,382</b>	<b>10.92%</b>

**Notes:**

1. The \$1.5 million transfer was conducted in December 2014 to be used for funding 2015-16 technology projects.
2. The \$500,000 transfer was conducted in December 2015 to increase the capital improvement fund balance.

### Funding Sources

\$ 1,488,382

Improvement Fund has an important role for addressing cash shortfall; therefore, transfers and budgets are planned and coordinated carefully.

**F**unding for capital projects comes from three sources:

1. Fund balance of the Capital Improvement Fund.
2. Funds transferred from the General Fund:
  - a. Minimum 4% (up from 3% in 2015) of General Fund revenues. More may be transferred due to needs.
  - b. Funds transferred from the General Fund due to unanticipated revenues and savings, backfilling funding for projects.
3. New revenues (e.g., fund raising, investment).

Beginning with 2016, a set aside within the Capital Improvement Fund is created for future technology procurements, particularly computer equipment for the public and staff.

At the end of 2015, it is estimated that the Capital Improvement Fund balance will be approximately \$900,000. Adding monies to be received in 2016 transfers from the Operating Budget, the total available funding is approximately \$2.4 million.

### **Budgeted General Fund Transfer ..... \$ 1,188,382**

The budgeted transfer from the General Fund was increased from 3% to 4% of General Fund New Revenues. This calculation excludes any use of General Fund balance to balance the operating budget.

### Shortfalls are an Ongoing Concern

Capital Improvement budgets fluctuated as shown in the chart below. The average Capital Improvement budget for 2002 through 2016 is \$1,722,542.

An ongoing concern is that the Capital Improvement Fund be funded adequately for ongoing improvements. These budgets are multiyear budgets, so not all funds are spent during the budgeted year. At times, projects are cancelled as circumstances warrant. The Capital

### **Use of fund balance ..... \$ 0**

The Capital Improvement budget uses its Capital Improvement Fund cash balance to pay for projects that exceed new revenues. For 2016, the Library is not expecting to budget some funds from the Capital Improvement fund balance. The goal for 2016 was to create a capital improvement plan that only relied on transfers and new revenues, so that during the next economic downturn, the fund balance can be drawn



down to pay for projects as had happened between 2011 and 2014.

**Transfers from prior fiscal year savings.....\$ TBD**

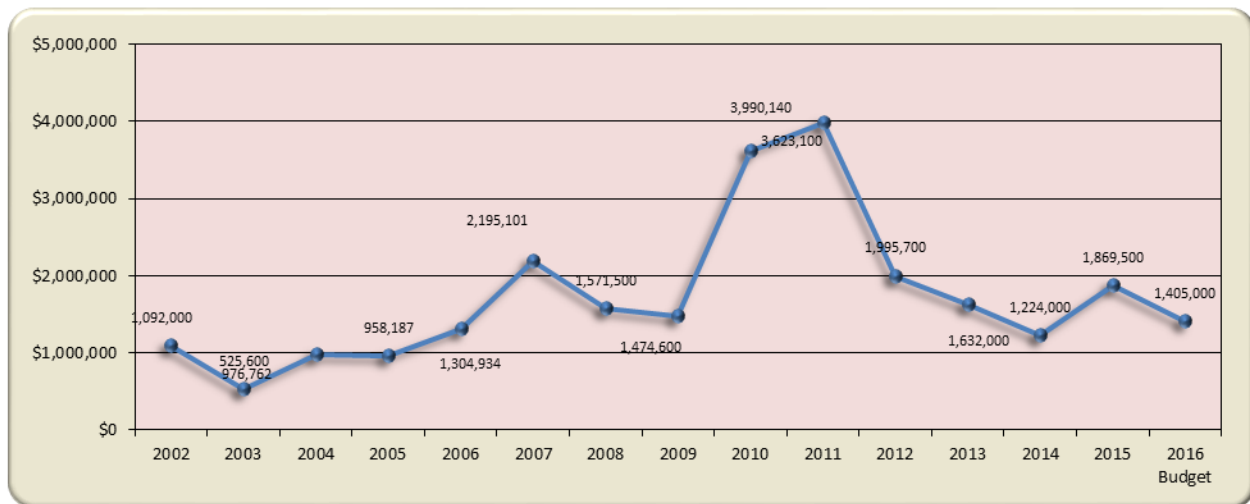
As per the Library's Fiscal Management policy, the Library may consider transferring additional revenues from the General Fund, such as unanticipated savings and revenues from previous fiscal years. The

identification of these funds occurs typically during April, after which the Library reports the previous fiscal year results.

**New revenues.....\$ 300,000**

The Library anticipates Erate reimbursements of approximately \$300,000 from 2015 purchases.

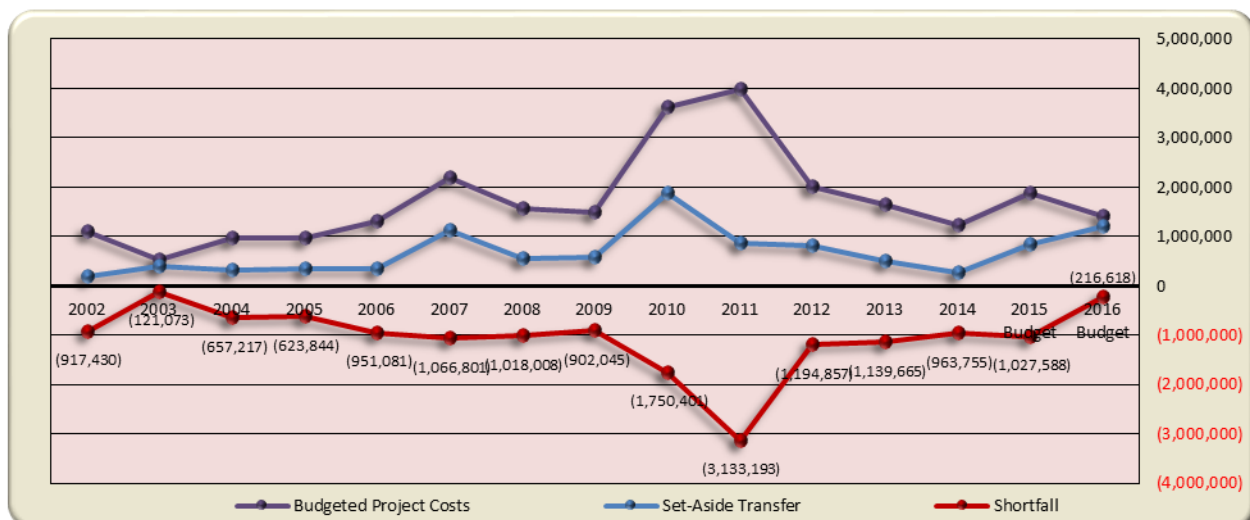
**Figure 3-1: Capital Project Budget History (Excludes Carry Forwards)**



Prior to 2011, the Library had budgeted the capital improvement fund transfer at 3% of revenues. Historically, a 3% transfer fell short of budgeted expenditures by as much as \$1 million, at times considerably more. To make up for the shortfall, the Library relied on unanticipated revenues and savings to backfill the shortfall. Should the Library budget funds for the yearly capital projects, the operating budget

would be impacted considerably, and substantial reductions could be necessary. Due to severe budget shortfalls, the Library reduced the transfer back to 2% for 2013 and to 1% in 2014. In 2015, it was restored to 3%. The Library studied current and future needs and the Capital Improvement Fund transfer was increased to 4% for 2016.

**Figure 3-2: Capital Improvement Fund Shortfalls (Budgeted Project Costs Compared to Set-Asides)**





## Capital Improvement Plan—Project Expenditures

### 2016 Capital Improvement Plan Projects

\$ 1,869,500

**Table 3-3: Capital Budget Summary—Project Expenditures**

<u>Capital Project Categories</u>	<u>2016 BUDGET</u>	<u>2017 ESTIMATED</u>
Commitments .....	\$ 120,000	\$ 120,000
Service improvement projects .....	235,000	230,000
Major maintenance .....	477,000	178,000
Vehicles .....	10,000	55,000
Technology plan .....	360,000	430,000
Other capital projects .....	175,000	100,000
 SUBTOTAL .....	 1,377,000	 1,113,000
Contingency (2% with \$25k min, by exec approval) .....	28,000	25,000
 <b>TOTAL CAPITAL PROJECT BUDGET</b>	 <b><u>\$ 1,405,000</u></b>	 <b><u>\$ 1,138,000</u></b>

**Notes:**

A line item breakdown of the Capital Projects does not occur until the projects are planned. Each project's funding is a general estimate made for purposes of budgeting.

#### Commitments

\$ 120,000

#### **University Place Library (+5,000 sq ft).....\$ 120,000**

The Library has set aside monies to pay for the 10-year annual payment for the expanded space. This is per the agreement with the City of University Place. Payment began in late 2012 and is considered recurring but "silent", i.e., no activity other than payments are made.

#### Service Improvement Projects

\$ 235,000

#### **Restroom Maintenance (2 Locations) .....\$ 50,000**

The public restrooms are in severe need of an upgrade/restoration in many of the branches. Areas requiring upgrade include tile floors, paint, partition walls, toilets, urinals, sinks, and counter tops. Finishes in these restrooms are original to when the buildings opened in the early 1990's and are showing significant signs of wear and tear due to heavy usage. The scope of these projects were considerably reduced as restrooms require branch closures.

#### **Replace Aging Furnishings .....\$ 100,000**

The Library needs to replace furnishings at many locations. These are original furnishings from when the buildings were opened in the early 1990s and includes public computer stations, lounge seating, tables and

chairs. The project will be conducted over a three year period; 2015 is the second year.

#### **Help Desk Upgrades (UP) .....\$ 65,000**

The University Place Library's help desk center on the public floor requires retrofitting the furniture, layout, and location.

#### **Wayfinding (GIG, EAT) .....\$ 20,000**

Over the next four years, libraries will have improved signage and improvements to help customers find their way through the facilities. Two to four libraries per year will be worked on.

#### Major Maintenance

\$ 477,000

#### **Carpet Replacement (TIL) .....\$ 17,000**

The Tillicum Library carpeting is failing and is a safety hazard. It will be replaced in 2016.

#### **Carpet & Other Repairs (ACL) .....\$ 40,000**

The carpeting and flooring at the Administrative Center & Library is in great need of replacement, but is prohibitive in cost for the next two or three years. In the meantime, some funding is provided to make urgent repairs.

**Elevator Upgrades (LWD, ACL) .....\$ 15,000**

Two facilities have elevators: Lakewood Library and Administrative Center & Library. These elevators are in need of upgrades to bring to current code.

**Entry Non-Skid Treatment (FIF).....\$ 11,000**

The exterior walkway to the Fife Library can experience considerable slipperiness when wet. Non-skid treatment will be applied to reduce the possibility of accidents.

**Entry Tile Replacement (BUC) .....\$ 15,000**

The entry area to the Buckley Library is in great need of retiling, and will be conducted in 2016.

**HVAC Replacement (KC) .....\$ 21,500**

The HVACs at the Key Center Library will be replaced in 2016. The Key Peninsula Health Center who is currently leasing some of our space will share a portion of the cost.

**IBEX to BACTalk HVAC Control Replacements . \$ 99,000**

The old HVAC control systems at remaining libraries need to be replaced over the next two years, which will complete the upgrade to the BACTalk system that began in 2008.

**Kitchen Cabinetry Replacement (KC) .....\$ 10,000**

The kitchen cabinets at the Key Center Library will be replaced in 2016.

**Lighting Upgrades in Parking Lots (1 or 2 Locs) ..\$ 100,000**

The Library will add or reworking lighting in parking lots to improve safety in security at one or two locations, depending on costs.

**Sealcoat All Parking Lots (2016) .....\$ 65,000**

Parking lots in all locations need to be sealed to protect the function and aesthetic for customers and staff to use. The project is in the final year of a three year implementation.

**Interior Painting (TIL) .....\$ 7,500**

The interior walls of the Tillicum Library are in great need of painting, and will be conducted in 2016.

**Trash Compactor .....\$ 16,000**

The existing trash compactor is old and failing at the Administrative Center & Library will be replaced.

**Systemwide Rekey .....\$ 60,000**

The Library will be rekeying all doors that have locks for improved security. New security measures will include keycard access.

**Vehicles**

\$ 10,000

**Vehicle (contingency for repairs) .....\$ 10,000**

A contingency is set aside for major repairs to vehicles. *This is a recurring project, but used only as needed.*

**Technology Plan Implementation**

\$ 360,000

From October 2012 through December 2013, the Library carried out a comprehensive technology planning process, involving staff from multiple areas of the Library, surveys, and customers. The final technology plan focused on creating a stable and secure network and systems environment, improving network bandwidth (offset by E-Rate reimbursements), replacing extremely old computer equipment, and positioning the Library to begin working on major virtual services development.

**Mobile App .....\$ 30,000**

A new mobile application system for accessing the Library's online systems will be created in 2016. The mobile app will improve the experience of those using iPhones, Androids, etc.

**EMV Credit Card Systems.....\$ 80,000**

All credit card swipers will be replaced to the latest equipment standards for security.

**Wireless Network (Gb WiFi).....\$ 260,000**

With the new high-speed networks in place, the Library will replace slower WiFi equipment with the latest high speed technology that offers gigabit WiFi.

**Other Capital Projects**

\$ 175,000

**Communications High Speed Printer .....\$ 175,000**

The current high speed printer that the Communications Department uses is seven years old and is no longer upgradable and is expensive to maintain. A new system will be purchased that allows for future upgrades and reduces use costs.

**Contingency**

\$ 28,000

The Library frequently needs to purchase capital-related items and services during the year. Prior to 2009, unless projects were emergencies, management had to wait until Board meetings to recommend and have approved small and large projects alike. To provide more timely improvements for the public and to make reporting more efficient, the Board approved a Capital

Improvement contingency fund from which the Executive Director or Deputy Director may approve purchases without the need for specific Board approval. Management will review this need periodically and may make adjustments.

**Future Anticipated Major Projects (2017)**

**Technology Plan.....\$ 430,000**

Major purchases to replace the Library's antiquated technology will occur in 2017, which include public computers and tablet devices, AWE children computers, and laptops.

**Finance/HR System Replacement .....\$ 100,000**

The current electronic system for handling human resource needs, including electronic timesheets, needs to be improved.

**Other 2017 Projects .....\$ 608,000**

Projects include restroom maintenance, furnishings, workroom improvements, wayfinding, year two of the HVAC control BACtalk upgrades, interior painting, and vans. UP Payment and contingency are included.

A summary of anticipated capital projects for the next five years is shown in Table 3-4.



**Simple Beauty** by Isadora Mattfeld

1st Place 9th/10th Grade Winner of the 2015 Our Own Expressions Photography Contest

Table 3-4: 2-Year Capital Improvement Projects (2016 - 2017)

	2016 BUDGET	2017 ESTIMATED
<b>COMMITMENTS</b>		
University Place 5,000 sq ft expansion (10 yr) .....	\$ 120,000 .....	\$ 120,000
TOTAL COMMITMENTS	120,000	120,000
<b>SERVICE IMPROVEMENT PROJECTS</b>		
Restroom Maintenance (GHM, BLK, SMT, EAT) .....	50,000 .....	100,000
Replace Aging Furnishings .....	100,000 .....	50,000
Workroom Improvements (GIG) .....	.....	60,000
Helpdesk Upgrades (UP) .....	65,000 .....	.....
Wayfinding (GIG & EAT in 2016) .....	20,000 .....	20,000
TOTAL SERVICE IMPROVEMENT PROJECTS	235,000	230,000
<b>MAJOR MAINTENANCE</b>		
Carpet Replacement (TIL) .....	17,000 .....	.....
Carpet & Other Repairs (ACL) .....	40,000 .....	.....
Elevator Upgrades (LWD & ACL) .....	15,000 .....	.....
Entry Non-Skid Treatment (FIF) .....	11,000 .....	.....
Entry Tile Replacement (BUC) .....	15,000 .....	.....
HVAC Replacement (KC) .....	21,500 .....	.....
IBEX to BACtalk HVAC Control Replacement .....	99,000 .....	60,000
Kitchen Cabinetry Replacement (KC) .....	10,000 .....	.....
Lighting Upgrades in Parking Lots .....	100,000 .....	.....
Seal Coating of Parking Lots .....	65,000 .....	.....
Interior Painting (TIL in 2016) .....	7,500 .....	45,000
Trash Compactor .....	16,000 .....	.....
Systemwide Rekey .....	60,000 .....	.....
Unanticipated Future Needs (past experience) .....	.....	67,000
TOTAL MAJOR MAINTENANCE	477,000	178,000
<b>VEHICLES</b>		
Vehicle Replacements .....	.....	45,000
Vehicle Repair Contingency .....	10,000 .....	10,000
TOTAL VEHICLES	10,000	55,000
<b>TECHNOLOGY PLAN IMPLEMENTATION</b>		
Public PCs & Tablets .....	.....	250,000
AWE Children's PCs .....	.....	90,000
Laptops .....	.....	90,000
Mobile App .....	30,000 .....	.....
EMV Credit Card Systems .....	80,000 .....	.....
Wireless Network (Gb WiFi) .....	250,000 .....	.....
TOTAL TECHNOLOGY PLAN IMPLEMENTATION	360,000	430,000
<b>OTHER CAPITAL PROJECTS</b>		
Finance/HR System Replacement .....	.....	100,000
Communications Printer .....	175,000 .....	.....
TOTAL OTHER CAPITAL PROJECTS	175,000	100,000
SUBTOTAL CIP	1,377,000	1,113,000
Contingency (2% with \$25k min, by exec approval) .	28,000 .....	25,000
<b>TOTAL CAPITAL PROJECT BUDGET</b>	<b>\$ 1,405,000</b>	<b>\$ 1,138,000</b>

Note: A line item breakdown of the Capital Projects does not occur until the projects are being planned. Each project's funding is a general estimate made for purposes of budgeting and planning.

## Capital Improvement Fund Balance

**Table 3-5: 2016 Capital Improvement Fund Balance Summary**

	2014 <u>ACTUALS</u>	2015 <u>FINAL (12/10)</u>	2016 <u>BUDGET (12/9)</u>	% CHANGE 2015 <u>FINAL TO 2016</u>
<b>Beginning Fund Balance, January 1</b>	<b>\$ 1,356,480.55</b>	<b>\$ 2,066,743</b>	<b>\$ 1,039,155<sup>2</sup></b>	<b>-49.72%</b>
<b>INFLOWS</b>				
Budgeted GF transfer from operating budget .....	260,245.00	841,912	1,188,382	41.15%
GF transfers from prior fiscal year savings <sup>1</sup> .....	0.00	TBD	TBD	
Transfers for critical project needs .....	1,500,000.00 <sup>4</sup>	500,000	TBD	-100.00%
<b>TOTAL INFLOWS</b>	<b>1,760,245.00</b>	<b>1,341,912</b>	<b>1,188,382</b>	<b>-11.44%</b>
<b>Available funds during fiscal project year</b>	<b>3,116,725.55</b>	<b>3,408,655</b>	<b>2,227,537</b>	<b>-34.65%</b>
<b>OUTFLOWS</b>				
Use of inflows to fund projects .....	961,836.15	841,912	1,105,000	31.25%
Use of fund balance to cover shortfall .....	0.00	1,027,588	0	-100.00%
<b>TOTAL OUTFLOWS</b>	<b>961,836.15</b>	<b>1,869,500</b>	<b>1,105,000</b>	<b>-40.89%</b>
<b>Subtotal Fund Balance at end of year</b>	<b>2,154,889.40</b>	<b>1,539,155</b>	<b>1,122,537</b>	<b>-27.07%</b>
<b>RESULTS OF FISCAL YEAR PROJECTS</b>				
New revenues .....	221,602.94	0	300,000	New
Less: Expenditures .....	1,183,439.09	1,869,500	1,405,000	-24.85%
<b>TOTAL RESULTS OF FISCAL YEAR PROJECTS</b>	<b>(961,836.15)</b>	<b>(1,869,500)</b>	<b>(1,105,000)</b>	<b>-40.89%</b>
Add: Estimated difference between budget & actuals <sup>3</sup> .....	NA	(500,000)	TBD	-100.00%
Add: Warrants & sales tax payable, adj .....	(88,146.59)	TBD	TBD	TBD%
<b>Ending Fund Balance, December 31</b>	<b>\$ 2,066,742.81</b>	<b>\$ 1,039,155<sup>2</sup></b>	<b>\$ 1,122,537</b>	<b>8.02%</b>

**Notes:**

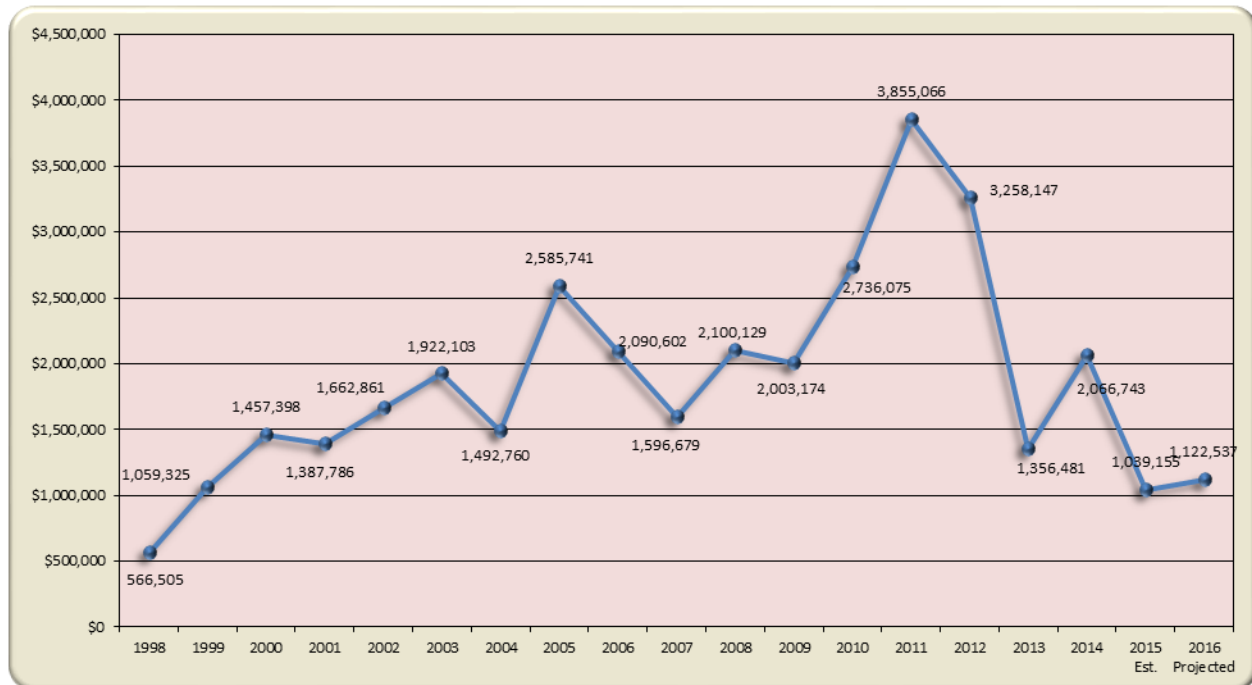
1. Transfers due to prior fiscal year savings occur as a Board-approved fund-to-fund transfer from the General Fund and the Capital Improvement Fund, generally without effect on the current operating budget. Because prior fiscal year savings in the General Fund already occur by the time the budget is finalized, but are unknown by the time the fiscal year begins, they are not recorded against the operating budget; however, depending on timing, they may be estimated in the Capital Improvement Fund budget.
2. The 2015 year-end fund balance is estimated; numbers are finalized with the annual report in April 2016.
3. The estimated difference between budget & actuals is an adjustment calculated by the difference between final budget of revenues and expenditures as approved in December and the projected actual of revenues and expenditures received and incurred throughout the year. The difference is used to calculate the 2016 beginning fund balance. This estimated difference was calculated at the end of November 2015.
4. The \$1.5 million transfer was conducted in December 2014 to be used for funding 2015-16 technology projects.

### Discussion

As with the General Fund, the Capital Improvement Fund balance is also an important factor in cash flow. However, the Capital Improvement Fund balance is susceptible to large fluctuations. Since 1995, the Library has improved the Capital Improvement Fund balance, which is used as a source to borrow funds when the General Fund balance is low. Capital project expenditures can reduce the

fund's balance very quickly; the amount budgeted for transfer has nearly always been significantly less than the budgeted project expenditures. The Library backfills the Capital Improvement Fund balance based on unanticipated revenues and savings from prior year operations. Below is a chart showing the history of the Capital Improvement Fund's ending fund balance.



**Figure 3-3: Capital Improvement Fund Ending Fund Balance (Actuals 1998 - 2014)**

### *Let Me Sing for Someone*

Let me dream of flow'rs bending to the sun's bright rays,  
 Let me dance for those who need someone to light their way,  
 Let me walk with those who need another step to take,  
 And let me sing, because someone needs a song today.

For those who need a second chance, let me hope.  
 For those who need to find their peace, let me pray, let me pray.  
 For those who need happiness, let me smile, let me smile, let me smile.  
 And for those who need a song,  
 Let me sing, oh yes, let me sing, let me sing today.

For those who need a miracle, let me wish.  
 For those who need a tear to fall, let me cry, let me cry.  
 For those who need a lighter heart, let me lift, let me lift, let me lift.  
 And for those who need a song,  
 Let me sing, oh yes, let me sing, let me sing today.

Dream and dance and walk,  
 and hope and pray and smile,  
 And wish and cry and lift,  
 And sing, oh yes, help me sing,  
 Because someone, somewhere,  
 Someone needs our song today.

**Emily Saletan**  
 Charles Wright Academy

**2015 Our Own Expressions**  
**7th & 8th Grade Poetry Winner—2nd place**

## Special Purpose Fund

### 2016 Special Purpose Budget Summary

Table 3-6: 2016 Special Purpose Budget Summary

	2014 <u>ACTUALS</u>	2015 <u>FINAL (12/10)</u>	2016 <u>BUDGET (12/9)</u>	% CHANGE 2015 <u>FINAL TO 2016</u>
<b>FUNDING SOURCES</b>				
Use of fund balance .....			\$ 0 .....	New
Transfers from General Fund .....			40,000 .....	New
New revenues .....			227,000 .....	New
<b>TOTAL FUNDING SOURCES</b>			267,000	New
<b>EXPENDITURES</b>				
Total project expenditures .....			267,000 .....	New
<b>TOTAL EXPENDITURES</b>			267,000	New
<b>NET OF FUNDING SOURCES &amp; EXPENDITURES</b>			<b>\$ 0</b>	<b>New</b>

Notes:

Transfers due to prior fiscal year savings occur as a Board-approved fund-to-fund transfer from the General Fund and the Capital Improvement Fund, generally without effect on the current operating budget. Because prior fiscal year savings in the General Fund already occur by the time the budget is finalized but are unknown by the time the fiscal year begins, they are not recorded against the operating budget; however, depending on timing, they may be estimated in the Capital Improvement Fund budget.

The Special Purpose Fund (SPF) was established in November 2015 as a fiscal mechanism to fund certain projects, programs, and set-asides that are well-defined, are not operations-oriented and are generally not a capital project. To receive an allocation through the Special Purpose Fund, a funded entry must have revenues that are either restricted or committed in nature. The following criteria must be met for a project to be considered in the SPF:

1. A project that is one-time in nature that ends after its revenues are completely expended, or
2. A recurring program that occurs briefly in a year and has either multiple funding sources or multiple departments responsible for expenses, or
3. A set-aside that is to be used for a defined future purpose.

Respective examples of these are, Job & Business Center, Pierce County Reads, and the Election Set Aside.

#### Special Purpose Planning

All entries in the Special Purpose Fund are either restricted by an external funding source (such as a grant or donation) or committed by internal authority (the Board of Trustees). Unlike the operating budget or the capital improvement budget, the Special Purpose Budget can be amended more often during a fiscal year, and any balances are automatically restored into the following fiscal year.

## Special Purpose Funding Sources

**Table 3-7: Summary of Funding Sources**

	2014 <u>ACTUALS</u>	2015 <u>FINAL (12/10)</u>	2016 <u>BUDGET (12/9)</u>	% CHANGE 2015 <u>FINAL TO 2016</u>
<b>FUND BALANCE</b>				
Use of fund balance .....			\$ 0	New
<b>TRANSFERS</b>				
Budgeted GF transfer from operating budget .....			200,000	New
Transfer of Election Set Aside from General Fund Balance .....			360,000	New
<b>TOTAL TRANSFERS</b> .....			560,000	New
<b>NEW REVENUES</b>				
New revenues .....			227,000	New
<b>TOTAL FUNDING SOURCES</b>			<b>\$ 787,000</b>	<b>New</b>

### Funding Sources

\$ 787,000

**F**unding for capital projects comes from three sources:

1. Fund balance of the Special Purpose Fund.
2. Funds transferred from the General Fund to pre-fund entries.
3. New revenues from external sources such as grants, donations, and reimbursements.

### **Budgeted General Fund Transfer .....\$ 200,000**

To initially fund the Special Purpose Fund, a one-time transfer will occur in 2016. A portion of this will be used to fund the Pierce County Reads program and Digital Literacy project (until reimbursement is received from WorkForce).

### **Transfer of Election Set Aside .....\$ 360,000**

The Election Set Aside was created in 2007 and intended to build up to \$360,000, which was completed in 2011. It has been residing in the General Fund since then, but with the creation of the Special Purpose Fund, will be transferred here.

### **Use of fund balance ..... \$ 0**

The Special Purpose Fund will generally not use any fund balance to pay for the fund at large. Some of the fund balance may be appropriated to fund programs

and projects that are not externally funded, but fall into the definition as a special purpose entry.

### **New revenues.....\$ 227,000**

The Library anticipates WorkForce reimbursements of approximately \$227,000.



## Special Purpose Budget—Expenditures

### 2016 Special Purpose Budget \$ 267,000

**Table 3-8: Special Purpose Budget Summary—Expenditures**

	2016 BUDGET (12/9)
<b>PROGRAMS</b>	
Pierce County Reads .....	\$ 40,000
SUBTOTAL PROGRAMS	40,000
<b>PROJECTS</b>	
Digital Literacy (WorkForce 2016) .....	227,000
SUBTOTAL PROJECTS	227,000
<b>TOTAL CAPITAL PROJECT BUDGET</b>	<b>\$ 267,000</b>
<b>SETASIDES</b>	
Future Election Costs .....	360,000
<b>TOTAL SET ASIDES</b>	<b>\$ 360,000</b>

**Notes:**

A line item breakdown of any Special Purpose item does not occur until they are planned. Funding is a general estimate made for purposes of budgeting.

**Programs**  
\$ 40,000

**Pierce County READS ..... \$ 40,000**

Since 2007, the Library has been conducting a district-wide reading program called Pierce County READS. This program begins with the announcement of an author and book, to which the district participates in reading. The finale includes the free author event, which hosts the author as a speaker to a large audience. People have an opportunity to meet and greet the author and have their book autographed for free. Much of the Pierce County READS event is funded by the Foundation, but the Library provides some funding.

**Projects**  
\$ 227,000

**Digital Literacy (WorkForce 2016) ..... \$ 227,000**

Begun in 2015, this multiyear project brings literacy skills to library customers. The program was extended an additional year with the renewal of the grant.

**Set Asides**  
\$ 360,000

**Future Election Costs ..... \$ 360,000**

This reserve was created from funds stemming from the successful 2006 levy lid-lift election. Its purpose is to fund the costs associated with a future levy lid-lift, in particular, mailing costs for voter pamphlets. No expenditures will occur in the foreseeable future, until the Library's mill rate is low enough to consider restoring its levy limit.

## Special Purpose Fund Balance

**Table 3-9: 2016 Special Purpose Fund Balance Summary**

	2014 <u>ACTUALS</u>	2015 <u>FINAL (12/10)</u>	2016 <u>BUDGET (12/9)</u>	% CHANGE 2015 <u>FINAL TO 2016</u>
<b>Beginning Fund Balance, January 1</b>			<b>\$ 0</b>	<b>New%</b>
<b>INFLOWS</b>				
Budgeted GF transfer from operating budget .....			200,000 .....	New
Transfer of Election Set Aside from General Fund Balance .....			360,000 .....	New
<b>TOTAL INFLOWS</b>			<b>560,000</b>	<b>New</b>
<b>Available funds during fiscal project year</b>			<b>560,000</b>	<b>New</b>
<b>OUTFLOWS</b>				
Use of inflows to fund projects.....			40,000 .....	New
<b>TOTAL OUTFLOWS</b>			<b>40,000</b>	<b>New</b>
<b>Subtotal Fund Balance at end of year</b>			<b>520,000</b>	<b>New</b>
<b>RESULTS OF FISCAL YEAR PROJECTS</b>				
New revenues .....			227,000 .....	New
Less: Expenditures .....			267,000 .....	New
<b>TOTAL RESULTS OF FISCAL YEAR PROJECTS</b>			<b>(40,000)</b>	<b>New</b>
Add: Estimated difference between budget & actuals <sup>1</sup> .....	NA .....		TBD .....	New
Add: Warrants & sales tax payable, adj .....			TBD .....	New
<b>Ending Fund Balance, December 31</b>			<b>\$ <u>520,000</u></b>	<b><u>New</u></b>

Notes:

1. The estimated difference between budget & actuals is an adjustment calculated by the difference between final budget of revenues and expenditures as approved in December and the projected actual of revenues and expenditures received and incurred throughout the year

### Discussion

The fund balance for the Special Purpose Fund will generally not be used to fund entries because the purpose of this fund is to have revenues secured prior to expenditures for programs and projects. However, some pre-funding may be necessary until revenues are received, often in the form of distributions or reimbursements, which could occur after expenses incur.

## Bonds, Debt, and Debt Service Fund

### Bonds & Debt

The Library is a special purpose taxing district and by Washington State law, is authorized to issue debt in the form of voted and non-voted debt—Unrestricted General Tax Obligation (UGTO) bonds and Councilmanic bonds, respectively.

#### **Unrestricted General Tax Obligation Bonds (UGTO):**

Bonds may be issued as a measure to voters in the taxing district and require 60% approval. Such bonds would generally be used for large-scale projects such as district-wide library construction. The Library's maximum legal debt capacity is one half of one percent of the Library District's assessed valuation, and in the simplest form may be levied up to 30 years. As of 2015, typical bond rates remain between 5% and 6%.

Library District assessed value:	\$ 56,277,730,948
Legal GO bond capacity:	x 0.005000
Maximum GO bond capacity:	\$ 281,388,655
<u>Current outstanding bonds:</u>	<u>-\$ 0</u>
Available bonding capacity:	\$ 281,388,655

The Library therefore may issue general obligation bonds of up to \$281,388,655. For the property owner with average property value of \$240,000, a 20-year simple bond issued would cost around \$91 per year. Other factors affecting the cost to a property owner depend on the structure of the bond, bond rates, maturity dates, bond sales, changes in property values, and changes in the district-wide property value.

**Councilmanic Bonds:** The Library may also issue non-voted debt in the form of "Councilmanic" bonds at a rate of one tenth of one percent of the Library District's assessed valuation. Because Councilmanic bonds are non-voted, for all intents and purposes they may be considered a bank loan secured by property tax revenue, payable out of the Library's existing funds or future revenue receipts. This debt must be repaid within 7 years.

Library District assessed value:	\$ 56,277,730,948
Legal Councilmanic bond capacity:	x 0.001000
Maximum Councilmanic capacity:	\$ 56,277,731

<u>Current outstanding Councilmanic bonds:</u>	<u>-\$ 0</u>
Available Councilmanic capacity:	\$ 56,277,731

Councilmanic bonds could be used for short term financing of small construction projects, equipment needs, or emergencies that cannot be paid out of available general funds or Capital Improvement funds. They would not be used for covering budget shortfalls in ongoing operations.

**Other Forms of Debt:** The Library may carry lines of credit with banks, sometimes known as Tax Anticipation Notes (TANs). This is short-term debt and must carry a \$0 balance on its annual anniversary. This kind of debt might be used when an organization is facing a serious short-term cash flow concern. The Library currently carries no line of credit because the Library manages its cash flow through the use of restricted cash reserves.

All forms of debt require one-time attorney and bank set-up fees, which may total between 1% and 5% of the principle value.

### Current Bonds and Debt

Currently, the Library maintains no debt of any form:

Sum of all outstanding UGTO bonds:	\$ 0
Sum of all outstanding Councilmanic bonds:	\$ 0
<u>Sum of all other forms of debt:</u>	<u>\$ 0</u>
Total of all outstanding bonds and debt:	\$ 0

### Debt Service Fund

The Debt Service fund is used to manage debt payments. A residual amount remained since 2002, when it was last used to pay debt. It has received only a small amount of interest from investing the fund balance and receipts from delinquent payments.

### Debt Service Fund Balance

Current fund balance at the beginning of 2016 is approximately \$83,600. Because the Library has no outstanding debt, only minimal, passive activity in this fund will occur in 2015.

**Last Use (System Expansion Project)**

In 1986, the voters passed a \$28.9 million general obligation bond levy to construct new library facilities, including the purchase of land and the acquisition of furniture and equipment. It also included funds to remodel/renovate existing library facilities throughout the Library System and to purchase books and other materials. Bonds were issued in 1986 (\$18 million), 1990-91 (\$8 million), and 1992 (\$2.9 million). In 1995, a portion of the 1986 and 1990-91 issues was refinanced; the value of this refunding was \$6.93 million. With the payment of principal and interest in December 2002, the entire debt was retired.

**Future Debt Needs**

The Library began a Facilities Master Plan (FMP) project in late 2008 and concluded in January 2010 with a comprehensive report and plan delivered to the communities it studied. This project determined the needs of services and facilities for the next 20 years (2030). The FMP funding analysis calculated district-wide construction proceeds of \$310 million. At this time, the Library has determined that, taking into consideration the voter, economic, and property value climate placing a bond measure on a ballot is not feasible. Recommendations may ensue for bonds sometime in the future.

**Table 3-10: 2016 Debt Service Fund Balance Summary**

	2014 <u>ACTUALS</u>	2015 <u>FINAL (12/10)</u>	2016 <u>BUDGET (12/9)</u>	% CHANGE 2015 <u>FINAL TO 2016</u>
<b>Beginning Fund Balance, January 1</b>	<b>\$ <u>83,567.21</u></b>	<b>\$ 83,649</b>	<b>\$ 83,649<sup>1</sup></b>	<b>0.00%</b>
<b>INFLOWS</b>				
GF transfers .....	0.00	0	0	0.00%
All other inflows .....	0.00	0	0	0.00%
<b>TOTAL INFLOWS</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>Available funds during fiscal year</b>	<b>83,443.80</b>	<b>83,649</b>	<b>83,649</b>	<b>0.00%</b>
<b>OUTFLOWS</b>				
Use of inflows to fund payments .....	0.00	0	0	0.00%
Use of fund balance to cover shortfall .....	0.00	0	0	0.00%
All other outflows .....	0.00	0	0	0.00%
<b>TOTAL OUTFLOWS</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
<b>Subtotal Fund Balance at end of year</b>	<b>83,443.80</b>	<b>83,649</b>	<b>83,649</b>	<b>0.00%</b>
<b>RESULTS OF FISCAL YEAR ACTIVITY</b>				
Use of inflows to fund projects .....	0.00	0	0	0.00%
Use of fund balance to cover shortfall .....	0.00	0	0	0.00%
Revenues .....	81.36	0	0	0.00%
Expenditures .....	0.00	0	0	0.00%
<b>NET OF OPERATIONS</b> .....	<b>81.36</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>
Add: Estimated difference between budget & actuals <sup>2</sup> .....	NA	0	0	0.00%
Add: Warrants & sales tax payable, adj .....	0.00	0	0	0.00%
<b>Ending Fund Balance, December 31</b>	<b>\$ <u>83,648.57</u></b>	<b>\$ <u>83,649<sup>1</sup></u></b>	<b>\$ <u>83,649</u></b>	<b><u>0.00%</u></b>

## Notes:

1. The 2015 year-end fund balance is estimated; numbers are finalized with the annual report in April 2016.
2. The estimated difference between budget & actuals is an adjustment calculated by the difference between final budget of revenues and expenditures as approved in December and the projected actuals of revenues and expenditures received and incurred throughout the year. The difference is used to calculate the 2016 beginning fund balance. This estimated difference was calculated at the end of November 2015. A positive number means a surplus is expected.

**Beginning Fund Balance**

\$ 83,649

The fund balance is estimated at nearly \$84,000. The actual amount is not known until the annual report is issued in April 2016.

**Inflows**

\$ 0

**General Fund transfers .....** \$ 0

No transfers will occur for 2016.

**Other inflows .....** \$ 0

No other inflows are budgeted or anticipated.

**Outflows**

\$ 0

**Use of inflows to fund payments .....** \$ 0

No use will occur in 2016.

**Use of fund balance to cover shortfall .....** \$ 0

No use will occur in 2016.

**All other outflows .....** \$ 0

None budgeted nor anticipated for 2016.

**Ending Fund Balance**

\$ 83,649

**Net effect on general fund balance .....** \$ 0

No change is anticipated for 2016.



**Old Dirt Road** by Kamie Jovag

2nd Place 9th/10th Grade Winner of the 2015 Our Own Expressions Photography Contest

THIS PAGE LEFT INTENTIONALLY BLANK



# Part 4 Cash Flow and Funds

---



**Water** by Bailey Apthorp  
1st Place 7th/8th Grade Winner of the 2015 Our Own Expressions Photography Contest

THIS PAGE LEFT INTENTIONALLY BLANK



# Cash Flow, Budgeting, and Funds

## General Fund Cash Flow

The Library's long-term financial sustainability and its ability to operate without incurring the costs and risks of debt are dependent on a strong cash flow strategy, stated as follows:

- Separate cash reserves (fund balance) to identify reserve commitments and unreserved balances.
- Set aside operational reserves for the first four months of the fiscal year (until major property tax revenues are received). The operational reserve is calculated every year according to projected expenditures.
- Set aside a reserve to fund costs for a potential future election.
- Maintain a minimum of 2% in the unreserved fund balance. The unreserved fund balance will decrease over time when the reserve for operational costs increases. This fund may need to be replenished.
- Contingency to flow into the fund balance is only budgeted when it's projected that the unreserved fund balance dips below 2%.
- The Capital Improvement Fund transfer is 4%. Backfill may be needed, depending on emergent capital needs.
- Identify projected shortfalls in future years. Identify reduction strategies in future years.
- Identify cash reserve needs in the current year only. Future years will depend on current year strategies for reductions.

The revised year-to-year cash flow chart is on the next page.

### Interfund Loans

In the General Fund, due to the cyclical nature of revenue receipts versus the regularity of expenditures, there may be temporary shortfalls in available cash (generally April and October). For the most part, the previous year's ending fund balance finances these shortfalls. However, when the balance proves insufficient, interfund loans from the Capital

Improvement Fund to the General Fund may be made by authority of the Board of Trustees. These loans are interest-bearing.

### Investments

When available cash exceeds current needs, the Library has Pierce County Treasurer invest the remaining available amounts, which earns investment income for the Library. The rate of returns is approximately 0.005% due to historically low interest rates. Extremely low return on investment rates will continue through 2020.

### *Swallow*

We toil,  
We slave,  
We blister in the sun  
To cultivate in the alleys of night  
Blood and soul soft enough  
To swallow,  
And each morning, we awaken  
With fresh trenches on our wings,  
Staples in our knees.  
It all reminds me of when  
This city had trees  
And you did not spend your time  
Harvesting deceit.

Tristan Crawford

Glacier View Junior High School

2015 Our Own Expressions  
9th & 10th Grade Poetry Winner—2nd place

Table 4-1: 2016 - 2020 Cash Flow Summary

REVENUES & EXPENDITURES					CASH									
Fiscal Year	Budgeted Revenues	%/ \$ Rev Change	Budgeted Expenditures	Budget Shortfall	Total of Cap. Imp. Transfers	Jan 1 Beginning Cash Reserves (est)	Operating Reserves (approx 4 mos)	Jan 1 Beginning Unrestricted Cash Rsrvs (est)	Less: Cash Use	Dec 31 Ending Unrestricted Cash Rsrvs (est)	% of Next fy Revs	Strategy for Balancing Budget		
2015	28,063,748	9.94% 2,537,376	28,063,748	0	841,912	8,510,835	6,314,343 + 360,000 <sup>1</sup> 6,674,343	1,836,492	- 0 =	1,836,492	6.18%	Restored 3% CIP transfer; Set personnel cost projection adjustment to 2.5%; No cash set-aside		
2015 Mid-Year	28,259,832	10.71% 2,733,460	28,259,832	0	1,137,218	8,510,835	6,358,462 + 360,000 <sup>1</sup> 6,718,462	1,792,373	- 0 =	1,792,373	6.03%	Did not use cash reserves to balance budget		
2016	29,709,541	5.86% 1,645,793	29,709,541	0	1,137,218	8,010,835	6,417,261 + 360,000 <sup>1</sup> 6,777,261	1,233,574	- 0 =	1,233,574	4.06%	Increased CIP transfer to 4%		
2017	30,410,882	Projected 2.36% 701,341	30,624,483	(213,601)	1,216,435	7,650,835	6,568,751	1,082,084	- 0 =	1,082,084	3.47%	Strategic Plan Priorities		
2018	31,159,687	2.46% 748,805	31,571,527	(411,840)	1,246,387	7,650,835	6,730,493	920,342	- None Expected =	920,342	2.88%	Strategic Plan Priorities		
2019	31,946,045	2.52% 786,358	32,540,657	(594,612)	1,277,842	7,650,835	6,900,346	750,489	- None Expected =	750,489	2.29%	Strategic Plan Priorities		
2020	32,766,335	2.57% 820,290	33,483,225	(716,890)	1,310,653	7,650,835	7,077,528	573,307	- None Expected =	573,307	1.70%	Strategic Plan Priorities		

## Notes:

1. Set-aside for a future potential election. The set-aside will be moved to the Special Purpose Fund in 2016, and therefore is no longer reflected in future years.
2. Estimate as of December 2015. Final will be available in May 2016, when the 2015 fiscal report is issued to the State Auditor.
3. Estimate will change based on property values and operating costs.

The above table's design and purpose is to call out the budgeting challenges over the next four years, and note the impact to operating reserves and unrestricted reserves. It also lays out the general strategy by which the Library is applying to close the shortfall. This tool is used by the Board of Trustees to assist in their understanding of the problem facing the Library, and the effects of decisions. The key concern this chart draws forward is how much of unrestricted fund balance is available to pay for operations, noted in the column, Jan 1 Beginning Unrestricted Cash Rsrvs (est).

## Capital Improvement Fund Cash Flow

**Table 4-2: Capital Improvement Cash Flow (Column Format)**

	2016 <u>BUDGET</u>	2017 <u>ESTIMATED</u>
<b>Beginning Capital Improvement Fund Balance, Jan 1 (est)</b>	<b>\$ 1,039,155<sup>1</sup></b>	<b>\$ 1,122,537</b>
Capital Improvement New Revenues & Transfers .....	1,488,382	1,216,435
<b>Available Funds:</b>	<b>2,527,537</b>	<b>2,338,972</b>
Capital Improvement Expenditures (Capital Project Budget) .....	1,405,000	1,138,000
<b>Ending Capital Improvement Fund Balance, Dec 31 (est)</b>	<b>\$ 1,122,537</b>	<b>\$ 1,200,972</b>

Notes:

1. Estimate as of December 2015. Final will be available May 2016, when the 2015 fiscal report is issued to the State Auditor.

**Table 4-3: Capital Improvement Cash Flow (Row Format)**

REVENUES & EXPENDITURES					CASH					
Fiscal Year	Budgeted Revenues	%/ \$ Rev Change	Budgeted Expenditures	Cap. Imp. Budget Shortfall	Jan 1 Beginning Cash Reserves (est)	Less: Cash Use	Add: Unused Revenue	Dec 31 Ending Cash Reserves (est)	% of Next fy Revs	
2016	1,405,000	66.88% 563,088	1,405,000	-	1,039,155	- 0	+ 83,382	= 1,122,537	3.69%	
2017	1,138,000	-19.00% -267,000	1,138,000	-	1,122,537	- 0	+ 78,435	= 1,200,972	3.85%	

Notes:

1. Estimate as of December 2014. Final will be available May 2015, when the 2014 fiscal report is issued to the State Auditor.

Provided above is a Capital Improvement Fund cash flow chart (two versions). While it appears that the Capital Improvement Fund is sufficient for 2016 and 2017, future projects—especially major maintenance—can quickly draw down the Capital Improvement Fund. As allowed per the Fiscal Management policy, the Library may transfer unanticipated revenues and savings during the year, typically done when the annual fiscal report is completed, or during the mid-year budget process.

The Library's concern is the column second from the right, Dec 31 Ending Cash Reserves (est).

Beginning with 2016, the Library will be transferring 4% of general fund revenue to the capital improvement fund. The goal is to maintain at least 4% ending fund balance in the capital improvement fund, so that when the next economic downturn occurs, less cash will be transferred from the general fund to help offset shortfalls. In the capital improvement fund, the 4% cash balance will be drawn down over 2 or 3 years to pay for ongoing critical needs.

## Summary of Fund Balances

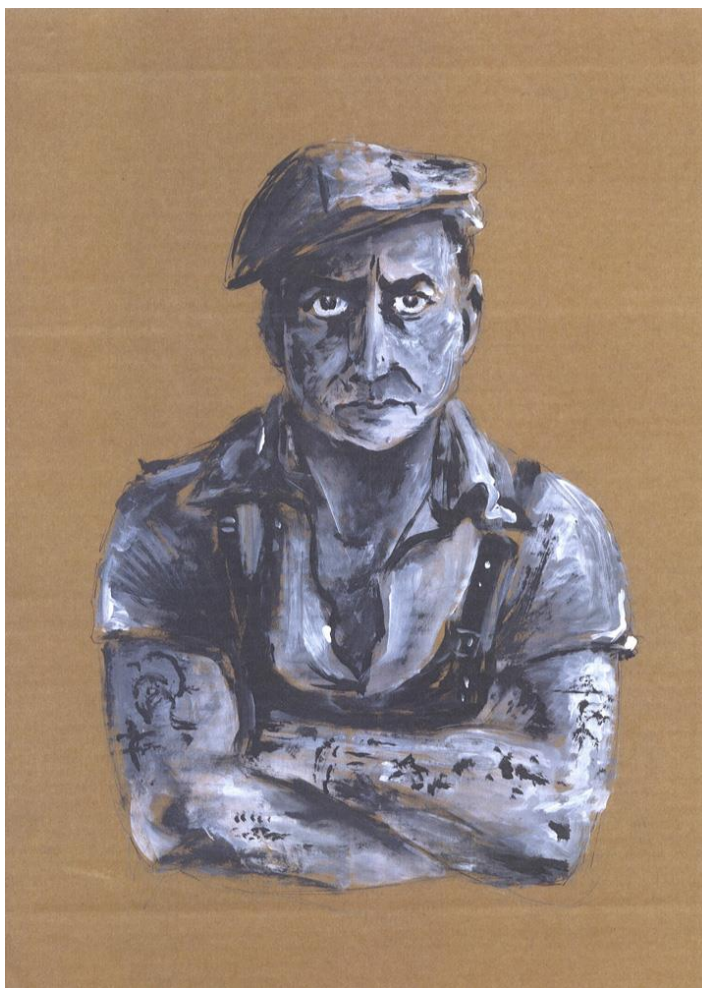
**Table 4-4: Summary of Fund Balances**

	GENERAL FUND	CAPITAL IMPROVE. FUND	SPECIAL PURPOSE FUND	DEBT SERVICE FUND
<b>2015<sup>1</sup> Beginning Fund Balance, Jan 1 .....</b>	<b>\$ 8,510,835 .....</b>	<b>\$ 2,066,743 .....</b>		<b>\$ 83,649</b>
<b>2016 Beginning Fund Balance, Jan 1 (est) .....</b>	<b>\$ 8,010,835 .....</b>	<b>\$ 1,039,155 .....</b>	<b>\$ 0 .....</b>	<b>\$ 83,649</b>
Add: 2016 New Revenues & Transfers In.....	29,709,541 .....	1,488,382 .....	787,000 .....	0
<b>2016 Available Funds:.....</b>	<b>37,720,376 .....</b>	<b>3,027,537 .....</b>	<b>787,000 .....</b>	<b>83,649</b>
Less: 2016 Expenditures & Transfers Out .....	30,069,541 .....	1,405,000 .....	267,000 .....	0
<b>2016 Ending Fund Balance, Dec 31 (est) .....</b>	<b>\$ 7,650,835 .....</b>	<b>\$ 1,122,537 .....</b>	<b>\$ 520,000 .....</b>	<b>\$ 83,649</b>

**Notes:**

1. 2015 balances were updated by using the 2014 actual ending fund balances reported in May 2015.

**P**rovided above is a summary of each fund's beginning and ending balances.



**Les Halles** by Penny Rhines  
2nd Place 11h/12th Grade Winner of the 2015 Our Own Expressions  
Drawing Contest

# Part 5 About the Budget Process

---



**What a Wonderful World** by Jonathan Ross  
2nd Place 11th/12th Grade Winner of the 2014 Our Own Expressions Photography Contest

THIS PAGE LEFT INTENTIONALLY BLANK



## Budget Method and Sequence

Pierce County Library's 2016 budget was developed for maintaining services and to position the Library to be ready to conduct a Strategic Planning project and implement its recommendations beginning as early as 2017.

### Budget Team's Approach

The Budget Team does not approach departmental budgets using traditional budgeting assumptions (i.e., next year = current year + inflator). Instead, it applies proven techniques from activity-based budgeting. This ensures that:

- Budgeting is linked to Library priorities and strategy.
- The current year's inefficiencies and operating assumptions do not automatically carry forward into the next fiscal year without scrutiny.
- Continuous improvements are required of Managers, including workload distribution—how to get the same work performed with less labor, or freeing up labor to perform emergent work.
- Managers focus on identifying and eliminating root causes of inefficiencies, workload, and high costs of procurement or services.

To these ends, managers justify current funding levels; there were no automatic increases made to any maintenance and operations line items. Managers succeeded in submitting across-the-board reductions of 10%; however, the Budget Team carefully evaluated all reduction proposals; some were not implemented, as they would have greatly affected services.

### Budget Method

The 2016 budget was developed by applying the following method:

1. The Administrative Team discussed service priorities, fiscal realities, and developed strategies.
2. Managers were advised to plan and budget for 2016 services during the 2015 mid-year budget process.
3. Projected revenues were calculated in July 2015, from initial indicators of property value assessments.
4. The Budget Team updated the Library's five-year cash flow driver.

5. Managers were given the Executive Director's guidance on how to create their budgets.
6. Managers developed and submitted operating budgets. Certain line items were called out for sub-itemization and analysis.
7. Managers collaborated to create and present capital projects.
8. Managers presented their budget proposals to the Budget Team.
9. Second drafts of departmental budgets were calculated and adjustments were made.
10. The Library received Pierce County's preliminary tax certification, which contained revenue calculations for 2016.
11. The Budget Team reviewed the compiled list of reductions and additions and calculated a draft budget. The Implicit Price Deflator was received. As it was under 1%, the Board passed a "substantial need" resolution to ensure that future revenues would not be reduced.
12. The Budget Team finalized an implementation of \$1.65 million in increases.
13. The 2016 draft unbalanced budget (operating and capital) was presented at the October 2015 Board of Trustees meeting. No use of cash reserves was necessary.
14. The 2016 draft balanced budget was presented at the November 2015 Board of Trustees meeting for public hearing and first reading. The public was invited to comment.
15. The Budget Team made adjustments to departmental budgets, as needed.
16. The 2016 final budget was presented at the December 2015 Board of Trustees meeting for public hearing and second reading and final passage. The public was invited to comment on the final budget.
17. If Pierce County submits amended property tax certifications at the end of December 2015, the Library will recognize those during the following summer's mid-year budget process. It will not amend the budget approved during the December 2015 Board of Trustees meeting. (The Pierce County Treasurer Assessor provided one amended certificate, which was submitted.)
18. The 2016 budget book was published in January 2016 and made available publicly via the website.



The Budget Team's principle objective during the final weeks of the budget process is to balance the Operating Budget, the Capital Improvement Budget, Special Purpose Budget, and Fund Balances/Cash Reserves. Changes in any one area will impact the others. Because the Library tightly manages current and future cash flow (given moving projections), the selection of budget proposals and funding requests are ranked, and then decided upon with the explicit understanding that calculations for the final budget must preserve the

integrity of the four areas as established in proven practices (see page 79). See figure below.

The overall budget method ensured that Library management strategize and plan for service priorities for 2016. Two forms of budget calendars are provided below: one showing the Gantt chart of summary-level budget activities, and the other a flow chart of key milestones and budget activities.

Figure 5-1: Conceptual Triad of Budget Elements

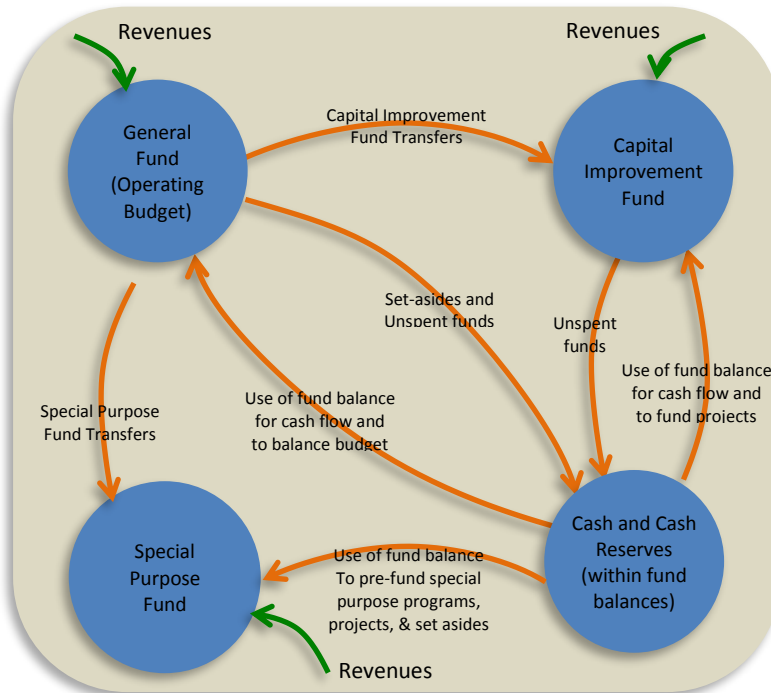
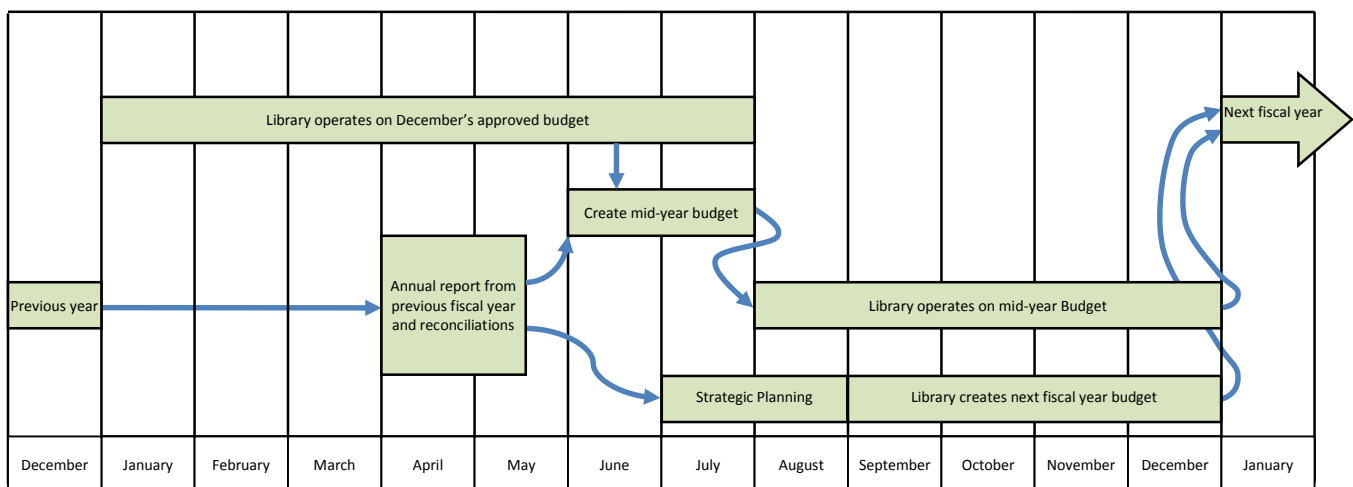
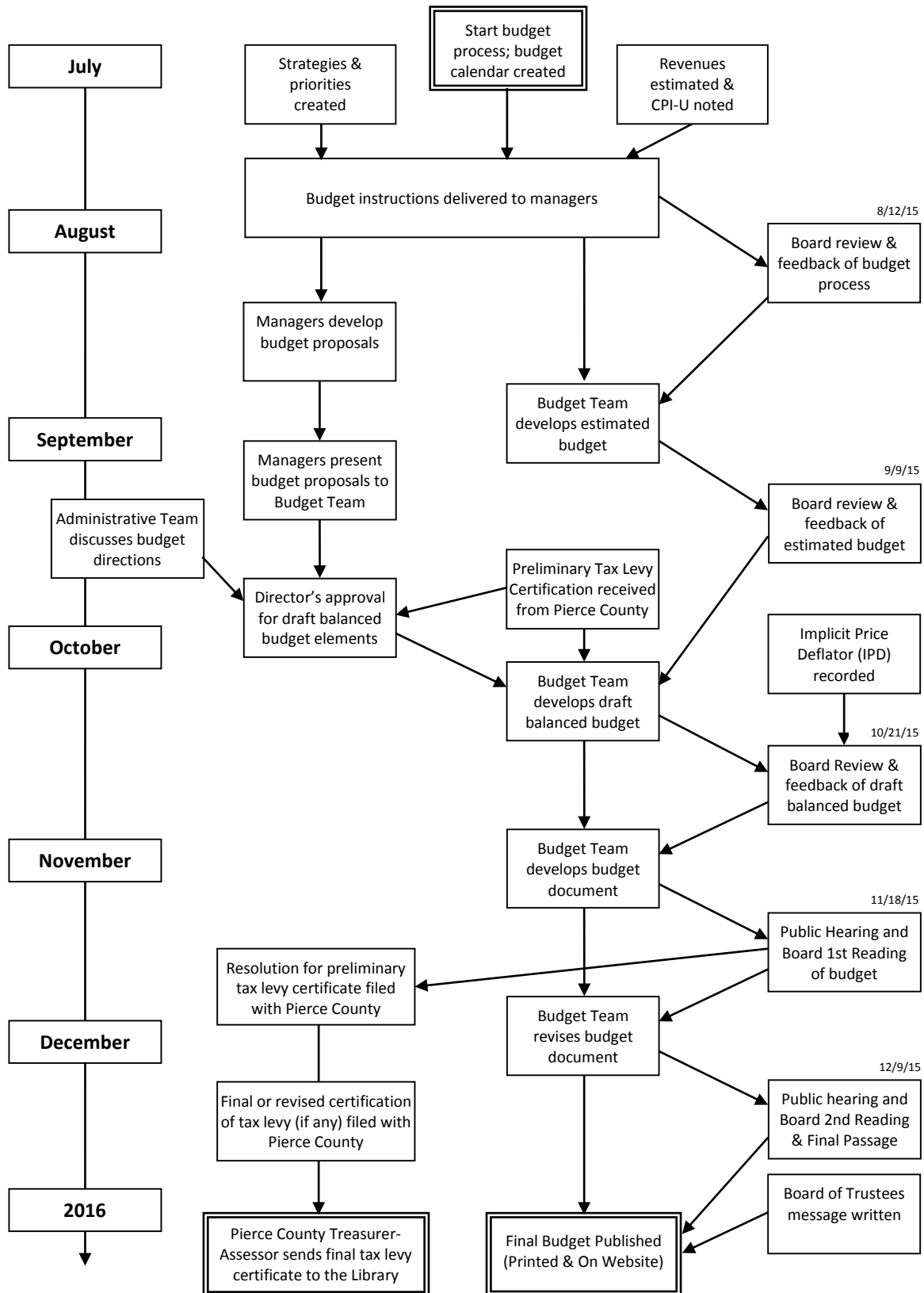


Figure 5-2: Budget Process Summary



The above chart shows the general flow of budget-planning tasks, alongside implementations of budgets.

**Figure 5-3: Budget Process & General Timeline**

The calendar below shows the combined tasks that occur during a fiscal year, juxtaposing strategic tasks, formal tasks, and administrative tasks.

**Table 5-1: Strategic & Budget Planning Process**

Month	Strategic Tasks	Board Tasks (PKT / MTG)	Fiscal & HR Tasks
JANUARY	STRATEGIC PLANNING PROCESS CONDUCTED IN EARLY TO MID 2016 WILL DRIVE NEW STRATEGIC TASKS	· Published budget document	· (JANUARY 1) Fiscal year begins · Previous fiscal year closed
FEBRUARY			· Finance Department finishes out previous fiscal year
MARCH			· First estimate of ending fiscal year performance
APRIL			· Final corrections made to previous fiscal year · Draft annual report created and distributed to Communications Department
MAY		· Previous fiscal year report · Review previous fiscal year report	· Final annual report sent to State Auditor
JUNE		· Mid-year budget, CIP, and cash flow	· Mid-year budget process begins; budget papers sent out · Preliminary assessment of property tax assessments announced by County; mill rate estimated · Mid-year budget papers received; budget created; decisions made
JULY		· Mid-year budget, CIP, cash flow, budget & CIP resolutions · (ACT) Approve mid-year budgets	· June-June CPI-U from BLS available; Union informed · Mid-year budget entered into financial system · Next fiscal year's budget calendar created
AUGUST		· CPI-U information, next fiscal year budget calendar · Board reviews budget calendar	· Benefit information received from providers · Fiscal year budget process begins; budget papers sent out with instructions · Estimated budget created
SEPTEMBER		· Estimated budget · Board reviews estimated budget; discuss budget priorities	· Every three years (2015, 2018, 2021): Labor Contract negotiations commence with intent to end 12/31 · Managers submit budget proposals · Managers present to budget panel · Budget panel makes budget decisions · Preliminary certificate of property tax levy received · Balanced budget, CIP, cash flow created
OCTOBER		· Balanced budget, CIP, cash flow, Director's message · Board reviews balanced budget, CIP, cash flow; provides feedback	· Budget decisions made; second draft of budget created; budget document draft begun · Certificate of property tax levy received · Budget document reviewed by budget team & amended · Benefit package created and sent to staff
NOVEMBER		· Second versions of balanced budget, CIP, cash flow, and budget document · (ACT) Board conducts first public hearing of budget; provides feedback; Board reviews and approves motion to certify property taxes to be levied for the following year	· Benefit enrollment month · (NOVEMBER 30) Deadline to file tax levy resolution/budget certification to County · Deadline to file IPD/tax increase resolution · Third draft of budget created; budget document completed
DECEMBER		· Final versions of balanced budget, CIP, cash flow, and budget document · (ACT) Board conducts second public hearing of budget; Board adopts resolutions to adopt fiscal year budget and CIP; Board approves motion to certify property taxes to be levied for the following year; final fiscal year transfer to CIP · (ACT) Board may conduct special meeting(s) to approve budget changes	· Managers notified to complete current year transactions by mid-January (equip received by end of December) · County may send revised levy certificate; Library recommends Board to act on it (or not) if material; if so, schedule a special Board meeting to approve revised budget and certificate; revised certificates sent to County · Budget entered into financial system; budget document in final draft form · Benefit enrollments processed · (DECEMBER 31) Fiscal year ends

**LEGEND**

PKT = Board packet materials  
IPD = Implicit Price Deflator

CIP = Capital Improvement Plan  
ACT = Action required

MTG = Board of Trustees meeting  
CPI-U = Consumer Price Index-Urban AT = Administrative Team

Table 5-2: Work Plan 2016

**1. Service Focus: Helping people read, learn and succeed.**

*Nothing new – keep doing the great work we are doing.*

Objectives	Sample Activities
Support youth & families	Early Learning, STEM, Student Success, Every Child a Library Card initiative, Block Play
Promote lifelong reading and learning	Collection priorities, improving web/mobile customer interactions, Pierce County Reads, 6-Week Geek
WorkForce & Economic Development	Get Hired, STEM, Job Track, Get Smart, Digital Literacy
Key System Programs	Pierce County Reads, Our Own Expressions, Summer Reading/Stop Summer Slide, DIY Fest, MakerFest

**2. Goal: Clear Plan & Direction**

*This is a time of transformation and opportunity for libraries. How do we answer the questions?*

- 1. Why do we need the Pierce County Library in the Internet age?*
- 2. What is the right work for us to do?*

<b>Vision:</b> Strategic Plan	Strategic Planning Process Community & Stakeholder
<b>Action:</b> Work Plans	2016 Work Plan 2017 Operating Plan/Budget

**3. Goal: Focused & Ready**

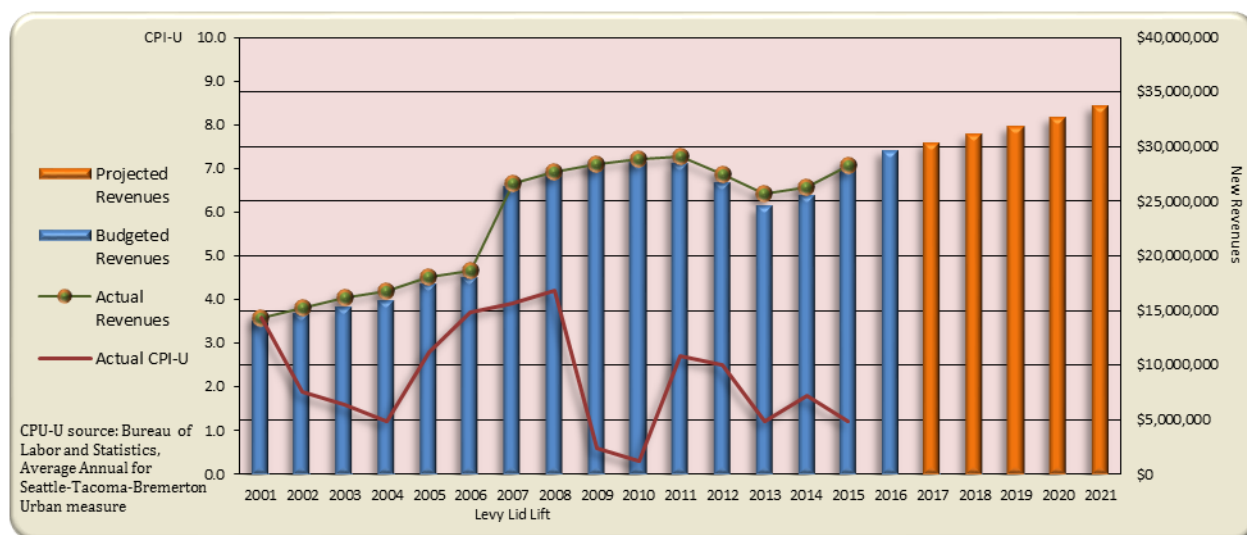
*We can't predict the future, so we must be prepared to respond to whatever it brings and thrive.*

Objectives	Sample Activities
<b>Environment:</b> Safe/Secure/Welcoming Space for Staff & Public	Carpet & furnishing replacement Restroom upgrades Elevator upgrades Signage improvement Parking lot lighting upgrades
<b>Infrastructure:</b> Robust, Sustainable & Able to Deliver our Services	Increase speed of public computers & Wi-Fi Catalog searching improvements Increase communications with customers & cardholders Pilot methods to increase appealing, diverse collection of books, movies, music & other materials
<b>People:</b> Skilled & Engaged Workforce	Training to support excellent service Leadership/Supervisor Development
<b>Focus:</b> Clear Service Priorities Supported by Operating Capacity & Resources	Branch Services Plans Collection Priorities Current services & activities review "Investing in Families" fundraising initiative Foundation Growth Plan

## Strategic Planning & Measures

### Strategies to Meet Fiscal Challenges

**Figure 5-4: Revenues vs. Consumer Price index-Urban (CPI-U)**



#### Fiscal Reality

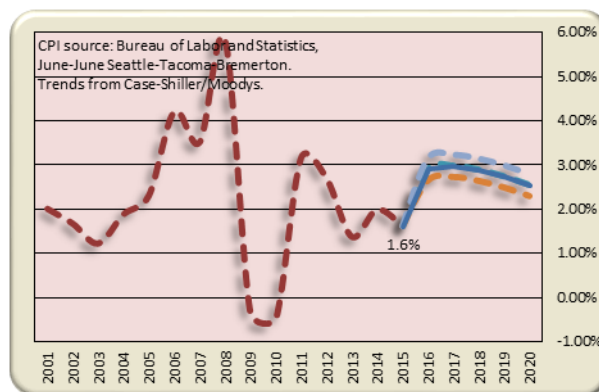
The above chart shows budgeted new revenues, projected new revenues, actual new revenues (green line), and the Consumer Price Index Urban (CPI-U, red-line). The average annual CPI-U for 2015 is projected to be 1.2% for the Library's region. Actual revenues received were slightly higher than budgeted revenues because the Library maintains a conservative and responsible practice of not overestimating revenues.

#### Long-Term Outlook—2016 and Beyond

To determine future property values, the Library uses the Case-Shiller index for all of Pierce County (Case-Shiller data is purchased from Moody's Analytics). The Library uses this projective data to create trend analysis to match it with actual property value assessments. The County Assessor's preliminary property value increase showed a 5.63% increase, which compares favorably to the Case-Shiller data for Pierce County at 6.52% increase. Cash-Shiller data suggests future property value increases of 4% to 7% per year. Pierce County

housing values are anticipated to increase. At the end of 2016 we will measure the accuracy of the Case-Shiller data by comparing to the Treasurer-Assessor's levy certificate, and make necessary adjustments.

**Figure 5-5: Regional CPI-U Trend**



The regional Seattle-Tacoma-Bellevue Consumer Price Index (CPI-U) is expected to increase by 8.77% between December 2015 and December 2018. Per Figure 5-5, this regional CPI is expected to rise for 2016 and is

estimated between 2.65% and 3.15%. In 2017, the range is between 2.73% and 3.23%.

By 2017, revenues are projected at a 1% - 2% increase while expenses will increase faster.

### **Strategies for Addressing Fiscal Challenges**

Many strategies are discussed in this document, including efficiencies, cost control, and techniques for budgeting closer to actual costs (e.g., personnel). Other efficiencies were attained to prepare us for future years. Each year is studied carefully and costs weighed to balance between reductions and services. Strategies include:

- Increasing non-property-based tax revenues.
- Reviewing the salaries planning budget and comparing it to actual project costs to thoughtfully factor in personnel turnover, such as unfilled positions.
- Implementing efficiencies.
- Evaluating return on investments, especially in the Capital Improvement Fund, to ensure that the projects implemented are the projects with clear benefits, quantifiable in terms of savings or reductions in recurring costs, or promoting and communicating clear customer service improvements according to Library priorities.

### **Balancing the 2016 Budget**

A major task for the 2016 budget was to thoughtfully allocate the \$1.65 million budget increase. Revenues came in higher than in 2015, which helped restore budget reductions incurred during the recession. The Library addressed this \$1.65 million increase by...

- Increasing the capital transfer to 4%..... 297,000 from 3%
- Created an initial transfer to fund..... 200,000 the Special Purpose Fund
- Strategic Planning project ..... 98,000
- Net of all other changes ..... 1,055,000
- TOTAL ..... \$1,650,000

### *Masquerade*

A mask of beauty, love, or grace -  
A fitting mask for any face  
And as the garish smiles leer,  
I cannot spy a single tear.

What does the mask strive to conceal?  
A face unlike the world's ideal?  
Your age replaced by tender youth  
If this is true, then what is truth?

Your face is covered with a grin  
Is it to hide the frown within?  
I beg of you, remove the veil!  
Or do you think your soul too frail?

For I would rather see you true,  
Although there's dark inside of you,  
Because your frightful, mournful, cries  
Are better than the blatant lies

I want to know the whole of you  
And with my love, bring comfort, too  
For truth will slowly, surely, fade  
If we prolong this masquerade.

**Hannah Lawty**  
Covenant High School

**2015 Our Own Expressions**  
**11th & 12th Grade Poetry Winner—3rd place**

## System Measures: 2008 – 2015

In 2007, the Library's mill rate was raised to 48 cents per \$1,000 assessed property value when voters approved a levy reauthorization request. The Library's current approach to measurements and incorporating data and evidence into its decisions and processes began with the implementation of projects funded as a result of voters reauthorizing the Library's mill rate. The Library made four "promises":

1. Increase open hours to expand access to staff, books and resources, and facilities;
2. Add books and other materials to support reading and life-long learning;
3. Increase services for youth to support reading and building skills to succeed in school and prepare for the future; and
4. Improve customer service and technology to ensure services and technology is convenient, fast and up-to-date.

The table below shows statistics monitored during this time to evaluate how well we were delivering on the levy promises. They include 2006, the year before we began our implementation, and the seven most recent years since then (2009 - 2015). During 2016, the Library will transition to new measurements as it looks forward and focuses on initiatives. The strategic planning project will introduce a new system of metrics fundamentally important to Pierce County Library System. These measures will assist in driving key decisions beginning with 2017.

### *Estranged*

stained garments: tattered throughout  
brown flakes cover mangled hair  
garbage scattered all around  
small wet drops glisten across dirt-covered face

moans of desperation fill the cold damp air  
frail boney hands reach out for help  
pedestrians jeer as they pass  
agonizing cries throughout the city

head buried in shame  
hands precisely folded, longing for a better day  
fear strikes like a fatal wound  
eyes darken for hope is lost

**Michelle Smith**  
Bellarmine Preparatory

**2015 Our Own Expressions**  
**9th & 10th Grade Poetry Winner—1st place**

**Table 5-3: System Measures Overview**

Measureable	2006 Pre-Levy	2009	2010	2011	2012	2013	2014	2015
Service Area <sup>1</sup> Population	497,000	534,000	544,000	550,000	554,000	558,000	564,000	580,000
Mill Rate Levy (per \$1,000 Assessed Value)	40.02¢	44.33¢	46.95¢	50.00¢	50.00¢	50.00¢	50.00¢	50.00¢
Operating Expenditures								
Per Capita	\$53.04	\$52.64	\$51.94	\$48.50	\$45.56	\$48.50	\$46.38	\$48.39
Total	\$27,686,105	\$28,634,961	\$28,564,891	\$26,869,885	\$25,423,927	\$26,869,885	\$26,157,845	\$28,063,748
Open Hours	737	918	926	973	973	973	973	973

Notes:

1. Because population data is reported in the middle of the calendar year, the Library uses the previous year's reported population for purposes of benchmarks and comparisons. Beginning 2010, this number includes the Fife service area.



Table 5-4: Levy Promise Statistics

<b>Levy Goal 1: INCREASING OPEN HOURS</b> expanded access to library staff, books, resources and buildings for communities.									
Library Use Measurable		2006 Pre-Levy	2009	2010	2011	2012	2013	2014	2015
Visits to Libraries (Door counts)	Per Capita	-	4.92	4.93	4.78	4.53	4.07	4.12	4.01
	Total	-	2,624,887	2,682,141	2,631,464	2,507,764	2,271,627	2,325,547	2,325,785
Active Cardholders	New	30,650	54,634	50,566	55,775	55,495	47,318	62,296	42,578
	Total	197,709	240,629	244,650	250,290	251,034	250,091	285,292	324,350
	% of Population	39.8%	45.1%	45.0%	45.5%	45.3%	44.8%	50.6%	55.9%
Unique Customers <sup>1</sup>	Total	104,023	149,806	124,771	126,820	155,869	125,099	113,405	109,934

<b>Levy Goal 2: CONNECTING CUSTOMERS</b> with good reading and the information they need is at the heart of Library services.									
Materials Measurable		2006 Pre-Levy	2009	2010	2011	2012	2013	2014	2015
Materials Expenditures	Per Capita	\$5.93	\$8.42	\$8.34	\$8.39	\$7.49	\$5.91	\$6.04	\$6.13
	Total	\$2,945,334	\$4,495,037	\$4,556,650	\$4,614,145	\$4,146,795	\$3,297,075	\$3,405,305	\$3,555,073 <sup>2</sup>
Items Checkout	Per Capita	11.3	14.7	16.1	15.5	14.7	13.5	12.2	11.59
	Total	5,606,253	7,865,324	8,762,736	8,534,808	8,161,990	7,538,951	6,906,394	6,722,843
Downloadable Checkout	Total	5,354	55,310	107,053	268,990	539,582	601,716	632,167	777,403
Checkouts Per Unique Customer	Average	53.9	52.5	70.2	67.3	52.4	60.3	60.9	61.2
Catalog Visits	Total	-	2,031,062	2,391,263	1,618,938	2,207,068	2,074,968	2,123,345	1,706,507

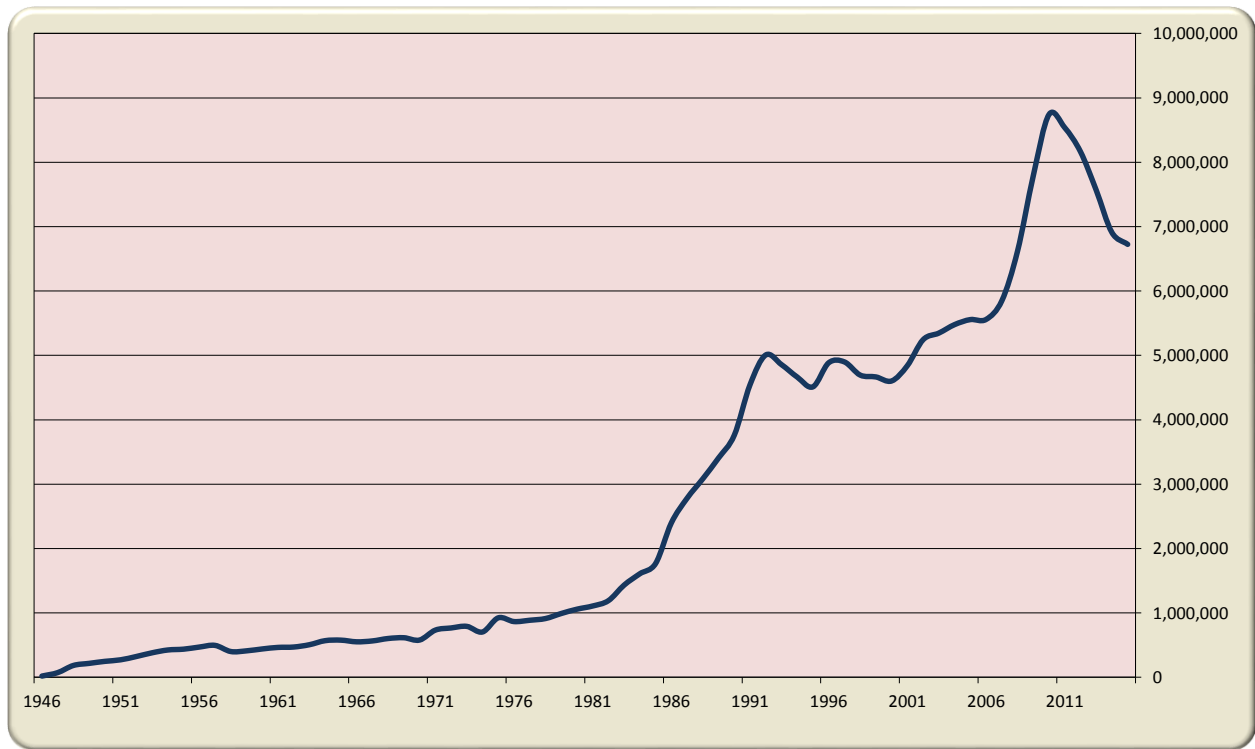
<b>Levy Goal 3: SUPPORTING CHILDREN AND STUDENT</b> reading and building skills for succeeding in school, and preparing them for the future.									
Youth Services Measurable		2006 Pre-Levy	2009	2010	2011	2012	2013	2014	2015
Live Homework Uses	Total	-	11,132	14,321	11,581	7,303	7,073	6,524	6,999
Children/Teen Items Checkout	Total	1,084,998	2,762,714	2,136,459	2,265,353	2,185,356	2,050,049	1,909,420	1,835,757
Children Events/Classes	Total	1,755	3,411	2,972	2,749	2,548	3,127	3,700	3,057
	# Attending	56,336	99,367	88,488	90,225	82,265	82,170	107,272	109,304

<b>Levy Goal 4: LIBRARY SERVICES AND TECHNOLOGY</b> are convenient, fast and reflect customer preferences for contemporary library service and delivery.									
Service and Technology Measureable		2006 Pre-Levy	2009	2010	2011	2012	2013	2014	2015
Public Computers	Total	95	241	384	527	567	604	473	455
	Per 1,000 Capita	0.19	0.45	0.71	0.96	1.02	1.08	0.84	0.78
Web Visits	Total	-	2,556,007	2,955,758	2,880,420	2,644,376	2,389,016	2,097,905	2,120,040
Computer Classes	Total	0	175	381	380	379	338	494	609
	# Attending	0	749	1,780	1,800	1,919	1,879	2,285	2,193
Reference/Research Questions Answered	Per Capita		0.51 <sup>3</sup>						
	Total	286,710	267,352 <sup>3</sup>	249,177 <sup>4</sup>	250,000 <sup>4</sup>	146,318 <sup>4</sup>	139,667	110,604	59,335 <sup>5</sup>
Database Uses	Total	-	139,776	912,762	900,000	539,224	517,063	329,989	406,934

## Notes:

- Does not include customers that download Library materials, such as e-books.
- Based on budget; all other years are actuals.
- In 2010, the Library phased in a new method for counting reference/research questions people ask.
- Does not include statistics from Outreach or the IT Help Desk.
- In 2015, the Library is reworking how reference questions are tracked and reported.

**Figure 5-3: Annual Circulation History: 1946 - 2015**

Note on circulation chart: Since Pierce County Library System began serving residents in 1946 people have been checking out more and more books, then music, then movies, and beginning in 2006, e-books. From 1946 until 1981 growth was slow and reached 1 million checkouts system-wide in 1981. During the next 10 years the Library showed steady growth, marking 5 million checkouts by 1991, as cities annexed to the Library System, the Library opened new locations, and voters passed a \$28.9 million bond in 1986 for 12 construction projects. Checkouts remained mostly steady during the next 10 years. Then, in 2006 voters passed a reauthorized levy to maintain and expand services, and checkouts soared for the next five years, reaching a high in 2010 of 8.7 million checkouts.

**Eyes On Target** by Nathen Cutler

3rd Place 9th/10th Grade Winner of the 2015 Our Own Expressions Drawing Contest

# Finance

## Financial Administration of the Budget

**P**rovided in this chapter is a brief overview of the financial administration of Pierce County Library System.

### Accounting method

The Library is authorized by the Washington State Auditor to use the “Cash Basis” accounting method for all Library funds. This means all transactions are accounted for when they are either received or paid. The specific accounting method applied in the Library is the Washington State Budget, Accounting and Reporting System (BARS). The Library does not report using General Accepted Accounting Principles (GAAP).

### Fiscal year

The Library operates on a calendar fiscal year, from January 1 through December 31. The Library employs a “13th month” for its fiscal year to account for payments and receipts that occur between January and December, but not yet processed as of December 31. The 13th month includes January of the following fiscal year but may extend into February as needed. The Washington State Auditor stipulates that all items purchased be received on the premises by December 31, invoices received and approved for payment within the first two weeks of January, and payments made by the end of January.

### Funds

The Library uses three funds, two of which are major (a major fund is defined as a fund whose budget of revenues and expenditures are approved by the Board of Trustees by resolution; a minor fund has no budget of revenues and expenditures—it is inactive for all intents and purposes).

- **General Fund (for the operating budget):** The general fund—a major fund—is used for receiving nearly all revenues that come to the Library. All ongoing operations, such as salaries, benefits, payments and purchases for supplies, equipment

and services, training, utilities, fees, etc., are paid out of the general fund.

The General Fund is distinct from the operating budget, as the latter does not record Board approved unbudgeted fund-to-fund transfers. These transfers are generally performed after the annual report is issued in May and unanticipated revenues and savings from the prior year are recorded, then some portion moved to the Capital Improvement Fund, per the Fiscal Management policy.

- **Capital Improvement Fund (for capital projects):** The Capital Improvement Fund—a major fund—is a separate fund used to receive transfers of funds from the general fund and other one-time revenues, such as special purpose grant monies and donations. Expenditures out of the Capital Improvement Fund pay for such projects as improvements to buildings, major improvements to services, major equipment purchases that are not routine. Salaries and wages are generally not paid out of the Capital Improvement Fund.
- **Special Purpose Fund:** Beginning in 2016, the Library will use another fund for certain expenditures, in particular, projects that are of a one-time nature such as those funded by grants and donations, recurring programs that run for a few months out of a year and may have multiple funding sources, and set-asides for committed future expenditures.
- **Debt Service Fund:** The debt service fund—a minor fund—is used to receive any bond/debt related revenues and payments. At this time, Debt Service Fund is not considered a major fund because the Library carries no debt and is making no payments.

Each fund may contain restricted and unrestricted uses, and these are clearly identified in their description within this budget document. All funds are reported to the Washington State Auditor in the Library’s annual report. All funds are audited. Beginning in 2011, the Washington State Auditor requires reporting of restricted and unrestricted funds, and this budget

document will be used to identify those elements in the annual report.

Because the Library is a special purpose taxing district (junior taxing district, having similar taxing authority to firefighting districts) with its own taxing authority, funds are appropriated differently than how a city appropriates funds to a city library. When the Library

certifies the property tax levy, the Pierce County Assessor-Treasurer approves the final property tax that is levied on property owners.

The Board of Trustees is authorized to create other funds as needed. See the table below for departments authorized to use each type of fund.

**Table 5-5: Department Use of Funds**

DEPARTMENT	2016 GENERAL FUND	2016 CAPITAL IMPROVEMENT FUND	2016 SPECIAL PURPOSE FUND	2016 DEBT SERVICE FUND
Executive Office .....	✓	✓	✓	
Collection Management .....	✓		✓	
Customer Experience .....	✓	✓	✓	
Communications .....	✓		✓	
Facilities Management .....	✓	✓	✓	
Finance .....	✓	✓	✓	✓
Fund Development .....	✓		✓	
Information Technology .....	✓	✓	✓	
Staff Experience .....	✓			

### **Fund Balance**

All Library funds (General, Capital Improvement, Special Purpose, Debt Service) have the simple definition of the existing fund balance from December 31 of the previous year as reported to the State Auditor, plus the net of new revenues and actual expenditures of the current year (the Library has historically recorded an annual credit in the General Fund, but it fluctuated considerably for the Capital Improvement Fund), debit/credit any adjustments at the end of the current year, minus use of fund balance to pay for expenses (in particular, operating and capital). The Special Purpose Fund's intent is to be self-funded by the projects, programs, and set-asides.

### **Treasury and Banking**

Washington State law appoints the Pierce County Assessor-Treasurer to act as the official treasurer for the Library. Revenues from property taxes and other public sources (such as Private Harvest Tax) are held and released by the Pierce County Assessor-Treasurer. Expenses are redeemed by the treasurer. The Library is authorized to create and manage bank accounts as needed to conduct business. Bank accounts are used for payroll processing, receipt of branch fines and fees revenue, and other electronic transfers to agencies, such as the IRS and Washington State Department of Retirement System. However, all transactions must eventually be recorded with the treasurer. The Pierce

County Assessor-Treasurer also acts as the investment pool for available Library funds.

### **Budgeting**

The Library budgets all funds according to the "cash basis" budgeting method and such budgets are reported to the Pierce County Assessor-Treasurer Office and to the Washington State Auditor. Therefore, the Library uses the same basis of accounting for both budgeting and annual reports. Due to the timing of final budget approval and reporting, compared to the fiscal year annual report (five months apart), only estimates are given for ending and starting fund balances based on the most accurate information available at the end of November and prior to the final budget approval in December. The Library uses the mid-year budget process conducted between June and July to reconcile the actual fund balances with the originally approved budget estimates (mid-year budgets are not reported to the Washington State Auditor). Prior to receipts of property tax revenues in April and in October, the Library uses existing fund balances—which are unbudgeted but allocated as restricted funds—to cover payments as needed.

It's not uncommon to have capital projects with multi-year contracts or schedules. In such cases, the Library "rolls over" the contracts from year to year and every attempt is made to be accurate during the budget process to predict the balance of contracts that need to

be rolled over. The Library encourages managers to have all contract encumbrances satisfied by December 31. Remaining contract values are reopened for the current fiscal year. All encumbrances are zeroed out prior to the annual report.

Grants and restricted donations at times span fiscal years. Grant and donation funded activities in the Special Purpose Fund will roll over from year to year. Wherever possible, the Library makes all efforts to receive grant and donation revenues closest to the time of procurement and payment.

### **Budget Amendments**

The operating budget is only amended during the mid-year budget process. Outside of the mid-year, the Library's practice is not to transfer funds to/from departments or among line items, even if the bottom line remains the same. During the mid-year budget process, managers review priorities, changes, and assess budgetary needs through the end of the year. Fiscal year revenues are adjusted accordingly based upon receipts and current estimates. A balanced budget is proposed to the Board of Trustees in the July Board meeting, during which the Board considers and takes motion. Bottom line mid-year savings are clearly identified and sometimes allocated, but otherwise flow to the general fund balance at year-end. The capital improvement and special purpose budgets may be amended throughout the year due to the nature of projects and needs, including emergency purchases. Management periodically provides revised capital and special purpose budgets to the Board of Trustees, of which the Board considers and takes motion.

### **Annual Reports**

Every year, the Library reports to the Washington State Auditor its prior year's annual fiscal results. Reports include a statement of revenues and expenditures, broken down by fund, a statement of cash, and other information as required by law. Notes are provided. All annual reports submitted to the State Auditor are available online at [www.sao.wa.gov](http://www.sao.wa.gov). The Library provides a comprehensive report to the Board of Trustees during the May Board meeting.

### **Audits**

The Washington State Auditor conducts a biennial audit of the Library's accountability and finances using the Governmental Auditing Standards (GASB), and conducts a "cash basis" audit. Typical audit areas include:

- Open Public Meetings Act and reporting

- Cash receipting
- Internal control
- Agreements and contracts
- Public Work projects
- Purchasing
- Banking activities
- General accounting, financial handling, and financial statements
- Compliance with applicable Washington State laws and regulations
- Policies and enforcements
- Other areas of auditing interest by auditors, management, and Board members

Auditors begin in October of every other year and conclude their work two to three months later. One or more Board of Trustee members are asked to participate in both the audit's entrance and exit interviews with Library management and state auditors. The latest audit for the 2013-2014 fiscal years concluded with its exit interview on December 7, 2015. Auditors reported that:

- There were no uncorrected misstatements in the audited financial statements.
- There were no material misstatements in the financial statements corrected by management during the audit.
- No significant deficiencies in internal control over financial reporting were identified.
- No instances of noncompliance were identified that could have a direct and material effect on the determination of financial statement amounts.

The audit concluded with an unqualified opinion, a clean audit with no findings and no letters. This concluded the 17th consecutive clean audit spanning over three decades (there were single-year audits). The next audit for 2015-2016 will commence in late 2017. Pierce County Library audit reports are available online at [www.sao.wa.gov](http://www.sao.wa.gov).

### **Financial System**

Tyler Technologies' "Eden" products are used to manage the Library's finances, accounting, human resources, and other administrative tasks. Eden was implemented in 2007. No major changes occurred to the system in 2015 and none are planned for in 2016.

The auditor requires Eden records be reconciled with all bank accounts and with the Pierce County Assessor Treasurer's system.

## Fiscal Principle, Policy, and Practices

---

**P**ierce County Library employs key financial policies and practices in guiding its budget decisions for current and future fiscal years. Many of these are stated in the Library's fiscal management policy, which is by design a long-term fiscal management policy enacted by the Board of Trustees. It and other major policies are summarized as follows:

### **Guiding Principle**

The guiding principle of the Pierce County Library System during times of harsh economic conditions is not to diminish its product. Budget decisions relate to providing the best mix of cost-conscious services to the community without sacrificing value. Its product is determined by asking the community to tell the Library what is valued and needed.

### **Fiscal Management Policy**

It is the policy of the Pierce County Library System ("Library") Board of Trustees to implement and maintain sound financial management of the entrusted resources provided by the taxpayers and other sources of funding, consistent with the Library's mission. In accordance with state law, RCW 27.12.070, the Pierce County Office of the Assessor-Treasurer serves duly as the Library's fiscal agent.

### **Policy**

1. Current year operations are funded from current year revenues. Permitted exceptions include, but are not limited to, transferring funds between fund accounts or the incurring of debt.
2. Cash reserves is a fiscal resource to stabilize long-term library sustainability. Cash reserves will not be used as a substitute for budget reductions to meet economic challenges.
3. Cash reserves (fund balance) may be used to plan or pay for current or future operations. Cash reserves shall not fall below twenty percent (20%) of the following year's anticipated revenues.
4. Fiscal year carryovers of funds within the General Fund are limited in nature, and are used for special purposes that are related to grants, gifts/donations, and collection materials.

5. To pay for qualified capital projects, a Capital Improvement Fund is established and funded appropriately by and through the General Fund.
6. For purposes of managing the Library's finances, additional fund types may be implemented.
7. Capital Improvement Fund revenues may be supplemented by unanticipated revenues or unanticipated savings in expenditures in the General Fund.
8. The Board approves a budget for revenues and expenditures in each fund, annually or any substantial modifications throughout the year.
9. Upon declaring a need for cash reserves to address a severe emergency having effects that cannot be addressed through the existing budget, the Board may pass a motion to release cash reserves for purposes of continuity of operations and services. Examples of emergencies are a natural disaster or a virulent pandemic.

### **Responsibilities**

The Board of Trustees expects the Library to:

1. Establish a budget system and administer the budget process.
2. Establish and maintain financial procedures for managing the Library's cash. Document, keep prudently current, and enforce such financial procedures as an implementation of this fiscal policy.
3. Establish and maintain a ten-year cash reserve strategy to sustain operations that best funds services to the Library's communities.
4. Set solvency goals to achieve and implement a perpetual positive fund balance that ensures short-term debt, excluding inter-fund loans, is not used to pay for operations. This may require cash of at least three to four months of operations available in the fund balance during certain times in a fiscal year.
5. Develop and manage fiscal practices and strategies so that cash reserves do not fall below twenty percent (20%) of the following year's anticipated revenues.
6. Administer a cash-flow system as an anticipatory approach to budget for and meet the Library's

expenditure needs for future operations, including bill management.

7. Implement the State of Washington's Budget, Accounting, and Reporting System (BARS).
8. Furnish to the Board appropriate financial reports on a monthly basis, and deliver the annual report to the Board subsequent to filing it with the State of Washington.

#### **Proven Practices**

1. The Library uses a thoughtful and purposeful budget method that is communicated to Library staff, customers, and the community. Through surveys and formal budget hearings, the public is invited to present its thoughts on services, budget, and fiscal matters.
  2. To the best extent possible and available, the Library uses objective methods and estimators to establish projections. Such methods are confirmed and documented.
  3. The Library uses long-term cash flow charts to determine revenues and expenditures in future years to give the Library an understanding of future fiscal realities that may need to be addressed today.
  4. The Library reserves cash in the form of restricted funds for intra-year cash flow management so that bills can be paid without borrowing from external sources. The Library may set aside other restricted uses of cash, for example the set-aside for paying costs for a future levy lid-lift.
  5. During years of revenue growth, the Library increases cash reserves to cover the additional costs it may incur. During years of revenue decline, the Library may decrease cash reserves because less is needed to cover operational costs.
  6. The Library reviews all revenue projections, including property taxes, other public sources, fines/fees, investment income, Foundation donations, and other sources of revenues. Only those revenues that can be reasonably projected for receipt are budgeted. Other revenues that are received throughout the year may be recognized during the mid-year budget process, or simply recorded and reported as unbudgeted actuals.
  7. The Library actively searches for and achieves operational efficiencies without sacrificing—if not improving—services to the customer and community.
8. The Library will only use cash reserves to cover budget shortfalls when after all possible reductions have been attained, the remaining option is to either use cash reserves or enact further painful reductions.
  9. The Library presents and has approved an annual balanced operating budget; revenues and expenditures must match. If new revenues are less than expenditures by the time the budget is presented for final passage, cash reserves may be used to cover the shortfall.
  10. Debt will not be used to cover operational shortfalls irrespective of revenue shortfalls.
  11. The Library assesses capital facility needs, such as repairs and improvements, for at least 5 years into the future. Facility needs are based on when the buildings were constructed, when major repairs and replacements were made, the current condition of the facilities, and future estimated needs.
  12. The Library uses a mid-year budget process to make necessary changes and corrections to the current budget. It recognizes changes that occurred during the first six months of the fiscal year, estimates for the remaining half of the year, and makes adjustments to prepare for the following fiscal year's budget or begin planning for long-term fiscal realities.
  13. The Library may transfer some or all unanticipated revenues or savings to the Capital Improvement Fund to pay for current or future capital projects. The need for transferring money to the Capital Improvement Fund is balanced with the need for cash reserves.
  14. The Library invests its available funds with the Pierce County investment pool.

#### **Budget Recognition**

In 2013 the Library submitted the budget document to the Government Finance Officers Association (GFOA) for review in comparison to best practices. In September 2013, the GFOA issued the Distinguished Budget Presentation Award to Pierce County Library System for the 2013 fiscal year budget. This is the second consecutive year of receiving this award. The emblem is depicted on page 2 of this document.



## Budget Planning Process

---

The budget planning process begins with establishing executive priorities, gathering and evaluating measures, and applying strategic management to the Library's goals and objectives. Provided in this section is a brief summary of the budget planning process and the major methods and elements incorporated.

### **Executive Priorities**

Continuously, the Executive Director assesses the realities of the external world, the needs of the community and customers, as well as directions of library activities nationwide and regionally. In July, shortly after the mid-year budget concludes, the Executive Director sets the priorities for the upcoming fiscal year. These priorities are communicated with the Administrative Team and fed into the strategic management process, and then to the department heads with instructions to craft their budgets accordingly. The priorities for 2016 are:

1. Be focused and ready
2. Have a clear plan and direction

Priorities changed from the previous year.

### **Performance Measures**

The Library gathers performance measures and evaluates progress. The data is culled from multiple areas of Library performance. Examples include how many items have been checked out, customer visits to the libraries, and website hits. The data snapshot is crucial to understanding the year's services and other factors, based on current priorities and strategies. The Library keeps system-wide and departmental measures. Performance measures are checked against the strategic management process and are also discussed with the Administrative Team and the Leadership Team.

### **Long Range Approach**

The Library's budgeting and decision-making process always considers the future, not just 2 years out, but 5 to 10 years out. Board of Trustees and Executive Management are committed to making the optimal decisions related to ensuring future fiscal sustainability and meeting current Executive Priorities. Throughout the year, as data becomes available, current, next year, five year, and as applicable ten year projections are created and analyzed, leading to actions that must be

taken immediately to ensure the Library remains focused on its mission in the now and future, without decimating services because of lack of effective planning. The chapter on cash flow analysis (see page 60) in this document shows the thinking behind this process. The Library recognizes that strategic goals and fiscal realities intertwine; it is exemplified in making clear priorities for the Library, and then exacting a conservative approach to budgeting and an aggressive pursuit of efficiencies. The Budget Team expects managers to implement efficiencies and objectively show evidence for the funds needed to operate.

### **Management Team Planning**

Managers use the priorities and measures to develop their departmental goals and objectives (supported by budget proposals) and major projects funded in either the operating budget or capital budget.

### **Executive Review**

The Budget Team interviews Managers and listen to proposals. Feedback is provided; sometimes decisions are made during this stage of the process. See the following section for detailed information regarding the Director's Team's approach.

### **The Budget**

Three budgets are created: the preliminary balanced budget, first public reading, and final public reading budgets. Each are presented with discussions held during Board meetings. The public is invited to participate during November and December hearings.

# Part 6 About the Library

---



**Floral Solitude** by Rebecca DePalma  
3rd Place 11th/12th Grade Winner of the 2015 Our Own Expressions Photography Contest

THIS PAGE LEFT INTENTIONALLY BLANK

## General Information

### Service Area

The Pierce County Library System provides library services in the unincorporated areas of Pierce County in Washington State, and 15 annexed cities and towns.

The Library served an estimated population of 564,000 in 2014 (using 2010 census results). In December 2014, 285,292 people had active Pierce County Library System library cards, an increase of 35,201 from the previous year. The Library offers nearly 1.1 million books, DVDs, audiobooks, and other items. In 2014, people checked out nearly 6.9 million items (2013: 7.6 million) and people made over 2.3 million visits to libraries and bookmobiles (2013: 2.4 million).

In Washington State, there are 61 library systems serving the state. Of these, nine library systems serve populations greater than 250,000, including Pierce County Library. In 2013, of all libraries Pierce County Library ranked fourth in population served and fourth in total items checked out. These nine library systems managed a total of 201 branches and 22 bookmobiles.

See page 84 for a map of libraries located in Pierce County.

### Services

The Library provides services through the 20 libraries, homebound and adult care facilities, childcare services, and the website.

The six busiest libraries are open 63 hours per week, seven days per week and provide a range of services, including Adult Services and Youth Services librarians, meeting rooms, and extensive fiction and non-fiction materials. Three of the next busiest libraries (Bonney Lake, Graham, and Summit) are each open 60 hours, seven days per week. These nine libraries are open on Sundays, from 1 to 5 p.m.

Seven other libraries (Buckley, DuPont, Eatonville, Fife, Key Center, Milton/Edgewood, Orting, and Steilacoom) provide services to local communities and are open 47 hours per week, six days a week. The Tillicum library is open 39 hours per week, six days a week.

In 2015, the Community & Outreach Services Department served over 30 adult care facilities and

about 50 group homes and people who are homebound. Beginning 2013, most bookmobile services ended. The Explorer Kid's Bookmobile provided summer service children in low-income neighborhoods. The Youth Services staff serves about 70 childcare centers and over 80 family childcare programs.

All Pierce County Library System services are available to residents or property owners in the Library System's service area, as well as people who live on a military base in Pierce County. In libraries people may access:

- Books, movies, music, and more to check out.
- Answers and information to help people find information and get books to read. Questions also may be answered via mail, phone, or e-mail.
- Free Internet access on library computers or personal laptops.
- Services for youth to help prepare children to read and students with homework.
- Job and business help with books and materials, computers, printers, and classes.
- World languages at most libraries offer books and materials in Chinese, Japanese, Korean, Russian, Spanish, or Vietnamese.
- Free public meeting rooms.

Online library services people may access:

- Live online help with homework from professional tutors.
- Help for writing resumes, planning careers, and getting jobs.
- Audiobooks and e-books to download.
- Credible, reliable information from online e-sources, subscription magazines, personal investment resources, car repair manuals, encyclopedias, and other resources.

### Library History in Brief

Pierce County Library System has been serving customers for more than 70 years. The Library System has changed a lot in that time. In 1946 seven libraries served 55,000 people. Today, Pierce County Library is the state's fourth largest library system with 20 libraries serving 580,000 people. In 1946 Pierce County Library offered 6,385 books and 6,800 from Tacoma Public Library. Today Pierce County Library System offers over 1 million books, CDs, DVDs, audiobooks and more. It

also offers computers with high-speed Internet access and free Wi-Fi.

### **Pierce County in Brief**

Year	Median Household Income	Median Age	Single Unit Homes
2000	42,555	34.1	186,108
2001	44,965	34.3	189,111
2002	45,581	34.4	193,073
2003	47,084	34.6	197,414
2004	49,151	34.8	201,655
2005	50,678	35.1	205,702
2006	55,506	35.2	210,722
2007	56,426	35.3	215,161
2008	57,674	35.4	218,132
2009	56,555	35.6	219,891
2010	55,531	35.9	218,828
2011	56,114	36.1	220,212
2012	57,162	36.2	221,467
2013	57,840	36.5	223,046
2014	58,526	36.8	225,376

Notes:

Source of data: Washington State Office of Fiscal Management.

Although City of Tacoma and City of Puyallup are not part of the Library's district, they are included in the data in this section due to them being reciprocal borrowing areas (residents in those two large cities are able to use Pierce County Library System resources by mutual agreement of the city libraries serving those two cities).

### **Top 10 Employers in Pierce County (2014)**

	FTEs
Joint Base Lewis-McCord	66,054
Local Public School Districts (k-12)	13,408
Multicare Health System	6,904
Washington State Employees	6,455
Franciscan Health System	5,338
Pierce County Government	2,979
Washington State Higher Education	2,566
Fred Meyer Stores	2,560
State Farm Insurance Companies	2,206
City of Tacoma	2,078

Notes:

Source of data: The News Tribune

Pierce County Library System is 70th at 258 FTEs in 2014

### **Other Pierce County Data (2012-15)**

K-12 students enrolled (2014-15) <sup>1</sup>	129,803
School districts / schools (2015) <sup>2</sup>	17 / 300
Colleges and Universities (2015) <sup>2</sup>	7
Licensed drivers (2012) <sup>3</sup>	557,367

Notes:

1. Office of Superintendent for Public Instruction
2. Pierce County website
3. Washington State Office of Fiscal Management

### **Snapshot of Key Data**

Provided below is a table of key data regarding the Pierce County Library System.

**Table 6-1: Snapshot of the Library's Key Data (Thru 2015)**

	2011	2012	2013	2014	2015
Population of service area as of end of fiscal year:	544,000 <sup>1</sup>	555,000	558,000	564,000	580,000
Service Area Size (in square miles, rounded):	1,800	1,800	1,800	1,800	1,800
Library Materials:	1,258,794	1,193,597	1,149,283	1,095,007	1,038,481
Circulation:	8,534,808	8,161,990	6,937,235	6,906,394	6,722,843
Library Visits:	2,631,464	2,507,596	2,271,627	2,325,547	2,325,785
Open Hours/Week:	973	973	973	973	973
No. of Registered Borrowers (active cardholders):	250,290	261,034	250,091	285,292	324,350
Programs given for Children:	2,749	2,548	3,127	3,700	3,057
Pierce County Reads Program Attendance:	1,240	2,181	1,176	2,181	2,535
Hours kids read during Summer Reading:	69,670 <sup>2</sup>	75,450	93,470	107,405	122,585
Bookmobile Stops:	Est 1,700	Est 1,600	0 <sup>3</sup>	0 <sup>3</sup>	0 <sup>3</sup>
Volunteer Hours/Year:	5,163	5,941	17,989	18,447	Est. 18,500
Website Visits:	2,888,420	2,880,420	2,425,736	2,097,905	2,120,040
Staff (Employees, excluding substitutes):	370	353	349	351	356
Staff (FTE equivalent):	265.2	262.1	257.4	261.3	268.9

Notes:

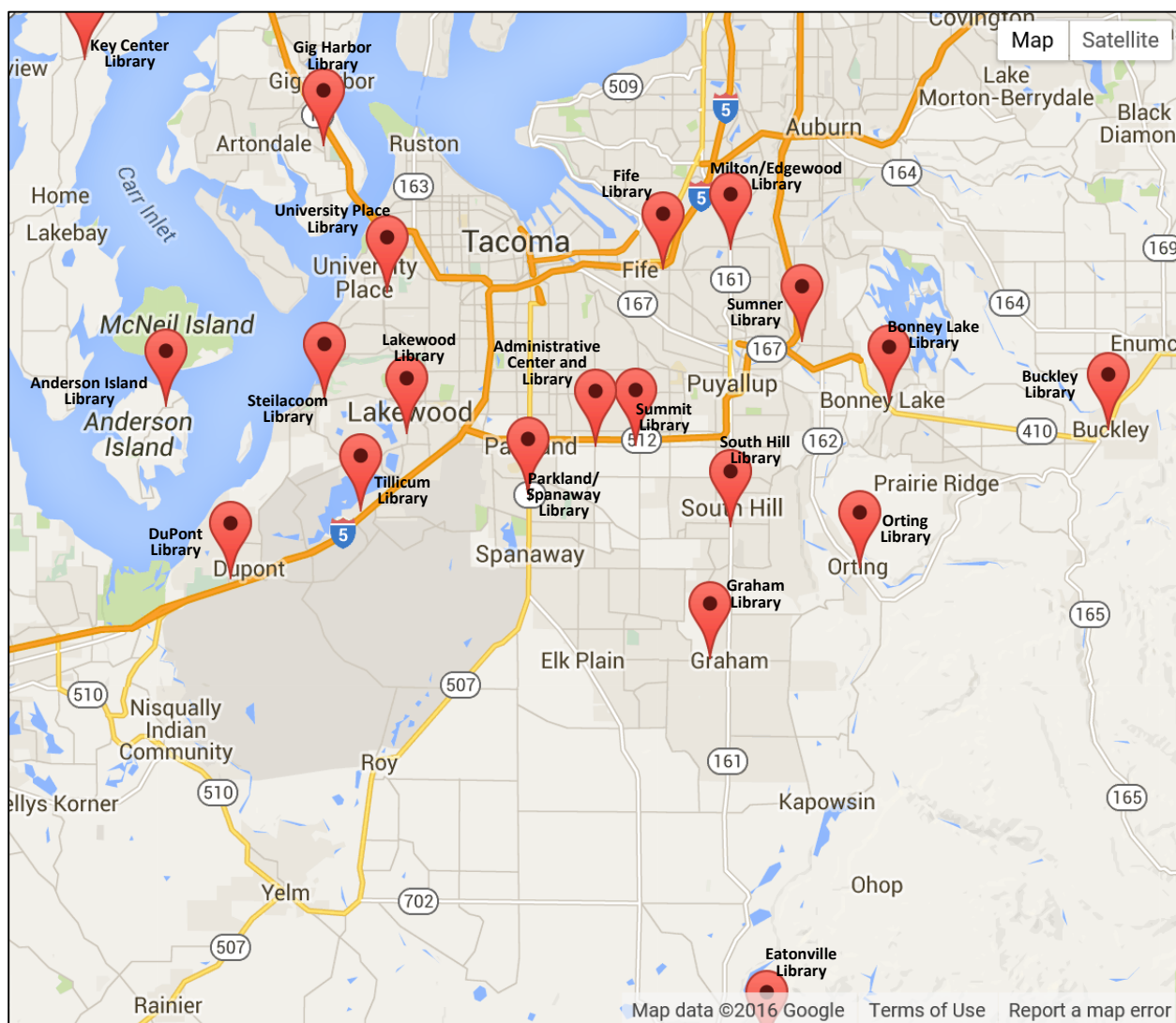
1. Recalculated from 2010 census results.
2. Methodology in counting hours read changed.
3. Bookmobile service ended in December 2012.

In Washington State, PCLS ranked in 2014:

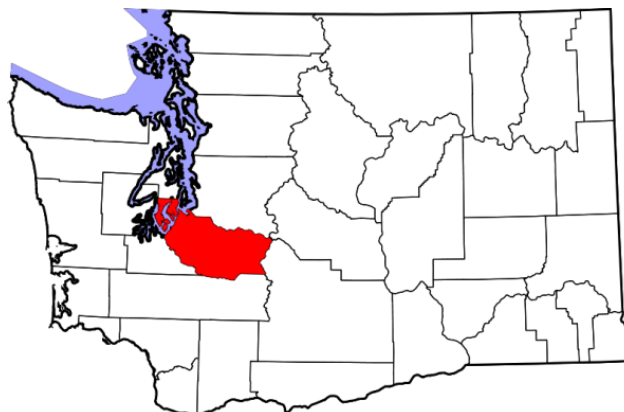
- 4th in population served; 5th in registered cardholders
- 4th in operating budget
- 4th in total staffing (FTEs)
- 5th in number of librarians (MLS degreed staff)

- 3rd in total square footage
- 8th in materials expenditures per capita among libraries with populations of over 250,000.
- 4th in total circulation
- 5th in total annual library visits

**Figure 6-1: Map of Library Locations in Pierce County**



Pierce County, the second most populous county in Washington State, is located directly between King County/City of Seattle and Thurston County/City of Olympia, the State Capital. Pierce County also rests between the Puget Sound and Mount Rainier National Park. (Map courtesy of Wikipedia).



## Library Facility Information

**Table 6-2: Library Facility Data**

Library/Facility	Facility Owner	Age of Facility	Floor Space (Square Feet)
Anderson Island (AI)	Anderson Island Community Center	1931 Renovated 1971	422
Bonney Lake (BLK)	City of Bonney Lake & PCLS	1982 Renovated 1996-97	6,480
Buckley (BUC)	PCLS	1991	4,100
DuPont (DPT)	Leased from DuPont Station Partners, LLC	2004	3,610
Eatonville (EAT)	PCLS	1990	4,000
Fife (FIF)	PCLS	2011	6,000
Gig Harbor (GIG)	PCLS	1990	15,214
Graham (GHM)	PCLS	1992	7,152
Key Center (KC)	PCLS	1976	4,066
Lakewood (LWD)	PCLS	1963 Expanded 1974 Renovated 1993-94	32,592
Milton/Edgewood (MIL)	Leased from WRP Surprise Lake, LLC	2011	6,649
Orting (ORT)	Town of Orting	1982	2,700
Administrative Center and Library (ACL)	PCLS	1992	50,000
Parkland/Spanaway (PKS)	PCLS	1990	15,576
South Hill (SH)	PCLS	1990	20,100
Steilacoom (STL)	PCLS	1995	4,039
Summit (SMT)	PCLS	1992	7,424
Sumner (SUM)	City of Sumner & PCLS	1979 Expanded and renovated 1995	10,600
Tillicum (TIL)	HUD	1985 Renovated after water damage 2004	2,100
University Place (UP)	PCLS & City of UP share space in the new Civic Building	2011	15,000 +5,000 in the future
<b>Total:</b>			<b>217,824</b>
<b>Per Capita:</b>			<b>0.39</b>



## Communities the Library Serves

**Table 6-3: List of Communities and the Libraries in their communities**

Library/Facility	Community	Population (2010 est)	Population (2030 proj) <sup>1</sup>
Anderson Island	Unincorporated Pierce County	_2	_2
Bonney Lake	Annexed city, 1993	45,447	65,000 – 72,000
Buckley	Annexed city	14,915	19,000 – 21,000
DuPont	Annexed city, 2001	13,349	16,000 – 18,000
Eatonville	Annexed town, 1982	9,733	12,000 – 13,000
Fife	Annexed city, 2009	9,090	13,000 – 15,000
Gig Harbor	Unincorporated Pierce County	47,538	57,000 – 63,000
Graham	Unincorporated Pierce County	39,760	48,000 – 53,000
Key Center	Unincorporated Pierce County	16,495	19,000 – 21,000
Lakewood	Annexed city, 1996	71,723	73,000 – 81,000
Milton/Edgewood	Annexed city, 1999	16,838	26,000 – 28,000
Orting	Annexed town, 1982	9,078	14,000 – 15,000
Administrative Center and Library	Unincorporated Pierce County	_3	_3
Parkland/Spanaway	Unincorporated Pierce County	69,472	77,000 – 85,000
South Hill	Unincorporated Pierce County	59,162	78,000 – 86,000
Steilacoom	Annexed town, 1981	11,910	13,000 – 14,000
Summit	Unincorporated Pierce County	34,388	41,000 – 45,000
Sumner	Annexed city, 1982	27,927	41,000 – 45,000
Tillicum	Annexed city (Lakewood), 1996	4,650	5,000 – 6,000
University Place	Annexed city, 1995	34,844	36,000 – 40,000
Frederickson <sup>4</sup>	Unincorporated Pierce County	24,113	28,000 – 31,000
<b>Total:</b>		560,432	681,000 – 752,000 <sup>5</sup>

**Notes**

1. Puget Sound Regional Council (PRSC) projections.
2. Included in Steilacoom population.
3. Population for the surrounding area of the Administrative Center and Library is calculated in the other libraries, notably Summit Library.
4. Frederickson was identified in the Facilities Master Plan; there is no library in that area.
5. Range shown is +/- 10%. PRSC projects 717,843. These numbers are prior to the 2010 census results.

During the 2009 – 2010 Facilities Master Plan project, the population numbers were carefully studied for 2010 and for 2030. All communities were analyzed in

considerable detail for library needs now and in the future.

# The Library: Organized to Serve the Community

## The Organization of the Pierce County Library System

In September 2011, the Library reorganized its management structure to deliver improved service to all parts of the organization and to its customers and communities. Five key management teams support the work of the organization, ensure accountability, tend to the organizational culture and “live” the Leadership Competencies. The new organizational structure creates, manages, communicates, collaborates, and delivers an excellent customer experience: to best serve Library customers, its communities, and the staff.

### Leadership Team

Management structure for the entire organization that provides a venue for customer-supplier partnerships to work at a system-view level. The Leadership Team *shares customer feedback and information, discusses system-wide management and operational concerns, and mobilizes messaging.*

### Customer Experience Team

Delivers a valued customer experience through branch, community, and virtual operations. The Customer Experience Team *brings to the table the voice of the customer.*

### Administrative Team

Shares a common understanding of the whole system, holds the vision of the future, and shapes the organizational culture. The Administrative Team *drives strategy and sets high-level system goals.*

### Budget Team

The Budget Team reviews department budget proposals and approves funding.

The figure below depicts these management teams in context. On the following two pages are two organization charts: Operations Team and Leadership Team.

Figure 6-2: Management Teams

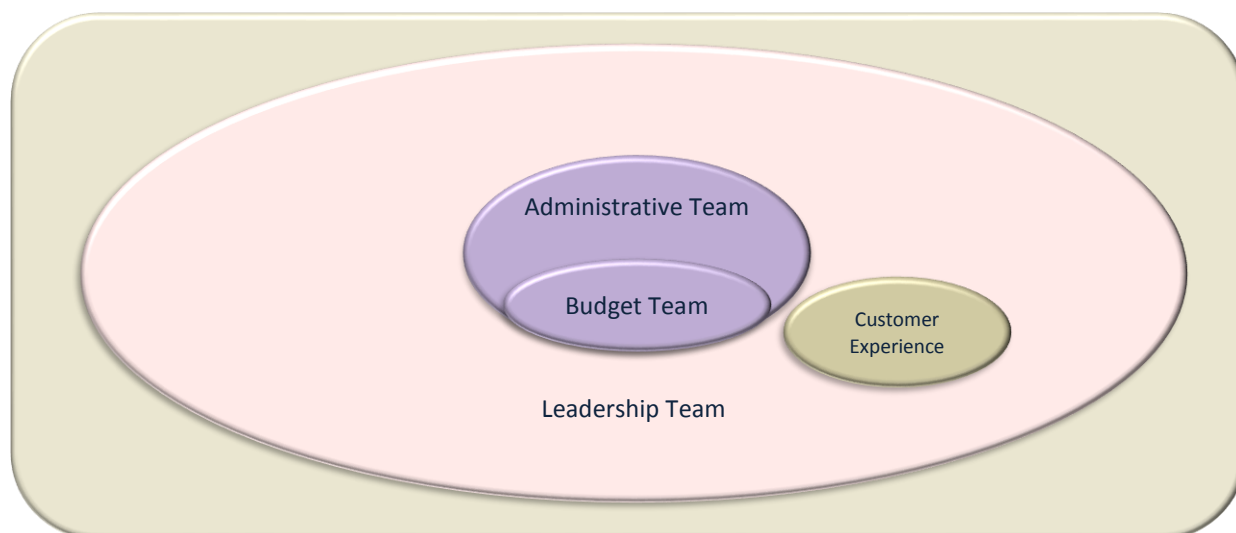


Figure 6-3: 2016 Organizational Chart-Operations View

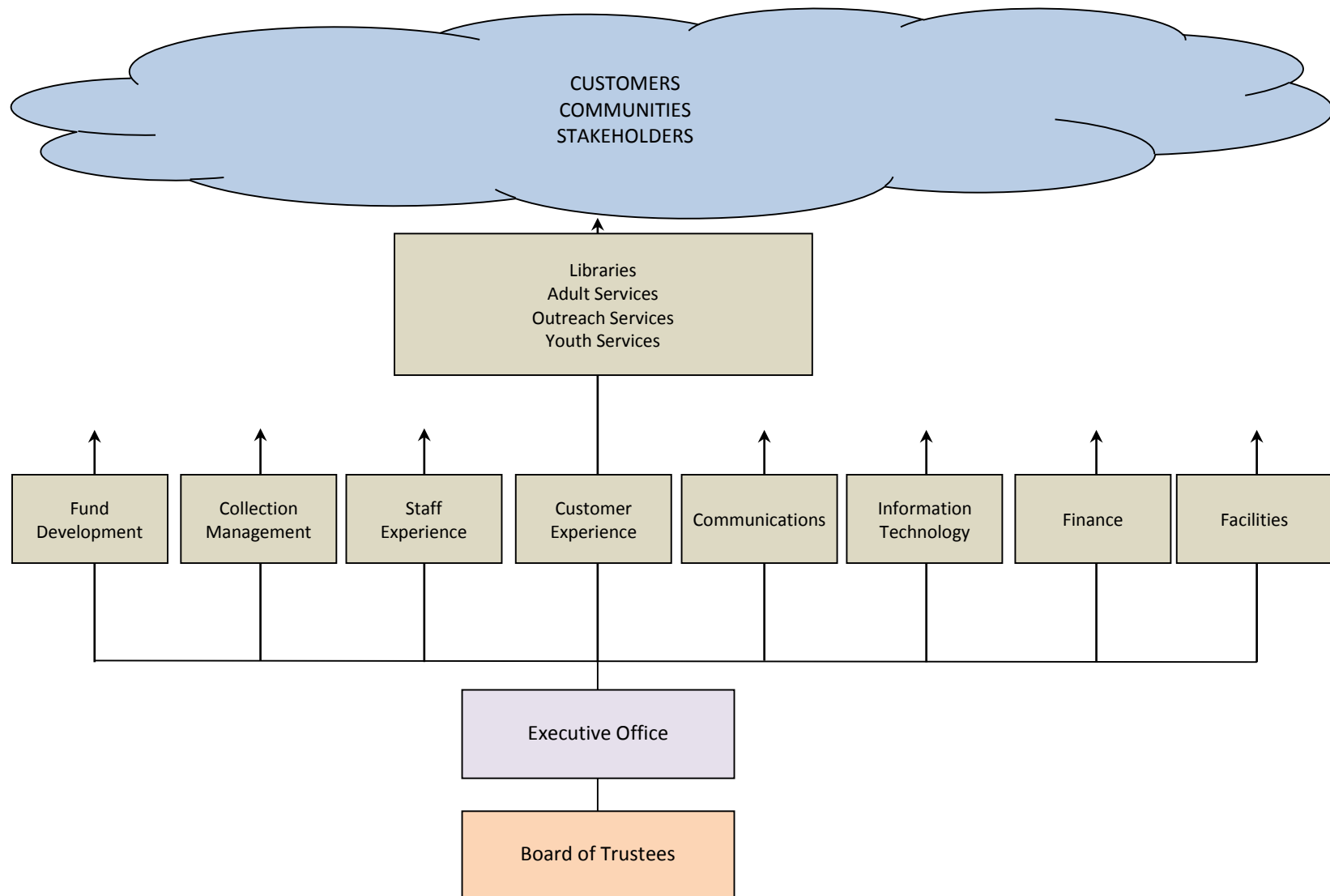
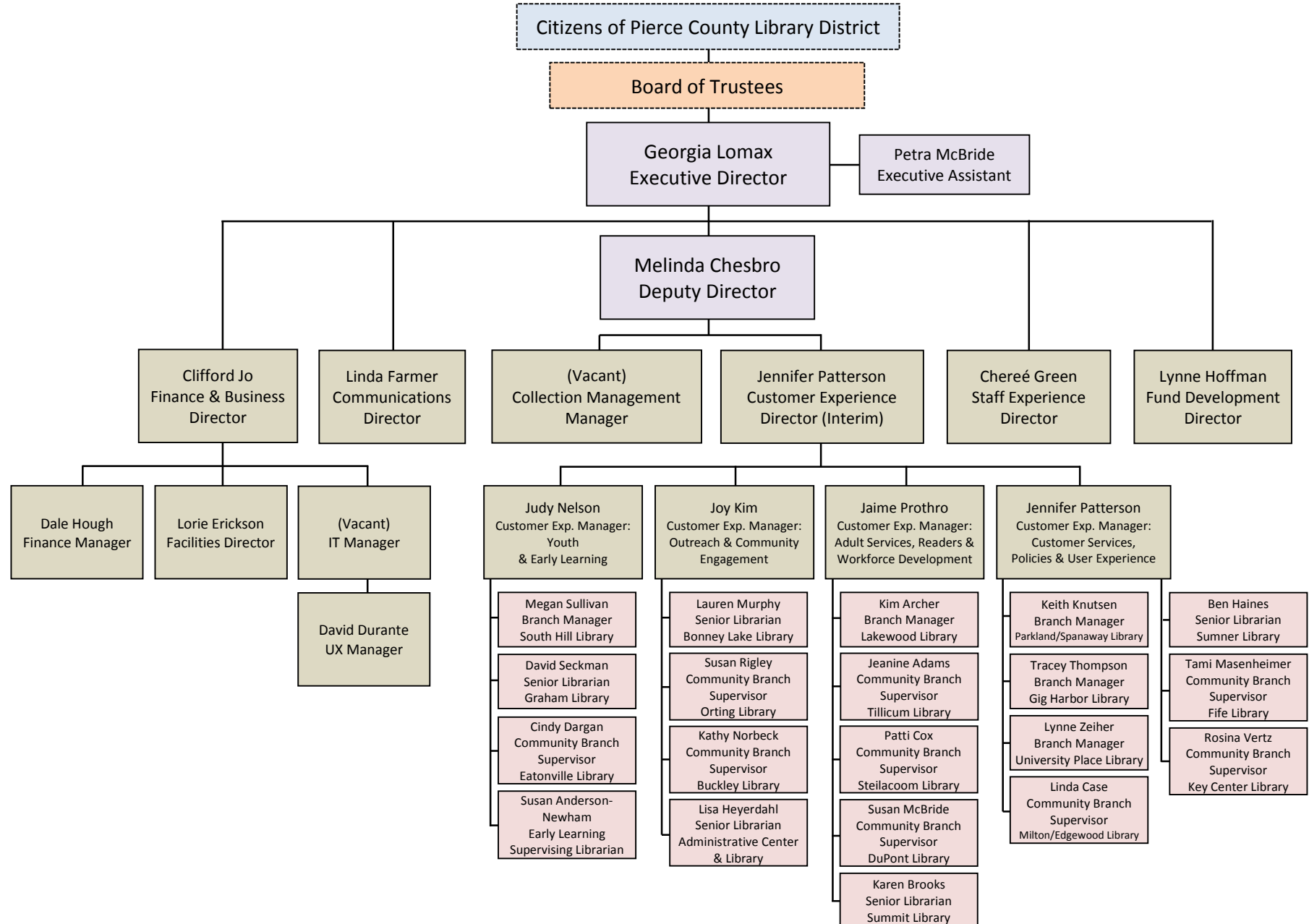


Figure 6-4: 2016 Organizational Chart-Leadership View



---

## Mission / Vision / Values

---

The Library operates by the following mission, vision, and values.

### **MISSION**

To bring the world of information and imagination to all people of our community

### **VISION**

We are the community's choice for the discovery and exchange of information and ideas:  
Reading • Learning • Exploring

### **VALUES**

We value...

- Customer service excellence
- Freedom of expression and free flow of ideas
- The diversity of people we serve, their opinions, capabilities, needs and interests
- The power and worth of words and images
- Equitable access to all library resources and services
- Responsible stewardship of public funds
- Creative solutions by solving problems in innovative ways
- Our diverse, skilled, and knowledgeable employees working in a safe and stimulating environment

## Library Priorities

The priorities from 2015 to 2016 have changed significantly. The Library recognizes that multiple years of significant revenue decline challenges the degree to which the Levy Promises can be kept past its original intent of six years, which ended 2012.

**Table 6-4: Library Priorities (2014 - 2016)**

2014 LIBRARY PRIORITIES	2015 LIBRARY PRIORITIES	2016 LIBRARY PRIORITIES
<b>Maintain core services voters called for in the 2006 levy:</b> maintain library services and aspects of the levy promises as much as possible.	<b>Address critical functions affected by the recession:</b> Re-invest in postponed infrastructure and technology projects, rebuild capital and cash funds, evaluate organizational fitness.	<b>Service Focus: Helping People Read, Learn, and Succeed:</b> <ul style="list-style-type: none"> <li>• Support youth and families</li> <li>• Promote lifelong reading and learning</li> <li>• Workforce and economic development</li> <li>• Key system programs</li> </ul>
<b>Good stewardship of the taxpayers dollar:</b> Use sound judgment in expending the taxpayers dollar.	<b>Ensure good stewardship of taxpayer's dollars:</b> Make smart choices that support a sustainable future. Develop service, revenue and capital strategies for 2017 and beyond.	<b>Have a Clear Plan and Direction:</b> This is a time of transformation and opportunity for libraries, create the <ul style="list-style-type: none"> <li>• Strategic Plan</li> <li>• 2016 Work Plan</li> <li>• 2017 Operating Plan</li> </ul>
<b>Provide up to date and future-oriented service:</b> Keep the library contemporary, innovating and providing services and resources customers expect	<b>Provide up-to-date, future-oriented service and resources:</b> Keep the Library contemporary, innovating and providing what the community and customers expect and value.	<b>Be Focused and Ready:</b> Be prepared to respond to whatever the future brings and to thrive: <ul style="list-style-type: none"> <li>• Safe/secure/welcoming space for staff and public</li> </ul>
<b>Build a customer base for the Future:</b> customer focus is a major priority of the library	<b>Map the future:</b> Develop an action plan to continue core services and guide service development and direction for the future.	<ul style="list-style-type: none"> <li>• Robust, sustainable, and able to deliver our services</li> <li>• Skilled and engaged workforce</li> <li>• Clear service priorities supported by operating capacity and resources</li> </ul>

## The Departments

In 2011, Pierce County Library changed its management structure to focus on and align the organization to create, manage, and deliver an excellent customer experience—both externally and internally, the public and the Library staff, respectively.

Successful organizations must continually evaluate and change as the environment and work changes. In 2010, the Library made organizational changes at the direct service delivery point—in the libraries. In 2011 and 2012, changes occurred in the other departments. The changes were to improve customer focus, system-wide communications, and collaboration to best serve customers and communities. This structure allowed the

Library to build better internal communications and make effective decisions quicker.

In 2016, the Library will operate eight organizational departments. Objectives of the organizational structure are to foster an organization that:

- Manages well;
- Gets things done;
- Communicates effectively; and
- Focuses on the customer.

**Table 6-5: List of Library Departments**

<b>Executive Office</b>	Includes the Executive Director and Deputy Director.
<b>Collection Management</b>	Purchases materials for customers; operates administrative receiving.
<b>Customer Experience</b>	Includes Youth Services, Adult Services, and Operations; runs 20 libraries.
<b>Communications</b>	Includes marketing, graphics, communications, and volunteers.
<b>Finance</b>	Includes general accounting and payroll.
<b>Facilities Management</b>	Includes maintenance, custodial, and drivers.
<b>Fund Development</b>	Includes Foundation-related work and grant writing.
<b>Information Technology</b>	Includes IT and Virtual Services staff.
<b>Staff Experience</b>	Includes human resource management, labor relations, and training.



**Table 6-6: Departmental Expenditure Budgets—General Fund**

DEPARTMENT	2014 ACTUALS	2015 FINAL (12/10)	2016 BUDGET (12/9)	% CHANGE 2015 FINAL TO 2016
Executive Office .....	\$ 843,098.97 .....	\$ 708,712 .....	\$ 719,720 .....	1.55%
Collection Management <sup>1</sup> .....	5,275,030.45 .....	5,580,923 .....	5,777,992 .....	3.53%
Customer Experience .....	12,495,632.42 .....	13,172,396 .....	14,057,577 .....	6.72%
Communications .....	628,429.98 .....	703,383 .....	733,858 .....	4.33%
Facilities Management.....	2,679,890.58 .....	2,826,934 .....	2,900,147 .....	2.59%
Finance .....	837,543.10 .....	901,981 .....	925,839 .....	2.64%
Fund Development .....	242,092.53 .....	254,203 .....	268,175 .....	5.50%
Information Technology .....	2,206,430.18 .....	2,848,950 .....	2,778,744 .....	-2.46%
Staff Experience .....	554,948.88 .....	734,541 .....	694,826 .....	-5.41%
<b>SUBTOTAL DEPARTMENTS</b>	<b>25,763,097.09</b>	<b>27,732,023</b>	<b>28,856,878</b>	<b>4.06%</b>
Reductions in salaries planning budget .....	N/A for Actuals .....	(510,187) .....	(535,719) .....	5.00%
to match projections (2.5% of personnel costs)				
<b>TOTAL DEPARTMENTS</b>	<b>25,763,097.09</b>	<b>27,221,836</b>	<b>28,321,159</b>	<b>4.04%</b>
Net of other expenditures, set-asides, transfers .....	260,245.00 .....	841,912 .....	1,388,382 .....	64.91%
<b>TOTAL EXPENDITURES</b>	<b>\$ 26,023,342.09</b>	<b>\$ 28,063,748</b>	<b>\$ 29,709,541</b>	<b>5.86%</b>

Notes:

1. Formerly, Reading & Materials

All departments are budgeted general funds for operations. Some departments have locations for which they have staff or allocated purchases (for example, office supplies spread across 18 locations). Budgeting for locations occurs as an allocation after the full budget has been approved. Each department is then rolled up (summarized) to confirm the department's overall budget.

Some departments have Capital Improvement Funds for projects. These budgets are entered into the Project Accounting module of the Library's financial system, Eden. The capital projects tables provided in this budget are roll ups of multi-departmental capital project budgets, but identified with the principal department having overall project oversight of the budget.

No department has any budget in the Debt Service Fund.

### *Artist at Work*

Crumpled paper, scribble, scrabble  
Torn up paper, lines within

Piece of work, window closed  
Old art, recycle bin

Heavy sighing, heavy crying  
Artist at work

**Mary Holloway**  
Keithley Middle School

**2015 Our Own Expressions**  
**7th & 8th Grade Poetry Winner—1st place**

**Table 6-7: Departmental Expenditure Budgets--Capital Improvement Fund**

<u>DEPARTMENT</u>	<u>2014 ACTUALS</u>	<u>2015 FINAL (12/10)</u>	<u>2016 BUDGET (12/9)</u>	<u>% CHANGE 2015 FINAL TO 2016</u>
Executive Office .....	\$ 120,000.00	\$ 120,000	\$ 120,000	0.00%
Customer Experience .....	308,990.62	158,000	235,000	48.73
Communications .....			175,000	New%
Facilities Management .....	641,972.20	818,000	487,000	-40.46%
Information Technology .....	21,333.00	1,119,000	360,000	-67.83%
<b>SUBTOTAL DEPARTMENTS</b>	<b>1,092,295.82</b>	<b>1,832,500</b>	<b>1,377,000</b>	<b>-24.86%</b>
Net of other expenditures and contingencies .....	91,143.27	37,000	28,000	-24.32%
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,183,439.09</b>	<b>\$ 1,869,500<sup>1</sup></b>	<b>\$ 1,405,000</b>	<b>-24.85%</b>

Notes:

- The 2015 capital budget was modified and approved by the Board of Trustees one time:
  - August 12, 2015: Modified by the mid-year budget process, to include carryover costs for 2014 projects, among other changes. Amended capital budget became \$2,969,200.

**Table 6-8: Departmental Expenditure Budgets—Major Funds**

<u>DEPARTMENT</u>	<u>2016 GENERAL FUND</u>	<u>2016 CAPITAL IMP. FUND</u>	<u>2016 TOTAL FUNDS<sup>1</sup></u>
Executive Office .....	\$ 719,720	\$ 120,000	\$ 839,720
Customer Experience .....	14,057,577	235,000	14,292,577
Collection Management .....	5,777,992		5,777,992
Communications .....	733,858	175,000	908,858
Facilities Management .....	2,900,147	487,000	1,412,839
Finance .....	925,839		268,175
Fund Development .....	268,175		2,778,744
Information Technology .....	2,778,744	360,000	3,260,147
Staff Experience .....	694,826		694,826
<b>SUBTOTAL DEPARTMENTS</b>	<b>\$ 28,856,878</b>	<b>\$ 1,377,000</b>	<b>\$ 30,233,878</b>
Net of all other costs, adjustments, and set-asides .....	852,663	28,000	880,663
<b>TOTAL EXPENDITURES</b>	<b>\$ 29,709,541</b>	<b>\$ 1,405,000</b>	<b>\$ 31,114,541</b>

Notes:

- Debt Service Fund is not included, as there is de minimus activity in that fund.

The table above shows the combined budgets for departments. For succinctness, 2014 actuals and 2015 budget have not been added.

## Department Narratives

In 2016 the Library will have 9 departments with assigned budgets, and 3 subsidiary departments having budgets (e.g., Youth Services and Outreach Services under the Customer Experience department). The Library therefore employs one roll-up department of 2 or more subsidiary departments (Customer Experience). For 2016 the Library employs no divisions. The departments are:

- Executive Office
- Collection Management (formerly Reading and Materials)
- Customer Experience
- Communications
- Facilities Management
- Finance
- Fund Development
- Information Technology
- Staff Experience

Following are the department narratives provided by the managers of each department. Each department lists major accomplishments in 2015.



**January** by Martina Preston  
3rd Place 7th/8th Grade Winner of the 2015 Our Own Expressions  
Drawing Contest

---

## Executive Office

---

Manager  
Georgia Lomax

Staffing  
5.0 FTEs

Operating Budget  
\$ 719,720

### Mission

The Executive Office leads the Library to deliver quality, valued library services and experiences for the community, creates a culture that ensures responsive service, and positions the Library to embrace opportunities in the future.

### Vision

Pierce County Library System is the community's choice for the discovery and exchange of information and ideas: reading, learning, exploring.

### Summary

The Executive Office supports top-level executive staff and the Board of Trustees, and sets strategic direction.

### 2015 Notable Accomplishments

- 2015 Innovations in American Government "Bright Ideas" award for the Block Play program from Harvard's Kennedy School Ash Center for Democratic Governance and Innovation

---

## Collection Management (formerly Reading & Materials)

---

Manager  
Melinda Chesbro (Interim)

Staffing  
28.00 FTEs

Operating Budget  
\$ 5,777,992

### Mission

To identify elect, process, deliver and create access to materials that support the Library's mission in a customer-focused, timely and responsive manner.

### Vision

Create a high-quality collection of books and materials to support the community's reading, listening and viewing interests.

### Summary

Collection Management provides a customer-focused collection of books and materials and targets selections to each of the communities in the Library's service area. The department strives to provide an exciting range of materials to meet the diverse community interests and to connect people with materials to support reading, viewing and listening interests.

### 2015 Notable Activities

- in response to customer demand and greater availability of eBooks we expanded our downloadable collection and enabled purchase requests resulting in a significant increase in eBook, eAudio use
- we continued to examine processes and workflow and to apply process improvement techniques resulting in faster turnaround of new materials and improved response on unfilled holds
- four branches changed their DVD service delivery and we supported this project by providing additional materials and by re-processing existing DVDs to work with the new system

## Customer Experience

Manager  
Jennifer Patterson

Staffing  
188.81 FTEs

Operating Budget  
\$ 14,057,577

### Mission

The Customer Experience Department creates experiences customers value in libraries, online, and in communities.

### Vision

The Customer Experience Department demonstrates customer focus in all aspects including staff, technology, collections, services, facilities and community outreach.

### Summary

The Customer Experience Department creates, coordinates and delivers a valued experience for the public aligned with Pierce County Library System's organizational priorities.

### 2015 Notable Activities

- **Summer Reading Program for all ages**  
The Summer Reading Program was expanded to include all ages in 2015 with the addition of an adult reading program.
  - 38% more youth completed the program in 2015 by reading at least 15 hours
  - 7,694,100 minutes were reported read by youth (19% increase)
  - 11,155,800 minutes were reported read by all age levels
- **STEM (Science Technology Engineering & Math) programs expanded**
  - The Science-to-Go program was expanded to include preschool bags (added 150 preschool bags). The overall circulation for the Science-to-Go bags in 2015 was 30,000; about 520 individual bags were checked out approximately 6000 times each in 2015.
  - Delivered 430 public STEM programs in all branches for all ages (including Block play, Lego Mindstorms, building programs (blocks, Legos, straws and connectors), science activities, Camp Code, Coderdojo)
  - The second annual DIY Fest was held in the fall at Sprinker Recreation Center with 27 exhibitors and 1000 participants, doubling the number of participants from 2014. Makerfest was held in the spring with 42 exhibitors and 425 participants.
- **Card in Every Child's Hand program added two school districts**
  - Four school districts participated in the Card in Every Child's Hand program in 2015 (Franklin Pierce, Bethel, White River and Eatonville) with all children in these school districts receiving library cards.
  - Circulation for Franklin Pierce School District cards increased by 64% year over year. Bethel School District card circulation increased by 387% year over year.
  - White River School District was added in 2015 and the circulation is averaging about 500 per month. Eatonville School District was added in late 2015.
  - Pierce County Library System joined the While House ConnectED project as one of 20 public libraries in US that work directly with schools to make sure kids have public library cards.

- **Digital Literacy offerings increased with the help of a grant from WorkForce Central and a partnership with WorkSource**
  - 279 Microsoft certifications were earned by members of the military and their families through the Open Lab project held at Rally Point 6.
  - A coding training, 6 Week Geek, was created and offered in two libraries to 51 enrollees.
  - Job TRACK, a technology training to help job seekers, was created and 57 people graduated.
  - 188 job skills classes were offered to 598 job seekers through a partnership with WorkSource.
  - A total of 584 digital literacy classes were taught with 1992 people in attendance in 2015.
- **Administrative Center Library enhanced service offerings**
  - In 2015, enhanced public service offerings were added to the lobby of the Administrative Center building.
  - Additional Services include:
    - Two public computers
    - Holds pickup
    - Small collection of select fiction, non-fiction and audiobook titles
    - Exterior book drop



**Precious** by Miya McCarter

3rd Place 9th/10th Grade Winner of the 2015 Our Own Expressions Photography Contest



## Communications

Manager  
Linda Farmer

Staffing  
5.60 FTEs

Operating Budget  
\$ 733,858

### Mission

The Communications Department increases and enhances public awareness and library use by consistently and effectively positioning Pierce County Library System to be the community's choice.

### Vision

The public is aware and knowledgeable of the library system and values the library and its benefits and services for individuals and communities.

### Summary

The Communications Department directs the Library's strategic communications and image; increases and enhances public awareness and library use by collaborating with customers, engaging with Friends of Libraries and volunteers, conducting market research, and producing a variety of media.

### 2015 Notable Activities

- Increased Page Likes on Facebook 56%, from 16,458 to 25,674.
- Established the library's first ever employee communications effort including a weekly staff e-newsletter, updated email communication guidelines and an updated Intranet.
- Completed a record breaking 1,100+ graphic design and communication projects to support library marketing and event programming.

### *Vietnamese New Year*

Aunt boils meat, fries fish and watches the soup;  
Uncle cut rice cake and set the fruits up;  
I wipe plates and put the food nicely in;  
Then we take empty bowls and chopsticks out.  
Gates have been open, incense have been lit;  
Pray we to ancestors who came to feast;  
Wish them a happy new year, and for peace.  
Outside the sun shines on new blossoms pink;  
Winds sweet and soft stir a sense of homesick.  
Old and dear are the traditions of Têt.

**Bao Nguyen**  
Covenant High School

**2015 Our Own Expressions**  
**11th & 12th Grade Poetry Winner—2nd place**

## Facilities Management

Manager  
Lorie Erickson

Staffing  
20.51 FTEs

Operating Budget  
\$ 2,900,147

### Mission

The Facilities Department strives to provide excellent service in an efficient and professional manner ensuring safe, clean, attractive and well maintained buildings and grounds for employees and the public.

### Vision

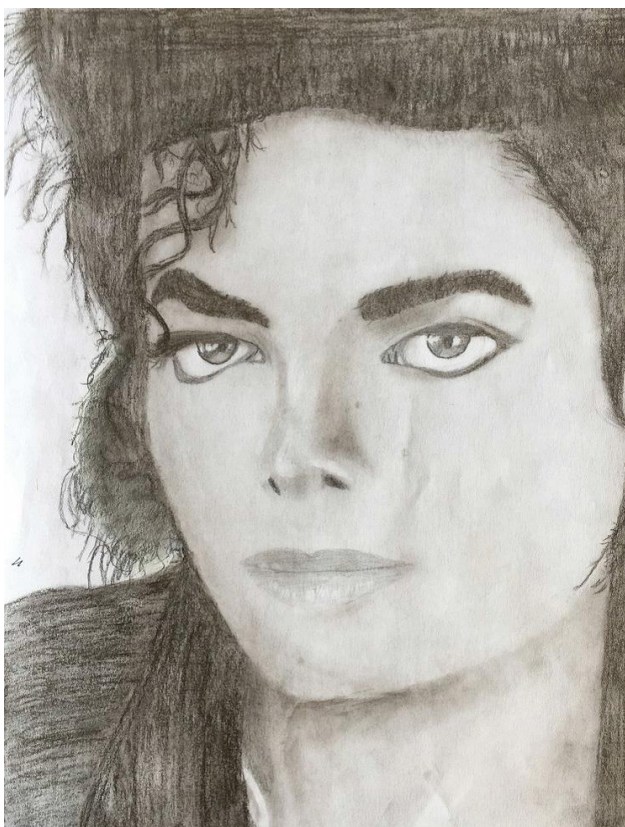
The Facilities Department works to consistently exceed our customers' service expectations.

### Summary

The Facilities Department provides exceptional delivery of facilities services in a timely and courteous manner while providing excellent customer service. We actively promote environmentally and fiscally sustainable practices.

### 2015 Notable Activities

- Major projects included furnishings replacement at South Hill, Sumner, and Gig Harbor, carpet replacement at South Hill and Gig Harbor, and the Fife Access/Main entrance relocation.
- Energy efficiencies included upgrading the parking lot lighting at Buckley and South Hill and upgrading the UPS and IT server room.
- Customer service focused on the addition of a service lobby at the Administrative Center Library.



**Michael Jackson** by Nicon Moeini  
2nd Place 7th/8th Grade Winner of the 2015 Our Own Expressions Drawing Contest

---

## Finance

---

Manager  
Dale Hough

Staffing  
6.00 FTEs

Operating Budget  
\$ 925,839

### Mission

The Finance department's mission is to administer a fiscally responsible system to support the Library System.

### Vision

To be a valued Pierce County Library System partner, providing ethical, responsive, and contemporary financial services.

### Summary

The Finance department is directly responsible for the accounting and good stewardship of all PCLS public and other funds. Our process is accountable, transparent, on-time and auditable. The department continually strives for increased efficiencies and cutting edge best practice. The Finance department manages all financial transactions for the System including payables, receivables, grant and project accounting, general ledger, fiscal reporting and analysis, payroll and purchasing. We continue to move towards a paperless future-oriented system where key fiscal records are stored in electronically archival formats available at the click of a button. Further, the department provides a fully operational and self-service online timekeeping and employee information web based portal.

### 2015 Notable Activities

- Received clean "no adverse opinion" financial and accountability audits from the Washington State Auditor's Office for years 2013 and 2014
- Enabled labor expenditure tracking for projects managed in project accounting program.
- Increased payments by purchasing cards, leveraging the rebate program and reducing our processing costs. This program generated 111% more unrestricted rebate revenue as compared to 2014. Total rebate received in 2015 was \$71,383.

---

## Fund Development

---

Manager  
Lynne Hoffman

Staffing  
2.80 FTEs

Operating Budget  
\$ 268,175

### Mission

The mission of the Development Department is to nurture a culture of philanthropy for the Pierce County Library System. In that role, the Development Department will act as a catalyst to connect the priorities of the Pierce County Library System, the community's needs and the wishes of donors.

### Vision

The Foundation provides significant and sustainable funding for key Library programs.

### Summary

By attracting gifts from individuals, businesses and foundations, using a variety of strategies, the Development Department addresses the need to diversify funding that can cushion the library from budget fluctuations and also give the library the opportunity to fund innovation and targeted needs.

The Development Director and staff administer the work of the Pierce County Library Foundation, the philanthropic arm of the Pierce County Library System. The Foundation consists of an active, volunteer board of directors who build community relationships and improve public awareness about programs and services, and advocate for the Pierce County Library System. The Foundation operates on a July to June fiscal year.

With funds raised in 2015-16, the Pierce County Library Foundation will direct funding to expand youth programs in the areas of early learning and STEM, for services inside library locations and in the community.

### 2015 Notable Accomplishments

- The Foundation awarded \$198,901 to Programs for Young Readers resulting in:
- The Foundation awarded \$67,349 for Programs for Adult Learners resulting in:
- Additionally, the Foundation awarded funds for the South Hill Library Project, the Kenneth B. DeRoche Reading Corner at University Place Library and Early Learning from gifts made in honor of retiring Library Director Neel Parikh.

---

## Information Technology

---

Manager  
Clifford Jo (Interim)

Staffing  
17.00

Operating Budget  
\$ 2,778,744

### Mission

Provide up-to-date, easy to use and forward-looking technology and technological experiences.

### Vision

The Information Technology Department is a trusted technology leader, promoting and supporting change that meets customers' needs.

### Summary

The IT Department supports customers in the use of technology at the Library System. This includes maintaining the Polaris Integrated Library System (ILS) to allow access to books, movies, and music and access to the Internet through public computers and customers' own technology devices using Wi-Fi.

The department continues to keep technology current. The IT Department continues to support an increasing quantity of downloadable media on mobile devices including various e-readers and MP3 devices.

The IT Department seeks to be a good steward of taxpayers' dollars through annual contract review and adjustment of telecommunication services and adjusting services to meet customers' needs.

### 2015 Notable Accomplishments

- Began implementing a significantly improved network and infrastructure equipment.
- Combined IT and Virtual Services.
- Began replacing antiquated staff computers and printers.

## Staff Experience

Manager  
Chereé Green

Staffing  
4.80 FTEs

Operating Budget  
\$ 694,826

### Mission

The Staff Experience Department creates and supports a positive, productive employment experience at Pierce County Library System through direct service to staff, promotion and support of continuous learning, and strategic human resource planning.

### Vision

The public is aware and knowledgeable of the library system and values the library and its benefits and services for individuals and communities.

### Summary

The Staff Experience (HR) Department directs the Library's strategic human resource management activities; increases and enhances staff engagement and relations by collaborating with staff and leadership and provides programs, policies and strategies to recruit, retain and develop the Library's workforce.

### 2015 Notable Activities

- Successfully awarded Association of Washington's Cities, WellCity award for our wellness program achievements.
- Launched the Library's first ever Leadership Academy to develop PCLS Leadership Competencies in current supervisory and management level staff.
- Launched the Library's first ever Staff Engagement Survey to assess and benchmark the organization's staff engagement.
- Completed a compensation study of the Library's job classifications to determine how PCLS's pay and benefits compare to other organizations in the NW region.

### *Morning*

As the sun starts to rise a clock softly chimes;  
So she fetches her paper, and wasting no time,  
Hurried fingers move swiftly to comics within;  
Then she reads with a laugh and a broadening grin.

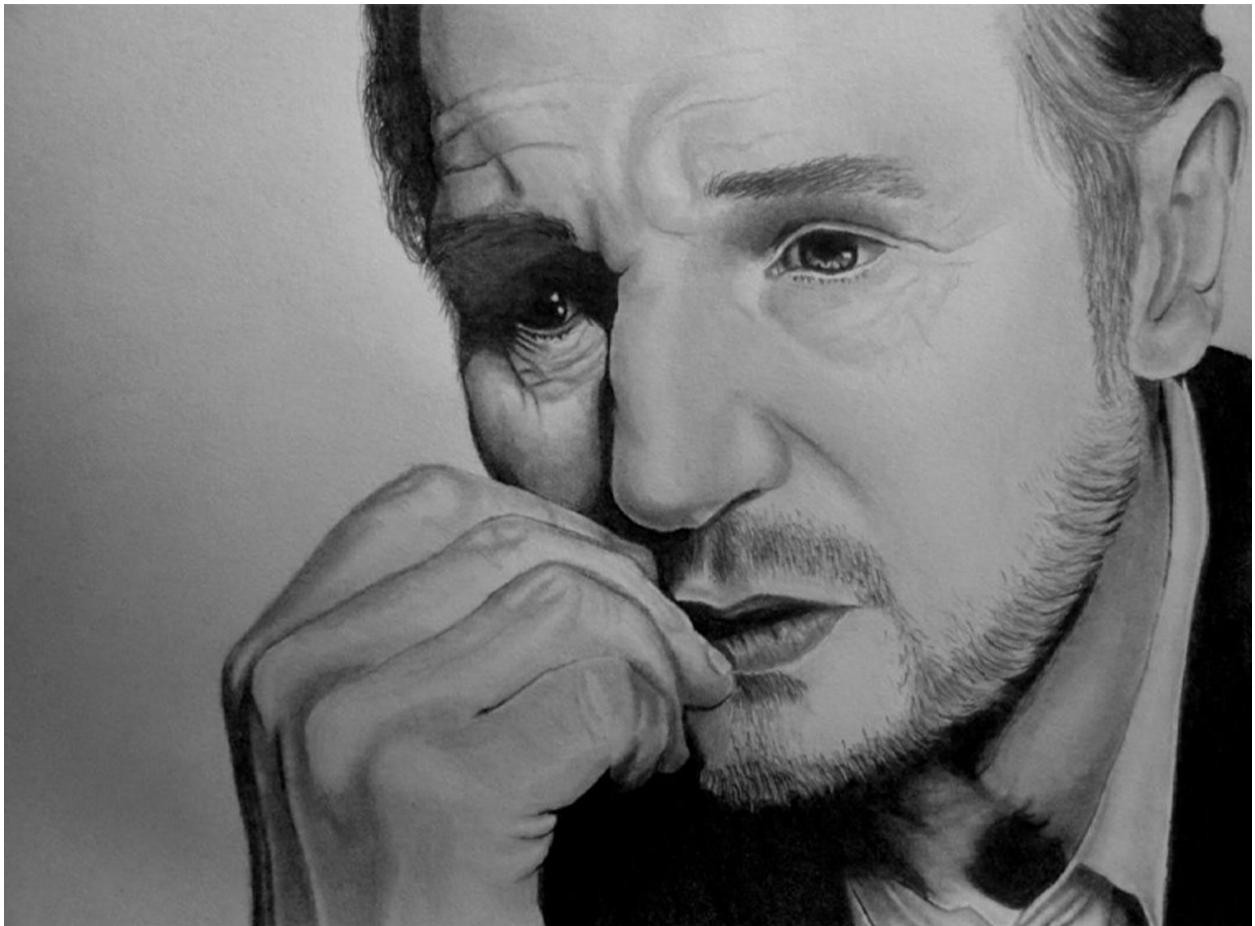
Soon the coffee aroma, as mute as a mouse,  
Gently wafts out the kitchen throughout the whole house.  
Her serene hazel eyes gently close with a sigh  
While "the world is at peace here, and now so am I."

\_\_\_\_\_  
**Andrea Ueland**  
Covenant High School

**2015 Our Own Expressions**  
**11th & 12th Grade Poetry Winner—1st place**

# Part 7 Appendixes

---



**Deep Thoughts** by Cole Maurmann  
3rd Place 11th/12th Grade Winner of the 2015 Our Own Expressions Drawing Contest



THIS PAGE LEFT INTENTIONALLY BLANK

## Acronyms & Glossary

### Acronyms

ACL..... Administrative Center and Library  
 ALA..... American Library Association  
 AWC..... Association of Washington Cities  
 BSC..... The Balanced Scorecard  
 CIF..... Capital Improvement Fund  
 CIPA..... Children's Internet Protection Act  
 COLA..... Cost of Living Adjustment  
 CPI-U..... Consumer Price Index-Urban Workers  
 EHCWa... Employers Health Coalition of Washington  
 FTE..... Full-Time Equivalent  
 GFOA..... Government Finance Officers Association  
 ILS..... Integrated Library System  
 IPD..... Implicit Price Deflator

MLS..... Masters of Library Science  
 MLIS..... Masters of Library and Information Sciences  
 MYA..... Mid-Year Adjustment  
 OCLC..... Online Computer Library Center  
 OPAC..... Online Public Access Computer  
 PCLS..... Pierce County Library System  
 PEBB..... Public Employees Benefits Board  
 PERS..... Public Employees Retirement System  
 PLA..... Public Libraries Association  
 WCIF..... Washington Counties Insurance Fund  
 WIFI..... Wireless Fidelity, or Wireless  
 WLA..... Washington Library Association  
 WSL..... Washington State Library

### Glossary

**Administrative Center and Library (ACL).** The facility of the Library's various departments, such as HR, Finance, and Collection Services.

**American Library Association (ALA).** The premier association for libraries in the United States, which include all forms of libraries (e.g., public, K-12, higher education, corporate). See also PLA, WLA.

**Association of Washington Cities (AWC).** An organization that serves Washington cities, providing among many services such as conferences, training, research, and networking.

**Balanced Scorecard (BSC).** A Harvard-developed strategic decision-making system for businesses, government, and non-profit. The Balanced Scorecard is a method for setting an organization's measurable priorities based on a process of defining strategies, and then putting those into four perspectives: customer, operations, employee growth, and financial.

**Budget—Final, or Final Budget.** A fiscal year's budget approved by the Board of Trustees upon second reading and final passage, which occurs during the December Board meeting.

**Budget—Mid-Year, or Mid-Year Adjustment (MYA).** A fiscal year's revised budget of revenues and expenditures approved by the Board of Trustees during the summer. The Library only amends the General Fund during the mid-year budget process.

**Capital Improvement Fund (CIF).** A government fund used for capital improvement projects, such as buildings, major equipment, machinery, facility renovations, etc.

**Capital Improvement Project, or Capital Project.** A specific project that improves a major aspect of the Library.

**Capital Improvement Plan (CIP).** The list and description of capital improvement projects approved by the Board of Trustees for current and future years.

**Cash Flow Analysis.** A financial tool used by the Library for multi-year financial planning purposes. The Library uses it primarily to determine how much cash is required to be set-aside in the general and Capital Improvement Funds in order to pay bills during the first four months of the next three fiscal years.

**Children's Internet Protection Act (CIPA).** This Federal Act requires that institutions receiving reimbursements for telecommunications costs, through the federally administered E-Rate program, implement an Internet filtering policy.

**Circulation.** A library statistical figure counting the number of items checked out during a specific period, usually the calendar year. The Library's circulation statistics are now in the 8 million range.

**Contingency.** Monies set aside in the General Fund to manage long-term cash needs or respond to emergencies. They are not spent.

**Cost of Living Adjustment (COLA).** The adjustment applied by an organization to all of its salary and wage tables, usually by a percentage tied to a local or national inflationary index. Due to ongoing labor negotiations for a new contract, the COLA has not been set by time of print. The expiring labor agreement had 90% of the July to July Seattle-Tacoma-Bremerton CPI-U, and has minimum and maximum caps. See also CPI-U and IPD. In July 2012, the CPI-U was recorded as 2.7%.

**Consumer Price Index-Urban Workers (CPI-U).** The CPI-U is an inflationary index used to establish the Cost of Living Adjustment to wages and salaries. CPI's are established at a national level and throughout the nation and states at regional levels. By time of print, the Library was still in labor negotiations for a new contract. The expiring contract uses the July to July Seattle-Tacoma-Bremerton version. See also COLA and IPD.

**Debt-Service Fund.** An accounting fund category for which the Library uses to pay off public debt, such as bonds.

**EDEN.** A computerized integrated fund accounting system developed and provided by Tyler Corporation. The EDEN system is used to manage the Library's finances and human resources records. EDEN succeeded Bi-Tech in 2007.

**Employers Health Coalition of Washington (EHCWa).** A private broker-managed organization that administers benefits, such as medical and dental coverage, and life insurance. As of January 1, 2012, the Library participates in the EHCWa insurance program. See also PEBB and WCIF.

**Express Checkout.** A means for providing customers the ability to checkout books, DVDs and CDs by themselves. Express Checkout stations are used across the country in various retail stores, such as Fred Meyer and Home Depot. Express Checkout is being implemented along with merchandizing. See also MERCHANDISING.

**Full-Time Equivalent (FTE).** The equivalent of a full-time position in the Library, defined as working 40 hours per week.

**General Fund.** An accounting fund category for which in its simplest form the Library uses to receive revenues and pay for ongoing operations.

**Government Finance Officers Association (GFOA):** An organization that promotes best practices and standards for governments, in particular, to accounting, budgeting, and reporting.

**Integrated Library System (ILS).** A mission-critical electronic data processing system that provides turnkey automation of a library's catalog and patron transaction system. Pierce County Library uses the Polaris ILS. More information available at [www.polarislibrary.com](http://www.polarislibrary.com)

**Implicit Price Deflator (IPD).** The national index used in Washington State for purposes of establishing the lawful property tax levy rate for revenues. Under Initiative 747 passed in 2001 (the Washington State Legislature held a special session on November 29, 2007 to enact into law the court-overturned language of Initiative 747), if the IPD is less than 1%, the Board of Trustees must take action to levy the full 1%. If the IPD is more than 1%, the Board does not need to take action and the Library receives the full 1% levy rate.

**Levy Lid-Lift.** An election by the voters to restore funding for the taxing districts, including Pierce County Library System. The Library put Proposition 1 on the ballot for the 2006 September election, which was subsequently passed by nearly 56% of the voters. Proposition 1 restored Library funding to 48 cents per \$1000 of the district's assessed property value.

**Merchandising (Books Plus To Go).** An activity and term for which the Library devotes resources to display and promote the collection and branches. Merchandising is being implemented along with the Express Checkout. See also EXPRESS CHECKOUT.

**Mill Rate (Millage).** The effective property tax levy rate for a taxing district. The Library's millage rate is 0.5000, which means the effective property levy rate is 50¢ per \$1,000 of assessed value. The millage rate is calculated every year by county's assessor/treasurer's office for the taxing district, upon release of the preliminary and final certifications of property tax revenues.

**Masters of Library Science/Masters of Library and Information Sciences (MLS/MLIS).** The graduate degree required in the industry to be called 'Librarian'. MLIS adds focus to information technology as part of the definition of being a librarian.

**Online Computer Library Center (OCLC).** A nonprofit, membership, computer library service and research organization dedicated to the public purposes of furthering access to the world's information and reducing information costs. OCLC provides services to locate, acquire, catalog, lend and preserve library materials.

**Online Public Access Computer (OPAC).** A PC in the branches dedicated for patrons to use to access the Internet or other electronic resources, such as the online catalog or other electronic information sources. PCLS OPACs also offer patrons access to office automation applications such as word processing and spreadsheets.

**Operating Budget.** The budget and activity in the General Fund (see also General Fund) exclusive of direct fund to fund transfers.

**Polaris.** The online catalog system developed and sold by Polaris Library Systems. Polaris provides staff and patrons electronic access to the catalog, and manages all transactions from materials purchase, cataloguing, circulation, and final disposal.

**Pierce County Library System (PCLS).** A junior taxing district that provides library services to residents annexed to the Pierce County taxing district and unincorporated areas of Pierce County. PCLS is not a organized under Pierce County government.

**Public Employees Benefits Board (PEBB).** The state-managed organization that administers benefits, such as medical and dental coverage, and life insurance. As of January 1, 2012, the Library no longer participates in PEBB's medical insurance program. See also WCIF.

**Public Employees Retirement System (PERS).** PERS is managed by the state's Department of Retirement, and is offered to all retirement-eligible employees. There are three plans, PERS 1, PERS 2, and PERS 3, only of which PERS plans 2 and 3 are available to employees.

**Public Libraries Association (PLA).** The association for public libraries. PLA's parent organization is ALA. See also ALA, WLA. For more information, see [www.pla.org](http://www.pla.org), [www.ala.org](http://www.ala.org), and [www.wla.org](http://www.wla.org).

**Washington Counties Insurance Fund (WCIF).** An insurance pool that provides medical and dental coverage, and life insurance. The Library participates in the WCIF dental/life insurance program. See also EHCWa PEBB.

**Wireless Fidelity, or Wireless (WiFi).** This contemporary technology provides a computer user to use a computer, most often a laptop, to access the Internet or other network resources without the need for a physical network cable. WiFi technology most often is referred to as IEEE standard 802.11a/b/g/n, which is the same technology used for cordless phones. The effective WiFi distance between a laptop and the source antenna is usually limited to around 100 feet. In library nomenclature, WiFi has come to mean providing computer owners the ability to bring in their laptops and mobile phones into branch premises and access the Internet via the library's network.

**Washington Library Association (WLA).** The Washington State association for state libraries. A regional/state organization. See also ALA, PLA.

**Washington State Library (WSL).** The State Library, currently reporting to the Washington State Secretary of the State. WSL provides some branch services, special library services to the state, training for library employees, administration of the K-20 network, and general resources to the library community.

## References

- Agreement by and Between Pierce County Rural Library District and Washington State Council of County and City Employees, Local 3787, January 1, 2013 through December 31, 2015.* July 10, 2013.
- America's Star Libraries, 2014: Top-Rated Libraries.* *The Library Journal Index of Public Library Service.* November 1, 2015.  
<http://lj.libraryjournal.com/2015/11/managing-libraries/lj-index/class-of-2015/find-your-library-2015>
- Appropriate Level of Unrestricted Fund Balance in the General Fund (2002 and 2009).* *Government Finance Officers Association (GFOA).*  
[http://www.gfoa.org/downloads/AppropriateLevelUnrestrictedFundBalanceGeneralFund\\_BestPractice.pdf](http://www.gfoa.org/downloads/AppropriateLevelUnrestrictedFundBalanceGeneralFund_BestPractice.pdf). 2009.
- Best Practices in Public Budgeting.* *Government Finance Officers Association (GFOA).*  
<http://www.gfoa.org/services/nacslb>. 2000.
- Board Policy 3.15—Fiscal Management Policy.* December 2015.
- Budget Suggestions for 2016.* *Municipal Research and Services Center of Washington (MRSC).* August 2015.  
<http://mrsc.org/getmedia/c16198df-2a3c-4bb4-8107-416ef27f933a/bs16.pdf.aspx?ext=.pdf>
- Handbook of Budgeting, Fourth Edition.* Rachlin, R., editor. John Wiley & Sons, Inc. New York, NY. 1999.
- Our Own Expressions, 2015 Winners.* *Pierce County Library System.* 2015.
- Pierce County Library 2030: Facilities Master Plan Summary Report.* *Pierce County Library System.* 2010.
- Pierce County Library System Budget; 2004 - 2015 Final Budget for Fiscal Year.*  
*Pierce County Library System.* 2003 – 2014.
- The 12 Habits of Highly Successful Finance Officers.* *Fitch Ratings.* November 21, 2002.
- Washington State Public Library Statistics; 1995-2014 Annual Reports.*  
*Washington State Library.* 1996-2015.



**Your Bones** by Katherine Hunter  
 1st Place 7th/8th Grade Winner of the 2015 Our Own Expressions  
 Drawing Contest



THE LIBRARY MAKES A DIFFERENCE ONE PERSON AT A TIME

WE ARE THE COMMUNITY'S CHOICE FOR THE DISCOVERY AND EXCHANGE OF INFORMATION AND IDEAS:  
READING ♦ LEARNING ♦ EXPLORING

Pierce  
County  
Library  
System

2016  
BUDGET

Revenues  
Expenditures  
Capital Improvements  
Special Purposes

## Major Milestones of the Pierce County Library System

### 2011 - Current

- 2015** Hosted the first Mini Fan-Con event featuring authors, a fan art exhibit, costume parade and more.  
Created Science 2 Go backpacks for preschoolers.  
Inaugurated the Kenneth B. DeRoche Reading Corner Dedication at University Place Library.  
Implemented state-of-art high speed Internet access for customers.  
Began offering laptops to check out at 5 libraries.
- 2014** Neel Parikh retires after 20 years as Executive Director and Library's fourth director, Georgia Lomax, comes on board.  
Began new download services: Zinio for magazines and Hoopla for music, movies, TV shows and audiobooks.  
First-ever DIY fest with local authors, hands-on activities, kitchen demos, food trucks and a DIY bookmobile.  
Started a new learning program, Science to Go.  
Launched Scout, an interactive online library experience.  
Received Emergency Food Network Silver Spoon Award; honored with Tacoma Community House Partnership Award.
- 2013** Received a Paul Allen Foundation Creative Leadership Award which comes with a \$50,000 cash award, for fiscally responsible materials budget that supports the community's reading, listening and viewing experience.  
Joined statewide rollout of Microsoft IT Academy led by Microsoft and the Washington State Library, to help people expand their use of technology, develop computer skills, become proficient in Microsoft software and learn about web development.  
In partnership with the Tacoma Pierce-County Health Department, provided resources and in-person assisters for uninsured Pierce County residents to learn about their options under the Affordable Care Act.  
Lakewood Library celebrated 50 years of serving the community from its location at 3600 Wildaire Road S.W.  
Received the National Medal for Museum and Library Service, presented by First Lady Michelle Obama in a White House ceremony.
- 2012** Became tobacco free, to increase the Library's comfortable, accessible and welcoming environment for all people.  
Teen summer reading went online with gamification, and 653 teenagers participated in the successful Teen Summer Challenge.  
Created a website for military personnel and their families.  
During the annual library card drive, the Library System piloted a partnership program with Franklin Pierce Schools, resulting in 5,278 students having new cards.  
Earned national Distinguished Budget Presentation Award for its 2012 budget.
- 2011** Moved Milton/Edgewood Library to a high-traffic, central location. 1,300 people attended the grand opening.  
Opened University Place Library in new location, in collaboration with the City of University Place's town center. 4,541 people participated in the grand opening.  
Opened Fife Library, the first ever library in the City of Fife. 780 people attended the grand opening.

### 2006-2010

- 2010** Fife residents started library service with the bookmobile.  
Job and Business Centers opened.
- 2009** Fife citizens voted with a 69% approval to annex to the Library System.
- 2008** Downloadable e-books offered.  
Hours children and teenagers read during summer reading increased by 44%.  
3 early literacy stations with computers to help children prepare to read added.  
64 computers with high-speed Internet added.  
Pierce County READS involved thousands of people.  
Pierce County Library 2030 planned for library services and buildings to meet future community needs.
- 2007** Playaways and online school reading lists offered.  
Open hours increased by 20%.  
Online homework help launched.  
88 computers added for a total of 218 computers.  
Free computer classes offered.
- 2006** Voters gave a 56% approval to re-authorize the Library's levy (Levy Lid-Lift):  
- Wider variety of books and other materials  
- More open hours.  
- Additional services for kids and teenagers.  
- Upgraded services and technology for customers.

- Continued on back inside cover –



## Major Milestones of The Pierce County Library System

- Continued from front inside cover -

### 2000 - 2005

- 2005** Express Checkout allowed customers to check out books on their own.  
Downloadable audiobooks offered via the library's website.
- 2001** Bilingual story times started.  
Explorer Kids' Bookmobile brought library service to children isolated from libraries.
- 2000** Audiobooks on CDs offered in libraries.

### 1990 - 1999

- 1999** DuPont and Milton citizens voted to annex to Library System.
- 1998** Library offered e-sources (online databases and subscription magazines) and computers with Internet access at all libraries.
- 1997** Library System website created.  
Our Own Words Teen Writing Contest started.
- 1996** Edgewood and Lakewood citizens voted to annex to Library System.
- 1992** New libraries opened in Graham and Summit.
- 1990** New libraries opened in Eatonville, Gig Harbor, Parkland/Spanaway and South Hill.

### 1946 - 1989

- 1987** Gig Harbor citizens voted to annex to Library System.  
Friends Connection formed to encourage communication among community library support groups.
- 1986** Voters approved \$28.9 million bond issue for system expansion program for 12 construction projects.
- 1985** New library opened in Tillicum.
- 1984** Audiobooks on cassettes offered in libraries.  
Computer checkout system started.  
Library services provided to children in child care centers.
- 1983** Buckley citizens voted to annex to Library System.
- 1982** Eatonville citizens voted to annex to Library System.  
New libraries opened in Bonney Lake, Orting and South Hill.
- 1980** Orting, Steilacoom and Sumner citizens voted to annex to Library System.  
New libraries opened in Gig Harbor and Key Center.
- 1965** The News Tribune reports on November 30 the results of a study to consolidate all libraries in Pierce County.
- 1946** Pierce County Library established as a department within Tacoma Public Library.  
Four library locations: American Lake Gardens, Gig Harbor, Longbranch and Parkland.



**2013 WINNER**  
of the **NATIONAL MEDAL**  
for Museum and Library Service

from the Institute of Museum and Library Services • [www.ims.gov](http://www.ims.gov)

*Thank you for allowing us to serve you!*

**PIERCE COUNTY LIBRARY SYSTEM—  
ENGAGED IN THE LIFE OF OUR RESIDENTS AND COMMUNITY**



**3005 112th Street East  
Tacoma, WA 98446-2215  
(253) 536-6500**

**[www.piercecountylibrary.org](http://www.piercecountylibrary.org)**