

Kent County Library Board of Trustees

Minutes of the May 28, 2019 Meeting

Present: Charles Lerner, President; Elisabeth Tully, Vice President; Earl Runde, Treasurer; Valerie Overton, Secretary; Sabina Minney, Trustee; Jackie Adams, Director; Chris Walmsley, Staff Member; Natalie Lane, Staff Member; Bronwyn Jones, Finance Committee Member; Kate Lobley, BENECON Representative

The meeting was called to order at 4:00 pm.

Mr. Lerner noted Mr. Ferreira's and Mr. Queen's absence.

The agenda of the meeting was reviewed. No changes were made.

Ms. Adams introduced Ms. Lobley to the Board of Trustees.

Ms. Lobley gave an overview of BENECON and the group cooperative to the trustees. Ms. Lobley reviewed the benefits and plan design for library employees.

Following her presentation, Ms. Lobley left the meeting.

Ms. Lane arrived and presented the 2019 summer reading program to the trustees.

Following her presentation, Ms. Lane left the meeting.

The minutes of the previous meeting were reviewed. Mr. Lerner adopted the minutes with no changes.

Treasurer's Report

Mr. Runde reviewed the budget presentation to the Kent County Commissioners by Ms. Adams and Mr. Lerner. Mr. Runde noted that there was no direct answer related to the funding for the renovations, but that one commissioner had questioned the bank fees within the budget request. Mr. Runde continued that he and Mr. Lerner had met with officials at PNC Bank related to the fees charged to the library for banking activities, and that these costs were being reviewed.

Mr. Lerner reviewed the reserve fund balance report from the county commissioners, noting that due to the high surplus in reserves, the commissioners were unlikely to provide funding for the remaining renovations.

Ms. Tully moved to authorize proceeding with the renovations by contributing \$90,000 from the surplus reserve fund balance to match foundation funding as recommended by the Finance Committee. Ms. Minney seconded the motion, which was approved unanimously.

Ms. Adams informed the trustees that within the submitted budget, the increase to the benefits line was based on the current employee enrollment in health benefits, but that the enrollment would be changing in Fiscal Year 2020, which would leave a surplus in the benefits budget line.

Ms. Adams informed the trustees that due to changing support from Microsoft for currently used operating systems several computers would need to be replaced or updated to Windows 10. Ms. Adams stated that Sam Simmonds would present at a later date to the trustees about the needs of the library and how this change would impact the library.

Director's Report

Ms. Adams informed the trustees that the strategic planning surveys had been distributed that received.

Ms. Adams reminded the trustees that the Friends of the Library annual author event was scheduled for Saturday, June 1.

Funding Partner Reports

Friends of the Kent County Public Library

Ms. Overton noted that the Friends largely discussed the results of the book sale at their meeting.

Ms. Overton reviewed a request for funding from a representative of the Imagination Library to the Friends, which was approved by the Friends.

Ms. Overton reminded the trustees that the Friends would not meet again until September.

Committee Reports

Strategic Planning

Ms. Tully informed the trustees that the committee had met for four hours on May 10, working towards creating draft mission and vision statements for the library, and that the committee was going to use the results of the survey and focus groups to see if there were any areas which had been missed.

Facilities

Mr. Lerner reported that the first One Day University presentation had occurred with mixed success. There were 15 individuals signed up with 13 attendants, and a few technical difficulties.

Ms. Tully left the meeting.

Policy & Procedures

Mr. Runde informed the trustees that there was no policy to review this month but that he would try to have one for the next meeting.

New Business

Security

Mr. Lerner noted that there had been no further incidents at the library.

Ms. Adams reported that police officers were visiting the library more regularly than in the past.

The trustees discussed the officer visits and after hours programs and openings.

No further business was brought before the trustees.

Ms. Overton moved to adjourn the meeting. Mr. Runde seconded the motion, which was approved unanimously. The meeting was adjourned at 5:42 pm.

Kent County Public Library Fund Balance

Committed Fund Balance for Health Insurance (20% of Health insurance cost)

Target Committed Fund Balance:

FY2018 Health Insurance cost	\$	74,670	①
FY2018 LGIT Refund		48,494	②
		123,164	
FY2018 Total Health Insurance cost		20%	
		24,633	
Target Committed Fund Balance		24,633	

FY2018 Committed Fund Balance		68,927	③
FY2019 LGIT Refund		68,137	④
FY2019 LGIT Refund allocated to FY2020 Budget		(15,000)	⑤
		122,064	
Committed Fund Balance		122,064	

Target Committed Fund Balance		24,633	
Surplus/(Deficit) Fund Balance		97,431	

Unassigned Fund Balance (2 months of operating expenses or 16.67%)

Target Unassigned Fund Balance:

FY2018 Total Expenses		1,147,660	⑥
Less FY2018 Capital		(241,365)	⑦
		906,295	
FY2018 Total Operating Expenses		16.67%	
		151,049	
Target Unassigned Fund Balance		151,049	

FY2018 Unassigned Fund Balance		180,561	⑧
Surplus/(Deficit) Fund Balance		29,512	

Total Surplus/(Deficit) Fund Balance \$ 126,943

Kent County, Maryland

**Supplemental Schedule of Expenditures - Budget and Actual - General Fund
For the Year Ended June 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
EXPENDITURES				
Salaries and related costs				
Gross salaries	\$ 507,275	\$ 495,910	\$ 487,369	\$ 8,541
Payroll taxes	38,807	38,807	34,100	4,707
Health insurance *	127,244	127,244	74,670 ⁽¹⁾	52,574
State on-behalf payments for retirements	-	79,605	79,605	-
Total salaries and related costs	<u>673,326</u>	<u>741,566</u>	<u>675,744</u>	<u>65,822</u>
Operating expenditures				
Legal services	1,000	479	-	479
Accounting services	12,311	12,311	12,119	192
Copiers	15,354	13,718	11,718	2,000
Software maintenance	5,000	1,825	1,825	-
Library programing	7,000	13,763	13,763	-
Building repairs and security	13,765	13,208	12,659	549
Utilities	34,950	37,586	35,684	1,902
Telecommunications	3,000	3,050	3,050	-
Staff development and travel	12,000	21,832	21,271	561
Postage	3,000	2,735	2,064	671
Supplies	7,000	17,645	17,644	1
Equipment	5,000	6,999	6,999	-
Insurance	5,852	5,852	5,499	353
Rent	24,800	26,462	24,710	1,752
Capital outlay	-	241,365	241,365 ⁽¹⁾	-
Miscellaneous	3,160	3,971	3,971	-
Total operating expenditures	<u>153,192</u>	<u>422,801</u>	<u>414,341</u>	<u>8,460</u>
Library materials				
Books	33,196	37,592	37,590	2
Periodicals	5,500	7,677	7,677	-
Audio/visual	10,000	12,308	12,308	-
Total library materials	<u>48,696</u>	<u>57,577</u>	<u>57,575</u>	<u>2</u>
Total expenditures	<u>\$ 875,214</u>	<u>\$ 1,221,944</u>	<u>\$ 1,147,660⁽¹⁾</u>	<u>\$ 74,284</u>
Excess of revenues over expenditures	(15,000)	(15,000)	61,986	76,986
Fund balance - beginning	<u>225,136</u>	<u>225,136</u>	<u>225,136</u>	<u>-</u>
Fund Balance - ending	<u>\$ 210,136</u>	<u>\$ 210,136</u>	<u>\$ 287,122</u>	<u>\$ 76,986</u>

*The Library was under budget due to a surplus payment received from LGIT during FY2018 for the prior year.

KENT COUNTY PUBLIC LIBRARY

Management's Discussion and Analysis For the Year Ended June 30, 2018

The Library's revenues increased by \$261,601. This was attributable to a State grant of \$192,000 and a \$38,000 match from the County for library renovations, an increase of \$16,291 in other County funding, an increase in other State program grants of \$10,345, and an increase in State funding of \$9,331. The Library's overall expenses increased by \$242,784 primarily due to Library renovations of \$241,365.

Budgetary Highlights

The Library's budget is prepared on the modified accrual basis of accounting. The Library's original budget of \$875,214 was amended to \$1,221,944. The most significant changes were the addition of \$241,365 for Library renovations, \$79,605 for the State on-behalf payment for retirements, and increases of \$10,645 to the Library's supply expenses, \$9,832 for staff development and travel expenses, \$8,881 to the Library's materials expenses and \$6,763 to the Library's programming expenses. Salaries were decreased \$11,365.

Capital Assets

At the end of 2018, the Library had invested \$959,260 in a broad range of capital assets including equipment, books and media, and Library improvements. This year's major additions included Library and audio-visual materials of \$57,575.

Currently Known Facts, Decisions, or Conditions

Thanks to the diligent work of the Board of Trustees, oversight from the Board Finance Committee, and the invaluable assistance of the County Finance Department, FY2018 was fiscally stable. The Library Director and the Board of Trustees Finance Committee regularly monitored expenditures in order to establish a realistic operating budget to maintain and enhance modern library service in Kent County at all locations (Chestertown, North County, and Rock Hall).

In 2015, the trustees, with the approval of the County Commissioners, re-negotiated the terms for the lease of the North County facility. Significant savings were realized in year three of this agreement. To alleviate County costs and labor, the Board of Trustees budgeted for continued grounds maintenance in FY2018.

Also in FY2015, the Board of Trustees followed the County's example and contracted with LGIT to provide health care benefits. As a result of that decision, KCPL received a \$48,494 refund from LGIT for FY 2017. The Board of Trustees has allocated \$15,000 to revenues for FY 2019 and placed the remaining \$33,494 into a benefits reserve account earmarked for healthcare expenditures. ②

The Kent County community-at-large and the municipalities continued their generous support. The Friends of the Kent County Public Library donated \$15,000 to be used for books, audio-visual items and staff training. Chestertown Library, Inc. donated \$3,666 for books. For the fourth year, KCPL was the recipient of a \$6,500 PNC *Grow Up Great* Grant.

The Board of County Commissioners has been very supportive of the multi-phase "Project 2020" to renovate the 1978 Chestertown facility to provide 21st century library service. The Friends of the

KENT COUNTY PUBLIC LIBRARY

**Statement of Net Position and Governmental Funds Balance Sheet
As of June 30, 2018**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
ASSETS			
Cash and cash equivalents	\$ 259,776	\$ -	\$ 259,776
Receivables	56,232	-	56,232
Prepays	22,634	-	22,634
Capital assets, net of accumulated depreciation			
Machinery, equipment and vehicles	-	71	71
Improvements	-	7,894	7,894
Library collections	-	217,105	217,105
Total Assets	<u>338,642</u>	<u>225,070</u>	<u>563,712</u>
LIABILITIES			
Accounts payable and other accrued liabilities	44,361	14,260	58,621
Intergovernmental Payable	571	-	571
Due to Kent County	4,214	-	4,214
Unearned Revenue	2,374	-	2,374
Total Liabilities	<u>51,520</u>	<u>14,260</u>	<u>65,780</u>
FUND BALANCES / NET POSITION			
Fund Balances			
Nonspendable - prepaids	22,634	(22,634)	-
Committed	68,927 (3)	(68,927)	-
Assigned	15,000	(15,000)	-
Unassigned	180,561 (8)	(180,561)	-
Total Fund Balances	<u>287,122</u>	<u>(287,122)</u>	<u>-</u>
Net Position			
Net investment in capital assets	-	225,070	225,070
Restricted	-	22,634	22,634
Unrestricted	-	250,228	250,228
Total Net Position	<u>\$ -</u>	<u>\$ 497,932</u>	<u>\$ 497,932</u>
Total Liabilities and Net Position	<u>\$ 338,642</u>	<u>\$ 225,070</u>	<u>\$ 563,712</u>

The accompanying notes are an integral part of this financial statement.

COMMITTED HEALTHCARE COST
900-0000-254-1520
AS OF MARCH 31, 2019

FY2016 BEGINNING FUND BALANCE		\$	-
	FY2016 LGIT reimbursement CR#20867		36,554.00
	Allocated to FY2017 Budget		(15,000.00)
	Balance allocated to future health care expenses		<u>21,554.00</u>
FY2016 ENDING FUND BALANCE		\$	<u>21,554.00</u>
	FY2017 LGIT reimbursement CR#21231		28,879.00
	Allocated to FY2018 Budget		(15,000.00)
	Balance allocated to future health care expenses		<u>13,879.00</u>
FY2017 ENDING FUND BALANCE		\$	<u>35,433.00</u>
	FY2018 LGIT reimbursement CR#21838		48,494.00
	Allocated to FY2019 Budget		(15,000.00)
	Balance allocated to future health care expenses		<u>33,494.00</u>
FY2018 ENDING FUND BALANCE		\$	<u>68,927.00</u>
	FY2019 LGIT reimbursement CR#22419	(4)	68,137.00
	Allocated to FY2020 Budget	(5)	(15,000.00)
	Balance allocated to future health care expenses		<u>53,137.00</u>
FY2019 ENDING FUND BALANCE		\$	<u>122,064.00</u>

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KENT COUNTY PUBLIC LIBRARY

**Statement of Activities and Governmental Funds
Statement of Revenue, Expenditures, and Change in Fund Balance
For the Year Ended June 30, 2018**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Governmental Activities</u>
Revenues			
Appropriations:			
State of Maryland	\$ 95,425	\$ -	\$ 95,425
Kent County	680,389	-	680,389
Municipalities	7,500	-	7,500
State and other grants	365,950	-	365,950
Fees	14,483	-	14,483
Donations:			
Restricted	32,779	-	32,779
Unrestricted	10,824	-	10,824
Miscellaneous revenue	2,296	-	2,296
Total Revenues	<u>1,209,646</u>	<u>-</u>	<u>1,209,646</u>
Expenses			
Salaries and related costs	675,744	4,398	680,142
Operating expenditures	172,976	-	172,976
Library materials	57,575	(57,575)	-
Capital Outlay	241,365	-	241,365
Depreciation and amortization	-	63,343	63,343
Total Expenses	<u>1,147,660</u>	<u>10,166</u>	<u>1,157,826</u>
Net change in fund balance	61,986	(10,166)	51,820
Fund balance, beginning of year	<u>225,136</u>	<u>220,976</u>	<u>446,112</u>
Fund balance, end of year	<u>\$ 287,122</u>	<u>\$ 210,810</u>	<u>\$ 497,932</u>

The accompanying notes are an integral part of this financial statement.

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