

NOTICE

Milwaukee County  
Federated Library System  
Board of Trustees

Monday, August 21, 2023

3:30 P.M.

*This meeting will be held in person at the*

West Allis Public Library  
7421 West National Avenue  
West Allis, WI 53214

AGENDA

1. Call to order

2. Adoption of agenda

Action

3. Approval of minutes: the MCFLS Board of Trustees meeting on July 17, 2023

Action

[Attachment A](#)

4. Public comment

*Please note: Upon reasonable notice, efforts will be made to accommodate the needs of disabled individuals through sign language interpreters or other auxiliary aides.*

### MCFLS Standing Committee Reports

#### 5. Library Directors Advisory Council

- a. Report of the August 3, 2023 meeting.

Action

[Attachment B](#)

#### 6. MCFLS Finance and Personnel Committee

- a. Report of the August 15, 2023 meeting.

- i. Recommendation to accept and approve the 2022 MCFLS audit.

Action

[Attachment C](#)

- ii. Recommendation to approve the 2023 MCFLS Budget revision as presented.

Action

[Attachment D](#)

#### 7. MCFLS Legislative and System Services

- a. Report of the August 1, 2023 meeting.

- i. Recommendation to enter into a contract for strategic planning consultant services with Rachel Arndt Consulting.

Action

[Attachment E](#)

### Administrative reports requiring action

- 8. MCFLS Board meeting schedule for the remainder of 2023.

Action

[Attachment F](#)

- 9. Financial Report for July 2023.

Action

[Attachment G](#)

### Administrative Informational Items

- 10. Director's Report

[Attachment H](#)

Tour of the West Allis Public Library immediately following the meeting.

Next meeting date: Scheduled for 3:30 pm on Monday, September 18.

Milwaukee County Federated Library System  
Board of Trustees  
Regular Monthly Meeting held  
Monday, July 17<sup>th</sup>, 2023 at 2:30 p.m.

In person meeting held at the  
Wauwatosa Public Library  
Conference Room A, 2nd Floor  
7635 West North Avenue  
Wauwatosa, WI 53213

ROLL CALL

Present: Paul Ziehler, President  
Guy Johnson, Vice President  
Steven Shea, Treasurer  
Monica Deluhery, Trustee  
Howard Snyder, Trustee  
Elizabeth Suelzer, Trustee  
Erika Siemsen, Trustee

Excused:

Staff: Steve Hesel, Director  
Brittney Hornung, Business Manager  
Jennifer Schmidt, Library Systems Administrator  
Belinda Lai, Library System Technician

Others:

CALL TO ORDER. President Ziehler called the regularly scheduled monthly meeting of the Milwaukee County Federated Library System Board of Trustees to order at 2:35 p.m.

ADOPTION OF AGENDA. President Ziehler referred to the agenda. Treasurer Shea moved and Trustee Suelzer seconded a motion to adopt the agenda as distributed. Unanimously approved.

APPROVAL OF MINUTES. President Ziehler referred to the minutes of the June 19<sup>th</sup>, 2023 shown as the Attachment A of the agenda packet. Being no corrections noted, Vice President Johnson moved and Trustee Snyder seconded the motion to approve the minutes as presented. Unanimously approved.

PUBLIC COMMENT.  
No comment made.

## MCFLS STANDING COMMITTEE REPORTS.

### Library Directors Advisory Council

No meeting held so no report.

Next scheduled meeting will be August 3<sup>rd</sup>, 2023 at Oak Creek Public Library.

### MCFLS Finance and Personnel Committee

No meeting was held so no report. Next scheduled meeting is August 17<sup>th</sup>, 2023 at 12:00 p.m. to review the system audit and 2023 budget revision.

### MCFLS Legislative and System Services

No meeting was held so no report. Next scheduled meeting is August 1<sup>st</sup>, 2023 at 1:00 p.m. to review strategic planning RFP submissions.

## ADMINISTRATIVE REPORTS REQUIRING ACTION.

President Ziehler asked for an introduction for the new MCFLS staff member. Belinda Lai gave a brief introduction of herself and background that brought her to the Library system.

### Proposal to add Juneteenth Day as a recognized system holiday.

Director Hesser brought up the topic of adding Juneteenth as a recognized holiday for MCFLS. This year MPL and Milwaukee County were closed along with 3 member libraries. This was the first year that this holiday was federally recognized. Trustee Snyder motioned to approve the recommendation to make Juneteenth a holiday, Treasurer Shea seconded the motion.

Unanimously approved.

Attachment B of the Agenda packet.

### Financial Report for June 2023.

Director Hesser presented the June 2023 Financial Report shown as Attachment C of the Agenda packet. The LSTA grant revenue will be increasing when the reimbursement from DPI comes through. Vice president Johnson motioned to approve the financial report, Trustee Snyder seconded the motion. Unanimously approved.

## ADMINISTRATIVE INFORMATION ITEMS.

### All of Us Virtual Library Center grant application approved for establishment of two mobile labs used for the All of Us campaign and furthering health and technology literacy.

Director Hesser presented the All of Us virtual library center grant along with a background of the program shown as Attachment D of the Agenda packet. The grant application was approved for two mobile technology kits to be added and used with the Mixer boxes. These can be used for an All of Us virtual event and also any other event the libraries might need extra technology for. Trustee Suelzer shared additional details on the program from her background with the

medical college. These center set ups help patrons sign up to have blood drawn for genetic testing and detailed genetic data to those interested. The total to be reimbursed to MCFLS is \$62,615.00 which covers the materials and extra labor needed by the member libraries and MCFLS to set up these events and technology set up. Treasurer Shea Motioned to acknowledge acceptance of the grant and move forward with the program, Trustee Snyder seconded the motion. Unanimously approved.

#### Director's Report

Director Hesel gave a brief overview of the Directors report shown as Attachment E of the Agenda packet. President Ziehler suggested having marketing do a press release advertising the All of Us program and how the library is partnering with them. The SRLAAW workgroup has reviewed the second draft of the compensation study which will be ready to be presented at the WLA conference and the member libraries by this fall.

#### ADDITIONAL ITEMS

Trustee Suelzer mentioned that she will be unavailable for the Finance and Personnel meeting on August 17<sup>th</sup> and suggested a reschedule. The Legislative and System Services also may reschedule. Director Hesel will send out email discussion for these meetings with potential new dates and times.

Trustee Deluhery will be on sabbatical this fall and unable to attend the meetings.

NEXT MEETING. Scheduled for 3:30 p.m. Monday August 21<sup>st</sup>, 2023 at the West Allis Public Library.

ADJOURNMENT. With no further business to be addressed, Trustee Snyder motioned to adjourn the meeting at 3:20 p.m. and Treasurer Shea seconded. Unanimously approved.



## South Milwaukee Library

1907 10<sup>th</sup> Avenue

South Milwaukee, WI 53172

P (414)768-8195

W [smlibrary.org](http://smlibrary.org)

To: MCFLS Board of Trustees

From: Tristan Boswell, South Milwaukee Public Library

RE: Summary of LDAC Meeting, August 3, 2023, 10 am to 12 pm

Location: Oak Creek Public Library

### Topics for Action or Discussion

- *LDAC Subcommittee Workgroup Recommendations* - Director Heser and Jen Schmidt spoke about the additional work put into the review of these subcommittees including reaching out to staff, surveys, and feedback. Other updates include a standardized agenda, each chair receiving guidance from their home director, and a SharePoint for each subcommittee. Nyama Reed (Whitefish Bay) asked for clarification on how guidance would be provided by directors. It was answered that the guidance would be provided by checking in with the chair, looking at agendas, and helping them brainstorm content. Guidance did not mean they were required to attend each meeting. Nyama Reed motioned to approve the changes to the MCFLS workgroups with the change of having Circulation Services meeting 6 times a year instead of 9 times a year and the movement of Periodicals and Acquisitions Subcommittees to e-mail rather than a committee. Stephanie Lewin-Lane (Hales Corners Public Library) seconded. Unanimously approved. Thank you to Brian Van Klooster (Greendale), Stephanie Lewin-Lane (Hales Corners), Director Heser, and Jen Schmidt for their work on this recommendation.
- *Patron Point Verify Services for Patron Card Renewals* - Director Heser gave a brief overview of the renewal services. He explained that two other library systems have this system in place and would suggest that the system make use of it. Shelia O'Brien (Greenfield) voiced concerns for the loss of in-person patron contact during the renewal process. There was a lot of discussion about the process and procedures that would happen if this services was utilized:
  - Tristan Boswell (South Milwaukee) asked about the current renewal form use and how libraries that utilize photos could update procedures.
  - Karli Pederson (Milwaukee) suggested utilizing both renewal systems for some overlap.
  - Stephanie Lewin-Lane (Hales Corners) asked about renewal for patrons under 18, and suggested having patron groups in the system to help fine options between libraries.
 The proposal will be tabled until the next LDAC meeting so MCFLS staff have an opportunity to look into the different questions and scenarios presented.
- *Talking Points for NOT Including Items That Don't Meet the Standard of Your Collection Policy* - Director Heser shared a listed of talking points to help library directors have conversations when not adding items to a library's collection. Stephanie Lewin-Lane (Hales Corners) explained a recent scenario at her library and how the policy they have in place helped. Jill Lininger (Oak Creek) shared a scenario at her library and the outreach she did to try to receive support and

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To enhance the quality of life in South Milwaukee in a welcoming and innovative environment that provides information and ideas for lifelong literacy and learning

### Vision Statement

To be the fundamental contributor to the quality of life in South Milwaukee



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guidance. There was additional help put forth by Stephanie Lewin-Lane (Hales Corners) that Librarians are not qualified to discuss legal definitions and it is not listed in their job description to review items from outside sources. Karl Pederson (Milwaukee) suggested adding a time frame so recently considered items must wait until additional reconsideration. There is also a WLA committee working on these topics. No action needed.

### Technology

- *Expanding Accounting Process for Replacement, Lost and Manual Fines Over \$5.00 to Include All Fees and Fines Collected at Non-Ownning Locations* – Nyama Reed (Whitefish Bay) had asked for the review of the accounting process for replacement, lost, and manual fines over \$5.00. Currently fines under \$5.00 are kept by the library that collects the funds. This accounting process was put into place when cash was sent through the delivery system and thus that \$5.00 threshold may be dated based on practice. Director Hesper presented what the totals would be if each library submitted their fines instead of allowing the library collecting the fine to keep it. There was discussion amongst each library. Peter Loeffel (Wauwatosa) suggested changing loan rules so that the each item would have a loan rule that applied from the library it was checked out at (instead of the library that owned it). This would be an ILS change. Director Hesper suggested tabling it for discussion during the strategic planning process.
- *Topics Related to Sierra Settings (No Action Items until September 2023 meeting)* -
  - *Activate Option to Extend Time on Holdshelf* –Jen Schmidt (MCFLS) and Emily Alford (Greenfield) presented the benefits of adding the option to extend the hold pick up date in Sierra. Many libraries are already doing this through a manual procedure. After much discussion Tristan Boswell (South Milwaukee) suggested adding a draft procedure for when the item comes to vote at the next meeting.
  - *Delay Filling of a Hold When Item Is Owned by the Pickup Location* – Jen Schmidt (MCFLS) presented the option to activate the hold fulfillment at the pickup location. Sierra is set to all holds fulfillment of available items from any location and does not prioritize pickup location first.

### Informational

- *SRLAAW Compensation Study Updates* – Director Hesper will be presenting the SRLAAW compensation study on August 4 with a video and toolkit for presentations.
- *Member Costs 2024 Update* - Director Hesper indicated that 2024 member costs will be released as soon as possible.

### Items Tabled Until September 2023 LDAC Meeting

- *Loan Rules Changes to Accommodate the New \$10.00 Threshold for Physical Materials*
- *Developing a MCFLS Clearinghouse for Information Related to Digitization of Local Collections*

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- *In-Person Meeting Schedules for the Remainder of 2023*

### Next Meeting

- *Thursday, September 7, 2023 10:00 am* at Whitefish Bay Public Library

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# Reporting and insights from 2022 audit:

## Milwaukee County Federated Library System

December 31, 2022

# Executive summary

July XX, 2023

To the Board of Trustees  
Milwaukee County Federated Library System

We have completed our audit of the financial statements of the Milwaukee County Federated Library System (the System) for the year ended December 31, 2022, and have issued our report thereon dated July XX, 2023. This letter presents communications required by our professional standards.

Your audit should provide you with confidence in your financial statements. The audit was performed based on information obtained from meetings with management, data from your systems, knowledge of your System's operating environment and our risk assessment procedures. We strive to provide you clear, concise communication throughout the audit process and of the final results of our audit.

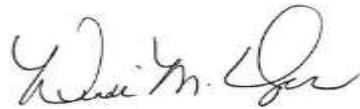
Additionally, we have included information on key risk areas Milwaukee County Federated Library System should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

If you have questions at any point, please connect with us:

- Wendi Unger, CPA, Partner: [wendi.unger@bakertilly.com](mailto:wendi.unger@bakertilly.com) or +1 (414) 777 5423

Sincerely,

Baker Tilly US, LLP



Wendi M. Unger, CPA, Partner

THIS COMMUNICATION IS INTENDED SOLELY FOR THE INFORMATION AND USE OF THOSE CHARGED WITH GOVERNANCE, AND, IF APPROPRIATE, MANAGEMENT, AND IS NOT INTENDED TO BE AND SHOULD NOT BE USED BY ANYONE OTHER THAN THESE SPECIFIED PARTIES.

BAKER TILLY US, LLP, TRADING AS BAKER TILLY, IS A MEMBER OF THE GLOBAL NETWORK OF BAKER TILLY INTERNATIONAL LTD., THE MEMBERS OF WHICH ARE SEPARATE AND INDEPENDENT LEGAL ENTITIES.

# Responsibilities

## Our responsibilities

As your independent auditor, our responsibilities include:

- Planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high level of assurance.
- Assessing the risks of material misstatement of the financial statements, whether due to fraud or error. Included in that assessment is a consideration of the System's internal control over financial reporting.
- Performing appropriate procedures based upon our risk assessment.
- Evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management.
- Forming and expressing an opinion based on our audit about whether the financial statements prepared by management, with the oversight of the Board of Trustees:
  - Are free from material misstatement
  - Present fairly, in all material respects and in accordance with accounting principles generally accepted in the United States of America
- Performing tests related to compliance with certain provisions of laws, regulations, contracts and grants, as required by *Government Auditing Standards*
- Our audit does not relieve management of the Board of Trustees of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of the Board of Trustees, including:

- Internal control matters
- Qualitative aspects of the System's accounting practice including policies, accounting estimates and financial statement disclosures
- Significant unusual transactions
- Significant difficulties encountered
- Disagreements with management
- Circumstances that affect the form and content of the auditors' report
- Audit consultations outside the engagement team
- Corrected and uncorrected misstatements
- Other audit findings or issues

# Audit status

## Significant changes to the audit plan

There were no significant changes made to either our planned audit strategy or to the significant risks and other areas of emphasis identified during the performance of our risk assessment procedures.

# Audit approach and results

## Planned scope and timing

### Audit focus

Based on our understanding of the System and environment in which you operate, we focused our audit on the following key areas:

- Key transaction cycles
- Areas with significant estimates
- Implementation of new governmental accounting standards

Our areas of audit focus were informed by, among other things, our assessment of materiality. Materiality in the context of our audit was determined based on specific qualitative and quantitative factors combined with our expectations about the System's current year results.

## Key areas of focus and significant findings

### Significant risks of material misstatement

A significant risk is an identified and assessed risk of material misstatement that, in the auditor's professional judgment, requires special audit consideration. Within our audit, we focused on the following areas below.

Significant risk areas	Testing approach	Conclusion
Management override of controls	Incorporate unpredictability into audit procedures, emphasize professional skepticism and utilize audit team with industry expertise	Procedures identified provided sufficient evidence for our audit opinion
Improper revenue recognition due to fraud	Confirmation or validation of certain revenues supplemented with detailed predictive analytics based on non-financial data and substantive testing of related receivables	Procedures identified provided sufficient evidence for our audit opinion

### Other areas of emphasis

We also focused on other areas that did not meet the definition of a significant risk, but were determined to require specific awareness and a unique audit response.

Other areas of emphasis		
Cash and investments	Revenues and receivables	General disbursements
Payroll	Pension asset and OPEB liabilities	Lease accounting
Capital assets including infrastructure	Net position calculations	Financial reporting and required disclosures

## Internal control matters

We considered the System's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements. We are not expressing an opinion on the effectiveness of the System's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

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 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. We identified the following deficiencies as material weaknesses:

- **Inadequate segregation of duties**

A properly designed system of internal control includes adequate staffing as well as policies and procedures to properly segregate duties. This includes systems that are designed to limit the access or control of any one individual to your government's assets or accounting records, and to achieve a higher likelihood that errors or irregularities in your accounting processes would be discovered by your staff in a timely manner.

At this time, due to staffing and financial limitations, the proper internal controls are not in place to achieve adequate segregation of duties. As a result, errors, irregularities or fraud could occur as part of the financial reporting process that may not be discovered by someone in your organization. Therefore, we are reporting a material weakness related to the internal control environment.

- **Missing key controls**

There are certain controls that are not currently in place related to significant transaction cycles. As a result, there is a risk that erroneous or unauthorized transactions or misstatements could occur without the knowledge of management or the governing body. Our recommendations for strengthening controls are listed below.

Controls over payroll

- Persons preparing the payroll should be independent of other personnel duties or restricted from access to the payroll account.
- Year-end accrued payroll is recorded to ensure proper cutoff between fiscal year, but this calculation should be reviewed and approved by an appropriate supervisor.

Controls over monthly and year-end accounting

- Account reconciliations prepared throughout the year should be performed by someone independent of processing transactions in the account.

Since the controls listed above or other compensating controls are not currently in place, errors or irregularities could occur as part of the accounting processes that might not be discovered by management or the governing body. Therefore, the absence of these controls is considered to be a material weakness.

We recommend that a designated employee review the segregation of duties, risks, and these potential controls and determine whether additional controls should be implemented. This determination should take into consideration a cost / benefit analysis.

- **Financial statement close process**

Properly designed systems of internal control provide your organization with the ability to process and record accurate monthly and year-end transactions and annual financial reports.

Our audit includes a review and evaluation of the internal controls relating to financial reporting. Common attributes of a properly designed system of internal control for financial reporting are as follows:

- There is adequate staffing to prepare financial reports throughout the year and at year-end.
- Material misstatements are identified and corrected during the normal course of duties.
- Complete and accurate financial statements, including footnotes, are prepared.
- Financial reports are independently reviewed for completeness and accuracy.

Our evaluation of the internal controls over financial reporting has identified control deficiencies that are considered material weakness surrounding the preparation of financial statements and footnotes, adjusting journal entries identified by the auditors, and an independent review of financial reports.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles. In addition, material misstatements in the general ledger were identified during the financial audit.

## Required communications

### Qualitative aspect of accounting practices

- Accounting policies: Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we have advised management about the appropriateness of accounting policies and their application. The significant accounting policies used by System are described in Note 1 to the financial statements. As described in Note 1, the System changed accounting policies related to leases by adopting GASB Statement No. 87 in 2022. We noted no transactions entered into by the System during the year for which accounting policies are controversial or for which there is a lack of authoritative guidance or consensus or diversity in practice.
- Accounting estimates: Accounting estimates, including fair value 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, the degree of subjectivity involved in their development and because of the possibility that future events affecting them may differ significantly from those expected. The following estimates are of most significance to the financial statements:

Estimate	Management's process to determine	Baker Tilly's conclusions regarding reasonableness
Accrued compensated absences	Evaluation of hours earned and accumulated in accordance with employment policies and average wage per hour rates	Reasonable in relation to the financial statements as a whole
Net pension asset and related deferrals	Evaluation of information provided by the Wisconsin Retirement System	Reasonable in relation to the financial statements as a whole
Total / Net OPEB liability and related deferrals	Key assumptions set by management with the assistance of a third-party actuary	Reasonable in relation to the financial statements as a whole
Depreciation/amortization	Evaluate estimated useful life of the asset and original acquisition value	Reasonable in relation to the financial statements as a whole

There have been no significant changes made by management to either the processes used to develop the particularly sensitive accounting estimates, or to the significant assumptions used to develop the estimates, noted above.

- Financial statement disclosures: The disclosures in the financial statements are neutral, consistent and clear.



### **Significant unusual transactions**

There have been no significant transactions that are outside the normal course of business for the System or that otherwise appear to be unusual due to their timing, size or nature.

### **Significant difficulties encountered during the audit**

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

### **Disagreements with management**

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

### **Audit report**

There have been no departures from the auditors' standard report.

### **Audit consultations outside the engagement team**

We encountered no difficult or contentious matters for which we consulted outside of the engagement team.

### **Uncorrected misstatements and corrected misstatements**

Professional standards require us to accumulate misstatements identified during the audit, other than those that are clearly trivial and to communicate accumulated misstatements to management. Management is in agreement with the misstatements we have identified, and they have been corrected in the financial statements. The schedule below summarizes the material corrected misstatements, that, in our judgment, may not have been detected except through our auditing procedures. The internal control matters section of this report describes the effects on the financial reporting process indicated by the corrected misstatements, other than those that we consider to be of a lesser magnitude than significant deficiencies and material weaknesses.

- |                          |           |
|--------------------------|-----------|
| • To Implement GASB 87:  | \$190,774 |
| • To adjust receivables: | \$534,935 |

### **Other audit findings or issues**

We encountered no other audit findings or issues that require communication at this time.

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 System's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Management's consultations with other accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing or accounting matters.

### **Written communications between management and Baker Tilly**

The attachments include copies of other material written communications, including a copy of the management representation letter.

### **Compliance with laws and regulations**

We did not identify any non-compliance with laws and regulations during our audit.

### **Fraud**

We did not identify any known or suspected fraud during our audit.

### **Going concern**

Pursuant to professional standards, we are required to communicate to you, when applicable, certain matters relating to our evaluation of the System's ability to continue as a going concern for a reasonable period of time but no less than 12 months from the date of the financial statements, including the effects on the financial statements and the adequacy of the related disclosures, and the effects on the auditor's report. No such matters or conditions have come to our attention during our engagement.

### **Independence**

We are not aware of any relationships between Baker Tilly and the System that, in our professional judgment, may reasonably be thought to bear on our independence.

### **Related parties**

We did not have any significant findings or issues arise during the audit in connection with the System's related parties.

### **Other matters**

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

## Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation
- Adjusting journal entries

In addition, we prepared GASB No. 34 conversion entries which are summarized in the “Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position” and the “Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities” in the financial statements.

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

## Board of Trustees resources

Visit our resource page for regulatory updates, trending challenges and opportunities in your industry and other timely updates.

Visit the resource page at <https://www.bakertilly.com/insights/audit-committee-resource-page>.

# Management representation letter

July XX, 2023

Baker Tilly US, LLP  
777 E. Wisconsin Avenue  
32nd Floor  
Milwaukee, WI 53202

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of the Milwaukee County Federated Library System as of December 31, 2022 and for the year then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Milwaukee County Federated Library System and the respective changes in financial position, where applicable, in conformity with accounting principles generally accepted in the United States of America (GAAP). We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control over financial reporting, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audit.

#### **Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 28, 2021.
- 2) The financial statements referred to above are fairly presented in conformity with accounting principles generally accepted in the United States of America. We have engaged you to advise us in fulfilling that responsibility. The financial statements include all properly classified funds of the primary government and all component units required by accounting principles generally accepted in the United States of America to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, if any, are reasonable.
- 6) All events subsequent to the date of the financial statements and for which accounting principles generally accepted in the United States of America require adjustment or disclosure have been adjusted or disclosed. No other events, including instances of noncompliance, have occurred subsequent to the financial statement date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 7) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 8) All known audit and bookkeeping adjustments have been included in our financial statements, and we are in agreement with those adjustments.
- 9) There are no known or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted in the United States of America.
- 10) Guarantees, whether written or oral, under which the System is contingently liable, if any, have been properly recorded or disclosed.

#### **Information Provided**

- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) We have not completed an assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - a) Management,
  - b) Employees who have significant roles in internal control, or
  - c) Others where the fraud could have a material effect on the financial statements.

- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulators, or others.
- 15) We have no knowledge of known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 16) There are no related parties or related party relationships and transactions, including side agreements, of which we are aware.

**Other**

- 17) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 18) We have a process to track the status of audit findings and recommendations.
- 19) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.
- 20) The System has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or fund balance or net position.
- 21) We are responsible for compliance with federal, state, and local laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits, debt contracts, and IRS arbitrage regulations; and we have identified and disclosed to you all federal, state, and local laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 22) There are no:
  - a) Violations or possible violations of budget ordinances, federal, state, and local laws or regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, or for reporting on noncompliance, except those already disclosed in the financial statement, if any.
  - b) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted in the United States of America.
  - c) Nonspendable, restricted, committed, or assigned fund balances that were not properly authorized and approved.
  - d) Rates being charged to customers other than the rates as authorized by the applicable authoritative body.



- 23) In regards to the nonattest services performed by you listed below, we acknowledge our responsibility related to these nonattest services and have 1) accepted all management responsibility; 2) designated an individual with suitable skill, knowledge, or experience to oversee the services; 3) evaluated the adequacy and results of the services performed, and 4) accepted responsibility for the results of the services.

a) Financial statement preparation

b) Adjusting journal entries

None of these nonattest services constitute an audit under generally accepted auditing standards, including *Government Auditing Standards*.

- 24) The Milwaukee County Federated Library System has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 25) The Milwaukee County Federated Library System has complied with all aspects of contractual agreements that would have a material effect on the financial statement in the event of noncompliance.
- 26) The financial statements properly classify all funds and activities.
- 27) All funds that meet the quantitative criteria in GASB Statement No. 34 and No. 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 28) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable, restricted, committed, assigned and unassigned) are properly classified and, if applicable, approved.
- 29) Provisions for uncollectible receivables, if any, have been properly identified and recorded.
- 30) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 31) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 32) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 33) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
- 34) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
- 35) We have appropriately disclosed the Milwaukee County Federated Library System's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available and have determined that net position were properly recognized under the policy. We have also disclosed our policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available.

- 36) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 37) We assume responsibility for, and agree with, the findings of specialists in evaluating the OPEB liability, deferred outflows and deferred inflows relate to the OPEB and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.
- 38) We assume responsibility for, and agree with, the information provided by the Wisconsin Retirement System as audited by the Legislative Audit Bureau relating to the net pension asset/liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.
- 39) We have implemented GASB Statement No. 87, *Leases*, and believe that all required disclosures and accounting considerations have been identified and properly classified in the financial statements in compliance with the Standard.
- 40) The auditing standards define an annual report as “a document, or combination of documents, typically prepared on an annual basis by management or those charged with governance in accordance with law, regulation, or custom, the purpose of which is to provide owners (or similar stakeholders) with information on the entity’s operations and the financial results and financial position as set out in the financial statements.” Among other items, an annual report contains, accompanies, or incorporates by reference the financial statements and the auditors’ report thereon. We confirm that we do not prepare and have no plans to prepare an annual report.
- 41) We assume responsibility for, and agree with the information provided by the Department of Employee Trust Funds for the Local Retiree Life Insurance program as audited by the Legislative Audit Bureau relating to the net OPEB liability and related deferred outflows and deferred inflows and have adequately considered the reasonableness of the amounts and disclosures used in the financial statements and underlying accounting records. We also assume responsibility for the census data that has been reported to the plan.

Sincerely,

Milwaukee County Federated Library System

Signed: \_\_\_\_\_

Steve Heser, System Director

Signed: \_\_\_\_\_

Brittney Hornung, Business Manager

## Client service team



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# Accounting changes relevant to Milwaukee County Federated Library System

## Future accounting standards update

GASB Statement Number	Description	Potentially Impacts you	Effective Date
94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	✓	12/31/23
96	Subscription-Based Information Technology Arrangements	✓	12/31/23
99	Omnibus 2022	✓	12/31/23
100	Accounting Changes and Error Corrections	✓	12/31/24
101	Compensated Absences	✓	12/31/24

Further information on upcoming [GASB pronouncements](#).

## Future accounting for subscription-based IT arrangements

Subscription-based IT arrangements include contracts that convey control of the right to use another party's IT software. It would not include any licensing arrangements that provide a perpetual license, which would still be accounted for as an intangible asset. Subscription-based IT arrangements are becoming more and more popular with IT vendors. This standard mirrors the new lease standard. The System will be able to utilize the systems put into place to implement the lease standard to properly account for these contracts. Common examples of these contracts in the utility industry include:

- Leasing space in the cloud
- GIS systems
- SCADA systems
- Some work order or inventory systems as well as some general ledger or billing systems

The System should work with its IT department and department managers to determine a population listing of contracts that would fall under this standard to determine the potential future impact to financial reporting.

## Two-way audit communications

As part of our audit of your financial statements, we are providing communications to you throughout the audit process. Auditing requirements provide for two-way communication and are important in assisting the auditor and you with more information relevant to the audit.

As this past audit is concluded, we use what we have learned to begin the planning process for next year's audit. It is important that you understand the following points about the scope and timing of our next audit:

- a. We address the significant risks of material misstatement, whether due to fraud or error, through our detailed audit procedures.
- b. We will obtain an understanding of the five components of internal control sufficient to assess the risk of material misstatement of the financial statements whether due to error or fraud, and to design the nature, timing and extent of further audit procedures. We will obtain a sufficient understanding by performing risk assessment procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented. We will use such knowledge to:
  - Identify types of potential misstatements.
  - Consider factors that affect the risks of material misstatement.
  - Design tests of controls, when applicable, and substantive procedures.
- c. We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations and provisions of contracts or grant programs. For audits performed in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance and that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance. The paragraph will also state that the report is not suitable for any other purpose.
- d. The concept of materiality recognizes that some matters, either individually or in the aggregate, are important for fair presentation of financial statements in conformity with generally accepted accounting principles while other matters are not important. In performing the audit, we are concerned with matters that, either individually or in the aggregate, could be material to the financial statements. Our responsibility is to plan and perform the audit to obtain reasonable assurance that material misstatements, whether caused by errors or fraud, are detected.

Our audit will be performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

We will not express an opinion on the effectiveness of internal control over financial reporting or compliance with laws, regulations, and provisions of contracts or grant programs. For audits done in accordance with *Government Auditing Standards*, our report will include a paragraph that states that the purpose of the report is solely to describe (a) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (b) the scope of testing internal control over compliance for major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance and, (c) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

We are very interested in your views regarding certain matters. Those matters are listed here:

- a. We typically will communicate with your top level of management unless you tell us otherwise.
- b. We understand that the governing board has the responsibility to oversee the strategic direction of your organization, as well as the overall accountability of the entity. Management has the responsibility for achieving the objectives of the entity.
- c. We need to know your views about your organization's objectives and strategies, and the related business risks that may result in material misstatements.
- d. We anticipate that the System will receive an unmodified opinion on its financial statements.
- e. Which matters do you consider warrant particular attention during the audit, and are there any areas where you request additional procedures to be undertaken?
- f. Have you had any significant communications with regulators or grantor agencies?
- g. Are there other matters that you believe are relevant to the audit of the financial statements?

Also, is there anything that we need to know about the attitudes, awareness and actions of the governing body concerning:

- a. The entity's internal control and its importance in the entity, including how those charged with governance oversee the effectiveness of internal control?
- b. The detection or the possibility of fraud?

We also need to know if you have taken actions in response to developments in financial reporting, laws, accounting standards, governance practices, or other related matters, or in response to previous communications with us.

With regard to the timing of our audit, here is some general information. If necessary, we may do preliminary financial audit work during the months of October-December, and sometimes early in January. Our final financial fieldwork is scheduled during the spring to best coincide with your readiness and report deadlines. After fieldwork, we wrap up our financial audit procedures at our office and may issue drafts of our report for your review. Final copies of our report and other communications are issued after approval by your staff. This is typically 6-12 weeks after final fieldwork, but may vary depending on a number of factors.

Keep in mind that while this communication may assist us with planning the scope and timing of the audit, it does not change the auditor's sole responsibility to determine the overall audit strategy and the audit plan, including the nature, timing and extent of procedures necessary to obtain sufficient appropriate audit evidence.

We realize that you may have questions on what this all means, or wish to provide other feedback. We welcome the opportunity to hear from you.

# **Milwaukee County Federated Library System**

Financial Statements and  
Supplementary Information

December 31, 2022



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## **INDEPENDENT AUDITORS' REPORT**

## **Independent Auditors' Report**

To the Board of Trustees of  
Milwaukee County Federated Library System

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

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and major fund of the Milwaukee County Federated Library System, Wisconsin, as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the Milwaukee County Federated Library System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Milwaukee County Federated Library System, Wisconsin, as of December 31, 2022 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (GAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Milwaukee County Federated Library System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 1, the Milwaukee County Federated Library System adopted the provisions of GASB Statement No. 87, *Leases*, effective January 1, 2022. Our opinions are not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Milwaukee County Federated Library System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Milwaukee County Federated Library System's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2023 on our consideration of the Milwaukee County Federated Library System'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 Milwaukee County Federated Library System'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 Milwaukee County Federated Library System's internal control over financial reporting and compliance.

Milwaukee, Wisconsin  
July 31, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## MILWAUKEE COUNTY FEDERATED LIBRARY SYSTEM

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Milwaukee County Federated Library System (the System) financial performance provides an overview of the System's financial activities for the fiscal year ended December 31, 2022. Please read it in conjunction with the financial statements, which begin on page 9.

#### FINANCIAL HIGHLIGHTS

- Revenue increased by \$166,055 or approximately 3.5% due mainly to additional funding from the state in aid.
- Expenditures increased by \$81,025 or approximately 1.7% due mainly to the additional costs for payroll.
- The fund balance of total governmental funds increased by \$116,784 or approximately 44%.

#### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual financial report consists of five parts:

- Management's Discussion and Analysis
- Basic Financial Statements
  - System-wide Financial Statements
  - Fund Financial Statements
- Required Supplementary Information
- Other Auditors' Reports
- Schedule of Findings and Responses

The basic financial statements include two kinds of statements that present different views of the System. The first two statements are government-wide financial statements that provide both long-term and short-term information about the System's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the System and report the System's operations in more detail than the government-wide statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by required supplementary information that further explains and supports the information in the financial statements.

## MILWAUKEE COUNTY FEDERATED LIBRARY SYSTEM

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

#### A. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the System's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the System's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

All of the functions of the System are principally supported by membership fees and intergovernmental revenues. These governmental activities are broadly described in Section 43.24(2), *Wisconsin Statutes*, and include the following:

- Written agreements with member libraries stating that they agree to provide the same services to any resident of the System.
- Referral or routing of reference and interlibrary loan requests from libraries within the System.
- In-service training for participating public library personnel and trustees.
- Electronic delivery of information and physical delivery of library materials to participating libraries.
- Promotion and facilitation of library service to users with special needs.
- Cooperation, planning, and agreements with other types of libraries in the System area for the appropriate sharing of library resources to benefit the clientele of all libraries in the System area.
- Planning with the Department of Public Instruction and with libraries in the area in regard to library technology and the sharing of resources.

#### B. FUND FINANCIAL STATEMENTS

Funds are groupings of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The System, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The System uses only governmental funds which include only a general fund.

Governmental funds are used to account for essentially the same functions reported 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 information may be useful in evaluating the System's near-term financing requirements.



## MILWAUKEE COUNTY FEDERATED LIBRARY SYSTEM

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

#### C. NOTES TO FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-35 of the financial statements.

#### FINANCIAL ANALYSIS OF THE SYSTEM AS A WHOLE

Governmental activities are the only type of service provided by the System. As noted earlier, net position may serve over time as a useful indicator of the System's financial position. At the close of 2022, the System's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$261,146.

	2021	2022
Current and other assets	\$ 3,673,200	\$ 3,989,494
Capital Assets	46,454	118,239
Total assets	<u>3,719,654</u>	<u>4,107,733</u>
Deferred Outflows of Resources	<u>271,276</u>	<u>377,569</u>
Long-term liabilities	232,641	239,753
Other liabilities	1,367,934	1,399,634
Total liabilities	<u>1,600,575</u>	<u>1,639,387</u>
Deferred inflows of Resources Net position (deficit):	<u>2,796,355</u>	<u>3,107,061</u>
Net investment in capital assets	46,454	118,239
Restricted pension benefit	141,832	177,612
Restricted InfoPass benefit	-	14,018
Unrestricted (deficit)	<u>(594,286)</u>	<u>(571,015)</u>
Total Net Position (deficit)	<u>\$ (406,000 )</u>	<u>\$ (261,146)</u>

The capital assets reported consist mainly of computers, related equipment, and software and are shown net of accumulated depreciation. There were no significant changes during the current year. Additional information regarding the System's capital assets can be found in Note 2 of this financial report.

The System's long-term debt consists of compensated absences, installment loans, and other postemployment benefits. Additional information can be found in Note 2 of this financial report.

## MILWAUKEE COUNTY FEDERATED LIBRARY SYSTEM

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

#### Change in Net Position Governmental Activities

	2021	2022
<b>Revenues</b>		
Program Revenues		
Charges for services General	\$ 1,799,608	\$ 1,463,459
Revenues:		
State and county aid	2,921,969	3,367,749
Investment income (loss)	(1,681)	(9,971)
Other	9,834	74,548
Total Revenues	<u>4,729,730</u>	<u>4,895,785</u>
<b>Expenses</b>		
Library Services	<u>4,666,091</u>	<u>4,750,931</u>
Change in net position	63,639	144,854
Net position (deficit) – beginning of year	<u>(469,639)</u>	<u>(406,000)</u>
Net position (deficit) – end of year	<u>\$ (406,000)</u>	<u>\$ (261,146)</u>

Net position increased by \$144,854 or approximately 3%.

State and county aid totaled \$3,367,749 in the current year, which is an increase of \$445,780 from 2021. State and county aid comprised 61.8% of the System's total revenue.

The System follows the accounting for The Governmental Accounting Standards Board (GASB) statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This Statement replaces the requirements of *Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended*, and *No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. This standard was implemented January 1, 2018. Overall, the OPEB obligation for health insurance increased to \$134,564 as of December 31, 2022. The System also recorded a net OPEB liability for life insurance of \$65,085 as of December 31, 2022.

#### **GOVERNMENTAL FUND BALANCE**

A portion of the fund balance at December 31, 2022 has been classified as nonspendable for the following purposes:

- \$19,582 for prepaid items.

A portion of the fund balance at December 31, 2022 has been classified as restricted for the following purposes:

- \$14,018 for InfoPass

The other portion of fund balance is shown as an unassigned deficit of \$179,310.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The System is facing pressures in its ability to fund library services while keeping pace with the growing demand for its services. The System will expand its fund balance in the future, as necessary, in order to continue offering its services.

#### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the System's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, Milwaukee County Federated Library System, 709 North Eighth Street, Milwaukee, WI 53233-2414.

General information about the System and its programs or services can be found on the System's web site at <http://www.mcfls.org>.

## **BASIC FINANCIAL STATEMENTS**

## Statement of Net Position

December 31, 2022

	<b>Governmental Activities</b>
<b>Assets and Deferred Outflows of Resources</b>	
<b>Assets</b>	
Cash and investments	\$ 3,623,588
Accounts receivable	168,712
Prepaid items	19,582
Restricted, net pension asset	177,612
Capital assets, net of accumulated depreciation/amortization	118,239
	<u>4,107,733</u>
Total assets	
<b>Deferred Outflows of Resources</b>	
Deferred outflow related to OPEB, LRLIF	30,682
Deferred outflow related to pension	346,887
	<u>377,569</u>
Total deferred outflow of resources	
<b>Liabilities, Deferred Inflow of Resources and Net Position (Deficit)</b>	
<b>Liabilities</b>	
Accounts payable	1,257,043
Accrued liabilities	24,125
Noncurrent liabilities:	
Due within one year	118,466
Due in more than one year	239,753
	<u>1,639,387</u>
Total liabilities	
<b>Deferred Inflow of Resources</b>	
Deferred inflow related to pension	418,981
Deferred inflow related to OPEB, LRLIF	11,656
Unearned revenue	2,676,424
	<u>3,107,061</u>
Total deferred inflow of resources	
<b>Net Position (Deficit)</b>	
Investment in capital assets	118,239
Restricted for pension	177,612
Restricted for InfoPass	14,018
Unrestricted (deficit)	(571,015)
	<u>(261,146)</u>
Total net position (deficit)	<u>\$ (261,146)</u>

See notes to financial statements

**Milwaukee County Federated Library System**

## Statement of Activities

Year Ended December 31, 2022

**DRAFT 07/24/2023**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Library	\$ 4,747,116	\$ 1,463,459	\$ -	\$ (3,283,657)
Interest and fiscal charges	3,815	-	-	(3,815)
Total	<u>\$ 4,750,931</u>	<u>\$ 1,463,459</u>	<u>\$ -</u>	<u>(3,287,472)</u>
<b>General Revenues</b>				
Intergovernmental revenues not restricted to specific programs				3,367,749
Investment income (loss)				(9,971)
Other income				<u>74,548</u>
Total general revenues				<u>3,432,326</u>
Change in net position				144,854
<b>Net Position (Deficit), Beginning</b>				<u>(406,000)</u>
<b>Net Position (Deficit), Ending</b>				<u>\$ (261,146)</u>

See notes to financial statements

Balance Sheet  
 Governmental Funds  
 December 31, 2022

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>Assets</b>		
Cash and investments	\$ 3,623,588	\$ 3,623,588
Accounts receivable	168,712	168,712
Prepaid items	19,582	19,582
	<u>3,811,882</u>	<u>3,811,882</u>
<b>Total assets</b>		
	<u>3,811,882</u>	<u>3,811,882</u>
<b>Liabilities</b>		
Accounts payable	1,257,043	1,257,043
Accrued payroll	24,125	24,125
	<u>1,281,168</u>	<u>1,281,168</u>
<b>Total liabilities</b>		
	<u>1,281,168</u>	<u>1,281,168</u>
<b>Deferred Inflow of Resources</b>		
Unearned revenue	2,676,424	2,676,424
	<u>2,676,424</u>	<u>2,676,424</u>
<b>Total deferred inflow of resources</b>		
	<u>2,676,424</u>	<u>2,676,424</u>
<b>Fund Balances (Deficit)</b>		
Nonspendable	19,582	19,582
Restricted	14,018	14,018
Unassigned (deficit)	(179,310)	(179,310)
	<u>(145,710)</u>	<u>(145,710)</u>
<b>Total fund balances (deficit)</b>		
	<u>(145,710)</u>	<u>(145,710)</u>
<b>Total liabilities, deferred inflow of resources and fund balances (deficit)</b>	<u><u>\$ 3,811,882</u></u>	
Amounts reported for governmental activities in the statement of net position are different because:		
Total fund balances (deficit)		(145,710)
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.		
Right-of-use lease asset		186,959
Software and equipment		1,751,308
Less accumulated depreciation/amortization		(1,820,028)
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.		177,612
Deferred outflows of resources related to pension and OPEB do not relate to current financial resources and are not reported in the governmental funds.		377,569
Deferred inflows of resources related to pension and OPEB do not relate to current financial resources and are not reported in the governmental funds.		(430,637)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Lease liability		(95,387)
Compensated absences		(63,183)
Net OPEB, LRLIF		(65,085)
Total OPEB, single employer		<u>(134,564)</u>
<b>Net Position (Deficit) of Governmental Activities</b>		<u><u>\$ (261,146)</u></u>

See notes to financial statements

**Milwaukee County Federated Library System****Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds**

Year Ended December 31, 2022

	<b>General Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>		
Intergovernmental	\$ 4,831,208	\$ 4,831,208
Investment income (loss)	(9,971)	(9,971)
Other	74,548	74,548
	<u>4,895,785</u>	<u>4,895,785</u>
<b>Expenditures</b>		
Current, library	4,965,960	4,965,960
	<u>4,965,960</u>	<u>4,965,960</u>
<b>Other Financing Sources</b>		
Proceeds from leases	186,959	186,959
	<u>186,959</u>	<u>186,959</u>
<b>Net change in fund balances</b>	116,784	116,784
<b>Fund Balances (Deficit), Beginning</b>	<u>(262,494)</u>	<u>(262,494)</u>
<b>Fund Balances (Deficit), Ending</b>	<u><u>\$ (145,710)</u></u>	<u><u>\$ (145,710)</u></u>

See notes to financial statements



**Milwaukee County Federated Library System**

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Fund to the Statement of Activities  
Year Ended December 31, 2022

**Net Change in Fund Balances, Total Governmental Funds** \$ 116,784

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position, the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the Statement of Activities.

Expenditures reported in the fund financial statements but are capitalized in the system-wide financial statements	186,959
Depreciation/amortization is reported in the system-wide statements	(106,926)
Loss on disposal	(8,248)

Debt issued provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position.

Lease issued	(186,959)
Principal payments on leases	91,572

Some revenue and expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenue and expenditures in the governmental funds.

Total OPEB, single employer	(2,094)
Net OPEB, LRLIF	1,380
Compensated absences	20,418
Net pension asset	35,780
Deferred outflows related to pension	114,957
Deferred outflows related to OPEB, LRLIF	(8,664)
Deferred inflows related to OPEB, LRLIF	(1,824)
Deferred inflows related to pension	(108,281)

**Change in Net Position of Governmental Activities** \$ 144,854

Index to Notes to Financial Statements  
December 31, 2022

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Notes to Financial Statements  
December 31, 2022

## **1. Summary of Significant Accounting Policies**

The accounting policies of the Milwaukee County Federated Library System (System) in Wisconsin conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Government Accounting Standards Board (GASB).

### **Reporting Entity**

This report includes all of the funds of the Milwaukee County Federated Library System. The reporting entity for the System consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable or other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading. The System has not identified any organizations that meet this criteria.

## **System-Wide and Fund Financial Statements**

### **System-Wide Financial Statements**

The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, charges for services and other nonexchange revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The System does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants 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 meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. Internally dedicated resources are reported as general revenues rather than as program revenues.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. Under the Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, which enhances the relevance and consistency of information about the System's leasing activities. This standard was implemented January 1, 2022.

### **Fund Financial Statements**

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, deferred outflows, liabilities, deferred inflows of resources, net position/fund equity, revenues and expenditure/expenses.

Separate financial statements are provided for governmental funds financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Notes to Financial Statements  
December 31, 2022

Funds are organized as major funds or non-major funds within the governmental fund financial statements. An emphasis is placed on major funds. A fund is considered major if it is the primary operating fund of the System or meets the following criteria:

- a. Total assets/deferred outflows, liabilities/deferred inflows of resources, revenues, or expenditures of that individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. In addition, any other governmental fund that the System believes is particularly important to financial statement users may be reported as a major fund.

The System reports the following major governmental funds:

General Fund - accounts for the System's primary operating activities. It is used to account for all financial resources except those required to be accounted for in another fund.

## Measurement Focus, Basis of Accounting and Financial Statement Presentation

### System-Wide Financial Statements

The system-wide statement of net position and statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

As a general rule, the effect of interfund activity has been eliminated from the system-wide financial statements. Exceptions to this general rule are charges between various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

### Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the System considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on long-term debt, claims, judgments, compensated absences and pension expenditures, which are recorded as a fund liability when expected to be paid with expendable available financial resources.

Intergovernmental aids and grants are recognized as revenues in the period the System is entitled to the resources and the amounts are available. Amounts owed to the System which are not available are recorded as receivables and unavailable revenues. Amounts received before eligible requirements (excluding time requirements) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include investment income. Other miscellaneous revenues are recognized when received in cash or when measurable and available under the criteria described above.

## Notes to Financial Statements

December 31, 2022

**All Financial Statements**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflow of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity****Deposits and Investments**

Investment of the Systems funds are restricted by state statutes. Available investments are limited to:

- a. Time deposits in any credit union, bank, savings bank or trust company.
- b. Bonds or securities of any county, city, drainage district, technical college district, System, town or school district of the state. Also, bonds issued by a local exposition district, a local professional baseball park district, a local professional football stadium district, a local cultural arts district or by the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
- c. Bonds or securities issued or guaranteed by the federal government.
- d. The local government investment pool.
- e. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
- f. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
- g. Repurchase agreements with public depositories, with certain conditions.

The System has not adopted an investment policy.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. The difference between the bank balance and carrying value is due to outstanding checks and deposits in transit.

See Note 2 for further information.

**Receivables**

Accounts receivable have been shown at the gross amount. No allowance for uncollectible accounts is deemed necessary.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both system-wide and fund financial statements.

Notes to Financial Statements  
December 31, 2022

### **Restricted Assets**

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties.

### **Capital Assets**

#### **System-Wide Financial Statements**

Capital assets, which include property, plant and equipment and software are reported in the System-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year. All capital assets are valued at historical cost, or estimated historical cost if actual amounts are unavailable. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Depreciation/amortization of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation/amortization reflected in the statement of net position. Depreciation/amortization is provided over the assets' estimated useful lives using the straight-line method of depreciation/amortization. The System depreciates/amortizes its software and equipment over useful lives of three to five years. Lease assets are typically amortized over the lease term.

#### **Fund Financial Statements**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

### **Deferred Outflows of Resources**

A deferred outflow of resources represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

### **Compensated Absences**

Compensated absences is an estimated liability for sick leave (payable upon retirement) and vacation time for all employees. The System will also provide health insurance benefits to eligible employees upon their retirement. Any employee hired on or after January 1, 2004 is not eligible for any health insurance coverage for the period of time between the end of active service and eligibility for Medicare or age 65. As of December 31, 2022, there was one retired employee accruing the health insurance benefit.

### **Long-Term Obligations**

All long-term obligations to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term obligations consist of installment loans payable.

Long-term obligations for governmental funds are not reported as liabilities in the fund financials statements. The face value of debt is reported as other financing sources and payments of principal and interest are reported as expenditures.

### **Deferred Inflows of Resources**

A deferred inflow of resources represents an acquisition of net position/fund balance that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

Notes to Financial Statements  
December 31, 2022

## Equity Classifications

### System-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- a. **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. **Restricted Net Position** - Consists of net position with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted Net Position** - All other net positions that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

When both restricted and unrestricted resources are available for use, it is the System's policy to use restricted resources first, then unrestricted resources as they are needed.

### Fund Financial Statements

Governmental fund equity is classified as fund balance and displayed as follows:

- a. **Nonspendable** - Includes fund balance amounts that cannot be spent either because they are not in spendable form or because legal or contractual requirements require them to be maintained intact.
- b. **Restricted** - Consists of fund balances with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- c. **Committed** - Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority. Fund balance amounts are committed through a formal action (resolution) of the System. This formal action must occur prior to the end of the reporting period, but the amount of the commitment, which will be subject to the constraints, may be determined in the subsequent period. Any changes to the constraints imposed require the same formal action of the System that originally created the commitment.
- d. **Assigned** - Includes spendable fund balance amounts that are intended to be used for specific purposes that do not meet the criteria to be classified as restricted or committed. Fund balance may be assigned through the following; 1) The System has adopted a financial policy authorizing the Administrator to assign amounts for a specific purpose. 2) All remaining positive spendable amounts in governmental funds, other than the general fund, that are neither restricted nor committed. Assignments may take place after the end of the reporting period.
- e. **Unassigned** - Includes residual positive fund balance within the general fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed or assigned for those purposes.



Notes to Financial Statements  
December 31, 2022

The System considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the System would first use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

### **Leases**

The System is a lessee because it leases capital assets from other entities. As a lessee, the System reports a lease liability and an intangible right-to-use capital asset (known as the lease asset) on the system-wide financial statements. In the governmental fund financial statements, the System recognizes lease proceeds and capital outlay at inflation of the lease and the outflow of resources for the lease liability as a debt service payment.

### **Pensions**

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 Wisconsin Retirement System (WRS) and additions to/deductions from WRS' fiduciary net position have been determined on the same basis as they are reported by WRS. 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.

### **Other Postemployment Benefits**

For purposes of measuring the total OPEB liability - health, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, the System OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms.

The fiduciary net position of the Local Retiree Life Insurance Fund (LRLIF) has been determined using the flow of economic resources measurement focus and the accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about the fiduciary net position of the LRLIF and additions to/deductions from LRLIFs fiduciary net position have been determined on the same basis as they are reported by LRLIF. 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.



Notes to Financial Statements  
 December 31, 2022

**2. Detailed Notes on All Funds**

**Deposits and Investments**

The System's cash and investments at year end were comprised of the following:

	<b>Carrying Value</b>	<b>Bank Balance</b>	<b>Associated Risks</b>
Demand deposits	\$ 587,095	\$ 787,139	Custodial credit Concentration of credit risk
Trust accounts	3,036,493	3,036,493	
Total cash and investments	<u>\$ 3,623,588</u>	<u>\$ 3,823,632</u>	
Reconciliation to financial statements			
Per statement of net position:			
Unrestricted cash and investments	<u>\$ 3,623,588</u>		

Deposits in each local and area bank are insured by the FDIC in the amount of \$250,000 for time and savings accounts (including NOW accounts), \$250,000 for demand deposit accounts (interest-bearing and noninterest-bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of \$250,000 for the combined amount of all deposit accounts.

Bank accounts are also insured by the State Deposit Guarantee Fund in the amount of \$400,000. However, due to the nature of this fund, recovery of material principal losses may not be significant to individual municipalities. This coverage has been considered in computing custodial credit risk.

Milwaukee County holds and invests the System's State Aid in a custodial account. The balance at December 31, 2022 was \$3,036,493. Information by investment type and maturities for December 31, 2022 is that approximately 82.46% was invested in Government and Government Agency Guaranteed Adjustable Rate and U.S. Agency Securities, U.S. Treasuries and Money Market Funds; almost all with maturities of 5 years or less and rated "AAA" by both Standard & Poor's and Moody's Investor Service.

The System 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. Investments are considered all level 1 for U.S. Treasuries and Level 2 for all others.

The concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County's written investment policy states that investments held by the County shall be diversified to control the risk of loss from over concentration and also the type of investment. The policy also places limits on the percentage of the portfolio that may be invested in each type of investment. At December 31, 2022, the County is not exposed, to a concentration of credit risk.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the System will not be able to recover deposits. Neither the System nor the County has a deposit policy for custodial credit risk. On December 31, 2022, there was \$79,876 cash held by the System that was uninsured and uncollateralized and exposed to custodial credit risk.

Notes to Financial Statements  
December 31, 2022

### Receivables

All of the receivables on the balance sheet are expected to be collected within one year.

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current year, the various components of *unavailable* revenue and *unearned* revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
State aids for subsequent year	<u>\$ 2,676,424</u>

### Restricted Assets

The following represent the balances of the restricted assets:

#### Net Pension Asset

Restricted assets have been reported in connection with the net pension asset balance since this balance must be used to fund employee benefits.

### Capital Assets

Capital asset activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Capital assets being depreciated/amortized:				
Equipment	\$ 216,472	\$ -	\$ (34,262)	\$ 182,210
Software	1,569,098	-	-	1,569,098
Lease asset	-	186,959	-	186,959
Less accumulated depreciation/ amortization	<u>(1,739,116)</u>	<u>(106,926)</u>	<u>26,014</u>	<u>(1,820,028)</u>
Total capital assets, net of accumulated depreciation/ amortization	<u>\$ 46,454</u>	<u>\$ 80,033</u>	<u>\$ (8,248)</u>	<u>\$ 118,239</u>

Depreciation/amortization expense was charged to functions as follows:

#### Governmental Activities

Library	<u>\$ 106,926</u>
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Notes to Financial Statements  
December 31, 2022

### Long-Term Obligations

Long-term obligations activity for the year ended December 31, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 83,601	\$ 21,808	\$ 42,226	\$ 63,183	\$ 23,079
Total OPEB, single employer	132,470	9,664	7,570	134,564	-
Net OPEB, LRLIF	66,465	-	1,380	65,085	-
Lease Liability	-	186,959	91,572	95,387	95,387
	<u>\$ 282,536</u>	<u>\$ 218,431</u>	<u>\$ 142,748</u>	<u>\$ 358,219</u>	<u>\$ 118,466</u>

### Lease Disclosures

#### Lessee - Lease Liabilities

Milwaukee County Federated Library System has a lease with the City of Milwaukee for their facility located in the Milwaukee Public Library under an agreement that expires December 31, 2023. The annual rent payment was \$95,387 for 2022.

#### Governmental Activities

<u>Lease Liabilities Description</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Indebtedness</u>	<u>Balance December 31, 2022</u>
Building	1/1/2022	12/31/2023	2.0%	\$ 186,959	\$ 95,387
Total governmental activities lease liabilities					<u>\$ 95,387</u>

Debt service requirements to maturity are as follows:

<u>Years</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	<u>\$ 95,387</u>	<u>\$ -</u>	<u>\$ 95,387</u>

Notes to Financial Statements  
December 31, 2022

## Fund Balances

### Governmental Funds

Governmental fund balances reported on the fund financial statements at December 31, 2022 include the following:

#### Nonspendable

General Fund:

Prepaid items	\$ 19,582
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#### Restricted

General Fund:

InfoPass	\$ 14,018
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#### Unassigned (deficit)

General Fund, Library operations	\$ (179,310)
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Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year end. The general fund had a deficit fund balance of \$145,710. This deficit will be funded by future intergovernmental revenue and/or cost savings.

### Reciprocal Borrowing

The System extends interlibrary loan services to its members. The System accrued a general fund liability for \$1,230,459 in accordance with the members' agreement. The System will contribute 37%, of total state aid designated for 2021 and 2022 as the sum of all reciprocal borrowing payments to be distributed during the following year.

## 3. Other Information

### Employees' Retirement System

#### General Information about the Pension Plan

##### Plan Description

The WRS is a cost-sharing multiple-employer defined benefit pension plan. WRS benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. Benefit terms may only be modified by the legislature. The retirement system is administered by the Wisconsin Department of Employee Trust Funds (ETF). The System provides coverage to all eligible State of Wisconsin, local government and other public employees. All employees, initially employed by a participating WRS employer on or after July 1, 2011, expected to work at least 1,200 hours a year (880 hours for teachers and school district educational support employees) and expected to be employed for at least one year from employee's date of hire are eligible to participate in the WRS.

ETF issues a standalone Annual Comprehensive Financial Report (ACFR), which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Wisconsin Retirement System Financial Report, which can also be found using the link above.

Notes to Financial Statements  
December 31, 2022

### Vesting

For employees beginning participation on or after January 1, 1990, and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 and on or after April 24, 1998, and prior to July 1, 2011, are immediately vested. Participants who initially became WRS eligible on or after July 1, 2011, must have five years of creditable service to be vested.

### Benefits Provided

Employees who retire at or after age 65 (54 for protective occupation employees, 62 for elected officials and executive service retirement participants, if hired on or before 12/31/2016) are entitled to retirement benefit based on a formula factor, their average earnings and creditable service.

Final average earnings is the average of the participant's three highest annual earnings period. Creditable service includes current service and prior service for which a participant received earnings and made contributions as required. Creditable service also includes creditable military service. The retirement benefit will be calculated as a money purchase benefit based on the employee's contributions plus matching employer's contributions, with interest, if that benefit is higher than the formula benefit.

Vested participants may retire at age 55 (50 for protective occupations) and receive an actuarially reduced benefit. Participants terminating covered employment prior to eligibility for an annuity may either receive employee-required contributions plus interest as a separation benefit or leave contributions on deposit and defer application until eligible to receive a retirement benefit.

The WRS also provides death and disability benefits for employees.

### Postretirement Adjustments

The Employee Trust Fund Board may periodically adjust annuity payments from the retirement system based on annual investment performance in accordance with s.40.27, Wis. Stat. An increase (or decrease) in annuity payments may result when investment gains (losses), together with other actuarial experience factors, create a surplus (shortfall) in the reserves, as determined by the System's consulting actuary. Annuity increases are not based on cost of living or other similar factors. For Core annuities, decreases may be applied only to previously granted increases. By law, Core annuities cannot be reduced to an amount below the original, guaranteed amount (the floor) set at retirement. The Core and Variable annuity adjustments granted during recent years are as follows:

Year	Core Fund Adjustment	Variable Fund Adjustment
2012	(7.0)%	(7.0)%
2013	(9.6)	9.0
2014	4.7	25.0
2015	2.9	2.0
2016	0.5	(5.0)
2017	2.0	4.0
2018	2.4	17.0
2019	0.0	(10.0)
2020	1.7	21.0
2021	5.1	13.0

Notes to Financial Statements  
December 31, 2022

### Contributions

Required contributions are determined by an annual actuarial valuation in accordance with Chapter 40 of the Wisconsin Statutes. The employee required contribution is one-half of the actuarially determined contribution rate for General category employees and Executives and Elected Officials. Starting on January 1, 2016, the Executives and Elected Officials category merged into the General Employee Category. Required contributions for protective employees are the same rate as general employees. Employers are required to contribute the remainder of the actuarially determined contribution rate. The employer may not pay the employee required contribution unless provided for by an existing collective bargaining agreement.

During the reporting period, the WRS recognized \$23,336 in contributions from the System.

Contribution rates for the plan year reported as of December 31, 2022 are:

Employee Category	Employee	Employer
General (executives and elected officials)	6.5%	6.5%

### Pension Asset, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2022, the System reported an asset of \$177,612 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The System's proportion of the net pension asset was based on the System's share of contributions to the pension plan relative to the contributions of all participating employers. At December 31, 2022, the System's proportion was 0.00220358%, which was a decrease of 0.00006824% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2022, the System recognized pension expense (revenue) of (\$19,119).

At December 31, 2022, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 286,924	\$ 20,690
Changes of actuarial assumptions	33,136	-
Net differences between project and actual earnings on pension plan	-	397,334
Changes in proportion and differences between employer contributions and proportionate share of contributions	12	957
Employer contributions subsequent to the measurement date	26,815	-
Total	\$ 346,887	\$ 418,981

Notes to Financial Statements  
December 31, 2022

\$26,815 was reported as deferred outflows related to pension resulting from the WRS Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<b><u>Deferred Outflows and Inflows of Resources (Net)</u></b>
Years ending December 31:	
2023	\$ (8,611)
2024	(48,401)
2025	(21,425)
2026	(20,472)

### Actuarial Assumptions

The total pension liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial valuation date	December 31, 2020
Measurement date of net pension asset	December 31, 2021
Actuarial cost method	Entry age normal
Asset valuation method	Fair Value
Long-term expected rate of return	6.8%
Discount rate	6.8%
Salary increases	
Inflation	3.0%
Seniority/Merit	0.1% - 5.6%
Mortality	2020 WRS Experience Mortality Table
Post-retirement adjustments	1.7%

- \* No post-retirement adjustment is guaranteed. Actual adjustments are based on recognized investment return, actuarial experience and other factors. 1.7% is the assumed annual adjustment based on the investment return assumption and the post-retirement discount rate.

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total Pension Liability changed from prior year, including the discount rate, long-term expected rate of return, post-retirement adjustment, price inflation, mortality and separation rates. The Total Pension Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the December 31, 2020 actuarial valuation.

Notes to Financial Statements  
December 31, 2022

### Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense 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 geometric real rates of return for each major asset class are summarized in the following table:

#### Asset Allocation Targets and Expected Returns\* As of December 31, 2021

<u>Core Fund Asset Class</u>	<u>Asset Allocation %</u>	<u>Long-Term Expected Nominal Rate of Return %</u>	<u>Long-Term Expected Real Rate of Return %**</u>
Global Equities	52%	6.8%	4.7%
Fixed Income	25	4.3	1.8
Inflation Sensitive Assets	19	2.7	0.2
Real Estate	7	5.6	3
Private Equity/Debt	12	9.7	7
Total Core Fund***	115	6.6	4.1
<u>Variable Fund Asset Class</u>			
U.S. Equities	70	6.3	3.7
International Equities	30	7.2	4.6
Total Variable Fund	100	6.8	4.2

\* Asset Allocations are managed within established ranges; target percentages may differ from actual monthly allocations

\*\* New England Pension Consultants Long Term US CPI (Inflation) Forecast: 2.5%.

\*\*\* The investment policy used for the Core Fund involves reducing equity exposure by leveraging lower-volatility assets, such as fixed income securities. This results in an asset allocation beyond 100%. Currently, an asset allocation target of 15% policy leverage is used, subject to an allowable range of up to 20%.



## Notes to Financial Statements

December 31, 2022

**Single Discount Rate**

A single discount rate of 6.8% was used to measure the Total Pension Liability, as opposed to a discount rate of 7.0% for the prior year. This single discount rate is based on the expected rate of return on pension plan investments of 6.80% and a municipal bond rate of 1.84% (Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the Municipal Curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax exempt securities.). Because of the unique structure of WRS, the 6.8% expected rate of return implies that a dividend of approximately 1.7% will always be paid. For purposes of the single discount rate, it was assumed that the dividend would always be paid. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments (including expected dividends) of current plan members. Therefore, the investment rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Systems' Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the System's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.80%, as well as what the System's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

	<b>1% Decrease to Discount Rate (5.80%)</b>	<b>Current Discount Rate (6.80%)</b>	<b>1% Increase to Discount Rate (7.80%)</b>
System proportionate share of the net position liability (asset)	\$ 126,028	\$ (177,612)	\$ (396,177)

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

**Risk Management**

The System is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; workers compensation and health care of its employees. All of these risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

**Commitments and Contingencies**

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. The liability and expenditure for claims and judgments are only reported in governmental funds if it has matured. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred.

Notes to Financial Statements  
December 31, 2022

From time to time, the System may be party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the System attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the System's financial position or results of operations.

The System has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The System has signed an agreement with Action Logistics, LLC to provide sorting and delivery of System materials between the member libraries of the System. The agreement was through December 31, 2022. It was amended in 2022 with a provision to renew through December 31, 2024 and update the daily base rate from \$1,119 to \$799 plus an allowable fuel charge. The total cost of the agreement for the year ended December 31, 2022 was \$294,861.

### Economic Dependency

The System is economically dependent on funding from state aids revenue of \$3,301,099, which assists in financing the System's operating costs.

### Other Postemployment Benefits (OPEB) - Single Employer

#### General Information About the OPEB plan

The System has a single-employer defined benefit healthcare plan. The plan is administered by the Wisconsin Public Employers (WPE) Group Health Insurance Program. The plan provides medical insurance benefits to active employees and eligible retirees and their spouses until eligible for Medicare at the age of 65. The plan does not issue a publicly available financial report.

The plan is funded on a pay-as-you-go basis. For 2022, there was one retired employee accruing benefits. The System made no contributions for 2022.

#### Total OPEB Liability

The System's total OPEB liability of \$134,564 was measured as of December 31, 2022 using the alternative measurement method for a single employer that provides OPEB through a defined benefit plan not administered through a trust.

#### Assumptions and Other Inputs

The total OPEB liability was determined using an inflation rate of 2% and a discount rate of 1.40%. The discount rate was determined using the average of the last five years of data for short-term adjusted AFR (applicable federal rates) from the Internal Revenue Code.

#### Changes in Total OPEB Liability

The changes in the total OPEB liability as of December 31, 2022, was as follows:

Balance, December 31, 2021	\$	132,470
Changes for the year:		
Service costs		9,664
Change in discount rate		(7,570)
		<u>1,894</u>
Balance, December 31, 2022	\$	<u>134,564</u>

Notes to Financial Statements  
December 31, 2022

## Other Postemployment Benefits - LRLIF

### Plan Description

The LRLIF is a multiple-employer defined benefit OPEB plan. LRLIF benefits and other plan provisions are established by Chapter 40 of the Wisconsin Statutes. The Wisconsin Department of Employee Trust Funds (ETF) and the Group Life Insurance Board have statutory authority for program administration and oversight. The plan provides post-employment life insurance benefits for all eligible employees.

ETF issues a standalone Annual Comprehensive Financial Report, which can be found at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

Additionally, ETF issued a standalone Retiree Life Insurance Financial Report, which can be found at <https://etfonline.wi.gov/ETFGASBPublicWeb/gasb75Local.do>.

### Benefits Provided

The LRLIF plan provides fully paid-up life insurance benefits for post-age 64 retired employees and pre-65 retirees who pay for their coverage.

### Contributions

The Group Insurance Board approves contribution rates annually, based on recommendations from the insurance carrier. Recommended rates are based on an annual valuation, taking into consideration an estimate not of the present value of future benefits and the present value of future contributions. A portion of employer contributions made during a member's working lifetime funds a post-retirement benefit.

Employers are required to pay the following contribution based on employee contributions for active members to provide them with Basic Coverage after age 65. There are no employer contributions required for pre-age 65 annuitant coverage. If a member retires prior to age 65, they must continue paying the employee premiums until age 65 in order to be eligible for the benefit after age 65.

Contribution rates for the plan year reported as of December 31, 2022 are:

Coverage Type	Employer Contributions
50% Postretirement Coverage	40% of Employee Contribution
25% Postretirement Coverage	20% of Employee Contribution

Member contributions are based upon nine age bands through age 69 and an additional eight age bands for those age 70 and over. Participating members must pay monthly contribution rates per \$1,000 of coverage until the age of 65 (age 70 if active).

Notes to Financial Statements  
December 31, 2022

The member contribution rates in effect for the plan year are as listed below:

Life Insurance Member Contribution Rates For the Plan Year		
Attained Age	Basic	Supplemental
Under 30	\$ 0.05	\$ 0.05
30-34	0.06	0.06
35-39	0.07	0.07
40-44	0.08	0.08
45-49	0.12	0.12
50-54	0.22	0.22
55-59	0.39	0.39
60-64	0.49	0.49
65-69	0.57	0.57

Disabled members under age 70 receive a waiver-of-premium benefit.

During the reporting period, the LRLIF recognized \$225 in contributions from the employer.

**OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs**

At December 31, 2022, the System reported a liability of \$65,085 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020 rolled forward to December 31, 2021. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. The System's proportion of the net OPEB liability was based on the System's share of contributions to the OPEB plan relative to the contributions of all participating employers. At December 31, 2022, the System's proportion was 0.01101200% which was a decrease of 0.00107100% from its proportion measured as of December 31, 2021.

For the year ended December 31, 2022, the System recognized OPEB expense of \$9,306.

At December 31, 2022, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,311
Net differences between projected and actual earnings on OPEB plan investments	847	-
Changes in assumptions	19,664	3,155
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,933	5,190
Employer contributions subsequent to the measurement date	238	-
Total	\$ 30,682	\$ 11,656

Notes to Financial Statements  
December 31, 2022

\$238 reported as deferred outflows related to OPEB resulting from the LRLIF Employer's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<b><u>Net Deferred Outflows (Inflows) of Resources (Net)</u></b>
Years ending December 31:	
2023	\$ 4,472
2024	4,374
2025	3,863
2026	4,753
2027	1,864
Thereafter	(538)

**Actuarial Assumptions**

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Actuarial Valuation Date:	January 1, 2021
Measurement Date of Net Pension Liability (Asset)	December 31, 2021
Actuarial Cost Method:	Entry Age Normal
20 Year Tax-Exempt Municipal Bond Yield	2.06%
Long-Term Expected Rate of Return:	4.25%
Discount Rate:	2.17%
Salary Increases:	
Inflation	3.00%
Seniority/Merit	0.1% - 5.6%
Mortality:	2020 WRS Experience Mortality Table

Actuarial assumptions are based upon an experience study conducted in 2021 that covered a three-year period from January 1, 2018 to December 31, 2020. Based on this experience study, actuarial assumptions used to measure the Total OPEB Liability changed from the prior year, including the price inflation, mortality and separation rates. The Total OPEB Liability for December 31, 2021 is based upon a roll-forward of the liability calculated from the January 1, 2021 actuarial valuation.

Notes to Financial Statements  
December 31, 2022

### Long-Term Expected Return on Plan Assets

The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Investments for the LRLIF are held with Securian, the insurance carrier. Interest is calculated and credited to the LRLIF based on the rate of return for a segment of the insurance carriers' general fund, specifically 10-year A- Bonds (as a proxy, and not tied to any specific investments). The overall aggregate interest rate is calculated using a tiered approach based on the year the funds were originally invested and the rate of return for that year. Investment interest is credited based on the aggregate rate of return and assets are not adjusted to fair market value. Furthermore, the insurance carrier guarantees the principal amounts of the reserves, including all interest previously credited thereto.

#### Local OPEB Life Insurance Asset Allocation Targets and Expected Returns As of December 31, 2021

Asset Class	Index	Target Allocation	Long-Term Expected Geometric Real Rate of Return %
U.S. Credit Bonds	Bloomberg US Interim Credit	45%	1.68%
U.S Long Credit Bonds	Bloomberg US Long Credit	5	1.82
U.S. Mortgages	Bloomberg US MBS	50	1.94
Inflation			2.30
Long-Term Expected Rate of Return			4.25

The long-term expected rate of return remained unchanged from the prior year at 4.25%. The long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The expected inflation rate increased from 2.20% as of December 31, 2020 to 2.30% as of December 31, 2021.

### Single Discount Rate

A single discount rate of 2.17% was used to measure the Total OPEB Liability for the current year, as opposed to a discount rate of 2.25% for the prior year. The significant change in the discount rate was primarily caused by the decrease in the municipal bond rate from 2.12% as of December 31, 2020 to 2.06% as of December 31, 2021. The Plan's fiduciary net position was projected to be insufficient to make all projected future benefit payments of current active and inactive members. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the single equivalent rate that results in the same actuarial present value as the long-term expected rate of return applied to benefit payments, to the extent that the plan's fiduciary net position is projected to be sufficient to make projected benefit payments, and the municipal bond rate applied to benefit payment to the extent that the plan's fiduciary net position is projected to be insufficient. The plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through December 31, 2036.

The projection of cash flows used to determine the single discount rate assumed that employer contributions will be made according to the current employer contribution schedule and that contributions are made by plan members retiring prior to age 65.

Notes to Financial Statements  
 December 31, 2022

**Sensitivity of the System's Proportionate Share of the net OPEB Liability to Changes in the Discount Rate**

The following presents the System's proportionate share of the net OPEB liability calculated using the discount rate of 2.17%, as well as what the System's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.17%) or 1-percentage-point higher (3.17%) than the current rate:

	<b>1% Decrease to Discount Rate (1.17%)</b>	<b>Current Discount Rate (2.17%)</b>	<b>1% Increase to Discount Rate (3.17%)</b>
Proportionate share of the net OPEB liability	<u>\$ 88,297</u>	<u>\$ 65,085</u>	<u>\$ 47,619</u>

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in separately issued financial statements available at <http://etf.wi.gov/publications/cafr.htm>.

**Effect of New Accounting Standards on Current-Period Financial Statements**

The Governmental Accounting Standards Board (GASB) has approved the following:

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**



Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund  
Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 4,719,823	\$ 4,602,501	\$ 4,831,208	\$ 228,707
Investment income (loss)	7,500	(15,000)	(9,971)	5,029
Other	36,014	197,314	74,548	(122,766)
Total revenues	4,763,337	4,784,815	4,895,785	110,970
<b>Expenditures</b>				
Library:				
Administration	971,658	903,743	837,000	66,743
Technology	2,132,099	2,183,782	2,268,632	(84,850)
Delivery	291,700	326,910	305,816	21,094
MPL resource library contract	206,318	206,318	206,316	2
Reciprocal borrowing subsidy	1,104,612	1,104,612	1,102,845	1,767
Continuing Ed multitype needs	20,500	23,000	18,127	4,873
Interlibrary loan	36,450	36,450	36,450	-
Capital projects	-	-	186,959	(186,959)
Interest on leases	-	-	3,815	(3,815)
Total expenditures	4,763,337	4,784,815	4,965,960	(181,145)
<b>Other Financing Sources (Uses)</b>				
Proceeds from leases	-	-	186,959	186,959
Total other financing sources (uses)	-	-	186,959	186,959
Net change in fund balance	\$ -	\$ -	116,784	\$ 116,784
<b>Fund Balance (Deficit), Beginning</b>			(262,494)	
<b>Fund Balance (Deficit), Ending</b>			\$ (145,710)	

See notes to required supplementary information

Schedule of Changes in the System's Total OPEB Liability and Related Ratios  
 Year Ended December 31, 2022

	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>					
Service cost	\$ 9,664	\$ 10,856	\$ 12,324	\$ 34,603	\$ 36,588
Change in assumptions	(7,570)	(13,802)	(123,536)	(12,039)	-
Adjustment to prior year	-	-	-	-	61,544
Net change in total OPEB liability	2,094	(2,946)	(111,212)	22,564	98,132
<b>Total OPEB Liability, Beginning</b>	<u>132,470</u>	<u>135,416</u>	<u>246,628</u>	<u>224,064</u>	<u>125,932</u>
<b>Total OPEB Liability, Ending</b>	<u>\$ 134,564</u>	<u>\$ 132,470</u>	<u>\$ 135,416</u>	<u>\$ 246,628</u>	<u>\$ 224,064</u>
<b>Covered-Employee Payroll</b>	<u>\$ 412,947</u>	<u>\$ 345,727</u>	<u>\$ 381,268</u>	<u>\$ 374,595</u>	<u>\$ 376,029</u>
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	32.59%	38.32%	35.52%	65.84%	59.59%

Notes to Schedule:

*Benefit Changes*. There have been no benefit changes

*Changes of Assumptions*. The discount rate changed from 0.96% in 2021 to 1.40% in 2022.

The System implemented GASB Statement No. 75 in 2018. Information prior to fiscal year 2018 is not available.

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Wisconsin Retirement System  
Year Ended December 31, 2022

WRS Fiscal Year Ending	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
December 31, 2014	0.00279081%	\$ (68,550)	\$ 368,826	18.59%	102.74%
December 31, 2015	0.00267786%	43,515	364,340	11.94%	98.20%
December 31, 2016	0.00258987%	21,347	371,374	5.75%	99.12%
December 31, 2017	0.00255482%	(75,855)	376,029	20.17%	102.93%
December 31, 2018	0.00242616%	86,315	336,677	25.64%	96.45%
December 31, 2019	0.00235266%	(75,860)	374,595	20.25%	102.96%
December 31, 2020	0.00227182%	(141,832)	381,268	37.20%	105.26%
December 31, 2021	0.00220358%	(177,612)	345,727	51.37%	106.02%

Schedule of Employer Contributions - Wisconsin Retirement System  
Year Ended December 31, 2022

System Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2015	\$ 24,775	\$ (24,775)	\$ -	\$ 364,340	6.80%
December 31, 2016	24,511	(24,511)	-	371,374	6.60%
December 31, 2017	25,570	(25,570)	-	376,029	6.80%
December 31, 2018	22,558	(22,558)	-	336,677	6.70%
December 31, 2019	24,536	(24,536)	-	374,595	6.55%
December 31, 2020	25,736	(25,736)	-	381,268	6.75%
December 31, 2021	23,337	(23,337)	-	345,727	6.75%
December 31, 2022	26,815	(26,815)	-	412,947	6.49%

See notes to required supplementary information

Schedule of Proportionate Share of the Net OPEB Liability - LRLIF  
Year Ended December 31, 2022

Plan Year End Date	Proportion of the Net OPEB Liability	Proportionate Share of the Net Liability	Covered Payroll	Proportionate Share of the Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
December 31, 2017	0.008990000%	\$ 27,047	\$ 378,055	7.15%	44.81%
December 31, 2018	0.007662000%	19,771	367,000	5.39%	48.69%
December 31, 2019	0.010137000%	43,165	382,000	11.30%	37.58%
December 31, 2020	0.012083000%	66,465	391,000	17.00%	31.36%
December 31, 2021	0.011012000%	65,085	407,000	15.99%	29.57%

Schedule of Employer Contributions - LRLIF  
Year Ended December 31, 2022

System Year End Date	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
December 31, 2018	\$ 248	\$ (248)	\$ -	\$ 376,029	0.07%
December 31, 2019	204	(204)	-	374,595	0.05%
December 31, 2020	241	(241)	-	381,268	0.06%
December 31, 2021	198	(198)	-	345,727	0.06%
December 31, 2022	238	(238)	-	412,947	0.06%

See notes to required supplementary information

Notes to Required Supplementary Information  
December 31, 2022

### **Budgetary Information**

Budgetary information is derived from the annual operating budget and is presented using generally accepted accounting principles and the modified accrual basis of accounting.

All annual appropriations lapse at year-end unless specifically carried over by the Board of Trustees. Budgetary control is exercised at the total fund level.

### **Wisconsin Retirement System**

The System is required to present the last ten fiscal years data; however the standards allow the System to present as many years as are available until ten fiscal years are presented.

*Changes in Benefit Terms.* There were no changes of benefit terms for any participating employer in WRS.

*Changes in Assumptions.* Based on a three-year experience study conducted in 2021 covering

January 1, 2018 through December 31, 2020, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-end December 31, 2021, including the following:

- Lowering the long-term expected rate of return from 7.0% to 6.8%
- Lowering the discount rate from 7.0% to 6.8%
- Lowering the price inflation rate from 2.5% to 2.4%
- Lowering the post-retirement adjustments from 1.9% to 1.7%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table

### **Local Retiree Life Insurance Fund**

The System is required to present the last ten fiscal years of data; however accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

*Changes in Benefit Terms.* There were no changes of benefit terms

*Changes in Assumptions.* In addition to the rate changes detailed in the tables above, the State of Wisconsin Employee Trust Fund Board adopted economic and demographic assumption changes based on a three year experience study performed for the Wisconsin Retirement System. These assumptions are used in the actuarial valuations of OPEB liabilities (assets) for the retiree life insurance programs and are summarized below.

The assumption changes that were used to measure the December 31, 2021 total OPEB liabilities, including the following:

- Lowering the price inflation rate from 2.5% to 2.4%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2018 Mortality Table to the 2020 WRS Experience Mortality Table.

## **OTHER AUDITORS' REPORTS**

**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***

**Independent Auditors' Report**

To the Board of Trustees of  
Milwaukee County Federated Library System

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 major fund of the Milwaukee County Federated Library System, Wisconsin, as of and for the year ended December 31, 2022 and the related notes to the financial statements which collectively comprise the Milwaukee County Federated Library System's basic financial statements and have issued our report thereon dated July 31, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Milwaukee County Federated Library System'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 Milwaukee County Federated Library System's internal control. Accordingly, we do not express an opinion on the effectiveness of the Milwaukee County Federated Library System'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002, that we consider to be material weaknesses.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Milwaukee County Federated Library System'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*.

### ***The Milwaukee County Federated Library System's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the Milwaukee County Federated Library System's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Milwaukee County Federated Library System's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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.

Milwaukee, Wisconsin  
July 31, 2023



Schedule of Findings and Responses  
December 31, 2022

## Section I - Findings and Responses

### Finding 2022-001: Lack of Segregation of Duties

Repeat of prior year finding 2021-001

*Criteria:* Management is responsible for establishing and maintaining effective internal control over financial reporting, the selection of accounting principles and the safeguarding of assets. Proper segregation of duties provides a system of checks and balances on the accounting system and reduces the risk of errors and irregularities, both intentional and unintentional.

*Condition:* The size of the System's office staff precludes an adequate segregation of accounting and reporting functions necessary to ensure an adequate internal control system. The System primarily operates its accounting and reporting function with one individual.

*Context:* The System operates its accounting and reporting function with principally one individual which precludes a proper segregation of duties between the physical custody of assets and the related recordkeeping.

*Effect:* Errors or irregularities could occur and not be detected in a timely manner.

*Cause:* The System has a limited number of staff.

*Recommendations:* Management should determine if the benefits achieved by resolving this internal control deficiency warrants the additional costs that would be required to remedy the current conditions.

*Management's Response:* Management concurs with the finding and has determined that the economic cost of addressing this issue outweighs the benefits to be achieved at this time. Management will continue to operate its accounting and reporting functions with one individual. Management will continue to monitor and supervise the accounting and reporting functions.

Schedule of Findings and Responses  
December 31, 2022

**Finding 2022-002: Internal Control Over Financial Reporting - Financial Statement Preparation**

Repeat of prior year finding 2021-002

*Criteria:* Statement on Auditing Standards AU-C Section 265 requires the communication of significant deficiencies and material weaknesses in the year end reporting process.

*Condition:* The System's personnel do not have the necessary technical expertise in governmental accounting and reporting to prepare the financial statements in accordance with generally accepted accounting principles.

*Effect:* Information provided to management throughout the year may not be presented in accordance with generally accepted accounting principles.

*Cause:* Due to staffing and financial limitations, the System chooses to contract with the auditors to prepare the annual financial statements.

*Recommendations:* Management should evaluate the cost benefit relationship of continuing to use the services of the audit firm to prepare financial statements. Management should continue to review and closely monitor the financial affairs of the organization.

*Management's Response:* Management agrees with the finding and has determined that due to the small size of the organization and the limited number of accounting and administrative personnel, it is not cost effective to hire additional personnel or use the services of another CPA firm to prepare the organization's financial statements.

August 21st, 2022

To: MCFLS Board of Trustees

From: Steve Heser, MCFLS Director

Re: 2023 Mid-year Revised Budget

An explanation of the major changes to the mid-year budget for 2023:

#### Revenues

- Line 18— carryover amount from 2022 increased by \$101,784.
- Line 19— lower based on staffing. The Library Systems Technician position was not filled until July. The hire of a part-time network assistant has been delayed.
- Line 22— pass-through line (88). The system assumed costs for ARPA and LSTA grant activities in 2022 and received reimbursement in 2023.

#### Expenditures

- Lines 41 and 42 – Reduction in compensation and benefits due to staffing changes.
- Line 51—MCFLS Buying Pool. We propose to increase this line by \$50,000 to cover higher expenses for hoopla.
- Line 53—MCFLS Catalog Enhancement. The line is slightly higher to accommodate lower costs planned for Verify usage and increases to pay for the Aspen Discovery layer in 2023.
- Line 67— MCFLS Telecomm Maintenance. This line includes the firewall, managed vulnerability scan, patch management system and Unitrends maintenance costs. The system has reached the top of this budget line and would like to increase the funding in case it's needed.

Even with adjustments, the budget has a remaining surplus of \$271,436 for 2023, in large part due to reimbursement of ARPA/LSTA grants, lower staffing costs and the carryover amount.

In its meeting on August 15, the Finance and Personnel committee was supportive of the idea of using the amount to pay member cataloging costs of \$185,769 in 2024 and to hold the rest of surplus in contingency to use as needed or for carryover into 2024.

		<u>2022 Revised</u>	<u>2023 Approved</u>	<u>2023 Revised</u>	<u>+/-</u>
1					
2	<b><u>General Revenues</u></b>				
3	State Aid Revenue	\$ 3,301,094	\$ 3,568,561	\$ 3,568,561	\$ -
4	Milwaukee County Allocation	\$ 66,650	\$ 66,650	\$ 66,650	\$ -
5	West Milwaukee Contract -Other	\$ 39,940	\$ 31,179	\$ 31,179	\$ -
6	Interest on Invested Funds	\$ (15,000)	\$ 2,000	\$ 2,000	\$ -
7	Member Forms/Supplies Revenue	\$ 25,000	\$ 21,000	\$ 21,000	\$ -
8	Member Postage Revenue	\$ 18,100	\$ 16,100	\$ 16,100	\$ -
9	Member OCLC Revenue	\$ 127,337	\$ 127,336	\$ 127,336	\$ -
10	Member Telecomm. Revenue	\$ 16,800	\$ 16,800	\$ 15,900	\$ (900)
11	Member III Softwre Maint-Basic	\$ 185,717	\$ 156,391	\$ 156,391	\$ -
12	Member III Softwre Maint-Other	\$ 49,938	\$ 41,572	\$ 41,572	\$ -
13	Member Tech. Assist.-Time Rev.	\$ 25,000	\$ 20,000	\$ 20,000	\$ -
14	Member Special Projects Revenu	\$ 70,000	\$ 70,000	\$ 70,000	\$ -
15	Member Cataloging Contract Rev	\$ 151,176	\$ 162,822	\$ 162,822	\$ -
16	Member Database Revenue	\$ 14,970	\$ 24,353	\$ 14,651	\$ (9,702)
17	Member Ecommerce Transaction	\$ 6,800	\$ 7,900	\$ 7,900	\$ -
18	Carryover Revenue	\$ 50,831	\$ 15,000	\$ 116,784	\$ 101,784
19	Staff Benefits/Co-Pay Revenue	\$ 46,547	\$ 62,061	\$ 48,740	\$ (13,321)
20	Member Digital Content Rev	\$ 158,299	\$ 233,385	\$ 233,385	\$ -
21	Member PC Management License Rev	\$ 2,545	\$ 2,545	\$ 2,545	\$ -
22	LSTA Technology Grant Revenue	\$ 197,314	\$ 3,000	\$ 264,690	\$ 261,690
23	Member Replacement Fines Revenue	\$ 7,000	\$ 7,000	\$ 17,000	\$ 10,000
24	Member OverDrive Advantage Rev	\$ 15,002	\$ 15,000	\$ 15,000	\$ -
25	Member Collection Dev Tool Rev	\$ -	\$ 18,023	\$ 18,023	\$ -
26	<b><u>Total General Revenues</u></b>	\$ 4,561,060	\$ 4,688,678	\$ 5,038,229	\$ 349,551
27					
28	<b><u>Special Revenues</u></b>				
29	W. Milwaukee Borrowing Revenue	\$ 47,447	\$ 41,706	\$ 41,706	\$ -
30	InfoPass Project Management Revenue	\$ 1,308	\$ 1,308	\$ 1,308	\$ -
31	Ecommerce Revenue	\$ 175,000	\$ 150,000	\$ 150,000	\$ -
32	MCFLS Reciprocal Borrowing Reserve	\$ -	\$ 48,144	\$ 48,144	\$ -
33	<b><u>Total Special Revenues</u></b>	\$ 223,755	\$ 241,158	\$ 241,158	\$ -
34					
35	<b><u>Total Revenues</u></b>	\$ 4,784,815	\$ 4,929,835	\$ 5,279,386	\$ 349,551
36					
37					
38					
39					
40	<b><u>General Expenditures</u></b>				
41	Fringe Benefits Expense	\$ 248,076	\$ 298,612	\$ 223,634	\$ (74,978)
42	Salaries Expense	\$ 432,396	\$ 505,071	\$ 437,571	\$ (67,500)
43	Member Ecommerce Transaction E	\$ 6,800	\$ 7,900	\$ 7,900	\$ -
44	TNS Calls/Renewal Line Expense	\$ 1,450	\$ 2,064	\$ 2,300	\$ 236
45	Conference/Training Expense	\$ 6,500	\$ 6,500	\$ 10,000	\$ 3,500
46	Memberships Expense	\$ 7,500	\$ 9,300	\$ 9,300	\$ -
47	Continuing Education Expense	\$ 9,000	\$ 9,000	\$ 9,000	\$ -
48	Office Supplies Expense	\$ 1,500	\$ 1,500	\$ 1,500	\$ -
49	Copy Machine Maint. Expense	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
50	MCFLS WI Pub Lib Consortium Ex	\$ 6,586	\$ 6,953	\$ 6,953	\$ -
51	MCFLS Buying Pool	\$ 155,000	\$ 175,000	\$ 225,000	\$ 50,000
52	MCFLS Database Expense	\$ 96,883	\$ 98,110	\$ 98,110	\$ -
53	MCFLS Catalog Enhancement Exp	\$ 158,112	\$ 189,642	\$ 194,998	\$ 5,356
54	Member Database Expense	\$ 14,970	\$ 24,353	\$ 14,651	\$ (9,702)
55	MCFLS Postage Expense	\$ 600	\$ 600	\$ 600	\$ -
56	Member Postage Expense	\$ 18,100	\$ 16,100	\$ 16,100	\$ -
57	Member Forms/Supplies Expense	\$ 25,000	\$ 21,000	\$ 21,000	\$ -
58	Telephone Expense	\$ 7,000	\$ 6,000	\$ 6,000	\$ -
59	Meetings Expense	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
60	Insurance Expense	\$ 11,512	\$ 12,000	\$ 12,000	\$ -

61	Legal Expense	\$	500	\$	1,500	\$	1,500	\$	-
62	Audit Expense	\$	12,500	\$	12,700	\$	12,700	\$	-
63	Payroll Service Expense	\$	5,400	\$	5,400	\$	8,000	\$	2,600
64	III Software Support Expense	\$	235,655	\$	197,963	\$	197,963	\$	-
65	III Telephone Notification Subscr Exp	\$	12,224	\$	12,530	\$	12,530	\$	-
66	Member Telecomm. Expense	\$	16,800	\$	16,800	\$	15,900	\$	(900)
67	MCFLS Telecomm. Maint. Expense	\$	40,000	\$	45,000	\$	55,000	\$	10,000
68	OCLC Expense	\$	137,388	\$	145,631	\$	144,251	\$	(1,380)
69	MCFLS Computer Room Equipment	\$	10,000	\$	10,000	\$	10,000	\$	-
70	MCFLS Software Expense	\$	7,000	\$	10,000	\$	10,000	\$	-
71	MCFLS Equipment Expense	\$	10,000	\$	10,000	\$	10,000	\$	-
72	Member Special Projects Expens	\$	70,000	\$	70,000	\$	70,000	\$	-
73	Sorting and Delivery Expense	\$	305,000	\$	305,000	\$	305,000	\$	-
74	South Central Delivery Expense	\$	21,910	\$	21,894	\$	21,894	\$	-
75	MPL Resource Contract Expense	\$	206,318	\$	223,035	\$	223,035	\$	-
76	MPL Rent Lease Contract Exp.	\$	95,387	\$	95,387	\$	95,387	\$	-
77	ILS Expense	\$	36,450	\$	36,450	\$	36,450	\$	-
78	MCFLS Catalog Cont Exp to MPL	\$	297,098	\$	321,170	\$	321,170	\$	-
79	Member Catalog Contract Exp.	\$	151,176	\$	162,822	\$	162,822	\$	-
80	MCFLS Collection Dev Tool Exp	\$	26,972	\$	26,972	\$	26,972	\$	-
81	Member Collection Dev Tool Exp	\$	-	\$	18,023	\$	18,023	\$	-
82	Internet Expense	\$	21,635	\$	21,635	\$	26,286	\$	4,651
83	Contingency Expense	\$	39,717	\$	43,958	\$	49,283	\$	5,325
84	Member Digital Content Exp	\$	158,299	\$	233,385	\$	233,385	\$	-
85	Marketing	\$	50,500	\$	60,000	\$	60,000	\$	-
86	Cooperative Purchasing Sub Exp	\$	2,500	\$	2,500	\$	2,786	\$	286
87	Member PC Management License Exp	\$	1,875	\$	1,875	\$	1,875	\$	-
88	LSTA Technology Grant Expense	\$	197,314	\$	3,000	\$	143,621	\$	140,621
89	MCFLS MKE Mixer Expense	\$	1,400	\$	1,400	\$	1,400	\$	-
90	Member Replacement Fines Exp	\$	7,000	\$	7,000	\$	17,000	\$	10,000
91	Member OverDrive Advantage Exp	\$	15,002	\$	15,000	\$	15,000	\$	-
92	Youth Services Exp	\$	10,000	\$	10,000	\$	10,000	\$	-
93	Inclusive Services Exp	\$	10,000	\$	10,000	\$	10,000	\$	-
94	<b>Total General Expenditures</b>	\$	3,422,005	\$	3,549,736	\$	3,627,850	\$	78,114
95									
96	<b>Special Expenditures</b>								
97	W. Milwaukee Borrowing Expense	\$	47,447	\$	41,706	\$	41,706	\$	-
98	RB - MCFLS Payment Expense	\$	1,056,468	\$	1,188,394	\$	1,188,394	\$	-
99	ILS Migration Reserve	\$	35,000	\$	-	\$	-	\$	-
100	Ecommerce Expense	\$	175,000	\$	150,000	\$	150,000	\$	-
101	<b>Total Special Expenditures</b>	\$	1,313,915	\$	1,380,100	\$	1,380,100	\$	-
102								\$	-
103	<b>Total Expenditures</b>	\$	4,735,920	\$	4,929,836	\$	5,007,950	\$	78,114

# RACHEL ARNDT CONSULTING LLC

2506 East Fernwood Avenue Milwaukee, WI 53207 · (414) 234-3921

[r.arndt.consulting@gmail.com](mailto:r.arndt.consulting@gmail.com)

Steve Hesper  
Director  
Milwaukee County Federated Library System  
708 North 8<sup>th</sup> Street  
Milwaukee, WI 53233

This Professional Services Agreement (this “Agreement”) is made and entered into as of the **21st** day of **August, 2023** (the “Effective Date”), by and between **Milwaukee County Federated Library System/MCFLS** (the “Client”) and **Rachel Arndt Consulting LLC** (the “Contractor”).

**WHEREAS**, the Client wishes to obtain the professional services of the Service Provider; and,

**WHEREAS**, the Service Provider has the knowledge, skill, and capability to perform such services for the Client.

**THEREFORE**, in consideration of the foregoing, the parties, intending to be legally bound, hereby agree to the following:

## AGREEMENTS

In consideration of the recital and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Contractor Responsibilities; Fees.** Contractor will perform the Services to the reasonable satisfaction of Client. Assuming such satisfactory performance, the Client shall pay Contractor the amount set forth on Attachment A within 30 days following receipt of the invoice signifying completion of the Services. Payment must be by check issued to **Rachel Arndt Consulting LLC**. Contractor is an independent contractor and shall be solely and personally responsible for all federal, state, and local taxes, contributions and other liabilities with regard to such payments.
2. **Term.** The term of this Agreement shall be from the date of this Agreement until completions of the Services and payment therefor by the Client. Except for material breach of the Agreement by the other party, this Agreement may not be

terminated by either party except that the Client may immediately terminate this Agreement upon the death or incapacity of the Contractor.

3. **Ownership of Work Product.** Contractor hereby retains all right, title, and interest in any reports, documents, performances, or other copyrighted materials created by Contractor for the Client pursuant to this Agreement, including all copyrights, renewals, and extensions thereof. Client may use or publish these materials and must include Contractor copyright notice.
4. **Relationship.** The parties hereto are independent contractors. Nothing in this Agreement shall be understood or construed to create or imply any relationship between the parties such as a joint venture, employer/employee, principal/agent or partnership. Contractor shall in no way become an employee of the Client pursuant to this Agreement. Neither party shall have the authority to nor shall either party attempt to create or assume any obligation by or on behalf of the other party.
5. **Expenses.** Except as expressly provided to the contrary in this Agreement, all expenses incurred by the parties shall be the sole responsibility of the party who ordered the service or incurred the particular expense.
6. **Miscellaneous.** This Agreement may not be assigned without the written consent of the other party. Contractor's services are personal in nature and may not be assigned or delegated to any other person. This Agreement represents the entire Agreement between the parties and supersedes any prior oral or written understandings with respect to the Services. This Agreement may only be amended by an agreement signed in writing by all the parties hereto. Upon execution, this Agreement will be a valid and binding obligations of each party and enforceable in accordance with its terms.

**CONTRACTOR**

Signed by: 

Title: Principal, Rachel Arndt Consulting LLC

Name: Rachel L. Arndt

**CLIENT**

Signed by: \_\_\_\_\_

Title: \_\_\_\_\_

Name: \_\_\_\_\_

## ATTACHMENT A

### DESCRIPTION OF SERVICES:

- *Plan and facilitate strategic planning on behalf of Milwaukee County Federated Library System utilizing responsive feedback from MCFLS stakeholders, resulting in a 4-year strategic plan.*

### REQUIRED DELIVERABLES:

- Kickoff meeting with MCFLS planning team in September 2023.
- Develop and distribute two (2) surveys: one for MCFLS library patrons and one for MCFLS member library representatives in September 2023.
- Plan and facilitate a strategic planning retreat for MCFLS member library representatives (LDAC) and MCFLS trustees. Survey results will be aggregated and shared during the retreat held in December or January 2024.
- Hold a Post-Retreat Debrief meeting with MCFLS staff in January 2024.
- Facilitate a Half-Day Strategic Plan retreat for MCFLS staff to review a draft of the strategic plan in February 2024.
- Formal report on plan due prior to March 18, 2024.

**PAYMENT FOR SERVICES: \$3,375.00**

**DATE(S) FOR SERVICES: September 2023 – March 2024**

**DATE FOR FINAL COMPLETION OF SERVICES: March 18, 2024**



## 2023 Proposed MCFLS Board Meeting Dates

The MCFLS Board of Trustees has traditionally met on the third Monday of the month. The meeting dates below follow that schedule except when they conflict with a national holiday or to assist with state reporting deadlines (February and October). The November and December meetings have been combined on the last Monday in November.

Date	Time	Location
Monday, January 23 <sup>rd</sup>	3:30 pm	Hybrid Zoom/In-Person at MCFLS Offices
Monday, February 27 <sup>th</sup>	3:30 pm	Hybrid Zoom/In-Person at MCFLS Offices
Monday, March 20 <sup>th</sup>	3:30 pm	Hybrid Zoom/In-Person at MCFLS Offices
Monday, April 17 <sup>th</sup>	3:30 pm	Hybrid Zoom/In-Person at MCFLS Offices
Monday, May 15 <sup>th</sup>	3:30 pm	Hybrid Zoom/In-Person at MCFLS Offices
Monday, June 19 <sup>th</sup>	3:30 pm	Hybrid Zoom/In-Person at MCFLS Offices
Monday, July 17 <sup>th</sup>	3:30 pm	Wauwatosa Public Library
Monday, August 21 <sup>st</sup>	3:30 pm	West Allis Public Library
Monday, September 18 <sup>th</sup>	3:30 pm	TBD
Monday, October 9 <sup>th</sup>	3:30 pm	Zoom Meeting
Monday, November 27 <sup>th</sup>	3:30 pm	Zoom Meeting

M.C.F.L.S.  
Financial Report  
For the Month Ending July 31, 2023

		<u>Original Budget</u>	<u>Revised Budget</u>	<u>+/-</u>	<u>Year to Date</u>	<u>%</u>	<u>Balance</u>	<u>%</u>
1								
2								
3	<b>General Revenues</b>							
4	State Aid Revenue	\$3,568,561	\$ 3,568,561		\$ 3,568,565	(100.00)	\$ (4)	0.00
5	Milwaukee County Allocation	\$66,650	\$ 66,650		\$ 66,650	(100.00)	\$ -	0.00
6	West Milwaukee Contract -Other	\$31,179	\$ 31,179		\$ 31,149	(99.90)	\$ 30	(0.10)
7	Interest on Invested Funds	\$2,000	\$ 2,000		\$ -	0.00	\$ 2,000	(100.00)
8	Member Forms/Supplies Rev (57)	\$21,000	\$ 21,000		\$ 7,706	(36.69)	\$ 13,294	(63.30)
9	Member Postage Revenue (56)	\$16,100	\$ 16,100		\$ 10,212	(63.43)	\$ 5,888	(36.57)
10	Member OCLC Revenue (68)	\$127,336	\$ 127,336		\$ 127,336	(100.00)	\$ -	0.00
11	Member Telecomm. Revenue (66)	\$16,800	\$ 16,800		\$ 15,600	(92.86)	\$ 1,200	(7.14)
12	Member Softwre Maint-Basic (64)	\$156,391	\$ 156,391		\$ 156,392	(100.00)	\$ (1)	0.00
13	Member Softwre Maint-Other (64)	\$41,572	\$ 41,572		\$ 41,571	(100.00)	\$ 1	(0.00)
14	Member Tech. Assist.-Time Rev.	\$20,000	\$ 20,000		\$ 12,085	(60.43)	\$ 7,915	(39.58)
15	Member Special Projects Rev (72)	\$70,000	\$ 70,000		\$ 12,650	(18.07)	\$ 57,350	(81.93)
16	Member Catalog Contract Rev (79)	\$162,822	\$ 162,822		\$ 162,825	(100.00)	\$ (3)	0.00
17	Member Database Rev (54)	\$14,685	\$ 14,685		\$ 24,353	(165.84)	\$ (9,668)	65.84
18	Member EcomTransaction Fees (43)	\$7,900	\$ 7,900		4,358.28	(55.17)	\$ 3,542	(44.84)
19	Carryover Revenue	\$15,000	\$ 15,000		\$ -	0.00	\$ 15,000	(100.00)
20	Staff Benefits/Co-Pay Revenue	\$62,061	\$ 62,061		\$ 29,010	(46.74)	\$ 33,051	(53.26)
21	LSTA Technology Grant Revenue	\$3,000	\$ 3,000		\$ 202,075	(6,735.84)	\$ (199,075)	6,635.83
22	Member Digital Content Rev (84)	\$233,385	\$ 233,385		\$ 253,384	(108.57)	\$ (19,999)	8.57
23	Member PC Mngmt License Rev	\$2,545	\$ 2,545		\$ 1,094	(43.00)	\$ 1,451	(57.01)
24	Member Replace Fines Rev (90)	\$7,000	\$ 7,000		\$ 3,862	(55.17)	\$ 3,138	(44.83)
25	Member Overdrive Adv Rev (91)	\$15,000	\$ 15,000		\$ 15,001	(100.01)	\$ (1)	0.01
26	Member Collection Dev Tool Rev	\$18,023	\$ 18,023		\$ 18,023	(100.00)	\$ -	0.00
27	<b>Total General Revenues</b>	<b>\$4,679,010</b>	<b>\$ 4,679,010</b>	<b>\$ -</b>	<b>\$ 4,763,901</b>	<b>(101.81)</b>	<b>\$ (84,891)</b>	<b>1.81</b>
28								
29	<b>Special Revenues</b>							
30	W. Milwaukee Borrowing Rev (97)	\$41,706	\$ 41,706		\$ 41,706	(100.00)	\$ -	0.00
31	InfoPass Project Mgmnt Rev	\$1,308	\$ 1,308		\$ -	0.00	\$ 1,308	(100.00)
32	Ecommerce Revenue (100)	\$150,000	\$ 150,000		\$ 74,757	(49.84)	\$ 75,243	(50.16)
33	MCFLS Reciprocal Borrowing Reserve	\$48,144	\$ 48,144					
34	<b>Total Special Revenues</b>	<b>\$241,158</b>	<b>\$ 241,158</b>	<b>\$ -</b>	<b>\$ 116,463</b>	<b>(48.29)</b>	<b>\$ 124,695</b>	<b>(51.71)</b>
35								
36	<b>Total Revenues</b>	<b>\$4,920,168</b>	<b>\$ 4,920,168</b>	<b>\$ 0</b>	<b>\$ 4,880,364</b>	<b>(99.19)</b>	<b>\$ 39,804</b>	<b>(0.81)</b>

M.C.F.L.S.  
Financial Report  
For the Month Ending July 31, 2023

37								
38		<b>Original Budget</b>	<b>Revised Budget</b>	<b>+/-</b>	<b>Year to Date</b>	<b>%</b>	<b>Balance</b>	<b>%</b>
39								
40	<b>General Expenditures</b>							
41	Fringe Benefits Expense	\$298,612	\$ 298,612	\$	121,177	(40.58)	\$ 177,434	(59.42)
42	Salaries Expense	\$505,071	\$ 505,071	\$	235,980	(46.72)	\$ 269,091	(53.28)
43	Member Ecom Transaction Exp (18)	\$7,900	\$ 7,900	\$	3,660	(46.33)	\$ 4,240	(53.67)
44	TNS Calls/Renewal Line Expense	\$2,064	\$ 2,064	\$	1,097	(53.17)	\$ 967	(46.85)
45	Conference/Training Expense	\$6,500	\$ 6,500	\$	6,341	(97.56)	\$ 159	(2.45)
46	Memberships Expense	\$9,300	\$ 9,300	\$	6,483	(69.71)	\$ 2,817	(30.29)
47	Continuing Education Expense	\$9,000	\$ 9,000	\$	7,779	(86.43)	\$ 1,221	(13.57)
48	Office Supplies Expense	\$1,500	\$ 1,500	\$	326	(21.73)	\$ 1,174	(78.27)
49	Copy Machine Maint. Expense	\$1,000	\$ 1,000	\$	126	(12.65)	\$ 874	(87.40)
50	MCFLS WI Pub Lib Consortium Ex	\$6,953	\$ 6,953	\$	6,953	(100.00)	\$ -	0.00
51	MCFLS Buying Pool	\$175,000	\$ 175,000	\$	175,000	(100.00)	\$ -	0.00
52	MCFLS Database Expense	\$98,110	\$ 98,110	\$	98,110	(100.00)	\$ -	0.00
53	MCFLS Catalog Enhancement Exp	\$189,642	\$ 189,642	\$	128,837	(67.94)	\$ 60,805	(32.06)
54	Member Database Expense (17)	\$14,685	\$ 14,685	\$	9,701	(66.06)	\$ 4,984	(33.94)
55	MCFLS Postage Expense	\$600	\$ 600	\$	500	(83.33)	\$ 100	(16.67)
56	Member Postage Expense (9)	\$16,100	\$ 16,100	\$	10,000	(62.11)	\$ 6,100	(37.89)
57	Member Forms/Supplies Expense (8)	\$21,000	\$ 21,000	\$	19,915	(94.83)	\$ 1,085	(5.17)
58	Telephone Expense	\$6,000	\$ 6,000	\$	4,334	(72.23)	\$ 1,666	(27.77)
59	Meetings Expense	\$1,000	\$ 1,000	\$	620	(61.96)	\$ 380	(38.00)
60	Insurance Expense	\$12,000	\$ 12,000	\$	11,927	(99.39)	\$ 73	(0.61)
61	Legal Expense	\$1,500	\$ 1,500	\$	1,553	(103.53)	\$ (53)	3.53
62	Audit Expense	\$12,700	\$ 12,700	\$	9,137	(71.94)	\$ 3,563	(28.06)
63	Payroll Service Expense	\$5,400	\$ 5,400	\$	3,285	(60.83)	\$ 2,115	(39.17)
64	III Software Support Expense (12,13)	\$197,963	\$ 197,963	\$	188,301	(95.12)	\$ 9,662	(4.88)
65	III Telephone Notification Subscr Exp	\$12,530	\$ 12,530	\$	11,136	(88.87)	\$ 1,394	(11.13)
66	Member Telecomm. Expense (11)	\$16,800	\$ 16,800	\$	8,100	(48.21)	\$ 8,700	(51.79)
67	MCFLS Telecomm. Maint. Expense	\$45,000	\$ 45,000	\$	45,608	(101.35)	\$ (608)	1.35
68	OCLC Expense (10)	\$145,631	\$ 145,631	\$	144,251	(99.05)	\$ 1,380	(0.95)
69	MCFLS Computer Room Equipment	\$10,000	\$ 10,000	\$	2,029	(20.29)	\$ 7,971	(79.71)
70	MCFLS Software Expense	\$10,000	\$ 10,000	\$	6,282	(62.82)	\$ 3,718	(37.18)
71	MCFLS Equipment Expense	\$10,000	\$ 10,000	\$	1,934	(19.34)	\$ 8,066	(80.66)
72	Member Special Projects Exp (15)	\$70,000	\$ 70,000	\$	28,621	(40.89)	\$ 41,379	(59.11)
73	Sorting and Delivery Expense	\$305,000	\$ 305,000	\$	140,746	(46.15)	\$ 164,254	(53.85)
74	South Central Delivery Expense	\$21,894	\$ 21,894	\$	10,947	(50.00)	\$ 10,947	(50.00)
75	MPL Resource Contract Expense	\$223,035	\$ 223,035	\$	55,759	(25.00)	\$ 167,276	(75.00)
76	MPL Rent Lease Contract Exp.	\$95,387	\$ 95,387	\$	23,847	(25.00)	\$ 71,540	(75.00)
77	ILS Expense	\$36,450	\$ 36,450	\$	11,004	(30.19)	\$ 25,446	(69.81)
78	MCFLS Catalog Cont Exp to MPL	\$321,170	\$ 321,170	\$	80,293	(25.00)	\$ 240,877	(75.00)
79	Member Catalog Contract Exp. (16)	\$162,822	\$ 162,822	\$	40,706	(25.00)	\$ 122,116	(75.00)
80	MCFLS Collection Dev Tool Exp	\$26,972	\$ 26,972	\$	-	0.00	\$ 26,972	(100.00)
81	Member Collection Dev Tool Exp	\$18,023	\$ 18,023	\$	-	0.00	\$ 18,023	(100.00)
82	Internet Expense	\$21,635	\$ 21,635	\$	26,286	(121.50)	\$ (4,651)	21.50
83	Contingency Expense	\$43,958	\$ 43,958	\$	7,043	(16.02)	\$ 36,915	(83.98)
84	Member Digital Content Exp (22)	\$233,385	\$ 233,385	\$	192,832	(82.62)	\$ 40,553	(17.38)
85	Marketing	\$60,000	\$ 60,000	\$	26,959	(44.93)	\$ 33,041	(55.07)
86	Cooperative Purchasing Sub Exp	\$2,500	\$ 2,500	\$	2,786	(111.44)	\$ (286)	11.44
87	Member PC Management License Exp	\$1,875	\$ 1,875	\$	1,006	(53.65)	\$ 869	(46.35)
88	LSTA Technology Grant Expense	\$3,000	\$ 3,000	\$	81,006	(2,700.20)	\$ (78,006)	2,600.20
89	MCFLS MKE Mixer Expense	\$1,400	\$ 1,400	\$	1,560	(111.43)	\$ (160)	11.43
90	Member Replacement Fines Exp (24)	\$7,000	\$ 7,000	\$	3,862	(55.17)	\$ 3,138	(44.83)
91	Member OverDrive Adv Exp (25)	\$15,000	\$ 15,000	\$	-	0.00	\$ 15,000	(100.00)
92	Youth Services Exp	\$10,000	\$ 10,000	\$	236	(2.36)	\$ 9,764	(97.64)
93	Inclusive Services Exp	\$10,000	\$ 10,000	\$	-	0.00	\$ 10,000	(100.00)
94	<b>Total General Expenditures</b>	<b>\$3,540,068</b>	<b>\$ 3,540,068</b>	<b>\$ -</b>	<b>\$ 2,005,982</b>	<b>(56.67)</b>	<b>\$ 1,534,085</b>	<b>(43.33)</b>
95								
96	<b>Special Expenditures</b>							
97	W. Milw Borrowing Exp (30)	\$41,706	\$ 41,706	\$	42,065	(100.86)	\$ (359)	0.86
98	RB - MCFLS Payment Expense	\$1,188,394	\$ 1,188,394	\$	1,188,395	(100.00)	\$ (1)	0.00
99	ILS Migration Reserve	\$0	\$ -	\$	-	0.00	\$ -	0.00
100	Ecommerce Expense (32)	\$150,000	\$ 150,000	\$	65,927	(43.95)	\$ 84,073	(56.05)
101	<b>Total Special Expenditures</b>	<b>\$1,380,100</b>	<b>\$ 1,380,100</b>	<b>\$ -</b>	<b>\$ 1,296,387</b>	<b>(93.93)</b>	<b>\$ 83,713</b>	<b>(6.07)</b>
102								
103	<b>Total Expenditures</b>	<b>\$4,920,168</b>	<b>\$ 4,920,168</b>	<b>\$ -</b>	<b>\$ 3,302,369</b>	<b>(67.12)</b>	<b>\$ 1,617,798</b>	<b>(32.88)</b>
104								
105	<b>Revenue/Expenditures +/-</b>				<b>\$ 1,577,995</b>			



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August 21, 2023

July/August 2023 Director's Report

### Summary of activities

#### System Activities

- Strategic Planning. After Legislative and System Services met on August 1<sup>st</sup> to consider consultants for strategic planning, the committee made a motion to allow Chair Johnson and myself to meet with Rachel Arndt to talk about her proposal and to move forward with a contract if we were satisfied with the discussion. Both of us met with Rachel on August 10<sup>th</sup> and it was mutually agreed at that time to put a contract for Rachel's services in front of the full Board for approval.
- 2022 Audit and 2023 Budget Revision. After reviewing the audit with Wendi and her team at Baker Tilly, I put together the 2023 budget revision and worked with the Finance and Personnel committee to fine-tune the proposal for the Board.
- Milwaukee Journal Sentinel. I've consulted with directors about an offer made to suburban libraries for access to the Milwaukee Journal Sentinel. I'm working with the sales rep to include Milwaukee to benefit in some way, even if it isn't exactly part of this deal.

#### State activities

- Compensation study. I assisted with a full presentation to the SRLAAW committee regarding the compensation study on August 4<sup>th</sup>. Our current plan for release to the wider library community is to get additional feedback from SRLAAW members until August 22<sup>nd</sup> and make the report available with accompanying documentation on August 28.

#### Grant activities

- All of Us grant. With the assistance of system staff, submitted the invoice for reimbursement to BLH Technologies for the All of Us grant. Staff will begin working on the implementation of the mixer boxes shortly. I also met with staff that run the MKE Mixer program to apprise them of the project and I will work with them on language to include on their website.

### Upcoming Activities

1. Work with SRLAAW workgroup on finalizing compensation survey activities.
2. Work with system staff and MKE Mixers to implement and promote the use of the health literacy boxes.
3. Develop the 2024 MCFLS budget and system plan for approval in late September.
4. Sign the contract with Rachel Arndt Consulting and begin activities related to strategic planning.