

JEFFERSON COUNTY PUBLIC LIBRARY

2013 Budget

A stable
future
for your
Libraries.



Jefferson County
PUBLIC LIBRARY

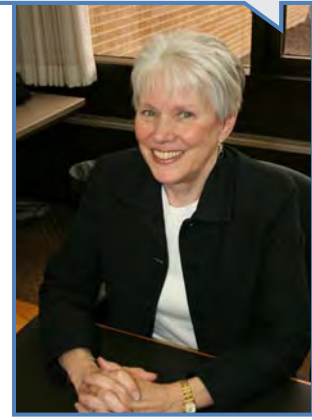
2013 Budget

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In today's uncertain economic times, public services are coming under siege. Across the country, libraries are cutting back on resources, programs, and hours of operation. Unfortunately, JCPL is not exempt from these trends.

While library budgets are being reduced, demand for library services continues to increase. More and more people are turning to us to upgrade their computer skills; search and apply for new job opportunities; access books, magazines, movies, CDs, eBooks and online databases; and meet their daily informational and recreational needs.



If you look at usage trends over the past 10 years, demand for key library services has more than doubled:

- Total visits (both in-library and online) have grown from 3.7 million in 2002 to 8.6 million in 2012;
- The circulation of library materials has grown from 3.5 million items to 7.3 million items;
- Attendance at Library programs is up 128 percent to more than 149,000; and
- Annual online database use has tripled from 116,241 to 399,055.

In those ten years, we've also:

- launched the Traveling Children's Library, which brings bilingual early-literacy storytimes to Head Start and other preschools across the county (2002);
- implemented 24/7 online access to the catalog, patron holds, databases and other library services (2004);
- built a new 30,000-square foot library to support the redevelopment of Old Towne Arvada (2006);
- opened a centralized Call Center to respond more efficiently to patron inquiries (2008);
- Launched our eTrain mobile computer training lab, to help Jeffco residents upgrade their computer and Internet skills (2009);
- Automated key library process with self-checkout terminals (2006) and automated book return systems (2011-2012);
- Expanded access to digital resources including eBooks, subscription databases, public access computers and wireless access to the Internet; and
- Expanded early literacy outreach through an innovative volunteer initiative, Start with a Story (2012).

Unfortunately, Library revenue has not kept pace with this growth. Since 2002, our revenue has grown only 35 percent (to \$24.6 million in 2012). More worrisome is the fact that in the past few years, library revenue has been declining. Since 2008, our revenue has been reduced by \$3.8 million,

and we've been forced to lay off staff, reduce service hours, offer fewer programs, trim our budget for library materials, and delay plans to increase access to technology, expand services in underserved areas and update library facilities. Sadly, these reductions are beginning to affect our usage and service levels.

Online resources, which don't require the library to be open, or staff to assist patrons, continue to show impressive growth in demand. From 2002 through 2012:

- Website visits grew 305 percent to 6,174,632; and
- Online database use grew 243 percent to 399,055.

However, other usage trends tell a different story. From 2002 through 2010, key usage stats for Library-based programs and services increased nearly every year.

On average:

- Library visits and public access computer use grew five percent per year;
- The number of programs offered increased 15 percent per year;
- Program participants increase 16 percent per year; and
- Circulation and meeting room use grew 17 percent per year.

When we reduced service hours and other services in 2011, we began to see declines in nearly all of these service measures. This shows the negative impact of the Library's recent budget cuts in a very visible way.

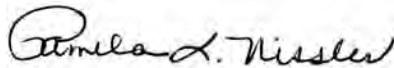
In 2012, we succeeded in bringing expenses back in line with reduced revenues, and we believed we had a sustainable budget for the foreseeable future. However, an unexpected drop in assessed property values and related tax revenues, coupled with uncontrollable increases in certain costs, created additional budget challenges for 2013. We were successful in reducing net expenses (yet again!) by about \$150,000, by reducing our budget for temporary, part time employees and by cutting administrative costs, but to cover the entire projected budget shortfall would have required further cuts to Library services. Neither the staff nor the board had any appetite to do that.

Instead, our Board has elected to take \$600,000 from our Fund Balance (savings account) to support library operations in 2013. Needless to say, this is not a sustainable model. I have committed to the Board that we will work to balance the budget and live within our means in 2014 and beyond.

This year we hope to capture additional efficiencies and streamline costs, while preserving current service levels. We'll continue to pursue ambitious plans for improved service delivery. And we'll investigate ways to increase revenues, restore service levels and expand in underserved areas as quickly as we can.

I hope you'll join me in working to ensure the future of Library services in Jefferson County.

Pam Nissler



Executive Director, JCPL

BUDGET AND SERVICE TRENDS



Since 2009, JCPL has reduced expenses by approximately \$2.3 million, by laying off staff, reducing Library service hours, trimming the budget for books and materials and reducing administrative costs. In 2011, JCPL closed all Libraries on Mondays, which had the effect of reducing hours from 63 to 52 hours per week at our larger libraries, and from 38 to 36 hours a week at our three smaller libraries. As you can see in the graphs above, the service impacts were dramatic. In 2012, we elected to re-open on Mondays but go to a single 8-hour shift in all libraries. This had the effect of reducing hours at our full service libraries again, to 51 hours per week, and restoring hours at our smaller libraries to 39 hours per week. These changes in service hours have affected key usage and service statistics, especially for in-library programs and service. We would like to restore service hours to 2010 levels as quickly as we can.

Sources and Uses of Funds	Actual 2011	Revised (1) 2012 Budget	Adopted 2013 Budget	\$ Incr(Decr) 2012 Revised to 2013 Adopted	% Incr(Decr) 2012 Revised to 2013 Adopted
<i>Sources of Funds</i>					
Revenues					
Taxes					
Auto Ownership Taxes	\$1,191,257	\$1,406,408	\$-	\$(1,406,408)	(100.00%)
Property Tax (net of adjustments)	23,104,727	21,979,403	23,063,822	1,084,419	4.93%
Total Taxes	\$24,295,984	\$23,385,811	\$23,063,822	\$(321,989)	(1.38%)
Federal & State Grants	\$11,939	\$-	\$-	\$-	N/A
Fines & Fees	768,851	827,255	746,410	(80,845)	(9.77%)
Intra-County Transactions	34,543	-	-	-	N/A
Other Revenue	560,278	414,645	386,609	(28,036)	(6.76%)
Total Other Revenues	1,375,611	1,241,900	1,133,019	(108,881)	(8.77%)
Sub Total Operating Revenues	\$25,671,595	\$24,627,711	\$24,196,841	\$(430,870)	(1.75%)
Transfer from Fund Balance					
Capital Projects	\$469,929	\$1,389,455	\$1,001,700	\$(387,755)	(27.91%)
Operating	\$102,097	(41,501)	600,781	642,282	
Total Sources of Funds	\$26,270,621	\$25,975,665	\$25,799,322	\$(415,791)	(1.60%)
<i>Uses of Funds</i>					
Operating Expenditures					
Salaries & Employee Benefits					
Salaries	\$11,470,508	\$10,607,424	\$10,745,834	\$138,410	1.30%
Benefits	3,237,668	3,240,300	3,169,841	(70,459)	(2.17%)
Total Salaries & Benefits	\$14,708,176	\$13,847,724	\$13,915,675	\$67,951	0.49%
Library Books & Materials	\$3,566,594	\$3,231,195	\$3,171,195	\$(60,000)	(1.86%)
Supplies	1,577,941	1,537,699	1,594,555	56,856	3.70%
Other Services & Charges	2,434,329	2,480,326	2,318,929	(161,397)	(6.51%)
Operating Capital	7,804	-	6,500	6,500	N/A
Intergovernmental Transactions	4,566	6,500	6,500	-	0.00%
Internal Transactions /Cost Allocation	1,217,817	1,245,738	1,567,198	321,460	25.80%
Total Operating Expenditures	\$23,517,227	\$22,349,182	\$22,580,552	\$231,370	1.04%
Financing & Debt Service	\$2,256,465	\$2,237,028	\$2,217,070	\$(19,958)	(0.89%)
Capital Development Fund	\$496,929	\$1,389,455	\$1,001,700	\$(387,755)	(27.91%)
Total Uses of Funds	\$26,270,621	\$25,975,665	\$25,799,322	\$(176,343)	(0.68%)

(1) Revised budget equals original budget plus \$259,695 carryover for capital projects and includes internal transfers between budget categories.

Table 1 shows our total budget for 2013, including revenues, operating, debt service and capital expenditures. Unexpected revenue declines and uncontrollable cost increases created new budget challenges for 2013.

Table 2 on page 7 shows our annual operating costs (including debt service). You can see there is still a \$600,000 gap between expenses and revenues. Our goal is to bring these expenses back in line with revenues, beginning in 2014.

Sources and Uses of Funds	Actual 2011	Revised (1) 2012 Budget	Adopted 2013 Budget	\$ Incr(Decr) 2012 Revised to 2013 Adopted	% Incr(Decr)
<i>Sources of Funds</i>					
Revenues					
Taxes					
Auto Ownership Taxes	\$1,191,257	\$1,406,408	\$-	\$(1,406,408)	(100.00%)
Property Taxes	23,515,852	22,383,162	23,478,822	1,095,660	4.90%
Delinquent Taxes	36,450	30,340	35,000	4,660	15.36%
Prior Year Cancellations	(91,678)	(116,693)	(95,000)	21,693	(18.59%)
Urban Renewal	(384,945)	(350,080)	(385,000)	(34,920)	9.97%
Penalties & Interest	29,048	32,674	30,000	(2,674)	(8.18%)
Total Taxes	\$24,295,984	\$23,385,811	\$23,063,822	\$(321,989)	(1.38%)
Federal & State Grants	\$11,939	\$-	\$-	\$-	N/A
Library Fines	768,851	636,600	565,100	(71,500)	(11.23%)
Other Fees	-	190,655	181,310	(9,345)	(4.90%)
Investment Income	236,650	169,645	132,509	(37,136)	(21.89%)
Intra-County Transactions	34,543	-	-	-	N/A
Other Revenue	323,628	245,000	254,100	9,100	3.71%
Total Revenues	\$25,671,595	\$24,627,711	\$24,196,841	\$(430,870)	(1.75%)
<i>Uses of Funds</i>					
Operating Expenditures					
Salaries & Employee Benefits					
Salaries	\$9,335,958	\$10,096,925	\$9,500,153	\$(596,772)	(5.91%)
Termination Pay	290,138	63,654	90,000	26,346	41.39%
Temporary Pay	1,844,412	1,613,487	1,440,686	(172,801)	(10.71%)
Vacancy Savings	-	(1,166,642)	(285,005)	881,637	(75.57%)
Benefits	3,237,668	3,240,300	3,169,841	(70,459)	(2.17%)
Total Salaries & Benefits	\$14,708,176	\$13,847,724	\$13,915,675	\$67,951	0.49%
Library Books & Materials	\$3,566,594	\$3,231,195	\$3,171,195	\$(60,000)	(1.86%)
Supplies	1,577,941	1,537,699	1,594,555	56,856	3.70%
Other Services & Charges	2,434,329	2,480,326	2,318,929	(161,397)	(6.51%)
Operating Capital	7,804	-	6,500	6,500	N/A
Intergovernmental Transactions	4,566	6,500	6,500	-	0.00%
Internal Transactions	876,969	678,787	796,385	117,598	17.32%
Cost Allocation	340,848	566,951	770,813	203,862	35.96%
Total Operating Expenditures	\$23,517,227	\$22,349,182	\$22,580,552	\$231,370	1.04%
Debt Service					
Principal - Arvada (2005-2024)	\$372,184	\$384,590	\$399,477	\$14,887	3.87%
Interest - Arvada (2005-2024)	285,963	274,239	260,298	(13,941)	(5.08%)
Principal - Belmar (2006-2013)	645,000	670,000	695,000	25,000	3.73%
Interest - Belmar (2006-2013)	72,613	47,002	20,606	(26,396)	(56.16%)
Principal - Series 2009A (2011-2020)	629,300	629,300	629,300	-	0.00%
Interest - Series 2009A (2011-2020)	251,405	231,897	212,389	(19,508)	(8.41%)
Total Debt Service	\$2,256,465	\$2,237,028	\$2,217,070	\$(19,958)	(0.89%)
Total Uses of Funds	\$25,773,692	\$24,586,210	\$24,797,622	\$211,412	0.86%

(1) Revised budget equals original budget plus \$259,695 carryover for capital projects and includes internal transfers between budget categories.

Sources and Uses of Funds	Actual 2011	Revised (1) 2012 Budget	Adopted 2013 Budget	\$ Incr(Decr) 2013 Revised to 2013 Adopted	% Incr(Decr)
<i>Sources of Funds</i>					
Fund Balance	\$496,929	\$1,389,455	\$1,001,700	\$(387,755)	(-38.71%)
<i>Uses of Funds</i>					
Capital Projects					
ILS Software Upgrade	\$80,000	\$-	\$-	\$-	N/A
Golden Library Project	12,722	-	-	-	N/A
Standley Lake Library Chiller Replace. Project	208,000	-	-	-	N/A
Lakewood Library Roof	-	610,000	-	(610,000)	(100.00%)
Standley Lake Library Roof	-	332,275	-	(332,275)	(100.00%)
Scheduled Maintenance	103,234	250,000	250,000	-	0.00%
New Service Model	-	90,000	-	(90,000)	(100.00%)
Computer Hardware	92,973	65,000	-	(65,000)	(100.00%)
Evaluation of Roof Repairs	-	13,460	-	(13,460)	(100.00%)
Computer Software- Timekeeper	-	22,475	-	(22,475)	(100.00%)
Furniture & Equipment	-	6,245	-	(6,245)	(100.00%)
Columbine - Boiler	-	-	85,000	85,000	100.00%
Columbine - Parking Lot	-	-	36,100	36,100	100.00%
LSC - Roof Repair/Replace	-	-	365,000	365,000	100.00%
Standley Lake - Upgrade HVAC	-	-	87,500	87,500	100.00%
Standley Lake - Upgrade Parking Lot	-	-	106,100	106,100	100.00%
System-Wide Entry Doors	-	-	72,000	72,000	100.00%
Total Capital Projects	\$496,929	\$1,389,455	\$1,001,700	\$(387,755)	(38.71%)

(1) Revised budget equals original budget plus \$259,695 carryover for capital projects and includes internal transfers between budget categories.

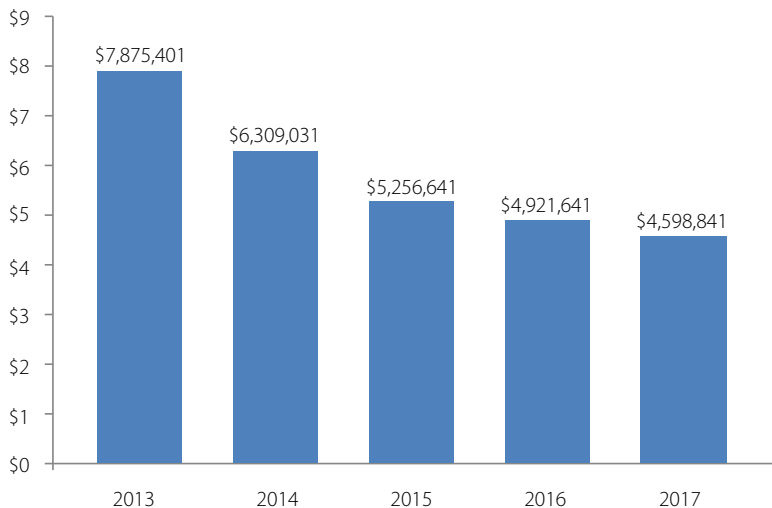
Table 3 shows planned capital expenditures for 2013 of approximately \$1 million. Capital projects are paid for from the Library's Fund Balance.

	Actual 2011	Revised (1) 2012 Budget	Adopted 2013 Budget	\$ Increase(Decrease) 2012 Budget to 2013 Adopted
Beginning Fund Balance (2)	\$11,424,862	\$10,825,836	\$9,632,528	\$(1,193,308)
Operating Revenues	\$25,671,595	\$24,627,711	\$24,196,841	(430,870)
Operating Expenditures	25,773,692	24,586,210	24,797,622	211,412
Fund Balance Requirement for Operating	\$102,097	\$(41,501)	\$600,781	642,282
Fund Balance Requirement for Capital	496,929	1,389,455	1,001,700	(387,755)
Total Fund Balance Requirement	\$599,026	\$1,347,954	\$1,602,481	\$254,527
Ending Fund Balance	\$10,825,836	\$9,477,882	\$8,030,047	\$(1,447,835)
Increase/(Decrease) in Fund Balance	\$(599,026)	\$(1,347,954)	\$(1,602,481)	

(1) Revised budget equals original budget plus \$259,695 carryover for capital projects and includes internal transfers between budget categories.
 (2) Beginning Fund Balance for 2013 is the projected fund balance at 12.31.2012

Table 4 shows a total planned reduction of \$1.6 million in our Fund Balance for 2013: \$1 million to fund capital projects and \$600,000 to support operations. Beginning in 2014, our goal is to restrict use of the fund balance for capital expenditures.

5 YEAR PROJECTED FUND BALANCE DECLINE (in millions)
 Based On Capital Project Funding Only



As you can see from this chart, our 2013 budget and future capital expenditures are expected to reduce our fund balance significantly over the next few years.

LOCATION - PROJECT DESCRIPTION	2013 Adopted	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate
Integrated Library System/IT software upgrades					
Belmar - Replace the carpet			348,120		
Belmar - Replace/repair the roof			150,000		
Columbine - Replace the boiler	85,000				
Columbine - Upgrade the parking lot	36,100	304,270			
Columbine - Replace the chiller		300,000			
Columbine - Replace carpeting		400,000			
Columbine - ceiling treatment.			TBD		
Evergreen - Upgrade the HVAC control system		87,500			
Evergreen - Replace the condensing unit		115,000			
Evergreen - Replace the boiler					72,800
Library Services Center - Replace/repair the roof (1)	365,000				
Standley Library - Upgrade the HVAC control system	87,500				
Standley Lake - Repair the parking lot	106,100	37,600	304,270		
Standley Lake - Replace the boiler				85,000	
Replace entry doors at four libraries	72,000	72,000			
System wide - Programmed maintenance	250,000	250,000	250,000	250,000	250,000
Annual Total	\$1,001,700	\$1,566,370	\$1,052,390	\$335,000	\$322,800
Grand Total: 2013 - 2017					\$4,278,260

(1) Given current engineering studies, this number is subject to change.

Table 5 is the Library's 5-year capital projects plan, representing much needed repairs and upgrades to our facilities. You can see these projects are expected to cost the Library \$4.3 million dollars over the next five years. Due to budget constraints, we are delaying needed investments in technology, facilities and new services.

FUTURE CHALLENGES

For the past few years, JCPL has been focused on managing a \$3.8 million decline in revenue. We've taken painful steps to reduce operating expenses, including:

- reducing service hours;
- eliminating 26 full-time equivalent (FTE) positions;
- eliminating the equivalent of 45.5 FTE positions in our temporary/hourly and substitute budget;
- trimming our investment in library books and materials;
- reducing administrative expenses;
- delaying capital projects unless they were critical to operations or delivered a compelling return on investment; and
- delaying plans to restore service hours, invest in evolving technologies and expand library services in underserved areas.

We're seeing the impact of these cuts now, in the inability of some folks to get to the library, given the new hours, and in declining library usage trends. We'd like to fix this as quickly as we can.

We have not given up on our vision: to provide information and environments that promote community transformation. We have ambitious strategic initiatives we'd like to accomplish in 2013, which include exciting plans to introduce a new service model, provide enhanced resources, launch a new Website, increase access to early literacy programs and more. Longer term, we'd like to restore library hours and someday, expand in underserved areas.

However, without new sources of revenue, it will be difficult to undertake any plans to restore or expand services. In addition, we'll be depleting our fund balance every year for the next five years. Without taking steps now, we risk running out of money.

Our 2013 budget allows us to maintain a reasonable level of service while we work to secure the future of the library. Going forward, we'll continue to look for ways to streamline operations, capture efficiencies, and increase support for library operations.

We invite you to follow our progress by subscribing to the JCPL Director's blog for periodic updates on library plans and programs (jeffcolibrary.org/directors-blog).



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