

**TRAVERSE DES SIOUX LIBRARY COOPERTIVE  
BOARD OF DIRECTORS**

**Minutes of Meeting – FINAL**

**April 20, 2017 – 9:00 am**

Traverse des Sioux Conference Room

Board Members Present: Julie Trebelhorn, Sibley County – Board President  
Les Tlougan, Waseca County – Board Vice-President  
Tim Hayes, Public Library Representative – Board Secretary  
Jack Kolars, Nicollet Couny – Board Treasurer  
Vance Stuehrenberg, Blue Earth County  
Holly Postel, Brown County  
Sue Sonnek, Fairbault County  
Carol Freid, Le Sueur County  
Steve Flohrs, Martin County  
Dorie Cummins, Watonwan County  
Leslie Peterson, Academic Library Representative

Board Members Absent: Amy Lorenz, School Representative

TdS Staff Present: Ann Hokanson, Executive Director  
Connie Haugen, HR Generalist/Admin Specialist (Recorder)  
Seth Erickson, Automation/Systems Librarian  
Casie Reiner, Technical Services Librarian

Guests: Linda Kramer, Academic Library Alternate  
Greg Burkhardt, Auditor

**I. Call to Order**

President Julie Trebelhorn called the meeting to order at 9:00 am.

**II. Approval of Agenda**

**MOTION:** Jack Kolars moved to approve the agenda, with the addition of Item B under Section XI. Honorarium Requests. Holly Postel seconded the motion, and the motion passed unanimously.

**III. Approval of Minutes**

**MOTION:** Tim Hayes made a motion to approve the minutes of the March 16 meeting, with the correction that the amount of the CD cashed in be changed to \$200,000 (page 2). Steve Flohrs seconded the motion, and the motion passed unanimously.

#### IV. Correspondence

None.

#### V. Financial Reports

Executive Director, Ann Hokanson, presented the financial reports.

- A. A question arose about \$2,250 charge from Innovative Interfaces, Inc. (iii). This amount is for the addition of Elysian Public Library to the automation system.
- B. Jack Kolars mentioned that he is on another non-profit board, and they are considering working with the Mankato Area Foundation to increase their earnings on investments. Executive Director, Ann Hokanson, will look into what the laws are regarding what investments TdS may make with its funds.

**MOTION:** Tim Hayes moved to approve the financial reports. Les Tlougan seconded the motion, and the motion passed unanimously.

#### VI. President's Report

President Julie Trebelhorn stated that she was very pleased to have received such a good audit report, considering all that TdS went through last year. She said it speaks highly of everyone involved.

#### VII. Executive Director's Report

- A. Executive Director's Report. Executive Director, Ann Hokanson, included her written report to the Board in the Board packet. She reported on the following items.

- 1. **Website.** TdS has been having trouble with its website host and getting access to making changes in our website, so we are looking at switching to Word Press and hosting our website with HostGator. Mitzi Roberts demonstrated the new website TdS is developing for Springfield Public Library as a draft template. Mitzi is learning Word Press, which will offer us better control of our own website. We will change the TdS website and help small libraries set up their websites. We will develop a template, which libraries can use and easily adapt to their information. The Board wants to ensure that each library is paying for its own domain name and other fees.
- 2. **Employee Health Insurance.** Health insurance costs for our current plan will increase 23% in July. Because this amount is not affordable for TdS, Ann Hokanson and Connie Haugen have researched other options.

The recommendation is that TdS leave the South Central Service Cooperative insurance group and go with a small employer group insurance pool and would save about \$30,000/year. The plan would still be through Blue Cross Blue Shield.

Ann Hokanson reported that she and Connie Haugen met with staff on a couple of occasions to see what was important to them, looked at a number of plans, and selected one that seemed to best meet the needs of our staff, as well as reduce costs for TdS.

The proposed plan has an increased deductible plus a 10% copay, so this plan is a step down from our current plan.

**MOTION:** Vance Stuehrenberg made a motion, seconded by Holly Postel, to accept the employee health insurance proposal. The motion passed unanimously.

**B. TdS Department Reports.**

1. Seth Erickson, Automation/ Systems Librarian, reported that he attended the MidTech Conference that focuses on library technology. He saw a variety of technology and got numerous ideas about where we can go next. Partnerships between schools and libraries are getting to be a big thing right now. In addition, he learned about the new ebook platform through a statewide initiative. It will have different vendors in one platform.

Seth discussed the wiring project proposal for four libraries. The cost would be \$6,000 and would be 100% reimbursed by e-rate and RLTA funds. (The RFP was not included in the Board packet, but will be sent to everyone after the board meeting today.)

**MOTION:** Tim Hayes made a motion to approve the RFP for the wiring project. Steve Flohrs seconded the motion, and the motion passed unanimously.

**VIII. Member Library Directors' Report**

There was no meeting to report on. The directors meet again in May.

**IX. Committee Reports**

- A. **Bylaws and Policy Committee.** The committee has been putting in a lot of time and is still working on the new membership contract.
- B. **The Finance and Budget Committee.** The committee met this morning before the Board meeting and is recommending a fee structure proposal following the exact formula and structure that has been used for calculating the member fees. When Ann Hokanson ran the numbers this year, she discovered that the formula would result in a 15% increase to the member libraries. After discussion, the committee looked at having RLBSS subsidize the cataloging costs, thereby reducing the costs to an average increase of 4.19% for the library directors to consider.

The committee recommends the Board review the formula next year to see if it is still meeting our needs.

**MOTION:** Jack Kolars made a motion, seconded by Vance Stuehrenberg, to propose an average increase in fees for 2018 of 4.19% for the library directors to consider, with final Board approval in May. The motion passed unanimously.

**C. Upcoming Committee Meetings.**

1. Bylaws and Policy Committee meets right after this meeting.

**XI. New Business**

**A. Auditor's Report** – Greg Burkhardt, Burkhardt & Burkhardt (Presented after Approval of Agenda at the first of the meeting for the convenience of the auditor.)

1. Greg Burkhardt reviewed the audit report in detail for the Board for the year January 1, 2016, through December 31, 2016. He stated that TdS had a

- clean financial report and audit opinion. The auditors did not find anything in the TdS general ledger that would indicate that TdS's financial statements are not fairly stated. Traverse des Sioux is in a very good financial position.
2. The net pension liability of \$95,179 increased 70% over last year's expense. That liability is outside the control of TdS. That number is TdS's allocable share of the unfunded liability of Public Employee Retirement Association (PERA). PERA's investments and income are not sufficient to provide for the estimated payout needed. TdS may see increases in the contribution rates in coming years.
  3. The auditors also stated that nothing came to their attention that caused them to believe that that TdS failed to comply with the provisions of the Minnesota Legal Compliance Audit Guide for Other Political Subdivision.
  4. In the Schedule of Findings and Responses, there were four significant deficiencies.
    - a. The investment statement was understated by \$20,000. Adjustments had to be made to the general ledger to account for interest that had not been added from investments. Also, two invoices paid in 2017 needed to be put into the 2016 year. The auditors recommend that TdS develop a more detailed year-end close process.
    - b. Due to the small staff, there is a lack of segregation of duties in certain areas, but the auditors realize that TdS does not have the economic resources to hire additional qualified accounting staff. Greg Burkhardt stated that TdS has already taken measures to attempt to comply with the desired standards, even though it is a small organization. He commended the Board for being involved in the financial affairs of the organization.
    - c. TdS relies on the auditors to prepare the year-end financial statements, but the auditor again realizes that this deficiency is not unusual in an organization the size of TdS. Burkhardt and Burkhardt recommends that they continue to generate the year-end financial statements.
    - d. ACHF Financial Reporting Forms (FRF) for the last two quarters were not submitted in a timely manner and TdS could not demonstrate that the FRFs were reconciled to the general ledger. Using TdS's current accounting system, it is difficult to monitor specific grant dollars. Burkhardt and Burkhardt recommends switching to a fund accounting system, which is better suited to grant management. TdS reported that Banyon software will be purchased and put in place in 2017.
    - e. The auditors made a verbal recommendation that TdS establish formalized procurement policies that would help TdS comply with federal and state requirements.
  5. Ann Hokanson reported to the Board that she and Connie Haugen will be preparing draft financial policies per the auditor's recommendation and will present them to the Board probably in June or July.

B. Honorarium Requests

1. TdS received one honorarium request. Executive Director, Ann Hokanson asked the Board if they wanted to approve the honorarium requests or just to be advised of them.
2. The Board would like to see an updated honorarium policy, which includes how often a person can apply, equitable representation from libraries, must apply in advance, reimbursement for receipts only, reporting required, who gets the honorarium reports, etc. The policy could include another method of approval. Until that time, bring requests to the Board for approval.

**MOTION:** Tim Hayes made a motion, seconded by Vance Stuehrenberg, to approve the honorarium request for Cindy Pischner from Mankato School District for \$360.44 to attend Improving the Effectiveness of Your School Library. The motion passed unanimously.

**XII. Board Member Exchange**

- A. Tim Hayes reported that Lake Crystal will be moving by May 1 into the Methodist Church for about seven to nine months for remodeling. Once the remodeling is complete, there will be twice the space they currently have.

**MOTION:** Tim Hayes moved to adjourn the meeting, and Holly Postel seconded the motion. The motion passed unanimously, and the meeting was adjourned at 11:15 am.

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Tim Hayes, Board Secretary

Date

Minutes prepared by Connie Haugen,  
HR Generalist/Admin. Specialist