

FRANKFORT PUBLIC LIBRARY DISTRICT
FINANCE COMMITTEE MEETING
FRANKFORT PUBLIC LIBRARY
August 14, 2024
12PM

- I. Call to Order
The meeting was called to order at 12:01PM.
- II. Roll Call
Present: Trustee Schneider, Trustee Karabis, Business Manager Wargowsky, and Director Kowalcze
Absent: None
Also Present: None
- III. Introduction of Visitors
None
- IV. Minutes for Approval
Minutes from the Finance Committee Meeting on May 13, 2024 were reviewed and approved by the Committee Members.
- V. Old Business
None.
- VI. New Business
 - A. Draft Budget & Appropriations Ordinance
 1. The Committee reviewed the draft Budget & Appropriations (B&A) Ordinance for Fiscal Year 2025. Director Kowalcze explained that the B&A is an annual ordinance passed by the Board which sets the legal spending limits for the current fiscal year and the levy limits for the upcoming year. The Budget in the B&A is adapted from the Working Budget approved by the Board, and the Appropriations is calculated by using a multiplier of 25%, to account for any unanticipated windfall spending or emergency spending. The total amount available in the Special Reserve Fund or other savings are also allocated at 100%, just in case of emergency spending. The Committee agreed to forward the draft B&A to the next full Board Meeting for approval.
 - B. Draft .02% Maintenance Levy
 1. The Committee reviewed the .02% Maintenance Levy draft. This is a straightforward levy passed annually by the Board. These funds count against

the Board's allotment under Property Tax Extension Limitation Law (PTELL) tax caps, but we continue to levy them, or lose the ability to after three years without a levy. The Committee agreed that the draft should be forwarded to the next regular Board Meeting for approval.

C. Draft Tax Levy

1. The Committee reviewed the draft Tax Levy for 2024. Director Kowalcze explained that under PTELL the levy increases in relation to the Consumer Price Index (CPI) increase plus any new growth in the area. The CPI increase for this year is 3.4%. Director Kowalcze shared a spreadsheet of the average percentage for new growth in the Library District, which is an average of 1.9% for the last 10 years. Director Kowalcze suggests filing a Truth in Taxation notice and levying for 6%, to ensure that the Library gets its fully allowable increase under PTELL, which will likely be around 5.5%. The other Committee members agreed that the Library should try to capture all new growth in our District.

2. Director Kowalcze explained that last year, the Library levied only \$1 in a few of the special funds, such as the Audit Fund and the Liability Insurance fund. This was so that the Library could spend down fund accumulations, which under fund accounting may only be spent on the category they were levied for. The focus on spending down these special fund accumulations resulted in a good surplus from the General Corporate Fund that may be transferred to the Special Reserve Fund and spent on upcoming Capital Maintenance Projects. The new Levy will have the Library once again levying into all funds, because the fund accumulations have been spent down.

3. The Committee agreed that the draft Levy should be forwarded to the Board for a vote at the September Board Meeting.

D. Special Reserve Fund Transfer

1. Director Kowalcze shared that due in part to the spending of special fund accumulations in Fiscal Year 2024, in addition to higher than budgeted for revenue from interest income and Personal Property Replacement Tax, there is as much as \$200,000 available to be transferred into the Special Reserve Fund. However, the Library's Fund Balance Policy suggests keeping 30-75% in unallocated funds for emergencies in the General Fund. The Committee discussed that the Library has several expensive capital repair projects in the next few years, including the West End HVAC replacement project and a parking lot resurfacing project, so transferring the funds to the Special Reserve Fund make it simpler to track for budgeting purposes for those projects. The Committee agreed to suggest to the full Board to transfer the funds into the Special Reserve Fund.

E. Potential Investment Opportunities

1. The Committee discussed an investment strategy recently presented by Great Lakes Advisors. Moving some of the Library's funds into a short-term fixed income investment with a one-year maturity could provide a safe way to guarantee interest income with interest rates expected to decrease in coming months. One great highlight of this investment strategy is that it is not risky, and the funds could be pulled out in the event of an emergency. Trustee Karabis shared that he is seeing interest rates drop quickly. The Committee discussed that there are some financial unknowns until later in the year, such as the cost of the HVAC replacement project. However, waiting too long to move on a short-term investment might result in lower income rates being available.

2. The Committee discussed the Working Cash Fund. This Fund may only be spent to cover expenses in the event that tax funds are delayed and must be repaid immediately. It is last money out and first money in, and is intended as a safety net for young libraries without reserves. The Library's Working Cash Fund currently holds \$205,878.87 and cannot be comingled with other library cash, so must be in a separate bank account. Director Kowalcze suggested dissolving the Working Cash Fund by resolution, as many established libraries typically do, and moving those funds into the Special Reserve Fund. The monies could then be comingled and this could help fund the \$500,000 investment.

3. The Committee agreed to share their talking points with the full Board at the August Board Meeting, with potential action on the investment opportunity at the September Board Meeting.

F. Loan Renewal Discussion

1. The Committee briefly discussed that there are less than six months left until February 2025 when the Library's current loan ends in a balloon payment. In January 2024, the Board discussed hiring a bond attorney to convert the current unsecured commercial promissory note into a debt certificate. This would be done at some point following the conclusion of the Audit in October and before February 2025. The Committee will continue to discuss this between now and then.

VII. Public Comment

None.

VIII. Adjournment

Meeting adjourned at 12:53PM.

Recorded By:

Amanda Kowalcze
Library Director