



Memo

DATE: May 29, 2020

To: LDL Finance and Personnel Committees

From: John Martin, Library Director

RE: Review of Director's Proposed FY2020-2021 Budgets

The coronavirus pandemic has forced the library to rethink the way that services, programs, and materials are made available or delivered to our library patrons. The library stopped in-library service on March 13, 2020, but online, remote library service began to ramp up in earnest after this date. Demand for and use of electronic books, magazines, films and other electronically delivered materials have increased dramatically. Online program delivery, e.g., storytime sessions for young children, online gaming, remote author visits, and other online programming, are new service offerings.

To help meet the needs of our taxpayers, library staff and board members have had to make hard decisions regarding service delivery models, staffing needs, programming needs, and material offerings. The FY 2020/21 budget proposal presents a dramatic shift in the library's service model designed to meet the current and future needs of our taxpayers.

Below are brief summaries of FY2020-2021 budget requests for the Debt Service, Maintenance and General Fund Budgets along with a summary of the proposed General Fund budget.

REVENUE ASSUMPTIONS

Library district total taxable value (TV) increased \$71,034,457 to \$2,262,992,160 representing an overall TV increase of 3.24%. Revenue from property taxes and Personal Property Tax reimbursement increased to a total of \$2,204,846. There will be a slight Headlee reduction in the library's tax rate; it will be reduced from .9689 mills to .9654 mills. The tax rate for debt service millage will remain .1150 mills.

In March 2018, a Michigan Tax Tribunal (MTT) case brought by Consumers Power challenging Port Sheldon Township's property assessments for 2016 and 2017 was settled. The library joined Port Sheldon Township and other taxing authorities which receive tax funds from the Port Sheldon Consumers plant in challenging Consumers at the MTT. In the settlement the taxing authorities agreed to adjust the way Consumers property and equipment is taxed and to lower their assessments for 2016, 2017 and years going forward through 2022. Tax income from Port Sheldon Township is anticipated to decline approximately 5.50% this year, from \$291,947 to \$275,894.

Penal fines collected from the County Court system are anticipated to decline by approximately 21%, to total annual revenue of \$90,000, due in large part to fewer drivers on the roads due to stay-at-home orders, high unemployment, and other coronavirus induced reasons.

In early 2019, the library joined the Michigan Cooperative Liquid Assets Securities System (Michigan CLASS), an investment pool of Michigan governmental entities. This “is a local government investment pool that emphasizes safety, liquidity, convenience, and competitive yield. Since 1991, Michigan CLASS has provided Michigan public agencies a safe and competitive investment alternative. Michigan CLASS invests only in instruments applicable to Michigan state laws governing investment options for local agencies.” Interest income is anticipated to decline over the course of the FY and this budget proposal represents a reduction of more than 68% from the previous FY, to a total of \$7,000.

In December 2019, the library’s Robbins Road property was sold to a local developer. Funds were deposited into Michigan CLASS and a transfer of \$72,490 from the proceeds are included as revenue to offset debt service bond payments from the library’s General Fund. It is anticipated that this amount will be transferred from committed fund balance until 2027 when the bonds are paid off.

Overall, library revenue is anticipated to decline by 15.55% to \$2,568,586 due to sale of Robbins Road property in previous FY, declines in penal fines, interest income, printing revenues, library moving to fines-free in September 2019, and general donations caused by library closure and local economic conditions.

DEBT SERVICE FUNDS

In 2017, the library’s two building bonds, originally issued in 2007 to fund reconstruction and furnishings of the library, were refinanced. This lowered the interest rates on each bond saving taxpayers approximately \$500,000 over the remaining ten years of the bonds.

Debt Service A Fund is used to repay the 2017A bond which in FY2020-2021 will total \$251,100, of which \$210,000 is for principal and \$41,100 is for interest. This bond is paid for through a separate voted tax levy on property owners in the library’s district. For FY2020-2021, the library anticipates maintaining the millage rate at .1150 to generate adequate funds to meet principal and interest payments and leave a projected fund balance at the end of FY 2020-21 of \$79,699.

Debt Service B Fund is used to repay the 2017B bond. This bond is repaid from the library’s General Fund. The library is budgeting \$326,200 from General Fund to cover \$61,200 in interest and \$265,000 in principal payments. No funds are being appropriated from the Debt Service B fund balance which will have a small balance of \$50 at FY2020-2021 end.

MAINTENANCE FUND

The library will be 11 years old on July 1, 2020. A number of building maintenance repairs have been identified and the library contracted with Wiss, Janney and Elstner, a large Architectural and Engineering firm, to prepare architectural drawings, solicit bids for repairs, and oversee projects. Resealing all windows and door frames, along with brick removal and insulating around three windows in Local History, are budgeted in FY2020-21.

GENERAL FUND

It is anticipated that the unassigned General Fund fund balance will be approximately 36.14% of proposed FY20-21 General Fund expenses, or \$865,043 at June 30, 2020. (Note that Maintenance Fund transfers/expenses are excluded from this calculation). It is anticipated that the FY2020-21 budget will finish June 30, 2021 with an unassigned fund balance of \$887,306 and total fund balance of \$1,400,346.

In May 2020, two full-time employees retired – Julia Hoebeke and Larry Halverson. Four part-time positions were eliminated as library service needs were altered due to coronavirus and general economic conditions. Neither full-time position will be filled in FY2020-21. However, one part-time Youth Services and one part-time Circulation position have been approved to be converted to full-time positions in July 2020. No retirements or further staff reductions are anticipated for FY2020-21.

In this budget we have included employee and volunteer background checks to help ensure the safety of our library patrons, both young and old.

After analyzing other local government pay increases, we are proposing 1.9% staff salary increase, an amount equal to the 2019 CPI.

This budget maintains expenditures for Youth books to \$18,000. It reduces expenditures for Adult materials (books, CDs, DVDs, etc.) but increases expenditures for online resources. Due to stay-at-home orders, demands for access to digital library resources has dramatically increased. Online resources expenses have been increased more than 26% to nearly \$103,000 per year. Staff will continue to closely monitor this usage and further increases in online resources budgets may become necessary.

As online digital usage grows, library staff have been creating more online content and reducing the need for printed mailings of newsletters and other information. In FY2019-20 the number of mailed quarterly newsletters was reduced from four to two annually. This proposed budget reduces the number of printed and mailed newsletters to one. Expenses for printing and associate postage been reduced by more than 18% to \$14,185.

Library service in FY2020-21 will need to be flexible, fluid, and open to change. I anticipate this FY will see many changes to library service and programming. With this budget we have positioned the library to be adaptable and prepared to meet the challenges of satisfying the needs of our taxpayers and library users.

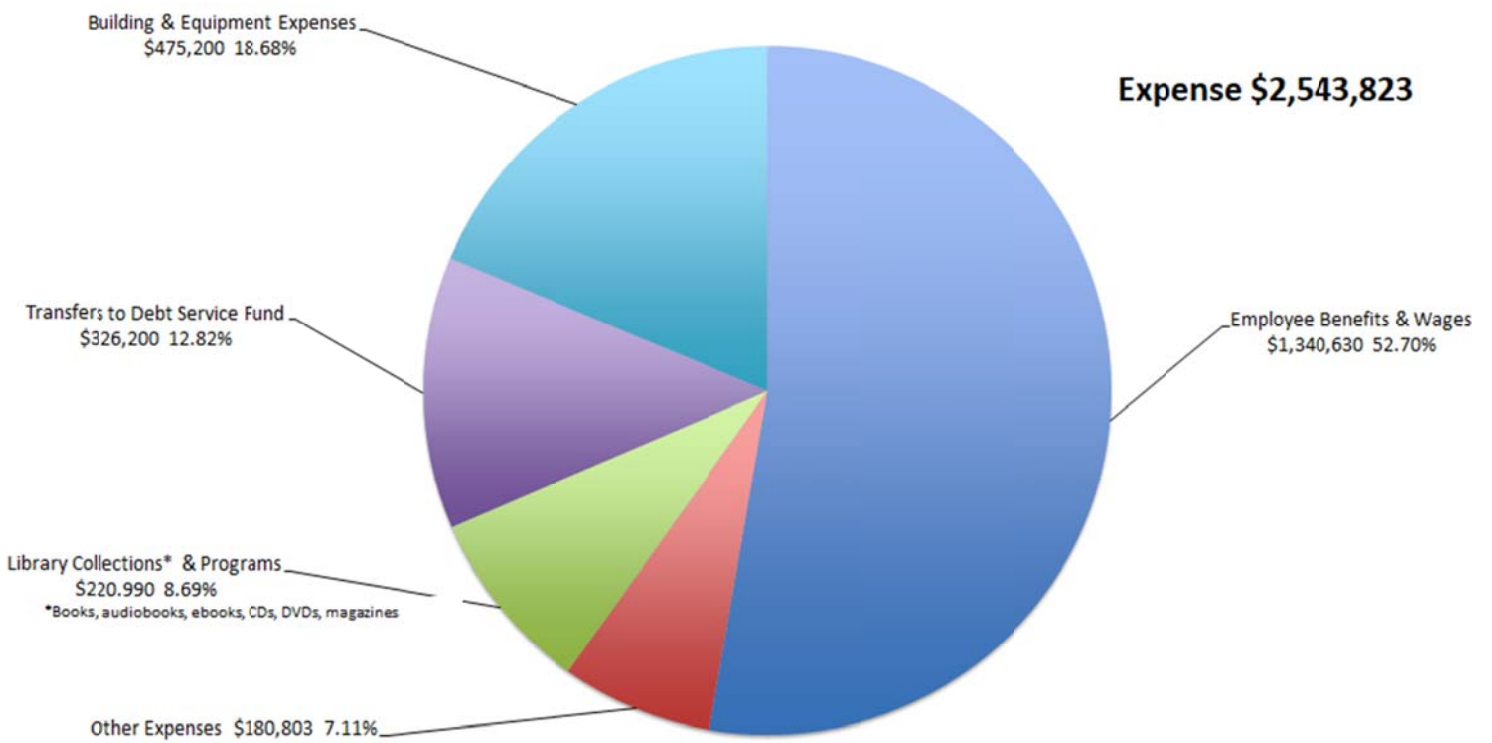
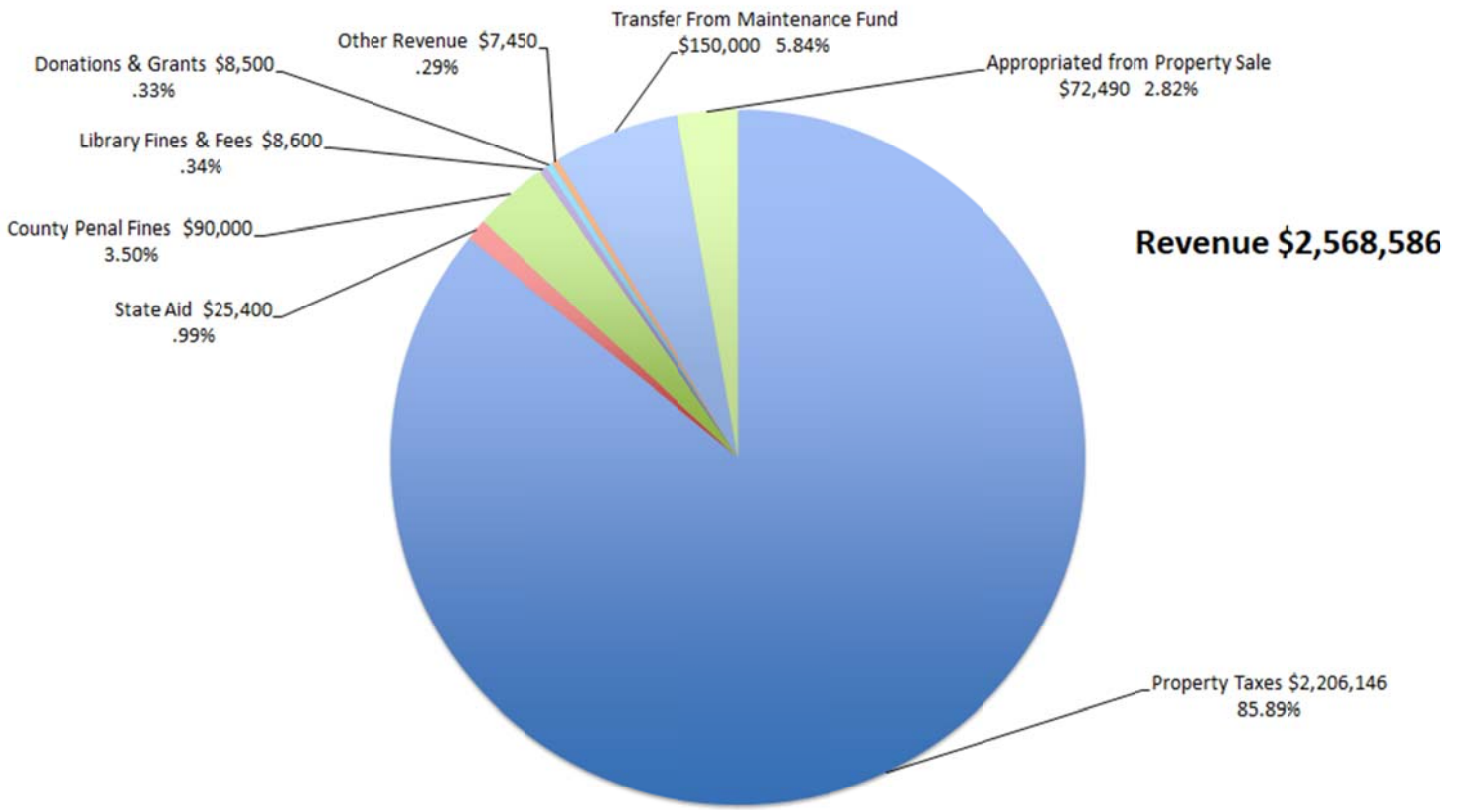
PROPOSED FY 2020-2021 GENERAL FUND BUDGET SUMMARY

Revenues:

	PROPOSED BUDGET	% of Total
Property Taxes	\$2,206,146	85.89%
County Penal Fines	\$90,000	3.50%
Appropriated from Property Sale	\$72,490	2.82%
Transfer from Maintenance Fund	\$150,000	5.84%
State Aid	\$25,400	0.99%
Library Fines and Fees	\$8,600	0.34%
Donations	\$8,500	0.33%
Other	\$7,450	0.29%
Total Revenues	\$2,568,586	100%

Expenditures:

	PROPOSED BUDGET	% of Total
Employee Wages and Benefits	\$1,340,630	52.70%
Building & Equipment Expenses	\$475,200	18.68%
Transfer to Debt Service Fund	\$326,200	12.82%
Library Collections & Programs	\$220,990	8.69%
Other	\$180,803	7.11%
Total Expenditures	\$2,543,823	100%



COMMENTS ON FUND BUDGETS

General Fund:

Revenues:

- Library's Taxable Value (TV) increased \$71,034,457 (3.24%) to \$2,262,992,160. In 2019, TV increased \$69,347,502 (3.27%).
- Property tax revenue increased \$66,868 (3.13%) to \$2,204,846. The total includes the State of Michigan's reimbursement for personal property tax.
- County penal fines are expected to decrease 21% to \$90,000.
- Library fines are expected to decrease 23% to \$5,000.
- Transfer from Maintenance Fund increased \$38,766 (34.85%) due to large capital improvement projects scheduled to be completed in the upcoming fiscal year.
- Appropriation from sale of Robbins Road property continued (\$72,490).
- State Aid to Libraries is expected to decrease 9.94% to \$25,400.
- Total revenues decreased \$472,955 (15.55%) due largely to the sale of Robbins Road property in the prior year.

Expenses:

- Employee wages and benefits decreased less than 1.4% due to a 1.9% wage increase and anticipated one-time employee wage adjustments based on a salary study which were offset by staff retirements and a reduction in the library's workforce.
- Building and equipment expenses increased \$71,079 (17.6%) due to larger capital improvement projects anticipated in the current year.
- Library collections and programs decreased \$10,050 (4.3%). Majority of the decrease is due to the expectation of not holding as many in-person programs, reduced expenditures for Adult materials (books, CDs, DVDs, etc.) and fewer donations and grant expenditures as compared to the prior year as a result of the pandemic.
- Transfer to the Debt Service Fund has increased by \$4,840 (1.51%) due to increase in the amount of principal due on the bond.
- Other expenses decreased \$11,720 (6.09%) due to a decrease in Professional and Contractual Services, Printing, Postage, and Tax Collection Fees.

- Total expenses increased \$35,512 (1.42%).

Fund Balance:

- Unassigned fund balance increased by \$22,263 to (estimated) \$887,306 at June 30, 2021.
- The minimum required fund balance is 25% of estimated expenses.(Note that Maintenance Fund transfers/expenses are excluded from this calculation). It is anticipated that General Fund fund balance will be approximately 36.14% of proposed FY20-21 General Fund expenses, or \$865,043 at June 30, 2020.
- Total fund balance increased by \$24,763 to (estimated) \$1,400,436 at June 30, 2021.

Maintenance Fund:

- Revenue: Interest earned.
- Expenses: A transfer to the General Fund will pay for building maintenance and capital expenses.
- Fund Balance: Decreased by \$85,000 to (estimate) \$1,048,105 at June 30, 2021.

Debt Service A Fund:

- Revenue: Tax revenue raised by levying .1150 mill property tax (\$260,544). Also a portion of the State PPT Reimbursement is allocated to Debt Service A Fund (\$6,500).
- Expenses: Scheduled principal and interest payments (\$251,100) on Building Project bonds.
- Fund Balance: Increased by \$16,334 to (estimate) \$79,699 at June 30, 2021 due to estimated IFT, State PPT Reimbursement, and interest income.

Debt Service B Fund:

- Revenue: \$326,200 transferred in from the General Fund to pay part of the Building Project debt service.
- Expenses: Scheduled principal and interest payments (\$326,200) on Building Project bonds.
- Fund Balance: No change in fund balance. Estimated fund balance of \$50 at June 30, 2021.

Proposed Property Tax Millages:

- General Fund: Operating millage -- .9654 mill (slight decrease due to Headlee)
- Debt Service Fund: Debt service millage -- .1150 mill

Fund balances will be at adequate levels at June 30, 2021.

The proposed FY 2020-2021 General Fund Budget allows Loutit District Library to deliver to our patrons the library services they expect and support.

All fund comments are based on comparison of the FY 2019-20 June 2, 2020 Proposed Amended Budget (General Fund) & current FY 2019-20 Budget (Maintenance Fund, Debt A, Debt B) to the proposed FY 2020-21 Budget.

LOUTIT DISTRICT LIBRARY (LDL) BACKGROUND

- LDL is a district library established on February 24, 1999 in accordance with Act 24 of 1989 Public Acts of Michigan.
- LDL serves the residents of the City of Grand Haven, the City of Ferrysburg, Grand Haven Charter Township, Robinson Township, and that part of Port Sheldon Township which is in the Grand Haven Area Public School District.
- LDL serves a population of 35,540 as certified by the 2010 federal Census, covering an area of 81.18 square miles.
- In addition to serving the residents of our district, LDL is open to the public wherever they live.
- LDL is classified by the State as a Class V Library. Class V libraries serve populations from 26,000 to 49,999 and are open to the public a minimum of 50 hours per week.
- LDL is a member of the Lakeland Library Cooperative (LLC) which has offices in Grand Rapids. LLC has 42 member libraries, serving a total combined population of 1,287,608 in 8 West Michigan counties. Services provided by LLC to LDL include online catalog support, interlibrary loans (over 3.7 million items), delivery of materials between LLC libraries, data lines for access to the integrated library system, IT and wide area network VPN support, continuing education and training opportunities, and other services. LLC receives revenue directly from the State and the balance of its revenue from fees charged to member libraries.
- The District Library Agreement under which LDL was established provides for LDL to make certain annual payments to Spring Lake District Library and Zeeland Public Library.

LOUTIT DISTRICT LIBRARY OPERATING STATISTICS

Open hours:

- 69 hours per week (65 hours per week in Summer)

Monday – Thursday	9:00 a.m. – 9:00 p.m.
Friday	9:00 a.m. – 6:00 p.m.
Saturday	9:00 a.m. – 5:00 p.m.
Sunday (closed in summer)	1:00 p.m. – 5:00 p.m.

Number of employees:

- Full-time: 14
- Part-time: 9
- Total: 23
- Full-time equivalents (FTE's) : 19.9

Building and grounds:

- 50,000 square-foot building opened July 1, 2009
- 92 on-site parking spaces (34 in parking garage and 58 in surface lot)
- 1.72 acres total campus at 407 Columbus Avenue
- \$9.1 million in building, land, collections, furniture, and equipment (net of depreciation) at June 30, 2019

Usage Statistics

	FY 2018/19
Items in collection	139,636
Cardholders	22,460
Patron visits	172,991
Number of Electronic Items Circulated	71,751
Total Circulation	432,054
Adult programs and classes attendance	10,302
Children programs attendance	11,758
Teen programs attendance	991

Loutit District Library General Fund

2020/21

Budget Overview

	Original	Amended	Proposed		Proposed	% Change
	Budget	Budget #1	Budget #2	Budget #2		
Actual	Budget	Budget #1	Budget #2	Budget #2	Proposed	% Change
18-19	19-20	19-20	19-20	19-20	20-21	(+/-)
040.101 · REVENUE						
402.01 · GRAND HAVEN TWP-CURR PROP TAX	778,957	814,198	814,198	812,000	840,775	3.54%
402.02 · ROBINSON TWP-CURR PROP TAX	237,222	250,672	250,672	250,672	260,409	3.88%
402.04 · PORT SHELDON-CURR PROP TAX	312,267	291,947	291,947	291,947	275,894	-5.50%
402.05 · FERRYSBURG-CURR PROP TAX	174,678	181,784	181,784	181,784	191,318	5.24%
402.06 · GH CITY-CURR PROP TAX	518,434	544,842	544,842	541,000	574,366	6.17%
403.00 · DELINQUENT PERSONAL PROP. TAX	1,490	900	900	100	500	400.00%
403.01 · IFT TAX	3,581	5,986	5,986	4,800	5,909	23.10%
403.02 · TAX PENALTY & INTEREST	1,260	1,345	1,345	1,550	1,300	-16.13%
403.03 · PER PROP TX STATE REIMBURSEMENT	56,863	57,000	55,675	55,675	55,675	0.00%
544.00 · STATE AID-LIBRARY CO-OP SVC	14,243	14,102	14,102	14,102	12,700	-9.94%
544.01 · STATE AID-LIBRARY	14,243	14,102	14,102	14,102	12,700	-9.94%
649.90 · PRINTING & FAX	12,987	12,000	12,000	8,000	3,600	-55.00%
650.00 · MISCELLANEOUS INCOME	4,387	1,000	1,000	600	300	-50.00%
655.00 · PENAL FINES	100,514	110,350	114,485	114,485	90,000	-21.39%
657.00 · FINES&PENALTIES-LIB MATERIALS	26,805	5,000	5,000	6,500	5,000	-23.08%
665.00 · INTEREST AND DIVIDENDS	12,229	15,000	15,000	22,000	7,000	-68.18%
673.01 · SALE OF ASSETS	730	150	150	507,000	150	-99.97%
675.03 · DONATIONS TO LIBRARY	12,446	20,800	20,800	17,000	5,500	-67.65%
675.04 · GRANTS	5,611	3,000	3,000	14,500	3,000	-79.31%
699.04 · TRANSFER FROM MAINTENANCE FUND	130,016	111,234	111,234	111,234	150,000	34.85%
699.06 · APPRO FM BOARD COMMITTED ROBBINS RD PROCEEDS	0	0	0	72,490	72,490	0.00%
Total 040.101 · REVENUE	2,418,962	2,455,412	2,458,222	3,041,541	2,568,586	-15.55%
Total Revenue	2,418,962	2,455,412	2,458,222	3,041,541	2,568,586	-15.55%
Expense						
101.790 · ADMINISTRATION & OPERATION						
701.000 · SALARIES & WAGES						
702.00 · FULL TIME WAGES	689,458	645,617	645,617	652,617	754,128	15.55%
703.00 · PART TIME WAGES	276,564	348,675	345,390	310,000	208,232	-32.83%
704.00 · OVERTIME	2,938	3,250	3,250	3,250	3,000	-7.69%
Total 701.000 · SALARIES & WAGES	968,960	997,542	994,257	965,867	965,360	-0.05%
706.000 · EMPLOYEE BENEFITS						
707.00 · SICK PAY	23,574	40,459	40,459	73,410	4,934	-93.28%
709.00 · EMPLOYEE ASSISTANCE	761	760	760	760	675	-11.18%
710.50 · LIFE/DISABILITY INSURANCE	2,948	3,200	3,200	3,200	2,950	-7.81%
711.00 · HEALTH INSURANCE	143,713	114,471	114,471	114,471	130,089	13.64%
711.01 · OPTICAL INSUR. & EXPENSES	2,029	1,818	1,818	1,975	2,350	18.99%
712.00 · DENTAL INSURANCE	15,208	12,765	12,765	12,765	13,344	4.54%
712.50 · CELL PHONE REIMBURSEMENT	0	0	0	0	4,320	n/a
714.00 · WORKERS COMP INSURANCE	2,296	3,605	3,605	3,605	3,605	0.00%
715.00 · UNEMPLOYMENT COMPENSATION	0	0	0	6,145	20,500	233.60%
716.00 · GEN PENSION DB-EMPLOYER CONT.	76,355	74,827	74,827	81,827	98,253	20.07%
716.02 · RETIREMENT - 457 EMPLOYER CONTR	9,802	12,912	12,912	11,050	15,083	36.49%
716.03 · GEN PENSION DC-EMPLOYER CONT.	7,732	7,925	7,925	7,925	10,248	29.31%
717.00 · FICA-EMPLOYER	65,164	75,067	75,067	76,267	68,919	-9.63%
Total 706.000 · EMPLOYEE BENEFITS	349,582	347,809	347,809	393,400	375,270	-4.61%
TOTAL EMPLOYEE EXPENSE	1,318,541	1,345,351	1,342,066	1,342,066	1,340,630	-0.11%
721.000 · EXPENDITURES						
730.00 · PROFESSIONAL & CONTRACTUAL SVC	23,550	12,750	12,750	20,750	7,250	-65.06%
730.02 · PROF & CONT-LAKELAND LIB COOP	30,517	23,000	23,000	24,000	25,700	7.08%
730.03 · TAX COLLECTION FEES	2,333	2,450	2,335	2,335	0	-100.00%
730.04 · EMPLOYMENT-RELATED EXPENSES	6,286	8,725	8,725	6,725	8,800	30.86%
730.92 · BUILDINGS & GROUNDS MAINTENANCE	55,192	58,282	58,282	65,782	58,500	-11.07%
730.93 · UTILITY COSTS	95,097	89,750	89,750	83,000	89,800	8.19%
730.94 · CUSTODIAL SERVICE & SUPPLIES	69,477	72,000	72,000	61,000	71,995	18.02%
731.00 · LEGAL FEES	5,790	5,500	5,500	5,500	5,500	0.00%
733.00 · AUDITING & ACCOUNTING SERVICES	6,650	6,750	6,900	6,900	6,750	-2.17%
743.00 · BOOKS-NON FICTION	26,374	25,925	25,925	25,925	20,000	-22.85%
743.01 · BOOKS FOR YOUTH	15,488	18,000	18,000	18,000	18,000	0.00%
743.02 · BOOKS FOR REFERENCE	2,904	3,230	3,230	3,230	3,230	0.00%
743.03 · BOOKS-FICTION	29,669	26,355	26,355	26,355	27,500	4.34%
743.06 · ELECTRONIC DATABASES	10,564	14,245	14,245	14,245	17,895	25.62%
743.07 · ELECTRONIC MATERIALS	60,798	64,200	64,200	67,200	84,900	26.34%
743.50 · LIBRARY DONATIONS - GIFTS	11,702	20,800	20,800	17,000	5,500	-67.65%
743.51 · YOUTH SERVICES EXPENSES	3,719	4,750	4,750	4,750	4,750	0.00%
743.52 · LIBRARY DONATIONS - GRANTS	5,611	3,000	3,000	14,500	3,000	-79.31%
743.55 · ADULT PROGRAMMING	10,954	10,690	10,690	8,500	5,510	-35.18%
744.00 · MUSIC	1,493	1,700	1,700	1,700	1,200	-29.41%
745.00 · PERIODICALS & SUBSCRIPTIONS	6,080	7,055	7,055	5,555	7,055	27.00%
746.00 · VIDEOS	10,914	9,880	9,880	9,880	11,500	16.40%
749.00 · AUDIOBOOKS	15,938	14,200	14,200	14,200	10,950	-22.89%
750.00 · OPERATING MATERIALS & SUPPLIES	14,577	25,475	25,475	20,475	20,375	-0.49%
755.02 · COLLECTION MAINT SUPPLIES	8,428	10,000	10,000	8,000	8,975	12.19%
785.00 · MEMBERSHIPS & DUES	6,826	6,113	6,113	6,113	7,003	14.56%
790.00 · PRINTING & PROMOTIONS	13,056	9,660	9,660	8,000	6,885	-13.94%
811.00 · TELEPHONE	2,399	2,400	2,400	1,800	1,500	-16.67%
812.00 · CABLE INTERNET	1,140	1,150	1,150	1,150	1,150	0.00%
820.00 · POSTAGE	18,233	12,000	12,000	9,500	7,300	-23.16%
860.00 · TRANSPORTATION & LODGING	5,091	9,550	9,550	5,000	5,500	10.00%
870.00 · PROFESSIONAL DEVELOPMENT	3,341	6,730	12,730	10,000	11,750	17.50%
910.00 · PROPERTY/LIABILITY INSURANCE	12,288	12,670	12,670	12,670	13,100	3.39%
933.00 · EQUIPMENT MAINTENANCE	49,418	51,710	51,710	50,120	51,305	2.36%
956.00 · MISCELLANEOUS	7,494	5,015	5,015	5,015	3,665	-26.92%
956.01 · FEES - BANK AND CREDIT CARD	567	750	750	1,500	1,200	-20.00%
960.00 · PROPERTY TAX ADJUSTMENTS	13,546	2,000	2,000	2,000	2,000	0.00%
964.00 · FINES - TRANSFER OUT	682	1,000	1,000	1,000	1,000	0.00%
965.01 · TRANSFER TO SPRING LAKE LIB	10,313	10,550	10,550	10,550	10,650	0.95%
965.02 · TRANSFER TO ZEELAND LIBRARY	36,775	39,160	39,160	39,160	40,500	3.42%
965.05 · TRANS. TO DEBT SERVICE FUND	321,300	321,300	321,360	321,360	326,200	1.51%
970.00 · EQUIPMENT	20,282	17,275	17,275	17,275	37,850	119.10%
970.10 · CAPITAL IMPROVEMENTS	148,319	111,234	111,234	111,234	150,000	34.85%
Total 721.000 · EXPENDITURES	1,201,177	1,158,979	1,165,074	1,148,954	1,203,193	4.72%
Total ADMINISTRATION & OPERATION	2,519,719	2,504,330	2,507,140	2,508,221	2,543,823	1.42%
Total Expense	2,519,719	2,504,330	2,507,140	2,508,221	2,543,823	1.42%
Revenue Over (Under) Expenditures	-100,756	-48,918	-48,918	533,320	24,763	