

**MINUTES OF THE SPECIAL MEETING OF THE FINANCE
COMMITTEE OF THE BOARD OF LIBRARY TRUSTEES
OF THE VILLAGE OF CAROL STREAM**

DATE: October 6, 2011

Time: 6:30 p.m.

PLACE: Discovery Room

1. Call to Order

Trustee Arends called the Special Meeting of the Finance Committee to order at 6:48 p.m.

Trustee Arends led those in attendance in the Pledge to the Flag.

2. Roll Call

The roll was taken by recognition.

Present: Trustees Arends, Hudspeath, Wade and Douglas (Ex-officio)

Also Present: Trustees Bailey, DeRango and Jeffrey, Library Director Ann Kennedy,
Assistant Director Pam Leffler

Trustee Arends reviewed the Agenda for the meeting and thanked everyone for coming. Trustee Arends thanked Trustees DeRango and Jeffrey and noted that they should be well informed on the budget process from their attendance at previous meetings. Trustee Arends encouraged Trustees DeRango and Jeffrey to ask questions.

3. Approval of Minutes of April 7, 2011

Trustee Douglas moved and Trustee Hudspeath seconded that the minutes of the April 7, 2011 Finance Committee meeting be approved as presented. The minutes were approved by consensus.

4. Discussion, Re: Tax Levy hearing by the Village of Carol Stream

Trustee Arends read from the preparation:

“Notice of the public hearing by the Village of Carol Stream for the Library’s tax levy is tentatively scheduled to be given on Monday, November 7, 2011. The Village Board will then hold the public hearing on Monday, December 5, 2011 and vote on the ordinance. The Library Board has requested a tax levy for next year that is the same as the levy requested last year. There would be a zero increase. This will be an opportunity for the Finance Committee, and the Library Board at the October 19 meeting, to affirm that request or change it”

Trustee Arends asked for clarification on what levy was being discussed. Director Kennedy explained that it is the levy for taxes which will be collected the summer of 2012 to fund fiscal year 2013.

Director Kennedy had distributed in the packet an Excel spreadsheet which projected the reserve levels in all funds if there is a zero levy increase for the next three years. Director Kennedy explained that zero increase is doable but that as the total tax levy is held steady, the levy will increase in the IMRF and Liability funds as the reserves in those funds is decreased. This will mean less levy for the General Fund and a decreasing income in General Fund. The projection shows the expense as relatively level which would mean a possible decrease in spending power depending on inflation. Less money will be transferred into the Capital Maintenance and Repair fund. Director Kennedy explained that if the Capital Maintenance and Repair fund has decreasing transfers there will be decreasing reserves. However, the Library always budgets \$100,000 catastrophic expense. If that money is not spent it stays in the reserves of the Capital maintenance and Repair Fund.

President Douglas asked if the projection could be modified so that all reserves are at the 8 month level at the end of the three years. President Douglas also asked Director Kennedy to verify the library's funding level for IMRF given that IMRF is reported to be fully funded at 80%. Trustee Arends asked for verification that we want to keep fund reserves at 8 months. President Douglas asked Director Kennedy for two scenarios, what it would take to get to 6 months and what it would take to get to 8 months of reserves.

Trustee Wade enquired if the funds in the Money Markets and CDs could be used to fund the reserves. Director Kennedy explained that the Money Markets and the CDs are included in the reserves. President Douglas explained that all of the Library's funds are co-mingled and the accounts include the reserves but that they are invested in different bank accounts to earn a higher interest rate. Trustee Arends explained that from an accounting stand point, on the balance sheet the reserves are on one side and the money market funds are on the other side.

Trustee Wade clarified that the Village will be discussing the funds for 2013. This was confirmed. Director Kennedy recommended that the Board not change the levy request. Director Kennedy gave her opinion that this is not the time to increase taxes. Director Kennedy also gave her opinion that if the levy request is decreased then the reserve level would be jeopardized in a couple of years. Director Kennedy stated that the Finance Committee is reviewing the levy request at this point because in previous years the Board had expressed a desire to review the levy before the Village Board approved it. The Board would have an opportunity to affirm the levy request or change it at the October meeting.

Trustee Arends asked if Kennedy had discussed the process with the Village Finance Director. Director Kennedy stated that she had several phone conversations with Jon Batek to put together the time table and confirm the numbers. President Douglas stated that the budget is not cast in stone, that the numbers are just estimates, but once the levy

is passed by the Village then the levy is cast in stone. Trustee Arends read from the preparation, "The Library Board has requested a tax levy for next year that is the same as the levy requested last year. There would be a zero increase. This will be an opportunity for the Finance Committee, and the Library Board at the October 19 meeting, to affirm that request or change it."

Trustee Arends stated that he felt the Board should go forward with the original request and asked the Trustees if they wanted to go forward with the levy as proposed. President Douglas stated that at this point in time it is prudent to do this given the Library's situation. President Douglas recommended that the Board proceed as projected without any increase until 2015. Trustee Hudspeath stated that she is good with the proposal. Trustee Wade stated that "for right now we are fine."

At the October 19, 2011 meeting the Committee will announce that the Library is not changing the levy request.

5. Discussion, Re: Audit Request for Proposal

Trustee Arends stated that the at a Finance Committee meeting last year the suggestion was made that the Library request bids for the Library's annual audit.

President Douglas stated that when you get too complacent that's not a good thing, that the Village had changed auditors just to keep things fresh and lively. President Douglas stated that the Board has been very happy with Sikich and with Brian LeFevre.

Directory Kennedy stated the staff is also very happy with Sikich, that the staff knows what the auditors are looking for and the language they use. Director Kennedy also said that she can see the point that it is prudent to change and not be too complacent.

Trustee Arends stated that the staff and Board are very comfortable working with Sikich and that the reason to keep them could also be the reason to change. Trustee Arends stated that there are no ordinances or advice from counsel that says we need to change auditors every few years. Trustee Arends also stated that with the implementation of GASB 54 there may be some value of keeping Sikich another year through that process. Director Kennedy stated that the auditors work on three-year proposals and this would be the time to get the next three-year proposal.

Trustee Wade stated that he felt Sikich and Brian LeFevre were very competent.

Director Kennedy was directed to ask Britt Isaly if Ancel Glink had a recommendation on changing auditors. President Douglas stated that if the Library issued an RFP it would not be governed by the need to accept the lowest bidder because this is a professional service. Trustee Wade asked Trustee Arends what the standard is for private industry. Trustee Arends stated that it is up to the board of directors. Director Kennedy stated that it could also be governed by the bylaws.

Director Kennedy stated that issuing an RFP will not affect the audit process because preliminary work generally doesn't start until April. Trustee Arends asked if the Library had enjoyed any economies of scale by having Sikich conduct the Village audit also. Director Kennedy stated there were none.

At the meeting on October 19 the Finance Committee will have a recommendation on the agenda to issue an RFP for audit services.

6. Discussion, Re: Budget Process for 2012

Director Kennedy distributed a rough timeline to the Trustees on the budget process. Director Kennedy stated that in January 2010 the Board had a budget workshop which the trustees found to be very useful. Trustee Arends asked if the Board wanted to have several budget workshops and meetings. President Douglas stated that the budget workshop is a good thing, that all trustees have questions on the budget and could benefit from a workshop. Trustee Wade stated that it was useful in learning the terminology and where the different buckets are and to see how the finances are organized. Director Kennedy recommended holding the general workshop again as a refresher for the trustees and then have specific workshops to focus on line items in the General Fund. Director Kennedy also stated that last year the timing of different committee meetings (Finance and Human Resources) was questioned as to what should occur first. Director Kennedy recommended that the discussions be done as a joint committee of the whole. The workshops will start in January and continue through February. Dates will be set at the October meeting.

7. Discussion, Re: Per Capita Grant Application for FY2013

Director Kennedy reported that preliminary feedback from the State Library indicated that the book kiosk would not be accepted for funding in the Per Capita Grant because it would not be housed at the Library. Director Kennedy was still trying to get additional information from the State Library but was asking the Board for feedback on alternatives if the kiosk was not acceptable. Director Kennedy reported on suggestions submitted by the Management Staff. The managers are recommending that part of the grant be spent on enhancing services to the multicultural community. Another recommendation is to purchase downloads from Overdrive Advantage which would allow the Library to purchase titles that are only available to Carol Stream residents instead of to everyone in the consortium. Discussion followed on the price of the titles and the downloads. Assistant Director Pam Leffler explained that the Overdrive purchases would give greater access to ebook and e-audiobook downloads for Carol Stream patrons.

Director Kennedy said that another proposed option was to purchase gaming consoles for the junior high students to use when they come to the Library after school. President Douglas stated that all of the suggestions have merit, that he felt the Overdrive Advantage is the most cutting edge, but he is not a fan of video games.

Trustee Wade asked why the State Library would not budget for a book kiosk but would consider the magazine holders. Director Kennedy explained that the grants are read by the staff at the State Library and that theirs' is the final decision. Trustee Arends expressed his disappointment that there is no formal appeal process if a grant request is denied.

Director Kennedy explained that she is still waiting for the final opinion on the book kiosk and that these suggestions are the backup plan. Director Kennedy stated that she will let the Board know what she hears from the State Library.

8. Other Discussions

TIF District: Director Kennedy explained that the Library is not a part of the TIF Review Board because the Village is the taxing body. The Library received notice of the TIF District because we receive taxes and those tax receipts could be affected. Library representatives can go to meetings of the Review Board but cannot vote.

Freedom of Information Act Request: Trustee Jeffrey filed a FOIA request with Carol Stream Park District for email correspondence between Park District Employees and Director Kennedy and/or President Douglas. The Park District placed the correspondence in four .PDF files and asked Director Kennedy to share them with all Library Trustees. Director Kennedy distributed CDs with the files to the trustees.

Treasurer Bond: Illinois law was amended in June 2011 so libraries don't need to purchase a personal bond on the Treasurer, they can have an insurance policy that provides the same coverage. The Library's insurance agent has recommended an employee theft policy which costs \$600 more than last year's Treasurer's bond. The Library presently has an insurance policy for \$80,000 coverage in employee theft. The Treasurer's bond is required by law to be 50% of the Library's income. The proposed insurance policy raises the coverage for all employees and Trustee to the level of \$1,800,000. Director Kennedy stated that she felt that there were too many questions to make this decision without a more thorough examination. President Douglas did not feel that the higher level of coverage was needed for the employees. Director Kennedy stated that the State law was changed to make it cheaper for libraries but this was not cheaper. It was agreed that the Library would apply for the personal bond for the Treasurer as it did last year.

9. Adjournment

There being no further business to come before the Finance Committee, the Meeting was adjourned at 7:57 p.m.

Approved (date)

Ann Kennedy, Library Director
For the Finance Committee