

JEFFERSON COUNTY PUBLIC LIBRARY

2013 Budget

A stable
future
for your
Libraries.



Jefferson County
PUBLIC LIBRARY

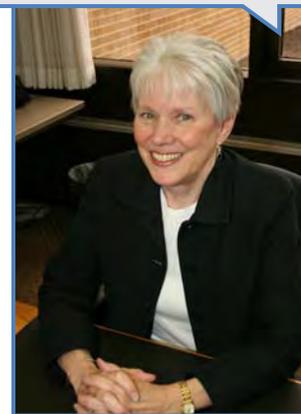
2013 Budget

TABLE OF CONTENTS

| | |
|-------------------------------------|----|
| Message from the Executive Director | 4 |
| Budget and Service Trends | 5 |
| Total Fund Summary | 6 |
| Operating and Debt Service | 7 |
| Capital Development Fund | 8 |
| Fund Balance Requirements | 9 |
| 5-Year Capital Projects Plan | 10 |
| Challenges Ahead | 11 |

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.

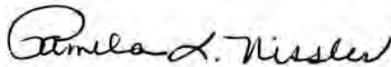
In 2012, we succeeded in bringing expenses back in line with reduced revenues, and we believed we had a sustainable budget for the foreseeable future. However, an unexpected drop in assessed property values and related tax revenues, coupled with uncontrollable increases in certain costs, created additional 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.

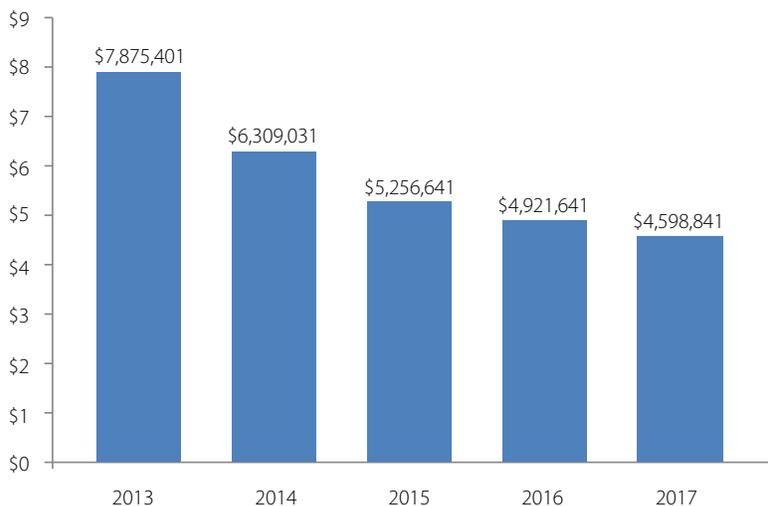
Table 3 shows planned capital expenditures for 2013 of approximately \$1 million. Capital projects are paid for from the Library's Fund Balance.

| | 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).



Jefferson County
PUBLIC LIBRARY

jeffcolibrary.org