

Revised 6-26-2014
Minutes
Mead Public Library
Finance Committee Meeting
Thursday, May 22, 2014
2:15 PM – Library Board Room (Basement)

The meeting of the Mead Public Library (MPL) Finance Committee was held on Thursday, May 22, 2014 in the Library Board room. Present Committee Members: Darryl Carlson, Dolcye Johnson, Henry Nelson, Maeve Quinn, and Dirk Zylman. Staff present: Garrett Erickson and Debbie DeAmico

1. The meeting was called to order at 2:15 p.m. by Zylman.
2. Zylman determined there was a quorum present.
3. **Approve Finance Committee minutes of April 24, 2014.** Nelson moved to approve the Finance Committee minutes of April 24, 2014, Johnson Seconded. The motion passed.
4. **Review, discussion and possible action on Investment and Governance of 850 Funds with Mead Public Library” and MPL Foundation to have the 850 Funds managed to the current Mead Foundation Guidelines.** Zylman stated that Kathie Norman devoted a lot of time and research into this matter and explained that he and DeAmico sat down with James Testwuide of H.C. Denison Co. in regards to the movement and investment of the 850 Funds. Zylman stated his original “Mead Library reserve Funds Management – A proposal” he presented last month was very similar to the Foundations investment guidelines and the Finance Committee should adopt the Foundations investment guidelines vs. creating a new document. Zylman stated he is very comfortable with their guidelines. Zylman stated that all of the funds should be moved at one time from the City investment pool to H.C. Denison. 50% of the funds would immediately be invested in Equities. The other 50% would immediately be invested into a cash account (money market) for a period of 6 months. After 6 months’ time, an additional 25% of the original amount would be moved from cash investments to equities. Finally, after 12 months total time since the original investment, the remaining 25% would be transferred from cash investments to equities. Nelson said that he agreed that there is time to monitor the investments and if the plan has to be changed it can be done accordingly. Johnson stated she still has concerns over the \$600,000 in funds that were board restricted and no special policy made to protect \$600,000 from being spent. Zylman explained the entire \$987,626.26 in current funds should be left in one sum. Nelson stated the board could make a policy change at any time, being that boards change and the same members will not always be on the board. Johnson informed the members present she could not support the matter at hand without a policy protecting \$600,000 of these funds from being used.

Nelson moved to accept the MPL Foundations “Statement of Investment Policies and Objectives of Mead Public Library Foundation, Inc.” investment guidelines, and to move the 850 Funds to the Foundation investment accounts with H.C. Denison Co. Carlson Seconded Zylman, Carlson, Nelson and Quinn voting yes, and Johnson voting opposed. Motion carried.

5. **Review, discussion and possible action on 2015 Budget approval.** DeAmico provided Finance Committee members with the May 13, 2014 version of the 2015 budget that was approved at the May 13, 2014 City of Sheboygan's Executive review process. Zylman explained to the committee he wanted to see that the salaries budget did not increase more than the materials budget. Zylman directed members to look at the handout "Mead Public Library 2015 Budget Salaries/Benefits vs. Material Purchases," and stated he was glad to see that the materials budget increased by 10% with the Salaries & Benefits basically staying flat. Zylman felt that the 2015 budget is pointing MPL in the right direction. Zylman pointed out that he would like a title change on account #521420 to "Duplication Services". Erickson gave the explanations for the 2015 Budget revenue and expenses and the approach that was taken in creating the 2015 budget. Erickson explained that the budget is at 70% personnel, 13% materials and 17% for operations. Erickson stated the goal was to do away with furlough days and include a merit pay increase of 2%. Erickson felt the furlough days and pay increase is very important for the employee morale, being as they haven't had a pay increase since 2008. Erickson also explained the approach was different than in the past years with budgeting on actuals, and research which gave us a better forecast of future expenses instead of basing the budget off of a previous years budgeted amount. There were several other questions presented by Zylman and Johnson which DeAmico addressed.

Johnson **moved** to accept the May 13, 2014 version of the 2015 Budget. Carlson **seconded** the motion, with all members voting yes the motion **carried**.

6. **Review and possible action on payment of current expenditures, including payroll.** The accounts payables and reoccurring invoices were review.

Johnson **moved** to accept payment of current expenditures, including payroll and reoccurring expenditures, Carlson **seconded** the motion, with all members voting yes the motion **carried**.

7. **Review of Metrics.** Zylman pointed out the new reporting format giving committee members more and better information when looking at the personnel metrics and noted currently MPL is slightly below budget for this period of the fiscal year.
8. **Receive 2014 budget status report to date.** Zylman turned over the discussion on the 2014 budget status report. DeAmico stated she feels the budget is where it should be for the time frame of the fiscal year, and that next month the budget would be at the 6 month period and the budget should be at 50% or under. DeAmico stated at current the budget is slightly lower than the actual budgeted amount. DeAmico also stated that some accounts appeared to be higher than the average of 35% due to the cash basis of accounting vs. the accrual accounting method that MPL uses, those accounts should catch up as the balance of the fiscal year ends.

a. Future Finance Committee agenda items: (a) Discussion of Blanket Purchase Orders. The committee felt this was an issue they could address at this session. Zylman asked DeAmico to explain to the committee the purpose of the "Blanket Purchase Orders" and the importance of them. DeAmico stated that with Blanket Purchase Orders MPL would not have to issue so many Purchase Orders (PO's), and it is a cost savings to the city as well. Without blanket purchase orders the accounts payables has to cut a check for each invoice purchased and entered into the system. With the Blanket Purchase Order you only need to cut one check, being as the blank purchase order will have a set dollar amount attached to it allowing one purchase order for multiple purchases. An example

DeAmico used was “Staples” four purchases at four different dates, using the same PO # (blank purchase order #), the invoice can be entered separately, but the accounts payable process can pay for multiple invoices using the same purchase order. The finance committee felt this did not have to be moved to the next month’s Finance Committee meeting and was not an action item.

With all of the members agreeing that this procedure should be used Zylman, Nelson, Carlson, Johnson and Quinn all agreed that the blank purchase order method be used and leaving the amount to each purchase order amount to the discretion of Erickson and DeAmico.

9. **Confirm committee report to Mead Public Library Board.** Zylman confirmed to move the Finance Committee Report to the Mead Library Board.
10. **Next meeting June 26, 2014**, or as needed. Zylman asked if the meetings could be moved to 2:30 pm vs. the 2:15 pm meeting. All members agreed that the meeting could be moved to the 2:30 pm time slot.
11. **Adjourn.** Nelson moved to adjourn the meeting at 3:10 p.m. Seconded by Carlson. The motion passed. Zylman concluded the meeting at 3:10 pm.