

**LAKELAND LIBRARY COOPERATIVE
BOARD MONTHLY MEETING**

**Thursday, February 10, 2022
9:30 a.m.**

Advisory Council meeting immediately following the Board meeting.

**Kent District Library Service Center
814 West River Center Drive NE, Comstock Park, MI 49321**

AGENDA

1) CALL TO ORDER AND ROLL CALL

- a) Introduce New Members

2) APPROVAL OF AGENDA

3) NEW BUSINESS PART 1

- a) Annual Audit Report with Matt Holland from Gabridge & Company (m) PAGES 25-67

4) QUESTIONS FROM MEMBERS & BOARD PRESIDENT/COOPERATIVE DIRECTOR ANSWERS

5) PUBLIC COMMENTS

6) APPROVAL OF MINUTES

- a) January 13, 2022, Board Minutes (m) PAGES 2-3

7) FINANCIAL REPORT

- a) Monthly Financials and Check Register (m) PAGES 4-9

8) PRESIDENT'S REPORT

(i)

9) COOPERATIVE DIRECTOR'S REPORT

(i)

PAGES 10-18

10) COMMITTEE REPORTS

- a) Advisory Council Official Minutes, December 9, 2021 (i) PAGE 19

- b) Membership Ad Hoc Committee Report, January 26, 2022

11) NEW BUSINESS PART 2

- a) Budget Amendment for Pass Through for MI-83 Capacity Grant Funds. (m) PAGE 20

- b) Strategic Planning:

- i) 2016 LLC Strategic Plan Update-Dawe (i) PAGES 21-23

- ii) 2018 LLC ILS Strategic Plan Update-Dawe (i) PAGE 24

- iii) Discussion and next steps (m, if needed)

12) PUBLIC COMMENTS

13) BOARD MEMBER COMMENTS

14) NEXT MEETING – Thursday, March 10, 2022, 9:30 at Kent District Library Service Center

15) ADJOURNMENT

(m)

LAKELAND LIBRARY COOPERATIVE
BOARD MINUTES – Unofficial
Thursday, January 13, 2022, at 9:30 a.m.
Kent District Library Service Center

Present: Dale Parus, Maggie McKeithan, Diane Kooiker, Shirley Bruursema, Peggy Hemerling, John McNaughton, Lance Werner

Staff Present: Carol Dawe and Sheryl VanderWagen

Absent: Karen McKinnon

- 1) **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 9:31 a.m. by Dale Parus. There were 21 additional participants.
 - a) Introduce New Members: Kamey Howe, the new director at the Cedar Springs Public Library
- 2) **APPROVAL OF AGENDA:** Lance Werner moved, supported by Peggy Hemerling, to approve the agenda as presented - *motion carried*.
- 3) **QUESTIONS FROM MEMBERS:** None
- 4) **PUBLIC COMMENTS:** None
- 5) **APPROVAL OF MINUTES:** Peggy Hemerling moved, supported by Diane Kooiker, to approve the board minutes from December 9, 2021, as presented – *motion carried*.
- 6) **FINANCIAL REPORT:**
 - a) December Financials and Check Register: Motion by Lance Werner, supported by John McNaughton to approve the December financial report and check register as presented – *motion carried*.
- 7) **PRESIDENT’S REPORT:** Dale Parus noted that there has been a lot of activity in the library world this month. He encouraged everyone to check the new Intellectual Freedom page on the Lakeland website.
- 8) **COOPERATIVE DIRECTOR’S REPORT:** Carol Dawe reported that there had been 201 survey responses to the ARPA grant in three days. There was a question about some libraries receiving COVID tests from the MDHS. Carol will follow up on this. The Lakeland state aid report was filed on December 15. The deadline for those who have not yet filed is February 1 at midnight. If you need assistance, please contact Carol Dawe or Sheryl VanderWagen. Carol emphasized that libraries could call her at any time on any library issue. The directors@llcoop.org list is also a good place to post issues and questions.
- 9) **COUNCIL/COMMITTEE REPORTS**
 - a) Advisory Council Official Minutes - November 11, 2021: included in the packet for information
 - b) Membership Ad Hoc Committee Reports – December 21, 2021: Dale Parus gave an oral summary of the meeting. They reviewed a white paper submitted by Lance Werner on the situation with the City of Rockford and three townships in the KDL service area. The committee will meet on Friday, January 14 to continue the discussion.
- 10) **NEW BUSINESS**
 - a) Foster Swift Rate Increase: Motion by Lance Werner, supported by Maggie McKeithan to approve the 2022 rate increase for legal services per notification from Foster Swift – *motion carried*
- 11) **PUBLIC COMMENTS:** Kerry Fountain (IS-IV) requested that the Ad Hoc Membership committee provide LLC members with talking points surrounding the KDL/Rockford situation. Some LLC members have received inquiries on the issue from members of the public. Heather Wood-Gramza (OZ) gave an update on the Tovertofel (Magic Table) demonstration at Howard Miller Public Library. The company reps came from the Netherlands to assist with the demonstration, and they also had a group of their residents in attendance. There were also some staff members from LLC libraries present. There will be other opportunities to see it in action.

12) BOARD MEMBER COMMENTS

Maggie McKeithan reported on the Hug-A-Huskey program that was held at Spring Lake District Library.

Lance Werner reported that KDL is in the top 60 libraries in the world for ebook circulation.

Shirley Bruursema reported that KDL will be closed on Monday, January 17, 2022 for their all staff day. She visited all KDL branches in December. She is also working on several millage campaigns for 2022.

13) NEXT MEETING: Thursday, February 10, 2022, 9:30 a.m. at Kent District Library Service Center.

14) ADJOURNMENT: Shirley Bruursema, supported by John McNaughton moved to adjourn at 10:02 a.m. - *motion carried.*

Respectfully submitted by,
Sheryl VanderWagen

Lakeland Library Cooperative

Operating Fund Balance Sheet

As of January 31, 2022

ASSETS

Current Assets

Checking/Savings

001 · Checking Accounts 274,273

002 · Savings Accounts 308,086

Total Checking/Savings 582,359

Accounts Receivable 26,335

Other Current Assets

084 · Due from Other Funds 50,357

123 · Prepaid Expenses 61,342

Total Other Current Assets 111,699

Total Current Assets 720,393

Fixed Assets

132 · Land and Improvements 76,518

136 · Building and Improvements 121,498

146 · Office Equipment 3,271

148 · Vehicles 39,332

160 · ILS System 26,590

Total Fixed Assets 267,209

TOTAL ASSETS \$ 987,602

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable 161

Other Current Liabilities

231 · Payroll Liabilities 3,570

237 · Benefit Liabilities 3,484

Total Other Current Liabilities 7,054

Total Current Liabilities 7,215

Total Liabilities 7,215

Equity

370 · Nonspendable Funds 87,801

371 · Property 267,209

380 · Fund Balance - Committed 221

390 · Unassigned Funds 622,518

399 · Net Position - Unrestricted 61,555

Net Income (58,918)

Total Equity 980,386

TOTAL LIABILITIES & EQUITY \$ 987,602

Lakeland Library Cooperative
Operating Fund - Budget vs. Actual
October 2021 through January 2022

	YTD	Budget	%
Income			
566 · State Aid Revenue	0	560,900	0.0%
631 · Administrative Services	56,574	113,126	50.01%
632 · Delivery Services	51,051	102,102	50.0%
633 · ILS & IT Services	294,398	588,797	50.0%
665 · Interest Revenue	213	1,000	21.26%
672 · Other Revenue	125	100	125.0%
690 · Other Financing Sources	50,000	50,000	100.0%
Total Income	\$ 452,361	\$ 1,416,025	31.95%
Expense			
702 · Salaries & Wages	188,740	725,800	26.0%
710 · Benefits	47,543	143,210	33.2%
719 · Mileage	161	3,440	4.68%
720 · Professional Development	0	6,500	0.0%
726 · Supplies	849	5,715	14.86%
801 · Professional Services	3,215	30,240	10.63%
810 · Insurance	11,868	13,040	91.01%
817 · ILS & IT Expenses	232,745	382,700	60.82%
831 · RIDES	0	7,670	0.0%
860 · Delivery Expenses	15,389	51,560	29.85%
880 · Member Development	315	5,500	5.73%
920 · Facility Expenses	10,453	40,650	25.72%
Total Expense	\$ 511,279	\$ 1,416,025	36.11%
Net Income	\$ (58,917.96)	\$ -	100.0%

Lakeland Library Cooperative
Operating - Monthly Checks
As of January 31, 2022

Date	Name	Memo	Account	Amount
001.01 - Main - Checking				
01/03/2022	Cintas	Floor Mats	Facility Contracts	97.78
01/03/2022	Standard Insurance - Agility	Dental/Vision Ins.	Benefits	328.76
01/03/2022	Standard Insurance - MERS group	LTD/Life Insurance	Benefits	217.18
01/04/2022	Payroll		-SPLIT-	15,613.31
01/04/2022	MERS 401/457		Payroll Liabilities	1,091.54
01/04/2022	United States Treasury		Payroll Liabilities	5,420.30
01/04/2022	Cross, Terry - Vendor		Mileage	59.36
01/13/2022	Berger Chevrolet		Vehicle Repairs/Maintenance	68.62
01/13/2022	Fuel Management System		Vehicle Fuel	700.05
01/13/2022	Gabridge & Company PLC		Audit	2,000.00
01/13/2022	Granger	Trash Removal	Facility Contracts	109.24
01/13/2022	Innovative Interfaces, Inc.		Itiva	7,378.13
01/13/2022	Shoutbomb LLC		Shoutbomb	4,032.00
01/13/2022	Suburban Library Coop - Vendor		Memberships	500.00
01/13/2022	Tableau Software, Inc.		IT Operations	7,630.00
01/14/2022	MERS		Payroll Liabilities	3,949.79
01/14/2022	State of Michigan--Vendor		Payroll Liabilities	2,074.48
01/14/2022	MI-Unemployment Insurance Agency		Payroll Liabilities	72.00
01/14/2022	Comcast	Data Lines	IT Operations	679.06
01/14/2022	Consumers Energy		Utilities	425.11
01/14/2022	First National Bank	Truck lease, IT, supplies	-SPLIT-	1,321.21
01/14/2022	Mitel		Telephones	460.68
01/18/2022	Payroll		-SPLIT-	16,137.13
01/18/2022	United States Treasury		Payroll Liabilities	5,828.12
01/18/2022	MERS 401/457		Payroll Liabilities	1,091.54
01/18/2022	Cornell, Janet - vendor		Office Supplies	28.09
01/26/2022	Backstage Library Works		Authority Control	886.30
01/26/2022	Berger Chevrolet		Vehicle Repairs/Maintenance	68.62
01/26/2022	Fire Pros Inc.		Building Repairs/Maintenance	315.37
01/26/2022	Fuel Management System		Vehicle Fuel	866.48
01/26/2022	Priority Health	Health Insurance	Benefits	7,372.35
01/28/2022	Grand Rapids Income Tax Dept.		Payroll Liabilities	194.02
01/28/2022	Walker City Treasurer		Payroll Liabilities	254.39
01/28/2022	Aflac		Payroll Liabilities	792.78
01/28/2022	AT&T	Fax and Itiva	-SPLIT-	560.00
01/28/2022	Cintas	Floor Mats	Facility Contracts	97.78
01/28/2022	DTE Energy		Utilities	39.50
01/28/2022	DTE Energy		Utilities	286.73
01/28/2022	First National Bank	Truck lease, IT, supplies	-SPLIT-	1,654.47
01/28/2022	Grand Rapids City Treasurer		Utilities	233.33
01/28/2022	Standard Insurance - MERS group	LTD/Life Insurance	Benefits	235.98
TOTAL				\$ 91,171.58

Lakeland Library Cooperative
Pass Through and Capital Funds Balance Sheet
As of January 31, 2022

	<u>Pass Through</u>	<u>Capital</u>
ASSETS		
Current Assets		
Checking/Savings		
001 · Checking Accounts	63,783	876
002 · Savings Accounts	0	85,072
Total Checking/Savings	<u>63,783</u>	<u>85,948</u>
Accounts Receivable	19,489	0
Other Current Assets		
084 · Due From Other Funds	0	65,000
123 · Prepaid Expense	0	10,000
Total Other Current Assets	<u>0</u>	<u>75,000</u>
Total Current Assets	<u>83,272</u>	<u>160,948</u>
TOTAL ASSETS	<u><u>\$ 83,272</u></u>	<u><u>\$ 160,948</u></u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Other Current Liabilities		
214 · Due To Other Funds	70,836	44,429
Total Other Current Liabilities	<u>70,836</u>	<u>44,429</u>
Total Current Liabilities	<u>70,836</u>	<u>44,429</u>
Total Liabilities	70,836	44,429
Equity		
390 · Unassigned Funds		2,901
399 · Net Position - Unrestricted		10,688
Net Income	12,437	102,931
Total Equity	<u>12,437</u>	<u>116,519</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$ 83,272</u></u>	<u><u>\$ 160,948</u></u>

Lakeland Library Cooperative
FY2021-22 Pass Through & Capital Budget vs. Actual
October 2021 through January 2022

	Pass Through			Capital & Growth		
	YTD	Budget	%	YTD	Budget	%
Income						
628 · Group Supply Revenue	3,120	8,700	35.86%	0	0	0.0%
629 · Group Collections	52,375	59,950	87.37%	0	0	0.0%
635 · Group Services	49,392	81,500	60.6%	0	0	0.0%
637 · Ecommerce Fines	10,219	28,000	36.5%	0	0	0.0%
640 · ILS Add-on Services	0	32,000	0.0%	0	0	0.0%
645 · IT Services	0	350	0.0%	0	0	0.0%
665 · Interest Revenue	0	0	0.0%	64	0	100.0%
672 · Other Revenue	0	250	0.0%	0	0	0.0%
699 · Fund Balance Transfers In	0	0	0.0%	222,000	222,000	100.0%
Total Income	\$ 115,106	\$ 210,750	54.62%	\$ 222,064	\$ 222,000	100.03%
Expense						
728 · Library Supply Expense	3,120	8,700	35.86%	0	0	0.0%
729 · Collection Expenses	46,133	59,950	76.95%	0	0	0.0%
805 · Group Subscriptions	47,304	81,500	58.04%	0	0	0.0%
807 · Fines Paid	6,070	28,000	21.68%	0	0	0.0%
820 · ILS Add-On Expense	0	32,000	0.0%	0	0	0.0%
830 · IT Services Expense	43	350	12.28%	0	0	0.0%
969 · Other Services	0	250	0.0%	33	0	100.0%
970 · Capital Outlay	0	0	0.0%	119,100	222,000	53.65%
Total Expense	\$ 102,670	\$ 210,750	48.72%	\$ 119,133	\$ 222,000	53.66%
Net Income	\$ 12,437	\$ -	100.0%	\$ 102,931	\$ -	100.0%

Lakeland Library Cooperative
Pass Through & Capital - Monthly Checks
As of January 31, 2022

Date	Name	Memo	Account	Amount
001.1 · Fund - Checking				
001.11 · Checking - Pass Through				
01/13/2022	Innovative Interfaces, Inc.	eMARC	-SPLIT-	101.17
01/13/2022	Library Ideas, LLC	VOX books-backordered	Group Collections Expense	119.85
01/13/2022	OCLC (Capira)	Capira	Group Subscriptions	44,040.00
01/14/2022	First National Bank	Love My Library Bags	Library Supplies	1,940.96
01/28/2022	First National Bank	Domain renewal	IT Service Expense	42.99
01/28/2022	OverDrive		-SPLIT-	4,996.05
Total 001.11 · Checking - Pass Through				<u>51,241.02</u>
001.12 · Checking - Capital				
Total 001.12 · Checking - Capital				<u>0.00</u>
TOTAL				<u><u>51,241.02</u></u>

**LAKELAND LIBRARY COOPERATIVE
COOPERATIVE DIRECTOR'S REPORT
February 10, 2022**

Email Outage: Nick Heimler has been working with us while Thom is out. There seems to be a specific problem with our server which is hosted by our vendor, Zimbra. As of this writing on 2/3/22, we are down. We are doing our best to remedy this situation. Nick has done an exemplary job and Thom has helped from afar. Sometimes these things happen. We do apologize for the inconvenience but Sheryl, Janet and I marveled at how much work we have accomplished. There is always an up-side and we thank Nick, Thom, Sheryl, Nicki and Amber for all their efforts! (It takes a village.)

A few musings: February 1st begins my 5th year as your cooperative director. The work is challenging. The people are inspiring. The challenges you face are both unrelenting and inspiring at the same time and it is an honor to work for and with all of you. I hope my leadership and efforts have helped you all individually and collectively. Someone asked me about my leadership style the other day and I disappointed them by suggesting that one single approach simply won't work. I prefer the idea of flexible leadership: sometimes we lead from in front, sometimes from behind and sometimes we lead side by side. We go where the need is and it's good to wear comfortable shoes because we must hustle back and forth and in between a lot! We as leaders are the mechanism for good, for change, for improvement. I look forward to this next year and hope to work with each of you and all of you as we do our best to do our best. Thank you for the opportunity!

Board Agenda Items:

- **Annual Financial Report:** Matthew Holland, from Gabridge & Co. will give the annual audit report. I encourage you to print out the report so you can follow along. I put it at the end of the packet for ease of access. As always, I want to thank Janet Cornell for her outstanding work every single day and on the audit in particular and as you know they go hand in hand. Thank you, Janet!!!
- **Budget Amendment** for Pass Through for MI-83 Capacity Grant Funds. As pursuant to the law, this amendment is necessary due to Lakeland's role as administrator of this ARPA capacity grant. (There is more information below about the grant progress.)
- **Strategic Planning:** The Advisory Council (see more info below) conducted a brainstorming session at their January meeting but there were concerns that there wasn't enough time to prepare, properly review the existing plans already in place and other issues such as should it be done internally or with a consultant. With that said, once we realized that we hadn't been clear about our goal of simple brainstorming, some very good ideas were shared, and we plan on continuing this discussion at the Advisory meeting in February. I think everyone agrees that it is very difficult to do anything with 42 people in the room, so we are looking to the board for guidance, but I also hope to convey my ideas as well. Dale and I discussed all of this and agreed that I would provide a brief oral presentation of the previous two plans (The brief versions of the plans are included in your packet. We didn't think it prudent to include all the action plans since a lot of this information is dated.) We think it gives us a good start to see

where we were and where we are and then how should we proceed with next steps. It should also be noted that the goal for a brainstorming session with Advisory was to simply generate ideas as to what to do with additional state aid. As of this writing, we still do not have our population figures or state aid amounts from the Library of Michigan. We have asked and asked and asked and are assured by Randy Riley, director of The Library of Michigan, that we will receive them “soon.” So, until we have those figures, what to do, what to do? I look forward to this initial conversation.

Advisory Council Agenda Items:

- **ARPA Grant Update:** I’ll continue to keep you all informed and will answer questions. The Overdrive group is meeting on 2/4 so I can update all of you since some of the decisions might be of interest to those Standalone and MCLS content group members. There is more info on the grant below.
- **Covid-19 Update:** This is still so fluid. I have a few meetings as the MCDA chairperson next week that may warrant an update for all of you. Most of this is about the tests available for libraries but there might be other issues and opportunities, as well.
- **Strategic Planning Part 2:** First of all, I am sorry for the confusion at the January meeting. We are hopeful that we can continue the discussion and generate more ideas etc. The detailed list is in the draft minutes in the Advisory packet. In case you skipped over the board agenda items above, please go back and read them. The February board packet includes the two existing plans. I’ll be giving an update on both plans at the Board meeting and then the board can decide what next steps should be taken. This is an initial board discussion and the input from advisory is of great value and importance, so the more ideas generated the better. This is certainly not the last discussion with the Advisory Council and as we always do, if a committee is formed, we will ask for a lot of participation and input. All of this is still in the preliminary stage. Thanks for your patience.

Other items:

- All 42 libraries completed their state aid reports. The Library of Michigan staff are always so helpful, and patient and this year was like no other in recent years for many reasons. Of the 42 reporting, 12 directors are new to their positions since the last state aid window opened, 2 libraries have vacancies, and one library has a “director select” until June. This is a 38% change and to that end, we will be conducting a New Directors Orientation via Zoom on March 3rd.
- The member libraries face the continuing challenge of Covid-19, First Amendment audits, materials challenges, board issues, OMA questions and many other issues. I am also working on board training and development with a couple of libraries.
- Our ad hoc membership committee is exploring ways to clarify and define expectations, responsibilities and guidelines as communities investigate contractual relationships with member libraries. Dale will report on this at the Board meeting.

- As administrator of the MI-83 Digital Library Content Grant, I am pleased to announce that all 11 standalone public libraries (those not affiliated with a shared digital content group) have purchased almost \$40,000 in Overdrive content. The next group of 60 libraries will be trained on February 8th and will have a 2-week purchasing window. This group will be selecting over \$100,000 in materials for their individual libraries. The final group will consist of the 11 content groups that will purchase on behalf of approximately 330 libraries. All in total, over \$800,000 in digital content will be purchased thorough the Library of Michigan ARPA Capacity Grant Program. Funding is provided in part by the Institute of Museum and Library Services through the Library of Michigan, an agency of the Michigan Department of Education. Member libraries have received over \$225,000 in equipment and capacity grants for technology and digital content. I will have final numbers later in the grant cycle. Terry Cross has been so helpful as we work together to figure out the best way to approach this project with its many parts and participants.
- We are working on group purchases for summer online reading programs. We also hope to have Patron Point up and running before summer so that online registration will be easy and accessible to all patrons.
- The cataloging services department is settling in with the new team in place and I am so impressed with the progress made just in the last several weeks. Many thanks to Jeff, Julie and Allison.
- I am convinced that the LLC delivery staff were the original inspiration for the energizer bunny. Thank you to Brian, Emily, Jill, Ron and Jeff for your hard work and reliability through rain, sleet and yet, lots of snow. Thank you, all.
- The MCDA's cooperative directors are working together on several issues: DEI, CE programs, service plans, succession plans, and administering the two capacity grants. We meet monthly now with formal meetings every other month.

Other Reports: As you read, remember that each of these individuals works for you! They are dedicated experts that are just a phone call or e-mail (usually) away.

Cataloging Services Manager - Jeff Lezman **January 2022 activities**

On January 3rd, we welcomed Allison VanDenBos-Hipskind as our new Cataloging Specialist.

January e-mail & telephone consulting contacts: 19

We added 23,123 Hoopla records and 1,670 Overdrive records to the database.

November 2021 Statistics

The statistics for November and December 2021 reflect an unusual staffing situation in the department. With the retirement of Jean Zabielski, the department was staffed by just two people for the following six weeks. This, along with the holidays and vacations led to a lower than usual amount of cataloging being completed. With the onboarding of Allison VanDenBos-

Hipskind in January, we have reduced the cataloging backlog by 22%, and we will continue to do so in the coming weeks.

The statistics for November 2021 show an increase in the number of cataloging requests we received, and a decrease in the number of records cataloged compared to November of last year. At the same time our overall year-to-date statistics show a decrease in the number of requests received and in the number of materials cataloged.

The number of cataloging requests received in November was up by 12% compared to November 2020. The number of requests received that were already in the database decreased by 20%. The number of records copy-cataloged in November was down 30% compared to November 2020, and the number of original records cataloged was up by 35%. The total number of records cataloged was down by 26% compared to November 2020.

Cataloging	Nov. 2021	YTD	Nov. 2020	YTD	Monthly %	YTD PCT
Requests Received	1864	3749	1659	4559	12%	-18%
Requests already in database	65	145	81	143	-20%	1%
Requests to be cataloged	1799	3604	1578	4416	14%	-18%
Copy Cataloging	1355	2542	1923	4152	-30%	-39%
Original Cataloging	161	277	119	276	35%	0%
Total Cataloged	1516	2819	2042	4428	-26%	-36%

December 2021 Statistics

The statistics for December 2021 show an increase in the number of cataloging requests we received, and a decrease in the number of records cataloged compared to November of last year. At the same time our overall year-to-date statistics show a decrease in the number of requests received and in the number of materials cataloged. Our cataloging statistics decreased significantly because of Jean Zabielski's retirement, as well as staff vacations and holidays.

The number of cataloging requests received in December was up by 14% compared to December 2020. The number of requests received that were already in the database decreased by 28%. The number of records copy-cataloged in December was down 43% compared to December 2020, and the number of original records cataloged was down by 54%. The total number of records cataloged was down by 44% compared to December 2020.

Cataloging	Dec. 2021	YTD	Dec. 2020	YTD	Monthly %	YTD PCT
Requests Received	2118	5867	1855	6414	14%	-9%
Requests already in database	26	171	36	179	-28%	-4%
Requests to be cataloged	2092	5696	1819	6235	15%	-9%
Copy Cataloging	809	3351	1411	5563	-43%	-40%
Original Cataloging	56	333	123	399	-54%	-17%
Total Cataloged	865	3684	1534	5962	-44%	-38%

Delivery & Facility Manager - Terry Cross

January 2022 – Number of Bags & Bins Loaded Daily on the Trucks at Lakeland

	January – 2022	January – 2021	Difference	% Change
Total Book Bags & Bins	2,677	3,019	(342)	(13%)

In January 2022, there were 2,677 book bags and bins sorted, loaded, and delivered to member libraries. The 2,677 bags and bins that were delivered in January 2022 were 13% less than the 3,019 bags and bins that were sorted and delivered in January of the prior year.

I drove four days in January, covering for driver sick time and vacation time off. I also helped sort 5 days in January, covering for sorter absences and to help with large loads.

One of the drivers took his DOT Re-Certification Physical and received the related Medical Examiner's Certificate. The re-certification process includes a comprehensive physical and drug test. The Examiner's Certificate is required for anyone who drives a commercial vehicle with a gross vehicle weight (GVW) over 10,000 lbs. Our trucks have a GVW of 14,500 lbs. All three of the Drivers are now current with the Medical Examiner's requirements.

Both trucks received their regularly scheduled oil change and filter maintenance. In late January, all 10 of the exterior box lights quit working on one of the trucks. The box lights were repaired by Arista Truck Systems and the truck is back in use. A rental truck was leased for one day while the truck was being repaired.

Fire Pros performed the annual fire inspection this month. Fire extinguishers, emergency lighting systems and exit sign lighting are inspected. Two exit sign light bulbs and 2 sealed lead batteries were replaced during the inspection. After the inspection, Fire Pros submitted a report to the Fire Marshal confirming that we passed the inspection.

Last Fall, I started to receive and fill your library supply orders. The supplies order forms are on our webpage and can be ordered on either on the LLC Supply Order Form-Online or the LLC Supply Order Form-PDF. There is no charge for LLC Supplies. There is a complete list of supplies on the

Order Forms, and, among other items, orders can be placed for Delivery Transfer Slips and LLC Patron Registration Cards. Completed PDF Supply Order Forms can be scanned and e-mailed to me at terry@llcoop.org.

In January, I spent 17 hours working on the ARPA Grant. Work consisted mostly of computing distribution formulas for the 11 Content Groups and 12 Standalones. Work also consisted of merging the final survey with the LOM Content Group Listings and reconciling the LOM Master File with the LOM Content Group Listing.

In January, we received an \$11,044 bill from AT&T for monthly line and local calling services, which was \$10,486 higher than the average bill of around \$558. The error was an AT&T system generated error. Fortunately, we have a very helpful and responsive Service Representative at AT&T and shortly after he was notified of the problem, we were informed by the billing department that the error will be corrected in the next billing cycle.

Digital Services Specialists:

Amber McLain: The LLC newsletter and monthly snapshot are coming back! Stay tuned!!!

Nicki Johnson: I have been working on prepping the Overdrive Selection Committee for the up-coming ARPA grant purchasing. Most member libraries opted to put their portion of the grant into the shared collection, so we have our work cut out for us!

Finance & HR Assistant - Janet Cornell

With the completion of the audit, I was able to reconcile the old QuickBooks file with the new files. Less than \$100 still needs to be adjusted within the funds, but the differences have been identified and the adjustment will be reflected in the financials next month.

Payroll reports in the new file were also reconciled during the month to complete the W-2s and federal annual payroll tax filings on time. State and local tax filings will go out later this month.

Setup of accounts in the Pass-Through fund were done to prepare for the financial activity of the new grant. An amendment is included in the packet this month to set up the budgeted amounts for this.

ILS Manager - Sheryl VanderWagen

- **RIDES statistics:** We received 140 totes in December 2021, up 14 totes from 2020. We sent out 119 totes in December 2021, up 24 totes from December 2020.
- **Patron Point:** We are making progress in the set-up process. Our next session with Patron Point staff is scheduled for Friday, February 11.
- **Capira:** We have implemented individual SIP2 logins for most libraries in Capira (except those libraries that have had us remove the Mobile Checkout option from their sub-apps). This will then allow Sierra to track checkout activity in the app with circulation reported in Web Management reports. The new Statistical Groups are numbered 50 –

79. There is a new list of Stat Groups posted to the LLC website, please print a new copy for your staff: https://llcoop.org/wp-content/uploads/2022/01/stat_groups_active.pdf
This change took place near the end of January. February will be the first complete month on the new stat groups.

- **Capira Updates:** For libraries who check out with RFID, Capira will soon have the option to allow patrons to use RFID checkout rather than using a camera to send/scan a picture of the barcode. This will be configurable in each sub-app and not a systemwide setting. Libraries who have RFID and want to offer RFID self-checkout in the app, will have that option. There are some other new things coming to the management end of Capira. We'll let you know when those are available.
- **Capira and item level holds:** We have had an ongoing issue with placing copy specific holds where there are volume fields in the item records and where a selected item is not holdable to a specific patron, but Capira reports the hold as successful, and the hold never appears on the patron record. This is an ongoing frustration for patrons who are using the app. I am working with the ILL helpdesk AND Capira regarding the messaging that goes between Sierra and Capira through the RESTAPI when these holds are placed. The Innovative helpdesk conducted testing this issue via the API and provided information for a correction to Capira which I have passed back to Capira.
- **Speaking of Volume fields in item records:** I have had to fix several records recently because items were added, and an unnecessary volume field was placed in the item record. That forced patrons to choose specific copies and thus considerably delayed holds fulfillment. This is a reminder: *Series volumes are not true volumes and should never be placed in an item record's volume field. If the bib record is only for a particular title in a series and the volume is noted in the bib record, do not put the series volume in the item record. Item record volumes are only used in the case of titles where various annual editions are attached (the publication year will be open ended) or in the case of a graphic novel series where more than a single volume is attached (there will be multiple ISBN numbers in the bib records for the various issues) or a DVD series where you are going to circulate the discs individually rather than as a set.*
- **Server IP Address change:** Innovative Interfaces is moving all hosted customers to Proquest data centers. Therefore, we will be undergoing a server IP address change/migration this month. The move will happen on February 24, 2022. This process will begin at 4:30 a.m. and could take 4-6 hours to complete. We expect the migration to be complete by the time libraries open. Everyone should check email for an update that morning before you log in.
- **Sierra 5.4:** We will be scheduling an upgrade to Sierra v5.4 in March or April before Summer programs begin. Among the new features will be the ability for us to update Hold Pickup dates for items that are currently on the hold-shelf. This will be very useful

for us to assist libraries when they have emergency closures. The other new functionality relates to the Auto Notices feature that will incorporate the Days Closed table so that patrons do not receive notices on days the library is closed. Among the fixes to known issues, there are several fixes related to the new Manage Holds mode in Sierra Circulation.

- **Patron Alias field:** I am working with the Innovative helpdesk to enable the Patron Alias feature which would allow the use of an alternative name field for patrons if they prefer be known by a different name other than their legal name. The field could also be used in situations of where patrons are concerned about other patrons browsing open hold shelves and seeing their names on materials.
- **YTDCIRC to LYRCIRC:** Every year in mid-January, we move the numbers in YTDCIRC to LYRCIRC in all item records and reset YTDCIRC to 0. This routine was run across the database late Sunday evening, January 16, 2022.
- **January Circulation:** 2022 is off to a grand start for all. System circulation increased 38% in January over last January (362,624 checkouts compared to 267,480 checkouts) and you served 45,586 patrons this past month. It puts you only 93,713 (20%) checkouts away from January 2020 prior to the COVID shutdowns BRAVO!
- **Holidays 2022:** Thank you all for your 2022 Holiday submissions. The days closed table is updated with those dates. If during the year, your plans for a holiday closure change or if you add additional days closed, please send an email to tech-help@llcoop.org so that we can update the days closed schedule for your library. To impact due dates, these changes should be submitted 30 days prior to the dates in question.
- **Barcode/Delivery Dot orders:** The orders you submitted have been sent to the vendors. Thank you for your orders. The next call for orders will be in June 2022 with orders placed in July.
- **Unique Management:** We will be discussing Unique Management participation at the March 10, 2022, Advisory Council meeting after we have received additional information from them so that the group can make an informed decision. We also received notice that after 30+ years, the price per account submitted will increase on April 1, 2022, from \$8.95 per account to \$9.85 per account. They have also made some security improvements to the file transfer process between Sierra and the Unique servers. We will be implementing the new transfer process after the February 24, 2022, IP address change.
- **Fines Free Libraries:** The Gary Byker Memorial Library is the latest library to go fines free. Check the Lakeland website for the updated list. If you are planning to go fines

free or if you are looking to expand to fines free on more items, please let me know and I will send you the worksheet. This would include those libraries who are currently fines free on only juvenile and teen materials, or those that are fines free on print materials only.

- **Temporary Closures:** Henika District Library will be temporarily closed during part of February for renovations.
- **MeLCat/RIDES Reminders:** I have recently received several MeLCat items from our LLC libraries that do not have RIDES Shipping labels attached to them. The LLC sorters bring those to me for shipping labels before they can be sent out in RIDES. Please remind staff, that in addition to the MeLCat label or wrapper, they also need to print the RIDES shipping label for delivery. The label maker can be found here: https://members.mcls.org/w/rides_labels/labels.php and it is linked from the Lakeland website under Resources. We have also had several items that libraries are lending to other libraries that have not been checked out in INN-Reach. Before you pack those items up, they must be checked out using "INN-Reach Checkout to Remote Site" in the Sierra Circulation menu. Failure to check your items out in this mode will result in cancellation or transfer of the request and your item will divert to "on shelf" but be out in RIDES delivery-land and will arrive at the borrowing library unable to be checked out to their patron.

IT Manager-Thom Riley: No report this month.

Respectfully submitted with great thanks to the entire Lakeland staff,

Carol Dawe

**LAKELAND LIBRARY COOPERATIVE
ADVISORY COUNCIL MINUTES – Official
Thursday, December 9, 2021, following the Board meeting
Kent District Library Service Center**

Council Members Present: Britney Dillon, Mary Cook, Elyshia Hoekstra

Staff Present: Carol Dawe, Sheryl VanderWagen

- 1) **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 10:31 a.m. by Chair, Britney Dillon. There were 24 additional participants.
- 2) **APPROVAL OF AGENDA:** Cierra Bakovka (AW) moved, supported by Melissa Huisman (OH), to approve the agenda as presented - *motion carried*.
- 3) **PUBLIC COMMENTS:** None
- 4) **APPROVAL OF MINUTES:**
 - a) Amber McLain (OJ) moved, supported by Cierra Bakovka (AW), to approve the Advisory Council minutes from November 11, 2021, as presented – *motion carried*.
- 5) **BOARD REPORT:** No report
- 6) **ILS MANAGER'S REPORT:** Sheryl VanderWagen reminded everyone of the December 17, 2021 deadline to submit 2022 holiday closures. Delivery dot and barcode orders are due by the end of the year. Sheryl will be on vacation beginning Thursday, December 16 until Monday, December 27.
- 7) **COOPERATIVE DIRECTOR'S REPORT:** There were no additions to the written report and no further questions.
- 8) **OTHER REPORTS:**
 - a) Continuing Ed Committee – Carol Dawe noted that the committee is undergoing a restructuring and that those interested in joining the committee should notify her or Heather Wood-Gramza.
 - b) MLA Board Representative Report – No report
 - c) MLA Legislative Committee Report – Dale Parus (IC) reported that the legislature is on holiday hiatus so there hasn't been a lot of recent action.
- 9) **UNFINISHED BUSINESS:**
 - a) ARPA Capacity Grant Updates: Carol gave an update at the Board meeting.
 - b) Book Challenges: These were also discussed during the Board meeting. Amber McLain sent an email with several educational opportunities on the topic to be held over the next couple of weeks. She encouraged members to participate if they can.
- 10) **NEW BUSINESS:**
 - a) Baker and Taylor Sustainable Shelves Program: Melissa Huisman gave a presentation on this program. Under the program, Baker and Taylor will buy back, for a small sum, some titles that are left over from book sales or withdrawn item from library collections and offer recycling for others. Gary Byker has been participating in the program. She reviewed how to set up participation with Baker and Taylor and how to create the necessary Excel spreadsheets with ISBN and titles using Create Lists in Sierra. If you are interested in the program, contact her for details and a copy of her presentation.
- 11) **PUBLIC COMMENTS:** Stefanie Reed asked how libraries are pricing non-resident cards with and without digital access. Most libraries are only setting one price, but a few have two prices.
- 11) **NEXT MEETING:** January 13, 2022, following the Board meeting at the Kent District Library Service Center.
- 12) **ADJOURNMENT:** Kelly Tinkham (NN), supported by Jessica Hunt (NG) moved to adjourn at 10:53 a.m. - *motion carried*.

Respectfully submitted by,
Sheryl VanderWagen

FY2021-22 BUDGET AMENDMENT #1
Pass-Through Budget
Addition of Grant Received

Lakeland Library Cooperative was approved for an LSTA American Rescue Plan Act (ARPA) grant funded by the American Rescue Plan Act. The grant is to be administered between 11/2/21 - 9/30/22, falling within this budget year.

Accounting for this grant will be as a separate department in the Pass-Through Fund Budget. Specific financial activity for the grant will be included in the monthly board reports of the Pass-Through Budget.

Funds budgeted to administer the grant are not to exceed the amount of **\$1,100,000**.

Accounts:

268-000-528 – ARPA Grant Revenue

268-791-885 – ARPA Grant Expenses



PROPOSED Strategic Plan

Adopted October 13, 2016



4138 3 Mile Road NW
Grand Rapids, MI 49534-1134

•
(616) 559-5253
(616) 559-4329 FAX

MISSION STATEMENT

Our Mission strengthens member libraries in eight west Michigan counties by providing the means to share resources, services, and expertise for the benefit of individuals and communities.

STRATEGIC GOALS/OBJECTIVES

Strategic Priority: Governance

Goal: Bring efficiency & equity to decision making process.

Objective 1. Streamline Committee and Board decision process to increase efficiency by 25%.

Objective 2. Reduce perception & reality of inequity in decision making process.

Objective 3. Increase funding to Lakeland.

Objective 4. Review and create new instrument and process for LLC Director evaluation.

Strategic Priority: Services

Goal: Maximize resources to provide best possible service for any size library.

Objective 1. Develop compulsory strategy to budget for a new ILS for all participating ILS members by the end of 2017.

Objective 2. Formulate a process for resource sharing for all 41 cooperative members.

Objective 3. Incorporating member development during monthly board meetings.

Objective 4. Review patron policies to promote less restrictive for all libraries.

Strategic Priority: Advocacy

Goal: Deepen understanding of the value of responsibility for, and ability to do, advocacy.

Objective 1. Annually provide advocacy orientation for directors and staff:

- Know your local leaders
- Awareness of state issues and how they impact your library
- Understand a “call to action” and know what to do

Strategic Priority: Education

Goal: Provide welcoming opportunities for all staff of all libraries for free.

Objective 1. Onboard directors and identified staff quarterly using multiple strengths of library leaders to deeply educate in:

- Budget
- Human Resources
- Policies and procedures

Objective 2. Enable all Lakeland members to experience educational opportunities through cooperative scholarship fund (both state and national).

Objective 3. Create an interest group of local experts in areas of best practices to meet twice annually for sharing and problem solving:

- Information Technology
- Human Resources
- Legal
- Management and Administration
- Public Relations and Marketing

Stronger Together

Lakeland Library Cooperative ILS
Strategic Plan 2018-2021



Training

Our Members have the training they need to serve their patrons.

There is a clear training path for new and seasoned staff at Member libraries.

Training is delivered in multiple formats and is easily accessible.

Member libraries plan for their annual training needs and communicate these needs to LLC ILS staff.

Technology

Our technology is reliable and responsive.

Members have a comprehensive understanding of the functionality of the ILS so they can effectively assist patrons.

We have thoroughly evaluated our current ILS system and can make recommendations for the future.

We track technology trends related to resource sharing and regularly communicate points of interest with our Members.

Organizational Development

We are stronger together.

Members have the information and knowledge needed to make decisions.

Member learning is supported.

We have a plan for evaluating and building capacity.

Vision: Facilitating Member library collaboration for exceptional customer service.

Mission: The Lakeland Library Cooperative ILS provides resource sharing and access to information for Member libraries that enables responsive services to their communities.



**LAKELAND LIBRARY COOPERATIVE
KENT COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lakeland Library Cooperative
Grand Rapids, MI

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lakeland Library Cooperative (the "Cooperative"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Cooperative'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 entity'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 entity'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 above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Cooperative, as of

September 30, 2021, and the respective changes in financial position 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, the pension schedules, and budgetary comparison 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, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2022, on our consideration of the Cooperative'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 solely 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 the effectiveness of the Cooperative's 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 the Cooperative's internal control over financial reporting and compliance.



Gabridge & Company, PLC
Grand Rapids, Michigan
January 14, 2022

Management's Discussion and Analysis

Lakeland Library Cooperative Management's Discussion and Analysis September 30, 2021

As management of the Lakeland Library Cooperative (the "Cooperative"), we offer readers of the Cooperative's financial statements this narrative overview and analysis of the financial activities of the Cooperative for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with the financial statements, which can be found in this report.

Financial Highlights

- The assets and deferred outflows of the Cooperative exceeded its liabilities and deferred inflows at the close of this fiscal year by \$1,243,821 (shown as *net position*), representing a decrease of \$5,861 over the previous fiscal year. Of this amount, \$976,612 (*unrestricted net position*) may be used to meet the Cooperative's ongoing obligations.
- During the year, the Cooperative received \$1,509,549 in revenues and incurred \$1,515,410 in expenses, resulting in a decrease in net position of \$5,861.
- The general fund increased its fund balance by \$61,556 during the year for an ending fund balance of \$961,596.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$788,574, or 63% of the General Fund's total expenditures and transfers out.

Overview of the Financial Statements

The Cooperative's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide a broad overview of the Cooperative's financial position. They are presented using a method of accounting that is similar to a private sector business.

The *statement of net position* presents information on all of the Cooperative's assets, deferred inflows and outflows, and liabilities, with the difference being reported as net position. Over time, increases or decreases in net position can serve as a useful indicator of whether the financial position of the Cooperative is improving or deteriorating.

The *statement of activities* presents information showing how the Cooperative's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash

flows in future fiscal periods (e.g., earned but unused vacation leave and depreciation of capital assets).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The Cooperative uses fund accounting to ensure compliance with finance-related legal requirements.

Governmental Funds. The Cooperative's basic services are reported in the governmental funds. Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This is known as the modified accrual system of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide statements. These items are recorded in the government fund balance as expenditures. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt. The General, Library Services, and Capital Projects funds of the Cooperative are reported as governmental funds.

The Cooperative adopts an annual appropriated budget for its General and Library Services funds. A budgetary comparison schedule has been provided for both funds to demonstrate compliance with its budget.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report further presents required supplementary information (RSI) that explains the information presented in the financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of overall financial position. In the case of the Cooperative, assets and deferred outflows exceeded liabilities and deferred inflows by \$1,243,821 at the close of the most recent fiscal year. The following table illustrates the varying results of the governmental activities that combine to capture the Cooperative's total net position.

Lakeland Library Cooperative's Net Position

ASSETS	2021	2020
<i>Current Assets</i>		
Cash and Investments	\$ 1,020,588	\$ 1,085,629
Accounts Receivable, Net	2,999	-
Prepays	87,801	65,317
<i>Total Current Assets</i>	1,111,388	1,150,946
<i>Noncurrent Assets</i>		
Capital Assets not Being Depreciated	76,518	76,518
Capital Assets Being Depreciated, net	190,691	197,209
Net Pension Asset	7,455	-
<i>Total Assets</i>	1,386,052	1,424,673
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	62,969	49,786
<i>Total Deferred Outflows of Resources</i>	62,969	49,786
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable	19,501	7,943
Due to Member Libraries	5,284	27,278
Payroll Liabilities	28,919	30,284
Compensated Absences, Current	6,311	6,021
<i>Total Current Liabilities</i>	60,015	71,526
<i>Noncurrent Liabilities</i>		
Net Pension Liability	-	88,093
Compensated Absences, Long-term	32,751	38,464
<i>Total Liabilities</i>	92,766	198,083
DEFERRED INFLOWS OF RESOURCES		
Pension Related	112,434	26,694
<i>Total Deferred Inflows of Resources</i>	112,434	26,694
NET POSITION		
Investment in Capital Assets	267,209	273,727
<i>Unrestricted</i>	976,612	975,955
<i>Total Net Position</i>	\$ 1,243,821	\$ 1,249,682

A portion of the Cooperative's net position (\$267,209, or 21%) reflects its investment in capital assets (e.g., land, buildings and improvements, equipment, furniture, and vehicles). The Cooperative uses these capital assets to provide a variety of services to its members. Accordingly, these assets are not available for future spending.

The remaining balance of \$976,612, or 79%, is unrestricted and may be used to meet the Cooperative's ongoing obligations to its creditors.

Cash and investments decreased by \$65,041, which, as one would expect, is partially due to the decrease in fund balance of \$27,757. Prepaids increased by \$22,484 due to prepayment of Bibliocommons subscription in the current year. Accounts payable increased by \$11,558 due to timing of expenses. Due to member libraries decreased by \$24,987 as the Cooperative only incurred half the cost but still requires full payments to the Libraries in prior year. Prior year net pension liability changed to a net pension asset through the increase of pension related outflows of \$13,183 and increase of outflows of \$85,740.

Governmental Activities. During the current fiscal year, net position for governmental activities decreased \$5,861 from the prior fiscal year for an ending balance of \$1,243,821.

Lakeland Library Cooperative's Changes in Net Position

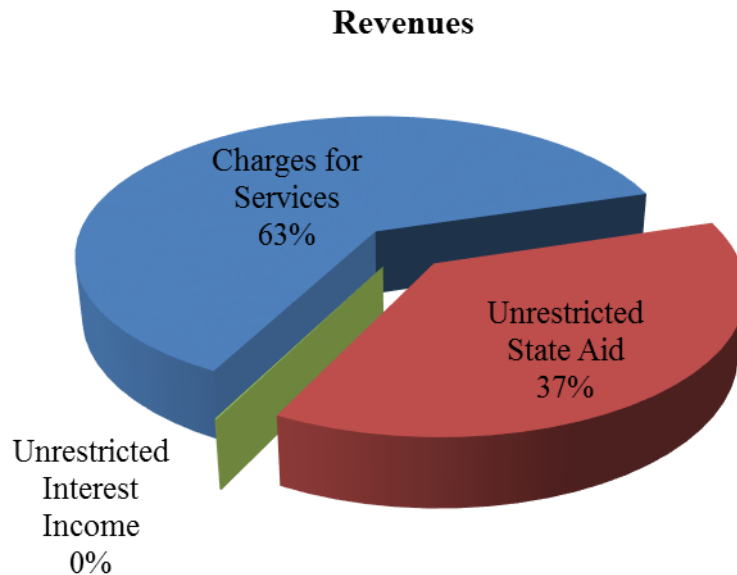
Revenues	2021	2020
Program Revenues		
Charges for Services	\$ 947,033	\$ 985,148
Total Program Revenues	<u>947,033</u>	<u>985,148</u>
General Revenues		
Unrestricted State Aid	561,185	518,020
Unrestricted Interest Income	1,331	6,824
Total Revenues	<u>1,509,549</u>	<u>1,509,992</u>
Expenses		
Administration	352,321	437,818
Delivery Service	226,109	194,740
Cataloging	202,700	204,854
Information Technology	185,284	202,910
Integrated Library System	344,696	268,435
Pass Through	204,300	256,224
Total Expenses	<u>1,515,410</u>	<u>1,564,981</u>
Change in Net Position	<u>(5,861)</u>	<u>(54,989)</u>
<i>Net Position at Beginning of Period</i>	<u>1,249,682</u>	<u>1,304,671</u>
Net Position at End of Period	<u>\$ 1,243,821</u>	<u>\$ 1,249,682</u>

In the current year, charges for services decrease by \$38,115 largely due to a decrease in integrated library system (ILS) support. This decrease in revenue was offset by an increase of \$43,165 due to state aid received for ILS functions. Administration expenses decreased by \$85,497 due to a decrease in compensated absences and change in net pension liability. Delivery services increased by \$31,369 mainly due to administrative expenses split out. ILS expenses increased \$76,261 largely due to Bibliocommons subscription. Pass through expense decrease is largely due to fewer

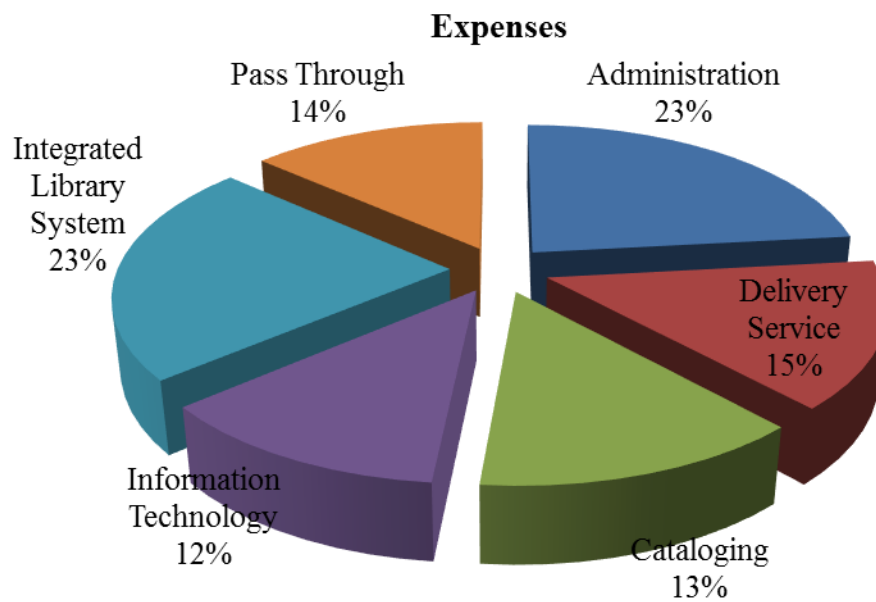
group subscriptions due to COVID-19 pandemic and Capira services being billed in 2020 during its implementation.

Governmental Activities

The following chart summarizes the revenue sources of the Cooperative for the most recent fiscal year-end:



The following chart summarizes the expenses of the Cooperative for the most recent fiscal year-end:



Financial Analysis of the Government's Funds

As noted earlier, the Cooperative uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The General Fund reported a fund balance of \$961,596. Of this amount \$788,574, or 82%, is unassigned. This is an increase in fund balance of \$61,556 from the previous year. This is due to the overall decrease in expenses compared to prior year.

The Library Services Fund reported pass through revenues and expenditures of \$204,300 resulting in a fund balance of \$0.

The Capital Projects Fund decreased by \$89,313 for an ending fund balance of \$96,088. Its sole source of revenue in prior year was a transfer from the General Fund. It did not earn or receive any revenues in the current year.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there were various budget amendments made to the original budgeted revenues and appropriations. The most significant amendment was an adjustment to the original budget of \$304,632 largely due to state aid received for integrated library system.

Final budget compared to actual results. The Cooperative had no expenditures in excess of the amounts appropriated during the year ended September 30, 2021.

Capital Asset and Debt Administration

Capital Assets The Cooperative's investment in capital assets at year-end amounted to \$267,209 (net of accumulated depreciation). This amount complies with methods established by the Governmental Accounting Standards Board (GASB) for implementation of GASB Statement 34. More information on the Cooperative's capital assets is available in the Notes to the Financial Statements section of this document.

Long-term Debt At the end of the current fiscal year, the Cooperative had no long-term debt outstanding, exclusive of compensated absences. Detailed information on the Cooperative's long-term obligations for compensated absences is available in the Notes to the Financial Statements section of this document.

Economic Factors and Next Year's Budgets and Rates

Management estimates consistent revenues to be available for appropriation in the General Fund in the upcoming budget. Expenditures are expected to change by small amounts compared to 2021. The Cooperative continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments. In 2022, the Cooperative plans again to use current revenues to provide essential services and to maintain the Cooperative's financial reserves at similar levels. The ongoing costs of providing essential services for the members of the Cooperative will again need to be monitored in order to maintain the financial condition of the Cooperative. Additionally, the Cooperative is currently working to determine the significance that the COVID-19 Pandemic will have on the Cooperative's upcoming revenues and expenditures.

Requests for Information

This financial report is designed to provide the wide variety of users of this document with a general overview of the Cooperative's finances and demonstrate the Cooperative's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the Lakeland Library Cooperative's Director:

Lakeland Library Cooperative
4138 3 Mile Road NW
Grand Rapids, MI 49534-1134

Basic Financial Statements

Lakeland Library Cooperative
Statement of Net Position
September 30, 2021

ASSETS

Current Assets

Cash and Investments	\$ 1,020,588
Accounts Receivable, Net	2,999
Prepays	87,801
Total Current Assets	1,111,388

Noncurrent Assets

Capital Assets not Being Depreciated	76,518
Capital Assets Being Depreciated, net	190,691
Net Pension Asset	7,455
Total Assets	1,386,052

DEFERRED OUTFLOWS OF RESOURCES

Pension Related	62,969
Total Deferred Outflows of Resources	62,969

LIABILITIES

Current Liabilities

Accounts Payable	19,501
Due to Member Libraries	5,294
Payroll Liabilities	28,919
Compensated Absences, Current	6,311
Total Current Liabilities	60,015

Noncurrent Liabilities

Compensated Absences, Long-term	32,751
Total Liabilities	92,766

DEFERRED INFLOWS OF RESOURCES

Pension Related	112,434
Total Deferred Inflows of Resources	112,434

NET POSITION

Investment in Capital Assets	267,209
<i>Unrestricted</i>	976,612
Total Net Position	\$ 1,243,821

The Notes to the Financial Statements are an integral part of these Financial Statements

**Lakeland Library Cooperative
Statement of Activities
For the Year Ended September 30, 2021**

Functions/Programs		Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses				
Administration	\$ 352,321	\$ 127,122	\$ --	\$ --	\$ (225,199)
Delivery Service	226,109	75,107	--	--	(151,002)
Cataloging	202,700	161,419	--	--	(41,281)
Information Technology	185,284	114,474	--	--	(70,810)
Integrated Library System	344,696	264,611	--	--	(80,085)
Pass Through	204,300	204,300	--	--	--
Total	\$ 1,515,410	\$ 947,033	\$ --	\$ --	(568,377)

General Purpose Revenues:

Unrestricted State Aid	561,185
Unrestricted Interest Income	1,331
Total General Revenues	562,516
Change in Net Position	(5,861)
<i>Net Position at Beginning of Period</i>	1,249,682
<i>Net Position at End of Period</i>	\$ 1,243,821

The Notes to the Financial Statements are an integral part of these Financial Statements

**Lakeland Library Cooperative
Balance Sheet
Governmental Funds
September 30, 2021**

		<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>General</u>	<u>Library Services</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 914,714	\$ 68,202	\$ 37,672	\$ 1,020,588
Accounts Receivable, Net	2,998	1	--	2,999
Prepays	87,801	--	--	87,801
Due from Other Funds	4,503	--	58,416	62,919
<i>Total Assets</i>	<u>\$ 1,010,016</u>	<u>\$ 68,203</u>	<u>\$ 96,088</u>	<u>\$ 1,174,307</u>
LIABILITIES				
Accounts Payable	\$ 19,501	\$ --	\$ --	\$ 19,501
Due to Member Libraries	--	5,284	--	5,284
Payroll Liabilities	28,919	--	--	28,919
Due to Other Funds	--	62,919	--	62,919
<i>Total Liabilities</i>	<u>48,420</u>	<u>68,203</u>	<u>--</u>	<u>116,623</u>
FUND BALANCE				
Nonspendable	87,801	--	--	87,801
Committed for Delivery	85,221	--	--	85,221
Committed for Capital Projects	--	--	96,088	96,088
Unassigned	788,574	--	--	788,574
<i>Total Fund Balance</i>	<u>961,596</u>	<u>--</u>	<u>96,088</u>	<u>1,057,684</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 1,010,016</u>	<u>\$ 68,203</u>	<u>\$ 96,088</u>	<u>\$ 1,174,307</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Lakeland Library Cooperative
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2021

Total Fund Balance - Governmental Funds	\$ 1,057,684
General government capital assets of \$1,856,813 net of accumulated depreciation of \$1,589,604 are not financial resources and accordingly are not reported in the funds.	267,209
Change to compensated absences are not shown in the fund statements. The net effect of the current year increase is a decrease in net position.	(290)
The net pension liability and related deferred items are not paid from current financial resources and, therefore, are excluded from the fund financial statements but are included as a liability and deferred items in the government-wide financial statements.	(42,010)
Compensated absences are not due in and payable in the current period, and therefore, are not reported in the funds.	(38,772)
Total Net Position - Governmental Activities	\$ <u>1,243,821</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Lakeland Library Cooperative
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2021

		<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Library Services</u>	<u>Capital Projects</u>	
Revenues				
Charges for Services	\$ 742,733	\$ --	\$ --	\$ 742,733
Unrestricted State Aid	561,185	--	--	561,185
Unrestricted Interest Income	1,331	--	--	1,331
Pass Through	--	204,300	--	204,300
Total Revenues	<u>1,305,249</u>	<u>204,300</u>	<u>--</u>	<u>1,509,549</u>
Expenditures				
Administration	355,916	--	--	355,916
Delivery Service	226,109	--	--	226,109
Cataloging	202,700	--	--	202,700
Information Technology	114,272	--	60,000	174,272
Integrated Library System	344,696	--	--	344,696
Capital Outlay	--	--	29,313	29,313
Pass Through	--	204,300	--	204,300
Total Expenditures	<u>1,243,693</u>	<u>204,300</u>	<u>89,313</u>	<u>1,537,306</u>
Net Change in Fund Balance	61,556	--	(89,313)	(27,757)
<i>Fund Balance at Beginning of Period</i>	900,040	--	185,401	1,085,441
Fund Balance at End of Period	<u>\$ 961,596</u>	<u>\$ --</u>	<u>\$ 96,088</u>	<u>\$ 1,057,684</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Lakeland Library Cooperative
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended September 30, 2021

Total Net Change in Fund Balances - Governmental Funds	\$	(27,757)
--	----	----------

The fund financial statements report capital outlay as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$29,313 is exceed by depreciation expense of \$35,831.		(6,518)
--	--	---------

Change to compensated absences are not shown in the fund financial statements. The net effect of the current year decrease is an increase in net position.		5,423
--	--	-------

The statement of activities reports changes to net pension liability and pension related deferred items as pension expense; however, the expenditures recorded on the governmental funds equals actual pension contributions.		22,991
---	--	--------

Changes in Net Position - Governmental Activities	\$	<u>(5,861)</u>
--	-----------	-----------------------

The Notes to the Financial Statements are an integral part of these Financial Statements

Notes to the Financial Statements

Lakeland Library Cooperative

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Lakeland Library Cooperative (the “Cooperative”) have been prepared in conformity with the U.S. generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Cooperative’s accounting principles are described below.

Lakeland Library Cooperative was formed by the authority of Public Libraries Act 89 of 1977. The Cooperative provides interlibrary loan, delivery, shared ILS and other services to member libraries in Allegan, Barry, Ionia, Kent, Montcalm, Muskegon, Newaygo, and Ottawa counties.

Reporting Entity

The Cooperative Board, a nine-member group appointed in accordance with a formula stated in Article V, Section I of the Cooperative bylaws, has governance responsibilities over all activities related to the Lakeland Library Cooperative. The Board receives funding primarily from local and state sources and must comply with concomitant requirements of these funding entities. However, the Board is not included in any other governmental “reporting entity” as defined by the Government Accounting Standards Board since the Board members, who are appointed (as legislated by Public Libraries Act 89 of 1977) from Cooperative members, have decision-making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters. In accordance with generally accepted accounting principles, there are no component units to be included in these financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (e.g., the statement of position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Cooperative only has governmental activities.

The statement of activities demonstrates the degree to which the direct expense 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. Program revenue includes: 1) charges to Cooperative patrons 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 meet the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues and are reported instead as general revenue.

The statement of net position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Cooperative’s net position is reported in three parts: 1) investment in capital assets 2) restricted net position, and 3) unrestricted net position.

Lakeland Library Cooperative

Notes to the Financial Statements

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.

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. 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 Cooperative considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Intergovernmental revenue, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Cooperative.

The Cooperative reports the following major governmental funds:

The *General Fund* is the Cooperative's primary operating fund. It accounts for all financial resources of the Cooperative, except those required to be accounted for in another fund.

The *Library Services Fund* accounts for specific revenues and expenses agreed upon by member libraries for the benefit of those libraries.

The *Capital Projects Fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Assets, Deferred Outflows/Inflows, Liabilities, and Net Position or Equity

Deposits and Investments

Cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of 90 days or less when acquired. Investments are stated at fair value based on quoted market price and include certificates of deposit with an original maturity of greater than 90 days from the date of purchase. Certificate of deposits are stated at cost which approximates fair value.

Lakeland Library Cooperative

Notes to the Financial Statements

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures / expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Cooperative as assets with an estimated useful life in excess of two years and an initial individual cost of more than \$5,000. Donated capital assets are valued at acquisition cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

	<u>Years</u>
Buildings and Improvements	15-30
Equipment, Furniture, and Vehicles	5-20
Infrastructure	15-30

Deferred Outflows / Inflows of Resources

In addition to assets and liabilities, the statement of financial position or balance sheet will, when applicable, report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, a separate financial statement element, represents a consumption of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. Deferred inflows of resources, a separate financial statement element, represents an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Cooperative has several items that qualify for reporting in these categories and are reported in the government-wide financial statement of net position. These items relate to the Cooperative's net pension liability. The net pension liability amounts are related to differences between expected and actual experience, changes in assumptions, differences between projected and actual pension plan investment earnings, and contributions made subsequent to the measurement date. These amounts are deferred and recognized as an outflow or inflow of resources in the period to which they apply.

Lakeland Library Cooperative

Notes to the Financial Statements

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS) of Michigan and additions to/deductions from MERS' fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

Under the terms of the Cooperative policies, full time employees are granted 12 days of sick leave per year. Unused sick leave benefits will be allowed to accumulate up to a maximum of one-hundred-thirty (130) days. Unused accumulated sick leave will be paid to employees who retire (age fifty-five (55) or older) with ten (10) years or more of continuous service, up to a maximum of ninety (90) days at the rate of one dollar (\$1.00) per day times the years of continuous service. Vacation time is paid at the hourly rate of the employee.

Deferred Compensation Plan

The Cooperative offers its employees a deferred compensation plan created in accordance with IRS section 457. The Plan, available to all Cooperative employees, permits them to defer a portion of their current salary until future years. A trust has been established for the plan assets and the related assets and liability are not included in the Cooperative's financial statements.

Net Position Flow Assumption

Sometimes the Cooperative will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Cooperative's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumption

Sometimes the Cooperative will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Cooperative's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same

Lakeland Library Cooperative

Notes to the Financial Statements

purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Cooperative Board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Cooperative Director can assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the Cooperative's General Fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Cooperative Board.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Lakeland Library Cooperative

Notes to the Financial Statements

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund. All annual appropriations lapse at fiscal year-end. P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The budget document is adopted on an activity basis. Subsequent budget amendments are approved by the Cooperative Board. During the year, the budget was amended in a legally permissible manner.

Excess of Expenditures over Appropriations in Budgeted Funds

The Cooperative had no expenditures in excess of the amounts appropriated during the year ended September 30, 2021.

Note 3 - Deposits and Investments

Deposits and investments consisted of the following at September 30, 2021:

Statement of Net Position

Cash and Investments	<u>\$ 1,020,588</u>
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Deposits and Investments

Demand Deposits (Checking and Savings Accounts)	467,436
Investments - Michigan CLASS	<u>553,152</u>
Total Deposits and Investments	<u>\$ 1,020,588</u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Cooperative's deposits might not be returned. State law does not require, and the Cooperative does not have a policy for deposit custodial credit risk. As of year-end, \$796 of the Cooperative's bank balance of \$626,621 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Cooperative will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require, and the Cooperative does not have a policy for investment custodial credit risk. The Cooperative's Michigan CLASS investments of \$553,152 are rated AAAM by the S&P.

Interest Rate Risk - Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant

Lakeland Library Cooperative

Notes to the Financial Statements

accounting policies. The Cooperative's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. None of the Cooperative's investments have a maturity date.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk. The Cooperative's investment policy does not have specific limits in excess of State law on concentration of credit risk. All investments held at year-end are reported above.

Fair Value Measurement. The Cooperative categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs. The Cooperative's Michigan CLASS investments are valued using other observable inputs (level 2 inputs) and have a balance of \$553,152 as of September 30, 2021.

Note 4 – Interfund Balances

Interfund balances for the year ended September 30, 2021 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Library Services	4,503
Capital Projects	Library Services	58,416

Interfund balances result primarily from the time lag between dates that: 1) interfund goods and services are provided or reimbursed expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

Lakeland Library Cooperative

Notes to the Financial Statements

Note 5 - Capital Assets

Capital asset activity of the Cooperative's activities was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets not being Depreciated				
Land	\$ 76,518	\$ -	\$ -	\$ 76,518
Capital Assets being Depreciated				
Office Furniture	160,691	-	-	160,691
Building	229,553	-	-	229,553
Building Improvements	189,528	-	-	189,528
Training Center Furniture and Equipment	41,337	-	-	41,337
Information System	1,056,127	29,313	-	1,085,440
Vehicles	73,746	-	-	73,746
Total Capital Assets being Depreciated	1,750,982	29,313	-	1,780,295
Less Accumulated Depreciation				
Office Furniture	155,914	1,506	-	157,420
Building	145,383	7,652	-	153,035
Building Improvements	136,263	8,285	-	144,548
Training Center Furniture and Equipment	41,337	-	-	41,337
Information System	1,047,838	11,012	-	1,058,850
Vehicles	27,038	7,376	-	34,414
Total Accumulated Depreciation	1,553,773	35,831	-	1,589,604
Capital Assets being Depreciated, Net	197,209	(6,518)	-	190,691
Capital Assets, Net	\$ 273,727	\$ (6,518)	\$ -	\$ 267,209

Depreciation expense was charged to the following functions of the Cooperative:

Administration	\$ 24,819
Information Technology	11,012
Total Depreciation Expense	\$ 35,831

Note 6 - Long-term Liabilities

Long-term liabilities of the Cooperative consist of the following:

	Beginning Balance	Increases / (Decreases)	Ending Balance	Due Within One Year
Compensated Absences	\$ 44,485	\$ (5,423)	\$ 39,062	\$ 6,311

Lakeland Library Cooperative

Notes to the Financial Statements

Note 7 - Risk Management

The Cooperative is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Cooperative has purchased commercial insurance for claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years. There were no significant reductions in insurance coverage during the past year.

Note 8 - Pension Plans

Defined Contribution Pension Plan

The Cooperative provides a defined contribution pension plan, which provides retirement benefits to the Cooperative Director. At September 30, 2021, there was one member in the plan. Plan members are not required to contribute. The Cooperative was required to contribute 7% of annual covered payroll through March 31, 2021 and 8% thereafter. Employer contributions for the year totaled \$8,158. The plan provisions and contribution requirements were established and may be amended by the Cooperative.

Defined Benefit Pension Plan

Plan Description

The employer's defined benefit pension plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Retirement benefits for employees are calculated as follows:

Division	Benefit Multiplier	Benefit Maximum	Final Average Compensation (Years)	Normal Retirement Age	Unreduced Benefit (Age/Years of Service)	Reduced Benefit (Age/Years of Service)	Vesting (Years)
Nonunion - Closed	2.25%	80%	5	60	N/A	50/25 or 55/15	6
Nonunion Hired After 11/01/2010 - Open	1.50%	No Max	5	60	N/A	50/25 or 55/15	8

Lakeland Library Cooperative

Notes to the Financial Statements

Employees Covered by Benefit Terms

At the December 31, 2020 valuation date, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	3
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	5
Active Plan Members	<u>9</u>
Total Employees Covered by MERS	<u>17</u>

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended September 30, 2021, the Cooperative had the following contribution rates:

<u>Division</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>
Nonunion - Closed	4.00%	\$1,842/mo.
Nonunion Hired After 11/01/2010 - Open	5.00%	4.10%

Net Pension Liability

The net pension liability (asset) reported at September 30, 2021 was determined using a measure of the total pension liability (asset) and the pension net position as of December 31, 2020. The December 31, 2020 total pension liability (asset) was determined by an actuarial valuation performed as of December 31, 2020.

Actuarial Assumptions

The total pension liability (asset) in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Lakeland Library Cooperative

Notes to the Financial Statements

Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.35%, Net of Investment Expense, Including Inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage inflation assumption would be consistent with a price inflation of 3.00-4.00%.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment and administrative expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Gross Return	Long-term Expected Gross Contribution	Inflation Assumption	Long-term Expected Real Rate of Return
Global Equity	60.00%	7.75%	4.65%	2.50%	3.15%
Global Fixed Income	20.00%	3.75%	0.75%	2.50%	0.25%
Private Investments	20.00%	9.75%	1.95%	2.50%	1.45%
	<u>100.00%</u>		<u>7.35%</u>		<u>4.85%</u>

Discount Rate

The discount rate used to measure the total pension liability is 7.6%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. 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.

Lakeland Library Cooperative

Notes to the Financial Statements

Changes in the net pension liability (asset) during the measurement year were as follows:

Changes in Net Pension Liability (Asset)	Increase (Decrease)		
	Total Pension Liability (Asset)	Plan Net Position	Net Pension Liability (Asset)
Balance at December 31, 2019	\$ 1,400,672	\$ 1,312,579	\$ 88,093
Service Cost	42,171	-	42,171
Interest	106,189	-	106,189
Difference Between Expected and Actual Experience	(82,675)	-	(82,675)
Changes in Assumptions	48,672	-	48,672
Contributions - Employer	-	22,093	(22,093)
Contributions - Employee	-	20,081	(20,081)
Net Investment Income	-	170,389	(170,389)
Benefit Payments, Including Refunds	(49,075)	(49,075)	-
Administrative Expenses	-	(2,658)	2,658
<i>Net Changes</i>	<u>65,282</u>	<u>160,830</u>	<u>(95,548)</u>
Balance at December 31, 2020	<u>\$ 1,465,954</u>	<u>\$ 1,473,409</u>	<u>\$ (7,455)</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) of the Cooperative, calculated using the discount rate of 7.60%, as well as what the Cooperative's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.60%) or one percentage point higher (8.60%) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Net Pension Liability (Asset) of the Library	<u>\$ 159,660</u>	<u>\$ (7,455)</u>	<u>\$ (149,342)</u>

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

Lakeland Library Cooperative

Notes to the Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2021 the Cooperative recognized pension expense of \$622.

The Cooperative reported deferred outflows and inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ -	\$ 48,209
Differences Between Expected and Actual Experience	-	64,225
Changes in Assumptions	45,170	-
Employer Contributions to the Plan Subsequent to the Measurement Date*	17,799	-
Total	\$ 62,969	\$ 112,434

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2022.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (reduction in pension expense) as follows:

Year Ending September 30,	Amount
2021	\$ (16,088)
2022	(9,554)
2023	(27,424)
2024	(14,198)

Note 9 - Subsequent Events

Subsequent events have been evaluated through January 14, 2022. The Cooperative will be affected by the recent and ongoing outbreak of the Coronavirus (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. COVID-19 has caused significant government and business disruptions through mandated and voluntary closings and stay at home orders.

Management is in the process of determining the significance that the outbreak will have on the Cooperative's upcoming budget.

The Cooperative received a Capacity grant through American Rescue Plan Act of \$1,082,078 which will be used for Digital Library Connections.

Required Supplementary Information

Lakeland Library Cooperative
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended September 30, 2021

	Budgeted Amounts			Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
Revenues				
Charges for Services	\$ 739,225	\$ 740,125	\$ 742,733	\$ 2,608
Unrestricted State Aid	256,930	561,562	561,185	(377)
Unrestricted Interest Income	2,500	2,500	1,331	(1,169)
Total Revenues	998,655	1,304,187	1,305,249	1,062
Expenditures				
Administration	362,233	375,397	355,916	19,481
Delivery Service	224,472	228,904	226,109	2,795
Cataloging	206,671	206,592	202,700	3,892
Information Technology	120,967	119,085	114,272	4,813
Integrated Library System	364,312	372,646	344,696	27,950
Total Expenditures	1,278,655	1,302,624	1,243,693	58,931
Excess (Deficiency) of Revenues and Over Expenditures	(280,000)	1,563	61,556	59,993
Net Change in Fund Balance	(280,000)	1,563	61,556	59,993
Fund Balance at Beginning of Period	900,040	900,040	900,040	--
Fund Balance at End of Period	\$ 620,040	\$ 901,603	\$ 961,596	\$ 59,993

Lakeland Library Cooperative
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Library Services
For the Year Ended September 30, 2021

	Budgeted Amounts			Variance Favorable (Unfavorable) Final to Actual
	Original	Final	Actual	
Revenues				
Pass Through	\$ 250,100	\$ 250,100	\$ 204,300	\$ (45,800)
<i>Total Revenues</i>	<u>250,100</u>	<u>250,100</u>	<u>204,300</u>	<u>(45,800)</u>
Expenditures				
Pass Through	133,200	250,100	204,300	45,800
<i>Total Expenditures</i>	<u>133,200</u>	<u>250,100</u>	<u>204,300</u>	<u>45,800</u>
<i>Excess (Deficiency) of Revenues</i>				
<i>Over Expenditures</i>	116,900	--	--	--
<i>Net Change in Fund Balance</i>	<u>116,900</u>	<u>--</u>	<u>--</u>	<u>--</u>
<i>Fund Balance at Beginning of Period</i>	--	--	--	--
<i>Fund Balance at End of Period</i>	<u>\$ 116,900</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Lakeland Library Cooperative
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Six Plan Years *

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability						
Service Cost	\$ 42,171	\$ 39,728	\$ 35,748	\$ 32,361	\$ 31,013	\$ 29,978
Interest	106,189	103,409	98,699	93,298	88,840	82,267
Differences Between Expected and Actual Experience	(82,675)	(27,326)	(25,430)	(7,746)	(11,158)	6,058
Changes in Assumptions	48,672	38,166	-	-	-	48,172
Benefit Payments, Including Refunds	(49,075)	(52,113)	(52,113)	(52,113)	(55,199)	(52,113)
Net Change in Pension Liability	<u>65,282</u>	<u>101,864</u>	<u>56,904</u>	<u>65,800</u>	<u>53,496</u>	<u>114,362</u>
<i>Total Pension Liability - Beginning</i>	<i>1,400,672</i>	<i>1,298,808</i>	<i>1,241,904</i>	<i>1,176,104</i>	<i>1,122,608</i>	<i>1,008,246</i>
Total Pension Liability - Ending (a)	<u>\$ 1,465,954</u>	<u>\$ 1,400,672</u>	<u>\$ 1,298,808</u>	<u>\$ 1,241,904</u>	<u>\$ 1,176,104</u>	<u>\$ 1,122,608</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 22,093	\$ 25,977	\$ 26,288	\$ 131,078	\$ 21,980	\$ 20,463
Contributions - Member	20,081	17,500	15,709	14,770	13,852	13,710
Net Investment Income (Loss)	170,389	158,875	(48,442)	134,412	104,267	(14,255)
Benefit Payments, Including Refunds	(49,075)	(52,113)	(52,113)	(52,113)	(55,199)	(52,113)
Administrative Expenses	(2,658)	(2,739)	(2,387)	(2,116)	(2,059)	(2,082)
Net Change in Plan Fiduciary Net Position	<u>160,830</u>	<u>147,500</u>	<u>(60,945)</u>	<u>226,031</u>	<u>82,841</u>	<u>(34,277)</u>
<i>Plan Fiduciary Net Position - Beginning</i>	<i>1,312,579</i>	<i>1,165,079</i>	<i>1,226,024</i>	<i>999,993</i>	<i>917,152</i>	<i>951,429</i>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,473,409</u>	<u>\$ 1,312,579</u>	<u>\$ 1,165,079</u>	<u>\$ 1,226,024</u>	<u>\$ 999,993</u>	<u>\$ 917,152</u>
Net Pension Liability - Ending (a) - (b)	\$ (7,455)	\$ 88,093	\$ 133,729	\$ 15,880	\$ 176,111	\$ 205,456
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.5%	93.7%	89.7%	98.7%	85.0%	81.7%
Covered Payroll	\$ 451,625	\$ 432,447	\$ 383,137	\$ 342,055	\$ 324,929	\$ 318,993
Net Pension Liability as a Percentage of Covered Payroll	-1.7%	20.4%	34.9%	4.6%	54.2%	64.4%

Notes to Schedule:

* Built prospectively upon implementation on GASB Statement No.68. An additional year will be added each year until ten years are presented.

**The following were significant changes to economic and demographic assumptions:

2015 valuation - The investment rate of return assumption was reduced from 8.25% to 8.0%, the wage inflation assumption was reduced from 4.50% to 3.75%, inflation rates changed from 3.0-4.0% to 3.25%, and the mortality assumption was updated to be based on the RP-2014 tables.

2019 valuation - The investment rate of return assumption was reduced from 8.00% to 7.60%, the wage inflation assumption was reduced from 3.75% to 3.00%.

2020 valuation - Mortality rates were changed to the recently issued Pub-2010 mortality general rates as published by the Society of Actuaries along with a change to sex-distinct assumptions

**Lakeland Library Cooperative
Required Supplementary Information
Schedule of Contributions
Last Six Fiscal Years ***

	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 23,612	\$ 21,603	\$ 27,611	\$ 30,101	\$ 21,980	\$ 20,463
Contributions in Relation to the Actuarially Determined Contribution	23,612	21,603	27,611	141,316	21,980	20,463
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (111,215)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 451,465	\$ 464,844	\$ 381,762	\$ 353,234	\$ 324,929	\$ 318,993
Contributions as a Percentage of Covered Payroll	5.2%	4.6%	7.2%	40.0%	6.8%	6.4%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is the year prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates

Actuarial Cost Method	Entry-age, Normal
Amortization Method	Level Percentage of Pay, Open
Remaining Amortization Period	18 Years
Asset Valuation Method	5-year Smoothed
Inflation	2.50%
Salary Increases	3% - In the long term
Investment Rate of Return	7.35% net of investment and administrative
Retirement Age	Experience-based Tables of Rates that are Specific to the Type of Eligibility Condition
Mortality	Rates Used were Based on the Pub-2010 Group Annuity Mortality Table of a 50% Male

* Built prospectively upon implementation on GASB 68

INDEPENDENT AUDITOR'S 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*

To the Board of Directors
Lakeland Library Cooperative
Grand Rapids, MI

We have audited, in accordance with the 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 each major fund of the Lakeland Library Cooperative (the "Cooperative"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and have issued our report thereon dated January 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cooperative'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative'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 entity'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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative'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 financial statements. 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Gabridge & Company".

Gabridge & Company, PLC
Grand Rapids, MI
January 14, 2022

January 14, 2022

To the Board of Directors
Lakeland Library Cooperative
Grand Rapids, Michigan

We have audited the financial statements of the governmental activities and each major fund of the Lakeland Library Cooperative (the “Cooperative”) for the year ended September 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 9, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Cooperative are described in Note 1 to the financial statements. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements 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 Lakeland Library Cooperative’s financial statements were:

- Management’s estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management’s estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- The assumptions used in the actuarial valuation of the pension plan are based on historical trends and industry standards.

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 trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 have requested certain representations from management that are included in the management representation letter dated January 14, 2022.

Management Consultations with Other Independent 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 governmental unit'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 governmental unit'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

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 statements or to the financial statements themselves.

Restrictions of Use

This information is intended solely for the use of management, the Board of Directors, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Gabridge & Company

Gabridge & Company, PLC
Grand Rapids, MI