

MEDINA COUNTY DISTRICT LIBRARY MINUTES OF THE BOARD OF TRUSTEES MEETING

July 18, 2005

The Medina County District Library Board of Trustees met in regular session on Monday, July 18, 2005 at 7:00 pm at the Brunswick Community Library.

Roll Call was taken with the following members noted as present: Philip Duke, Michael Tefs, Karen Hammon, Thomas Horwedel, Patricia Walker and Shereen Lakhani. Also present were Library **Staff** members: Mike Harris; Director, Brian Hertzal; Business Manager, Diane Dermody, Jim Haprian, Carole Kowell, Theresa Lafferty, Judy Leuthaeuser, Jane Moos, Sandy Nannfeldt, Judy Scaife, Dawn Yonek and Elaine Frankowski.

The **Agenda** was approved upon a motion made by Michael Tefs and seconded by Shereen Lakhani. The roll call vote was as follows: Michael Tefs - aye, Karen Hammon - aye, Thomas Horwedel - aye, Patricia Walker - aye, Shereen Lakhani - aye and Philip Duke - aye.

Recognition of Guests and Comments From the Public Carole Kowell was thanked for hosting tonight's Board meeting and providing refreshments. Mike Harris introduced Jane Moos, who will be our new Outreach Services Librarian. She started at MCDL many years ago as a Practicum Student and has been a part of the Medina Reference Department for a good number of years. All welcomed and congratulated her in her new position.

A motion was made by Karen Hammon and seconded by Shereen Lakhani to approve the June 20, 2005 meeting **Minutes**. The roll call vote was as follows: Michael Tefs - aye, Karen Hammon - aye, Thomas Horwedel - aye, Patricia Walker - aye, Shereen Lakhani - aye and Philip Duke - aye.

Brian Hertzal indicated that the distributed June 30, 2005 **Financial Report** shows nothing unusual and different from last month and everything is in order. The good news is that the Governor has signed the budget bill and there will not be any further cuts in monies, instead the amounts will be frozen to 2004 levels. This is a good thing as in our three year budget we had projected a 5% cut and this will now not be the case. Hertzal indicated that he will revise the three year plan to reflect this new amount. Investment income is also up slightly due to current higher interest rates. Hertzal also distributed an updated Investment Portfolio Summary which shows the maturity dates and investment rates, along with the various funds where the monies are currently housed. The Board thanked Hertzal for this additional informative report.

In reviewing the June 30 results in the General Fund (Fund 101), the Board asked why the property tax figure was lower for 2005 (\$1,190,723) in relation to 2004 (\$1,376,862). Hertzal indicated that the 2004 amount included a tax receipt in the amount of \$181,586 that was miscoded to the General Fund and should have been credited to the Debit Service Fund (301). Hertzal further explained that the correction was made in December of 2004

A motion was made by Patricia Walker and seconded by Karen Hammon to accept the June 30, 2005 Financial Report as distributed. The roll call vote was as follows: Michael Tefs - aye, Karen Hammon - aye, Thomas Horwedel - aye, Patricia Walker - aye, Shereen Lakhani - aye and Philip Duke - aye.

Director's Report – In addition to the written report in the Board packets, Harris indicated that we are having a good summer and we are ahead of last year in circulation. As Hertzal stated, the good

news is that the state budget passed, which means there will not be any further cuts, the amounts will be frozen to the 2004 levels. Harris brought to the Board's attention that House Bill 104, currently in the Legislature, could impact our use of the social security numbers for identification. We will need to follow this closely as it could impact some of our patron information that we currently use. Harris also gave a report on ETM, which is a group of midsize libraries in our area. Medina is ranked tenth in the state in collection size and circulation and fifteenth in overall expenditures. Our public is getting very good value for their tax dollars. Harris also told the Board that he received a call from P.M. Jones who is representing a client that may wish to leave a very large bequest to the Medina County Library Genealogy Room to work in conjunction with the Medina Historical Society to provide a building for Genealogy information. More discussions will be held.

The **Personnel Report** was reviewed and discussed. The Board asked the reasoning behind this report needing Board approval. It was indicated that all these changes are not official until the Board approves them. A motion was made by Karen Hammon and seconded by Patricia Walker to approve the Personnel Report as distributed. The roll call vote was as follows: Michael Tefs - aye, Karen Hammon - aye, Thomas Horwedel - aye, Patricia Walker - aye, Shereen Lakhani - aye and Philip Duke - aye.

Patricia Walker indicated the **Finance Committee** met on July 6, 2005 and discussed the following matters.

Petty Cash - The Committee discussed this recommended resolution that would adjust the levels of cash on hand at the various locations as follows: \$60 is added for the new Buckeye Branch; \$50 is added to Medina supply cash since this branch will be a separate location and therefore cannot share the supply cash with Administration; and \$25 is added to Brunswick circulation cash due to higher usage. **RESOLUTION 05-24** Upon motion made by Patricia Walker on behalf of the Finance Committee, it was RESOLVED: That the Medina County District Library Board of Trustees hereby approves the adjusted levels of cash on hand at the various locations. The roll call vote was as follows: Michael Tefs - aye, Karen Hammon - aye, Thomas Horwedel - aye, Patricia Walker - aye, Shereen Lakhani - aye and Philip Duke - aye.

The next item was **Independent Audit Provider** - Walker indicated that the Finance Committee met on two occasions to discuss this recommended resolution. Since Rea & Associates has been the library's audit provider for the past ten years and there is a regulation limiting the use of the same auditor to ten years, it is necessary to choose a new audit provider. On May 25, 2005 a meeting was held with the firms that were interested in providing audit services. Subsequent to this meeting, the Finance Committee met on June 20, 2005 to evaluate the technical aspects of the proposals and then met on July 6, 2005 to review the cost aspects of the proposals from the three firms. As a result of these meetings, the Finance Committee recommends that Charles E. Harris & Associates, Inc. (no relation to Library Board Director) be the recommended firm to provide audit services to MCDL. **RESOLUTION 05-25** Upon motion made by Patricia Walker on behalf of the Finance Committee, it was RESOLVED: That the Medina County District Library Board of Trustees hereby makes the recommendation to the Auditor of State that the firm of Charles E. Harris & Associates, Inc. be engaged as the independent audit provider to perform audits for the periods of January 1, 2004 through December 31, 2007 and further instructs the Director or the Clerk/Treasurer to inform the Auditor of State of the recommendation. The roll call vote was as follows: Michael Tefs - aye, Karen Hammon - aye, Thomas Horwedel - aye, Patricia Walker - aye, Shereen Lakhani - aye and Philip Duke - aye.

The next item was **Financial Statement Conversion** - A recommended resolution was offered that would:

- Adjust the year-end “cash basis” financial statements to conform with the display and disclosure requirements of Generally Accepted Accounting Principles, and
- Select the firm of Charles E. Harris & Associates, Inc. to provide financial statement conversion services for the periods of January 1, 2004 through December 31, 2005.

In February of 2005, the American Institute of Certified Public Accountants (AICPA) issued an interpretation of certain professional auditing standards. The interpretation stated that an organization that prepares its financial statements on a “cash basis” must adjust the financial statements to substantially conform to the display and disclosure requirements of Generally Accepted Accounting Principles (GAAP).

According to the interpretation, the “cash basis” financial statement presentation must “look like” a GAAP presentation; otherwise the Auditor of State (AOS) or the Independent Audit Provider is required to issue an adverse opinion. An adverse opinion means that the auditor is telling readers that they cannot rely on the amounts, footnotes or presentations in the financial statement as conforming with GAAP requirements.

For entities, like libraries, that are not legally required to prepare their financial statements in accordance with GAAP and elect not to present “look alike” statements, the AOS will render a second opinion at the same time it issues its adverse opinion. In other words, when the cash statements do not resemble a GAAP presentation, the auditor will also issue a second opinion based on the statements as they were prepared. The entity will receive two opinions as part of its audit report: 1) an adverse opinion for failing to present statements that resemble GAAP statements, and 2) an opinion based on the preparation of the “cash basis” statements. Having two opinions issued on the same set of financial statements can be confusing, especially for entities seeking tax levies or issuing bonds. It is believed that it would be advantageous to convert the financial statements to GAAP “look alike” statements. Since this is the first time that the AICPA standard is to be followed, we requested that the independent auditors that were interested in providing audit services submit a separate bid pertaining to the providing services to convert the “cash basis” financial reports to GAAP “look alike” financial reports. It is felt that after this first year is done, we can then use this template to prepare future years’ reports. **RESOLUTION 05-26** Upon motion made by Patricia Walker on behalf of the Finance Committee, it was **RESOLVED**: That the Medina County District Library Board of Trustees hereby elects to adjust its year-end “cash basis” financial statements to conform with the display and disclosure requirements of GAAP and selects the firm of Charles E. Harris & Associates, Inc. to provide financial statement conversion services for the periods of January 1, 2004 through December 31, 2005. The roll call vote was as follows: Michael Tefs - aye, Karen Hammon - aye, Thomas Horwedel - aye, Patricia Walker - aye, Shereen Lakhani - aye and Philip Duke - aye.

The next item was **Telephone System Upgrade** – Walker indicated that there was a great deal of discussion at the July 6, 2005 Finance Committee meeting with regard to upgrading the current telephone system to Voice Over Internet Protocol (VOIP). Upgrading the telephone system to VOIP will provide the ability to operate the telephone system over T-1 lines that are currently used for data transmission only and will result in cost savings pertaining to five (5) T-1 lines at a rate of \$450 per month per line. A detailed report was given showing each branch and the savings in each area. The good news is the payback on this expenditure is less than two years. It should be noted that the analysis does not include the costs associated with installing a telephone system at the new Buckeye branch and the temporary Medina location which are estimated to be \$17,000 and \$8,900 respectively. These costs are

considered part of the construction project and remain relatively the same regardless of whether the current telephone system is installed or the system is upgraded to VOIP. Technology Coordinator, Jim Haprian was in attendance to answer any questions that the Board had. The Board asked if we could perhaps test this new system on one library to see how it would work. Haprian indicated that this new systems offers so much flexibility and has been already proven to work very efficiently that the best and most economical way would be to do the entire system at one time. He sees no difficulty in converting and usage problems. The Finance Committee met on July 6th to review the financial aspects of the proposal and conditionally recommended that the upgrade be approved, subject to a review of the technical specifications that the entire Board could have questions about. Walker indicated since the motion before the Board this evening differs from the recommendation from the Finance Committee pertaining to the technical specifications, the motion would require a second. **RESOLUTION 05-27** Upon motion made by Patricia Walker and seconded by Karen Hammon, it was RESOLVED: That the Medina County District Library Board of Trustees hereby approves the upgrade of the current telephone system to Voice Over Internet Protocol. The roll call vote was as follows: Michael Tefs - aye, Karen Hammon - aye, Thomas Horwedel - aye, Patricia Walker - aye, Shereen Lakhani - aye and Philip Duke - aye.

The final item was **Additional 2005 Appropriation – Telephone System Upgrade** – Since the Telephone System Upgrade has now been approved it is now necessary to recommend a resolution that would authorize the Director, the Clerk/Treasurer or the Deputy Clerk/Treasurer to establish and certify an additional appropriation of funds from the Building and Repair Fund (Fund 401) in the amount of \$35,000 to cover the costs to upgrade the telephone system to Voice Over Internet protocol.

As reported, the cost to upgrade the current telephone system is estimated to be \$51,525. This does not include the costs of installing a telephone system at the new Buckeye branch and the temporary Medina location which are considered part of the construction project. In reviewing the current budget for furniture and equipment in the Building and Repair Fund (Fund 401), it is estimated that approximately \$17,000 could be available to offset the cost of the system upgrade thus requiring an additional appropriation of \$35,000. **RESOLUTION 05-28** Upon motion made by Patricia Walker and seconded by Shereen Lakhani, it was RESOLVED: That the Medina County District Library Board of Trustees hereby approves an additional appropriation of funds from the Building and Repair Fund (Fund 401) in the amount of \$35,000 to cover the costs to upgrade the telephone system and authorizes the Director, the Clerk/Treasurer or the Deputy Clerk/Treasurer to certify such appropriation as necessary and required. The roll call vote was as follows: Michael Tefs - aye, Karen Hammon - aye, Thomas Horwedel - aye, Patricia Walker - aye, Shereen Lakhani - aye and Philip Duke - aye.

Thomas Horwedel indicated that the **Personnel Committee** had no report.

Planning Committee – Building Update - Harris indicated that the Buckeye facility is coming along beautifully. Keith Maynard, Maintenance Supervisor, indicated to Harris how much he appreciated the opportunity to have so much input in this project. Harris indicted how fortunate MCDL is to have the expertise and in house input from both Keith Maynard and Jim Haprian enabling us to use these monies for equipment instead of outsourcing those projects.

The timber is now up in Lodi and the rooms are now more defined. It is now beginning to look like a library.

The Bus Garage is now ours in Medina, and later in the Agenda we will entertain a motion to begin the bidding process for demolition.

The meeting with Dr. Bruce Armstrong of the Highland School District went very well. The process of setting the boundaries with stakes helped everyone involved to view the plans with more understanding. We are now in the process of preparing a purchase agreement.

We hope to have more information on Brunswick next month. Medina plans are coming along, biggest challenge both in Brunswick and Medina will be to keep the project within budget.

Our new Bookmobile (Library on Wheels) is now being detailed with our logo design, etc. and we hope to receive it about August 8th. Staff is now training for the new Bookmobile and must pass a new CDL test for driving a vehicle with air brakes. Keith Maynard and Lynn Gagnon will be recertified and will actually be able to drive a school bus. The Medina City Schools have been very gracious and helpful by permitting us use of one of their school buses for our training. When the bus is delivered and the licenses are obtained, we will begin training the additional staff. We will probably have the Bookmobile off the road for about three weeks to complete all the training.

Shereen Lakhani reported that the **Policy and By-Laws Committee** had no report.

There were no **Communications**.

Unfinished Business – There was no new information available for the **Brunswick Schematic Design** and **Highland Schematic Design**. These items will be discussed at a later date.

At 7:45 pm, it was necessary for Shereen Lakhani to leave the meeting.

New Business: Medina Bid Documents – Phase I – A recommended resolution was presented to approve the Construction Contract Documents prepared by David Milling & Associates for the demolition and site preparation for the Medina Library, and authorizing The Ruhlin Company to solicit bid proposals for the demolition and associated site work.

It is believed that the plans for the Medina Library are substantially complete, and require authorization of this phase to stay on schedule. It represents approximately one per cent of the total construction budget, but is very time specific in our need to stay ahead of cold weather.

The bidding process will commence upon Board approval and lead to a tentatively scheduled opening of bids on August 16. It may require a special meeting of the Library Board to award bids in a timely fashion. **RESOLUTION 05-29** Upon motion made by Karen Hammon and seconded by Thomas Horwedel, it was RESOLVED: That the Medina County District Library Board of Trustees hereby approves the Construction Contract Documents for the Demolition and Site Preparation phase of the Medina Library, and authorizes The Ruhlin Company to solicit bid proposals for the demolition and site preparation work. The roll call vote was as follows: Michael Tefs - aye, Karen Hammon - aye, Thomas Horwedel - aye, Patricia Walker - aye, and Philip Duke - aye.

Upon motion made by Thomas Horwedel and seconded by Karen Hammon the following donations were accepted **with gratitude**:

- \$200 FROM BRUNSWICK PRESCHOOL PTA TO BRUNSWICK COMMUNITY LIBRARY FOR HARDBACK & PAPERBACK BOOKS & COMPUTER GAMES FOR YOUNG CHILDREN.

- \$300 FROM BRUNSWICK PRESCHOOL PTA TO BE USED FOR THE CHILDREN'S PLAY AREA IN THE NEWLY RENOVATED BRUNSWICK COMMUNITY LIBRARY
- \$300 FROM FRIENDS OF THE HINCKLEY LIBRARY FOR THE 2005 SUMMER READING PROGRAM

The roll call vote was as follows: Michael Tefs - aye, Karen Hammon - aye, Thomas Horwedel - aye, Patricia Walker - aye, and Philip Duke - aye.

Trustees' Comments – The Board once again thanked Manager, Carole Kowell for the refreshments and hosting the meeting and also welcomed and congratulated Jane Moos as our new Outreach Services Librarian. The Board also thanked staff for handling everything so well in planning our new Libraries while still doing their regular jobs.

There was no need for an **Executive Session**.

The meeting was adjourned at 8:52 pm upon motion made by Karen Hammon and seconded by Thomas Horwedel. The roll call vote was as follows: Michael Tefs - aye, Karen Hammon - aye, Thomas Horwedel - aye, Patricia Walker - aye, and Philip Duke - aye.

NEXT BOARD MEETING

Monday, August 15, 2005, Brunswick Community Library, 7:00 pm

Philip Duke
President

Karen Hammon
Secretary

