

## Estes Valley Library Financial Status: Executive Summary

Two documents have been developed to assess the Estes Valley Library's current financial situation and provide options for resolving the fact that expenditures are increasing at a higher rate than revenue. With revenue expected to decrease in the future, expenditures will also have to be reduced until additional revenue can be obtained.

Document 1: "[Financial Status](#)" addresses possible funding streams.

Document 2: "[Budget Reduction](#)" addresses possible service reduction scenarios.

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The last funding increase for the Estes Valley Library took place on November 2, 2004, when the property tax mill levy was increased from 2.39 to 3.28 mills (a 37% increase) by public vote. The increase was advertised at the time as being sufficient to provide adequate library funding for 5 years. It has now been 7 years since that increase was approved. However, with the current economic conditions and forecast, now does not appear to be a good time to ask the voters to increase their taxes, thus the reason for developing the second document.

Document 1, titled "**Library Financial Status**" was written in February 2011 and revised July 2011. It identifies two significant deficiencies that will exist at the library by 2012 - staff salaries and acquisitions - and discusses various methods for increasing the revenue that the library receives to resolve those deficiencies. The most dependable solution to ensure funding for library services is to ask voters to increase their property tax and/or institute a sales tax dedicated to the library. The document provides budget projections through 2016 to estimate what increase in the property tax rate, or how much of a sales tax would be required.

Other revenue sources that should be explored further include partnership with other organizations whose resources enhance the library's mission; federal funds and grants, targeted and capital fundraising through the Foundation; and repurposing Friends funds to acquisitions. These would, at best, mitigate or delay the amount that would have to be asked of the taxpayers, should residents wish to maintain the current level of library service.

Document 2 is titled "**Library Budget Reduction Discussion**," written July 2011. It reviews the current 2011 budget to identify potential areas that could be reduced for future budgets. It updates prior analyses concerning staff salaries and benefits using the recently released Preliminary 2010 Library Research Service (LRS.org) data. This data shows that the Estes Valley Library staff salaries are far below comparable peer library salaries but that the benefits that the library provides are higher.

Static staff salaries are exacerbated by an increase in health insurance and retirement (PERA) contributions. The health insurance premiums have been increasing at a very high rate over the last few years and there is no indication that the next few years will be any different. The impact to the library 2012 budget for these changes, plus the increased cost of courier and other services, is \$32,205. Other budget line items can be expected to increase also such as utilities, property and liability insurance costs, etc. Meanwhile, property tax revenue is predicted by the Larimer County Treasurer to decrease by 2-7% or \$79,100 resulting in a net library budget negative impact of \$111,305.

There is no single solution to the Library's financial situation at this time. Seeking voter approval to increase the library's property levy or instituting a library sales tax cannot be done until the 2012 election at the earliest and that would not provide funds until 2013. Further, conversations to explore alternative funding mechanisms with the library support groups – Friends and Foundation – has just begun. Thus reduction in expenditures has to be seriously considered and implemented until the revenue can be increased. Expenditure reduction comes down to undesirable options such as reducing acquisitions, reducing staff and thus reducing hours that the library is open, and eliminating services.

Should the community wish to maintain the quality and quantity of services currently provided by the Library, a tax increase would almost certainly be required.

Respectfully submitted,

Estes Valley Public Library District Board of Trustees Finance committee,  
*Ray Nieder, John Kamprath and Director Claudine Perrault*