

JEFFERSON COUNTY PUBLIC LIBRARY 2015 BUDGET

**Every community
deserves a great library.**

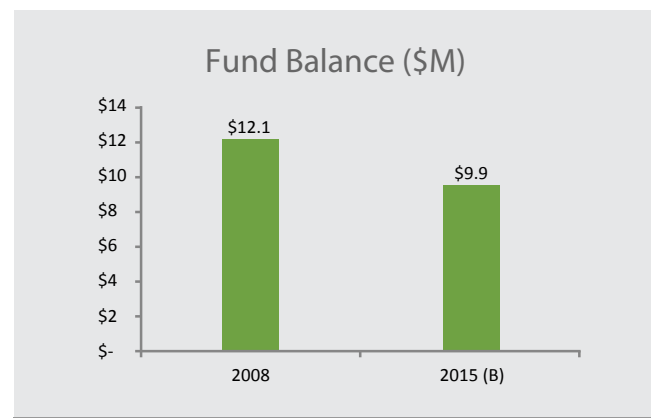
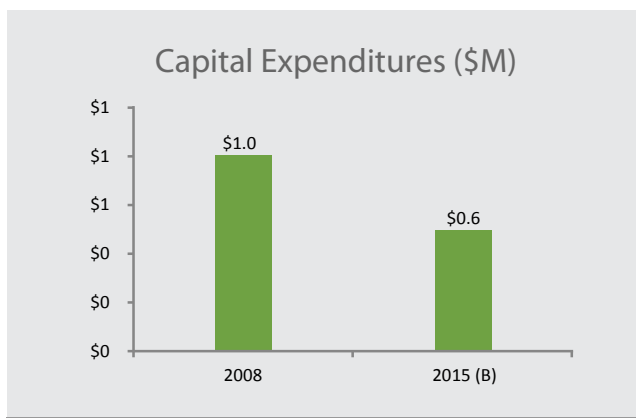
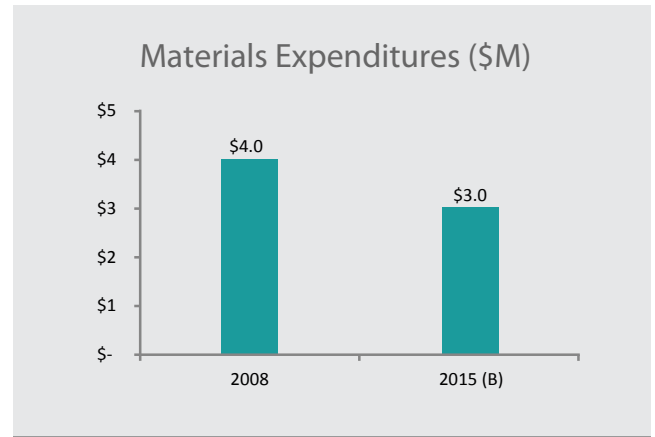
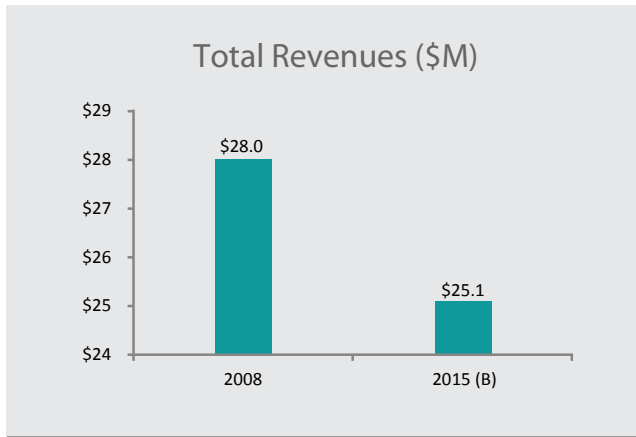


Jefferson County
PUBLIC LIBRARY

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FINANCIAL TRENDS



Since the economic downturn began in 2008, the Library has been operating in survival mode. Revenues in 2015 are down \$2.9 million from pre-recession levels, and the cumulative revenue reduction over the seven-year period has been devastating. As a result, we've been forced to reduce hours (twice!), lay off 79.5 full-time-equivalent (FTE) positions, reduce our investment in library materials and technology, delay important capital projects, and use savings to support library operations.

MESSAGE FROM THE EXECUTIVE DIRECTOR

Every community deserves a great library. Not so long ago, Jefferson County Public Library was recognized as a leader in library services. Sadly, that is no longer the case. Ongoing budget challenges have put pressure on our services, our performance measures and our savings. And as a result, we've fallen far behind other libraries in the kinds of services we're able to deliver. That's the bad news.

The good news is that we're taking steps to correct that. For the past two years, the Library has been working on a system-wide effort to understand what our community wants and needs, and to secure the future of the Library.

Background

Since the economic downturn began in 2008, the Library has been operating in survival mode with revenues down \$2.9 million from pre-recession levels.

As a result, we've been forced to reduce hours (twice!), lay off 79.5 full-time-equivalent (FTE) positions, reduce our investment in library materials and technology, delay important capital projects, and use savings to support library operations.

This has had a significant negative impact on our service levels as well. We are no longer the leading library system we used to be; in fact, we now rank at or below the 25th percentile in a number of key service and performance measures when compared to national peer libraries.

Since the downturn, we've been forced to use money from our fund balance (savings) to shore up operations. That, coupled with capital investments to repair and maintain our buildings, has reduced our savings from \$12.1 million in 2008, to a projected \$9.9 million at the end of 2015. To ensure that we have enough money to manage contingencies in the future, in late 2013 our Board established a prudent fund balance policy, beginning in 2014, requiring us to maintain a minimum balance equal to 25 percent of current year budgeted revenues to cover uncertainties. In addition, we are now expected to fund routine capital projects out of our annual revenues and save our fund balance to cover working capital needs, manage emergencies and ensure sufficient financial flexibility to cover the cost of one-time projects that may arise.

In addition, new County Budget guidelines issued in 2014 require that fund balances be available only for expenditures of a one-time nature; that capital plans only include projects that can be executed in the requested year; and that assets (such as facilities, computers and vehicles) must be maintained at recommended service levels. As a result, we have modified our financial forecast to show only those projects we can afford to do with current revenue projections.

While this makes our five-year forecast look better, it masks the fact that we now have unfunded capital projects totaling \$14.4 million backed up in our pipeline. A majority of this is related to basic repairs and maintenance; these are projects we must do to preserve taxpayer assets and maintain safe and adequate facilities. The rest is to fund one-time projects that may present themselves as we go forward.

Our next challenge is finding the money to complete these unfunded capital projects and bring our service levels closer to the median of Library Services, with the long-range goal of reclaiming our position as a leading library system.



Our 2015 Budget

In 2015, we project total operating revenues of \$25,064,191, up \$461,820 or 1.9 percent from 2014. This is primarily due to a 1.6 percent increase in tax revenues and an increase in projected investment income.

We project total operating expenses of \$22,899,202, down \$156,102 or 0.7 percent compared to last year, comprised primarily of the following:

- Total salaries and benefits of \$14,493,057, up \$712,779, or 5.2 percent, compared to 2014. This is primarily due to increases in salaries to comply with BCC guidelines to provide competitive salaries, and ongoing increases in employee health-care costs.
- Library book and materials of \$2,986,010, down \$411,408 or 12.1 percent, to offset capital costs and increased costs in other areas.
- Supplies and other services and charges of \$4,170,818, down \$361,138 or 8 percent, due to reductions in spending and operating efficiencies.

Financing and debt expense is expected to be \$1,611,600, up \$161,043 or 11.1 percent. This is primarily due to additional COP funds made available in 2014 to help fund critical capital projects. Total operating expense plus debt and financing expense is expected to be \$24,510,802.

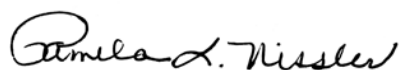
We also expect to invest \$553,389 in capital expenditures, including modest investments to update some of our oldest technology, complete routine capital maintenance projects and repair irrigation systems at our Lakewood and Standley Lake Libraries. We expect to fund these projects from 2015 revenues, leaving us with a projected fund balance of \$9.9 million at December 31, 2015.

Securing Our Future

While our financial condition has improved slightly, due to a slight increase in assessed property values and property tax revenues, the Library's future is far from secure. Our revenue is still down \$2.9 million compared to pre-recession levels. Recognizing this, in 2013, we completed an exhaustive review of actions we could take to secure the future of the Library, and in 2014, we completed an assessment of community needs and priorities related to Library service. We heard a clear mandate from the community: they want us to restore our materials budget, restore hours to pre-recession levels, improve our service and performance levels, update our technology, catch up on delayed repairs and maintenance, and have enough financial flexibility to manage contingencies and meet the needs of Jeffco residents, both now and in the future.

Our Board has determined that we'll need to secure additional revenue to achieve these goals. We've been operating at seriously reduced levels for seven years now, and without the ability to restore services soon, we risk leaving a whole generation of Jefferson County residents behind.

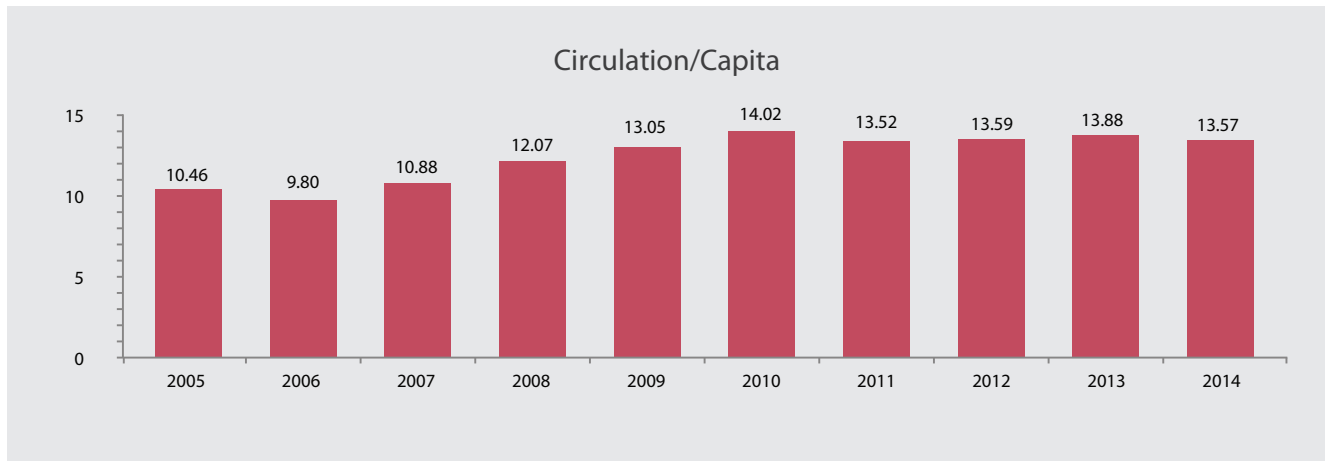
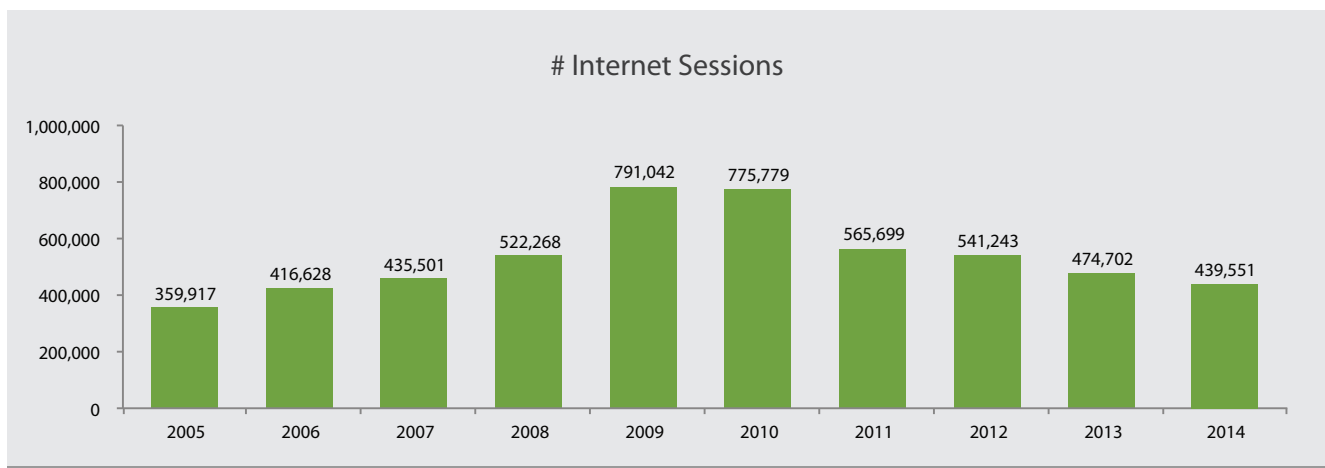
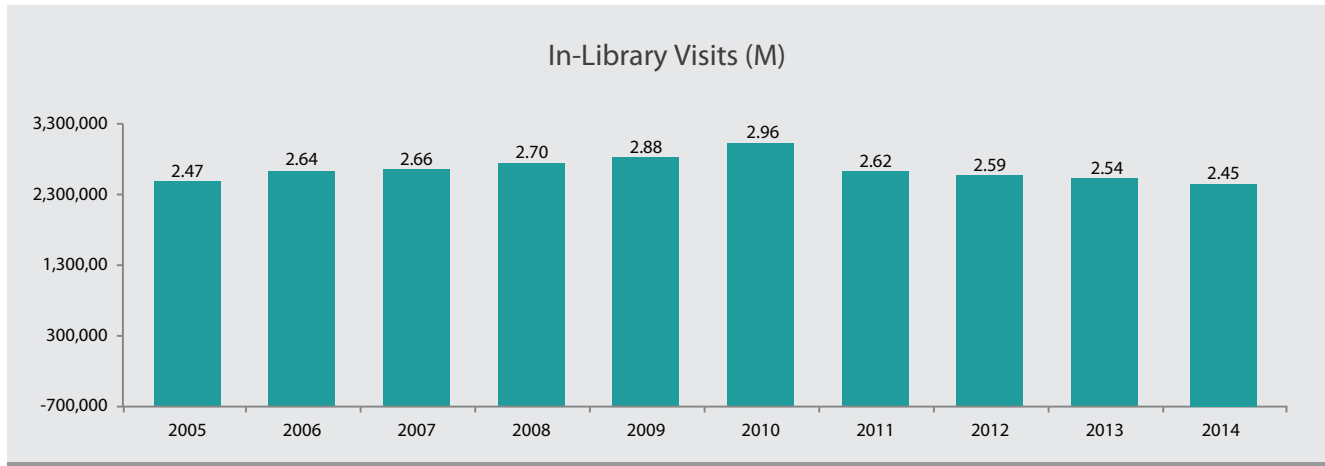
This promises to be an exciting year for Jefferson County Public Library. We hope you'll engage with us as we work to rebuild our library system. You can follow our progress by signing up for updates at jeffcolibrary.org/directors-blog.



Pam Nissler
Executive Director, JCPL

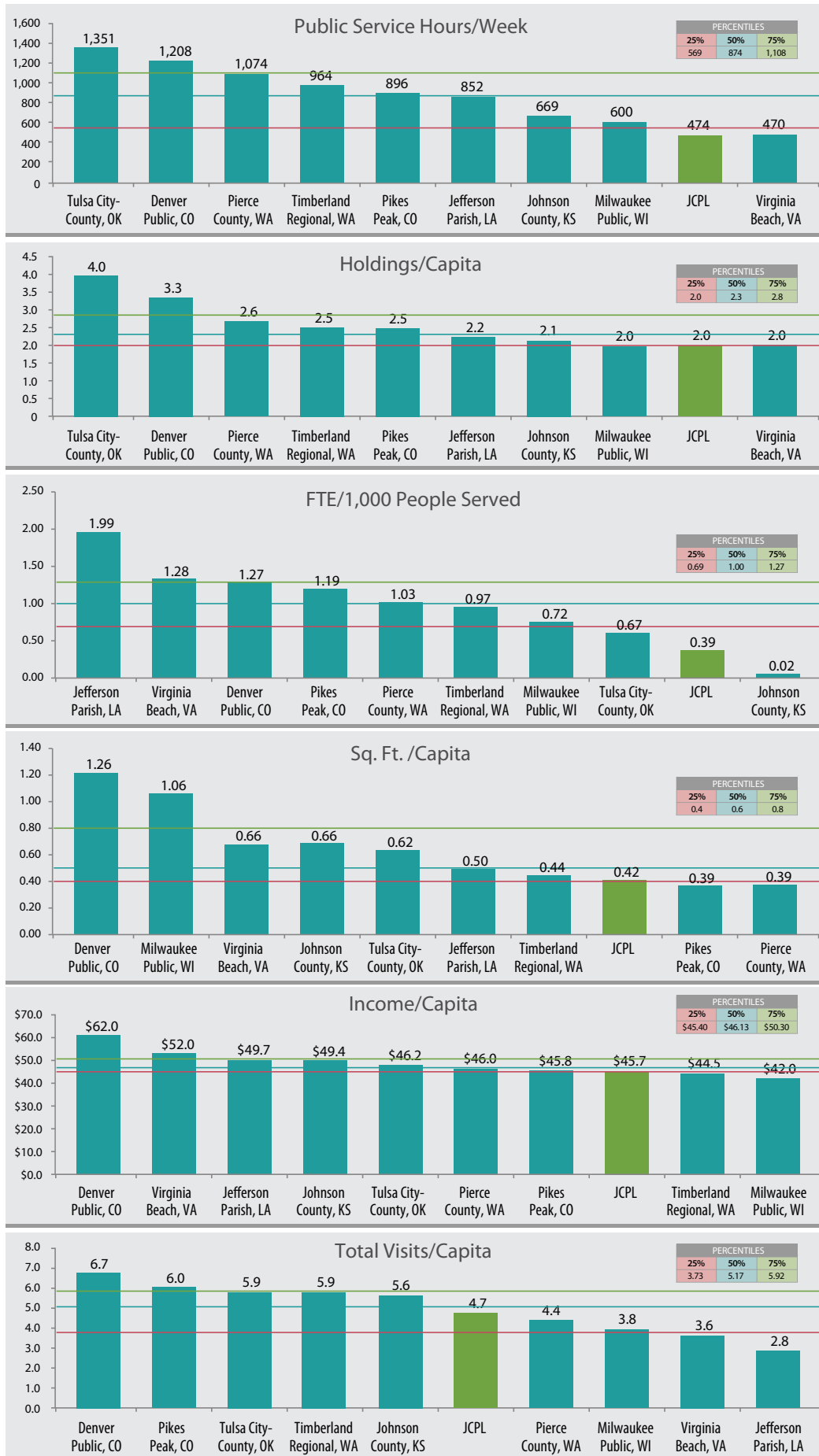


SERVICE TRENDS



Ongoing budget challenges are affecting important service trends. From 2005-2010, we saw consistent increases in usage trends, with declines occurring only as we reduced the number of hours we're open.

2013 BENCHMARK MEASURES



Sadly, our budget challenges have negatively affected our service levels. We now rank at or below the 25th percentile in key performance measures when compared to a basket of peer libraries.

TOTAL FUND SUMMARY 2015 BUDGET

Sources and Uses of Funds	Actual 2013	Adopted 2014	Amended 2014	Adopted Budget 2015	\$ Incr(Decr) 2014 Adopted to 2015 Adopted	% Incr(Decr) 2014 Adopted to 2015 Adopted
<i>Sources of Funds</i>						
Revenues						
Taxes						
Property Tax (net of adjustments)	\$23,348,577	\$23,327,726	\$23,327,726	\$23,691,871	\$364,145	1.56%
Total Taxes	\$23,348,577	\$23,327,726	\$23,327,726	\$23,691,871	\$364,145	1.56%
Federal & State Grants	\$-	\$107,173	\$107,173	\$108,000	\$827	N/A
Fines & Fees	801,165	816,150	816,150	807,805	(8,345)	-1.02%
Other Revenue	347,568	351,322	351,322	456,515	105,193	29.94%
Total Other Revenues	\$1,148,733	\$1,274,645	\$1,274,645	\$1,372,320	\$97,675	7.66%
Sub Total Operating Revenues	\$24,497,310	\$24,602,371	\$24,602,371	\$25,064,191	\$461,820	1.88%
Transfer (to)/from Fund Balance	(641,946)	865,490	1,368,845	-	865,490	
Total Sources of Funds	\$24,497,310	\$25,467,861	\$25,971,216	\$25,064,191	\$(403,670)	-1.59%
<i>Uses of Funds</i>						
Operating Expenditures						
Salaries & Employee Benefits						
Salaries	\$10,499,107	\$10,661,111	\$10,661,111	\$11,252,946	\$591,835	5.55%
Benefits	3,032,224	3,119,167	3,119,167	3,240,111	120,944	3.8%
Total Salaries & Benefits	\$13,531,331	\$13,780,278	\$13,780,278	\$14,493,057	\$712,779	5.17%
Library Books & Materials	\$3,256,076	\$3,397,418	\$3,489,418	\$2,986,010	\$(411,408)	-12.11%
Supplies	960,239	1,494,808	1,325,938	914,810	(579,998)	-38.80%
Other Services & Charges	2,063,210	3,037,148	3,040,074	3,256,008	218,860	7.21%
Intergovernmental Transactions	-	6,500	6,500	-	(6,500)	-100%
Internal Transactions/Cost Allocation	1,501,109	1,339,152	1,339,152	1,249,317	(89,835)	-6.71%
Total Operating Expenditures	\$21,311,965	\$23,055,304	\$22,981,360	\$22,899,202	\$(156,102)	-0.68%
Financing & Debt Service	\$2,183,735	\$1,450,557	\$1,620,051	\$1,611,600	\$161,043	11.10%
Capital Development Fund	\$359,664	\$962,000	\$1,369,805	\$553,389	\$(408,611)	-42.48%
Total Uses of Funds	\$23,855,364	\$25,467,861	\$25,971,216	\$25,064,191	\$(403,670)	-1.59%

FIVE YEAR CAPITAL PROJECTS PLAN

Location/Project	2015 Budget	2016 Projected	2017 Projected	2018 Projected	2019 Projected	Total Revised 5 Year Plan
Belmar Library						
Replace Irrigation Controllers	\$12,000	\$-	\$-	\$-	\$-	\$12,000
Total Belmar Library	\$12,000	\$-	\$-	\$-	\$-	\$12,000
Evergreen Library						
HVAC Control Upgrade	\$-	\$-	\$187,800	\$-	\$-	\$187,800
Total Evergreen Library	\$-	\$-	\$187,800	\$-	\$-	\$187,800
Lakewood Library						
Irrigation Repairs	\$50,000	\$-	\$-	\$-	\$-	\$50,000
Parking Log Replacement	-	372,975	-	-	-	372,975
Total Lakewood Library	\$50,000	\$372,975	\$-	\$-	\$-	\$422,975
Standley Lake Library						
Replace Irrigation Controllers	\$16,000	\$-	\$-	\$-	\$-	\$16,000
HVAC Replacement	-	140,000	-	-	-	140,000
Total Standley Lake Library	\$16,000	\$140,000	\$-	\$-	\$-	\$156,000
Facilities System Wide Projects						
Capital Maintenance	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$750,000
Other Capital Replacement Plan	125,389	6,500	6,500	6,500	14,000	158,889
Entry Door Replacement	-	-	36,798	18,525	-	55,323
Total System Wide Projects	\$275,389	\$156,500	\$193,298	\$175,025	\$164,000	\$964,212
Information Technology Projects						
Computer Replacement Project	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000
Total Information Technology Projects	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$1,000,000
Total Capital Projects	\$553,389	\$869,475	\$581,098	\$375,025	\$364,000	\$2,742,987

Due to recent changes in Board policy and County budget guidelines, we're only allowed to reflect capital projects that we believe we can complete in the planned year. Consequently, our five-year capital plan no longer reflects \$14.4 million in capital projects that we cannot currently afford to complete, including basic repair and maintenance projects required to maintain adequate facilities and protect taxpayer assets.



UNFUNDED PROJECTS 2015 BUDGET*

	2015	2016	2017	2018	2019	Total
<i>Unfunded Projects</i>						
Payment Kiosks	\$30,000	\$30,000	\$30,000	\$-	\$-	\$90,000
Belmar Facilities Remodel & Refurb.	900,000	-	-	-	-	900,000
Belmar Parking Lot Replacement	455,000	-	-	-	-	455,000
Replace RFID Gates	85,000	-	-	-	-	85,000
Replace CD/DVD Washer	20,000	-	-	-	-	20,000
Wheat Ridge Library HVAC Replacement	50,000	-	-	-	-	50,000
Columbine Facilities Remodel & Refurb.	-	900,000	-	-	-	900,000
Lakewood Facilities Remodel & Refurb.	-	700,000	-	-	-	700,000
Records Management Software	-	50,000	-	-	-	50,000
Landscape Improvement Project	-	50,000	50,000	50,000	50,000	200,000
Columbine Ceiling and Office Renovation	-	800,000	-	-	-	800,000
Evergreen Facilities Remodel & Refurb.	-	-	550,000	-	-	550,000
LSC Parking Lot Replacement	-	-	285,000	-	-	285,000
Evergreen Parking Lot Replacement	-	-	400,000	-	-	400,000
New Edgewater Library	-	-	1,500,000	-	-	1,500,000
Standley Lake Facilities Remodel & Refurb.	-	-	-	900,000	-	900,000
Golden Parking Lot Replacement	-	-	-	210,000	-	210,000
Lakewood Library Fence Replacement	-	-	-	50,000	-	50,000
New Library in South County	-	-	-	2,500,000	-	2,500,000
Arvada Facilities Remodel & Refurb.	-	-	-	-	1,020,000	1,020,000
Wheat Ridge Facilities Remodel & Refurb.	-	-	-	-	175,000	175,000
Facilities Maint. Mgt. SW Replacement	-	-	-	-	25,000	25,000
New Library in West Arvada	-	-	-	-	2,500,000	2,500,000
New Library in Fehring Ranch	-	-	-	-	TBD	TBD
Total Unfunded Projects	\$1,540,000	\$2,530,000	\$2,815,000	\$3,710,000	\$3,770,000	\$14,365,000

*Unfunded projects as of 12/31/14. We will continue to refine the timing and cost of these projects as we complete our strategic plan for 2015–2020.

FUND BALANCE SUMMARY 2015 BUDGET

	Actual 2013	Adopted 2014 Budget	Amended 2014 Budget	Adopted 2015 Budget	% Incr(Decr) 2014 Adopted to 2015 Adopted
Beginning Fund Balance	\$10,612,541	\$8,030,047	\$11,240,502	\$9,871,657	23.11%
Revenues					
Revenues	\$24,497,310	\$24,602,371	\$24,602,371	\$25,064,191	1.88%
Total Revenues	\$24,497,310	\$24,602,371	\$24,602,371	\$25,064,191	1.88%
Expenditures					
Operating Expenditures	\$21,311,965	\$23,055,304	\$22,981,360	\$22,899,202	-0.68%
Debt Service	2,183,735	1,450,557	1,620,051	1,611,600	11.10%
Capital Projects	359,664	962,000	1,369,805	553,389	-42.48%
Total Expenditures	\$23,855,364	\$25,467,861	\$25,971,216	\$25,064,191	-1.59%
Ending Fund Balance	\$11,254,487	\$7,164,557	\$9,871,657	\$9,871,657	37.98%
Increase/(Decrease) in Fund Balance	\$641,946	\$(865,490)	\$(1,368,845)	\$-	
Fund Balance Policy					
16% of Current Year Revenues	\$3,919,570	\$3,936,379	\$3,936,379	\$4,010,271	
9% of Current year Revenues - Uncertainty	2,204,758	2,214,213	2,214,213	2,255,777	
Total Fund Balance Reserve Requirement	\$6,124,328	\$6,150,593	\$6,150,593	\$6,266,048	

In 2010 and 2011, during the height of the financial downturn, the Library used money from its savings (fund balance) to manage gaps between revenues and operating expense while it took steps to balance the budget. In 2013, the Library Board of Trustees adopted a more prudent fund balance policy, requiring the Library to maintain a minimum fund balance totaling 25 percent of revenues in any given year. This policy aligns with best practices established by the Government Finance Officers Association and will ensure that the Library has the working capital it needs to manage cash flow in the early months (before property taxes are collected) and to maintain an emergency fund to manage contingencies. In 2015, the minimum requirement totals \$6.3 million, or 63 percent of the Library's total savings.





Jefferson County Public Library

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jeffcolibrary.org