

2017 BUDGET

Budget Overview

Public libraries represent a significant investment in our communities, and an expectation by patrons to provide the best information and tools for discovery and learning. In 1942, voters created the King County Rural Library District, initiated by citizen volunteers who recognized the need for library resources for all County residents. To this day, communities continue to invest in their libraries, making King County Library System (KCLS) one of the strongest and most vibrant library systems in the country.

As stewards of public resources, KCLS is conscientious to provide top value while allocating funds wisely. The 2017 Budget will invest in the services and resources that will have the greatest impact on our communities, while continuing to focus on efficiency and fiscal responsibility.

In 2017, KCLS will mark 75 years of service to patrons, proving that libraries are as important today as they were in 1942. We are excited about what lies ahead. I am pleased to present a Budget that ensures KCLS will continue to serve our communities for decades to come.



Gary Wasdin
Library Director

2017 Budget Strategies

The King County Library System (KCLS) will continue working with its staff and local communities to create a shared vision for the future of library services.

Early Childhood Literacy

KCLS programs and services will focus on the special needs of children from newborn to age 5 to prepare them for school.

Serving Youth

KCLS will ensure that all students in grades K-12 have access to library resources during the school year, and opportunities for continuous learning and fun during the summer months.

Welcoming Diversity

KCLS will deliver programs, services and resources to our increasingly diverse communities, including immigrant and refugee populations, a growing older adult community, LGBTQIAA individuals and their families, and others.

Community Engagement

KCLS will leverage partnerships with other organizations to develop programs and services that bring people together and provide opportunities for life enrichment.

Emerging Technology

KCLS will continue to expand its digital services so that all individuals have access to new and cutting edge technologies.

Operational Improvements

KCLS will continuously improve its internal operations to ensure that libraries are safe and efficient, and that the return on the community's investment is maximized.

Essential Resources

Collections | Facilities | Staffing | Technology | Outreach | Marketing

KCLS will continue to maintain high standards of excellence in the delivery of programs and services.

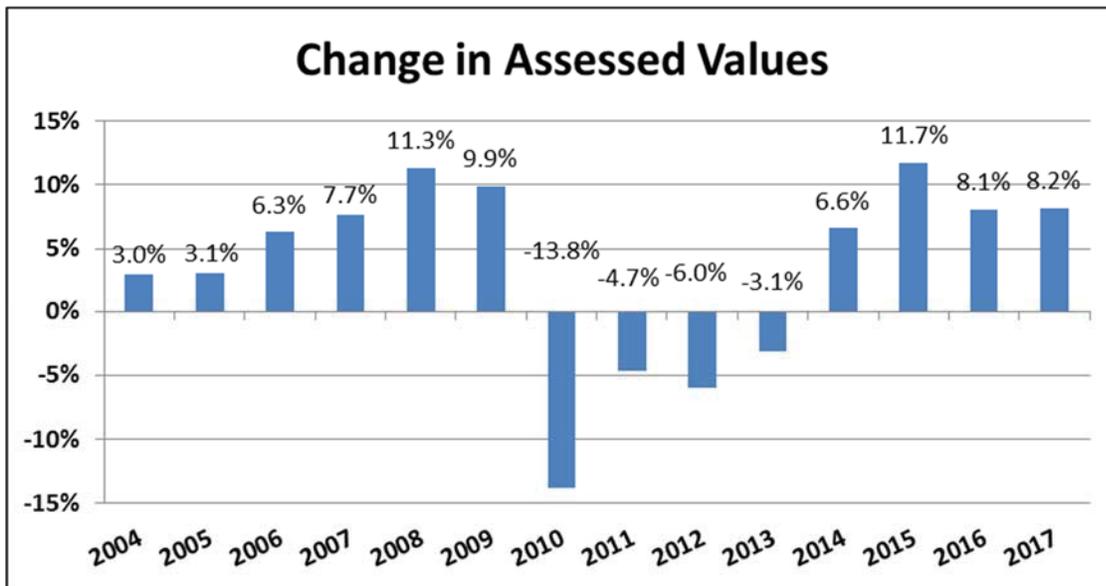


Financial Strategy

The budget outlook for 2017 continues to be favorable. KCLS anticipates an operating surplus of approximately \$3.0 million at the end of 2016. In 2017, total revenue from property valuations and growth in new construction are expected to increase 2.5% while inflation is expected to remain in the 2.0% range. This forecast allows KCLS to remain on track to defer the next Lid Lift beyond the original 2018 target date.

The Preliminary Budget includes an estimated 1.0% increase in property tax revenue as a result of growth in assessed values. While assessed values have increased 8.2%, property tax law limits revenue growth to a 1% increase over the prior year amount, plus new construction revenue. New construction revenue is projected to be \$1.69 million in 2017 versus \$1.56 million in 2016. The regular property tax levy in 2017 is projected to be \$0.41 per \$1,000 of assessed value due to the significant growth in assessed values.

The levy rate for capital bond repayment is forecasted to be \$0.048 per \$1,000 in 2017 – well below the \$0.08 per \$1,000 that was communicated to voters.

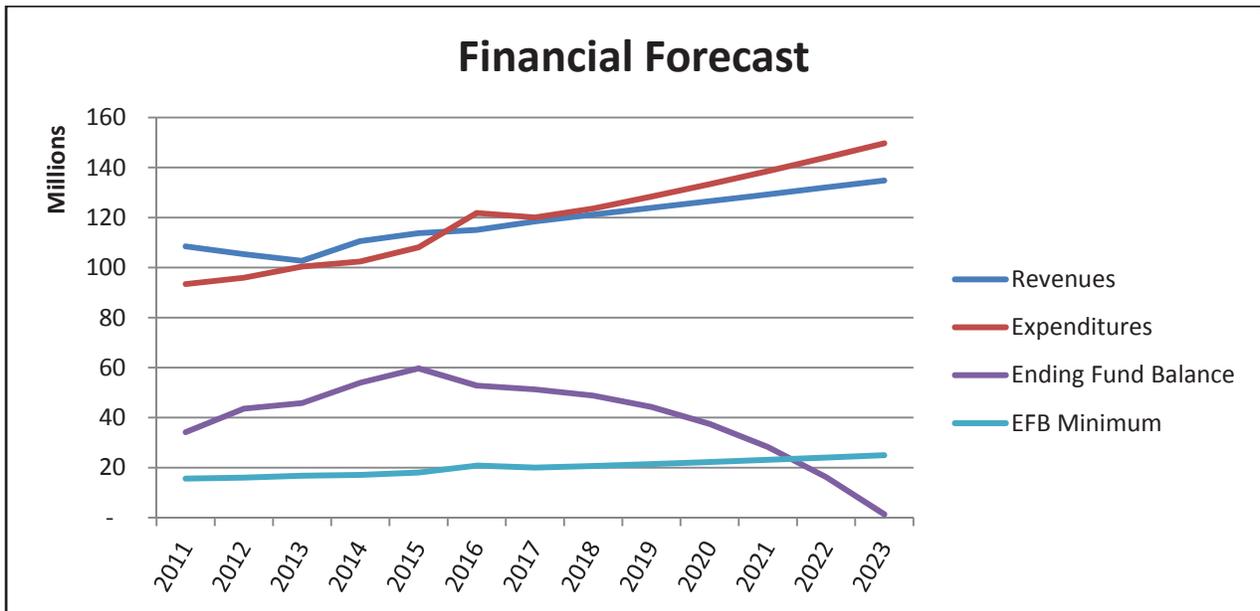


KCLS intends to use a portion of its projected \$3.0 million operating surplus to provide additional resources needed to maintain a high standard of service excellence, including funding for library operations staffing, training and development, collections, and infrastructure upgrades. The 2017 preliminary budget includes \$750,000 for security services at multiple libraries. The budgeted Ending Fund Balance for 2017 is \$51.3 million.

The Preliminary Budget includes a 2.75% general wage increase assumption, contingent upon Board approval. Healthcare premiums from our primary benefits provider are increasing 5.8% in 2017 and are driving the overall benefits inflation.

Included in the 2017 budget is \$2.1 million general fund coverage to provide sufficient funds for construction, furnishings and materials for all remaining Capital Plan Library projects.

The King County Library System Foundation will provide \$1.2 million of additional funding for library programs and activities beyond KCLS' operating budget.



2017 Budget Planning Scenario

	<u>2016 Budget</u>	<u>% Increase</u>	<u>2017 Budget</u>	<u>% Increase</u>	<u>2018 Forecast</u>
Beginning Fund Balance	\$ 56,997,705		\$ 52,833,481		\$ 51,257,818
Property Tax Base	\$ 110,185,654	1.0%	\$ 112,870,135	1.0%	\$ 115,715,598
New Construction	\$ 1,560,301		\$ 1,699,764		\$ 1,600,000
All Other Revenue	\$ 3,251,000	19.1%	\$ 3,871,018	0.0%	\$ 3,871,018
Total Revenue	\$ 114,996,955	3.0%	\$ 118,440,917	2.3%	\$ 121,186,616
Salaries	\$ 50,790,036	4.1%	\$ 52,856,295	5.9%	\$ 55,970,547
Substitutes	\$ 1,570,406	-5.8%	\$ 1,480,000	0.0%	\$ 1,480,000
Benefits	\$ 19,416,053	3.1%	\$ 20,014,673	7.0%	\$ 21,415,700
Facilities	\$ 11,997,734	-3.0%	\$ 11,637,802	2.3%	\$ 11,905,471
Materials	\$ 14,391,806	-2.5%	\$ 14,037,780	2.3%	\$ 14,360,649
CAPS	\$ 1,569,632	-9.6%	\$ 1,418,190	2.3%	\$ 1,450,808
Technology	\$ 5,834,467	3.7%	\$ 6,053,212	2.3%	\$ 6,192,436
Programs	\$ 1,408,871	29.2%	\$ 1,820,712	2.3%	\$ 1,862,588
Admin/Other	\$ 5,958,021	7.9%	\$ 6,428,570	2.3%	\$ 6,576,427
Building Leases	\$ 1,794,340	20.9%	\$ 2,169,346	11.2%	\$ 2,412,733
Transfer to 302/307 funds	\$ 8,400,000	-75.0%	\$ 2,100,000	-100.0%	\$ -
Transfer to 840 fund	\$ 1,675,875	-100.0%	\$ -		\$ -
Total Expenses	\$ 124,807,241	-3.8%	\$ 120,016,580	3.0%	\$ 123,627,360
Ending Fund Balance	\$ 47,187,419		\$ 51,257,818		\$ 48,817,074
Adjustments:					
2016 BFB Adjust	\$ 2,648,646				
Projected Underage	\$ 2,997,416		\$ -		\$ -
Reduced 302/307 transfer	\$ -				
Projected EFB	\$ 52,833,481		\$ 51,257,818		\$ 48,817,074

GENERAL FUND SUMMARY

Description	Actual 2015	Budget 2016	Budget 2017	\$ Variance	% Variance
General Fund Beginning Balance	\$ 53,960,941	\$ 56,997,705	\$ 52,833,481	\$ (4,164,224)	-7.3%
Revenues	113,762,683	114,996,955	118,440,917	3,443,962	3.0%
50000 Expenditures					
51000 Library Operations					
51100 Salaries	47,528,971	50,790,036	52,856,295	2,066,259	4.1%
51200 Substitute Salaries	1,212,885	1,570,403	1,480,000	(90,403)	-5.8%
51300 Personnel Benefits	17,322,017	19,416,056	20,014,673	598,617	3.1%
51400 Supplies	4,198,925	4,218,742	4,393,413	174,671	4.1%
51600 Staff Development	762,478	969,745	953,720	(16,025)	-1.7%
51700 Professional Services	3,994,907	5,315,005	6,025,112	710,107	13.4%
51800 Communications	1,265,838	1,373,860	1,554,620	180,760	13.2%
51900 Travel	182,302	196,750	217,725	20,975	10.7%
52000 Advertising	189,310	346,100	382,237	36,137	10.4%
52100 Operating Leases	1,995,674	2,126,090	2,497,196	371,106	17.5%
52200 Insurance	696,263	740,550	742,000	1,450	0.2%
52300 Utilities	2,102,628	1,981,996	2,050,000	68,004	3.4%
52400 Repair and Maintenance	9,753,801	9,848,495	9,428,864	(419,631)	-4.3%
52600 Reserve	-	500,000	500,000	-	0.0%
52700 Miscellaneous	264,606	355,082	391,955	36,873	10.4%
52800 Intergovernmental Svc	82,089	77,000	77,000	-	0.0%
53100 Library Materials Non-Capital	2,156,005	2,731,121	2,804,940	73,819	2.7%
51000 Library Operations	93,708,699	102,557,031	106,369,750	3,812,719	3.7%
60000 Capital Outlay					
60100 Land	-	-	-	-	0.0%
60200 Building	85,655	-	-	-	0.0%
60300 Furniture and Equipment	468,005	441,450	220,000	(221,450)	-50.2%
60400 Materials	12,035,873	11,660,685	11,232,840	(427,845)	-3.7%
60620 Software (Capitalized)	58,550	72,200	93,990	21,790	30.2%
60700 Owners Costs	14,116	-	-	-	0.0%
60000 Capital Outlay	12,662,199	12,174,335	11,546,830	(627,505)	-5.2%
80000 Other Financing Uses					
80100 Operating Transfers	1,706,375	10,075,875	2,100,000	(7,975,875)	-79.2%
80000 Other Financing Uses	1,706,375	10,075,875	2,100,000	(7,975,875)	-79.2%
50000 Expenditures	108,077,273	124,807,241	120,016,580	(4,790,661)	-3.8%
General Fund Ending Balance	<u>\$ 59,646,351</u>	<u>\$ 47,187,419</u>	<u>\$ 51,257,818</u>	<u>\$ 4,070,399</u>	8.6%