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Board of Trustees Finance Committee Meeting
Tuesday, February 15, 2022, 5:30 p.m.
St. Cloud Public Library Mississippi Room
Agenda

- | | |
|--|------|
| 1. Call to Order | 5:30 |
| 2. Adoption/Amendment of Agenda | 5:31 |
| 3. Oath of Office | 5:32 |
| 4. Elect Finance Committee Chairperson (verbal) | 5:33 |
| 5. Approval of Minutes – January 18, 2022, Meeting (Requested Action – Approve) pg 3 | 5:35 |
| 6. Proposed 2023 Budget Process Guidelines (Requested Action – Approve) pg 5 | 5:36 |
| 7. 2023 Signatory Share Factor Table Review pg 11 | 5:41 |
| 8. Unassigned Fund Balance Spending and Recovery Plan Review pg 15 | 5:46 |
| 9. Assign Finance Committee Members to Audit Outtake Meeting (verbal) | 5:52 |
| 10. Next Meeting – March 15, 2022 | 5:54 |
| 11. Adjournment | 5:55 |

February 15, 2022

**GREAT RIVER REGIONAL LIBRARY
FINANCE COMMITTEE MINUTES
January 18, 2022**

The Great River Regional Library (GRRL) Finance Committee was called to order by Chairperson Ed Popp on Tuesday, January 18, 2022, at 5:30 p.m. in the St. Cloud Public Library Mississippi Room.

Members Present: Wayne Bauernschmitt, Lisa Fobbe, Leigh Lenzmeier, Ed Popp, Randy Winscher

Members Excused: Christine Husom, Gary Kneisl

GRRL Staff Present: Amy Anderson, Karen Pundsack, Patricia Waletzko

ADOPTION/AMENDMENT OF AGENDA

Lisa Fobbe made a motion to adopt the January 18, 2022, agenda as presented. Seconded by Wayne Bauernschmitt, the motion carried unanimously.

APPROVAL OF MINUTES

Randy Winscher made a motion to approve the November 16, 2021, minutes as presented. Seconded by Wayne Bauernschmitt, the motion carried unanimously.

FOURTH QUARTER FINANCIAL REPORT

Accounting Coordinator Amy Anderson reviewed the fourth quarter revenues and expenditures. Overall, the 2021 year-end surplus is \$313,860. This amount will be used as 2023 GRRL Budget revenue as designated at the November Finance Committee meeting.

Randy Winscher made a motion to approve the Fourth Quarter Financial report as presented. Seconded by Wayne Bauernschmitt, the motion carried unanimously.

CAPITAL VEHICLE EXPENDITURE REQUEST – DELIVERY VAN

Amy Anderson informed the Committee that the new Ford delivery van, approved and ordered early last year, has not yet arrived. She explained repairs needed for the GRRL 2016 delivery van. A second delivery van had significant repairs in 2021. This request was to purchase a 2008 delivery van from East Central Regional Library (ECRL) for up to \$7,000 as a means to hold us over until the new van arrives.

Randy Winscher explained his opposition to purchasing the 2008 van. Other Committee members agreed as considerable discussion followed about options. They offered suggestions and provided contacts to assist with a newer/better used van purchase.

Rather than approve the 2008 van purchase, Randy Winscher made a motion to approve \$1,500 to repair the 2016 delivery van and up to \$35,000 as a capital vehicle expenditure for a good used van. Seconded by Leigh Lenzmeier, the motion carried unanimously.

NEXT MEETING

The next Great River Regional Library Finance Committee meeting will be Tuesday, February 15, 2022.

ADJOURNMENT

Ed Popp adjourned the meeting at 5:51 p.m.

Finance Committee Chair



2023 Budget Process Guidelines Proposal

Submitted by Karen Pundsack, Executive Director

BOARD ACTION REQUESTED

Information Discussion Action Requested

RECOMMENDATION

Approve the attached proposal, which outlines the 2023 budget process and timeline, based on past practice.

BACKGROUND INFORMATION

Supporting Documents Attached

- Proposed 2023 GRRL Budget Process Guidelines

FINANCIAL IMPLICATIONS

Estimated Cost: \$ Funding Source: Budgeted: Yes No N/A

ACTION

Passed Failed Tabled

2023 GRRL Budget Process Guidelines

Overview

Great River Regional Library (GRRL) receives the majority of its funding from the six counties it serves. Its operating and capital budgets are funded at roughly \$19.65 per capita with \$14.48 per capita coming from county signatory shares. The six counties share the goal of providing the highest quality library service in the most cost effective manner possible. The GRRL Board members represent the six counties and recognize that library services provide a core government function to all residents – the services of literacy, access, and lifelong learning.

The Board asks all library departments to work within available resources and consider ways to limit costs while still delivering high quality services to GRRL residents. GRRL will always face annual cost increases, primarily in the areas of employee compensation and benefits and unfunded mandates. Increases such as these can quickly add up to thousands of dollars in new costs. Departments will have an opportunity to request new funding through the department budget request process. However, the number of budget requests the GRRL Board will be able to approve will be limited.

Base Budget Development

A base budget will be prepared using the guidelines below and presented to the GRRL Finance Committee for review. The base budget exercise provides an overall estimate of the cost to maintain GRRL services at a “status-quo” level. It allows the GRRL Board to assess the library system’s fiscal condition and make adjustments as needed during the budget process. Specifically, the base budget phase will reflect the following steps:

1. The Accounting Coordinator will prepare estimates of payroll and benefits costs for 2023.
2. Payroll estimates will reflect all currently budgeted full-time and part-time positions (including vacant positions).
3. Both collective bargaining unit agreements expire at the end of 2022, so no general wage increases and quartile movement within range increases will be included in the base budget.
4. For Operating Budget accounts, increases may occur at the base budget level **only** under the following conditions:
 - a. GRRL is required to increase payments to a vendor due to price increases or contractual inflationary measures to continue existing services (i.e. database subscriptions, known medical and dental premiums, insurance rates, software maintenance contracts, etc.).
 - b. GRRL is required to increase payments resulting from being a member of a necessary professional organization (American Library Association, Society for Human Resource Management, etc.).
 - c. When costs for administrative services have risen due to number of employees, number of patrons or mandated costs brought on by legislation (i.e. ADP service charge per employee,

- minimum wage increases, increase in employer PERA contributions, ACA reporting requirements).
- d. When costs increase for a commodity due to factors outside of GRRL's control and a base budget adjustment is necessary to maintain the same level of service as the prior year (i.e. vehicle gas, equipment costs). Another example would be when the IRS raises the mileage rate.
5. The base budget for Capital Equipment will include the routine replacement of existing equipment (i.e. copiers, vehicles). Replacement should follow a systematic replacement schedule maintained by department. Schedules should ensure the identification of specific equipment needing replacement at a point in the upcoming budget year, along with updated replacement cost estimates. A rational system of replacement equalizes capital equipment expenditures from year to year and prevents the sudden need for large expenditures due to deferred replacement and accumulated obsolescence.
 6. Departments will be asked to estimate revenues in their respective areas for 2023. The Accounting Coordinator and Executive Director will compile and review the revenue forecasts and make adjustments according to department revenue forecasts based on historical data and other factors.

Department Budget Requests

The Department Budget Request process offers departments the opportunity to identify budgetary needs not provided for in the base budget. As noted in the overview, the GRRL Board expects departments to work within available resources and consider ways to limit the amount of increases while still delivering high quality services to GRRL residents. Departments should consider this parameter when developing department budget requests. The GRRL Finance Committee does not initially request budget reduction options from departments, but may do so later in the budget process, depending on the outcome of the base budgeting exercise. Departments are welcome to submit proposals to reduce spending. Such proposals could be paired with department budget requests, for example, as a means to fund the request.

1. Requests for new positions or increases in budgeted hours should include staffing calculator indicators or other quantifiable measures to justify the increase. Indicators could include the presence of patron waiting lists (due directly to staffing levels), or time delays in meeting state-imposed mandates.
2. Requests for new positions must identify all costs associated with the position, including benefits, operating and capital costs (computer or software licenses, for example).
3. Preference for funding will be given to mandated, essential library functions and areas of legal compliance. Requests representing new services or expansions of current services must demonstrate how the request fulfills GRRL's mission and strategic plan and produces quantifiable benefits for its patrons or residents.
4. Requests should identify possible revenue that may be generated directly by the department budget request to offset costs.

Timeline

February 15 – Finance Committee reviews and adopts 2023 GRRL Budget Process Guidelines.

February 24 – Department Base Budget estimates and Department Budget Requests due to Executive Director and Accounting Coordinator.

March 15 – Finance Committee reviews base budget. Department heads present approved Department Budget Requests to Finance Committee. Finance Committee determines recommendations for preliminary budget.

May 17 – Finance Committee adopts preliminary 2023 Budget and shares recommendations with full GRRL Board.

July 19 – Full GRRL Board adopts final 2023 Budget.

February 15, 2022



2023 Signatory Share Factor Table Review

Submitted by Amy Anderson, Accounting Coordinator

BOARD ACTION REQUESTED

Information

Discussion

Action Requested

RECOMMENDATION

Review the updated signatory share factor table for the 2023 budgeting cycle.

BACKGROUND INFORMATION

Supporting Documents Attached

- 2023 Signatory Share Factor Table

The three formula factors of the share factor table are county population estimates, the number of registered users, and the net tax capacity for each signatory. Each year, these numbers are updated in January and are the basis for determining each county's contribution to the GRRL annual budget.

FINANCIAL IMPLICATIONS

Estimated Cost: \$

Funding Source:

Budgeted: Yes No N/A

ACTION

Passed

Failed

Tabled

**Great River Regional Library
2023 Annual Budget
Signatory Share Factor Table**

Formula:		1/3 Population 33%	1/3 Registered Borrowers 33%	1/3 Net Tax Capacity 33%									
Operating \$ 7,141,482													
County	Population	% Population Share	\$ Population Share	Registered Users	% Users Share	\$ Users Share	Net Tax Capacity	% Net Tax Capacity Share	\$ Net Tax Capacity Share	% Total Share	Budget Shares	Per Capita	Levy Rate as share of Tax Capacity
Benton	41,379	8.32%	\$ 198,010	5,941	7.16%	\$ 170,552	\$ 39,515,153	6.43%	\$ 153,156	7.31%	\$ 521,718	\$ 12.61	1.32%
Morrison	34,010	6.84%	162,747	6,295	7.59%	180,715	38,872,519	6.33%	150,666	6.92%	494,127	14.53	1.27%
Sherburne	97,183	19.54%	465,047	14,543	17.54%	417,495	125,830,429	20.49%	487,705	19.19%	1,370,246	14.10	1.09%
Stearns	158,292	31.82%	757,470	26,710	32.21%	766,781	180,901,347	29.45%	701,153	31.16%	2,225,404	14.06	1.23%
Todd	25,262	5.08%	120,885	3,725	4.49%	106,936	27,697,728	4.51%	107,353	4.69%	335,175	13.27	1.21%
Wright	141,337	28.41%	676,335	25,708	31.00%	738,016	201,363,194	32.79%	780,461	30.73%	2,194,812	15.53	1.09%
Total	497,463	100%	\$ 2,380,494	82,922	100%	\$ 2,380,494	\$ 614,180,370	100.00%	\$ 2,380,494	100%	\$ 7,141,482	\$ 14.36	1.16%
Weight	2020 33.33%			2022 33.33%			2022 33.33%						

Capital \$ 30,000													
County	Population	% Population Share	\$ Population Share	Registered Users	% Users Share	\$ Users Share	Net Tax Capacity	% Net Tax Capacity Share	\$ Net Tax Capacity Share	% Total Share	Budget Shares	Per Capita	Levy Rate as share of Tax Capacity
Benton	41,379	8.32%	\$ 832	5,941	7.16%	\$ 716	\$ 39,515,153	6.43%	\$ 643	7.31%	\$ 2,192	\$ 0.05	0.01%
Morrison	34,010	6.84%	684	6,295	7.59%	759	38,872,519	6.33%	633	6.92%	2,076	0.06	0.01%
Sherburne	97,183	19.54%	1,954	14,543	17.54%	1,754	125,830,429	20.49%	2,049	19.19%	5,756	0.06	0.00%
Stearns	158,292	31.82%	3,182	26,710	32.21%	3,221	180,901,347	29.45%	2,945	31.16%	9,348	0.06	0.01%
Todd	25,262	5.08%	508	3,725	4.49%	449	27,697,728	4.51%	451	4.69%	1,408	0.06	0.01%
Wright	141,337	28.41%	2,841	25,708	31.00%	3,100	201,363,194	32.79%	3,279	30.73%	9,220	0.07	0.00%
Total	497,463	100%	\$ 10,000	82,922	100%	\$ 10,000	\$ 614,180,370	100%	\$ 10,000	100%	\$ 30,000	\$ 0.06	0.00%

County	2023 Operating	2023 Captial	2023 Total	County	2022 Operating	2022 Capital	2022 Total	County	Operating Change	Capital Change	Total Change	Total % Change
Benton	\$ 521,718	\$ 2,192	\$ 523,909	Benton	\$ 524,116	\$ 2,202	\$ 526,318	Benton	\$ (2,398)	\$ (10)	\$ (2,409)	-0.458%
Morrison	494,127	2,076	496,203	Morrison	489,542	2,056	491,598	Morrison	4,585	19	4,604	0.937%
Sherburne	1,370,246	5,756	1,376,003	Sherburne	1,354,604	5,690	1,360,294	Sherburne	15,642	66	15,708	1.155%
Stearns	2,225,404	9,348	2,234,752	Stearns	2,274,381	9,554	2,283,935	Stearns	(48,977)	(206)	(49,183)	-2.153%
Todd	335,175	1,408	336,583	Todd	333,969	1,403	335,372	Todd	1,206	5	1,211	0.361%
Wright	2,194,812	9,220	2,204,032	Wright	2,164,870	9,094	2,173,964	Wright	29,942	126	30,069	1.383%
Total	\$ 7,141,482	\$ 30,000	\$ 7,171,482	Total	\$ 7,141,482	\$ 30,000	\$ 7,171,482	Total	\$ -	\$ 0	\$ 0	0.000%



Unassigned Fund Balance Spending and Recovery Plan Review

Submitted by Amy Anderson, Accounting Coordinator

BOARD ACTION REQUESTED

Information Discussion Action Requested

RECOMMENDATION

Review spending and recovery plan for use of unassigned funds in the 2023 GRRL budget.

BACKGROUND INFORMATION

Supporting Documents Attached

- 2022 Unassigned Fund Balance Spending and Recovery Plan

Per GRRL Policy 300 Financial Chapter 19. Fund Balance – An unassigned fund balance in excess of three months of the current operating budget may be transferred to the revenue budget when a spending and recovery plan are approved by the GRRL Board of Trustees at the time the budget is approved or amended.

The 2022 GRRL annual budget includes the use of \$315,218 from cash reserves as part of the non-signatory revenue receipts.

The approved plan (July 2021) will reduce the use of unassigned funds by roughly 30 percent each year, reaching \$0 by 2027. The end result will be \$840,218 of unassigned funds to support the GRRL Operating Budget during the recovery period. This plan complies with the auditor requirement and GRRL policy of maintaining three months of reserves in the unassigned fund balance.

FINANCIAL IMPLICATIONS

Estimated Cost: \$ Funding Source: Budgeted: Yes No N/A

ACTION

Passed Failed Tabled

2022 Unassigned Fund Balance Spending and Recovery Plan

Per GRRL Policy 300 Financial Chapter 19. Fund Balance – An unassigned fund balance in excess of three months of the current operating budget may be transferred to the revenue budget when a spending and recovery plan are approved by the GRRL Board of Trustees at the time the budget is approved or amended.

The unassigned fund balance as of 12/31/2020 held 5.74 months in reserve.

Adjusted Unassigned Fund Balance as of January 1, 2021	\$4,560,313.00
3-Months of Reserves in the Unassigned Fund Balance (Required)	<u>\$2,382,951.00</u>
Amount in excess of 3-months of reserves as of December 31, 2020	\$2,177,362.00

	2022 Revenue	2023 Revenue	2024 Revenue	2025 Revenue	2026 Revenue	2027 Revenue	Total Used from Reserves
From the 2022 Revenue Budget – Use of Unassigned Funds - \$315,218	\$ 315,218	\$ 230,000	\$ 160,000	\$ 90,000	\$ 45,000	\$ -	\$ 840,218