



The BDL Finance Committee Met on Wednesday, September 25, 2019 at 5:15pm.

BDL Trustees Present: Susie Brooks, Ben Jewell, Kim Langworthy.

BDL Staff Present: Kimberly Feltner, Ashley McCall, John Rucker, Jessica Tefft.

The Committee met to discuss 3 issues:

1. The Ad-Hoc Committee made a recommendation earlier this year for the finance committee to meet throughout the month to review bills with the director and bookkeeper. Taylor, Plant, and Watkins was also concerned that the BDL Board might not be exercising the required oversight of paying the bills. Rucker will check with how other libraries handle this, inquire with legal counsel, and will report back.

No recommendations at this time.

2. Taylor, Plant, and Watkins have long advised BDL that our "Capital Improvement Fund" is a misnomer and that our purpose for these reserved monies would be best served if they were brought into the General Fund and renamed to the "Assigned Fund Balance". TP&W recommended this again at our recent meeting on September 19.

To be clear: this would be simply a clerical move. These funds, reserved for fixtures and special projects for all branches and the district as a whole, would still be reserved for those purposes per our Plan of Service. As an assigned fund balance, this number would not make our unassigned fund balance ("rainy day fund") any bigger, since they are two separate entities.

For clarity in the budget document, the transfer is noted separately, but our 2020 Budget Audit report will count the transfer along with any transferred Special Revenues Funds as part of the overall revenue picture for the year. Because of this, we will show a much higher revenue for the year due to this one-time transfer.

The Finance Committee recommends:

- 2.1. That all funds in the Capital Improvement Fund be transferred to the General Fund, effective 1/1/2020.
- 2.2. That the amount from 2.1 be designated the Assigned Fund Balance for Special Projects, effective 1/1/2020.
- 2.3. That Section 15 of the Plan of Service be amended from the current language:

15.Capital Improvement and Special Project Funds

The governmental units and BDL cooperate in the maintenance of the premises. Monies for such projects may come from the BDL Capital Improvement Fund for the Branch

Library in question. Special project funds also exist for projects designed to benefit the entire Library. These funds will be maintained by setting aside 3% of millage 1 each year.

to the following language:

15. Assigned Fund Balance for Special Projects

The governmental units and BDL cooperate in the maintenance of the premises. Monies for such projects, or for other special projects benefitting the entire library, may come from the BDL Assigned Fund Balance. Prior to 2020, this was known as the Capital Improvement Fund. Any references to the Capital Improvement Fund in existing agreements or documents should be understood to now point to this Assigned Fund Balance. This Assigned Fund Balance will be maintained by setting aside 3% of millage 1 each year.

3. The Finance Committee went over the draft 2020 Operating and Special Revenues budgets. The draft includes changes from previous budgets based upon recommendations from Taylor, Plant, and Watkins, the Library of Michigan, and BDL administration. The 2020 Draft is a balanced budget, with increases in materials and programming over the 2019 Amended budget, while keeping the overall expenditures lower than 2018-2019 once you factor out the special projects using transferred funds for next year.

One major change is noting planned use of the Assigned Fund Balance for Special Projects (formerly the Capital Improvement Fund) and the Special Revenue Fund. Potential transfers from these funds are noted in the lines labeled, "Transfers from ...". TP&W recommend that we use the general fund as our "checking account" and transfer money from the other funds near the end of the year to cover expenses, rather than paying for projects directly from those funds, as had been the practice in the past. Planning for such projects in our budgets does not imply pre-approval of the projects. Such approval must still be sought from the BDL Board at the time of implementation, per the BDL purchasing policy.

Projects for 2020 include needed maintenance and interior improvements at the Bronson and Coldwater branches, and a long-planned and saved-for district-wide rollout of a Radio Frequency Identification (RFID) tagging project. For more on the changes and projects, please see the "Message from the Library Director" on page 3 of the draft budget.

Without the projected transfers from other sources, the totals of regular library expenditures are less than in 2018 or the 2019 Amended Budget. This 2020 budget includes a cost of living adjustment (COLA) of 2% for all staff. Overall spending on the combined personnel categories is less than 2018-2019.

The Finance Committee recommends that this budget be accepted as presented for public examination, and recommends that it be adopted at the November BDL regular meeting.