

St. Louis County Library

2013 Budget Proposal

November 19, 2012



St. Louis
County
Library

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**St. Louis County Library District
2013 Maintenance & Operation Budget**

Executive Summary

The St. Louis County Library District develops the annual budget in accordance with State statutes governing the operation of county libraries and political subdivisions in Missouri. The format used for the 2013 Budget incorporates recommendations of the Government Finance Officers Association (GFOA).

Total assessed property valuations increased by more than 1.2% in 2012. This year was the first in the last 3 years we have seen growth in assessed value. The tax ceilings were assessed for all four sub-classes of property and revenue is expected to increase by 4.1%. A large part of the 2009 tax recoupment (\$920,000) assessed in 2010 and not used in 2011 or 2012, will be used to operate in 2013. Flat assessments are planned for 2013, and the newly increased tax rates recently passed by the St. Louis County voters will be set in 2013, and will provide the funding for operations in 2014.

The past few years have been a time of remarkable growth at the St. Louis County Library. Since 2008 alone, circulation of Library materials has increased by nearly 50% and visits to our facilities have increased by more than 30%. Attendance at Library events and programs has more than doubled. In 2012, the Library will host a total of 84 author programs. During the past year, we also recorded an all time high in Summer Reading Program participation with more than 50,000 teens and children enrolled in the program. In terms of both quality and quantity of programming, the St. Louis County Library is among the best in the country. The attached budget document will allow us to continue our leadership in all areas of community service and programming as befits a world class library system.

On November 6, 2012, the voters of our District approved Proposition L, a six cent property tax increase, to fund future capital projects and operating expenses for the Library. Current plans are for the Library to issue its first debt in the spring of 2013 in order to fund the Phase 1 capital projects identified in the Facilities Master Plan. As part of this process, the Library will need to receive a rating from the debt rating agencies so that we can secure the best possible interest rates. Based on the issuance of debt and the will of the voters, the Board will need to assess the full six cent increase when 2014 tax rates are set next September. The assessment of rates in September of 2013 will provide cash income for debt service and operation of the library in 2014. This is a very exciting time to be part of the St. Louis County Library and we look forward to great success in the coming years!

Charles Pace
Director

Kristen Sorth
Assistant Director, Administration

Revenue Highlights

- District Taxes are budgeted to increase by 4%.
- State Aid is projected to be reduced by 12%.
- Interest income is based on a return rate of approximately 0.20%.
- Revenue will be supplemented with tax funds recouped from 2009.

Expense Highlights

- In Salaries, a structure adjustment, merit raises, and compression adjustments have been budgeted.
- Beginning in 2013, the Library will be open year round on Sundays at Headquarters, Daniel Boone, Tesson Ferry, and Florissant Valley. In addition, hours at Eureka Hills and Meramec Valley will be expanded to match the hours at the rest of the branch locations.
- Two individuals will be promoted to the Assistant Director level.
- Medical insurance and Dental insurance costs are budgeted to increase.
- Pension actuarial assumptions will be changed at the recommendation of the Library's Actuaries, increasing the Pension contribution for 2013.
- Collection funding will increase by 3% to \$6,400,000.
- Reading Clubs are budgeted to grow by 25% with participation expected to top 80,000. A Winter Reading Club has also been included for 2013.
- Utilities are expected to grow 12% driven largely by Ameren's proposed 14.6% electricity increase.
- Continued emphasis is placed on staff and customer safety, and building security by updating security camera's and DVR's, emergency lighting, and installing Automated External Defibrillator's at all branch locations.
- Building Operations, which includes the cost of Security Guards, grounds maintenance and snow removal, is budgeted to increase 3.5%.
- Major building projects include the following: two parking lot replacements, one carpet replacement, Two branches updating HVAC controls, Four branch locations receiving lap top bars, two branches are updating the HVAC systems, and sealing and striping of parking lots. These expenses are funded from the capital improvements assigned fund.

GOVERNANCE AND SERVICES

The St. Louis County Library District was established as a political subdivision of the State of Missouri with taxing authority by an election held in April of 1946. The first book was circulated in March of 1947.

The five member Board is appointed by the County Executive with County Council consent. The Library operates on a calendar year. An annual report is sent to the County Executive by April 30.

The District with boundaries of 487 square miles provides public library services through 20 branches and 4 bookmobiles. The Library encompasses all of St Louis County except for the area serviced by nine municipal libraries. The District is the largest library system in the State of Missouri with circulation expected to exceed 15 million in 2013.

Some of the resources provided for the Library's customers are:

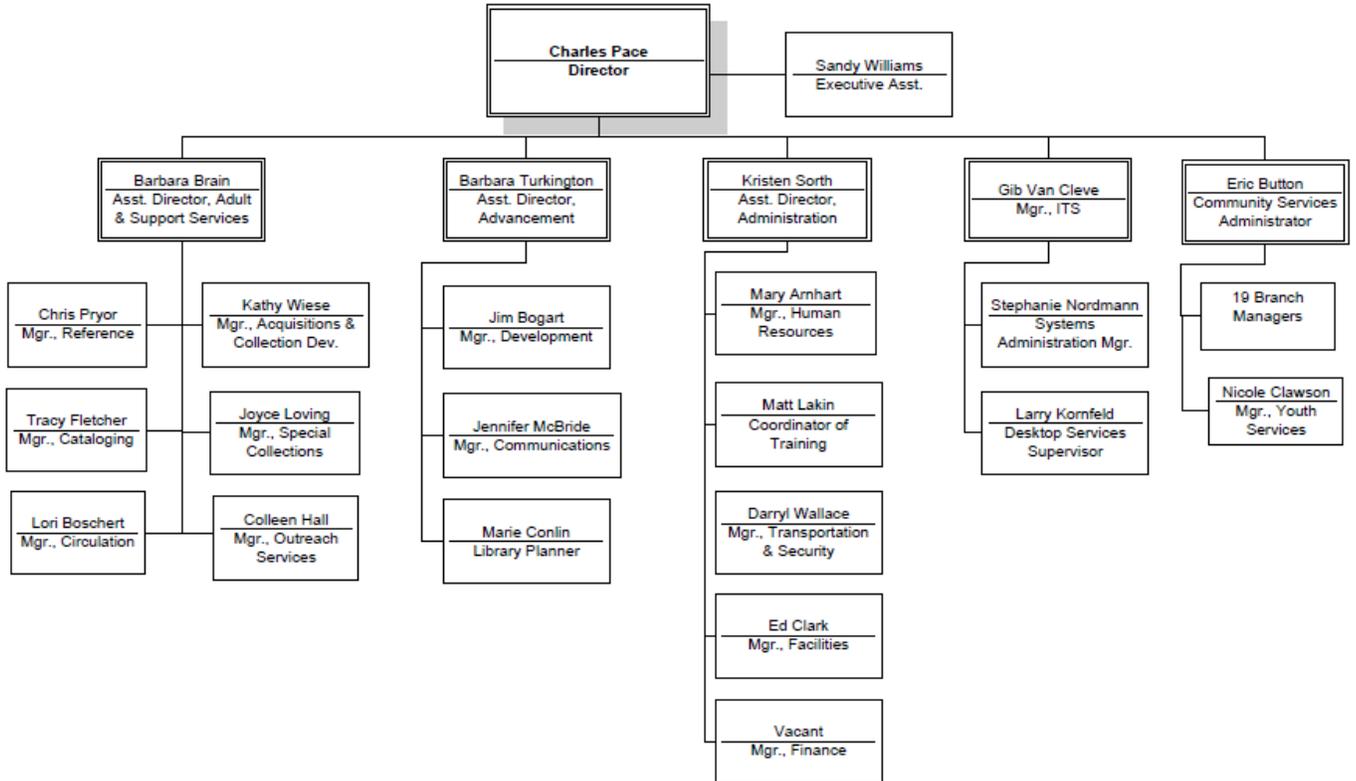
Adult and Juvenile Books	Ebooks
Magazines and Newspapers	Eaudiobooks
Books on CD	Downloadable videos
Reference materials	Virtual reference library
Government documents	Video Games
DVD and CD recordings	Playaways

Services include but are not limited to:

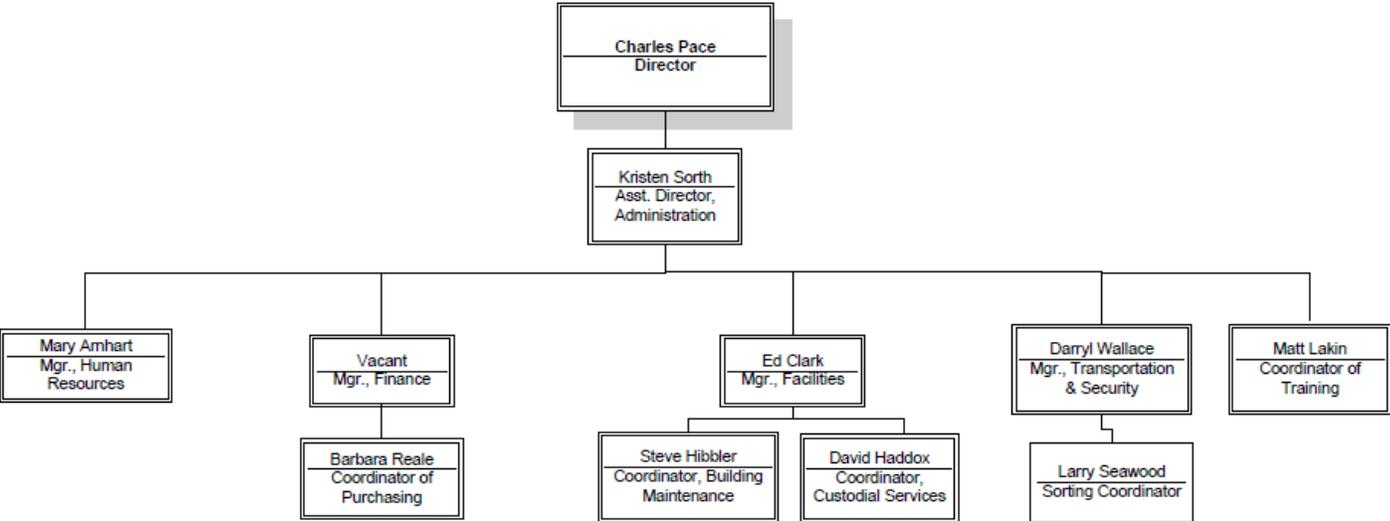
Internet access and PC labs	Word processing
Database access	Color copies
Fax machines	Document scanning
Computer classes	Interlibrary loan
Genealogy	Local History
Children's and adult programming	Story times
Author events	Homework Help
Job hunting and career development	Reference Chat
Meeting rooms	Teen spaces
Bookmobile services	
- Pre-school outreach	- Community visits
- Homebound delivery	- School visits
- Senior adult programming	

The Library's website is www.slcl.org. The Library can be found on Facebook, followed on Twitter and Wordpress and photos of Library events can be found on Flickr.

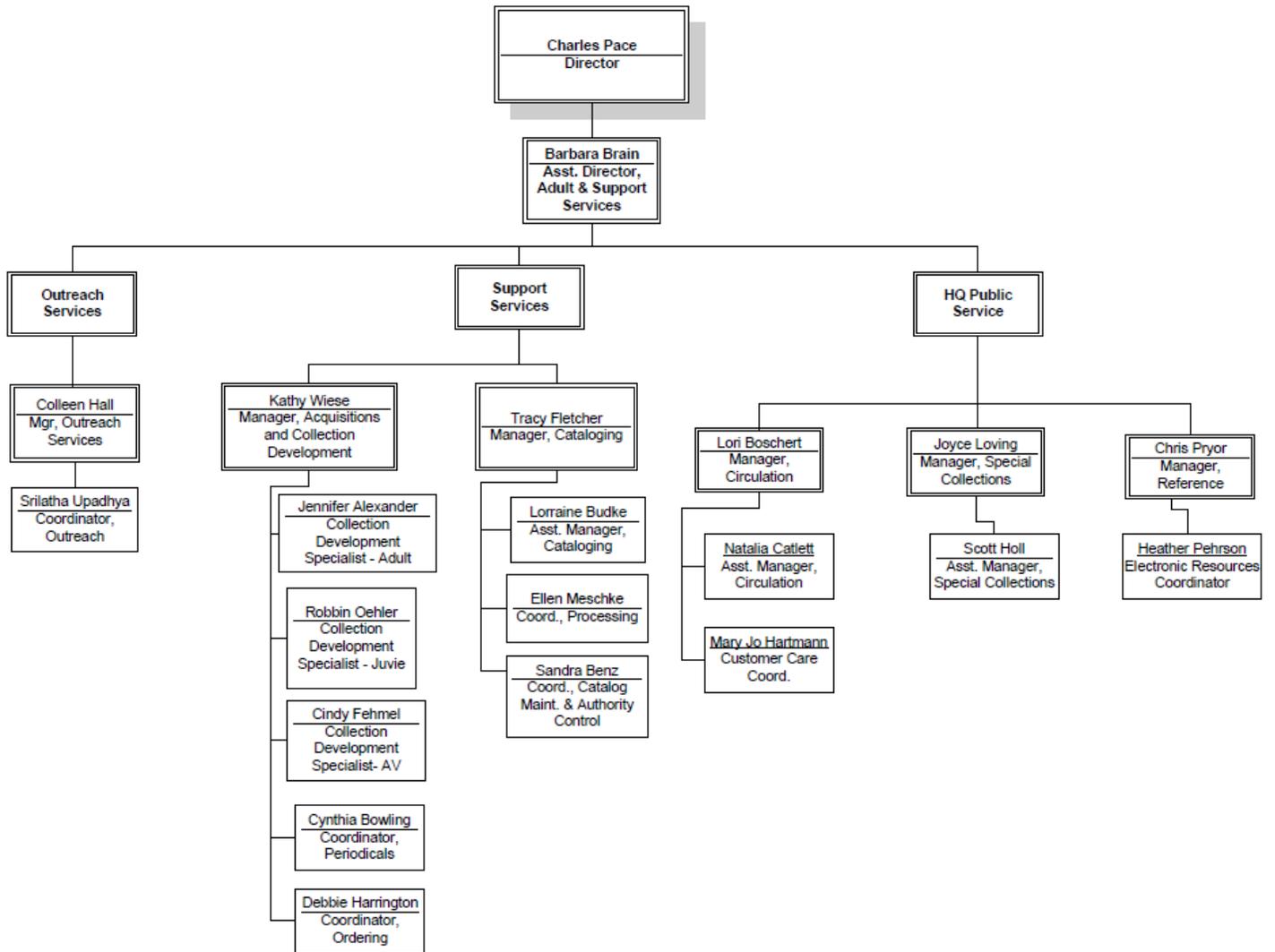
St. Louis County Library



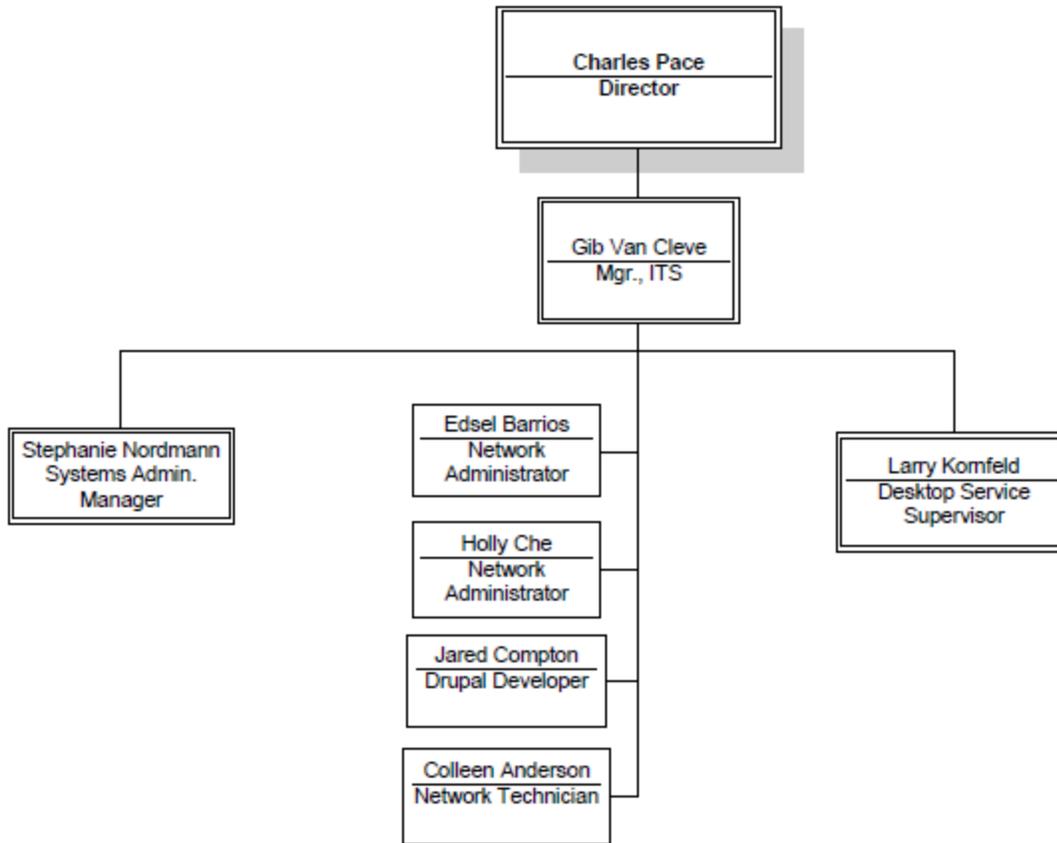
Administration



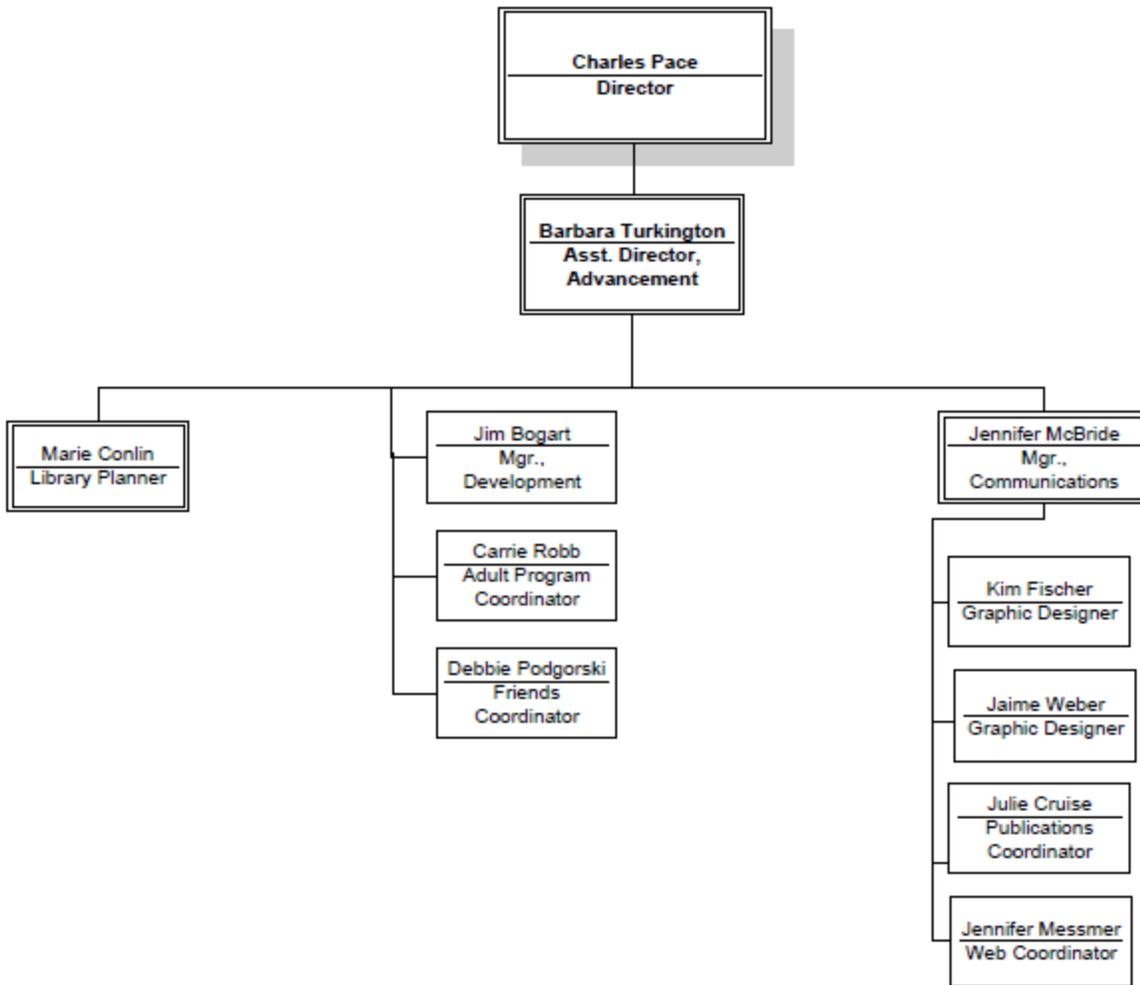
Adult and Support Services



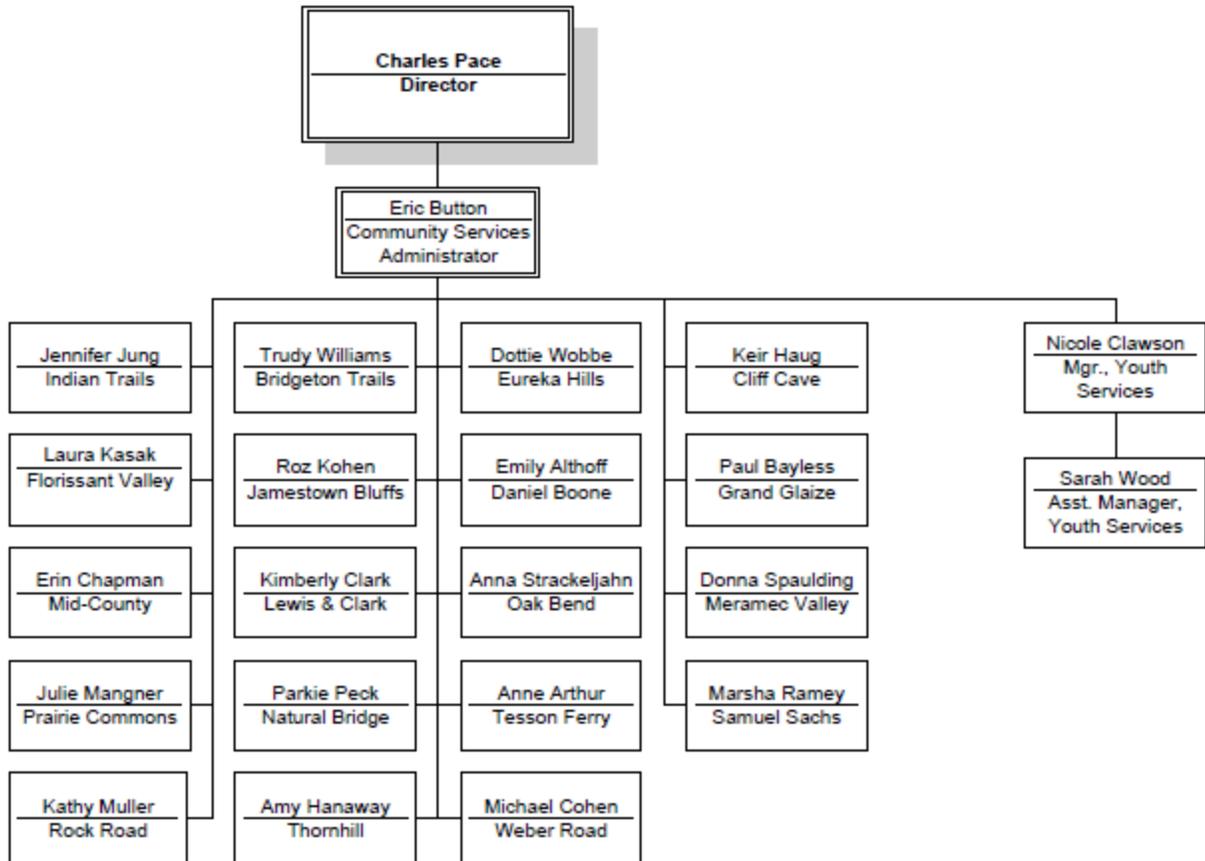
ITS



Advancement and Communications



Branch Services



BUDGET PROCESS

The St Louis County Library District follows these procedures in preparing the budget document and following the legal approval process:

- The Budget Committee comprised of key administrative personnel prepares a proposed budget for the calendar year. The proposal is submitted to the Library Board prior to January 1.
- The budget document includes the statutory requirements as stated in the Revised Statutes, State of Missouri.
- The document includes proposed expenditures and the means of financing them. Expenditures legally may not exceed current revenues and unencumbered fund balances.
- The budget document is formally approved by the Library Board.
- Before setting the current year District tax rates, a public hearing is conducted to obtain taxpayer comments. Statutory procedures are followed in holding the public hearing.
- Revisions to the budget are reviewed by the Budget Committee and must be approved by the Board. Revisions to the budget are usually approved in September.
- The Library Board approves the current year tax rates, which must be set by the first of October.
- The budget is prepared on a basis consistent with Generally Accepted Accounting Principles and Government Finance Officers Association recommendations.

The St. Louis County Library District operates on a fiscal year of January 1 through December 31. This is in accordance with State statutes governing the operation of county libraries in Missouri.

The revenue chart on page 11 reflects budget procedures approved by the Library Board in 1983. The Board accepted an opinion by the Missouri Attorney General that tax revenue budgeted for a given fiscal year must be based upon income from taxes due in that fiscal year.

As a result, the Library budget and audit are both prepared on a modified accrual accounting basis. Tax income for a budget year is based on taxes due December 31 of that year. Under the accrual accounting method, the bulk of the tax revenue budgeted will not be collected until after January 1 of the following year and therefore will not be available to meet expenses incurred during the current fiscal (calendar) year.

Library staff also prepares an anticipated receipts budget using the cash accounting method. Tax revenues are predicated on taxes due on December 31 of the preceding year.

Interest income is presented the same way with cash interest revenues acknowledged when received.

The expense budget on page 12 is prepared showing expenses when incurred and when funds are disbursed. Several prepaid expenditures are presented at the end of the year on the Library's balance sheet.

**ST. LOUIS COUNTY LIBRARY
REVENUE BREAKDOWN
MAINTENANCE AND OPERATION
2011-2013**

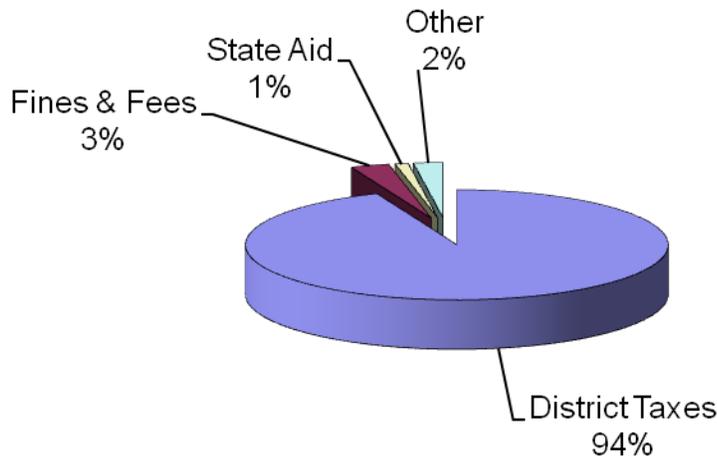
ITEM	(1)	(2)	(3)	(4)	(5)
	2011	2012	2013	2012	2013
	AUDIT (MODIFIED ACCRUAL)	REVISED BUDGET (ACCRUAL)	PROPOSED BUDGET (ACCRUAL)	REVISED ANTICIPATED RECEIPTS (CASH)	ANTICIPATED RECEIPTS (CASH)
	12/31/2011	9/17/2012	11/19/2012	9/17/2012	11/19/2012
District Taxes ⁽¹⁾					
-2011 (\$0.1630, \$0.20, \$0.19, \$0.15)	\$ 34,471,471	N/A	N/A	\$33,600,000	N/A
-2012 (\$0.1730, \$0.20, \$0.19, \$0.15)	N/A	\$35,000,000	N/A	N/A	\$35,000,000
-2013 (\$0.2330, \$0.26, \$0.25, \$0.21)	N/A	N/A	\$46,400,000	N/A	N/A
District Taxes - Prior Years		325,000	325,000	450,000	325,000
Financial Institution Tax	71,169	150,000	40,000	150,000	40,000
Athletes & Entertainers Tax	0	0	0	0	0
State Aid	433,158	425,000	375,000	425,000	375,000
State Grant	5,000	0	0	0	0
Other Grants	44,500	0	0	0	0
Federal Grants	36,456	15,000	40,000	15,000	40,000
E-rate discounts	299,977	295,000	300,000	295,000	300,000
Fines and Fees	996,457	1,110,000	1,110,000	1,110,000	1,110,000
Sale of Surplus Materials	119,995	100,000	100,000	100,000	100,000
Interest Earned		0	0		
2011 (Mature 2011)	12,325	N/A	N/A	N/A	N/A
2011 (Mature 2012)	85,688	10,000	N/A	10,000	N/A
2012 (Mature 2012)	N/A	75,000	N/A	75,000	N/A
2012 (Mature 2013)	N/A	N/A	N/A	N/A	10,000
2013 (Mature 2013)	N/A	N/A	10,000	N/A	75,000
2013 (Mature 2014)	N/A	N/A	75,000	N/A	N/A
Copy Income	204,273	210,000	205,000	210,000	205,000
Miscellaneous	169,809	625,000	70,000	625,000	70,000
Total Income	\$36,950,278	\$38,340,000	\$49,050,000	\$37,065,000	\$37,650,000
Transfer from Capital Improvements Assigned Funds				475,000	475,000
Transfer to Operations Assigned Funds					920,000
				\$37,540,000	\$39,045,000

1. Residential, Agricultural, Commercial, Personal Property

**ST. LOUIS COUNTY LIBRARY
EXPENDITURE BREAKDOWN
MAINTENANCE AND OPERATION
2011-2013**

ITEM	(1) 2011 AUDIT (MODIFIED ACCRUAL) 12/31/2011	(2) 2012 REVISED BUDGET (CASH) 9/17/2012	(3) 2013 PROPOSED BUDGET (CASH) 11/19/2012
Salaries	\$16,875,266	\$17,450,000	\$18,205,000
FICA	1,320,552	1,380,000	1,415,000
Pension	1,174,207	1,430,000	1,575,000
Life and LTD	77,138	80,000	90,000
Medical Insurance	2,851,765	3,180,000	3,490,000
Workers' Compensation	146,736	145,000	165,000
Unemployment Compensation	25,552	25,000	25,000
Other Personnel Expense	265,126	295,000	305,000
Subtotal	22,736,341	23,985,000	25,270,000
Library Collections	6,181,268	6,200,000	6,390,000
Collection Maintenance & Supplies	810,880	470,000	565,000
Equipment and Office Supplies	176,517	235,000	245,000
Printing and Programs	414,944	900,000	710,000
Postage	81,817	110,000	105,000
Travel and Meetings	224,162	90,000	85,000
Professional Services	170,832	200,000	225,000
Miscellaneous	8,162	10,000	10,000
Utilities	1,411,367	1,480,000	1,655,000
Custodial Supplies & Services	232,596	265,000	275,000
Insurance	242,619	270,000	300,000
Building Repair	624,975	1,015,000	670,000
Building Operation	706,329	840,000	870,000
Mobile Services and Operation	117,874	115,000	125,000
Subtotal	\$11,404,343	\$12,200,000	\$12,230,000
Automotive	72,164	-	25,000
Equipment	265,790	100,000	215,000
Furniture	194,687	115,000	140,000
Technology	440,319	600,000	675,000
Building (Capital) Improvements	1,160,126	475,000	475,000
Subtotal	\$2,133,086	\$1,290,000	\$1,530,000
Total Operational Cash Expenditures	\$36,273,769	\$37,475,000	\$39,030,000

Revenues



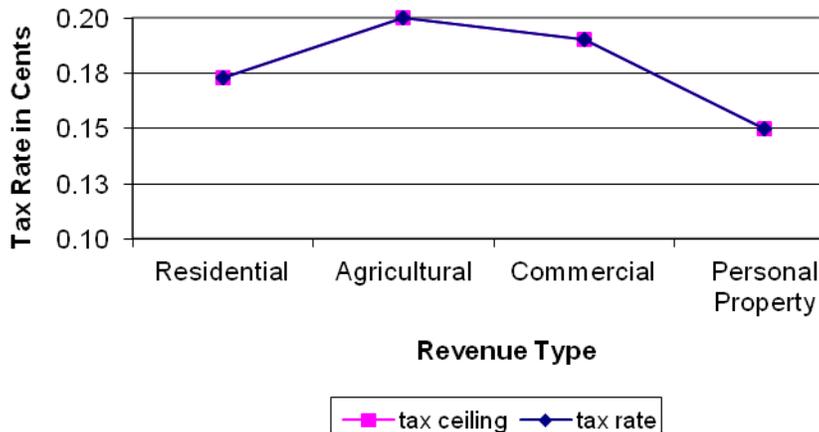
District Taxes

2011 <u>Actual</u>	2012 <u>Revised Budget</u>	2013 <u>Budget</u>
\$34,566,000	\$34,050,000	\$35,325,000

District Taxes:

Property taxes account for 94% of the District’s 2013 cash basis revenue. The Board has the ability to set four different tax rates up to the appropriate subclass tax ceiling. The subclasses are as follows: Residential property, Agricultural property, Commercial property and Personal property. The Missouri State Auditor has certified the 2012 assessed rates and ceilings (see letter dated October 4, 2012 on page 14).

2012 Library Tax Rates





OFFICE OF MISSOURI STATE AUDITOR

CERTIFICATION LETTER

October 04, 2012

Collector of Revenue
St. Louis County
41 South Central Avenue
Clayton, MO 63105-0000

RE: 10-096-0007 St. Louis County Library

Dear Collector of Revenue:

We have received information to substantiate compliance with Missouri law for the 2012 property tax rates for the above-captioned taxing authority. Section 137.073.6, RSMo, requires the State Auditor to examine such information and return to the county clerk our findings regarding the property tax rate ceilings and the debt service levy, if applicable. The State Auditor's Office has relied on information presented and representations made by the taxing authority for our review of the tax rate ceiling(s) and actual property tax rate(s) levied. Our findings are based upon existing constitutional provisions, statutes, rulings and court decisions.

We understand that the taxing authority's property tax rate ceiling(s) and actual property tax rate(s) levied for 2012 to be as follows:

Purpose	Tax Rate Ceiling or Maximum Allowable Debt Service Levy	Sales Tax Reduction	Voluntary Reduction	Recoupment Rate	CERTIFIED RATE	Taxing Authority's Proposed Rate	Complies with MO Laws Yes/No
General Revenue							
Residential	0.1730	0.0000	0.0000	0.0000	0.1730	0.1730	Yes
Agricultural	0.2000	0.0000	0.0000	0.0000	0.2000	0.2000	Yes
Commercial	0.1900	0.0000	0.0000	0.0000	0.1900	0.1900	Yes
Personal Property	0.1500	0.0000	0.0000	0.0000	0.1500	0.1500	Yes

Based on the information submitted by the taxing authority we find the CERTIFIED RATE(S) for the taxing authority as listed above complies or does not comply with the provisions Section 137.073, RSMo, as indicated above. Any taxing authority levying rate(s) higher than the certified rate(s) is/are not in compliance with Missouri laws. All tax levies not in compliance will receive a Notification of Non-Compliance Letter sent certified mail, will be referred to the Missouri Attorney General's Office pursuant to Section 137.073.6(2), RSMo, and will also be noted in our Review of 2012 Property Tax Rates report. A copy of this letter must be sent by your office to the above captioned political subdivision to comply with Section 137.073.6,

CC: St. Louis County Library

Cash projections for 2013 are based on the certified rates assessed in 2012 for each subclass. The ceiling rates have been assessed for all classes. Total district tax cash revenue is budgeted at \$35,325,000. The Board set the tax rates prior to October 1, after post Board of Equalization adjustments had been received.

Assessment Values

Year	Assessed Valuation					Increase Due To			
	Real Estate			Personal	Subtotal	TIF		New	
	Residential	Agricultural	Commercial	Property		Assessments	Total	Assessment	Construction
2005	\$10,275,911,360	\$7,733,690	\$4,673,183,991	\$3,311,056,419	\$18,267,885,460	(\$345,971,570)	\$17,921,913,890	8.40%	1.90%
2006	\$10,419,259,330	\$6,852,020	\$4,699,701,469	\$3,438,418,296	\$18,564,231,115	(\$356,649,670)	\$18,207,581,445	0.70%	1.30%
2007	\$12,755,062,680	\$6,846,170	\$5,495,438,530	\$3,338,115,619	\$21,595,462,999	(\$441,397,110)	\$21,154,065,889	15.10%	0.90%
2008	\$12,893,952,310	\$6,836,970	\$5,486,570,549	\$3,439,063,465	\$21,826,423,294	(\$271,169,830)	\$21,555,253,464	0.20%	1.70%
2009	\$11,916,141,810	\$6,087,730	\$5,382,994,966	\$3,317,380,075	\$20,622,604,581	(\$268,908,710)	\$20,353,695,871	-6.40%	0.70%
2010	\$11,946,588,530	\$6,506,070	\$5,465,971,917	\$2,971,047,866	\$20,390,114,383	(\$285,677,230)	\$20,104,437,153	-2.02%	0.96%
2011	\$11,438,109,020	\$4,816,570	\$5,174,792,056	\$2,788,631,125	\$19,406,348,771	(\$269,109,680)	\$19,137,239,091	-5.24%	0.41%
2012	\$11,451,736,530	\$4,691,470	\$5,191,958,411	\$2,997,828,920	\$19,646,215,331	(\$264,043,740)	\$19,382,171,591	0.98%	0.30%
2013							\$19,382,171,591	-0.30%	0.30%

The budgeted accrual income for 2013 will be generated from the tax rates that will be set by the Board in September 2013. Those rates will provide the cash revenue available to operate in 2014. 2013 is a year of reassessment.

Assessed valuations from 2005 – 2013 are above (2013 is estimated). The cash tax income for 2013 is computed from the 2012 assessment and the rates set by the Library Board in September 2012. An additional surcharge is paid by businesses on commercial property. This tax replaced the merchants and manufacturers inventory tax that was declared unconstitutional over 25 years ago.

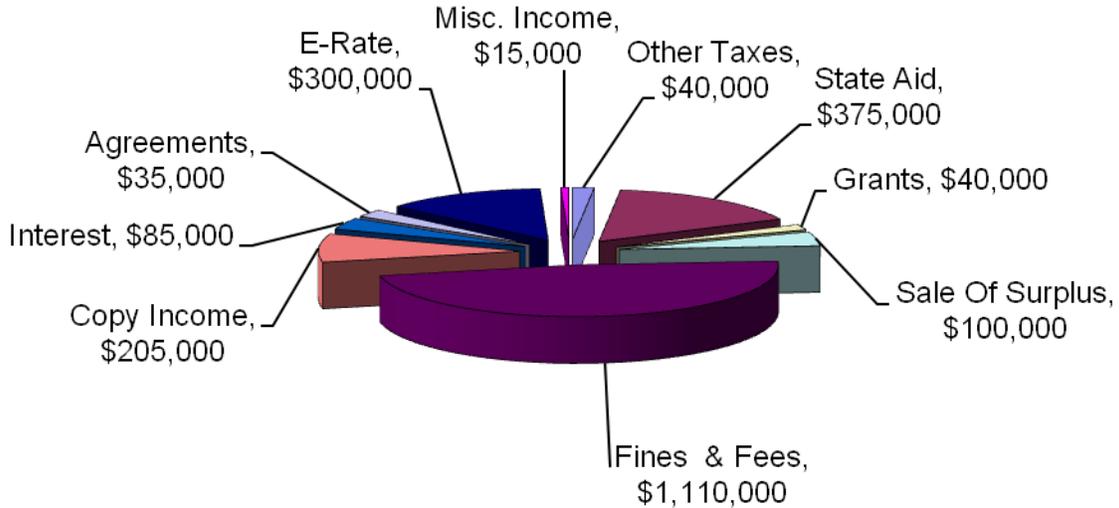
Surcharge	
<u>Year</u>	<u>Amount</u>
2005	\$1,935,978
2006	\$2,096,521
2007	\$2,162,901
2008	\$2,259,605
2009	\$2,225,006
2010	\$2,244,311
2011	\$2,246,450
2012	\$2,250,000 *
2013	\$2,250,000 *

* Estimated

The assumed collection rate is 97.5%. St. Louis County receives 1% for collecting taxes and .625% for the costs of general reassessment which is done every odd year. Tax Increment Financing (TIF) project assessments decreased slightly. Most TIF projects are between 15 and 23 years. The Library does not receive any or only partial (usually 25%) property taxes from these projects until the TIF bonds are retired. TIF assessments are included in the chart on page 13.

The other sources of income that follow account for 6% of the total budgeted revenue in 2013.

Other Revenues



Other Revenues

2011 <u>Actual</u>	2012 Revised <u>Budget</u>	2013 <u>Budget</u>
\$2,648,367	\$3,065,000	\$2,325,000

Financial Institution Tax (FIT):

This tax is paid by financial institutions including credit unions and is calculated at 7 percent of the institutions' profit. The budget for 2013 is \$40,000.

Athletes and Entertainers Tax (A & E):

The maximum tax that can be received is \$100,000. The amount received in 2012 was \$0, and there is no budget for 2013.

State Aid:

The Missouri State Library (MOSL) administers this program. MOSL has been a part of the Secretary of State's office since 1993.

State Aid is distributed quarterly based on census data. The state legislature determines the amount of per capita funding. State Aid has a rate of \$0.50 per capita. Income has been budgeted at a 12% reduction.

State Grant:

No funds have been budgeted from this source but library staff will apply whenever the opportunity arises.

Federal Funds:

The State Library administers Library Services and Technology Act (LSTA) funds. Grants were received in 2012 to help fund programs for summer reading club. Grant applications will be submitted whenever project funds are made available.

Other Grants:

Although no funds are budgeted, staff will continue to complete appropriate grant applications from all sources.

Sale of Surplus:

The sale of surplus books, other media and donated items constitutes the major portion of these receipts. The Library may also dispose of a limited amount of used furniture and equipment. The budget is \$100,000.

Fines & Fees:

Fines on overdue materials continue to comprise the largest portion of this account. Payments for lost and damaged materials, non-resident fees, self service fax fees and meeting room fees are also included in the budget item. Total revenue expected is \$1,110,000.

Copy Income:

Color coin-operated photocopiers were purchased late in 2008. Copies from the internet and microfilm reader/printers are also a source of revenue. Copies from all sources will provide \$205,000 in revenue.

Interest Income:

Collateralized Certificates of Deposit and Agency Bonds are the primary source for investment of Library funds. Member banks of CDARS (Certificate of Deposit Account Registry Service) provide investments that are fully collateralized by the FDIC.

The District has maintained its own checking account since 1984. Overnight Federal Funds accounts are used to provide additional interest earnings. Daily fines, copy income, sale of surplus and miscellaneous receipts are deposited into an interest bearing checking account.

The assumed rates of return for investments in 2013 are 0.20%.

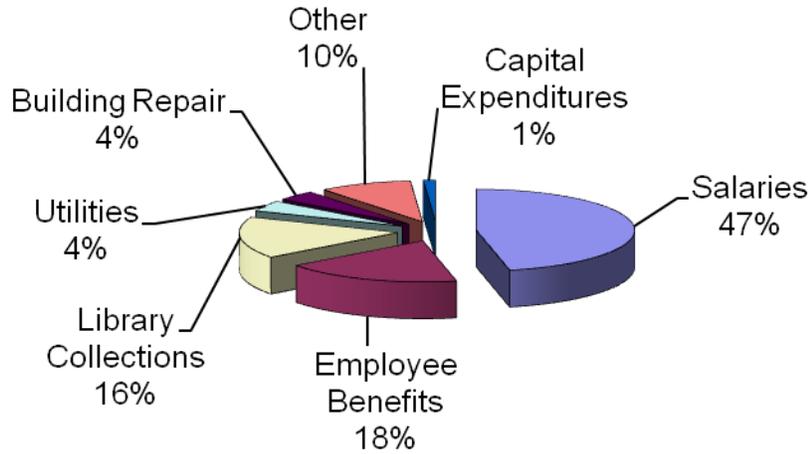
E-Rate:

The Library has met the requirements of CIPA (Children's Internet Protection Act) and thus qualifies for E-rate funding. The approved amount to be received in 2013 is \$302,000.

Miscellaneous Receipts:

This account includes reciprocal lending and other income sources. The total budget is \$70,000.

Expenditures



Salaries

2011 <u>Actual</u>	2012 <u>Revised Budget</u>	2013 <u>Budget</u>
\$16,892,577	\$17,450,000	\$18,205,000

Salaries

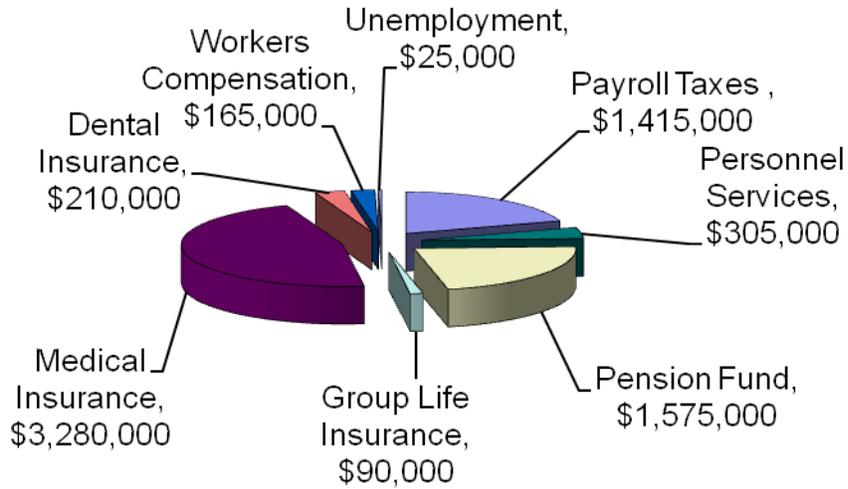
The Personnel budget will be increased in 2013 for a salary structure adjustment, merit raises based upon performance evaluations, and compression adjustments. Vacancies will continue to be carefully evaluated as efficiencies in operations are achieved. New positions budgeted for 2013 are offset by unfilled positions in 2012. Two staff personnel will be promoted to the Assistant Director level. The Library will also be open year round on Sundays at Headquarters, Daniel Boone, Florissant Valley, and Tesson Ferry. In addition, the hours at the Eureka Hills and Meramec Valley locations will be expanded to match the hours at all other locations.

<u>Year</u>	<u>Full Time Equivalents</u>	**
2007	548.0	
2008	545.5	
2009	540.5	
2010	525.5	
2011	506.0	
2012	509.0	*
2013	509.0	*

* Estimated

** Figures do not include vacant positions

Employee Benefits

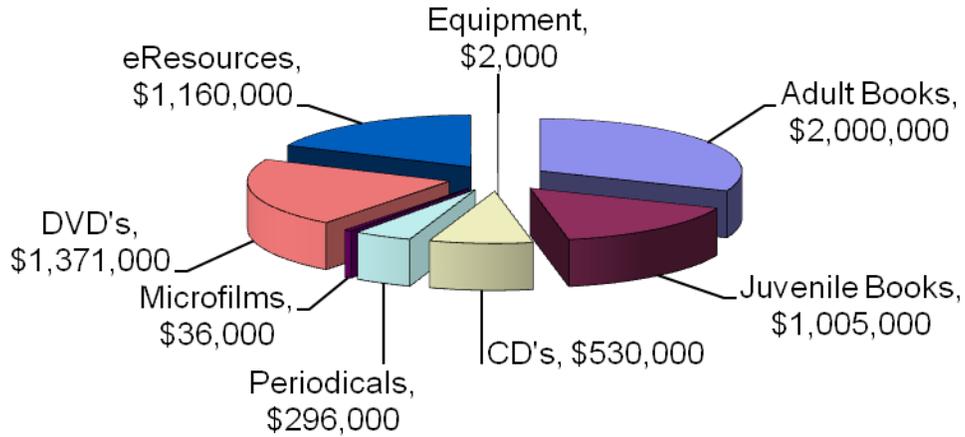


Employee Benefits

2011 <u>Actual</u>	2012 <u>Revised Budget</u>	2013 <u>Budget</u>
\$5,844,043	\$6,535,000	\$7,065,000

There is an increase of \$530,000 in the employee benefits section of the budget. Recommended changes to the pension benefit assumptions from the actuarial firm will bring the Library to current industry standards, but will generate a \$145,000 increase in Pension expense (assumptions are subject to Board approval). In addition, increases in Insurance have been budgeted. A 10% increase is budgeted in Medical Insurance which makes up most of the remaining variance to last year.

Library Collections

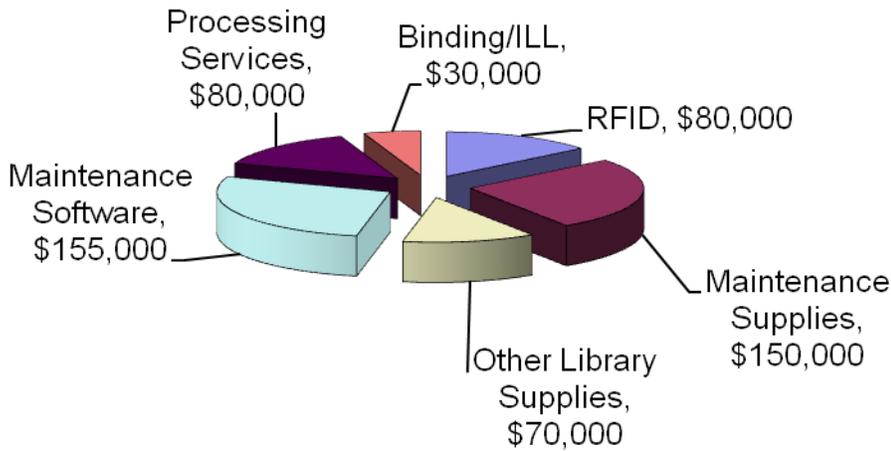


Library Collections

2011 <u>Actual</u>	2012 Revised <u>Budget</u>	2013 <u>Budget</u>
\$5,934,011	\$6,200,000	\$6,390,000

The Library Collections budget will increase 3% in 2013. This funding is being used to continue the purchase of high demand audiovisual and best seller collections, retrospective fiction, and children's books that promote early childhood reading and language skills. The purchase of ebooks and e-audiobooks has doubled this year, to reflect the increase in demand for e-resources. The addition of other downloadable formats will be explored in 2013. Circulation in 2012 will set an all time record for the District of over 14 million. It is anticipated the trend will continue in 2013.

Collection Maintenance & Supplies

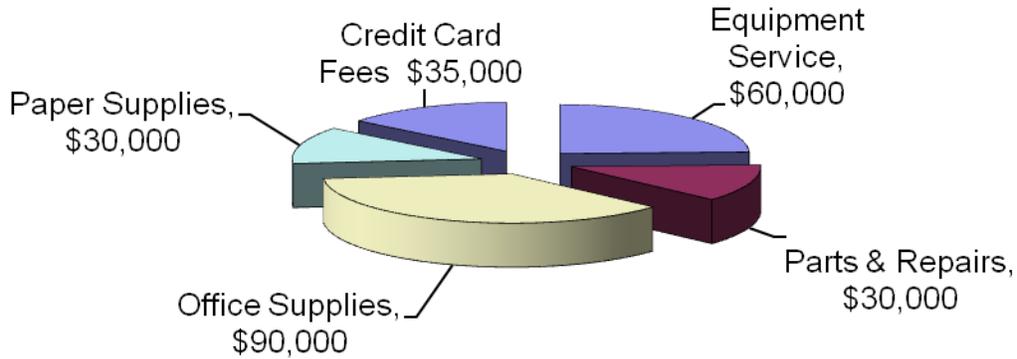


Collection Maintenance & Supplies

2011 <u>Actual</u>	2012 Revised <u>Budget</u>	2013 <u>Budget</u>
\$810,880	\$470,000	\$565,000

In 2008, the Library began the process of converting the collection items in the District from using barcode labels and tattle tapes to radio frequency identification (RFID) tags. Use of this new technology is increasing efficiency in checkout, improving inventory control and reducing staff time. The collection now has been fully tagged. Self checkout equipment has been implemented at all branches. Staff has developed an “in house” solution that provides substantial savings on the equipment costs for implementation and allows credit card payments of fines. In 2013, the Library will be replacing the remaining original self check out equipment with the “in house” units that were developed by ITS employees. Purchases of RFID tags are also included in the budget.

Equipment & Office Supplies

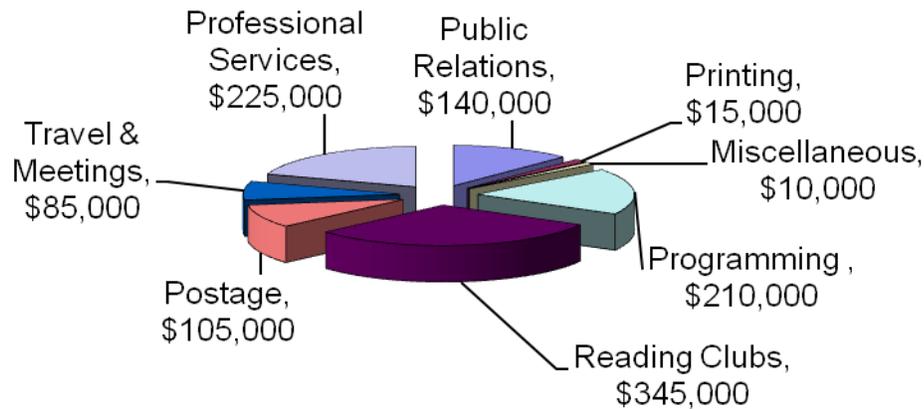


Equipment and Office Supplies

2011 <u>Actual</u>	2012 <u>Revised Budget</u>	2013 <u>Budget</u>
\$176,517	\$235,000	\$245,000

A small increase is anticipated in the Equipment & Office Supplies accounts. Costs for office supplies are held in check through the use of cooperative purchasing agreements and competitive quotes. Credit Card fees have been increasing as the use of online credit card payment grows.

Programming, Postage, Professional Services and PR



Programming, Postage, Professional Services and PR

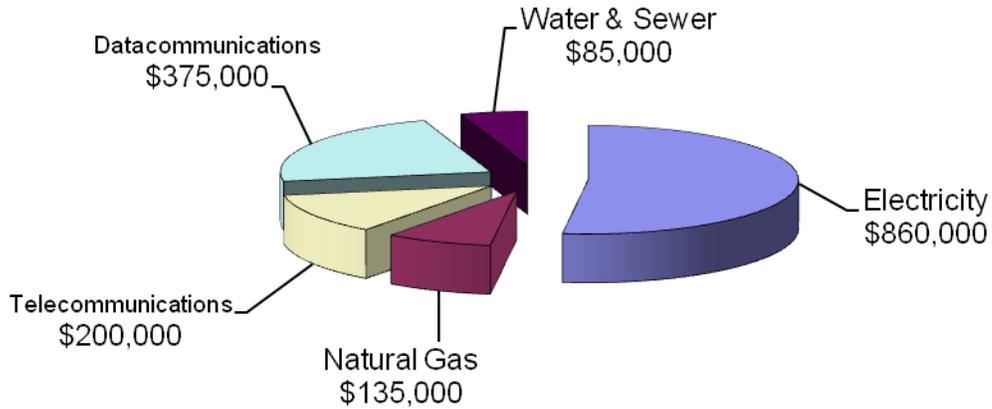
2011 <u>Actual</u>	2012 <u>Revised Budget</u>	2013 <u>Budget</u>
\$899,917	\$1,310,000	\$1,135,000

Programming and outreach grew dramatically in 2012 with sessions increasing by 73% and overall attendance increasing by 18%. Staff made significant efforts in community outreach, and this will continue to be a point of emphasis. The programming budget is increasing by \$10,000 in 2013 to support the growth of these activities. Much like programming overall, the Summer Reading Club experienced a record-breaking year in 2012, with nearly 65,000 participants in the Baby, Kids', Teen, and Adult Reading Clubs. Continued growth is anticipated with the target of reaching 70,000 children and teens and an additional 15,000 adults. A Winter Reading Club debuted in November 2012 with nearly 10,000 registrations in just the first week, far exceeding initial projections. An increase of \$65,000 is necessary to support the growth in the Summer Reading Club and the Winter Reading Club in 2013.

Staff will attend conferences & workshops again in 2013. Besides ALA and MLA, staff will attend genealogy, finance, facilities, risk management, and youth services conferences.

Professional fees have been set at \$225,000. Legal counsel and auditing services are included as well as special projects.

Utilities

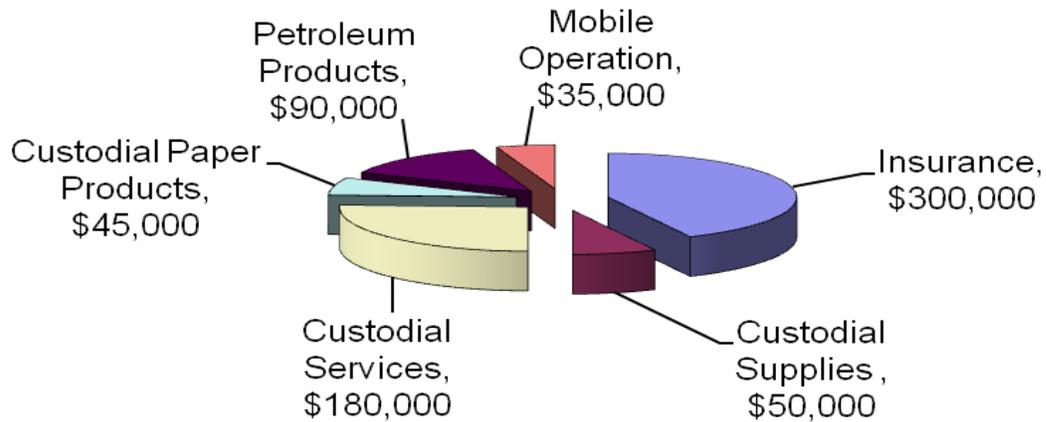


Utilities

2011 <u>Actual</u>	2012 Revised <u>Budget</u>	2013 <u>Budget</u>
\$1,411,367	\$1,480,000	\$1,655,000

Utility expenditures can vary greatly depending on weather conditions. Utility rate increases are anticipated for electric. In the 2013 budget, both telecommunications and data communications costs will be reduced through the receipt of e-rate funding which is shown in revenue.

Insurance, Custodial and Mobile Services

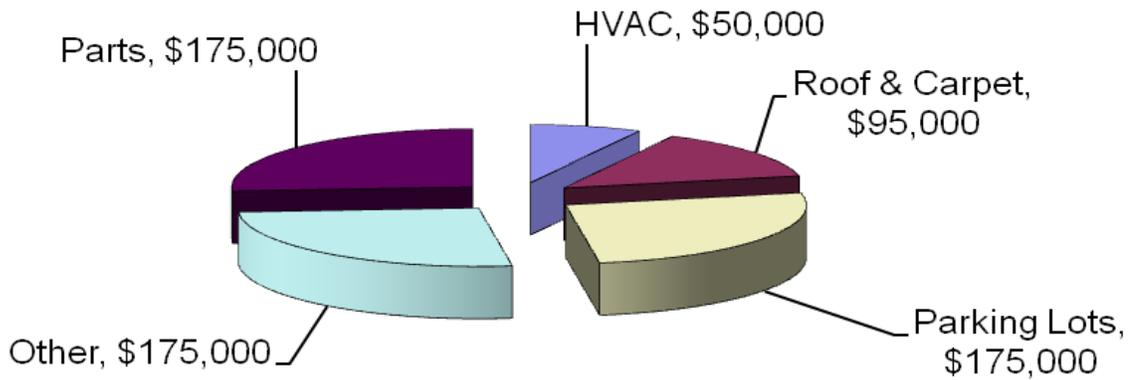


Insurance, Custodial and Mobile Services

2011 <u>Actual</u>	2012 Revised <u>Budget</u>	2013 <u>Budget</u>
\$593,089	\$650,000	\$700,000

An increase of 10% is budgeted for property and casualty insurance. The purchase of environmentally friendly products for custodial use will continue in 2013. Outsourcing of part time custodial positions continues as vacancies occur.

Building Repair

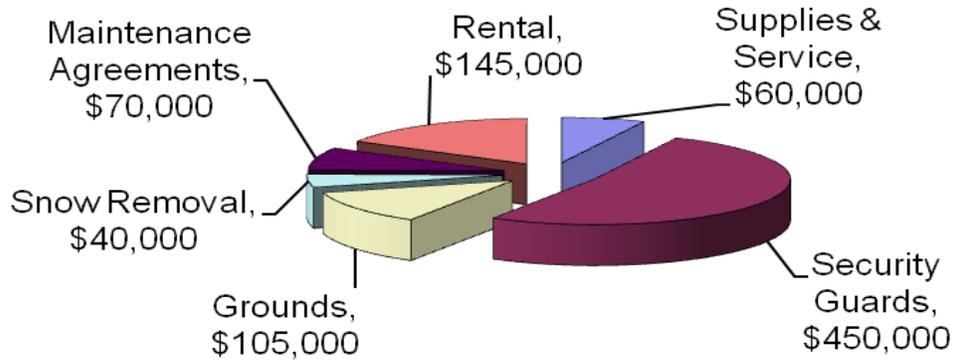


Building Repair

<u>2011 Actual</u>	<u>2012 Revised Budget</u>	<u>2013 Budget</u>
\$624,975	\$1,015,000	\$670,000

Major repair projects have been reallocated to the capital improvements account. Preventative maintenance for buildings and parking lots, and safety and security projects will be the focus in 2013. These include emergency lighting upgrades, two parking lot replacements, one carpet replacement, and sealing and striping at several branch locations.

Building Operations

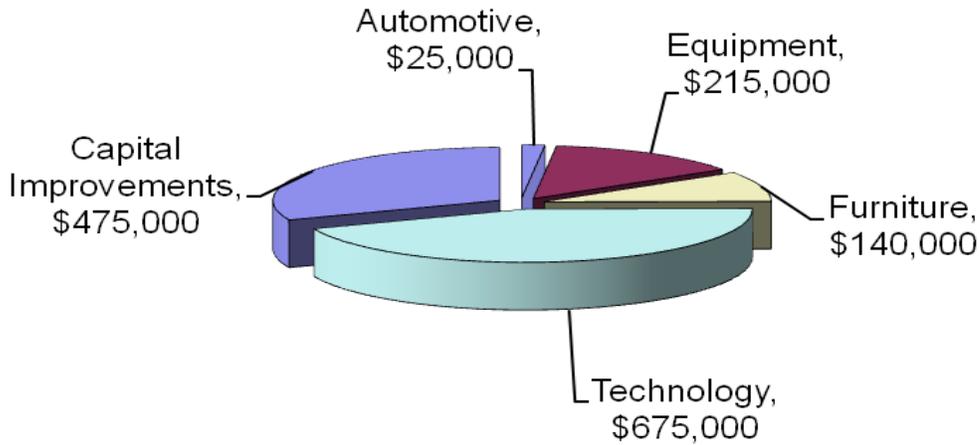


Building Operations

2011 <u>Actual</u>	2012 Revised <u>Budget</u>	2013 <u>Budget</u>
\$706,329	\$840,000	\$870,000

Funding for security guards is budgeted at \$450,000. St Louis County Police officers are providing security at seven locations. Rental includes the larger Eureka Hills and Meramec Valley leases. Snow removal, grounds maintenance, and the purchase of Automated External Defibrillator's are also included.

Capital Expenditures



Capital Expenditures

2010 <u>Actual</u>	2011 Revised <u>Budget</u>	2012 <u>Budget</u>
\$2,133,086	\$1,290,000	\$1,530,000

One replacement vehicles is budgeted for the Pre-School Outreach program. The Equipment and Furniture accounts will be used to replace existing items as well as replacing all analog security camera's and DVR's with digital DVR's. The Technology budget has been increased by \$75,000. Included in the Technology budget are Windows 7 upgrades to all public computers, upgrading staff computers, and the expansion of Smart Money Manager, a cash management software.

Replacement of HVAC system controls at Sachs and Jamestown Bluffs branches, and the replacement of the Mid County plaza are budgeted in the Capital Improvements account. Also budgeted as Capital Improvements are lap top bars at four branches. Headquarters and Florissant Valley will also receive necessary updates to their existing HVAC systems.

**ST. LOUIS COUNTY LIBRARY
CASH FUND BALANCES
2012-2014**

	<u>Unassigned</u>	<u>Assigned for Capital Improvements</u>	<u>Total</u>
2012 Beginning Balance	\$5,652,278	\$3,385,718	\$9,037,996
Assigned for 2012 operations	920,000	0	920,000
Transfer from capital improvements	0	(475,000)	(475,000)
2012 Excess/(Deficit)	<u>65,000</u>		
2013 Beginning Balance	6,637,278	2,910,718	9,547,996
Assigned for 2013 operations	(920,000)	0	(920,000)
Transfer from capital improvements	0	(475,000)	(475,000)
Excess/(Deficit)	<u>15,000</u>	<u>0</u>	<u>15,000</u>
	\$5,732,278	\$2,435,718	\$8,167,996

Fund Balance

The Board in 2011 established a fund balance and reserve policy. This policy defines classifications for fund balance which depict the relative strength of the constraints that control how specific amounts can be spent. While a small portion of the fund balance is nonspendable or restricted, the majority of the fund balance is assigned by management for specific uses. Historically these uses have been for the subsequent year's operation, pension plan funding, major computer upgrades and capital projects. The remaining fund balance is unassigned and held in reserve for contingencies. The minimum amount of unassigned fund balance must be between 10% and 15% of the following year's budgeted operational expenses. This range exceeds Government Finance Officers Association (GFOA) recommended levels.

The ending cash balance of the unassigned fund balance is above the stated Board policy target of 12.5%.

A transfer of \$475,000 from the capital improvements fund for parking lot, carpet and roof projects listed under the Capital Improvements account is budgeted.

The unassigned fund balance as of October 31, 2012 is 15% of the 2013 budgeted operational expenses.