

M E M O



Date: October 7, 2011
To: Chair J.J. McCament and Members of the Board of Trustees
From: Clifford Jo, Finance & Business Director
Subject: 2012 Revenues and Expenditures

REVENUES

See the first page of the attached 2012 budget. 2012 revenues are set overall at -6.55% from the original budget approved by the Board in December 2010. Property values decreased by 8% when compared to what the County is reporting to us (but by -6.89% when compared to the original budget). We increased Library fines by \$10,000 based on current trends. We also increased Foundation Donations by \$20,000; Neel will talk about this during the Board meeting.

Note that per our practice, we don't budget for revenues that we generally cannot predict, such as Sales of Fixed Assets and Friends reimbursements. These revenues are recognized cautiously during the mid-year budget process.

EXPENDITURES

Beginning page 2 of the first attachment is the table of expenditures. It is presented as unbalanced, showing a shortfall of \$178,487. We will discuss this during the Board meeting (also see Neel's memo).

In the second attachment, you'll see a different presentation of the expenditures, categorized by buildings, technology, vehicles, learning, professional and related services, and other items.

Personnel Costs

Total net decrease is -2.60%, approximately -\$498,000. This is after including Labor Agreement COLA of 2.88% to staff, estimated 2012 health care contributions, retirement increases, and other adjustments. Savings were from eliminating 5 positions that are currently or will be vacant 1/1/2012, and significant service delivery adjustments to bookmobile service, of which we avoided laying off two positions by transferring them to the new Fife Library. One bookmobile driver's hours were significantly reduced. Also included is a subtotal reduction in salaries planning budget to match projections, at -\$381,000, as we discussed during the August Board meeting.

Salaries of Leadership Team (LT) members were frozen (no steps, no COLA) except for Branch Managers who took a demotion and an 11% pay decrease in 2010.

M E M O



Maintenance & Operations

Total net decrease is -14.11%, approximately -\$509,000. The majority of the decrease is due to:

- Moving materials & AV processing services to the collection budget;
- Applying E-rate discounts into the budget; and
- Significantly reducing most line items to help close the shortfall.

The Maintenance & Operations budget was constructed in more detail by requiring department heads to itemize certain line items, such as Rentals/Leases, General Repairs/Maintenance, and Contracted Maintenance (these line items are noted by an "*" in the description).

Materials

The materials budget is set at 16% for purchases and related-contracts (note that processing costs were moved from Maintenance & Operations). The actual decrease for materials purchases follows the revenue decrease of -6.50% (after accounting for the \$30,000 gift budget).

Set-Asides

Because we have satisfied the set-aside for a future election, we no longer need to set-aside \$80,000 per year. Also, because we have at least 2% of unrestricted cash reserves, we are not adding to that balance. CIP transfers are set at 3% to fund Capital Improvement Projects.

**PIERCE COUNTY LIBRARY SYSTEM
- 2012 COMPILED -**

DRAFT

GENERAL FUND

2012 COMPILED AS OF 10/6/2011	2011 Final (12/8/10)	2012 Compiled	% Change 2011 Orig to 2012 Comp	Notes
-----REVENUES-----				
31110 Property Taxes Refunded				
31111 Property Taxes Current	26,535,472	24,708,421	-6.89%	Based on projections (-8.02% compared to mid-year)
31112 Property Taxes Delinquent	1,061,419	988,337	-6.89%	Based on projections (-8.02% compared to mid-year)
31130 Sale of Tax Title Property	3,000	3,000		
31210 Private Harvest Tax	50,000	50,000		
31720 Leasehold Excise Tax	10,000	10,000		
33300 Indirect Federal Grants	5,000	5,000		
34160 Copier Fees	25,000	25,000		
34162 Printer Fees	45,000	45,000		
35970 Library Fines	605,000	615,000	1.65%	Increased based on projections
36110 Investment Income	25,000	25,000		
36700 Foundation Donations	130,000	150,000	15.38%	Foundation committed to raising an additional \$20,000 for 2012
36920 Book Sale Revenue	40,000	40,000		
36991 Payment for Lost Materials	25,000	25,000		
36992 Fee for Lost Library Cards	5,000	5,000		
TOTAL REVENUES	\$28,564,891	\$26,694,758	-6.55%	
Increase/decrease over previous		-1,870,133 (-6.55%)		

PROPERTY TAXES CALCULATOR

(Source: County Preliminary Certification 9/2010)

(1%-Limited) Levy:	\$27,689,387	Based on projected Levy Certificate
New Construction:	238,584	Based on projected Levy Certificate (due to 50 cent limitation, New Construction is not received)
State Assessed Value:	0	Based on projected Levy Certificate
Annexations:	1,004,298	Based on projected Levy Certificate
Administrative Refunds:	66,559	Based on projected Levy Certificate
TOTAL 2011 LAWFUL LEVY:	\$25,737,939	Based on projected property values and at 50 cent limit
Budget Current (96% of total):	\$24,708,421	96% collected
Budget Delinquent (4% of Current):	\$988,337	4% of the above 96% formula
TOTAL 2010 PROJECTED:	\$25,696,758	Assumes 100% not collected in a fiscal year

**PIERCE COUNTY LIBRARY SYSTEM
- 2012 COMPILED -**

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GENERAL FUND	2011	2012	% Change	
2012 COMPILED AS OF 10/6/2011	Final (12/8/10)	Compiled	2011 Orig to 2012 Comp	Notes
----- EXPENDITURES -----				
PERSONNEL				
51100 Salaries & Wages	13,721,035	13,356,774	-2.65%	Includes Steps and Labor Agreement COLA of 2.88%
51105 Additional Hours	249,400	239,600	-3.93%	Reduced to cut budget
51106 Shift Differential	156,420	156,670	0.16%	
51107 Substitute Hours	289,515	282,100	-2.56%	Reduced to cut budget
51109 Tuition Assistance Program	12,000	12,000		
51200 Overtime Wages	14,900	10,000	-32.89%	Reduced to cut budget
52001 Industrial Insurance	120,558	125,894	4.43%	Increase driven by L&I rates
52002 Medical Insurance	2,243,052	2,281,324	1.71%	Projected costs - follows Labor Agreement
52003 FICA	1,093,539	1,068,523	-2.29%	Follows Salaries & Wages
52004 Retirement	969,102	1,214,051	25.28%	Projected costs - follows Legislative requirements
52005 Dental Insurance	237,360	237,088	-0.11%	Projected costs - follows Labor Agreement
52006 Other Benefit (Cell Phone Allowance)	6,720	9,180	36.61%	Correction made at mid-year
52010 Life and Disability Insurance	27,975	31,875	13.94%	Projected costs
52020 Unemployment Compensation	30,500	30,500		
52200 Uniforms	1,300	1,300		
Total Personnel	19,173,376	19,056,879	-0.61%	
Reduction in salaries planning budget to match projections (2%)		(381,138)		
Net Personnel	19,173,376	18,675,741	-2.60%	
MAINTENANCE & OPERATIONS				
53100 Office/Operating Supplies	193,980	158,960	-18.05%	Reduced to cut budget
53101 Custodial Supplies	40,000	41,000	2.50%	Increased for Fife
53102 Maintenance Supplies	40,000	40,000		
53103 A/V Processing Supplies	25,200	25,000	-0.79%	
53104 Book Processing Supplies	22,560	22,000	-2.48%	Reduced to cut budget
53105 Training Supplies	500	0	-100.00%	Incorporated into Office Supplies line item
53200 Fuel	60,000	65,000	8.33%	Increased for Fife
53500 Minor Equipment	19,800	15,300	-22.73%	Reduced to cut budget
53501 * Furnishings	75,000	50,000	-33.33%	Reduced to cut budget
53502 * PC Hardware	195,000	196,200	0.62%	
53503 Printers	30,000	20,000	-33.33%	Reduced to cut budget
53505 Software	17,200	11,300	-34.30%	Reduced to cut budget
54100 * Professional Services	328,750	252,675	-23.14%	Reduced to cut budget
54101 Legal Services	20,000	20,000		
54102 Collection Agency	33,600	28,200	-16.07%	Follows projected costs
54161 Resource Sharing Services	25,000	25,000		
54162 Bibliographics Services	30,000	40,000	33.33%	Follows projected costs

**PIERCE COUNTY LIBRARY SYSTEM
- 2012 COMPILED -**

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GENERAL FUND	2011	2012	% Change	
2012 COMPILED AS OF 10/6/2011	Final (12/8/10)	Compiled	2011 Orig to 2012 Comp	Notes
54163 Printing and Binding	3,000	2,000	-33.33%	Follows projected costs
54164 Vendor Processing Services	65,000	0	-100.00%	Moved to Materials Budget
54165 Inter Library Loan Lost Item Charges	3,500	3,000	-14.29%	Reduced to cut budget
54166 AV Processing Services	125,000	0	-100.00%	Moved to Materials Budget
54200 Postage	46,000	45,000	-2.17%	Follows projected costs
54201 Telephone/Data Lines	200,000	125,200	-37.40%	E-rate discounts are incorporated into the budget
54300 * Travel	24,970	27,950	11.93%	Follows projected costs
54301 Mileage Reimbursements	39,200	30,850	-21.30%	Reduced to cut budget
54400 * Advertising	46,220	30,620	-33.75%	Reduced to cut budget
54500 * Rentals/Leases	292,300	60,300	-79.37%	Split out into three categories
54501 * Rentals/Leases - Buildings		205,000	new	" (Includes UP Condo/Atrium fees)
54502 * Rentals/Leases - Equipment		57,000	new	"
54600 Insurance	204,000	184,000	-9.80%	Reduced to cut budget
54700 Electricity	269,500	220,000	-18.37%	Follows projected costs
54701 Natural Gas	21,000	18,000	-14.29%	Follows projected costs
54702 Water	28,500	25,500	-10.53%	Follows projected costs
54703 Sewer	21,500	23,500	9.30%	Follows projected costs
54704 Refuse	27,000	22,500	-16.67%	Follows projected costs
54800 * General Repairs/Maintenance	188,000	196,140	4.33%	Increased to reflect contractual requirements
54801 * Contracted Maintenance	679,700	656,900	-3.35%	Follows projected costs
54803 Maint. Telecomm Equipment	2,000	29,300	1365.00%	Increased for new phone system
54900 * Registrations	57,210	34,325	-40.00%	Reduced to cut budget
54901 * Dues and Memberships	31,245	30,740	-1.62%	Reduced to cut budget
54902 Taxes and Assessments	34,000	27,760	-18.35%	Follows projected costs
54903 Licenses and Fees	20,600	27,380	32.91%	Includes increases to e-payment fees
54904 Miscellaneous	2,650	900	-66.04%	Reduced to cut budget
55100 Intergovernmental	15,500	1,000	-93.55%	No audit in 2012
Total Maintenance & Operations	3,604,185	3,095,500	-14.11%	

* Items that are asterisked required department heads to list specific costs

**PIERCE COUNTY LIBRARY SYSTEM
- 2012 COMPILED -**

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GENERAL FUND	2011	2012	% Change	
2012 COMPILED AS OF 10/6/2011	Final (12/8/10)	Compiled	2011 Orig to 2012 Comp	Notes
MATERIALS				
534xx Materials	4,570,383	4,271,161	-6.55%	Maintained at 16% of revenues (includes processing fees)
53499 Gifts - Materials	30,000	30,000		Includes Foundation distributions
Total Materials	4,600,383	4,301,161	-6.50%	= 16.11% of revenues (when incl. Found. distributions & gifts)
54910 ELECTION SET-ASIDE	80,000	0	-100.00%	Goal met; no longer need to set-aside
54912 CONTINGENCY	250,000	0	-100.00%	Unrestricted cash balance of 2% is met; no need to set aside
59700 TRANSFERS TO CIP	856,947	800,843	-6.55%	Set at 3% of revenues
Total Transfers	1,186,947	800,843	-32.53%	
TOTAL EXPENDITURES	<u>\$28,564,891</u>	<u>\$26,873,245</u>	<u>-5.92%</u>	
REVENUES LESS EXPENDITURES	<u>\$0</u>	<u>(\$178,487)</u>	<u>new</u>	

**PIERCE COUNTY LIBRARY SYSTEM
- 2012 COMPILED -**

DRAFT

GENERAL FUND

2012 COMPILED AS OF 10/6/2011

**2011
Final (12/8/10)** **2012
Compiled** **% Change
2011 Orig
to 2012 Comp**

Notes

----- BUDGET SUMMARY -----

REVENUES

Taxes	27,659,891	25,759,758	-6.87%	96.50% of revenues
Intergovernmental	5,000	5,000		0.02% of revenues
Charges for Services	70,000	70,000		0.26% of revenues
Fines	605,000	615,000	1.65%	2.30% of revenues
Miscellaneous	225,000	245,000	8.89%	0.92% of revenues
TOTAL REVENUES	28,564,891	26,694,758	-6.55%	100.00% of revenues
Increase/decrease over previous year		-1,870,133 (-6.55%)		

EXPENDITURES

Personnel	19,173,376	18,675,741	-2.60%	69.50% of expenditures
Maintenance & Operations	3,604,185	3,095,500	-14.11%	11.52% of expenditures
Materials	4,600,383	4,301,161	-6.50%	16.01% of expenditures
Subtotal	27,377,944	26,072,402	-4.77%	97.02% of expenditures
Increase/decrease over previous year		-1,305,542 (-4.77%)		
ELECTION SET-ASIDE	80,000	0	-100.00%	0.00% of expenditures
CONTINGENCY	250,000	0	-100.00%	0.00% of expenditures
TRANSFERS TO CIP	856,947	800,843	-6.55%	2.98% of expenditures
Subtotal	1,186,947	800,843	-32.53%	2.98% of expenditures
TOTAL EXPENDITURES	28,564,891	26,873,245	-5.92%	100.00% of expenditures
Increase/decrease over previous year		-1,691,646 (-5.92%)		
NET OF REVS & EXPS	\$0	(\$178,487)		

GENERAL FUND EXPENDITURES	2011 Approved	2012 Compiled	% Change 2011 - 2012
PERSONNEL			
Salaries & Wages	13,721,035	13,356,774	-2.65%
Substitute hours, Additional Hours	538,915	521,700	-3.19%
Overtime	14,900	10,000	-32.89%
Sunday Premium Pay	156,420	156,670	0.16%
Tuition Reimbursement	12,000	12,000	0.00%
FICA & Industrial Insurance	1,214,097	1,194,417	-1.62%
Retirement (based on projected DRS rates)	969,102	1,214,051	25.28%
Dental/Medical/Insurance (based on projected increases)	2,508,387	2,550,287	1.67%
Others (Cell phone reimb, uniforms)	8,020	10,480	30.67%
Unemployment	30,500	30,500	0.00%
Total Personnel	\$19,173,376	\$19,056,879	-0.61%
Reduction in salaries planning budget to match projections (2%)	0	(381,138)	-
Total Personnel	\$19,173,376	\$18,675,741	-2.60%
MAINTENANCE & OPERATIONS			
Orange colored items: based on 2010-12 contract			
BUILDINGS			
Building Leases (DuPont, MIL/EDG)	290,000	205,000	-29.31%
Custodial/Maintenance Supplies	80,000	81,000	1.25%
Facilities Contracts (Grounds and HVACs)	390,000	390,000	0.00%
Facilities Maintenance & Repairs	168,500	168,500	0.00%
Facilities Prof. Servs. (pest control, laundry, other needs, etc)	35,000	25,000	-28.57%
Furnishings	75,000	50,000	-33.33%
Utilities	367,500	309,500	-15.78%
Taxes and Assessments	34,000	27,760	-18.35%
	1,440,000	1,256,760	-12.73%
TECHNOLOGY			
Technology Contracts	289,700	266,900	-7.87%
IT Equipment (non-PCs)	47,200	31,300	-33.69%
IT Maintenance & Repairs	21,500	56,940	164.84%
IT Prof. Servs. (software development, consultation, etc.)	38,000	33,000	-13.16%
PCs	195,000	196,200	0.62%
Telecommunications & Network Lines	200,000	125,200	-37.40%
	791,400	709,540	-10.34%
VEHICLES			
Fuel	60,000	65,000	8.33%
Mileage	39,200	30,850	-21.30%
	99,200	95,850	-3.38%
LEARNING			
Learning Related	87,680	62,275	-28.97%
PROFESSIONAL AND RELATED SERVICES			
Communications Prof. Servs. (library cards, external printing)	74,100	53,100	-28.34%
Executive consulting (public affairs, library consult, etc)	40,000	30,000	-25.00%
Finance (CPA, credit monitoring, Eden, etc)	25,000	7,600	-69.60%
HR (FSA, EAP, Training/coaching, negotiations)	43,600	53,985	23.82%
YS (programming/training, Summer Reading)	58,050	42,050	-27.56%
Legal	20,000	20,000	0.00%
Fiscal Audit	15,500	1,000	-93.55%
Collection Agency Fees	33,600	28,200	-16.07%
Other Professional Services	10,000	7,940	-20.60%
	319,850	243,875	-23.75%
OTHER MAINTENANCE & OPERATIONS			
Advertising (includes recruitment ads)	46,220	30,620	-33.75%
Dues & Memberships	31,245	30,740	-1.62%
Equipment Leases	2,300	117,300	5000.00%
Fees & Licenses	20,600	27,380	32.91%
Insurance (Liability, Property, Vehicles, etc)	204,000	184,000	-9.80%
Postage	46,000	45,000	-2.17%
Small Tools & Equipment	19,800	15,300	-22.73%
Office Supplies	193,980	158,960	-18.05%
Miscellaneous	2,650	900	-66.04%
	566,795	610,200	7.66%
Total Maintenance & Operations	\$3,304,925	\$2,978,500	-9.88%

COLLECTION			
Collection Supplies	47,760	47,000	-1.59%
Collection Related Services	251,500	70,000	-72.17%
Books/Materials (16%)	4,600,383	4,301,161	-6.50%
Total Collection related	\$4,899,643	\$4,418,161	-9.83%
SET-ASIDES			
Capital Transfer, Reserves, Levy Lid-Lift	1,186,947	800,843	-32.53%
TOTAL EXPENDITURES	\$28,564,891	\$26,873,245	-5.92%

Yellow colored items: increases or costs due to mandatory or contractual obligations. Library has little control over these costs and increases.

SUMMARY			
	2011	2012	% Change
Personnel	19,173,376	18,675,741	-2.60%
Buildings	1,440,000	1,256,760	-12.73%
Technology	791,400	709,540	-10.34%
Vehicles	99,200	95,850	-3.38%
Learning	87,680	62,275	-28.97%
Professional and Related Services	319,850	243,875	-23.75%
Other Maintenance & Operations	566,795	610,200	7.66%
Collection Related	4,899,643	4,418,161	-9.83%
Capital Transfer, Reserve, Levy Lid-Lift Set Asides	1,186,947	800,843	-32.53%
TOTAL	\$28,564,891	\$26,873,245	-5.92%

