

2018 PRELIMINARY BUDGET

Overview

King County voters have supported the King County Library System since its inception in 1942, helping to make it one of the busiest and most beautiful library systems in the country.

Our libraries are vital community assets that have helped shape lives for 75 years. As times have changed, KCLS continues to find the best ways to meet the needs of King County residents. This past year, the Library System conducted broad, inclusive and community-centric outreach to help us understand our stakeholders' aspirations for the future. We received responses from a diverse cross-section of community leaders, partners, residents, patrons and staff. What we learned from these conversations forms the basis for KCLS' new Strategic Focus, which will guide the Library System's work for the next several years. We will continue to offer a universe of materials and information provided by professional staff, and exceptional facilities that are well-maintained, while focusing on future opportunities to create meaningful connections for our patrons through responsive programs and services.

The **2018 Preliminary Budget** includes investments in areas that align with our Strategic Focus while maintaining KCLS' long-term financial strategy. I am pleased to present a budget that balances KCLS' reputation for excellence in library services with its ongoing commitment to manage financial resources prudently.

Stephen A. Smith
Interim Library Director

2018 BUDGET: FOCUS AND PRIORITIES



In 2017, KCLS completed a broad, community-centric effort to shape a new Strategic Focus that will guide our work for several years to come.

The 2018 Budget reflects what we heard from our stakeholders and is a first approach toward aligning the work of the Library System to the new Strategic Focus.

KCLS' operating budget continues to be framed by our Mission, Vision and Values—inspiring us to think creatively, plan wisely, communicate broadly, serve enthusiastically, and evaluate carefully.

THE 2018 BUDGET INCLUDES INVESTMENTS IN AREAS THAT THE COMMUNITY TOLD US THEY VALUE:

Helpful and expert staff:

training and staff development; compensation; recruitment

Welcoming community presence:

safe, secure, efficient libraries; well-maintained mobile services and fleet vehicles

Responsive programs and services:

early childhood literacy; youth and education; offerings for adults and diverse communities; digital technologies

Diverse collections and other resources:

downloadable and streaming content; popular, high-demand items; world languages and children's collections

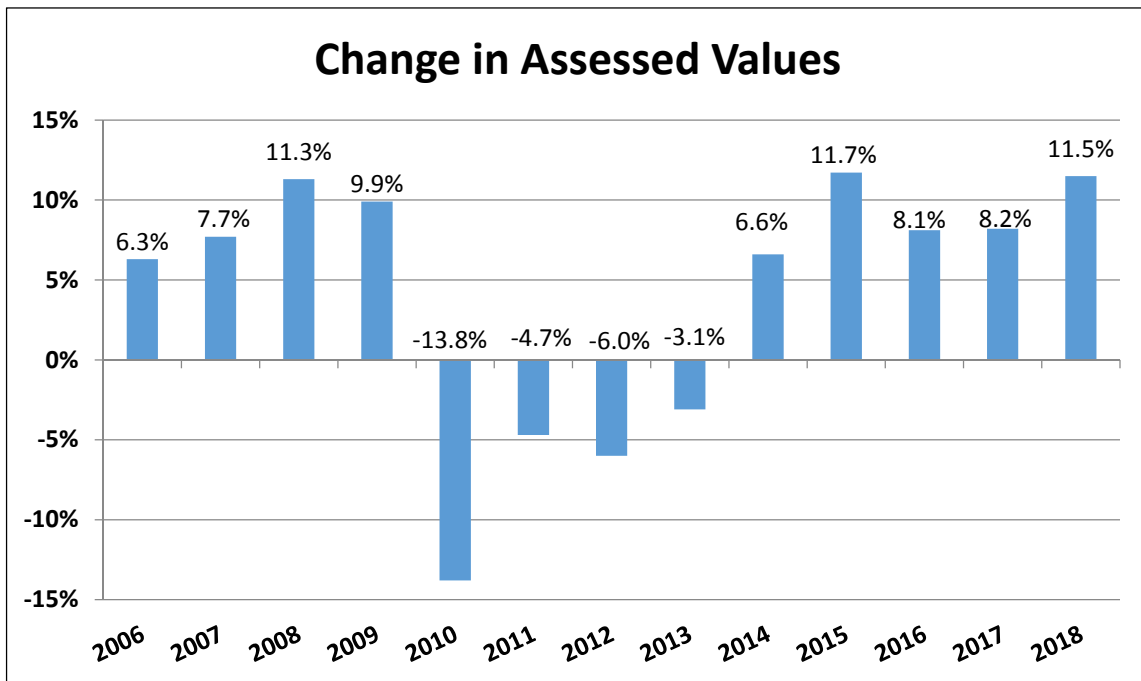


[KCLS.ORG/BUDGET](https://www.kcls.org/budget)

Financial Strategy

The 2018 Preliminary Budget includes an estimated 1.0 percent increase in property tax revenue as a result of growth in assessed values. While assessed values have increased 11.5 percent, property tax law limits revenue growth to a one percent increase over the prior year amount, plus new construction revenue. New construction revenue is projected to be \$1.8 million in 2018 versus \$1.7 million in 2017. The regular property tax levy in 2018 is projected to be \$0.37 per \$1,000 of assessed value due to the significant growth in assessed values.

In 2018, total revenue from property valuations and growth in new construction are expected to increase 2.9 percent while inflation is expected to remain in the 2.5-3.0 percent range. This forecast allows KCLS to remain on track to defer the next Lid Lift beyond the original 2018 target date.

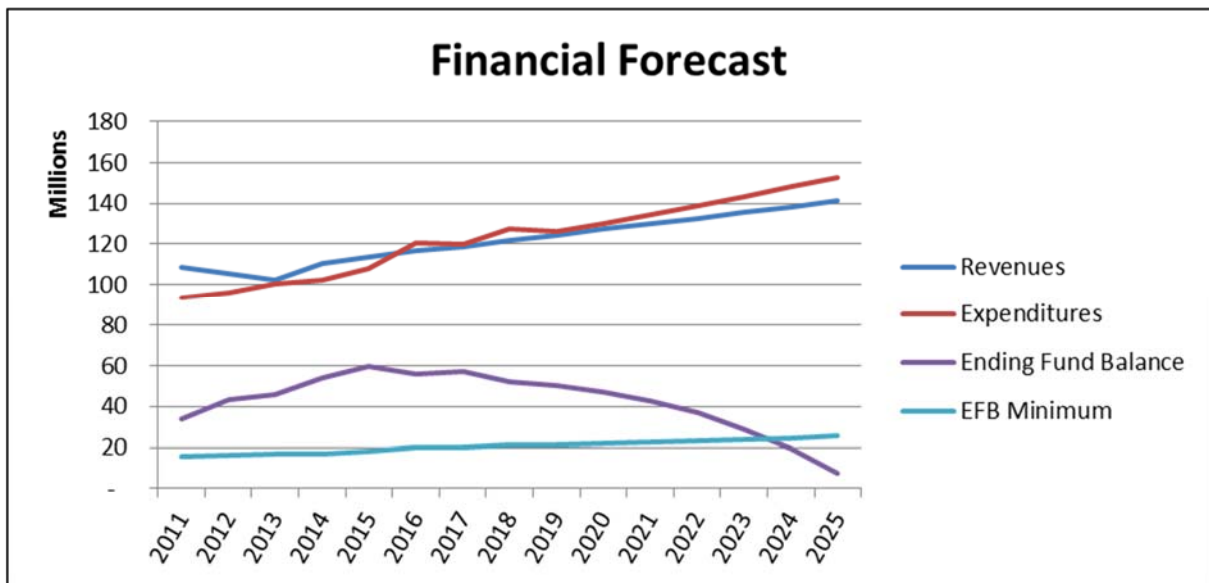


The Preliminary Budget includes a three percent general wage increase assumption, contingent upon Board approval. Healthcare premiums from our primary benefits provider are expected to increase nine percent in 2018 and are driving the overall benefits inflation.

Construction costs related to the IdeaX program are expected to be approximately \$2.1 million in 2018. These costs are included in the Facilities Management Services budget and account for a good portion of their 2018 departmental budget.

The King County Library System Foundation will provide \$1.2 million of additional funding for library programs and activities. This amount is included in other revenues.

Included in the 2018 budget is \$2.5 million general fund transfer to provide sufficient funds for construction, furnishings and materials for all remaining Capital Plan Library projects. The \$1.8 million transfer budgeted in 2017 is deferred to 2018 and is included in the \$2.5 million transfer budgeted for 2018.



2018 Budget Planning Scenario

	2017 Budget	% Incr	2018 Budget	% Incr	2019 Forecast
Beginning Fund Balance	\$ 52,833,481		\$ 57,054,040		\$ 51,849,597
Property Tax Base	\$ 112,870,135	2.9%	\$ 116,093,823	1.0%	\$ 119,101,481
New Construction	\$ 1,699,764	7.6%	\$ 1,828,435	-18.0%	\$ 1,500,000
All Other Revenue	\$ 3,871,018	5.8%	\$ 4,094,000	-2.3%	\$ 4,000,000
Total Revenue	\$ 118,440,917	3.0%	\$ 122,016,258	2.1%	\$ 124,601,481
Salaries	\$ 52,796,295	4.0%	\$ 54,884,516	3.0%	\$ 56,531,051
Substitutes	\$ 1,480,000	-3.2%	\$ 1,433,000	0.0%	\$ 1,433,000
Benefits	\$ 20,814,673	5.7%	\$ 22,007,838	5.7%	\$ 23,269,399
Sub-total Personnel	\$ 75,090,968	4.3%	\$ 78,325,354	3.7%	\$ 81,233,451
Facilities	\$ 11,637,802	28.1%	\$ 14,902,849	-13.9%	\$ 12,827,849
Materials	\$ 14,037,780	0.6%	\$ 14,118,394	2.3%	\$ 14,443,117
Catalogue & Processing	\$ 1,418,190	4.0%	\$ 1,474,551	2.3%	\$ 1,508,466
Technology	\$ 6,053,212	2.2%	\$ 6,186,599	2.3%	\$ 6,328,891
Programs	\$ 1,770,712	17.5%	\$ 2,080,306	2.3%	\$ 2,128,153
Admin/Other	\$ 6,178,570	-11.2%	\$ 5,484,948	2.3%	\$ 5,611,102
Building Leases	\$ 2,169,346	-1.0%	\$ 2,147,700	0.0%	\$ 2,147,700
Transfer to 302/307 funds	\$ 1,800,000 *	38.9%	\$ 2,500,000	-100.0%	\$ -
Sub-total Operations	\$ 45,065,612	8.5%	\$ 48,895,347	-8.0%	\$ 44,995,277
Total Expenses	\$ 120,156,580	5.9%	\$ 127,220,701	-0.8%	\$ 126,228,728
Ending Fund Balance	\$ 51,117,818		\$ 51,849,597		\$ 50,222,349
Adjustments:					
EFB 2016	\$ 55,617,684				
BFB 2017	\$ (52,833,481)				
2017 BFB Adjust	\$ 2,784,203				
Projected increased revenues	\$ 1,352,019				
Reduced 302/307 transfer	\$ 1,800,000 *				
Projected EFB	\$ 57,054,040		\$ 51,849,597		\$ 50,222,349