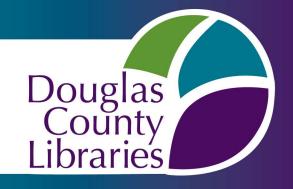
CISCOVET innovate explore

Budget 2018



Douglas County Libraries Budget Message 2018

Vision: Douglas County Libraries elevates our community to inspire a love of reading, discovery, and connection.

This 2018 budget, ready for your review and interaction, describes a library on a sure financial footing. Our community's commitment to libraries along with strong property values undergird that support. I believe that there are at least two proper responses to our community's faith in its public library.

First, I am privileged to speak for over 300 staff members, hundreds of volunteers, and hundreds of thousands of customers who are grateful for their public library and its profound impact on the educational, civic and economic life of the communities we serve. Though it should not be the case, solidly funded public libraries are the exception rather than the rule. We are thankful for the means to elevate our community and inspire the love of reading, discovery and connection.

A second response to our fiscal and budget position is stewardship. The 2018 budget renews our commitment to our library's strategies. In 2017, we piloted a new offering that is now a sustainable member of our *Building Bright Futures* strategy — Camp DCL. The 2018 budget provides resources to study our customers' habits and experiences so we can respond intentionally to be the library they require. In 2018, we are buttressing our library's response to customer demand by augmenting our digital content by \$100,000. The budget sets aside \$4 million in capital to renew our Highlands Ranch – James H. LaRue branch and design a significant expansion and renovation to our Castle Rock – Philip S. Miller facility.

Finally, the 2018 budget allocates resources to reward the hard work of our library team and stay competitive for top-tier talent.

Robert Pasicznyuk Library Director November 29, 2017

Douglas County Libraries 2018 Budget Description of Services

Douglas County Libraries serves a population of approximately 339,000 Douglas County residents at libraries in Castle Pines, Castle Rock, Highlands Ranch, Lone Tree, Louviers, Parker, Roxborough and online at DCL.org. Services can be divided into the following broad categories:

Circulation

Circulation consists of the provision of books, e-books, periodicals, CDs, audios, videos and other library materials for lending use to the public. Circulation is just under 7 million items annually. This continues to be in the top 10 of libraries with our budget on a per capita basis. Our convenient and popular holds service accounts for approximately 20% of Douglas County Libraries' annual circulation.

Online Services

Virtual services continue to grow in breadth and use. Annually, we have over 1.5 million visits to our website. Downloadable materials now make up 13% of total circulation, including music, books and audios. Access to full-text articles and information through databases continues to grow, especially among school-aged children. We offer self-paced online learning programs on languages and computer software, and real-time homework and resume help.

Community Gathering Space

The library serves as a key community gathering place. We are open more than 20,000 hours per year and welcome nearly 2 million visitors annually at our seven locations. Our public computers and wireless access offer a comfortable environment in which to work, study, stay up with current events, or keep in touch with friends. Our meeting rooms are a popular destination for civic groups, nonprofits, and organizations of all kinds. Most of our libraries offer small meeting rooms that double as office space, tutoring classrooms, or just a quiet place to contemplate or meet friends.

Reader's Advisory Services

Douglas County Libraries places a strong emphasis on encouraging lifelong reading habits. Staff members train and focus on making book recommendations for people of all ages. Our staff collaborates with patrons to determine their likes and dislikes and recommend good reads. Through conversations, displays, events and promotion of reading, Douglas County book lovers are introduced to new authors and experiences. Many staff have advanced skills in recommending suitable reading level materials for young people. From picture books to early readers, to research and recreational reading, staff recommend the appropriate books to advance and challenge young readers. The library also hosts a number of book clubs for young readers to critically explore stories and discuss their meanings in their lives.

Storytime

We offer more than 4,000 children's programs that reach more than 147,000 attendees each year. Storytime attendance alone accounts for over 118,000 attendees. Staff trained in preparing children to read stress narrative, vocabulary, rhyming and song in a fun and interactive environment that

enlivens minds and introduces young people, their parents, and their caregivers to the joy of reading. The early literacy skills that children learn in Storytime help them translate words to images, develop their brains, and nurture the cognitive, emotional and social skills they need to develop the habits of lifelong learners. We extend this program beyond the library locations with our Book Start and Cuddle Up & Read programs where we utilize staff and volunteers to read and tell stories at day care centers, hospitals and elementary schools in Douglas County.

Reference Services

Our youth and adult staff members provide informational and research assistance to thousands of patrons each year. Through in-person interviews, phone requests, instant messaging, email and community interviews, our staff respond to requests for information in a timely fashion with well-researched answers. Our collection of current and in-depth reference materials supplements staff efforts and supports the community's interest in pursuing answers on their own. Our BizInfo program has dedicated staff and resources trained to support the needs of entrepreneurs and small businesses with timely market analysis, in-depth research, and business startup plans.

Programming

Library programming addresses a variety of interests and is designed to meet the needs of all age groups. Our summer reading programs reach nearly 14,000 participants annually. In addition to Storytimes, children's programs use a wide variety of techniques and activities to allow young children to explore new ideas and develop advanced skills. From pairing teens with young readers, to group reading comprehension competitions, to fun hands-on science experiments, young people have many opportunities to advance their skills in a safe environment. Teen programs engage young people in creative activities, such as writing, photography, games and fashion. Adults benefit from programming that includes adult literacy, High School Equivalency (HSE) and English as a Second Language (ESL) programs, local economic development, and financial literacy. Job seekers benefit from programs designed to improve their skills. Author events give patrons the opportunity to mingle with writers, celebrate reading, and hear authors read from their latest works.

Community Engagement

Douglas County Libraries is a strong community partner. Our professional staff engage their communities by attending civic and community meetings, serving on local boards, and working with community and educational groups to better understand the unique issues each community faces. Our school liaisons stay in regular communication with schools in our communities. As we build partnerships with each school, we promote library services and programs. School liaisons play a crucial role, increasing the library's visibility and usefulness for teachers and children.

Collections

Our process for selecting materials for our collections is three-pronged, and includes centralized collection development, input from staff, and use of materials requests by patrons. Online materials requests allow patron-driven purchases and borrowing from other libraries. We received more than 19,000 patron requests last year. Of those, nearly 53% were fulfilled by interlibrary loan.

Douglas County History Research Center

The Douglas County History Research Center (DCHRC) collects and preserves the history of Douglas County in order to provide historical research resources to the public. We answer more than 3,800 reference transactions each year, and conduct public programs in the library as well as for historical societies and schools. The DCHRC website supports more than 17,000 visits per year.

Volunteers

Hundreds of volunteers contribute a total of more than 35,000 hours annually to support activities and operations in the library. Opportunities to work with adult learners and help with book sales, shelving, reading to children and seniors, and preservation of local history make our volunteer services a vibrant program designed to provide job skills, personal growth, and community involvement.

Key Features of the 2018 Budget

	2016	2017	2018
	Actual	Forecast	Budget
REVENUES			
Property taxes	\$22,436,808	\$ 22,835,676	\$25,488,713
Auto Ownership taxes	2,075,618	2,479,559	2,895,200
Contributions/grants	363,037	285,020	326,066
Charges for Services	590,134	875,000	941,767
Interest income	277,690	250,000	300,000
Total revenues	\$25,743,287	\$26,725,255	\$29,951,746
	15.7%	3.8%	12.1%
EXPENDITURES	_	_	
Salaries, Wages and Benefits	\$14,480,347	\$15,216,805 *	\$15,692,416
Library Materials	3,387,934	3,495,800	3,610,500
Facility	1,273,153	1,400,000	1,446,366
Technology & Support Services	1,388,760	1,400,000	1,579,221
Programs and Outreach	802,159	750,000	782,483
Administration	759,879	820,000	1,065,695
Maintenance Projects	856,491	700,000	790,900
Total controllable operating expenditures	22,948,723	23,782,605	24,967,581
	8.7%	3.6%	5.0%
Interest and Financing Costs	1,171,938	2,352,335	2,394,300
Total operating expenditures	24,120,661	26,134,940	27,361,881
	12.3%	8.4%	4.7%
EXCESS OF REVENUES OVER (UNDER)			
OPERATING EXPENDITURES	\$1,622,626	\$590,315	\$2,589,865
 NON-OPERATING REVENUES (EXPENDITURES):			
Lease Income (Expense), net		\$149,932	215,073
Improvement Projects	(\$20,186,983)	(\$3,200,000)	(4,000,000)
Proceeds on Sale of Property	\$3,600,200	(40,200,000)	(1,000,000)
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TOTAL NON-OPERATING REVENUES (EXPENDITURES):	(\$16,586,783)	(\$3,050,068)	(\$3,784,927)
EXCESS OF TOTAL REVENUES OVER (UNDER)			
TOTAL EXPENDITURES	(\$14,964,157)	(\$2,459,753)	(\$1,195,062)
BEGINNING FUND BALANCE	\$35,404,328	\$20,440,171	\$17,980,418
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ENDING FUND BALANCE	\$20,440,171	\$17,980,418	\$16,785,356

Budget has been prepared using the modified accrual basis of accounting.

Revenues

Douglas County Libraries' funding comes chiefly from real and personal property taxes with additional funding from vehicle registration taxes, fines, contributions and grants, interest, programming fees, and other miscellaneous income.

Assessed property valuations in Douglas County increased 11.5% to \$6.339 billion in 2017, from \$5.686 billion in 2016. Assessed valuations in 2015 were \$5.588 billion. The voter-approved mill levy remains unchanged during this period at 4 mills. This 11.5% increase reflects appreciation in both residential and non-residential property values during the sales study period from July 2014 through June 2016 as well as continued new construction in the residential sector.

Consistent with the increase in the assessed property valuation, Douglas County Libraries' property-related tax revenues are expected to increase to \$25.489 million for 2018, from \$22.836 million forecast for 2017. Property tax revenues were \$22.437 million during 2016.

Vehicle registration taxes for 2018 are budgeted at \$2.895 million, versus \$2.480 million forecast for 2017. Actual vehicle registration taxes were \$2.076 million in 2016.

Other income is budgeted at \$1.568 million for 2018, compared to \$1.410 million forecast for 2017 and \$1.231 million actual in 2016. The \$0.158 million increase from 2017 to 2018 is primarily attributable to expected higher interest earnings on District reserves.

Controllable Operating Expenditures

Budgeted 2018 controllable operating expenditures are \$24.968 million, compared to \$23.783 million forecast for 2017 and actual controllable operating expenditures of \$22.949 million for 2016. The increase of \$1.185 million in 2018 controllable operating expenditures is attributable to \$0.476 million for higher salaries, wages and benefits; \$0.179 million for higher information technology costs; \$0.143 million for training, conference and other administrative needs; \$0.137 million in costs to maintain and equip facilities; \$0.135 million for a study to evaluate the customer experience and \$0.115 million to augment our downloadable audio collection based on increased demand.

Personnel

Salaries, wages and benefits are expected to increase by 3.1% to \$15.692 million during 2018, compared to \$15.217 million forecast for 2017. Actual personnel costs were \$14.480 million during 2016.

The increase in 2018 personnel costs of \$0.476 million is primarily attributable to merit increases, the addition of training, facilities and public service headcount, salary and wage adjustments to remain competitive with current market rates and increases in health insurance rates.

Library Materials

Library materials, including books, periodicals, e-books, CDs, audios, videos, electronic databases, subscriptions, etc., are budgeted for \$3.610 million for 2018, compared with \$3.496 million forecast for 2017 and actual spending of \$3.388 million in 2016. With the increase in the

2018 budget, the District's will increase the size of its downloadable audio budget to meet patron demand, while will shifting monies from lesser used traditional formats.

Facilities

Facilities costs include maintenance service contracts, scheduled rent increases on leased facilities, insurance, utilities and other facility related costs.

Facility costs are budgeted for \$1.446 million in 2018 compared to expected costs of \$1.400 million for 2017 and actual costs of \$1.273 million in 2016. With the opening of new larger branches in Castle Pines, Lone Tree and Parker, the District added approximately 50,000 additional square feet and adopted higher standards of care for all facilities. Accordingly, 2017 facility costs represent the first full year of spending to maintain these additional spaces, and 2018 facility costs are expected to be comparable to 2017.

Technology and Support Services

The technological infrastructure costs of Douglas County Libraries consist of licensing and maintenance agreements for computer software and hardware, subscription services for technological support in processing and cataloging books, telephone and telecommunications costs, and various other computer and technical support costs of the library.

The budget for 2018 technology and support services is \$1.579 million, compared to \$1.400 million forecast for 2017 and \$1.389 million actual for 2016. Increases in the 2018 budget are primarily attributable to plans to expand wireless coverage and increase internet speed as well as costs associated with the implementation and maintenance of new platforms.

Programs and Outreach

Program and outreach costs include expenses associated with program presentations, workshops and reading programs sponsored by Douglas County Libraries. These include presenter fees, prizes for reading programs, and community sponsorships, as well as the underlying printing, graphic design, public relations and advertising costs associated with providing programs and promoting library services.

Programming and outreach spending is budgeted for \$0.782 million in 2018, compared to \$0.750 million forecast for 2017 and \$0.802 million actual in 2016. During 2017 the District launched a new events and hospitality service offering event spaces for corporate and social functions. The 2018 increase in programming and outreach spending of \$.032 million represents full year of expense associated with this effort.

Administration

Costs incurred in management functions of Douglas County Libraries, including human resources, facilities, contracts administration, financial controls, and reporting to the public and appropriate governing agencies are reported as administration.

Total administration expenses are budgeted for \$1.066 million for 2018, compared to \$0.820 million forecast for 2017. Actual administration expenses were \$0.760 million in 2016. The \$0.245 million increase in the 2018 administration budget is primarily attributable to \$0.135 million

budgeted for a customer experience study, as well as increases for training, conference attendance, courier and other administrative costs associated with the roll-out of the District's new vision statement and the District's events and hospitality initiative.

Interest and Financing Costs

Interest and financing costs include principal and interest payable under the 2015 Certificates of Participation of \$2.011 million as well as fees payable to the Douglas County treasurer for collection and distribution of property tax revenues of \$0.383 million.

Capital Expenditures

As a result of the current initiative to upgrade and to maintain its facilities to a higher standard of care, the District distinguishes between maintenance projects, which are funded from current operating revenues and improvement projects which are funded from reserves.

Maintenance projects

The District reports those expenditures to replace equipment, infrastructure, furniture and fixtures as well as enhancements to both public and staff spaces to support changes in programming and usage trends as maintenance projects.

Maintenance project expenditures for 2018 includes \$0.395 million for the replacement of computers and equipment, updates and replacements of furniture and equipment at branch locations of \$0.279 million, and \$0.117 million for replacement of sorter bins, a facilities vehicle and District wide upgrades to heating and ventilation controls.

Improvement projects

Budgeted 2018 improvement project expenditures of \$4.000 million include \$3.000 million for upgrades to the Highlands Ranch facility, \$0.900 million of design fees for the eventual remodel of the Castle Rock facility and \$0.100 million for anticipated upgrades to the Roxborough facility. Efforts to define scope, timing and a more definitive budget for each of these projects are currently underway and not expected to be complete until mid-2018.

Improvement project expenditures reported in 2017 are primarily attributable to the acquisition of retail property adjacent to the Castle Rock branch, which will facilitate the centralization of administration, storage and facilities spaces.

Improvement project expenditures reported in 2016 are primarily attributable to the construction of new facilities in Castle Pines, Lone Tree and Parker.

Lease Income (Expense), net

With the acquisition of retail property adjacent to the Castle Rock branch to be utilized in the eventual expansion and renovation of that facility, the District currently receives rental income under leases to multiple retail tenants. Accordingly, the 2018 budget includes \$0.215 million for lease revenue net of District operating costs.