

**2020 Annual Budget  
Traverse Area District Library  
General Fund  
Draft Budget - 11/21/2019**

	Actual 2018	Original 2019 Budget	Amended 2019 Budget	Projected 12/31/2019	Proposed 2020 Budget	% Diff. 2019 v. 2020
<b>Revenue</b>						
Levied Tax	4,524,156	4,716,000	4,716,000	4,724,678	4,924,590	4.4%
PILT/Delinquent PPT, Other	110,417	70,000	70,000	48,045	40,000	-42.9%
State Aid - TADL	71,423	72,000	72,000	78,065	77,350	7.4%
State Aid - Talking Book Library	41,072	41,075	41,075	41,072	41,075	0.0%
Local Grants	14,126	10,000	10,000	14,000	10,000	0.0%
Fees/Services	42,666	43,000	43,000	41,500	42,000	-2.3%
Sales	29,323	38,000	38,000	33,000	38,000	0.0%
Overdue Fines	123,412	125,000	125,000	122,000	100,000	-20.0%
Penal Fines	240,049	240,000	240,000	230,067	220,000	-8.3%
Interest & Dividends	15,619	15,000	15,000	15,000	15,000	0.0%
Rental Fees	7,550	8,000	8,000	7,000	7,000	-12.5%
Contributions	36,161	40,000	40,000	90,000	40,000	0.0%
Reimbursements	2,411	1,500	1,500	1,500	1,500	0.0%
<b>Total Revenue</b>	<b>5,258,385</b>	<b>5,419,575</b>	<b>5,419,575</b>	<b>5,445,927</b>	<b>5,556,515</b>	<b>2.5%</b>
Transfer In			200,000	200,000		
Use of Fund Balance						
<b>Revenue from All Sources</b>	<b>5,258,385</b>	<b>5,419,575</b>	<b>5,619,575</b>	<b>5,645,927</b>	<b>5,556,515</b>	<b>0</b>

- Levied Tax includes Current Local Tax minus tax captures
- PILT/Delinquent PPT, Other - based on 2019 projections
- 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

Expenses	Actual 2018	Original 2019 Budget	Amended 2019 Budget	Projected 12/31/2019	Proposed 2020 Budget	% Diff. 2019 v. 2020
<b>Personnel</b>						
Salaries	2,253,432	2,380,150	2,380,150	2,360,000	2,412,415	1.4%
Social Security	55,066	63,800	63,800	64,700	67,301	5.5%
Medical Insurance	318,539	331,235	331,235	315,000	336,090	1.5%
EAP/FSA	1,229	1,230	1,230	1,229	1,451	18.0%
Vision Insurance	4,732	3,510	3,510	3,700	3,845	9.5%
Dental Insurance	24,980	23,475	23,475	22,500	26,140	11.4%
Life Insurance	7,378	8,100	8,100	8,300	9,085	12.2%
Retirement (MERS)	145,997	153,225	153,225	142,000	149,050	-2.7%
MERS Unfunded Liability	299,372	99,550	299,550	299,550	120,000	-59.9%
401(k)	104,148	112,650	112,650	103,000	113,000	0.3%
Unemployment	0	1,000	1,000	0	7,240	624.0%
Workers' Comp.	5,399	5,700	5,700	7,357	7,500	31.6%
Disability Insurance	6,806	8,875	8,875	7,850	8,240	-7.2%
<b>Total Personnel</b>	<b>3,227,078</b>	<b>3,192,500</b>	<b>3,392,500</b>	<b>3,335,186</b>	<b>3,261,357</b>	<b>-3.9%</b>
<b>Supplies</b>						
Office Supplies	86,571	135,625	135,625	105,000	123,015	-9.3%
Library Materials	572,984	585,565	585,565	585,565	601,980	2.8%
Rep & Mnt. Supplies	4,829	6,700	6,700	4,500	6,750	0.7%
<b>Total Supplies</b>	<b>664,384</b>	<b>727,890</b>	<b>727,890</b>	<b>695,065</b>	<b>731,745</b>	<b>0.5%</b>
<b>Contractual Services</b>						
Professional Services	199,642	253,685	253,685	253,685	273,075	7.6%
Communications	23,454	20,450	20,450	20,450	29,290	43.2%
Travel & Education	27,775	46,735	46,735	28,000	46,620	-0.2%
<b>Total Contractual Services</b>	<b>250,871</b>	<b>320,870</b>	<b>320,870</b>	<b>302,135</b>	<b>348,985</b>	<b>8.8%</b>
<b>Other Expense</b>						
Outreach/Advertising/Printing	27,004	38,450	38,450	30,000	30,800	-19.9%
Insurance & Bonds	28,778	29,360	29,360	29,889	32,040	9.1%
Utilities	104,587	117,300	117,300	100,000	118,200	0.8%
Repairs & Maintenance	286,615	328,200	328,200	250,000	372,350	13.5%
Member Libraries	521,520	535,605	535,605	535,605	550,188	2.7%
Awards & Recognition (Misc.)	1,219	2,500	2,500	2,500	2,500	0.0%
Property Tax Reimbursement	5,537	6,500	6,500	2,000	6,500	0.0%
Use Tax	848	1,000	1,000	1,000	1,000	0.0%
<b>Total Other</b>	<b>976,108</b>	<b>1,058,915</b>	<b>1,058,915</b>	<b>950,994</b>	<b>1,113,578</b>	<b>5.2%</b>
<b>Other Expense</b>	<b>91,409</b>	<b>108,900</b>	<b>108,900</b>	<b>108,900</b>	<b>93,850</b>	<b>-13.8%</b>
<b>Contingency</b>	<b>0</b>	<b>10,500</b>	<b>10,500</b>	<b>0</b>	<b>7,000</b>	<b>-33.3%</b>
<b>Total Expenses</b>	<b>5,209,850</b>	<b>5,419,575</b>	<b>5,619,575</b>	<b>5,392,280</b>	<b>5,556,515</b>	<b>-1.1%</b>
<b>Revenue / Expense</b>	<b>48,535</b>	<b>0</b>	<b>0</b>	<b>253,647</b>	<b>0</b>	

- Higher wages due to union agreement, merit increases, & payouts at retirement
- Increase in life & disability insurance based on higher payroll
- Increase in retirement, 401k and workers comp based on higher payroll
- Decrease in outreach/advertising/printing for community outreach
- Increase in Communications for more bandwidth and circulating hot spots.
- 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
- Decrease in Other (Capital Expense) is based on 2019 expenditures.



**2020 Operational Budget Overview**  
Budget Hearing: November 21, 2019

TRAVERSE AREA DISTRICT  
**LIBRARY**

**To the TADL Board and Community:**

I am pleased to present the draft 2020 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 2020.

**Budget Packet:**

1. Budget Resolution: This represents the budget presented 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 2018 Actuals, Original 2019 Budget, Amended 2019 Budget, Projected 2019 Year-End amounts, 2020 Expected Revenue and Expense, and the percentage difference between 2019 and 2020.

**Overall Budget Environment and Budget Objectives in 2020:**

- Maintain stable operations and strong a 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 and changes in technology.
  - 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.
  - Conduct a Strategic Plan to determine what residents truly use and value and adjust in accordance with the results.



**Special Emphasis in 2020:**

- Begin the Strategic Planning process to identify Board, staff and community goals.
- An increased presence in our communities and schools, through outreach and collaboration, to promote library use and develop a greater understanding of the many services the library provides to our partner public and charter schools.
- Increase our technology presence in our communities by providing access to emerging technologies including 3-D printers and WiFi Hotspots.
- The enhancement of services to children and teens to increase usage and encourage the establishment of lifelong learning habits by waiving overdue fines to these populations.
- Developing outreach programs targeted toward our older population.
- Addressing upcoming building maintenance needs at the Main Library facility.
- Strengthening our existing, and building new, collaborative relationships with community partner organizations.

**Revenues**

The current [TADL millage rate](#) is .9382 mills for operations. Our debt service bond was repaid during 2017, so there is no levy for debt retirement. Local municipalities, including TADL, are again seeing an increase in property tax revenue due to rising property values; however, this year’s levy was rolled back from .9431 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 fourth 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 actual	4,634,573	366,670	195,401	61,741	5,258,385
2019 projected	4,772,723	349,204	196,500	127,500	5,445,927
2020 proposed	4,964,590	338,425	187,000	66,500	5,556,515

2019 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%. 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 up in comparison to 2018 because of a generous donation by Dr. Marion L. Talbot. In 2019 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 therefore not reflected in the chart above.

2020 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 though these are drastically trending down. State Aid is projected to be approximately the same as last year, and Penal Fines remain questionable as they vary widely from year to year.

**Personnel Cost Projections**

In 2020, the overall percentage of personnel cost will decrease. 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 based on the differing calculation of being a small versus a large organization for calculating costs. Retirement and 401k costs are down due to retirements and new personnel. We are 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. In 2019, the Board voted to make payments above the minimum required amount. For 2020, the MERS monthly payment will be \$10,000. All told, personnel expenses account for about 58.6% of the library’s budget in 2020.

<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 actual	2,308,498	918,580*	3,227,078
2019 projection	2,424,700	910,486*	3,335,186
2020 budget	2,479,716	781,641	3,261,357

\*Includes amounts paid 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 & 2019. These extra payments, made four years in a row, have resulted in decreased unfunded 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, in 2018 it again rose to 85% funded. Our \$200,000 payment in 2019 will be recognized in the MERS actuarial report that we will receive in summer 2020.

**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 have added significant funding to our digital resources as that is where our statistics show our patrons are loving what we offer. We are committed to budgeting at least 10% of our annual budget for lending

materials. This 2020 budget proposal reflects materials spending increasing to 10.8 percent of the expenses.

**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 2019 through the hard work of Youth Services Coordinator Andy Schuck, we have collaborated with partner organizations to provide STEM kits to area libraries. We will continue to be a leader in innovation and knowledge sharing with other libraries. Also, in store for 2020, we will be using the remaining funds from the Preschool Interactive Learning Area Project to make necessary improvements to our Story Room.

**Maintenance and Repair:** The Main Library continues to show its age as a 21-year-old building. Until we know the results of the soffit work completed in the fall of 2019, roofing improvements are on hold. Once we have identified what further action needs to occur with the roof, we will proceed using Public Improvement Funds for this project, with Board approval. Beginning in 2020, we plan improvements to Staff work areas.

**Supplies:** The Office Supply budget has been decreased by 9.3 percent as a result of a large quantity of computer related supplies purchased in 2019.

**Outreach/Advertising/Printing:** We have slightly decreased this budget but will be using some of this fund to update our website and print materials.

**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 2020. Staff will be moving away from individual PC units to individual Chromebooks and docking stations. This is both a cost savings and provides for staff flexibility. The Technology Department will also be leading our 3D Printing initiative and assisting the Sight and Sound Department with a Wi-Fi Hot spot lending program.

**Technology Services to Other Libraries:**

We continue to provide technology services to Kalkaska County Library, Bonisteel Library at the Interlochen Center for the Arts, 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 to support our systems to provide stable uninterrupted service for TADL and our partners. The Technology Department has also completed smaller projects for other libraries in the area and for members of the Northland Library Cooperative. 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 visit 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. We continue to seek donations and other sources of funding to improve the shelving in the Local History Collection area, relocation of the Teen Services department upstairs, modernizing the services and technological tools available in the Public Computing Center at the Main Library, and beginning to raise funds for a front sign at the Main Library.

Capital Expenses and Use of Fund Balance: Some future projects include roof replacement, a lighting retrofit with LED lighting, renovating the bathrooms, new carpet, and painting. Some of these projects will be funded through our operating budget, and we will potentially request funding from appropriate fund balances. We hope to prioritize and address each 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 the 2020 budget proposal.

Michele P. Howard  
Library Director  
Traverse Area District Library



TRAVERSE AREA DISTRICT  
LIBRARY

## RESOLUTION

2020 Budget Resolution

November 21, 2019

Resolved, that the estimated revenues for 2020 result in the following total amount available for appropriation:

Tax Levy	4,924,590
Other Taxes	40,000
State Aid	118,425
Grants	10,000
Fees/Services/Sales/Rentals	87,000
Overdue Fines	100,000
Penal Fines	220,000
Interest & Dividends	15,000
Contributions	40,000
Reimbursements	1,500
Total available to appropriate	<u>5,556,515</u>

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

Personnel Services	3,261,357
Supplies	731,745
Other services and charges	449,835
Capital outlays	1,113,578
	<u>5,556,515</u>

Motion to adopt the resolution was introduced by:


JASON GILMAN

And supported by:

SUE ODGERS / MIKE VICKERY

Motion adopted: Yes / No

11/21/2019  
(date)

  
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J. Jones, Board Secretary