

**Flint Public Library
Finance and Budget Committee
October 26, 2016
Room 205, 5:30 PM**

Members present: Matt Schlinker, Kathy Jackson, Mort Krasner
Staff present: Kathryn Schwartz, Connie Palmer

Mr. Schlinker called the Finance Committee meeting to order at 5:30 p.m. as Mr. Richardson was out of town and had requested Mr. Schlinker chair the meeting.

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

The committee reviewed the minutes from the September 28, 2016 meeting. A motion was made by Mr. Krasner and seconded by Mrs. Jackson to accept and file the September 28, 2016 minutes. Mr. Schlinker called the question, all present voting aye. Motion carried.

The committee agreed to move new business ahead of old business.

New Business

Financial Statements and Investment Report for the period ending September 30, 2016

Mr. Schlinker asked Mrs. Palmer to review the financial statements and investment report for the period ending September 30, 2016. Mrs. Palmer reviewed the financial statements and the investment schedule with the committee. The committee reviewed the cash and cash investments, the property tax revenues and the flow of collections, the development activity to date and the status of the budget to actual for each activity center and grants. Discussion ensued as the committee reviewed the statements in detail. Mr. Krasner moved and Ms. Jackson seconded forwarding with the committee's recommendation for approval, the financial statements and the investment report for the period ending September 30, 2016 to the Board of Trustees. Mr. Schlinker called the question, all present voting aye.

Old Business

Presentation of Financial Report and Audit for the fiscal year ending June 30, 2016 by Plante & Moran, PLLC.

Mr. Schlinker called upon Director Schwartz to introduce the auditors from Plante & Moran, PLLC. Director Schwartz introduced Chrystal Simpson, CPA the manager on the account and Brian E. Murphy, the new in charge on the account. Mr. Murphy began the review of the audit with the Statement of Net Position. This statement reflects the full accrual and "adjustments for the consumption of net position that applies to a future periods and so will be recognized as an out of resources until then" (Flint Public Library Financial Report and audit for the fiscal year ending June 30, 2016, Note 1). It was noted the GASB 68 pension adjustments from Note 8 and 9 are included in the deferred outflow and inflow of resources as well as the net pension liability of \$1,986,925 as of June 30, 2016. Mrs. Simpson discussed with the committee the changes that the Municipal Employees Retirement System (MERS) had made in the past year and how this had affected the net pension liability for that particular plan for the library. (MERS adjusted their mortality tables, reduced their long term rate of return and adjusted their actuarial assumptions for a smoothing of the assets over the past 5 years.)

The committee was referred to the Governmental Fund Balance Sheet. This report reflects the modified accrual adjustments but does not include pension liabilities or adjustments for compensated absences. Discussion ensued.

Mr. Murphy then reviewed the Statement of Activities and discussed the change in net position of \$496,962. It was noted that this amount reflects the full receipt of the Ruth Mott Foundation grant and that approximately \$220,000 was assigned to FY 17. In conjunction, the committee

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reviewed the supplemental Budgetary Comparison Schedule and the variance of actual to amended budget. Director Schwartz noted the frugal spending that occurred while management waited to see if the request for additional millage for the library would pass.

A lengthy discussion occurred regarding the difference between the statements, the overall financial standing of the library and the long term future goals of the library. Mrs. Simpson cautioned that while fund balance has increased and FY 16 was completed with positive net revenue over expenditures, property tax values in Flint were still in flux due to the water crisis. Plante & Moran is advising a conservative approach to spending due to the uncertainty of the Library's major revenue source, property taxes, in the next few years. Discussion ensued regarding the trends in the financial statements, property tax revenues and the impact on the long term financial stability of the library. Mrs. Jackson suggested that we review the trends over the past two years in a future meeting.

Mrs. Simpson stated that the library had received an unqualified or "clean" opinion from the auditors as reflected in the opinion letter at the beginning of the annual financial report. She then referred the committee to the auditor's letter to the Library Board dated October 5, 2016 detailing the obligations of the auditors and any significant audit findings. Mrs. Simpson was pleased to report that the auditors found no significant findings, had no difficulties in performing the audit, no disagreements with management and no corrected or uncorrected misstatements. Mrs. Simpson pointed out that the library audit is a sought after placement for members of the Plante & Moran audit team due to the level of integrity, professionalism, preparation and knowledge of the library finance team. Mr. Schlinker and the rest of the committee requested that this be noted specifically in the minutes along with their appreciation of the work performed by the library finance team.

Mr. Schlinker thanked Mrs. Simpson and Mr. Murphy for their presentation and their service to the Library. Mr. Krasner made a motion and Mrs. Jackson seconded that the Financial Report with Supplemental Information as of June 30, 2016 (audit) be forwarded to the Board of Trustees for approval. Mr. Schlinker called the question, all present voting aye.

Director's Report

Director Schwartz reported on the following items:

- The bimonthly program guide has changed to reflect the emphasis on the strategic goal of early childhood literacy by showcasing the programs for children's and teens. Director Schwartz encouraged all to read through it to see the variety and breadth of programming for this age group.
- Director Schwartz stated that a new Development Coordinator, Mrs. Casandra Mead (Cassie) has been hired and will begin work on October 27, 2016. Mrs. Mead has a background in development and will bring a great deal of experience to her role.
- The tinker table (Discovery table) was launched in the Children's Learning Place. This has been a fantastic addition to the area and for the first time, we have comfy seating for the parents! The Children's Learning Specialists have reported that families are staying longer and interacting more as a result of the table.
- The Dolly Parton Imagination Library has come to the Flint Public Library as a result of the sponsorship of the Friends of the Flint Public Library. This is a community wide collaboration launched originally by the work of the Flint-Genesee Area Literacy Network. There are 8 to 10 partners including Hurley Medical Center, Genesee Intermediate School District, United Way and the University of Michigan-Flint. All children in Flint zip

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codes are eligible to participate. It is estimated that there are 11,000 children in those zip codes ages 0 to 5 and they can sign up to receive one free book per month until they are five years old. The goal is to enroll 60% of the population in the first year and the Dollywood Foundation makes arrangements for all the books, at a cost of \$25.00 per year per child. This project is funded by the Foundation for Flint, a supporting organization of the Community Foundation of Greater Flint, with a three year grant. A team from the collaborative partners will be working on the evaluation of the program during that time and at the end of the grant period.

A press conference will be held on November 3 to announce the project and we will have our own sign up event on Saturday, November 5. The first book that each child will receive is, "The Little Engine That Could" as this was Ms. Parton's favorite book in her youth. We are continuing the theme with "Handsome Harry, the Conductor" here to present a program at 1:00 p.m. and 2:00 p.m.

This is a great beginning for collective impact to make sure that every child is ready for kindergarten.

Board Report

Mr. Schlinker reported on the following:

- The Board continued their training with Kennari Consulting about building our contributions from the public.
- The Board received a report from the Director updating them on the various programs being implemented with the strategic objectives.

There being no further business to discuss, Mr. Schlinker adjourned the meeting at 7:15 p.m.

Respectfully submitted,
Connie Palmer