



**2019 Operational Budget Overview**  
**Budget Hearing: December 18, 2018**

TRAVERSE AREA DISTRICT

# LIBRARY

## To TADL Board and Community:

I am pleased to present the draft 2019 Operational Budget to the Traverse Area District Library Board of Trustees. This budget provides administrative expectations for operational expenses that will support public library services online and in six facilities in addition to operations for the TADL Talking Book Library. This is a balanced budget; the operational expense expectations fall within expected revenues for year 2019.

## Budget Packet:

1. **Budget Resolution**: This represents the budget for approval and provides the four Budget lines that the Director must observe, as required in the TADL Budget Adjustment and Disbursement Policy.
2. **Budget Details**: This report is similar to what the TADL Board receives each month in the form of a financial report, but is expressed in six columns to show 2017 Actuals, Original 2018 Budget, Proposed Amended 2018 Budget, Projected 2018 Year-End amounts, 2019 Expected Revenue and Expense, and percentage difference between 2018 and 2019.

## Overall Budget Environment and Budget Objectives in 2019:

- Maintain stable operations and strong financial position
  - Hold down operational costs while ensuring continuous improvements to customer service.
  - Increase spending for online and lending collections.
  - Increase fundraising, use of grant opportunities and cultivate relationships with donors.
  - Provide adequate budget to maintain facilities and technology as needs increase with aging infrastructure.
  - Judiciously use fund balances for capital expenses and to pay down unfunded pension liabilities.
- Assure the highest possible return on public investment through full use of the public library
  - Continue application of technology and digital resources to reach the connected service population and its changing needs.
  - Reach out to increase the number of registered account holders in the service area.
  - Use strong promotional techniques to keep residents informed about the availability of traditional and new or changing services.
  - Analyze services to determine what residents truly use and value and make adjustments in accordance with the results.

**Special Emphasis in 2019 will focus on:**

- An increased presence in our communities and schools through outreach and collaboration to promote library use and develop a greater understanding of what the library has achieved and what services it provides.
- The enhancement of services to children and teens to increase usage and encourage the establishment of lifelong learning habits.
- Developing outreach programs targeted toward our older population.
- Addressing upcoming building maintenance needs at the now 20 year-old Woodmere Main Library.
- Strengthening our technology platform and services internally and through collaborative efforts.

**Revenues**

The current TADL millage rate is .9431 mills for operations. Our debt service bond was repaid during 2017, so there is not a levy for debt retirement. Local municipalities, including TADL, are again seeing an increase in property tax revenue following the economic down turn; however, this year's levy was rolled back from .9467 mills due to requirements of the Headlee Amendment which calls for millage reductions when property values increase more than the level of inflation. This is the third year in a row for a rollback.

<u>TADL Revenues</u>	<u>Property Tax</u>	<u>State Aid/ Penal Fines</u>	<u>Fines/Fees Services</u>	<u>Other Revenue</u>	<u>TADL Revenue</u>
2010 actual	4,193,928	401,894	78,330	194,978	4,869,130
2011 actual	4,098,864	382,752	106,248	174,057	4,761,921
2012 actual	4,016,643	386,721	123,329	140,748	4,667,441
2013 actual	4,037,344	345,641	151,366	102,000	4,636,351
2014 actual	4,129,538	374,065	137,917	249,163	4,890,683
2015 actual	4,264,013	388,374	149,658	158,062	4,960,107
2016 actual	4,333,605	388,890	140,313	101,902	4,964,710
2017 actual	4,532,111	353,891	219,052	142,602	5,247,656
2018 projected	4,627,400	352,495	169,000	91,400	5,240,295
2019 budget	4,786,000	353,075	168,000	112,500	5,419,575

2018 Property Tax revenue increased again this year through the regular levy and Personal Property Tax reimbursement. While State Aid was up, Penal Fine receipts have dropped 4 percent. Income from Services is down because our contractual arrangements to provide technology services to three other library systems in the area have been fully implemented, and they are now paying just an annual fee for maintenance. Contributions are down in comparison to 2017 because of a bequest received that year in addition to successful fundraising efforts for our Preschool Interactive Learning Area at the Main Library. In 2018 we again transferred in funds from our Internal Service Fund to make a significant payment to the Municipal Employees' Retirement System (MERS) for our current unfunded pension liability. This \$200,000 is not a part of our General Fund budget and is not reflected in the chart above.

2019 Property Tax revenue is projected to rise despite the Headlee millage reduction because of increased property values. We will continue to receive the Personal Property Tax reimbursement and Renaissance Zone reimbursements, though these are now trending down. State Aid is projected to show a 1.7 percent increase as approved in the state budget, and Penal Fines remain questionable as they vary widely from year to year. Other revenue is expected to increase because of fundraising planned for early in the year.

**Personnel Cost Projections**

Since 2012, TADL’s Personnel costs have decreased consistently until an increase in 2016 due mostly to higher retirement costs. There were no wage increases until October, 2016, when our collective bargaining agreement was reached.

In 2019, wage increases are budgeted because of the contractual agreement and merit raises as well as increases above minimum wage in an effort to retain page and substitute staff. Health care costs increased slightly. Retirement and 401k costs are up only in line with increased payroll. Payroll costs on the DC plan are now 8% rather than the 15.85% that was required in 2016 and would have risen even more in ensuing years. We are also responsible for actuarially determined payments toward TADL’s unfunded accrued pension liability which will vary from year to year based on market performance, employee retirements and mortality. All told, personnel expenses account for about 58.9% of the library’s budget in 2019.

<u>Personnel</u>	<u>Wages</u>	<u>Benefits</u>	<u>Total Pers. Expense</u>
2010 actual	2,148,178	692,087	2,840,265
2011 actual	2,100,803	719,187	2,819,990
2012 actual	2,105,008	782,543	2,887,551
2013 actual	2,088,307	743,764	2,832,071
2014 actual	2,049,502	745,822	2,795,324
2015 actual	2,027,358	737,385	2,764,713
2016 actual	2,037,947	1,149,879*	3,187,826
2017 actual	2,139,422	954,750*	3,094,172
2018 projection	2,250,000	989,080*	3,239,080
2019 budget	2,380,150	812,350	3,192,500

\*Includes amounts paid out to Municipal Employees’ Retirement System (MERS) for unfunded accrued pension liabilities with funds transferred in from the Internal Service Fund in the amount of \$200,000 in 2018. These extra payments that were made three years in a row have resulted in decreased pension liability. Specifically, in 2015 our pension was 62 percent funded, in 2016 it increased to 80 percent, and in 2017 it rose to 82 percent funded. Our \$200,000 payment in 2018 will be recognized in the MERS actuarial report that we will receive in summer 2019.

**Other Notes**

Lending Collections and Electronic Resources: TADL continues to strengthen its electronic resources as statistics show usage has increased in comparison to the physical collection. We are also planning an increased budget to replace some of our print materials. We have been doing a significant weeding project to get rid of materials that are in poor condition or are never checked out and will now have room to add materials that are more likely to be useful to our patrons. We are committed

to budgeting at least 10% of our annual budget for materials each year and have increased the budget this year to 10.8 percent of the total. This amounts to a 2.7 percent increase for 2019.

**Children's Library Services:** TADL will continue to emphasize development of children's library services with increased attention on program development, promotions and outreach for this important age group. In 2018 we were able to complete our Preschool Interactive Learning Area thanks to a generous bequest from William Engle and other fundraising efforts. It has proven to be amazingly popular with our littlest patrons who are often seen sitting with their caregivers reading and interacting with the educational toys. Our *1000 Books Before Kindergarten*, which was begun in 2016, continues to draw in families and children from birth to kindergarten. Youth Services throughout the district are refocusing efforts toward more STEM and STEAM programming as well. The Friends of TADL recently purchased a 3D printer for Youth Services, and plans are underway to utilize it for this type of programming.

**Maintenance and Repair:** The Woodmere Main Library will celebrate its 20<sup>th</sup> Anniversary in January, 2019. As expected, a 20 year-old building will start to need repairs and upgrades to maintain an efficient and attractive building. During 2018, there were several rather major repairs required for our heating and cooling systems. We are continuing our investigation into roof replacement and mitigation of ventilation and insulation issues. We hope to finally begin repairs in the spring. This is going to be our focus in 2019. We plan to use Public Improvement Funds for this project, with Board approval.

**Supplies:** The Supply budget has been increased about 5.2 percent. While some of the increase is for materials, most of it covers computer related supplies that fall under the \$500 mark for capital expenses.

**Outreach/Advertising/Printing:** We have increased this budget to allow for additional outreach efforts. We also will need to reprint some stock items, and there will be advertising expenses related to the library director search.

**Member Library Allocations:** These annual payments will be increasing once again this year by 2.7 percent. Increases (or decreases) are based on a formula which compares receipts from Property Taxes, Penal Fines and State Aid from year to year.

**Technology:** The Technology Department staff has many projects planned for 2019. There will be technology related expenses for the new Peninsula Community Library, though they will be less than those for the new Interlochen Public Library. The fleet of Chromebooks will be replaced as they have had heavy use by patrons who check out the computers rather than using the Public Computing Center. We will be replacing the proprietary security camera system with new cameras that we will own and run on our own system thus decreasing contractual operational costs. Additional wiring will need to be installed as well as we place cameras in additional areas that need them.

**Technology Services to Other Libraries:**

We currently provide technology services to Kalkaska County Library, Interlochen Center for the Arts Library, and Suttons Bay Bingham District Library. Budgets for these contractual agreements include direct and indirect costs. Funds not expended will be set aside for contingencies that will support our

systems to provide stable uninterrupted service for TADL and our partners. The department has also completed smaller projects for other libraries in the area. Other library systems continue to show interest in the possibility of contracting with us for our Evergreen Integrated Library System and other related services.

**Contributions:** The Friends of TADL continue their generous support of busing for first grade students in Grand Traverse County to the Main Library, support for our newsletter, Ancestry.com, and the Summer Reading Club. The Kingsley Friends of the Library also provide substantial support to the Kingsley Branch Library for supplies and programming as needed. Based on prior year revenue from contributions we have estimated revenue and expenses and have budgeted accordingly. We are continuing fundraising initiatives for shelving in the Local History Collection area, a possible room switch between Teen Services and our computing services room, and are beginning to raise funds for a sign in front of the Main Library.

**Capital Expenses and Use of Fund Balance:** Some future projects include roof replacement and accompanying improvements to ventilation and insulation systems, a lighting retrofit with LED lighting, new carpet, and painting. Some of these projects will be funded through our operating budget, and we will request funding through use of fund balance for others, a process that begins with the Finance Committee. We hope to prioritize and address all of these issues over the next couple of years with the caveat that other urgent needs could arise at any time, requiring immediate action.

Thank you for your consideration of our budget proposal.

Gail Parsons Juett  
Library Director  
Traverse Area District Library

**2019 Annual & 2018 Amended Budget  
Traverse Area District Library  
General Fund  
Draft Budget - 12.18.18**

	<b>Actual 2017</b>	<b>Original 2018 Budget</b>	<b>Amended 2018 Budget</b>	<b>Projected 12/31/2018</b>	<b>Proposed 2019 Budget</b>	<b>% Diff. 2018 v. 2019</b>
<b>Revenue</b>						
Levied Tax	4,420,730	4,482,000	4,482,000	4,517,000	4,716,000	5.2%
PILT/Delinquent PPT, Other	111,381	82,000	82,000	110,400	70,000	-14.6%
State Aid - TADL	63,707	70,800	70,800	71,423	72,000	1.7%
State Aid - Talking Book Library	41,073	41,075	41,075	41,072	41,075	0.0%
Local Grants	11,550	10,000	10,000	14,000	10,000	0.0%
Fees/Services	92,052	43,000	43,000	43,000	43,000	0.0%
Sales	38,953	32,000	32,000	28,000	38,000	18.8%
Overdue Fines	127,000	129,000	129,000	126,000	125,000	-3.1%
Penal Fines	249,111	250,000	250,000	240,000	240,000	-4.0%
Interest & Dividends	11,208	20,000	20,000	15,000	15,000	-25.0%
Rental Fees	6,275	8,000	8,000	8,000	8,000	0.0%
Contributions	74,284	40,000	40,000	24,000	40,000	0.0%
Reimbursements	332	1,000	1,000	2,400	1,500	50.0%
<b>Total Revenue</b>	<b>5,247,656</b>	<b>5,208,875</b>	<b>5,208,875</b>	<b>5,240,295</b>	<b>5,419,575</b>	<b>4.0%</b>
Transfer In			200,000	200,000		
Use of Fund Balance						
<b>Revenue from All Sources</b>	<b>5,247,656</b>	<b>5,208,875</b>	<b>5,408,875</b>	<b>5,440,295</b>	<b>5,419,575</b>	<b>0</b>

- Levied Tax includes Current Local Tax minus tax captures
- PILT/Delinquent PPT, Other - information not available about additional distribution in May
- Local Grants represent funds from counties and other agencies for TBL and Library Cooperative grant
- Fees/Services include annual fees for contractual technology agreements with other libraries
- Sales includes photocopy receipts, postage, bags, books, auction proceeds & miscellaneous sales
- Overdue Fines are fines, replacement fees and charges for damaged material
- Penal Fines combines Grand Traverse, Benzie and Leelanau counties down about 4%
- Interest & Dividends include investment, checking and savings account interest
- Rental Fees are meeting room and equipment rental fees
- Contributions include donations from Friends, estates, misc. donors
- Reimbursement line is for overpayments and refunds from prior year expenses
- Transfer in from Internal Service Fund for payment of Unfunded Pension Liability

<b>Expenses</b>	<b>Actual 2017</b>	<b>Original 2018 Budget</b>	<b>Amended 2018 Budget</b>	<b>Projected 12/31/2018</b>	<b>Proposed 2019 Budget</b>	<b>% Diff. 2018 v. 2019</b>
<b>Personnel</b>						
Salaries	2,139,422	2,294,300	2,260,300	2,250,000	2,380,150	5.3%
Social Security	50,700	58,950	58,950	57,500	63,800	8.2%
Medical Insurance	306,814	335,575	325,575	322,000	331,235	1.7%
EAP/FSA	1,229	1,230	1,230	1,230	1,230	0.0%
Vision Insurance	5,100	5,450	5,450	4,800	3,510	-35.6%
Dental Insurance	26,239	27,475	25,475	25,000	23,475	-7.9%
Life Insurance	7,202	8,235	8,235	7,700	8,100	-1.6%
Retirement (MERS)	144,092	148,950	148,950	148,950	153,225	2.9%
MERS Unfunded Liability	299,777	99,500	299,500	299,500	99,550	-66.8%
401(k)	101,954	108,575	106,575	106,500	112,650	5.7%
Unemployment	0	1,000	0	0	1,000	#DIV/0!
Workers' Comp.	4,735	5,000	5,400	5,400	5,700	5.6%
Disability Insurance	6,908	7,725	7,725	7,500	8,875	14.9%
<b>Total Personnel</b>	<b>3,094,172</b>	<b>3,101,965</b>	<b>3,253,365</b>	<b>3,236,080</b>	<b>3,192,500</b>	<b>-1.9%</b>
<b>Supplies</b>						
Office Supplies	84,943	115,385	115,385	100,000	135,625	17.5%
Library Materials	538,610	559,315	570,265	565,000	585,565	2.7%
Rep & Mnt. Supplies	6,190	6,500	6,500	6,000	6,700	3.1%
<b>Total Supplies</b>	<b>629,743</b>	<b>681,200</b>	<b>692,150</b>	<b>671,000</b>	<b>727,890</b>	<b>5.2%</b>
<b>Contractual Services</b>						
Professional Services	202,248	230,905	230,905	220,000	253,685	9.9%
Communications	17,121	28,900	28,900	22,000	20,450	-29.2%
Travel & Education	31,735	38,395	38,395	35,000	46,735	21.7%
<b>Total Contractual Services</b>	<b>251,104</b>	<b>298,200</b>	<b>298,200</b>	<b>277,000</b>	<b>320,870</b>	<b>7.6%</b>
<b>Other Expense</b>						
Outreach/Advertising/Printing	15,442	30,800	30,800	25,000	38,450	24.8%
Insurance & Bonds	28,591	29,030	29,030	28,500	29,360	1.1%
Utilities	103,074	123,500	123,500	115,000	117,300	-5.0%
Repairs & Maintenance	237,895	327,400	329,400	327,400	328,200	-0.4%
Member Libraries	507,810	521,520	521,520	521,520	535,605	2.7%
Awards & Recognition (Misc.)	1,457	2,000	2,000	2,000	2,500	25.0%
Property Tax Reimbursement	3,642	8,000	8,000	7,000	6,500	-18.8%
Use Tax	1,314	1,500	1,500	1,200	1,000	-33.3%
<b>Total Other</b>	<b>899,225</b>	<b>1,043,750</b>	<b>1,045,750</b>	<b>1,027,620</b>	<b>1,058,915</b>	<b>1.3%</b>
<b>Other Expense</b>	<b>130,283</b>	<b>69,350</b>	<b>105,000</b>	<b>100,000</b>	<b>108,900</b>	<b>3.7%</b>
<b>Contingency</b>	<b>0</b>	<b>14,410</b>	<b>14,410</b>	<b>0</b>	<b>10,500</b>	<b>-27.1%</b>
<b>Total Expenses</b>	<b>5,004,527</b>	<b>5,208,875</b>	<b>5,408,875</b>	<b>5,311,700</b>	<b>5,419,575</b>	<b>0.2%</b>
<b>Revenue / Expense</b>	<b>243,129</b>	<b>0</b>	<b>0</b>	<b>128,595</b>	<b>0</b>	

→Higher wages due to union agreement, merit increases, increases for retention of pages and subs & payouts at retirement

→Decrease in some rates for health insurance & turnover of staff

→Increase in life & disability insurance based on higher payroll

→Increase in retirement, 401k and workers comp based on higher payroll

→Increase in outreach/advertising/printing for community outreach

→Repairs & maintenance up due to planned maintenance & built in contingency

→Property tax reimbursement decrease based on current trend

→Contingency to set aside funds for technology needs for contractual agreements

→Increase in Other (Capital Expense) for replacement of computers and infrastructure



## RESOLUTION

2019 Budget Resolution  
December 18, 2018

Resolved, that the estimated revenues for 2019 result in the following total amount available for appropriation:

Tax Levy	4,716,000
Other Taxes	70,000
State Aid	113,075
Grants	10,000
Fees/Services/Sales/Rentals	89,000
Overdue Fines	125,000
Penal Fines	240,000
Interest & Dividends	15,000
Contributions	40,000
Reimbursements	1,500
Total available to appropriate	<u>5,419,575</u>

Further, that from the total available, the following appropriations are made:

Personnel Services	3,192,500
Supplies	727,890
Other services and charges	1,379,785
Capital outlays	119,400
	<u>5,419,575</u>

Motion to adopt the resolution was introduced by:

Jason Gillman

And supported by:

Andy Marek

Motion adopted:  Yes / No

12/18/2018  
(date)

  
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J. Jones, Board Secretary