San Mateo County Libraries

Agenda Item IV.

To:	JPA Governing Board
From:	Anne-Marie Despain, Director of Library Services
	Lindsey Freeland, Financial Services Manager
Date:	September 14, 2021
Meeting:	September 20, 2021
Re:	Approval of the Final FY 2021-22 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 14, 2021, the FY 2021-22 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

The proposed FY 2021-22 Adopted Budget includes final adjustments to enable our further reopening to the public and distribute resources to support our key priorities, which are to:

- Build and update libraries that include vibrant and welcoming spaces that inspire exploration, creativity, and collaboration
- Increase digital equity through access to technology and skill building to accelerate learning and employment opportunities
- Expand our impact in building foundational literacy skills and supporting social emotional growth
- Develop responsive programs that support critical out of school hours and engage kids and teens

- Increase equity through inclusive data strategies and implementing equity action plans to improve community outcomes
- Cultivate and grow a community of learners by building new makerspaces and providing mobile events
- Amplify the talents and passion of our library champions to strengthen our communities
- Protect and nurture the environment when conducting business and develop staff into stewards of our environment

Discussion

The FY 2021-22 Recommended Budget approved by the JPA Governing Board on June 14 and implemented on July 1 totaled $64,956,218. Based on fiscal year-end closing activities and updated information, the proposed FY 2021-22 Adopted Budget now totals $72,053,116. The following highlights the most significant adjustments in the FY 2021-22 Adopted Budget:

Sources:

- Taxes ($35,495,986 to $36,100,144): There is an increase of $604,158 in this account due to rollover of unspent Measure K dollars for the new East Palo Alto Library.

- Miscellaneous Revenue: ($242,538 to $1,012,332): There is an increase of $769,794, primarily due to $631,394 in anticipated Friends contributions, including $519,594 of pledges to support the construction of makerspaces allocated to Foster City ($123,340), Millbrae ($296,254), and Belmont ($100,000) libraries. In addition, $138,400 in grants and donations were budgeted, including $100,000 from the Chan Zuckerberg Initiative to support the East Palo Alto and North Fair Oaks Libraries.

- Fund Balance ($27,811,311 to $33,876,245): Fund Balance reflects the carry forward of Reserves, unanticipated revenues, and unspent appropriations at the close of the fiscal year. Based on FY 2020-21 mid-year, year-end estimates, the FY 2021-22 Recommended Budget increased fund balance by $5,647,926. After year-end close, $11,712,860 of total year-end rollover was realized. Therefore, there is an increase of $6,064,934 in Fund Balance to account for the rest of the realized rollover. Roughly half of the rollover is due to $5,964,598 in unspent appropriations, largely attributable to staff vacancies and reduced extra-help hours ($2,236,738) and reduced expenditures resulting from COVID-19 service reductions and project delays ($3,448,296). Unanticipated revenues of $5,748,261 also contributed to Fund Balance, primarily due to additional Excess ERAF ($2,050,724) and secured property taxes and RDA dollars ($2,300,693). The proposed FY 2021-22 Adopted Budget allocates $6,723,965 of total Fund Balance and sets aside $27,152,280 in Reserves.

Requirements

- Services and Supplies ($14,825,095 to $17,636,402): There is an increase of $2,811,307 in this expenditure category. Adjustments include:

  - Donations and Friends: There is an increase of $956,017 primarily due to budgeting Friends pledges to support Makerspaces of $519,594. Additionally, rollover of previous year unspent Friends and other donations and anticipated current year contributions were budgeted at $436,423.

  - Furniture and Equipment: There is an increase of $1,650,967 in furniture and equipment, primarily due to an addition of $500,000 to support shelving improvements for libraries, $391,031 to update the Central Administration bathroom and kitchen, $132,660 in Foster City FY 2020-21 excess funds and other donations to support construction of a Foster City Makerspace, and the movement of $500,000 that was approved in the FY 2021-22 Recommended Budget from the 7000 series to the 5000 series to support construction of an HVAC system at Central Administration.

  - Chan Zuckerberg Initiative Grant: To correspond with the budgeted revenue, $100,000 is allocated to the East Palo Alto and North Fair Oaks libraries in anticipation of expending the grant from the Chan Zuckerberg Initiative.

  - Digital Resources: There is an increase of $87,373 to support expanding our digital resources, including expanding digital materials in languages other than English.

- Other Charges ($1,699,662 to $3,618,604): There is an increase of $1,918,942 primarily due to budgeting funds to support the new East Palo Alto Library. Library JPA funds of $750,000 that were approved by the Library JPA Governing Board in FY 2014-15 and FY 2015-16 are allocated, along with Measure K funds of $1,063,463.

- Reserves ($24,670,466 to $27,152,280): There is an increase of $2,481,814, which represents the additional rollover from FY 2020-21 Fund Balance that was not allocated to one-time expenditures. This increase is allocated to Capital Reserves for a total of $22,687,517. Operating Reserves remain at $4,464,763 to meet the JPA Fund Balance policy of 15% of Net Appropriations, net one-time expenditures.

The FY 2021-22 Adopted Budget sets ambitious but achievable goals that foster the Libraries' continued leadership in our communities, even in these uncertain and challenging times. Libraries 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 and looks forward to implementing the activities funded in the FY 2021-22 Adopted Budget.

Fiscal Impact

The proposed Adopted Budget for FY 2021-22 is balanced and totals $72,053,116. Changes from the Recommended Budget approved in June to the proposed Adopted Budget are described above and in the attached FY 2021-22 Adopted Budget Summary.

Recommendation

Recommend JPA Governing Board approve the Final FY 2021-22 Adopted Budget. Operations Committee members present at the September 14, 2021 meeting concurred with this recommendation.

Attachment

FY 2021-22 Adopted Budget Summary

FY 2021-22 Adopted Budget Summary

		FY 2020-21 Actuals	FY 2021-22 Recommended	FY 2021-22 Adjustments	FY 2021-22 Adopted
Sources					
1000	Taxes	35,868,573	35,495,986	604,158	36,100,144
1500	Use of Money and Property	462,309	395,542	-	395,542
1600	Intergovernmental Revenues	2,280,703	178,000	-	178,000
2000	Charges for Services	5,542	24,000	-	24,000
2500	Interfund Revenue	334,114	808,841	(341,988)	466,853
2600	Miscellaneous Revenue	732,213	242,538	769,794	1,012,332
	Total Revenue	**39,683,454**	**37,144,907**	**1,031,964**	**38,176,871**
3333	Fund Balance	32,484,732	27,811,311	6,064,934	33,876,245
	TOTAL SOURCES	**72,168,186**	**64,956,218**	**7,096,898**	**72,053,116**
Requirements					
4000	Salaries and Benefits	17,553,706	21,923,337	-	21,923,337
5000	Services and Supplies	13,181,156	14,825,095	2,811,307	17,636,402
6000	Other Charges	7,273,663	1,699,662	1,918,942	3,618,604
7000	Fixed Assets	267,104	1,821,506	(130,000)	1,691,506
7500	Other Financing Uses	16,313	16,152	14,835	30,987
	Gross Appropriations	**38,291,942**	**40,285,752**	**4,615,084**	**44,900,836**
8000	Intrafund Transfers	-	-	-	-
	Net Appropriations	**38,291,942**	**40,285,752**	**4,615,084**	**44,900,836**
8500	Operating Reserves	10,569,050	4,464,763	-	4,464,763
8700	Capital Reserves	23,307,195	20,205,703	2,481,814	22,687,517
	Total Reserves	33,876,245	24,670,466	2,481,814	27,152,280
	TOTAL REQUIREMENTS	**72,168,186**	**64,956,218**	**7,096,898**	**72,053,116**