

Uses of Library's Fund Balance

February 9, 2025

The Library's Fund Balance is NOT a "surplus" or "rainy day" fund.

Fund Balance is a working fund that supports important needs and projects on the Library's Pay-As-You-Go Plan.

Funds are designated and dedicated for specific purposes, based on the Strategic Plan, research, and our data-driven, decision-making process.

The Library's current Fund Balance contains these designated funds:

1. **Next year's entire Anticipated Operating Budget**, which is placed in Fund Balance as a standard Governmental Accounting practice. *Fiscal Year 2024 is not yet closed.* As of November 2024, this amounts to **\$ 65,121,260**:
 - a. **\$55,608,360** is "Operating Cash" for 2025.
 - b. **\$ 9,512,900** is "Capital Transfers Out" for currently encumbered Capital Improvement Projects in Fund 336: Capital. We were advised to increase the budgets due to inflation.
2. **Dedicated Reserves**: the Library is self-insured, as are other agencies within City Parish.
 - a. We have designated **\$ 2 million dollars** for the **Contingency Reserve, Casualty Loss Deductible, and Emergency Storm Reserve**.
 - b. Regarding Emergency Capital Replacement: Information from the recent emergency procurement seminar advises that we will have to provide at least 25% of the replacement costs following a disaster. However, we will have to fund the entire amount up front and apply for reimbursement later, which is not guaranteed. Therefore, we need to be able to move quickly to prevent serious loss to facilities and collections.
3. **Capital Improvement Projects for which are not yet fully appropriated in the Miscellaneous Capital Projects budget line in the annual Operating Budget**: the Library operates on the Pay-As-You-Go Plan for all operations, including Capital Improvements. This means that the Library must estimate project expenses and save sufficient funds **prior** to the start of any construction or renovation project.

Library projects **MUST** be fully funded, even before the architect is selected.

 - a. The Library had previously created project lines for the **Central, Delmont Gardens Replacement Branch, Delmont Gardens Small Business Incubator, and Zachary Branch Renovations/Expansion Projects**. However, due to rising construction inflation, we have been advised to increase those budgets to accommodate increased prices.
 - b. The Library has also committed to fund the capital expense for the youth library/program area in a new Juvenile Services Center.
 - c. The Library has designated **\$ 26,841,427** for all of these projects.
4. **Future Projects as Outlined in the 2024 Facilities Master Plan**: The Library has received preliminary estimates from the consulting architect related to major capital expenses for repairs and upgrades at each library facility over the next decade, up to 2035.
 - a. Estimated costs for anticipated renovation/expansion projects at **Carver, Pride-Chaneyville, and Eden Park Branches** total **\$ 19,551,929.00**.
 - b. Estimated costs to repair or upgrade / replace items at the "new" Main Library, now in its 11th year of operations , and the Fairwood Branch, which opened in 2013 are **\$ 22,054,795**.

5. The Library looks at where people live as well as where they go when deciding if a new facility is needed. The new South Branch will open in Spring 2025; that will close out major construction projects outlined in the CIP. **Future service areas may include small kiosks or satellite locations such as START Libraries or Deposit Collections.**
- a. **START Libraries** are small branches intended to provide “Strategically Targeted Access for Resources and Technology.” These are an important part of our strategic planning process based on public input over the last three years. Providing these small satellite locations will allow citizens to have more equitable access throughout the community.
 - i. The **North START Branch** planned for the old EKL site is listed as a designated line in Fund Balance; **\$ 4,076,700** is anticipated for this future project. Since the EBRPHA and other community partners are already developing the project, the Library would like to schedule that project to begin by 2030, if not earlier.
 - ii. The **South START Branch** is planned for the area west of Gardere. **\$ 4,076,700** is anticipated for this future project.
 - b. The Library already operates or manages a number of other **satellite locations or deposit collections** throughout the parish.
 - i. Outreach Library for teens residing at the **Juvenile Services Facility**; the Library is committed to underwriting the cost of a replacement Outreach Library in a newly constructed Juvenile Justice Center. Those capital outlay costs are included in item 3, above.
 - ii. The Library will participate in the forthcoming **Inspiration Center at Howell Park** by assisting in furnishing and providing collections for a new special Outreach Library.
 - iii. Deposit resource collections at over 100 pre-schools, day cares, learning centers.
 - iv. Deposit resource collections at retirement centers and adult shelters.

Fund Balance Snapshot, based on November 2024 Projections:	<i>Projected ending Fund Balance for 2025</i>	\$ 92,771,880
Next year’s entire Anticipated Operating Budget		\$ 65,121,260
Operating Cash for 2025	\$ 55,608,360	
Capital Transfers Out for Current Projects for South, Baker, Scotlandville Phase 2, Outreach Services, Central, Delmont Gardens, Zachary, and Bluebonnet Branches	\$ 9,512,900	
Dedicated Reserves: Contingency Reserve, Casualty Loss, and the Emergency Storm Reserve		\$ 2,000,000
Remainder left to assign in Fund Balance ➔		\$ 25,650,620
Committed Renovation/Expansion Projects, not fully appropriated for Central Branch, Delmont Gardens Branch Replacement Library, Delmont Gardens Small Business Incubator, and Zachary Branch Expansions/Renovations as well as the Juvenile Services Center Library		\$ 26,841,427
FUND BALANCE is SHORT this amount, considering the above committed projects ➔ <i>This could be offset in the future with unspent Dedicated Reserves</i>		-\$ 1,190,807
Other Future Capital Improvement Projects for which we must save:		
New North START Branch at the old Earl K Long site		\$ 4,076,700
Carver, Pride-Chaneyville, Eden Park Branch Expansions/Renovations		\$ 19,551,929
New South START Branch located west of Gardere		\$ 4,076,700
Fairwood Branch and Main Library at Goodwood: Repairs/Upgrades		\$ 22,054,795

NOTE: The Library has amassed a significant amount of Fund Balance over time, due to careful stewardship, our Pay-As-You-Go Capital Improvements Plan, and a considerable amount of Salary Savings. Salary Savings are accrued due to the fact that positions are vacated when staff leave to work for higher salaries in surrounding parishes; these positions remain unfilled for significant portions of time which results in a savings of more than one million dollars/year. Should the situation change, allowing us to fill our positions and retain a full complement of staff, or should the staff salaries improve to meet market averages, we will not continue to accrue revenue from this source.