



MAIN LIBRARY GRAND OPENING | JUNE 25, 2016

2017 FINANCIAL SUMMARY



April 2017

**To the Citizens of the City of Columbus and Franklin County,
The Board of Trustees and Chief Executive Officer of Columbus Metropolitan Library**

As Fiscal Officer and Chief Financial Officer of Columbus Metropolitan Library (CML), it is with great pleasure that I present CML's 2017 Financial Summary. This summary has been developed with the participation and cooperation of CML's administrative and executive leadership staff. This report summarizes the financial activities and operating results reported in the audited Comprehensive Annual Financial Report and highlights CML's programs and initiatives.

CML's vision is "a thriving community where wisdom prevails". The 2017 budget (January 1 – December 31) supports investments in a purposeful manner for CML's three external strategic areas of Young Minds, My Library and Life Skills. Each year CML sets concrete goals and objectives to support our strategies. This budget will afford CML the capacity to respond to areas of urgent need: children unprepared for kindergarten (Ready for Kindergarten); third-grade reading proficiency (Reading Buddies), high school retention rates (Homework Help, Summer Reading Club); and adults in need of employment resources.

CML's purpose is to "inspire reading, share resources and connect people". To that end, CML has made a significant commitment to replace or renovate 10 aged, high-maintenance and inefficient buildings. In 2012, the Board of Trustees approved long-term debt as a major source of funding by leveraging CML's Aa2 Moody's Investors Service, Inc. rating. CML issued \$92.3 million in bonds, which sold at a premium for \$99 million and have a final maturity in 2037. In 2016 CML took advantage of the low interest rate environment and refinanced a portion of the Series 2012 PLF Notes. After issuing the 2016 PLF Refunding Notes, CML's overall debt obligation was reduced.

CML follows a strategy of fiscal sustainability. This fiscally prudent approach will allow CML to continue to invest in our customers via mission-critical programs and services. CML will work diligently to get the largest return from every dollar of public investment.

I greatly appreciate the guidance, advice, time and effort that each member of the Board of Trustees, executive leadership teams and library staff has contributed to the development of the 2017 budget. CML has put forward a great effort to provide the most relevant information in an easily understandable format. If you have any questions, comments and/or suggestions about this document, please direct them to Jamie Lang, Manager of Financial Planning and Analysis at (614) 849-1062 or send an email to jang@columbuslibrary.org.

Respectfully submitted,

Paula Miller
Chief Financial Officer/ Fiscal Officer

Columbus Metropolitan Library: Organization & Structure

CML is a County District Library with boundaries including all of the land area within Franklin County, Ohio, except for the land area lying within the boundaries of six other public library districts in the County. CML was formed March 4, 1872 and the Public Library and Reading Room opened in 1873 at the New City Hall. CML has since expanded to 22 branches, a Main Library and an Operations Center.

CML is governed by a Board of Trustees. The Board of Trustees is the policy-making body for the institution and is responsible for approving strategic direction, short/long term budgets and financial direction. CML is a political subdivision as defined by the Ohio Revised Code, financially and operationally independent from the City of Columbus and Franklin County.

CML adopted a circular organizational chart that aligns talents to better support organizational strategies and promote organization-wide execution while focusing on the customer. The chart helps staff understand that everything the organization does is guided by customer need, not by the people of the organization. The organization chart is located on CML's website, columbuslibrary.org.

Library Services

CML's collection contains approximately 2 million items including books, eBooks, audio eBooks, compact discs, DVDs, audiobooks, magazines, maps and sheet music, all of which circulated 16.1 million times in 2016. In 2016, CML had 627,000 registered cardholders and over 5.0 million user visits. CML is a member of the Central Library Consortium (CLC), consisting of 14 library systems throughout central Ohio. As a member of CLC, CML shares an online catalog and select online resources with 13 other systems to offer customers a collection of over 5 million items with over a million unique items.

Public computers at all library locations provide access to the Internet, Microsoft Office products and a wealth of online databases; customers used these computers and wireless sessions 1.8 million times in 2016. CML's website, columbuslibrary.org, provides access to eContent, the catalog and information about the library's programs and services. CML's website had 9.0 million web visits; 1.6 million digital items were downloaded during 2016.

CML offers programs and services for customers of all ages with a focus on children and teens. The programs noted to the right illustrate CML's commitment to Young Minds, CML's number one strategy. Other programs led by CML staff and volunteers include genealogy research, resume writing and basic technology classes. Additional programs are offered through the library and led by partnering agencies such as Columbus Literacy Council, an organization providing English Classes for Speakers of Other Languages.

CML continues to work with local and national organizations and neighborhood groups to archive Columbus and the surrounding region's history. The African American digital collection of letters, newspapers, photographs and other items specific to the Columbus African American community now has over 200,000 items and continues to grow. Other collections focus on Columbus historic photos, local school yearbooks and Columbus City Directories. These collections are part of CML's My History digital collection and are available on columbuslibrary.org for all to discover and access.

WHAT YOU CAN DO AT CML

- Check out books, eBooks, eAudio, CDs and DVDs
- Reserve items online and pick up at any location
- Use public computers
- Access Wi-Fi
- Reserve meeting rooms to gather
- Get help with technology and job skills
- Explore genealogy and local history with our experts at Main Library

WE HELP CHILDREN SUCCEED

- **Ready for Kindergarten Storytime:** Helping parents and caregivers be their child's first teacher through 4 key skills
- **Homework Help Centers:** Helping K-12 students at all locations after school
- **Reading Buddies:** Helping K-3 students with reading skills
- **Ready to Read Corps:** Helping at-risk children and families get ready for kindergarten
- **Ready for Kindergarten:** Programs and spaces to help families be prepared for the first year of school
- **School Delivery:** Providing students regular access to high interest books at select elementary schools

Summarized Financial Reports

The Financial Summary is un-audited and presented in a non-GAAP format. The Comprehensive Annual Financial Report was prepared on a GAAP basis and can be obtained from CML's website at columbuslibrary.org.

General Fund Revenue and Expenditures

The table below provides a summary of the actual and forecasted revenue and expenditures of CML for the General Fund. The annual budget serves as the foundation for financial planning, monitoring performance, decision making, and control of expenditures. During 2017, CML's forecasted General Fund expenditures (\$74.2M) exceed the forecasted General Fund revenue (\$68.0M). It's common for government organizations with a tax levy to see revenues exceed expenditures in the first half of the levy cycle (first 4-5 years) allowing the general fund balance to grow. In the second half of the levy cycle (year 6-10), expenditures typically exceed revenue and the fund balance is drawn down.

2017 General Fund Revenue & Expenditures

Revenue (in thousands)	2017 Budget	2016 Actual	2015 Actual	2014 Actual
General Property Tax	\$ 50,547	\$ 51,021	\$ 50,992	\$ 51,594
Public Library Fund (PLF)	\$ 20,971	\$ 21,018	\$ 21,128	\$ 18,897
*PLF Debt Service Transfer	\$ (5,734)	\$ (5,778)	\$ (5,819)	\$ (5,818)
Net PLF Total	\$ 15,238	\$ 15,240	\$ 15,309	\$ 13,079
Customer Fines	\$ -	\$ 549	\$ 588	\$ 838
Charges for Services	\$ 732	\$ 670	\$ 648	\$ 670
Investment Revenue	\$ 873	\$ 836	\$ 531	\$ 319
Miscellaneous	\$ 581	\$ 233	\$ 358	\$ 659
Interfund Transfers In	\$ -			\$ 12,860
TOTAL Revenue	\$ 67,971	\$ 68,549	\$ 68,426	\$ 80,019

*Approximately 27-30% of the PLF annually is used to support the Debt Service Fund

Expenditure (in thousands)	2017 Budget	2016 Actual	2015 Actual	2014 Actual
Salaries & Benefits	\$ 42,274	\$ 36,908	\$ 37,319	\$ 37,104
Capital Outlay	\$ 8,507	\$ 8,166	\$ 3,419	\$ 2,901
Operational Services	\$ 11,771	\$ 10,437	\$ 9,749	\$ 8,571
Library Materials	\$ 7,662	\$ 7,775	\$ 7,579	\$ 6,953
Other	\$ 3,050	\$ 1,038	\$ 1,035	\$ 1,036
Supplies	\$ 901	\$ 987	\$ 830	\$ 974
TOTAL Expenditures	\$ 74,164	\$ 65,311	\$ 59,931	\$ 57,539
Revenue less Expenditures	\$ (6,194)	\$ 3,238	\$ 8,495	\$ 22,480
Beginning Cash Fund Balance	\$ 74,133	\$ 70,895	\$ 62,400	\$ 39,920
Ending Cash Fund Balance	\$ 67,939	\$ 74,133	\$ 70,895	\$ 62,400

Debt Service Fund

The Debt Service Fund provides for the retirement of the current year portion of CML's long-term debt obligations, interest and payment of any trustee fees associated with administration of the debt. In 2012, CML issued \$92.3M of Public Library Fund (PLF) Notes. The Notes were issued for the purpose of constructing, renovating and improving 10 library facilities. In 2016, CML refinanced a portion of the Series 2012 PLF Notes and issued \$9.9M PLF Refunding Notes. By refinancing, CML achieved nearly \$800.0K in net present value savings, \$83.0K in gross savings annually.

PLF monies are receipted annually in the Debt Service Fund to cover debt repayment. The detailed debt service schedules are included in CML's Comprehensive Annual Financial Report.

Revenue Definitions

General Property Tax: funds provided based on calculations from a 2.8 mill continuing property tax levy.

Public Library Fund: revenue received from the State of Ohio's Public Library Fund. The Public Library Fund is funded with 1.66% of the state's General Revenue Fund tax revenue and divided among Ohio's public libraries. The percentage is set at 1.7% from June 2015 through June 2017.

Charges for Services: contracts from other libraries in the Central Library Consortium for transportation services; Main Library parking garage fees; and copier and printing fees.

Miscellaneous: is comprised of E-Rate reimbursements (which are based on qualifying communications reimbursements from a federally funded program), grants and contributions to support library programs, rebates and proceeds from the sale of real and personal property.

Customer Fines: lost library material fees. Overdue fines were eliminated January 2017.

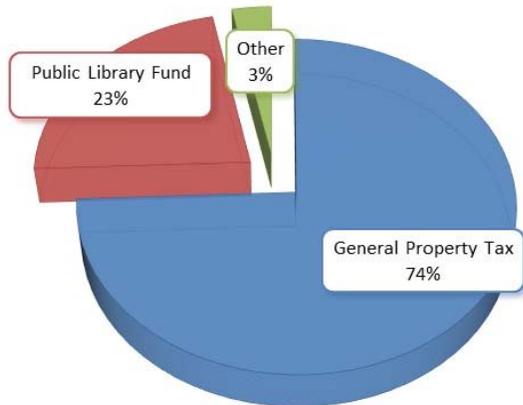
Investment Revenue: is a result of interest earnings on investments.

Proceeds from Long-Term Debt: CML issued \$92.3 million in bonds which sold at a premium for \$99M in 2012 to fund the 2020 Vision Plan, a capital building plan. \$9.9M was refinanced in 2016.

Interfund Transfers In: Furniture, fixtures and equipment monies, in support of the new and renovated projects, were moved from the Capital Projects Fund to the General Projects sub-fund (within the General Fund) based on new accounting rules.

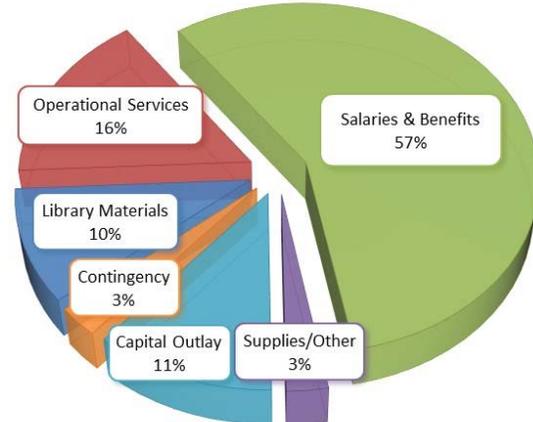
Where the Money Comes From

2017 General Fund Revenue Estimates
\$67,970,762



Where the Money Goes

2017 General Fund Expenditure Estimates
\$74,164,406



Total General Fund Expenditures

The 2017 expenditure budget supports the 2020 Vision Plan, library programming and materials, facility repairs and improvements, technology infrastructure and staff development. The budget has a continued focus on IT technology improvements and an increase in facility improvements, such as new public computers, wireless optimization, security camera upgrades, parking lot repairs and elevator upgrades. The 2020 Vision Plan is discussed in more detail on the next page.

Salaries & Benefits – CML is focused on talent management as organizational needs change. The newest positions support newly expanded and opened branches. Staff will be realigned as needed to fill vacancies during construction projects.

Capital Outlay – budget focuses on furniture, fixtures and equipment over \$500 and replacement of PCs. Levels continue to be high in 2017 due to furniture and fixtures expenditures for the new and renovated branches. Additional items budgeted in this category include branch refreshes, interactive customer displays, replacement security cameras and fire alarms and elevator upgrades.



Reading Buddies helps students with reading skills by offering one-on-one reading practice with library staff or volunteers.

Operational Services – budget includes a broad spectrum of payment types such as professional services, custodial cleaning, hardware and software support, licensing, building repairs, training, utilities and rents/leases. Projects planned for 2017 include facility updates and repairs, technology upgrades and library programming such as Ready for Kindergarten and the Carnegie Author Series.

Library Materials – budget was developed with a focus on continuing the success of the Young Minds strategy by providing materials in support of programs and services; refreshing collections at Northside and Hilliard in anticipation of the new buildings; providing an eBook collection based on customer interest; continuing to provide multiple formats based on customer demand; and providing online informational databases to support the Young Minds, My Library and Life Skills strategies.

Supplies/Other – ranges from office supplies to cleaning and maintenance supplies, including furniture and equipment under \$500 and program supplies. This budget also houses planned contributions to support the joint venture with Worthington Libraries for the Northwest Library on Hard Road and some contingency funds for unexpected expenses.

2020 Vision Plan

CML's long-term facilities plan, the 2020 Vision Plan, will replace or renovate seven urban branches, two suburban branches and Main Library. The projects were identified based on building age, size, population, parking, user visits, and public computer usage data. The 2020VP projects are scheduled to be implemented through 2019 with an estimated cost of \$130 million. In 2012 the Board of Trustees approved borrowing funds, in anticipation of future Public Library Fund receipts, to fund the 10 building projects. In addition, the Columbus Metropolitan Library Foundation, a separate 501(c)(3), has contributed \$21.5 million to fund the projects.

The 10 new or renovated facilities will address the following issues: space constraints, increased technology options and the changing dynamics of the library service model. The new or renovated facilities are designed using CML's Guiding Principles to ensure alignment with CML's strategic and tactical plans. CML successfully opened newly constructed branches Driving Park Branch (2014), Whitehall Branch (2015), Parsons Branch (2016), Shepard Branch (2016), Northern Lights Branch (2016) and renovated Main Library (2016). One branch grand opening is expected in 2017 with the remaining three branches scheduled to open in 2018 or 2019.

CML capital projects have traditionally been approved by the Board of Trustees as individual project budgets. The budgets for the projects within the 2020 Vision Plan were established and approved by the Board as components of the entire 2020 Vision Plan. Establishing budgets by component will provide more cross-project flexibility and manage the variance across multiple projects.

The project components are defined as:

- Program Budget – costs associated with project and construction management, including pre-construction design services
- Land Budget – costs associated with purchasing property, including soil evaluation and legal fees
- Construction Budget – costs associated with design and construction of a facility, including legal, permit and connection fees
- Furniture, Fixtures and Equipment Budget – costs associated with contents of a building, including security system, technology and public art

The 2020 Vision Plan is aligned with CML's strategic plan. A key focus of the strategic plan is My Library: Creating the Next Generation Library. The 2020 Vision Plan projects bring our communities 21st century (next generation) libraries, creating a library that works for the customer and the community.



Above: Renovated Main Library
Right: New Shepard Branch



2020VP PROJECTS*

- **Driving Park Branch:** newly constructed branch opened July 12, 2014.
- **Whitehall Branch:** newly constructed branch opened April 11, 2015
- **Parsons Branch:** newly constructed branch opened June 4, 2016
- **Main Library:** the renovated Main Library opened June 25, 2016 with Park Plaza connecting to historic Topiary Park to provide an outdoor experience.
- **Northern Lights Branch:** newly renovated and expanded branch opened September 24, 2016.
- **Shepard Branch:** newly constructed branch opened October 13, 2016.
- **Northside Branch:** a new building between the Short North and the University District. The new branch is expected to open June 22, 2017.
- **Martin Luther King Branch:** a new building expected to be complete in 2018.
- **Hilliard Branch:** this new two-story building is expected to open in 2018.
- **Dublin Branch:** this new building is expected to open in 2019.

**Preliminary, subject to change.*

OPERATIONAL PROJECTS

- **Canal Winchester:** express branch located in the gymnasium of the city's former high school opened January 25, 2016
- **Marion-Franklin Branch:** express branch located in the former Beery Middle School opened September 15, 2014.

Operating Projects

PROJECTS COMPLETED DURING 2016

In 2016, over \$3.5 million was invested in facility and technology projects. The following projects were completed:

- Replaced 1,100 public computers at 14 branches and 100 staff computers. CML succeeded in extending the lifespan of replaced technology beyond the expected 3-5 years. The cost of this project was \$1.4M.
- Renovated restrooms in 11 branches, including men's, women's, family and staff. Updates ranged from touch-ups and upgrades to full gutting and replacement of the current facilities. The total project was \$844K.
- Replaced full interior carpet at Reynoldsburg Branch and Linden Branch. The cost of this project was \$145K.
- Completed facility lighting upgrades and replacements at Gahanna Branch and Hilltop Branch. Lights were converted to LED technology and will more than double the lighting output while saving energy costs. The total project was \$192K.
- Replaced the Main Library Parking garage gates and pay system. The new pay system provides a pay option in the library or at the exit gates. The total project was \$214K.
- Installed a drive-up window at the New Albany Branch providing customers the convenience of picking up and dropping off library materials without ever leaving the car. The total project was \$44K.
- Replaced the elevator controls at the Franklinton Branch. The operational controls were original to the 1995 construction of the building and had become obsolete. The elevator is critical to access the library. The project cost was \$61K.



Top: New Albany Branch drive-up window
Right: New LED lighting at Hilltop Branch

PROJECTS PLANNED FOR 2017

The funds appropriated for general fund and operational projects includes a contingency for unplanned projects. The following projects are scheduled for 2017:

- Branch refreshes including exterior site renovations such as parking lots and sidewalks and interior reconfigurations and upgrades to lighting, doors and circulation desks. The Franklinton Branch, Livingston Branch and Southeast Branch will be renovated and the cost of these projects are estimated to be \$1.1M.
- Continued modifications to Main Library and Driving Park Branch are estimated to be \$460K. These upgrades include lighting upgrades, door replacements and circulation room renovations.
- Replace public tablets and children's computers throughout the branches. Project estimated at \$375K.
- Modernize Main Library's elevator which includes drive unit modernization, power unit pump upgrades, installing hydraulic coolers, door operator upgrades and controls modernization. The upgrades will improve operational efficiency and ensure reliable operation. The cost is expected to be \$200K.
- Replace outdated fire alarm systems with updated system with improved technology. The cost of this project is expected to be \$160K.
- The Whetstone Branch entrance lobby and public meeting room is being renovated to provide a more functional space for customers. The project is estimated to cost \$100K.
- Improve customers' wireless session experience with Wireless Optimization. CML will measure effective coverage and signal interference and make adjustments or improvements as necessary. At Main Library, an average of 5,000 users access the wireless system per month. The project is estimated to cost \$65K.



2016 MAJOR INITIATIVES & ACCOMPLISHMENTS

CML is focused on customers and the future of the community. Initiatives are aligned with and support the Strategic Plan. The Strategic Plan focuses on three external strategies – Young Minds, My Library, Life Skills – and two internal strategies: CML Partners and CML Staff. More detailed information on CML's Strategic Plan is available at columbuslibrary.org.

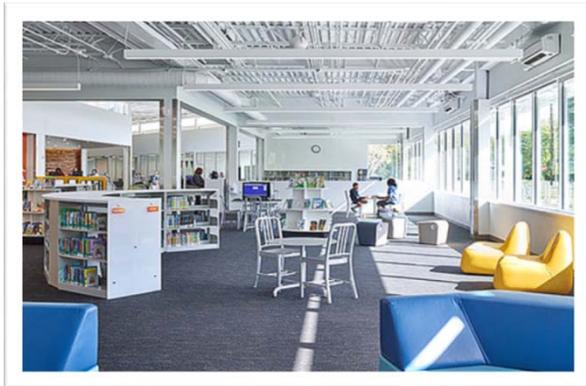
- Opened CML's 23rd location, the Canal Winchester Branch, on January 25, 2016. This is CML's second "express" branch.
- Co-hosted more than 3,200 delegates from 145 countries in the 82nd Annual International Federation of Library Associations and Institutions World Library Congress. The event gave American library professionals an opportunity to network on a global scale.
- Opened the new Parsons Branch (June 2016) and new Shepard Branch (October 2016). The new Parsons Branch is more than twice the size of the original building, which was one of CML's oldest and smallest branches.
- Grand re-opening of newly renovated Main Library and Northern Lights Branch. The renovations at Main Library included adding a reading room and connecting the library to Topiary Park to provide outdoor reading space. The newly renovated and expanded Northern Lights Branch is currently CML's largest branch at 26,100 square feet.
- Launched Customer First, a new model of customer service that provides a framework to put customers first.
- Eliminated overdue fines for all library materials checked out at CML locations.
- Achieved LEED (Leadership in Energy and Environmental Design) gold status certification for the Driving Park Branch, which opened in 2014, from the U.S. Green Building Council. LEED certified buildings are resource efficient and use less water and energy and reduce greenhouse gas emissions.
- Held 26,000 Reading Buddies sessions in 2016. This program provides one-on-one reading practice with library staff and volunteers to support Ohio's Third Grade Reading Guarantee.
- Registered 58,800 children, teens and adults for the 2016 Summer Reading Club.
- Over 95,000 students in kindergarten to 12th grade visited Homework Help Centers seeking homework help after school. CML staff and volunteers assist students with paper and pencil or online homework.
- Launched Suggest to Purchase, a web interface for customers to recommend titles for CML. Over 800 requests were received the first month it launched.
- Offered 20 Ready for Kindergarten classes at 11 CML branches, allowing participants to practice writing, learn letters, use scissors and other important skills needed for kindergarten success.
- Nearly 113,000 children attended Ready for Kindergarten Storytime. Storytimes are fun and engaging programs focused around four early literacy skills: letter recognition, beginning letter sounds, rhyming and vocabulary.
- Recycled waste from the construction sites as well as the normal site collection for CML with over 90% of the total waste stream recycled.
- Technology and Innovation:
 - Replaced 1,200 computers at 14 branches and operations center.
 - Launched a new mobile app for CML's catalog improving the customer experience.
 - Increased bandwidth at locations throughout CML for more capacity for customers to use the Internet.

The new Ready for Kindergarten area at the Shepard Branch prepares children for the first year of school.



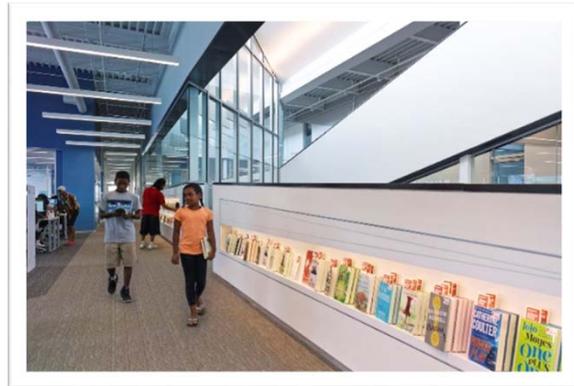
CHALLENGES FOR 2017 AND BEYOND

- State legislative changes creating uncertainty in state funding (Public Library Fund)
- Investing at the right levels in technology with available resources to meet future expectations
- Increasing outcomes of early literacy programs
- Balancing future staffing levels and expected services within budget
- Increased and changing service demands, customer and community expectations
- Pursuing partnerships, advocacy and community relationships to supplement the budget



OPPORTUNITIES

- Providing quality customer services, programs and products
- Investing in staff (training, development, recognition, diversity planning, workforce planning)
- Investing in the right technology for a changing environment
- Streamlining/automating processes and adopting best practices
- Identifying cost-effective and innovative ways to improve operations
- Increasing communication to the community and customers
- Partnering with library leaders to impact the evolving roles of libraries within communities



CML's collection is showcased for a better customer experience. Spaces are inviting and designed to spur curiosity in all age groups.

