

**AGENDA**  
**The Denver Public Library Commission**  
Finance Committee Bi-Monthly Meeting  
**Monday, July 10, 2023, 3 p.m. - 4 p.m.**

Link to join Zoom virtual meeting: <https://us02web.zoom.us/j/83766595233>

1. Call to Order
2. Introductions
3. Q2 2023 Financial Report
4. Policy Setting: Balanced Budget
5. Policy Setting: Reserves
6. Policy Setting: Carry-Forward

## **AGENDA**

### **The Denver Public Library Commission**

Finance Committee Bi-Monthly Meeting

**Thursday, May 4, 2023, 11 AM – 12 Noon**

Link to view meeting recording:

[https://us02web.zoom.us/rec/share/3q-DI4i9TMBpDvBfyXKJp87H1X6kTIC8xtY2P4k2AkUwoHNZ\\_qPzSKqqvJ5Qwok\\_.Fa7-UqJrJx\\_-A6\\_i](https://us02web.zoom.us/rec/share/3q-DI4i9TMBpDvBfyXKJp87H1X6kTIC8xtY2P4k2AkUwoHNZ_qPzSKqqvJ5Qwok_.Fa7-UqJrJx_-A6_i)

Committee Members: Sonya Ulibarri, Zi Chong, Cedric Buchanon

Staff: Michelle Jeske, Amber Lindberg, Dustin Kress, Kirsten Decker, Jina Dunn, Jen Allison, Zenzele Barnes

#### 1. Call to Order

The meeting was called to order at 11:02 a.m.

#### 2. Introductions

Members of the Library Commission Finance Committee and staff introduced themselves.

#### 3. City and County of Denver Financial Outlook Review

Jina Dunn reviewed the DPL budget timeline for 2023. The timeline begins in April/May with internal Budget Action Proposals completed in April/May; with City deadlines for Current Level of Service (CLS) requests and enhancements in May/June; presentations are made to the CFO, Mayor, and City Council in July/August; by September 15 the Mayor puts forth a recommended budget; and DPL begins budget management planning in November/December after City Council approves the budget for appropriation.

Economically, reports from the City show that pandemic recovery is underway but fragile. Challenges include slow wage growth, low individual wealth, and expiring pandemic support. Additionally, continued property tax assessments will directly impact revenue available in the DPL Fund. 57% of the revenue base for the General Fund is generated from sales and use tax. Projections from the City show that consumer spending has remained steady since January 2021 and it is estimated that revenue will increase by 3.8% in 2024.

Dunn explained the Finance team assumes that the General Fund will remain flat with the possibility that adjustments will be made in personnel. Additionally, the DPL Fund will receive the same tax allocation as 2023 (approximately \$32 million). Current Level of Service needs will be based on 2023 revised department budgets. Priority will be given to mandated increases and facilities lifecycle management needs.

City-Wide, the agencies that report to the Mayor will establish the cost of continuing services and will not be able to submit expansion requests. The library does not have a direct report to the Mayor and is excluded from this guideline. New administration & City

Council budget priorities will be established starting in May and throughout the summer. ARPA Funding will be maintained or supported by the General Fund.

Proposed General Fund change requests include mostly personnel to avoid overloading the DPL fund with ongoing and automatically increasing investments. There is a risk to expecting increasing revenue from the DPL fund because it is tied to property assessments which have begun to flatten. Due to a new incoming City Council and City Administration, there is less clarity around political leanings and how they connect with the library's priorities and what projects will be politically attractive. Work will be done to learn about the new City Council and highlight mutual priorities. The last consideration is guidance given; Mayoral agencies have been instructed to only ask for contract/service increases. DPL will submit a CLS adjustment for consideration.

The four types of change requests are inflation, capital replacement, expansion, and grant expiration. Inflation, which includes funding requests for lease agreements, software licensing, and service costs are anticipated to cost \$254k. Capital replacement, including modernization of cloud-based management and security camera systems costs are \$400k. Proposed expansions include a Green Valley Ranch ideaLAB buildout (\$210K, 3.0 FTE), Central Teen Library staffing (\$614K, 8.0 FTE), Adult Services (\$177k, 2.0 FTE), and a grant expiration request to continue the Plaza program (\$647k, 8.5 FTE).

The base budget submission is due May 12th and expansion change requests are due May 19th. Capital project expansion requests, special revenue funds and grant updates are all due in June. Following these submissions, the City Budget Management Office will submit a budget recommendation to City Council on June 30th.

#### *Questions:*

- Q: Is there any sense of how the messaging of the DPL Fund supplementing, not supplanting, the General Fund as it relates to increased areas of investment from the City will play out?

A: The DPL team is working to utilize a partnership strategy with the City to protect the DPL Fund and have long-term flexibility. Work is being done to show that DPL is investing funds wisely and needs continued City support and engagement. An ongoing challenge is to educate the existing and new City Council and Mayor. The maintenance of effort language in the ordinance is to ebb and flow the library's budget alongside the City's budget. The current focus is to set a precedent that the library will continue to request additional expansions from the City.

- Q: At what point does this committee have a chance to review the full budget prior to submissions?

A: The base budget will be the same as 2022 with small reallocations for departments. Change requests are brought to the Finance Committee for input prior to submission to the City. The full budget will be brought to the full Commission in December once the budget is approved by City Council.

#### 4. 2024 Recommended Investments Discussion

Kirsten Decker explained the importance of library policies to support the best method of funding specific priorities. These policies are important to set guidelines to govern and set good stewardship practices for the financial management of the DPL and Special

Trust Funds. In phase 1 (beginning June 2023), the Finance Committee will receive a financial policy primer which will include recommendations for phasing policy review. The finance team will send out draft policies for the committee to review, discuss, and send recommendations to the Library Commission. These include a balanced budget policy, a reserve policy, and a carry-forward policy. Phase 2 policies include capital planning and asset management policy, long-term planning and forecasting policy, grants management policy, and investment policy. Phase 2 policies will be reviewed independently in August with full recommendations brought to the Commission during a Q4 meeting.

*Questions:*

- Q: To clarify, these policies are non-existing and will need to be developed by the Finance Committee?  
A: The City & County of Denver has fiscal accountability rules but there's very little governance around special revenue funds. Additionally, this is one of the few non-lapsing funding sources that the City has and there are not many established best practices.
- Q: Are policy templates developed from the City?  
A: The Government Finance Officers Association (GFOA) uses generally accepted accounting practices (GAAP) and governmental accounting standards. These standards exist and we will be applying them to our specific revenue sources.
- Q: To clarify this current timeline, we will receive draft policies this month, review in June, and have a formal discussion in July? Do we want to review/approve these policies in phases or review the whole slate at the end of the year?  
A: Yes, that is the current timeline plan. The team is operating in good faith in the best practices right now, Sonya & Michelle can make the final decision on reviewing policies in phases. Michelle will circle back with the team to review what the summer Commission meetings will look like.

5. Other Business

The meeting was adjourned at 11:50 a.m.

Minutes submitted by Zenzele Barnes



# Balanced Budget Policy

**Agenda Item 4**

**Requested Action: Review Report**

## PURPOSE

To establish the expectation that the library’s special revenue funds are planned annually with a budgetary balance.

## SCOPE

The City & County of Denver Charter requires the City’s annual budget - through which Denver Public Library (DPL) obtains its spending authority - to be balanced<sup>1</sup>, meaning expenditures are equal to or less than the total of estimated opening balances and anticipated revenue.

The library’s annual financial portfolio includes revenue from the City’s General Fund, Grant Funds, Denver Public Library Special Trust Fund (STF) and the Denver Public Library Special Revenue Fund (DPL Fund). This policy adds further clarity to the library’s use of the STF and DPL Fund.

The STF and DPL Funds are classified as non-lapsing accounts, meaning that while budgets are appropriated on a calendar fiscal year (January 1 to December 31) unspent monies remain available in the fund balance and are explicitly reserved for maintaining existing library services and meeting the increased demand for additional library services.<sup>2</sup> The governance of unappropriated monies can be found in the library’s [Reserves Policy](#).

This policy pertains only to the operating dollars within the DPL Fund and STF.

## IMPLEMENTATION

Using the property tax revenue projection from the City Department of Finance, the library’s Financial Services department develops a proposed budget for presentation to the Library Commission. Upon approval, the library submits an annual budget plan to the City & County of Denver Budget Management Office in June for the following fiscal year. This plan allocates the revenue projected from the library’s portion of the property tax (1.5 mills) to DPL programs and services to supplement the City’s General Fund investment.

This budget plan is presented to the City Council for approval on or before September 15 and authorized through the annual appropriations ordinance.

The City Librarian (or designee) will present recommended changes to annual appropriations of more than 10% or \$100,000 to the Library Commission for approval.

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<sup>1</sup> City & County of Denver Municipal Code, Section 7.1.4

<sup>2</sup> City & County of Denver Municipal Code, Article XVIII

Adopted	Last Updated	Next Review



# Reserves Policy

**Agenda Item 5**  
**Requested Action: Review Report**

## PURPOSE

To establish guidance for the creation and administration of the reserved and unreserved monies within the Denver Public Library's special revenue funds.

## SCOPE

The Denver Public Library Fund (DPL Fund) and Denver Public Library Special Trust Fund (STF) are non-lapsing special revenue funds designated exclusively for library use. Budgets are appropriated on January 1 to December 31 and any unspent monies at fiscal year close are maintained in the library's fund balance.

Resources are routinely preserved to address planned and unplanned circumstances. Such circumstances include, but are not limited to:

- Revenue shortfalls or financial uncertainty during an economic downturn
- Future capital needs or asset replacements
- Losses from extreme events

This policy pertains only to the operating dollars within the DPL Fund and STF.

## IMPLEMENTATION

The library will maintain procedures and guidelines that comply with all applicable laws and regulations. The special revenue reserves are separated into two categories:

**Operating Reserves:** The amount of money held in Operating Reserves is stated as a percent of revenues. This is so that the Denver Public Library's reserves stay consistent with the size of the budget over time. At a minimum, the reserves will be equal to at least 15% of projected revenues.

The Library's Finance Department will conduct long-range forecasting as outlined in the Long-Term Planning & Forecasting Policy to determine the appropriate actions to maintain adequate reserves. If the minimum is not kept during the forecast period, the department will develop a recommendation to restore the reserves to the outlined amount. This plan will be presented to the Library Commission Finance Committee for consideration.

**Designated Reserves:** The amount of money held in Designated Reserves is determined by the purpose of the funds, such as future capital investments or large purchases. The library's Finance Department has the authority to identify necessary categories for reserve funds in alignment with the organization's strategic plan.

The City Librarian (or designee) will provide the Library Commission with an annual summary of all Reserves, including project balances and recommendations for any proposed changes. The Library Commission will consider such changes, if any, with the review and adoption of the annual budget.

Adopted		Last Updated	Next Review	
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# Carry Forward Policy

**Agenda Item 6**

**Requested Action: Review Report**

## PURPOSE

To establish the specific situations in which the library should consider the use of previously-appropriated budgets in the Denver Public Library Special Revenue Fund (DPL Fund) and Denver Public Library Special Trust Fund (STF) in a subsequent fiscal year.

## SCOPE

The STF and DPL Fund are classified as non-lapsing accounts, meaning that while funds are appropriated on a calendar fiscal year (January 1 to December 31) unspent monies must remain in the fund to be expended by the library in subsequent fiscal years.<sup>1</sup>

A carry forward occurs when an unspent and unobligated balance at the end of one fiscal year is rolled forward for use in the next fiscal year rather than being recorded as a surplus.

This policy pertains only to the operating dollars within the DPL Fund and STF.

## IMPLEMENTATION

Library managers are responsible for requesting operating budget appropriations in the fiscal year when expenditures are to be made. Reappropriation into the following fiscal year is not permitted as a mechanism to increase future year appropriations or extend project timelines.

Carry-forwards of operating budget appropriations to a future fiscal year will be considered only in circumstances where there is record of a valid purchase order of \$10,000 or more that is limited to a one-time item or event and there is a reasonable expectation that payment will occur early in the next fiscal year.

The Library Finance Department shall prepare and distribute a fiscal year-end calendar that provides dates by which certain purchasing transactions must be entered in the financial system in order to be completed and recorded against the current fiscal year budget.

Note that no re-appropriation requests from funds in the Salaries and Wages or Benefits categories are permitted and nothing in this policy shall prohibit the carry-forward of encumbrances or balances remaining in DPL Capital Fund projects.

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<sup>1</sup> City & County of Denver Municipal Code, Article XVIII

Adopted		Last Updated		Next Review	
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