

Loutit District Library  
Finance Committee Meeting Minutes  
February 3, 2020

Committee members present: Brooks, Craun, Derdowski (left at 5:45), De Young, Zink (via phone at 5:30) and Martin

Committee members absent: Osmun and Skruch

Others present: Michelle Moore

Meeting called to order by Brooks at 4:35 p.m.

Minutes from the January 7, 2020, Finance Committee meeting were approved with one correction. Item 3, first paragraph, second sentence, was edited to begin "Proposals. ...".

1. Robbins Road Property Proceeds – Four options were presented for recommendations on what to do with proceeds from the property sale. The current total is approximately \$580,000 which is invested in a separate account at Michigan CLASS. These included applying proceeds to Bond A, applying proceeds to Bond B, applying proceeds to both Bonds A & B or applying proceeds as needed to offset anticipated annual budget shortfalls.

**Motion by Craun, second by Derdowski, to recommend to the Board that property sale proceeds be evenly divided over the remaining eight years of bond payments so that about \$72,500 per year will be allocated to annual Bond B debt service requirements.**

**Motion carried.**

Rosemary Zink joined the meeting.

2. Fund Balance Policy – This proposed Policy was presented to the Policy Committee on January 14, 2020, and recommended for Board approval and adoption after review by the Finance Committee. This policy was recommended by the library's auditor, Doug Vredeveld, as part of the FY2018-2019 library audit.

It was recommended that the policy consistently use capitalized phrases, "Fund Balance" and "Unassigned Fund Balance" along with a clarification in the paragraph defining "Minimum Unassigned Fund Balance" of the source of "fiscal year end." It was recommended to insert "audited financials" into the first sentence of that paragraph to define the source for determining the 25% fund balance threshold. The edited policy to be brought before the board's March meeting. Derdowski to clarify the Fund Balance percentages and the formula for determining Fund Balance in the Five-Year Financial Plan.

**Motion by De Young, second by Craun, to recommend Board approval and adoption of the edited Fund Balance Policy. Motion carried.**

Derdowski left the meeting.

3. Automated Clearing House (ACH) Resolution and Policy –These two items were previously discussed by the Finance Committee and referred to the Policy Committee. They will be presented for approval and adoption by the Board at the February 4, 2020, Board meeting.

4. Paid Time Off (PTO) Bank Proposal – This item was previously discussed at the Personnel and Finance Committees. It will be presented to the Board for approval and adoption by the Board at the February 4, 2020, Board meeting.
5. Staffing Proposals – Staff have been examining positions as part of their ongoing review of personnel. The Personnel Committee has reviewed the following proposals and recommended implementing them after review by the Finance Committee.

A salary study proposal will be brought before the Board on February 4, 2020. This, and potential additional staffing changes, will be brought before the Personnel and Finance Committees later in 2020.

- A. Maintenance Technician – Shawn Wolfe was hired as a contractual employee at \$20 per hour to fill this position in mid-October 2019. The position was budgeted in FY 2019-20 and the recommendation from staff is to fill the position. The Personnel Committee has reviewed and

**Motion by Craun, second by De Young, to recommend to the Board to fill the 20-hour per position at \$18.50 per hour. Motion carried.**

- B. Reference & Information Library Assistant II – This is a new position upgrading and replacing a Library Aide II position.

**Motion by Craun, second by Zink, to recommend to the Board that this new position be added and that one of the three Reference & Information Library Aide II positions be eliminated.**

- C. Reference & Information Library Aide II – Staff recommended adding four hours per week to each of the two Reference & Information Library Aide II positions. These additional hours will be used for coverage of the Local History information desk.

**Motion by Zink, second by De Young, to recommend to the Board that two Reference & Information Library Aide II positions be increased from 24 hours to week to 28 hours per week. Motion carried.**

6. Other:

- A. Annual Sick Payout – Martin presented information on the library's current procedure for annual payout of accumulated sick leave. Employees with more than 960 accumulated sick leave are compensated each year in January for accumulated hours above 960. Employees receiving this payout have been given the option of direct compensation or rolling the payout into their MERS 457 retirement plan with no two percent match from the library. However, the MERS retirement plan does not state that this 457 payment is not subject to a library match.

Staff was directed to confirm with MERS that the library is allowed to make this change and report back at the next Finance Committee meeting.

- B. Hoopla and Kanopy costs – Moore presented information regarding charges for providing library patrons access to Hoopla for ebooks, downloadable audio books, music, comics, TV shows, and Kanopy for documentaries and art films. Staff has reduced the Kanopy monthly budget to \$350 and will monitor usage. Hoopla costs continue to rise and staff is recommending

stopping the borrowing of audio books on Hoopla, purchasing additional Overdrive Advantage copies of downloadable books, and directing those using Hoopla for these materials to visit Overdrive. Currently there are about 5,000 checkouts per month on Overdrive and about 500 on Hoopla. Each Hoopla audiobook checkout costs the library between \$2.99 and \$3.99 for each transaction.

Martin was directed to prepare a memo for the Board on these changes and financial impact on the library of not making any changes.

- C. Michigan CLASS – Martin distributed the January 2020 investment summary for Michigan CLASS. An additional investment fund was established in mid-December for property sale proceeds. It was pointed out that funds invested with Michigan CLASS are not subject to FDIC guarantees and that maintenance funds continue to be invested with 5/3 Bank due to the positive interest rate the library receives on those investments.

Next meeting date – TBD

Meeting adjourned at 6:55 p.m.

Respectfully submitted,  
John Martin, Library Director