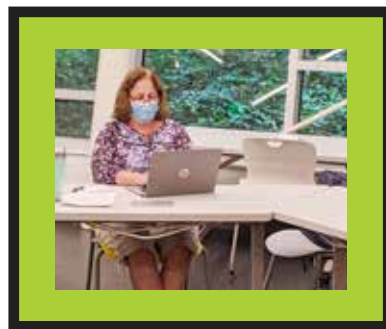
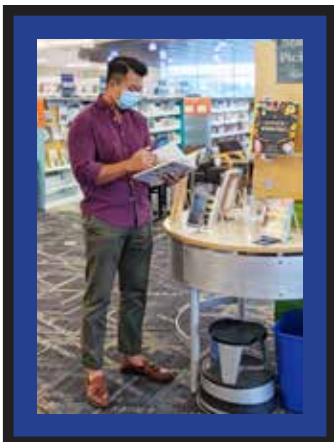
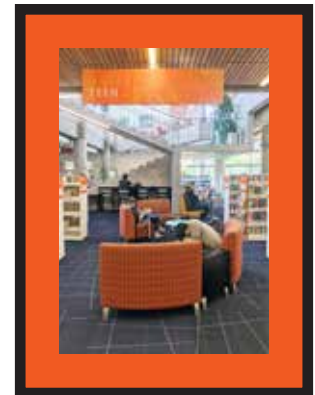
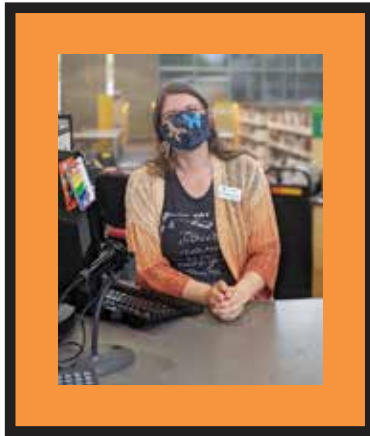
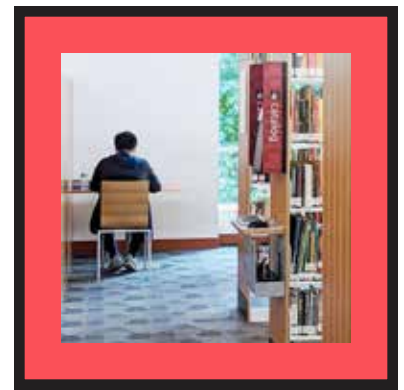
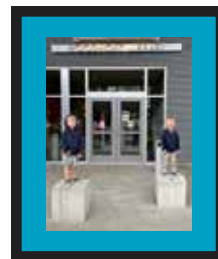
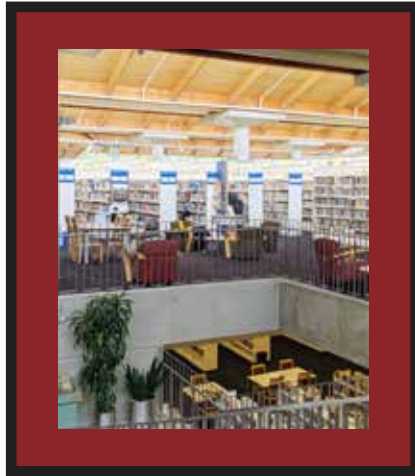




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# 2022 PRELIMINARY BUDGET



## 2021 KCLS BOARD OF TRUSTEES



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## KCLS ADMINISTRATION



Lisa G. Rosenblum  
KCLS Executive Director



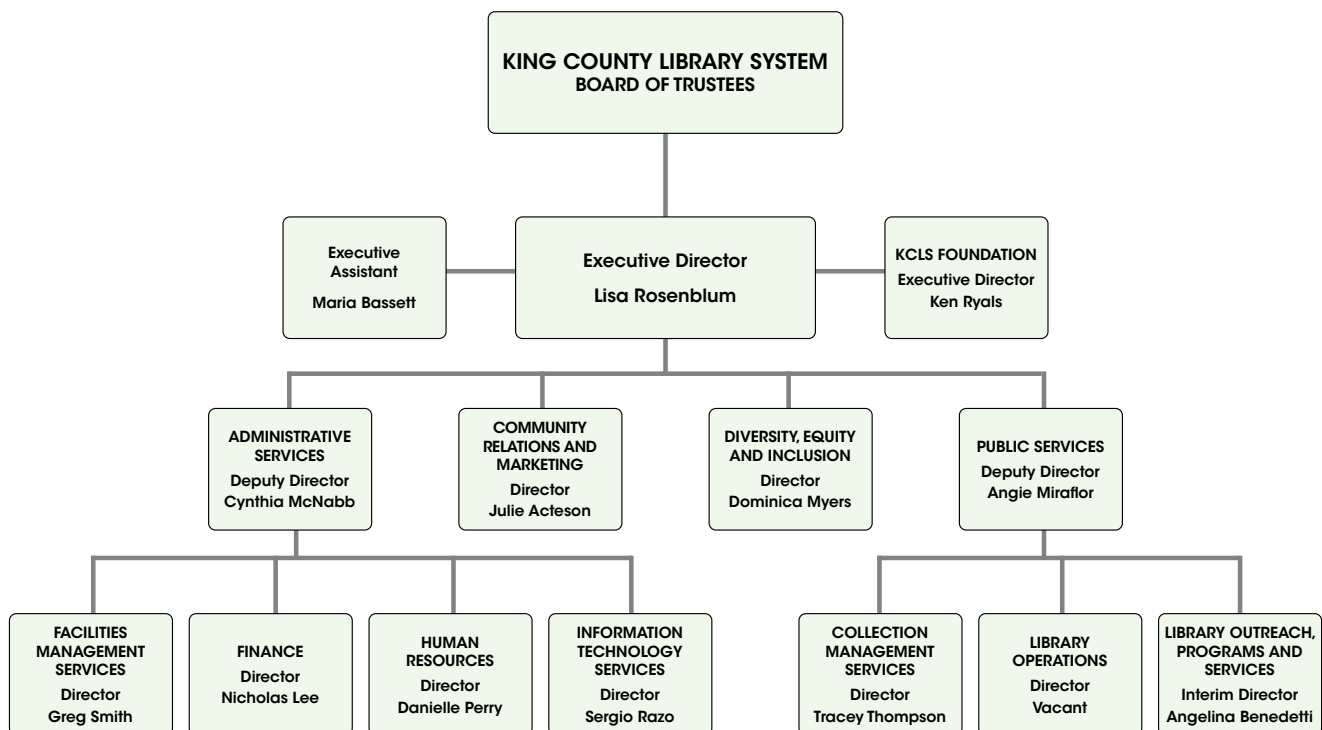
# LIBRARY DISTRICT OVERVIEW

The King County Library System serves approximately 1.5 million residents across more than 2,300 square miles of King County, Washington. KCLS is consistently ranked as one of the busiest libraries in the country. With 50 libraries located in 38 distinct urban, suburban and rural communities, KCLS typically circulates more than 20 million items and welcomes approximately 10 million visitors annually.

KCLS was established in 1942 as an independent taxing district and is governed by a seven-member Board of Trustees in accordance with RCW 27.12.192. Board of Trustee members are appointed by the King County Executive and confirmed by the King County Council. The Board of Trustees hires the Executive Director, adopts the Library District's annual operating budget, sets an annual property tax levy and approves the District's long-range strategic plan. Trustees serve voluntarily and agree to uphold the Mission, Vision and Values of the King County Library System.

The Executive Director oversees the annual operating budget and keeps the KCLS Board of Trustees apprised of the Library District's financial and operational status. Responsible for the overall strategic direction and leadership of the District, the Executive Director ensures that KCLS operates within its approved budget while providing relevant programs, services and materials that meet the needs of the diverse communities the Library System serves.

The Executive Director's Leadership Team includes the Deputy Director of Public Services; Deputy Director of Administrative Services; and the Directors of Collections Management Services; Community Relations and Marketing; Diversity, Equity and Inclusion; Facilities Management Services; Finance; Human Resources; Information Technology Services; Library Operations; and Library Outreach, Programs and Services. The KCLS Foundation Executive Director is also a member of the Leadership Team.



# EXECUTIVE DIRECTOR'S SUMMARY

October 27, 2021

To the King County Library System Board of Trustees:

I am pleased to present King County Library System's Budget for Fiscal Year 2022, which includes KCLS' annual Preliminary Budget and five-year Capital Investment Program (CIP).

The 2022 Budget reflects a continued focus on the overarching strategic goals that guide our work: Communities of Inclusion and Belonging; Responsive and Inspirational Service; Organizational Excellence, and Strategic Communication. The Budget funds key strategic initiatives and projects that further expand programs and services to support operational improvements; creates internal efficiencies and enhances experiences for patrons and staff.

## **Budget Funding**

As an independent taxing district, KCLS has a General Fund comprised predominately of property tax revenue that is collected and distributed by the King County Treasurer twice a year-in April and October. In order to sustain ongoing operations during the gap in revenue collection between the end of the year and the following April, KCLS relies on a minimum Ending Fund Balance (EFB), which is equal to 120 days of operating expenditures. Maintaining an adequate fund balance is a vital component of KCLS' comprehensive financial planning.

## **Budget Challenges**

Historically, KCLS' operational expenditures have significantly outpaced revenues. While there are several contributing factors, the statewide Initiative 747 has had a critical impact. Initiative 747 limits annual revenue growth to 1%, while in September the U.S. Bureau of Labor and Statistics showed a 5.4% increase in the cost of goods and services over the past year.

The effect of inflation on the largest components of KCLS' expenditures budget—salaries and healthcare benefits—and escalations in contracted maintenance services, has a cumulative impact on the budget. At the current rates of inflation, KCLS will continue to operate in a deficit position, causing a commensurate reduction in the District's Ending Fund Balance.

In 2020, KCLS had planned for a ballot measure, asking voters to approve a levy lid lift for 2021. The Library System has passed a levy lid lift measure every eight years since 2002, the last being in 2010. Voter approval of a new levy lid lift would increase revenue and allow KCLS to sustain library operations at current service levels for several more years. However, continuing financial impacts caused by the COVID-19 pandemic have led KCLS to postpone the measure yet again, adding pressure to the budget. The 2022 Budget includes cost-containment strategies to mitigate these effects.

In 2022, total General Fund expenditures are budgeted at \$135.8M, reflecting a 4.4% increase over the previous year.

## **2021 Successes**

Although the past year has posed challenges to almost every aspect of the organization, there also have been opportunities for meaningful and significant change. Throughout the pandemic, KCLS continually adapted library programs and services to meet community needs, while adhering to state and public health mandates. KCLS also focused on internal business excellence, advancing key initiatives and implementing System-wide enhancements that created more effective business practices. In addition, the controlled hiring environment and pandemic-required partial closure allowed KCLS to study, analyze and implement a future staffing plan that promotes more opportunities for staff to advance within KCLS and part-time staff to seek full-time employment.

Noteworthy efforts aligned with KCLS strategic goals include:

### **Communities of Inclusion and Belonging**

- Collaborated with King County partners and stakeholders to offer library buildings as emergency cooling stations for communities impacted by lack of access to cooling centers during a record heat wave in June 2021.
- Continued the no-fines policy to ensure patrons have maximum access to library materials and resources.
- Offered the Your Next Job program, providing free one-on-one help to patrons and answers to job and unemployment questions online or by phone in 11 different languages. This program also helps patrons to learn new skills and find their next job.
- Welcomed new Peer Services Specialists to work directly with library patrons. Peers are professionals with lived experience of homelessness, mental health challenges, substance use and/or criminal justice system involvement. Now in recovery, they use their experience to support others in achieving goals and are subject-matter experts in providing social services and referrals.

### **Responsive and Inspirational Service**

- Increased the digital collections budget by 50% to keep pace with its growing popularity and to expand access to collections while there was no in-library use of buildings.
- Collaborated with Public Health-Seattle & King County to host COVID-19 vaccine clinics at multiple library locations. Pop-up clinics were held in library parking lots easily accessed by patrons and community members.
- Before libraries were reopened for in-library use, patrons utilized curbside service for holds, surprise bags, printing and tax forms. From July 1, 2020 to July 3, 2021, 1.3M curbside pickups were scheduled through the myLIBRO app. Additional use of curbside services occurred for those who simply picked up their items without a reservation.
- Successfully implemented the phased re-entry plan and welcomed patrons back in-person to all 50 KCLS libraries by July 2021.

### **Organizational Excellence**

- KCLS received a Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA). The award recognizes KCLS' commitment to meet the highest principles of governmental budgeting and financial transparency.
- The data warehouse project was launched, with funding from the KCLS Foundation to ensure that staff, leadership, Foundation and Trustees have standardized access and organized data to assist in complex financial and operational decision-making.

## **Strategic Communication**

- System-wide integration of Microsoft Teams and Zoom Webinar platforms to ensure staff remained connected to each other, to leadership, the public and the Board of Trustees. Continuing efforts to connect with staff through virtual trainings and Town Hall meetings allow KCLS to limit travel and training expenses while still investing in staff development.

## **2022 Budget Highlights**

In 2022, KCLS will work to more fully integrate Diversity, Equity and Inclusion (DEI) values within its strategic initiatives and projects; expand open hours for patrons; offer more full-time positions to KCLS staff; pursue external grant funding to provide even more services to communities; and continue to implement green strategies.

Beginning in the second half of 2021, the newly formed DEI department began data collection on the 2021-22 DEI Assessment Project to acquire a holistic view of KCLS through a DEI lens. A 29-staff person Project Team from diverse backgrounds and work roles leads this effort. Via both internal and external scans, the Assessment Project will serve as the cornerstone for developing data-informed community-led programs and services, authentic community partnerships and targeted staff development initiatives.

The Collection Management Services department will employ a new diversity analysis tool to compare library collections against industry-accepted diversity subjects. This will enable KCLS to evaluate representation of diverse populations in both print and digital collections.

The 2022 Budget anticipates returning to a more robust set of open hours, from offering 1,585 open library hours per week in 2021 to offering 1,885 library hours per week in 2022. The projected open hours for 2022 constitutes a 19% increase from the open hours in 2021, recognizing that this percentage may increase in 2022 if KCLS determines that business-need metrics, such as patron traffic count, warrants an increase and the budget can sustain this. KCLS instituted controlled hiring during 2020 and 2021 in response to the pandemic when state mandates limited full library services; but in order to offer more open library hours, KCLS is in the process of reorganizing and hiring staff to fill positions, while taking the opportunity to offer promotional opportunities and more full-time positions to existing staff.

KCLS' controlled-hiring environment provides an unexpected opportunity to implement some of the recommendations from the 2018 Staffing Model Evaluation, including increasing the number of Public Service Assistant (PSA) positions. One goal of the PSA position was to create a "one-stop" experience for patrons, where most patron needs could be addressed by the first staff member they encounter. For this reason, the PSA job description spans most public service functions, incorporating circulation, technology assistance and information assistance. Approximately 90 PSA positions across all library regions are on target to be filled in 2022.

Another highlight of the 2022 Budget is the emphasis on grant funding. KCLS has actively pursued outside grants for funding in 2022, such as the American Rescue Plan Act (ARPA). This grant will expand public access to KCLS in a variety of ways, including two new outside lockers for patrons to pick up library materials 24/7; the creation of an online programming and public production studio; library study room upgrades to support online meetings; and LanguageLine expansion to further serve diverse communities.



Capital Investment Program (CIP) budgets will increase 41%, reflecting the rising costs of goods and services in the IT and construction industries and an influx of grant revenue (see page 51 for a list and descriptions of 2022 grants). This increase allows KCLS to be ready for a full System reopening while anticipating the possible need for additional safety or technology purchases, in response to the continuously evolving pandemic.

In its ongoing commitment to address climate change, the CIP includes three projects that move the Library System closer to compliance with Washington State's Climate Commitment Act and the Strategic Climate Action Plan. These projects center on reducing KCLS' largest facilities' Energy Use Intensity (EUI) and help move the Library towards meeting the goal set forth by King County to reduce greenhouse gas emissions (GHG) by 50% by 2025 (compared to the 2007 baseline).

### **Conclusions**

The 2022 Budget provides the programs and services, expert staff and enriching collections our patrons expect and need—now more than ever. It is a strong operational plan balanced by a continued focus on prudent fiscal management.

### **Acknowledgements**

Thank you to the KCLS Leadership Team, Finance Department and Community Relations and Marketing staff for the development, design and production of the 2022 Budget.

Sincerely,



Lisa G. Rosenblum, KCLS Executive Director





# 2022 STRATEGIC FRAMEWORK

King County Library System's (KCLS) Strategic Framework and its elements were thoughtfully developed after broad input from patrons, community leaders and partners, educators and staff in 2016. It reflects KCLS' commitment to public service and accountability, and a deep intention to enhance lives, forge connections and strengthen communities.

Since implementation of the Strategic Framework in 2018, KCLS has completed more than 50 projects that advance the Library System's strategic goals. These include projects that improve business processes, enhance customer service and increase alignment with KCLS' values. The remaining projects are focused on development of services that inspire patrons and improve their library experience.

## FOCUS

### To create opportunities through meaningful connections

*KCLS will do this by connecting people with information and services to navigate life's complexities and biases; by providing equitable avenues to build the skills and knowledge needed for success; and connecting people to bridge differences and create communities of inclusion and belonging.*

#### MISSION

To inspire the people of King County to succeed through ideas, interaction and information.

#### VISION

A world in which knowledge allows diverse communities to prosper and grow.

#### VALUES

Knowledge, Intellectual Freedom, Diversity, Equity and Inclusion, Professional Ethics, Stewardship and a Service Mindset.

#### COMMITMENTS

Customer service through helpful and expert staff; a robust and diverse collection of books and resources; responsive programs and services and welcoming library spaces.

## GOALS

### Communities of Inclusion and Belonging

KCLS continually works to increase equity, strengthen bonds and support individual and community identities by embracing and reflecting the diversity of our communities.

### Responsive and Inspirational Service

KCLS offers customized pathways to exciting, relevant opportunities that inspire innovation, creation, learning and reflection. KCLS connects with people and organizations to leverage community strengths and enhance experiences.

### Organizational Excellence

KCLS has clear priorities and effective practices; high-performing leadership and staff; financial stability and a healthy culture. KCLS measures performance and uses what it learns to make sound decisions.

### Strategic Communication

KCLS communication is clear, timely and intentional. Residents, partners and supporters recognize KCLS as an essential contributor to their lives. Staff use internal standards, practices and tools that inform, educate and connect.



# 2022 PROJECTS

*The Budget includes funding for key projects that align with KCLS' four strategic goals: Communities of Inclusion and Belonging; Responsive and Inspirational Service; Organizational Excellence; and Strategic Communication.*



## Communities of Inclusion and Belonging

- Implement KCLS' diversity, equity and inclusion (DEI) strategy.
- Increase community partnerships in program and service development and delivery.
- Deliver programs that reflect community diversity.
- Provide collections and materials that support diverse communities.



## Responsive and Inspirational Service

- Improve access to information through technology.
- Build economic resilience in our communities.
- Support children's love for reading.



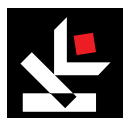
## Organizational Excellence

- Configure library staffing to meet community needs.
- Improve innovation and continuous improvement processes.
- Craft an inclusive vision for intellectual freedom.
- Upgrade libraries to reduce KCLS' carbon footprint.



## Strategic Communication

- Improve KCLS' internal communication.
- Implement user-centered communication strategies.
- Upgrade financial and data management and reporting systems.
- Explore the best timing to revisit a levy lid lift.



## 2022 STRATEGIC GOALS AND PROJECTS

The Budget includes funding for key projects that align with KCLS' four strategic goals: Communities of Inclusion and Belonging; Responsive and Inspirational Service; Organizational Excellence; and Strategic Communication.

### Communities of Inclusion and Belonging

KCLS continually works to increase equity, strengthen bonds, and support individual and community identities by embracing and reflecting the diversity of our communities.

- **Implement KCLS' diversity, equity and inclusion (DEI) strategy.**

KCLS will transition into the next stage of development for its DEI strategy, beginning with a comprehensive DEI Assessment, including a community engagement process that will result in a clear understanding of the attributes of communities that the Library System serves. By combining this data with information from KCLS, the assessment teams will develop profiles and action plans that staff will use to implement changes across the Library System.

- **Increase community partnerships in program and service development and delivery.**

Community-led approaches to service development have shown to increase involvement, advance equity and achieve meaningful outcomes. KCLS will work toward this model, broadening its collaborations with community-focused organizations and increasing use of peer-to-peer services. The Library System will build inclusive services and programs with groups such as immigrants, entrepreneurs, teens and unstably-housed individuals.

- **Deliver programs that reflect community diversity.**

KCLS is a leader in offering quality programs that build knowledge and create opportunities for meaningful connections. Throughout 2021, a robust suite of programs for older adults improved social interaction among this group, which is often isolated, and this will continue as a priority. The Library System will increase its focus on community-led programming that represents varied lived experiences and reflects the diversity of the communities KCLS serves, giving more patrons an opportunity to find offerings of interest.

- **Provide collections and materials that support diverse communities.**

Community engagement and demographic information from a collections audit will inform decisions for collection development in order to meet the needs of KCLS' diverse communities. KCLS will focus on collection support for world language speakers and BIPOC (Black, Indigenous, People of Color) communities.

### Responsive and Inspirational Service

KCLS offers customized pathways to exciting, relevant opportunities that inspire innovation, creation, learning and reflection. KCLS connects with people and organizations to leverage community strengths and enhance experiences.

- **Improve access to information through technology.**

The Library System will continue to bridge the connectivity gap by collaborating with community organizations to provide targeted access to devices and connectivity. KCLS will support digital equity and inclusion by providing services and programs, including Digital Navigators and Teleconnect. KCLS will expand options for patrons to use voice-assistant devices like Alexa and more flexible website searching to make information easier to find.

- **Build economic resilience in our communities.**

As the economic impacts of the pandemic continue to unfold, KCLS will increase its connections with community organizations to expand use of the Library System's career development services. The Library will establish an equitable small business consultant group that will advise and design library services that meet the needs of disproportionately impacted entrepreneurs. In 2022, KCLS will also enhance its online digital-skills learning and certification offerings for entrepreneurs and job seekers.

- **Support children's love for reading.**

Early literacy and school-age reading programs have long been a staple service. In 2022, KCLS will increase its engagement with parents, focusing on making reading a regular family activity. Librarians will collaborate with teachers on reading programs for elementary students that are easily adapted to classroom needs. In all reading programs, KCLS will support parents and teachers in finding developmentally-appropriate books that represent the diverse backgrounds and interests of all students.

## **Organizational Excellence**

KCLS has clear priorities and effective practices, high performing leadership and staff, financial stability and a healthy work culture. KCLS measures performance and uses what it learns to make sound decisions.

- **Configure library staffing to meet community needs.**

As library use settles into a new version of normal, KCLS will use this opportunity to continue to align staffing with community needs. Using prior recommendations from staff and the DEI assessment that is underway, the Library System will explore creative solutions that position the organization as a stronger community asset and employer of choice. KCLS will provide employee leadership development and managerial training programs to enhance competency and preparedness for growth within the organization. KCLS will also use information and data analytics from current and exiting employees to understand the employee experience and align organizational culture to the mission, vision, and values.

- **Improve innovation and continuous improvement processes.**

KCLS is often at the leading edge of public library services and operations. In 2022, the Library System will formalize its processes for encouraging and capturing innovation. KCLS will also adopt a methodology for ongoing review, evaluation and improvement of internal work processes.

- **Craft an inclusive vision for intellectual freedom.**

Intellectual freedom—the right of every individual to seek and receive information from all points of view—is a foundational value of public libraries in the United States. It is a concept that evolves to meet the needs of a changing society. KCLS will update its organizational practices, documentation and training materials to support and align with the equally important values of diversity, equity and inclusion.

- **Upgrade libraries to reduce carbon footprint.**

To comply with the King County Strategic Action Climate Plan, KCLS will purchase renewable energy for the Woodmont Library in conjunction with scheduled upgrades, resulting in significant offsets of our natural gas emissions, electrical use and other energy resources used for operations. At the Service Center and Bellevue Library, KCLS will begin work to comply with the Clean Buildings Standard Performance energy use targets, including replacement of system components using pre-adopter incentive funding.

## **Strategic Communication**

KCLS communication is clear, timely and intentional. Residents, partners and supporters recognize KCLS as an essential contributor to their lives. Staff use internal standards, practices and tools that inform, educate and connect.

- **Improve KCLS' internal communication.**

The communication challenges of 2020-2021 (related to the pandemic) provided opportunities to launch tools and develop staff skills that will take KCLS to the next level of engagement across all 50 library locations. In 2022, the Library System will review its communication needs and begin developing a plan for thoughtfully implementing next-generation practices.

- **Implement user-centered communication strategies.**

Email Newsletters are an effective communication tool and KCLS currently offers 25 topical and local newsletters to 190,000 cardholders who have chosen to receive them. In 2022, KCLS will adopt new software that imports content from our website, allowing patrons to customize their preferences and enabling KCLS to send targeted emails about the library services and events patrons are most interested in. KCLS will use the results of a user survey to learn more about what kind of information people want to receive, and to gauge interest in switching to automatic enrollment in KCLS newsletters. This will help KCLS build a strong framework for improved email newsletters with a patron-centered approach.

- **Upgrade financial and data management and reporting systems.**

KCLS will complete improvements to financial systems designed in 2021, including new job costing, contract management and expense management tools. Implementation of accounts payable automation will increase efficiency and decrease processing time. Financial and operational data will be integrated in a secure data warehouse, enabling timely and customized performance dashboards to support organizational decision-making.

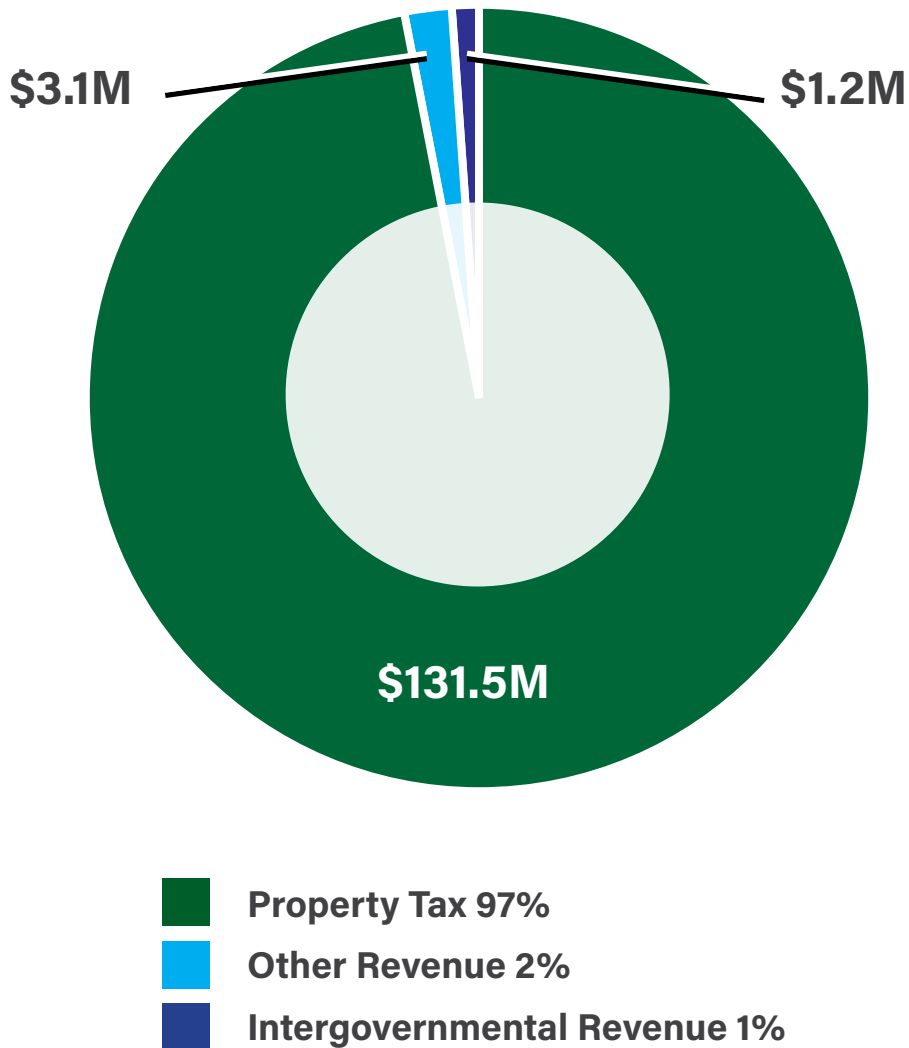
- **Explore the best timing to revisit a levy lid lift.**

In February 2020, the King County Library System (KCLS) Board of Trustees adopted a resolution to place a levy measure on the August ballot. Facing a growing budget deficit, a levy lid lift allows KCLS to sustain library programs and services at the level our communities expect and need. Because of the economic impacts of the pandemic and the uncertainties it presented for residents, businesses, and other public service agencies, KCLS decided to forego placing a levy measure on the ballot for 2020-2021.

## GENERAL FUND OVERVIEW

In 2022, total general fund revenue is projected at \$135.8M. KCLS revenue is relatively stable year to year, as it is predominantly comprised of property tax. Annual growth in property tax revenue is restricted to 1% over the prior year; plus any increase in revenue derived from new construction. Other revenue sources include, but are not limited to, grant funding, investment interest and eRate subsidies. Intergovernmental revenue is received from other government entities, for example, state timber tax.

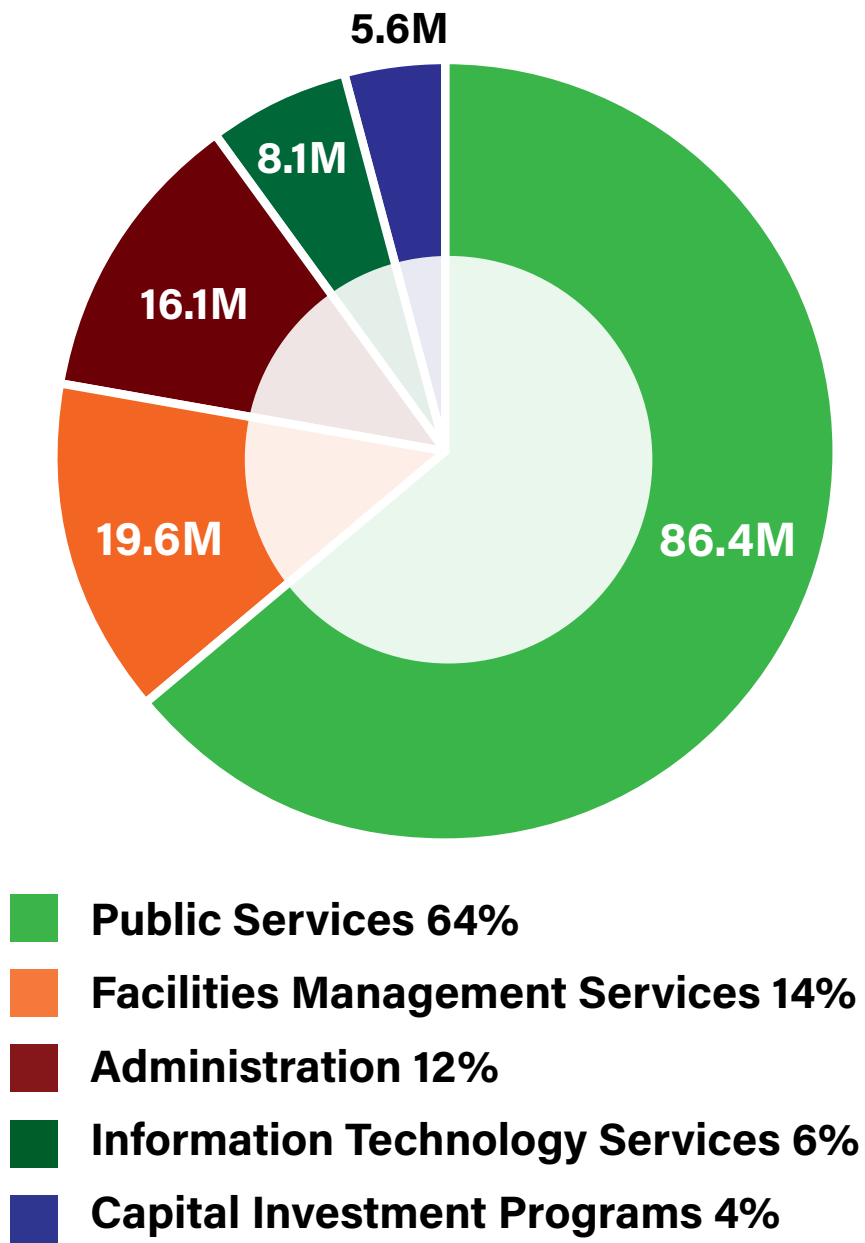
### KCLS BUDGET REVENUE (\$135.8M) BY SOURCE



## GENERAL FUND OVERVIEW

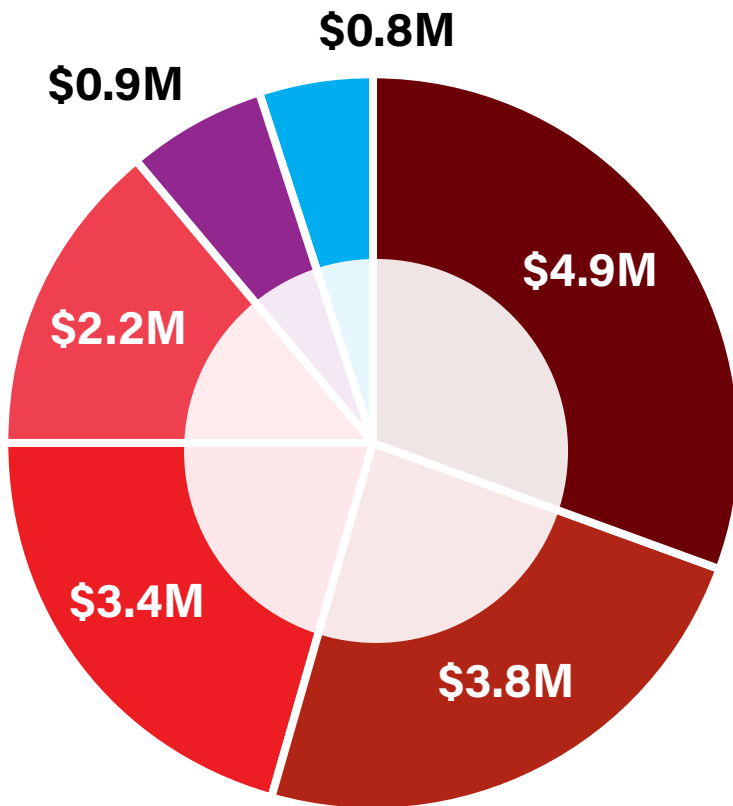
Total general fund expenditures in 2022 are budgeted at \$135.8M and allocated to staffing, programs and services, collections and routine repair and maintenance of buildings, grounds, furniture and equipment.

### KCLS BUDGET EXPENDITURES (\$135.8M) BY DIVISION

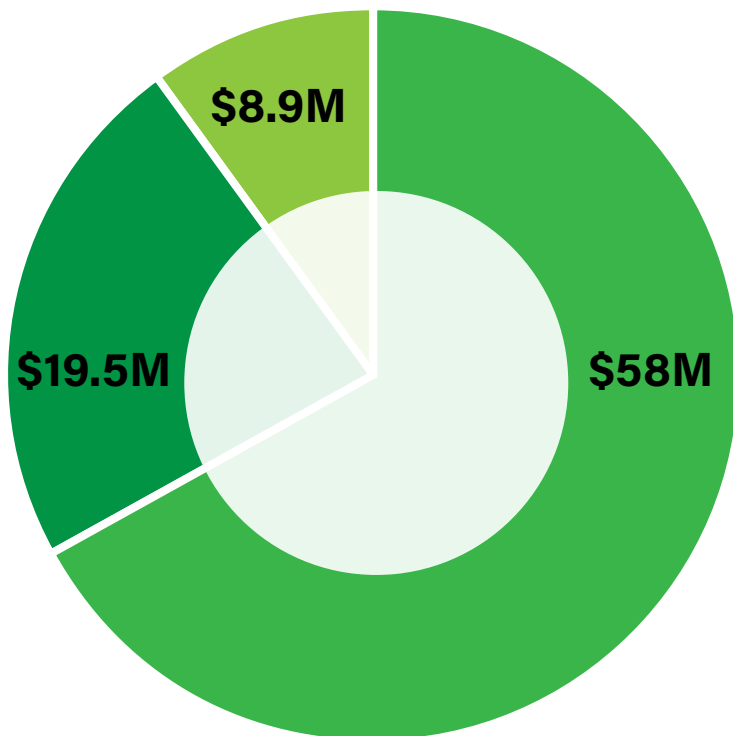
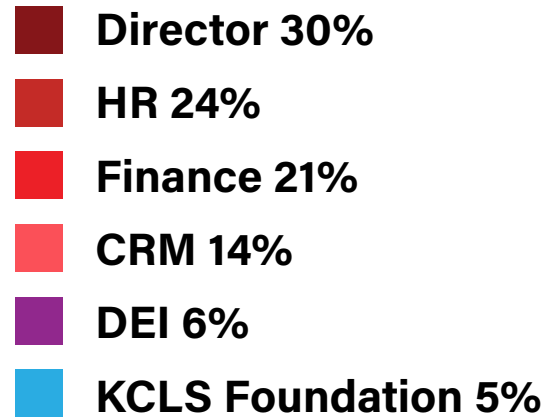




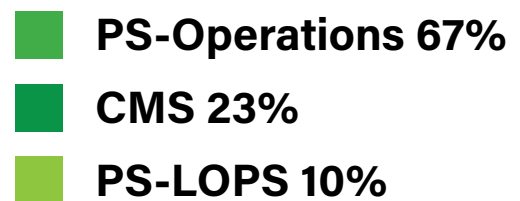
## GENERAL FUND OVERVIEW



## ADMINISTRATION BUDGET BY DEPARTMENT



## PUBLIC SERVICES BUDGET BY DEPARTMENT

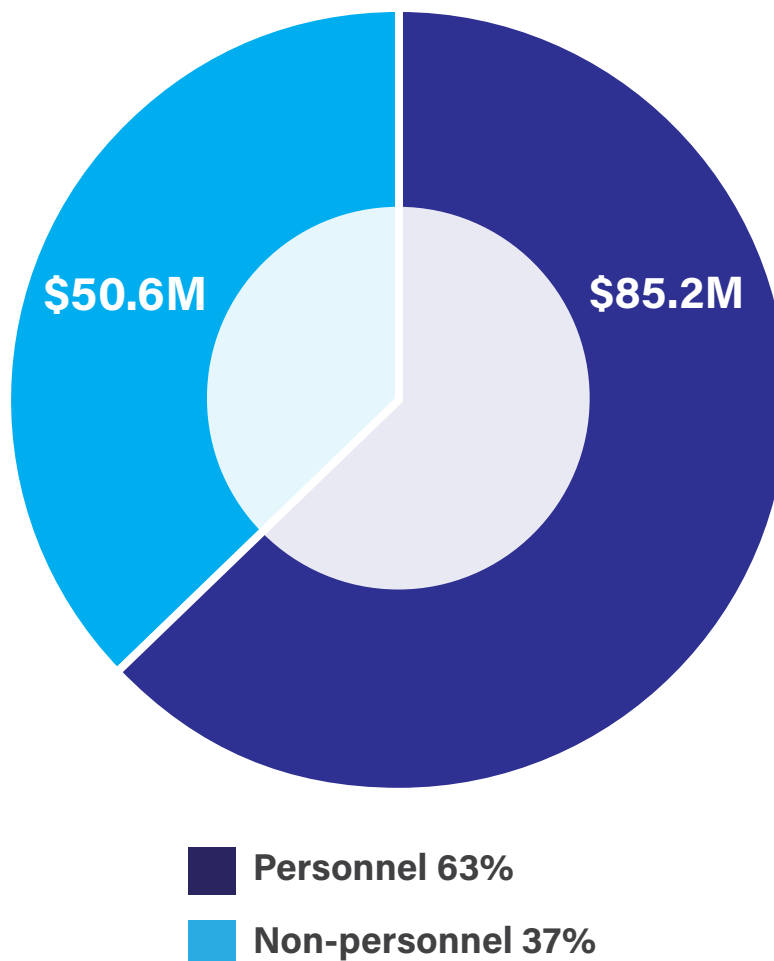


## GENERAL FUND OVERVIEW

Personnel expenditures account for 63% of total budgeted expenditures, and include salaries and benefits for 1,201 employees, or 819 Full-Time Equivalent (FTE) employees.

Non-personnel expenditures account for 37% of total budgeted expenditures. The 2022 Budget also includes \$5.6M in funding for the Facilities and Technology Capital Investment Programs (CIP) to cover anticipated major expenditures for ongoing maintenance and upkeep of the Library District's capital assets.

### KCLS BUDGET EXPENDITURES (\$135.8M) BY CATEGORY



## GENERAL FUND OVERVIEW

Ten years after voters approved the last general property tax levy lid lift (2010), KCLS was planning another levy measure for the August 2020 ballot. In March of 2020, when Washington State's Governor ordered all public agencies to close facilities in order to protect public health and safety, the ballot measure was rescinded and postponed.

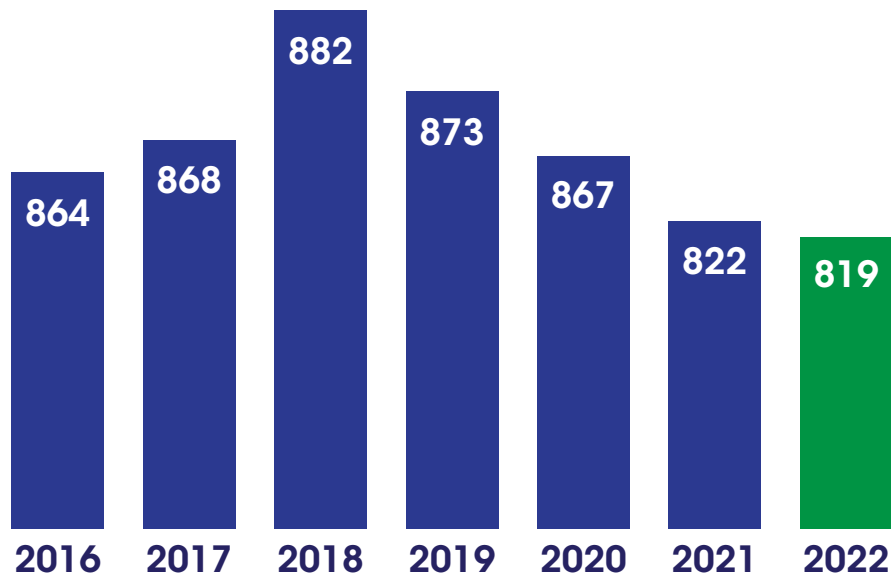
Grappling with financial uncertainties, KCLS took immediate action to reduce personnel and non-personnel operating expenditures and maintained those reductions through most of 2021. With changes to state and public health mandates and guidelines in mid-2021, KCLS reopened its doors to restore core patron services and staff support.

The 2022 Budget proposes investments that will continue to inspire KCLS patrons and staff, while emphasizing a return to normalcy in library operations, including:

- Increasing library open hours and filling open and reorganized positions, equal to 819 FTEs\*.
- Resuming full capital investment schedules for facilities, fleet and technology, which increases the Capital Investment Plan budget by 41%.
- Restoration of training, travel and conference funding.

\*The projected open hours for 2022 constitutes a 19% increase from the open hours in 2021.

## KCLS BUDGETED FULL-TIME EQUIVALENTS



A continued focus on long-range fiscal sustainability has allowed KCLS to propose a balanced budget for 2022. As "new" normal library operations are resumed and enhancements in programs and services are anticipated in 2022, KCLS remains cognizant of the impact that increased service levels have on future levy lid lift requirements.

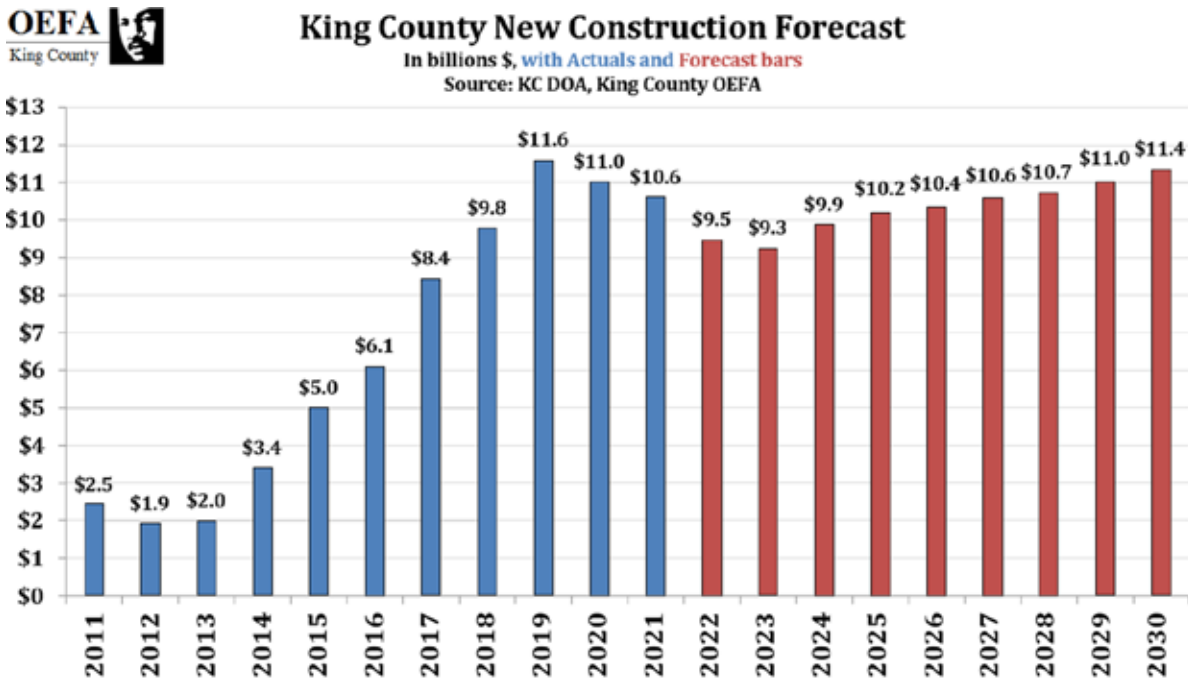
# ECONOMIC OUTLOOK

While property tax, which accounts for over 96% of KCLS’s revenue, is a relatively stable funding source, the passage of Initiative 747 in 2001 restricts the growth in annual revenue to the lesser of 1% or the Implicit Price Deflator (IPD), plus any additional tax revenue generated from new construction.

The IPD is a figure used to measure inflation for personal consumption expenditures for the United States; it is published for the most recent twelve-month period by the U.S. Bureau of Economic Analysis of the U.S. Department of Commerce by September 25 of the year before the taxes are payable.

In the event the IPD falls below 1%, the Board of Trustees must approve a resolution declaring a substantial need in order to receive the full 1% increase in property tax revenue. For purposes of this budget, the IPD is reported to be 3.86% (greater than 1%) and, therefore, KCLS requires no such resolution to increase its property tax levy by 1%.

During the past five years, a strong economy has led to significant increases in new construction. However, the King County Office of Economic and Financial Analysis (OEFA) predicts a slow-growth or no-growth trend over the next five years.



The effects of a forecasted downturn in new construction coupled with the 1% restriction on annual revenue growth constrains KCLS’ revenue projections and the long-term financial health of the Library District.

When factoring in forecasted new construction revenue based on available economic data from King County (1.4%), growth in forecasted property tax revenue is anticipated to be 2.5% in 2022.

Considering all revenue sources, KCLS estimates a 4.4% increase for the 2022 Budget period.

## **LONG-RANGE FINANCIAL PLANNING**

Maintaining an adequate fund balance is a critical component of KCLS' long-range financial planning.

KCLS receives property tax revenue from the county treasurer only twice per year, in April and October.

In order to bridge this gap, KCLS must maintain a minimum Ending Fund Balance (EFB) equal to 120 days of operating expenditures to ensure funds are available at fiscal year-end to cover operating expenditures through April of the following year (See General Fund Balance Policy on page 84).

Based on historical budget trends, KCLS estimates personnel costs to increase at a rate of 3% to 7% annually due to contractual cost of living adjustments (COLA), budgeted salary step increases, inflation of healthcare premiums, PERS contributions, FICA and other benefits-related costs.



# REVENUE AND EXPENSE DEFINITIONS

## Revenue Definitions

**Contracts:** Revenue from institutional library in the King County Juvenile Detention Center. The contract renews each year.

**E-Rate:** The Schools and Libraries (E-Rate) Program provides discounts to assist eligible schools and libraries to obtain affordable internet access and telecommunications services. E-Rate funds the following service types: Data Transmission Services and/or Internet Access; Internal Connections; Managed Internal Broadband Services, and Basic Maintenance of Internal Connections. KCLS utilizes an independent E-Rate consulting firm that completes and files the application needed to secure funding for eligible services every year.

**Fines:** Revenue obtained from fines for overdue library materials.

**Investment Interest:** KCLS belongs to the King County Investment Pool that invests cash reserves for all county agencies, special districts and other public authorities. The investment portfolio in the pool complies with the county investment policies and state law, and only invests in certain types of highly rated securities, including certificates of deposit, U.S. Treasury obligations, federal agency obligations, municipal obligations, repurchase agreements and commercial paper.

**KCLS Foundation:** Since 1991, the King County Library System Foundation (KCLS Foundation) has provided financial support from private donors for library programming that goes beyond what is possible with public funding. This allows KCLS to extend the reach of critical library programs and services across the county so that all communities can thrive. It includes:

- Launching pilot programs to provide services for populations in need. For example, Wi-Fi hotspots in areas with limited internet access.
- Providing consistent funding for programs that are offered year-to-year, such as Summer Meals for students who lose access to free-and-reduced-price lunch programs when schools are closed.
- Supporting library construction projects in some of King County's most underserved communities.

**Lost Materials:** Revenue obtained from fees assessed for damage to or loss of library property.

**Miscellaneous Revenues:** Sales of General Fixed Assets; Sales of Taxable Merchandise; Refunds/Credits; Donations; KCLS Foundation Postage reimbursements and Found Money.

**Other Taxes:** Includes the Leasehold Excise Tax. The state of Washington imposes a 12.84% Leasehold Excise Tax on the act or privilege of occupying or using publicly owned, or specified privately owned, real or personal property (RCW 82.29A.030).

**Allocation of Leasehold Excise Tax:** Leasehold Excise Taxes imposed by cities and counties are credited against the 12.84% state Leasehold Excise Tax. This credit is applied in layers, which is to say the county rate (with a maximum rate of 6%) is credited against the state rate, and the city rate (with a maximum rate of 4%) is credited against the county. For example, if the county imposes its maximum of 6% and no city has imposed a Leasehold Excise Tax, the county will receive 6% countywide and the state will receive the remaining 6.84%. However, if a city also imposes its 4% maximum rate, the city will receive 4% and the county will receive 2% within the incorporated area. The county would still receive its full 6% for the unincorporated areas, and the state would receive the remaining 6.84% countywide.



**Photocopies:** Revenue obtained from patrons utilizing KCLS photocopiers and printers.

**Private Timber Tax:** The state of Washington timber harvesters pay an excise tax on the value of timber harvested, whether on private or public lands. The State Department of Revenue collects the funds and distributes revenue back to the county of origin, less prorated administrative costs, which in turn distributes the revenue to local taxing districts. In place of property taxes, timber owners pay this 5% excise tax on timber harvested, with 1% distributed to the state and the remaining 4% to counties. KCLS qualifies for this revenue since it is a taxing district, which has forestlands within the boundaries of the Library System service area. The primary revenue distribution is made quarterly in February, May, August and November, which explains why a large amount came to KCLS in May. The King County Treasurer distributes the revenues to the local taxing districts according to a formula prescribed in the law, which includes factors of number of acres of forestland available in a district's area and assessed values of the land.

**Property Tax:** An Ad Valorem Tax on real estate property, based upon the value of the property. Property Tax provides the majority of KCLS revenue. Annual growth in Property Tax revenue is restricted to 1% over the prior year, and the increase in revenue is derived from new construction. The county treasurer collects and distributes the revenue to KCLS twice a year in April and October.

### **Expense Definitions**

**Advertising:** Promotion of KCLS programs, services and initiatives through social media, print, radio, broadcast and digital marketing.

#### **Communications:**

Data: King County I-NET and data connections in various areas not currently supported by I-NET. Includes ongoing data costs for mobile devices used by staff, and funds to strengthen connectivity to the KCLS Service Center at Preston.

Voice: Telephones, fax, cell, radio and cordless phones; telephone system hardware upgrades; directory listings and conversion of phone systems to King County I-NET. Includes repair and improvements to existing phone systems throughout KCLS.

**Insurance:** Property and casualty coverage for all locations as well as Directors and Officers, Fiduciary and Liability Insurance coverage. Coverage for all fleet, maintenance and public services vehicles.

**Intergovernmental:** Washington State Auditor fees; state and county purchasing pools membership fees; and other government membership and service fees.

**Library Materials-Capitalized:** Additions to the KCLS materials collection that KCLS owns and which will exist for longer than one year.

**Library Materials-Non-Capitalized:** Additions to the KCLS materials collection that KCLS does not own or which will not exist for longer than one year.

**Miscellaneous:** Includes Ad Valorem expenses. An Ad Valorem tax is charged by state and municipal governments and is based on the assessed value of a product or property. The most common Ad Valorem tax is the property tax, which is charged on real estate and personal property. Other miscellaneous expenses include book repair, banking fees, membership fees, interest and penalties.

**Operating Lease:** Lease expenditures include base rent, copier leases, the shared portion of tax, Common Area Maintenance (CAM), insurance and utilities for all the leased buildings.

**Professional Services:** Services provided by third party vendors or consultants including network services, computerized reference services, on-site security, ergonomic consultations, health and safety consultations, payroll and benefit related consultations, major system workflow enhancements services, courier services, legal consultations and other general professional consultation or contract services.

**Repairs and Maintenance:** Includes all contracted repair and maintenance services, outside contracts call-out services for all buildings, assets, vehicles, furniture and equipment.

**Reserve:** Contingency funds supporting the Library District's response to unforeseen expenses.

**Staff:** Includes salaries, benefits, retirement contributions, FICA and other taxes.

**Staff Development:** Expenses that improve employees' existing competencies and skills and develop new skills to support the organization's goals, such as workshops, specialty trainings, seminars, conferences, tuition assistance and other general trainings.

**Supplies:** Expenditures for materials, supplies, contractual services, fees and other services.

**Travel:** Reimbursement to staff to defray the costs of travel to professional conferences and events and for using personal vehicles while conducting KCLS business.

**Utilities:** Utilities expenditures include electricity, gas, water, garbage and recycling, sewage management, etc.

# BUDGET PLANNING SCENARIO

	2021	%	2021	%	2022	%	2023
	Budget	Change	Year-End Forecast*	Change Between 2021 Budget & 2022 Budget	Prelim. Budget	Change	Forecast Budget
Beginning Fund Balance	\$ 79,754,622		\$ 81,293,737		\$ 96,395,442		\$ 96,395,442
Property Tax	\$ 126,312,816	0.0%	\$ 126,312,816	2.8%	\$ 129,797,948	2.4%	\$ 132,870,615
Property Tax - Delinquent	1,636,800	0.0%	1,636,800	2.3%	1,674,446	2.3%	1,712,959
All Other Revenue (exclude Grants)	1,879,051	0.0%	1,879,051	43.4%	2,695,160	0.0%	2,695,160
Foundation Grant	250,000	0.0%	250,000	410.3%	1,275,798	-21.6%	1,000,000
External Grant	-			100.0%	364,480		-
<b>Total Revenue</b>	<b>\$ 130,078,667</b>	<b>0.0%</b>	<b>\$ 130,078,667</b>	<b>4.4%</b>	<b>\$ 135,807,832</b>	<b>1.8%</b>	<b>\$ 138,278,734</b>
Salaries	\$ 57,433,600	-9.1%	\$ 52,233,600	6.3%	\$ 61,045,597	3.6%	\$ 63,243,238
Benefits	25,001,850	-9.2%	22,701,850	-3.6%	24,110,013	8.0%	26,038,814
Sub-total Personnel	\$ 82,435,450	-9.1%	\$ 74,935,450	3.3%	\$ 85,155,610	4.8%	\$ 89,282,053
Facilities	\$ 13,713,800	-14.0%	\$ 11,791,985	-4.6%	\$ 13,088,200	2.8%	\$ 13,454,670
Materials	13,786,540	-4.2%	13,205,060	2.4%	14,119,814	2.8%	14,515,169
Catalogue & Processing	1,099,297	-3.6%	1,060,161	0.7%	1,107,150	2.8%	1,138,150
Technology	5,074,814	-1.0%	5,026,538	-5.8%	4,779,080	2.8%	4,912,894
Programs	741,767	-20.8%	587,540	118.4%	1,619,925	2.8%	1,665,283
Administration*	6,074,671	-60.0%	2,431,941	15.9%	7,041,005	2.8%	4,750,393
Operation	884,045	-57.4%	376,987	-5.4%	836,080	2.8%	859,490
Building Leases	2,313,200	-1.2%	2,285,400	7.5%	2,486,800	2.8%	2,556,430
Sub-total Non-personnel	\$ 43,688,134	-15.8%	\$ 36,765,612	3.2%	\$ 45,078,054	-2.7%	\$ 43,852,480
Facilities CIP	\$ 2,500,000	-27.2%	\$ 1,820,000	17.4%	\$ 2,936,000	35.6%	\$ 3,982,000
ITS CIP	1,455,900	0.0%	1,455,900	81.2%	2,638,168	-47.9%	1,373,993
Sub-total CIP	\$ 3,955,900	-17.2%	\$ 3,275,900	40.9%	\$ 5,574,168	-3.9%	\$ 5,355,993
<b>Total Expenses</b>	<b>\$ 130,079,484</b>	<b>-11.61%</b>	<b>\$ 114,976,962</b>	<b>4.4%</b>	<b>\$ 135,807,832</b>	<b>2.0%</b>	<b>\$ 138,490,525</b>
<b>Total Surplus/(Deficit)</b>	<b>\$ (817)</b>		<b>\$ 15,101,705</b>		<b>\$ -</b>		<b>\$ (211,792)</b>
Ending Fund Balance	<b>\$ 79,753,806</b>		<b>\$ 96,395,442</b>		<b>\$ 96,395,442</b>		<b>\$ 96,183,651</b>

## GENERAL FUND EXPENSES

	Actual 2020	Budget 2021	Budget 2022	Variance \$	Variance %
Revenue	128,274,022	130,078,667	135,807,832	5,729,165	4.4%
<b>Library Operation</b>					
Salaries	54,611,569	57,433,600	61,045,597	3,611,997	6.3%
Substitute Salaries	251,353				
Personnel Benefits	19,625,086	25,001,850	24,110,013	(891,837)	-3.6%
Supplies	1,968,569	2,686,089	2,773,445	87,356	3.3%
Staff Development	403,023	676,265	949,480	273,215	40.4%
Professional Services	2,866,766	3,813,717	3,950,737	137,020	3.6%
Communications	1,094,290	1,125,200	1,142,610	17,410	1.5%
Travel	46,763	103,517	157,580	54,063	52.2%
Advertising	395,184	447,500	443,000	(4,500)	-1.0%
Operating Leases	2,586,034	2,817,700	2,901,800	84,100	3.0%
Insurance	732,508	885,000	965,000	80,000	9.0%
Utilities	1,948,452	2,371,410	2,311,000	(60,410)	-2.5%
Repair and Maintenance	9,100,747	11,620,746	11,533,788	(86,958)	-0.7%
Reserves		2,920,000	3,370,000	450,000	15.4%
Miscellaneous	221,333	350,950	364,800	13,850	3.9%
Intergovernmental Services	111,647	83,500	95,000	11,500	13.8%
Library Materials	11,960,589	13,786,540	14,119,814	333,274	2.4%
Facilities CIP	2,653,485	2,500,000	2,936,000	436,000	17.4%
ITS CIP	853,019	1,455,900	2,638,168	1,182,268	81.2%
<b>Library Operation Total</b>	<b>111,430,419</b>	<b>130,079,484</b>	<b>135,807,832</b>	<b>5,728,348</b>	<b>4.4%</b>

# GENERAL FUND REVENUES

	Actual 2020	Budget 2021	Budget 2022	Variance \$	Variance %
<b>Revenue</b>					
<b>Taxes</b>					
Property Taxes	124,347,646	127,949,616	131,472,394	3,522,778	2.8%
Sale of Tax Titled Property	2,357				
Private Timber Tax	43,742	30,000	33,000	3,000	10.0%
Leasehold Excise Tax	279,115	280,000	280,000		0.0%
<b>Grants</b>					
KCLS - Foundation Grants	262,245	250,000	1,275,798	1,025,798	410.3%
External Grants	43,000		364,480	364,480	
<b>Intergovernmental Revenues</b>					
State Shared Revenues	75,820	50,000	80,000	30,000	60.0%
Interlocal Pay & In-Lieu Taxes	30,607				
Intergovernmental Services Revenues	817,279	369,051	760,376	391,325	106.0%
Charges Goods and Services	78,226	100,000	268,000	168,000	168.0%
Fines	205,681		132,000	132,000	
Interest and other Earnings	1,276,271	600,000	500,000	(100,000)	-16.7%
Insurance Premium & Recoveries	20,926				
Lost Materials	33,794		27,600	27,600	
Other Financing Sources	40,330				
Other Miscellaneous Revenues	716,986	450,000	614,184	164,184	36.5%
<b>Revenue Total</b>	<b>128,274,022</b>	<b>130,078,667</b>	<b>135,807,832</b>	<b>5,729,165</b>	<b>4.4%</b>