



LAKELAND LIBRARY COOPERATIVE

LEADING ♦ LEARNING ♦ LENDING

BOARD MONTHLY MEETING

Thursday, April 11, 2024
9:30 a.m.

ADVISORY COUNCIL TO FOLLOW

Kent District Library Service Center
814 W River Center NE
Comstock Park, MI 49321

AGENDA

- 1) **CALL TO ORDER AND ROLL CALL**
 - a) Introduce New Members
- 2) **APPROVAL OF AGENDA** (m)
- 3) **QUESTIONS FROM MEMBERS TO BOARD PRESIDENT/COOPERATIVE DIRECTOR**
- 4) **PUBLIC COMMENTS**
- 5) **APPROVAL OF MINUTES**
 - a) March 14, 2024, Unofficial Board Minutes (m) PAGES 2
- 6) **AUDIT PRESENTATION FROM GABRIDGE & CO** (m) PAGES 3-48
- 7) **FINANCIAL REPORT**
 - a) March Financials and Monthly Check Registers (m) PAGES 49-56
 - b) Corrective Action Plan for Dept of Treasury (m) PAGES 57
 - c) 2023 Retirement System Report (m) PAGES 58
- 8) **PRESIDENT'S REPORT** (i)
- 9) **COOPERATIVE DIRECTOR'S REPORT** (i) PAGES 59-63
- 10) **COUNCIL/COMMITTEE REPORTS**
 - a) February 8th, 2024, Advisory Council Minutes (i) PAGES 64
- 11) **PUBLIC COMMENTS**
- 12) **BOARD MEMBER COMMENTS**
- 13) **NEXT MEETING: May 9th, 2024 at the Kent District Library Service Center**
- 14) **ADJOURNMENT** (m)

LAKELAND LIBRARY COOPERATIVE

BOARD MINUTES – Unofficial

Thursday, March 14, 2024 at 9:30 a.m.

Kent District Library Service Center

Present: John McNaughton (GRPL), Joe Zappacosta (SM), Rob Bristow (OG), Maggie McKeithan (OS), Ron Suszek (MADL), Carol Dawe (LLC), Dale Parus (IC), Lance Werner (KDL)

Lakeland Staff Present: Ann Langlois, Amber McLain

Absent: Diane Kooiker (HDL)

- 1) **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 9:32. by Lance Werner.
- 2) **APPROVAL OF AGENDA:** John McNaughton moved, supported by Rob Bristow, to approve the agenda as presented - *motion carried.*
- 3) **QUESTIONS FROM MEMBERS:** There were no questions from members.
- 4) **PUBLIC COMMENTS:** Deb Schultz (Volunteer Coordinator for KDL) announced that there is a “Spring Linking” event for Friends groups within Lakeland – the event will cover bank accounts for friends groups as well as roundtable discussions regarding volunteer engagement, fundraising, and community involvement.
- 5) **APPROVAL OF MINUTES:** John McNaughton moved, supported by Maggie McKeithan, to approve the board minutes from February 8, 2024– *motion carried.*
- 6) **FINANCIAL REPORT:**
 - a) February 2024 Financials and Check Register: Rob Bristow moved, supported by Ron Suszek, to approve the February 2024 Financials as presented - *motion carried.*
- 7) **PRESIDENT’S REPORT**
 - a) Nothing to report.
- 8) **DIRECTOR’S REPORT**
 - a) See written report.
 - b) Carol announced that the auditor will be present for the April meeting.
 - c) The Library Cooperatives of MI retreat will be held at Hackley in August.
 - d) The Library Cooperatives of MI is also working on a “Leadership Wheel” that will help identify the needs of others/assist with working with others.
 - e) Lakeland is working with Nick Heimler for IT.
 - f) The budgeting process will begin in the coming months.
- 9) **COUNCIL/COMMITEE REPORTS**
 - a) Advisory Council Minutes included for information.
- 10) **PUBLIC COMMENTS:**
 - a) None.
- 11) **BOARD MEMBER COMMENTS:**
 - a) John McNaughton – None.
 - b) Ron Suszek – The Muskegon Libraries are holding a joint board meeting May 15 to discuss the process of migrating to their own ILS and the information thus far.
 - c) Joe Zappacosta – Asked for IT service suggestions.
 - d) Rob Bristow – None.
 - e) Maggie McKeithan – Spring Lake will have their grand reopening April 20.
 - f) Dale Parus – None.
- 12) **NEXT MEETING:** Thursday, April 11, at 9:30 a.m. at Kent District Library Service Center.
- 13) **ADJOURNMENT:** John McNaughton moved, supported by Ron Suszek, to adjourn at 9:44 - *motion carried.*

Respectfully submitted by,
Amber McLain



LAKELAND LIBRARY
COOPERATIVE
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**LAKELAND LIBRARY COOPERATIVE
KENT COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements***Opinions***

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, 2023, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements as listed in the table of contents.

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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Cooperative and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Change in Accounting Principle

As stated in Note 10 to the financial statements, the Cooperative adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* in 2023, which represents a change in its policy for accounting and financial reporting SBITAs. Our opinions are not modified with respect to this matter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cooperative's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Cooperative's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required budget schedules, and required pension schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 March 1, 2024, 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
March 1, 2024

Management's Discussion and Analysis

Lakeland Library Cooperative Management's Discussion and Analysis September 30, 2023

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, 2023. 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 resources of the Cooperative exceeded its liabilities and deferred inflows of resources at the close of this fiscal year by \$1,335,068 (shown as *net position*), representing a decrease of \$19,743 over the previous fiscal year. Of this amount, \$1,005,103 (*unrestricted net position*) may be used to meet the Cooperative's ongoing obligations.
- During the year, the Cooperative received \$1,765,734 in revenues and incurred \$1,785,477 in expenses, resulting in a decrease in net position of \$19,743.
- The general fund increased its fund balance by \$28,292 during the year for an ending fund balance of \$928,430.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$844,096, or 43.7% 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 outflows and inflows of resources, 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 of resources exceeded liabilities and deferred inflows of resources by \$1,335,068 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	2023	2022
<i>Current Assets</i>		
Cash and Investments	\$ 932,308	\$ 978,735
Accounts Receivable, Net	9,762	5,475
Prepays	95,046	98,924
<i>Total Current Assets</i>	1,037,116	1,083,134
<i>Noncurrent Assets</i>		
Capital Assets not Being Depreciated	76,518	76,518
Capital Assets Being Depreciated, net	576,587	242,067
Net Pension Asset	-	172,127
<i>Total Assets</i>	1,690,221	1,573,846
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	180,420	77,282
<i>Total Deferred Outflows of Resources</i>	180,420	77,282
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable	16,800	21,707
Payroll Liabilities	35,561	38,849
Current Portion of Compensated Absences	3,357	4,251
Current Portion of Long-term Debt	100,977	-
<i>Total Current Liabilities</i>	156,695	64,807
<i>Noncurrent Liabilities</i>		
Net Pension Liability	43,967	-
Compensated Absences	26,565	28,323
Long-term Debt	222,163	-
<i>Total Liabilities</i>	449,390	93,130
DEFERRED INFLOWS OF RESOURCES		
Pension Related	86,183	222,687
<i>Total Deferred Inflows of Resources</i>	86,183	222,687
NET POSITION		
Net Investment in Capital Assets	329,965	318,585
<i>Unrestricted</i>	1,005,103	1,016,726
<i>Total Net Position</i>	\$ 1,335,068	\$ 1,335,311

A portion of the Cooperative's net position (\$329,965, or 24.7%) reflects its investment in capital assets (e.g., land, buildings and improvements, equipment, furniture, vehicles, infrastructure, and intangible right-to-use software arrangements). 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 \$1,005,103, or 75.3%, is unrestricted and may be used to meet the Cooperative's ongoing obligations to its creditors.

Cash and investments decreased by \$46,427 being similar to the decrease in governmental fund balance of \$57,323. Net capital assets being depreciated increased by \$334,520 from the previous year due to the current year's capital purchases of \$497,364 were in excess of depreciation expense of \$162,844. The Cooperative had worse than expected investment returns related to its pension plan resulting in a decrease of \$172,127 in net pension asset, an increase of \$43,967 in net pension liability, a decrease of \$136,504 in pension related deferred inflows of resources, and an increase of \$103,138 in pension related deferred outflows of resources. Long-term debt increased by \$323,140 and were related to the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* as described in Note 10 of Notes to the Financial Statements.

Governmental Activities. During the current fiscal year, net position for governmental activities decreased \$19,743 from the prior fiscal year for an ending balance of \$1,335,068.

Lakeland Library Cooperative's Changes in Net Position

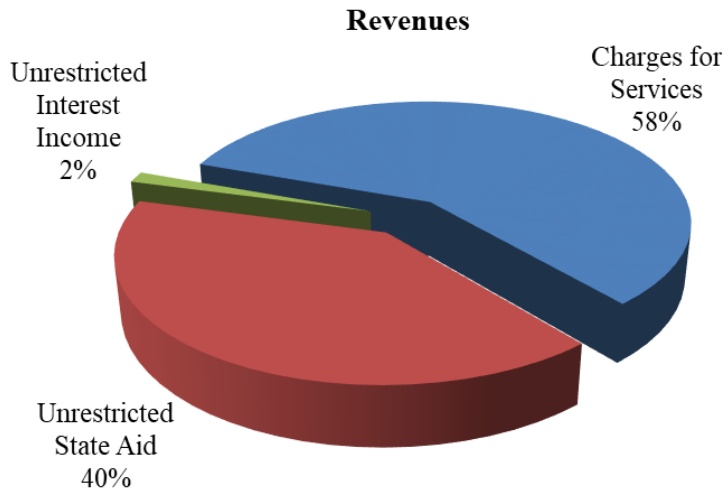
Revenues	2023	2022
Program Revenues		
Charges for Services	\$ 1,029,020	\$ 1,018,501
Operating Grants and Contributions	-	1,082,077
Total Program Revenues	<u>1,029,020</u>	<u>2,100,578</u>
General Revenues		
Unrestricted State Aid	711,962	690,020
Unrestricted Interest Income	24,752	4,276
Total Revenues	<u>1,765,734</u>	<u>2,794,874</u>
Expenses		
Administration	525,670	334,089
Delivery Service	243,089	239,107
Cataloging	227,510	211,371
Information Technology	144,614	209,189
Integrated Library System	412,360	416,600
Pass Through	222,378	1,293,028
Interest on Long-term Debt	9,856	-
Total Expenses	<u>1,785,477</u>	<u>2,703,384</u>
Change in Net Position	(19,743)	91,490
<i>Net Position at Beginning of Period</i>	<u>1,354,811</u>	<u>1,243,821</u>
Net Position at End of Period	<u>\$ 1,335,068</u>	<u>\$ 1,335,311</u>

Operating grants and contributions decreased by \$1,082,077 to \$0 as the Cooperative received American Rescue Plan Act ("ARPA") dollars in the prior year. This ARPA funding was used for

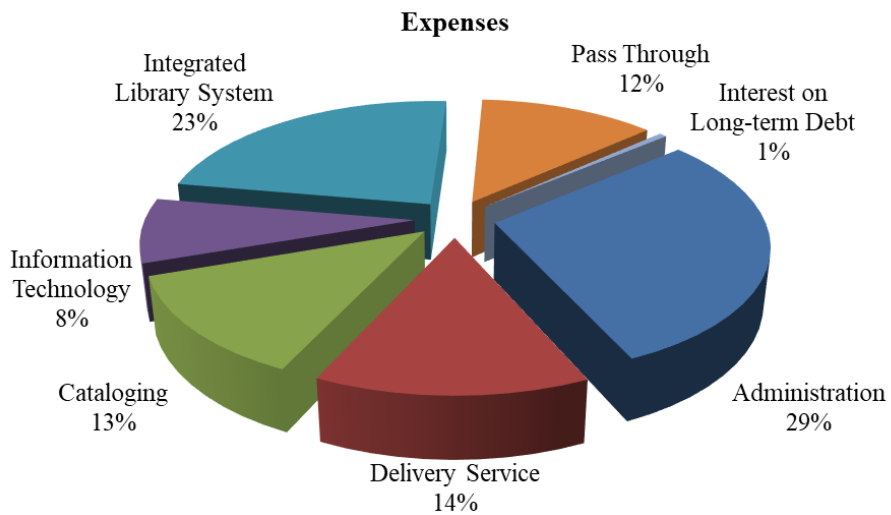
various projects and materials for the Cooperative’s partners and is the key driver for the increases in information technology, integrated library system, and pass through costs. This was the cause for the significant decrease of \$1,070,650 in pass through and \$64,575 in information technology expenses. Administration expense increased by \$191,581 largely due to amortization expense related to the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* as described in Note 10 of Notes to the Financial Statements.

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 total fund balance of \$928,430. Of this amount \$844,096, or 91%, is unassigned. This is an increase in fund balance of \$28,292 from the previous year. This is primarily due to the overall reduction total expenditures and transfers to the capital projects fund.

The Library Services Fund reported pass through revenues and expenditures of \$223,378 resulting in a fund balance of \$0, a significant change from the prior year due to the lack of ARPA funding in the current year.

The Capital Projects Fund decreased by \$85,615 for an ending fund balance of \$56,325. Its majority source of revenue was a transfer from the general fund; the other revenue source was interest income. The decrease is a result of significantly less transfers of monies from the general fund.

General Fund Budgetary Highlights

Original budget compared to final budget. There were no significant amendments to the original estimated revenues. Amendments to the original budgeted appropriations were made to more accurately allocate costs.

Final budget compared to actual results. The Cooperative's general fund had the following expenditures in excess of the amounts appropriated for the year ended September 30, 2023:

Function	Final Budget	Actual Amount	Negative Variance
Capital Outlay	\$ -	\$ 437,550	\$ (437,550)
Debt Service	-	104,766	(104,766)

These budget exceptions were caused by the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* as described in Note 10 of the Notes to the Financial Statements.

Capital Asset and Debt Administration

Capital Assets The Cooperative's investment in capital assets at year-end amounted to \$653,105 (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 Note 5 of the Notes to the Financial Statements section of this document.

Long-term Debt At the end of the current fiscal year, the Cooperative had \$323,140 of long-term debt outstanding, exclusive of compensated absences. Detailed information on the Cooperative's long-term obligations, including compensated absences, is available in Note 6 of 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. 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 2024, 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.

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, 2023

	Governmental Activities
ASSETS	
<i>Current Assets</i>	
Cash and Investments	\$ 932,308
Accounts Receivable, Net	9,762
Prepays	95,046
<i>Total Current Assets</i>	1,037,116
<i>Noncurrent Assets</i>	
Capital Assets not Being Depreciated	76,518
Capital Assets Being Depreciated, Net	576,587
<i>Total Assets</i>	1,690,221
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related	180,420
<i>Total Deferred Outflows of Resources</i>	180,420
LIABILITIES	
<i>Current Liabilities</i>	
Accounts Payable	16,800
Payroll Liabilities	35,561
Compensated Absences, Current	3,357
Current Portion of Long-term Debt	100,977
<i>Total Current Liabilities</i>	156,695
<i>Noncurrent Liabilities</i>	
Net Pension Liability	43,967
Compensated Absences, Long-term	26,565
Long-term Debt	222,163
<i>Total Liabilities</i>	449,390
DEFERRED INFLOWS OF RESOURCES	
Pension Related	86,183
<i>Total Deferred Inflows of Resources</i>	86,183
NET POSITION	
Net Investment in Capital Assets	329,965
<i>Unrestricted</i>	1,005,103
<i>Total Net Position</i>	\$ 1,335,068

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, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Administration	\$ 525,670	\$ 119,150	\$ --	\$ --	\$ (406,520)
Delivery Service	243,089	106,248	--	--	(136,841)
Cataloging	227,510	--	--	--	(227,510)
Information Technology	144,614	581,244	--	--	436,630
Integrated Library System	412,360	--	--	--	(412,360)
Pass Through	222,378	222,378	--	--	--
Interest on Long-term Debt	9,856	--	--	--	(9,856)
Total	\$ 1,785,477	\$ 1,029,020	\$ --	\$ --	\$ (756,457)
General Purpose Revenues:					
					711,962
					24,752
					<u>736,714</u>
					(19,743)
					1,354,811
					<u>\$ 1,335,068</u>

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

**Lakeland Library Cooperative
Balance Sheet
Governmental Funds
September 30, 2023**

	<u>Special Revenue</u>			<u>Capital Projects</u>	Total Governmental Funds
	<u>General</u>	<u>Library Services</u>	<u>Capital Projects</u>		
ASSETS					
Cash and Investments	\$ 815,702	\$ 36,564	\$ 80,042	\$ 932,308	
Accounts Receivable, Net	--	9,762	--	9,762	
Prepays	84,334	--	10,712	95,046	
Due from Other Funds	74,429	--	--	74,429	
Total Assets	\$ 974,465	\$ 46,326	\$ 90,754	\$ 1,111,545	
LIABILITIES					
Accounts Payable	\$ 10,474	\$ 6,326	\$ --	\$ 16,800	
Payroll Liabilities	35,561	--	--	35,561	
Due to Other Funds	--	40,000	34,429	74,429	
Total Liabilities	46,035	46,326	34,429	126,790	
FUND BALANCE					
Nonspendable					
Prepays	84,334	--	10,712	95,046	
Assigned					
Capital Projects	--	--	45,613	45,613	
Unassigned	844,096	--	--	844,096	
Total Fund Balance	928,430	--	56,325	984,755	
Total Liabilities and Fund Balance	\$ 974,465	\$ 46,326	\$ 90,754	\$ 1,111,545	

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, 2023

Total Fund Balance - Governmental Funds	\$	984,755
General government capital assets of \$2,304,479, net of accumulated depreciation of \$1,651,374, are not financial resources, and accordingly are not reported in the funds.		653,105
Compensated absences are not due in and payable in the current period, and therefore, are not reported in the funds.		(29,922)
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.		50,270
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(323,140)
Total Net Position - Governmental Activities	\$	<u>1,335,068</u>

Lakeland Library Cooperative
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2023

	<u>Special Revenue</u>		<u>Capital Projects</u>	Total Governmental Funds
	<u>General</u>	<u>Library Services</u>	<u>Capital Projects</u>	
Revenues				
Charges for Services	\$ 804,142	\$ --	\$ --	\$ 804,142
Unrestricted State Aid	711,962	--	--	711,962
Unrestricted Interest Income	21,141	--	3,611	24,752
Pass Through	--	222,378	--	222,378
Sale of Capital Assets	2,500	--	--	2,500
Total Revenues	<u>1,539,745</u>	<u>222,378</u>	<u>3,611</u>	<u>1,765,734</u>
Expenditures				
Administration	417,051	--	--	417,051
Delivery Service	243,089	--	--	243,089
Cataloging	227,510	--	--	227,510
Information Technology	52,677	--	63,912	116,589
Integrated Library System	412,360	--	--	412,360
Capital Outlay	437,550	--	59,814	497,364
Pass Through	--	222,378	--	222,378
Debt Service - Principal	94,910	--	--	94,910
Debt Service - Interest	9,856	--	--	9,856
Total Expenditures	<u>1,895,003</u>	<u>222,378</u>	<u>123,726</u>	<u>2,241,107</u>
Excess of Revenues Over (Under) Expenditures	<u>(355,258)</u>	<u>--</u>	<u>(120,115)</u>	<u>(475,373)</u>
Other Financing Sources (Uses)				
Inception of SBITA	418,050	--	--	418,050
Transfers In	--	--	34,500	34,500
Transfers Out	(34,500)	--	--	(34,500)
Net Other Financing Sources (Uses)	<u>383,550</u>	<u>--</u>	<u>34,500</u>	<u>418,050</u>
Net Change in Fund Balance	<u>28,292</u>	<u>--</u>	<u>(85,615)</u>	<u>(57,323)</u>
<i>Fund Balance at Beginning of Period (Restated, Note 9)</i>	900,138	--	141,940	1,042,078
Fund Balance at End of Period	<u>\$ 928,430</u>	<u>\$ --</u>	<u>\$ 56,325</u>	<u>\$ 984,755</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, 2023

Total Net Change in Fund Balances - Governmental Funds	\$	(57,323)
Governmental fund 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 represented by the amount by which capital outlay of \$497,364 exceeds depreciation expense of \$162,844.		334,520
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.		23,548
Change to compensated absences are not shown in the fund financial statements. The net effect of the current year increase is a decrease in net position.		2,652
Current year long-term debt principal payments are expenditures in the fund financial statements but are reductions in long-term debt in the government-wide financial statements.		94,910
Issuance of long-term debt is reported as other financing sources in the fund financial statements but is an addition in long-term debt in the government-wide financial statements.		(418,050)
Changes in Net Position - Governmental Activities	\$	<u>(19,743)</u>

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 of Resources, Liabilities, and Equity

Cash 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
Intangible Right-to-Use Software Agreements	5
Infrastructure	15 - 30

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.

Long-term Obligations

In the government-wide financial statements, long-term debt, subscription-based information technology arrangements (“SBITAs”), and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payables are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond, lease, or SBITA issuance costs, during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. The face amount of long-term obligations issued is reported as other financing sources. Premiums received

Lakeland Library Cooperative

Notes to the Financial Statements

on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

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.

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.

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.

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

Lakeland Library Cooperative

Notes to the Financial Statements

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.

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

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

Lakeland Library Cooperative

Notes to the Financial Statements

to be applied. It is the Cooperative's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

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.

Subsequent Events

As of March 1, 2024, the date these financial statements were available to be issued, management is not aware of any subsequent events that would have a significant impact on the financial condition of the Cooperative.

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 the following expenditures in excess of the amounts appropriated for the year ended September 30, 2023:

Fund / Function	Final Budget	Actual Amount	Negative Variance
General Fund			
Capital Outlay	\$ -	\$ 437,550	\$ (437,550)
Debt Service	-	104,766	(104,766)

These budget exceptions were caused by the adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* as described in Note 10.

Lakeland Library Cooperative

Notes to the Financial Statements

Note 3 - Deposits and Investments

Deposits and investments consisted of the following at September 30, 2023:

Statement of Net Position

Cash and Investments	\$ 932,308
----------------------	------------

Deposits and Investments

Demand Deposits (Checking and Savings Accounts)	453,366
---	---------

Investments - Michigan CLASS	478,942
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Total Deposits and Investments	\$ 932,308
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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, \$200,204 of the Cooperative's bank balance of \$458,570 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 \$478,942 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 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 \$478,942 as of September 30, 2023.

Lakeland Library Cooperative

Notes to the Financial Statements

Note 4 – Interfund Activity

Interfund balances for the year ended September 30, 2023 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Library Services	\$ 40,000
General	Capital Projects	34,429

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.

Interfund transfers for the year ended September 30, 2023 consisted of transfers in of \$34,500 from the general fund to the capital projects fund to fund capital improvements.

Note 5 - Capital Assets

Capital asset activity for the year ended September 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital Assets not Being Depreciated				
Land	\$ 76,518	\$ -	\$ -	\$ 76,518
Capital Assets Being Depreciated				
Office Furniture	160,691	5,285	-	165,976
Buildings and Improvements	419,081	-	(17,746)	401,335
Training Center Furniture and Equipment	41,337	-	(4,186)	37,151
Information System	1,137,440	-	(135,452)	1,001,988
Vehicles	129,432	54,529	-	183,961
Intangible Right-to-Use Software Arrangements	-	437,550	-	437,550
<i>Subtotal</i>	1,887,981	497,364	(157,384)	2,227,961
Less Accumulated Depreciation and Amortization				
Office Furniture	(158,480)	(572)	-	(159,052)
Buildings and Improvements	(312,814)	(13,811)	17,746	(308,879)
Training Center Furniture and Equipment	(41,337)	-	4,186	(37,151)
Information System	(1,089,638)	(28,025)	135,452	(982,211)
Vehicles	(43,645)	(17,488)	-	(61,133)
Intangible Right-to-Use Software Arrangements	-	(102,948)	-	(102,948)
<i>Subtotal</i>	(1,645,914)	(162,844)	157,384	(1,651,374)
Capital Assets Being Depreciated, net	242,067	334,520	-	576,587
Capital Assets, net	\$ 318,585	\$ 334,520	\$ -	\$ 653,105

Lakeland Library Cooperative

Notes to the Financial Statements

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

Administration	\$ 134,819
Information Technology	28,025
Total Depreciation and Amortization	\$ 162,844

The Cooperative implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, in fiscal year 2023. The Cooperative has one software arrangement that require recognition under GASBS No. 96. The software amortization expense is included on the statement of activities within Administration expense related to the Cooperative's intangible asset of one software system, which is included in the above table as Intangible Right-to-Use Software Arrangements. The Cooperative now recognizes a subscription-based information technology arrangements (SBITA) liability and an intangible right-to-use asset for the library software in Administration.

The library software arrangement is a five-year agreement, initiated in fiscal year 2022 with an annual payment of \$96,711. The Cooperative has an option to extend this arrangement for 12 additional months. There is no option to purchase the software. The Cooperative has used an interest rate of 3.00% to determine the present value of the intangible right-to-use asset and SBITA liability.

Note 6 - Long-term Obligations

Detailed Long-term Obligations Disclosures

SBITA Liability - \$437,550 has been recorded as intangible right-to-use software arrangements in the capital assets. Due to the implementation of GASB Statement No. 96, this arrangement for library software (Administration) met the criteria of a SBITA; thus, requiring it to be recorded by the Cooperative as an intangible asset and a SBITA liability. This asset will be amortized over the arrangement terms of five years. There are no residual value guarantees in the arrangement provisions. The library software arrangement will end in 2026.

The following schedule summarizes the changes in the Cooperative's long-term obligations during the year:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
SBITA Liability	\$ -	\$ 418,050	\$ (94,910)	\$ 323,140	\$ 100,977
Compensated Absences	32,574	-	(2,652)	29,922	-
Total Long-term Obligations	\$ 32,574	\$ 418,050	\$ (97,562)	\$ 353,062	\$ 100,977

Debt service payments for the arrangement and compensated absences are expected to be paid from the general fund.

Lakeland Library Cooperative

Notes to the Financial Statements

A summary of the principal and interest amounts for the remaining arrangement includes the following principal and interest payments:

Fiscal Year			
Ending			
September 30,	Principal	Interest	Total
2024	\$ 100,977	\$ 9,696	\$ 110,673
2025	107,610	6,660	114,270
2026	114,553	3,432	117,985
Totals	\$ 323,140	\$ 19,788	\$ 342,928

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, 2023, there was one member in the plan. Plan members are not required to contribute. The Cooperative was required to contribute 7.00% of annual covered payroll through March 31, 2021 and 8.00% thereafter. Employer contributions for the year totaled \$9,037. 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.

Lakeland Library Cooperative

Notes to the Financial Statements

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)
Non-Union - Closed	2.25%	80%	5	60	N/A	50/25 or 55/15	6
Non-Union Hired After 11/01/2010 - Open	1.50%	No Max	5	60	N/A	50/25 or 55/15	8

Employees Covered by Benefit Terms

At the December 31, 2022 valuation date, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	4
Inactive Plan Members Entitled to but Not Yet Receiving Benefits	4
Active Plan Members	9
Total Employees Covered by MERS	<u>17</u>

Contributions

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 cost of benefits earned by employees 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.

Employer contributions were 4.63% based on annual payroll for the open division and the division that is closed to new employees has an employer contribution amount of \$2,934 per month. Employee contributions were 4.00% and 5.00% based on annual payroll for each division, respectively.

Actuarial Assumptions

The total pension liability in the December 31, 2022 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.50%
 Salary Increases: 3.00% plus merit and longevity: 3.00% in the long-term
 Investment Rate of Return: 7.00%, net of investment and administrative 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%.

Lakeland Library Cooperative

Notes to the Financial Statements

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Gross Return</u>	<u>Long-term Expected Gross Contribution</u>	<u>Inflation Assumption</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.00%	4.50%	0.90%	2.50%	0.40%
Private Investments	20.00%	9.50%	1.90%	2.50%	1.40%
	<u>100.00%</u>		<u>7.00%</u>		<u>4.50%</u>

Discount Rate

The discount rate used to measure the total pension liability in the current year and prior year was 7.25%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. 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

Net Pension Liability

The employer's net pension liability (asset) was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an annual actuarial valuation as of that date.

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

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability (Asset)
Balance at September 30, 2022	\$ 1,508,731	\$ 1,680,858	\$ (172,127)
<i>Changes for the Year:</i>			
Service Cost	48,855	-	48,855
Interest on Total Pension Liability	108,809	-	108,809
Differences Between Expected and Actual Experience	(63,328)	-	(63,328)
Contributions - Employer	-	33,063	(33,063)
Contributions - Employee	-	22,490	(22,490)
Net Investment Income (Loss)	-	(174,197)	174,197
Benefit Payments, Including Refunds	(64,669)	(64,669)	-
Administrative Expenses	-	(3,114)	3,114
<i>Net Changes</i>	29,667	(186,427)	216,094
Balance at September 30, 2023	\$ 1,538,398	\$ 1,494,431	\$ 43,967

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the Cooperative, calculated using the discount rate of 7.25%, as well as what the Cooperative's net pension liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1% higher (8.25%) than the current rate.

	1% Decrease	Current	1% Increase
	(6.25%)	Discount Rate (7.25%)	(8.25%)
Net Pension Liability (Asset) of the Cooperative	\$ 219,417	\$ 43,967	\$ (104,801)

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/Inflows of Resources Related to Pensions

For the year ended September 30, 2023 the Cooperative recognized pension expense of \$8,695. 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	\$ 136,435	\$ -
Differences Between Expected and Actual Experience	-	86,183
Changes in Assumptions	18,109	-
Employer Contributions to the Plan Subsequent to the Measurement Date*	25,876	-
Total	\$ 180,420	\$ 86,183

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as an addition to the net pension liability (asset) for the year ending September 30, 2024.

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
2024	\$ (24,189)
2025	9,614
2026	23,813
2027	59,123

Note 9 - Prior Period Restatement

As stated in Note 10 to the financial statements, the Cooperative adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* in 2023. Due to this adoption, activity related to the prior fiscal year was not properly accounted for and the subsequent correction increased current year expenditures, resulting in a net change in fund balance/net position of \$19,500.

Lakeland Library Cooperative

Notes to the Financial Statements

The following schedule summarizes the changes in fund balance/net position:

	Governmental Funds - General	Total Governmental Funds	Governmental Activities
Fund Balance / Net Position at September 30, 2022	\$ 880,638	\$ 1,022,578	\$ 1,335,311
Implementation of GASB Statement No. 96	19,500	19,500	19,500
Fund Balance / Net Position at September 30, 2023	\$ 900,138	\$ 1,042,078	\$ 1,354,811

Note 10 - Adoption of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*

The Cooperative adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* in the current year, which improves accounting and financial reporting for SBITAs by entities. The requirements of this Statement improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also reduces diversity and improves comparability in financial reporting by the Cooperative. This Statement also enhances the relevance and reliability of the Cooperative's financial statements by requiring the Cooperative to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures allow users to understand the scale and important aspects of the Cooperative's SBITA activities and evaluate the Cooperative's obligations and assets resulting from SBITAs. Information relating to the Cooperative's SBITA right-to-use asset and subscription liability can be found in Note 5 and Note 6, respectively.

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, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Charges for Services	\$ 804,125	\$ 804,125	\$ 804,142	\$ 17
Unrestricted State Aid	709,000	709,000	711,962	2,962
Unrestricted Interest Income	3,000	3,000	21,141	18,141
Sale of Capital Assets	--	--	2,500	2,500
Total Revenues	<u>1,516,125</u>	<u>1,516,125</u>	<u>1,539,745</u>	<u>23,620</u>
Other Financing Sources				
Inception of SBITA	--	--	418,050	418,050
Total Revenues and Other Financing Sources	<u>1,516,125</u>	<u>1,516,125</u>	<u>1,957,795</u>	<u>441,670</u>
Expenditures				
Administration	438,687	444,995	417,051	27,944
Delivery Service	269,318	264,627	243,089	21,538
Cataloging	--	235,822	227,510	8,312
Information Technology	--	152,845	52,677	100,168
Integrated Library System	808,120	417,836	412,360	5,476
Capital Outlay	--	--	437,550	(437,550)
Debt Service	--	--	104,766	(104,766)
Total Expenditures	<u>1,516,125</u>	<u>1,516,125</u>	<u>1,895,003</u>	<u>(378,878)</u>
Other Financing Uses				
Transfers Out	--	--	34,500	(34,500)
Total Expenditures and Other Financing Uses	<u>1,516,125</u>	<u>1,516,125</u>	<u>1,929,503</u>	<u>(413,378)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>--</u>	<u>--</u>	<u>28,292</u>	<u>28,292</u>
Net Change in Fund Balance	<u>--</u>	<u>--</u>	<u>28,292</u>	<u>28,292</u>
<i>Fund Balance at Beginning of Period</i>	900,138	900,138	900,138	--
Fund Balance at End of Period	<u>\$ 900,138</u>	<u>\$ 900,138</u>	<u>\$ 928,430</u>	<u>\$ 28,292</u>

Lakeland Library Cooperative
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Library Services
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative) Final to Actual</u>
Revenues				
Pass Through	\$ 210,300	\$ 210,300	\$ 222,378	\$ 12,078
Total Revenues	<u>210,300</u>	<u>210,300</u>	<u>222,378</u>	<u>12,078</u>
Expenditures				
Pass Through	210,300	210,300	222,378	(12,078)
Total Expenditures	<u>210,300</u>	<u>210,300</u>	<u>222,378</u>	<u>(12,078)</u>
Excess (Deficiency) of Revenues				
Over Expenditures	--	--	--	--
Net Change in Fund Balance	--	--	--	--
Fund Balance at Beginning of Period	--	--	--	--
Fund Balance at End of Period	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability								
Service Cost	\$ 48,855	\$ 37,658	\$ 42,171	\$ 39,728	\$ 35,748	\$ 32,361	\$ 31,013	\$ 29,978
Interest on Total Pension Liability	108,809	111,160	106,189	103,409	98,699	93,298	88,840	82,267
Differences Between Expected and Actual Experience	(63,328)	(116,062)	(82,675)	(27,326)	(25,430)	(7,746)	(11,158)	6,058
Changes in Assumptions **	-	54,327	48,672	38,166	-	-	-	48,172
Benefit Payments, Including Refunds	(64,669)	(44,306)	(49,075)	(52,113)	(52,113)	(52,113)	(55,199)	(52,113)
Net Change in Pension Liability	29,667	42,777	65,282	101,864	56,904	65,800	53,496	114,362
<i>Total Pension Liability - Beginning</i>	1,508,731	1,465,954	1,400,672	1,298,808	1,241,904	1,176,104	1,122,608	1,008,246
Total Pension Liability - Ending (a)	<u>\$ 1,538,398</u>	<u>\$ 1,508,731</u>	<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	\$ 33,063	\$ 24,686	\$ 22,093	\$ 25,977	\$ 26,288	\$ 131,078	\$ 21,980	\$ 20,463
Contributions - Employee	22,490	20,171	20,081	17,500	15,709	14,770	13,852	13,710
Net Investment Income (Loss)	(174,197)	209,299	170,389	158,875	(48,442)	134,412	104,267	(14,255)
Benefit Payments, Including Refunds	(64,669)	(44,306)	(49,075)	(52,113)	(52,113)	(52,113)	(55,199)	(52,113)
Administrative Expenses	(3,114)	(2,401)	(2,658)	(2,739)	(2,387)	(2,116)	(2,059)	(2,082)
Net Change in Plan Fiduciary Net Position	(186,427)	207,449	160,830	147,500	(60,945)	226,031	82,841	(34,277)
<i>Plan Fiduciary Net Position - Beginning</i>	1,680,858	1,473,409	1,312,579	1,165,079	1,226,024	999,993	917,152	951,429
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,494,431</u>	<u>\$ 1,680,858</u>	<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 (Asset) - Ending (a) - (b)	\$ 43,967	\$ (172,127)	\$ (7,455)	\$ 88,093	\$ 133,729	\$ 15,880	\$ 176,111	\$ 205,456
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	97.14%	111.41%	100.51%	93.71%	89.70%	98.72%	85.03%	81.70%
Covered Payroll	\$ 501,782	\$ 389,595	\$ 451,625	\$ 432,447	\$ 383,137	\$ 342,055	\$ 324,929	\$ 318,993
Net Pension Liability (Asset) as a Percentage of Covered Payroll	8.76%	-44.18%	-1.65%	20.37%	34.90%	4.64%	54.20%	64.41%

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.

2021 valuation - The investment rate of return assumption was reduced from 7.60% to 7.25%.

2022 valuation - The investment rate of return assumption was reduced from 7.25% to 7.00%.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially Determined Contribution	\$ 34,099	\$ 31,727	\$ 23,612	\$ 21,603	\$ 27,611	\$ 30,101	\$ 21,980	\$ 20,463
Contributions in Relation to the Actuarially Determined Contribution	34,099	31,727	23,612	21,603	27,611	141,316	21,980	20,463
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (111,215)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 418,798	\$ 669,651	\$ 451,465	\$ 464,844	\$ 381,762	\$ 353,234	\$ 324,929	\$ 318,993
Contributions as a Percentage of Covered Payroll	8.14%	4.74%	5.23%	4.65%	7.23%	40.01%	6.76%	6.41%

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.

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 Payroll, Open
Remaining Amortization Period	15 Years
Asset Valuation Method	5-Year; Smoothed
Inflation	2.50%
Salary Increases	3.00% Wage Inflation with 0.00%-11.00% Merit and Longevity Increases (3.75% for 2015 through 2019)
Investment Rate of Return	7.00%, Net of Investment Expense, including Inflation (7.75% for 2015 through 2019, 7.35% for 2020 through 2021)
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 and fully generational MP-2019

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, Michigan

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 Lakeland Library Cooperative (the "Cooperative"), as of and for the years ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and have issued our report thereon dated March 1, 2024.

Report on 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.

Report on 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
March 1, 2024

March 1, 2024

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”) as of and for the year ended September 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 January 3, 2024. 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. There were no new accounting policies adopted, except as stated in Note 10 to the financial statements, and the application of existing policies was not changed during the fiscal year ended September 30, 2023. We noted no transactions entered by the Cooperative 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 Cooperative’s financial statements were:

- Management’s estimate of the useful life 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 valuations of the pension plan are based on historical trends and industry standards.

We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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 clearly 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, a disagreement with management is 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 March 1, 2024.

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 Cooperative'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 Cooperative'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

We applied certain limited procedures to management's discussion and analysis, budgetary comparison schedules, and the required pension schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

Very truly yours,

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in dark ink and is positioned above the printed name of the company.

Gabridge & Company, PLC
Grand Rapids, MI

Lakeland Library Cooperative
Operating Fund Balance Sheet
As of March 31, 2024

ASSETS

Current Assets

Checking/Savings

001 · Checking Accounts	58,297
002 · Savings Accounts	582,960

Total Checking/Savings	641,258
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Other Current Assets

084 · Due from Other Funds	74,429
123 · Prepaid Expenses	64,084

Total Other Current Assets	138,513
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Total Current Assets	779,770
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Fixed Assets	653,105
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TOTAL ASSETS	\$ 1,432,875
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LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable	6,347
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Other Current Liabilities

231 · Payroll Liabilities	4,339
237 · Benefit Liabilities	4,452

Total Other Current Liabilities	8,792
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Total Current Liabilities	15,139
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Total Liabilities	\$ 15,139
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Equity

370 · Nonspendable Funds	84,334
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371 · Property	653,105
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390 · Unassigned Funds	815,804
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399 · Net Position - Unrestricted	28,292
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Net Income	(163,798)
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Total Equity	\$ 1,417,737
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TOTAL LIABILITIES & EQUITY	\$ 1,432,875
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Lakeland Library Cooperative
Operating Budget vs. Actual
October 2023 through March 2024

	YTD	Budget	%
Ordinary Income/Expense			
Income			
566 · State Aid Revenue	353,592	709,000	49.9%
631 · Administrative Services	58,968	139,186	42.4%
632 · Delivery Services	55,203	117,496	47.0%
633 · ILS & IT Services	296,818	565,273	52.5%
665 · Interest Revenue	14,917	5,000	298.3%
672 · Other Revenue	125	100	125.1%
Total Income	\$ 779,622	\$ 1,536,055	50.8%
Expense			
702 · Salaries & Wages	385,016.4	811,730.0	47.4%
710 · Benefits	71,466.6	153,750.0	46.5%
719 · Mileage	1,506.8	3,500.0	43.1%
720 · Professional Development	2,056.8	9,000.0	22.9%
726 · Supplies	1,890.8	3,840.0	49.2%
801 · Professional Services	10,390.0	26,740.0	38.9%
810 · Insurance	17,821.0	17,480.0	102.0%
817 · ILS & IT Expenses	377,287.6	400,305.0	94.3%
831 · RIDES	-	8,580.0	0.0%
860 · Delivery Expenses	11,782.7	57,555.0	20.5%
880 · Member Development	1,924.3	6,000.0	32.1%
920 · Facility Expenses	17,277.4	37,575.0	46.0%
Total Expense	\$ 898,420	\$ 1,536,055	58.5%
Net Ordinary Income	\$ (118,798)	\$ -	100.0%
Other Expense			
995 · FB Transfers Out	45,000.0	45,000.0	100.0%
Total Other Expense	45,000.0	45,000.0	100.0%
Net Other Income	\$ (45,000)	\$ (45,000)	100.0%
Net Income	\$ (163,798)	\$ (45,000)	364.0%

Lakeland Library Cooperative
Operating Checks for the Month
As of March 31, 2024

Date	Name	Memo	Account	Amount
001.011 - Main - Checking				
03/06/2024	Evergreen Lawn Care	Grounds maintenance	Facility Contracts	4,224.17
03/06/2024	Heimler, Nick	IT operations	Consulting	2,125.00
03/06/2024	Printing Productions Ink	Printed forms	Supplies	1,227.40
03/08/2024	MERS	Pension	Benefits	4,839.34
03/08/2024	State of Michigan--Vendor		Payroll Liabilities	2,107.63
03/08/2024	Allied Universal (Midstate)	Building security	Facility Contracts	121.56
03/08/2024	Coverall - New Dreams, Inc.	Janitorial service	Facility Contracts	170.00
03/08/2024	NCC Group (Iron Mountain)		III Maintenance	375.00
03/08/2024	Dawe, Carol - vendor		Mileage	134.00
03/08/2024	Langlois, Ann - Vendor		Mileage	10.72
03/11/2024	Comcast-Data Lines	Data Lines	IT Operations	575.00
03/11/2024	Comcast-XLine		Telephones	81.95
03/11/2024	Consumers Energy		Utilities	433.44
03/11/2024	First National Bank	IT, Fax, bank fees	-SPLIT-	1,050.50
03/11/2024	Flyers Energy (Fuel Mgt)		Vehicle Fuel	872.87
03/11/2024	Granger	Trash removal	Facility Contracts	114.63
03/11/2024	Healthiest You	Telehealth	Benefits	76.50
03/11/2024	Mitel		Telephones	487.14
03/11/2024	Patron Point	Qtry transactions verified	Patron Point	350.10
03/11/2024	Ricoh USA Inc.	Copier	IT Operations	23.15
03/11/2024	SS Power Wash	Truck wash	Vehicle Repairs/Maintenance	90.00
03/12/2024	Payroll		-SPLIT-	20,132.45
03/12/2024	United States Treasury		Payroll Liabilities	6,634.02
03/12/2024	MERS 401/457		Payroll Liabilities	2,214.30
03/20/2024	ALA- Memberships		Memberships	247.00
03/20/2024	Delta Dental	Dental/vision insurance	Benefits	347.57
03/20/2024	Robbins Lock Shop	Building locks rekeyed	Building Repairs/Maintenance	584.00
03/21/2024	VanderGraaf, David J	Severence	-SPLIT-	8,770.72
03/22/2024	Grand Rapids Income Tax Dept.		Payroll Liabilities	109.98
03/22/2024	Walker City Treasurer		Payroll Liabilities	254.02
03/22/2024	United States Treasury		Payroll Liabilities	4,987.00
03/22/2024	Aflac		Payroll Liabilities	403.82
03/22/2024	BCBS	Health insurance	Benefits	2,518.30
03/22/2024	BCN	Health insurance	Benefits	440.85
03/22/2024	Cintas	Floor mats	Facility Contracts	119.20
03/22/2024	DTE Energy		Utilities	317.22
03/22/2024	DTE Energy		Utilities	59.55
03/22/2024	First National Bank	IT, Fax, supplies, fees	-SPLIT-	151.88
03/22/2024	Flyers Energy (Fuel Mgt)		Vehicle Fuel	1,107.51
03/22/2024	Standard Insurance - MERS group	LTD/Life insurance	Benefits	231.95
03/22/2024	Berger Chevrolet		Vehicle Repairs/Maintenance	323.77
03/25/2024	Backstage Library Works		Authority Control	341.80

Lakeland Library Cooperative
Operating Checks for the Month
As of March 31, 2024

Date	Name	Memo	Account	Amount
03/25/2024	Cross, Terry - Vendor		Mileage	92.46
03/25/2024	Dawe, Carol - vendor		Mileage	321.60
03/26/2024	Payroll		-SPLIT-	17,666.73
03/26/2024	MERS 401/457		Payroll Liabilities	2,006.22
03/26/2024	United States Treasury		Payroll Liabilities	5,889.60
			TOTAL	<u>95,763.62</u>

Lakeland Library Cooperative
Pass Through & Capital Funds Balance Sheet
As of March 31, 2024

	Pass Through	Capital
ASSETS		
Current Assets		
Checking/Savings		
001 · Checking Accounts		
001.1 · Fund - Checking	30,549	1,751
001.3 · eCommerce - Checking	5,328	
Total 001 · Checking Accounts	35,877	1,751
002 · Savings Accounts		58,622
Total Checking/Savings	35,877	60,373
Accounts Receivable	641	
Other Current Assets		
123 · Prepaid Expense		10,712
Total Other Current Assets	-	10,712
Total Current Assets	36,518	71,085
TOTAL ASSETS	\$ 36,518	\$ 71,085
 LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Other Current Liabilities		
214 · Due To Other Funds	40,000	34,429
Total Other Current Liabilities	40,000	34,429
Total Current Liabilities	40,000	34,429
Total Liabilities	\$ 40,000	\$ 34,429
 Equity		
370 · Nonspendable Funds		10,712
390 · Unassigned Funds		1,229
399 · Net Position - Unrestricted		44,384
Net Income	(3,482)	(19,668)
Total Equity	\$ (3,482)	\$ 36,656
TOTAL LIABILITIES & EQUITY	\$ 36,518	\$ 71,085

Lakeland Library Cooperative
Pass Through & Capital Budget vs. Actual
 October 2023 through March 2024

	Pass Through			Capital & Growth		
	YTD	Budget	%	YTD	Budget	%
Income						
628 · Group Supply Revenue	3,884	8,700	44.0%			
629 · Group Collections	45,447	92,000	49.4%			
635 · Group Services	7,613	86,000	8.9%			
637 · Ecommerce Fines	18,857	28,000	67.3%			
645 · IT Services	-	350	0.0%			
665 · Interest Revenue				1,855	2,000	92.7%
672 · Other Revenue	-	750	0.0%			
677 · Group Training	1,675					
Total Income	\$ 77,416	\$ 215,800	35.9%	\$ 1,855	\$ 2,000	92.7%
Expense						
728 · Library Supply Expense	3,824	8,700	44.0%			
729 · Collection Expenses	54,326	92,000	59.0%			
805 · Group Subscriptions	7,613	86,000	8.9%			
807 · Fines Paid	13,461	28,000	48.1%			
830 · IT Services Expense	-	350	0.0%			
880 · Member Development	1,675					
969 · Other Services	-	750	0.0%			
970 · Capital Outlay	-			66,523	92,500	71.9%
Total Expense	\$ 80,898	\$ 215,800	37.5%	\$ 66,523	\$ 92,500	71.9%
Net Ordinary Income	\$ (3,482)	\$ -	100.0%	\$ (64,668)	\$ (90,500)	71.5%
Other Income/Expense						
Other Income						
699 · Fund Balance Transfers In	-	-	0.0%	45,000	90,500	49.7%
Total Other Income	-	-	0.0%	45,000	90,500	49.7%
Net Other Income	\$ -	\$ -	0.0%	\$ 45,000	\$ 90,500	49.7%
Net Income	\$ (3,482)	\$ -	100.0%	\$ (19,668)	\$ -	100.0%

Lakeland Library Cooperative
Pass Through & Capital - Monthly Checks
As of March 31, 2024

Date	Name	Memo	Account	Amount
001 - Checking Accounts				
001.1 - Fund - Checking				
001.11 - Checking - Pass Through				
03/06/2024	Woodlands Library Cooperative - Vendor	Labor Law posters	Library Supplies	420.00
03/20/2024	ID Label, Inc.	Barcodes	Library Supplies	1,395.70
03/22/2024	Coopersville Area District Library-Vendor	Mar ecommerce-ACH	Efines	130.63
03/22/2024	Fennville District Library-Vendor	Mar ecommerce-ACH	Efines	29.80
03/22/2024	Freeport District Library - Vendor	Mar ecommerce-ACH	Efines	49.81
03/22/2024	Gary Byker Memorial Library-Vendor	Mar ecommerce-ACH	Efines	71.22
03/22/2024	Ionia Community Library-Vendor	Mar ecommerce-ACH	Efines	56.32
03/22/2024	Patmos Library-Vendor	Mar ecommerce-ACH	Efines	247.70
03/22/2024	Saranac Public Library-Vendor	Mar ecommerce-ACH	Efines	418.85
03/22/2024	Saugatuck--Douglas District Library-Vendo	Mar ecommerce-ACH	Efines	27.74
03/22/2024	Sparta Township Library--Vendor	Mar ecommerce-ACH	Efines	142.55
03/22/2024	TCH Reynolds Township Library-Vendor	Mar ecommerce-ACH	Efines	89.00
03/22/2024	White Cloud Community Library-Vendor	Mar ecommerce-ACH	Efines	39.97
03/22/2024	White Lake Community Library-Vendor	Mar ecommerce-ACH	Efines	115.39
03/22/2024	Library Ideas, LLC	Vox Books	Group Collections	303.32
03/22/2024	OverDrive	Audio and Ebooks	-SPLIT-	5,011.07
Total 001.11 - Checking - Pass Through				8,549.07
001.12 - Checking - Capital				
Total 001.12 - Checking - Capital				0.00
Total 001.1 - Fund - Checking				8,549.07
001.3 - eCommerce - Checking				
03/20/2024	Alvah N. Belding Library--Vendor	Mar ecommerce	Efines	204.32
03/20/2024	Carson City Public Library-Vendor	Mar ecommerce	Efines	44.66
03/20/2024	Cedar Springs Public Library-Vendor	Mar ecommerce	Efines	59.88
03/20/2024	Dorr Township Library-Vendor	Mar ecommerce	Efines	44.51
03/20/2024	Flat River Community Library-Vendor	Mar ecommerce	Efines	172.67
03/20/2024	Fremont Area District Library-Vendor	Mar ecommerce	Efines	63.76
03/20/2024	Fruitport District Library - Vendor	Mar ecommerce	Efines	45.88
03/20/2024	Georgetown Twp Public Library-Vendor	Mar ecommerce	Efines	2,001.97
03/20/2024	Grant Area District Library-Vendor	Mar ecommerce	Efines	90.35
03/20/2024	Hackley Public Library-Vendor	Mar ecommerce	Efines	292.81
03/20/2024	Hastings Public Library-Vendor	Mar ecommerce	Efines	143.93
03/20/2024	Henika District Library-Vendor	Mar ecommerce	Efines	45.84
03/20/2024	Herrick District Library-Vendor	Mar ecommerce	Efines	706.29
03/20/2024	Howard Miller Library-Vendor	Mar ecommerce	Efines	198.48
03/20/2024	Loutit District Library--Vendor	Mar ecommerce	Efines	199.41
03/20/2024	Muskegon Area District Library-Vendor	Mar ecommerce	Efines	675.34
03/20/2024	Newaygo Area District Library-Vendor	Mar ecommerce	Efines	131.39
03/20/2024	Salem Township Library-Vendor	Mar ecommerce	Efines	163.89

Lakeland Library Cooperative
Pass Through & Capital - Monthly Checks
 As of March 31, 2024

Date	Name	Memo	Account	Amount
03/20/2024	Spring Lake District Library-Vendor	Mar ecommerce	Efines	141.17
03/20/2024	Tamarack District Library-Vendor	Mar ecommerce	Efines	47.75
		Total 001.3 · eCommerce - Checking		<u>5,474.30</u>
		TOTAL		<u><u>14,023.37</u></u>



LAKELAND LIBRARY COOPERATIVE

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April 5, 2024

State of Michigan
Department of Treasury
Community Engagement and Finance Division
Attn: Cary Jay Vaughn, CPA, CGFM

Regarding: Corrective Action Plan
Lakeland Library Cooperative
Municipality Code: 418010
Report ID: 153769
Fiscal Year 2023

To whom it may concern:

This letter serves as a Corrective Action Plan for the Lakeland Library Cooperative (the "Library") for the fiscal year 2023. The Library responds to the issues noted by the Community Engagement and Finance Division's letter dated April 1, 2024, as follows:

1. Actual expenditures exceeded the amounts authorized in the budget.

This occurred due to the implementation of GASB Statement No. 96 SBITA's. The Library will closely monitor and amend its budget in future years to prevent budget exceptions from occurring.

Best regards,

Carol Dawe, Director
carol@llcoop.org
(616) 559-5253 x2001

Lakeland Library Cooperative
4138 3 Mile Rd NW
Grand Rapids, MI 49534

Lakeland Library Cooperative

We strengthen libraries through expertise, services, and shared resources for the benefit of communities and individuals.

4138 3 Mile Road NW-Grand Rapids, MI 49534 (616) 559-5253 www.llcoop.org

The Protecting Local Government Retirement and Benefits Act (PA 202 of 2017) & Public Act 530 of 2016 Pension Report

Enter Local Government Name	Lakeland Library Cooperative	Instructions: For a list of detailed instructions on how to complete and submit this form, visit michigan.gov/LocalRetirementReporting .
Enter Six-Digit Municode	418010	
Unit Type	Library	
Fiscal Year End Month	September	
Fiscal Year (four-digit year only, e.g. 2019)	2023	Questions: For questions, please email LocalRetirementReporting@michigan.gov . Return this original Excel file. Do not submit a scanned image or PDF.
Contact Name (Chief Administrative Officer)	Carol Dawe	
Title if not CAO	Cooperative Director	
CAO (or designee) Email Address	carol@lcoop.org	
Contact Telephone Number	616-559-5253 ext 2001	
Pension System Name (not division) 1	LAKELAND LIB COOP	If your pension system is separated by divisions, you would only enter one system. For example, one could have different divisions of the same system for union and non-union employees. However, these would be only one system and should be reported as such on this form.
Pension System Name (not division) 2		
Pension System Name (not division) 3		
Pension System Name (not division) 4		
Pension System Name (not division) 5		

Line	Descriptive Information	Source of Data	System 1	System 2	System 3	System 4	System 5
1	Is this unit a primary government (County, Township, City, Village)?	Calculated	NO	NO	NO	NO	NO
2	Provide the name of your retirement pension system	Calculated from above	LAKELAND LIB COOP				
3	Financial Information						
4	Enter retirement pension system's assets (system fiduciary net position ending)	Most Recent Audit Report	1,494,431				
5	Enter retirement pension system's liabilities (total pension liability ending)	Most Recent Audit Report	1,538,398				
6	Funded ratio	Calculated	97.1%				
7	Actuarially Determined Contribution (ADC)	Most Recent Audit Report	34,099				
8	Governmental Fund Revenues	Most Recent Audit Report	1,539,745				
9	All systems combined ADC/Governmental fund revenues	Calculated	2.2%				
10	Membership						
11	Indicate number of active members	Actuarial Funding Valuation used in Most Recent Audit Report	9				
12	Indicate number of inactive members	Actuarial Funding Valuation used in Most Recent Audit Report	3				
13	Indicate number of retirees and beneficiaries	Actuarial Funding Valuation used in Most Recent Audit Report	4				
14	Investment Performance						
15	Enter actual rate of return - prior 1-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	-10.37%				
16	Enter actual rate of return - prior 5-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	4.95%				
17	Enter actual rate of return - prior 10-year period	Actuarial Funding Valuation used in Most Recent Audit Report or System Investment Provider	6.79%				
18	Actuarial Assumptions						
19	Actuarial assumed rate of investment return	Actuarial Funding Valuation used in Most Recent Audit Report	7.00%				
20	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	Level Percent				
21	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any	Actuarial Funding Valuation used in Most Recent Audit Report	15				
22	Is each division within the system closed to new employees?	Actuarial Funding Valuation used in Most Recent Audit Report	No				
23	Uniform Assumptions						
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	1,614,329				
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	1,605,040				
26	Funded ratio using uniform assumptions	Calculated	100.6%				
27	Actuarially Determined Contribution (ADC) using uniform assumptions	Actuarial Funding Valuation used in Most Recent Audit Report	26,616				
28	All systems combined ADC/Governmental fund revenues	Calculated	1.7%				
29	Pension Trigger Summary						
30	Does this system trigger "underfunded status" as defined by PA 202 of 2017?	Primary government triggers: Less than 60% funded <u>AND</u> greater than 10% ADC/Governmental fund revenues. Non-Primary government triggers: Less than 60% funded	NO	NO	NO	NO	NO

Requirements (For your information, the following are requirements of P.A. 202 of 2017)
Local governments must post the current year report on their website or in a public place.
The local government must electronically submit the form to its governing body.
Local governments must have had an actuarial experience study conducted by the plan actuary for each retirement system at least every 5 years.
Local governments must have had a peer actuarial audit conducted by an actuary that is not the plan actuary OR replace the plan actuary at least every 8 years.

By emailing this report to the Michigan Department of Treasury, the local government acknowledges that this report is complete and accurate in all known respects.



LAKELAND LIBRARY COOPERATIVE

LEADING • LEARNING • LENDING

COOPERATIVE DIRECTOR'S REPORT APRIL 11, 2024

I am pleased to announce that James Pugh will be the new director of the Cedar Springs Public Library as of April 8th. We welcome him to Lakeland. He comes to West Michigan from Orion Township Library.

Board and Agenda Items:

Board:

1. Corrective Action Plan from Michigan Treasury: As I mentioned last month at our meeting, the new GASP Statement 96 has new budgetary requirements. Please see Janet's report for more information and our auditor will be able to answer other questions at the meeting. The letter looks more daunting than it really is but we have a plan in place to correct this before our next audit.
2. Retirement Report: As per state requirements, the report is included in the packet, was e-mailed to the board and is posted on our website.
3. Annual Audit Presentation: The audit report is attached and Matt Holland will be with us from Gabridge to review it and answer questions.

Advisory:

1. IT update with email and distribution list news. We hope to migrate the weekend of the 12th so all forwarding from Zimbra to your new email domains will stop that weekend.
2. BiblioApps: An update will be given with details for a go live date closer to 4/30 and a show and tell of promotional materials.
3. Board Election Caucus: Due to a vacancy, Class I, II & III Libraries will caucus to elect a board representative. Jessica Hunt, director at Grant District Library is on the ballot and write-in's will be accepted.

Other items of note:

6 LLC staff members (including Nick Heimler) are meeting weekly and 8 of us meet monthly. We are trying to keep each other well-informed, cross train and remove information silos that had built up over time. I feel that everyone is working so well together and getting so much accomplished. Everyone pitches in to help. It's so gratifying and I am so appreciative of the entire LLC staff of 15!

I am working on strategic plans for several libraries, planning for the Muskegon libraries, IT issues with Nick Heimler, BiblioApps, IT billing and streamlining our budgeting by department, helping library boards and directors and planning for the next quarter. I will provide the Strategic Plan Summary in May. I am also working with the Library Cooperatives of Michigan on Overdrive pricing, planning a retreat and advocacy day. I spoke with multiple vendors and partners on a variety of issues including Bibliocommons, MLA, Library of Michigan, ALA, Amanda Standerfer, Overdrive and Innovative.

Email, Zoom, and phone consults
 Member libraries: 41
 Vendors: 8
 Partners: 18

Manager/Specialist Reports:

Cataloging Services Manager - Jeff Lezman March 2024 activities

This month our department began compiling records for the Herrick District Library to be uploaded to the Koios Information Organization. Koios will use the records to direct Google search results to Herrick's library materials. This project is being funded by a grant from the Koios Information Organization. We will be compiling and uploading Herrick's records twice a month.

E-mail & telephone consulting contacts: 66

Sierra records manually edited: 308

We added 16,460 Hoopla records to the database.

February 2024 Statistics

The statistics for February 2024 show a slight decrease in the number of cataloging requests we received, and a slight decrease in the number of records cataloged compared to February of last year.

The number of requests to be cataloged in February was down by 1% compared to February 2023. The number of requests received that were already in the database increased by 121%.

The number of records copy-cataloged in February was down by 7% compared to February 2023, while the number of original records cataloged was down by 15%. The total number of records cataloged was down by 8% compared to February 2023.

Cataloging	February 2024	YTD	February 2023	YTD	Monthly %	YTD PCT

Requests Received	1657	8440	1611	8615	3%	-2%
Requests already in database	115	495	52	290	121%	71%
Requests to be cataloged	1542	7945	1559	8325	-1%	-5%
Copy Cataloging	1220	7489	1308	7949	-7%	-6%
Original Cataloging	227	1249	268	1100	-15%	14%
Total Cataloged	1447	8738	1576	9049	-8%	-3%

Delivery & Facility Manager - Terry Cross

March 2024 – Number of Bags & Bins Loaded Daily on the Trucks at Lakeland

	March – 2024	March – 2023	Difference	% Change
Total Book Bags & Bins	3,082	3,556	(474)	(14%)

In March 2024, there were 3,082 book bags and bins sorted, loaded, and delivered to member libraries. The 3,082 bags and bins that were delivered in March 2024 were 14% less than the 3,556 bags and bins that were sorted and delivered in March of the prior year. Each day, the drivers load and deliver an average of 147 book bags and bins for delivery. One main reason for the decrease in March 2024 is that there were two less working days in March 2024 as compared to March of 2023.

RIDES statistics: In addition to the book bags and bins that were received from member libraries, we also received and sorted 173 MelCat bins in March 2024. This was a decrease of 21 bins as compared to the 194 bins that were received in March 2023. These are sorted MelCat items that are distributed to member libraries. Also in March 2024, we sent out 164 bins, which was a decrease of 7 bins as compared to the 171 bins that were sent out in March 2023. These are MelCat items that have been received from member libraries and are being sent to libraries outside of Lakeland.

All three trucks received oil changes in March and are current with their respective required regularly scheduled maintenance. All three trucks have been driving good and minimal maintenance and repair expenses have been incurred this year.

The remote deposit application with Flagstar Bank was updated this month and I also collaborated with Carol on updating banking resolution signatures with Macatawa Bank.

The wood deck in the back needs to be replaced and I have received quotes from concrete patio companies and a wood deck installer. We are in the process of reviewing the quotes and deciding on a vendor.

In March, there were 13 e-mail contacts with member libraires. These communications were related to drivers' access to buildings, changes in delivery schedules due to renovations, supply orders and questions about items lost in delivery.

Digital Services Specialist – Nicki Johnson

This month I have been working with Kanopy to see if we can get pricing for our libraries. Kanopy is a service like hoopla with a “pay-per-view” format. I also spoke with Ancestry/Newspapers.com. Unfortunately, all locations that had expressed an interest found the pricing too steep. I will be meeting with another digital newspaper provider later in April. In Overdrive this month, we have a new member joining our large group, Traverse Area District Library. Patrons can now register their cards with TADL to check out ebooks and audiobooks. New Libby flyers (in multiple formats) were sent to all our participating libraries.

E-mail, phone and Zoom Consulting:

Advocacy - 3
Members – 24
Vendors - 4

Finance & HR Assistant - Janet Cornell

The first state aid payment was received in early March. It helped with the financials, but we still disburse much of our expenses each year in the first two quarters. We probably won't show revenues exceeding expenses on the monthly reports until our 3rd quarter. The second state aid payment usually posts between July and August.

The audit has been completed and will be reported on at this board meeting. We received a Correction Action Procedure request from the state due to the implementation of GASB 96 on Subscription-Based IT Arrangements (SBITA) - of which our BiblioCommons contract is subject to. This will need to be adjusted in the budget for this year and next. We have filed a response to the state, and I have a meeting planned with our auditor to learn more about how to account for this in our financials and budget.

The annual report to the state for our pension was also submitted. There is a copy of this report included in the packet and it will be posted on our website as is required.

Quarterly ecommerce fines were processed and sent. I emailed reports to those expecting a distribution and to keep an eye out for mailed checks if payment is received by that method. Quarterly billing for April – June was sent by email as well. Please look for it in your email folders if you have not received it yet.

Email and phone consults with member libraries: 6

ILS Manager – Ann Langlois

Email, Zoom, and phone consults with member libraries: 40

Sierra 6.1 upgrade: On Wednesday, April 4 after libraries closed, iii upgraded our version of Sierra to the latest edition, 6.1. The upgrade went smoothly. If you are having problems with opening Sierra following the upgrade, it could mean that you need some updated jar files; please put in a help desk ticket to tech-help@llcoop.org for assistance.

Innovative Users Group conference: I attended this conference the last week in March and learned about how we might be able to automate some parts of the member library reports we are running in the LLC office. They are extremely time-consuming so I hope we can use some of these suggestions to streamline operations.

Quarterly meetings: don't forget the inaugural Zoom meeting on Thursday, April 18 at 1:30 p.m.; register here: [Registration](#) All staff from LLC member libraries are welcome and encouraged to attend. LLC staff will share some additional updates, information, and tips. We also would like to share your updates, such as pictures of library renovations, successful library events, announcements of new or departing staff, etc. Please send your announcements/photos to me by the Thursday of the week before to be included.

Member Services Manager – Amber McLain

Patron Point

Patron Point continues to function as expected with applications and auto-renew.

BiblioSuggest

BiblioSuggest continues to function as expected. **Please check your suggestions consistently!** Your patrons are using this service, and if you are not checking this module, those requests are sitting there for months. Directors will be receiving an email from me this month with your BiblioCommons logins to ensure that you have everything you need to make this module work for you.

BiblioCommons

After two days of intermittent issues, BiblioCommons service has been restored. If there is ever a time when you encounter errors (not being able to log in, not being able to create or view lists, loading issues, etc) please report it to me ASAP either through Tech Help or by emailing me. Like the first week of April, I will send you all updates as service availability changes.

Email/Phone Consults with Libraries: 12

Email/Phone Consults with Vendors: 6

Respectfully submitted,

Carol Dawe

**LAKELAND LIBRARY COOPERATIVE
ADVISORY COUNCIL MINUTES – Unofficial
Thursday, 2/8/24 at 9:30 a.m.
At the KDL Service Center**

Council Members Present: Mary Cook, Elyshia Hoekstra,
Lakeland Staff Present: Carol Dawe, Ann Langlois, Amber McLain

- 1) **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 10:26 by Mary Cook.
- 2) **APPROVAL OF AGENDA:** Peggy Hemerling moved, supported by Jessica Hunt to approve the agenda with the change of the year from 2023 to 2024 - *motion carried*.
- 3) **PUBLIC COMMENTS:**
 - a) None
- 4) **APPROVAL OF MINUTES:** Merri Jo moved, supported by Kerry Fountain, to approve the Advisory Council minutes from January 2024, as presented – *motion carried*.
- 5) **COUNCIL PRESIDENT REPORTS:** Mary shared that we are currently looking into Hotspot use and retention and will be conducting a survey and asked for members to get in touch with their input for their needs before we send a survey out. Mary also brought up the topic of linked patrons and shared that Lakeland is looking into it and hoping to address the issue in May.
- 6) **BOARD REPORT:** Lance had nothing to share.
- 7) **ILS MANAGER'S REPORT:** Ann shared that Create Lists training was successful – the training focused on using templates for reports. She shared that the libraries will be running their own L, M, and Q reports monthly, as well as new books no longer new in the future. The documentation for the L report is currently available and further report information will be forthcoming. Ann also shared information regarding the upcoming Sierra upgrade, which we will be holding off on due to circulation notices not going to Gmail email addresses. She also shared some new Sierra features coming.
- 8) **MEMBER SERVICE MANAGER'S REPORT:** Amber shared that BiblioSuggest is up and running and encouraged people to reach out with any encountered issue. She also shared that Auto-Renew through patron point is up and running and currently has a roughly 80% approval rate, and that Sheryl's projected numbers provided at the beginning of this project were accurate.
- 9) **COOPERATIVE DIRECTOR'S REPORT:** Carol shared the tech-help@llcmail.org email that is our current workaround for issues. She also shared that there is a solution in the works for the mailing list issue and that we are working with Nick Heimler. Carol also shared that active listening is an important skill.
- 10) **COMMITTEE REPORTS:**
 - a) Continuing education minutes included for information.
- 11) **OTHER REPORTS:**
 - a) **MLA:** Business is expected to start up again in mid-April. MLA is expected to focus on legislation and will push for funding. Advocacy day is also coming up and there are 25 open seats as of this meeting. This year it is hoped that both the governor and the lieutenant governor will be in attendance.
- 12) **PUBLIC COMMENTS:**
 - a) Peggy Hemerling shared that Hastings' window project is nearing completion.
 - b) Kerry Fountain shared that there are space-themed oreos that would be perfect for eclipse parties.
- 13) **NEXT MEETING:** Thursday, March 14, following the 9:30 a.m. Board Meeting at Kent District Library Service Center
- 14) **ADJOURNMENT:** Kerry Fountain moved, supported by Abby Black, to adjourn at 11:01 - *motion carried*.

Respectfully submitted by Amber McLain