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**2019 Proposed Budget Narrative for Elbert County Library District dba Pines & Plains Libraries**

The proposed 2019 budget includes cost savings measures that allow the District to increase reserves by up to $130,000. Property and SOT revenues increased slightly from 2017 to 2018. This trend will likely continue in 2019. New commercial and residential development in the county continues to provide potential slow and steady revenue growth. Possible decreases in revenues, due to Gallagher Amendment changes to residential to commercial tax ratios, have not been calculated into the budget. However, variations of the district’s 20-year fiscal projections *do* account for Gallagher and other potentially detrimental variables. Gallagher impacts can be absorbed by way of reduction in amounts usually added to reserves in subsequent years. The district calculates assessment estimates from the county at 98% in order to compensate for potential shortfall. Estimated revenue for property taxes is $891,663. Projected Specific Ownership Tax revenues are estimated flat at $130,000, despite a marked increase in this item over the few past years. Historically, SOT tax is relatively unpredictable. Therefore, the district has chosen to budget these revenues conservatively. Operations and meeting room revenue exceeded expectations in 2018. Therefore, these relatively nominal revenue sources have been adjusted up in the budget. Revenue retention and conservative budgeting in 2019 will continue the trend of building the general fund for purposes of capital priorities.

The District’s current ongoing priority is to pay off the lease purchase option for the Elizabeth facility by 2021. Accrued savings will be held in reserves for the payment. The 2019 budget end-of-year estimates for the P&PL general fund indicate that accrued reserves will likely approach that goal to within less than $100,000. Taking into consideration the ebb and flow of revenues during the year, the district will need to save and retain some general fund monies, beyond the pay-off amount in either late 2020 or 2021, to facilitate payment of other expense obligations during the first quarter of 2021 or 2022. Increased revenues have allowed the district to expand services as well.

Personnel expenditures for 2019 include an up to, but not universal, 3% merit increase for all staff. Personnel costs comprise 56% of the budget. The 2019 budget continues to fund three full-time supervisory positions with benefits, which started in 2018. This year’s budget also continues an operating time increase of 15 hours per week, which began in 2018. The hour increase was split evenly among the Elizabeth, Kiowa and Simla branches. The district consolidated three Program and Outreach Coordinators into two in 2018, and it subsequently offered full time and benefits to the remaining coordinators. Therefore, staff and benefits line items have increased by $15,000 and $21,000 respectively. Inter-library courier fees continue to rise, and this expense has been adjusted up in order to reflect amounts of 2018 payments. The district has raised the telephone line item by $500 as well. The budget reflects reductions to computer hardware and Internet line items, even though the Elizabeth and Simla bandwidth has increased and the District replaced all patron computers in 2018. The district also reduced utilities by $2,000 and travel by $1,000 to reflect historical trends.

The 2018 budget has been prepared based upon records and reports from our cash basis accounting system.

*Pines & Plains Libraries mission is to provide our patrons the resources to achieve their aspirations through literacy, technology, and community engagement.*