



Finance/Personnel Committee
Minutes

Monday, November 28, 2011, 4:00 pm
Storytime Room, Library Lower Level

Present: Mr. Joe LaManna, Treasurer; Ms. Jan Letts, Trustee; Ms. Connie Nelson, Trustee; Karen Kleckner Keefe, Executive Director
Guest by phone: Brian LeFevre, Auditor from Sikich

The meeting was called to order at 4 p.m.

Approval of Minutes from 10/24/11

Mid-Year Operating Budget Review

Executive Director Keefe gave a summary of the review and the most significant variances. As personnel is our highest expense, this is an area that we watch very carefully. The committee acknowledged that with future service and technology enhancements we will want to budget well for staff development and continuing education. The Committee recommended that in the future the introductory paragraph relating to the Capital Reserve recognize that the fund is used for capital expenditures, in addition to paying off debt. It was agreed that we are in good standing for the year.

Investment Policy

The Committee reviewed and accepted the suggested changes provided by Darrell Langlois, Assistant Village Manager/Finance Director. The following change was made:

“The Custodian of Monies should submit any recommended changes in investment strategies, or fund allocations in writing to the Treasurer and to the Library Director.

The Treasurer, acting on behalf of the Board of Trustees, and after approval by the Finance Committee is authorized to recommend changes to investment strategies and allocation. Such changes will be submitted to the Board of Trustees in writing for approval.”

The revised policy will be on the agenda for the Board’s approval.

Audit Review

Brian LeFevre, from Sikich Certified Public Accountants & Advisors, joined the Committee by phone at 4:30. He explained that as the partner in charge of the Village of Hinsdale's audit he used two types of standards--Auditing Standards and Financial Reporting Standards established by GASB, which determine what financial statements should look like.

The Library is considered a "discretely presented component unit" of the Village. The Village's audit received the highest level of approval possible.

Specific to the Library, the audit notes that all of our deposits and investments are covered by FDIC or collateralized. Our fund balance was 60% (combining capital and operating). This is considered a "very healthy" fund balance position – compared to other libraries and in general. A fund balance is evaluated relative to next year's budget. Trustee LaManna asked if, from a statutory standpoint, a 7-month operating reserve would be considered excessive? LeFevre said that based on a similar conversation with another library client, he believed the case law established a one-year reserve as a reasonable accumulation. He will send Executive Director Keefe more information.

LeFevre also told the Committee about GASB Statement 61, a pronouncement relating to treatment of component units. This could mean that the Library, as a component unit, would not have to be part of the Village's report. This will be effective for FY 2014. If this is the case, the Library might need to secure a separate audit. The cost of audit for Village was \$22,000 for FY11.

The audit went smoothly; Sikich received all information they needed. Trustee LaManna asked if the auditors look at the Library's internal control in terms of check writing, etc. LeFevre explained that they don't test internal controls, but they do work to understand them. They did not find any issues in our current policies or practices.

No issues that came to the auditor's attention for improvement (either documented or undocumented.) The final report is finalized at the end of September and available to the Village at the beginning of October.

Other Business

The Finance Committee will meet in around January 17 or 18th to begin talking about the budget.

The meeting was adjourned at 5:11 p.m.

Approved: January 17, 2012