

Oakland Public Library

Library Advisory Commission Meeting

March 25, 2019

“Budget 101”

Prepared & Presented by

Gene B. Tom
Library CFO

Budget Review 101

Important Budget Terminology:

- “ **Adopted Budget** = Revenues and appropriations approved by the City Council in June immediately preceding the new fiscal period
- “ **Appropriation** = An authorization made by the City Council that permits the City to incur obligations and to make expenditures of resources
- “ **Balanced Budget** = Budgeted revenues equal budgeted expenditures
- “ **Baseline Budget** = Projected revenue and expenditure budgets created as part of the budget development process, based on the assumption that current policies will continue unchanged for the upcoming fiscal period
- “ **Budget Deficit** = The amount by which budgeted or actual expenditures exceed revenues
- “ **Expenditure** = The actual expending of financial resources, as recorded in the City’s financial system
- “ **Fund** = a self-balancing set of accounts for all financial transactions of specific activities or government functions
- “ **Operations & Maintenance (O&M)** = Expenditures related to operating costs including supplies, commodities, contractual services, materials, utilities and educational services, among others
- “ **Personnel Service (Staff)** = Expenditures related to employee compensation including wages and salaries, fringe benefits, retirement, premiums, allowances and special/ supplemental pay such as shift differentials
- “ **Revenue** = Funds that the City receives as income. It includes such items as taxes, licenses, user fees/ charges for services, fines/ penalties, grants, and internal revenue
- “ **Structural Deficit** = A situation in which a fund’s expenditures are expected to routinely exceed its revenues, creating a regular deficit

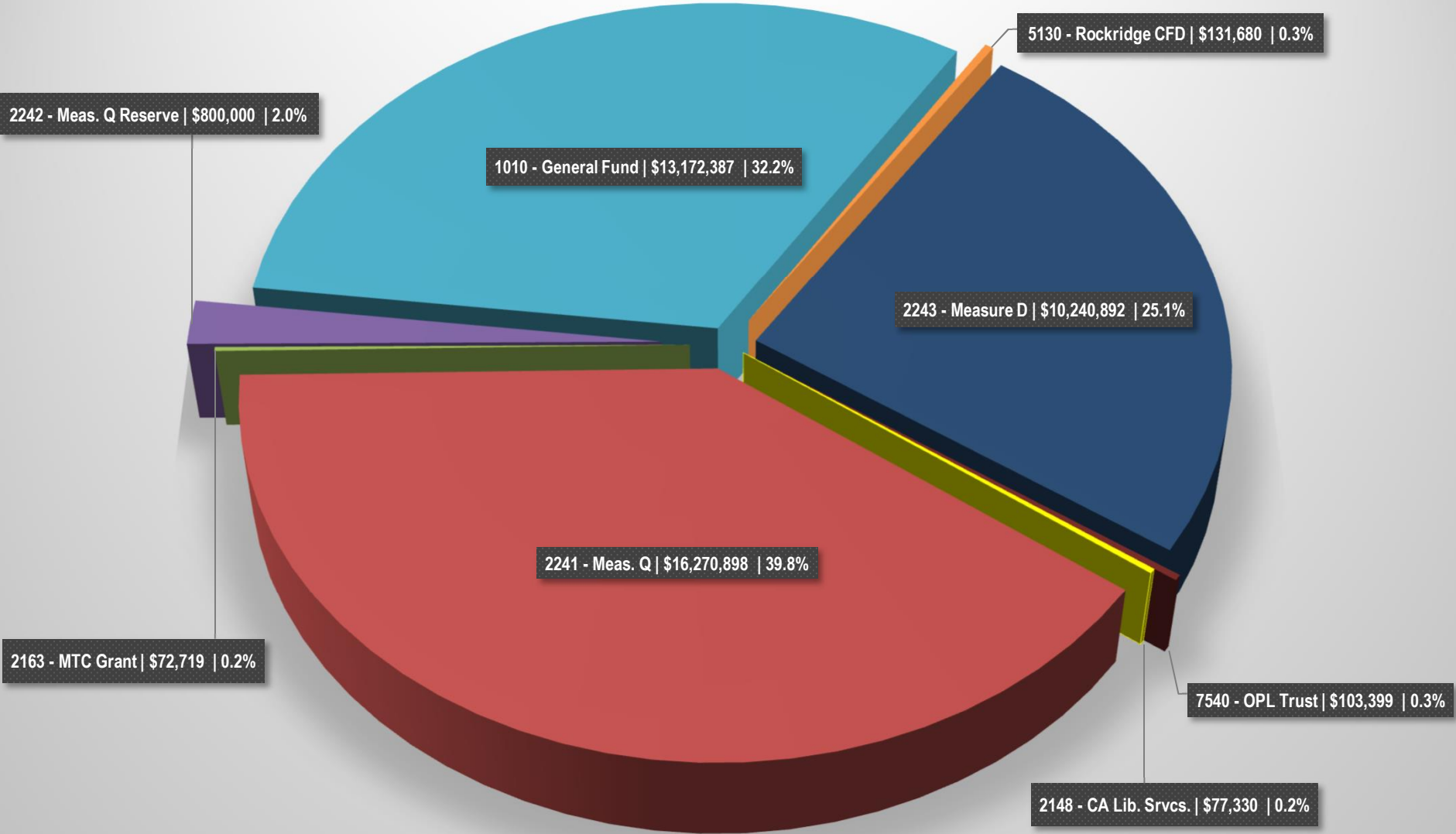
Key Library Funding:

- **General Purpose Fund (GPF) = Fund 1010 =** The unrestricted revenue from miscellaneous taxes, fees and service charges.
- **Measure Q Fund = Fund 2241 =** Approved in 2004, the restricted parcel tax revenue from the *Library Services Retention and Enhancement Act*, levied on real property in Oakland. The revenue may only be used in support of Library Services in Oakland.
- **Measure D Fund = Fund 2243 =** Approved in 2018, the restricted parcel tax revenue from the *Oakland Public Library Preservation Act*, levied on real property in Oakland. The revenue may only be used in support of Library Services in Oakland.

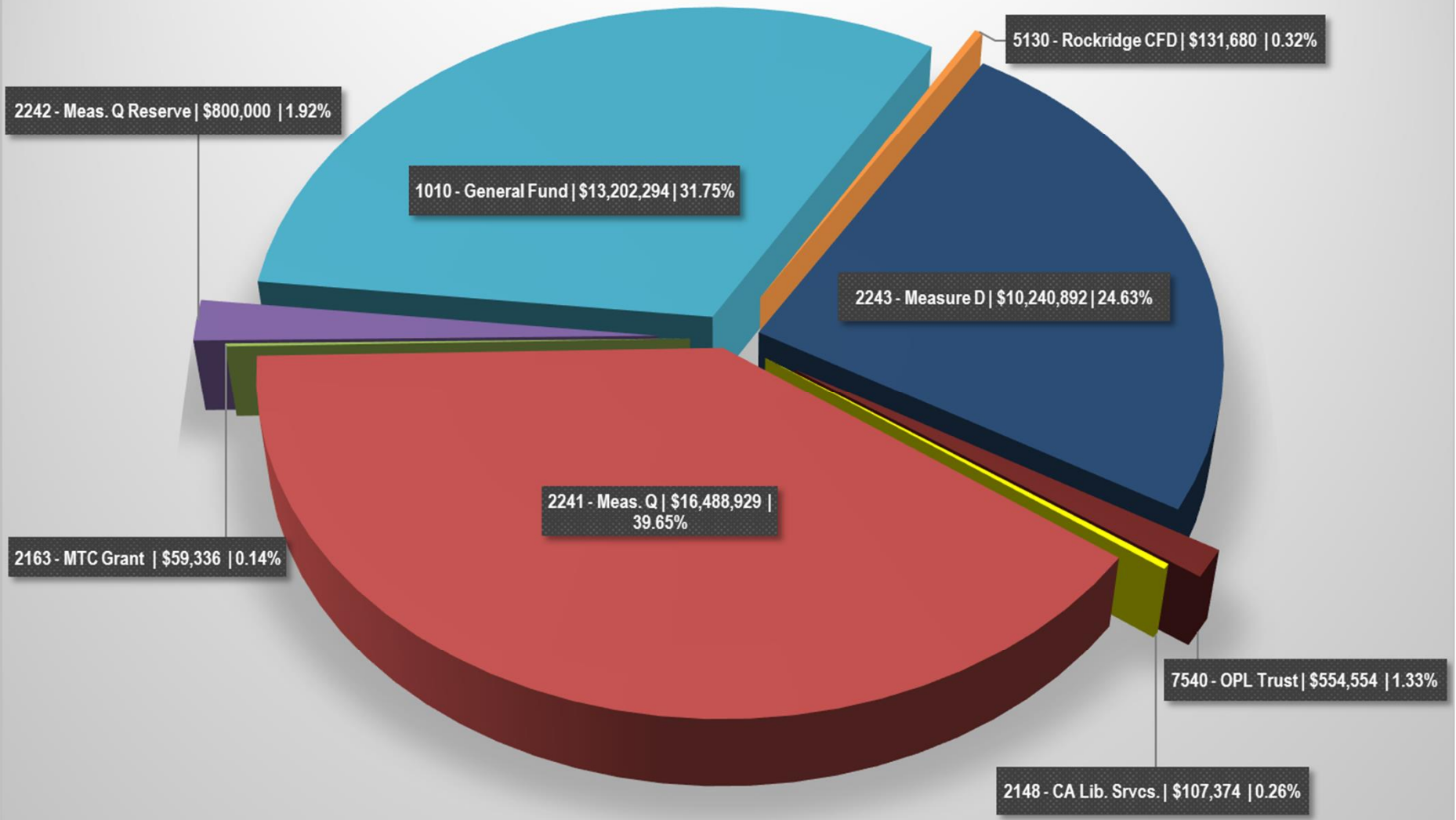
The Oakland Public Library's Adjusted FY 2018-2019 Mid-Cycle Budget

| Actual/ Budgeted Expenditures by Fund | FY 2017-18 Actuals | FY 2018-19 Adj. MC Baseline | FY 2018-19 Midcycle Changes | FY 2018-19 Midcycle Adopted | FY 2018-19 Midcycle Adjusted |
|---|-----------------------|-----------------------------------|-----------------------------------|-----------------------------------|------------------------------------|
| 1010 - General Fund | \$13,191,712 | \$13,665,121 | (\$492,734) | \$13,172,387 | \$13,202,294 |
| 2148 - California Library Services | \$80,156 | \$79,795 | (\$2,465) | \$77,330 | \$107,374 |
| 2163 - Metro Transportation Com: Program Grant | \$85,969 | \$74,202 | (\$1,483) | \$72,719 | \$59,336 |
| 2241 - Measure Q: Library Srvcs Retention & Enhancement | \$16,865,881 | \$18,128,532 | (\$1,857,634) | \$16,270,898 | \$16,488,929 |
| 2242 - Measure Q: Reserve Fund | \$0 | \$754,121 | \$45,879 | \$800,000 | \$800,000 |
| 2243 - Measure D: Maintain, Protect & Improve Library Srvcs | \$0 | \$0 | \$10,240,892 | \$10,240,892 | \$10,240,892 |
| 5130 - Rockridge Library: CFD | \$0 | \$131,680 | \$0 | \$131,680 | \$131,680 |
| 7540 - Oakland Public Library Trust | \$330,346 | \$103,399 | \$0 | \$103,399 | \$554,554 |
| Total | \$30,554,064 | \$32,936,850 | \$7,932,455 | \$40,869,305 | \$41,585,058 |
| GPF Percent to Total Department | 43.17% | 41.49% | | 32.23% | 31.75% |

FY 2018-19 OPL Midcycle Adopted Budget by Fund

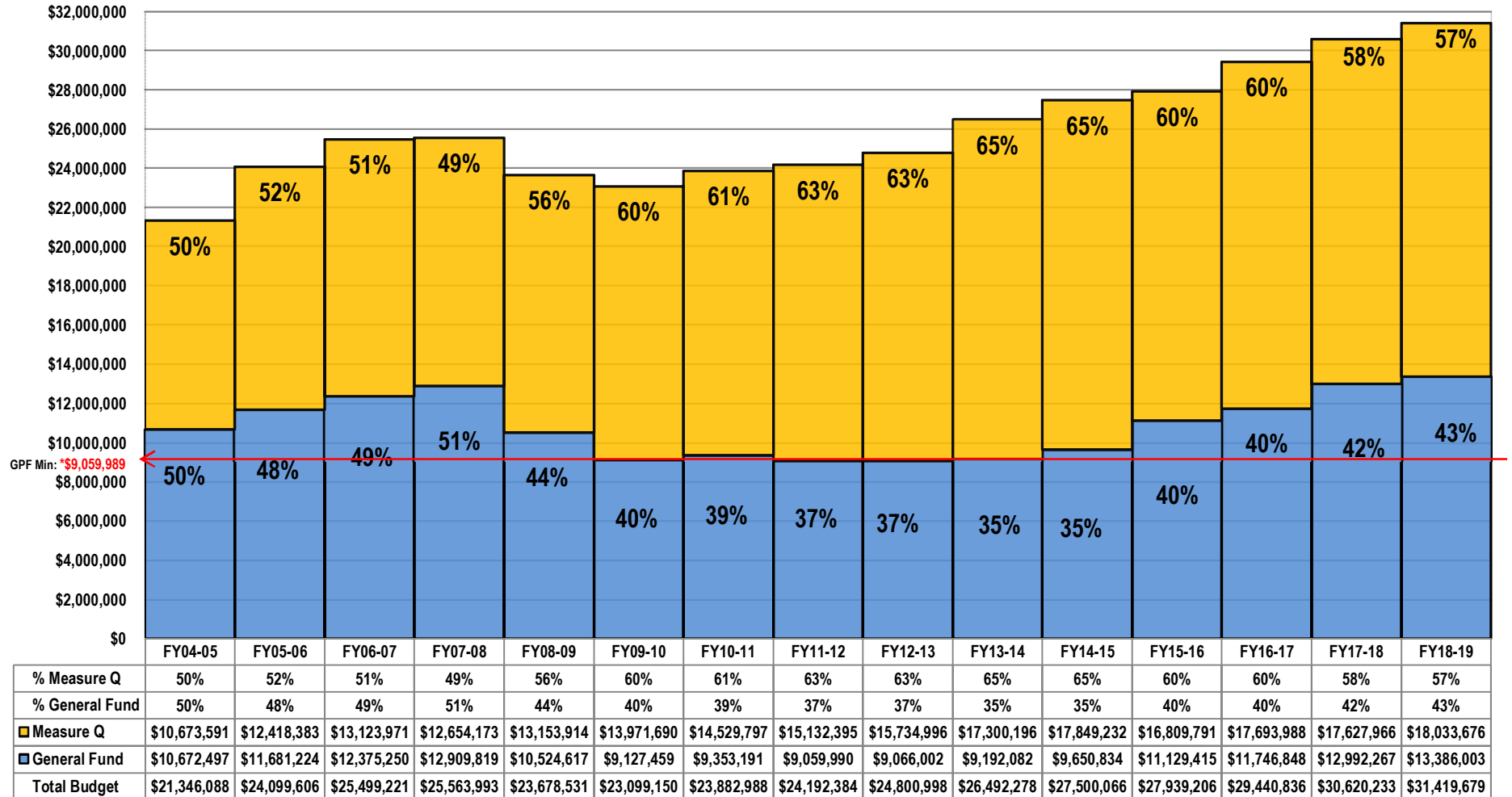


FY 2018-19 OPL Midcycle Adjusted Budget By Fund



Measure Q vs General Fund

Adopted OPL Biennial Budgets FY 2004-05 thru FY 2018-19 By Fund: General Fund vs. Measure Q Fund



Measure Q Structural Deficit

| Fund | Rev / Exp | Account | FY 2017-18 Adopted Budget | FY 2018-19 Adopted Budget |
|---|----------------------|---|---------------------------------|---------------------------------|
| 2241 - Measure Q | | | | |
| | Expense Total | | \$17,627,966 | \$18,033,676 |
| | Revenue | | | |
| | | 41520 - Local Taxes: Voter-App'd Special Tax | \$15,384,850 | \$15,800,237 |
| | | 49112 - Transfers fr Undesignated Fund Bal. | \$988,995 | \$979,318 |
| | | 49212 - Operating Trans.: fr GPF | \$500,000 | \$500,000 |
| | | 49212 - Operating Trans.: fr Meas. Q Reserve | \$754,121 | \$754,121 |
| | Revenue Total | | \$17,627,966 | \$18,033,676 |
| 2241 - Measure Q Surplus / (Deficit) ; \$0 = Balanced Budget | | | \$0 | \$0 |

Measure Q Objectives

Measure Q specifies that tax proceeds may be used only for twelve objectives, most of which provide for the continuation, enhancement or expansion of library and/or educational services. The objectives, as specified in Section 2 of Measure Q under the heading "Use of Proceeds" are as follows:

1. to keep neighborhood libraries open a minimum of six days per week and increase weekend hours;
2. to retain availability of library services at the Main Library 7 days per week;
3. to enhance and expand library collections, including the acquisition of new books and materials;
4. to continue to provide educational and cultural programs for youth in every library, including after school tutoring and literacy and children's programs;
5. to expand library-based programs in support of literacy, learning and information technology;
6. to operate an African-American museum and library program;
7. to increase joint educational activities with local schools including librarian services;
8. to retain children's librarians in every library facility
9. to operate the new joint school-public library in East Oakland:
10. to upgrade and enhance information technology in all libraries and improve access to computers and technology in the libraries:
11. to support after-school homework programs; and
12. to support teen programs.

Measure Q Constraints

Legal Opinions that affect Measure Q:

On June 8, 1999, the City Attorney's Office issued an opinion stating that Measure O revenue use was limited operations and maintenance (including staff) of Libraries:

[T]he purpose of the Library Tax is retention of library services. The reconstruction of the Main Library would be capital improvement. The Library Tax funds may be fairly characterized as an operations and maintenance fund, as opposed to a capital expense fund. Consequently, the Library Services Fund is an inappropriate source of funds for the capital expenditures. (p1, emphasis added.)

On August 19, 2008, the City Attorney's Office issued a further opinion stating that although Measure Q revenue could be used for in-direct services required to provide library services, such as janitorial, and/or building rent:

[T]he actual cost of the services performed in all City libraries sets the maximum amount that can be paid for those services with Measure Q funds.

Measure D

Adopted Midcycle FY 2018-19 Budget

- **Budgeted Revenue:** **\$10,240,892**

- **Budgeted Expenditures:** **\$10,240,892** **77.58 FTE**
 - **Balance Measure Q Deficit:** **\$1,881,114** **23.38 FTE**
 - **Stabilize Existing Services:** **\$1,743,234** **18.60 FTE**
 - **Expand Library Hours:** **\$2,871,544** **35.60 FTE**
 - **Increase O&M (Materials, Programming, etc.)** **\$3,745,000**

- **Expanded Hours:**
 - **81st Ave & Main Library:** **Open 7 Days / Week** **Longer Hours**
 - **All Branch Libraries (Except Eastmont):** **Open 6 Days / Week** **Longer Hours**
 - **Eastmont:** **Open 5 Days / Week** **Open Earlier**
 - **AAMLO:** **Open 6 Days / Week** **Open Earlier**