San Mateo County Libraries

Agenda Item VII.

To:	JPA Operations Committee
From:	Anne-Marie Despain, Director of Library Services
	Lindsey Freeland, Interim Financial Services Manager
Date:	September 15, 2020
Meeting:	September 21, 2020
Re:	Approval of the Final FY 2020-21 Adopted Budget

Background

The San Mateo County Library JPA Budget serves as the annual financial plan, an operations guide, and a communications tool. On June 15, 2020, the FY 2020-21 Recommended Budget was approved by the JPA Governing Board.

The table below outlines activities associated with the budget process:

Budget Process Key Dates	
December	Budget Development Begins
February	Mid-Year Report is Submitted to the Library JPA Governing Board
May	Recommended Budget is Submitted to the Library JPA Governing Board
June	Recommended Budget is Approved by the Library JPA Governing Board
September	Final Adopted Budget is Approved by the Library JPA Governing Board
September	Final Adopted Budget is Approved by the County Board of Supervisors

In light of COVID-19, the proposed FY 2020-21 Adopted Budget recommends more changes than is usually considered at this point in the budget cycle. After gaining more information and insight on the service and economic impacts of the pandemic, these changes enable the budget to better align and support key priorities as approved this year:

- Ensure sound fiscal management and develop inspired organizational approaches to address a COVID-19 economic environment
- Continue efforts to build and update libraries that include vibrant community spaces and collections
- Forge powerful connections and combat social isolation suited to this dynamic environment

- Find new ways to bridge the digital divide and provide access to technology
- Reimagine summer learning and out of school time by increasing opportunities for hands-on learning, inspiration, and fun
- Empower our communities and increase racial and social equity through impactful services
- Develop a new Strategic Plan to define our vision, direction and goals for the future
- Harness the talents and passion of our library champions to strengthen our communities

Discussion

The FY 2020-21 Recommended Budget approved by the JPA Governing Board on June 15 and implemented on July 1 totaled $57,662,212. Based on fiscal year-end closing activities and updated information, the FY 2020-21 Adopted Budget now totals $66,419,925. The following highlights the most significant adjustments in the FY 2020-21 Adopted Budget:

Sources:

- Taxes ($32,658,026 to $32,914,656): There is an increase of $256,630 in this account. This is due to an increase of $739,084 in rollover of unspent Measure K dollars for the new East Palo Alto Library project, which is still in the planning stages. This rollover is offset by a decrease to Unsecured Property Taxes ($457,026) and small decreases to County Measure K allocations ($25,428).
- Intergovernmental Revenues ($260,372 to $367,925): There is an increase of $107,553 due to receiving a State grant for The Big Lift Inspiring Summers program ($99,925) and a slight increase in the Adult Literacy State grant ($7,628).
- Miscellaneous Revenue: ($546,289 to $158,000): Previously, this account budgeted revenue from the Peninsula Library System (PLS) for administration of the Summer Learning program. In FY 2020-21, PLS will administer the program, so the revenue of $388,289 has been removed.
- Fund Balance ($23,701,495 to $32,484,732): Fund Balance reflects the carry forward of Reserves, unanticipated revenues, and unspent appropriations at the close of the fiscal year. There is an increase of $8,783,237 in this funding source. Most of this Fund Balance is due to $6,007,428 in unspent appropriations, largely attributable to staff vacancies ($2,266,808) and reduced expenditures ($3,479,031) resulting from COVID-19

service reductions and project delays. Unanticipated revenues of $2,775,809 also contributed to Fund Balance, primarily due to additional Excess ERAF ($1,706,815) and interest from the San Mateo County Investment Pool ($438,422).

Due to significant additions of one-time allocations in the proposed FY 2020-21 Adopted Budget, which are detailed in the expenditures below, the proposed budget expends $7,562,484 of fund balance and sets aside $1,220,753 in Reserves.

Requirements:

- Salaries and Benefits ($19,501,939 to $19,790,444): There is an increase of $288,505 in this account, reflecting an increase to the Extra Help allocation. Due to the level of rollover from FY 2019-20, some Extra Help allocation was added back to provide for uncertain service levels in the coming year due to COVID-19.

- Services and Supplies ($14,478,815 to $20,554,885): There is an increase of $6,076,070 in this expenditure category. The most significant changes are detailed below:

  Trust Fund – Excess Revenue: There is a $4,501,554 increase in this account due to: an increase to the budgeted Excess Fund amounts for Portola Valley ($50,000), Woodside ($100,000), and Atherton ($200,000) to better align with recent actuals; a one-time allocation to the City of San Carlos of $359,829 due to Excess Funds calculated at the end of FY 2019-20; and a one-time advancement of $5,391,725 in future Excess Funds to the Town of Atherton for construction of their new library, including FY 2020-21 funds, for an increase of $3,791,725.

  Computer Equipment: There is an increase of $292,000 in this account, primarily due to the addition of $250,000 to cover the monthly service fee for 503 hotspots that were purchased at the end of FY 2019-20 to help bridge the digital divide.

  Software and Maintenance: There is an increase of $137,002 in this account to accommodate annual increases to various software agreements.

  Professional Contracts: There is an increase of $967,305, mostly due to allocating the $739,084 of Measure K rollover for the East Palo Alto library project and $100,000 for translation services.

  Interagency Agreements - PLS: There is a decrease of $149,202 to reflect various charge reductions adopted in the PLS budget.

- Other Charges ($2,290,064 to $2,162,685): There is a decrease of $127,379 to align with updated estimates provided by County service charge departments.

- Fixed Assets ($434,000 to $1,733,396): There is an increase of $1,299,396 in this account to fund the following one-time fixed asset purchases: $750,000 to pilot four Library Lending Vending Machines, $500,000 to purchase a Maker Mobile, and $49,396 for down payments on equipment.

- Reserves ($20,942,632 to $22,163,385): There is an increase of $1,220,753 in this expenditure category, which represents remaining, unallocated Fund Balance. This increase is allocated to Capital Reserves for a total of $17,898,622. Operating Reserves remain at $4,264,763 to meet the JPA Fund Balance policy of 15% of Net Appropriations minus one-time funding.

The FY 2019-20 Adopted Budget sets ambitious but achievable goals that foster the Library's continued leadership in our communities, even in these uncertain and challenging times. The Library takes great pride in developing a budget that is sustainable and realistic, aligns with system strategies, and ensures a strong foundation for future budgets.

Staff appreciates the assistance and guidance provided by both the JPA Operations Committee and Governing Board in pursuing high quality, innovative library services that respond effectively to the current COVID-19 environment and looks forward to implementing the activities funded in the Final FY 2020-21 Adopted Budget.

Fiscal Impact

The proposed Adopted Budget for FY 2020-21 is balanced and totals $66,419,925. Changes from the Recommended Budget approved in June to the proposed Adopted Budget are described above and in the attached FY 2020-21 Adopted Budget Summary and FY 2020-21 Adopted Budget Detail.

Recommendation

Recommend JPA Governing Board approve the Final FY 2020-21 Adopted Budget. Operations Committee members present at the September 15, 2020 meeting concurred with this recommendation.

Attachments

FY 2020-21 Adopted Budget Summary

FY 2020-21 Adopted Budget Detail

FY 2020-21 Adopted Budget Summary

		FY 2019-20 Actuals	FY 2020-21 Recommended	FY 2020-21 Adjustments	FY 2020-21 Adopted
Sources					
1000	Taxes	34,252,271	32,658,026	256,630	32,914,656
1500	Use of Money and Property	555,759	155,042	-	155,042
1600	Intergovernmental Revenues	475,325	260,372	107,553	367,925
2000	Charges for Services	94,281	24,000	-	24,000
2500	Interfund Revenue	342,900	316,988	(1,418)	315,570
2600	Miscellaneous Revenue	572,807	546,289	(388,289)	158,000
	Total Revenue	**36,293,342**	**33,960,717**	**(25,524)**	**33,935,193**
3333	Fund Balance	27,859,743	23,701,495	8,783,237	32,484,732
	TOTAL SOURCES	**64,153,086**	**57,662,212**	**8,757,713**	**66,419,925**
Requirements					
4000	Salaries and Benefits	17,181,680	19,501,939	288,505	19,790,444
5000	Services and Supplies	26,181,062	14,478,815	6,076,070	20,554,885
6000	Other Charges	2,009,647	2,290,064	(127,379)	2,162,685
7000	Fixed Assets	687,750	434,000	1,299,396	1,733,396
7500	Other Financing Uses	13,566	14,762	368	15,130
	Gross Appropriations	**46,073,706**	**36,719,580**	**7,536,960**	**44,256,540**
8000	Intrafund Transfers	(14,405,352)	-	-	-
	Net Appropriations	**31,668,354**	**36,719,580**	**7,536,960**	**44,256,540**
8500	Operating Reserves	10,550,540	4,264,763	-	4,264,763
8700	Capital Reserves	21,934,192	16,677,869	1,220,753	17,898,622
	Total Reserves	**32,484,732**	**20,942,632**	**1,220,753**	**22,163,385**
	TOTAL REQUIREMENTS	**64,153,086**	**57,662,212**	**8,757,713**	**66,419,925**

Position Count-Salary Resolution	123
Full-Time Equivalent (FTE)	109.8

FY 2020-21 Adopted Budget Detail

		FY 2019-20 Actuals	FY 2020-21 Recommended	FY 2020-21 Adjustments	FY 2020-21 Adopted
Sources					
1021	Current Yr Secured	23,932,757	23,815,230	-	23,815,230
1024	PY Secured Redemption	34,511	7,000	-	7,000
1031	Current Yr Unsecured	1,187,395	1,557,026	(457,026)	1,100,000
1033	Prior Yr Unsecured	(12,689)	-	-	-
1041	CY SB 813 Sec Supplemental	678,482	550,000	-	550,000
1042	CY SB 813 Unsec Supplemental	4,094	5,000	-	5,000
1043	PY SB 813 Redemption	7,526	5,000	-	5,000
1045	PY SB 813 Unsec Supplemental	1,645	-	-	-
1046	ERAF Rebate	5,456,815	3,600,000	-	3,600,000
1047	Former RDA -Residuals	1,025,467	600,000	-	600,000
1058	Former RDA Passthrough	806,946	400,000	-	400,000
1129	Property Tax In-Lieu of VLF	183,164	183,164	-	183,164
1135	Sales & Use Tax -Measure K	946,157	1,935,606	713,656	2,649,262
1000	**Taxes**	**34,252,271**	**32,658,026**	**256,630**	**32,914,656**
1521	County Pool Interest Earned	548,422	110,000	-	110,000
1525	LAIF Interest Earned	7,337	10,000	-	10,000
1556	County Land/Bldg Rentals	-	35,042	-	35,042
1500	**Use of Money and Property**	**555,759**	**155,042**	**-**	**155,042**
1661	Highway Property Tax Rental	1,237	600	-	600
1831	Homeowner Tax Relief	95,430	105,000	-	105,000
1868	Timber Tax Yield	3,151	2,000	-	2,000
1871	State Aid	375,096	152,372	107,553	259,925
1971	Other In-Lieu Taxes	411	400	-	400
1600	**Intergovernmental Revenues**	**475,325**	**260,372**	**107,553**	**367,925**

		FY 2019-20 Actuals	FY 2020-21 Recommended	FY 2020-21 Adjustments	FY 2020-21 Adopted
2291	Library Fees & Fines	65,995	-	-	-
2293	Lost/Damaged Books	3,527	-	-	-
2451	Misc Services to Cities	24,759	24,000	-	24,000
2000	**Charges for Services**	**94,281**	**24,000**	**-**	**24,000**
2521	IFR - General Fund	222,309	146,988	(1,418)	145,570
2538	IFR - Library Donor Fund	114,500	170,000	-	170,000
2545	SBOE Reconciliation	6,091	-	-	-
2500	**Interfund Revenue**	**342,900**	**316,988**	**(1,418)**	**315,570**
2631	Sale of Literature	-	3,000	-	3,000
2644	Insurance Refunds	8,303	-	-	-
2645	SDI Payments	7,227	5,000	-	5,000
2646	Gifts & Donations	3,006	-	-	-
2647	Friends Donations	108,810	-	-	-
2655	Other Foundation Grants	-	150,000	-	150,000
2658	All Other Misc Revenue	445,461	388,289	(388,289)	-
2600	**Miscellaneous Revenue**	**572,807**	**546,289**	**(388,289)**	**158,000**
	Total Revenue	**36,293,342**	**33,960,717**	**(25,524)**	**33,935,193**
3333	Fund Balance	27,859,743	23,701,495	8,783,237	32,484,732
	TOTAL SOURCES	**64,153,086**	**57,662,212**	**8,757,713**	**66,419,925**

Requirements

4111	Permanent Salaries	10,560,895	11,415,962	-	11,415,962
4160	Extra Help Salaries and Benefits	2,090,918	2,703,463	288,505	2,991,968
4321	Retirement Contribution	2,669,093	3,366,567	-	3,366,567
4400	Benefits	1,693,979	1,857,413	-	1,857,413
4450	Wkr Comp/Unemployment	166,797	158,534	-	158,534
4000	**Salaries and Benefits**	**17,181,680**	**19,501,939**	**288,505**	**19,790,444**

		FY 2019-20 Actuals	FY 2020-21 Recommended	FY 2020-21 Adjustments	FY 2020-21 Adopted
5132	ISD Phones	16,032	-	-	-
5184	Trust Fund – Excess Revenue	3,178,621	1,850,000	4,501,554	6,351,554
5188	SBOE Payments	3,916	-	-	-
5193	Office Expenses	140,290	244,000	-	244,000
5196	Photocopy Lease/Usage	27,707	150,402	-	150,402
5197	Mailing	17,667	10,000	4,000	14,000
5198	Donations Funded Services	9,091	149,000	(1,843)	147,157
5199	Friends Funded Services	95,559	-	208,279	208,279
5212	Computer Equipment	1,081,444	1,425,000	292,000	1,717,000
5215	Software and Maintenance	381,164	573,358	137,002	710,360
5234	Furniture and Equipment	476,776	1,808,500	41,500	1,850,000
5331	Memberships	39,076	40,000	-	40,000
5343	Advertising and Publicity	7,675	10,000	-	10,000
5426	Equipment Maintenance	9,524	5,000	-	5,000
5455	Facilities Maintenance	12,776	25,000	-	25,000
5459	Misc. Other Maintenance	13,593	64,000	-	64,000
5483	Custodial	31,455	35,000	-	35,000
5631	Utilities	23,623	35,000	-	35,000
5634	Recycling	7,772	10,000	-	10,000
5635	Water Service	7,752	15,000	-	15,000
5712	Mileage Allowance	12,104	12,100	-	12,100
5721	Meetings and Conferences	122,762	200,000	-	200,000
5722	Employee Reimbursement	18,210	25,000	-	25,000
5731	Employee Training	1,250	2,000	-	2,000
5854	Contract Library Services	89,603	50,000	-	50,000
5856	Promotional Materials	109,957	227,500	-	227,500
5858	Professional Contracts	327,819	1,508,605	967,305	2,475,910

		FY 2019-20 Actuals	FY 2020-21 Recommended	FY 2020-21 Adjustments	FY 2020-21 Adopted
5866	Fingerprinting	13,521	61,025	-	61,025
5872	Cost Applied Support Charges	14,405,432	-	-	-
5875	Interagency Agreements-PLS	1,252,849	1,351,613	(149,202)	1,202,411
5876	Programming Services	7,561	10,000	-	10,000
5925	Emergency Assistance Expense	-	350,000	-	350,000
5926	Alcohol/Drug Testing	141	500	-	500
5927	Program Activities Expense	538,229	704,500	5,373	709,873
5931	Books -Adult	478,802	352,000	-	352,000
5932	Books -Children	402,052	472,000	-	472,000
5933	Videos –Children	16,119	59,000	-	59,000
5934	Books -Serials	149,945	149,000	-	149,000
5936	Audio Materials	83,648	95,800	-	95,800
5937	Videos -Adult	137,994	169,000	-	169,000
5938	Digital Materials	1,245,887	1,098,000	81,751	1,179,751
5939	World Language Materials	209,099	258,000	-	258,000
5942	Other Library Expense	970,787	485,623	-	485,623
5969	Summer Learning –Measure K	5,700	388,289	(11,649)	376,640
5000	**Services and Supplies**	**26,181,062**	**14,478,815**	**6,076,070**	**20,554,885**
6263	Agreements -RWC/DC	780,886	920,000	-	920,000
6712	Telephone Service Charges	53,347	152,820	(97,631)	55,189
6713	Automation Services -ISD	79,102	79,257	(30,654)	48,603
6714	County Facility Rental Charges	140,641	153,307	5,077	158,384
6717	Motor Vehicle Mileage Charges	54,531	84,425	-	84,425
6724	Auto Liability Insurance	3,001	3,121	577	3,698
6725	General Liability Insurance	123,738	136,111	1,081	137,192
6727	Official Bond Insurance	3,743	3,892	31	3,923

		FY 2019-20 Actuals	FY 2020-21 Recommended	FY 2020-21 Adjustments	FY 2020-21 Adopted
6728	County Property Insurance	42,432	46,675	10,609	57,284
6732	County Counsel Services	17,216	-	25,000	25,000
6733	Human Resources Services	4,240	4,240	34	4,274
6734	Motor Vehicle Replace Charge	-	3,862	-	3,862
6738	Countywide Security Services	33,640	39,799	7,870	47,669
6739	Card Key Public Works	14,444	14,445	-	14,445
6814	Misc Other Charges	13,446	-	12,300	12,300
6821	A-87 Expense	645,240	648,110	(61,673)	586,437
6000	**Other Charges**	**2,009,647**	**2,290,064**	**(127,379)**	**2,162,685**
7311	Fixed Assets -Equipment	687,750	434,000	1,299,396	1,733,396
7000	**Fixed Assets**	**687,750**	**434,000**	**1,299,396**	**1,733,396**
7548	Facility Maintenance Charge	13,566	14,762	368	15,130
7500	**Other Financing Uses**	**13,566**	**14,762**	**368**	**15,130**
	Gross Appropriations	**46,073,706**	**36,719,580**	**7,536,960**	**44,256,540**
8142	Intrafund Transfers	(14,405,352)	-	-	-
8000	**Intrafund Transfers**	**(14,405,352)**	**-**	**-**	**-**
	Net Appropriations	**31,668,354**	**36,719,580**	**7,536,960**	**44,256,540**
8611	Operating Reserves	10,550,540	4,264,763	-	4,264,763
8811	Capital Reserves	21,934,192	16,677,869	1,220,753	17,898,622
	Total Reserves	**32,484,732**	**20,942,632**	**1,220,753**	**22,163,385**
	TOTAL REQUIREMENTS	**64,153,086**	**57,662,212**	**8,757,713**	**66,419,925**