



TO: Plymouth District Library Board
RE: November 2024 Financial Report

DATE: December 11, 2024
FROM: Shauna Anderson,
 Library Director

REVENUE

- The library received a \$27,900 grant from the Wilcox Foundation
- The library received \$8,457.87 from the Friends of the Library for 3rd Quarter programs and support activities

EXPENDITURES

- Through 11 months (92%) of the year, expenditures to date are at 86% of the total budget.

INVESTMENTS

| Bank Account | Interest Earned NOVEMBER | Interest Earned YTD | Account Balance as of 7/31/24 |
|---------------------|-----------------------------|------------------------|----------------------------------|
| MI Class | \$ 10,897.90 | \$ 101,421.43 | \$ 2,760,424.70 |
| Operating & Savings | \$ 1,640.26 | \$ 43,450.38 | \$ 995,710.57 |
| CFCU | \$ 0 | \$ 12,071.20 | \$ 816,113.27 |
| Flagstar | \$ 0 | \$ 12,725.44 | \$ 0* |

*Account closed on 07/03/2024 and balance of \$262,167.70 transferred to MI Class.



TO: Plymouth District Library Board **DATE:** December 10, 2024
RE: Wayne County Penal Fines, **FROM:** Shauna Anderson,
Discussion Director

As previously discussed, it has recently come to light that Wayne County has been distributing penal fine revenue to libraries in the county incorrectly. Penal fines, as you know, are a significant source of funding for Michigan libraries, as mandated under the Michigan Constitution. These fines are collected from traffic violations and other minor infractions and distributed to libraries based on population.

A detailed review conducted by the Library of Michigan uncovered this issue, which dates back almost a decade. The county's miscalculation resulted in overpayments to some libraries while others were underpaid. Initially, I reported to the board that PDL was one of the underpaid libraries. However, during a recent meeting of Wayne County library directors, we received updated information indicating that our library actually owes \$274,637.79. Historical data shows that our library was significantly overpaid between 2014 and 2018, while experiencing slight underpayments from 2019 to 2023.

The county has not yet outlined specific repayment terms, but preliminary discussions with the Library of Michigan suggest they may be open to negotiating a repayment plan to reduce the immediate financial impact on affected libraries. The Library of Michigan is requesting that library boards decide whether they wish to participate in the proposed settlement and repayment process (details attached to this memo) by the end of January.

To provide additional clarity on this matter, I have invited two Library of Michigan staff members to join us for our upcoming meeting:

- **Clare Membiela, MLS, J.D.**, the Library Law Consultant for the Library of Michigan, who has been closely involved in preparing potential settlement terms.
- **Joe Hamlin**, the Library Data & State Aid/Penal Fines Coordinator for the Library of Michigan, who oversees the reporting of penal fines.

While repayment poses a financial challenge for our library, we are in a position to make a lump sum payment from our general fund to address the historical overpayments. This approach would allow us to contribute meaningfully to resolving the inequitable distribution of these funds. I strongly encourage the board to consider participating in the settlement process so that we remain engaged in the collective effort to address this issue.

Unfortunately, our attorney, Anne Seurnyck at Foster Swift, is unable to represent us in this matter due to conflicts of interest arising from her representation of multiple clients on both sides of the issue. Similarly, our accountants at Plante Moran are also conflicted out of the process. We are actively seeking new representation to guide our decision-making and ensure we take the best course of action for the library.

In conclusion, this situation presents a complex but necessary challenge for us to address. Our participation in the settlement process will not only help resolve past inequities but also demonstrate our commitment to fair and responsible stewardship of library funding. I look forward to discussing this matter further at our upcoming meeting and working together to determine the best course of action for our library and the community we serve.

| Library | Difference 2014 | Difference 2015 | Difference 2016 | Difference 2017 | Difference 2018 | Difference 2019 | Difference 2020 | Difference 2021 | Difference 2022 | Difference 2023 | Difference 2024 | WAYNE TOTAL |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------|
| Allen Park Public Library | | \$57,001.15 | \$35,792.05 | \$42,212.63 | \$47,300.13 | \$51,635.74 | \$75,320.06 | \$51,099.24 | \$59,494.00 | \$12,637.89 | \$0.00 | \$432,492.87 |
| Bacon Memorial District Library | \$7,409.05 | \$8,200.42 | \$6,685.68 | \$3,623.83 | \$8,052.50 | \$7,789.06 | \$8,758.54 | \$6,943.99 | \$8,412.10 | \$5,382.60 | \$0.00 | \$71,257.76 |
| Belleville Area District Library | \$8,773.14 | \$10,376.04 | \$8,982.56 | \$1,866.03 | \$57,116.88 | \$61,813.30 | \$29,758.33 | \$13,023.21 | \$5,757.87 | \$13,131.40 | \$0.00 | \$139,087.48 |
| Canton Public Library | \$25,812.17 | \$28,569.20 | \$23,292.04 | \$12,624.95 | \$28,053.88 | \$27,136.04 | \$30,513.61 | \$24,191.97 | \$33,120.32 | \$21,192.48 | \$0.00 | \$254,506.65 |
| Dearborn Heights City Libraries | \$16,537.90 | \$18,304.33 | \$14,923.24 | \$8,088.83 | \$17,974.17 | \$17,386.11 | \$19,550.12 | \$15,499.84 | \$21,247.44 | \$13,595.46 | \$0.00 | \$163,107.45 |
| Dearborn Public Library | \$16,255.31 | \$17,861.17 | \$18,606.96 | \$13,142.22 | \$26,271.65 | \$29,537.49 | \$33,213.95 | \$26,332.88 | \$36,919.49 | \$23,623.43 | \$0.00 | \$241,764.55 |
| Detroit Public Library | \$204,319.83 | \$211,563.47 | \$184,371.37 | \$99,934.55 | \$222,064.39 | \$214,799.15 | \$241,534.71 | \$191,494.91 | \$214,552.76 | \$137,284.47 | \$0.00 | \$1,921,919.63 |
| Ecorse Public Library | | | \$1,972.07 | \$3,100.67 | \$485.66 | \$2,059.20 | \$13,310.38 | \$3,310.24 | \$1,558.41 | \$4,106.28 | \$0.00 | \$26,786.09 |
| Flat Rock Public Library | \$3,155.57 | \$4,171.65 | \$3,401.09 | \$1,843.49 | \$4,096.41 | \$11,578.42 | \$6,031.12 | \$4,781.63 | \$6,303.87 | \$4,033.62 | \$0.00 | \$26,240.03 |
| Flat Rock (Gibraltar City) | \$1,332.79 | \$1,475.15 | \$1,202.66 | \$651.88 | \$1,448.53 | | | | | | | \$6,111.01 |
| Garden City Public Library | \$7,926.88 | \$8,773.56 | \$7,152.95 | \$3,877.11 | \$8,615.30 | \$8,333.44 | \$9,370.69 | \$7,429.32 | \$9,191.61 | \$5,881.38 | \$0.00 | \$76,552.24 |
| Grosse Pointe Public Library | \$13,789.29 | \$15,500.26 | \$12,848.45 | \$6,769.97 | \$15,524.99 | \$15,363.84 | \$17,276.14 | \$13,696.97 | \$17,597.32 | \$11,259.89 | \$0.00 | \$139,627.11 |
| Hamtramck Public Library | \$6,418.62 | \$7,104.21 | \$5,791.95 | \$3,139.40 | \$6,976.06 | \$6,747.82 | \$7,587.71 | \$6,015.73 | \$9,545.10 | \$6,107.56 | \$0.00 | \$65,434.16 |
| Harper Woods Public Library | \$4,063.08 | \$4,510.34 | \$3,677.21 | \$1,981.15 | \$4,428.99 | \$4,284.09 | \$4,817.32 | \$3,819.29 | \$5,200.74 | \$3,327.77 | \$0.00 | \$40,109.97 |
| Highland Park City (escrow) McGregor PL | \$3,370.90 | \$3,730.95 | \$3,041.78 | \$1,648.73 | \$3,663.66 | \$3,543.79 | \$3,984.88 | \$3,159.31 | \$3,013.63 | \$1,928.30 | \$0.00 | \$31,085.93 |
| Leanna Hicks Public Library of Inkster | \$7,261.92 | \$8,037.57 | \$6,552.91 | \$3,551.87 | \$7,892.60 | \$7,634.37 | \$8,584.61 | \$6,806.10 | \$8,757.87 | \$5,603.84 | \$0.00 | \$70,683.65 |
| Lincoln Park Public Library | | \$14,168.00 | \$23,745.33 | \$20,159.77 | \$11,500.24 | \$13,753.92 | \$62,655.84 | \$20,231.28 | \$7,842.99 | \$17,760.03 | \$0.00 | \$191,817.39 |
| Livonia Public Library | \$3,108.80 | \$3,793.70 | \$17,831.49 | \$3,977.26 | \$48,579.76 | \$30,016.74 | \$126,861.33 | \$17,891.72 | \$54,376.92 | \$20,521.43 | \$0.00 | \$228,493.77 |
| Melvindale Public Library | | \$952.42 | \$2,221.01 | \$3,492.45 | \$547.03 | \$2,319.39 | \$14,992.19 | \$3,728.50 | \$2,152.30 | \$5,671.12 | \$0.00 | \$31,771.82 |
| Northville District Library | \$8,941.36 | \$9,896.39 | \$8,068.38 | \$4,373.29 | \$9,717.89 | \$9,399.95 | \$10,569.94 | \$8,380.11 | \$11,598.94 | \$7,421.74 | \$0.00 | \$88,368.00 |
| Plymouth District Library | \$89,046.69 | \$70,491.41 | \$90,807.62 | \$41,089.86 | \$37,009.88 | \$11,031.00 | \$12,404.01 | \$9,834.22 | \$12,524.48 | \$8,013.96 | \$0.00 | \$274,637.79 |
| Redford Township District Library | \$9,740.40 | \$12,428.47 | \$8,333.20 | \$5,245.87 | \$13,365.29 | \$5,298.38 | \$6,678.47 | \$10,986.04 | \$14,831.74 | \$10,633.73 | \$0.00 | \$97,541.59 |
| River Rouge Public Library | | \$702.47 | \$1,638.14 | \$2,575.91 | \$403.47 | \$1,710.70 | \$11,057.71 | \$2,750.01 | \$2,425.13 | \$3,187.94 | \$0.00 | \$21,601.21 |
| Riverview Veterans Memorial Library | \$3,574.14 | \$3,955.90 | \$3,225.18 | \$1,748.14 | \$3,884.54 | \$3,757.45 | \$4,225.13 | \$3,349.80 | \$4,192.95 | \$2,682.92 | \$0.00 | \$34,596.16 |
| Romulus Public Library | \$45,042.75 | \$59,942.15 | \$69,094.23 | \$53,106.26 | \$135,510.13 | \$205,653.25 | \$30,601.93 | \$252,094.31 | \$335,162.02 | \$244,597.82 | \$0.00 | \$1,430,804.84 |
| Southgate Veterans Memorial Library | \$8,601.00 | \$9,519.69 | \$7,761.25 | \$4,206.82 | \$9,347.98 | \$9,042.14 | \$10,167.59 | \$8,061.12 | \$10,075.85 | \$6,447.17 | \$0.00 | \$83,230.60 |
| Taylor Community Library | | | \$117,915.21 | \$88,182.86 | \$52,647.57 | \$1,725.55 | \$19,312.57 | \$16,361.04 | \$15,157.28 | \$13,620.59 | \$0.00 | \$226,334.26 |
| Trenton Veterans Memorial Library | | \$35,530.02 | \$27,571.69 | \$34,111.85 | \$27,401.85 | \$43,936.95 | \$122,894.40 | \$25,306.49 | \$723.85 | \$33,303.42 | \$0.00 | \$350,780.53 |
| Wayne County Library | \$252,254.44 | \$174,671.68 | | | | | | | | | | \$426,926.12 |
| Wayne Public Library | \$1,878.93 | \$955.78 | \$3,284.24 | \$3,058.04 | \$960.19 | \$2,870.31 | \$4,414.89 | \$269.68 | \$5,101.34 | \$3,804.85 | \$0.00 | \$18,031.26 |
| William P. Faust Public Library of Westland | \$24,072.05 | \$26,643.21 | \$21,721.80 | \$11,773.84 | \$26,162.63 | \$25,306.67 | \$28,456.53 | \$22,561.07 | \$28,675.92 | \$18,348.67 | \$0.00 | \$233,722.41 |

This information is intended as a tool to assist in clarification and decision making for Public Library Directors and Boards. It is not intended as legal advice. Library Boards and Directors should consult with their library attorneys when determining a plan or policy for their libraries

An Overview of the Wayne County Penal Fine Miscalculations from 2014-2023.

Definitions:

Per Capita = Fines received from courts ÷ population of the county (as supplied by the Library of Michigan each year to each county treasurer).

Penal fine payments = per capita x the population of each library's service area

Penal Fines Paid to Public Libraries– For purposes of the Penal Fine distribution to public libraries program, “Penal Fines”, as paid to public libraries = Fines paid to the courts as a result of the infraction of the MI State Criminal (Penal) Code + Fines paid to courts as a result of the infraction of state traffic laws.

Penal Fines - Fines paid to the courts as a result of the infraction of the MI State Criminal (Penal) Code

Motor Vehicle Fines- Fines paid to the courts as a result of infractions of the MI State Traffic Code (Civil Code). Motor Vehicle Fines are also known as “Civil Infraction Fines.”

What Happened?

Approximately 2014 - 2023

Wayne County lost the employee who had been calculating the penal fines. Subsequently, the staff who were tasked with calculating and paying the penal fines (who, apparently were staff already tasked with other duties) were not trained, had little documentation and little internal or institutional history to know how penal fines were supposed to be calculated. In addition, Wayne County did not replace the position of the employee who had been doing the penal fine distribution, and the remaining staff was stretched thin. The Library of Michigan was not notified of the change in personnel nor of the departure of the former employee.

An excel spreadsheet (which is the sheet that Joe was able to obtain from our contact at Wayne County) was passed to these other employees to calculate penal fines, and that spreadsheet had formulas built into it to calculate penal fines according to a pre-set per capita - \$.61, which was/is not correct (since the penal fine per capita is supposed to be newly calculated each year using the amount of \$ received by the county from the courts and dividing that amount by the population of the county as supplied by the Library of Michigan each year).

Wayne County receives penal fine monies from multiple courts in different municipalities within the county. Some of these courts are sending criminal code fines (penal fines), and some are sending traffic fines (motor vehicle /civil fines).

This is because when the penal fines were allotted to public libraries in the state constitution in 1836 and subsequently renewed in the current, 1963 constitution, traffic offense were considered part of the criminal, or penal code. In 1995 the legislature moved traffic offenses to civil infractions (and civil courts). In order to preserve the funding promised to public libraries, the legislature designated that these civil infraction fines would be given to public libraries (see [MCL 600.8831](#))

For purposes of the disbursement of penal fines to public libraries under The Distribution of Penal Fines to Public Libraries Act, 1964 PA 59, [MCL 397.31 et seq.](#) the criminal code fine revenue and the traffic code fine revenue should be combined into one “penal fine” amount before calculating and disbursing the amounts due to each public library.

While Wayne County’s annual audits for 2015-2023 reflect “Library Penal Fine” amounts representing the sum of the “criminal” fines and the traffic (civil) fines, the spreadsheet that was allegedly used for calculating the penal fines separates the “Motor Vehicle Fines” (traffic fines) from the “Penal Fines.”

While reviewing the spreadsheet provided by Wayne County, we noticed that the motor vehicle fines appeared to be distributed only to the public libraries located within the municipalities where the courts collecting the motor vehicle fines were located.

This meant that the motor vehicle portion (or the “Civil Infraction” piece) of the “Penal Fines” which should have been factored into the per capita, and which should have distributed to ALL the public libraries in Wayne County, were instead distributed to only a few libraries. Given that traffic infractions tend to be a large portion of “penal fines,” this meant that this small group of libraries received some large windfalls, while other libraries received less money that they should have.

In other words, the combination of the use of a static per capita combined with the misallocation of the traffic (civil) fines between 2015 and 2023 resulted in the improper distribution of penal fines to public libraries in Wayne County.

Of the 29 public libraries in Wayne County eligible for penal fines, 11 have received MORE funds than they should have, and 18 have received LESS funds than they should have.

Amounts overpaid range from \$21,000 to \$1.4 million among the 11 overpaid libraries.

Amounts underpaid range from \$6,000 to \$ 1.9 million among the 18 underpaid libraries.

NOTE: All amounts for each library are calculated from 2015 to 2023 because of the breakup of the Wayne County Federated Library System. The onset of the miscalculations occurred while libraries were separating from this library system and Joe and Clare could find no reasonable and quantifiable way to determine how the penal fines paid to Wayne County Federated Library System was allocated to each library (ie where these funds went)- and which libraries were still entitled to any funds. We decided to start calculations in 2015 because the time required to investigate the Wayne County Federated Libraries account was worth more than the likely amount it would add to the overall calculations.

What this means

This chain of events brings up several questions:

- Do libraries that received too much money have to pay back the difference between what they received and what they should have received?

This is an interesting question. In other programs where money is distributed by a public body (such as Social Security or Medicare or Medicaid at the Federal level, and MDHHS payments and Medicaid at the state level), the program requirements, regulations or laws specifically require repayment of overpayments or mistakenly distributed funds. Neither the Michigan Constitutional provision granting penal fine proceeds to libraries, nor the Penal Fine Distribution to Public Libraries Act include language addressing overpayments or mistaken payments. However, there are other Michigan laws and legal authority that likely applies in this situation:

- In Village of Grosse Point v. Wayne County Treasurer, a village received funds from a liquor license that should have been paid to a township. Court determined that County could withhold future legitimate license payments to village to make up for the monied erroneously received.

Generally, in law, even though there is no statutory requirement, monies paid in error can often be recovered, including through the doctrine of “Unjust Enrichment.”

- **How do you know that the libraries received the amounts indicated?**

- The amounts reported by Wayne County as paid for each year have been correlated with the libraries’ reported penal fine income entered in their annual state aid reports for the same years.

● **Will the libraries that received less than they should have get reimbursed for the difference between what they were paid and what they should have been paid?**

- The proposed plan would reimburse libraries which were shorted penal fines during this period.

● **What about interest?**

- The proposed plan does NOT include interest. Joe and Clare are not forensic accountants and incorporating interest was just too complex.
- Participating libraries would forgo the calculation of interest in exchange for a free and simple process.

● **Why did this situation take so long to discover? Shouldn't the Library of Michigan have caught this sooner?**

- The Library of Michigan is required under the Distribution of Penal Fines to Public Libraries Act to provide each county treasurer with a letter containing that County's population and the service area populations of each eligible library located within that county. Each county treasurer is required to return to the Library of Michigan a form that includes that county's population, amount of penal fine revenues received, the penal fine per capita calculated by that treasurer, and the amount of monies paid to county law libraries in that county. When these reports are returned, they traditionally have been checked to verify that the per capita amount shown is the correct result of the division of the sum of penal fine monies received by the total county population. However, very often the treasurers leave out one piece of this information. Wayne County typically left out the per capita amount- which we would calculate and add to the sheet – they did list the other information.

The only way LM would have been able to discover the error is if we had received a report that contained the amounts paid to each library in the county so that we could have not only checked the per capita but also the calculation of the funds paid to each library. We also would have seen the inconsistencies that existed between the libraries in the county. However, the act does not require county treasurers to provide that information, and LM never receives that information for Wayne County. Penal fine amounts are only required to be listed in the state aid reports – and when state aid reports are reviewed, it is for monetary totals for purposes of state aid eligibility and

not individual penal fine amounts, so it is unlikely an inconsistency would have been noticed from the state aid reports. Lastly, since this error had been occurring for years before the appointment of current LM staff who coordinate the penal fine program, there were no inconsistencies to catch. The most likely way for LM to have suspected an issue would have been if a library or cooperative had asked about suspicious payments – which is how we became involved in the current issue.

● **Who is ultimately responsible for this? Who can be held accountable?**

As with many situations where significant mistakes are made, there are multiple opportunities for the assignment of responsibility:

○ **Wayne County:**

- Wayne County, of course, bears the largest burden of responsibility here. However, there is no clear individual to name. While the county bears the responsibility of the errors in calculation and distribution, we found no evidence of any intentional or criminal behavior behind or associated with this situation on behalf of Wayne County. This situation seems clearly the result of negligence, poor communication, failure to replace departed employees, and lack of proper training.

○ **What about the Library of Michigan?**

- The Library of Michigan, as the coordinator of penal fines, has no responsibility over the actions of county treasurers. In addition to the information supplied above, it should be noted that the Library of Michigan is not vested with the duty or the authority to audit the county treasurer's disbursement of penal fines, or the enforcement of proper processes with county treasurers. LM has consistently acted in accordance with policies and procedures in effect since the act was implemented in 1964. As soon as LM had notice of a concern, an investigation was begun (even though there is no statutory duty or requirement for LM to do so). The information and proposal discussed today has been obtained and provided by the Library of Michigan because we acknowledge that LM's coordination of penal fines has resulted in LM having more knowledge surrounding the penal fine process than most other entities, and because it is in everyone's interest that the issue is resolved in the most equitable way possible with the least impact to affected libraries.

- **What about the libraries?**

It depends:

- It is the legal responsibility of library governing boards to monitor library funds and a large deviation in an expected payment should always be questioned.
- The unique nature of this situation also means that, if an affected library had consulted Wayne County, it is likely they would have been assured that their distribution was correct.
- However, if a library had contacted LM, as is common for penal fine questions, it is possible that the issue would have been investigated and the miscalculations identified earlier.
- Ultimately, the determination of a library's contribution to the situation would be determined by a court using the facts of that library's specific situation.

- **What are the options libraries have?**

- After reviewing relevant legal authority, and consulting with Anne Seurnyck, we have identified the following options. **Please note that a library should consult their legal counsel to fully identify and understand their options and responsibilities in this matter:**

- Participate in the settlement solution offered by LM
- Identify /participate in alternate settlement solutions.
- Initiate or participate in legal action /litigation (as groups or individually)
*:
 - Against Wayne County
 - Against other libraries
- Do nothing

*The options for litigation are topics to discuss with the library's attorney. There are numerous aspects of this type of litigation that can work for or against a particular library, depending on their situation. The outcome of any litigation is not guaranteed and could vary substantially from expectations. Costs of litigation, both monetary and non-monetary should be a consideration in the determination.

● **How can it be assured that this will not happen again?**

- There can be no guarantees. This situation occurred through a series of unique events that could not have been anticipated.
- LM has been brainstorming resources and processes they can implement that may help decrease the likelihood of problems at the county level, and assist in increasing the chances of identifying problems soon after they occur:
 - Establish a Penal Fine website aimed at County Treasurers that provides resources on the proper calculation and distribution of penal fines and provides embedded calculation features.
 - Explore the possibility of promulgating rules under which would require county treasurers to submit enhanced documentation as part of the penal fine distribution process.
- Public libraries receiving penal fines can:
 - Ensure that boards and directors understand the penal fine process and where to go with questions.
 - Implement policies that require boards to review annual penal fine payments so that they can question suspicious amounts.
 - Keep LM in the loop with questions or concerns about penal fines.

● **What are the next steps?**

- Library directors should **Review and Discuss this information with their governing boards.**
- **Governing Boards and Library Directors should consult their legal counsel about the best way to proceed for their library.**

- Libraries represented by Anne Seurnyck/Foster Swift will have to locate new counsel for this matter. They are encouraged to contact Anne for a recommendation and/or consult the LM Law Library Attorney List.
- Joe and Clare are available to provide information and answer questions for individual governing boards, directors and their attorneys.
- Libraries must notify Clare (membielac@michigan.gov) or Joe (hamlinj2@michigan.gov) **IN WRITING (e-mail is fine)** if their library is interested in participating in the proposed settlement **no later than end of day January 31, 2025.**

● **After January 31, 2025:**

- If all affected libraries express interest in the settlement, LM will begin solidifying plans with Wayne County officials and begin the settlement drafting discussion with all parties. At that time, we will provide information on subsequent steps and timeline.
- If any libraries opt out, the proposed settlement will not work and will be withdrawn. Clare and Joe will continue to offer any information and/or resources they are able to assist libraries and their legal counsel.

This information is intended as a tool to assist in clarification and decision making for Public Library Directors and Boards. It is not intended as legal advice. Library Boards and Directors should consult with their library attorneys when determining a plan or policy for their libraries

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Library of Michigan Settlement Proposal:

- Based on legal authority involving penal fines owed to public libraries, reimbursing libraries for penal fines not received can be accomplished through use of future penal fines. **City of Beldon v. Mahoney, 367 Mich. 369 (1962).**
- “Owing” libraries would have future penal fine payments applied towards the reimbursement of libraries which are “Owed.”
- Wayne County would apply the penal fines from “Owing “ libraries to a separate escrow account. Then each “Owed” library would be paid an amount based on a per capita amount that is calculated by dividing the total of all penal fines withheld by the populations of the service areas of the “owed” libraries. Then each “owed” library will be paid an amount equal to the per-capita multiplied by the service area population of individual “Owed” library. This amount would be paid to the “Owed” library in addition to that library’s regular penal fine amount.
- LM would work with Wayne County during the extent of the settlement period so retained penal fines are accurately accounted for and reapportioned to “Owed” libraries.
- LM will work with Wayne County to verify that current penal fine calculations are done properly.
- As debts are paid, the “Owing” libraries would regain their penal fine payments.
- As the “Owed” libraries are fully compensated, they would once again receive only their appropriately allocated penal fines.

PROS:

- Avoids litigation.
- Free to libraries.
- Libraries need to do nothing – Wayne County and LM will do the calculations and payment.

- “Owing” libraries have flexibility to pay payments in addition to or instead of penal fines to pay off debt more quickly.
- At the end of the program, all debts are paid in a manner which provides the least negative affect on a library’s finances.

CONS:

- Repayment process is lengthy – plan could take up to 30 years to provide full reimbursement. However, if “Owing” libraries pay additional amounts, project would complete sooner.
- Only works if all libraries participate.
- Does not allow for individual circumstances or arguments that could alter a library’s overall debt.
- “Owing” libraries would be without penal fine income for years depending on amount owed.

OTHER FACTS

- Would require signing of a legally binding “settlement agreement” between libraries and Wayne County to ensure that all parties participate and fulfill agreed upon responsibilities for the extent of the program.
- Would require significant effort by LM and therefore will require MDE approval.

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TO: Plymouth District Library Board **DATE:** December 11, 2024
RE: 2024 Budget Amendment, **FROM:** Shauna Anderson,
Approval Director

Last year, a new governmental accounting rule went into effect, known as GASB 96. This rule aims to reflect the financial encumbrance of multi-year IT-based subscription contracts more accurately. Previously, we approved subscriptions over \$5,000 by the board, and those multi-year contracts were paid out annually.

This year, to align with GASB 96, we have to reflect the full amount of the contract in our expenditures and note the additional years of the contract as a financing note in our revenue. Since the library has entered into multiple new agreements due to the updated catalog, we need to make adjustments of \$250,000 to our revenue and expenditures.

This is not money that is actually being earned or spent at this time, but a reflection of the subscription contract agreement in our books. I have asked our accountant at Plante Moran to join us today to help explain this complicated addition to our processes.

At the meeting, I will provide a listing of the GASB 96 additions and other line item adjustments needed to set the budget up for success in the final month of the year.

RESOLVED BY _____ SECONDED BY _____ TO APPROVE INCREASING REVENUE AND EXPENDITURES BY \$250,000 AND ADJUSTING THE AMENDED 2024 BUDGET AS PROPOSED, TOTALLING \$4,918,000.