San Mateo County Libraries

Agenda Item VII.

To:	JPA Governing Board
From:	Anne-Marie Despain, Director of Library Services
	Lindsey Freeland, Financial Services Manager
Date:	September 13, 2022
Meeting:	September 19, 2022
Re:	Approval of the Final FY 2022-23 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 13, 2022, the FY 2022-23 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 2022-23 Adopted Budget includes final adjustments to enable our further reopening to the public and distribute resources to support our key priorities, which are to:

- Reach more community members through intentional outreach strategies to expand access to library resources
- Apply an equity lens to our collections, programming, spaces, policies, and practices to respond to community needs and reflect the diversity of our residents
- Provide mental health and social service supports for community members through innovative programs and services
- Expand our impact in building literacy skills for youth and adults and develop responsive programs to cultivate a community of learners
- Increase digital equity through access to technology and skill building to accelerate learning and employment opportunities

- Support the well-being and growth of our library champions and amplify their talents to strengthen our communities
- Update libraries to include vibrant, welcoming spaces that inspire creativity, collaboration, and exploration
- Prioritize sustainability in our procurement, resource management, and operational practices

Discussion

The FY 2022-23 Recommended Budget approved by the JPA Governing Board on June 13 and implemented on July 1 totaled $72,141,002. Based on fiscal year-end closing activities and updated information, the proposed FY 2022-23 Adopted Budget now totals $77,818,179. Below are the most significant changes in the FY 2022-23 Adopted Budget:

Sources:

- Miscellaneous Revenue: ($173,391 to $732,985): There is an increase of $559,594 primarily due to budgeting $519,594 in Friends pledges to support the construction of makerspaces in the Foster City ($123,340), Millbrae ($296,254), and Belmont ($100,000) libraries. In addition, $40,000 in anticipated Foundation funds is budgeted, which will support Pitch It, outreach and marketing, and volunteers.

- Fund Balance ($33,012,318 to $38,124,065): Fund Balance reflects the carry forward of reserves, unanticipated revenues, and unspent appropriations at the close of the fiscal year. Based on FY 2021-22 mid-year, year-end estimates, the FY 2022-23 Recommended Budget increased fund balance by $5,860,038. After year-end close, $10,971,785 of total year-end rollover was realized. Therefore, there is an increase of $5,111,747 in Fund Balance to account for the rest of the realized rollover. Most of the rollover is due to $8,609,797 in unspent appropriations, attributable to project delays and staffing vacancies. Unanticipated revenues of $2,361,988 also contributed to fund balance, primarily due to additional Excess ERAF. The proposed FY 2022-23 Adopted Budget allocates $10,328,817 of fund balance and sets aside $27,795,248 in reserves.

Requirements

- Salaries and Benefits ($23,574,975 to $24,656,168): There is an increase of $1,081,193 primarily due to negotiated SEIU increases (3% in April 2022 and 3% in October 2022) as well as increases to benefit rates ($770,523). Ongoing extra help is also increased to accommodate the SEIU negotiated increases ($77,958). Finally, there is an increase of $232,712 to support additional flexible staffing for expanded hours, one limited-term Payroll Coordinator to support increases in personnel work, and pending position reclassifications including a review of the Community Program Specialist series and one Library Services Manager to Deputy Director to better support our expansion of operations, staff and buildings.

- Services and Supplies ($19,534,126 to $19,707,268): There is an increase of $173,142 primarily due to budgeting the rollover of uncompleted projects and unspent Friends and other donations from prior years. These increases are offset by moving $500,000 from Services and Supplies to Fixed Assets.

- Fixed Assets ($900,000 to $1,991,000): There is an increase of $1,091,000 due to rollover for the makermobile and IT equipment ($591,000) as well as the movement of allocation from Services and Supplies for facility enhancements ($500,000).

- Reserves ($24,476,344 to $27,795,248): There is an increase of $3,318,904, which represents the additional rollover from FY 2021-22 Fund Balance that is not allocated to one-time expenditures. Capital Reserves total $23,270,380. Operating Reserves total $4,524,868 and meet the JPA Fund Balance policy of setting aside 15% of Net Appropriations, net one-time expenditures.

The pandemic has intensified the need for public libraries to address community challenges and our mission to strengthen our communities through transformative services has never been more important. The FY 2022-23 budget sets ambitious goals to build back and enhance our well-regarded services and programs. San Mateo County Libraries take pride in developing a budget that 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 2022-23 Adopted Budget.

Fiscal Impact

The proposed Adopted Budget for FY 2022-23 is balanced and totals $77,818,179. Changes from the Recommended Budget approved in June to the proposed Adopted Budget are described above and in the attached FY 2022-23 Adopted Budget Summary.

Recommendation

Recommend JPA Governing Board approve the Final FY 2022-23 Adopted Budget. Operations Committee members present for the September 13, 2022 meeting concurred with this recommendation.

Attachment

FY 2022-23 Adopted Budget Summary

San Mateo County Libraries

FY 2022-23 Adopted Budget Summary

		FY 2021-22 Actuals	FY 2022-23 Recommended	FY 2022-23 Adjustments	FY 2022-23 Adopted
Sources					
1000	Taxes	39,023,469	37,752,120	-	37,752,120
1500	Use of Money and Property	360,554	371,216	-	371,216
1600	Intergovernmental Revenues	287,260	184,500	-	184,500
2000	Charges for Services	22,381	-	-	-
2500	Interfund Revenue	296,853	647,457	5,836	653,293
2600	Miscellaneous Revenue	548,342	173,391	559,594	732,985
	Total Revenue	**40,538,859**	**39,128,684**	**565,430**	**39,694,114**
3333	Fund Balance	33,876,245	33,012,318	5,111,747	38,124,065
	TOTAL SOURCES	**74,415,104**	**72,141,002**	**5,677,177**	**77,818,179**
Requirements					
4000	Salaries and Benefits	19,886,549	23,574,975	1,081,193	24,656,168
5000	Services and Supplies	14,020,185	19,534,126	173,142	19,707,268
6000	Other Charges	1,552,950	3,627,950	12,408	3,640,358
7000	Fixed Assets	801,205	900,000	1,091,000	1,991,000
7500	Other Financing Uses	30,149	27,607	530	28,137
	Gross Appropriations	**36,291,039**	**47,664,658**	**2,358,273**	**50,022,931**
8000	Intrafund Transfers	-	-	-	-
	Net Appropriations	**36,291,039**	**47,664,658**	**2,358,273**	**50,022,931**
8500	Operating Reserves	10,569,050	4,392,600	132,268	4,524,868
8700	Capital Reserves	27,555,015	20,083,744	3,186,636	23,270,380
	Total Reserves	**38,124,065**	**24,476,344**	**3,318,904**	**27,795,248**
	TOTAL REQUIREMENTS	**74,415,104**	**72,141,002**	**5,677,177**	**77,818,179**