



2023 Operational Budget Overview

Budget Hearing: November 17, 2022

To the TADL Board and Community:

I am pleased to present the draft 2023 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 2023.

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 2021 Actuals, Original 2022 Budget, Amended 2022 Budget, Projected 2022 Year-End amounts, 2023 Expected Revenue and Expense, and the percentage difference between 2022 and 2023.

Overall Budget Environment and Budget Objectives in 2023:

- Maintain stable operations and a strong financial position.
 - Maintain operational costs while ensuring continuous improvements to customer service.
 - Increase spending for online and lending collections with emphasis on digital books.
 - 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 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.
 - Execute Year Two of the Strategic Plan as guided by our community and adopted by the Board.

Special Emphasis in 2022:

- Due to the State mandate to adopt a new Uniform Chart of Accounts, you will notice some large discrepancies between the 2022 budget and the 2023 budget because some expenses are grouped differently in the new Uniform Chart of Accounts than in the past.
- Begin year two of a three-year Strategic Plan focusing on the topics of Inclusivity and Innovative Engagement.
- A continued 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.
- Maintain our current technology with high demand items like Wi-Fi hotspots while expanding 3D printing services, electronic resources, and the very popular, Library of Things collection.
- Addressing upcoming building maintenance needs at the Main Library facility specifically the roof and the possibility of solar options.
- Strengthening existing, and building new, collaborative relationships with community partner organizations.
- Continue and expand Bookmobile services.

Revenues

The current [TADL millage rate](#) is .9044 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 .9202 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 sixth 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>
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 actual	4,724,449	349,204	162,761	272,201	5,508,615
2020 actual	4,937,353	315,030	69,501	172,859	5,494,743
2021 actual	5,133,182	300,309	65,657	271,858	5,771,006
2022 projected	5,293,788	306,278	66,468	152,336	5,818,870
2023 proposed	5,604,207	301,278	58,000	104,138	6,067,623

2022 Property Tax revenue increased again this year through the regular levy and Personal Property Tax reimbursement. While State Aid went up, Penal Fine receipts rose for the first time in year but we are projecting that they’ll drop 5% in 2023. Income from Services is still down due to remaining pandemic hesitancy but there was an increase in 2022. Income from Fines exceeded expectation even with the Board Policy to remove fines to increase patron usage and remove barriers for patrons

who can't afford fines. In 2022 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 \$114,173.30 is not a part of our General Fund budget, and therefore not reflected in the chart above.

2023 Property Tax revenue is projected to rise despite the Headlee millage reduction because of increased property values. We will continue to receive the Local Community Stabilization reimbursement though this is also drastically trending down. State Aid has increased since last year due to an increase in the per capita allotment as approved by the State Legislators, and increased population as shown in the 2020 Census. Penal Fines remain difficult to estimate as they vary widely from year to year and the legislature continues to try to erode this source of income for libraries.

Personnel Cost Projections

In 2023, the overall percentage of personnel cost will increase about 3.8%. Wage increases are budgeted because of the contractual agreement and merit raises. Additionally, there are increases for Pages and Desk Attendants, retirement PTO payout, and the addition of one staff member who will work in the Local History Collection and serve as a Float to cover shifts for vacations and illness. Health care costs increased 1.5% for employees utilizing this benefit. Retirement and 401k costs are up due to raising wages. 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 2023, TADL will continue to pay MERS monthly payments of \$10,000 which is \$4,371 over the required payment of \$5,629. All told, personnel expenses account for about 58.6% of the library's budget in 2023.

<u>Personnel</u>	<u>Wages</u>	<u>Benefits</u>	<u>Total Pers. Expense</u>
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	2,253,432	973,646*	3,227,078
2019 actual	2,302,685	963,170*	3,265,855
2020 actual	2,255,968	896,147*	3,152,115
2021 actual	2,384,015	1,025,191*	3,409,206
2022 projection	2,565,000	1,000,446*	3,565,446
2023 proposed	2,631,428	929,688	3,561,116

*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 \$114,173.30 in 2022. These extra payments, made seven years in a row, have resulted in decreased unfunded pension liability. Specifically, in 2015 our pension was 62 % funded, in 2016 it increased to 80%, and in 2017 it rose to 82%, in 2018 to 85% funded, in 2019 it was 84% due to changes in actuarial calculations, in 2020 to 86% funded and in 2021 to 90% funded. Our extra \$114,173.30 payment in 2022 will be recognized in the MERS actuarial report that we will receive in summer 2023.

Other Notes

Lending Collections and Electronic Resources: Patrons continue to explore and use our digital collections that has seen a large increase since the pandemic. As mentioned before, this creates an expensive drain on the budget which we are working on balancing. The physical collection lending is making a strong return and TADL continues to offer new books via the McNaughton leasing service. We are committed to budgeting at least 10% of our annual budget for lending materials. This 2023 budget proposal reflects materials spending at 11 % of the expenditures.

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 especially with the addition of a Bookmobile and the Youth Literacy Librarian. The improvements to our Story Room are almost complete with using the remaining funds from the Preschool Interactive Learning Area Project and funds from the TADL Friends as we have happily returned to in-person story times.

Maintenance and Repair: The Main Library continues to show its age as a 24-year-old building. As supply chain disruptions continued, the delay has given us time to explore solar as an option on the roof. Additionally, in 2023, we plan renovations of our public restrooms to improve accessibility and update to the flooring and fixtures.

Supplies: As suggested by the Auditors, assets now have a threshold amount of \$5,000. It was previously \$500. For that reason, there is a 17.7% increase to the Operating Supplies budget that coincides with a decrease in our capital expenditure budget.

Outreach/Advertising/Printing: This is one of the areas that looks like there was a large reduction of 59.6% but this is a result of the new Chart of Accounts and funds being moved to the Professional Services, and General Operating Supplies.

Member Library Allocations: Per the contract, all the Member Libraries saw a 3.09% increase in their payments. The contract covers 10 years, with base increases (or decreases) calculated on a formula which compares receipts from Property Taxes, Penal Fines, and State Aid from year to year.

Technology: The Technology Department staff continue to replace computer and equipment as needed to guarantee the high level of service provided to patrons and staff. The 2023 budget includes software that has been added in 2022 including Zoobean, the reading challenge application, additional 3D printers, and LibraryHQ to help librarian's select, manage and promote their collections.

Technology Services to Other Libraries:

We continue to provide technology services to Kankaska 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. The Technology Department has also contracted with the Benzie Shores Public Library to help with technology during their renovation, as

well as smaller projects for other libraries in the area and for members of the Northland Library Cooperative.

Contributions and Grants: The Friends of TADL held two book sales this year and continue their generous support for our newsletter, Ancestry.com, paying for bussing TCAPS 1st graders for a library visit, and the Summer Learning Challenge. 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 for the bookmobile, relocation of the Teen Services department to the second floor, modernizing the services and technological tools available in the Technology Center (formerly the Public Computing Center) at the Main Library, and are beginning to raise funds for remodeling the bathrooms.

TADL will again pursue grants as they allow us to provide new services to our community and beyond, and help us foster partnerships within our region.

Capital Expenditures and Use of Fund Balance: Some future projects include roof replacement with possible solar panels, renovating the bathrooms, new carpet, and painting. Some of these projects will be funded through our operating budget, and we will be requesting 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 2023 budget proposal.

Michele P. Howard
Library Director
Traverse Area District Library

2023 Annual & 2022 Amended Budget

Traverse Area District Library

General Fund

Draft Budget - 11/17/22

	Actual 2021	Original 2022 Budget	Amended 2022 Budget	Projected 12/31/2022	Proposed 2023 Budget	% Diff. 2022 v. 2023
Revenue						
Levied Tax	5,133,182	5,292,947	5,292,947	5,293,788	5,604,207	5.9%
PILT/Delinquent Tax, Other	38,322	30,500	30,500	63,695	30,500	0.0%
State Aid - TADL	84,472	106,389	106,389	104,893	107,468	1.0%
State Aid - Talking Book Library	41,072	41,075	41,075	41,073	41,073	0.0%
Grants	112,284	10,630	10,630	66,000	27,475	158.5%
Fees/Services	48,320	41,650	41,650	41,818	41,650	0.0%
Sales	22,623	19,080	19,080	33,000	19,150	0.4%
Overdue Fines	17,337	15,000	15,000	22,450	15,000	0.0%
Penal Fines	174,765	154,900	154,900	160,312	152,900	-1.3%
Interest & Dividends	2,050	5,650	5,650	-91,709	0	-100.0%
Rental Fees	0	2,200	2,200	2,200	2,000	-9.1%
Contributions	68,549	30,850	30,850	80,000	26,200	-15.1%
Reimbursements	28,030	0	0	1,350	0	0.0%
Total Revenue	5,771,006	5,750,871	5,750,871	5,818,870	6,067,623	5.5%
Transfer In	200,000		114,173	249,810		
Use of Fund Balance						
Revenue from All Sources	5,971,006	5,750,871	5,865,044	6,068,681	6,067,623	0

- Levied Tax includes Current Local Tax minus tax captures
- PILT/Delinquent Tax, Other - Payment in Lieu of Taxes (PILT), Delinquent and Local Stabilization
- Grants represent funds from Federal, State, counties and other agencies
- Fees/Services include annual fees for contractual technology agreements with other libraries
- Sales includes photocopy receipts, postage, bags, books, & miscellaneous sales
- Overdue Fines are fines, replacement fees for damaged/lost material
- Penal Fines combines Grand Traverse, Benzie and Leelanau counties
- 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 is from Internal Service Fund for payment of Unfunded Pension Liability and \$135,637 from the Reserve Employee Obligations Fund for the Reserve Sick Leave payout that happened in February 2022

Expenditures	Actual 2021	Original 2022 Budget	Amended 2022 Budget	Projected 12/31/2022	Proposed 2023 Budget	% Diff. 2022 v. 2023
Personnel						
Salaries	2,384,015	2,534,599	2,534,599	2,565,000	2,631,428	3.8%
Social Security/Medicare	61,313	71,900	71,900	65,000	67,519	-6.1%
Medical Insurance	331,245	378,330	378,330	363,000	383,992	1.5%
Vision Insurance	3,778	4,150	4,150	4,280	3,773	-9.1%
Dental Insurance	27,949	30,150	30,150	27,500	28,505	-5.5%
Life Insurance	7,575	8,850	8,850	7,950	8,909	0.7%
MERS DC Retirement	150,846	160,000	160,000	168,000	172,320	7.7%
MERS DB Unfunded Liability	320,000	120,000	234,173	234,173	120,000	-48.8%
401(k) Retirement	107,783	120,400	120,400	107,000	121,111	0.6%
Unemployment	0	0	0	427	0	0.0%
Workers' Comp.	7,860	8,000	8,000	7,766	8,000	0.0%
Disability Insurance	6,842	15,500	15,500	15,350	15,559	0.4%
Total Personnel	3,409,206	3,451,879	3,566,052	3,565,446	3,561,116	-0.1%
Supplies						
General Operating Supplies	143,389	167,450	167,450	205,270	197,065	17.7%
Library Materials	640,949	606,300	606,300	627,215	667,960	10.2%
Rep & Mnt. Supplies	5,238	6,750	6,750	4,152	6,750	0.0%
Total Supplies	789,576	780,500	780,500	836,636	871,775	11.7%
Other Services and Charges						
Professional Services	197,811	238,500	238,500	227,198	454,165	90.4%
Communications	28,803	36,480	36,480	27,622	28,500	-21.9%
Travel & Education	23,783	55,657	55,657	42,347	61,700	10.9%
Outreach/Advertising/Printing	22,228	22,150	22,150	18,005	8,950	-59.6%
Insurance & Bonds	33,563	41,250	41,250	32,136	42,280	2.5%
Utilities	99,336	103,200	103,200	99,132	109,700	6.3%
Repairs & Maintenance	267,378	322,405	322,405	351,386	273,000	-15.3%
Member Libraries	569,720	629,000	629,000	639,000	648,437	3.1%
Awards & Recognition (Misc.)	2,045	2,500	2,500	0		-100.0%
Property Tax Reimbursement	8,679	6,500	6,500	4,892	8,000	23.1%
Use Tax/Misc	666	1,300	1,300	0	0	-100.0%
Total Other Services & Charges	1,254,012	1,458,942	1,458,942	1,441,718	1,634,732	12.0%
Capital Outlay	112,781	53,550	53,550	85,667	0	-100.0%
Contingency	0	6,000	6,000	0	0	-100.0%
Total Capital	112,781	59,550	59,550	85,667	0	-100.0%
Total Expenditures	5,565,575	5,750,871	5,865,044	5,929,467	6,067,623	3.5%
Transfer Out	157,000					
Expenditures from All Sources	5,722,575	5,750,871	5,865,044	5,929,467	6,067,623	
Revenue / Expense	248,431	0	0	139,213	0	

→Slightly higher wages due to union agreement, merit increases, increases for retention of Pages and Desk Attendants & retirement PTO payouts

→Increase in some rates for health insurance & staff opt-in

→Decrease in vision & dental insurance based on staff opt-out

→Increase in life & disability insurance based on higher payroll

→Increase in retirement and 401k based on higher payroll

→Increase in Library Materials to cover increased demand for digital services

→Various changes in Other Services and Charges due to the new Chart of Accounts



RESOLUTION

2023 Budget Resolution
November 17, 2022

Resolved, that the estimated revenues for 2023 result in the following total amount available for appropriation:

Tax Levy	5,604,207
Other Taxes	30,500
State Aid	148,541
Grants	27,475
Fees/Services/Sales/Rentals	62,800
Overdue Fines	15,000
Penal Fines	152,900
Interest & Dividends	0
Contributions	26,200
Reimbursements	<u>0</u>
Total available to appropriate	<u><u>6,067,623</u></u>

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

Personnel Services	3,561,116
Supplies	871,775
Other services and charges	1,634,732
Capital outlays	<u>0</u>
	<u><u>6,067,623</u></u>

Motion to adopt the resolution was introduced by: Wescott

And supported by: Jones

Motion adopted: Yes / No 11/17/22
(date)


Jeffrey Wescott, Board Secretary