

Fort Collins Regional Library District Proposed Budget for the Year Ending December 31, 2009

Citizens of the Fort Collins Regional Library District

This document and accompanying supporting information present the proposed budget for the Fort Collins Regional Library District for the year ending December 31, 2009.

This budget was prepared in compliance with the Colorado Budget Laws, and in accordance with the policies, procedures and direction of the Board of Trustees. The budget was developed by District management with input from the entire management team and developed to accomplish the goals identified by the District's Planning for Results process.

The proposed budget was submitted to the Board of Trustees October 6, 2008. A public hearing on the budget will be held November 3, 2008. On that date, it is anticipated the Board of Trustees will adopt the budget, appropriate funds for 2009 and certify the mill levy.

Reporting Entity/Services

The Fort Collins Regional Library District was created by citizen vote in 2006 and established by resolutions in 2007 by the City of Fort Collins and Larimer County, Colorado. The District serves a large regional area within Larimer County. The District's boundaries are essentially the same as those of the Poudre School District with the exception of the Town of Wellington and the area served by the Red Feather Mountain Library District.

The services provided by the District include the availability of books and other materials, access to electronic databases and the internet, services and programming to adult, teens and children and meeting room availability. In 2008, the District worked through a strategic planning process aimed at identifying long range service priorities. The District used the Planning for Results process developed by the American Libraries Association. This process resulted in the identification of seven service responses –

- Create Young Readers
- Satisfy Curiosity
- Stimulate Imagination
- Connect to the Online World
- Be an Informed Citizen
- Express Creativity
- Build Successful Enterprises

The District operates the Main Library, a 34,000 square foot facility in downtown Fort Collins, the Harmony Library which is a 30,000 square foot, joint use facility on the Front Range Community College campus and has an 18,000 square foot branch library under construction. This new facility, named Council Tree Library, is in the Front Range Village retail center in southeast Fort Collins. Council Tree Library is scheduled to open in late March, 2009.

Budget/Reserve Policies

The budget is prepared using the Modified Accrual Basis of Accounting. This means that revenue is recognized when measurable and available and expenditures are recognized when the obligation is incurred. Once adopted, management can modify the allocation of operating items but changes in the budgeted total for expenditures or changes in capital project budgets require Board of Trustee approval. All appropriations lapse at yearend.

In compliance with State Statutes, the District is required to maintain an emergency reserve equal to 3% of budgeted expenditures. The Board of Trustees has also adopted a Capital Projects Reserve and a Working Capital/Operating Reserve. The Capital Projects Reserve, set at 3%-5% of annual revenue, will be used to accumulate funds for capital improvements/replacement or to make major repairs. The Working Capital/Operating Reserve, set at 20% of revenue, is to meet the cash flow needs of the District and provide funds in case of an unanticipated revenue shortfall.

General Fund Revenue

Property Tax Revenue - The District receives 80% of its revenue from property taxes. The preliminary net total assessed valuation amount, which is determined by the Larimer County Assessor, is \$2,266,391,239. Final assessed valuations are due December 10, 2008 and certification of the mill levy is due to the County Commissioners by December 15th. The preliminary valuation is an increase of 2% (\$43,689,662) from the 2007 assessed valuation.

As part of the ballot issued that created the District in 2006, a property tax rate of 3 mills was established. The mill levy cannot be changed without voter approval and remains unchanged for the 2008 property taxes to be collected in 2009. The ballot issue also exempted the District from the State's 5.5% property tax revenue limitation and the Taxpayer Bill of Rights (TABOR) revenue limits.

Property taxes, based on the assessed valuation, are budgeted at \$6,734,400 for 2009.

Building on Basics (BOB) Intergovernmental Revenue – Prior to the establishment of the District, the City of Fort Collins voters approved a quarter cent sales tax through 2015

to fund a variety of basic services and capital projects. Included in these services were library technology services. Now that library services are provided by the District, the City passes this revenue to the District to use for the purposes authorized. For 2009, \$744,000 of BOB funding is included in the revenue budget as intergovernmental revenue. The District funds a portion of its System Administration and electronic database budgets from this revenue source.

General Fund Expenditures

Personnel Budget – Salaries and benefits make up 60% of the District expenditure budget. Of the \$4,830,400 total budget for personnel, \$3,672,450 is for salaries and wages and \$1,157,950 is for benefits. Benefits include medical and dental insurance, social security/Medicare, retirement, workers compensation, disability insurance and life insurance. One of the best pieces of news for the 2009 budget is that medical and dental insurance premiums for both the District and the employees are at the same rate for 2009 as the 2008 premiums.

Once the new branch opens in late March, the District will employ approximately 160 full and part-time employees in 90 full time equivalent positions. The budget provides for an increase in salaries up to 4%.

Collection Development – Collection Development, or Library Materials, is the next largest piece of the expenditure budget. At \$950,000, 12% of the total budgeted expenditures are for new materials. This is an increase of \$55,000 from the 2008 budget.

Council Tree Library Budget – Even though the new branch is not opening until March, 2009, there was \$498,420 budgeted for its operations in 2008 because of an earlier planned opening date. The budget for 2009 of \$834,200 is a \$335,780 increase from the 2008 budget.

Additional Bookdrops – To better serve the library patrons who live outside of the City of Fort Collins, the District will be adding 2 additional bookdrops in the rural service area. \$20,000 is budgeted for this service expansion.

BookExpress – In 2009, the District is implementing a pilot program entitled BookExpress. This is books by mail program that will initially be targeted for children in the outlying service area. A grant of \$20,000 has been received from the Colorado State Library, Library Services and Technology Act (LSTA) for partially funding this \$50,000 pilot project.

Overall Budget Change – Even with the new branch opening and other budget increases, the 2009 budget is actually \$81,100 less than the 2008 budget. \$7,996,300 is proposed as the 2009 expenditure budget compared to the 2008 budget of \$8,077,400. This is because 2008 included some one-time projects, discussed below, which more than netted out the increases.

In 2008, the District converted its barcode material management system to a Radio Frequency Identification (RFID) system. The District went live with RFID in mid-August. If you haven't been to the library (Main or Harmony) in a couple months, stop by and check it out. You'll like it. \$650,000 was budgeted by the District in 2008 for this conversion.

Also, in 2008, the District budgeted for 2 consulting engagements. \$40,000 for a Marketing/Branding project and \$50,000 to redesign the District's website. The Branding project is currently in process. The timing of the Branding project and other factors resulted in not doing the website project in 2008. When the time is right to begin that project, the budget will be amended to re-appropriate these funds. The District also budgeted for a consultant to develop a Facilities Master Plan. This \$30,000 project will begin in late 2008 and be completed in 2009.

Ending Fund Balance

The proposed budget projects an increase to the ending fund balance in the District's General Fund of \$122,100 and an ending fund balance of \$3,235,063. Various reserve requirements commit \$2,377,430 to be held or used for specific purposes. \$857,633 is projected as an ending unreserved fund balance.

In addition to the General Fund, the District is projecting an ending fund balance in its Capital Projects fund of \$1,157,000. This balance is a combination of \$251,100 for the Capital Reserve established by the Board of Trustees and \$905,900 which is restricted for land acquisition or facility design as part of the asset exchange between the District and the City of Fort Collins. No funds are being appropriated from the Capital Projects Fund in 2009.

The proposed budget sets the spending plan for 2009 including the implementation of the Planning for Results Strategic Plan, the opening of a new branch library, increased budgets for personnel, collection development and other operating expenses as needed and expands services to the outlying, rural population of our service area.

Comments or questions about the proposed budget are welcome. Please address these questions to myself or Brenda Carns, Executive Director.

Respectfully submitted,

Jeff Barnes, CPA
Finance Officer