

Lyons Regional Library District Board of Trustees

Special Budget Meeting Minutes

September 8, 2020, 5:30 PM

Zoom Meeting (COVID-19)

Attendees: President Janet Corson-Rikert, Director Kara Bauman, Trustees Erin Beisiada, Bill Palmer, Leigh Williams, Sandy Banta and Ryan Chiachiere

1. Open Meeting: 5:33 pm
2. Public input: none
3. Financial Policy Review
 - a. Proposed revisions based on review with John Chmil, Lyons Gaddis. Janet reviewed changes to the policy red-lined in the draft document. Changes were made to Reserve Fund Requirements. These changes included increasing from 4 to 6 months of operating reserves and reducing TABOR reserves to be 3% of operating expenses less the bonded debt payment. Because TABOR reserves are difficult or nearly impossible to access, we want to keep them as small as possible. Discussed the requirement for board action when reserves drop below 75% and whether this was a little too late to take corrective action. Many trustees thought that with accurate monthly financial reports, the Board would know quickly if budget problems were happening. At this time, the board agreed to leave this requirement at 75% and to revisit this next year at the annual policy review. Erin requested adding a phrase to item 5 of the Budget and Reporting section to clarify that the monthly reports were, “prepared by a contracted bookkeeper”. **Vote to approve the draft financial policy with this addition: Erin moved, Bill 2nd, unanimous in favor.**
4. 2021 Operating Budget
 - a. Janet reviewed changes, in red, on the 2020.09.07 version of the draft 2021 budget.
 - 1) Discussion on Expanded Hours Contingency: Dollar amount reduced from 5 to 10 additional hours per week and moved from reserves to Salaries and Related Expenses. Kara is considering adding one more evening and 2 more open hours on Saturday, but not yet Sunday. A community survey is planned to determine what hours would reach non-users of the library. The survey has been delayed until the library can resume full service after the pandemic limitations.
 - 2) Discussion on staff salary increases: Kara agreed to give planned salary increases this year in September as this was budgeted for in 2020 and coincides with the anniversary of last year’s increases. However, in 2021 increases will not be given, but start in January, 2022. This allows for greater transparency and coincides with the 2022 budget.
 - 3) Operating reserves are increased to 6 months as recommended by council. Tax collection may be delayed in 2021. Increasing this reserve

amount is a responsible use of public funds and considered to be the gold standard.

- b. Variables / risks to consider in budgeting for 2021 (and 2022): If the Gallagher amendment is not repealed, there is a risk of a significant revenue decrease of 17 to 22% in 2022.
- c. Reserves – Janet has added a cumulative reserve section to the budget worksheet which clarifies necessary additions to reserves required to align with the District Financial Policy.

5. Capital Budget

- a. Leigh reported on the Foundation’s finances and how that can interleave with the District Capital Budget: The Foundation has \$200k in its coffers and is expecting to receive another \$175k for the Boulder County Worthy Cause Grant in the near future. Some of this money can be spent short term for phase 2 items while the remainder invested for a future renovation. The building committee has roughly calculated requiring about \$700k in 20 to 25 years. A strategy for raising this amount has been considered that has a portion of currently available funds being invested now, a portion set aside annually, and a portion raised in the last year or so. The Foundation prefers to be involved in fundraising for the renovation only in the last year or so. The idea is to put the Foundation “to sleep” until that time if legally possible. The goal would be to transfer the remaining Foundation funds to the District Capital Fund with a portion encumbered for future renovation that is invested and managed by the District. The risks to this strategy may be that it’s more difficult for the District to compete for grants because of large savings, possible greater restrictions on investments for the District as a government entity, and needing to use the Foundation’s 501c3 status to apply for some grants. Leigh will take the lead on determining the legality and path forward with this strategy by consulting Lyons Gaddis, District Council. Although the Foundation does not have a timeline for making this change, impacts to the 2021 Capital Budget could potentially be adding a line for Reserves for Future Renovations and considering transferring a portion of the unassigned operating reserves to this line item.

6. 2019 Audit – deadline for submission to State Auditor is Sept 30

- a. How should we proceed toward Board approval? Leigh’s advice is to only hold up approval if there are questions of materiality in the audited numbers. This means that if potential errors are relatively small or do not relate directly to the District finances, e.g. the Foundation finances, it is better to approve the audit and make the Sept. 30 deadline. Sandy and Janet have questions on the audit and are uncertain if they are material or not. Janet will compile and email questions from everyone to the auditors with the goal of being ready to approve at the September regular Board Meeting.

7. Next Regular Board Meeting Sept 15, 2020

8. Adjourned at 7:05 pm.