



CLACKAMAS COUNTY LIBRARY SERVICE DISTRICT **PROPOSED BUDGET**

Wherever you go, there's a LIBRARY... get there SAFELY.



FISCAL YEAR

2018/2019

This cover features one of four graphics that are featured on Business & Community Services' Library Network courier vehicles. The graphics, which promote safety and library services, were developed in cooperation with, and support from, Clackamas County Department of Transportation and Development's Safe Communities program.



CLACKAMAS COUNTY LIBRARY SERVICE DISTRICT

**FISCAL YEAR 2018/2019
Proposed Budget**

BUDGET COMMITTEE

Board of County Commissioners

**Jim Bernard, Chair
Sonya Fischer, Commissioner
Ken Humberston, Commissioner
Paul Savas, Commissioner
Martha Schrader, Commissioner**

Citizens

**Kevin King
Robert Ludwick
Karin Morey
Susan Nielsen
Brian Stewart**

DISTRICT ADVISORY COMMITTEE

**Megan Chrisman (Wilsonville)
G. Jeffrey Bornefeld (Oak Lodge)
George Hoyt (Sandy/Hoodland)
Natalie Smith (Gladstone)
Karol Miller (Milwaukie)
Vacant (Molalla)**

**Nancy Niland (Lake Oswego)
Pam North (West Linn)
Connie Redmond (Estacada)
Kathleen Myron (Canby)
Al Matecko (Happy Valley)
Nick Dierckman (Oregon City)**

**Clackamas County Administrator/Budget Officer
Don Krupp**

**Business & Community Services Director
Laura Zentner, CPA**

**Prepared by:
Business & Community Services
Tracy Grambusch, Financial Analyst
Kathy Yeung, Accounting Clerk Intern
Danielle Cloyd, Accounting Clerk Intern**

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June 4, 2018

Citizens of the Library District of Clackamas County
Budget Committee Members
Board of County Commissioners

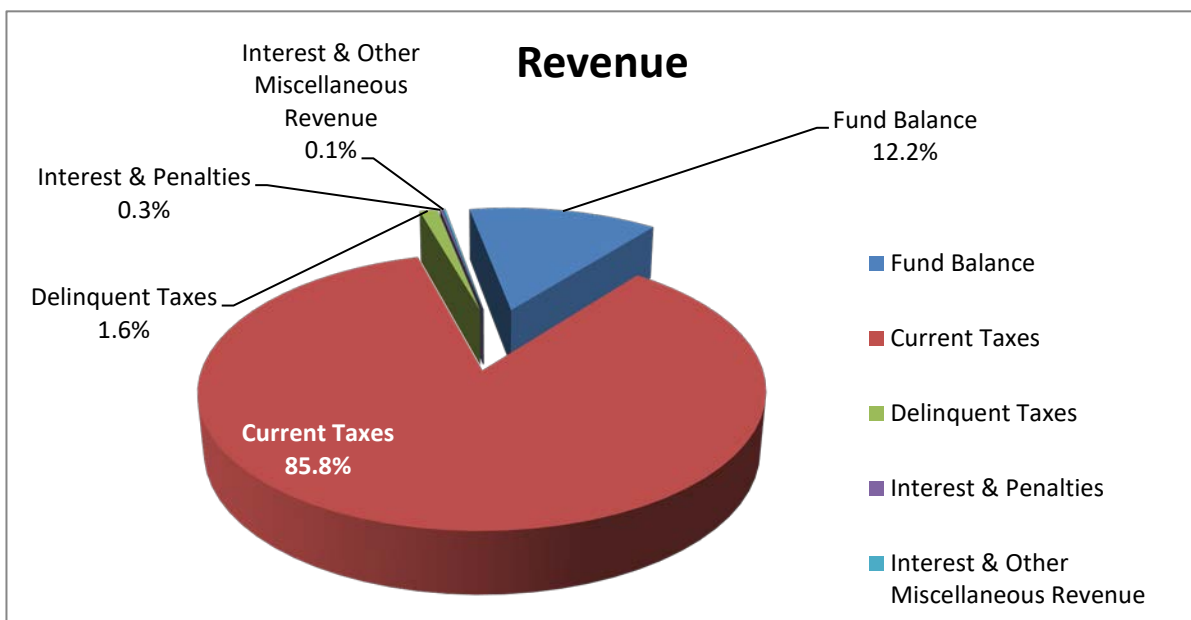
Introduction

I am pleased to present the Library District proposed budget in the amount of **\$21,533,051** for fiscal year 2018/2019 for consideration by the budget committee. The budget was prepared in compliance with Oregon Budget Law and is balanced with resources matching projected annual requirements.

The Library District Fund was established in 2008 when voters approved a countywide Library District for Clackamas County. The permanent rate approved by voters in November 2008 was 0.3974 dollars per thousand of assessed value. The District functions as a fiscal agent by distributing property tax revenues raised by the District's permanent rate to participating local governments who operate libraries within Clackamas County. These funds will be used in fiscal year 2018/2019 for the operations and support of the Clackamas County Oak Lodge Library and eleven city libraries: Canby, Estacada, Gladstone, Happy Valley, Lake Oswego, Milwaukie, Molalla, Oregon City, Sandy (including a branch at Hoodland), West Linn and Wilsonville. The City of Johnson City is the only area in Clackamas County that is not part of the Library District.

Revenues

The proposed budget of **\$21,533,051** includes current year taxes of \$18,323,158, prior year delinquencies of \$270,000, interest & penalties on property taxes of \$40,000, a fund balance at the end of fiscal year 2017/2018 of \$2,864,893 and other miscellaneous revenues as displayed below.



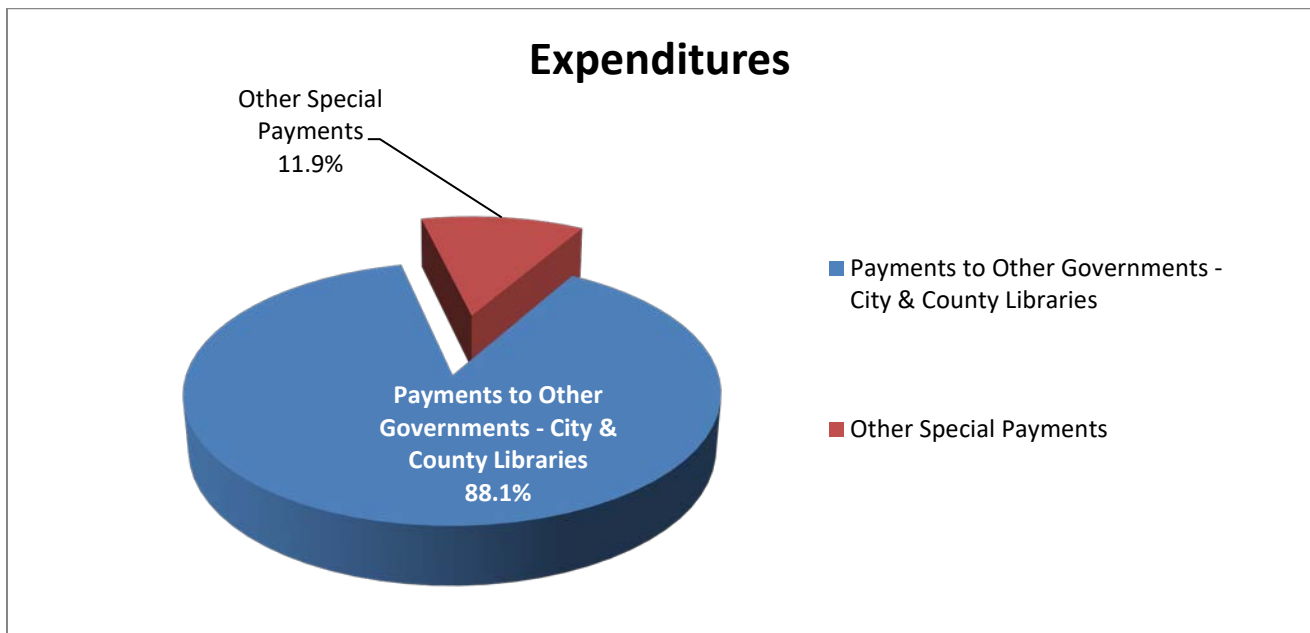
Expenditures

As part of the original Library District proposal, the Board of County Commissioners indicated to voters that no Library District administration costs would be charged against this fund and that all tax revenue collected would go directly to support libraries. Therefore, the County is responsible for all necessary administrative expenditures related to the Library District. All funds collected in the Library fund will be distributed to public libraries within Clackamas County for library operations, except those required to be held in trust per the Intergovernmental Agreement (IGA). The County's Business & Community Services department is responsible for administration of the Library District and provides staff support to the Library District Board and the Library District Advisory Committee.

There are no other taxes imposed by the District; there is no operating budget and the District has no staff. The expenditures in the proposed budget include Payments to Local Governments in the amount of \$18,723,158 and represent the distributions to the Oak Lodge Library and the distributions to the 11 city libraries. The Other Special Payments amount of \$2,809,893 represents the amount held in trust per the IGA. Based on the current IGA and to the extent the annual distribution of funds to the Oak Lodge Library is greater than the annual need to operate the library, the District is required to retain such funds in trust.

The mechanism by which the funds are collected by the Library District and distributed to each Library is called the "distribution formula." See next page for a more detailed description of the formula.

The chart below displays the proposed budgeted expenditures in the amount of **\$21,533,051**:



Formula

The Master IGA between the County and 11 cities stipulates that the distribution formula will be updated every 10 years when the new census data is released. This update ensures that the distribution of funds is reflective of the most current census data. The 2010 Census data was incorporated into the distribution formula in fiscal year 2012/2013 and resulted in adjustments to the distribution formula and changes in the amount of projected property tax revenue for the 11 city libraries and the Oak Lodge Library. The ultimate impact was a drop in revenue for several cities and increases in revenue for others. Cities with large unincorporated areas saw the largest drop in projected revenues. The next census update will take place in the year 2020.

The mechanism by which the Library District funds are divided out to each Library is outlined in an Intergovernmental Agreement and called the “distribution formula.” The formula is based on two factors:

- The first factor of the formula is *assessed value* and each participating City and jurisdiction that operates a library located in Clackamas County receives a proportionate share based on their city’s assessed value.
- The second factor of the formula is *unincorporated population* and each participating City and jurisdiction that operates a library located in Clackamas County receives a proportionate share based on the percentage of unincorporated residents served by each library as established by the Library Service Area boundaries.

Prior year delinquencies, tax interest, and penalties are distributed to each Library based on the previous year’s distribution formula.

Following is the fiscal year 2018/2019 estimate of taxes allocated to each City and County Library participating in the Library District.

Library Name	Total Estimated Distribution - Property Taxes
Canby	\$ 882,232
Estacada	788,657
Gladstone	755,146
Happy Valley	2,732,858
Lake Oswego	2,975,020
Milwaukie	1,740,204
Molalla	906,516
Oregon City	2,274,555
Sandy	1,035,410
Hoodland	252,747
Tualatin	95,286
West Linn	1,643,162
Wilsonville	1,244,695
Oak Lodge	1,396,670
Total	\$ 18,723,158

Activity highlights

The original Library District Master IGA contemplated the eventual closure of the Oak Lodge Library, and the construction of a single library facility in the City of Gladstone that would serve residents of both the City of Gladstone and the Oak Lodge service areas. Several factors, however, complicated the implementation of this "single facility" solution, including local election results, community concerns, and legal proceedings.

In fiscal year 2017/18, in order to address public feedback and to settle pending litigation, the County and the City of Gladstone entered into a Settlement Agreement which contemplates the construction of two new libraries, one located within the City of Gladstone, and one located in unincorporated Clackamas County within the Oak Lodge Library service area with a specific site to be determined after appropriate public input.

During the same period, NCPRD finalized the acquisition of the Concord Elementary School from the North Clackamas School District. In order to determine the best future use(s) of the Concord School property, BCS, with support from PGA, is coordinating and supporting a community-driven process to evaluate the suitability of the Concord School property as both an NCPRD facility and a potential site for a new Oak Lodge library. We anticipate the formation of a citizen Concord School and Library Planning Task Force, and anticipate providing significant staff support to the Concord School planning process, including hiring a limited-duration, full-time project manager. Based on the current project timeline the estimated completion date for the two library facilities would be the Fall of 2021.

Acknowledgements

This proposed budget was developed with input and effort from County staff, the Library District Advisory Committee, the Board of County Commissioners and the citizens of the District. We want to acknowledge their engagement and thank them for their continued dedication to the Clackamas County Library Service District and citizens of the District.

As always, I want to thank the Budget Committee for assuming this important task on behalf of our community. The time you take to receive and review the budget and attend the meetings is very much appreciated.

We respectfully request that the Budget Committee approve this budget and this levy as presented.

Respectfully submitted,



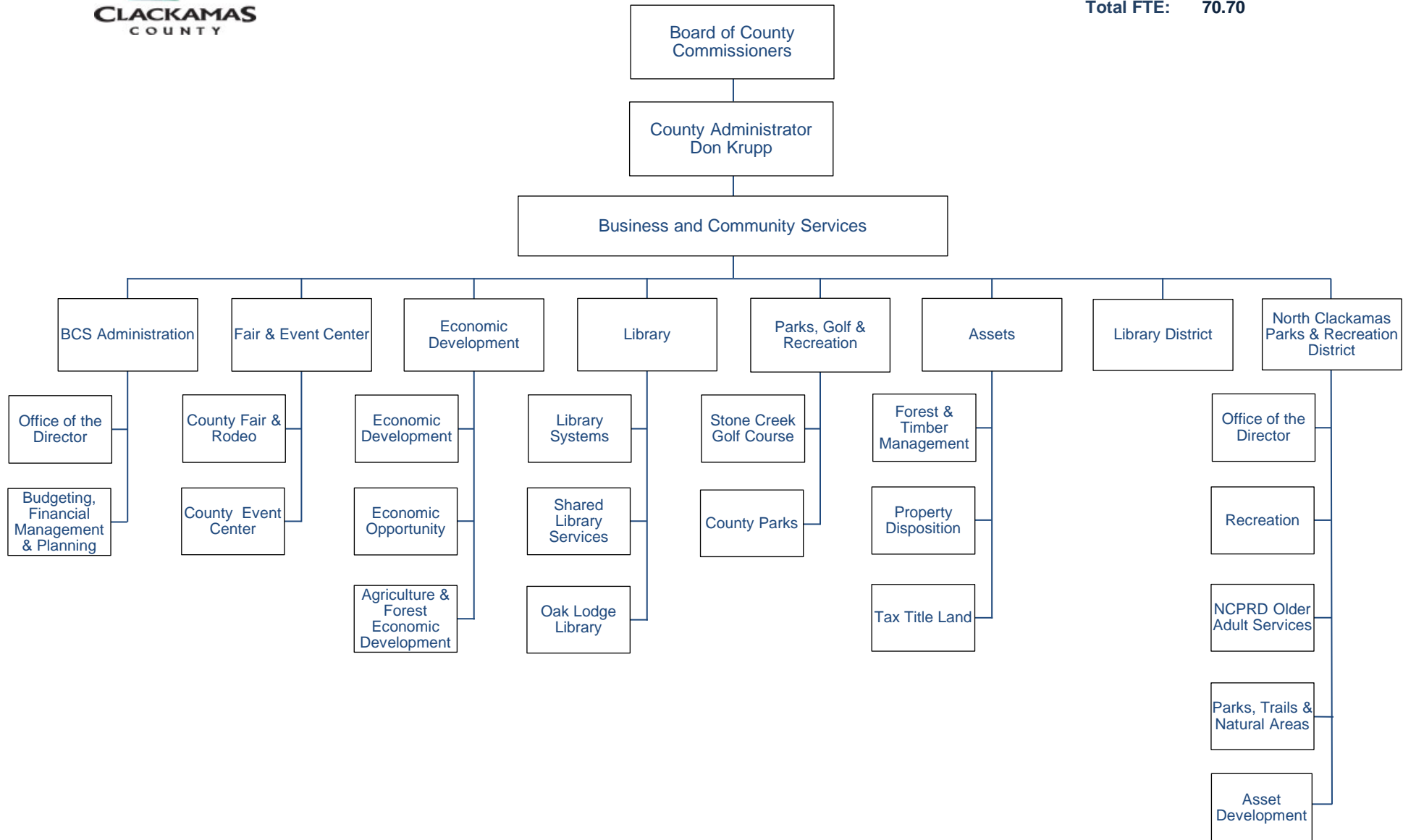
Don Krupp
County Administrator
Library District Budget Officer



Business & Community Services

Fiscal Year 2018/2019

Total FTE: 70.70



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Clackamas County, OR. **Revenue and Expense Report**

	2015-16	2016-17	2017-18	2017-18	2018-19	2018-19	Change	Pct. Change
	Actual	Actual	Amended	Projected	Requested	Proposed	from Prior	from Prior
Library Service District of Clackamas County			Budget	Year End	Budget	Budget	Year Budget	Year Budget
LIBSD Library Service District of Clackamas County								
LIBSD All Library Service District Funds								
302001 Fund Bal at End of Prior Year	1,703,785	2,177,649	2,625,313	2,625,314	2,864,893	2,864,893	239,580	9.13
311100 Current Year RE Taxes & Penalties	16,174,428	16,961,041	17,450,144	17,550,266	18,323,158	18,323,158	873,014	5.00
311310 Delinquent Taxes	313,607	291,638	320,000	150,000	270,000	270,000	(50,000)	(15.63)
311350 Interest & Penalties-Property Tax	66,436	58,246	61,000	41,000	40,000	40,000	(21,000)	(34.43)
331250 Housing In Lieu Of Tax	1,558	1,480	0	0	0	0	0	0.00
331315 Forest Product Severance	0	0	0	0	0	0	0	0.00
332005 Forest Products Reserve	0	11,330	0	1,430	0	0	0	0.00
360001 Miscellaneous Revenue	3	0	0	0	0	0	0	0.00
361000 Interest Earned	24,626	60,307	20,000	35,000	35,000	35,000	15,000	75.00
Total Revenue	18,284,443	19,561,693	20,476,457	20,403,010	21,533,051	21,533,051	1,056,594	5.16
465002 Payments to Local Governments	16,106,794	16,936,379	17,936,691	17,538,117	18,723,158	18,723,158	786,467	4.38
465009 Other Special Payments	0	0	2,539,766	0	2,809,893	2,809,893	270,127	10.64
Total Expense	16,106,794	16,936,379	20,476,457	17,538,117	21,533,051	21,533,051	1,056,594	5.16
Total All Library Service District Funds	2,177,649	2,625,314	0	2,864,893	0	0	0	0.00
Total Library Service District of Clackamas County	2,177,649	2,625,314	0	2,864,893	0	0	0	0.00
Grand Total	2,177,649	2,625,314	0	2,864,893	0	0	0	0.00

Department: Business and Community Services
Fund: 110 Library Service District of Clackamas County
Org: 5510 Library District

Detail Sheet

Explain/describe source or use of funds for each listed category in sufficient detail to enable reader to understand and evaluate.

REVENUE DETAIL

Beginning Fund Balance (anticipated July 1, 2017)

Externally Restricted - due to Library District cities/county library	55,000
Externally Restricted - held in trust per the IGA for Oak Lodge Library	2,809,893
Internally Assigned -	0
Not Assigned -	0
	<hr/>
	2,864,893

General Fund Support

0
0

EXPENSE DETAIL- Explain **significant** outlays for each category below. Not necessary to itemize all.

Travel / Training / Mileage (all types)

Professional and Contracted Services (all types) Indicate with asterisk (*) if service provided by another County dept and specify provider

Capital Outlay

OTHER SIGNIFICANT ITEMS OF AT LEAST \$25,000 REQUIRING EXPLANATION - (REVENUE OR EXPENSE) No

personal services or allocated costs

Revenue

Expense

Special Payments - Payments to Local Gov'ts - Oak Lodge - Line #465002	1,396,670
Special Payments - Payments to Local Gov'ts - City Libraries - Line #465002	17,326,488
Special Payments - Other Special Payments - Oak Lodge Undistributed - Line #465009	2,809,893

Clackamas County Library District Distribution Formula

Distribution of Revenue

All tax funds collected in the Library District are distributed to the libraries within Clackamas County. The County pays all administrative expenditures related to the Library District and the County's Business & Community Services department manages the administration of the property tax distribution formula and provides staff support to the Library District Board and Library District Advisory Committee.

The mechanism by which the Library District funds are divided out to each Library is outlined in an Intergovernmental Agreement and called the "distribution formula." The formula is based on two factors:

- The first factor of the formula is *assessed value* and each participating City and jurisdiction that operates a library located in Clackamas County receives a proportionate share based on their city's assessed value.
- The second factor of the formula is *unincorporated population* and each participating City and jurisdiction that operates a library located in Clackamas County receives a proportionate share based on the percentage of unincorporated residents served by each library as established by the Library Service Area boundaries.

Prior year delinquencies, tax interest, and penalties are distributed to each Library based on the previous year's distribution formula.

Following is the fiscal year 2018/2019 estimate of taxes allocated to each City and County Library participating in the Library District.

**Clackamas County Library District
FY 2018/2019 Estimate ***

Total Current Year Tax Receipts	\$18,323,158	100.00%	Prior Year
City Assessed Value	\$9,764,411	53.29%	\$213,160
Unincorporated Population Served	\$8,558,747	46.71%	\$186,840

Prior Year Fund Balance	\$55,000
Interest Earned	\$35,000
Delinquent Tax & Interest/Penalties	\$310,000
Total	\$400,000
Total Library District Revenues	\$18,723,158

FY 2018/2019 Estimate
 18,627,722 (2017/2018 Taxes imposed)
 X 3%
 = 558,831
 + 18,627,722
 + 19,186,553
 X 95.5% (2016/2017 Collection rate)
 = **18,323,158**

	Assessed Value	Unincorporated Population Served	Assessed Value Prior Interest & Delinquent Tax	Unincorporated Prior Interest & Delinquent Tax	Tualatin Distribution	Total Distribution	%
Canby	\$532,160	\$331,224	\$11,617	\$7,231		\$882,232	4.71%
Estacada	\$109,361	\$662,447	\$2,387	\$14,461		\$788,657	4.21%
Gladstone	\$335,896	\$403,117	\$7,333	\$8,800		\$755,146	4.03%
Happy Valley	\$1,059,439	\$1,615,036	\$23,128	\$35,257		\$2,732,858	14.60%
Lake Oswego	\$2,608,074	\$256,762	\$56,935	\$5,605	\$47,643	\$2,975,020	15.89%
Milwaukie	\$795,799	\$907,227	\$17,373	\$19,805		\$1,740,204	9.29%
Molalla	\$225,558	\$661,591	\$4,924	\$14,443		\$906,516	4.84%
Oregon City	\$1,149,271	\$1,076,690	\$25,089	\$23,504		\$2,274,555	12.15%
Sandy	\$318,320	\$694,970	\$6,949	\$15,171		\$1,035,410	5.53%
Hoodland	\$0	\$247,348	\$0	\$5,400		\$252,747	1.35%
Tualatin	\$186,500	\$0	\$4,071	\$0	-\$95,286	\$95,286	0.51%
West Linn	\$1,427,557	\$171,175	\$31,164	\$3,737	\$9,529	\$1,643,161	8.78%
Wilsonville	\$1,016,475	\$164,328	\$22,190	\$3,587	\$38,114	\$1,244,695	6.65%
*Oak Lodge	\$0	\$1,366,832	\$0	\$29,838		\$1,396,670	7.46%
Total	\$9,764,411	\$8,558,747	\$213,160	\$186,840	\$0	\$18,723,158	100.00%

Tualatin Assessed Value & Prior Year Distribution		Assessed Value	Prior Year, Interest and Delinquent Tax	Total
Tualatin	50%	\$93,250	\$2,036	\$95,286
Lake Oswego	25%	\$46,625	\$1,018	\$47,643
Wilsonville	20%	\$37,300	\$814	\$38,114
West Linn	5%	\$9,325	\$204	\$9,529
Total	100%	\$186,500	\$4,071	\$190,572

* Fiscal Year 2018/2019 budget estimate is based on data from the Fiscal Year 2017/2018 Distribution Formula.

GLOSSARY

ACCRUAL ACCOUNTING. The basis of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time) and expenditures are recorded when goods and services are received (whether or not cash disbursements are made at that time).

AD VALOREM. A tax imposed on the taxable value of property.

ADOPTED BUDGET. The financial plan adopted by the Board of County Commissioners (BCC), which forms the basis for appropriations.

ANNEXATION. The incorporation of land into an existing District with a resulting change in the boundaries of that district.

APPROPRIATION. Authorization from the BCC to spend money within a specified dollar limit for an approved purpose.

APPROVED BUDGET. The budget recommended by the Budget Committee to the BCC for adoption.

ASSESS. To establish an official property value for taxation purposes.

ASSESSED VALUATION (AV). The value given to real and personal property to establish a basis for levying taxes.

BALLOT MEASURE 47. In November 1996, voters passed a tax limitation initiative, which was referred to as Ballot Measure 47. The Measure's provisions included: a tax rollback for property taxes; a cap of 3% on property tax increases in future years; a requirement that special elections for property tax increase measures must be approved by 50% of all registered voters, as opposed to a simple majority in general elections. Due to several complexities regarding implementation, the legislature instead proposed Ballot Measure 50. Ballot Measure 47 was replaced by Ballot Measure 50 in May 1997.

BALLOT MEASURE 50. In May 1997 voters replaced Ballot Measure 47 with Ballot Measure 50. The measure fundamentally changed the structure of property taxes in Oregon, moving from the tax base system to a permanent tax rate. Measure 50 has the same financial impact

as Measure 47, with the benefit of simplified implementation.

BUDGET. The District's financial plan for a period of one year. By statute, the budget must include a statement of actual revenues and expenditures for each of the last two years. Revenues and expenditures for the current and forthcoming year are estimated.

BUDGET COMMITTEE. Budget reviewing committee, consisting of the BCC and five citizens appointed by the BCC, which is responsible to approve the District's Proposed Budget after a budget deliberation meeting and public hearing.

BUDGET MESSAGE. A message prepared by the District Director explaining the annual proposed budget and identifying budget impacts and changes. Also known as Letter of Transmittal.

BUDGET PROCESS. The process of translating, planning and programming decisions into specific financial plans.

CASH BASIS OF ACCOUNTING. The method of accounting that records revenues only when they are actually received and expenditures only when cash is paid.

CASH MANAGEMENT. The process of managing monies for the District to ensure operating cash availability and safe investment of idle cash.

ANNUAL FINANCIAL REPORT (AFR). The official annual financial report of the District prepared in conformity with GAAP. The annual report is audited by an independent auditing firm.

CURRENT REVENUES. Those revenues received within the present fiscal year.

EXPENDITURE. An outlay, which is chargeable for a specific period, usually one fiscal year. Examples include payments to other governments and organizations.

FISCAL YEAR. A 12-month period to which the annual budget applies. At the end of the period, the District determines its financial position. The Fiscal Year is July 1 through June 30 for local governments in Oregon.

FULL ACCRUAL. The basis of accounting under which transactions and events are recognized as revenues or expenses when they occur, regardless of the timing of related cash flows.

FUND. An independent accounting entity whose revenues and expenditures are balanced and segregated to record a specific set of activities.

FUND BALANCE. The excess of the assets of a fund over its liabilities and reserves except in the case of funds subject to budgetary accounting where, prior to the end of a fiscal period, it represents the excess of the fund's assets and estimated revenues for the period over its liabilities, reserves and appropriations for the period.

FY. See FISCAL YEAR.

GAAP. Generally Accepted Accounting Principles. Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of the District.

GASB. Governmental Accounting Standards Board. The authoritative accounting and financial standard setting body for governmental entities.

LETTER OF TRANSMITTAL. See BUDGET MESSAGE.

LINE ITEM. An expenditure description at the most detailed level. Objects of expenditure are broken down into specific items.

LOCAL BUDGET LAW. Oregon Revised Statute (ORS) 294.305 to 294.565 constitute Local Budget Law in Oregon. Local Budget Law has several purposes: 1) It establishes standard procedures for preparing, presenting, and administering the District's budget; 2) It offers a way of outlining the programs and services provided by the District and the fiscal policy used to carry them out; 3) It provides a method for estimating revenues, expenditures, and proposed tax levies; and 4) It encourages citizen involvement in the preparation of the budget before formal adoption.

MODIFIED ACCRUAL ACCOUNTING. The basis of accounting under which revenues are recorded when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the related fund liability is incurred, except for inventories, prepaid insurance, accumulated unpaid employee benefits and debt-service on long-term debt.

ORS. Oregon Revised Statutes.

PROPOSED BUDGET. The budget proposed by the District Director to the Budget Committee for review and approval.

REQUIREMENT. The total of all expenditures within a fund, including operating expenditures, transfers to other funds, contingency and unappropriated fund balance.

RESERVE. A portion of a fund that is restricted for a specific purpose.

RESOURCES. The total amount available for appropriation within a fund. Resources generally include anticipated revenues, interfund transfers and beginning fund balance.

REVENUE. Income received by the District in support of the government's program of services to the community. The receipts and receivables for an organizational unit of the District derived from taxes, but excluding beginning balance and transfers.

SUPPLEMENTAL BUDGET. A budget prepared to meet unexpected needs or to spend revenues not anticipated at the time the regular budget was adopted. It cannot be used to authorize a tax levy.

TAX. Compulsory charge levied by a government to finance services performed for the common benefit.

TAX BASE. The authority to permanently levy a dollar amount annually as approved by a majority of voters in May or November of an even numbered year is called a tax base. Once established, a local government may levy up to a full amount of its tax base authority without another vote of the people.

TAX RATE. The amount of tax stated in terms of a unit of tax for each \$1,000 of assessed value of taxable property. The tax rate for the Library Service District is permanently set at \$0.3974 per thousand of dollars of assessed valuation.

TRANSFERS. Amounts transferred from one fund to finance activities in another fund. Transfers are shown as a requirement in the originating fund and a resource in the receiving fund.

**UNAPPROPRIATED ENDING FUND
BALANCE.** An amount set aside in the budget to be used as a cash carryover to the next year's budget to provide needed cash flow until other money is received. No expenditures can be made from the Unappropriated Ending Fund Balance during the fiscal year in which it is budgeted.