

LAKELAND LIBRARY COOPERATIVE
Finance Committee Meeting Minutes
August 8, 2016
OFFICIAL

Members Present: Diane Kooiker (Chair), Teresa Krupar, John Martin, Lance Werner (ex-officio)

Guest Present: Pamela Myers (OG)

Staff Present: Sandra Wilson, Terry Cross

Call to Order and Roll Call

The meeting was called to order at 3:39 p.m. by Kooiker. The roll-call sign-up sheet was circulated.

Approval of the Agenda

Motion by Werner to approve the agenda. Seconded by Krupar. Motion carried.

Approval of the July 11, 2016 Minutes

Motion by Werner to approve the minutes of the July 11, 2016 meeting. Seconded by Krupar. Motion carried.

FY2016-2017 Budget

a). Proposed Draft #4 Budget

i. Line Item Changes Draft #3 vs. #4

A narrative by department of Draft #4 changes from Draft #3 was presented to the Committee. The additional MERS DB contributions, Member CE payment of \$82,000, additional costs for 3 day delivery and a reduction of benefit costs due to an employee opting out of insurance coverage accounted for a majority of the changes. The Member CE payment and additional costs for 3 day delivery are being offset with additional state aid.

Motion by Werner to recommend to the Lakeland Personnel Committee to remove the drug testing requirement for all non-driver new hire applicants. Seconded by Martin. Motion carried.

Motion by Werner to recommend to the Lakeland Board the approval to remove \$6,482 of additional MERS DB payments from the FY2016-2017 budget. Seconded by Krupar. Motion carried.

The actual FY16-17 MERS employer contribution amount received from MERS of \$17,621 was \$6,482 less than the FY15-16 budgeted contribution amount. It was initially recommended to leave the FY16-17 budget amount at FY15-16 budgeted levels and to lower new liability costs by increasing MERS contributions by the difference. However, upon further consideration, the Committee is recommending to remove the \$6,482 from the budget and to further examine options of how to reduce MERS liabilities, including the use of Committed MERS Fund Balance amounts if additional payments are made, thereby reducing the costs to libraries.

ii. Budget

The Draft #4 FY2016-2017 Budget and Costs to Library were presented to and reviewed by the committee.

b). Outstanding Budget Items

The Committee reviewed outstanding items of which the amounts are currently unknown. At this point in the budget process, the remaining unknown items are normal vendor increases which will be implemented by the Cooperative Director.

c). Draft #4 Discussion

i. Copier Replacement

Lakeland's copy machine is nine years old and needs to be replaced. Lakeland staff will issue a RFP for the new copy machine and will present lease and purchase options to the Committee. It will also be decided at that time if the costs of purchasing and or operating the machine will be taken out of Fund Balance or if they are to be included in the budget.

ii. Health Insurance

The Committee was presented Health Insurance rates for FY16-17. It was noted that the cost of Health Insurance is increasing 9.90%. A spreadsheet was presented for Health and Dental/Vision insurance. Dental/Vision rates went up 5.80% last June.

iii. State Aid Application FY16-17

Motion by Werner to recommend to the Lakeland Board the approval to apply one-half or \$1,404 of additional state aid to Administration and the other one-half, or \$1,404 to Delivery. Seconded by Krupar. Motion carried.

Based on actual FY15-16 state aid, actual FY16-17 state aid will be \$2,808 more than what was initially estimated and what was included in previous draft budgets. The Committee is recommending that the additional state aid should be used in a manner consistent with current Cost to Library Formulas, half to Administration and half to Delivery.

CE Committee Excess Budget

Motion by Werner to recommend that the Lakeland Advisory Council and Board, in accordance with *Administration Policy 6.1.7_Youth Services and Continuing Education Committee Funds*, approves the "Previous Fiscal Year Excess Plan" as submitted by the Lakeland Library Cooperative Continuing Education Committee. Seconded by Martin. Motion carried.

Fund Balance

a). GASB Documents

To assist with the process of recommending appropriate levels of fund balance, the Committee was presented with and reviewed GASB Statement 54, Fund Balance Reporting and Governmental Fund Balance Type Definitions and a Fact Sheet about Fund Balance Reporting and Governmental Fund Type Definitions. Fund Balance Policy Revisions and changes in Fund Balance Designations that were made by Lakeland in 2010 as a result of GASB 54 and that were recommended by Rehmann, Lakeland's auditors at the time, were also reviewed.

b). Capital Improvement Plan and c). Fund Balance Relationship

To further assist with the fund balance review process, a Capital Improvement Plan and documents comparing Current Fund Balance amounts with Capital Improvement Plan amounts were also presented to the Committee. Capital Improvement Plans with different ILS replacement and or upgrade options were presented.

The Capital Improvement Plan that was presented included capital purchases and contingency items. Lakeland staff will revise the Capital Improvement Plan to include only items whose purchase complies with Lakeland's Capitalization Policy. A separate listing of contingency items will also be developed.

The new Finance Committee October 1, 2016 will continue to discuss and formulate a recommendation to the Board for the Capital Improvement/Contingency Plans and their relationship to the Fund Balance.

d). Fund Balance Discussion

i. Administrative Policies Fund Balance Review Definitions

The review of Fund Balance policies was deferred to the October 1, 2016 new Finance Committee.

ii. Amount to Budget in Unassigned Fund Balance

In order to make meaningful recommendations on appropriate fund balance amounts, it was the consensus of the Committee that all of the fund balance classifications, Committed, Assigned and Unassigned should be collectively considered and that this analysis will begin in October 2016. To facilitate this analysis and as directed by the Committee, Lakeland staff will revise the Capital Improvement Plan and will create a Contingency Plan. Furthermore, when considering the potential financial impact of possible future ILS outcomes, it was decided to leave the proposed FY16-17 Fund Balance amounts at the same amounts as the current FY15-16 Fund Balance amounts as of September 30, 2016 until a recommendation on the future of the ILS is received from an ILS Consultant, if one is hired.

iii. Amount to Budget in Unassigned Fund Balance

Motion by Martin for the Lakeland Board to approve the following FY16-17 Fund Balance amounts:

	Balance <u>10/1/16</u>	Proposed <u>FY16-17</u>
COMMITTED		
ILS Replacement/Upgrades	45,811	45,811
Building Improvements	61,356	61,356
Network Upgrades	41,284	41,284
Delivery	101,368	101,368
Cataloging	7,790	7,790
Retirement Benefits (MERS unfunded)	107,690	107,690
Employee Sick Leave Liability	3,682	3,682
Employee Vacation Leave Liability	9,385	9,385
ASSIGNED	375,840	375,840
UNASSIGNED	<u>250,000</u>	<u>250,000</u>
TOTAL	1,004,206	1,004,206

Seconded by Krupar. Motion carried.

As in prior years, the proposed FY16-17 fund balance amounts are the prior year ending fund balance amounts and following the audit, the Board amends the amounts to incorporate any audit adjustments.

Adjournment

The meeting was adjourned at 5:11 p.m.

Submitted by:
Terry Cross,
Lakeland Business Manager