



1300 St. Germain Street West  
St. Cloud, MN 56301  
Telephone 320-650-2500 Fax 320-650-2501

**Board of Trustees Finance Committee Meeting**  
**Tuesday, May 18, 5:30 p.m.**  
**Agenda**

*In response to COVID-19 and pursuant to Minnesota Statute Chapter 12. Emergency Management, Governor Walz declared a state of emergency. In accordance with the state of emergency and Minnesota Statute Chapter 13D.021, the GRRL Board Finance Committee and GRRL staff will participate in the meeting by telephone or other electronic means rather than being personally present at the regular St. Cloud Public Library meeting location. The meeting will be conducted electronically via Zoom. Members of the public may register in advance for this webinar: [https://us02web.zoom.us/webinar/register/WN\\_lqusUqlxS7-sNeVQM4Nhaw](https://us02web.zoom.us/webinar/register/WN_lqusUqlxS7-sNeVQM4Nhaw). After registering, you will receive a confirmation email containing information about joining the webinar.*

- |  |      |
|--|------|
| 1. Call to Order   | 5:30 |
| 2. Adoption/Amendment of Agenda  | 5:31 |
| 3. Approval of Minutes – April 20, 2021, Meeting (Requested Action – Approve) pg 3 | 5:32 |
| 4. Audit Presentation by BerganKDV (Requested Action – Approve) pg 7               | 5:33 |
| 5. Unassigned Fund Balance Discussion pg 19  | 5:48 |
| 6. Current Letter of Credit Designation (Requested Action – Approve) pg 21         | 5:52 |
| 7. Next Meeting – July 20, 2021  | 5:54 |
| 8. Adjournment   | 5:55 |



**GREAT RIVER REGIONAL LIBRARY  
FINANCE COMMITTEE MINUTES  
April 20, 2021**

A meeting of the Great River Regional Library (GRRL) Finance Committee was called to order by Chairperson Ed Popp on Tuesday, April 20, 2021, at 6:00 p.m. in the St. Cloud Public Library Mississippi Room.

*Due to the COVID-19 pandemic and need to practice social separation, meeting room occupancy was limited in accordance with MDH and CDC guidelines. Total attendance was limited to available seating, and all persons were expected to maintain a social separation of six (6) feet while attending. Face coverings were required per statewide Executive Order 20-81. This meeting was recorded and posted on the GRRL Board public webpage, <https://griver.org/board-of-trustees>.*

**Members Present:**

Wayne Bauernschmitt  
Lisa Fobbe  
Mike Kaczmarek  
Dave Kircher  
Leigh Lenzmeier  
Ed Popp  
Randy Winscher

**Members Excused:**

**GRRL Staff Present:**

Amy Anderson  
Karen Pundsack  
Patricia Waletzko

**ADOPTION/AMENDMENT OF AGENDA**

Lisa Fobbe made a motion to adopt the agenda as presented. Seconded by Mike Kaczmarek, the motion carried unanimously.

**APPROVAL OF MINUTES**

Leigh Lenzmeier made a motion to approve the March 16, 2021, minutes as presented. Seconded by Wayne Bauernschmitt, the motion carried unanimously.

**GRRL AUDIT UPDATE**

Accounting Coordinator Amy Anderson informed the Committee that GRRL's annual audit by BerganKDV went well. Segregation of accounting duties remains at significant deficiency, the same level as prior years. To address this issue going forward, changes in oversight and additional signatures have been implemented. The way GRRL records employee Health Reimbursement Arrangement (HRA) balances was noted as a material deficiency. This issue will be resolved prior to our next audit by adjusting where the funds are reported. Also, the number of months of operating expenses held in the Unassigned Fund Balance is expected increase due to an underspent 2020 operating budget, which decreased GRRL's average monthly expenses.

**FIRST QUARTER FINANCIAL REPORT**

Prior to this meeting, all signatory payments and the City of St. Cloud reimbursement have been received for the first quarter. The Locally Growin' campaign was strong; donations totaled over \$24,000. Accounting Coordinator Amy Anderson stated GRRL's savings account at Bremer is earning minimal interest. MAGIC fund and dividend rates of return are also very low. As a result, the 2021 interest revenue projection is that GRRL will receive approximately 50 percent of what was budgeted. Fines

revenue is about 30 percent received and expected to be short for the year. Personnel expenses are about 13 percent under budget. Overall, GRRL's first quarter expenses are at 21.8 percent of budget.

Randy Winscher made a motion to approve the First Quarter Financial report as presented. Seconded by Mike Kaczmarek, the motion carried unanimously.

## **2022 PRELIMINARY BUDGET PROPOSAL**

Executive Director Karen Pundsack provided the following budget proposal information:

- As requested, calculations for the 2022 Preliminary Budget were made to reflect a zero dollar increase over 2021 for as many counties as possible. This included use of 2020 surplus funds and a specified amount of reserve funds.
- Funds were included to support the approved budget request to eliminate fines. The approved open hours budget request was incorporated, but no funds were added to the proposed budget. It is believed the cost can be absorbed by personnel funds from unfilled positions caused by typical staff turnover.
- Conversations have taken place with the City of Sartell about renewal of their alternative library services agreement. A recent proposal would slightly increase GRRL's annual contribution, and Sartell would continue annual support with additional dollars.
- GRRL has been informed the Bibliotheca smartlocker system in Sartell is now considered obsolete technology. Future options include buying new equipment, participating in an equipment subscription program, or supporting the existing system with parts for possibly two years. Background documents have been sent to Sartell for their review and discussion.
- There will be a benefit reopener for the bargaining units at end of 2021.
- The 2022 Budget calculations and resulting dollar shifts between the counties were explained.

When asked for feedback on what the Committee would like to see in the final preliminary budget proposal, questions and discussion included:

- Approval of the fines free request, implementation, incentive to return items, and related GRRL policy changes.
- Additional COVID-19 funds for libraries from the government – only available at this time through a Library Services & Technology Act grant process with specific goals.
- Use of reserves as a budget supplement to reduce the Unassigned Fund Balance to an acceptable level. Decrease the amount used each year over the number of years needed to reduce the balance.
- Preliminary 2022 signatory contributions, formula fluctuation, and how dollars shift each year.
- GRRL investments and rates of return.
- How each county might respond to the 2022 proposed preliminary budget signatory amounts.
- Sartell locker system funding, the alternative library services agreement, and potential locker system equipment changes.

As requested in March, the Board will have a conversation about the fines free and additional open hours proposals at the May Board meeting.

Leigh Lenzmeier made a motion to approve the 2022 Preliminary Budget as presented. The motion was seconded by Mike Kaczmarek. Following extended discussion, upon vote, the motion carried unanimously.

Last year, the GRRL audit results were fully presented to the Finance Committee and a summary was presented to the Board. Executive Director Karen Pundsack asked about the Committee's preference for

this year's presentation since the May Board and Finance Committee meetings will likely be virtual. The consensus was to receive the audit results in the same manner as last year.

**NEXT MEETING**

The next Great River Regional Library Finance Committee meeting will be Tuesday, May 18, 2021.

**ADJOURNMENT**

Ed Popp adjourned the meeting at 6:53 p.m.

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Edward Popp, Chair



**DO  
MORE.**

# Great River Regional Library 2020 Audit Presentation

# Independent Auditor's Report

- Pages 1-3 of financial statements document
- Audit of financial statements
- Management's responsibility for fair presentation of financial statements
- Auditor's responsibility to express opinion on financial statements
- Unmodified (clean) audit opinion

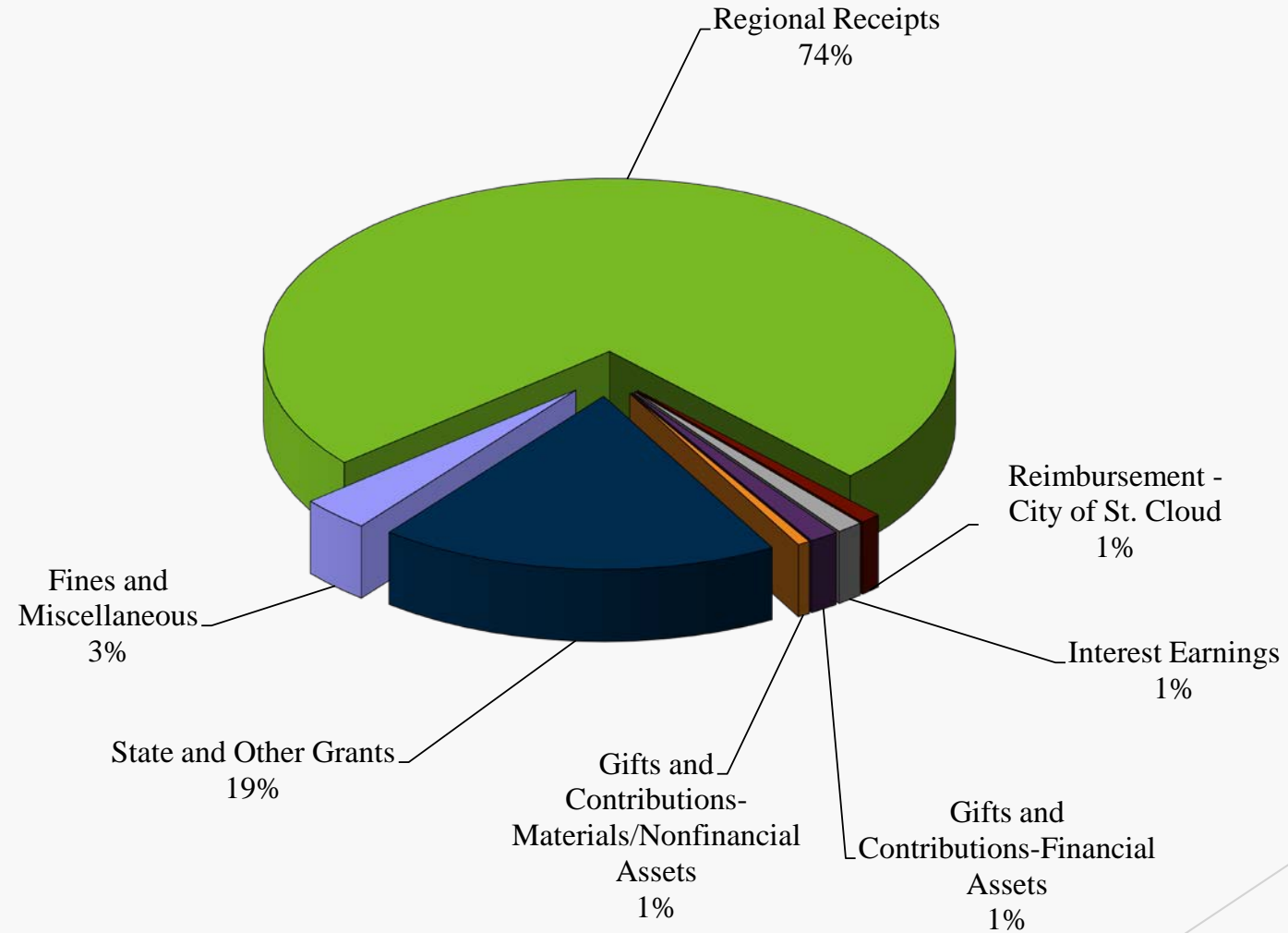
# Audit Results

- Report related to *Government Auditing Standards*
  - Consider internal control over financial reporting
  - Consider compliance with grants, contracts, and regulations
  - One internal control finding
    - Lack of segregation of accounting duties
- Report on the results of testing on *Minnesota Legal Compliance*
  - No findings

# Revenues

	2016	2017	2018	2019	2020
Regional receipts	\$ 7,032,005	\$ 7,107,003	\$ 7,255,390	\$ 7,223,289	\$ 7,226,618
Reimbursement - City of St. Cloud	96,244	104,664	95,150	96,748	94,912
Interest	51,054	82,367	166,975	221,098	120,608
Gifts and contributions - financial assets	146,316	162,103	158,889	179,375	132,988
Gifts and contributions - nonfinancial assets	73,066	88,893	127,765	152,971	56,937
State and other grants	1,779,527	1,896,714	2,072,006	2,020,675	1,830,162
Fines and miscellaneous	366,832	434,183	380,112	353,652	319,207
Total revenues	<u>\$ 9,545,044</u>	<u>\$ 9,875,927</u>	<u>\$ 10,256,287</u>	<u>\$ 10,247,808</u>	<u>\$ 9,781,432</u>

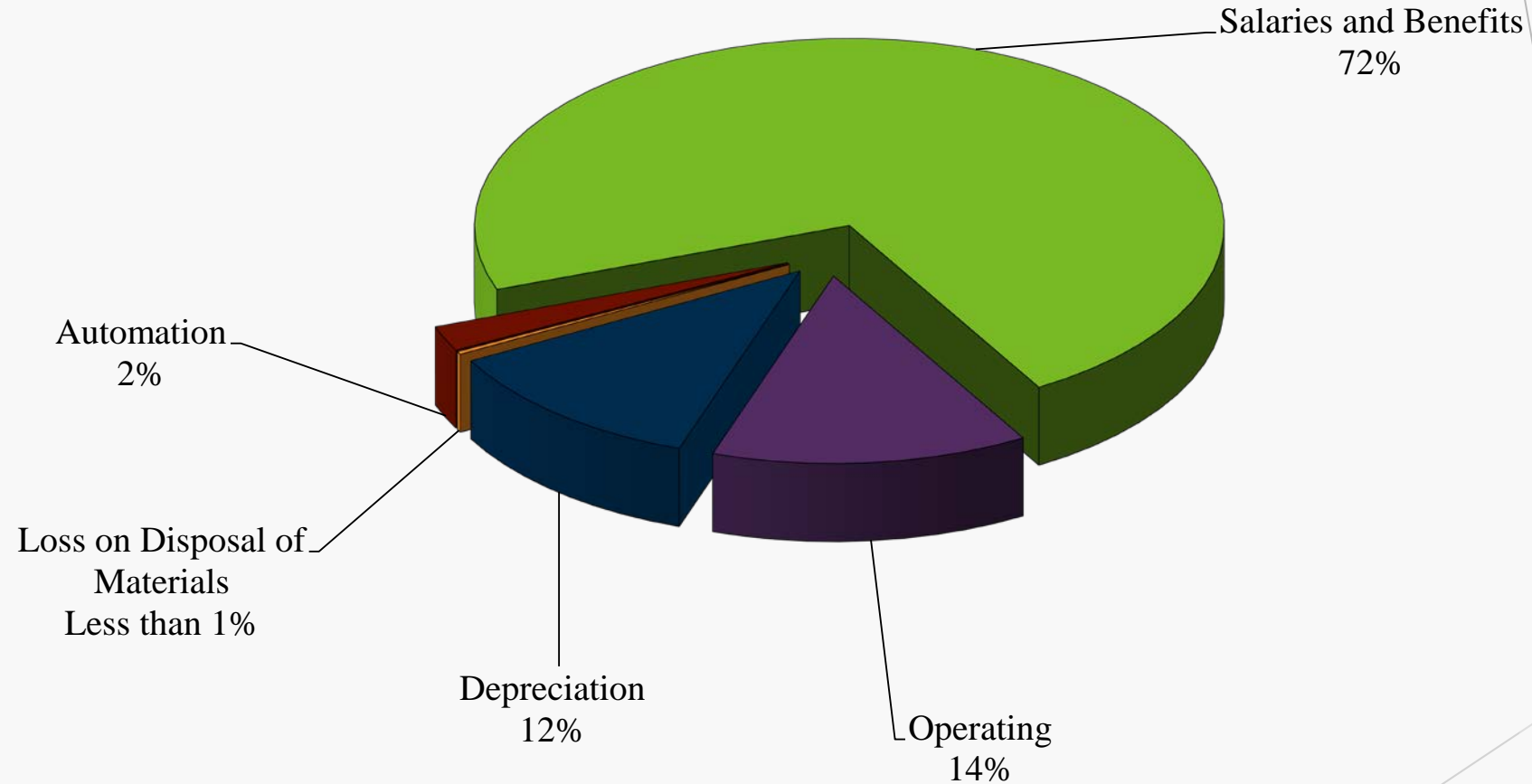
## 2020 Governmental Activities Revenues

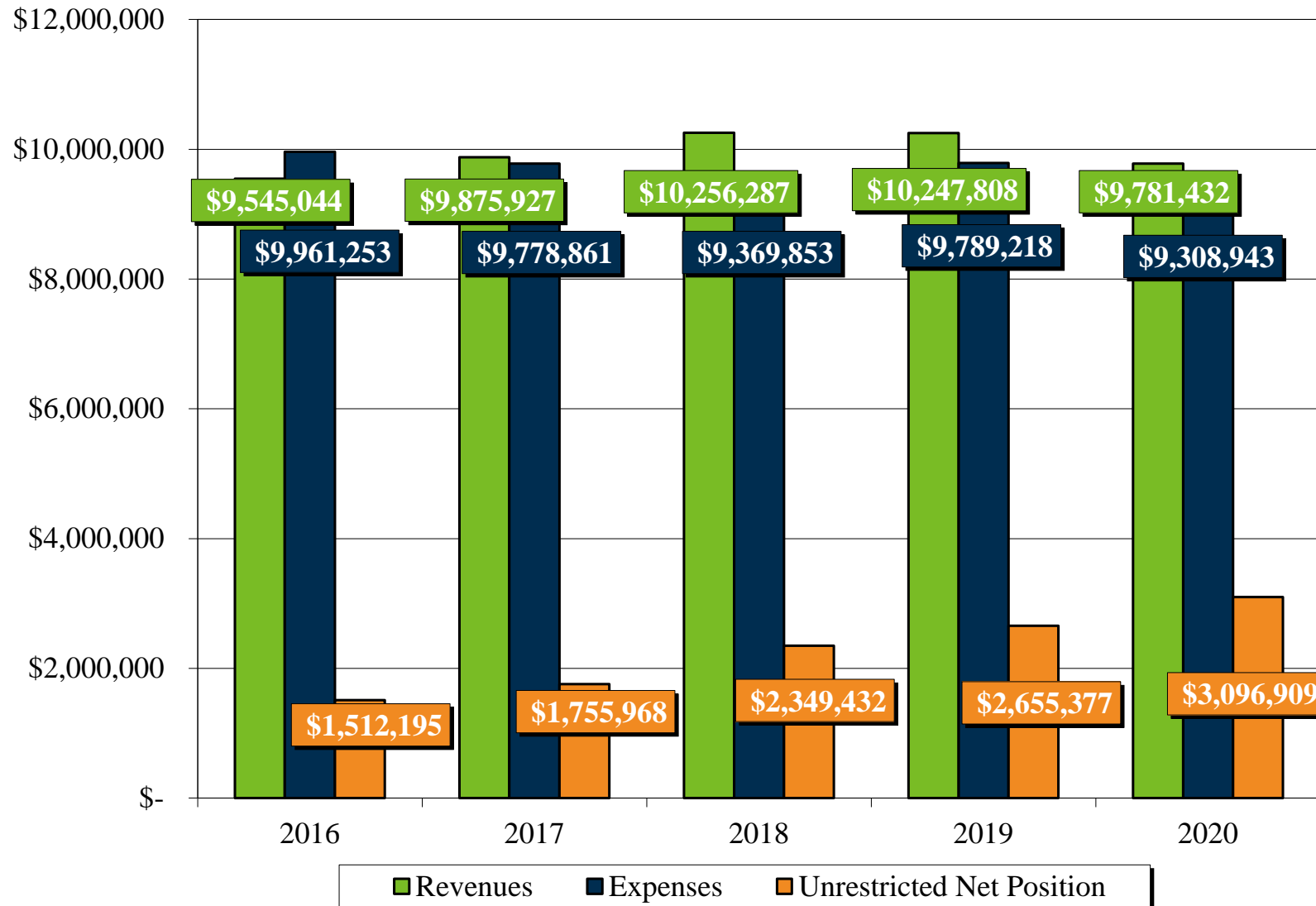


# Expenses

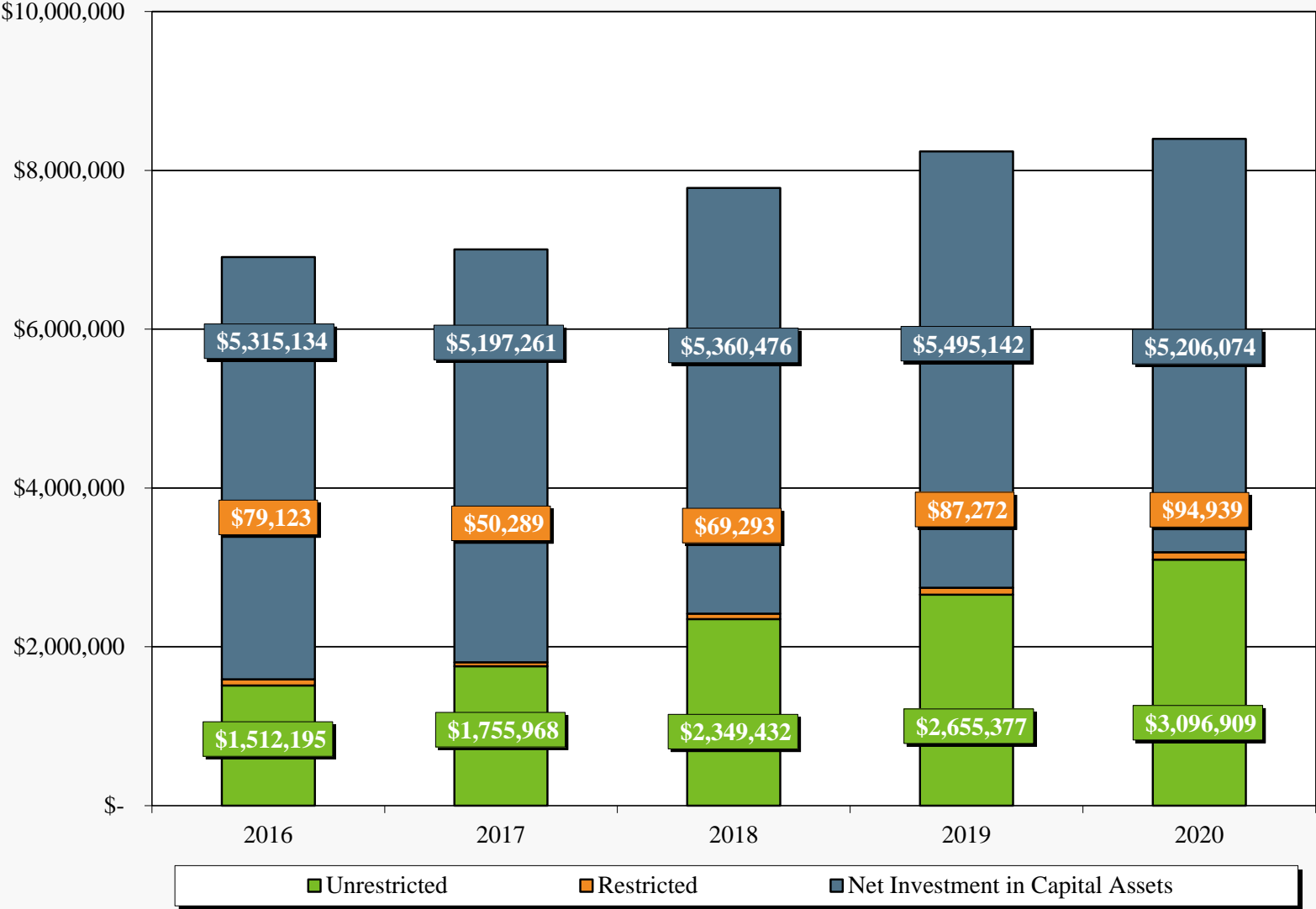
	2016	2017	2018	2019	2020
Salaries and benefits	\$ 7,312,183	\$ 7,154,881	\$ 6,836,930	\$ 7,078,348	\$ 6,714,500
Operating	1,113,206	1,265,081	1,282,645	1,381,620	1,269,724
Depreciation	1,090,129	1,046,071	1,035,122	1,109,411	1,099,817
Loss on disposal of materials	239,244	145,257	32,354	4,274	22,877
Automation	206,491	167,571	182,802	215,565	202,025
Total	<u>\$ 9,961,253</u>	<u>\$ 9,778,861</u>	<u>\$ 9,369,853</u>	<u>\$ 9,789,218</u>	<u>\$ 9,308,943</u>

## 2020 Governmental Activities Expenses



**Revenues, Expenses, and Unrestricted Net Position**

**Net Position**



# Questions?

DO  
MORE.



**THANK**  
LET'S DO MORE, TOGETHER.  
**YOU**



## 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.

<b>Unassigned Fund Balance as of December 31, 2020</b>	<b>\$ 5,727,388.00</b>
<b>Less:</b>	
2019 Operating surplus to supplant 2021 budget (Approved 11/19/2019)	\$ (100,000.00)
Additional cash reserves to supplant 2021 budget (Approved 7/21/2020)	(250,000.00)
2020 Operating surplus to supplant 2022 budget (Approved 11/17/20)	(401,080.00)
2020 Audit Adjustment - HRA Custodial Fund (Audit of 2020)	(415,995.00)
<b>Adjusted Unassigned Fund Balance as of January 1, 2021</b>	<b>\$ 4,560,313.00</b>
<b>Decrease in Unassigned Fund Balance</b>	<b>\$ (1,167,075.00)</b>
<b>2021 Operating Budget</b>	<b>\$ 9,531,802.00</b>
Average Monthly Expenditures (Operating Budget/12)	794,317.00
<b>3-Months of Reserves in the Unassigned Fund Balance (Required)</b>	<b>\$ 2,382,951.00</b>
<b>Number of Months in Reserve</b>	<b>5.74</b>
Adjusted Unassigned Fund Balance as of January 1, 2021	\$ 4,560,313.00
3-Months of Reserves in the Unassigned Fund Balance (Required)	2,382,951.00
<b>Amount in excess of 3 month's reserves as of December 31, 2020</b>	<b>\$ 2,177,362.00</b>





## Current Letter of Credit Designation

Submitted by Amy Anderson, Accounting Coordinator

### BOARD ACTION REQUESTED

☐ Information

☐ Discussion

☒ Action Requested

### RECOMMENDATION

Approve the attached Letter of Credit issued by FHLB Des Moines as presented. When combined with \$250,000 in FDIC coverage, GRRL's collateralized balance at Bremer Bank is \$360,000.00. This amount exceeds our average monthly deposits and cash on hand.

### BACKGROUND INFORMATION

☒ Supporting Documents Attached

- Letter of Credit No. 2234-6526 dated April 22, 2021, in the amount of \$110,000.00.

### FINANCIAL IMPLICATIONS

Estimated Cost: \$

Funding Source:

Budgeted: ☐ Yes ☐ No ☒ N/A

### ACTION

☐ Passed

☐ Failed

☐ Tabled





LETTER OF CREDIT NO. 2234-6526

Effective Date: April 22, 2021

Great River Regional Library

lindat@grrl.lib.mn.us

1300 @ St Germain St

St Cloud, MN 56301

Attention: Linda Treb

, Amy Anderson

, amya@grrl.lib.mn.us

Dear Sir/Madam:

We have established this irrevocable and unconditional Letter of Credit ("Letter of Credit") in your favor as beneficiary ("Beneficiary") and you are hereby irrevocably authorized to draw on the Federal Home Loan Bank of Des Moines (the "Bank"), Irrevocable Standby Letter of Credit No. 2234-6526 for the account of Bremer Bank, National Association, Saint Paul, MN (the "Member"), available upon the terms and conditions hereinafter set forth, an aggregate amount not exceeding \$110,000.00 ("Stated Amount").

1. Funds under this Letter of Credit are available to you against our receipt by the Bank of a certificate in the form attached as Exhibit "A" hereto (a "Drawing") which Drawing may be for all or any part of, but shall not exceed, the Stated Amount.
2. Presentation of such certificate(s) shall be made: (a) at our office located at 909 Locust Street, Des Moines, Iowa 50309, (b) via facsimile to 515.699.1250, or (c) via email to moneydesk@fhlbdm.com. We hereby agree that all drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored by us upon delivery of the certificate(s), as specified, if presented as described in this paragraph on or before the expiration date hereof.
3. If a drawing in respect of payment is made by you hereunder on a business day on or prior to the Expiration Date, and provided that such drawing and the documents presented in connection therewith conform to the terms and conditions hereof, payment shall be promptly made to you or to your designee, of the amount specified, which shall not exceed, with other draws previously submitted and not repaid, the Stated Amount in immediately available funds, within three (3) business days of the receipt of such drawing. If a drawing made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we will give you prompt notice stating the reasons therefore and that we are holding any documents presented to us at your disposal or are returning the same to you, at our discretion. Upon being notified that the drawing was not in accordance with the Letter of Credit, you may attempt to correct any such drawing if, and to the extent that, you are entitled (without regard to the provision of this sentence) and able to do so.
4. As used herein "business day" shall mean any day other than a Saturday, Sunday, a day on which financial institutions in the State of Iowa are authorized or required by law to close or on which the Fed wire system of the Federal Reserve Board is closed for fund transfers.

5. Only you may make a drawing under this Letter of Credit. Upon the payment to you, to your designee or to your account of the amount specified in a sight draft(s) drawn hereunder, we shall be fully discharged on our obligation under this Letter of Credit with respect to such sight draft(s) and we shall not thereafter be obligated to make any further payments under this Letter of Credit in respect of such sight draft(s) to you or any other person.
6. This Letter of Credit shall automatically terminate upon the earlier of (i) the making by you of a drawing which reduces the available balance hereunder, to \$0, or (ii) the date on which we receive notice from you, signed by an Authorized Officer, indicating that such letter of credit is being returned to the Bank for cancellation, (iii) thirty (30) days following notice from the Bank of a default by the Member pursuant to the various agreements between the Bank and the Member and payment to you on or before such thirtieth (30th) day of the full amount of the letter of credit, and (iv) 12:00 p.m. Iowa time on June 10, 2021 (after honoring any draws received in accordance with the Letter of Credit) (the "Initial Expiration Date")..
7. This Letter of Credit is issued subject the International Standby Practices 1998 ("ISP 98"). This Letter of Credit shall also be governed by the laws of the State of Iowa to the extent not inconsistent with ISP 98. If this Letter of Credit expires during an interruption of business, as described in ISP 98, the Bank hereby specifically agrees to effect payment if this Letter of Credit is drawn against within 30 days after the resumption of business.
8. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein except only the certificate(s); and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such certificate(s).

FEDERAL HOME LOAN BANK OF DES MOINES

909 Locust Street

Des Moines, IA 50309

A handwritten signature in cursive script that reads "Elizabeth Shea". The signature is written in dark ink and is positioned over the printed address and the "By:" line.

By: \_\_\_\_\_

Title: Senior Money Desk Specialist Apr 22, 2021

Effective Date: April 22, 2021

LETTER OF CREDIT NO. 2234-6526

**EXHIBIT A****DRAWING CERTIFICATE**

The undersigned, a duly authorized officer of Great River Regional Library (the "Beneficiary") hereby certifies to the Federal Home Loan Bank of Des Moines (the "Bank") with reference to Irrevocable Standby Letter of Credit No. 2234-6526 (the "Letter of Credit") (any capitalized term used herein and not defined shall have its respective meaning as set forth in the Letter of Credit) issued by the Bank in favor of Beneficiary, that:

1. An Event of Default has occurred pursuant to agreements between the Beneficiary and your Member which authorizes a draw upon this Letter of Credit.
2. The amount of the drawing when added to the amount of any other drawing under the Letter of Credit made simultaneously herewith, does not exceed the Stated Amount of the Letter of Credit.
3. Payment by the Bank pursuant to this drawing shall be made by wire transfer in immediately available funds to \_\_\_\_\_, ABA Number \_\_\_\_\_, Account Number \_\_\_\_\_, Attention: \_\_\_\_\_, Re: \_\_\_\_\_.

IN WITNESS WHEREOF, this Certificate has been executed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**GREAT RIVER REGIONAL LIBRARY**

By \_\_\_\_\_

Title: \_\_\_\_\_