

**River Forest Public Library – DRAFT
Finance Committee Meeting
MINUTES
Tuesday, October 12th, 2021 – 11:00 am**

Present: Committee members Cathy Ruggeri, Deborah Hill, and Tom Smedinghoff.
RFPL Director Emily Compton, and Operations Manager Katie Cangelosi

Call to Order: Trustee Smedinghoff called the meeting to order at 11:00 am.

Minutes: The September 9th, 2021 minutes were approved.

- Trustee Ruggeri asked for clarification of that portion of the audit update in the minutes which states that “the Library should no longer pre-pay for digital materials that will arrive in the next fiscal year.” Director Compton replied that the Library pre-paid for digital materials with the money remaining in the relevant account at the end of the fiscal year, and the accountants advised that the Library should not pay for materials in one fiscal year that will arrive in the next if it doesn’t otherwise need to do so.
- President Hill asked how Tighe, Kress & Orr (TKO) recommended that the Library account for the \$703 Wireline check. Director Compton replied that because the Library received the equipment in February 2021 and the liability, therefore, was incurred in FY ‘20-‘21, the money will be accounted for in FY ‘20-‘21. TKO has provided a journal entry to correct this transaction.
- President Hill asked how TKO recommended that the Library account for legal fees for the lease negotiations with the Park District. The Library has been paying these legal fees from the “Consultant/Legal” account in the operating budget. Director Compton replied that, going forward, these fees will be accounted for as a capital expense and that TKO will include such expense in the value of the building for depreciation purposes. The Committee decided not to adjust the capital and operating accounts for the legal fees paid to date from the operating budget.
- President Hill asked how TKO recommended that the Library account for the \$7,500 check deposited with the Village of River Forest to pay for administrative expenses that may be incurred in connection with the air handler project. Director Compton stated that the Library will create a pre-paid asset account in the amount of \$7,500 that will be drawn against as the Village bills the Library for expenses attributable to this account.

New Business:

A. Review of September 2021 Financials

Director Compton reported that the August financials were included after a software cleanup of duplicated credit card charges and chart of account lines. Trustee Ruggeri asked that the revenue and expense reports be corrected for the months prior to August in the current FY for accounting transparency. Ms. Cangelosi will provide these reports. Director Compton also reported:

- \$75,923 in property tax revenue that the Library received within 60 days after FY ‘20-‘21 ended will be moved to FY ‘20-‘21.
- The Children’s Programs, Library Supplies, and Office Supplies expense lines were re-examined and corrected.
- The actual YTD expense for Copy and Printing Supplies is 83.73% of budget. The Library will consider whether this line item should be increased in the budget for FY ‘22-‘23.

B. 2021 Levy Budget Discussion

Director Compton stated that the Village of River Forest will consider the Library’s levy budget at the Village’s October board meeting. The Village’s Finance Director advised the Library to levy for \$1,409,267.

- Director Compton reported on the differences between the operating budget, \$1,426,600, and the levy budget in the following three areas of corporate expenditures:
 - Programming - The RFPL Foundation funds \$500 of this expense for the Dooley program through a grant, and a Connections grant provides another \$9,000 in funding.

- Strategic Initiatives – A grant from the RFPL Foundation funds this expenditure.
- Audio-Visuals/Online – The Illinois State Library Per Capita grant of \$16,478.83 is dedicated to funding the Library’s Kanopy streaming service.
- Trustee Smedinghoff asked if the levy amount provided by the Village is the maximum amount for which the Library could levy. Director Compton replied that she has scheduled a meeting with the Village to get more information on how the levy process works.

Old Business:

Audit Update

Director Compton stated that there were two deficiencies reported in the audit:

1. A material weakness related to pre-payment of online content. The Library will not pre-pay for content or materials in the future. The auditors have created a journal entry to adjust the accounts.
2. A significant deficiency related to expenses that were improperly excluded from accounts payable at the end of the FY. These expenses are itemized under Adjusting Journal Entries JE #3 in the Auditor’s worksheet, and these expenses accrued in FY ‘20-‘21 but weren’t paid till the current FY. Director Compton and Ms. Cangelosi will work on a year-end procedure for the next fiscal year so that these items will be correctly allocated to the proper fiscal year. The auditors have created a journal entry to adjust the accounts.

The Committee continued to discuss the audit:

- The Committee discussed the dollar amount of the two deficiencies: \$23,984.70 (pre-paid expenses) and \$2,883.91 (accounts payable), respectively.
- Trustee Ruggeri questioned the final excess revenues over expenditures number of \$73,856 within the audit. Director Compton will coordinate another meeting with TKO to discuss.
- The Committee asked how the property tax revenue was accounted for and how it is decided which fiscal year the amount goes into. Director Compton replied that all property tax revenue received within 60 days after the fiscal year ends will be accounted for in the previous fiscal year. Director Compton will provide a spreadsheet with property tax revenues to the Committee.
- Trustee Smedinghoff asked if the audit was on track to be finalized and presented by the November Board meeting. Director Compton replied that TKO needs the GASB numbers reported by the Village, but the auditors are confident they will present a final audit at the November meeting. Trustee Smedinghoff asked if the final excess revenues over expenditure amount should be transferred to capital reserves at the November meeting. The Committee decided to wait until the audit was finalized to decide. The Committee discussed whether to add the current draft of the audit to the October Board packet. The Committee decided that there were too many questions for TKO to put the audit before the Board in October. Director Compton will set up another meeting with TKO for further feedback. Board members will be given sufficient time to review the audit prior to the November Board meeting.
- The Committee continued to discuss questions and comments for TKO, notably:
 - Page 7: “A budgeted transfer of \$140,650 was made to the Capital Improvement Fund” is incorrect as only \$41,000 of the capital transfer was budgeted.
 - Page 8: “The Library made no transfers in FY 2019-20” is incorrect regarding capital reserve transfers. During FY ‘19-‘20, a total of \$101,118 was transferred to capital reserves from FY ‘18-‘19 excess revenues over expenditures.
 - Page 21: “to the best its ability” include the word “of”.
 - Page 21: “as the tax has not yet been levied by the Library” should be revised to reflect that the Village of River Forest levies on the Library’s behalf.
 - Page 23: “the minimum of 2.5% of projected annual tax receipts” is incorrect regarding the \$41,000 capital transfer as that budgeted amount exceeds the minimum 2.5%.

- Page 39: Only \$41,000 of the Capital Improvement Fund transfers are a budgeted amount. The additional \$99,650 is the excess revenues over expenditures for FY '19-'20 that was transferred to the capital account in FY '20-'21 and should be included only in the "Actual" column.

Next Meeting: Wednesday, Nov. 3, at 9:00

Adjournment: President Hill moved to adjourn the meeting at 12:09 pm, seconded by Trustee Ruggeri.