

## LAKE FOREST LIBRARY BOARD OF TRUSTEES

### Finance Committee Meeting Minutes – November 14, 2024

**Members Present:** Trustee Vince Sparrow, Trustee John Johnson, Director Elizabeth Holleb, Executive Director Ishwar Laxminarayan, Business Manager Leo Hamza

The meeting commenced at 4:05 pm. There was no public comment.

**Library Audit for FY 2024:** Executive Director Laxminarayan noted that the reserves designated by the Library Board in earlier years were not reflected in the Library’s annual financial statements. While these reserves are reflected in the Library’s internal financial reports, Ishwar proposed including these figures in future audit reports to ensure transparency and public awareness of the designated reserves.

Director Elizabeth Holleb explained the five classification options for the fund balance, recommending a “Committed” fund balance for the Library. This classification would allow the Library’s board to allocate specific reserve amounts for capital improvements and other areas, aligning the audit reports more closely with internal reports. She recommended that the Library Board pass a resolution before the end of the fiscal year (April 30, 2025) designating amounts that can only be used for specific purposes.

Committee members had no other questions about the audit and noted that they would be available to answer any questions from Library Trustees at the December 17, 2024 meeting of the Library Board.

**City of Lake Forest Finance Department Transition:** Director Holleb discussed her upcoming departure, with her last day being January 24, 2025. Diane Hall will serve as the interim Finance Director while the City searches for a permanent replacement.

**2024 Property Tax Levy:** Director Holleb reported that the Property Tax Extension Limitation Law (PTELL) calculation is set at 3.4% for the 2024 levy. This corresponds to the Consumer Price Index “cost of living” or inflation percentage to use in computing the 2024 extensions (taxes payable in 2025). The levy will be adopted by the Lake Forest City Council on December 2nd. She reviewed the levy line items for the Library, confirming \$4,656,066 for the Library line and \$495,961 for the Library-sites line for a total of \$5,152,027 in anticipated revenues for the FY 2026 budget beginning May 1, 2025. This includes an estimate of \$28,842 (.64%) in new construction growth for 2024.

**Financial Line Items Explanation:** Ishwar clarified the distinction between the Library and Library-sites lines. The Library-sites line is designated for building maintenance and maintenance staff expenses, while the Library line covers all other expenses.

**Federal Rate Reduction:** Director Holleb noted a recent quarter basis point reduction by the Federal Reserve, with current rates slightly over 4%. She provided an overview of the Library’s investments and reserves, indicating that the rate reduction will be reflected in the November financials. It is widely anticipated that there will be another rate reduction by the end of December 2024.

**Investment Updates:** Director Holleb reported that rates of return on U.S. Treasuries are currently more attractive than Certificates of Deposit. Trustees John Johnson and Vince Sparrow agreed to invest an additional \$500,000 in treasuries over the next 2-3 years, with the process to be completed on November 15, 2024. Funds at Wintrust generated a return of 4.83% in October, while Illinois Funds returned 4.95%. These rates are expected to fall as the Fed continues to cut interest rates. Therefore, the Committee is proactively looking to lock in attractive rates of return over the next 2-3 years. The Committee plans to have a broader discussion on investments at the December 17, 2024 Library Board of Trustees meeting.

**Next Meeting:** The next committee meeting is scheduled for Wednesday, December 11, 2024, at 3:30 PM.

The meeting adjourned at 5:25 PM