

MEETING MINUTES
Olean Public Library Board of Trustees
January 15, 2015
5:30 P.M. – Conference Room

The mission of the Olean Public Library is to improve the community's quality of life by providing equal access to materials in various formats, programming and services for patrons of all ages, and a capable and professional staff available to assist members of the greater Olean community in support of their educational, informational, and leisure needs.

A Certificate of Compliance and Notice of Meeting Posted was signed, notarized and made a part of these minutes along with a copy of said notice.

Call to Order at 5:35 pm by Lanna Waterman. In attendance were trustees Wolfram, Kasperski, Wagner, Tenglund, Casey, Assistant Director Mahar, and Director Chaffee.

1. Consent Agenda Items: A motion was made by Kasperski, seconded by Tenglund, to approve the consent agenda items. Motion carried unanimously.
 - A. Waive the reading of the minutes of the previous meetings and approve as mailed.
 - B. Approval of Warrant Sheets for December 19-January 15:
Operating Fund: January #836 - \$75,874.32
 - C. Correspondence - None
 - D. Director's Report : The audit will start next week on Tuesday. They are typically here three or four days. The board will receive the audit at the February meeting.

The library will be closed on Monday for Martin Luther King, Jr. Day. Sign-ups for a winter reading program will begin on January 26.

This year the library made an effort to weed the collection. In case board members heard comments from the public, Chaffee distributed a handout regarding why a library needs to weed its collection. Many of the items removed from the collection are turned over, for a small fee, to the Friends of the Library, who then sells them. The library tracks which items are used, including which are used in-house.

2. Review of Financial Statements

Kasperski noted that these were the final financial statements of the 2014 fiscal year, so this is the information that would be audited. We ended the year with a small surplus, but it did not include depreciation yet. When depreciation is added, we may end up in a deficit. Regarding the appropriations, we had a positive balance because we spent less than we thought we would. Overall everything tracked the way it should have.

Chaffee noted that fuel and utilities were very expensive last year and this line may need to be adjusted for future budgets. This is a hard number to guess. State retirement also stood out and hopefully it will be a little lower next year. The state retirement rates also depend on the performance of their funds; they have brought the rates down somewhat this year but the rates could go back up as well.

Waterman noted that last month we decided to look at the investments. Kasperski and Chaffee will do that soon. Due to restrictions on what we are allowed to invest in, we may be able to pick up a couple of percentage points in interest, but it will not be a windfall.

3. Committee Reports:

Library System Board – No report

Library Exhibit – There was a nice article in the newspaper about the collections. Chaffee said that he had received one call so far from someone with a Civil War collection.

4. Voice of the Public: None

5. Old Business: None

6. New Business:

A motion was made by Wagner, seconded by Tenglund, to authorize the Treasurer to pay utilities, insurances, equipment leases, payrolls and payroll withholding taxes as they become due in 2015. Motion passed unanimously.

A motion was made by Wagner, seconded by Kasperski, to authorize the treasurer to maintain the following accounts for 2015:

Exchange Fund Account – Community Bank

Operating Fund Checking – Community Bank

Capital Fund Checking – Community Bank

Cafeteria Plan Checking – Community Bank

Broadband Grant Checking – Community Bank

Temporary Investment Account – Morgan Stanley Smith Barney

Motion passed unanimously.

Review and Adopt Schedule for the Trustee Election and 2016 Budget Vote

- The schedule was reviewed to ensure that everything was accounted for, such as when the legal notices need to be in the newspaper, when the budget hearings need to be held, etc.
- A motion was made by Kasperski, seconded by Tenglund, to adopt the schedule for the 2015 trustee election and budget vote. Motion carried unanimously.

Discuss 2016 Proposed Library Budget

- Depreciation expense is built into the tentative budgets, but the financial statements from December were only cash outlays and did not include depreciation.
- Trustees needed to start looking at this and thinking about whether we are going to have a tax increase. We have to decide on a tax increase by our March meeting so that we can get the information out to the public in time if we are going to seek an increase.

- Even with a 2% tax increase for the 2015 adopted budget, we still needed to appropriate \$73,046 in appropriated fund balance. This budget also includes \$57,200 in depreciation expenses.
- It will be interesting to see, after the audit, how much of the fund balance will be needed to finish out the fiscal year 2014 budget. We will still be cutting into fund balance with the depreciation expense. But we did not spend as much of the fund balance as we thought that we might. We will probably end up spending more like \$48,000 to \$50,000 instead of \$73,046.
- We spent more than depreciation on capital expenditures in fiscal year 2014.
- The temporarily restricted fund balance is a specific fund that can only be used for certain types of expenditures related to computer hardware and software. The capital fund transfers were to pay for the sidewalk and construction work last summer. The capital reserve was a board designated fund.
- Discussion ensued regarding the use of designated funds instead of the budget. For example, computer expenses could be charged to a special fund. For staff computers, that is an operating expense because we need them to operate. We have also acquired grants for computers. It is good to have funding in the bank to pay for major upgrades that will be needed down the road.
- In the tentative budgets, there is a leasing of equipment line.
- The fuel and utilities line may need to be adjusted.
- All we need to decide in March is if we are going to have a tax increase, and if so, how much. The other numbers in the budget can then be adjusted as needed as more is known during the year. It might be good to see if we can get New York State grant money to somehow offset utility costs.
- Wagner thought that we should not raise taxes because we need to be responsible. He is also not in favor of trimming our fund balance because it is good to have some money said aside. However, that would mean that something would have to be trimmed. What does it take to live within our means, not raise taxes, and not touch the reserve funds?
 - However, in today's information economy, if we stay at the same budget level, that means that we are declining because the cost of information continues to increase.
 - New York State taxes are incredibly high. Property taxes are a killer from a societal standpoint in this state.
 - If we said that we would not raise taxes, what would we do? We looked at a list of ideas last month.
 - What if Olean continues to decline? However, what if it goes the other way, and the population increases, but we have allowed the library to decline? Wagner felt that the facility would be resuscitated. If we rebounded in number of households, the income would rebound as well.
 - However, the library is something that is used more heavily during economic hard times. The library is the only place that some people have to have access to information, or to access the Internet and use computers.
 - Do we decide to help balance the budget by using Kridler money to help fund the lease? Do we change our contribution to hospitalization? Do we look at solar panels to cut electricity costs?
 - Most of the money is in salaries.

- If we do not want the fund balance to decrease, is the goal to continue to add to it? With depreciation, if our revenues equal expenses, we would not be adding to fund balance.
- It would be unconscionable to have our revenue exceed expenses if we raised taxes at this time.
- Can we find additional revenue sources? For example, the chamber has been successful at holding events such as the New Year's Eve gala, where they raised \$80,000 or so. Maybe we should have an annual fund drive to the tune of \$25,000 or \$50,000. Maybe the Friends of the Library would like to take on an annual fund drive that would be a little bigger. The problem with that is that there is no consistency and you have to have the drive every year. If you do annual fund drives, you also need to talk about legacy gifts, like someone putting the library in their will. We also have industries in town that should be asked for support, because the library improves the quality of life for the region. National Fuel Gas gives some money to charities as well.
- It might be good to find a professional fund raiser to come in to advise us on how to begin this. However, you need a specific purpose for the money if you approach a company, because they are already paying for the library through taxes.
- The average household pays under \$100 per year in taxes to support the library.
- When you look at how industry has gotten behind downtown Olean, it is because they are having a hard time bringing qualified people to this area. They need things like a downtown, a hospital, a library, etc. to attract people to the area.
- If you set up a foundation fund with the Community Fund, they will help solicit for you. To set up a fund is \$5,000 and there is a 1.5% administrative fee of the fund balance. This money remains yours. There are also earnings, and usually earnings cover the fees. We could not put taxpayer money into this, but possibly we could ask the Friends if we could use part of what they donate annually. The Friends group is able to invest in other areas, including mutual funds, as well. They have a book endowment investment that pays the library 7% annually. Possibly the Friends group could be the ones who would invest in the Community Fund too.
 - The Friends group has an annual membership campaign. They also have book sales.
 - The Friends group also runs programming for the library, such as poetry contests, paying for refreshments for events, etc.
 - When the library needs something, they ask the Friends group.
 - But if we ask them to run an annual fund for us, that could be in competition with their annual membership drives.
- If we start doing a little bit of all of this—funding the lease, putting seed money into the Community Foundation, asking the Friends for a little more help—then we might be able to start to reduce the pressure on the expenditure side. It sounded like looking into the Community Fund would be the best place to explore first.
- The changes that the board authorized last month, such as elimination of the pay phone, have been put into the budget.

- It is not good to have to draw from fund balance every year. However, appropriated fund balance has been part of the library budget since the 1970s.; in the last four to five years, we have started to see the fund balance deteriorate.
- It is not that urgent to reduce use of the fund balance all at once now. We should try to fix the problem in the next three to five years.
- It will be good to see the audit report next month to see what the trend actually is with the fund balance.
- Then we should make a plan for how to get to a balanced budget within the next three to five years.

7. Adjournment: A motion was made by Tenglund, seconded by Casey, to adjourn at 7:00 p.m. Motion carried unanimously.

Reminders: Next Board Meeting is February 19, 2015 at 5:30 p.m. in the Conference Room

Copies of the library's financial statements and director's report are available upon request.

Respectfully submitted,

Ann M. Tenglund