

# 2016 BUDGET GUIDELINES

With the 2016 operating budget, the Library Board of Trustees will be a responsible steward of the Library's public and private funds, and manage NOLS resources prudently.

1. Having fulfilled its pledge to the voters by completing implementation of the 2012 (business) Plan, the Board now recognizes the need to move forward in a manner consistent with current fiscal realities and evolving objectives.
2. Working within available resources, the budget will emphasize services, programs and projects that respond to community needs and support the Library's Strategic Roadmap.
3. The Board agrees that prudence and fiscal responsibility require that operational efficiencies will be continually sought, identified, and swiftly implemented wherever appropriate.
4. Recognizing that timber receipts are highly volatile, and this volatility undermines the Library's ability to utilize this revenue stream to maintain a stable source of operating funds, the Board will continue its practice of directing all timber revenues into the Capital Replacement Account to be used for future capital needs.
5. The Library will maintain the following Board Designated Reserve Accounts:
  - *Grants and Donations*
  - *Reserve for Economic Uncertainty* to be used in the event of an emergency as declared by the Board, funded to a level that represents at least three months of operating expenses.
  - *Capital Replacement Account* to be used for maintaining and enhancing capital infrastructure at all NOLS facilities.
  - *Port Angeles Capital Account*, funded at a starting level of \$1,113,670 as of January 1, 2016 in accordance with the terms of the lease agreement with the City of Port Angeles, which will be concluded in 2016. This account to be used for designated capital infrastructure maintenance and improvement needs at the Port Angeles Main Library.
  - *Technology Contingency Account* designated as a reserve resource to address significant planned or unplanned technology needs;
  - *Budget Reserve Account*, to augment annual revenues in years when operations and maintenance costs may exceed annual revenues. In years when revenues exceed expenditures this account may be designated to receive funds to be reserved against future need.

6. In order to insure the cash flow needed to maintain operations during months where tax receipts are low, without the need to borrow money, the Library will fund the *Undesignated Cash Operating Account* at the beginning of each fiscal year at a minimum balance equivalent to at least four months of operating costs. In order to insure the ability to so fund cash flow needs, the combined balance of all reserve funds will never be depleted below an amount equivalent to four months of operating costs.