NORTHLAND PUBLIC LIBRARY AUTHORITY
Finance Committee
BOARD MEETING - Held in person and virtually, using Microsoft Teams
June 12, 2025 7:00 p.m.
MINUTES

I. Call to Order: Tom Kosmala called the Meeting to order at 7:02 PM

II. Roll Call: Present: Tom Kosmala, John Schwend, Bob Lukitsch, Susan Claus, Amy Steele. Excused: Karrie Lukin.

III. Comments from the Public: (5 mins.) There were none.

IV. New Business:

a. Capital Fund and Operating Reserve - Based on approved 2024 Audit (10 mins.)

i. Operating Reserve amount for 2025 - $499,784; Bob explained how the Operating Reserve number is derived and noted that it is not segregated from the rest of the Operating Budget funds, but rather a minimum balance target.

ii. Proposed transfer to Capital Fund - $~~287,537~~ – $208,049, Bob mentioned that these funds are segregated from the rest of the operating funds and is derived as follows:

1. 2024 Depreciation - $ 106,531
2. Interest - $101,518

b. Review of CDs (1 min.) Bob noted that since the Money Market rates last fall exceeded what the CDs were paying, and that the Building Project funding needs were about to start, the practice of putting funds into CDs was suspended until all the Project funding was paid out and Grant reimbursements received.

c. 2026 Budget Process (10 mins.) Review Budget Process – Amy explained that the Finance Committee reviews the projected current year and subsequent year Budget numbers in July. The Municipal Funding Formula is also run as of June 30 and the Foundation runs its Formula to determine the Operating Grant for the following year in June. The preliminary Budget projections are then shared with the Municipal Mangers after the July Finance Committee Meeting, with

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feedback informing our adjustments before the Authority Board approves the Budget at its September Meeting. It is then sent to all five Municipalities starting the 60 day clock for approval (silence is consent) and if any Municipality disapproves the Budget, it reverts to the current year Budget for the next Budget Year.

ii. Timeline -

1. NPLA Formula Updated - Early July with June data
2. NPLA 2025 YTD projections will be used for preliminary budget
3. NPLF Finance Committee meeting June 19
4. NPLA Finance Committee meeting July 10
5. NPLF Board meeting July 17
6. August - 2025 YTD actual data will be used for preliminary budget meetings with municipal managers
7. NPLA Board approval - September 23
8. October - Formal budget presentations to municipalities

iii. 2025 Budget Assumptions (20 mins.) Amy walked the Committee through the assumptions as follows: Revenue – the State was asked for a $6.2 million increase to the current $70 million Budget. We are projecting flat State funding for Libraries (library funding comes from the budget but typically the Schools get most if not all of it. The RAD funding is derived from a formula, which is not even approved yet, and so we are projecting that also as flat (which is an improvement over the cuts received in two of the past three years). Table Gaming is budgeted as flat, based on expectations that it will be better than the current year, which is running under budget. Our internally generated funding is going to be up, thanks to an end to the Construction Project and the addition of another Meeting Room as well as the Café rent. We expect a slight increase from the Foundation, which has really stepped up the past couple of years with increased funding based on the adoption of their formula, but the big increases that process produced have likely run their course and future increases will hopefully be steady, but modest. Currently projecting a 4- 5% increase for the Municipal portion. Expenses – Wages will be targeted for a 4.5% increase pool to begin addressing the need for an approximately 10% increase in salary levels derived from our every three year Salary Survey (which will be made public when the Board approves it). Health care is expected to increase, as it has every year – the new plan

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we adopted last year will help us control the cost of this benefit in the future. Utilities – going up due to inflation and more square footage in the building. Computers – budgeting a slight increase to get ready for additional costs in the price of Microsoft Office, due to Libraries being kicked off the Education Pricing and into a newly created "non-profit" category (which is quite a bit higher than education). Postage – keeping it flat by reducing mailings and sending more communications electronically. Building Repairs – Budgeted 5% higher due to current costs being up. Collection and Processing – this is pegged by the State to be 12% of the overall operating budget (we like to try for 13%). E-resources are going up rapidly as more and more people use them (we don't have as much control over this $11,000 increase for 2026). Depreciation – this will jump quite a bit due to completion of the Construction Project. Amy stressed the importance of continuing to seek out grant funding.

In response to a question about the Committee's expected role in all this, Amy explained that we benefit from the Committee's input and especially the Manager's knowledge of Municipal Funding, and also help with preparation for the Municipal Budget Presentations.

V. Minutes: Amy moved that the minutes of the September Meeting be approved, Bob seconded and the Minutes were approved with 2 abstentions (from the New Members).

VI. Adjournment: Susan made a motion to adjourn the meeting, Bob seconded and the motion carried at 7:50 PM.

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