



## ***LIBRARY ADVISORY COMMISSION REPORT***

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<b>TO:</b>	Library Advisory Commission Oakland Public Library	<b>FROM:</b>	Gene B. Tom, Chief Financial Officer, OPL
<b>SUBJECT:</b>	Budget 101– Overview of the City of Oakland’s Biennial Budget Development Process	<b>DATE:</b>	March 21, 2019

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### **RECOMMENDATION**

Staff recommends that the Library Advisory Commission (LAC) accept this report, *Budgeting 101 – Overview of the City of Oakland’s Biennial Budget Development Process*, prepared at the request of the LAC in February 2019.

### **EXECUTIVE SUMMARY**

The Chairperson of the Library Advisory Commission requested that Library staff prepare and present to the commission, an overview of the City of Oakland’s budget development process, specifically a “Budget 101 Session,” to better prepare commissioners in their role as advocates for the library. To that end, the attached overview was prepared as an adjunct to better understand the information to be presented during the “Budget 101 Session.” It includes a timeline and brief explanation of the key stages of the City’s budget development process, as well as an introduction to the most salient terms, concepts, and documents important to the City’s budgetary process.

This information is being presented, with the knowledge that it would be impossible to provide commissioners with a detailed and comprehensive explanation of the budget process through a single limited presentation. However, it is hoped that the limited information being provided, serves as the 1<sup>st</sup> step to a better understanding of the process as a whole.

Respectfully submitted,

/s/

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**Gene B. Tom,**  
Library Chief Financial Officer

At its core, a local government budget is an approved revenue and spending plan that authorizes a municipality to use public dollars to provide services. Local governments use their budgets for a variety of additional purposes, including communication, planning, accountability, and evaluation. A budget is often a reflection of a city's priorities and policies.

The City of Oakland has a two fiscal-year (biennial) budget cycle. For the City of Oakland, the Fiscal Year (FY) begins on July 1 and ends on June 30. This same fiscal year calendar is used by the State of California, and most cities, counties, and school districts. The City's next biennial budget cycle, FY 2019-2021 will begin on July 1, 2019. The City policy of adopting a two-year budget is intended to improve the City's long-term planning, enhance funding stability, and to create greater efficiency in the budget development process. While the City's budget is adopted for a two-year period, appropriations are divided into two one-year spending plans. Toward the end of the first year of the two-year budget cycle, the Mayor and City Council conduct a mid-cycle budget review to address variances in estimated revenues and expenditures, and other changes that may have impacted the City's financial condition.

The City of Oakland's budget presents two principal types of data: projected revenues and planned expenditures. Revenues are monetary resources that the City anticipates will become available during the fiscal year. City revenues can be categorized by type (e.g. property tax, sales tax, business tax, permit fees, etc.). City revenues may also be divided into those that can either be expended on general City activities or those that must be restricted for specific purposes. For example, the City's Measure Q and Measure D funds may be used only for the retention and enhancement of Library services, whereas the City's business tax revenues can be used for all governmental purposes. Expenditures can be divided by type (e.g. salaries, retirement contributions, debt service, supplies, capital projects, etc.), or by the department that spends them (e.g. Police, Fire, Library, Public Works, etc.).

To ensure that restricted revenues are used only for their intended purpose, the City accounts for its financial resources in different "funds." For example, Measure Q parcel tax revenue collected from property owners for Library services are held in a different fund than are revenues from the City's Public Safety & Services Measure. The largest City fund is the General Purpose Fund, which can be used for all public purposes over which the City has jurisdiction. General Purpose Fund revenues are generally unrestricted and include most taxes. The budget document presents data related to the General Purpose Fund only, and to "All Funds."

In addition to the Proposed Policy Budget, the City also issues a Proposed Capital Improvement Program (CIP) for City Council consideration. Both documents are later finalized as the Adopted Policy Budget and the Adopted Capital Improvement Program. The Policy Budget is the City's operating budget and includes the projected revenues and expenditures required to provide most City services. For example, the operating budget includes revenues from general taxes which provides funding for police services, fire and emergency medical services, youth and recreation programs, library services, city administration, etc. The CIP, by contrast, presents planned expenditures for projects which will improve the City's infrastructure, buildings, and environment as well as major purchases such as land, buildings and equipment. For example, the CIP includes water quality projects around Lake Merritt, complete repaving of streets and roads, construction of sewer infrastructure, and construction or renovation of City buildings. The CIP is summarized in the Policy Budget in accordance with best practices.

## THE BUDGET PROCESS

The budget process is the procedure through which the City formally develops, deliberates and adopts its budget. The budget process consists of several important stages: 1) Budget Development, 2) Budget Adoption, and 3) Budget Amendment. The City's Consolidated Fiscal Policy, Ordinance 13279 CMS, provides the legal framework that guides the budget process, and mandates that the City pass and adopt a balanced budget. The FY 2017-2019 Adopted Policy Budget provides a framework through which the City's goals and objectives are achieved in line with the Mayor and Council priorities.

The City Council adopted Resolution No. 86821 C.M.S. on June 29, 2017, adopting the City's current FY 2017-2019 biennial policy budget and appropriations. The following outlines the budget process for the *FY 2017-2019 Adopted Policy Budget* for the City of Oakland:

### **Budget Development**

**Nov-Dec 2016:****Baseline Budget Development**

In the fall of 2016, the Finance Department developed a "**baseline budget**," which is a preliminary two-year budget that forecasted revenues and expenditures assuming the City maintained its current level of staffing, program funding and policies. The baseline budget is the foundation upon which the proposed budget is developed. The Finance Department worked in conjunction with all City departments to create the baseline budget, taking into account the latest economic projections and information on likely expenditure increases, such as fringe benefit rates for retirement and health care. This forecast of expected revenue and expenditures in the baseline budget helps the City identify whether there will be an operating surplus or the need to address a funding shortfall.

**February 2017:****Five-Year Financial Forecast Report**

The completed baseline budget became the foundation for development of the City's Five-Year Financial Forecast which was published in February 2017. The Five-Year Financial Forecast is a planning level estimate of future revenues and expenditures and identifies potential budget issues based upon the assumed future financial environment. The Five-Year Financial Forecast assumes no policy changes will be made to the baseline budget, other than those already prescribed by law.

**Jan-Feb 2017:****Departmental Budget Development**

After development of the baseline budget was complete, the City Administrator's Office directed the departments, through "budget instructions," to submit requests for changes to their respective departmental baseline budgets to the Budget Office. Departmental requests included changes such as new programs, increased revenues, reduced expenditures, reorganizations, reduced and/or enhancement of staff or shifting appropriations from one program or service to another.

**Feb-Mar 2017:****Budget Office Analysis**

The Budget Office then reviewed each departmental budget request submitted, conducting in-depth analyses of each budget request in order to, assess its value and fiscal feasibility as well as follow-up with each department to resolve any issues and/or answer questions. The findings of the Budget Office analyses were then provided to the City Administrator as recommendations.

**Feb-Mar 2017:  
Internal Budget  
Hearings**

Internal budget hearings were held by the City Administrator, City Administrator Staff, and the Budget Office with department directors and their staff to advocate for and discuss their department's budget proposals. At these internal meetings, discussions occurred about program priorities and resource requirements for the next two years; budget recommendations and questions from the Mayor, City Administrator and Budget Office were also discussed; Based on the outcomes of the internal budget hearings, as well as any necessary follow-up discussions and /or additional analysis by staff, preliminary budget decisions were made by the Mayor and City Administrator.

**Feb-Mar 2017:  
Community &  
Council Input**

In accordance with the City's Consolidated Fiscal Policy, an assessment of stakeholder needs, concerns and priorities was conducted prior to the finalization of the Proposed Budget. This took the form of a statistically valid poll developed in conjunction with the City's Budget Advisory Committee. The Councilmembers were also invited to provide a list of key expenditure priorities for the Mayor's consideration for the Proposed Policy Budget.

**March-April 2017:  
Proposed Budget  
Finalized**

The City Administrator provided a preliminary budget proposal to the Mayor. The Mayor weighed options, conducted additional analysis, considered City Council, community, and other stakeholder input, making modifications, which culminated in the Mayor's Proposed Policy Budget that was sent to the City Council in late April 2017.

**May-June 2017:  
Community Input**

The City Council, together with City Administration held several Community Budget Forums, scheduled at different times and locations throughout the City. These meetings provide a forum for City Councilmembers to obtain input from constituents regarding their FY2017-19 budget priorities and to address questions and concerns they may have regarding the Mayor's Proposed Policy Budget.

**Budget Adoption**

**May-June 2017:  
Council Deliberations**

After receiving the Mayor's FY 2017-19 Proposed Budget, the City Council held a series of public hearings, wherein they considered, discussed, received additional information and responses to questions they had about the Mayor's Proposed Budget. Councilmembers then introduced several amendments, which if adopted by the City Council, resulted in modifications being made to the Proposed Budget.

**June 2017:  
Council Budget  
Adoption**

On June 29, 2017, the *FY 2017-2019 Adopted Policy Budget* was adopted by the City Council, as required by the City Charter, which requires the adoption of a balanced budget by the June 30<sup>th</sup>, preceding the start of the new fiscal year that commenced on July 1. By adopting the proposed budget, Council authorized a two-year appropriation for all funds.

## **Budget Amendment**

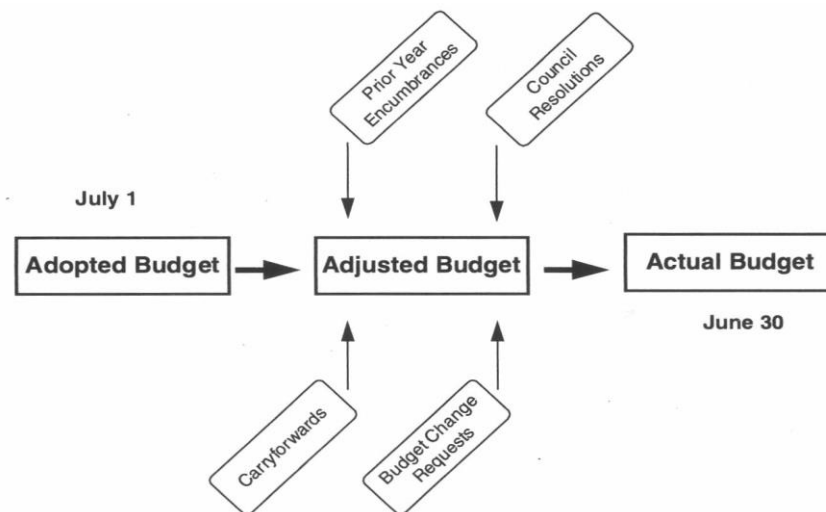
### **March-June 2018: Midcycle Budget Amendments**

Toward the end of the first year of the two-year budget cycle, the Mayor and City Council conduct a mid-cycle budget review to address variances in estimated revenues and expenditures, and other changes that may have impacted the City's financial condition. For the FY 2017-19 budget cycle, the mid-cycle review of the Adopted Budget for the FY 2018-19 fiscal year took place between March and June 2018. Based on the findings, staff recommended budget modifications, which the City Council adopted as *The Fiscal Year 2018-2019 Midcycle Budget Amendments*.

### **Year-Round: Budget Amendments**

The City Council has the ability to amend the budget throughout the two-year period. Appropriation of new money, or changes to the allocation of appropriations between funds or departments, requires approval by the City Council. Transfers between divisions within a department, between spending accounts, or between projects may be made at the administrative level. These transfers may be authorized by the City Administrator, Finance Department, or department directors, depending on the nature of the transfer.

The diagram below illustrates how the budget is applied during the two year period. The Adopted Budget constitutes the appropriations approved by the City Council in June. The Adjusted Budget is the status of appropriations during the fiscal period between July 1 and June 30. It identifies any amendments to the budget, prior year encumbrances, and transfers between accounts, divisions and departments. The ability to make adjustments to the Adopted Budget during the fiscal period gives the organization the flexibility to meet changing program needs and priorities. The Actual Budget reflects expenditures as of June 30 — the end of the fiscal period. Like the Adopted Budget, the Actual Budget captures the authorized spending plan for the organization as of a fixed-date.



# PLANNING FOR THE CITY OF OAKLAND'S TWO-YEAR BUDGET

## Planning for the Two-Year Budget

As indicated previously, the City's biennial budget process begins over a year in advance of the actual adoption of the two-year budget. During this advance planning process, the City identifies factors (known or anticipated) that may have a significant effect on future revenues, expenditures, or staffing levels. This analysis is based on actual City revenue and expenditure trends, general and relevant economic trends and outlooks, input from the City Departments who oversee those specific expenditure and revenue streams, and input from outside economists and revenue experts.

The two-year budget projections are also aided by preparing a *Five-Year Financial Forecast* according to the City's Consolidated Fiscal Policy. The *Five-Year Financial Forecast* is presented to the City Council at a budget workshop held prior to receipt of the Proposed Policy Budget. At that workshop, the City Council is provided with information regarding the status of the local economy and an update on the City's financial situation, including a Year-to-Date Revenue and Expenditure Report and the *Five-Year Financial Forecast*. Based on the information provided, the budget priorities and policies for the next two-year period are discussed and set by the City Council.

## REVENUE AND EXPENDITURE FORECAST

The City prepares revenue and expenditure forecasts for its biennial budget. The forecasts are based on current expenditure spending and revenue collection trends, historical budgetary performance, prevailing general economic conditions and department input. A detailed forecast is prepared for the General Purpose Fund (GPF), and for other selected funds.

To prepare the forecast, a comprehensive analysis of the City's revenues and expenditures is performed. These major components are projected into the two-to-five-year period on the basis of various relevant assumptions. For example, projections for property tax, the single largest source of revenue for the City's General Purpose Fund (GPF), are made based on the projected growth in the net assessed value of local property and projected changes to the tax delinquency rate. Similarly, a forecast of expenditures is performed by separately analyzing individual expenditure categories (e.g. salaries, retirement, benefits, utility expenses) based on projected cost increases (e.g. pay/step increases, PERS retirement rates, benefit cost inflation, energy prices, etc.).

### Revenue Forecast

Citywide revenues are projected using dynamic forecasting that anticipates changes in revenues triggered by new economic development, economic growth, changes in the levels of service of departments and agencies, (in the case of Master Fee Schedule changes approved by the City Council), changes in governmental policies at the state or federal level, and various economic and demographic changes. The purpose of this dynamic forecast is to demonstrate the potential impact of various events and actions on the selected revenue sources. Under this scenario:

- **Tax Revenues** are projected to grow at rates that are responsive to dynamic forces in the economy. Generally, the assumption is the local economy will be affected by national and state trends, with some deviation expected due to specific characteristics of regional businesses and labor markets.

- **Fee increases** will likely follow projected inflation and changes in the local population due to increased service costs and changes in demand.
- Any known or anticipated changes in revenues as a result of potential changes in state revenue streams and/or legislation are reflected in the analysis.

The revenue forecast takes into consideration a number of *economic factors and trends*, including changes in economic growth, income, sales and Consumer Price Index (CPI), among other factors. Anticipated changes in *State or local policy* are also considered.

### **Expenditure Forecast**

Forecasting the City's expenditures involves analyzing future costs, at the department level and by category. The expenditure forecast begins with the baseline budget, which represents the cost of maintaining the current level of services, while taking into account all unavoidable costs necessary to continue at that current level. Examples of unavoidable costs are pre-negotiated MOU salary levels, as well as health care and retirement costs that the City pays on behalf of its employees.

The baseline budget is then modified to reflect changes to programs and services that the Mayor and the City Administrator recommend as part of the Proposed Budget. These modifications might include additions or reductions in any of the categories discussed above. Changes to debt service are made based on changes in the City's debt payment schedules.

The expenditure forecast follows the guidance of the Government Finance Officers Association (GFOA), which recommends that expenditures be grouped into units of analysis that are meaningful to the organization, such as departments and standard budget categories of expenditures. As such, staff grouped proposed budget expenditures by department and by expenditure category consistent with the City's chart of accounts. Future expenditures are forecasted from the FY 2017-19 Proposed Budget. This forecast generally assumes that expenditures will only grow due to inflationary cost escalation. Costs also change due to changes in service or staffing levels, as described in the "Significant Changes" summary for each department and "Service Impacts" section of this document.

## **OVERVIEW OF BUDGET TERMS & CONCEPTS**

The following section is intended to familiarize commissioners with the most relevant terms, concepts, and documents important to the City's budgetary process. Knowledge and a basic understanding of these items should provide commissioners with a better understanding of the information presented in the Adopted Budget(s) and other similar documents produced by the City.

### **Budgets & Fiscal Years**

Budgets are plans for how organizations intend to use projected resources (revenues) for payment to perform operations or provide services (expenditures), over a defined period of time. Budgets are prospective planning tools and must be balanced between revenues and expenditures within the defined time period. The key period of time for the City of Oakland's Budget (and other financial reports) is the fiscal year (FY). The City's fiscal year begins on July 1st and ends on June 30th of the following year. Fiscal years are generally expressed as follows: the fiscal year which begins July 1, 2018 and will end June 30, 2019 is FY 2018-2019. Fiscal Years may also be divided into quarters or monthly periods for reporting purposes. It is important to note that grants awarded to the City may



or may not synchronize with the City's fiscal year, and often are based on the granting agency's fiscal period or other predetermined period as determined by the grant agreement.

The Oakland City Council adopts a biennial (two-year) balanced budget by June 30th of every odd-numbered year. For example, the City Council will adopt the FY 2019-2021 Biennial Budget by June 30, 2019. The City of Oakland has received the Distinguished Budget Presentation Award from the Government Finance Officers Association of the United States and Canada (GFOA) for its biennial budgets for the past 20 consecutive fiscal years.

## **Revenues**

Revenues can be generally understood as the sources of income for the City and are divided into several categories or fund types. Tax revenues are largely unrestricted and are allocated to the General Purpose Fund. Grant revenues are restricted by the grant agreement and often require matching contributions from other sources. Special revenues include voter-approved measures and are restricted for a specific purpose. Revenue from fines and penalties are largely unrestricted and result from enforcement activities. Based on best practices and Council policy, one-time revenues (e.g. land sales) should not be used to support ongoing expenditures. Fee and Service Charge revenues support many City functions. The rate charged for fees and service charges is regulated by state law. Generally, fees may not exceed the cost of providing a service, with a few exceptions. Fees are listed in the City's Master Fee Schedule, which is approved annually through a City Ordinance, but can be modified at any time with City Council's approval. Revenues are budgeted and recorded into specific accounts. These accounts are aggregated for reporting into categories, such as property tax, fines & penalties, or service charges.

## **Expenditures**

Expenditures reflect the costs associated with the provision of services and performance of operations by the City. There are two key categories of expenditures: personnel expenditures and operations & maintenance (O&M) expenditures. Personnel expenditures include the cost for City employees to perform various functions and provide services to the public, which are expended through the City's payroll and benefits systems. These costs include salaries, overtime, retirement, and healthcare costs. O&M expenditures include non-labor related costs and are processed through the City's contracting, purchasing, and accounts payable systems. O&M expenditures include items such as contracts for services, supplies and materials, utilities, equipment purchases and debt payments. Expenditures are budgeted and recorded into many detailed accounts. These accounts are aggregated for reporting purposes into broader categories that include salaries, retirement, debt payments, or capital expenditures, among others.

## **Funds and Fund Transfers**

Funds are groups of revenue and expenditure accounts that must be individually balanced. The City's Budget contains over 100 funds, the largest of which is the General Purpose Fund. The General Purpose Fund is unrestricted in its use. Other Funds normally have restrictions on the types of activities they support. These restrictions may be established by local ordinance, the City Charter, federal or state law, or grant agreements. The Policy Budget will often summarize information by General Purpose Fund and All Funds, which is the sum of the General Purpose Fund and all other special funds.



In certain cases, monies may be transferred between City funds. For example, unrestricted Measure Q revenues are required to be transferred between the Measure Q Fund (Fund 2241) and the Measure Q Reserve Fund (Fund 2242) to meet the 5% *Reserve Fund Requirement* requirements of the Measure Q ballot measure. When a transfer occurs between funds, the "sending" fund (where the transfer comes from) records an expenditure and the "receiving" fund (where the transfer goes to) records revenue. This is to ensure that the overall budget remains balanced.

### **Fund Balances & Reserves**

At the end of each fiscal year, each fund's revenue collections are compared against incurred expenditures. If there were greater expenditures than revenues, then that difference is reduced from the "fund balance." A negative fund balance occurs when cumulative fund expenditures exceed cumulative fund revenues. By contrast a positive fund balance exists when cumulative revenues exceed cumulative fund expenditures. If there were revenues in excess of expenditures, a surplus occurs, which is added to that fund's fund balance.

If a positive fund balance is restricted or earmarked in its usage, it is often termed as 'reserved'. For example, the General Purpose Fund has a 7.5 percent emergency reserve for unanticipated and insurmountable events. Therefore, the City Council may be required to direct funds from the positive fund balance to support the emergency reserve. Other funds may have a positive fund balance that must be reserved to support the purpose of that individual fund. This may include future anticipated expenditure needs such as equipment replacements, or future costs associated with a multi-year project.

### **Internal Service Funds**

Internal Service Funds charge departments for services to allow for centralized support functions between City departments. Similar to transfers, Internal Service Funds operate by recording an expenditure in the budgeted fund(s) of the City department for which the services are performed, and recording those expenditures as revenue in the Internal Service Fund for the City department providing the service. For example, the Oakland Public Library includes 18 libraries and AAMLO; however, the maintenance of those 19 Library facilities (the Main Library, 17 Branch libraries and AAMLO) is provided centrally by the Oakland Public Works Department (OPW). To reflect these library related costs, internal service charges are budgeted as a Library expenditure. This library "expense" is then recovered by an internal service revenue account in the City's Facilities Fund (Fund 4400). This revenue pays for OPW's facilities maintenance expenditures (e.g. custodial services, PG&E, maintenance, etc.) within the Facilities Fund. Each Internal Service Fund apportions costs across departments and non-restricted Funds based on the nature of these costs.

### **Department & Organizational Structures**

The City of Oakland is organized into various departments as defined in Section 2.29 of the Oakland Municipal Code. These departments are responsible for delivering the various external and internal services of the City. Departments are generally established by City Ordinance approved by the City Council. Several departments were established by the City Charter itself and generally include the name "Office" in the title. These include the Mayor's Office, the City Attorney's Office, and the City Administrator's Office. Because departments are not funds, departmental revenue and expenditures may be contained in and/or attributed to one or more funds. Likewise, one or more departments may have revenue and expenditures contained in and/or attributed to a certain fund.

Both the budget and financial forecast documents include two quasi-departments: The Capital Improvement Program (CIP) and the Non-Departmental group. These two groups are distinguished from traditional departments in that they do not have operational staff attributed to them. These groups are used to record various interdepartmental projects and citywide costs, such as debt service, legally required fund transfers, or major infrastructure projects.

### **Overhead Rates**

Overhead rates are used to recover costs of certain administrative functions like accounting, cash management, and information technology, which can be difficult to allocate to specific funds, functions or projects. The City utilizes an outside actuarial consultant to review rates and methodologies for its overhead rates. Overhead charges are budgeted and recorded as expenditures in any given fund, while overhead recoveries are budgeted and recorded as revenue in the overhead fund supporting the relevant administrative function.

For example, OPW has a centralized fiscal and human resources staff. Costs for HR staff are budgeted and recorded as expenditures in the funds receiving support from OPW fiscal and human resources, based on the payroll (i.e. charged personnel) within those funds and a calculated overhead rate. Overhead recoveries are then budgeted and recorded as revenues in the OPW overhead fund to offset the costs of OPW fiscal and human resources staff.

### **Budget Balancing**

The term “balanced” refers to a budget or forecast document where all projected revenues are equal to all projected expenditures. If projected revenues exceed projected expenditures, then the budget or forecast is said to have a projected surplus. If projected expenditures exceed projected revenues, then there is a projected shortfall. By policy, the City Council must adopt a balanced budget.

A structural imbalance occurs when there is a difference between ongoing revenues and expenditures. A budget that uses one-time revenues to pay for ongoing expenditures may be balanced over the fiscal period, but suffers from a structural imbalance; in this case a structural deficit (shortfall). By contrast if ongoing revenues exceed ongoing expenditures, a budget may have a structural surplus.

### **Assets & Liabilities**

**Assets** are tangible and intangible items that hold value and include City cash, investments, buildings, land and equipment. Assets can be divided into two types: current and long-term/fixed assets. Current assets include cash, receivables, and short-term investments. Long-term and fixed assets include things such as long-term investments, property, plant, and equipment that have value, but cannot be quickly converted into cash.

**Liabilities** are amounts that the City is obligated to pay based upon prior events or transactions. For example, if the City owes money resulting from borrowing or issuing debt (e.g. bonds), those would be considered liabilities. Liabilities can also be divided into two types: current liabilities and long-term liabilities. Current liabilities are those that the City expects to pay within a one-year period. This includes wages paid to active employees for hours worked, or bills for utilities. Long-term liabilities are obligations that the City will pay out over time, such as pensions, retiree medical obligations, and long-term debt service.

**Unfunded Actuarial Accrued Liability** (UAAL), or Unfunded Liability, is often mentioned in conjunction with government finances. UAAL is defined by the State Actuarial Standards Board as "the excess of the actuarial accrued liability over the actuarial value of assets". Simply put, it is the amount that an entity is projected to owe that is not covered by projected future payments under a specific payment methodology, or by assets currently held by the entity.

### **Modified Accrual Basis of Accounting**

The City of Oakland's basis of budgeting for its major fund groups (General Funds, Special Revenue Funds, Enterprise Funds, Internal Service Funds and Capital Project Funds) are the Generally Accepted Accounting Principals (GAAP), and the modified accrual basis of accounting.

**Revenues** are budgeted according to when they are both measurable and available. Revenues are considered to be available when they are collected within the fiscal current year, or soon enough thereafter to pay liabilities of the current period. The City considers property tax revenues to be available for the year levied if they are collected within 60 days of the end of the current fiscal year. All other revenues are considered to be available if they are collected within 120 days of the end of the current fiscal year.

**Expenditures** are budgeted according to when the liability is incurred, regardless of the timing of related cash flows. The exceptions are debt service, compensated absences, claims and judgments, which are budgeted as expenditures according to when the payments are due.

### **Financial Reports & Actuals**

"Actuals" are recorded revenues and expenditures that have occurred over a defined period. While budgetary values are projected prior to the close of a fiscal period, actuals are recorded after the fact. A financial report is a statement of actuals and accruals. Actuals can be divided into two categories: unaudited and audited. Unaudited actuals include those items reported in the City's quarterly Revenue & Expenditure Reports. This financial data is distinguished from audited actuals in that they have not been evaluated by an independent financial auditor. The City has an independent financial audit conducted following the close of each fiscal year to provide an independent opinion as to whether the City's financial statements are stated in accordance with General Accepted Accounting Principles (GAAP). The audited actuals are presented in the Comprehensive Annual Financial Report (CAFR).

## The Oakland Public Library's Adopted FY 2017-2019 Biennial Budget

## OAKLAND PUBLIC LIBRARY

## OAKLAND PUBLIC LIBRARY

## MISSION STATEMENT

Your Oakland Public Library empowers all people to explore, connect, and grow.

## VISION STATEMENT

The Oakland Public Library values diversity, equity, community, responsive service, adaptability, empowerment, and joy..

## BUSINESS GOALS

The library's three-year goals (2016-2019, not in priority order) are:

1. Reach more people where they are
2. Improve our physical spaces
3. Increase operational efficiencies
4. Increase funding
5. Develop, retain and attract quality staff

In support of these overarching three-year goals are the following business goals:

- Implement expanded services through the pop-up Mobile Library and a new Bikemobile.
- Implement expanded access to the library's resources for students through a joint Oakland Unified School District/Library identification card.
- Prioritize and implement projects to improve library facilities with the proceeds from Measure KK, the 2016 infrastructure bond measure which includes \$15 million for libraries.
- Address the need for a new temporary, and permanent, location for the Piedmont Ave Library.
- Upgrade bandwidth in at least three branch locations.
- Perfect a customer service approach that centers "people over things" and provides equal access to library services through a well-trained and diverse staff who are visible and vital participants in the community.

## SUMMARY OF HISTORICAL EXPENDITURES AND ADOPTED BUDGET BY FUND

Expenditures by Fund	FY 2015-16 Actuals	FY 2016-17 Unaudited Actuals	FY 2017-18 Adopted Budget	FY 2018-19 Adopted Budget
1010 General Purpose Fund (GPF)	\$11,500,788	\$12,078,091	\$12,992,267	\$13,386,003
2148 California Library Services	79,123	64,669	75,363	77,212
2163 Metro Transportation Com: Program Grant	62,717	53,416	72,719	72,719
2241 Measure Q-Library Services Retention & Enhancement	15,075,903	16,123,414	17,292,208	17,687,297
2242 Measure Q Reserve- Library Services Retention & Enhancement	733,580	-	754,121	754,121
2993 Library Grants	2,031	14,500	-	-
2999 Miscellaneous Grants	2,363	3,600	-	-
5130 Rockridge: Library Assessment District	-	-	131,680	131,680
7540 Oakland Public Library Trust	304,426	219,186	103,399	103,399
<b>TOTAL</b>	<b>\$27,760,931</b>	<b>\$28,556,876</b>	<b>\$31,421,757</b>	<b>\$32,212,431</b>
GPF Percent to Total Department	41.4%	42.3%	41.3%	41.6%
GPF Percent to Citywide GPF Expenditures	2.1%	2.0%	2.2%	2.2%

## AUTHORIZED POSITIONS BY SERVICE AREA

Service Area	FY 2016-17 Midcycle Authorized FTE	FY 2017-18 Adopted Budget FTE	FY 2018-19 Adopted Budget FTE
<b>African American Museum &amp; Library at Oakland</b>	<b>5.40</b>	<b>5.40</b>	<b>5.40</b>
1010 - General Purpose Fund (GPF)	1.00	1.00	1.00
2241 - Measure Q-Library Services Retention & Enhancement	4.40	4.40	4.40
<b>Branch Library Services</b>	<b>112.99</b>	<b>113.36</b>	<b>113.36</b>
1010 - General Purpose Fund (GPF)	38.34	36.51	36.51
2163 - Metro Transportation Com: Program Grant	0.27	0.27	0.27
2241 - Measure Q-Library Services Retention & Enhancement	74.38	76.58	76.58
<b>Library Systemwide Support</b>	<b>58.28</b>	<b>57.73</b>	<b>57.73</b>
1010 - General Purpose Fund (GPF)	23.51	22.96	22.96
2241 - Measure Q-Library Services Retention & Enhancement	34.77	34.77	34.77
<b>Literacy Programs</b>	<b>4.11</b>	<b>4.11</b>	<b>4.11</b>
2148 - California Library Services	0.88	0.88	0.88
2241 - Measure Q-Library Services Retention & Enhancement	3.23	3.23	3.23
<b>Main Library Services</b>	<b>40.47</b>	<b>40.47</b>	<b>40.47</b>
1010 - General Purpose Fund (GPF)	7.79	7.79	7.79
2241 - Measure Q-Library Services Retention & Enhancement	32.68	32.68	32.68
<b>TOTAL</b>	<b>221.25</b>	<b>221.07</b>	<b>221.07</b>

- Prepare a library operations plan and budget in preparation for a November 2018 finance measure to increase funding and address existing structural deficit.
- Improve staff training and opportunities for advancement through in-house training for new and current employees, sharing best practices with all staff, and creating support networks for staff interesting in pursuing a library degree.
- Increase the library's responsiveness to and inclusiveness of Oakland's diverse communities through engaging and creative activities inside and outside the library walls.
- Increase the use of all circulating library materials, including books, magazines, e-books, DVDs, tools, toys,

downloadable/streaming music and movies, as well as laptops and computers for use inside the library.

- Enhance services and programs for children including story times for preschool children and promotion of early literacy.
- Offer teen programming that expands youth expectations of libraries through arts, gaming, civic engagement and volunteer opportunities that help develop leadership skills and workplace preparedness.
- Secure funding to return branch library hours to 6-days per week and expanding Sunday hours at four select Branches while also enhancing the online services that are available 24/7.



# OAKLAND PUBLIC LIBRARY

## BUSINESS GOALS (CONT'D)

- Be widely known as a safe and central place for participation, conversation, community building and learning.
- Archive and provide collections of the African American cultural and historical experience in Northern California, along with programs, lectures, films, and exhibits that speak to the social, historical, and political conditions of the African American Diaspora.
- Provide a thriving Adult and Family Literacy Program that assists adults with low reading levels to improve life skills.
- Engage volunteers, Friends groups, Commissioners and donors in supporting the Library's mission through outreach and stewardship activities.

## SERVICE AREAS

### AFRICAN AMERICAN MUSEUM & LIBRARY AT OAKLAND (AAMLO)

This program represents the programs, collections and archives provided at AAMLO on the culture and history of African Americans in Northern California and the Bay Area.

### BRANCH LIBRARY SERVICES

This program represents the services provided by the 16 Branch Libraries located throughout Oakland.

### LIBRARY SYSTEM-WIDE SUPPORT

This program represents the system-wide services provided by Administration, the Finance and Administrative Unit, Teen Services, Children's Services, Community Relations, Materials Unit, Computer Services Unit, and the Acquisitions and Cataloging Unit.

### LITERACY PROGRAMS

This program represents the Literacy services provided by the Second Start Adult Literacy Program.

### MAIN LIBRARY SERVICES

This program represents the public services provided at the Main

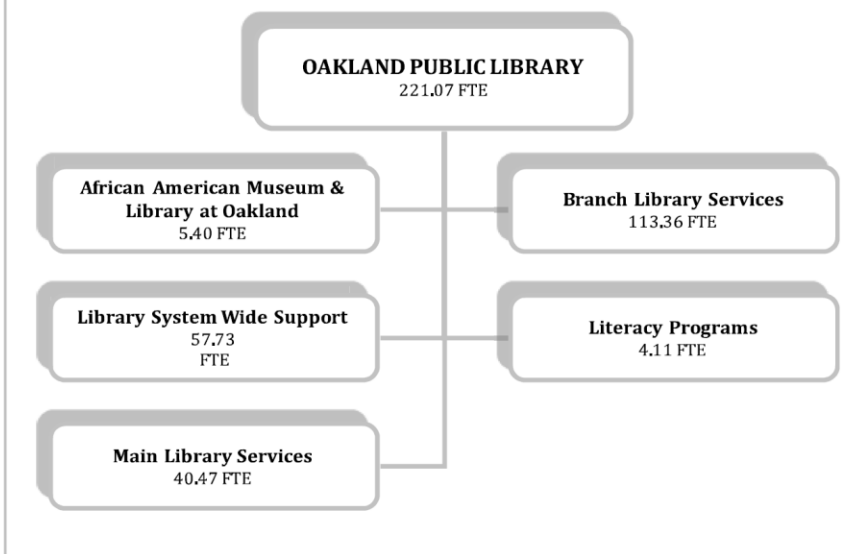
## SUMMARY OF HISTORICAL EXPENDITURES AND ADOPTED BUDGET BY SERVICE AREA

Service Area	FY 2015-16 Actuals	FY 2016-17 Unaudited Actuals	FY 2017-18 Adopted Budget	FY 2018-19 Adopted Budget
African American Museum & Library at Oakland	\$775,593	\$735,908	\$1,359,542	\$1,387,566
Branch Library Services	10,247,224	10,526,228	13,246,897	13,626,672
Library Systemwide Support	13,002,556	13,547,686	12,097,860	12,344,390
Literacy Programs	363,873	240,435	430,967	443,587
Main Library Services	3,371,685	3,506,618	4,286,491	4,410,216
<b>TOTAL</b>	<b>\$27,760,931</b>	<b>\$28,556,876</b>	<b>\$31,421,757</b>	<b>\$32,212,431</b>

## SIGNIFICANT CHANGES IN BUDGET AND PERFORMANCE

General Purpose Fund (GPF)	FTE	FY 2017-18 Changes	FY 2018-19 Changes
Transfer positions and portions of O&M related of mobile library from the General Purpose Fund (1010) to Measure Q Fund (2241)	(2.20)	(\$265,941)	(\$273,282)
Increase Library Vacancy Rate from 4.0% to 8.5% to reflect historical experience and anticipated renovations		(\$383,251)	(\$396,701)
Transfer Account Clerk II to Finance and downgrade to an Account Clerk I to support Oracle, Phase II: paperless invoice payments	(1.00)	(\$78,125)	(\$80,957)
Transfer the Measure Q subsidy amount from Non-Departmental	-	\$500,000	\$500,000
ALL Other Funds	FTE	FY 2017-18 Changes	FY 2018-19 Changes
Rockridge: Library Assessment District Fund (5130) allocated for minor capital improvements		\$131,680	\$131,680
Increase Library Vacancy Rate from 4.0% to 8.5% to reflect historical experience and anticipated renovations		(\$667,993)	(\$687,424)
Reduce O&M appropriations in Measure Q Fund (2241) to equal FY 2015-16 spending		(\$703,016)	(\$703,016)
Transfer positions and portions of O&M related of mobile library to Measure Q Fund (2241) from the General Purpose Fund (1010)	2.20	\$265,941	\$273,282

## ORGANIZATIONAL CHART BY SERVICE AREA



Library. These include General Reference services, Main Library Administration, the Oakland History

Room, Magazines and Newspapers, Science, Children's Room, Computer Lab and Circulation.

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

Expenditures by Fund	FY 2016- 2017 Actuals	FY 2017- 2018 Actuals	Adj. MC Baseline FY 2018-2019	FY18-19 Midcycle Adopted
1010 - General Fund: General Purpose	\$12,078,108	\$13,191,712	\$13,665,121	\$13,172,387
2148 - California Library Services	\$64,667	\$80,156	\$79,795	\$77,330
2163 - Metro Transportation Com: Program Grant	\$53,417	\$85,969	\$74,202	\$72,719
2241 - Measure Q-Library Services Retention & Enhancement	\$16,122,735	\$16,865,881	\$18,128,532	\$16,270,898
2242 - Measure Q Reserve- Library Services Retention & Enhancement	\$0	\$0	\$754,121	\$800,000
2243 - Measure D: Parcel Tax to Maintain, Protect & Improve Library Services	\$0	\$0	\$0	\$10,240,892
2993 - Library Grants	\$14,500	\$0	\$0	\$0
2999 - Miscellaneous Grants	\$3,600	\$0	\$0	\$0
5130 - Rockridge: Library Assessment District	\$0	\$0	\$131,680	\$131,680
7540 - Oakland Public Library Trust	\$219,186	\$330,346	\$103,399	\$103,399
<b>Total</b>	<b>\$28,556,213</b>	<b>\$30,554,064</b>	<b>\$32,936,850</b>	<b>\$40,869,305</b>
GPF Percent to Total Department	42.3%	43.2%	41.5%	32.2%

## Oakland Public Library Adj. FY 2018-2019 Mid-Cycle Budget By Org.

## DP610 - Oakland Public Library

OPL Org.	Expenditure Category	FY 2018-2019 Midcycle Adjusted Budget
<b>61111 - Director's Ofc</b>		
	Staff Cost	\$941,590
	O&M	\$76,919
	ISF Charge	\$119,926
<b>61111 - Director's Ofc Total</b>		<b>\$1,138,435</b>
<b>61121 - FASO</b>		
	Staff Cost	\$1,749,637
	O&M	\$6,269,439
	ISF Charge	\$300,462
<b>61121 - FASO Total</b>		<b>\$8,319,538</b>
<b>61131 - Computer Srves</b>		
	Staff Cost	\$664,589
	O&M	\$312,335
	ISF Charge	\$123,354
<b>61131 - Computer Srves Total</b>		<b>\$1,100,278</b>
<b>61132 - Cataloging/Processing</b>		
	Staff Cost	\$1,148,867
	ISF Charge	\$207,634
<b>61132 - Cataloging/Processing Total</b>		<b>\$1,356,501</b>
<b>61133 - Community Relations</b>		
	Staff Cost	\$506,706
	O&M	\$15,488
	ISF Charge	\$78,625
<b>61133 - Community Relations Total</b>		<b>\$600,819</b>
<b>61135 - Acquisitions</b>		
	Staff Cost	\$996,894
	ISF Charge	\$188,917
<b>61135 - Acquisitions Total</b>		<b>\$1,185,811</b>
<b>61141 - Materials</b>		
	O&M	\$1,621,474
<b>61141 - Materials Total</b>		<b>\$1,621,474</b>
<b>61211 - Public Srves Admin.</b>		
	Staff Cost	\$285,611
	ISF Charge	\$50,255
<b>61211 - Public Srves Admin. Total</b>		<b>\$335,866</b>

OPL Org.	Expenditure Category	FY 2018-2019 Midcycle Adjusted Budget
<b>61331 - Brookfield Branch</b>		
	Staff Cost	\$431,105
	ISF Charge	\$80,940
<b>61331 - Brookfield Branch Total</b>		<b>\$512,045</b>
<b>61332 - Dimond Branch</b>		
	Staff Cost	\$1,322,881
	ISF Charge	\$196,828
<b>61332 - Dimond Branch Total</b>		<b>\$1,519,709</b>
<b>61333 - Eastmont Branch</b>		
	Staff Cost	\$704,747
	O&M	\$121,380
	ISF Charge	\$131,341
<b>61333 - Eastmont Branch Total</b>		<b>\$957,468</b>
<b>61334 - Elmhurst Branch</b>		
	Staff Cost	\$414,245
	ISF Charge	\$75,855
<b>61334 - Elmhurst Branch Total</b>		<b>\$490,100</b>
<b>61335 - M.L. King Jr. Branch</b>		
	Staff Cost	\$425,220
	ISF Charge	\$78,509
<b>61335 - M.L. King Jr. Branch Total</b>		<b>\$503,729</b>
<b>61336 - Montclair Branch</b>		
	Staff Cost	\$563,577
	ISF Charge	\$98,272
<b>61336 - Montclair Branch Total</b>		<b>\$661,849</b>
<b>61337 - Rockridge Branch</b>		
	Staff Cost	\$1,361,687
	O&M	\$131,680
	ISF Charge	\$199,539
<b>61337 - Rockridge Branch Total</b>		<b>\$1,692,906</b>
<b>61338 - Temescal Branch</b>		
	Staff Cost	\$1,026,449
	ISF Charge	\$134,516
<b>61338 - Temescal Branch Total</b>		<b>\$1,160,965</b>



OPL Org.	Expenditure Category	FY 2018-2019 Midcycle Adjusted Budget
<b>61212 - On-Call Pub Svcs</b>		
	Staff Cost	\$766,385
	ISF Charge	\$100,918
<b>61212 - On-Call Pub Svcs Total</b>		<b>\$867,303</b>
<b>61213 - Literacy</b>		
	Staff Cost	\$381,636
	ISF Charge	\$69,392
<b>61213 - Literacy Total</b>		<b>\$451,028</b>
<b>61221 - Main Lib.: Admin.</b>		
	Staff Cost	\$180,956
	ISF Charge	\$33,051
<b>61221 - Main Lib.: Admin. Total</b>		<b>\$214,007</b>
<b>61231 - Main Lib.: A/H/L</b>		
	Staff Cost	\$966,055
	ISF Charge	\$151,331
<b>61231 - Main Lib.: A/H/L Total</b>		<b>\$1,117,386</b>
<b>61235 - Main Lib.: M&amp;N</b>		
	Staff Cost	\$450,369
	ISF Charge	\$91,992
<b>61235 - Main Lib.: M&amp;N Total</b>		<b>\$542,361</b>
<b>61236 - Main Lib.: S/B/S</b>		
	Staff Cost	\$1,550,904
	ISF Charge	\$225,572
<b>61236 - Main Lib.: S/B/S Total</b>		<b>\$1,776,476</b>
<b>61237 - Main Lib.: Children's Rm</b>		
	Staff Cost	\$794,289
	ISF Charge	\$118,362
<b>61237 - Main Lib.: Children's Rm Total</b>		<b>\$912,651</b>
<b>61243 - Main Lib.: Circ. Desk</b>		
	Staff Cost	\$677,458
	ISF Charge	\$129,991
<b>61243 - Main Lib.: Circ. Desk Total</b>		<b>\$807,449</b>

OPL Org.	Expenditure Category	FY 2018-2019 Midcycle Adjusted Budget
<b>61339 - 81st Ave Comm Library</b>		
	Staff Cost	\$1,190,222
	ISF Charge	\$165,671
<b>61339 - 81st Ave Comm Library Total</b>		<b>\$1,355,893</b>
<b>61341 - Asian Branch</b>		
	Staff Cost	\$1,318,134
	ISF Charge	\$202,454
<b>61341 - Asian Branch Total</b>		<b>\$1,520,588</b>
<b>61342 - Bookmobile</b>		
	Staff Cost	\$334,603
	O&M	\$200,000
	ISF Charge	\$39,350
<b>61342 - Bookmobile Total</b>		<b>\$573,953</b>
<b>61343 - Golden Gate Branch</b>		
	Staff Cost	\$464,733
	ISF Charge	\$88,157
<b>61343 - Golden Gate Branch Total</b>		<b>\$552,890</b>
<b>61344 - Lakeview Branch</b>		
	Staff Cost	\$461,958
	ISF Charge	\$88,846
<b>61344 - Lakeview Branch Total</b>		<b>\$550,804</b>
<b>61345 - Cesar Chavez Branch</b>		
	Staff Cost	\$1,075,662
	O&M	\$156,203
	ISF Charge	\$156,181
<b>61345 - Cesar Chavez Branch Total</b>		<b>\$1,388,046</b>
<b>61346 - Melrose Branch</b>		
	Staff Cost	\$427,858
	ISF Charge	\$78,912
<b>61346 - Melrose Branch Total</b>		<b>\$506,770</b>
<b>61347 - Piedmont Branch</b>		
	Staff Cost	\$455,989
	ISF Charge	\$87,102
<b>61347 - Piedmont Branch Total</b>		<b>\$543,091</b>

OPL Org.	Expenditure Category	FY 2018-2019 Midcycle Adjusted Budget
<b>61311 - Branch Admin.</b>		
	Staff Cost	\$375,600
	ISF Charge	\$68,602
<b>61311 - Branch Admin. Total</b>		<b>\$444,202</b>
<b>61313 - Children's Svcs</b>		
	Staff Cost	\$701,985
	ISF Charge	\$98,610
<b>61313 - Children's Svcs Total</b>		<b>\$800,595</b>
<b>61321 - Teen Svcs</b>		
	Staff Cost	\$748,232
	ISF Charge	\$135,454
<b>61321 - Teen Svcs Total</b>		<b>\$883,686</b>

*Continued*

OPL Org.	Expenditure Category	FY 2018-2019 Midcycle Adjusted Budget
<b>61348 - West Oakland Branch</b>		
	Staff Cost	\$800,241
	O&M	\$48,680
	ISF Charge	\$90,772
<b>61348 - West Oakland Branch Total</b>		<b>\$939,693</b>
<b>61511 - AAMLO</b>		
	Staff Cost	\$804,350
	O&M	\$20,546
	ISF Charge	\$138,044
<b>61511 - AAMLO Total</b>		<b>\$962,940</b>
<b>Grand Total</b>		<b>\$40,869,305</b>