

Sno-Isle Libraries

BOARD OF TRUSTEES

Board of Trustees

Kelli Smith, *President* • Rose Olson, *Vice President* • Paul Ryan, *Secretary* • Michael Adams • Jennifer DePrey • Susan Kostick • Martin Munguia

Executive Director

Lois Langer Thompson

October 3, 2023, 5:30 p.m.

Sno-Isle Libraries Service Center

7312 35th Ave NE

Marysville, WA 98271

Webinar Link: [Click here to join the meeting](#)

Telephone Dial-in: +1 872 239 6205

Phone Conference ID: 459 055 186#

Special Meeting Agenda

1) Call to Order

2) Land Acknowledgement

3) Roll Call

4) *Approval of Agenda

5) Unfinished Business

- a) 2024 Budget Discussion – Executive Director Lois Langer Thompson, Deputy Director David Durante and Finance Manager Nicole Wehl. [Attachments 1-5](#)

6) *Adjournment

*Denotes Board of Trustees action item.

To request accommodation for an event, email accessibility@sno-isle.org or visit sno-isle.org.

2024 Budget

BUDGET GOALS

OCTOBER 3, 2023

2024 Budget Goals – Equitable, Accessible, Sustainable

- Enhance **library services** so that everyone can engage in experiences they value.
- Create **inspiring spaces** so that customers and staff experience spaces that are welcoming, inclusive, easy-to-use, and support current and emerging library use.
- Optimize **library funding** so that we can continue to be good stewards of our finances, **ensure long-term financial stability**, and work to secure additional private and public funds.
- **Invest in our people and organization** so that we are resilient, equitable and regenerative and our staff have the support and resources they need.

2024 Budget Timeline

2023 TIMELINE FOR 2024 BUDGET

OCTOBER 3, 2023

Date	Milestone	Meeting Type
September 18, 2023	Staff present 2024 budget introduction.	Regular meeting
October 3, 2023	Board of Trustees hold 2024 budget work session.	Special meeting
October 23, 2023	Staff present overview of proposed 2024 budget. Board holds public hearing on the regular property tax levy. RCW 84.55.120 Board passes ordinance/resolution regarding the regular property tax levy. RCW 84.55.010	Regular meeting
November 27, 2023	Board holds public meeting on 2024 budget. Board conducts final review and approval of 2024 budget. RCW 27.12.210	Regular meeting
November 30, 2023	Staff submit 2024 budget to Snohomish and Island counties. RCW 84.52.020	N/A
January 2024	Board of Trustees approve Joint Levy Certification for 2024 taxes. WAC 458-19-010	Special meeting

The timeline is subject to change.



Optimizing Funding:

PUBLIC FUNDING BRIEFING

SNO-ISLE LIBRARIES



What is a Regular Levy?

- A regular levy is a taxing mechanism that funds the library district.
- The levy is used for the general operation of the district.
- Up to \$0.50 per \$1,000 of assessed property value.
- Basis for the library's annual budget.

Example



=



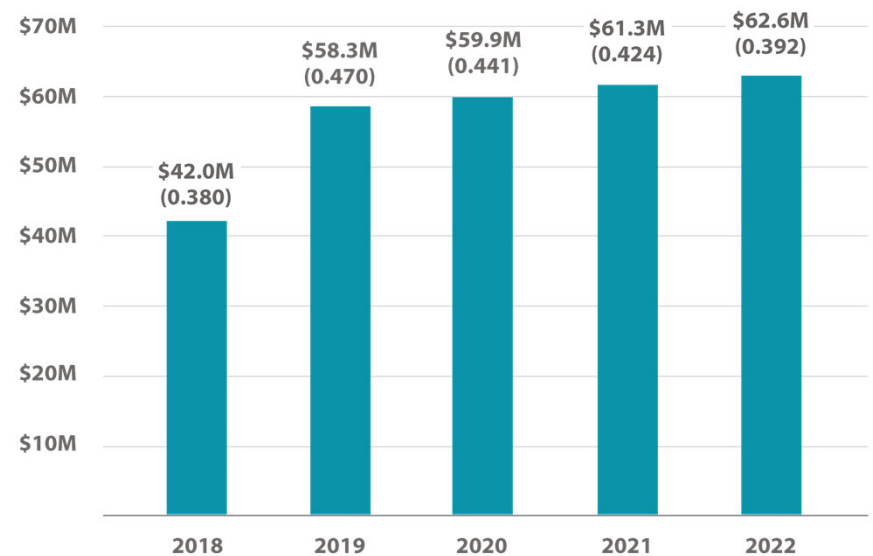
Initiative 747

1% LEVY INCREASE LIMIT

- Over time the library's levy rate of \$0.50 per \$1,000 of assessed value goes down.
- The current levy rate is \$0.392 per \$1,000.



Levy Amounts and Rates



Example



=



No
Lid Lift



=



What is a Levy Lid Lift?


- A levy lid lift allows the library to ask the voters to restore some portion of the difference between the current levy rate and the maximum levy rate of \$.50 per \$1,000 of assessed property value.

ELWOOD-1
10144165.01

Official Special Election Ballot
April 24, 2018
Snohomish County, Washington

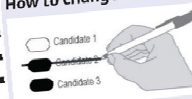
Instructions

How to vote



Fill in the oval next to your choice.
Do not use felt pen.

How to change a vote



Draw a line through the entire incorrect choice. Fill in the oval next to another choice.

For a list of the people and organizations that donated to state and local candidates and ballot measure campaigns, visit www.pdc.wa.gov.

Library

**Sno-Isle Intercounty Rural Library District
Proposition No. 1**

Levy Rate Proposition

The Board of Trustees of Sno-Isle Intercounty Rural Library District adopted Resolution No. 17-06 concerning an increase in its regular property tax levy. This proposition would authorize the District to restore its regular property tax levy rate to \$0.47 per \$1,000 of assessed value for collection in 2019 in order to continue to provide the current level of library service throughout the District. The resulting dollar amount of the 2019 levy would be used for the purpose of computing subsequent levy limitations as provided by chapter 84.55 RCW.

Should this proposition be approved?

Yes
 No

END End of ballot. Thank you for voting!

Example



= **\$50**
BUDGET
FORMULA
100 x .50

No Lid Lift



= **\$50.50**
BUDGET
FORMULA
200 x .25

Lid Lift



= **\$100**
BUDGET
FORMULA
200 x .50

What is the Board of Trustees' Role?

The Board is tasked with the review and final approval of:

- The annual budget
- The annual levy certification
- The pursuit of any elections such as bonds or levy lid-lifts





Regular Levy

LEGAL DEFINITION

A levy to provide funds for the establishment and maintenance of library service for the district.
RCW 27.12.150

IN OTHER WORDS

Property tax collected to fund operating and building funds for the library district. Once the library district is established, this levy collects through the annual budgetary process without further ballot initiatives. The annual budget may set aside funds to be spent in subsequent years for acquisition or improvement of properties.

ALLOWED RATE

\$0.50/\$1,000 of assessed value of properties in the district. The current 2022 regular levy rate is \$0.3915.

EXAMPLE A property with an assessed value of \$500,000 can be taxed a maximum of \$250 per year for the library.

Excess Levy

LEGAL DEFINITION

A taxing district may levy taxes at a rate in excess of the rate specified in the State Constitution when authorized so to do by the voters of the taxing district.

IN OTHER WORDS

A levy that exceeds the allowable rate on property taxes (greater than \$.50/\$1,000 assessed value) and must be approved by the voters.

NOTE

The only excess levies relevant to Sno-Isle Libraries funding are enacted to repay specific bonds. Sno-Isle Libraries has previously not sought voter approval for an excess levy (which requires voter approval by a supermajority of voters).



Library Capital Facility Area

LEGAL DEFINITION

A quasi-municipal corporation and independent taxing units existing within the boundaries of an existing library district, for the purpose of financing the construction of capital library facilities.

IN OTHER WORDS

A defined area within the larger existing library district for a specific capital project.

When voters approve the establishment of a LFCA, they also approve the LCFA bond to fund the project and an excess levy to pay back the bond.

The boundaries of the LCFA do not need to be contiguous.

Library Capital Facility Area Bond

LEGAL DEFINITION

A method to finance capital facilities within a designated Library Capital Facility Area by issuing general indebtedness and imposing excess levies to retire the bond.

IN OTHER WORDS

A voter approved bond and levy for a specific capital project in the Library Capital Facility Area. The term is typically 20 years.

MAXIMUM AMOUNT

1.25% of the value of taxable property in the district.

EXAMPLE

If there is a total of \$2 billion of taxable value in the Library Capital Facility Area, the maximum amount of a bond is \$25 million.

In 2020, there was a total of \$172 billion taxable value in Snohomish and Island counties. The maximum amount of an LCFA Bond and Excess Levy is \$2.15 billion.



Non-Voter Approved Bond

LEGAL DEFINITION

A bond for the purpose of capital facilities expenses in the library district.

IN OTHER WORDS

A bond issued by the library board of trustees for a capital facility expense that must be paid from the regular levy revenue or other available funds. The term is up to 20 years.

MAXIMUM AMOUNT

0.1% of the value of taxable property in the district.

EXAMPLE

In 2020, there was a total of \$172 billion taxable value in Snohomish and Island counties. The maximum amount of a Non-Voter Approved Bond for Sno-Isle Libraries would be \$172 million.

Voter Approved Bond

LEGAL DEFINITION

A bond for the purpose of capital facilities expenses in the library district that requires approval by a super majority of voters.

IN OTHER WORDS

A bond for a capital facility expense includes a dedicated excess levy to repay the bond amount. Voter approved bonds are payable from the excess levy. The term is up to 20 years.

MAXIMUM AMOUNT

0.5% of the value of taxable property in the district.

EXAMPLE

In 2020, there was a total of \$172 billion taxable value in Snohomish and Island counties. The maximum amount of a Voter Approved Bond would be \$860 million.



Philanthropy

DEFINITION

Philanthropic funds are private donations, contributions, and bequests.

Such contributions can be given from individuals, groups, or organizations such as the Sno-Isle Libraries Foundation and the Friends of the Library groups.

In 2022, gifts from the Sno-Isle Libraries Foundation and the Friends of the Library groups are expected to be \$300,000.

Grants

DEFINITION

Grants are competitive financial awards that are obtained from public and private entities for a specific purpose.

These funding entities could include federal, state, or local government agencies as well as private and non-profit organizations.

In 2022, Washington State and Federal Grant Revenue is projected to be \$2.4 million.

Building Reserve Funds

DEFINITION

Building Reserve Funds are existing and newly established funds designated for capital needs. Includes library-specific reserves and discretionary district reserves that are seeded from regular levy revenue.

The 2022 budget includes \$3.6 million in transfers from reserves to fund capital improvement projects.

2024 Budget – Preliminary Estimates

UNRESERVED AND RESERVED FUNDS

OCTOBER 3, 2023

Sno-Isle Libraries Board of Trustees Unreserved and Reserved Fund Policy

Purpose

To establish guidance for the creation and administration of Sno-Isle Libraries (Library District) reserved and unreserved cash and investments in accordance with the State of Washington's *Budgetary, Accounting and Reporting System for Library Districts (BARS)*.

Scope

The Library District Board of Trustees (Board) recognizes that the use of reserved and unreserved funds is an essential element of comprehensive fiscal planning and risk management. Resources are routinely preserved to address planned and unplanned circumstances. Such circumstances include, but are not limited to:

- Cash flow requirements
- Future capital needs or projects
- Significant planned or unplanned operating or capital expenditures
- Economic uncertainties including downturns in the local, state or national economy
- Local emergencies and disasters
- Loss of a major revenue source
- Uninsured losses

The Library District will classify all cash and investments as "unreserved" unless specific restrictions on the use of the resources are imposed by the Board or a qualified external party. Cash and investments with a specific purpose or use restriction imposed on them will be classified as "reserved".

Implementation

The Library District will have procedures and guidelines maintained by the Finance Director that comply with all applicable laws.

Reserved Funds

Expenditures from, deposits to, or establishing new Reserved Funds must be authorized by the Board by resolution.

Unreserved Funds

The Board has established two *Unreserved* funds – the *General Operating Fund* and the *Reserve Fund*. The *General Operating Fund* is used to support the daily operations of the Library District. The *Reserve Fund* is used for purposes as established by the Board throughout the course of operations or strategic planning.

2024 Budget – Preliminary Estimates

UNRESERVED AND RESERVED FUNDS

OCTOBER 3, 2023

Annual Evaluation and Adjustment of Financial Reserve Amounts

The Executive Director (or designee) will provide the Board with an annual summary of all *Reserve Fund* account balances and recommendations for any proposed changes to *Reserve Fund* amounts. The Board will consider such changes, if any, in conjunction with the review and adoption of the Library District's annual budget; however, changes may be considered at any Board meeting.

Associated Policies and Laws

- Washington State RCW [12.210](#) Library trustees—Organization—Bylaws—Powers and duties
- Washington State RCW [09.200](#) Local government accounting – Uniform system of accounting.
- Sno-Isle Libraries Board policy. [Equity](#)
- Sno-Isle Libraries Administrative policy. Unreserved and Reserved Funds

Process

This policy is reviewed every four (4) years by the Executive Director (or designee), who makes recommendations to the appropriate Board committee. The committee reviews the recommendations, revises the policy as necessary and appropriate, endorses, and advances the policy to the full Board for approval.

Policy History

Date approved: May 30, 2023

Next review date: 2027

Adopted: 2012

2024 Budget – Preliminary Estimates

UNRESERVED AND RESERVED FUNDS

OCTOBER 3, 2023

Reserved Reserve Funds – Transfers and Balances

Fund	Approved Balance 12/31/2022	Proposed Activity 2023	Projected Balance 12/31/2023	Proposed Activity 2024	Projected Balance 12/31/2024
Darrington Rural Partial County Library District	212,227	(70,000)	142,227		142,227
Edmonds Building	861,209	(800,000)	61,209		61,209
Lynnwood Building	1,167,444		1,167,444		1,167,444
Mill Creek Building	324,308	(320,000)	4,308		4,308
Lake Stevens Building	1,483		1,483		1,483
Total Building Reserves	2,566,670	(1,190,000)	1,446,670		1,446,670

Unreserved Designated Reserve Funds – Transfers and Balances

Fund	Approved Balance 12/31/2022	Approved Activity 2023	Projected Balance 12/31/2023	Proposed Activity 2024	Projected Balance 12/31/2024
Building	5,676,000		5,676,000		3,676,000
Emergency	10,000,000		10,000,000		10,000,000
Equipment Technology Refresh	2,000,000	(1,470,000)	530,000	300,000	830,000
Land Acquisition	2,198,018		2,198,018		2,198,018
Levy Rate Stabilization	19,392,916	4,200,000	23,592,916		23,592,916
Self-Insurance	1,500,000		1,500,000		1,500,000
Unemployment Compensation	40,000		40,000		40,000
Vacation & Sick Pay Liability	2,200,000	(900,000)	1,300,000		1,300,000
	43,006,934	1,830,000	44,836,934	300,000	45,136,934

2024 Budget – Preliminary Estimates

UNRESERVED AND RESERVED FUNDS

OCTOBER 3, 2023

Unreserved Designated Reserve Fund Sufficiency

The Board has set sufficiency targets on three fund balances to meet policy objectives: Emergency, Self-Insurance, and Vacation & Sick Leave Liability. All other unreserved reserve fund balances are at the Board’s discretion.

Unreserved Designated Reserve Funds	Policy Target / Objective	2023
Emergency	60-90 days of operating expense (<i>excluding materials</i>).	65 days
Self-Insurance	16 weeks of program expenditures.	19 weeks
Vacation & Sick Pay Liability	At least 60% of the year-end Vacation & Sick Pay liability.	66%

2024 Budget – Preliminary Estimates

REVENUES AND EXPENDITURES

OCTOBER 3, 2023

	Adopted Budget 2023	Proposed Budget 2024
Beginning Cash	\$23,560,000	
Total Revenue	\$74,886,861	\$74,597,011
Total Expenditures	\$77,125,345	\$76,608,657
Transfer from (to) Reserves	\$2,370,000	
Ending Cash	\$21,321,516	
<i>Total Revenue, Beg. Cash, Reserves</i>	<i>\$98,446,861</i>	<i>\$74,597,011</i>
<i>Total Expenditures, End Cash, Reserves</i>	<i>\$98,446,861</i>	<i>\$76,608,657</i>

2024 Budget – Preliminary Estimates

REVENUES AND EXPENDITURES

OCTOBER 3, 2023

Revenue

	Approved 2023 Budget	Prelim 2024 Budget	Inc/(Decr)	
Taxes				
General Property	\$64,146,000	\$65,441,650	\$ 1,295,650	2.00%
Other taxes	\$ 561,420	\$ 550,000	\$ (11,420)	-2.00%
	\$64,707,420	\$65,991,650	\$ 1,284,230	2.00%
Grants				
State Grants	\$ 6,051,500	\$ 5,000,000	\$ (1,051,500)	-17.40%
Federal Grants	\$ -	\$ 1,500,000	\$ 1,500,000	100.00%
General Grants	\$ 51,000		\$ (51,000)	-100.00%
	\$ 6,102,500	\$ 6,500,000	\$ 397,500	6.50%
Other				
Investments	\$ 600,000	\$ 1,000,000	\$ 400,000	66.70%
Donations	\$ 900,000	\$ 500,000	\$ (400,000)	-44.40%
E-rate Program	\$ 296,000	\$ 300,000	\$ 4,000	1.40%
Miscellaneous	\$ 280,941	\$ 305,361	\$ 24,420	8.70%
	\$ 2,076,941	\$ 2,105,361	\$ 28,420	
Total Revenue	<u>\$74,886,861</u>	<u>\$74,597,011</u>	<u>\$ (289,850)</u>	-0.40%

2024 Budget – Preliminary Estimates

REVENUES AND EXPENDITURES

OCTOBER 3, 2023

Expenditures

	<u>Approved</u> 2023 Budget	<u>Prelim</u> 2024 Budget	<u>Inc/(decr)</u>	
Operations				
Salaries and Benefits	\$ 43,521,848	\$ 43,521,848		0.00%
Materials	\$ 6,381,400	\$ 6,702,520	\$ 321,120	5.00%
Professional & Contract Services	\$ 4,052,749	\$ 3,836,976	\$ (215,773)	-5.30%
Software & Licensing Fees	\$ 1,502,215	\$ 1,699,650	\$ 197,435	13.10%
Office & Operating Supplies	\$ 608,250	\$ 645,800	\$ 37,550	6.20%
Equipment & Furnishings	\$ 2,380,000	\$ 1,430,500	\$ (949,500)	-39.90%
Strategic & Development Initiatives	\$ 750,000	\$ 750,000		0.00%
Communications	\$ 676,500	\$ 859,500	\$ 183,000	27.10%
Maintenance & Repairs	\$ 755,300	\$ 798,300	\$ 43,000	5.70%
Utilities	\$ 495,100	\$ 532,800	\$ 37,700	7.60%
Rentals & Leases	\$ 504,838	\$ 486,838	\$ (18,000)	-3.60%
Training	\$ 120,000	\$ 270,000	\$ 150,000	125.00%
Insurance	\$ 172,000	\$ 244,600	\$ 72,600	42.20%
Miscellaneous	\$ 580,145	\$ 839,325	\$ 259,180	44.70%
	\$ 62,500,345	\$ 62,618,657	\$ 118,312	2.70%
Capital Outlay				
A&E Services	\$ 2,150,000	\$ 1,240,000	\$ (910,000)	-42.30%
Buildings & Improvements	\$ 8,513,000	\$ 11,975,000	\$ 3,462,000	40.70%
Equipment & Furnishings	\$ 715,000	\$ 775,000	\$ 60,000	8.40%
Vehicles	\$ 247,000		\$ (247,000)	-100.00%
Land	\$ 3,000,000		\$(3,000,000)	-100.00%
	<u>\$ 14,625,000</u>	<u>\$ 13,990,000</u>	<u>\$ (635,000)</u>	<u>-4.30%</u>
Total Expenditures	<u>\$ 77,125,345</u>	<u>\$ 76,608,657</u>	<u>\$ (516,688)</u>	<u>1.40%</u>