

Date: December 17, 2024

To: Kitsap Regional Library Board of Trustees

From: Daniel Baer, Deputy Director/Chief Financial and Operating Officer

Re: 2025 Operating Budget

Kitsap Regional Library 2025 Operating Budget

| | 2024 Adopted | 2025 Proposed |
|---------------------|--------------|---------------|
| Expenditures | 17,949,454 | 18,506,015 |
| Revenues | 17,949,454 | 18,506,015 |

Property tax revenue increases by \$506,561 in the 2025 budget. Revenues from property taxes comprise 96% of all revenues received by the Library. By state law, the maximum levy limit for library districts is \$.50 per \$1,000 assessed property valuation. For FY2025, the levy rate for the Library remains the same at \$.270 per \$1,000 assessed property valuation. Total revenues are expected to increase by 3.1% in 2025.

| | Tax Year 2022 | Tax Year 2023. | Tax Year 2024 | Tax Year 2025 <i>est</i> |
|-------------------------------|---------------|----------------|---------------|--------------------------|
| Levy Rate | .000324781 | .000275031 | .00272242 | .00272238 |
| Residential property (\$250k) | \$81.20 | \$68.76 | \$68.08 | \$68.06 |

Fund Balances and Reserves

Year-end Operating Budget surplus will be transferred to capital reserves until allocated to projects in the Capital budget process.

Cash Flow

Cash flows are anticipated to be sufficient to meet library needs throughout the year. The 2025 projected beginning cash balance should be sufficient to cover expenditures, until we receive the first large property tax deposit in April.

Capital Budget

Savings from 2024 operations will be transferred at year end to the Library Capital Reserve fund for future capital projects. Proposed 2025 capital projects to be funded from capital reserves will be presented for approval to the Library Board at their January 2025 Trustee meeting.

2025 Revenue Budget

| | | | | FY24 – FY25 | |
|------------------------------------------|-------------------|-------------------|-------------------|----------------|-------------|
| Revenues | FY23 Actual | FY24 Budget | FY25 Budget | \$ Change | % Change |
| Property Tax | 16,235,293 | 17,182,354 | 17,688,915 | 506,561 | 2.82% |
| Sale of Tax Title Property | 1,252 | 7,000 | 7,000 | 0 | 0.00% |
| Leasehold Excise Tax | 40,098 | 40,000 | 40,000 | 0 | 0.00% |
| Private Harvest Tax | 16,789 | 16,000 | 16,000 | 0 | 0.00% |
| PUD Privilege Tax | 372 | 400 | 400 | 0 | 0.00% |
| Non-Timber State Tax | 3,500 | 3,500 | 3,500 | 0 | 0.00% |
| DNR PILT NAP/NRCA | 2,989 | 3,200 | 3,200 | 0 | 0.00% |
| DNR Timber Trust | 0 | 20,000 | 20,000 | 0 | 0.00% |
| State Library Grant | 73,525 | 0 | 0 | 0 | 0.00% |
| Printing, Copy Services | 0 | 40,000 | 40,000 | 0 | 0.00% |
| Lost/Damaged Recoveries (formerly Fines) | 12,310 | 20,000 | 20,000 | 0 | 0.00% |
| Investment Interest | 59,908 | 150,000 | 200,000 | 50,000 | 33.3% |
| Space, Facilities Leases | 1,205 | 1,000 | 1,000 | 0 | 0.00% |
| Donations | 0 | 2,000 | 2,000 | 0 | 0.00% |
| KRL Foundation/FOL Grants | 172,888 | 300,000 | 300,000 | 0 | 0.00% |
| Private Grants | 26,003 | 35,000 | 35,000 | 0 | 0.00% |
| Surplus | 7,807 | 5,000 | 5,000 | | 0.00% |
| E-Rate | 100,238 | 100,000 | 100,000 | 0 | 0.00% |
| Other | 311,542 | 8,000 | 8,000 | 0 | 0.00% |
| Rebates | 20,152 | 16,000 | 16,000 | 0 | 0.00% |
| Total Revenue | 17,085,871 | 17,949,454 | 18,506,015 | 556,561 | 3.1% |

Revenues by Type

Property Taxes \$17,688,915

By Washington State law, the maximum levy rate that library districts can assess is \$.50 per \$1,000 of assessed property valuation. Additionally, taxing districts are limited to an increase of 1% per year plus new construction. For 2025, the Library levy rate is \$.272238 per \$1,000 of assessed property value.

Sale of Tax Title Property \$7,000

Sale of Tax Title Property is revenue received from the sale of properties that have been foreclosed upon by the county assessor's office.

Leasehold Excise Tax..... \$40,000

Leasehold Excise Tax is a tax on the use of public property by a private party which is in lieu of the property tax.

Private Harvest Tax..... \$16,000

Private Harvest tax is revenue collected at the time timber is harvested.

PUD Privilege Tax..... \$400

PUD Privilege Tax applies to electric generating facilities of public utility districts for privilege of operating.

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Non-Timber State Tax | \$3,500 |
| Non-Timber State Tax are proceeds from leases and sales of useful substances, materials and/or commodities obtained from forests which do not require logging-game animals, mushrooms, peat, etc. | |
| DNR PILT NAP/NRCA..... | \$3,200 |
| Payment in lieu of taxes equal to the amount of property tax if Natural Area Preserves/Natural Resource Conservation Areas were taxed as open space land. | |
| DNR Timber Trust | \$20,000 |
| Revenue collected at the time timber is harvested. | |
| State Library Grant | \$0 |
| No grant awards are anticipated in 2025. | |
| Printing, Copy Services..... | \$40,000 |
| Fees for making copies on copiers and printers at all library locations. | |
| Lost/Damaged Recoveries (formerly Fines) | \$20,000 |
| Lost/Damaged Recoveries is revenue from patrons for cost related to materials that were lost or damaged. Overdue fines from all materials were eliminated in the FY18 budget, with the goal of eliminating unintentional barriers to access and supporting the Library's goal to promote learning and literacy. Patron accountability is maintained with fees incurred for lost or damaged materials. | |
| Investment Interest..... | \$200,000 |
| Investment interest is revenue received from the Kitsap County Treasurer for interest on the Library's fund balance being held in their treasury. | |
| Space, Facilities Leases | \$1,000 |
| Donations | \$2,000 |
| Miscellaneous donations received by the Library. | |
| KRL Foundation/FOL Grants | \$300,000 |
| Program support provided by the Kitsap Regional Library Foundation and Friends of the Library groups. | |
| Private Grants | \$35,000 |
| The Bainbridge Public Library Association provides revenue for a portion of maintenance services provided at the Bainbridge Island branch. Transferred from Maintenance Services. | |
| Surplus | \$5,000 |
| Revenue from sale of surplus property. | |
| E-Rate | \$100,000 |
| Under the management of the Federal Communications Commission, the E-Rate program offers discounts to libraries and schools for affordable Internet access and telecommunications. | |
| Other..... | \$8,000 |
| Miscellaneous revenue not considered a donation – refunds, etc. | |
| Rebates | \$16,000 |
| Rebates earned from early payment of monthly credit card charges. | |

2025 Operating Expenditure Budget

| | | | | | |
|------------------------------------------|----------------------|----------------------|----------------------|-------------------|--------------|
| Wages | \$ 9,673,968 | \$ 10,405,053 | \$ 10,839,600 | \$ 434,547 | |
| Benefits | \$ 3,054,686 | \$ 3,488,853 | \$ 3,529,387 | \$ 40,534 | |
| Total Payroll | \$ 12,728,654 | \$ 13,893,907 | \$ 14,368,987 | \$ 475,081 | 3.4% |
| | | | | | |
| Conferences & Training | \$ 149,921 | \$ 187,163 | \$ 187,163 | \$ - | |
| Recruitment & Selection | \$ 5,499 | \$ 15,000 | \$ 15,000 | \$ - | |
| Wellness | \$ 19 | \$ 3,600 | \$ 3,600 | \$ - | |
| Total Human Resources | \$ 155,439 | \$ 205,763 | \$ 205,763 | \$ - | 0.0% |
| | | | | | |
| Operating Supplies | \$ 141,538 | \$ 163,780 | \$ 163,780 | \$ - | |
| Printing | \$ 33,416 | \$ 28,992 | \$ 27,950 | \$ (1,042) | |
| Toner | \$ 2,870 | \$ 2,083 | \$ 2,500 | \$ 417 | |
| Total Supplies | \$ 177,824 | \$ 194,855 | \$ 194,230 | \$ (625) | -0.3% |
| | | | | | |
| Facilities | \$ 3,941 | \$ 15,000 | \$ 15,000 | \$ - | |
| Information Technology | \$ 7,590 | \$ 10,000 | \$ 10,000 | \$ - | |
| Miscellaneous | \$ 5,414 | \$ 5,750 | \$ 5,750 | \$ - | |
| Total Small Tools & Equipment | \$ 16,944 | \$ 30,750 | \$ 30,750 | \$ - | 0.0% |
| | | | | | |
| Professional Services | \$ 254,965 | \$ 134,400 | \$ 134,400 | \$ - | |
| Security Services | \$ 36,686 | \$ 1,200 | \$ 1,200 | \$ - | |
| Alarm Monitoring | \$ 10,532 | \$ 11,000 | \$ 11,000 | \$ - | |
| Interlibrary Loan Courier Services | \$ 7,743 | \$ 8,200 | \$ 8,200 | \$ - | |
| Cataloging Services | \$ 130,136 | \$ 106,000 | \$ 106,000 | \$ - | |
| Materials Processing | \$ 33,453 | \$ 30,000 | \$ 30,000 | \$ - | |
| Legal Services | \$ 81,255 | \$ 65,000 | \$ 65,000 | \$ - | |
| Advertising | \$ 1,832 | \$ 2,800 | \$ 2,800 | \$ - | |
| Bank Fees | \$ 1,600 | \$ 5,000 | \$ 5,000 | \$ - | |
| Total Professional Services | \$ 558,200 | \$ 363,600 | \$ 363,600 | \$ - | 0.0% |
| | | | | | |
| Telephone | \$ 79,572 | \$ 75,000 | \$ 75,000 | \$ - | |
| Internet | \$ 107,295 | \$ 110,000 | \$ 117,000 | \$ 7,000 | |
| Postage | \$ 14,281 | \$ 10,750 | \$ 10,750 | \$ - | |
| Total Communications | \$ 201,148 | \$ 195,750 | \$ 202,750 | \$ 7,000 | 3.6% |

2025 Operating Expenditure Budget

Budget Memo to the Kitsap Regional Library Board of Trustees
2025 Operating Budget

| | FY23 Act | FY24 Budget | FY25Budget | Change | % Change |
|---------------------------------------|-------------------|-------------------|-------------------|------------------|--------------|
| Travel Reimbursement | \$ 17,226 | \$ 23,500 | \$ 23,500 | \$ - | |
| Fuel | \$ 24,170 | \$ 23,800 | \$ 23,800 | \$ - | |
| Total Travel | \$ 41,396 | \$ 47,300 | \$ 47,300 | \$ - | 0% |
| Building | \$ 63,963 | \$ 63,500 | \$ 63,500 | \$ - | |
| Insurance | \$ 118,206 | \$ 122,000 | \$ 122,000 | \$ - | |
| Elevator | \$ 1,517 | \$ 1,500 | \$ 1,500 | \$ - | |
| Operating Leases | \$ 2,305 | \$ 2,240 | \$ 2,240 | \$ - | |
| Rentals | \$ 16,090 | \$ 11,900 | \$ 11,900 | \$ - | |
| Utilities | \$ 152,409 | \$ 153,792 | \$ 153,792 | \$ - | |
| Vehicles | \$ 6,533 | \$ 11,000 | \$ 17,000 | \$ 6,000 | |
| Total Facilities Operations | \$ 361,023 | \$ 365,932 | \$ 371,932 | \$ 6,000 | 1.6% |
| Copier Leases | \$ 34,109 | \$ 40,000 | \$ 40,000 | \$ - | |
| Copier Maintenance | \$ 29,532 | \$ 25,000 | \$ 25,000 | \$ - | |
| Total Copy Services | \$ 63,641 | \$ 65,000 | \$ 65,000 | \$ - | 0.0% |
| Equipment | \$ 11,976 | \$ 14,000 | \$ 14,000 | \$ - | |
| Software Maintenance | \$ 465,539 | \$ 482,000 | \$ 532,000 | \$ 50,000 | |
| Total Repair & Maintenance | \$ 477,515 | \$ 496,000 | \$ 546,000 | \$ 50,000 | 10.1% |
| Marketing | \$ 6,319 | \$ 35,780 | \$ 35,780 | \$ - | 0.0% |
| Adult | \$ 12,369 | \$ 14,438 | \$ 14,438 | \$ - | |
| Teen | \$ 7,366 | \$ 11,000 | \$ 11,000 | \$ - | |
| Children | \$ 14,726 | \$ 17,600 | \$ 17,600 | \$ - | |
| Stories We Share | \$ - | \$ 10,000 | \$ 10,000 | \$ - | |
| Early Learning | \$ 7,081 | \$ 10,000 | \$ 10,000 | \$ - | |
| STEM | \$ 34,440 | \$ 45,000 | \$ 45,000 | \$ - | |
| Summer Learning | \$ 47,593 | \$ 42,000 | \$ 42,000 | \$ - | |
| Total Library Programs | \$ 123,576 | \$ 150,038 | \$ 150,038 | \$ - | 0.0% |

2025 Operating Expenditure Budget

Budget Memo to the Kitsap Regional Library Board of Trustees
2025 Operating Budget

| | FY23 Act | FY24 Budget | FY25 Budget | Change | % Change |
|------------------------------------------|----------------------|----------------------|----------------------|-------------------|--------------|
| Stories We Share | \$ - | \$ 27,000 | \$ 31,500 | \$ 4,500 | |
| Summer Learning | \$ 85,868 | \$ 128,000 | \$ 119,000 | \$ (9,000) | |
| 3rd Graders to the Library - KRLF funded | \$ 15,191 | \$ 20,000 | \$ 30,000 | \$ 10,000 | |
| Middle School to the Library | \$ - | \$ 30,000 | \$ 30,000 | \$ - | |
| Community Books | \$ - | \$ 10,000 | \$ 40,000 | \$ 30,000 | |
| Teen Summer Events/Camps | \$ - | \$ 5,000 | \$ 2,500 | \$ (2,500) | |
| Community Events | \$ - | \$ 7,000 | \$ 7,000 | \$ - | |
| Staff Education Support | \$ - | \$ 25,000 | \$ 25,000 | \$ - | |
| Misc Foundation/FOL | \$ 31,808 | \$ 18,000 | \$ 15,000 | \$ (3,000) | |
| Total Foundation Grants | \$ 132,866 | \$ 300,000 | \$ 300,000 | \$ - | 0.0% |
| Dues & Memberships | \$ 12,167 | \$ 10,706 | \$ 10,706 | \$ - | |
| Hosting | \$ 5,687 | \$ 12,800 | \$ 8,546 | \$ 8,546 | |
| Total Outreach | \$ 17,855 | \$ 23,506 | \$ 19,252 | \$ 8,546 | 36.4% |
| Library Materials | \$ 1,587,461 | \$ 1,581,299 | \$ 1,604,033 | \$ 22,734 | 1.4% |
| Returned Materials Refunds | \$ 1,377 | \$ 600 | \$ 600 | \$ - | |
| Total Library Collection | \$ 1,588,838 | \$ 1,581,899 | \$ 1,604,633 | \$ 22,734 | 1.4% |
| Total Operating Expenditures | \$ 16,651,237 | \$ 17,950,079 | \$ 18,506,015 | \$ 568,736 | 3.2% |

2025 Expenditure Account Detail

Salaries.....\$10,839,600

The 2025 Budget provides funding for employee step increases and a 2.5% cost of living adjustment. Step increases are 3% and are triggered on the employee's hiring anniversary date.

Benefits.....\$3,529,387

- **Medicare/Social Security** costs change in tandem with changes in salaries and wages.
- The Library offers five **medical plans**, two PPO plans through Regence BlueShield, two HMO plans through Kaiser Permanente and one PPO plan through Kaiser Permanent. The Regence plans increased by 5.3%. The Kaiser plans increased by 8.2%.
- The Library provides comprehensive **dental coverage** through Delta Dental of Washington. No rate increase for 2025.
- The Library provides **vision care** through Vision Service Plan (VSP). No rate increase for 2025.
- The Library participates in the **Public Employees' Retirement System (PERS)**, a pension program administered by the Washington State Department of Retirement Systems (DRS). Library employees are automatically eligible for the plan if they work a minimum of 16.25 hours per week (or 70 hours per month) during five months per year for two consecutive years. Effective September 1, 2024, the employer's contribution to state retirement plans is 9.11%.
- Kitsap Regional Library provides all eligible employees with **basic life insurance**.
- Staff are automatically enrolled in **Long Term Disability (LTD)** upon becoming eligible for benefits. The Library pays the full cost of this coverage. LTD coverage provides monthly benefits if staff are not able to return to work after 90 days of disability due to illness or injury.
- A **health reimbursement arrangement (HRA)** is a type of health plan that reimburses out-of-pocket health costs incurred by staff, staff spouses, and qualified dependents. All contributions, investment earnings, and withdrawals (claims) are tax-free. These accounts are portable, which means they will continue to belong to employees after they leave the Library. This benefit Increased from \$1,500 to \$2,100 in 2024.
- Employees who suffer a work-related injury or illness that is compensable under the Washington State Department of Labor and Industries **worker's compensation** law may elect one of the approved compensation options, use of sick leave, or take "unpaid" leave per WSDLI guidelines for the hours they are unable to work.
- The Library provides an **Employee Assistance Program** offering free and confidential counseling and assistance in resolving situations that may impact personal or professional life.
- **Paid family and medical leave.** The benefits will generally allow up to 12 weeks of paid leave per year for the employee's own health condition or to care for a member of their family.
- The Library provides a **Wellness Program** to encourage staff to participate and consider making lifelong changes to their wellness in partnership with the Association of Washington Cities WellCity program. The WellCity program provides us clear direction and standards we must meet to be awarded WellCity status. Achieving this status provides the library a 2% discount on benefit premiums for the upcoming year.

Human Resources.....\$205,763

Professional development expenses incurred by staff traveling to **conferences or trainings**. Travel expenses for candidates selected for interviews are reflected in this account. Kitsap Regional Library is committed to helping staff achieve their best health and encourages staff to participate in the activities and lifestyles that promote good health. To this end, the Library, through its own **wellness program** offers employees resources for the promotion of good health and healthy lifestyles. The WellCity program provides us clear direction and standards we must meet to be awarded WellCity status. Achieving this status provides the library a 2% discount on benefit premiums for the upcoming year..

Supplies.....\$194,230

Consumable office supplies used in the delivery of library services are reflected in this account. Contracted on demand printing services for Library promotional materials are reflected in this account. Examples include community handouts (program information), open hours brochures, bookmarks, and Summer Learning trackers.

Small Tools and Equipment.....\$30,750

Miscellaneous tools and equipment used by Facilities and Information Technology.

Professional & Technical Services..... \$363,600

Professional and technical services including the annual financial audit, consultants for Library projects, attorney fees, advertising, security services and bank fees.

Communications.....\$202,750

Includes both traditional land lines and mobile phone services, internet services and postage expenditures.

Travel\$47,300

Mileage reimbursement for library business related travel. Fuel for Library owned vehicles

Facilities Operations\$371,932

Building maintenance and repair expenditures. Examples of expenditures include HVAC, pest control. Insurance for property, buildings, and assets. Repair and maintenance for the Poulsbo Branch elevator is reflected in this category. The operating lease for the postage machine is included in this expense category. Rentals includes rental of storage units for record retention as well as miscellaneous equipment rentals by Facilities. All utilities (water, sewer, garbage, electricity, natural gas) for Poulsbo, Silverdale, Sylvan Way branches. Repair and maintenance for Library vehicles used by maintenance, delivery services and Mobile services.

Copier Services\$65,000

Operating leases for leased copiers/printers are included in this category. Maintenance for copiers/printers is also included in this category.

Repairs and Maintenance \$546,000

Expenditures in this category include regular maintenance for the money counting machines in Finance and landscaping power equipment in Facilities. Software and hardware maintenance fees are included in this account.

Marketing.....\$35,780

Expenditures primarily related to the Library's Inspire publication.

Programs\$150,038

The Library provides programs for adults (\$14,438), teens (\$11,000), and children (\$17,600). The Library also provides Early Learning programs (\$10,000), STEM programs (\$45,000) and Summer Learning Programs (\$42,000).

Foundation Grants\$300,000

Program expenditures supported by the Kitsap Regional Library Foundation and Friends of the Library groups. These grants create opportunities for our youth to excel in reading, ensuring they develop a life-long of learning.

Outreach.....\$15,467

Memberships in professional organizations as well as local Chambers of Commerce. Hosting expenditures are primarily related to light snacks and refreshments offered at Library key events.

Library Collection\$1,604,633

The 2025 budget increases of \$22,734 reflects a 1.4% inflationary adjustment. Refunds to patrons for return of lost materials are also reflected in this expenditure category.

Date: January 28, 2025

To: Kitsap Regional Library Board of Trustees

From: Daniel Baer, Deputy Director/Chief Financial and Operating Officer

Re: 2025 Proposed Capital Projects

The 2024 Operating Budget ended the year with sufficient cash reserves to fund the 2025 Proposed Capital Projects. Annual tax revenues are insufficient to fund anything more than Operations. End of year cash surplus from Operations is the primary funding source for Capital Project Reserves.

| 2025 Capital Project Description | 2025 Budget |
|-------------------------------------------------|-------------------|
| 80th Anniversary | 40,000 |
| Branch Major Maintenance | 170,000 |
| Community Outreach | 60,000 |
| Computer/IT Equipment Replacement | 200,000 |
| Furniture and Equipment | 20,000 |
| Materials budget – 10% of Operating budget goal | 100,000 |
| Total 2025 Capital Projects | \$ 590,000 |

RESOLUTION 2025/01: AMEND THE ADOPTED 2025 EXPENDITURE BUDGET BY \$590,000 TO FUND 2025 CAPITAL PROJECTS.

WHEREAS, the Board of Trustees of the Kitsap County Rural Library District adopted the 2025 Operating Budget with Resolution 2024/08 on December 17, 2024; and

WHEREAS, the Kitsap County Rural Library District ended 2024 with sufficient Capital Reserves to fully fund this amendment; and

WHEREAS, on January 28, 2025 the Board of Trustees of the Kitsap County Rural Library District reviewed and approved proposed 2025 Capital Projects totaling \$590,000,

THEREFORE, BE IT RESOLVED that the Kitsap Regional Library Board of Trustees approves the amendment of the Adopted 2025 Expenditure Budget by \$590,000.

Adopted at a regular and open public meeting of the Kitsap Regional Library Board of Trustees on the 28rd day of January, 2025, the following trustees being present and voting:

Absent

Erik Fong, President and Member

Vacant

Vacant, Member

Eric Cisney
Eric Cisney (Jan 30, 2025 15:20 PST)

Eric Cisney, Member

Gina Steiner
Gina Steiner (Jan 30, 2025 11:22 PST)

Gina Steiner, Vice President and Member

Marwan Cameron
Marwan Cameron (Jan 31, 2025 16:27 PST)

Marwan Cameron, Member

Attest:

Jason Driver
Jason Driver (Feb 20, 2025 14:22 PST)

Jason Driver, Secretary to the Board of Trustees