



2024 Operational Budget Overview

Budget Hearing: November 16, 2023

To the TADL Board and Community:

I am pleased to present the draft 2024 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 2024.

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 2022 Actuals, Original 2023 Budget, Amended 2023 Budget, Projected 2023 Year-End amounts, 2024 Expected Revenue and Expense, and the percentage difference between 2023 and 2024.

Overall Budget Environment and Budget Objectives in 2024:

- 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 spending on personnel to meet the needs of our patrons.
 - 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 Three of the Strategic Plan as guided by our community and adopted by the Board with an emphasis on literacy.

Special Emphasis in 2024:

- Begin year three of a three-year Strategic Plan focusing on the topics of Inclusivity and Targeted Outreach.
- 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 bathrooms 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 not rolled back from .9044 mills due to the rate of inflation. The requirements of the Headlee Amendment which calls for millage reductions when property values increase more than the level of inflation. This is the first time in six years that we have not seen 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>
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 actual	5,357,525	306,278	112,683	213,212	5,989,698
2023 projected	5,661,132	328,552	118,590	223,245	6,331,519
2024 proposed	6,155,304	299,441	49,650	86,305	6,590,700

2023 Property Tax revenue increased again this year through the regular levy and Personal Property Tax reimbursement. While State Aid remained stagnant, Penal Fine receipts returned to decreasing with 2024 projected to drop 1.3%. Income from Services will be less than 2023 due to Interlochen Center for the Arts no longer receiving TADL services. 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 2023 we did not transfer funds from our Internal Service Fund as that account was closed in 2022. Additionally, in 2023, there were no funds transferred to make an additional

payment to the Municipal Employees’ Retirement System (MERS) for our current unfunded pension liability. This was in anticipation of some anticipated capital expenditures.

2024 Property Tax revenue is projected to rise especially considering there was no Headlee rollback. We will continue to receive the Local Community Stabilization reimbursement though this is also drastically trending down. State Aid has not increased since last year due to the lack of political will by the State Legislators. 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 2024, the overall percentage of personnel cost will increase about 8.6%. Wage increases are budgeted because of the contractual agreement and merit raises. Additionally, there are increases for Pages and Substitute Library Attendants, retirement PTO payout, the addition of hours to 2 part-time staff to make them fulltime, and the addition of one Library Assistant in the Technology Department. Health care costs increased 18% 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 2024, TADL will continue to pay MERS monthly payments of \$10,000 which is \$4,289 over the required payment of \$5,711. All told, personnel expenses account for about 58.6% of the library’s budget in 2024.

<u>Personnel</u>	<u>Wages</u>	<u>Benefits</u>	<u>Total Pers. Expense</u>
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 actual	2,564,239	985,344*	3,549,583
2023 projection	2,614,335	890,839	3,505,174
2024 proposed	2,832,079	1,030,563	3,862,642

*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, in 2021 to 90% funded, and in 2022 to 91% funded. Our extra \$52,452 payment in 2023 will be recognized in the MERS actuarial report that we will receive in summer 2024.

Other Notes

Lending Collections and Electronic Resources: Patrons continue to explore and use our digital collections that have 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 as well. We are committed to budgeting at least 10% of our annual budget for lending materials. This 2024 budget proposal reflects materials spending at 11.3% 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.

Maintenance and Repair: The Main Library continues to show its age as a 25-year-old building. As it has been resolved in 2023 that the roof is in good condition and will last another 10 years, it is time to turn our attention to the bathrooms.

Supplies: As this is our second budget with the new Chart of Accounts, supplies should be more in line with 2023 than 2022 which was the old system. There is a 13.1% increase to General Operating Supplies. This increase is to update the Adult Services Collection and to fund the growing expense of digital books.

Outreach/Advertising/Printing: This is another area that saw a large (67% increase). This is planned spending for our millage education and a literacy campaign.

Member Library Allocations: Per the contract, Interlochen and Fife Lake Libraries saw a 5.6% 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. Peninsula will be receiving a significant (20%) increase this year because in order for them to receive State Aid they must receive 3/10 mill in local support. Due to the increasing property values, Peninsula was at risk of falling below that amount.

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 2024 budget includes software that has been added in 2023 including Zoobean, the reading challenge application, additional 3D printers, and Collection HQ to help librarian's select, manage and promote their collections.

Technology Services to Other Libraries:

We continue to provide technology services to Kalkaska County Library and Suttons Bay-Bingham District Library. Budgets for these contractual agreements include direct and indirect costs. The Technology Department continues to help with technology issues, 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. Despite that grant funds are getting significantly more competitive to achieve as ARPA fund dry up and more organizations feel the strain of inflation, TADL will continue to 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 renovating the bathrooms, new carpet, chiller replacement, elevator updates, 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 2024 budget proposal.

Michele P. Howard
Library Director
Traverse Area District Library

**2024 Annual Budget
Traverse Area District Library
General Fund**

Draft Budget - 11/16/2023

	Actual 2022	Original 2023 Budget	Amended 2023 Budget	Projected 12/31/2023	Proposed 2024 Budget	% Diff. 2023 v. 2024
Revenue						
Current Levied Property Taxes	5,293,788	5,604,207	5,604,207	5,611,171	6,114,804	9.1% ¹
PILT/Delinquent Tax, Other	63,737	30,500	30,500	49,961	40,500	32.8% ²
Grants - Federal/State/Other	60,643	27,475	27,475	67,202	29,450	7.2% ³
State Aid - TADL	104,893	107,468	107,468	108,228	107,468	0.0%
State Aid - Talking Book Library	41,073	41,073	41,073	41,073	41,073	0.0%
Penal Fines	160,312	152,900	152,900	179,251	150,900	-1.3%
Fees/Services	43,498	41,650	41,650	58,450	29,650	-28.8%
Overdue Fines/Replacements	30,128	15,000	15,000	36,350	18,000	20.0% ⁴
Sales	35,857	19,150	19,150	21,486	22,650	18.3% ⁵
Meeting Room/Equip Rentals	3,200	2,000	2,000	2,304	2,000	0.0%
Interest & Gains/Losses	-58,380	0	0	79,384	7,500	0.0%
Donations/Contributions	95,140	26,200	26,200	56,193	26,200	0.0%
Misc Revenue & Reimbursements	1,635	0	0	20,466	505	0.0%
Total Revenue	5,875,525	6,067,623	6,067,623	6,331,519	6,590,700	8.6%
Transfer In	114,173					
Use of Fund Balance						
Revenue from All Sources	5,989,698	6,067,623	6,067,623	6,331,519	6,590,700	8.6%

1 - Property values increasing combined with no Headlee Rollback due to inflation rates equals a higher levy for 2024.

2 - Actual revenue amounts for both 2022 and 2023 have far exceeded the \$30,500 budget. We anticipate an increase in 2024.

3 - Increased grants from Northland Cooperative

4 - Despite going fine-free for the majority of our materials, we continue to have increases in our revenue for Overdue Hot Items and Replacements.

5 - We expect sales of merchandise to continue rising as we offer new items.

**2024 Annual Budget
Traverse Area District Library
General Fund**

Draft Budget - 11/16/2023

Expenditures	Actual 2022	Original 2023 Budget	Amended 2023 Budget	Projected 12/31/2023	Proposed 2024 Budget	% Diff. 2023 v. 2024
Personnel						
Salaries & Wages	2,564,239	2,631,428	2,633,397	2,614,335	2,832,079	7.5% ⁶
Social Security/Medicare	65,781	67,519	65,734	69,257	66,568	1.3% ⁶
Medical Insurance	353,324	383,992	390,267	355,851	462,679	18.6% ⁷
Dental Insurance	27,006	28,505	27,602	28,857	27,149	-1.6%
Vision Insurance	3,756	3,773	3,860	3,395	4,078	5.7% ⁸
Life Insurance	7,928	8,909	8,765	7,612	9,445	7.8% ⁶
Disability Insurance	14,024	15,559	15,300	13,585	16,357	6.9% ⁶
401(k) Retirement	106,081	121,111	118,965	112,455	131,853	10.8% ⁶
MERS DC Retirement	165,078	172,320	169,226	172,061	184,133	8.8% ⁶
MERS DB Unfunded Liability	234,173	120,000	120,000	120,000	120,000	0.0%
Workers' Comp.	7,766	8,000	8,000	7,767	8,300	3.8% ⁶
Unemployment	427	0	0	0	0	0.0%
Total Personnel	3,549,583	3,561,116	3,561,116	3,505,175	3,862,642	8.5%
Supplies						
General Operating Supplies	203,429	197,065	189,065	166,171	222,350	17.6% ⁹
Rep & Mnt. Supplies	6,294	6,750	14,750	16,713	16,750	13.6% ¹⁰
Library Materials	623,192	667,960	667,960	659,744	744,705	11.5% ¹¹
Total Supplies	832,915	871,775	871,775	842,628	983,805	12.9%

6 - Wages are increasing due to 3% cost of living and union step increases, as well as raises for non-union staff including Pages, Desk Attendants, Substitutes, and Management. Additionally, we plan to increase staffing hours, resulting in changes to FTE's, this accounts for the remaining budget increase to Wages. Other Personnel expenditures automatically increase along with Wages.

7 - Medical Insurance is increasing 18.6% due to a combination of 5.8% increase in premiums and an increased cost due to changes in positions and resulting eligibility.

8 - Vision Insurance is increasing due to changes in positions and resulting eligibility.

9 - 14% increase is comprised of 2.5% increase for Summer Reading t-shirts, 5.5% increase for Summer Reading program supplies, and 6% increase for computer equipment.

10 - Budgeting an extra \$2,000 for maintenance supplies due to inflation.

11 - Library Materials are increasing 11.1%, the majority of which is an increase in the budget for Books. Additional increases are for Databases and downloadable e-Audio/e-Books. We are reducing our Music/CD budget.

**2024 Annual Budget
Traverse Area District Library
General Fund**

Draft Budget - 11/16/2023

Expenditures, continued	Actual 2022	Original 2023 Budget	Amended 2023 Budget	Projected 12/31/2023	Proposed 2024 Budget	% Diff. 2023 v. 2024
Other Services and Charges						
Professional/Contractual Services	205,983	308,425	308,425	242,200	336,360	9.1% ¹²
Advertising & Outreach	14,932	25,950	25,950	26,550	43,500	67.6% ¹³
Insurance	32,136	42,280	42,280	25,276	30,574	-27.7% ¹⁴
Repairs & Maintenance	353,017	340,110	340,110	349,546	328,730	-3.3% ¹⁵
Communications	26,161	28,500	28,500	22,053	28,500	0.0%
Utilities	102,971	109,700	109,700	105,463	114,800	4.6% ¹⁴
Education & Travel	97,803	123,330	123,330	111,774	129,948	5.4% ¹⁶
Member Libraries	639,000	648,437	648,437	648,437	718,841	10.9% ¹⁷
Misc	276	0	1,500	0	1,500	0.0%
Property Tax Reimbursement	2,892	8,000	6,500	4,892	6,500	0.0%
Total Other Services & Charges	1,475,169	1,634,732	1,634,732	1,536,191	1,739,253	6.4%
Capital Outlay						0.0%
Total Capital Outlay	42,825	0	0	12,650	5,000	0.0%
Total Expenditures	5,900,491	6,067,623	6,067,623	5,896,644	6,590,700	0
Transfer Out						
Expenditures from All Sources	5,900,491	6,067,623	6,067,623	5,896,644	6,590,700	8.6%
Credit/(Debit) to Fund Balance	89,207	0	0	434,875	(0)	

12 - We are budgeting for slight increases in Attorney fees in preparation of union negotiations, Programming fees, and Software. The majority of this increase is for moving the Security Guards from the Repairs/Maintenance budget line item to this more appropriate Contractual Services budget.

13 - Budgeting an additional \$5,800 for outreach mailings to residents, and an additional \$10,500 for a Literacy Campaign.

14 - Both Insurance and Utilities are budgeted to have slight increases for 2024.

15 - Increasing the Repairs/Maintenance budget by approximately \$20,000 (comprised of increases to building maintenance and grounds contractors) but also reducing it by moving the Security Guards out to another line item.

16 - Many staff attending MLA in TC, a few staff attending PLA in Ohio (biennial conference), and two staff to the MERS Conference.

17 - Member Library payments to increase 5.61%; however, with such an increase for Peninsula Community Library, they would be receiving equivalent to only 0.2639 mills, however, a requirement of State Aid is a minimum of 0.3 mills. We have therefore corrected this for PCL's State Aid requirement.



RESOLUTION

2024 Budget Resolution
November 16, 2023

Resolved, that the estimated revenues for 2024 result in the following total amount available for appropriation:

Tax Levy	6,114,804
Other Taxes	40,500
State Aid	148,541
Grants	29,450
Fees/Services/Sales/Rentals	54,300
Overdue Fines	18,000
Penal Fines	150,900
Interest & Dividends	7,500
Contributions	26,200
Reimbursements	<u>505</u>
Total available to appropriate	<u><u>6,590,700</u></u>

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

Personnel Services	3,862,642
Supplies	983,805
Other Services and Charges	1,739,253
Capital Outlays	<u>5,000</u>
	<u><u>6,590,700</u></u>

Motion to adopt the resolution was introduced by:

TAJESER

And supported by:

JONES

Motion adopted: Yes / No

11/16/23
(date)

Paul Deyo
Paul Deyo, Board Secretary