

## 2016 Budget Message Estes Valley Public Library District

**Mission:** *To bring people, ideas and opportunities together for the enrichment of our community, by providing access to quality information, resources and services.*

The Proposed Budget for 2016 for the Estes Valley Public Library District includes revenues of \$1,533,272 in general property taxes and approximately \$441,434 in additional revenues for a total of \$1,974,706. The assessed valuation for the district is up 10% after being down 3.5% in 2015. The operating mill levy is 4.52. Additionally, the district will levy .013 mills to collect taxes abated and refunded. Our final mill levy certified to the county will be 4.533. Accordingly, the special features of this proposed budget include:

- To ensure effective and sustainable funding for another decade, the library board of trustees completed a 10-year financial forecast in early 2013. The library was successful in its mill levy increase question in late 2013, asking constituents to meet the library's 10-year strategic funding plan. In 2014, district voters agreed to set the annual property tax rate for the library to 4.52 mills.
- In late 2014, the board of trustees approved a new finance policy to articulate parameters for district income and expenses and ensure prudent fiscal management. Since 2015, staff has adhered to these new financial curbs and reporting standards. The district's General Fund includes four distinct accounts:
  1. *Operating Account*
  2. *Short Term Operating Reserve*
  3. *Long Term Operating Reserve*
  4. *Capital Replacement Reserve*
- The Library is being responsive to community expectations and promises. Notable projects for the 2016 Budget/*Operating Account* include:
  - The Library's yearlong Centennial Celebration that launches the Comprehensive Plan and 12 Service Goals.
  - Included in the dozen service responses from the Plan, patrons will benefit from a significant expansion to the digital collection, as we migrate from a single contract providing 3,000 digital titles, to a statewide consortium providing 300,000 titles. This requires an annual investment of \$45,000.
  - Another notable project, which acknowledges the changing needs of our community, will be to update the facility. A major gifts campaign is in motion to secure the capital investment for our downtown library that will redefine the space, equipment and services needed to take the next steps into the future of library service.
- According to the TABOR Amendment, the district must maintain an emergency reserve of not less than 3% of fiscal year spending. That sum in 2016 is \$53,000. The district's practice has exceeded that requirement by maintaining a *Short Term Operating Reserve* to provide three months' operating expenditures, which amounts to approximately \$382,000 for year 2016.
- With the increased mill levy revenue from 2014 to present, the district's revenue will exceed budgeted expenses and reserve needs. This surplus will be held in the *Long Term Operating Reserve* to meet forecasted operating expenses in accordance with the 10-year strategic financial plan. Excess revenue for 2016 is projected to be

\$200,389. This annual surplus is expected to decrease over the first few years of the planning period and accumulate to supplement the last years of the planning period.

- Due to the decline in district property values, the projected increase in overall property tax revenue had not been met. As a result the district has taken in less revenue than projected for the 10-year Financial Plan. Accordingly, the library has been prudent in our spending the first few years. As of 2016, district property values are projected to increase. Though the library district is not on track with our 10-year Financial Plan, we are recovering.
- In addition, a minimum *Capital Replacement Reserve* has been designated for planned and unexpected facility maintenance and improvement expenditures.
- The district is fortunate to have the support of the recently combined Friends & Foundation, which makes generous contributions for strategic projects such as the Summer Reading Program, facility upgrades, and digital acquisitions. The library can only meet its strategic funding plan with the philanthropic support of our donors, as managed by the Friends & Foundation. Their collective gifts account for 17% of the District's total revenue in 2016.

The 2016 budget for the Estes Valley Public Library District is prepared using the modified accrual basis of accounting as used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual [i.e. when they become both measurable and available]. Measurable means the amount of the transaction can be determined, and available means collectible within the current period. Property taxes are considered measurable in the period levied, but not available until the subsequent year. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes, intergovernmental grants and interest earnings. Charges for services, fines and donations are not susceptible to accruals because generally they are not measurable until received in cash.

**The proposed 2016 budget for the District includes the following strategic objectives:**

- Our collections, programs and services
- Our people
- Our physical and technical capacities
- Our financial capacity
- Our communication and development competencies

With thanks to Kieran Rowser, Administrative Specialist, I submit this Proposed Budget for 2016 for your recommendation and adoption. Thank you for your consideration.

Claudine Perrault  
Director