



Report of MHLS Finance Committee Meeting - August 22, 2016

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| X Regina Morini (P) (Chair) | X Camilla W. von Bergen (Ex-officio) |
| X John Dax (C) | X Tom Sloan (Staff Liaison) |
| X Lynne Ridgeway (U) | X Linda Vittone (Staff Liaison) |
| O Richard Swierat (D) (excused) | |

1. Ms. Morini called the meeting to order and the Committee approved the draft agenda.
2. 2016 Budget
 - A. Proposed Capital Construction Expenditure - 2016-2017 Construction Projects
 - 1) The Committee reviewed the proposal for: (1) Auditorium Renovation/Phase I = \$92,879 & (2) MHLS Office Building/HVAC = \$29,200. Sloan reported the Facilities Committee had reviewed and accepted the proposal.
 - 2) **ACTION ITEM** – The Finance Committee recommends to MHLS Board the authorization of \$122,079 in MHLS Capital Funds for 2016-2017 Construction Projects
 - B. Proposed Building Operations Expenditure
 - 1) The Committee reviewed the proposal for a security camera system for the office building & auditorium. Sloan reported the Facilities Committee had reviewed and accepted the proposal.
 - 2) **ACTION ITEM** – The Finance Committee recommends to MHLS Board the authorization of \$16,990 in building operations funds for security camera system.
 - C. Proposed Unassigned Funds¹ Expenditure
 - 1) The Committee reviewed the e-Books/e-Audiobooks proposal. Sloan reported the Central Library/Collection Development Committee and the System Services Advisory Committee recommend a minimum of \$11,374 (amount reassigned in 2015 from Travel Grants to OverDrive purchases) to fund MHLS purchases of OverDrive content for the remainder of calendar year 2016.
 - 2) **ACTION ITEM** – The Finance Committee recommends to MHLS Board the authorization of \$12,000 in Unassigned Funds to purchase OverDrive content for the remainder of calendar year 2016.
 - D. Designated Funds
 - 1) The Committee reviewed the categorical aid budgets for: (1) Coordinated Outreach, (2) Correctional Facilities, and (3) County Jails.
 - E. MHLS Mid-Year Budget
 - 1) The Committee reviewed the proposed adjusted mid-year budget.
 - 2) **ACTION ITEM** – The Finance Committee recommends to MHLS Board approval of 2016 midyear adjusted budget.



3. MHLS Fiscal Policies
 - A. The Committee reviewed proposed changes to Operating Reserve Fund Policy, Contingency Fund Policy, Capital Fund Policy, and Purchasing Policy.
 - B. The Committee reviewed the proposed new Equipment Control Policy.
 - C. **ACTION ITEM** – The Finance Committee recommends the MHLS Board approve the proposed revisions to MHLS fiscal policies, and the approval of the new Equipment Control Policy, as presented in the MHLS Fiscal Policy Manual.

4. MHLS Post-Employment Health Insurance Coverage Policy
 - A. The Committee reviewed: (1) the MHLS 2015 audit report regarding post-employment health insurance benefits liabilities; (2) findings of the post-employment health insurance benefits survey of comparable library systems, and (3) the current MHLS Policy on post-employment health insurance benefits.
 - B. **ACTION ITEM** – The Finance Committee recommends the MHLS Board change the MHLS Post-Employment Health Insurance Coverage Policy, as presented.

5. MHLS 2017 Budget
 - A. The Committee reviewed the planning assumption targets for composing a proposed 2017 MHLS budget:
 - 1) Revenues
 - a) 2017 Operating Revenues Based on Similar Amounts of 2016 Operating Revenues – Planning Assumption Targets
 - 2) Expenses
 - a) Staff Salaries
 - i. Full Time Positions - Based on CSEA Agreement
 - 2% COLA Increase to 2016 Salaries
 - 2017 Adjustments Based on Same Formula Adopted by Board for 2015 & 2016
 - ii. MHLS Administrative Staff Recommendation - Part Time Positions
 - 20% hourly wage increase for positions making less than \$15 per hour
 - 10% hourly wage increase for positions making more than \$15 per hour but less than \$20 per hour
 - 5% hourly wage increase for positions making more than \$20 per hour
 - b) Fund Balances
 - i. Operating Reserve Fund - 100% Funded
 - MHLS Operating Reserve Fund Policy - The Reserve Fund goal will be to achieve and maintain no greater than eight (8) months (66%) of the Costs of Funding Services and Operations as defined in Section IV.
 - ii. Operating Contingency Fund - 90% Funded



- The Contingency Fund goal will be to achieve and annually maintain in reserve ten (10%) of Program Funding and Operating Costs as defined in Section III.
 - iii. MHLS Capital Funds
 - Assign projected capital expensive for 2017 major construction projects
 - Maintain an annual unassigned fund balance of up to \$250,000
 - c) Unassigned Funds - 70% General Support Aid Increase
 - i. Opportunity for the Directors Association, MHLS Board, and MHLS Staff to consider how best to allocate these funds
6. Other Business
- A. The Committee agreed to meet in early November to review the proposed 2017 MHLS budget.
7. Ms. Morini called for and Committee agreed to adjourn the meeting.

FINANCE COMMITTEE

Reviews the system budget for the forthcoming year, makes modifications to the current year, and monitors financial performance. Preferably one trustee from each county.