



BOARD MEETING PACKET

Thursday, March 11, 2021

9:30 a.m.

Via Zoom

Reminders:

- Send any member questions prior to the Board meeting to either Board President Dale Parus or Cooperative Director Carol Dawe.
- To see if there is a cancellation, you may call Lakeland at (616) 559-5253 and choose option 3 for a recorded message.

LAKELAND LIBRARY COOPERATIVE BOARD MONTHLY MEETING

Thursday, March 11, 2021
9:30 a.m.

Advisory Council meeting immediately following the Board meeting.

Via Zoom

AGENDA

- 1) **CALL TO ORDER AND ROLL CALL**
 - a) Introduce New Members
- 2) **APPROVAL OF AGENDA** (m)
- 3) **QUESTIONS FROM MEMBERS & BOARD PRESIDENT/COOPERATIVE DIRECTOR ANSWERS**
- 4) **AUDITOR'S REPORT** (m) PAGES 1-43
- 5) **PUBLIC COMMENTS**
- 6) **APPROVAL OF MINUTES**
 - a) February 11, 2021 Board Minutes (m) PAGES 44-45
- 7) **FINANCIAL REPORT**
 - a) Monthly Financials and Check Register (m) PAGES 46-50
- 8) **PRESIDENT'S REPORT** (i)
- 9) **COOPERATIVE DIRECTOR'S REPORT** (i) PAGES 51-56
- 10) **COUNCIL/COMMITTEE REPORTS** (f)
 - a) Advisory Council Official Minutes December 10, 2020 PAGES 57-58
- 11) **NEW BUSINESS**
 - a) Election of New Treasurer for 2021 Term Ending 9/21 (m)
- 12) **BOARD DEVELOPMENT**
 - a) Library Workers Vaccinated Discussion
- 13) **PUBLIC COMMENTS**
- 14) **BOARD MEMBER COMMENTS**
- 15) **NEXT MEETING** –Thursday, April 8, 2021, 9:30 a.m. via Zoom
- 16) **ADJOURNMENT** (m)



**LAKELAND LIBRARY COOPERATIVE
KENT COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2020**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Governmental Funds	
Balance Sheet	14
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balance	16
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement of Activities	17
Notes to the Financial Statements	19
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	33
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Library Services	34
Schedule of Changes in Net Pension Liability and Related Ratios	35
Schedule of Contributions	36

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Lakeland Library Cooperative (the "Cooperative"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Cooperative, as of

September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the pension schedules, and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2021, 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
February 16, 2021

Management's Discussion and Analysis

**Lakeland Library Cooperative
Management's Discussion and Analysis
September 30, 2020**

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, 2020. We encourage readers to consider the information presented here in conjunction with the financial statements, which can be found in this report.

Financial Highlights

- The assets and deferred outflows of the Cooperative exceeded its liabilities and deferred inflows at the close of this fiscal year by \$1,249,682 (shown as *net position*), representing a decrease of \$54,989 over the previous fiscal year. Of this amount, \$975,955 (*unrestricted net position*) may be used to meet the Cooperative's ongoing obligations.
- During the year, the Cooperative received \$1,509,992 in revenues and incurred \$1,564,981 in expenses, resulting in a decrease in net position of \$54,989.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$749,502, or 51% of the General Fund's total expenditures and transfers out.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the Cooperative's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave and depreciation of capital assets).

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of overall financial position. In the case of the Cooperative, assets and deferred outflows exceeded liabilities and deferred inflows by \$1,249,682 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	2020	2019
<i>Current Assets</i>		
Cash and Investments	\$ 1,085,629	\$ 1,118,527
Accounts Receivable, Net	-	90
Prepays	65,317	57,020
<i>Total Current Assets</i>	1,150,946	1,175,637
<i>Noncurrent Assets</i>		
Capital Assets not Being Depreciated	76,518	76,518
Capital Assets Being Depreciated, net	197,209	188,098
<i>Total Assets</i>	1,424,673	1,440,253
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	49,786	112,707
<i>Total Deferred Outflows of Resources</i>	49,786	112,707
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable	7,943	2,926
Due to Member Libraries	27,278	7,586
Payroll Liabilities	30,284	47,851
Compensated Absences, Current	6,021	7,691
<i>Total Current Liabilities</i>	71,526	66,054
<i>Noncurrent Liabilities</i>		
Net Pension Liability	88,093	133,729
Compensated Absences, Long-term	38,464	28,971
<i>Total Liabilities</i>	198,083	228,754
DEFERRED INFLOWS OF RESOURCES		
Pension Related	26,694	19,535
<i>Total Deferred Inflows of Resources</i>	26,694	19,535
NET POSITION		
Investment in Capital Assets	273,727	264,616
<i>Unrestricted</i>	975,955	1,040,055
<i>Total Net Position</i>	\$ 1,249,682	\$ 1,304,671

A portion of the Cooperative's net position (\$273,727, or 22%) reflects its investment in capital assets (e.g., land, buildings and improvements, equipment, furniture, and vehicles). The Cooperative uses these capital assets to provide a variety of services to its members. Accordingly, these assets are not available for future spending.

The remaining balance of \$975,955, or 78%, is unrestricted and may be used to meet the Cooperative's ongoing obligations to its creditors.

Cash and investments decreased by \$32,898, which, as one would expect, is similar to the decrease in fund balance of \$31,833. Due to member libraries increased by \$19,692 as the Cooperative only incurred half the cost but still requires full payments to the Libraries. The timing of year-end payroll decreased payroll liabilities by \$17,567. Actual pension investment returns exceeded estimated pension investment returns resulting in a decrease in net pension liability by \$45,636 and its related deferred outflow of resources by \$62,921.

Governmental Activities. During the current fiscal year, net position for governmental activities decreased \$54,989 from the prior fiscal year for an ending balance of \$1,249,682.

Lakeland Library Cooperative's Changes in Net Position

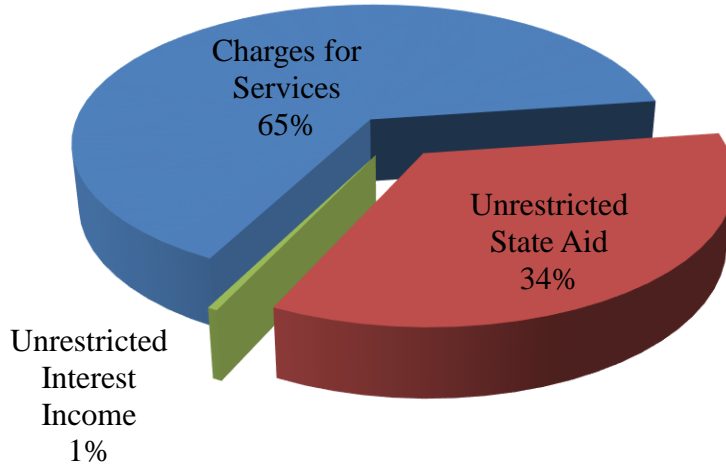
Revenues	2020	2019
Program Revenues		
Charges for Services	\$ 985,148	\$ 713,926
<i>Total Program Revenues</i>	<u>985,148</u>	<u>713,926</u>
General Revenues		
Unrestricted State Aid	518,020	518,624
Unrestricted Interest Income	6,824	10,378
<i>Total Revenues</i>	<u>1,509,992</u>	<u>1,242,928</u>
Expenses		
Administration	437,818	433,776
Delivery Service	194,740	207,838
Cataloging	204,854	190,169
Information Technology	202,910	130,673
Integrated Library System	268,435	286,084
Other	256,224	-
<i>Total Expenses</i>	<u>1,564,981</u>	<u>1,248,540</u>
<i>Change in Net Position</i>	(54,989)	(5,612)
<i>Net Position at Beginning of Period</i>	<u>1,304,671</u>	<u>1,310,283</u>
<i>Net Position at End of Period</i>	<u>\$ 1,249,682</u>	<u>\$ 1,304,671</u>

Information technology increased by \$72,237 due to non-capital-outlay project costs related the cloud hosting project. In the current year, the Cooperative changed how it handles the services provided to the Libraries. This resulted in an increase in charges for services by \$271,222, of which \$256,224 is related to pass through expenses to the libraries. A corresponding \$256,224 in other expenses is shown as well.

Governmental Activities

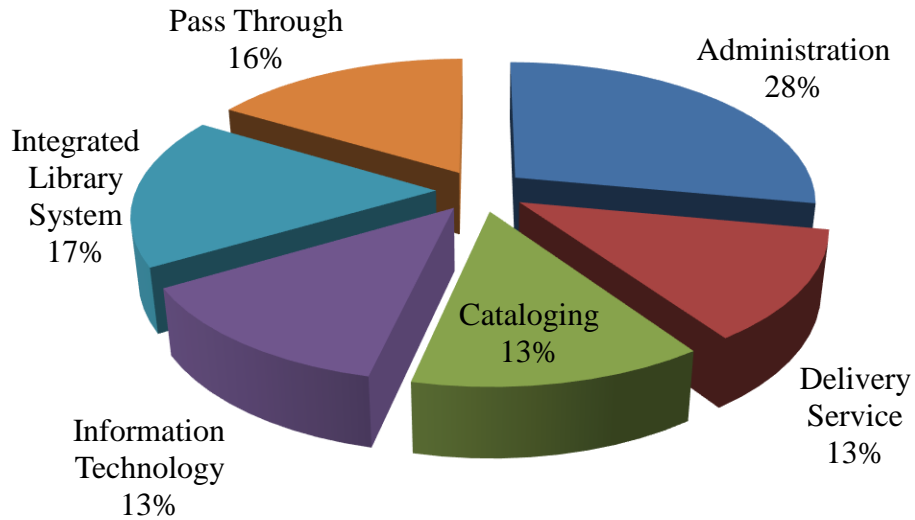
The following chart summarizes the revenue sources of the Cooperative for the most recent fiscal year-end:

Governmental Activities Revenues



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

Governmental Activities Expenses



Financial Analysis of the Government's Funds

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

The General Fund reported a fund balance of \$900,040. Of this amount \$749,502, or 83%, is unassigned. This is a decrease in fund balance of \$217,234 from the previous year. This is due to the funding of the new capital projects fund with a transfer out of \$301,000 during the year.

The Library Services Fund, a new major fund, reported pass through revenues and expenditures of \$256,224 resulting in a fund balance of \$0.

The Capital Projects Fund, a new major fund, increased by \$185,401 for an ending fund balance of \$185,401. Its sole source of revenue was a transfer in of \$301,000 from the General Fund.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there were no significant amendments to original estimated revenues or budgeted appropriations.

Final budget compared to actual results. The Cooperative had the following minor expenditures in excess of the amounts appropriated during the year ended September 30, 2020:

Function	Final Budget	Actual Amount	Variance
Cataloging	\$ 201,550	\$ 204,854	\$ (3,304)
Information Technology	124,701	128,216	(3,515)

Capital Asset and Debt Administration

Capital Assets The Cooperative’s investment in capital assets at year-end amounted to \$273,727 (net of accumulated depreciation). This amount complies with methods established by the Governmental Accounting Standards Board (GASB) for implementation of GASB Statement 34. More information on the Cooperative’s capital assets is available in the Notes to the Financial Statements section of this document.

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

Economic Factors and Next Year’s Budgets and Rates

Management estimates consistent revenues to be available for appropriation in the General Fund in the upcoming budget. Expenditures are expected to change by small amounts compared to 2020. 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 2021, the Cooperative plans again to use current revenues to provide essential services and to maintain the Cooperative’s financial reserves at similar levels. The ongoing costs of providing essential services for the members of the Cooperative will again need to be monitored in order to maintain the financial condition of the Cooperative. Additionally, the Cooperative is

currently working to determine the significance that the COVID-19 Pandemic will have on the Cooperative's upcoming revenues and expenditures.

Requests for Information

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

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

Basic Financial Statements

Lakeland Library Cooperative
Statement of Net Position
September 30, 2020

ASSETS*Current Assets*

Cash and Investments	\$ 1,085,629
Prepays	65,317
Total Current Assets	<u>1,150,946</u>

Noncurrent Assets

Capital Assets not Being Depreciated	76,518
Capital Assets Being Depreciated, net	197,209
Total Assets	<u>1,424,673</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension Related	49,786
Total Deferred Outflows of Resources	<u>49,786</u>

LIABILITIES*Current Liabilities*

Accounts Payable	7,943
Due to Member Libraries	27,278
Payroll Liabilities	30,284
Compensated Absences, Current	6,021
Total Current Liabilities	<u>71,526</u>

Noncurrent Liabilities

Net Pension Liability	88,093
Compensated Absences, Long-term	38,464
Total Liabilities	<u>198,083</u>

DEFERRED INFLOWS OF RESOURCES

Pension Related	26,694
Total Deferred Inflows of Resources	<u>26,694</u>

NET POSITION

Investment in Capital Assets	273,727
<i>Unrestricted</i>	975,955
Total Net Position	<u>\$ 1,249,682</u>

**Lakeland Library Cooperative
Statement of Activities
For the Year Ended September 30, 2020**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Administration	\$ 437,818	\$ 105,713	\$ --	\$ --	\$ (332,105)
Delivery Service	194,740	20,485	--	--	(174,255)
Cataloging	204,854	191,816	--	--	(13,038)
Information Technology	202,910	82,370	--	--	(120,540)
Integrated Library System	268,435	328,540	--	--	60,105
Other	256,224	256,224	--	--	--
Total	\$ 1,564,981	\$ 985,148	\$ --	\$ --	(579,833)

General Purpose Revenues:

Unrestricted State Aid	518,020
Unrestricted Interest Income	6,824
Total General Revenues	524,844
Change in Net Position	(54,989)
<i>Net Position at Beginning of Period</i>	<u>1,304,671</u>
Net Position at End of Period	\$ <u>1,249,682</u>

**Lakeland Library Cooperative
Balance Sheet
Governmental Funds
September 30, 2020**

	<u>General</u>	<u>Special Revenue Library Services</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 876,924	\$ 23,304	\$ 185,401	\$ 1,085,629
Prepays	65,317	--	--	65,317
<i>Total Assets</i>	<u>\$ 942,241</u>	<u>\$ 23,304</u>	<u>\$ 185,401</u>	<u>\$ 1,150,946</u>
LIABILITIES				
Accounts Payable	\$ 7,890	\$ 53	\$ --	\$ 7,943
Due to Member Libraries	4,027	23,251	--	27,278
Payroll Liabilities	30,284	--	--	30,284
<i>Total Liabilities</i>	<u>42,201</u>	<u>23,304</u>	<u>--</u>	<u>65,505</u>
FUND BALANCE				
Nonspendable	65,317	--	--	65,317
Committed for Delivery	85,221	--	--	85,221
Committed for Capital Projects	--	--	185,401	185,401
Unassigned	749,502	--	--	749,502
<i>Total Fund Balance</i>	<u>900,040</u>	<u>--</u>	<u>185,401</u>	<u>1,085,441</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 942,241</u>	<u>\$ 23,304</u>	<u>\$ 185,401</u>	<u>\$ 1,150,946</u>

Lakeland Library Cooperative
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
September 30, 2020

Total Fund Balance - Governmental Funds	\$	1,085,441
General government capital assets of \$1,827,500 net of accumulated depreciation of \$1,553,773 are not financial resources and, accordingly, are not reported in the funds.		273,727
Compensated absences are not due in and payable in the current period and, therefore, are not reported in the funds.		(44,485)
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.		(65,001)
Total Net Position - Governmental Activities	\$	<u>1,249,682</u>

Lakeland Library Cooperative
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended September 30, 2020

	<u>General</u>	<u>Special Revenue</u> Library Services	<u>Capital Projects</u>	<u>Total</u> Governmental Funds
Revenues				
Charges for Services	\$ 728,924	\$ --	\$ --	\$ 728,924
Unrestricted State Aid	518,020	--	--	518,020
Unrestricted Interest Income	6,824	--	--	6,824
Other Revenues	--	256,224	--	256,224
Total Revenues	<u>1,253,768</u>	<u>256,224</u>	<u>--</u>	<u>1,509,992</u>
Expenditures				
Administration	373,757	--	--	373,757
Delivery Service	194,740	--	--	194,740
Cataloging	204,854	--	--	204,854
Information Technology	128,216	--	71,931	200,147
Integrated Library System	268,435	--	--	268,435
Capital Outlay	--	--	43,668	43,668
Other Expenditures	--	256,224	--	256,224
Total Expenditures	<u>1,170,002</u>	<u>256,224</u>	<u>115,599</u>	<u>1,541,825</u>
Excess of Revenues Over (Under) Expenditures	<u>83,766</u>	<u>--</u>	<u>(115,599)</u>	<u>(31,833)</u>
Other Financing Sources (Uses)				
Transfers In	--	--	301,000	301,000
Transfers Out	(301,000)	--	--	(301,000)
Net Other Financing Sources (Uses)	<u>(301,000)</u>	<u>--</u>	<u>301,000</u>	<u>--</u>
Net Change in Fund Balance	<u>(217,234)</u>	<u>--</u>	<u>185,401</u>	<u>(31,833)</u>
Fund Balance at Beginning of Period	<u>1,117,274</u>	<u>--</u>	<u>--</u>	<u>1,117,274</u>
Fund Balance at End of Period	<u>\$ 900,040</u>	<u>\$ --</u>	<u>\$ 185,401</u>	<u>\$ 1,085,441</u>

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, 2020

Total Net Change in Fund Balances - Governmental Funds	\$	(31,833)
<p>The fund financial statements report capital outlay as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$43,668 exceeds depreciation expense of \$26,439 and net disposals of \$8,118.</p>		
		9,111
<p>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.</p>		
		(7,823)
<p>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.</p>		
		(24,444)
Changes in Net Position - Governmental Activities	\$	<u>(54,989)</u>

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Cooperative considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

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

The Cooperative reports the following major governmental funds:

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

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

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

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

Deposits and Investments

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

Prepaid Items

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

Capital Assets

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

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

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

Deferred Outflows / Inflows of Resources

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

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

Pension

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

Compensated Absences

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

Deferred Compensation Plan

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

Net Position Flow Assumption

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

Fund Balance Flow Assumption

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

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

Fund Balance Policies

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

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

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

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

Use of Estimates

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

Subsequent Events

Subsequent events have been evaluated through February 16, 2021. The Cooperative will be affected by the recent and ongoing outbreak of the Coronavirus (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. COVID-19 has caused significant

government and business disruptions through mandated and voluntary closings and stay at home orders.

Management is in the process of determining the significance that the outbreak will have on the Cooperative’s upcoming budget. Changes in both revenues and expenditures/expenses because of COVID-19 remain highly uncertain.

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 during the year ended September 30, 2020.

<u>Function</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance</u>
Cataloging	\$ 201,550	\$ 204,854	\$ (3,304)
Information Technology	124,701	128,216	(3,515)

Note 3 - Deposits and Investments

Deposits and investments consisted of the following at September 30, 2020:

Statement of Net Position

Cash and Investments	<u>\$ 1,085,629</u>
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Deposits and Investments

Demand Deposits (Checking and Savings Accounts)	482,692
Investments - Michigan CLASS	602,937
Total Deposits and Investments	<u>\$ 1,085,629</u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Cooperative’s deposits might not be returned. State law does not require, and the

Cooperative does not have a policy for deposit custodial credit risk. As of year-end, \$1,218 of the Cooperative's bank balance of \$483,950 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 \$602,937 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 \$602,937 as of September 30, 2020.

Note 4 - Capital Assets

Capital asset activity of the Cooperative's activities 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	-	-	160,691
Building	229,553	-	-	229,553
Building Improvements	156,912	32,616	-	189,528
Training Center Furniture and Equipment	41,337	-	-	41,337
Information System	1,053,193	11,052	(8,118)	1,056,127
Vehicles	73,746	-	-	73,746
Total Capital Assets being Depreciated	<u>1,715,432</u>	<u>43,668</u>	<u>(8,118)</u>	<u>1,750,982</u>
Less Accumulated Depreciation				
Office Furniture	154,366	1,548	-	155,914
Building	137,732	7,651	-	145,383
Building Improvements	129,252	7,011	-	136,263
Training Center Furniture and Equipment	41,245	92	-	41,337
Information System	1,045,075	2,763	-	1,047,838
Vehicles	19,664	7,374	-	27,038
Total Accumulated Depreciation	<u>1,527,334</u>	<u>26,439</u>	<u>-</u>	<u>1,553,773</u>
Capital Assets being Depreciated, Net	<u>188,098</u>	<u>17,229</u>	<u>(8,118)</u>	<u>197,209</u>
Capital Assets, Net	<u>\$ 264,616</u>	<u>\$ 17,229</u>	<u>\$ (8,118)</u>	<u>\$ 273,727</u>

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

Administration	\$ 23,676
Information Technology	2,763
Total Depreciation Expense	<u>\$ 26,439</u>

Note 5 - Long-term Liabilities

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

	<u>Beginning Balance</u>	<u>Increases / (Decreases)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 36,662	\$ 7,823	\$ 44,485	\$ 6,021

Note 6 - 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 7 - 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, 2020, there was one member in the plan. Plan members are not required to contribute. The Cooperative was required to contribute 7% of annual covered payroll through March 31, 2020 and 8% thereafter. Employer contributions for the year totaled \$7,923. The plan provisions and contribution requirements were established and may be amended by the Cooperative.

Defined Benefit Pension Plan

Plan Description

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

Retirement benefits for employees are calculated as follows:

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

Employees Covered by Benefit Terms

At the December 31, 2019 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	5
Active Plan Members	<u>9</u>
Total Employees Covered by MERS	<u>18</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.

For the year ended September 30, 2020, the Cooperative had the following contribution rates:

<u>Division</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>
Nonunion - Closed	4.00%	\$1,766/mo.
Nonunion Hired After 11/01/2010 - Open	5.00%	4.03%

Net Pension Liability

The net pension liability reported at September 30, 2020 was determined using a measure of the total pension liability and the pension net position as of December 31, 2019. The December 31, 2019 total pension liability was determined by an actuarial valuation performed as of December 31, 2019.

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%. Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend. The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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

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

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

Discount Rate

The discount rate used to measure the total pension liability is 7.60%. 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.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2018	\$ 1,298,808	\$ 1,165,079	\$ 133,729
Service Cost	39,728	-	39,728
Interest	103,409	-	103,409
Difference Between Expected and Actual Experience	(27,326)	-	(27,326)
Changes in Assumptions	38,166	-	38,166
Contributions - Employer	-	25,977	(25,977)
Contributions - Employee	-	17,500	(17,500)
Net Investment Income	-	158,875	(158,875)
Benefit Payments, Including Refunds	(52,113)	(52,113)	-
Administrative Expenses	-	(2,739)	2,739
<i>Net Changes</i>	<u>101,864</u>	<u>147,500</u>	<u>(45,636)</u>
Balance at December 31, 2019	<u>\$ 1,400,672</u>	<u>\$ 1,312,579</u>	<u>\$ 88,093</u>

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

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

	1% Decrease	Current	1% Increase
	(6.60%)	Discount Rate	(8.60%)
	(6.60%)	(7.60%)	(8.60%)
Net Pension Liability of the Library	<u>\$ 239,988</u>	<u>\$ 88,093</u>	<u>\$ (40,843)</u>

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

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

For the year ended September 30, 2020 the Cooperative recognized pension expense of \$46,046.

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	\$ 8,062	\$ -
Differences Between Expected and Actual Experience	-	26,694
Changes in Assumptions	25,444	-
Employer Contributions to the Plan Subsequent to the Measurement Date*	16,280	-
Total	\$ 49,786	\$ 26,694

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2021.

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
2020	\$ (5,388)
2021	9,446
2022	15,980
2023	(13,226)

Note 8 - Fund Balance Commitments

The Cooperative Board has committed fund balance for various purposes. As of September 30, 2020, the Cooperative's fund balance is committed for Delivery in the amount of \$85,221.

Note 9 - Interfund Transfers

The Cooperative had a transfer of \$301,000 from the General Fund out into the Capital Projects Fund. This transfer was used to provide future resources for capital outlay expenditures.

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, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Charges for Services	\$ 737,016	\$ 737,016	\$ 728,924	\$ (8,092)
Unrestricted State Aid	513,625	513,625	518,020	4,395
Unrestricted Interest Income	6,000	6,000	6,824	824
Total Revenues	<u>1,256,641</u>	<u>1,256,641</u>	<u>1,253,768</u>	<u>(2,873)</u>
Expenditures				
Administration	423,420	423,420	373,757	49,663
Delivery Service	220,781	220,781	194,740	26,041
Cataloging	201,550	201,550	204,854	(3,304)
Information Technology	124,701	124,701	128,216	(3,515)
Integrated Library System	286,189	286,189	268,435	17,754
Total Expenditures	<u>1,256,641</u>	<u>1,256,641</u>	<u>1,170,002</u>	<u>86,639</u>
Other Financing Uses				
Transfers Out	301,000	301,000	301,000	--
Total Expenditures and Other Financing Uses	<u>1,557,641</u>	<u>1,557,641</u>	<u>1,471,002</u>	<u>86,639</u>
Excess (Deficiency) of Revenues Over Expenditures and Other Uses				
Net Change in Fund Balance	<u>(301,000)</u>	<u>(301,000)</u>	<u>(217,234)</u>	<u>83,766</u>
<i>Fund Balance at Beginning of Period</i>	1,117,274	1,117,274	1,117,274	--
Fund Balance at End of Period	<u>\$ 816,274</u>	<u>\$ 816,274</u>	<u>\$ 900,040</u>	<u>\$ 83,766</u>

Lakeland Library Cooperative
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Library Services
For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Positive (Negative) Final to Actual
Revenues				
Other Revenues	\$ 243,450	\$ 258,450	\$ 256,224	\$ (2,226)
Total Revenues	<u>243,450</u>	<u>258,450</u>	<u>256,224</u>	<u>(2,226)</u>
Expenditures				
Other Expenditures	255,090	258,450	256,224	2,226
Total Expenditures	<u>255,090</u>	<u>258,450</u>	<u>256,224</u>	<u>2,226</u>
Excess (Deficiency) of Revenues				
Over Expenditures	(11,640)	--	--	--
Net Change in Fund Balance	<u>(11,640)</u>	<u>--</u>	<u>--</u>	<u>--</u>
<i>Fund Balance at Beginning of Period</i>	--	--	--	--
Fund Balance at End of Period	<u>\$ (11,640)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Lakeland Library Cooperative
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Six Calendar Years (Schedule is built prospectively upon implementation of GASB 68)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability						
Service Cost	\$ 39,728	\$ 35,748	\$ 32,361	\$ 31,013	\$ 29,978	\$ 29,346
Interest	103,409	98,699	93,298	88,840	82,267	77,872
Differences Between Expected and Actual Experience	(27,326)	(25,430)	(7,746)	(11,158)	6,058	-
Changes in Assumptions	38,166	-	-	-	48,172	-
Benefit Payments, Including Refunds	(52,113)	(52,113)	(52,113)	(55,199)	(52,113)	(56,404)
Net Change in Pension Liability	<u>101,864</u>	<u>56,904</u>	<u>65,800</u>	<u>53,496</u>	<u>114,362</u>	<u>50,814</u>
<i>Total Pension Liability - Beginning</i>	1,298,808	1,241,904	1,176,104	1,122,608	1,008,246	957,432
Total Pension Liability - Ending (a)	<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>	<u>\$ 1,008,246</u>
Plan Fiduciary Net Position						
Contributions - Employer	\$ 25,977	\$ 26,288	\$ 131,078	\$ 21,980	\$ 20,463	\$ 21,054
Contributions - Member	17,500	15,709	14,770	13,852	13,710	13,409
Net Investment Income (Loss)	158,875	(48,442)	134,412	104,267	(14,255)	57,743
Benefit Payments, Including Refunds	(52,113)	(52,113)	(52,113)	(55,199)	(52,113)	(56,404)
Administrative Expenses	(2,739)	(2,387)	(2,116)	(2,059)	(2,082)	(2,120)
Net Change in Plan Fiduciary Net Position	<u>147,500</u>	<u>(60,945)</u>	<u>226,031</u>	<u>82,841</u>	<u>(34,277)</u>	<u>33,682</u>
<i>Plan Fiduciary Net Position - Beginning</i>	1,165,079	1,226,024	999,993	917,152	951,429	917,747
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,312,579</u>	<u>\$ 1,165,079</u>	<u>\$ 1,226,024</u>	<u>\$ 999,993</u>	<u>\$ 917,152</u>	<u>\$ 951,429</u>
Net Pension Liability - Ending (a) - (b)	\$ 88,093	\$ 133,729	\$ 15,880	\$ 176,111	\$ 205,456	\$ 56,817
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.7%	89.7%	98.7%	85.0%	81.7%	94.4%
Covered Payroll	\$ 432,447	\$ 383,137	\$ 342,055	\$ 324,929	\$ 318,993	\$ 312,198
Net Pension Liability as a Percentage of Covered Payroll	20.4%	34.9%	4.6%	54.2%	64.4%	18.2%

* Built prospectively upon implementation on GASB 68

**Lakeland Library Cooperative
Required Supplementary Information
Schedule of Contributions
Last 10 Fiscal Years**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially Determined Contribution	\$ 21,603	\$ 27,611	\$ 30,101	\$ 21,980	\$ 20,463	\$ 21,054	\$ 20,331	\$ 22,556	\$ 25,431	\$ 17,797
Contributions in Relation to the Actuarially Determined Contribution	21,603	27,611	141,316	21,980	20,463	21,054	20,331	22,556	25,431	17,797
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (111,215)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 464,844	\$ 381,762	\$ 353,234	\$ 324,929	\$ 318,993	\$ 312,198	\$ 318,202	\$ 291,544	\$ 272,953	\$ 262,222
Contributions as a Percentage of Covered Payroll	4.6%	7.2%	40.0%	6.8%	6.4%	6.7%	6.4%	7.7%	9.3%	6.8%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 21 months 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
Amortization Method	Level Percentage of Pay, Closed
Remaining Amortization Period	19 Years
Asset Valuation Method	5-year Smoothed
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.35%
Retirement Age	Experience-based Tables of Rates that are Specific to the Type of Eligibility Condition
Mortality	50% Male - 50% Female blend of the RP-2014 Group Annuity Mortality Table

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Lakeland Library Cooperative (the "Cooperative"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements, and have issued our report thereon dated February 16, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Cooperative's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we do not express an opinion on the effectiveness of the Cooperative's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Cooperative's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our

tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Gabridge & Company, PLC
Grand Rapids, MI
February 16, 2021

February 16, 2021

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

We have audited the financial statements of the governmental activities and each major fund of the Lakeland Library Cooperative (the “Cooperative”) for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 9, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

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

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Lakeland Library Cooperative’s financial statements were:

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

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 16, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restrictions of Use

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

Gabridge & Company

Gabridge & Company, PLC
Grand Rapids, MI

**LAKELAND LIBRARY COOPERATIVE
BOARD MINUTES – Unofficial
Thursday, February 11, 2021 at 9:30 a.m.
Via Zoom**

Present: Dale Parus, Shirley Bruursema, Karen McKinnon, Diane Kooiker, Peggy Hemerling, Kelly Richards, Mattie Cook and Lance Werner

Staff Present: Carol Dawe and Kelly Schroeder

Absent: John McNaughton

- 1) **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 9:32 a.m. by Dale Parus. There were 30 additional participants.
- 2) **APPROVAL OF AGENDA:** Diane Kooiker moved, supported by Shirley Bruursema, to approve the agenda as presented - *motion carried*.
- 3) **QUESTIONS FROM MEMBERS:** There were no questions from members.
- 4) **PUBLIC COMMENTS:** There were no public comments.
- 5) **APPROVAL OF MINUTES:** Peggy Hemerling moved, supported by Shirley Bruursema, to approve the Board minutes from January 14, 2021 as presented – *motion carried*.
- 6) **FINANCIAL REPORT:** Dale Parus mentioned this included a monthly look, as well as YTD look at the budget, and that it looked healthy. Carol added that the audit report will be at the March meeting. She also urged the new directors to reach out if they had any questions. Karen McKinnon moved, supported by Kelly Richards, to approve the Financial Reports as presented - *motion carried*.
- 7) **PRESIDENT'S REPORT:** Dale Parus mentioned the bylaws review committee line on the agenda for needed volunteers, as well as offering kudos to Carol for her hard work. He added that he will be part of a meeting later this month to meet with Representative Meijer, which will include Lance Werner, John McNaughton, Carol Dawe, and others.
- 8) **DIRECTOR'S REPORT:** Carol Dawe reiterated how busy everyone is. She thanked everyone for getting their State Aid reports in and that the check will be coming soon. She also thanked everyone for their BiblioCore responses and that the project is on target for June 1st. She mentioned that the auditor's report will be at the March meeting and thanked Janet for her hard work. Janet is also working with Carol and the attorney on the HR policy and handbook. It will go to Personnel once ready. She also thanked her colleagues, adding that the normal work doesn't go away [plus special projects like BiblioCore].
- 9) **NEW BUSINESS:**
 - a) Establishment of a Bylaws/Plan of Service Review Committee – Dale summarized that the task has been on Carol's plate to revise these for a number of years and is now ready to roll. They are asking for volunteers for an ad hoc review committee to work with Carol. Carol added that she has used other Cooperative's policies, that less is more, and she'll bring forward a draft for review. Kelly Richards and Diane Kooiker volunteered.
- 10) **PUBLIC COMMENTS:**
 - a) There were many thank you remarks to Carol for the chocolate gifts.
- 11) **BOARD MEMBER COMMENTS:**
 - a) Lance Werner said there was a soft open for the Amy Van Andel Branch and they were all very excited. Please stop by to see the new library and community center. He also said that Shirley Bruursema is amazing and continues to inspire us all.
 - b) Diane Kooiker said that the Herrick North Branch has re-opened and invited people to come by for a tour. There has not been a grand opening yet.
 - c) Kelly Richards said that MADL is remodeling every branch and that there is a potential satellite location in the works. There will be more news on that in the coming months. They may have a grand re-opening of everything all at one time.

- d) Peggy Hemerling said that Hastings is open now, though limited, and it is wonderful and has been going well.
 - e) Shirley Bruursema thanked Carol for the MCDA news. She also mentioned that the Grandville Branch of KDL is doing an addition, the Walker Branch is anticipating some renovations and a couple others are in the study stage. She said that curbside service has been successful, but that it is great to be open again.
 - f) Karen McKinnon congratulated those with new openings and branches. She added that Leighton Township Library was approved by the Township Commission for an addition.
 - g) Dale Parus mentioned that Ionia Community Library was now doing some of the behind-the-scenes work for their new building planning.
 - h) There were no other comments from board members.
- 12) **NEXT MEETING:** Thursday, March 11, 2021, at 9:30 a.m. via Zoom
- 13) **ADJOURNMENT:** Kelly Richards moved, supported by Peggy Hemerling, to adjourn at 9:55 a.m. - *motion carried.*

Respectfully submitted by,
Kelly Ann Schroeder

Lakeland Library Cooperative
Funds Balance Sheet
As of February 28, 2021

	<u>Operating</u>	<u>Pass Through</u>	<u>Capital & Growth</u>	<u>TOTAL</u>
ASSETS				
Current Assets				
Checking/Savings				
1000 · Checking Accounts	209,137	54,707	20,091	283,936
1010 · Savings Accounts	233,250	-	161,219	394,468
1040 · eCommerce - Checking	-	6,229	-	6,229
Total Checking/Savings	442,387	60,936	181,309	684,633
Accounts Receivable	19,615	6,855	-	26,470
Other Current Assets	49,503	-	-	49,503
Total Current Assets	511,505	67,792	181,309	760,606
Fixed Assets	273,727	-	-	273,727
Due From/(To)	32,899	(32,899)	-	-
TOTAL ASSETS	818,131	34,893	181,309	1,034,333
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Other Current Liabilities				
2120 · Payroll Liabilities	5,407	-	-	5,407
2200 · Benefit Liabilities	3,679	-	-	3,679
Total Other Current Liabilities	9,086	-	-	9,086
Total Current Liabilities	9,086	-	-	9,086
Total Liabilities	9,086	-	-	9,086
Equity				
3002 · Property	273,727	-	-	273,727
3700 · Nonspendable Funds	57,020	-	-	57,020
3800 · Fund Balance - Committed	-	-	85,221	85,221
3900 · Unassigned Funds	757,798	-	185,401	943,199
Net Income	(279,500)	34,893	(89,313)	(333,920)
Total Equity	809,045	34,893	181,309	1,025,247
TOTAL LIABILITIES & EQUITY	818,131	34,893	181,309	1,034,333

Lakeland Library Cooperative
Budget vs. Actual by Fund
 October 2020 through February 2021

	Operating			
	Feb	YTD	Budget	%
Income				
4000 · Administration & IT Revenue	0	118,999	237,985	50%
4010 · Cataloging Revenue	0	80,710	161,414	50%
4020 · Delivery Revenue	0	37,554	75,114	50%
4030 · ILS Revenue	0	132,256	264,512	50%
4040 · State Aid Revenue	0	0	560,900	0%
4050 · Miscellaneous Revenue	0	752	2,700	28%
Total Income	0	370,271	1,302,625	28%
Expense				
6000 · Salaries & Wages	55,511	252,381	724,300	35%
6010 · Benefits	9,145	50,194	113,030	44%
6050 · Liability Insurance	0	13,876	15,900	87%
6100 · Cataloging Services	0	44,162	54,000	82%
6300 · ILS Services	517	242,786	247,200	98%
6400 · IT Equipment & Services	1,288	12,145	25,500	48%
6800 · Professional Services	5,340	6,770	14,000	48%
6850 · RIDES	0	0	7,275	0%
6900 · Building/Grounds	2,677	11,989	40,700	29%
7100 · Transportation	1,084	13,291	41,025	32%
7400 · Mileage	0	0	2,025	0%
7500 · Professional Development	0	1,415	13,670	10%
7600 · Supplies	3	760	4,000	19%
Total Expense	75,565	649,769	1,302,625	50%
Net Ordinary Income	(75,565)	(279,498)	0	100%
Other Income				
9500 · FB Transfers for Fiscal Year	0	0	0	0%
Total Other Income	0	0	0	0%
Net Income	(75,565)	(279,498)	0	100%

**Lakeland Library Cooperative
Budget vs. Actual by Fund
October 2020 through February 2021**

P48

	Pass Through				Capital & Growth			
	Feb	YTD	Budget	%	Feb	YTD	Budget	%
Income								
4700 - Pass Through Revenue								
4710 - Ecommerce Fines	0	9,359	40,000	23%	0	0	0	0%
4720 - Group Purchases	0	31,937	56,000	57%	0	0	0	0%
4730 - Group Services	0	52,584	116,900	45%	0	0	0	0%
4740 - ILS Add-on Services	0	22,358	30,000	75%	0	0	0	0%
4750 - IT Services	39	39	350	11%	0	0	0	0%
4760 - Library Supplies	1,499	5,400	6,600	82%	0	0	0	0%
4790 - Miscellaneous Pass Through	1,404	2,763	250	1,105%	0	0	0	0%
Total 4700 - Pass Through Revenue	2,942	124,440	250,100	50%	0	0	0	0%
Total Income	2,942	124,440	250,100	50%	0	0	0	0%
Expense								
7800 - Pass Through Expenses								
7810 - Quarterly Fines	0	3,130	40,000	8%	0	0	0	0%
7820 - Group Collections	4,025	26,085	56,000	47%	0	0	0	0%
7830 - Group Subscriptions	1,000	29,500	116,900	25%	0	0	0	0%
7840 - ILS Add-On Expense	(2,697)	22,358	30,000	75%	0	0	0	0%
7850 - IT Services Expense	0	78	350	22%	0	0	0	0%
7860 - Library Supply Expense	649	5,400	6,600	82%	0	0	0	0%
7890 - Other Pass Through Expense	1,404	2,997	250	1,199%	0	0	0	0%
Total 7800 - Pass Through Expenses	4,381	89,548	250,100	36%	0	0	0	0%
9900 - Capital Outlay								
990.337 - Building/Grounds Improvements	0	0	0	0%	0	0	7,500	0%
990.710 - Technology Upgrades/Purchases	0	0	0	0%	0	89,313	92,500	97%
Total 9900 - Capital Outlay	0	0	0	0%	0	89,313	100,000	89%
Total Expense	4,381	89,548	250,100	36%	0	89,313	100,000	89%
Net Ordinary Income	(1,439)	34,892	0	100%	0	(89,313)	(100,000)	89%
Other Income								
9500 - FB Transfers for Fiscal Year	0	0	0	0%	0	0	100,000	0%
Total Other Income	0	0	0	0%	0	0	100,000	0%
Net Income	(1,439)	34,892	0	100%	0	(89,313)	0	100%

Lakeland Library Cooperative
Monthly Check Register
As of February 28, 2021

Date	Name	Memo	Account	Amount
1001.1 - Checking - Operating				
02/02/2021	Payroll		-SPLIT-	18,147.42
02/02/2021	ICMA 457		Payroll Liabilities	20.00
02/02/2021	MERS 401/457		Payroll Liabilities	1,056.38
02/02/2021	941 Form - IRS		Payroll Expenses	6,363.84
02/03/2021	Standard Insurance - Agility	Dental and vision ins.	Benefits	423.68
02/10/2021	Backstage Library Works		Authority Control	942.73
02/10/2021	Fuel Management System		Vehicle Fuel	555.26
02/11/2021	OverDrive		-SPLIT-	1,000.00
02/11/2021	Comcast	data lines	IT Operations	504.05
02/11/2021	Consumers Energy		Utilities	440.02
02/11/2021	Granger		Trash Removal	53.04
02/11/2021	Granger		Trash Removal	49.50
02/11/2021	Mitel		Telephones	457.05
02/12/2021	MERS		Benefits	3,501.23
02/12/2021	State of Michigan--Vendor		Payroll Liabilities	1,869.40
02/16/2021	Payroll		-SPLIT-	16,372.66
02/16/2021	ICMA 457		Payroll Liabilities	20.00
02/16/2021	MERS 401/457		Payroll Liabilities	1,021.23
02/16/2021	941 Form - IRS		Payroll Expenses	5,716.42
02/25/2021	AT&T		Telephones	590.63
02/25/2021	Berger Chevrolet		Vehicle Maintenance/Repair	272.70
02/25/2021	Cintas		Floor Mats	81.59
02/25/2021	Concentra Medical Centers		Hiring Costs	154.00
02/25/2021	Foster Swift Attorneys		Legal	240.00
02/25/2021	Fuel Management System		Vehicle Fuel	811.11
02/25/2021	Gabridge & Company PLC		Audit	5,100.00
02/25/2021	Priority Health		Benefits	6,791.72
02/25/2021	Rehmann Investigative Services		Hiring Costs	300.00
02/25/2021	Wolverine Power Systems, Inc.		Generator Maintenance	1,238.35
02/26/2021	Grand Rapids Income Tax Dept.		Payroll Liabilities	143.92
02/26/2021	Walker City Treasurer		Payroll Liabilities	229.81
02/26/2021	Aflac		Payroll Liabilities	833.14
02/26/2021	DTE Energy		Utilities	53.59
02/26/2021	DTE Energy		Utilities	327.38
02/26/2021	Verizon Wireless		Telephones	4.89
02/26/2021	Standard Insurance - MERS group		Benefits	257.03
02/26/2021	First National Bank	IT, Supplies and Rebate	-SPLIT-	1,574.63
02/26/2021	Reyers, Donald - Vendor	Fuel reimbursed	Vehicle Fuel	40.00
Total 1001.1 - Checking - Operating				<u>77,558.40</u>
1001.2 - Checking - Pass Thru				
02/10/2021	ID Label, Inc.	Barcodes	Library Supplies	849.58
02/10/2021	Innovative Interfaces, Inc.	ILS Services and EMARC	-SPLIT-	2,790.34
02/26/2021	OverDrive	Audio and Ebooks	-SPLIT-	4,025.07
02/26/2021	Sure Solutions	PPE	Other Supply Purchases	1,404.21

Lakeland Library Cooperative
Monthly Check Register
 As of February 28, 2021

Date	Name	Memo	Account	Amount
02/26/2021	First National Bank	Bags	Library Supplies	<u>688.37</u>
			Total 1001.2 - Checking - Pass Thru	<u>9,757.57</u>
1001.3 - Checking - Capital				
			Total 1001.3 - Checking - Capital	<u>0.00</u>
			TOTAL	<u><u>87,315.97</u></u>

**LAKELAND LIBRARY COOPERATIVE
COOPERATIVE DIRECTOR'S REPORT
March 11, 2021**

I am officially on a list to receive a vaccine. What a long, strange year this has been, but I think we can see some light ahead. I look forward to the discussion at the Board Meeting on Vaccine Options for staff. Congratulations to those of you who have paved the way for staff inoculations. We look forward to hearing from you. It is also important to note that all 42 libraries are open now and many are continuing curbside too.

We will be saying farewell to Lois Lovell at Sparta, Mattie Cook at Flat River and Lizzie Schab at Allendale. We wish them well in their new endeavors and thank them for all they have done in their time as members in LLC.

We have a new driver, Jeff Reyers. He is the brother of Don Reyers. Welcome Jeff.

The agendas for both the Board and the Advisory Council are a bit heavier than usual so I will offer explanations below.

Board Agenda:

Audit: Matt Holland from Gabridge and Company will be presenting the LLC 2021 audit. Please read through Janet's thoughtful report below. She also mentions the new procedures for the State of Michigan Uniform Chart of Accounts and how we can help ease some of the confusion. We will work with a few of you to plan out how best to approach all of this and share it with those of you with further questions.

Treasurer: As mentioned above, Mattie Cook, our current Board treasurer, is leaving Lakeland in early April. The bylaws are mute on how to replace a treasurer, but Karen McKinnon from Leighton has agreed to step in until the end of September. Since the officers are voted on at the first meeting of the fiscal year, a vote by the board for a replacement seems to make for good sense and good transparency.

Vaccines: As mentioned above, I look forward to hearing from you and the members on your successes in securing vaccines for your staff members.

Advisory Agenda:

Non-Resident Card Committee Minutes: These minutes were amended and approved. The committee met in February and will meet again after Foster Swift provides us with some legal framework needed to move forward. I hope to have that information in the next two weeks.

BiblioCore Update: We are waiting on information from OverDrive and we have a few more sets of information we need from each library, but we are moving forward and waiting for next steps from our project manager. We will discuss this further at the meeting.

Videogames: A survey is in the field, as they say, and we will discuss the result at the meeting.

Fines and Quarantining Materials Discussion: The fines free settings in Sierra are set to expire on March 31st so, along with the decision whether to extend them or not, we need to discuss quarantining. I understand that it has been a long road. I also think that we are almost to the finish line, so I look forward to the discussion. The leadership of the Advisory Council will be sharing information at the meeting that can help with the decision-making process.

Unique Management: Again, a survey is in the field and we can discuss the results and see what the next steps might be.

Group Purchase Opportunities: I will be sending something out about Amazon Prime in the next couple of days. There is a terrific opportunity for all libraries statewide to receive one free year of Prime and an annual membership at a very, very reduced rate. I am waiting on TLN to provide details. I want to thank Andrea Estelle at Southwestern Library Cooperative for putting this deal together and to Steven Bowers at TLN for continuing to coordinate group purchases for all the coops. I would like us to talk a bit about various opportunities and how we can best serve all of you. I will send a handout to you prior to the meeting.

Caucus of A and B libraries for open seat on LLC Board: Through the magic that is Zoom, we can have those libraries go into a separate Zoom Room and caucus for a new board member. If you are interested, speak up!!!! Please.

Other items of note:

I am working on the bylaws and hope to have a draft to Dale, Diane and Kelly in the next couple of weeks.

We are also working on a new HR Manual and will be sharing that in the next couple of months.

I am helping with 2 director searches at Sparta and Salem. I may be assisting the Township of Allendale as well.

I have helped directors and boards this past month on several issues. When I am approached by a board member, I always share this information with the director except in the rarest of circumstances, and then I still encourage the board member to be open and honest in the process with the director and the rest of the board.

I would really like to visit your boards and talk about the Open Meetings Act. There are some areas of misunderstanding that make it exceedingly difficult for all of you and for your boards. I do hope that all of you shared the packet of information from the MCDA with your board members. Please review the roles and responsibilities handout and invite me to come and talk to your boards if you think it would be helpful. I also think staff members might benefit from this as well since there seems to be a disconnect as to the role that the board has regarding staffing vs. advocacy and policy.

As you continue to read, you can marvel, as I do, as to how much work is done each month by my dedicated colleagues here at LLC. See you next week.

Other Reports:

Delivery and Facility Manager - Terry Cross

February 2021 – Number of Bags & Bins Loaded Daily on the Trucks at Lakeland

	February – 2021	February – 2020	Difference	% Change
Total Book Bags & Bins	2,837	2,679	158	5%

In February 2021, there were 2,837 book bags and bins sorted, loaded, and delivered to member libraries. The 2,837 bags and bins that were delivered in February were 5% more than the 2,679 bags and bins that were sorted and delivered in February of the prior year. As compared to February of the prior year, there was a 6% increase, or 132 more book bags and 20 more AV Bins delivered to member libraries.

	June 2020 – February 2021	June 2019 – February 2020	Difference	% Change
Total Book Bags & Bins	25,156	24,438	718	2%

After the statewide stay-at-home order for all non-essential workers was lifted, delivery was resumed on June 1, 2020. As illustrated above, overall post stay at home delivery volumes are slightly above the pre stay-at home levels as the 25,156 items delivered from June 1, 2020 through February 28, 2021 are 2% more than the 24,438 items delivered during the same period last year.

In February, I drove for 9 days covering for Driver time off.

Both trucks received routine oil change service in February.

The current High Volume Calling Plan Long Distance agreement with AT&T expires in March 2021 and was renewed for another 2 years. The contracted rate is \$0.041 per minute and is used primarily for the I-Tiva Patron Notification System. The competitive rate supplements the cost effectiveness of the notification system as during the period of January 15, 2021 through February 13, 2021 there were over 4,710 calls/messages sent at a total cost of \$159.

Finance & HR Assistant - Janet Cornell

Audit work was completed and, as a result, a few of my internal monthly procedures were tweaked to monitor for certain items between the funds and to make sure transactions are classified properly. I plan to schedule an afternoon or two at the office to file FY2019-20 paperwork used during the audit process.

Reflecting on all the changes in the past year, I realized that most of my internal accounting procedures have changed and have not been updated in written form. I have started compiling these and have included photo snapshots of the procedures which would help in case something happened and someone would have to step in to perform these duties.

I attended the recent Uniform Chart of Accounts Webinar sponsored by the Library of Michigan. There were many unanswered questions from participants about how to use QuickBooks and still be compliant as the program was not recommended by the presenter. I am looking into this more as QuickBooks is a common and affordable option for many small libraries and Lakeland uses the program as well. If you are using QuickBooks or are unsure how to implement the new chart of accounts, consult with your auditor as they have a grasp on your financials and can suggest ways to make these changes. I am also available to answer some questions on how to implement them in QuickBooks if some issues come up or you are unsure how to make these changes in the program. The State of Michigan requires compliance with the new chart depending on your fiscal year, but since it will affect how you budget for different line items it is recommended that you start to make some changes in it. There is more information on the new chart of accounts and the deadline for compliance on the Library of Michigan’s webpage for Financial Management.

There were quite a few HR webinars attended last month. With the anniversary of the pandemic coming up this month, there has been enough time lapsed for data to be collected on how COVID has affected us and the workplace. Changes in paid leave policies are the new trend and could be backed up by changes under the new administration. Carol and I have continued to review our HR policies and procedures for compliance and have worked on updating our Employee Handbook.

IT Manager - Thom Riley

There were no disruptions to Lakeland services and all services continue to run well.

Monthly and fiscal year end reports posted to the reports site.

Several website page organization and information updates were completed.

We continued to collect and submit information required for the BiblioCommons project.

We are working with ProQuest on adding additional members to the Ancestry service. We are completing the setup on remote access and patron authentication we negotiated and created with the ProQuest team. Patmos and Lake Odessa are the two new members adding this service.

We are working with LinkedIn on remote access and patron authentication as they migrate members from the Lynda.com service they now administer into a larger product offering. This setup and configuration started in Dec, but we are about completed this shortly. There are a few outstanding connection issues to resolve at LinkedIn internally.

We have worked with several members on some PCs having trouble with the Sierra installs on them. We were able to resolve these issues and increase the speed and efficiency of the app in these cases.

Zoom meetings are still being requested and setup for members for both board, committee, staff and program uses. Let us know if you would like us to setup a meeting for you.

February help desk tickets created, 193. Tickets closed, 222.

Cataloging Services Manager - Jeff LezmanFebruary 2021 activities

In February, Cataloging staff continued to work from home as outlined in the Lakeland COVID-19 Preparedness and Reopening Plan.

We added 15,009 Hoopla records to the database.

We are working to add item records for both the Fremont Area District Library and the Salem Township Library for all Hoopla materials. In February we completed adding records for the Hoopla eBook and eVideo collections for these two branches. There were around 469,000 item records created for each branch.

We added 420 OverDrive records to the database.

January 2021 Statistics

These statistics for January 2021 show an increase in the number of cataloging requests we received, and the number of records cataloged.

January e-mail & telephone consulting: 66

The number of cataloging requests received in January was up by 28% compared to January 2020. The number of requests received that were already in the database decrease by 4%. The

number of records copy-cataloged in January was up 27% compared to January 2020, while the number of original records cataloged was down by 28%. The total number of records cataloged was up by 21% compared to January 2020.

Cataloging	Jan. 2021	YTD	Jan. 2020	YTD	Monthly %	YTD PCT
Requests Received	2,273	8,687	1,699	6,807	34%	28%
Requests already in database	62	241	97	251	-36%	-4%
Requests to be cataloged	2,211	8,446	1,602	6,556	38%	29%
Copy Cataloging	1,970	7,533	1,798	5,921	10%	27%
Original Cataloging	127	526	261	731	-51%	-28%
Total Cataloged	2,097	8,059	2,059	6,652	2%	21%

ILS Manager - Sheryl VanderWagen

RIDES statistics: We received 101 totes in January 2021 (down 61 from 2020) and sent out 111 totes (down 17 from 2020).

Itypes Expansion: The itypes expansion has been completed. I missed a few in the initial expansion and went back to add the ones I missed. You can print a copy of the itypes here: <http://www.ilcoop.org/ilsinfo/i-types.pdf> The last one on the list should be number 332.

Capira: Many of the updates that I submitted in January have been done. There were a few that require a new version of the app for the app stores. Those are yet to be published to Google Play and the Apple Store, although Apple has finally approved the updated version for testing. I also submitted a few link changes in March and those have been updated as well. New to the app will be patrons' ability to set auto notification for their patron accounts so that they can be alerted to holds, etc. Fixed a problem where the app was not blocking checkout of items that were checked out to another patron, so that patrons could continuously keep checking out items to another card without returning them. Fixed an issue where when searching with an iPad, the results all showed the same publication year.

RBdigital/OverDrive: Worked with OverDrive to resolve issues related to the migration of our magazine subscription to OverDrive Advantage accounts.

Material Types: In consultation with the MAC Committee, I added several new Material Types for bibliographic records for Sierra. Jeff Lezman will head up creating a plan for updating of existing bibliographic records.

Hoopla: Worked with Salem Township and Gary Byker Memorial Library on setting up Hoopla for their patrons.

Respectfully submitted,
Carol Dawe

LAKELAND LIBRARY COOPERATIVE

MONTHLY SNAPSHOT

P56



Member resources shared by 42 libraries in 82 locations across 8 counties



CHECKOUTS/RENEWALS

Total*** - 701,680

INTERLIBRARY LOANS

26,111 - Items Loaned



ITEMS ADDED

Item Records*** - 30,511
Bib Records - 2,965
(Some digital items are not counted)

ITEMS TOTAL

32,709,663 - Item Records***
1,656,891 - Bib Records
(Some digital items are not counted)



CUSTOMERS SERVED

Total*** - 96,798

MELCAT

4,774 - Items Received***
5,175 - Items Loaned***



DELIVERY - BAGS & BINS

February 2021 - 2,837
February 2020 - 2,676
Up 6%

RETURN ANYWHERE

331 - Items Returned*



* Includes KDL
** Includes GRPL
*** Includes KDL & GRPL

Lakeland provided and/or subscription services



LLC OVERDRIVE GROUP

February 2021 - 36,423
LLC to RLA Libs - 4,705
RLA Libs to LLC - ?



I-TIVA

Patrons Contacted - 7,057
Messages Delivered - 6,967
Patrons Who Called In - 206
Patrons Who Logged In - 117

SHOUTBOMB

4,679 - Total Registered Users
5,234 - Total Registered Barcodes
32 - New Users



TECHNICAL SUPPORT

Tickets Created - 193
Tickets Closed - 222

CONSULTING SUPPORT

19 - Advocacy
107 - Members
26 - Vendors



OUR MISSION IS TO STRENGTHEN OUR MEMBER LIBRARIES
COVERING EIGHT WEST MICHIGAN COUNTIES BY PROVIDING
THE MEANS TO SHARE RESOURCES, SERVICES AND EXPERTISE
FOR THE BENEFIT OF INDIVIDUALS AND COMMUNITIES.

Data collected from February 2021.

Visit the website at www.llcoop.org.

**LAKELAND LIBRARY COOPERATIVE
ADVISORY COUNCIL MINUTES – Official
Thursday, December 10, 2020
Via Zoom**

Council Members Present: Kerry Fountain and Britney Dillon
Staff Present: Carol Dawe, Sheryl VanderWagen, and Kelly Ann Schroeder
Absent: Heather Wood-Gramza

- 1) **CALL TO ORDER AND ROLL CALL:** The meeting was called to order at 10:10 a.m. by Kerry Fountain (IS). There were 33 additional participants.
- 2) **APPROVAL OF AGENDA:** Karen McKinnon (AL) moved, supported by Jessica Hunt (NG), to approve the agenda as presented - *motion carried*.
- 3) **PUBLIC COMMENTS:** There were no public comments.
- 4) **APPROVAL OF MINUTES:** Teresa Kline (AF) moved, supported by Amber McLain (OJ), to approve the Advisory Council minutes from October 8, 2020 as presented – *motion carried*.
- 5) **BOARD REPORT:** Dale Parus said that LLC staff has gone above and beyond citing an example where Thom Riley and team helped with a Zoom meeting and a number of other examples and wanted to publicly acknowledge it. Kerry Fountain added her thanks as well.
- 6) **ILS MANAGER'S REPORT:** Sheryl VanderWagen reminded everyone that she needs the holiday closures forms and thanks those who already sent theirs in. She said they were still testing Capira and hoped to release updates on Friday. She is working with the committee to create some publicity materials and was very pleased with Barb Haywood (BH) and her video.
- 7) **COOPERATIVE DIRECTOR'S REPORT:** Carol Dawe had nothing to add.
- 8) **COMMITTEE REPORTS:** There were no reports.
- 9) **OTHER REPORTS:**
 - a) MLA Board Representative Report – N/A
 - b) MLA Legislative Committee Report – Shirley Bruursema (KDL) said there was nothing to report as the Legislature also deals with quarantine and the meetings have been postponed a couple times. ALA has sent out a request to send memos to your Representatives. Dale Parus (IC) added that there were some public acts that affected libraries, but there have been cancelled sessions and adjusted agendas. He talked a little about the Open Meetings Act work. He again encouraged Directors to have a personal relationship with their Representatives.
- 10) **UNFINISHED BUSINESS:**
 - a) BiblioCore Implementation Discussion: Carol will check with libraries regarding scoping settings. She expressed that they learned a lot from the Capira implementation process, and a lot of the work has been done for Herrick already. Lakeland will reach out for those things that are the exceptions, such as branding and scoping. If she has not heard from you, she will assume you want to scope.
 - b) COVID-19 Update
 - i) Fines Free Extension to March 31, 2021: Sheryl VanderWagen explained that even with notices set for 10 days out, there are still a lot of them going out, possibly due to quarantining of materials. Many were in approval of extending the fine free date to help patrons as best they can right now. There were concerns that to remind that patrons don't get to keep the items and that staff should not waive collection fees for other libraries. There was also a question about the collection agency fee and if it was an opt-in service. Sheryl cited that it was a Lakeland policy to have the service.
 - ii) Closures and Other Issues: Many expressed how helpful it was to have the list on the website for planning purposes.
- 11) **PUBLIC COMMENTS:**

- a) There were no public comments.
- 12) **NEXT MEETING:** Thursday, January 14, 2021 via Zoom following the Board Meeting pending OMA amendment approval.
- 13) **ADJOURNMENT:** Britney Dillon (IB) moved, supported by Peggy Hemerling (BH), to adjourn at 10:41 a.m. - *motion carried.*

Respectfully submitted by,
Kelly Ann Schroeder