

Compilation of Responses for Michlib – Twp. Library Payroll Question

Question:

Good morning everyone,

Over the weekend, the Township Board for our library (PA 164) requested that they start charging our library to do payroll for our employees. I understand that this is a legal request. However, this has brought up some questions and I would really appreciate the perspective of others in this kind of situation.

Do you pay your Township to do your payroll as a Township library? How did you determine a reasonable amount to pay for this service? What class size is your library? Did you choose to pay the Township, switch to a separate contracted company, or hire an employee to handle your payroll?

Thank you so much! As always, I am happy to compile answers and share responses if there is interest.

Kelsey Rutkowski

Responses:

Kelsey,

We are a Class III library (PA 164).

We have always paid our Township to process payroll and provided accounts payable services. This fee has changed over the years from a flat fee ranging from \$11,000 - \$16,000 now a time allocation formula is used. Over the past three years, the Township did multiple work studies to determine time allocation for their staff, so now our fee is roughly \$7,500.

Let me know if you have any specific questions.

Zaley Nelson

Director | Northfield Township Area Library
125 Barker Road
Whitmore Lake, MI 48189
Tel: (734) 449-0066 x26
www.ntal.org

Hi, Kelsey,

We recently heard a rumor that the township wants to charge us for everything they do for us. We are also established under PA 164. **I contacted Clare Membiela and she said that depending on the library establishment the Township is responsible for their statutory obligations (funds disbursement, banking, etc.) but might be able to charge for additional duties such as payroll. She strongly recommended**

contacting your lawyer for any negotiations with the Township and for

advice.

I suspect that Michigan Townships Association is telling cash strapped townships to consider that action. We are a class 1 library and one of the smallest in that class and have only 3 employees, all part time, so, for us, I would consider the time spent on our payroll as miniscule. As a former Township Clerk in a neighboring township, using the same payroll software as Tekonsha, it takes about 15 – 30 minutes to run a normal payroll.

Sharla Vincent, Director
Tekonsha Township Library
230 S. Church St.
Tekonsha, MI 49092
(517) 767-4769

Hi Kelsey,
We are a newly independent class 1 library. When we were governed by the township board they did not charge us for library payroll.
-Julie

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Julie Preneta, Director
Leelanau Township Library
119 E Nagonaba Street, PO Box 235
Northport, MI 49670
231-386-5131
she/her/hers

Hi Kelsey

We're a Class I PA 164 township library and we just started paying our township quarterly to do our payroll. It came hot off the heels of us getting our fiscal agreement and lease agreement set up. It makes more sense for us to have the township do our payroll, and we agreed on \$300 quarterly to meet our needs. This was agreed upon by the township and the library boards, and it hasn't been any sort of hassle (in that no one was unhappy--the library found it reasonable to pay the township to do the payroll, and it was cheaper than hiring another employee or finding a separate company). How we came to \$1,200 annually, I'm not sure, and it may have been suggested by the township initially.

I hope this helps!

Justine Peterson
Library Director
Seville Township Library

Riverdale, MI 48877
P: [989.833.7776](tel:989.833.7776)

Hi Kelsey,

We are a Class I village library. The village does our payroll and we compensate them \$50/month. This was negotiated between our board and our village based on time estimates provided by the village clerk and estimates from outside services. I have done freelance bookkeeping, including payroll, for other businesses and could have easily calculated and recorded our payroll, but due to being on the village's tax ID and needing to report to the state and IRS with other village employees, as well as concerns over any potential work comp claims, we decided it was best for everyone to have the payroll run through the village.

Please let me know if you have any other questions.

Jen
Deckerville Public Library (zv089)
(810) 376-8015
3542 North Main Street
Deckerville, Michigan 48427

In 1991 when I took the Director job over, the City of East Jordan charged the Library thousands of dollars to do payroll. The Library was part of the City previous to this and when it became a district Library is when it changed. So from 1989 to 1991 the Library paid the city. It was my job to switch it all over from payroll, bills, tax revenue, etc. and do it on our own. It comes with a price as we are now paying 100 percent audit each year, pay bills, social security, unemployment, quarterly reports, etc. We are a class II library. It's been part of my job and I have been doing it ever since 1991.

Dawn LaVanway, Library Director
Jordan Valley District Library
One Library Lane
P.O. Box 877
East Jordan, MI 49727
231 536 7131 ext. 2032

Hi Kelsey,

We're a class IV township library. Our township started charging us for payroll about two years ago. We get two bills for each payroll.

1) For the work the township payroll employee does. We compile the information (we have a time clock at the library) and send it over to the payroll department. They know how long their staff spends on payroll, then break it up by employee and charge each department accordingly. We are charged for our 13 employees, the police dept is charged for their 16 employees, senior center for their 3 employees, the fire department for their employees, etc.).

2) For the payroll service. Payroll was done through Paycor, but then changed to BS&A. Both of those services break out our share of their cost as well.

It's a very fair distribution of cost and is working out well.

I hope this helps!

Holly Hentz

Director
Hamburg Township Library
10411 Merrill Rd. P.O. Box 247
Hamburg, MI 48139
810.231.1771
Hamburglibrary.org

Greetings Kelsey,

We are a Class 3 Library and we took over payroll and paying the bills for the library. As the director I do payroll and pay the bills, the Library board approves it and then we send the monthly report to the Township. Our Audit is conducted in conjunction with the Township each year.

It has gone a lot smoother for the library since we have taken over control of payroll and the bills.

Cheryl

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Cheryl Smith, Director
Timothy C. Hauenstein Reynolds Township Library
PO Box 220
117 W. Williams St.
Howard City, MI 49329

Kelsey,
The Garden City Public Library is a City Library established under section 10a of PA164.

My understanding is that the city/township can charge you for services which they provide to you. Once they start down this path, it can become a slippery slope. The best way to protect your library is to have a formal Inter Governmental Agreement which at least spells out what services they will provide, and how much (if anything) they can charge for those services. Have a library law specialist assist you in drafting it.

To get a reasonable estimate of the amount to pay the township for payroll, I would start by getting quotes for payroll services from a few local

bookkeepers/accountants, and from the big payroll firms (ADP, Paychex, etc.). The township should not charge you more than market value.

James

James B Lenze (he, him, his)
Library Director
Garden City Public Library
31735 Maplewood St
Garden City, MI 48135

Hi Kelsey,
We are a PA164 class 5 municipal library, not a township library, but we pay the city administrative services fees for just about everything, including payroll. We pay 3.5% of the costs for an Accountant I for payroll and other services. The amount for payroll is based on the number of employees the library has and is maybe, 1-1.5%.

Township libraries may be able to give you a better sense of how they handle it, but I thought I'd chime in to let you know that municipal library have the same issue. I think we are getting a much better deal by having the city do payroll for us. I don't have to manage it and they handle all of our other finances (by law) anyway.

Hope that helps, at least somewhat!

Patty

Patty Braden, Director
Romulus Public Library
11121 Wayne Road
Romulus, MI 48174
734-955-4516
www.romuluslibrary.org
Serving Romulus and Huron Township

Hi Kelsey,

We are a municipal library and we do not pay our city for doing our payroll. Seems weird, right? It's the city's money that pays for the library in the first place and now they want some back in the form of payroll reimbursement? Anyway, good luck!

Deb Hemmye
Library Director
Huntington Woods Public Library
26415 Scotia Road
Huntington Woods, MI 48070
248-543-9720, ext. 686

Kelsey,

We are a class 2 library and had always had our treasurer do employee payroll until 2020. Now we contract it out to a CPA firm and it has really worked out great. I would highly recommend an outside source for payroll and all tax related things. I scan the time sheets in to the CPA firm and we have direct deposit twice a month.

If you have any questions, please let me know.

Lu Ann Stachnik
Pottersville Benton Township District Library
150 Library Lane
Pottersville, MI 48876

We are Class 2 and do our own payroll via Quickbooks. The township did it decades ago but they became more resistant to continuing.

Victoria M. Shurly, Director
Peninsula Community Library
2893 Island View Road
Traverse City, MI 49686
231.223.7700
vshurly@tadl.org

Hello,

We are a Class I library (population 900). Our Township clerk does our payroll, bills and accounting things. So far they have not charged us for doing it.

Thank You,
Jan St.Germain, Director
Richmond Township Library
PO Box 339 / 304 Snyder Street
Palmer, MI 49871
906-401-0316

We too are a township library, PA 164. The part we're set up under directs the township has to run our bills/payroll. We do have a contract with them, done by Anne Seurncyk, that sets the amount and how it increases yearly. It also specifies it who is responsible for late fees/interest if the township doesn't pay in a timely fashion and more. It's a way of protecting the library and township.

Our fee to them is based on the wage of the township employee who runs the accounts and increases by 2% or employee's raise, whichever is cheaper. Before you make the decision to switch to someone else running your bills/payroll, make sure you're legally allowed too as I said, the part of PA 164 we're under clearly states "township does the accounting part".

BillieJo Bluemer

Director
Rauchholz Memorial Library

**1140 N Hemlock Rd
Hemlock MI 48626
989-642-8621**

No, we are a District Library so we have an accountant take care of it.

Jacqueline LaFreniere, Director
Beaver Island District Library
26400 Donegal Bay Road
PO Box 246
Beaver Island, MI 49782
(231) 448-2701

Hi Kelsey –

We are a Class V PA 164 library. Bloomfield Township does our payroll and our benefits. They charge us a fee. That rate is \$2400 a month. (We have about 100 employees at the library alone. The Township has about 250.) I don't know how the rate was agreed upon – it was set before I started, and I haven't questioned it. I have a good relationship with the Township for the most part and don't feel a need to poke that bear.

Hope that helps! Good luck with your decision.

Tera Moon (she/her)
Library Director
Bloomfield Township Public Library
1099 Lone Pine Rd
Bloomfield Township, MI 48302
248-258-2542
www.btpl.org

We also do our own payroll with Quickbooks. Our township also decided, many, many years ago not to continue processing our payroll.

Home Township Library
Jonelle Ball, Director
329 E Main Street
Edmore MI 48829

Hi Kelsey,

We are a Class 6 library, and pay the city a lump sum for a variety of administrative services, including payroll. The amount was determined before I took over, but my only advice to you is to make sure you don't get hosed. If they suggest an amount first, ask for a detailed justification for that amount and compare to others. We pay \$360,000 (a lot, I know) and one year, out of the blue, they tried to jack it up to \$900,000. For context: our budget is 3.2 million, so it was a big chunk they asked for. Anyway, when we (the previous director) pushed back and asked for receipts, they had none and it was kept to this amount. We get along great with the city so it was a surprise.

Best of luck,
Jennifer

Jennifer Roth (she/her/hers)

Library Director

(734) 326-6123 ext 2825

6123 Central City Parkway, Westland, MI 48185

westlandlibrary.org

We are a Class 3 Township library. As the director, and the past directors, the payroll is run by the director. We do have QuickBooks and hire an Accountant to review bookkeeping each month and file the tax forms. The Township and your library are operated using tax money. It means that the Township feels like it should be the library money used to pay for this service. I would think that it should only be the hourly rate that the person doing the work should be charged. I am paid for my time doing this for the library. If you cannot agree on a fee with the Township, I would look for a service in the community that you could hire. Remember you are audited. So if it is easier to keep it under the Township umbrella, agree on a price and pay them.

This is my two cents. I hope it is of some help.
My best to you!

Karen McKinnon, Library Director

Leighton Township Library
Education, Information, Recreation
4451 12th St PO Box H
Moline, MI 49335
(616)877-4143

Hi Kelsey,

My library is a PA 164 and we do pay our Township to run payroll for us, along with cutting and mailing our bills. The Township creates a spreadsheet each year that includes the estimated time spent by Township employees working on library services and multiplies it by the Township employee's hourly rate. It's not an exact science but I look it over carefully and it has always seemed reasonable. They then invoice us once a year for services rendered on our behalf. We do have an overall amicable, fair relationship with the Township so the Library Board chose to continue this practice as opposed to trying to find an outside company to do it for us.

Hope this helps and good luck!

--Emily

Emily Kubash
Director
Comstock Township Library
6130 King Highway
P.O. Box 25
Comstock, MI 49041
(269) 345-0136