

SWAN Finance/Personnel Committee Meeting
January 6, 2012

Bukovac called the meeting to order at 9:34 a.m. In attendance – Jamie Bukovac, Jeannie Dilger-Hill, Rich Wolff.

Visitors – Aaron Skog, Jimmie Delgado, Jim Kregor

There was no public comment.

Review of Revenue and Expenditure Reports

Delgado explained how the accounting system is set up. Budget lines are based on a template provided by the State Library. RAILS Finance is reviewing revenue and expenditure statements to ensure that everything is set up properly. The committee asked that group purchases be set up with separate revenue and expenditure lines. Also, to create a separate line for the OCLC payment instead of putting it with “contracts with systems and libraries.”

It was noted that the SWAN budget that was revised in September 2011 has not yet been entered into the financial system.

The committee asked that the SWAN Board receive a monthly report that shows the total dollars in each account (IL Funds, MaxSafe, checking account). Also, include budget account line numbers with the check register report.

It was decided that the credit card statement will not be included in the board packet but that the two board members who sign checks each month will also review the credit card statement at that time.

Delgado shared with the committee that the fees for services from Illinois Funds are very low. RAILS writes checks from Illinois Funds. The entire balance in Illinois Funds is protected. There is no per item fee for acceptance of checks. If RAILS starts using a lockbox, Illinois Funds could act as the “middle man” and fees could be lower (still checking this out.) RAILS is using Positive Pay from Illinois Funds which uploads all the checks that RAILS sends out and matches them as they are presented for payment. This is to protect against counterfeit checks. There was a question about the checking account at Hinsdale Bank and Skog responded that it was set up to accommodate Ecommerce.

Credit Card Fees

Skog gave a very complete report regarding the fees that SWAN pays when patrons use ECommerce. We have had the current account since January 2011. Skog contacted Elavon, which is the merchant bank that processes the payments and they cut the authorization fee in half. Our calculation shows that, because of this, the percentage of total credit card fees went from 10.98% to 7.21%. Skog will also pursue elimination of another small fee because we meet compliant procedures. SWAN can check with Elavon every six months to see if fees can be lowered.

Reserve Cash Policy

It had already been determined that SWAN should retain the equivalent of four months operating cash rather than three months. The committee also discussed creating policy that would limit the amount of reserve cash that is maintained. The committee will recommend to the board a process whereby In March of each year the projected balance of the current fiscal year is more than 50% of the current year's operating budget, the board will prepare a recommendation as to management of the overage to bring to the June membership quarterly for a membership vote.

Investments

Bukovac presented information from Wintrust and PMA Financial Network. Both would use CDs as investment tools. Wintrust invests the money in CDs offered by banks within their network, all CDs secured by FDIC. PMA invests money in CDs which are traded through securities (and are also FDIC.) Because of this PMA is able to offer a higher return on the CDs.

Bukovac also presented information from Illinois Metropolitan investment Fund (IMET) and MPI Investment Management, Inc. These companies invest in government backed bonds and yield a higher return than CDs. Money invested with IMET is placed in a pool. IMET does not return interest and it is up to the investor to determine the best time to pull out their money in order to make money on the investment. MPI manages each account individually and is able to return interest to the account or to the investor each year and works with the investor to set up the investments in a way that provides fluidity and return on the money.

The committee agreed that primary concerns are safety, fluidity and then return on investment.

The committee decided to focus on PMA for CDs and MPI for bonds. The committee will provide information to the full SWAN Board to get their reaction and then schedule time to meet with the two companies. The committee wants to find out the best way to set up investments in case there is a sudden need for money and would there be some type of penalty. They also would like to see a client list for each company.

SWAN Employment Checklist

Bukovac will contact insurance brokers regarding quotes for workers compensation insurance and employment practices insurance.

Dilger-Hill will contact Paylocity about their payroll services. Dilger-Hill had just evaluated proposals from ADP, Paylocity and Honnkamp and recommended going with Paylocity for a variety of reasons. LIMRICC had provided pricing for payroll services but it was more expensive than Paylocity's quotes for La Grange Library.

For unemployment insurance Bukovac will look into the IDES number. The committee discussed paying unemployment insurance versus just paying actual claims. A final decision will be made on this.

The committee discussed pension plans. Bukovac will start the process to see if SWAN would be eligible for IMRF. Dilger-Hill will contact Nationwide, Wolff will contact ICMA and Bukovac will contact TIAA CREF. Points to consider is that current staff are part of IMRF, if SWAN chooses IMRF it is irrevocable,

and would IT staff that SWAN wants to attract be more interested in a portable plan. Regardless of which pension plan is chosen, SWAN as the employer would make a contribution.

For health insurance the committee reviewed LIMRICC, and the plans and pricing offered at Indian Prairie and La Grange libraries. The plans and the pricing were similar so the committee is going to recommend that SWAN stay with LIMRICC July 1, 2012 and shop around next year.

The committee members discussed the amounts of the premiums currently paid by the employer and the staff – 80/20 for the employee, 70/30 for the other categories. The committee will recommend that the SWAN continue to pay 80% of the premium for the employee, but pay 35% of the premium for other categories 7/1/12 – 6/30/13 and pay 0% of the premium for other categories thereafter. It was discussed that an incentive could be given that SWAN will pay 80% of the highest individual premium and if the staff person chooses a lower cost plan, could receive the difference in savings toward premium costs.

Job descriptions have been written in the past year so there should be no need to rewrite them.

SWAN would ask RAILS to continue providing support for financial procedures.

It was moved by Dilger-Hill and seconded by Wolff to adjourn the meeting at 2:30 p.m.