

Minutes for Southworth Library Board Meeting January 15, 2018

The Minutes for the Quarterly Board meeting for the Southworth Library January 15, 2018 at the Southworth Library

Present:

- Mary Ellen Rumsey, President
- Ron Denniston, Vice President
- Les Cleland
- Randy Stewart
- Michael Lane
- Jim Turner
- Sharon Keech - Treasurer
- Diane Pamel – Director

Meeting called to order at 7:10 p.m.

Election of Trustees

Michael Lane moves approve re-appointment of all current Trustees: MaryEllen Rumsey, Ronald Denniston, Michael Lane, Les Cleland and Randall Stewart to the Board, and to appoint two new Trustees: James Turner and Kathleen Perkins. Les Cleland seconds the motion and all approve.

Election of Officers

Michael Lane moves to appoint MaryEllen Rumsey for President, Ronald Denniston for Vice President and Michael Lane for Secretary. Les Cleland seconds the motion and all approve.

Ronald Denniston moves to approve Diane Pamel as Library Director ; Randall Stweart seconds and all approve.

Les Cleland moves to appoint Sharon Keech as treasurer; Michael Lane seconds and all approve.

Committee Appointments

The following committee appointments are established:

Finance Committee: Ronald Denniston, Michael Lane

Building committee: Michael Lane, Randall Stewart, James Turner

Operations Committee: Randall Stewart, MaryEllen Rumsey, Les Cleland, Kathleen Perkins. A concern is noted that with a majority of the board in this committee (4 out of 7) this may constitute an official Board Meeting and need to operate under the bylaws of those meetings. If that is decided, Kathleen Perkins will attend as a non-voting member for the first year

Internal auditor: Les Cleland for bills at library and Ronald Denniston for those related to 8 Library Street. Michael Lane makes a motion to designate both positions and all vote in favor (second?)

Policies and procedures

Ronald Denniston advised the board that the SWL portfolio contains a heavy concentration of First National Bank Stock. The Board acknowledged his statement.

Ron Denniston notes that the Conflict of Interest Policy needs to be approved. Comments are made that a policy with a dated signature be included. Ron Denniston will submit the Real Estate Investment Policy (not real estate loan policy) for review at the April Board Meeting.

Minutes

Minutes for October 2017 Board Meeting are submitted for approval. Randy Stewart moves to approve them, Les Cleland seconds and all vote in favor. Les Cleland moves to approve the December 2017 minutes, Randall Stewart seconds and all approve with some minor changes noted.

Paid Family Leave Act

Les Cleland moves to go on record that the library not pay for the employee contribution required for Paid Family Leave. Ron Denniston seconds. Discussion follows. Les Cleland withdraws the motion and Randall Stewart seconds the withdrawal. MaryEllen Rumsey moves to approve the library provide the payment for the Paid Family Leave for

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the first year, Randall Stewart seconds. All members approve except Ronald Denniston who votes against the motion. The majority approve so the motion passes.

Financial reports

The 2017 year end report is submitted. Randall Stewart comments that the fund raising expenses need to be included in the operating budget as a line item.

A summary of investments is included. Ronald Denniston notes that some investments have matured and been repurchased. Randall Stewart questions if it is possible to combine restricted funds and get a greater return by putting in a better investment. It is noted that the current CD rate is .25. Ron Denniston stated there are not any other investment options for the combined low the balance of these funds. Les Cleland moves to approve financial reports, Randall Stewart seconds and all vote in favor.

Sharon Keech notes that the audit reports for 2016 are available and will be sent over to the library for trustee review

Sharon Keech is excused at 7:50 pm

The 2018 budget is submitted. It is noted that the Village of Freeville did not send any financial support and they need a letter to request such funding. Michael Lane agreed to request a stipend from them.

It is noted that with the upcoming tax reforms for the next years, the fund drive may be significantly impacted. It is requested that Internet services should be a line item in the budget (\$840 a year). Then it is noted that the business donation requests included high speed internet services and that the internet services be paid out of that contribution for 2018. The business donations are to be identified as restricted business donations identified as such for the library billing cycle and the internet costs taken from that funding line for 2018.

Randall Stewart moves to approve budget as amended; James Turner seconds and all approve

Statement of financial condition submitted (assets and liabilities)

DB&B submitted the audit bill for \$5870 and an additional \$5000 for accounting services. Ronald Denniston presents some options for 2018 with a discussion about using a cash or accrual basis for our accounting. Converting our system would eliminate the extra cost for the DB&B services. Another suggestion was made to eliminate an annual audit and maintain an audit periodically. James Turner recommends getting an RFP from local accounting firms. Randall Stewart questions how long we have had annual audits and notes that when the auditing company changed to DB&B the costs significantly increased for the same job. Ron Denniston mention that we have to request the IRS change our status to a cash basis from an accrual basis. A decision is made to examine whether or not to continue with this accounting firm after submitting the RFP at the April Board meeting. Diane Pamel will pursue names of firms that other libraries use for accounting and auditing. James Turner will find out how TC3 changed auditors. Michael Lane and Randall Stewart will see what options we have with other firms and what they need to see to go forward. Ronald Denniston will find out what it would cost to convert to a cash basis from an accrual basis.

Building committee

Randall Stewart reports that the concrete work on Library Street front steps was completed and downspouts were re-pitched so that water flows away from the building. (Fortitude Construction)

Accufab completed the work on the front railing (Main Street) with rails painted and installed.

The roof issue has been fixed but not permanently so. Several roof tiles collapsed when they became saturated and several others were stained. The roof drains were not cleaned so weeds were growing in it. Gray roofing material was bubbled and leaking, and blackjack used to fix roof. This apparently compromised the plastic roofing at the seals where the leaks were apparent and will need to be fixed at some point in time. The Roofing company (Hale) provided a quote of ~\$1000 for the work. James Turner recommends an annual review of the roof. Charles Cook had been contacted prior to this for roof review but has not been reliable.

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Board decides to get through the winter and see what it holds in the spring. James Turner will take initiative if we have roof issues.

Traffic Counter System

The Traffsys door counter system was purchased and installed by our handyman (John Sanford) but it is not working and he is unable to complete the task. James Turner will look at it. Randall Stewart proposes that we pursue a different handyman services. Several vetted options are noted: JC Chevalier, Phil Finch.

The landscape project for hedge removal is recommended. MaryEllen Rumsey will meet with the building committee to discuss.

The fence project has not been completed. Michael Lane will pursue it with Whitmore Fence in the Spring . Randall Stewart recommends closing off the walkway used to cut through the yard.

James Turner will meet with Michael Lane and Randall Stewart to walk through the building and look at the needs and potential projects.

Operations Committee

The Dryden Village appropriation letter is due, for the agreed request of \$7000. Mary Ellen Rumsey will complete and submit.

MaryEllen Rumsey and Randall Stewart met with Bailey-Place Insurance to discuss the Directors/ Officers Insurance- which covers our liability. Their representative felt our coverage is adequate. It needs to be renewed by Jan 24 with two trustees removed (Mark Goldfarb and John Bailey) and two new trustees added (James Turner and Kathleen Perkins). All approve. Ronald Denniston asks if we have employment practices as part of the policy. Michael Lane confirms. MaryEllen Rumsey requests that Michael Lane review the insurance policy for clarification as to an occurrence policy vs a claim policy. (which covers when something actually occurred vs. current policy). Randall Stewart suggests the financial committee review the insurance policy and follow up with the insurance agency. There is some discussion as to which company covers workmen's comp (Utica) and which covers disability & PFL (Shelterpoint.) Michael Lane recommends Mary Ellen Rumsey signs the current policies and going forward the insurance policies will go to Michael Lane.

Meeting area policy

The use of the building by outside organizations and a meeting area policy is discussed. Les Cleland states that if we allow their use they need to add us as an additional insured. Most groups have a certificate of insurance that states we would be additional insurers. Michael Lane does not want to commit to a regular group meeting on a continual basis. The Operations committee will bring a Meeting Area Policy for board review in April.

Fundraising

To date the fundraiser has come to \$19721 raised. \$3850 came from business donations. Randall Stewart would like to plan a reception in the fall to invite donors thanking them for their support.

The annual Newsletter-brochure was included in the mailings and is available online on our website and at the library.

8 Library Street

Les Cleland would like clarification on how the Dryden Apartment Co, our property manager, determines labor costs for repairs. It is noted that staff was paid \$441.90 for labor. His questions involve the pay rate and occurrence versus regular maintenance. Randall Stewart recommends that Jim Lane (DAC) comes on an annual basis to clarify accounting and bills. Les Cleland would like a detail of the billing for capital improvements

Old Business

Michael Lane provides an explanation of the Bailey Estate. It is operating under letters of temporary administration. Everything has been sold, except for the house evaluated at \$200,000. Dryden bank stock remains. The temporary administrator cannot transfer assets to the library because we do not have probate. Library will apply to be administrator. (Richard Bailey (Orion Drive) left everything to the library when he died last July). Funds have been restricted for use as the building fund.

Les Cleland moves to adjourn at 10:07

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Addendum for cash vs accrual basis accounting:

<http://www.nonprofitaccountingbasics.org/accounting-bookkeeping/cash-vs-accrual>

Generally, there are two methods under which you can do your accounting; the cash method and the accrual method.

The cash method of accounting is focused on the inflows and outflows of cash. Much like your personal finances, organizations have revenue when we make a deposit and incur an expense when we cut a check. There is little regard to when the revenue was actually earned or the expense was actually incurred, we just worry about the cash flows.

The accrual method of accounting doesn't worry about cash flow and instead focuses on when revenue was actually earned and when expenses were actually incurred. For example, let's say you purchase office supplies in the month of April on your credit card and pay for the purchase in May when you receive the credit card bill. Under the accrual method of accounting we would record the expense for supplies in April.

The other main difference between the two methods is the ability to budget accurately. Accrual method of accounting allows for better budgeting and planning because it looks at when liabilities are incurred and revenue earned and not when cash is paid. This method puts on the books liabilities that might otherwise be forgotten, like accrued vacation. The cash method doesn't worry about accrued vacation until it is required to be paid. This could create a very painful situation for a nonprofit that hasn't planned to pay out an accrued vacation balance and is now faced with cutting expenses in other areas to have enough cash to pay the outstanding balance.

Which Method to Use

The cash method of accounting is the easiest method, but not necessarily the most accurate. If you have paid staff you should not use the cash method of accounting. Be sure to check your state regulations. Some states require the accrual method of accounting to be used. The cash method of accounting is best used by very small nonprofits with no paid staff, no set programs, and little to no plans for expansion.

The accrual method of accounting should be used by organizations starting out with larger amounts of funding, paid staff, and plans to raise additional funds from larger donors such as foundations or government entities. Generally accepted accounting principles also require the use of the accrual method of accounting. If you wish to have an audit done under generally accepted accounting principles you should use the accrual method of accounting.

Note: Our Annual Report for the State is done on a cash basis.