

MINUTES

PARK RIDGE PUBLIC LIBRARY

20 S. Prospect Avenue, Park Ridge, IL 60068

Budget and Finance Committee of the Whole Meeting of the Board of Trustees
held via videoconference – September 8, 2020 at 7:00 p.m.

President Rapisand explained that the Library Board was meeting via videoconference and stated that she authorized the Board to meet remotely as per Illinois Public Act 101-0640 which, among other matters, amends Section 7 of the Open Meetings Act to allow meetings of members of a public body subject to the Act to occur without a quorum being physically present at the meeting due to COVID-19.

ROLL CALL

Trustees Present: Lauren Rapisand, President; Karen Burkum, Vice-President; David Somheil, Secretary;
(via videoconference) Stevan Dobrilovic, Treasurer; Alexandria Hanba; Josh Kiem; Joseph Steinfels; Deepika Thiagarajan

Trustees Absent: Michael Reardon

Others Present: Heidi Smith, Library Director; Alyson Doubek, Library Finance Manager. (Note: Alderman Melidosian was not available as he attended the Special City Council Meeting.)

PUBLIC COMMENT

None.

Committee Chair Dobrilovic called the Budget and Finance Committee meeting to order at 8:17 p.m.

Secretary Somheil made a

MOTION: to approve the minutes of August 11, 2020

Trustee Hanba seconded the motion.

Roll Call Vote: Yes: Burkum, Dobrilovic, Kiem, Rapisand, Somheil, Steinfels, Thiagarajan

Abstain: Hanba

Absent: Reardon

Motion passed.

Discuss shift to calendar year fiscal year

Director Smith explained that the City of Park Ridge is moving to shift their budget to a calendar year in order to align their budgetary planning decision making with the property tax year. She reviewed the Library's budget cycle:

- Late summer – develop capital budget, operating goals, draft summary budget
- October - determine levy (so City can determine levy in December)
- February – Library Board approves budget

This schedule causes the Library to determine the levy before the budget. The City has identified aligning the budget year as an improvement so the budget process can determine what the levy should be. When the May 1 fiscal year is used, we are collecting revenue for that fiscal year across 2 levy years – Cook County collect 55 % of the property tax in February and 45% in August – this causes planning to be complicated.

Due to the fact that the Library is a component unit of city – we use their financial software, they print our checks, they do our payroll – it would not make sense in terms of efficiencies to not have same fiscal year as the City. The downside is that the 8-month fiscal year will need its own audit. Other than the work involved to shift the budget to the new schedule, Director Smith sees significant long term benefits including improved transparency, timing and efficiency.

Treasurer Dobrilovic noted the \$4,000 cost to city to transfer and modify financial software. He asked if there were any costs to library and what does Board needed to do to make change officially.

Director Smith stated the extra audit is only additional cost that she is aware of at this time. Regarding official Board action, she consulted with the Library's attorney as well as another municipal library that underwent this change.

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The other Library followed the city's ordinance. Director Smith wants to document the change. The attorney recommended simple resolution based on city's proposed ordinance for the Board to consider and pass at the next meeting.

Trustee Kiem doesn't see any downside, doesn't think the Library really has a choice. Treasurer Dobrilovic agreed, stating it was necessary to maintain operations. He asked that the motion be added to the Board meeting agenda.

Discuss draft summary operating and capital budget and 5-year levy forecast

Treasurer Dobrilovic noted that he reviewed the draft budget with Director Smith and Finance Manager Doubek, and that they had worked on several scenarios and levy projections to make levy as smooth as possible considering the 8 month stub year. His suggestion was to lower 2020 and 2021 levy as much as possible given that people are experiencing financial hardship now. After that, the Board can bring the levy back to 3% level they had agreed to try to maintain in the future.

Director Smith reviewed the draft budget. She stated that it reflects draft operating goals. Some things had not yet been determined by the Board. She noted that the budget maintained the Board policy of having a 6-month reserve. The levy was modified from 5% to 3.94%. The budget reflects a 2.9% annual increase in staffing, primarily due to the minimum wage increase. The last increase is January 2025. The draft budget maintains operations at current levels and provides a smooth levy progression for taxpayers.

Director Smith noted that the Library often underspends the salary line item by at least by 5 points. She consulted with the Library's financial advisor who recommended that the best practice is to budget every dollar fully spent. The extra money may be used for overtime when you have turnover. It has been practice of PRPL to adapt rather than cover with overtime in order to be conservative with spending.

She also discussed how the Library manages accumulations. The advisor recommended that once the budget reaches consistent multi-year performance, to forecast that amount for year end to include in budget for next year, and to spend unrestricted balances that accumulate. Another option is to save accumulations or a portion of them for a long range facility plan. For the stub year SY21 she has budgeted \$20,000; in FY22 and additional \$40,000 for additional staff. This could fund one FTE if the Board were to support growing engagement efforts. It could also be removed or postponed as needed. She also noted that the FY21 forecast through FY25 reflected no fine revenue pending the Board's decision.

Looked ahead to FY23 which has a larger building repair budget. She wanted to get feedback from the Board about restricting additional funds in previous years in order to smooth out the levy. Need to determine the will of the board on:

- The status of staff growth
- Restricting capital funds in advance
- Maintaining 6 months unrestricted reserves
- 2020 proposed levy

She also noted the projection of year end FY21 for the facility reserve, tech reserve, gifts and unrestricted library fund balance.

Treasurer Dobrilovic shared that Director Smith and Finance Manager Doubek did an incredible amount of work on this budget. They presented the budget to him just a few days ago, through their discussions, his recommendations and additional thoughts, the projections are substantially different. Most expenses were reduced to a 1-2%

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increase, and the capital and technology restrictions are more spread out to smooth out the levy. He supports their work and suggests moving forward with this budget.

President Rapisand concurs with Treasurer Dobrilovic and thanked Director Smith and Finance Manager Doubek for their work.

Director Smith noted that in the annual report the Board estimates what the need will be for following fiscal year. At that time, the Board had been considering a 0% increase. With the addition of the stub year and how that effects the timing of when fiscal year ends and maintaining the 6-month operating costs in reserve, it was not possible to do that without a levy spike. Their priorities were to smooth it out and maintain the 6-month reserve. That is why they had 3.94% increase (\$155,314) 2019 to 2020.

Treasurer Dobrilovic said that it was possible that City council will not approve any increase in the levy – that would mean the Board would have to make cuts. There is \$75,000 in capital restrictions that could be removed; that would cover at least 50% of the proposed increase in the levy.

Director Smith noted that because the City of Park Ridge is a home rule municipality, the Library levy grew to exceed the maximum rate for the levy. In a non-home rule situation that would have gone to referendum. That did not happen because the Council was able to, did and continues to use home rule authority to determine the levy amount based on the Library Board's annual resolution and what the Council feels is suitable. The Council could reduce the Library's levy. The 2014 referendum was only for a 4-year period. It could have permanently raised the maximum, but that was not the way it happened. It is within the purview of the Council to approve or augment the Board's resolution for the 2020 levy.

Secretary Somheil asked why a conservative approach was taken on supplies and reduced gift spending. Director Smith replied that in the FY20 to FY21 budget went from \$79,000 to \$179,000 for supplies. A large portion of that was gift spending as well as per capita grant spending. This was included in the FY21 budget memo and detailed budget from the February 2020 meeting with several projects outlined. One of these projects was furniture for the 3rd floor meeting room. It was decided that it didn't make sense to purchase furniture during the closure and that should be postponed. The gift funds are restricted, they would not affect bottom line of unrestricted balance. They can be added in at any time as part of budget process without affecting the spend-down on the unrestricted balance. He commended the team for their efforts.

Treasurer Dobrilovic noted that no action was need. Director Smith said this would be brought back at the October Committee of the Whole meeting for the Board vote on the 2020 levy.

Hearing no objection, the meeting was adjourned at 8:58 p.m.