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Board of Trustees Finance Committee Meeting
Tuesday, February 19, 2019, 5:30 p.m.
St. Cloud Public Library Mississippi Room
Agenda

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| 1. Call to Order | 5:30 |
| 2. Adoption/Amendment of Agenda | 5:31 |
| 3. Elect Finance Committee Chairperson (verbal) | 5:32 |
| 4. Approval of Minutes – Meeting of January 15, 2019 (Requested Action – Approve) | 5:34 |
| 5. Proposed 2020 Budget Process Guidelines (Requested Action – Approve) | 5:35 |
| 6. Next Meeting – March 19, 2019 | |
| 7. Adjournment | 5:45 |

**GREAT RIVER REGIONAL LIBRARY
FINANCE COMMITTEE MINUTES
January 15, 2019**

A regular meeting of the Great River Regional Library (GRRL) Finance Committee was called to order on Tuesday evening, January 15, 2019, at 5:30 p.m. in the St. Cloud Public Library Mississippi Room with Chairperson Lisa Fobbe presiding.

Members Present:

Lisa Fobbe
Dave Kircher
Leigh Lenzmeier
Ed Popp
Michael Potter
Randy Winscher

Members Excused:

GRRL Staff Present:

Breanne Johnson
Aron Murphy
Karen Pundsack
Julie Schmitz
Rachel Thomas
Patricia Waletzko

ADOPTION/AMENDMENT OF AGENDA

Michael Potter made a motion to adopt the agenda as presented. Seconded by Ed Popp, the motion carried unanimously.

APPROVAL OF MINUTES

Randy Winscher made a motion to approve the November 20, 2018, Finance Committee minutes as presented. Seconded by Dave Kircher, the motion carried unanimously.

FOURTH QUARTER FINANCIAL REPORT

Accounting & Distribution Supervisor Aron Murphy reported a surplus of approximately \$549,000 at year-end 2018 resulting from revenue over budget and expenditures under budget. Also noted for year-end: certificate of deposit principal amounts were down due to higher interest rates, the GRRL savings account balances were up over 2017 and the operating fund was 95.84% spent.

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

ADDITIONAL CERTIFICATES OF DEPOSIT REQUEST

Aron Murphy informed the Committee that growth of the MAGIC fund balance supports the purchase of one additional certificate of deposit (CD) per month. This was initially brought to the Committee in November and is now being presented for approval.

During discussion, Aron explained the Unassigned Fund Balance is held in the MAGIC fund. Considering recent year-end budget surpluses, the Board may need to determine what surplus level to retain in the future.

Michael Potter made a motion to invest in one additional \$150,000 to \$175,000 CD per month during the 2019 calendar year. Seconded by Ed Popp, the motion carried unanimously.

PROPOSED 2020 BUDGET PROCESS TIMELINE

The proposed 2020 Budget Process Timeline, similar to that from last year, was reviewed. Executive Director Karen Pundsack mentioned some items may be subject to change depending on data availability.

Michael Potter made a motion to approve the Budget Process Timeline as presented. Seconded by Randy Winscher, the motion carried unanimously.

Karen provided information about the City of Staples annual payment to GRRL. After review, it was determined they are meeting their Maintenance of Effort through the Todd County levy. There will be no additional payments from the City of Staples to GRRL.

Aron Murphy added 2019 is the last year GRRL will receive Public Employees Retirement Association (PERA) aid. The aid is ending for all entities and will no longer be a revenue item for GRRL.

NEXT MEETING

The next Great River Regional Library Finance Committee meeting will be Tuesday, February 19, 2019, in the St. Cloud Public Library Mississippi Room.

ADJOURNMENT

Lisa Fobbe adjourned the meeting at 5:52 p.m.

Finance Committee Chair

2020 GRRL Budget Process

Overview

Great River Regional Library (GRRL) receives the majority of its funding from the six counties it serves. Its operating and capital budgets are funded at roughly \$19.67 per capita with \$15.08 per capita coming from county signatory shares. The six counties share the goal of providing the highest quality library service in the most cost effective manner possible. The GRRL Board members represent the six counties and recognize that library services provide a core government function to all residents – the services of literacy, access, and lifelong learning.

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

Base Budget Development

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

1. The Accounting & Distribution Supervisor will prepare estimates of payroll and benefits costs for 2020.
2. Payroll estimates will reflect all currently budgeted full-time and part-time positions (including vacant positions).
3. Since both collective bargaining agreements expire at the end of 2019, no general wage increases or movement within range increases will be included in the base budget.
4. For Operating budget accounts, increases may occur at the base budget level **only** under the following conditions:
 - a. GRRL is required to increase payments to a vendor due to price increases or contractual inflationary measures to continue existing services (i.e. database subscriptions, known medical and dental premiums, insurance rates, software maintenance contracts, etc.).
 - b. GRRL is required to increase payments resulting from being a member of a necessary professional organization (American Library Association, Society for Human Resource Management, etc.).

- c. When costs for administrative services have risen due to number of employees, number of patrons or mandated costs brought on by legislation. (i.e. ADP service charge per employee, minimum wage increases, increase in employer PERA contributions, ACA reporting requirements).
 - d. When costs increase for a commodity due to factors outside of GRRL's control and a base budget adjustment is necessary to maintain the same level of service as the prior year (i.e. vehicle gas, equipment costs). Another example would be when the IRS raises the mileage rate.
5. The base budget for Capital Equipment will include the routine replacement of existing equipment (examples copiers, vehicles). Replacement should follow a systematic replacement schedule maintained by department. Schedules should ensure the identification of specific equipment needing replacement at a point in the upcoming budget year, along with updated replacement cost estimates. A rational system of replacement equalizes capital equipment expenditures from year to year and prevents the sudden need for large expenditures due to deferred replacement and accumulated obsolescence.
 6. Departments will be asked to estimate revenues in their respective areas for 2020. The Accounting & Distribution Supervisor and Executive Director will compile and review the revenue forecasts and make adjustments according to department revenue forecasts based on historical data and other factors.

Department Budget Requests

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

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

4. Requests should identify possible revenue that may be generated directly by the department budget request to offset costs.

Timeline

February 19 – Finance Committee reviews and adopts GRRL Budget Process.

February 27 – Department Base Budget estimates and Department Budget Requests due to Executive Director and Accounting & Distribution Supervisor.

March 19 – Finance Committee reviews Base Budget.

April 16 – Department heads present approved Department Budget Requests to Finance Committee. Finance Committee determines recommendations for preliminary budget.

May 21 – Finance Committee adopts preliminary 2020 budget and shares recommendations with full GRRL Board.

July 16 – Full GRRL Board adopts 2020 final budget.