

**Minutes of the Nicolet Federated Library System
Finance Committee
Tuesday, August 4, 2020 at 10:00 a.m., via Zoom**

Present via Zoom: Kathy Pletcher, Chair, Paul Gustafson, Ken Harter, Cheryl Maxwell, Julia Wallace (ex officio)

Excused: Anthony Yaggie, Corrie Campbell

Also Present via Zoom: Hannah Zima (NFLS), Lori Baumgart (NFLS), Jon Swanson (CLA)

1. **Call to Order.** The meeting was called to order at 10:02 a.m.
2. **Determination of Quorum.** A quorum was determined.
3. **Additions to the Agenda.** None.

5. **Review 2019 Audit Report.**
 - a. Jon Swanson from CLA gave a summary of the 2019 Audit Report.
 - b. CLA is issuing a clean audit report for NFLS. Audit looks at three main components - financial statements, funding, and compliance with any major funding programs.
 - c. CLA found no instances of non-compliance.
 - d. CLA issued Material Weakness findings in regard to internal control over financial reporting. However, given the small size of the organization, it is very common to have such issue. There is nothing unusual about this finding because the limited size does not allow for segregations of job duties. NFLS does have mitigating factors such as review by the Finance Committee, Treasurer and Board of Trustees which can help to identify potential errors/fraud.
 - e. Member Harter inquired as to whether having Heartland Business Services as our accountant is also a mitigating factor? Jon explained, that yes, this is also a mitigation factor in that a third party is able to review the financial reports and identify potential issues as well.

4. Approval of Minutes from the June 4, 2019 Finance Committee Meeting.

Member Harter moved to approve the minutes. Member Gustafson seconded the motion. **Motion carried.**

6. Mid-Year Budget Review.

- a. Chair Pletcher reviewed the Statement of Revenue and Expenses for the Committee. At this time, the budget is on track and there are no real concerns to highlight.

8. Approve Recommendation to the Board of Trustees to Transfer Excess 2020 Improvement & Innovation Grant Funds into the Long-Term Reserve Fund.

- a. Chair Pletcher provided a memo regarding the 2020 Improvement & Innovation Grant funds which were expended this year. The Board had allocated a total of \$45,468.40 for grants but only \$20,556.00 was expended. Therefore, there is a excess of \$24,912.60.
- b. Chair Pletcher recommended the transfer so that the organization can be in a better position to balance the budget in the coming years. Current reserve fund is at \$134,403.00, and adding the \$24,912.60 would give us a total of \$162,315, or 14.2 % of state aid.
- c. Member Harter agreed that due to budget uncertainty with the COVID-19 crisis, it is best to put the money into the reserve fund.
- d. Member Maxwell questioned why we are anticipating budget shortfalls. Chair Pletcher explained that increases to the 2021 budget will include the costs of the Intersystem Agreement. Last year, there was a surplus which covered the Intersystem Agreement. The Personnel Committee is also looking at recommending a 2% salary increases for staff for next year. Member Maxwell suggested looking at the budget so that unexpected increase do not come up. Chair Pletcher stated that she and Director Vreeke are looking at cost-saving measures which can cut costs in the coming years.

Member Maxwell moved to recommend that the Board of Trustees transfer the excess 2020 Improvement & Innovation Grant funds of \$24,912.60 to the Long-Term Reserve Fund. Member Harter seconded the motion. **Motion carried.**

7. Approve Recommendation to the Board of Trustees of the 2021 Draft Budget.

- a. Chair Pletcher reviewed the Draft 2021 Budget with the Committee. The following line items were discussed:
 - i. Director Vreeke is recommending 2% salary increase for staff. The Personnel Committee will make recommendation for salary increase for Director Vreeke at their upcoming meeting.
 - ii. In regard to operating expenses, main increase is rent which averages about 3% every year.
 - iii. There will be savings from the lack of travel and training but will keep the 2021 budget the same. Director Vreeke has suggested once in-person meetings can resume, that we would still utilize virtual meetings 50% of the time as a cost-savings measure.
 - iv. Line 6340, Eight-County Delivery - the item will be revised to reflect only a 1% increase because Waltco will not be increasing their service fees in 2021. Line 6346, Green Bay/Appleton Delivery, will be revised to reflect a 0% increase as well.
 - v. Line 6352, OWLSnet Membership (member library shares) – Member Harter inquired as to why there were savings?
 - vi. Line 6400, Library Collection Development Grants – Why the increase from 2020? Hannah will look into why the increase and report back to the Committee.
 - vii. Intersystem Agreement – NFLS must reimburse Clintonville and Marion Libraries for the costs associated with the use of the libraries by Shawano County residents.
 - viii. Line 4000 State Aid – Will be revised to reflect no change from 2020.

- ix. Line 4100 Interest Income – will be revised to \$6,000 to reflect the decrease due to lower interest rates.
- x. Line 4500 Transfer from undesignated fund to balance the budget – with the above revisions, this item will be revised to a total \$35,591.
- xi. Member Wallace asked about whether the transfer of excess Improvement & Innovation Grant funds will show up on the budget? Chair Pletcher explained that those funds will not show up on the budget but will be reflected on the Balance Sheet provided by the accountant.

Director Vreeke, Chair Pletcher and staff will revise the Draft Budget in regard to the above line items and send to the Committee members for approval. Once the Committee approves the revised budget, we will forward to the Board of Trustees for their upcoming meeting on August 11, 2020.

9. Other Business. None.

10. Next meeting: Suggested meeting times will be sent out to Committee members in September.

11. Adjourn. Meeting adjourned at 10:59 a.m.

Respectfully Submitted:
Hannah Zima, Reporting Secretary
8/4/2020