

TSCC Budget Review 2020-21

Multnomah County Library

1. Introduction to the District:

The Multnomah County Library District's boundaries are the county's boundaries.



2. History:

Voters approved a permanent library District at the November 6, 2012 General Election.

The library that would become Multnomah County Library began in 1864 when a group of local citizens established a subscription library and reading room. In 1902, the library became Oregon's first tax-supported local library. By 1903 the library, operated by the Library Association of Portland, expanded to serve the entire county.

Until the passage of the 2012 measure, the library had been supported with property tax dollars from dedicated temporary levies and by Multnomah County's General Fund.

The District is governed by the Board of County Commissioners, sitting as the Multnomah County Library District Board. A volunteer Library Advisory Board meets monthly to monitor Library activities and advise the Library District Board and staff on Library issues.

The District operates 19 libraries.

- Central Library in downtown Portland
- Five regional libraries (Belmont, Gresham, Hillsdale, Hollywood and Midland)
- Thirteen neighborhood libraries.

The District contracts with Multnomah County to operate the district. It has no employees.



The Central Library

Multnomah County Library	2016-17	2017-18	2018-19	2019-20
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Assessed Value in Billions	\$75.637	\$79.552	\$82.321	\$85.905
Real Market Value (M-5) in Billions	\$139.356	\$158.552	\$172.752	\$176.571
Property Tax Rate Extended:	\$1.1800	\$1.1800	\$1.2000	\$1.2100
Measure 5 Loss	\$-3,080,019	\$-3,290,787	\$-3,267,955	\$-3,551,979
Number of Employees (FTE's) County Employees in Library Fund	535	540	542	533

3. Strategic Plan/Performance Objectives:

The library’s mission is “Empowering our community to learn and create.” It defines role and value in the community with three pillars:

- Free access for all
- A trusted guide for learning
- The leading advocate for reading

In her May 4th budget message, Library Director Vailey Oehlke, charted this course for the Library for FY21:

In the next fiscal year, Multnomah County Library will contribute to its community in new and meaningful ways, as a collaborative force to support people and communities responding to and recovering from the most daunting challenges of our lifetime. The Library will remain committed, nimble and resilient to serve a vibrant and diverse community.

As of April 2020, all Library branches were closed in response to the Covid-19 outbreak. The majority of Library staff are currently on paid administrative leave, while a significant number have volunteered to be reassigned to work in the expanded shelter system and elections.

The district has conducted a facility planning process over the last three years. Just before the COVID-19 pandemic hit Oregon, the County Board of Commissioners passed a resolution authorizing a \$405 million bond for the November 2020 general election. This budget includes funding for more facility planning work.

4. The Budget in Total:

The Library District’s FY21 total budget is \$140.5 million, an increase of \$3 million (2%). The budget increase is the sum of increases in operating and capital expenses (+\$3.2 million) and contingency/ending fund balance (+\$3.7 million) and a decrease in interfund transfers out (-\$3.9 million).

Multnomah County Library District				
Total Budget (\$000)				
	2017-18	2018-19	2019-20	2020-21
	Actual	Actual	Rev. Budget	App. Budget
Operating Expenses	77,835	79,680	89,944	91,521
Capital Expenses	-	-	-	1,600
Total Expenses	77,835	79,680	89,944	93,121
Transfers Out	9,269	11,588	8,883	4,939
Contingency	-	-	30,073	33,352
Ending Fund Balance	29,654	37,396	8,700	9,090
Total Budget	116,758	128,664	137,599	140,501
Annual Expenditure Increase	18%	2%	13%	4%
Annual Total Budget Increase	29%	10%	7%	2%
Property Tax Rate Used	\$1.1800	\$1.2000	\$1.2100	\$1.2200

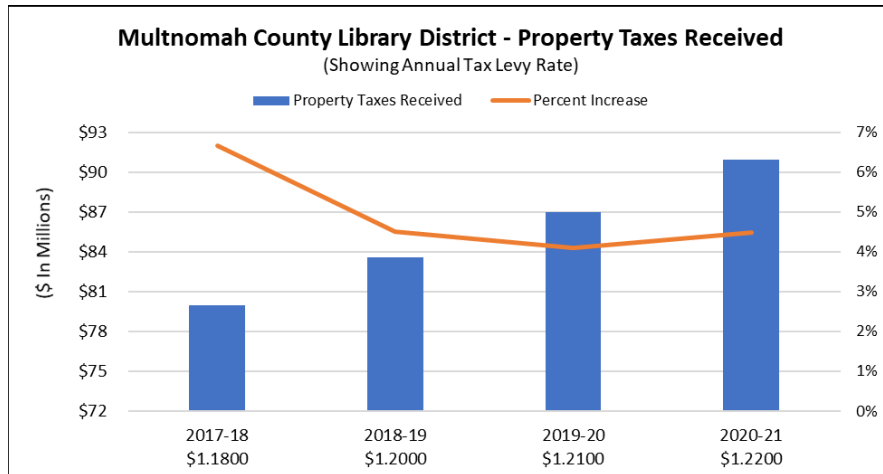
Budgeted resources balance to requirements in both district funds. District revenues are almost entirely derived from property taxes.

Multnomah County Library District				
Total Budget Resources (\$000)				
	2017-18	2018-19	2019-20	2020-21
	Actual	Actual	Rev. Budget	App. Budget
Beginning Fund Balance	24,139	29,654	38,636	42,746
Property Taxes	79,967	83,567	86,995	90,900
Fees and Charges	711	643	565	340
Other Income	2,673	3,212	2,520	1,577
Total Revenue	83,350	87,422	90,080	92,817
Transfers In	9,269	11,588	8,883	4,939
Total Resources	116,758	128,664	137,599	140,501

The District anticipates an assessed value increase of 3.75% for 2020-21 and a loss to compression of 3.9%. Compression, shown in the following chart, varies slightly between 3.7% and 3.9% of taxes extended annually.

Multnomah County Library District					
Annual Loss of Property Tax Revenue to Compression					
	2016-17	2017-18	2018-19	2019-20	2020-21
	Actual	Actual	Actual	Actual	Estimate
Compression Loss in Dollars	3,080,019	3,290,787	3,267,955	3,551,979	3,880,226
Compression Loss as a % of Taxes Extended	3.8%	3.9%	3.7%	3.8%	4.0%

The district has a maximum permanent tax rate of \$1.2400 per \$1,000 of Assessed Value. When the district was created in 2012 it, levied \$1.800 and has gradually increased the rate over. Since then. The following chart shows the amount of tax revenue received, the annual percentage increase in that amount, and the tax rate for each year. The annual increase is due to increased assessed value and the increased levy rate.



As the following chart shows, the district has historically levied more tax revenue than required. The purpose has been to build up its capital reserve. But the budget for the current and next year change that practice.

	2017-18 Actual	2018-19 Actual	2019-20 Rev. Budget	2020-21 App. Budget
Total Revenue	83,350	87,422	90,080	92,817
Total Expenses	77,835	79,680	89,944	93,121
Annual Gain(Loss)	5,515	7,743	137	(304)

5. Analysis of the General Fund:

The FY21 General Fund budget is \$106 million, a decrease of \$2.1 million (2%). The budget has one expenditure (a \$91.3 million annual payment to Multnomah County to cover the costs the County incurs to operate the library system) and one transfer (\$4.9 million) to the District's Capital Project Fund.

	2017-18 Actual	2018-19 Actual	2019-20 Rev Budget	2020-21 App Budget
Beginning Fund Balance	24,139	20,827	18,121	13,112
Property Tax	79,967	83,567	86,995	90,900
Fees and Charges	711	643	565	340
Other Income	2,660	2,904	2,220	1,427
Total Resources	107,477	107,940	107,901	105,779
Parks, Recreation and Culture	77,381	79,388	89,819	91,251
Transfers Out	9,269	11,588	8,883	4,939
Contingencies	-	-	500	500
Ending Fund Balance	20,827	16,965	8,700	9,090
Total Requirements	107,477	107,940	107,901	105,779
Total Revenues	83,338	87,114	89,780	92,667
Total Expenses	86,650	90,976	98,701	96,189
Annual Gain/(Loss)	(3,312)	(3,862)	(8,921)	(3,522)

Expenditures

The detailed library expenditure budget is in the Multnomah County Budget, Fund 1510, the County Library Fund. This fund has a total FY21 budget of \$91.3 million, an increase of 3.6% over the current year. What follows is the summary of the fund budget from the County budget document.

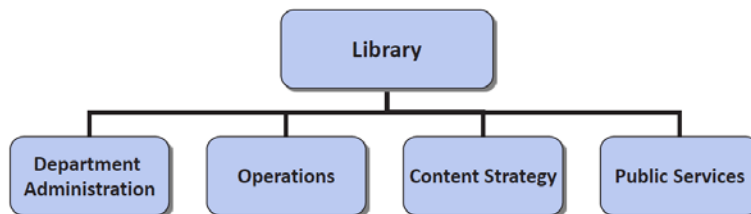
The Library's FY 2021 proposed expenditures of \$91.3 million represent a 3.6% increase over FY 2020. There are no major programmatic changes in this budget. Notable budgetary changes include:

- The Library applied a 1% constraint to current service level. The constraint was met by eliminating 3.00 FTE of vacant positions and reducing the supplies and materials budget across the department.
- The Non-Represented COLA freeze and Merit freeze for Non-Represented employees making over \$100,000 will yield the Library \$366,424 in savings in Other Funds.
- The budget includes the year two of the Library's Automated Materials Handling (AMH) pilot. Before the COVID-19 outbreak, the Library planned to start the AMH pilot at the Midland Branch in April 2020.

Multnomah County				
Library Fund Requirements (\$ Million)				
	FY18	FY19	FY20	FY21
Personnel Services	49.2	53.4	56.2	58.6
Materials & Services	27.6	27.3	33.4	32.7
Fund Transfers	-	-	1.7	-
Ending Fund Balance	<u>1.7</u>	<u>0.6</u>	<u>-</u>	<u>-</u>
Total Requirements	78.5	81.3	91.3	91.3
FTE	540	542	534	529

There are no program changes or new initiatives in the FY20 budget.

The District organization consists of four divisions as shown below.



Department Administration includes the Director and the Equity Officer and their staffs.

The Operations Division includes;

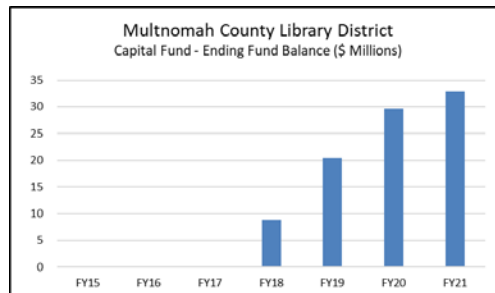
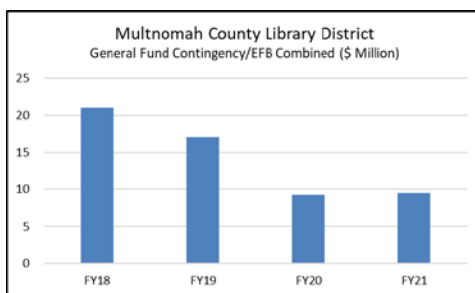
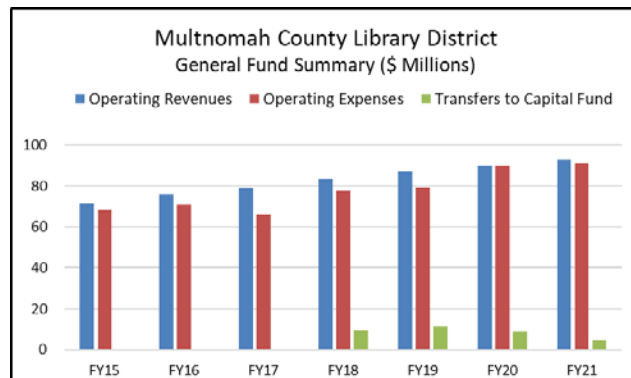
- Business Services,
- Facilities and Logistics (the movement of materials through the library system),
- Safety and Security,
- Human Resources/Learning/Organization Development, and
- Staffing and Volunteer Services.

Content Strategy is devoted to the collections and technical services associated with them. Information Technology, Marketing, and On-line Engagement are in this Division.

Public Services are the face of the library: the nineteen locations and all the services provided at those locations.

Revenues

At \$1.2200 rate, property taxes are projected to generate \$90 million. When combined with other revenues, the District anticipates receiving \$92.7 million next year in the General Fund, \$0.5 million more than budgeted operating expenditures of \$91.2 million. The following charts illustrate this.



The District is building a fund balance that serves three purposes:

1. The District has a policy that the General Fund will maintain a \$500,000 contingency and that the fund balance will be at least 10% of property tax revenues. The FY21 budget meets those policy standards.
2. The District also has a policy that surplus funds will be set aside in a capital projects fund. This budget meets that standard.
3. The District is planning to expand and upgrade its library buildings. The District is an amalgamation of neighborhood libraries built over the last 150 years. A space

planning process is underway with an eye toward increasing the building space and resources available to patrons.

6. Analysis of other Funds:

The District has one fund in addition to the General Fund. It is the Capital Projects Fund. By District Policy, this fund is used only for expenditures for capital-related activities. In FY21 the fund will be used for the facilities planning expenses required to prepare for a bond measure tentatively planned for November 2020. There is \$1.6 million budgeted for that purpose.

Multnomah County Library District Capital Projects Fund Requirements (\$000)				
	2017-18 Actual	2018-19 Actual	2019-20 Rev. Bud	2020-21 Apv. Bud
Materials & Services	454	292	125	270
Capital Outlay	-	-	-	1,600
Contingency	-	-	29,573	32,852
Ending Fund Balance	8,827	20,432	-	-
Fund Total	9,281	20,723	29,698	34,722

7. Debt Status:

The Library District has no outstanding debt.

8. Is the Budget in Sync with Strategic Plan/Performance Objectives:

The district did not present an aggressive strategic plan for FY21, presumably because of the pandemic that had already impacted the district was preparing this budget. Funding is included to continue the facility planning effort to support the pending November 2020 GO bond election.

9. Budget Process & Budget Compliance:

Yes	No	Compliance Issue
X		1. Did District meet publication requirements?
X		2. Do resources equal requirements in every fund?
n/a		3. Does the G.O. Debt Service Fund show only Principle and Interest payments
X		4. Are Contingencies shown only in operating funds?
X		5. Did Budget Committee approve the budget?
X		6. Did Budget Committee set the levy?
X		7. Does audit show the District complied with budget law?

10. Highlights of the 2020-21 Budget to be published in TSCC Annual Report:

- The Library District’s FY20 total budget is \$141 million, an increase of \$3 million (2%).
- The budget increase is the sum of increases in operating and capital expenses (+\$3.2 million) and contingency/ending fund balance (+\$3.7 million) and a decrease in interfund transfers out (-\$3.9 million).

- The expenditure-only budget is \$93 million, an increase of \$3 million (4%).
- District staffing is decreasing by 5.0 FTE.
- The District is proposing an increase in its tax rate from \$1.21 to \$1.22 per \$1,000 AV

11. Local Budget Law Compliance:

The FY21 Budget is in substantial compliance with local budget law. Estimates were judged to be reasonable for the purpose shown.

The audit report for fiscal year FY18 does not note any expenditures in excess of budget.

12. Certification Letter Recommendations and Objections:

TSCC staff did not find any deficiencies in the District's FY21 budget or budget process and will recommend the Certification Letter contain no recommendations or objections.

Multnomah County Library

Annual Report

	2017-18 Actual	2018-19 Actual	2019-20 Rev. Budget	2020-21 Apv. Budget	Budget % Change
SUMMARY OF ALL FUNDS					
Property Tax Breakdown:					
Permanent Rate Property Taxes	77,982,928	82,567,521	85,523,954	89,871,555	5%
Prior Years Property Taxes	1,983,752	999,816	1,471,348	1,028,103	-30%
Total Property Taxes	79,966,680	83,567,337	86,995,302	90,899,658	4%
Resources:					
Beginning Fund Balance	24,138,546	29,653,888	38,636,303	42,745,906	11%
Property Taxes	79,966,680	83,567,337	86,995,302	90,899,658	4%
Fees and Charges	710,892	642,863	565,000	340,000	-40%
Other Income	2,672,638	3,212,256	2,519,813	1,577,114	-37%
Transfers In	9,268,932	11,587,564	8,882,973	4,938,522	-44%
TOTAL RESOURCES	116,757,688	128,663,908	137,599,391	140,501,200	2%
Requirements by Function:					
Administrative Services	453,797	291,714	125,000	270,000	116%
Parks, Recreation and Culture	77,381,072	79,388,138	89,818,519	91,250,506	2%
Capital Outlay Unallocated	0	0	0	1,600,000	0%
Transfers Out	9,268,932	11,587,564	8,882,973	4,938,522	-44%
Contingencies	0	0	30,073,369	33,352,206	11%
Ending Fund Balance	29,653,887	37,396,492	8,699,530	9,089,966	4%
TOTAL REQUIREMENTS	116,757,688	128,663,908	137,599,391	140,501,200	2%
Requirements by Object:					
Materials & Services	77,834,869	79,679,852	89,943,519	91,520,506	2%
Capital Outlay	0	0	0	1,600,000	0%
Fund Transfers	9,268,932	11,587,564	8,882,973	4,938,522	-44%
Contingencies	0	0	30,073,369	33,352,206	11%
Ending Fund Balance	29,653,887	37,396,492	8,699,530	9,089,966	4%
TOTAL REQUIREMENTS	116,757,688	128,663,908	137,599,391	140,501,200	2%
SUMMARY OF BUDGET - BY FUND					
General Fund	107,476,559	107,940,483	107,901,022	105,778,994	-2%
Capital Projects Fund	9,281,129	20,723,425	29,698,369	34,722,206	17%
GRAND TOTAL ALL FUNDS	116,757,688	128,663,908	137,599,391	140,501,200	2%
DETAIL OF GENERAL FUND					
Resources:					
Beginning Fund Balance	24,138,546	20,826,556	18,120,907	13,112,222	-28%
Property Tax	79,966,680	83,567,337	86,995,302	90,899,658	4%
Fees and Charges	710,892	642,863	565,000	340,000	-40%
Other Income	2,660,441	2,903,728	2,219,813	1,427,114	-36%
TOTAL FUND RESOURCES	107,476,559	107,940,484	107,901,022	105,778,994	-2%
Requirements:					
Parks, Recreation and Culture	77,381,072	79,388,138	89,818,519	91,250,506	2%
Transfers Out	9,268,932	11,587,564	8,882,973	4,938,522	-44%
Contingencies	0	0	500,000	500,000	0%
Ending Fund Balance	20,826,555	16,964,781	8,699,530	9,089,966	4%
TOTAL FUND REQUIREMENTS	107,476,559	107,940,483	107,901,022	105,778,994	-2%
BALANCE SHEET AS OF JUNE 30 EACH YEAR					
	2017-18	2018-19			
Assets:					
Cash & Investments	28,301,974	36,840,126			
Receivables	3,211,462	2,514,557			
Fixed Assets	53,382,334	46,383,505			
TOTAL ASSETS	84,895,770	85,738,188			
Liabilities and Equity:					
Liabilities	263,768	52,421			
Equity	84,632,002	85,685,767			
TOTAL LIABILITIES AND EQUITY	84,895,770	85,738,188			