



## 2021 Operational Budget Overview

Budget Hearing: November 19, 2020

### To the TADL Board and Community:

I am pleased to present the draft 2021 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 2021.

### 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 2019 Actuals, Original 2020 Budget, Amended 2020 Budget, Projected 2020 Year-End amounts, 2021 Expected Revenue and Expense, and the percentage difference between 2020 and 2021.

### Overall Budget Environment and Budget Objectives in 2021:

- 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 2021:

- 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 laptop lending, and increased WiFi access.
- The enhancement of services to children and teens to increase usage and encourage the establishment of lifelong learning with expanded programs.
- Developing outreach programs targeted toward our mature 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 .9292 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 .9382 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>
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 actual	4,724,499	363,874	196,776	223,466	5,508,615
2020 projection	4,937,353	337,239	84,593	109,641	5,468,826
2021 proposed	5,126,735	339,225	94,150	81,270	5,641,380

2020 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 10.9%. 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. Income from Fines and Services are down as a result of the COVID-19 pandemic. In 2020 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 \$110,000 is not a part of our General Fund budget, and therefore not reflected in the chart above.

2021 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 has increased since as last year, and Penal Fines remain questionable as they vary widely from year to year.

**Personnel Cost Projections**

In 2021, the overall percentage of personnel cost will decrease slightly. 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 4 percent. 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 2021, the MERS monthly payment will be \$10,000. All told, personnel expenses account for about 58.9% of the library’s budget in 2021.

<u>Personnel</u>	<u>Wages</u>	<u>Benefits</u>	<u>Total Pers. Expense</u>
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	2,253,432	973,646*	3,227,078
2019 actual	2,302,685	963,170*	3,265,855
2020 projection	2,280,000	911,135*	3,191,135
2021 budget	2,453,472	873,514	3,326,968

\*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 \$110,000 in 2020. These extra payments, made five 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 and in 2019 it was 84% due to changes in actuarial calculations. Our extra \$110,000 payment in 2020 will be recognized in the MERS actuarial report that we will receive in summer 2021.

**Other Notes**

Lending Collections and Electronic Resources: Due to COVID-19 and more patrons using our digital collections, 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 2021 budget proposal reflects materials spending increasing to 11 % 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 2020 through the hard work of Youth Services Coordinator Andy Schuck, we have collaborated with partner organizations to provide STEM kits to area libraries funded by an LSTA grant. While times are uncertain and some projects were delayed because of constraints from COVID-19, we continue to provide services to our young readers and families. While not currently in use, we hope to in 2021 to use the remaining funds from the Preschool Interactive Learning Area Project to make necessary improvements to our Story Room in anticipation of returning to live story times.

Maintenance and Repair: The Main Library continues to show its age as a 23-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 2021, we plan improvements to Staff work areas and renovations of our public restrooms to improve accessibility and update the fixtures.

Supplies: The Office Supply budget has been increased by 3.1 percent as we are planning to replace the computers in the Public Computing Center.

Outreach/Advertising/Printing: We have a significant decrease in this budget as COVID-19 has greatly restricted our outreach. There are also no significant social events planned due to the pandemic.

Member Library Allocations: These annual payments will be increasing once again this year by 3.55 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 2021. As mentioned above the computers in the computer lab will be replaced in 2021. There is a significant increase in communications as we are paying for WiFi hotspots that now circulate. Technology will also be replacing the sorter which we will need come out of the Public Improvement Fund.

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 is helping Kalkaska County Library with their work in the Kalkaska Public Schools libraries. 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: While unable to hold their annual book and media sales, 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 roadside 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, library sign outside, 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 2021 budget proposal.

Michele P. Howard  
Library Director  
Traverse Area District Library

**2021 Annual & 2020 Amended Budget**

**Traverse Area District Library**

**General Fund**

**Draft Budget - 11/19/20**

	<b>Actual 2019</b>	<b>Original 2020 Budget</b>	<b>Amended 2020 Budget</b>	<b>Projected 12/31/2020</b>	<b>Proposed 2021 Budget</b>	<b>% Diff. 2020 v. 2021</b>
<b>Revenue</b>						
Levied Tax	4,724,449	4,924,590	4,924,590	4,937,353	5,126,735	4.1%
PILT/Delinquent PPT, Other	49,752	40,000	40,000	51,435	38,000	-5.0%
State Aid - TADL	78,065	77,350	77,350	77,974	83,750	8.3%
State Aid - Talking Book Library	41,073	41,075	41,075	41,073	41,075	0.0%
Local Grants	14,670	10,000	10,000	22,209	18,400	84.0%
Fees/Services	41,515	42,000	42,000	40,893	42,150	0.4%
Sales	39,965	38,000	38,000	16,550	20,000	-47.4%
Overdue Fines	115,296	100,000	100,000	27,150	32,000	-68.0%
Penal Fines	230,066	220,000	220,000	195,983	196,000	-10.9%
Interest & Dividends	51,214	15,000	15,000	27,500	15,000	0.0%
Rental Fees	5,950	7,000	7,000	750	2,200	-68.6%
Contributions	114,603	40,000	40,000	28,500	24,570	-38.6%
Reimbursements	1,997	1,500	1,500	1,456	1,500	0.0%
<b>Total Revenue</b>	<b>5,508,615</b>	<b>5,556,515</b>	<b>5,556,515</b>	<b>5,468,826</b>	<b>5,641,380</b>	<b>1.5%</b>
Transfer In			110,000	110,000		
Use of Fund Balance						
<b>Revenue from All Sources</b>	<b>5,508,615</b>	<b>5,556,515</b>	<b>5,666,515</b>	<b>5,578,826</b>	<b>5,641,380</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

Expenses	Actual 2019	Original 2020 Budget	Amended 2020 Budget	Projected 12/31/2020	Proposed 2021 Budget	% Diff. 2020 v. 2021
<b>Personnel</b>						
Salaries	2,302,685	2,412,415	2,412,415	2,280,000	2,453,472	1.7%
Social Security/Medicare	64,046	67,301	67,301	65,000	69,425	3.2%
Medical Insurance	302,762	336,090	336,090	315,000	356,685	6.1%
EAP/FSA	1,229	1,451	1,451	1,200	1,491	2.8%
Vision Insurance	3,221	3,845	3,845	3,600	4,045	5.2%
Dental Insurance	21,627	26,140	26,140	24,000	28,140	7.7%
Life Insurance	7,749	9,085	9,085	9,085	9,245	1.8%
MERS DC Retirement	144,148	149,050	149,050	140,000	149,995	0.6%
MERS DB Unfunded Liability	299,528	120,000	230,000	230,000	120,000	-47.8%
401(k) Retirement	104,163	113,000	113,000	100,000	114,620	1.4%
Unemployment	0	7,240	7,240	7,150	1,500	-79.3%
Workers' Comp.	7,357	7,500	7,500	7,860	10,000	33.3%
Disability Insurance	7,342	8,240	8,240	8,240	8,350	1.3%
<b>Total Personnel</b>	<b>3,265,855</b>	<b>3,261,357</b>	<b>3,371,357</b>	<b>3,191,135</b>	<b>3,326,968</b>	<b>-1.3%</b>
<b>Supplies</b>						
Office Supplies	134,073	123,015	123,015	123,015	126,795	3.1%
Library Materials	627,989	601,980	601,980	601,980	626,100	4.0%
Rep & Mnt. Supplies	9,074	6,750	6,750	4,000	6,750	0.0%
<b>Total Supplies</b>	<b>771,135</b>	<b>731,745</b>	<b>731,745</b>	<b>728,995</b>	<b>759,645</b>	<b>3.8%</b>
<b>Other Services and Charges</b>						
Professional Services	230,951	272,955	272,955	186,000	270,355	-1.0%
Communications	17,489	29,290	29,290	29,290	37,790	29.0%
Travel & Education	31,192	63,920	63,920	31,000	45,460	-28.9%
Outreach/Advertising/Printing	33,311	30,800	30,800	30,000	21,400	-30.5%
Insurance & Bonds	29,889	32,040	32,040	31,200	33,746	5.3%
Utilities	100,180	118,200	118,200	90,000	118,200	0.0%
Repairs & Maintenance	258,205	355,170	355,170	221,000	355,170	0.0%
Member Libraries	535,605	550,188	550,188	550,188	569,721	3.6%
Awards & Recognition (Misc.)	1,805	2,500	2,500	2,500	2,500	0.0%
Property Tax Reimbursement	-51	6,500	6,500	600	6,500	0.0%
Use Tax	1,449	1,000	1,000	1,000	1,000	0.0%
<b>Total Other Services &amp; Charges</b>	<b>1,240,026</b>	<b>1,462,563</b>	<b>1,462,563</b>	<b>1,172,778</b>	<b>1,461,842</b>	<b>0.0%</b>
<b>Capital Outlay</b>	<b>152,839</b>	<b>93,850</b>	<b>93,850</b>	<b>93,850</b>	<b>85,925</b>	<b>-8.4%</b>
<b>Contingency</b>	<b>0</b>	<b>7,000</b>	<b>7,000</b>	<b>0</b>	<b>7,000</b>	<b>0.0%</b>
<b>Total Expenses</b>	<b>5,429,856</b>	<b>5,556,515</b>	<b>5,666,515</b>	<b>5,186,758</b>	<b>5,641,380</b>	<b>-0.4%</b>
<b>Revenue / Expense</b>	<b>78,759</b>	<b>0</b>	<b>0</b>	<b>392,068</b>	<b>0</b>	

- Slightly higher wages due to union agreement, merit increases, increases for retention of pages and subs & payouts at retirement
- Increase in some rates for health insurance & staff opt-in
- 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
- Repairs & maintenance stable for planned maintenance & built in contingency as no planned events
- Property tax reimbursement decrease based on current trend
- Contingency to set aside funds for technology needs for contractual agreements

## Traverse Area District Library 2020 Final Budget Amendment Resolution

It is resolved, that the estimated revenues and total available to appropriate for 2020 are amended as follows, have arrived and are deemed to be within expectations:

	General Fund			
	Original Budget	Prior Amendments	Final Amendment	
Estimated revenues	5,556,515		(88,515)	5,468,000
Operating transfers in	-	110,000		110,000
Appropriable fund balance	-	-		-
<b>Total available to appropriate</b>	<b>5,556,515</b>	<b>110,000</b>	<b>(88,515)</b>	<b>5,578,000</b>

Further, it is resolved that as expenditures may exceed appropriations in some categories, the following amounts are to be amended to reconcile these differences:

Personnel	3,261,357	110,000	(26,075)	3,345,282
Supplies	731,745	-	70,000	801,745
Other services and charges	1,462,563	-	(177,841)	1,284,722
Capital outlays/Contingencies	100,850	-	30,000	130,850
Transfers to Public Improvement Fund	-	-	15,401	15,401
	<b>5,556,515</b>	<b>110,000</b>	<b>(88,515)</b>	<b>5,578,000</b>

Further, that the Library Director is authorized to reallocate detail line item amounts as listed on the above budget so long as the amounts appropriated in the above categories are not exceeded.

Further, that any funds contributed specifically toward the Teen Services/Business Center, Talking Book Library, Local History Collection Project, Main Library Sign Project and from the Sight & Sound Saunders bequest, be transferred to the Public Improvement Fund to use for the projects in future fiscal years.

	Public Improvement Fund		
	Original	Change	Final
PIF restricted net assets designated for			
Talking Book Library	-	5,000	5,000
Sight & Sound Dept - Saunders Donation	-	1,075	1,075
Local History Collection	-	9,326	9,326

Motion to adopt the resolution was introduced by:

Sullivan

and supported by:

Pakieser & Odgers

Motion adopted on December 17, 2020 Y / N

M. L. Pakieser 1/11/21

Marylee Pakieser, Board Secretary