

FRANKFORT PUBLIC LIBRARY DISTRICT  
FINANCE COMMITTEE MEETING  
FRANKFORT PUBLIC LIBRARY  
September 23, 2024  
2PM

- I. Call to Order  
The meeting was called to order at 2:02PM.
- 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 August 14, 2024 were reviewed and approved by the Committee Members.
- V. Old Business
  - A. Investment Opportunity
    1. Trustee Schneider, Business Manager Wargowsky, and Director Kowalcze attended a follow-up meeting with Great Lakes Advisors on September 20, where Great Lakes Advisors advised that the managed brokerage account could not currently beat the short term gains the Library is making on their MaxSafe Money Market Account. Great Lakes Advisors suggested that a managed brokerage account may be a better fit when the financial curve normalizes and/or if the interest rates on the MaxSafe drops below 4.5%. Given this new information, the Library should not pursue this investment, and the Finance Committee will revisit this opportunity at a later time when the financial outlook has changed.
- VI. New Business
  - A. Check Theft Precautions and Procedure Changes
    1. Director Kowalcze shared that over the last few months, the Library has seen three checks stolen and washed for check fraud, and many checks go missing or be mislaid on the way to their recipients. Director Kowalcze and

Business Manager Wargowsky communicated with the Library's banker, who called it a "check theft epidemic." The Library is protected with Positive Pay fraud tools, but the lost and stolen checks are causing additional work and leading to late payments to vendors. Kowalcze and Wargowsky shared some steps they have taken to minimize stolen checks, including no longer using window envelopes and taking checks directly to USPS instead of leaving them for pickup.

2. The Committee discussed next steps, which would involve transitioning as many payments away from checks as possible. The Library can move to using online payment portals and credit card payments immediately for free. If the Library wants to go to zero checks and all ACH payments, there are additional steps and the Library would need to add a \$30 / month ACH service to the bank account. Director Kowalcze shared that some local school districts have transitioned to all ACH payments. The Trustees pointed out that when you consider the cost of the checks, stamps, and envelopes, the \$30 per month payment ends up being a wash.

3. Director Kowalcze shared a new proposed procedure for approval of online payments, which would mirror the current check payment procedure. This would ensure that payments continue to be checked by multiple staff and trustees before disbursements are made, for transparency and security.

4. The Committee agreed that the proposed changes should be presented at the September Board Meeting for discussion by the full Board of Trustees.

B. HVAC Project Funding Options

1. The Committee reviewed potential funding options for the HVAC upgrade project currently in development. The budget estimate is around \$300,000, depending on any contingencies or surprises that may come to light during construction. A more accurate number will be known once Bids are opened in November. The Committee identified five areas sources of available funding: the Building Projects line in the annual working budget, the Capital Projects Fund, the Working Cash Fund, the Special Reserve Fund, and the unassigned fund balance in the General Fund. The Committee discussed the pros and cons of four possible funding scenarios utilizing these funding sources.

2. The Committee agreed that the optimal funding scenario would be to spend the balance of the Capital Projects Fund, and then pay the remainder out of the Special Reserve Fund. The Capital Projects Fund is a cash out from the Library's loan refinance, and is not currently accruing interest. This would allow the Library to spend less money that is currently accruing interest. This would result in the closing of the Capital Projects Fund, but the Special Reserve Fund, Working Cash Fund, and unassigned fund balance would still be available for building emergencies.

3. The Committee felt that the best secondary option would be to pay the entire project out of the Special Reserve Fund. The reasons given were that this was a straightforward way to fund the project, and has very clear transparency to tax payers. The funds in the Special Reserve Fund are already committed to capital projects, which the HVAC project is.
4. The Committee did not recommend the funding scenario which would have the Working Cash Fund dissolved and transferred into the Special Reserve Fund to fund this project. The reason this funding scenario was not recommended was that there were a lot of moving parts that would be confusing for the community members. They did note that the Working Cash Fund might be dissolved in the future, to be less restricted.
5. The Committee did not recommend the funding scenario where the project was paid entirely out of the unassigned fund balance. This scenario contradicts the Library's Fund Balance Policy, which recommends spending order should be from most to least restricted.
6. The Committee decided to forward the HVAC funding options to the full Board at the September Board Meeting, with Scenario 1 as the primary recommendation, with Scenario 2 as a secondary recommendation.

VII. Public Comment  
None.

VIII. Adjournment  
Meeting adjourned at 2:26PM.

Recorded By:  
Amanda Kowalcze  
*Library Director*