



1300 W. St. Germain Street
St. Cloud, MN 56301
Tel. 320.650.2500 Fax 320.650.2501

Board of Trustees Meeting
Tuesday, May 15, 2018, 6:00 p.m.
St. Cloud Public Library Mississippi Room
Agenda

Public Open Forum—Total time: 10 minutes, each person limited to two minutes, speakers must address library related topics *not* already on the agenda, board members *will not* interact with public speaker (concerns are referred to management for follow-up), and all parties are expected to display appropriate behavior.

- | | |
|--|------|
| 1. Call to Order | 6:00 |
| 2. Adoption/Amendment of Agenda | 6:01 |
| 3. Approval of Minutes – March 20, 2018, Board Meeting (Requested Action – Approve) | 6:02 |
| 4. Public Open Forum | 6:03 |
| 5. Financials | 6:07 |
| 5.1 Bills (emailed) and Addendum (on table) (Requested Action – Approve) | |
| 5.2 Financial Reports (emailed) (Requested Action – Accept) | |
| 5.3 Auditor’s Report by BerganKDV (Requested Action – Approve) | |
| 5.4 Annual Review of Unassigned Fund Balance (Requested Action – Approve) | |
| 6. Consent Agenda | 6:27 |
| 6.1 Regional Library Basic System Support FY2019 Application (Requested Action – Approve) | |
| 6.2 Other | |
| 7. Communications | 6:29 |
| 7.1 Summer Reading Program Appeal Letter | |
| 7.2 Other | |
| 8. Presentations | 6:30 |
| 8.1 Other | |
| 9. Staff Reports | 6:31 |
| 9.1 Executive Director’s Report | |
| 9.2 Management Reports Including Strategic Plan Progress | |
| 9.3 Building Reports | |
| 9.4 First Quarter Statistics | |
| 9.5 Staff Recognition Report | |
| 9.6 Human Resources Annual Statistics | |
| 9.7 Other | |

10. Committee Reports	6:44
10.1 Finance Committee (verbal) (Requested Action – Approve)	
10.2 Personnel Committee (verbal) (Requested Action – Approve)	
10.3 Fund Development Committee (verbal)	
10.4 Central Minnesota Libraries Exchange Committee (verbal)	
11. Unfinished Business	6:54
11.1 Development and Fundraising Plan Summary by Library Strategies	
11.2 Labor Negotiations Discussion – Closed Session	
<i>Pursuant to Minnesota Statute 13D.03 – closed meeting for labor negotiations strategy.</i>	
12. New Business	7:39
12.1 Other	
13. Board Open Forum	7:40
14. Next Meetings: June 19, 2018, Board of Trustees Work Session 6:00 p.m.	7:44
15. Adjournment	7:45

**GREAT RIVER REGIONAL LIBRARY
BOARD OF TRUSTEES MINUTES
March 20, 2018**

A regular session of the Great River Regional Library (GRRL) Board of Trustees was called to order on Tuesday evening, March 20, 2018, at 6:01 p.m. in the St. Cloud Public Library Mississippi Room with President Randy Winscher presiding.

Members Present:

Zurya Anjum
Wayne Bauernschmitt
Dan Bravinder
Mary Eberley
Lisa Fobbe
Laura Hayes
Dave Kircher
Leigh Lenzmeier
Ed Popp
Michael Potter
Fran Ramler
Jim Shovelain
Randy Winscher

Members Excused:

Jeff Bertram
Jayne Dietz

GRRL Staff Present:

Brandi Canter
Ryan McCormick
Aron Murphy
Karen Pundsack
Patricia Waletzko

ADOPTION/AMENDMENT OF AGENDA

Executive Director Karen Pundsack requested to amend the agenda by adding item 12.3 CMLE Board Appointment.

Jim Shovelain made a motion to adopt the agenda as amended. Seconded by Mary Eberley, the motion carried unanimously.

APPROVAL OF MINUTES

Ed Popp made a motion to approve the January 16, 2018, Board meeting minutes as presented. Seconded by Laura Hayes, the motion carried unanimously.

Jim Shovelain made a motion to approve the February 20, 2018, Board special meeting minutes as presented. Seconded by Wayne Bauernschmitt, the motion carried unanimously.

Dave Kircher made a motion to approve the February 20, 2018, Personnel Committee meeting minutes as presented. Seconded by Mary Eberley, the motion carried unanimously.

PUBLIC OPEN FORUM

There were no speakers for the Public Open Forum.

FINANCIAL REPORTS

Bills

Jim Shovelain made a motion to approve the February and March lists of bills for payment and the March list of bills addendum. Seconded by Laura Hayes, the motion carried unanimously.

Financial Reports

Michael Potter made a motion to accept the January and February financial reports. Seconded by Dan Bravinder, the motion carried unanimously.

CONSENT AGENDA

Minnesota Public Library Annual Report

The 2017 Minnesota Public Library Annual report was presented and available for review. Mary Eberley made a motion to approve the report as presented. Seconded by Laura Hayes, the motion carried unanimously. The report, required by the Minnesota Department of Education, will be filed prior to the April 1, 2018, deadline.

COMMUNICATIONS

2017 GRRL Annual Report

A draft of GRRL's 2017 Annual Report was reviewed by the Board. Karen Pundsack pointed out final revisions and informed them this report, in brochure format, will be mailed to approximately 900 donors in addition to stakeholders, organizations and businesses.

PRESENTATION

Friends of the Library

A presentation was given by St. Cloud Friends of the Library President Susan Pogatschnik. She informed the Board about the St. Cloud Friends mission to enhance the programming, physical building and collection of the St. Cloud Public Library. They place emphasis on literacy, community, sustainability and accessibility.

Susan provided facts about the St. Cloud Friends including merchandise sold in the St. Cloud Friends Bookstore to raise funds, special events sponsored, volunteer responsibilities and their goals for the upcoming year. With 240 members, they have raised approximately \$230,000 in the last five years.

Karen Pundsack commented on the partnership between GRRL and the St. Cloud Friends. She plans to attend an upcoming Friends meeting to talk about how they can continue to work together in the future.

STAFF REPORTS

Executive Director's Report

Karen Pundsack stated GRRL staff recently met with St. Cloud City Administrator Matthew Staehling regarding the St. Cloud Library lease. GRRL offered to complete the first draft of the new lease which is being reviewed by legal counsel. Karen requested assistance from Board members to negotiate the new lease. Leigh Lenzmeier and Dave Kircher volunteered; Ed Popp agreed to be an alternate.

Jim Shovelain asked about the St. Cloud Public Library 10th anniversary amnesty idea. Karen Pundsack responded the amnesty is just an idea that we would like to explore.

In a conference call with Blackbaud, GRRL's fund development software host, Karen Pundsack received information regarding their offer of fundraising services by contract. Blackbaud will submit a proposal for consideration.

Management Reports

Lead Patron Services Supervisor Brandi Canter talked about Howard Lake's shared Library Services Coordinator (LSC) position with Cokato. LSC Sheila Rieke accepted the interim position for the Howard Lake/Cokato pilot. Brandi expressed excitement about this shared branch potential and Sheila's enthusiasm around outreach and programs. Michael Potter shared concerns he received regarding a

possible reduction in hours at the Howard Lake Library. Brandi stated GRRL is working with City Administrator Nick Haggemiller. She also met with the Howard Lake Friends of the Library to address questions and reassure them. Hours will remain the same at this time.

Karen Pundsack commented on the new shared branch pilot with Paynesville and Belgrade. LSC Gretchen Vork accepted the interim position for the Paynesville/Belgrade pilot.

The compensation and classification consultant met with Associate Director – Human Resources Julie Schmitz and Karen recently. In their discussion, information about the past GRRL study was shared. The consultant is gathering market comparators and will focus on today's market.

Locally Growin' donation slips were on the table for Board members. Karen reviewed the form and commented on a few specific donations that have come in across the region.

Due to conflicts, the fund development retreat with Library Strategies was moved to April 17 in place of the scheduled Board work session. Since the Finance Committee was also scheduled that evening, Board consensus was to begin the Finance Committee at 4:30 p.m.; the fund development retreat will follow at 5:00 p.m. for 2-3 hours.

Additional comments were made about:

- Eliminating the Sartell delivery back log prior to beginning the 2-day-a-week delivery;
- The change in employee performance evaluation forms and process; and
- The St. Cloud Public Library (SCPL) cooling system failure investigation – results have not yet been received from MCIT.

Building Reports including Library Assessment Facility Updates

Karen Pundsack commented on the Kimball Friends of the Library testifying at the State Capitol on the library bonding bill.

COMMITTEE REPORTS

Finance Committee

Lisa Fobbe reported on the following Finance Committee items:

- 2019 Base Budget Proposal & Discussion – The Committee reviewed the 2019 base budget proposal which shows an overall budget decrease of \$28,541 or 0.31%.
- GRRL Fund Balance Accounts Review – Reports related to GRRL's fund balance accounts were reviewed. The Committee made no recommendations at this time.

Michael Potter made a motion to approve the Finance Committee report as presented. Seconded by Wayne Bauernschmitt, the motion carried unanimously.

Library Safety and Security Committee

Dave Kircher reported on the following Library Safety and Security Committee items:

- Leigh Lenzmeier is a new Committee member for 2018.
- St. Cloud Police Department (SCPD) Officer Steve Warner attended in place of Officer Chris Jennissen who is on leave.
- LSC Michelle Goebel presented library safety and security survey results. The survey collected feedback from all GRRL LSCs.
- The Committee discussed: being proactive, staff concerns, SCPD de-escalation training, and proposed changes to the SCPL rules of behavior.

- Karen Pundsack will reach out to SCPD Chief Wm. Blair Anderson about having someone complete a comprehensive security plan for the St. Cloud Public Library (SCPL) and, possibly, all GRRL branches.

UNFINISHED BUSINESS

There was no unfinished business to address at this meeting.

NEW BUSINESS

Financial Policies Revisions

Aron Murphy briefly explained the Financial policies revisions. Jim Shovelain made a motion to approve the revisions as presented. Seconded by Laura Hayes, the motion carried unanimously.

GRRL Board of Trustees Bylaws Review

Karen Pundsack presented the GRRL Board of Trustees Bylaws for annual review and inquired if Board members had recommended revisions. There were questions and discussion regarding clarification for Board member terms of office. Recommendations were made to add specific language for term dates and limits, particularly for partial terms, and clarify meeting attendance language. Staff will provide a Bylaws revision for discussion and approval at the May Board meeting.

CMLE Board Appointment

The Board was informed Seal Dwyer recently submitted her resignation from the Central Minnesota Libraries Exchange (CMLE) Board effective immediately. Karen Pundsack asked if a Board member would be interested in this GRRL citizen representative position on the CMLE Board through December 31, 2018. Laura Hayes volunteered for the position and was appointed by President Randy Winscher.

BOARD OPEN FORUM

Leigh Lenzmeier suggested GRRL work with the resource of retired staff members who wish to return to part-time employment with the organization.

Zuyra Anjum talked about the Green Card Voices display planned for July at the SCPL. As a member of #UNITECLOUD, she offered to coordinate a presentation, booth or other activity related to ethnic groups as part of the display.

NEXT MEETINGS

The Great River Regional Library Board of Trustees announced their next meetings to be held in the St. Cloud Public Library Mississippi Room:

April 17, 2018 – Finance Committee at 4:30 p.m.

Fund Development Retreat with Library Strategies at 5:00 p.m.

May 15, 2018 – Finance Committee at 5:00 p.m.

Personnel Committee at 5:30 p.m.

Board of Trustees at 6:00 p.m.

ADJOURNMENT

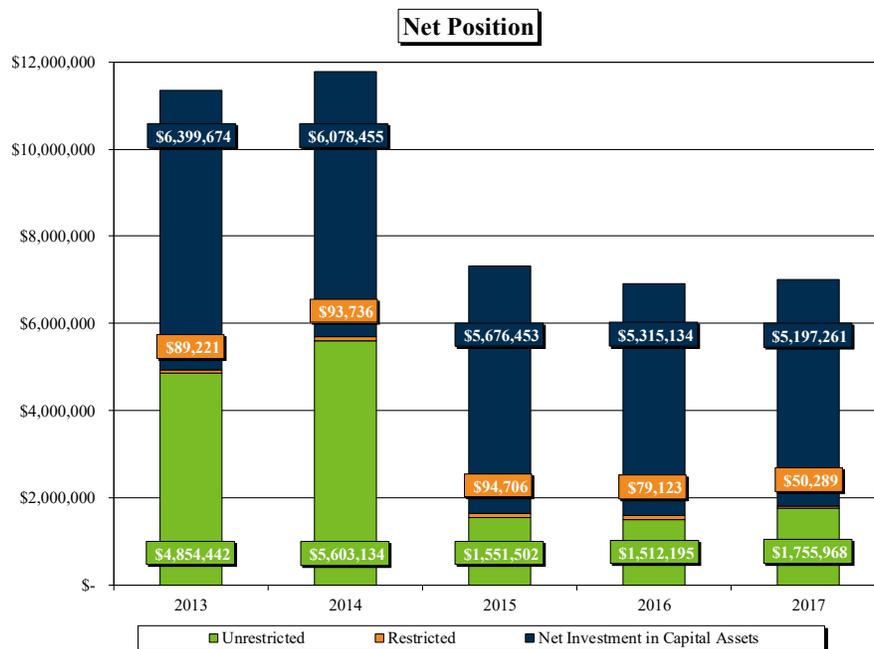
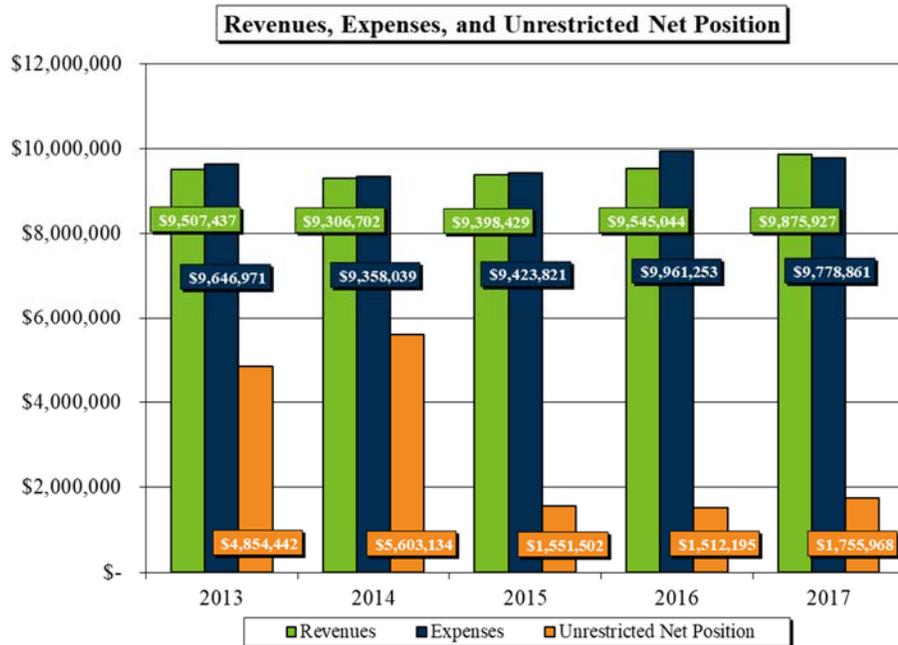
Michael Potter made a motion to adjourn the meeting at 7:15 p.m. Seconded by Dan Bravinder, the motion carried unanimously.

Randy H. Winscher, President

Michael Potter, Secretary

Great River Regional Library Audit Overview

- Unmodified or clean audit opinion (Financial Statements page 2)
- Carryover audit findings – Lack of Segregation of Accounting Duties and Preparation of Financial Statements (Communications Letter page 3-4)
- Revenues increased \$330,883 or 3.5% from 2016 to 2017 (Communications Letter page 8)
- Expenses decreased 182,392 or 1.8% from 2016 to 2017 (Communications Letter page 10)
- Net position increased \$97,066 in total, unrestricted net position increased \$243,773 (Communications Letter page 13)



Net Investment in Capital Assets: investment in capital assets, net of accumulated depreciation

Restricted: limitations on use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments

Unrestricted: remaining net position

**Great River Regional Library
St. Cloud, Minnesota**

Communications Letter

December 31, 2017



**Great River Regional Library
Table of Contents**

Report on Matters Identified as a Result of the Audit of the Financial Statements	1
Significant Deficiencies	3
Required Communication	5
Financial Analysis	8
Emerging Issues	14



Report on Matters Identified as a Result of the Audit of the Financial Statements

Library Board and Management
Great River Regional Library
St. Cloud, Minnesota

In planning and performing our audit of the financial statements of the governmental activities and the General Fund of the Great River Regional Library, St. Cloud, Minnesota, as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The significant deficiencies identified are stated within this letter.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated April 12, 2018, on such statements.



This communication is intended solely for the information and use of management, the Library Board, and state oversight awarding and pass-through agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

BergankDV, Ltd.

St. Cloud, Minnesota
April 12, 2018

Great River Regional Library Significant Deficiencies

LACK OF SEGREGATION OF ACCOUNTING DUTIES

During the year ended December 31, 2017, the Great River Regional Library (the "Library") had a lack of segregation of accounting duties due to a limited number of office employees. The lack of adequate segregation of accounting duties could adversely affect the Library's ability to initiate record, process, and report financial data consistent with the assertions of management in the financial statements.

Management and the Library Board are aware of the lack of segregation of accounting duties and have taken certain steps to compensate for the condition, but due to the small accounting staff needed to handle all of the accounting duties, the costs of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. However, management and the Library Board must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

The lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be all inclusive:

- The Accounting and Distribution Supervisor has full general ledger access, including the ability to write and post journal entries, and is also responsible for review of the financial activities of the Library.
- The Accounting and Distribution Supervisor posts revenue receipts and automatic deposits into the transaction file and fund accounting software and can make deposits.
- The Accounting and Distribution Supervisor creates checks, has access to the signature files, and also verifies the disbursements against the accounts payable ledger.
- The Accounting and Distribution Supervisor approves payments to benefit vendors and posts the activity to the accounting software.
- The Accounting and Distribution Supervisor is responsible for creating and calculating all year-end reports and accruals and is also responsible for reviewing and approving the financial statements.

Library's Response

Management continually reviews internal controls to ensure accounting duties are segregated as well as they can be. The Library has determined the costs of hiring additional staff for the purpose of further segregation of accounting duties exceeds the estimated benefits which could be derived. Management will continue to monitor internal controls and implement necessary changes as applicable.

PREPARATION OF FINANCIAL STATEMENTS AND RELATED NOTE DISCLOSURES

As a function of the audit process, auditors are required to gain an understanding of the Library's internal control, including the financial reporting process.

The Library does not have an internal control system designed to provide for the preparation of the financial statements and related note disclosures in accordance with accounting principles generally accepted in the United States of America. As auditors, we were requested to draft the financial statements and accompanying notes to financial statements. This circumstance is not unusual in an organization of your size.

Great River Regional Library
Significant Deficiencies

**PREPARATION OF FINANCIAL STATEMENTS AND RELATED NOTE DISCLOSURES
(CONTINUED)**

This condition increases the risk that errors could occur which would not be prevented, or detected and corrected, on a timely basis. Even though all management decisions related to financial reporting are made by the Library's management and approval of the financial statements and accompanying note disclosures lies with management, it is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Library's Response

The Library accepts this risk at this time.

Great River Regional Library Required Communication

We have audited the financial statements of the governmental activities and General Fund of the Library as of and for the year ended December 31, 2017, and have issued our report dated April 12, 2018. Professional standards require that we provide you with the following information related to our audit.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA AND GOVERNMENT AUDITING STANDARDS

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Library. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Library's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplement(s) the basic audit financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

PLANNED SCOPE AND TIMING OF THE AUDIT

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the Library and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Library or to acts by management or employees acting on behalf of the Library.

Great River Regional Library Required Communication

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Library are described in the notes to financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended December 31, 2017. We noted no transactions entered into by the Library during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Depreciation – The Library is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Functional Expense Allocation – The Library is currently allocating costs among the programs and supporting services benefited. The costs are allocated based on management's estimates.

Accounts Receivable – Uncollected Fine Revenue – The Library has estimated the amount they expect to collect based on historical collection rates.

Net Pension Liability, Deferred Outflows of Resources Related to Pensions, and Deferred Inflows of Resources Related to Pensions – These balances are based on an allocation by the pension plans using estimates based on contributions.

We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

**Great River Regional Library
Required Communication**

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

MANAGEMENT REPRESENTATIONS

We requested certain representations from management which were provided to us in the management representation letter.

MANAGEMENT CONSULTATIONS WITH OTHER ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Library's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Library's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statement or to the financial statements themselves.

Great River Regional Library Financial Analysis

The following pages provide graphic representation of select data pertaining to the financial position and operations of the Library for the past five years. Our analysis of each graph or chart is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance. We suggest you view each graph or chart and document if our analysis is consistent with yours. A subsequent discussion of this information should be useful for planning purposes.

GOVERNMENTAL ACTIVITIES REVENUES

The Library's revenues for the last five years are depicted in the chart below, and revenues for 2017 and 2016 are depicted on the pie charts on the following page. Revenues for the year ended December 31, 2017, totaled \$9,875,927, which was an increase of \$330,883, or 3.5%, from 2016. The most significant fluctuation was in state and other grants, which increased \$117,187, or 6.6%. This increase is a result of an increase in Regional Library Telecommunications Aid (RLTA), the Regional Library Basic Systems Support (RLBSS) grant and the Legacy grant. RLTA increased \$51,448 as a result of an increase in eligible expenditures. RLBSS increased \$40,629 as a result of an increase in the Library's grant award. The Legacy grant revenue increased \$29,985 as a result of the grant award being larger than the prior year and an increase in the spending of the grant on eligible expenditures. Regional receipts increased \$74,998, or 1.1%. This increase is a result of the Board approving an increase in the 2017 budget. The Library applies a three-part formula to each member county based on tax capacity, user share, and population share for regional receipts. There was also an increase in fines and miscellaneous revenues due primarily to the receipt of reimbursements from the City of Sartell for various equipment and start-up costs.

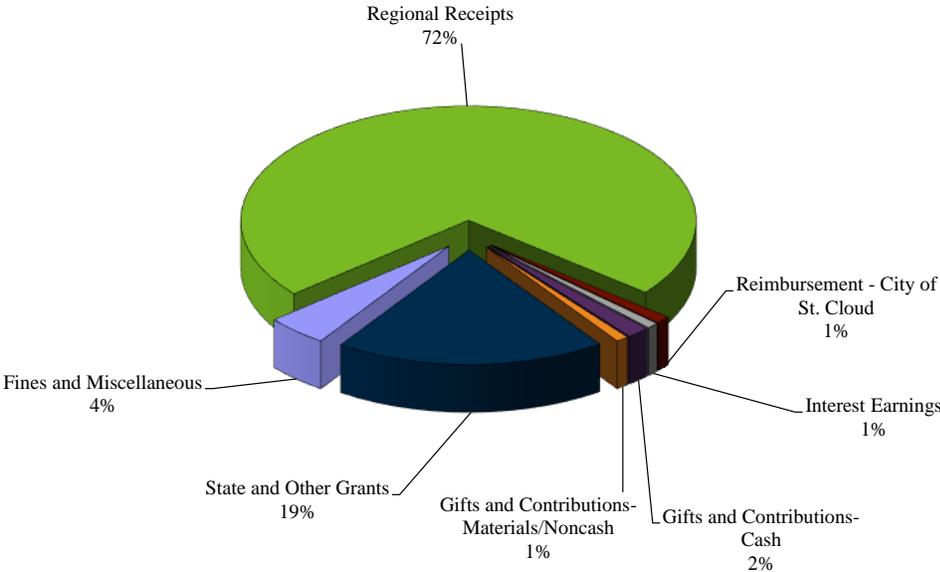
	2013	2014	2015	2016	2017
Regional receipts	\$ 6,325,496	\$ 6,482,169	\$ 6,782,169	\$ 7,032,005	\$ 7,107,003
Reimbursement - City of					
St. Cloud	95,013	96,948	100,162	96,244	104,664
Interest	21,350	30,927	21,107	51,054	82,367
Cash gifts and contributions	120,480	129,437	118,288	146,316	162,103
Noncash gifts and contributions	-	-	-	73,066	88,893
State and other grants	2,420,673	2,064,044	1,948,994	1,779,527	1,896,714
Fines and miscellaneous	524,425	503,177	427,709	366,832	434,183
Total revenues	<u><u>\$ 9,507,437</u></u>	<u><u>\$ 9,306,702</u></u>	<u><u>\$ 9,398,429</u></u>	<u><u>\$ 9,545,044</u></u>	<u><u>\$ 9,875,927</u></u>

Note: Noncash gifts and contributions were split out from cash gifts and contributions beginning in 2016.

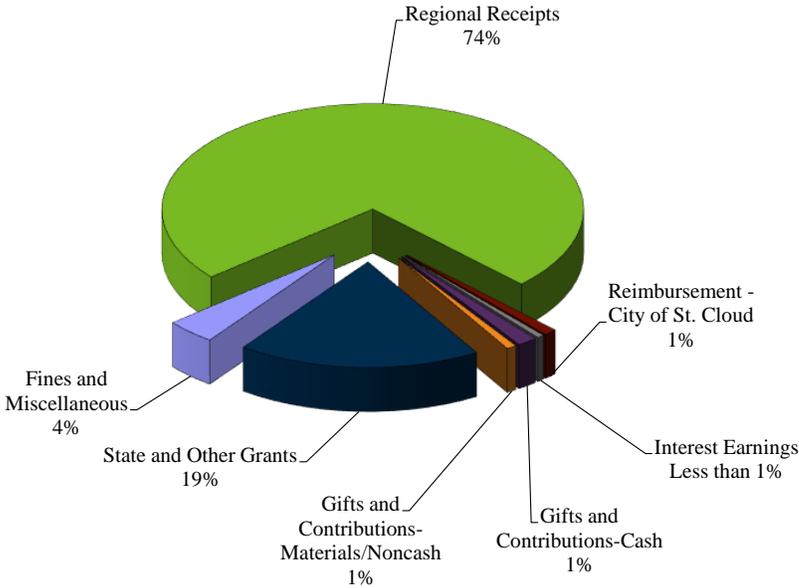
Great River Regional Library Financial Analysis

GOVERNMENTAL ACTIVITIES REVENUES (CONTINUED)

2017 Governmental Activities Revenues



2016 Governmental Activities Revenues



**Great River Regional Library
Financial Analysis**

GOVERNMENTAL ACTIVITIES EXPENSES

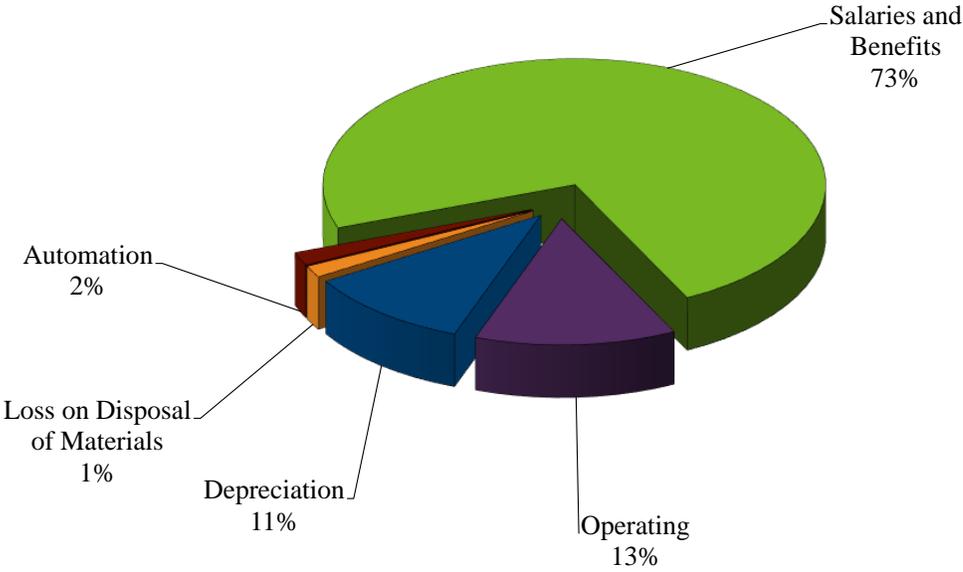
The Library's expenses for the last five years are shown in the chart below and expenses for 2017 and 2016 are shown on the following page. Total expenses decreased \$182,392, or 1.8%, from 2016 to 2017. The major expense for the Library continues to be salaries and related employee benefits. Expenses for this category decreased \$157,302, or 2.2%, in 2017. The decrease in wages was primarily due to a decrease in the Library's proportionate share of net pension liability as required by Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 71. The Library's net pension liability decreased with the pension plan's net pension liability due primarily to improved investment activity in 2017. Operating expenses increased \$151,875 due to increased building maintenance costs including a \$20,000 boiler replacement expense, increased fuel costs and spending of increased grant funding received. Loss on disposal of materials, decreased \$93,987 due to a change in the estimated useful lives of books that was prospectively applied about 15 years ago. Other expense categories were consistent from 2016 to 2017.

	2013	2014	2015	2016	2017
Salaries and benefits	\$ 6,800,372	\$ 6,550,367	\$ 6,754,072	\$ 7,312,183	\$ 7,154,881
Operating	1,267,420	1,228,217	1,122,532	1,113,206	1,265,081
Depreciation	1,234,323	1,243,387	1,128,738	1,090,129	1,046,071
Loss on disposal of materials	141,651	127,138	205,944	239,244	145,257
Automation	203,205	208,930	212,535	206,491	167,571
	<u>\$ 9,646,971</u>	<u>\$ 9,358,039</u>	<u>\$ 9,423,821</u>	<u>\$ 9,961,253</u>	<u>\$ 9,778,861</u>

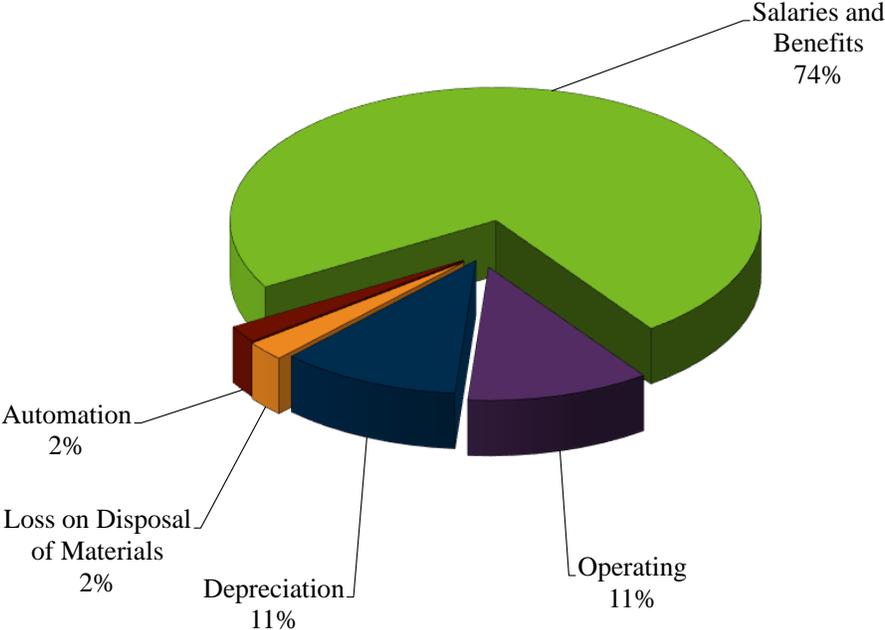
Great River Regional Library
Financial Analysis

GOVERNMENTAL ACTIVITIES EXPENSES (CONTINUED)

2017 Governmental Activities Expenses



2016 Governmental Activities Expenses

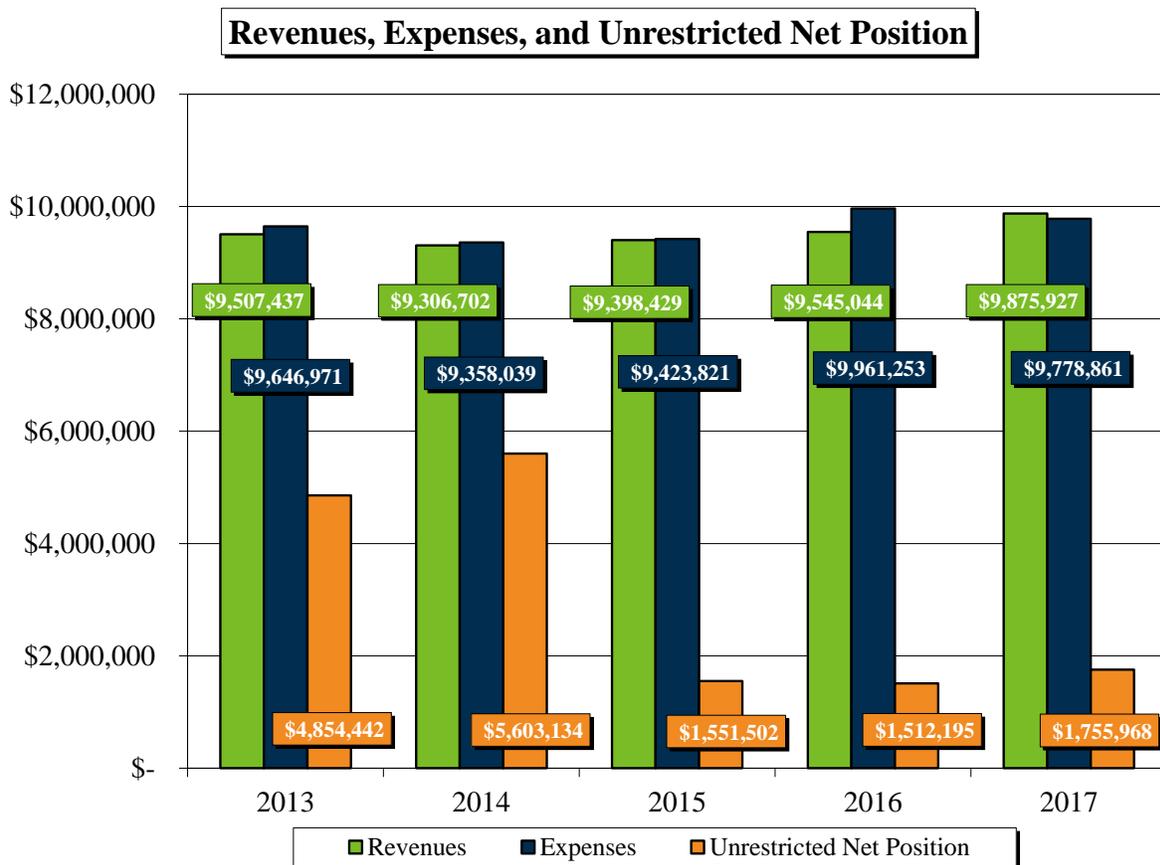


Great River Regional Library Financial Analysis

GOVERNMENTAL ACTIVITIES

Revenues exceeded expenses by \$97,066 in 2017. The Library's unrestricted net position increased \$243,773, or 16.1%, in 2017 as a result of operations. The significant decrease in unrestricted net position in 2015 was due to the implementation of GASB Statements No. 68 and No. 71, which resulted in the recording the Library's net pension liability as discussed earlier.

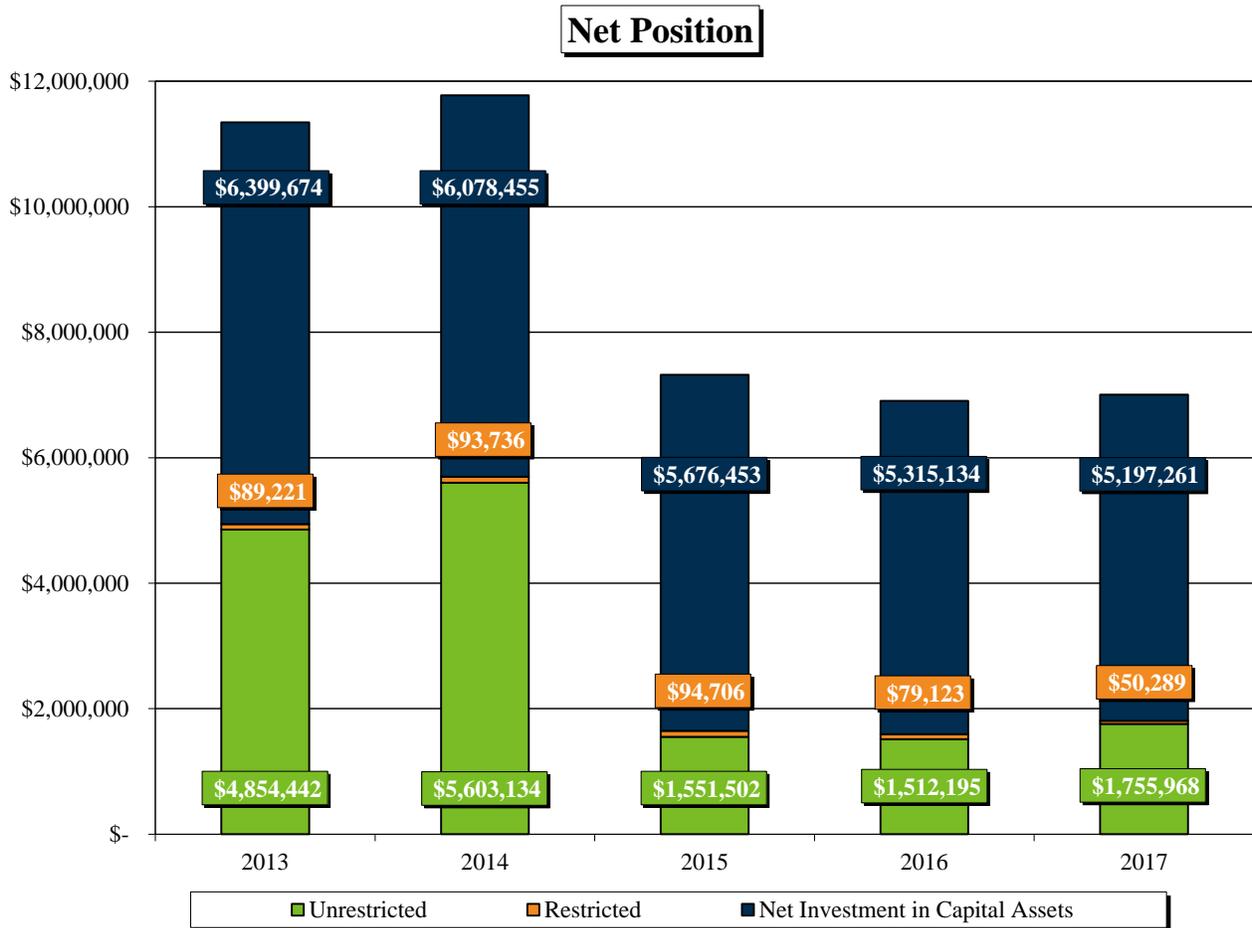
The bar chart below highlights the results of operations for the last five years. Net position by category is discussed further on the following page.



Great River Regional Library Financial Analysis

GOVERNMENTAL ACTIVITIES (CONTINUED)

The Library's net investment in capital assets has decreased each year from 2013 to 2017. This means the Library's capital assets were being replaced at a slower rate than they were being depreciated. The amount of restricted net position is money that is restricted from outside sources for specific purposes. The unrestricted portion of net position is the remaining balance that is not tied up in capital assets or restricted for specific purposes. The following chart and table illustrate the changes in net position over the last five years.



	2013	2014	2015	2016	2017
Net position					
Restricted	\$ 89,221	\$ 93,736	\$ 94,706	\$ 79,123	\$ 50,289
Unrestricted	4,854,442	5,603,134	1,551,502	1,512,195	1,755,968
Net investment in capital assets	6,399,674	6,078,455	5,676,453	5,315,134	5,197,261
Total net position	\$ 11,343,337	\$ 11,775,325	\$ 7,322,661	\$ 6,906,452	\$ 7,003,518

Great River Regional Library Emerging Issues

Executive Summary

The following is an executive summary of financial and business related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant updates include:

- **Accounting Standard Update – GASB Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions** – GASB has issued GASB Statement No. 75 relating to accounting and financial reporting for postemployment benefits other than pensions. This new statement requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities.
- **Accounting Standard Update – GASB Statement No. 87 – Leases** – GASB has issued GASB Statement No. 87 relating to accounting and financial reporting for leases. This new statement establishes a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset.

The following are extensive summaries of the current updates. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and their applicability to your City.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 75 – ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

**Great River Regional Library
Emerging Issues**

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 75 – ACCOUNTING AND FINANCIAL REPORTING FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

GASB Statement 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide:

- Governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria will report a *net OPEB liability*—the difference between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments.
- Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their *proportionate share of the collective OPEB liability* for all entities participating in the cost-sharing plan.
- Governments that do not provide OPEB through a trust that meets specified criteria will report the *total OPEB liability* related to their employees.

GASB Statement 75 carries forward from Statement 45 the option to use a specified alternative measurement method in place of an actuarial valuation for purposes of determining the total OPEB liability for benefits provided through OPEB plans in which there are fewer than 100 plan members (active and inactive). This option was retained in order to reduce costs for smaller governments.

GASB Statement 75 requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. Among the new note disclosures is a description of the effect on the reported OPEB liability of using a discount rate and a healthcare cost trend rate that are one percentage point higher and one percentage point lower than assumed by the government. The new RSI includes a schedule showing the causes of increases and decreases in the OPEB liability and a schedule comparing a government's actual OPEB contributions to its contribution requirements.

Information provided above was obtained from www.gasb.org.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – LEASES

The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Great River Regional Library
Emerging Issues

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – LEASES
(CONTINUED)

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

GASB Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Information provided above was obtained from www.gasb.org.

**Great River Regional Library
St. Cloud, Minnesota**

Financial Statements

December 31, 2017



**Great River Regional Library
Table of Contents**

Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Balance Sheet – Governmental Fund	16
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities – Governmental Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	20
Notes to Financial Statements	21
Required Supplementary Information	
Schedule of Funding Progress – Other Post-Employment Benefits	42
Schedule of the Library's Proportionate Share of Net Pension Liability – General Employees Retirement Fund	43
Schedule of Library Contributions – General Employees Retirement Fund	43
Notes to Required Supplementary Information	44
Supplementary Information	
Schedule of Financial Position – Arts and Cultural Heritage Grant	46
Schedule of Revenues, Expenditures, and Changes in Financial Position – Arts and Cultural Heritage Grant	47
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	49
Report on Legal Compliance	51
Schedule of Findings and Responses on Internal Control	52

Independent Auditor's Report

Library Board
Great River Regional Library
St. Cloud, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the General Fund of Great River Regional Library (a library organized under *Minnesota Statutes* Section 134.34), St. Cloud, Minnesota, as of and for the year ended December 31, 2017, and the related notes to financial statements, which collectively comprise the Library's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Library's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



Opinions

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Great River Regional Library, St. Cloud, Minnesota, as of December 31, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and the Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The Supplementary Information as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.



Other Matters (Continued)

Other Information (Continued)

The Supplementary Information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 12, 2018, on our consideration of Great River Regional Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Great River Regional Library's internal control over financial reporting and compliance.

BergankDV, Ltd.

St. Cloud, Minnesota
April 12, 2018

(THIS PAGE LEFT BLANK INTENTIONALLY)

Great River Regional Library Management's Discussion and Analysis

Introduction

As management of the Great River Regional Library (The "Library"), we offer readers of the Library financial statements this narrative overview and analysis of the financial activities of the Library for the year ended December 31, 2017. All amounts, unless otherwise indicated, are expressed in dollars.

Funding Issues

Our signatories, the six counties of Benton, Morrison, Sherburne, Stearns, Todd, and Wright increased the Library's funding by 1.07% over 2016, based in part on increased costs to our vendors and general and movement within range personnel increases.

The economy was strong in 2017 with 1.3 million visits, 105,816 wireless connections, 199,220 digital checkouts, 3,630 programs, and approximately 3.1 million physical items being checked out. Wireless internet use continues to increase but access at home is a limited resource for many Minnesota families and public libraries help to bring faster speeds to those with the greatest need.

As more and more government services and businesses go digital only, some people are left behind because of their lack of knowledge. The digital divide widens, and public libraries act to provide a bridge by offering platforms such as Axis 360 and Chilton's Repair manuals.

The City of Elk River has also joined in on the collaboration effort to increase open hours at the Elk River Public Library. The funding received from the City added more open hours for the public to enjoy our services.

The Library again received funding through the Legacy Amendment dedicated to the arts, history and culture. This made a wide variety of programs and events available to Library residents across the region. Within the funding available, Great River was still able to offer many educational and entertaining performances and programs for Central Minnesotans.

New Alternative Services

Great River Regional Library has entered into a new realm by offering an Alternative Service to the City of Sartell in the form of a completely automated remote locker system. This new service helps to bridge the gap for the citizens of Sartell, MN by offering library service without having to come into St. Cloud or Waite Park to pick up their holds. This locker system was placed into service on October 9, 2017. The system has 44 lockers and can accommodate up to 44 patrons a week. This figure should increase with the passage of an additional delivery day being added in 2018.

Challenges

Despite the importance, internet availability continued to be limited by open hours since people can only use the internet stations during open hours which require staffing. However, the use of Wi-Fi has increased as the signal can be obtained outside some of our facilities after the library has closed for the day. The bulk of the Library budget continued to be spent in the staffing area and some locations such as Big Lake and Delano experienced an increase in open hours to meet patron demand.

Great River Regional Library Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS

- The total current assets of the Library are \$8,791,011 with the noncurrent assets at \$5,204,612 for total assets of \$13,995,623. This is an increase of \$222,683 or 1.62% over 2016.
- The total current liabilities for the Library are \$1,411,822 with the non-current liabilities at \$5,708,706 for total liabilities of \$7,120,528 in 2017. This is a decrease of \$1,674,352 or 19.04% over 2016. This large decrease is primarily due to the implementation of GASB No. 68 in which the library is required to record their share of PERA pension liability as determined by the Public Employees Retirement Association. For 2017, pension liability decreased by \$1,607,003. This requirement is shared by all counties, cities, and other governmental units throughout the nation. PERA experienced better than expected investment returns and therefore, GRRL's proportionate share decreased with the overall decrease in the plan liability.
- The net position of the Library at the beginning of 2017 was \$6,906,452. At the end of 2017, the net position was \$7,003,518. Of this amount, \$1,755,968 (unrestricted net position) may be used to meet the Library's ongoing obligations to customers and creditors. This is an increase of \$97,066 or 1.4%. This increase to the net position of the library is subsequently due to the unrestricted balance going up from 2016.
- As of the end of the current year, the Library reported combined ending fund balances of \$7,174,190, an increase of \$365,195 or 5.36%. This increase is primarily constructed of the Assigned and Unassigned balances going up from 2016 due to our annual surplus.
- At the end of the current year, the unassigned fund balance for the General Fund was \$5,061,645, an increase of \$453,100 or 9.83% over 2016. This increase is due to the surplus in the 2017 Budget, primarily in the personnel section.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Library basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This financial report will include the Management's Discussion and Analysis, financial statements with accompanying notes and the Independent Auditor's Report.

Required Financial Statements

The government-wide financial statements on pages 14 and 15 report information about the Library using accounting methods similar to those used in private sector companies (accrual method). These statements offer information about the Library as a whole.

The Balance Sheet (Table 1) on the following page was prepared on the modified accrual basis of accounting and includes only the Library's current assets and current liabilities. It also provides the basis for assessing the liquidity and financial flexibility of the Library.

**Great River Regional Library
Management's Discussion and Analysis**

FINANCIAL HIGHLIGHTS (CONTINUED)

**Table 1
Balance Sheet - Governmental Funds
December 31, 2017 and 2016**

	General Fund	
	2017	2016
Assets		
Cash and investments	\$ 7,945,341	\$ 7,586,207
Accounts receivable	416,268	445,050
Interest receivable	41,445	29,869
Due from other governments	104,664	96,244
Supplies inventory	38,294	45,161
Total assets	\$ 8,546,012	\$ 8,202,531
Liabilities		
Accounts payable	\$ 63,839	\$ 110,486
Accrued payroll	226,789	229,238
Accrued payroll taxes	31,393	31,515
Due to other governments	100,086	123,198
Unearned revenue	949,715	899,099
Total liabilities	1,371,822	1,393,536
Fund Balance		
Nonspendable	38,294	45,161
Restricted	50,289	79,123
Committed	1,821,865	1,920,116
Assigned	202,097	156,050
Unassigned	5,061,645	4,608,545
Total fund balance	7,174,190	6,808,995
Total liabilities and fund balance	\$ 8,546,012	\$ 8,202,531

**Great River Regional Library
Management's Discussion and Analysis**

FINANCIAL HIGHLIGHTS (CONTINUED)

All of the current year's revenues and expenses on the modified accrual basis of accounting are accounted for in the Statement of Revenues, Expenditures and Changes in Fund Balances (Table 2). This statement measures the success of the Library's operations over the last year and can be used to determine whether the organization has successfully recovered all its cost through revenue sources.

**Table 2
Statement of Revenue, Expenditures, and Changes
in Fund Balances
December 31, 2017 and 2016**

	General Fund	
	2017	2016
Revenue		
Regional receipts	\$ 7,107,003	\$ 7,032,005
State and other grants	1,894,805	1,779,527
Investment income	82,367	51,054
Gifts and contributions	162,103	146,316
Reimbursement - City of St. Cloud	104,664	96,244
Fines and miscellaneous	434,183	366,832
Total revenues	<u>\$ 9,785,125</u>	<u>\$ 9,471,978</u>
Expenditures		
Personnel	\$ 7,003,262	\$ 6,891,438
Services and contracts	920,750	1,280,234
Commodities	105,299	93,541
Vehicle expenses	59,675	53,738
Library materials	975,626	871,357
Equipment	81,339	45,445
Contingency fund	234	1,139
Automation operating	167,571	206,491
Capital	113,165	88,070
Total expenditures	<u>\$ 9,426,921</u>	<u>\$ 9,531,453</u>
Revenues over (under) expenditures	<u>\$ 358,204</u>	<u>\$ (59,475)</u>
Total other financing sources	<u>6,991</u>	<u>423,859</u>
Fund Balances		
Beginning	<u>6,808,995</u>	<u>6,444,611</u>
Ending	<u>\$ 7,174,190</u>	<u>\$ 6,808,995</u>

Great River Regional Library Management's Discussion and Analysis

FINANCIAL HIGHLIGHTS (CONTINUED)

The other required financial statement is the Statement of Activities (Table 3). This statement reports the revenues, expenses and changes in net position resulting from operations, investing and financing activities on the full accrual basis of accounting.

Table 3
Statements of Activities
December 31, 2017 and 2016

Functions/Program	Expenses		Program Revenues						Net (Expense) Revenue and Changes in Net Position	
			Charges for Services		Operating Grants and Contributions		Capital Grants and Contributions		Governmental Activities	
			2017	2016	2017	2016	2017	2016	2017	2016
Government Activities										
Institutional	\$ 959,992	\$ 1,099,522	\$ -	\$ -	\$ 17,151	\$ 17,151	\$ 7,000	\$ 13,900	\$ (935,841)	\$ (1,068,471)
Operational	359,046	312,701	-	-	104,664	96,244	-	-	(254,382)	(216,457)
Outreach	309,489	294,783	60,479	-	336,763	237,026	-	-	87,753	(57,757)
Public services	8,150,334	8,254,247	318,387	327,428	162,103	146,316	88,893	73,066	(7,580,951)	(7,707,437)
Total governmental activities	<u>\$ 9,778,861</u>	<u>\$ 9,961,253</u>	<u>\$ 378,866</u>	<u>\$ 327,428</u>	<u>\$ 620,681</u>	<u>\$ 496,737</u>	<u>\$ 95,893</u>	<u>\$ 86,966</u>	<u>\$ (8,683,421)</u>	<u>\$ (9,050,122)</u>
General Revenues										
									\$ 7,107,003	\$ 7,032,005
									1,591,117	1,550,854
									<u>82,367</u>	<u>51,054</u>
									<u>\$ 8,780,487</u>	<u>\$ 8,633,913</u>
									\$ 97,066	\$ (416,209)
									<u>6,906,452</u>	<u>7,322,661</u>
									<u>\$ 7,003,518</u>	<u>\$ 6,906,452</u>

In addition, the Library presents the notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to financial statements can be found starting on page 21 of this report.

**Great River Regional Library
Management's Discussion and Analysis**

FINANCIAL HIGHLIGHTS (CONTINUED)

Financial Analysis of the Library

The Statement of Net Position and the Statement of Activities report information about the Library's activities in a way that will help tell us if we are better off this year than we were last year as a result of the current year's activity. These two statements report the net position (Table 4) of the Library and changes in net position. The net position is the difference between total assets and deferred outflows of resources and liabilities and deferred inflows of resources on the full accrual basis of accounting. Over time, increases or decreases in the Library's net position are one indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors influence this also. They include the health of the economy and legislative mandates and actions.

**Table 4
Net Position
Governmental Activities
December 31, 2017 and 2016**

	2017	2016
Current assets	\$ 8,791,011	\$ 8,448,076
Noncurrent assets	5,204,612	5,324,864
Total assets	\$ 13,995,623	\$ 13,772,940
Deferred outflows of resources		
Deferred outflows of resources related to pensions	\$ 1,334,633	\$ 2,842,622
Total assets and deferred outflows of resources	\$ 15,330,256	\$ 16,615,562
Current liabilities	\$ 1,411,822	\$ 1,423,536
Noncurrent liabilities	5,708,706	7,371,344
Total liabilities	\$ 7,120,528	\$ 8,794,880
Deferred inflows of resources		
Deferred inflows of resources related to pensions	\$ 1,206,210	\$ 914,230
Net position		
Net investment in capital assets	\$ 5,197,261	\$ 5,315,134
Restricted	50,289	79,123
Unrestricted	1,755,968	1,512,195
Total net position	\$ 7,003,518	\$ 6,906,452
Total liabilities, deferred inflows of resources, and net position	\$ 15,330,256	\$ 16,615,562

The amounts reported for governmental activities in the Statement of Net Position are different than on the Balance Sheet because capital assets used in governmental activities are not current financial resources and are not reported as assets in governmental funds. Also, long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities at the fund level.

**Great River Regional Library
Management's Discussion and Analysis**

FINANCIAL HIGHLIGHTS (CONTINUED)

**Table 5
Capital Assets
December 31, 2017 and 2016**

	2017	2016
Capital Assets		
Books and library materials	\$ 12,024,209	\$ 12,870,253
Computers, furniture, and equipment	964,576	869,823
Vehicles	125,177	111,310
Less accumulated depreciation	(7,916,701)	(8,536,252)
Total capital assets, net of depreciation	\$ 5,197,261	\$ 5,315,134

Additional information on the Library's capital assets can be found in Note 4 on page 28 of this report.

Debt Administration

At the end of the current year, the Library had no long-term debt.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Library is responsible by signatory agreement from the 6 counties for staffing, materials and services for the 32 libraries which reside within county limits. The Library has no buildings in capital assets.

Demand for electronic resources has leveled off but remains strong. As I mentioned in previous years, the Library could very easily spend the entire materials budget on electronic resources to satisfy public wants. In addition, some publishers of electronic content continue to demand top dollar for access to materials, especially popular content such as bestselling fiction, which the bulk of public library users demand. The steep prices (as well as the varying ownership models) may cause the Library to examine our services to determine where or how our funds might be better spent.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Great River Regional Library, Accounting and Distribution Supervisor, 1300 St. Germain, St. Cloud, Minnesota 56301.

(THIS PAGE LEFT BLANK INTENTIONALLY)

BASIC FINANCIAL STATEMENTS

Great River Regional Library
Statement of Net Position
December 31, 2017

	Governmental Activities
Assets	
Current assets	
Cash and investments	\$ 7,945,341
Accounts receivable	416,268
Interest receivable	41,445
Due from other governments	104,664
Supplies inventory	38,294
Prepaid items	244,999
Total current assets	8,791,011
Noncurrent assets	
Net OPEB asset	7,351
Capital assets	
Books and library materials	12,024,209
Vehicles	125,177
Computers, furniture, and equipment	964,576
Less accumulated depreciation	(7,916,701)
Total capital assets, net of depreciation	5,197,261
Total noncurrent assets	5,204,612
Total assets	13,995,623
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	1,334,633
Total assets and deferred outflows of resources	\$ 15,330,256
Liabilities	
Current Liabilities	
Accounts payable	\$ 63,839
Accrued payroll	226,789
Accrued payroll taxes	31,393
Due to other governments	100,086
Unearned revenue	949,715
Amounts due within one year	40,000
Total current liabilities	1,411,822
Noncurrent liabilities	
Compensated absences payable	494,728
Net pension liability	5,253,978
Less amounts due within one year	(40,000)
Total noncurrent liabilities	5,708,706
Total liabilities	7,120,528
Deferred Inflows of Resources	
Deferred inflows of resources related to pensions	1,206,210
Net Position	
Net investment in capital assets	5,197,261
Restricted	50,289
Unrestricted	1,755,968
Total net position	7,003,518
Total liabilities, deferred inflows of resources, and net position	\$ 15,330,256

**Great River Regional Library
Statement of Activities
Year Ended December 31, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Institutional	\$ 959,992	\$ -	\$ 17,151	\$ 7,000	\$ (935,841)
Operational	359,046	-	104,664	-	(254,382)
Outreach	309,489	60,479	336,763	-	87,753
Public services	8,150,334	318,387	162,103	88,893	(7,580,951)
Total governmental activities	<u>\$ 9,778,861</u>	<u>\$ 378,866</u>	<u>\$ 620,681</u>	<u>\$ 95,893</u>	(8,683,421)
General revenues					
Regional receipts					7,107,003
Other revenues not restricted to specific programs					1,591,117
Unrestricted investment earnings					82,367
Total general revenues					<u>8,780,487</u>
Change in net position					<u>97,066</u>
Net position - beginning					<u>6,906,452</u>
Net position - ending					<u>\$ 7,003,518</u>

**Great River Regional Library
Balance Sheet - Governmental Fund
December 31, 2017**

	<u>General Fund</u>
Assets	
Cash and investments	\$ 7,945,341
Accounts receivable	416,268
Interest receivable	41,445
Due from other governments	104,664
Supplies inventory	38,294
Total assets	<u>\$ 8,546,012</u>
Liabilities	
Accounts payable	\$ 63,839
Accrued payroll	226,789
Accrued payroll taxes	31,393
Due to other governments	100,086
Unearned revenue	949,715
Total liabilities	<u>1,371,822</u>
Fund Balances	
Nonspendable	38,294
Restricted	50,289
Committed	1,821,865
Assigned	202,097
Unassigned	5,061,645
Total fund balances	<u>7,174,190</u>
Total liabilities and fund balances	<u>\$ 8,546,012</u>

**Great River Regional Library
Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Activities
December 31, 2017**

Total fund balances - governmental activities	\$ 7,174,190
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental fund.	
Cost of capital assets	13,113,962
Less accumulated depreciation	(7,916,701)
Prepaid expenses are recorded in the governmental fund using the purchases method of accounting. Prepaid expenses are recorded using the consumption method for governmental activities.	
	244,999
Long-term liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental fund. Long-term liabilities at year-end consist of:	
Compensated absences payable	(494,728)
Net pension liability	(5,253,978)
Net OPEB asset created through treatment of employer contributions through implicit rate subsidy is not recognized in the governmental funds.	
	7,351
Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.	
Deferred inflows of resources related to pensions	(1,206,210)
Deferred outflows of resources related to pensions	1,334,633
Total net position - governmental activities	<u><u>\$ 7,003,518</u></u>

**Great River Regional Library
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Fund
Year Ended December 31, 2017**

	<u>General Fund</u>
Revenues	
Regional receipts	
Benton County	\$ 547,352
Morrison County	494,572
Sherburne County	1,337,059
Stearns County	2,305,638
Todd County	337,393
Wright County	2,078,120
City of Staples	6,869
State and other grants	1,894,805
Investment income	82,367
Gifts and contributions	162,103
Reimbursement - City of St. Cloud	104,664
Fines and miscellaneous	434,183
Total revenues	9,785,125
Expenditures	
Personnel	7,003,262
Services and contracts	920,750
Commodities	105,299
Vehicle expenses	59,675
Library materials	975,626
Equipment	81,339
Contingency fund expenses	234
Automation operating	167,571
Capital	113,165
Total expenditures	9,426,921
Excess of revenues under expenditures	358,204
Other Financing Sources	
Proceeds from sale of capital assets	6,991
Net change in fund balances	365,195
Fund Balances	
Beginning of year	6,808,995
End of year	\$ 7,174,190

See notes to financial statements.

**Great River Regional Library
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
to the Statement of Activities - Governmental Activities
Year Ended December 31, 2017**

Net change in fund balances - governmental activities \$ 365,195

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental fund as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	984,562
Depreciation expense	(1,046,071)
Disposal of capital assets	(145,257)
Donated assets	88,893

Prepaid expenses are recorded in the governmental fund using the purchases method of accounting, however, they are recorded using the consumption method for governmental activities. (546)

Compensated absences are recognized as paid in the governmental fund but recognized as the expense is incurred in the Statement of Activities. 45,635

Net OPEB obligations are recognized as paid in the governmental funds. The impact on the Statement of Activities, however, is the creation of an OPEB asset, which is a combination of employer contributions through the implicit rate subsidy and the amortization of the net OPEB obligation for the year. (2,379)

Governmental funds recognize pension contributions as expenditures at the time of payment whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.

Pension expense	(192,966)
-----------------	-----------

Change in net position - governmental activities \$ 97,066

**Great River Regional Library
Statement of Revenues, Expenditures, and
Changes in Fund Balances -
Budget and Actual - General Fund
Year Ended December 31, 2017**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original and Final			
Revenues				
Regional receipts				
Benton County	\$ 547,352		\$ 547,352	\$ -
Morrison County	494,572		494,572	-
Sherburne County	1,337,059		1,337,059	-
Stearns County	2,305,638		2,305,638	-
Todd County	337,393		337,393	-
Wright County	2,078,120		2,078,120	-
City of Staples	6,900		6,869	(31)
State and other grants	1,556,800		1,894,805	338,005
Investment income	41,000		82,367	41,367
Gifts and contributions	-		162,103	162,103
Reimbursement - City of St. Cloud	102,200		104,664	2,464
Fines and miscellaneous	391,860		434,183	42,323
Total revenues	9,198,894		9,785,125	586,231
Expenditures				
Personnel	7,291,500		7,003,262	(288,238)
Services and contracts	525,500		920,750	395,250
Commodities	89,500		105,299	15,799
Vehicle expenses	58,500		59,675	1,175
Library materials	880,000		975,626	95,626
Equipment	10,000		81,339	71,339
Contingency fund expenses	1,000		234	(766)
Automation operating	248,160		167,571	(80,589)
Capital	-		113,165	113,165
Total expenditures	9,104,160		9,426,921	322,761
Excess of revenues over expenditures	94,734		358,204	263,470
Other Financing Sources				
Proceeds from sale of capital assets	-		6,991	6,991
Net change in fund balances	\$ 94,734		365,195	\$ 270,461
Fund Balances				
Beginning of year			6,808,995	
End of year			\$ 7,174,190	

**Great River Regional Library
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Great River Regional Library (the "Library") is operated for the Counties of Benton, Morrison, Sherburne, Stearns, Todd, and Wright, Minnesota. The Library was organized under *Minnesota Statutes* Sec. 134.34. The Library is governed by a 15 member board (including alternates) comprised of representative members from each County. Each representative is entitled to one vote.

For financial reporting purposes, the Library's financial statements include all funds which the Library exercises financial accountability. Component units are legally separate organizations for which the officials of the Library would be financially accountable and would be included within the basic financial statements of the Library because of the significance of their operational or financial relationships with the Library.

The Library would be considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed, or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the Library. Based on the component unit definition criteria stated, it has been determined the Library has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net position and the Statement of Activities) report information on the Library as a whole. The Library has only governmental activities, which normally are supported by taxes and intergovernmental revenues.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Depreciation expense is included in the direct expenses of the function it is specifically identified with. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Regional receipts and other items are not included among program revenues; instead, they are properly reported as general revenues.

The Library applies restricted resources first when an expense is incurred for a purpose for which both restricted and unrestricted resources are available. Further, the Library applies unrestricted funds in this order if various levels of unrestricted fund balance exist: committed, assigned, and unassigned.

Separate fund financial statements on the modified accrual basis are provided for the governmental fund.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**Great River Regional Library
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current period. State and federal grants are recorded in the year in which the related expenditure is made.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Description of Fund:

Major Governmental Fund:

General Fund – This Fund is the Library's only operating fund. It accounts for all financial resources of the Library.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance

1. Cash and Investments

Minnesota Statutes authorize the Library to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements, and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Association of Governments Investing for Counties (MAGIC) Fund.

Minnesota Statutes require all deposits be protected by federal deposit insurance, corporate surety bonds, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by Federal Deposit Insurance Corporation (FDIC) insurance or corporate surety bonds.

In accordance with GASB Statement No. 79, the MAGIC Fund securities are valued at amortized costs, which approximates fair value. There are no limitations on withdrawals from the MAGIC Fund.

At December 31, 2017, cash and investments were comprised of petty cash, deposits, and MAGIC cash management funds.

**Great River Regional Library
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance
(Continued)**

2. Materials and Supplies Inventory

Materials and supplies inventory are valued at cost using the first-in, first-out (FIFO) method. Inventories are recorded as expenditures when consumed rather than when purchased.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements. Prepaid items are recorded as an expense at the time of consumption in the government-wide financial statements while the purchases method is used in the fund financial statements.

4. Capital Assets

Capital assets, which include books, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$1,000 and an expected longevity of one year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Certain equipment will be capitalized even though it is not above the \$1,000 threshold. Examples of such equipment include but are not limited to the following: computers, printers, projectors, and copiers. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized when they are placed in service.

Property, plant, and equipment of the Library are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Books	10 years
Paperbacks and periodicals	5 years
Films, videotapes, media sets, records, cassettes, and compact discs	10 years
Furniture	10-25 years
Equipment	5 years
Vehicles	5 years
Software	5-10 years

**Great River Regional Library
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance
(Continued)**

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Library has one item that qualifies for reporting in this category. The Library presents deferred outflows of resources on the Statement of Net Position for deferred outflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of new position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Library has one item that qualifies for reporting in this category. The Library presents deferred inflows of resources on the Statement of Net Position for deferred inflows of resources related to pensions for various estimate differences that will be amortized and recognized over future years.

6. Compensated Absences

Library employees earn paid time off (PTO) based on length of service. PTO is allowed to be carried over to the following year to a maximum of two times the days earned that year. Employees earn 18 days of PTO the first 4 years of employment up to 33 days for employees working 25 or more years. Employees are compensated for 100% of unused PTO upon termination. The estimated accumulated PTO is included in the Statement of Net Position as a liability.

In addition to PTO, certain employees hired prior to December 31, 2008, have extended sick leave bank (ESLB) time. ESLB time can no longer be earned by employees, but employees are compensated for 25% of unused ESLB time upon retirement based on Public Employees' Retirement Association of Minnesota (PERA) eligibility requirements. ESLB can be used only if an employee has exhausted all of their PTO and has an eligible reason to draw down their ESLB.

7. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Great River Regional Library
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Fund Balance
(Continued)**

8. Fund Balance

a. Classification

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Library is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- Nonspendable Fund Balances – These are amounts that cannot be spent because they are not in spendable form.
- Restricted Fund Balances – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- Committed Fund Balance – These are amounts that are committed for specific purposes by formal action of the Library's highest level of decision making authority. The Library's highest level of decision making authority is the Library Board. These balances will remain committed unless the Library Board takes formal action to rescind.
- Assigned Fund Balance – These are amounts that are constrained by the Library's intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the Library's Finance Coordinator.
- Unassigned Fund Balance – These are residual amounts in the General Fund not reported in any other classification.

b. Minimum Fund Balance

The Library's target General Fund unassigned fund balance is a minimum of three months of the current operating budget.

9. Net Position

Net position represents the difference between assets and deferred outflows of resources; and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. As of December 31, 2017, no related long-term debt existed. Net position is reported as restricted in the government-wide financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**Great River Regional Library
Notes to Financial Statements**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

F. Budgetary Information

The Library annually prepares an operating budget for the General Fund. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America. Budget amounts are amended only upon approval of the Library Board.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

A. Excess of Expenditures over Appropriations

For the year ended December 31, 2017, expenditures exceeded appropriations in the General Fund by \$322,761. The Library carries forward unused budget balances each year until they are used. The majority of the excess expenditures over appropriations are the result of expenditures coming out of dedicated funds from previous years as well as activity related to the RLTA and Arts and Legacy Grants not being included in the budget.

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash balances of the Library's funds are invested to the extent available in various investments authorized by *Minnesota Statutes*. For purposes of identifying risk of investing public funds, the balances, and related restrictions are summarized below and on the following page.

A. Deposits

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library has adopted a policy to address custodial credit risk for deposits that matches *Minnesota Statutes* requirement that all deposits with financial institutions must be fully insured or be collateralized at an amount equal to 110% of deposits in excess of FDIC insurance. As of December 31, 2017, the Library's bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution's trust department or agent and in the Library's name.

As of December 31, 2017, the Library had the following deposits:

Checking	\$ 43,314
Certificates of Deposit - MAGIC Fund	5,894,000
Savings	<u>248,304</u>
Total deposits	<u><u>\$ 6,185,618</u></u>

**Great River Regional Library
Notes to Financial Statements**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

The Library's investments at December 31, 2017, were comprised of cash management funds with the MAGIC Fund. The MAGIC Fund invests in compliance with *Minnesota Statutes*.

As of December 31, 2017, the Library had the following investments:

Investment	Maturities	Fair Value
MAGIC Cash Management Funds	n/a	\$ 1,757,763

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law and the Library's investment policy limit investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The MAGIC Fund's investment portfolio is comprised of investments which, in aggregate, are rated by Standard and Poor's (S&P) as A-1 or higher.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The Library's investment policy states that it will provide information about the concentration of credit risk association with the investments by disclosing on the financial report the number of financial institutions associated with the investment amounts. The policy also states that investments shall be diversified by limiting investments to avoid over concentration in securities from a specific issuer or business sector, excluding U.S. Treasury securities and that investments will be held at separate financial institutions within the FDIC insured amounts unless there is additional approved collateral designated for Library investments beyond the FDIC insured amount.

Interest Rate Risk: This is the risk that market value of securities in a portfolio would decrease due to changes in market interest rates. The Library's investment policy states that the Library will manage its interest rates by structuring the investment portfolio to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturing and investing operating funds primarily in shorter-term security, money market mutual funds or similar investment pools and limiting the average maturity of the portfolio.

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Library's investment policy states that investments purchased by the Library must be sufficiently collateralized.

The following is a summary of total deposits and investments:

Deposits (Note 3.A.)	\$ 6,185,618
Petty cash	1,960
Investments	<u>1,757,763</u>
Total deposits and investments	<u>\$ 7,945,341</u>

**Great River Regional Library
Notes to Financial Statements**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Deposits and investments are presented in the December 31, 2017, basic financial statements as follows:

Statement of Net Position	
Cash and investments	<u>\$ 7,945,341</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated				
Books and library materials	\$ 12,870,253	\$ 864,930	\$ 1,710,974	\$ 12,024,209
Computers, furniture, and equipment	869,823	160,874	66,121	964,576
Vehicles	<u>111,310</u>	<u>47,651</u>	<u>33,784</u>	<u>125,177</u>
Total capital assets, cost	<u>13,851,386</u>	<u>1,073,455</u>	<u>1,810,879</u>	<u>13,113,962</u>
Less accumulated depreciation for				
Books and library materials	7,948,041	891,140	1,569,220	7,269,961
Computers, furniture, and equipment	528,230	139,336	62,618	604,948
Vehicles	<u>59,981</u>	<u>15,595</u>	<u>33,784</u>	<u>41,792</u>
Total accumulated depreciation	<u>8,536,252</u>	<u>1,046,071</u>	<u>1,665,622</u>	<u>7,916,701</u>
Total capital assets, net	<u>\$ 5,315,134</u>	<u>\$ 27,384</u>	<u>\$ 145,257</u>	<u>\$ 5,197,261</u>

Depreciation expense was charged to functions/programs of the Library as follows:

Institutional	\$ 297
Operational	46,519
Public services	<u>999,255</u>
Total depreciation expense	<u>\$ 1,046,071</u>

**Great River Regional Library
Notes to Financial Statements**

NOTE 5 – UNEARNED REVENUE

As of December 31, 2017 and 2016, the Library had unearned revenue for unspent grants as follows:

	2017	2016
State grants	\$ 949,715	\$ 899,099

NOTE 6 – LONG-TERM LIABILITIES

A. Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences Payable	\$ 540,363	\$ 373,170	\$ 418,805	\$ 494,728	\$ 40,000

NOTE 7 – PENSION PLAN

Public Employees' Retirement Association

A. Plan Description

The Library participates in the following cost-sharing multiple-employer defined benefit pension plan administered by PERA. PERA's defined benefit pension plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Plan (General Employees Plan (accounted for in the General Employees Fund))

All full-time and certain part-time employees of the Library are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

**Great River Regional Library
Notes to Financial Statements**

NOTE 7 – PENSION PLAN (CONTINUED)

Public Employees' Retirement Association (Continued)

B. Benefits Provided (Continued)

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

General Employees Plan Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.5%, of their annual covered salary in calendar year 2017. The Library was required to contribute 7.50% for Coordinated Plan members in calendar year 2017. The Library's contributions to the General Employees Fund for the year ended December 31, 2017, were \$402,133. The Library's contributions were equal to the required contributions as set by state statute.

**Great River Regional Library
Notes to Financial Statements**

NOTE 7 – PENSION PLAN (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2017, the Library reported a liability of \$5,253,978 for its proportionate share of the General Employees Fund's net pension liability. The Library's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund in 2017. The State of Minnesota is considered a non-employer contributing entity and the State's contribution meets the definition of a special funding situation. The State of Minnesota's proportionate share of the net pension liability associated with the Library totaled \$66,095. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on the Library's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the Library's proportion share was 0.0823%, which was a decrease of 0.0022% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the Library recognized pension expense of \$597,008 for its proportionate share of General Employees Plan's pension expense. Included in the amount, the Library recognized \$1,909 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's contribution of \$6 million to the General Employees Fund.

At December 31, 2017, the Library reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources, related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 173,156	\$ 349,214
Changes in actuarial assumptions	895,590	526,713
Difference between projected and actual investment earnings	64,820	-
Changes in proportion	-	330,283
Contributions paid to PERA subsequent to the measurement date	<u>201,067</u>	<u>-</u>
	<u><u>\$ 1,334,633</u></u>	<u><u>\$ 1,206,210</u></u>

**Great River Regional Library
Notes to Financial Statements**

NOTE 7 – PENSION PLAN (CONTINUED)

Public Employees' Retirement Association (Continued)

D. Pension Costs (Continued)

General Employees Fund Pension Costs (Continued)

\$201,067 reported as deferred outflows of resources related to pensions resulting from Library contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Pension Expense Amount
2018	\$ 40,387
2019	247,693
2020	(137,703)
2021	(223,021)
Total	\$ (72,644)

E. Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50 % Per year
Active member payroll growth	3.25 % Per year
Investment rate of return	7.50 %

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be 1% per year for the General Employees plan through 2044 and then 2.5% thereafter.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015.

**Great River Regional Library
Notes to Financial Statements**

NOTE 7 – PENSION PLAN (CONTINUED)

Public Employees' Retirement Association (Continued)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions occurred in 2017:

General Employees Fund

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability, and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1% per year for all years to 1% per year through 2044 and 2.5% per year thereafter.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic stocks	39 %	5.10 %
International stocks	19	5.30
Bonds	20	0.75
Alternative assets	20	5.90
Cash	2	0.00
Total	100 %	

F. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and employers will be made at rates set in *Minnesota Statutes*. Based on those assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Great River Regional Library
Notes to Financial Statements**

NOTE 7 – PENSION PLAN (CONTINUED)

Public Employees' Retirement Association (Continued)

G. Pension Liability Sensitivity

The following table presents the Library's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Library's proportionate share of the General Employees Fund net pension liability	\$ 8,149,310	\$ 5,253,978	\$ 2,883,622

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

NOTE 8 – POST EMPLOYMENT BENEFITS

A. Plan Description

The Library provides a single-employer defined benefit health care plan to eligible retirees and their spouses. The plan offers medical coverage administered by Medica. It is the Library's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for Library employees and retirees.

B. Funding Policy

Retirees and their spouses contribute to the health care plan at the same rate as Library employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the Library, based on the contract terms with Medica. The required contributions are based on projected pay-as-you-go financing requirements. For the year 2017, the Library contributed \$3,236 to the plan. As of January 1, 2015, there were four retirees receiving health benefits from the Library's health plan.

**Great River Regional Library
Notes to Financial Statements**

NOTE 8 – POST EMPLOYMENT BENEFITS (CONTINUED)

C. Annual Other Post Employment Benefits Cost and Net Other Post Employment Benefits Obligation

The Library's annual other post employment benefits (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the Library, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Library's annual OPEB cost of the year, the amount actually contributed to the plan, and changes in the Library's net OPEB obligation to the plan.

ARC	\$ 5,427
Interest on net OPEB obligation	(341)
Adjustment to ARC	529
Annual OPEB cost (expense)	5,615
Contributions made	(3,236)
Increase in net OPEB obligation (asset)	2,379
Net OPEB obligation (asset) - beginning of year	(9,730)
Net OPEB obligation (asset) - end of year	\$ (7,351)

The Library's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2017, 2016, and 2015 was as follows:

Fiscal Year End	Annual OPEB Cost	Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
12/31/15	\$ 6,086	\$ 14,113	232%	\$ 8,027
12/31/16	5,737	7,440	130%	9,730
12/31/17	5,615	3,236	58%	7,351

D. Funded Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date, the Library had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$53,138 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$53,138. The covered payroll (annual payroll of active employees covered by the plan) was \$5,349,831 and the ratio of the UAAL to the covered payroll was 1.0%.

**Great River Regional Library
Notes to Financial Statements**

NOTE 8 – POST EMPLOYMENT BENEFITS (CONTINUED)

D. Funded Status and Funding Progress (Continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress – Other Post Employment Benefits, presented as required supplementary information following the Notes to Financial Statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the January 1, 2015, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5% discount rate, which is based on the investment yield expected to finance benefits depending on whether the plan is funded in a separate trust (about 7% to 8.5%, long-term, similar to a pension plan) or unfunded (3.5% to 5%, shorter-term, based on Library's general assets). The Library currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual health care cost trend rate was calculated to be 7.2% initially, reduced incrementally to an ultimate rate of 5.0% after seven years. The UAAL is being amortized as a level dollar amount over a 30 year open period. The remaining amortization period at January 1, 2015, was 30 years.

**Great River Regional Library
Notes to Financial Statements**

NOTE 9 – FUND BALANCE DETAIL

Fund balances are classified as follows to reflect the limitations and restrictions of the General Fund:

Nonspendable		
Inventory	\$	38,294
Restricted		
Gift fund		50,289
Committed		
Capital - automation		535,391
Capital - branch development		165,333
Capital - equipment		70,444
Capital - vehicle		19,070
Payroll fund		220,000
Emergency substitute		40,000
Computer replacement		223,881
Building maintenance		31,778
HRIS/payroll		6,790
Sartell operations		2,480
Staff development services		3,874
Consulting fees		4,127
Patron self service		3,969
Compensated absences		494,728
Total committed		<u>1,821,865</u>
Assigned		
Fund Development - general		40,087
Fund Development - collection		100,828
Fund Development - marketing		15,151
Revolving Fund		16
Inter-Library Loan Fund		3,107
Revenue Fund - MCIT		14,423
Sales Revenue Fund		28,485
Total assigned		<u>202,097</u>
Unassigned		<u>5,061,645</u>
Total	\$	<u><u>7,174,190</u></u>

**Great River Regional Library
Notes to Financial Statements**

NOTE 10 – OPERATING LEASE/RENTAL COMMITMENT

The Library has an agreement with the City of St. Cloud for the rental of the building in which the Library operates its headquarters. The Library is responsible for 18% of the operating costs of the building, while the City of St. Cloud is responsible for the remaining 82%. The Library is also charged for employee parking in the amount of \$17,735 for January to December 2017, with a 3% increase each year thereafter. The Library pays for custodial services, which is included as part of the total operating costs of the building while the City of St. Cloud pays for all other operating costs. The Library's share of total operating costs of 18% is calculated at the end of the fiscal year and the difference between the custodial costs paid by the Library and the 18% operating cost total is determined and paid by the Library to the City or vice-versa. At December 31, 2017, the City owed the Library \$104,664 for their share of the custodial services costs, while the Library owed the City \$98,628 for their share of the remaining operating costs, for net amount of \$6,036 owed to the Library.

NOTE 11 – RISK MANAGEMENT

The Library purchases insurance coverage through the Minnesota Counties Intergovernmental Trust (MCIT) with other local governments in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The Library pays an annual premium to the MCIT for its insurance coverage. The Library is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The Library's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2017 was estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2017, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 12 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB has issued GASB statement 75 relating to accounting and financial reporting for postemployment benefits other than pensions. The new statement requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about OPEB liabilities. This statement will be effective for the year ending December 31, 2018.

**Great River Regional Library
Notes to Financial Statements**

NOTE 12 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED (CONTINUED)

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement will be effective for the year ending December 31, 2020.

(THIS PAGE LEFT BLANK INTENTIONALLY)

REQUIRED SUPPLEMENTARY INFORMATION

Great River Regional Library
Schedule of Funding Progress - Other Post Employment Benefits
December 31, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/15	\$ -	\$ 53,138	\$ 53,138	0.0%	\$ 5,349,831	1.0%

Note: This schedule was implemented in 2015 and the actuarial study has not been updated. Therefore, the schedule contains only one year of data. See Note 8 in the notes to financial statements for more details on this schedule.

Great River Regional Library
Schedule of the Library's Proportionate Share
of Net Pension Liability
General Employees Retirement Fund
Last Ten Years

For Fiscal Year Ending June 30,	Library's Proportionate Share (Percentage) of the Net Pension Liability (Asset)	Library's Proportionate Share (Amount) of the Net Pension Liability (Asset)	State's Proportionate Share (Amount) of the Net Pension Liability Associated with the Library	Library's Proportionate Share of the Net Pension Liability and the State's Proportionate Share of the Net Pension Liability Associated with the Library	Library's Covered Payroll	Library's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.0870%	\$ 4,508,792	\$ -	\$ 4,508,792	\$ 5,029,240	89.65%	78.19%
2016	0.0845%	6,860,981	89,603	6,950,584	5,196,753	133.75%	68.91%
2017	0.0823%	5,253,978	66,095	5,320,073	5,307,433	100.24%	75.90%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Schedule of Library Contributions
General Employees Retirement Fund
Last Ten Years

Fiscal Year Ending December 31,	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contributions	Contribution Deficiency (Excess)	Library's Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 385,531	\$ 385,531	\$ -	\$ 5,140,413	7.50%
2016	393,982	393,982	-	5,253,093	7.50%
2017	402,133	402,133	-	5,361,773	7.50%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

Great River Regional Library
Notes to Required Supplementary Information

GENERAL EMPLOYEES FUND

2017 Changes

Changes in Actuarial Assumptions

- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

2016 Changes

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes

Changes in Plan Provisions

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.

SUPPLEMENTARY INFORMATION

**Great River Regional Library
Schedule of Financial Position -
Arts and Cultural Heritage Grant
December 31, 2017**

	<u>Arts and Cultural Heritage Grant</u>
Assets	
Cash and investments	<u>\$ 104,027</u>
Liabilities	
Unearned revenue	<u>\$ 104,027</u>

Note: The activity for this grant is included in the General Fund.

Great River Regional Library
Schedule of Revenues, Expenditures, and Changes In
Financial Position - Arts and Cultural Heritage Grant
Year Ended December 31, 2017

	<u>Arts and Cultural Heritage Grant</u>
Revenues	
Grant revenue	\$ 176,450
Expenditures	
Administration	4,441
Advertising	17,856
Local programs	148,211
Library materials	1,468
Personnel	4,474
Total expenditures	176,450
Excess of revenues over expenditures	-
Grant Balances	
Beginning of year	-
End of year	\$ -

* Note: The activity for this Grant is included in the General Fund.

(THIS PAGE LEFT BLANK INTENTIONALLY)

**Report on Internal Control over Financial Reporting
and on Compliance and other Matters Based on an Audit
of Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditor's Report

Library Board
Great River Regional Library
St. Cloud, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Great River Regional Library, St. Cloud, Minnesota, as of and for the year ended December 31, 2017, and the related notes to financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated April 12, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Internal Control over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses on Internal Control as Audit Findings 2006-001 and 2006-002 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Library's Response to Findings

The Library's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses on Internal Control. The Library's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BergankDV, Ltd.

St. Cloud, Minnesota
April 12, 2018

Report on Legal Compliance

Independent Auditor's Report

Library Board
Great River Regional Library
St. Cloud, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and General Fund of Great River Regional Library, St. Cloud, Minnesota, as of and for the year ended December 31, 2017, and the related notes to financial statements, and have issued our report thereon dated April 12, 2018.

The *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*, promulgated by the State Auditor pursuant to *Minnesota Statutes* § 6.65, contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims, and disbursements and miscellaneous provisions. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for public indebtedness as the Library does not have any outstanding indebtedness.

In connection with our audit, nothing came to our attention that caused us to believe that Great River Regional Library failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Other Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Library's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.



St. Cloud, Minnesota
April 12, 2018

**Great River Regional Library
Schedule of Findings and Responses
on Internal Control**

CURRENT AND PRIOR YEAR INTERNAL CONTROL FINDINGS

Significant Deficiencies

Audit Finding 2006-001 – Lack of Segregation of Accounting Duties

During the year ended December 31, 2017, the Library had a lack of segregation of accounting duties due to a limited number of office employees. The lack of adequate segregation of accounting duties could adversely affect the Library's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements.

Management and the Library Board are aware of the lack of segregation of accounting duties and have taken certain steps to compensate for the condition, but due to the number of staff needed to properly segregate all of the accounting duties, the costs of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. However, management and the Library Board must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

The lack of segregation of accounting duties can be demonstrated in the following areas, which is not intended to be all inclusive:

- The Accounting and Distribution Supervisor has full general ledger access, including the ability to write and post journal entries, and is also responsible for review of the financial activities of the Library.
- The Accounting and Distribution Supervisor posts revenue receipts and automatic deposits into the transaction file and fund accounting software and can make deposits.
- The Accounting and Distribution Supervisor creates checks, has access to the electronic signatures used for signing checks, and also verifies the disbursements against the accounts payable ledger.
- The Accounting and Distribution Supervisor approves payments to benefit vendors and posts the activity to the accounting software.
- The Accounting and Distribution Supervisor is responsible for creating and calculating all year end reports and accruals and is also responsible for reviewing and approving the financial statements.

Library's Response

Management continually reviews internal controls to ensure accounting duties are segregated as well as they can be. The Library has determined the costs of hiring additional staff for the purpose of further segregation of accounting duties exceeds the estimated benefits which could be derived. Management will continue to monitor internal controls and implement necessary changes as applicable.

**Great River Regional Library
Schedule of Findings and Responses
on Internal Control**

CURRENT AND PRIOR YEAR INTERNAL CONTROL FINDINGS (CONTINUED)

Significant Deficiencies: (Continued)

Audit Finding 2006-002 – Preparation of the Financial Statements and Related Note Disclosures

As a function of the audit process, auditors are required to gain an understanding of the Library's internal control, including the financial reporting process.

The Library does not have an internal control system designed to provide for the preparation of the financial statements and related note disclosures in accordance with accounting principles generally accepted in the United States of America. As auditors, we were requested to draft the financial statements and accompanying notes to financial statements. This circumstance is not unusual in an organization of your size.

This condition increases the risk that errors could occur which would not be prevented, or detected and corrected in a timely manner. Even though all management decisions related to financial reporting are made by the Library's management and approval of the financial statements and accompanying note disclosures lies with management, it is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Library's Response:

The Library accepts this risk at this time.

Great River Regional Library Annual Review of the Unassigned Fund Balance

Note: The Board of Trustees is required to review the Unassigned Fund Balance following the annual audit presentation.

Unassigned Fund Balance as of December 31, 2017	\$	5,061,645.00
Less: 2018 Revenue Budget Transfer - MN Link and MCIT Dividend		(18,000.00)
Less: (4) Self Checkouts		(55,000.00)
Less: Innovation Fund		(50,000.00)
Adjusted Unassigned Fund Balance as of January 1, 2018	\$	4,938,645.00
2018 Operating Budget	\$	9,203,909.00
Average Monthly Expenditures (operating budget ÷ 12)	\$	766,992.00
3 Month Minimum Unassigned Fund Balance (average monthly expenditures x 3)	\$	2,300,976.00
# of Months in Reserve		6.44
Amount in excess of 3 months reserve as of December 31, 2017	\$	2,637,669.00
Amount in excess of 3 months reserve as of December 31, 2016		2,053,055.79
Increase in Unassigned Fund Balance	\$	584,613.21

*Increase in unassigned is mainly due to a reduction in PERA pension liability combined with the 2017 annual operating surplus.



REGIONAL LIBRARY BASIC SYSTEM SUPPORT (RLBSS)

FY 2019 (July 1, 2018 – June 30, 2019) Application

A. Applicant Information

1. Regional public library system name and address:

Great River Regional Library, 1300 W. St. Germain Street, St. Cloud, MN 56301

2. Name, title, phone, fax, and e-mail address of regional public library system's chief administrator:

Karen Pundsack Executive Director (320)650-2512 fax (320)650-2556 karenp@grrl.lib.mn.us

3. Educational background (including degrees, dates and institutions) and library work experience of the regional public library system's chief administrator:

1995 BS, Mass Communication, News Editorial Emphasis, St. Cloud State University, St. Cloud, MN 2013 MLIS, University of Wisconsin-Milwaukee, Milwaukee, WI 1999–2002 Branch Librarian II, Great River Regional Library, Sauk Centre, MN 2002–2009 Branch Manager, Great River Regional Library, Albany 2009–2015, Associate Director, Patron Services, Great River Regional Library, St. Cloud, MN 2014 Adjunct Reference Librarian, St. Cloud State University, St. Cloud, MN 2014– May 2015 Interim Executive Director, Great River Regional Library, St. Cloud, MN May 2015- Current Executive Director, Great River Regional Library, St. Cloud, MN

4. Number of FTE staff paid with RLBSS funds: 37.47

5. Attach a copy of all organizational agreements defining service expectations of membership, signed by participating political entities that were signed and/or updated since last year's application. Please check appropriate box:

Organizational agreement(s) that are new or have been updated since the last application are attached.

There are no updates to organizational agreements.

6. Strategic Plan:

Regional Public Library Systems are required to provide State Library Services a long-range strategic plan in even numbered years. Because planning cycles vary and planning is continuous, please provide one of the following with this aid application.

Please indicate which is attached:

A new long-range strategic plan.

X A brief report on the status of the current plan. The report details any changes to the current plan or indicates that there are no changes.

A brief update on the status of developing a new plan. Please include planning activities completed to date and a time frame for completion. The approved strategic plan is due to State Library Services by December 31, 2018.

7. Proposed Program Activities:

Regional Library Basic System Support is given to support services that include but are not limited to: communication among participants, resource sharing, delivery of materials, reciprocal borrowing, and cooperative reference service.

At a Glance – Please summarize your plans for State FY2019 in a few sentences: Our five-year plan outlines how we will improve and enhance the lives of our residents and users. Our services will focus on Literacy, Access and Lifelong Learning. We will leverage our internal strengths. Through the organizational priorities of Exceptional Service, Operational Excellence and Community Focus we will deliver outstanding public library services now and into the future.

Briefly describe the programs that will take place during FY2019, using the format below.

Programs identified in this section should reflect the budget, provisions of the organizational agreements and your organization's strategic plan. Possible program areas include but are not limited to, automation systems, databases, program development, ebooks, professional development, and interlibrary loan/delivery.

For at least one and up to five programs, please include these four components, limiting the narrative for each activity to 200-250 words:

- Please describe the goal(s) of this program. 3T
- How will this program contribute to your organization's mission and strategic plan goals? 3T
- Who will be served by this program? 3T
- Please describe this program's proposed activities. 3T
- How will these activities help to achieve your program goal? 3T

Activity: Resource sharing throughout the six-county region

Goal of delivering available requested items within the region within a 2- to 3-day turnaround period. Estimated 590,000 items delivered.

Delivery between 32 libraries that will serve an estimated 190,000 borrowers in the region.

GRRL Service Priority Lifelong Learning

Goal 1: Library users will have the resources and services they need to identify, locate and evaluate information. They will find pleasurable reading, viewing, and listening experiences in pursuit of lifelong learning at all libraries.

Objective 2: Library users will have materials available through regional lending and interlibrary loan services.

Activity: Cooperative reference service

Target of at least 1,100 questions annually will be answered through chat reference services.

Target of at least 125 individuals will be assisted region-wide through computer-based literacy classes and one-on-one sessions

Contributes to GRRL strategic plan Service Priority Lifelong Learning Goal 1: Library users will have the resources and services they need to identify, locate and evaluate information. They will find pleasurable reading, viewing, and listening experiences in pursuit of lifelong learning at all libraries. Objective 1: Children, teens and adults will have professional library assistance for homework help and digital literacy questions available to them virtually through cooperative chat service.

GRRL Service Priority Literacy

Goal 1: Provide materials and services that encourage users to develop and maintain their literacy skills.

Objective 2: Adults will continue to have targeted digital literacy efforts, such as basic Internet classes and technology training, available to assist them with maintaining or increasing their skills and accompanying confidence levels.

Activity: Provide an enhanced ebook and database collection

The GRRL Digital Library will provide electronic materials to users throughout the region. Goal of providing access through the checkout of at least 200,000 items for 29,000 unique users.

Provide access to enhanced database collection with the goal to increase usage by 1 percent for each GRRL-provided database.

GRRL Service Priority Lifelong Learning

Goal 1: Library users will have the resources and services they need to identify, locate and evaluate information. They will find pleasurable reading, viewing, and listening experiences in pursuit of lifelong learning at all libraries.

Objective 3: Library users will find an up-to-date and relevant ebook , eaudiobook and database collection available through the library website.

Activity: Provide a unified integrated library system experience for GRRL users

The library website and catalog will provide remote access to library services to users throughout the region. Goal of providing access to at least 600,000 requested items through the online catalog and website usage to reach at least 1,925,000 sessions annually.

GRRL Service Priority Access

Goal 2: Residents will access library services through a unified and user-friendly online library experience that provide relevant information for making decisions and exploring topics of personal interest.

Objective 1: A plan to enhance library website access to mobile devices and improve user experience will be created and implemented and

Objective 3: A solution to improve catalog search functionality will be implemented.

Activity: Enhance communication among staff around the region and provide professional development opportunities.

All new library staff will participate in a track-based training program which will increase their knowledge regarding effective, courteous, and efficient library service. Goal of training all new employees in the region, an estimated 51 annually.

The library will set aside 8 hours of staff training time per employee for an All Staff Training day covering topics such as new technology, reader's advisory, and customer service. Goal of providing training to 250 employees.

GRRL Operational Priority Exceptional Service

Goal 1: Library users will encounter well-trained, engaged and empowered team members at all libraries to meet their current and future information needs. Objective 1: All new library staff will participate in a

competency-based training program which will instill an understanding of GRRL Core Values and increase their knowledge regarding effective, courteous, and efficient library service and

Objective 2: The library will set aside 8 hours of staff training time per employee for an annual All Staff Training day covering topics such as new technology, reader’s advisory, and customer service.

8. List local governmental units (cities and counties with branch or member libraries) participating in the region as of June 30, 2018, **and the amount of funding that the governmental unit provided** for operating purposes of public library service during the preceding year. *This information is used to determine compliance with state-certified level of library support requirements (Minnesota Statutes 134.34).*

Name of Participating Governmental Unit	2017 Dollar Amount Provided for OPERATING Purposes
<u>GRRL Signatories:</u>	
Benton County	\$540,049.00
Morrison County	\$487,973.00
Sherburne County	\$1,319,219.00
Stearns County	\$2,274,875.00
Todd County	\$332,891.00
Wright County	\$2,050,393.00
<u>GRRL cities with supplemental levy:</u>	
City of Buffalo	\$80,347.36
City of Elk River	\$81,150.55
City of St. Cloud	\$564,290.28
<u>GRRL cities without a supplemental levy, but a separate library line item in budget:</u>	
City of Big Lake	\$44,516.72
City of Cold Spring	\$1,561.00
City of Delano	\$1,006.76
City of Eagle Bend	\$367.08
City of Little Falls	\$63,058.75
City of Monticello	\$42,116.76
City of Paynesville	\$138.00
City of Pierz	\$264.54
City of Rockford	\$ -
City of Waite Park	\$3,554.05
<u>GRRL cities without supplemental levy or budget line item for library, but do contribute to library operations from their general fund:</u>	
City of Cokato	\$ -

City of Foley	\$1,000.00
City of Sauk Centre	\$26,058.19
City of Staples	\$26,686.00

9. If a participating governmental unit (city or county with branch or member library) has changed its library levy status (i.e., city levy transferred back to county levy, moved from associate, unaffiliated or stand-alone status to full membership status, etc.), please specify governmental unit, status change and effective date:

None

10. Please list names of all nonparticipating (unaffiliated or stand-alone) public libraries that are not a member of the designated regional public library system submitting this application:

None

11. Please provide contact information, name and location of any new libraries completed or any buildings that underwent substantial remodeling in the last calendar year. State Library Services collects information on newly constructed or renovated library buildings and encourages the completion of the *Library Journal Architectural Questionnaire for Public Libraries*. State Library Services will contact each location when the online submission period opens, usually in late August.

None

B. Assurances

The regional public library system assures that it will comply with the following:

1. Funds shall be used only for purposes for which granted as specified in the approved grant application or approved by the Director of State Library Services in an amendment to the original application submitted under provisions of Minnesota Rule, 3530. Approval by the Director of State Library Services shall be obtained for expenses in a category that reflect more than a 10% change from the proposed budget in the approved application.
2. A narrative report indicating program or project results accomplished and a report of expenditures shall be filed with State Library Services on forms supplied by the State Library Agency no later than 90 days after the completion of the project or program, or the end of the state fiscal year, whichever is earlier, provided that such period shall not be less than 90 days. (Minnesota Rule, 3530.0200, subdivision 4(B)).
3. If participation by a regional public library system or a member local governmental unit is discontinued, ownership of the discontinuing system's or unit's assets, including cash or the fair market value thereof of such assets cannot be transferred by the applicant, if acquired during the last three years of participation from Regional Library Basic System Support funds, and shall revert to the Minnesota Department of Education for reassignment for library services elsewhere. (Minnesota Rule, 3530.0200, subdivision 4(C)).
4. The provisions of Title VI of the Civil Rights Act of 1964, (42 USC Sec. 2000d et seq.), its regulations and all other applicable federal and state laws, rules and regulations. (Minnesota Rule, 3530.0200, subdivision 4(D)).
5. That the regional public library system and its branches/members are in compliance with Minnesota Statutes 2004, section 134.50 (a) so that all public library computers with access to the Internet available for use by children under the age of 17 must be equipped to restrict, including by use of available software filtering technology or other effective methods, all access by children to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law, and section (c) so that the library prohibits, including through the use of available software filtering technology or other effective methods, adult access to material that under federal or state law is reasonably believed to be obscene or child pornography.
6. That the regional public library system and its branches/members are in compliance with Minnesota Laws 2000, Chapter 492, Article 1, Section 49, Subd. 5A, and has adopted a policy to prohibit library users from using the library's Internet access workstations to view, print, or distribute material that is obscene within the meaning of Minnesota Statutes 1998, Chapter 617, Article 241.
7. An independent auditor's report of the systems' general purpose financial statements in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The audit shall be submitted no later than 180 days after the close of the system's fiscal year. (Minnesota Rule, 3530.1200)

C. Signature Page

I certify that I have read the application (narrative, assurances, budget and attachments) and will comply with all provisions including any additional state, local, federal regulations and policies governing the funding that apply to my agency.

Signature:

Printed Name: Randy Winscher
Chair, System Governing Board

Date: May 15, 2018

I certify that I have read the application (narrative, assurances, budget and attachments) and will comply with all provisions including any additional state, local, federal regulations and policies governing the funding that apply to my agency.

Signature:

Printed Name: Karen Pundsack
Regional Public Library System Administrator

Date: May 15, 2018

D. Attachments and Due Date

- FY 2019 Proposed Budget (required): Please indicate how you plan to spend state aid dollars.
- Strategic Plan Document (required)
- Organizational Agreements (as needed)

Applications are due **Monday, July 2, 2018**. Please submit one PDF of the signed original application to emily.kissane@state.mn.us.

FY2019 Budget	
Regional Library System Name: Great River Regional Library	
State Fiscal Year 2019	
Proposed Budget	
	Amount
Personnel Expenses	
Salaries and Wages	\$1,535,000
Benefits	
Staff Development, Tuition and Other Reimbursements	
Total Personnel	\$1,535,000
Total FTE Supported	37.47
Operating Expenses	
Telephone (voice and data)	
Telecommunications	
Computer Software and Software Licensing	
Other Technology Equipment	
Printing and Copying	
Postage and Delivery	
Travel and Mileage	
Rent	
Operating Leases or Rentals	
Utility Services	
Repairs and Maintenance Services	
Insurance	
Dues and Memberships	
Audit	
Board expenses, including per diem	
Materials and Supplies	
Other (please specify)	
Total Operating Expenses	\$0
Program Expenses	
Consulting Fees/Fees for Services	
Services Purchased from Other MN Joint Powers Agencies	
Automation System	
Delivery	
Vehicles	
Equipment	
Travel and Mileage	
Scholarships/Direct Member support	
Library Materials and Collections	
Communications and Marketing	
Staff Development	
Materials and Supplies	
Workshops and Events	
Other Contracted services	
Food and Beverages	
Other (please specify)	
Total Program Expenses	\$0
Total Anticipated State Aid Expenditures	\$1,535,000



Reading Takes You Everywhere!



May 9, 2018

Name
Address 1
Address 2
City, State, Zip

Dear Name,

We're getting ready to launch our 2018 Summer Reading Program - a fun, free, and enriching experience for kids made possible with funding from generous donors like you.

Each summer has a theme, and this year, it's "Reading Takes You Everywhere." It's a celebration of the exploration and new discoveries to be found in books, libraries, our communities, and beyond.

Summer Reading is an integral part of academic development. Statistics show that summer readers move further ahead while non-readers fall behind. In fact, on average, students who don't read during the summer stand to lose two months of skills. Poor reading skills have a long-term impact on children, affecting career and life choices.

This is the real reason for the Summer Reading Program - and why we need your help.

Last year, we were able to register 10,500 kids for the Summer Reading Program around the region, and that's because of your kind support. Your gift goes directly to the Summer Reading Program to provide books, prizes, reading records, and other incentives to help children develop a love of reading.

We would genuinely appreciate your support.

Sincerely,

Karen Pundsack
Executive Director



THANK YOU!

[Label Name] [Contact]
[Address], [City] [State] [Postal Code]

My/our donation, payable to GRRL: \$1,000 \$500 \$100 \$50 \$25 Other \$ _____

Please include name in donor recognition as above. This gift is anonymous.

This gift is: In Memory/Honor of: _____

Send an acknowledgement letter of this tribute gift to:

Name: _____ Address: _____

Thank you! Please return this form and your donation in the enclosed addressed envelope.

2018 SRP Appeal Office use only: Pstm _____ Amt. _____ Ck # _____ Init _____ (05/18)

Executive Director's Report

Strategic Plan Progress

Organizational Priority: Community Focus

I met with the St. Cloud State University Survey Research Center faculty to explore options for gathering user and non-user feedback. The Research Center has a couple of options we could leverage in getting a broader sampling of feedback from Central Minnesota residents.

A St. Cloud community needs work group has formed to explore how the library can better meet local needs.

Work with Partner for Student Success Goal 2 continues. Members of the K-8 Somali American Network group expressed interest in partnering with the library on a grant to expand community outreach, homework help and services to new Americans.

St. Cloud Public Library Lease

We sent a first draft of a revised lease agreement to the City of St. Cloud in early May. Our proposal would eliminate future use of the AMHS tunnel and revamp the workflow for returning library materials. The tunnel has been problematic, both in AMHS maintenance and the heating of the building.

Security

I met with Brandi, Rachel and Ryan to go over the information from the March Library Safety & Security Committee meeting. They will be speaking with the Library Services Coordinators in their branch visits about visibility improvements and connection with local law enforcement.

Leadership Support Team

The Leadership Team spent time on department updates including the MN Writes/MN Reads project, Binge Boxes, Enterprise, staff transitions and the new pilot project with Todd and Morrison County Meals on Wheels. We discussed the changing workforce outlook and how GRRL can align with these growing community needs. Demographic changes in the St. Cloud community will reduce the number of people available to fill jobs. GRRL already provides services that help people learn new skills, like Lynda.com, Pronunciator, Learning Express Library, technology assistance and even Book a Librarian. We will spend time this year reaching out to potential community partners like Career Solutions to see how we can align with needs and fill gaps other agencies might have.

In April, the Leadership Team and other staff attended the 8th annual Diversity Conference at the College of St. Benedict. The event was sponsored by the St. Cloud Chamber of Commerce and CentraCare. We will use the information to raise awareness within the organization on creating an environment of inclusion for both patrons and staff.

Highlighted Executive Director Activities since January Board Meeting

Mar.21 – St. Cloud Chamber at the Capitol

Mar. 22 – St. Cloud Quarterly Business Review

Mar. 23 – Access to Justice luncheon

Mar. 26 – Upsala Friends of the Library

Mar. 27 – Wright County presentation

Mar. 28 – Leadership Support Team meeting

Apr. 3 – Todd County presentation, Patron Services Supervisor meeting re: security
Apr. 4 – On air on WJON 1240AM
Apr. 5-6 – CRPLSA meeting in Roseville
Apr. 9 – On air on KNSI 1450AM, Partner for Student Success Somali-American Network
Apr. 10 – Organizational Orientation
Apr. 11 – Marketing workgroup, met with SirsiDynix representatives, St. Cloud Friends of the Library meeting
Apr. 12 – Leader’s Circle, Audit outtake meeting, Reading Room Society meeting
Apr. 13 – St. Cloud Chamber Government Affairs meeting
Apr. 17 – Fund Development Committee meeting, Fund-raising retreat
Apr. 18 – Sartell/St. Stephen school meeting, met with Partner for Student Success career readiness representative, Bibliotecha presentation
Apr. 19 – Public Relations department meeting
Apr. 24 –Partner for Student Success Partner Champion Council
Apr. 25 – Diversity Conference
Apr. 26 – Leadership Support Team, met with Community Grassroots Solutions
Apr. 30 – Career Solutions meeting
May 2 – Fund Development Committee
May 3 – SCSU Survey Center
May 7 – Career Solutions community meeting, PFSS Career Readiness meeting
May 9 – St. Cloud community needs staff workgroup, Workforce Development Program Committee
May 10 – Howard Lake Friends of the Library

Management Reports
May 2018

Brandi Canter
Lead Patron Services Supervisor

Strategic Plan Progress

Service Priority: Access

Ryan McCormick has taken the lead with the Homebound Delivery workgroup. Beginning in April, Meals on Wheels participants in Todd and Morrison Counties can elect to have books delivered with their meals. Information on the service and signup forms have been delivered to participants by Meals on Wheels volunteers. Those interested complete the form and return it to the volunteer who brings it back to the Meals on Wheels kitchen. The forms are then collected by library staff who order and package the requested books. These books are then brought back to the kitchen for delivery to the participants. We are currently in the pilot phase of this service. If successful, the hope is to expand to other counties this fall.

Service Priority: Literacy

This year all Library Services Coordinators are expected to review their community needs again and develop a new target audience for expanded/innovative programs, outreach and services. Five branches have already identified their new target audience and begun developing goals. Local staff will be choosing their target audience based on areas of emphasis in the GRRL Strategic Plan: Preschool, School-age, Teen, +55 Adults, Educators (including Homeschoolers), and Families in Poverty.

Organizational Priority: Community Focus

We've also asked branches to develop at least one new partnership with a community organization to share resources or offer enhanced services in workforce development, local government, social services, education, and/or health and wellness. Delano staff have worked with Allina Health to provide wellness programming and have taken their Tech Tutor program to the local Senior Center. St. Michael staff have begun working with area Early Childhood Family Education to provide story time in the library twice a month.

Activities, Training & Staff

March and April have been busy months with many meetings and trainings. Some of the most exciting work has been with the Kimball new library committee. I'm so inspired by the group's enthusiasm and momentum (see more in my building report).

I attended some excellent trainings at the Library Technology Conference in St. Paul, the Virtual Public Library Association Conference, and a Diversity Conference at the College of St. Benedict. I appreciate these opportunities to grow and learn more about how we can meet current and future challenges in our communities.

I've also spent a lot of time working with the Howard Lake and Cokato staff on the interim shared leadership arrangement there. It's exciting to see the potential for expanding programming and outreach with a larger team and more diverse expertise. Staff at all levels have been great to work with. In addition, I've covered a number of shifts in order to have a better sense of how things are going. On April 24, I covered the desk in Howard Lake and talked with a number of patrons about how the

transition period has been. Everyone I encountered was positive about the customer service they have received. The one concern, voiced by two patrons, was the number of substitutes covering shifts who did not know the community and the lack of consistency this has caused in a few situations.

Public Services Team Update

The Public Services Team (PST) is working with Information Technology and St. Cloud circulation staff on a pilot project to enable patrons to sign up for a library card at a computer kiosk before having their card processed by staff. The goal of the project will be to identify issues that will need to be addressed in public service and staff workflow prior to offering this service around the region. A subgroup of PST is also looking into how other systems manage online registration and online-only access through in-house and third-party verification systems.

Ryan McCormick
Patron Services Supervisor

Personnel

The Becker Library has had two recent staffing changes. Nancy Tschida, formerly a Library Aide, has been promoted to Senior Library Aide, and Andrea Nelson has been hired as a Library Assistant. A warm welcome to them both!

Think Tank

The Library Card Design Contest brought in over 150 submissions during the month of April. Think Tank will now meet and decide on the winning entries. We still plan to notify the winners in June and have the cards ready for the public in September. Additional projects include promoting Teen Read Week, creating computer programming kits for kids, and developing more Brain Fitness Kits for our collection.

Minnesota Library Association (MLA)

Planning continues for MLA's annual conference. The event will be held in St. Cloud on October 11th and 12th. This year's theme is "Programmed to Lead" where participants will discuss and share how libraries are leading individuals in their efforts to improve their lives and the world around them. We are currently finalizing terms with keynote speakers and will review session proposals later this month.

St. Cloud

The annual "Llama Llama Read-a-Rama" was on April 26th. The event, geared toward young children and coordinated by United Way of Central Minnesota, featured fire trucks, police K-9 units, story times, crafts, snacks, and, of course, llamas. Over 1,200 people attended, making it the largest turnout in the event's history.

Swanville

As the Swanville school (elementary, high school, both?) does not have a library, GRRL staff has registered them for an Institutional Card. Additionally, roughly 65 books, carefully selected for teen/juvenile interests, are delivered to the school every two weeks. The process has been going well, and we are pleased to be partnering with the school to address this community need.

Aron Murphy
Accounting and Distribution Supervisor

Strategic Plan Progress

Service Priority: Lifelong Learning

The evaluation of existing GRRL delivery services continues. Branch level needs will be evaluated over the next month.

Some delivery processes have been improved over the course of a year, such as bag deliveries to branches. This process has been automated to send branches the needed bags on a regular schedule. Before this was implemented, branches would flood the Distribution email box requesting bags. Distribution staff would reply to all that they received the message and would be sending the bags out. This took too much staff time to sift through all the emails; automating this process saved time.

Route analysis took place within the first quarter of 2018 and does leave some room for additional stops on the routes. As of this writing, no additional distribution points have been identified.

Accounting

The 2017 Annual Audit has been completed, and we anticipate a “clean” opinion on our financial statement. A “clean” opinion is the highest opinion an entity can receive from an audit standpoint. We still continue to receive a deficiency note for lack of segregation of accounting duties, which is significant. Basically, this is implying that we simply do not have the needed accounting staff to segregate incompatible accounting functions to reduce the risk of fraud.

Distribution

Two- day-a-week delivery to the Sartell Locker system began in mid-February, and demand is still rising. With this demand increase, we are still experiencing a backlog of material that cannot be delivered until there is available locker space. The main issue we are seeing is a lack of capacity to keep up with demand. On average, we are only able to fill approx 25-30 lockers each delivery day, whereas the locker system has a capacity of 44. This creates the backlog.

All vehicles in our fleet now have a safety kit inside each vehicle. Some items in these kits are road flares, safety triangles, collapsible shovels, safety blankets, flashlights, ice melt, and fire extinguishers. This will help in the event of an emergency until assistance arrives.

Karen Pundsack, Executive Director
Public Relations Report

Strategic Plan Progress

Organizational Priority: Operational Excellence

The fund development audit is in final stages. Library Strategies has completed a draft three-year plan and staffing recommendations.

Organizational Priority: Community Focus

The e-newsletter is on a monthly publication cycle. Subscribers increased by 20 percent in Quarter 1.

Locally Growin'

The Locally Growin' campaign exceeded expectations. We raised over \$20,400 across all 32 libraries. The average donation increased from \$14 in 2017 to \$25 in 2018. The funds will be used for a wide variety of projects including Raptor Center programs, a makerspace, children's area improvements and enhancing the collection.

Marketing

The summer Event Guide is at the press and will be distributed this month. The monthly e-newsletter continues to perform well above industry average for open rates.

Jay Roos

Associate Director – Information Technology

Strategic Plan Progress

Service Priority: Access

Library Catalog – The Enterprise catalog implementation is nearing completion. We are working to finalize the list of outstanding items with our vendor. We hope the catalog will be ready for initial public use yet in May.

On October 4th, our classic catalog (Horizon Information Portal) was taken offline rather suddenly. A few days before, the server experienced a third malfunction resulting in inadvertent data leakage. We had been through all possible mitigation steps following the first two incidents. With no further steps to take, the leadership team agreed that it was time to take the classic catalog offline to protect patron privacy.

As a result of the classic catalog being taken down, several well-liked patron functions are no longer available. Once the Enterprise catalog is launched, those functions will return.

Organizational Priority: Operational Excellence

Hardware Replacement – As part of our computer replacements this year, we will also be moving the new computers from Windows 7 to Windows 10. Information Technology (IT) staff are in the process of creating a "gold" installation image which contains all of our software and settings that can quickly be deployed once the new computers are ordered and received. Windows 10, in some ways, is very different from Windows 7. We are discovering current practices and settings that are no longer applicable and devising new settings and processes.

Internet Connection Upgrades

Our telecommunications cooperative regularly goes out for bids every three to five years. This year was bid year and, as a result, 14 of our libraries are changing internet connection providers. Not all of the libraries are moving to the same vendor so we are in the process of coordinating site visits with the different telephone companies. Once site visits are complete, installations will begin. The end result will mean an increase in bandwidth for many of our libraries.

Julie Schmitz
Associate Director – Human Resources

Strategic Plan Progress

Organizational Priority: Exceptional Service

Through March 2018, seven employees completed Day One orientation in St. Cloud and are in the process of completing online orientation. Organizational Orientation was held on April 10, 2018 for 13 new staff members to help them understand how various departments work together at GRRL and how their jobs fit within the total organization

Summer Meals

The St. Cloud Public Library will be participating with the Yes Network to provide meals for children during the summer. Using money donated by the St. Cloud Friends of the Library, we are recruiting for a Volunteer Coordinator to help schedule volunteers and oversee the serving of meals. This is a temporary, part-time position from June to August.

Diversity Conference

On April 26, 2018, members of the Leadership Support Team and Patron Services staff attended the 8th Annual Diversity Conference hosted by the St. Cloud Area Chamber of Commerce. The conference included strategies for businesses on how to embrace diversity to thrive. This is a topic of discussion that is relevant to both recruitment and serving patrons at GRRL.

Paynesville/Belgrade Shared Branch Arrangement

Upon mutual agreement with the Library Services Coordinator Unit, we are combining the Paynesville and Belgrade Libraries into a shared branch arrangement. The Paynesville Library Services Coordinator (LSC) has been assigned to coordinate both libraries as a full-time, benefit-eligible position. Due to the retirement of the Howard Lake LSC, we are evaluating a shared branch arrangement with the Howard Lake/Cokato libraries. We are also exploring whether there is interest in a shared branch opportunity with the Big Lake Library due to the resignation of the Big Lake LSC.

Rachel Thomas
Patron Services Supervisor

Personnel

We wrapped up a 12-week interim shared branch opportunity with Paynesville/Belgrade on May 5th. The interim was successful, and Gretchen Vork has now officially assumed the responsibility of LSC for Paynesville and Belgrade as a shared branch arrangement as of Monday May 7th. Through the interim period, we realized that by combining two LSC positions into one, we could cut back on the total LSC hours. However, we still needed staffing in Belgrade for specific shifts, so a Library Assistant position has been posted to fill those staffing needs.

Jennifer Cleveland has resigned as LSC in Big Lake. We are exploring a shared branch opportunity with this branch. Best wishes to Jenny in her future endeavors!

In St. Cloud, we welcome Mitchell Pederson (formally an Aide in Albany) as a new Circulation Aide. And, also in St. Cloud, Andrea Prow has joined us as a Circulation Aide Substitute. Congratulations to Mitchell on the new role. And, welcome to GRRL, Andrea!

Public Library Association (PLA) Conference

I was able to attend the 2018 PLA conference in Philadelphia in March. I attended quite a few panels on the topic of social justice, all of which had useful advice. One panel on bringing reading programs to neighborhoods that had a greater need for them was very powerful. I also enjoyed learning about things like circulating wifi hotspots. The highlight of every panel was that the presenters provided a wealth of information and resources for you to continue exploring the topic more in depth when you return to work. It's an incredibly practical conference, and I'm so glad I was able to attend.

Social Media Team

We're about halfway through the pilot project. Participants have been growing their followers, and now we should be able to spend the next three months digging into how we can use our individual Facebook pages to bring patrons into the library and to programs. We've had struggles; it has been a steep learning curve for some. Some limitations have proven to be difficult for participants, such as finding images (or not being able to create/design images) and how to post only on a desktop when so much of Facebook is geared towards mobile and tablet use. In regards to frequency and work time spent, 71.4 percent post four to nine times a week and 57.1 percent spend 30-60 minutes a week working on Facebook. When looking at individual responses, it seems that the average time spent working on each post is around 10 minutes. Most of them find it easy to do and are satisfied with the process and the team. Future topics we plan to discuss will be branding, copyright, and intellectual property.

Jami Trenam

Associate Director – Collection Development

Strategic Plan Progress

Service Priority: Lifelong Learning

Customized Collection Management Plans – I worked with the vendor of Collection HQ, a subscription based collection management service, to re-implement the product with updated collection codes. A live training/webinar was offered in April and recorded for on-demand viewing for staff convenience.

Customized Dashboard reports illustrating each library's progress were developed. Personalized interpretations have been sent to about half of our libraries so far.

Site visits/trainings were conducted in Elk River, Becker, Rockford, and Howard Lake. I coordinated four training sessions in St. Cloud on the topic of weeding for Patron Services staff.

MnWrites MnReads Statewide Contest

MnWrites MnReads is a suite of tools offering Minnesota authors the opportunity to publish ebooks and share them with readers across the state, and potentially across the country. I serve on the statewide panel responsible for implementation and promotion of the service. I worked with the group to create guidelines and recruit judges for a statewide author contest. Submissions of self-published Young Adult and Adult Fiction are being accepted through June 30, 2018.

Winners in each category will receive **\$1,000** as well as:

- Inclusion in Indie Minnesota, a statewide digital collection of local indie authors
- A review in *Library Journal*, one of the country's oldest and most renowned trade publications for library news

- Honors at the American Library Association Midwinter Conference in Seattle
- Opportunities to promote and have print copies of books available in Minnesota public libraries

The contest is sponsored by the Minnesota Library Foundation, Library Journal, and SELF-e.

National Library Legislative Day

As past chair of the Minnesota Library Association Legislative Committee, I was responsible for coordinating a state delegation for National Library Legislative Day on May 8th. I arranged appointments with Minnesota's congressional offices to discuss priorities such as requesting *reauthorization of the Museum and Library Services Act; fully funding LSTA/IAL for FY 2019*; and encouraging lawmakers to *visit a library to witness broadband access in action*.

Outreach Work

In March, Buffalo LSC Amy Wittmann and I met with members of the local Dementia Action Team to discuss potential partnership to develop kits around the topic of dementia. In April, I presented on the future of library service for the Annandale Improvement Club.

Building Reports
May 2018

Brandi Canter
Lead Patron Services Supervisor

Cold Spring

I attended a City Planning Commission meeting on April 25 to discuss options for the city's municipal project. You may recall that in 2016, the City of Cold Spring hired HMA Architects to review the space needs for the four current tenants of the shared facility – Library, City, Police and Fire departments – and make recommendations for a future facility plan. HMA developed a plan that would have the Fire and Police departments move out of the current facility into a new, shared building and the city and library occupy the current, renovated space. The city council determined this plan was too costly, and asked the tenants to meet again to discuss whether it would be possible to keep three tenants in the current location. At the April 25 meeting, it was decided to ask HMA Architects to redo the plan with the city, police and library in the current location and a new fire hall elsewhere.

Delano

The East wall in the basement was leaking water a handful of times during April. This had been an issue with the building in years past, but the city had hoped that new sidewalks installed last summer would have fixed the problem. City staff are checking the building frequently to be sure water leaks are managed with the sump pump and fans while they look for a more permanent solution.

Foley

The city installed new front windows on the library. We appreciate that the windows were installed before the library opened, so the work didn't impact staff or patrons. The new windows look great and are more efficient.

Howard Lake

During a visit with staff on April 27, we noticed there were signs of moisture again on the wall in the juvenile collection area. Staff have contacted the so they can investigate and determine a fix.

Kimball

On April 26, the New Library Building Committee met to review first-draft floor plans of a new, 4,000 square foot library. In addition, the fundraising subcommittee announced their first significant gift of \$15,000. The group is highly motivated and full of ideas. They are watching the legislative session closely and hope the state bonding bill is passed with funds for library projects. Their goal is to apply for a Library Construction Grant in September.

Ryan McCormick
Patron Services Supervisor

Little Falls

The previous Library Services Coordinator office and second floor study room have been swapped. The old office was painted and refurbished and looks great!

St. Cloud

In April, the St. Cloud Library Board approved replacing 10 hand dryers in the public restrooms. The new dryers will be more powerful than the old ones, but still energy efficient. Elsewhere, work has been completed on the chilled water system that was damaged in February. MCIT, GRRL's insurance pool, investigated the situation in April. They determined staff followed procedures, and MCIT would not be involved in the loss.

Eagle Bend

Significant road construction is planned for Main Street this summer, preventing access to the library's front door. As such, back door updates are being planned to facilitate entry into the building. Additionally, a fundraising group has been formed to pursue the potential building expansion. This expansion would allow the museum to move out of the space it currently shares with the library.

Rachel Thomas
Patron Services Supervisor

Big Lake

The inside of the library was recently repainted. It took about a week, and we were able to remain open through the entire process because the painter primarily worked during closed hours. The public works department helped staff move shelving units away from the walls, our GRRL Information Technology staff helped move the technology, and the library staff, as well as a few Leadership Support Team members, did a lot of work to move materials out of the way and back in place all weeklong. We really appreciate everyone's flexibility; we're happy we were able to complete this project without closing the library.

St. Cloud

The St. Cloud Library Board recently approved a revised bid for a refurbished circulation desk (changes to the desk remain the same as what was previously reported in the March report) as well as an additional information desk. The additional information desk will sit across from the circulation desk. It will provide visibility into the lobby area and be a more comfortable place for staff to spend more time with a patron. Also, it will be a multi-departmental desk, meaning it can be used by either the Circulation or Patron Services departments. We hope it will give a stronger sense of staff presence in the building immediately upon entrance as well as some flexibility in how we serve our patrons in the future.

2018 First Quarter Update

2016-2020 GRRL Strategic Plan Statistical Targets

Library usage targets identified to measure strategic plan progress

	2018 Qtr 1	2017 Qtr 1	2016 Qtr 1	2015 Qtr 1	2018 Target
Online Catalog Requests Number of items requested online	207,838	203,450	205,497	213,116	815,400
Chat Reference Sessions Number of questions answered through chat	299	309	250	312	1,100
Digital Library Checkouts Number of e-books and e-audiobooks borrowed	51,533	52,288	55,002	48,111	209,181
Resident Borrower Numbers Number of residents with active library card	105,492	108,766	113,058	117,131	106,305
Program Attendance Number of people attending library programs	17,865	14,649	14,917	13,108	92,725
Website Usage (sessions) Number of unique sessions taking place	319,647	252,335	573,987	N/A	1,210,000

2018 First Quarter Database Statistics

	2018 Qtr 1	2017 Qtr 1	2016 Qtr 1	2015 Qtr 1	2018 Target
Ancestry (searches) Genealogy tool. In-library use only.	2,732	15,328	16,400	11,581	51,853
Heritage Quest (searches) Genealogical research materials including the entire U.S. Federal Census.	3,915	16,210	6,044	5,377	33,767
ChiltonLibrary (searches) Auto repair information searchable by year, make and/or model.	433	534	632	830	1,832
Tumblebooks (books accessed) Animated talking picture books that can be read or listened to from any device.	13,539	6,675	8,566	21,602	26,619
Lynda (logins) 3,000+ courses on business, technical and creative skills	1,113	851	729	228	1,926
Pronunciator (logins) 60 languages. 3 million lessons. The world's largest language-learning service.	540	571	482	530	2,772
Novelist K8 (searches) Search children's books by favorite author, title or series and find similar titles, reviews and reading group guides.	216	228	433	168	861
Novelist (searches) Find new fiction titles to read. Search by favorite author, title or series. Find similar titles, reviews and reading group guides.	1,057	804	2,245	1,198	3,143
RefUSA (searches) Directories for Canadian and U.S. businesses and market research.	2,009	2,009	240	295	2,109

2018 Strategic Plan Statistical Targets

Program attendance continues to climb. This is due, in part, to increased staff time to deliver more programs. Attendance per program has increased slightly.

An interesting trend is the increase in online catalog requests. This is a measure of patron activity and the physical collection.

Most metrics remain steady or on the same course as 2018. With the addition of Axis 360, we hope to achieve an increase in digital library usage. First quarter usage did not show growth with this addition. We will continue to monitor patron activity through the course of the year to make future decisions about the digital library collection. The additional platform has made it difficult to determine an accurate measure of digital library users. This metric will be developed and reported annually, not quarterly going forward.

The 2016 website update changed how some web activity is being calculated, so quarterly statistics for the past three years are not a comparative measure. Last year's third and fourth quarter activity showed a year-over-year increase. We see this continue into the first quarter of 2018.

January 2018 Circulation Statistics

Location	Month Total	CKO Sessions	Circ/Hour Jan 2018	Circ/Hour Jan 2017	CPH % Change	YTD 2018	YTD 2017	% Change YTD
+ Albany	5,225	970	33	30	11.3%	5,225	4,665	12.0%
+ Annandale	3,233	749	29	29	2.7%	3,233	2,977	8.6%
+ Becker	4,741	810	38	36	4.2%	4,741	3,321	42.8%
+ Belgrade	2,164	226	28	12	124.0%	2,164	991	118.4%
Big Lake	5,583	832	48	47	2.1%	5,583	5,608	-0.4%
+ Buffalo	15,282	2,802	76	69	9.0%	15,282	14,022	9.0%
Clearwater	2,597	517	26	34	-22.5%	2,597	2,881	-9.9%
Cokato	3,453	620	29	32	-7.4%	3,453	3,729	-7.4%
+ Cold Spring	6,353	1,082	44	39	13.5%	6,353	5,559	14.3%
+ Delano	9,834	1,379	57	55	3.3%	9,834	9,577	2.7%
Eagle Bend	2,157	317	27	28	-4.6%	2,157	2,345	-8.0%
+ Elk River	20,799	3,226	97	101	-4.0%	20,799	20,248	2.7%
Foley	4,329	596	29	30	-2.6%	4,329	4,446	-2.6%
+ Grey Eagle	1,443	237	18	17	6.6%	1,443	1,354	6.6%
+ Howard Lake	3,408	545	29	29	0.7%	3,408	3,384	0.7%
Kimball	1,730	312	22	26	-16.2%	1,730	2,118	-18.3%
+ Little Falls	10,102	1,993	56	55	1.0%	10,102	9,999	1.0%
+ Long Prairie	4,833	946	33	33	-0.6%	4,833	4,696	2.9%
+ Melrose	8,787	556	86	74	16.1%	8,787	7,641	15.0%
+ Monticello	14,303	2,309	81	80	1.2%	14,303	14,289	0.1%
+ Paynesville	4,479	588	34	35	-1.4%	4,479	4,472	0.2%
Pierz	2,624	451	28	31	-7.5%	2,624	2,820	-7.0%
+ Richmond	1,292	248	16	15	6.3%	1,292	1,230	5.0%
+ Rockford	4,652	753	35	35	1.5%	4,652	4,515	3.0%
+ Royalton	1,575	316	19	18	7.8%	1,575	1,425	10.5%
+ Saint Cloud	62,708	9,720	254	238	6.8%	62,708	58,703	6.8%
+ Saint Michael	14,100	2,367	77	71	8.1%	14,100	13,040	8.1%
Sauk Centre	6,656	916	49	58	-16.2%	6,656	7,824	-14.9%
Staples	5,492	996	38	42	-10.4%	5,492	5,878	-6.6%
Swanville	385	101	5	6	-28.3%	385	537	-28.3%
+ Upsala	2,991	535	37	31	19.6%	2,991	2,469	21.1%
Waite Park	9,476	1,786	79	85	-7.3%	9,476	10,567	-10.3%
Sartell Locker	659	139				659	0	0.0%
Total	246,786	39,801	59	59	1.2%	246,786	237,330	4.0%
Digital	17,600					17,600	17,889	-1.6%

+ Indicates an increase in monthly circulation total over last year

February 2018 Circulation Statistics

Location	Month Total	CKO Sessions	Circ/Hour Feb 2018	Circ/Hour Feb 2017	CPH % Change	YTD 2018	YTD 2017	% Change YTD
+ Albany	4,461	903	32	34	-5.8%	9,686	9,403	3.0%
Annandale	2,722	667	28	32	-10.9%	5,955	6,033	-1.3%
+ Becker	4,646	737	41	38	7.4%	9,387	7,647	22.8%
+ Belgrade	1,859	208	24	18	32.3%	4,023	2,396	67.9%
Big Lake	5,191	778	50	52	-3.6%	10,774	11,315	-4.8%
+ Buffalo	14,044	2,560	77	79	-2.6%	29,326	28,436	3.1%
Clearwater	2,788	491	31	32	-3.2%	5,385	5,471	-1.6%
Cokato	3,524	609	33	33	-2.2%	6,977	7,334	-4.9%
+ Cold Spring	5,359	982	41	43	-5.0%	11,712	11,201	4.6%
+ Delano	9,064	1,243	58	59	-1.4%	18,898	18,772	0.7%
Eagle Bend	2,083	315	29	31	-7.5%	4,240	4,597	-7.8%
Elk River	18,894	2,974	97	108	-9.8%	39,693	39,907	-0.5%
Foley	4,298	569	32	33	-3.6%	8,627	8,906	-3.1%
Grey Eagle	1,322	215	18	20	-9.0%	2,765	2,806	-1.5%
+ Howard Lake	3,491	519	33	31	4.6%	6,899	6,720	2.7%
Kimball	1,545	248	21	30	-28.7%	3,275	4,285	-23.6%
Little Falls	8,840	1,812	57	60	-6.0%	18,942	19,943	-5.0%
Long Prairie	4,368	837	33	35	-6.8%	9,201	9,384	-2.0%
+ Melrose	7,597	561	81	80	0.7%	16,384	15,186	7.9%
Monticello	13,378	2,171	83	94	-12.0%	27,681	29,494	-6.1%
Paynesville	3,746	562	32	36	-11.1%	8,225	8,687	-5.3%
Pierz	2,782	446	32	33	-3.3%	5,406	5,696	-5.1%
Richmond	1,140	257	15	17	-10.2%	2,432	2,499	-2.7%
Rockford	4,531	689	38	40	-3.0%	9,183	9,184	0.0%
+ Royalton	1,387	283	18	19	-1.9%	2,962	2,839	4.3%
+ Saint Cloud	54,343	8,443	242	257	-6.0%	117,051	116,489	0.5%
+ Saint Michael	13,388	2,198	81	83	-2.9%	27,488	26,830	2.5%
Sauk Centre	6,293	885	51	62	-17.8%	12,949	15,482	-16.4%
Staples	5,415	1,059	41	43	-4.4%	10,907	11,540	-5.5%
Swanville	584	107	8	9	-13.4%	969	1,211	-20.0%
+ Upsala	2,964	453	40	39	0.4%	5,955	5,420	9.9%
Waite Park	8,563	1,630	76	83	-8.3%	18,039	19,901	-9.4%
Sartell Locker	835	134				1,494	0	0.0%
Total	224,610	36,411	59	64	-6.5%	471,396	475,014	-0.8%
Digital	16,242					33,842	34,300	-1.3%

+ Indicates an increase in monthly circulation total over last year

March 2018 Circulation Statistics

Location	Month Total	CKO Sessions	Circ/Hour Mar 2018	Circ/Hour Mar 2017	CPH % Change	YTD 2018	YTD 2017	% Change YTD
+ Albany	5,446	963	35	32	9.4%	15,132	14,765	2.5%
+ Annandale	3,935	830	36	32	13.9%	9,890	9,617	2.8%
+ Becker	5,068	872	39	38	4.2%	14,455	12,625	14.5%
+ Belgrade	1,443	266	15	15	5.2%	5,466	3,768	45.1%
Big Lake	6,415	962	52	52	-0.6%	17,189	18,235	-5.7%
+ Buffalo	17,215	3,088	83	78	6.7%	46,541	45,265	2.8%
Clearwater	2,723	534	27	38	-29.5%	8,108	8,950	-9.4%
Cokato	4,371	783	35	35	0.5%	11,348	11,754	-3.5%
+ Cold Spring	6,499	1,122	44	45	-1.8%	18,211	18,130	0.4%
+ Delano	10,168	1,445	57	56	2.8%	29,066	29,059	0.0%
Eagle Bend	1,978	326	25	29	-12.5%	6,218	6,971	-10.8%
Elk River	22,452	3,563	102	109	-7.0%	62,145	63,621	-2.3%
Foley	4,287	626	29	31	-7.1%	12,914	13,798	-6.4%
Grey Eagle	1,203	224	15	17	-13.3%	3,968	4,346	-8.7%
+ Howard Lake	3,563	552	30	29	2.7%	10,462	10,454	0.1%
Kimball	1,804	340	23	32	-28.5%	5,079	7,163	-29.1%
Little Falls	10,000	2,051	54	55	-1.7%	28,942	30,608	-5.4%
Long Prairie	4,953	1,005	33	31	6.0%	14,154	14,341	-1.3%
Melrose	6,802	605	65	71	-8.9%	23,186	23,291	-0.5%
Monticello	16,066	2,557	87	86	1.0%	43,747	46,259	-5.4%
Paynesville	3,988	609	29	38	-23.5%	12,213	14,091	-13.3%
Pierz	2,725	552	27	31	-12.9%	8,131	9,027	-9.9%
Richmond	1,282	268	16	15	4.1%	3,714	3,854	-3.6%
Rockford	5,572	815	43	40	7.9%	14,755	14,787	-0.2%
Royalton	1,500	327	17	18	-7.6%	4,462	4,544	-1.8%
Saint Cloud	64,339	10,008	253	252	0.4%	181,390	183,613	-1.2%
+ Saint Michael	15,925	2,607	86	77	10.6%	43,413	42,233	2.8%
Sauk Centre	6,515	1,022	46	58	-21.1%	19,464	23,973	-18.8%
Staples	5,625	1,019	39	37	4.3%	16,532	17,419	-5.1%
Swanville	559	123	7	6	20.2%	1,528	1,735	-11.9%
+ Upsala	3,351	488	38	38	-1.3%	9,306	8,929	4.2%
Waite Park	9,640	1,856	77	82	-6.6%	27,679	30,961	-10.6%
Sartell Locker	1,051	190				2,545	0	0.0%
Total	257,412	42,408	60	61	-1.9%	728,808	748,186	-2.6%
Digital	17,691					51,533	52,288	-1.4%

+ Indicates an increase in monthly circulation total over last year

2018 Circulation Statistics

January circulation activity started out strong, but the trend did not continue for the remainder of first quarter 2018. Several libraries with 2017 circulation increases continue to see increased activity – Annandale, Buffalo, Delano and St. Michael. GRRL2Go in Sartell continues at a strong pace into 2018. Belgrade circulation was impacted by staff work processes and will likely return to more normal levels through the course of the year.

Staff Recognition Report
2018 - Quarter 2
April 1 - June 30

First Name	Last Name	Department	Supervisor	Length of Service	Celebration Date
Jessica	Gomez	Coldspring/Richmond	Kirchoff, Jason	1	4/10/2018
Stephanie	Graftaas	Monticello	Seeley, Sarah	1	4/10/2018
Julie	Eskritt	Rockford	Canter, Brandi	1	4/24/2018
Marisa	George	Sauk Centre	Thomas, Rachel	1	4/10/2018
Jason	Dullinger	Custodial	Vig, Neil	1	6/19/2018
Connie	Meagher	Circulation	Blotkamp, Eric	1	6/19/2018
Rachel	Thomas	Patron Services	Pundsack, Karen	3	4/26/2018
John	Hannon	Albany	McCormick, Ryan	3	5/26/2018
Lorie	Wuolu	Technical Services	Getz, Christopher	3	5/11/2018
Julie	Schmitz	Human Resources	Pundsack, Karen	3	5/26/2018
Mary	Cornelius	Big Lake	Cleveland, Jennifer	3	6/22/2018
Tera	Fogal	Clearwater	Bastien, Cyrene	3	6/08/2018
Patty	Rud	Howard Lake	Rieke, Sheila	3	6/22/2018
Diane	Hesselroth	Melrose	Atkinson, Janet	3	6/22/2018
Joe	Floeder	Delano	Jacobs, Theresa	5	4/15/2018
Kateri	Gruber	Coldspring/Richmond	Kirchoff, Jason	5	5/06/2018
Kayla	Downer	Howard Lake	Rieke, Sheila	5	6/17/2018
Nancy	Boeckers	St. Michael	Scherber, Marla	5	6/17/2018
Caron	Lage	Waite Park	Goebel, Michelle	10	6/09/2018
Judy	Weis	Foley	Canter, Brandi	30	6/26/2018
Peggy	Aschenbrenner	Technical Services	Getz, Christopher	35	5/16/2018

RETIREMENTS

First Name	Last Name	Department	Supervisor	Retirement Date	Years of Service
Deborah	Cox-Johnson	Howard Lake	Canter, Brandi	4/7/2018	11
Deborah	Imdieke	Melrose	Jan Atkinson	4/2/2018	5

Human Resources Annual Statistics

Year	Turnover	Separations	Avg Employees	New Hires	Promo/Transfers	Applications	Interviews
2004	10.13%	23	227	48	n/a	440	103
2005	16.59%	37	223	60	n/a	1029	211
2006	12.55%	29	231	50	n/a	1392	297
2007	12.86%	31	241	49	22	889	225
2008	11.81%	30	254	41	7	1010	235
2009	11.07%	28	253	27	8	935	154
2010	17.24%	45	261	41	16	1090	190
2011	15.27%	40	262	42	7	937	255
2012	15.66%	44	281	41	9	769	266
2013	23.83%	61	256	27	22	**	273
2014	14.57%	37	254	42	15	360*	85*
2015	14.55%	39	268	39	13	558	212
2016	17.88%	49	274	44	14	566	207
2017	17.92%	50	279	50	8	542	212

*2014 Applications and Interviews are calculated from April 1 - December 31, 2014 with the implementation of ADP Applicant Tracking Module.

**2013 - 14 open positions were carried over and filled in 2014. 2013 numbers are estimates due to HRMS software conversion.



Development and Fundraising Plan Summary for the Great River Regional Library

By Stu Wilson, Director

April 30, 2018



Development & Fundraising Plan for the Great River Regional Library 2018 - 2021

Introduction & Overview

The following fundraising and development plan for the Great River Regional Library (GRRL), headquartered in St. Cloud, Minnesota, was created by Stu Wilson, Director of Library Strategies, following an extensive review of background materials relating to fundraising from the Library, a meeting with the Fund Development Committee, phone interviews with 12 key informants, and a short retreat/workshop on fundraising. The plan is intended to guide the work of the Library in growing its development activities and growing its support of the Library.

The plan includes a vision, goals, strategies and first-year outcomes in each fundraising or capacity building area. Following the plan is a simplified list of strategies and tasks for the next year to 18 months with blanks to fill in whose responsibility it is (Champion) and expected completion deadline. Finally, there is a projected annual fundraising calendar for the Library to work towards by 2019, which should help in spreading fundraising activities across the year. This plan focuses on areas of change and growth for development work, and does not touch in detail on current areas of excellence (such as the annual appeal).

As with any plan, changes will occur once implementation begins. Items will need to be added or dropped, or timelines and goals adjusted. The plan, then, is a framework for action, which should stand as a flexible guide for your efforts and activities. It is recommended that the Library administration and Fund Development Committee review and update the plan at least annually.

Executive Summary of Findings and Directions

The Great River Regional Library system desires to increase its annual support from the private sector. Currently, the Library conducts a number of successful fundraising efforts, as well as being supported by active Friends groups in local branch libraries. The major findings from the audit of the Library's current fundraising activities are:

- There are substantial opportunities in the community, especially with major individual donors. As a measure of opportunity, Library Strategies looked at the number of households in GRRL’s service area with annual household incomes over \$150,000 – a reasonable signal of the capability of giving a larger gift. There are approximately 15,000 households meeting this criteria, particularly clustered in Wright, Sherburne and Stearns Counties. Additionally, past giving to the St. Cloud Library campaign, and giving to other local campaigns indicates that there is significant philanthropic opportunity.
- GRRL has an excellent annual campaign structure and approach, as well as good spring and summer campaigns. The letters, materials and thank yous for these mail appeals are strong. However, while there is some growth possible in this area and approach, the return on investment of the mail campaign approach may be limited.
- There is an excellent donor database and tracking system in place.
- The current staffing and Fund Development Committee membership is weak for advancing fundraising, especially from major donors. Currently, the Committee does not include a significant number of people connected to major giving networks in the community. GRRL has no planned giving program nor major special event.
- Identified Library project areas for fundraising and a fundraising case statement have yet to be fully developed.
- Local Friends groups across the system are supportive of system-wide fundraising efforts, so long as it does not impinge on or negatively affect their current activities.
- Being spread across 32 branches and 6 counties, GRRL faces a challenge in that many people want to give locally rather than to the entire system.
- There is not a well-developed recognition program for major donors.
- GRRL’s online giving on its website lacks clarity and a focus on more significant unrestricted gifts.

The major areas for growth and development of fundraising by the Library should focus on:

- **Building and diversifying the membership of the Fund Development Committee**
- **Adding at least a half-time staff position focused on fundraising**
- **Increasing giving by major donors (gifts over \$1,000 annually)**

- **Defining projects for and soliciting corporate sponsors**
- **Creating and sustaining a planned giving program**
- **Developing a more robust donor recognition effort**
- **Creating a stronger case and need statement for system-wide support**
- **Exploring options for a major fundraising event to raise funds, develop relationships, and create a higher profile for fundraising in the community (likely in 5-10 years)**
- **Investigating options to collaborate with local Friends or municipalities on capital campaigns for their branch libraries**
- **Continuing and building on the annual mail campaigns, and exploring opportunities for additional grant writing**

Vision and Overarching Goal

The fundraising vision for the Great River Regional Library is to develop a robust, vibrant, comprehensive program of fundraising activities that generates significant private support for enhancements to the system each year. This private support will supplement strong public funding, and be used to advance the overall goals of the Library system. Additionally, the system will continue to support the local efforts of Friends groups to provide support to their local library.

Ultimately, the goal of the development and advancement efforts of GRRL will be to provide, based on a long-term average, annual private support equal to approximately 5% of the system's annual budget. Currently, this target goal would equal \$450,000 to \$500,000 annually. Library Strategies believes this is a realistic and achievable, *long-range*, 10 to 20-year goal. Additionally, GRRL should have parallel, long-term goal to develop an endowment or permanent fund, primarily from planned gifts, of at least one million dollars.

By the end of 2021, the goal for GRRL is to approximately double its annual revenue from private support, to generate at least \$180,000 through its comprehensive fundraising activities (approximately 20% growth annually). Library Strategies believes this is an aggressive goal, requiring new, dedicated fundraising resources, but a realistic one based on GRRL's strong development foundation and commitment.

Summary of Recommended Fundraising Tasks through the end of 2019

The following are recommended new tasks to add to the development program, or significant changes to the current approaches. On-going, continuing tasks from previous years – such as the annual fund mail campaign – are not included here. Champions (one individual who will be responsible for the task) and completion deadline should be filled in by the Library or Fund Development Committee.

TASK OR STRATEGY	CHAMPION	COMPLETION DEADLINE
Hire and train new development staff		
Create/firm up a new annual fundraising calendar		
Establish a process for soliciting major individual gifts annually		
Develop at least the first stage of a more compelling annual recognition program for major donors and planned givers		
Advance the annual fund mail campaign by adding personal aspects and encouraging higher level donations		
A simple planned giving program is created and ready to be launched and publicized annually starting in 2020		
A separate memorial/tribute program is created with plans for ongoing promotion		
A plan is in place for improving the online giving platform and advancing promotion of online giving through social media		
New projects and potential funders identified for future grant writing		
Corporate sponsorship opportunities are identified as well as the outline of a sponsorship approach		
Explore the viability of a major special fundraising event		
Continue relationship building with the local Friends groups, especially through the Friends Meet Friends gathering		
Creation of more compelling, short messaging for fundraising and the need for support system-wide		

Preliminary Annual Fundraising Calendar

(For 2019 or beyond)

MONTH	ACTIVITIES
ON-GOING THROUGHOUT THE YEAR	<ul style="list-style-type: none"> • LOCAL FRIENDS BOOK SALES/MEMBERSHIP • CORPORATE SPONSORSHIP & GRANT WRITING RESEARCH – SOLICITATIONS BASED ON DEADLINES • KEEP WEBSITE, SOCIAL MEDIA, PR MATERIALS CURRENT
JANUARY	<ul style="list-style-type: none"> • ANNUAL CAMPAIGN THANK YOUS • EVALUATE SUCCESS OF ANNUAL CAMPAIGN
FEBRUARY - MARCH	<ul style="list-style-type: none"> • DISTRIBUTION OF MEMORIAL & TRIBUTE BROCHURE OR INFORMATION
MARCH - APRIL	<ul style="list-style-type: none"> • LOCALLY GROWIN' CAMPAIGN
MAY	<ul style="list-style-type: none"> • TARGETED SUMMER READING PROGRAM MAILING AND CAMPAIGN
JULY	<ul style="list-style-type: none"> • DISTRIBUTION OF PLANNED GIVING BROCHURE AND MATERIALS
SEPTEMBER	<ul style="list-style-type: none"> • DONOR APPRECIATION AND RECOGNITION EVENT – COULD ALSO OCCUR IN EARLY SPRING • FINALIZE PLANS FOR ANNUAL CAMPAIGN AND MAJOR GIVING
SEPTEMBER - OCTOBER	<ul style="list-style-type: none"> • BEHIND-THE-SCENES ORGANIZATION OF ANNUAL FUNDRAISING CAMPAIGN
OCTOBER-DECEMBER	<ul style="list-style-type: none"> • ANNUAL FUNDRAISING MAIL CAMPAIGN • DIRECT, PERSONAL SOLICITATIONS TO MAJOR DONORS