

# Uses of Library's Fund Balance

7/24/2025

The Library's Fund Balance is NOT a "surplus" or "rainy day" fund. It 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 updated 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. As of June 2025, this amounts to **\$ 114,474,955**:
  - a. **\$ 53,443,810** is "Operating Cash" for 2026.
  - b. No "Capital Transfers Out" for currently encumbered Capital Improvement Projects will be taken in 2026.
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 funds 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. Library projects **MUST** be fully funded, even before the architect is selected. This means that the Library must estimate project expenses and **save** sufficient funds **prior** to the start of any construction or renovation project.
  - a. The Library had previously created project lines for the **Baker, Bluebonnet, Carver, Central, Delmont Gardens Replacement Branch, Delmont Gardens Small Business Incubator, Outreach Services Center, 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 **\$ 40,408,965** for all of these projects.
4. **Future Projects as Outlined in the new 2025 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 through year 2035.
  - a. Estimated costs for anticipated renovation/expansion projects at **Pride-Chaneyville** and **Eden Park Branches** total **\$ 7,649,836**.
  - b. Estimated costs to repair or upgrade / replace items at the "new" Main Library, now in its 12<sup>th</sup> year of operations are **\$ 17,543,785**.
5. The Library looks at where people live as well as where they go when deciding if a new facility is needed. **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 Point Development START Branch** planned for the old EKL site is listed as a designated line in Fund Balance; **\$ 6,006,470** 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. **\$ 6,256,740** 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 is participating in the forthcoming **Inspiration Center at Howell Park** by assisting in furnishing and providing collections for a new special Outreach Literacy and Learning Center.
    - iii. Deposit resource collections at over 100 pre-schools, day cares, learning centers.
    - iv. Deposit resource collections at retirement centers and adult shelters.

<b>Fund Balance Snapshot, based on July 23, 2025 Projections:</b>	<i>Projected Ending Fund Balance for December 2025</i>	<b>\$114,474,955</b>
<b>Next year’s <i>entire</i> Anticipated Operating Budget based on 8.3 mills</b>		<b>\$53,443,810</b>
<b>Operating Cash for 2026</b>		<b>(\$53,443,810)</b>
<b>One-time Re-allocation to the City-Parish General Fund to pay down debt</b>		<b>(\$52,400,000)</b>
There are no <b>Capital Transfers Out for Current Projects</b> in the 2026 Budget		<b>\$0</b>
<b>Dedicated Reserves:</b> Contingency Reserve, Casualty Loss, and the Emergency Storm Reserve		<b>\$2,000,000</b>
<b>Remainder left to assign in Fund Balance→</b>		<b>\$60,074,955</b>
<b>Because the Library operates on the Pay-As-You-Go Plan, it saves for future capital projects over time. The Library has already begun to save and designate funds for these projects. Future or additional projects will be appropriated as savings are accrued over the 10-year period of the millage. The amounts indicated below refer to the balance needed to complete each project, based on spring 2025 estimates. Planned projects include:</b> <b>Committed Renovation/Expansion Projects, not <u>fully</u> appropriated→</b>		<b>\$63,319,220</b>
<b>Baker Branch Renovation/Expansion</b>	<b>\$1,169,213</b>	
<b>Bluebonnet Renovation Phase 3</b>	<b>\$5,502,693</b>	
<b>Carver Renovation/Expansion</b>	<b>\$5,513,640</b>	
<b>Central Renovation/Expansion</b>	<b>\$1,826,437</b>	
<b>Delmont Gardens Replacement</b>	<b>\$8,435,880</b>	
<b>Delmont Gardens Small Business Incubator</b>	<b>\$7,968,692</b>	
<b>Main Library at Goodwood: Anticipated Repairs/Upgrades</b>	<b>\$17,543,785</b>	
<b>New North Point Development START Branch at old Earl K Long site</b>	<b>\$5,366,470</b>	
<b>Outreach Service Center and the Juvenile Services Center</b>	<b>\$3,827,343</b>	
<b>Zachary Branch Expansions/Renovations</b>	<b>\$6,165,067</b>	
<b>FUND BALANCE is SHORT this amount, considering the above committed projects→</b> <i>This could be offset in the future with unspent Dedicated Reserves</i>		<b>(\$3,244,265)</b>
<b>Other Future Capital Improvement Projects for which we must save:</b>		<b>\$13,906,576</b>
<b>Pride-Chaneyville, Eden Park Branch Expansions/Renovations</b>	<b>\$7,649,836</b>	
<b>New South START Branch located west of Gardere</b>	<b>\$6,256,740</b>	
<b>NOTE: The allocations for the capital projects listed above leave <u>zero</u> funds for the next year's operating budget. This is contrary to "best practices" for Special Fund Agencies, which advise us to keep one year's operational budget in savings in Fund Balance.</b>		

**NOTE:** The Library has built up savings in Fund Balance over time, due to careful stewardship, our Pay-As-You-Go Capital Improvements Plan, and the accumulation of funds accrued in Salary Savings. Salary Savings occur during the lag time between a staff member’s retirement or resignation and the position being filled by a new hire; it can take months to fill a position.

This is compounded by the fact that many library positions are vacated when staff leave to work for higher salaries in surrounding parishes; these positions remain unfilled for significant portions of time which often results in savings of more than one million dollars/year. Should the situation change, allowing us to fill our positions at a faster rate 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.

