

**Flint Public Library
Finance and Budget Committee
October 21, 2015
Room 205, 5:30 PM**

Members present: Jim Richardson, Mort Krasner, and Matt Schlinker
Staff present: Kathryn Schwartz, Connie Palmer, Ilene Harris

Mr. Richardson called the Finance Committee meeting to order at 5:36 p.m.

A motion was made by Mr. Krasner to approve the agenda, seconded by Mr. Richardson. All present voting aye to approve the agenda

A call was made to the public, no public in attendance wished to speak.

The committee reviewed the minutes from the September 30, 2015 meeting. A motion was made by Mr. Krasner and seconded by Mr. Richardson to accept and file the September 30, 2015 minutes. Mr. Richardson called the question, all present voting aye. Motion carried.

New Business

Presentation of draft audit report for fiscal year ending June 30, 2015.
Pam Hill, CPA - Partner and Chrystal Simpson, CPA - Manager from Plante & Moran presented the draft of the annual financial report for fiscal year ending June 30, 2015. The auditors led the committee through the draft report noting the implementation of GASB 68, Accounting and Financial Reporting for Pensions.

The library has two separate defined benefit pension plans in which employees are eligible: the Municipal Employees Retirement System (MERS) and the Michigan Public School Employees' Retirement Systems (MPERS). Employees hired after June 2000 that are eligible are part of the MERS plan; employees hired prior to July, 2000 by the Flint Community Schools when the library was part of the school district are part of the MPERS plan. On the government wide statements, the MERS plan has a net pension asset of \$341,040; this is the GASB 68 set aside for MERS as result of the plan being over funded at this time. The MPERS plan has a net pension liability of \$1,887,859, this is the GASB set aside for MPERS as a result of the plan being underfunded. The Library had a positive net position after the recording of the pension assets and liabilities.

Overall, the library had a small amount of excess revenue over expenditures as shown in the governmental fund State of Revenues, Expenditures and Change in Fund Balance of \$73,469. Property taxes continue to be the largest revenue source for the library and salaries and fringe benefits the greatest expenditure.

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The library will be implementing GASB 75. Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions in FY 16. This standard will require the same type of reporting for the health insurance component of the MPSERS system as GASB 68 did for the defined benefit retirement plan. The MERS benefit does not offer post retirement health care benefits, however, some reporting will be required for the Health Care Savings Plan accounts set up by the Library for employees who are in MERS.

Mr. Richardson asked what does the new information provide for the board and committee and what critical issues have arisen as a result of the disclosure. Mrs. Hill and Mrs. Simpson responded GASB 68 and GASB 75 bring to light the risk that could occur with market fluctuations and the effect on unfunded legacy costs for the pension component of the defined benefit plans; the same risk applies to the health care portion of benefits of which there is no requirement to fund. The information will also help the board as it reviews the benefits and the impact of any changes that may occur. A lengthy discussion ensued regarding the pension plans, the liabilities, and the decline in the MPSERS obligation as individuals in the plan retired and its long term effect on the financial status of the library. It was suggested that a learning tutorial of the plans, how they are managed, the steps taken to determine the payments, etc would be good for both the committee and the board in the future.

Mrs. Hill reviewed the required communication from the firm to the Board of Trustees regarding the audit. This noted the firm's responsibilities in regards to the work completed. Mrs. Hill noted there were no significant audit findings, no difficulties encountered in the performance of the audit, no disagreements with management and no misstatements or audit adjustments. The committee was pleased to hear this.

Monthly Financial Statements and Investment schedule for the period ending September 30, 2015.

Mr. Richardson asked Mrs. Palmer to review the financial statements for the period ending September 30, 2015. Mrs. Palmer reviewed the financial statements and the investment schedule with the committee. Discussion ensued as the committee reviewed the statements in detail. Mr. Schlinker moved and Mr. Krasner seconded forwarding with the committee's recommendation for approval, the financial statements and the investment report for the period ending September 30, 2015 to the Board of Trustees. Mr. Richardson called the question, all present voting aye.

Budget Amendment for FY 16

Mr. Richardson asked Director Schwartz to discuss the anticipated budget amendment for FY 16. Director Schwartz reviewed in general the amendment

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presented. It is the intent to have two amendments prepared, one reflecting the passage of the millage and one that does not include the passage of the millage. The committee discussed the logistics of levying the millage should the voters approve it. After further discussion and a review of the budget amendment assumptions, Mr. Schlinker moved and Mr. Krasner seconded a recommendation that the Board accept either budget amendment as presented. Mr. Richardson called the question, all present voting aye.

Old Business

None

Director's Report

Director Schwartz reported on the following items:

- The Library has implemented a new program, "FPL – Read While You Wait Library". This program will put a book shelf in local barbershops with a selection of books for boys ages 4 – 10. The books will be intentionally selected to present positive role models and to increase reading literacy in the age group. The first shop with a book case will be "A Kut Above" located on Atherton Road; sponsored by David McGhee.
- The Director has been representing the library at neighborhood meeting as part of the informational campaign for the millage. The meetings have been very interesting and have provided an excellent method for getting information to the groups.

Board Report

Mr. Richardson reported on the following items:

- The Board of Trustees had its election of officers at its October 1 meeting. The new officers are as follows:
 - President – David McGhee
 - Vice President – Linda Pylypiw
 - Secretary – Brian Larkin
 - Treasurer – James Richardson.
- The newest board member, Eryka Hunter has been appointed to the Finance committee along with Mr. Schlinker.
- Mr. Richardson found out about an interesting potential fundraiser while visiting family. A host prepares a dinner party based on the theme of a book. There is a charge per seat to attend and afterward all diners meet at one location for dessert. It is done annually. Mr. Richardson had given the idea to Mrs. Harris for study and review.

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There being no further business to discuss, Mr. Richardson adjourned the meeting at 7:35 p.m.

Respectfully submitted,
Connie Palmer