



Illinois Heartland Library System

TO: Executive Committee
FROM: Leslie Bednar
DATE: June 8, 2018
RE: IHLS Investment Update

At the April 26, 2018 Finance Committee meeting, the committee discussed goal setting for IHLS Capital Projects Fund investments. As the Chief Investment Officer, I present to you an update on our invested funds, an estimate of revenue and expenditure of our Capital Projects Fund, and recommendations for the near future.

Current Investments

During the meeting a committee member suggested a first goal for the fund could be to achieve \$1,000,000 as a minimum balance. This is quite achievable and in fact, our estimates indicate we will achieve that balance by the end of FY2019. The total reserved and unreserved funds at 30 June 2019 combined with estimated interest from new investment tools brings the total to \$1,082,805.82. Below is an overview of our current investments and an updated estimate of our interest income in FY2019.

Table with 3 columns: Account Name, Estimated Balance as of 06/30/2018, and Updated FY2019 Estimated Interest. Rows include Reserved Capital Project Funds, Unreserved Capital Project Funds (with sub-rows for Scott Credit Union CD, GCS Credit Union CD, and Illinois Funds Balance*), Total Unreserved Capital Project Funds, and Total Capital Project Funds. A footnote at the bottom states: *Budgeted at 1.21% Yield with a .25% Contingency, Current Average Daily Yield as of 5/31/18 is 1.747%

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Capital Projects Fund Investments in FY2019

The table below utilizes board-approved budgeted amounts for the Capital Projects Fund in FY2019. With the addition of an estimated \$313,602.27 from remaining FY2018 System Area & Per Capita Grant (SAPG) funds, we may end FY2019 with approximately \$1,082,805.82 in the fund:

<u>Capital Project Funds Investment Plan</u>	
FY2018 Balance	
Reserved Capital Project Funds Balance	87,912.00
Projected Unreserved Capital Project Funds Balance as of June 30, 2018	900,764.33
Projected Total Balance of Capital Project Funds as of June 30, 2018	\$988,676.33
FY2019 Inflows	
Transfer from FY2018 SPAG Projected Revenue over Expenses	313,602.27
Budgeted FY2019 Capital Project Funds Interest Income	4,527.22
Projected Total Inflows of Capital Project Funds as of June 30, 2019	\$318,129.49
FY2019 Outflows	
Projected FY2019 Capital Project Funds Expenditures (See Schedule A)	\$224,000.00
Projected Total Capital Project Funds Balance as of June 30, 2019	\$1,082,805.82
<u>Schedule A - Outflow Detail</u>	
Painting of Soffit, Door & Trim - Champaign Office	14,000.00
7 Delivery Vans	210,000.00
Total Projected FY2018 Capital Project Funds Expenditures	\$224,000.00

Recommendations

Moving forward, our recommendations for continued healthy growth of IHLS reserve and capital funds include:

- transfer remaining System Area & Per Capita Grant funds at the end of fiscal year to Capital Projects Funds as appropriate
- continued awareness of short- and mid-term investment vehicle returns on investment
- develop grant proposals (as appropriate) for capital improvement projects
- evaluate formation of foundation or friends group as an avenue for achieving tax-exempt status under section 501(c)(3) of the Internal Revenue Code and the ability to apply for a greater number of grants

Thank you for your consideration, and I look forward to our discussion at our meeting.