

## LAKELAND LIBRARY COOPERATIVE FINANCE COMMITTEE MEETING

**Monday, April 4th, 2022**

**2:00 p.m.**

**Via Zoom**

( <https://us06web.zoom.us/j/81353813008> )

Committee Members: Present: Karen McKinnon (AL) Chair, Diane Kooiker (HO), Maggie McKeithan (OS), Dale Parus, Ex Officio (IC)

Staff: Carol Dawe, Janet Cornell

### AGENDA

- 1) **CALL TO ORDER**
- 2) **APPROVAL OF AGENDA** *(m)*
- 3) **APPROVAL OF MINUTES**
  - a) Finance Committee June 30, 2021 *(m)* Page 2-3
  - b) **New Business**
    - i) Fund Balance Review *(m)* Page 4-5
    - ii) Budget Amendment Draft *(m)* Page 6-7
      - (1) Operating Budget
      - (2) Capital Budget
        - (a) Trucks *(m)* Page 8--9
    - iii) 2022-2023 Budget Preparation *(m)* Page 10
- 4) **NEXT MEETING**
- 5) **ADJOURNMENT** *(m)*

**LAKELAND LIBRARY COOPERATIVE  
FINANCE COMMITTEE MINUTES – Unofficial  
Wednesday, June 30, 2021, at 1:00 p.m.  
Via ZOOM**

Present: Karen McKinnon (AL) Chair, Diane Kooiker (HO), Maggie McKeithan (OS), Dale Parus, Ex Officio (IC)

Staff Present: Carol Dawe, Janet Cornell

- 1) **CALL TO ORDER:** The meeting was called to order at 12:59 p.m. by Karen McKinnon.
- 2) **APPROVAL OF AGENDA:** Diane Kooiker moved, supported by Maggie McKeithan, to approve the agenda as presented - *motion carried*.
- 3) **APPROVAL OF MINUTES:** Diane Kooiker moved, supported by Maggie McKeithan, to approve the Finance Committee minutes from January 6, 2021, as presented – *motion carried*.
- 4) **NEW BUSINESS:**
  - a) Fund Balance and ARPA – Lakeland has been asked to be the applicant and recipient of a ARPA capacity grant that would be administered to all the libraries in the state for digital content. Funds would be allotted to every library to be purchased through OverDrive for one-copy, one-use content. Lakeland would administer this grant for about \$1 million in batches over the course of the year. To keep the funds flowing, Lakeland would need to commit \$250,000-\$350,000 of fund balance reserves in an account to allow for disbursements and reimbursements to be made. Diane Kooiker moved, supported by Maggie McKeithan to allow Lakeland to use fund balance reserves in an amount not to exceed \$350,000 for funding the disbursements of the ARPA capacity grant – *motion carried*.
  - b) Budgets:
    - i) Operating Budget – Includes a 3% wage increase for staff as recommended and some significant changes in the ILS budget. Most of these changes were to III Maintenance by negotiating savings in current maintenance and including unlimited SIP2 licenses which will no longer be passed through to the libraries.
    - ii) Operating Cost Per Library– \$50,000 from Fund Balance is planned to reduce overall costs so that the total would be kept within the 8-10% range. Some libraries are over this range but most of these are due to cataloging fees under the current cost formula. This has been smoothed out over a 3-year period so there will not be as many fluctuations year to year. Also, some libraries overall costs will go down as they are not paying for SIP2 maintenance as a pass through anymore.
    - iii) Capital Budget – The budget includes one-time costs for implementation of Patron Point and unlimited SIP2 licenses, along with the hosted servers and emergency building expenses. Carol Dawe mentioned that there are committed funds available for new trucks that are needed, and the committee recommended adding them to the budget for this year.
    - iv) Pass Through Budget – No significant changes were made to this budget other than the pass through SIP2 licenses were removed. Diane Kooiker moved, supported by Maggie McKeithan to approve all the budget items as presented and discussed. – *motion carried*.
  - c) Budget Amendment 3 – Due to a staff reduction in IT, some of the wage savings is requested to be moved to consulting for IT services and webpage design. Diane Kooiker moved, supported by Maggie McKeithan to accept the amendment as shown – *motion carried*.

- 5) **NEXT MEETING:** There will not be another meeting scheduled until the next budget planning process unless it becomes necessary.
- 6) **ADJOURNMENT:** Maggie McKeithan moved with support by Dianne Kooiker to adjourn the meeting – *motion carried*. The meeting was adjourned at 1:54 p.m.

Respectfully submitted by,  
Janet Cornell



## FY2020-21 Fund Balance Allocations

<b>TOTAL ALL FUNDS</b>								
Fund Balance Accounts	Balance FY19-20	Adjust Between Funds	Begin Balance FY20-21	Budget Transfer FY20-21	End Balance FY20-21	Adjust FB Accounts	Adjusted End Balance FY20-21	Notes
<b>NONSPENDABLE</b>	65,317	0	65,317	22,484	87,801	0	87,801	
<b>RESTRICTED</b>	0	0	0	0	0	0	0	
<b>COMMITTED - Funds</b>								
Building Improvements	19,384	-19,384	0	0	0	0	0	
Technology Upgrades	166,017	-166,017	0	0	0	0	0	
Delivery	85,221	0	85,221	0	85,221	0	85,221	
<b>ASSIGNED</b>	0	0	0	0	0	0	0	
<b>UNASSIGNED</b>	749,502	185,401	934,903	-122,484	884,662	0	884,662	
<b>TOTAL FUND BALANCE</b>	<b>1,085,441</b>	<b>0</b>	<b>1,085,441</b>	<b>-100,000</b>	<b>1,057,684</b>	<b>0</b>	<b>1,057,684</b>	
Net Revenue Minus Expenses - All				72,243				

Notes:

OPERATING FUND	Balance FY19-20	Adjust Between Funds	Begin Balance FY20-21	Budget Transfer FY20-21	End Balance FY20-21	Adjust FB Accounts	Adjusted End Balance FY20-21	Notes
<b>NONSPENDABLE</b>	65,317		65,317	22,484	87,801		87,801	
<b>RESTRICTED</b>	0		0		0		0	
<b>COMMITTED - Capital Funds</b>								
Building Improvements	19,384	-19,384	0					
Technology Upgrades	166,017	-166,017	0					
Delivery	85,221		85,221		85,221		85,221	
<b>ASSIGNED</b>	0		0		0		0	
<b>UNASSIGNED</b>	749,502		749,502	-22,484	788,574		788,574	
<b>TOTAL FUND BALANCE</b>	<b>1,085,441</b>	<b>-185,401</b>	<b>900,040</b>	<b>0</b>	<b>961,596</b>	<b>0</b>	<b>961,596</b>	
Net Revenue Minus Expenses				61,556				

CAPITAL FUND	Balance FY19-20	Adjust Between Funds	Begin Balance FY20-21	Budget Transfer FY20-21	End Balance FY20-21	Adjust FB Accounts	Adjusted End Balance FY20-21	Notes
<b>NONSPENDABLE</b>	0		0		0	0	0	
<b>RESTRICTED</b>	0		0		0		0	
<b>COMMITTED - Capital Funds</b>								
Building Improvements	0		0					
Technology Upgrades	0		0					
Delivery	0		0		0		0	
<b>ASSIGNED</b>	0		0		0		0	
<b>UNASSIGNED</b>	0	185,401	185,401	-100,000	96,088		96,088	
<b>TOTAL FUND BALANCE</b>	<b>0</b>	<b>185,401</b>	<b>185,401</b>	<b>-100,000</b>	<b>96,088</b>	<b>0</b>	<b>96,088</b>	
Net Revenue Minus Expenses				10,687				

**Lakeland Library Cooperative**  
**FY2021-22 Operating Budget -Approved 8/12/21**

	Total FY2021-22	Total FY2020-21	FY2021-22 Over/(Under) FY2020-21	Notes	FY2021-22 Revisions Due to State Aid Increase
<b>Revenue by Libraries:</b>					
Administration	113,126	123,506	10,380		113,126
Delivery	102,102	75,114	(26,988)		102,102
ILS & IT	588,797	540,405	(48,392)		588,797
<b>State Aid</b>	560,900	560,900	-	1	684,900
Transfer to Capital Fund				2	(70,000)
<b>Other Revenue:</b>					
Investment Revenue	1,000	2,500	1,500		1,000
Rebates	100	200	100		100
Affiliate Memberships		-	-		
<b>Total Revenue</b>	<u>\$ 1,366,025</u>	<u>\$ 1,302,625</u>	<u>\$ (63,400)</u>		<u>\$ 1,420,025</u>
<b>Fund Balance Reserves:</b>					
Fund Balance-Unassigned	50,000	-	(50,000)		50,000
<b>Total Revenue and Reserves</b>	<u><u>\$ 1,416,025</u></u>	<u><u>\$ 1,302,625</u></u>	<u><u>\$ (113,400)</u></u>		<u><u>\$ 1,470,025</u></u>
<b>Expenses</b>					
Salaries/Taxes	725,800	724,300	(1,500)	3	756,264
Benefits	143,210	115,890	(27,320)	3	147,528
Mileage	3,440	2,025	(1,415)		3,440
Professional Development	6,500	1,100	(5,400)		6,500
Supplies	5,715	5,375	(340)		5,715
Professional Services	30,240	16,925	(13,315)	4	40,240
Insurance	13,040	13,040	-		13,040
ILS & IT Expenses	382,700	326,700	(56,000)	5	391,918
RIDES Delivery	7,670	7,275	(395)		7,670
Delivery Expenses	51,560	39,650	(11,910)		51,560
Member Development	5,500	9,645	4,145		5,500
Facility	40,650	40,700	50		40,650
<b>Total Expenses</b>	<u><u>\$ 1,416,025</u></u>	<u><u>\$ 1,302,625</u></u>	<u><u>\$ (113,400)</u></u>		<u><u>\$ 1,470,025</u></u>

**Notes:**

- 1 - State aid increase
- 2 - Transfer portion to Capital Fund Budget
- 3 - Adjustments to personnel
- 4 - Allocate funds for Strategic Planning
- 5 - Allocate funds for eMARC fees on ARPA content and additional IT expenses

LAKELAND LIBRARY COOPERATIVE  
 FY2021-22 Capital Fund Budget - Approved 8/12/21

Capital Expenses:	Budget	Budget	FY2021-22	Notes	Revision due
	FY2021-22	FY2020-21	Over/(Under) FY2020-21		to State Aid Increase
Technology - IT Hardware	62,500	62,500	-	1	62,500
Technology - ILS	67,000	30,000	37,000	2	87,000
Building Improvements	7,500	7,500	-	3	7,500
Delivery Trucks	85,000	-	85,000	4	135,000
<b>Total Expenses</b>	<b>\$ 222,000</b>	<b>\$ 100,000</b>	<b>\$ 122,000</b>		<b>\$ 292,000</b>
<b>Capital FB Reserves:</b>					
Committed FB					
Building Improvements	7,500	7,500	-		7,500
Technology	75,000	92,500	(17,500)		75,000
<b>Transfer Operating FB Reserves:</b>					
Committed FB - Delivery	85,000		85,000		85,000
Unassigned	54,500		54,500		124,500
<b>Total FB Reserves</b>	<b>\$ 222,000</b>	<b>\$ 100,000</b>	<b>\$ 122,000</b>		<b>\$ 292,000</b>

Notes:

- 1 - Hosted Servers
- 2 - Patron Point, Unlimited SIP2, additional for Bibliocore development
- 3 - Emergency building expense
- 4- Purchase 2 trucks, additional funds for procurement

Lakeland Library Cooperative  
Delivery Truck Purchase Options  
March 27, 2022

Lakeland currently utilizes two, 2016 Chevy Express 16-foot box trucks to do delivery. Both of these trucks were purchased in February of 2017, have been in operation for 5 years, and have around 230,000 miles. The process of looking for 2 new trucks began in July of 2021. After multiple attempts to get pricing from vendors, including our current vendor, we have not received any quotes. Some of the reasons why dealers are not able to provide quotes include:

<ul style="list-style-type: none"> <li>There are not any new 2021 chassis available to the local dealers.</li> </ul>	<ul style="list-style-type: none"> <li>The dealers do not know if or when the manufacturer will let them place an order.</li> </ul>
<ul style="list-style-type: none"> <li>All of the 2021 chassis that are in production have been committed to other customers.</li> </ul>	<ul style="list-style-type: none"> <li>The chassis needs to be upfitted with a 16-foot box by either Morgan or Supreme. Supreme is sold out for the year and is not providing quotes. Morgan will not quote a box until the customer actually has a chassis.</li> </ul>
<ul style="list-style-type: none"> <li>Production of 2022 chassis will not start until production of 2021 vehicles has been completed. The dealers do not know when the switch over will occur.</li> </ul>	<ul style="list-style-type: none"> <li>Dealers are not providing price quotes as the price of the finished upfitted chassis can change significantly between the order and completion dates.</li> </ul>

Considering that we should not expect to receive price quotes, the traditional process of asking vendors to submit prices, evaluating responses, and making a recommendation to the Board may no longer be practical. In the event that new or used trucks do become available, one option would be to allow the Cooperative Director the authority to approve the purchase of the vehicles that are within an established range.

The price range for new trucks that are currently available is around \$65,000 per truck. This is outlined below:

Truck Year & Model	Engine & Gross Vehicle Weight Rating	Vendor	Quoted Price Includes Box and Shelves
2021 Chevrolet 4500 Express 16 Foot Morgan Body <i>*Newer version of our current trucks</i>	Gas 6.6L V8 14,200 LBS	Bill Stasek Chevrolet Wheeling, IL	Truck #1 \$64,221 Truck #2 <u>64,779</u> Total \$129,000
2022 Ford F550 16 Foot Morgan Body <i>*Bigger truck than what is needed.</i>	Diesel/Biodiesel 6.7L 19,500	Fox Ford Grand Rapids, MI	Truck #1 \$70,199 <i>*Only 1 truck available</i>



Lakeland Library Cooperative  
Delivery Truck Purchase Options  
March 27, 2022

Purchasing used trucks is another option. Below are the prices and specs of some used trucks that are available. They are mostly used Penske trucks, are one model size below our current trucks and are not available locally. We will continue to search for local used trucks that are the same size as our current trucks.

Year	Model	Miles	Cost (includes Shelving)
2018	GMC Savanna	92,039	\$41,000
2018	GMC Savanna	110,446	\$37,000
2018	E350 Ford	101,115	\$40,000
2019	Chevy Express 3500	57,492	\$44,900

As trucks age, maintenance expense increases. The table below shows the actual maintenance expense per year for both of the current trucks. Each truck is driven around 47,000 miles per year and a used truck with around 100,000 miles would require around \$7,943 ( $\$15,886 \times .50$ ) in the first year after it was acquired.

	10/1/2016 - 9/30/2017 Year 1	10/1/2017 - 9/30/2018 Year 2	10/1/2018 - 9/30/2019 Year 3	10/1/2019 - 9/30/2020 Year 4	10/1/2020 - 9/30/2021 Year 5	10/1/2021 - 2/28/2022 Year 6
Actual Maintenance Expense for Both Trucks	\$517	\$5,208	\$15,886	\$11,152	\$20,924	\$11,339
Maintenance Expense Per YTD Mile	0.01	0.05	0.18	0.17	0.25	.032

The current trucks are in year 6. They are running good, and we will continue to repair them and use rentals as needed. If the maintenance expense per mile for the current and subsequent years are similar to the year #5 expense per mile of 0.25, additional maintenance expense this year will be \$12,161 ( $\$23,500$  less amount already spent of \$11,339) and total maintenance expense will be around \$23,500.

Line Item Description	Administration	Delivery	ILS-IT	FY2021-22			Percent Change
				Total FY2021-22	Total FY2020-21	Over (Under) FY2020-21	
Salaries/Taxes	282,415	165,639	308,175	756,264	724,300	1,500	0%
Benefits	57,382	16,188	73,955	147,528	115,890	27,320	24%
Mileage	3,440	-	-	3,440	2,025	1,415	70%
Prof Development	6,500	-	-	6,500	1,100	5,400	491%
Supplies	4,000	1,375	340	5,715	5,375	340	6%
Professional Services	28,240	-	12,000	40,240	16,925	13,315	79%
Insurance	8,750	4,290	-	13,040	13,040	-	0%
ILS & IT Expenses	24,090	-	367,828	391,918	326,700	56,000	17%
Rides Delivery	-	7,670	-	7,670	7,275	395	5%
Delivery Expenses	-	51,560	-	51,560	39,650	11,910	30%
Member Development	5,500	-	-	5,500	9,645	(4,145)	-43%
Facility	40,650	-	-	40,650	40,700	(50)	0%
<b>Total Expenditures</b>	<b>\$ 460,967</b>	<b>\$ 246,722</b>	<b>\$ 762,298</b>	<b>\$ 1,469,987</b>	<b>\$ 1,302,625</b>	<b>\$ 113,401</b>	<b>8.7%</b>
<b>Less Other Revenue:</b>							
FB Unassigned	(50,000)			(50,000)	-	(50,000)	
State Aid	(296,779)	(143,620)	(174,501)	(614,900)	(560,900)	-	
Affiliate Memberships	-			-	-	-	
Investment Revenue	(1,000)			(1,000)	(2,500)	1,500	-60%
Rebates	(100)			(100)	(200)	100	-50%
<b>Total Revenue by Libraries</b>	<b>\$ 113,088</b>	<b>\$ 102,102</b>	<b>\$ 588,797</b>	<b>\$ 804,025</b>	<b>\$ 739,025</b>	<b>\$ 65,000</b>	<b>8.8%</b>
	\$ 38			\$ 803,987			
Net	\$ 113,126		Adjust Rounding				