

IFLS LIBRARY SYSTEM
BOARD OF TRUSTEES

MEETING LOCATION:

L.E. Phillips Memorial Public Library
400 Eau Claire Street, Eau Claire, WI (Carneige Room)
Or, via Zoom Meeting

DATE/TIME:

Wednesday, May 24, 2023
1:00 pm

**IF YOU ARE UNABLE TO ATTEND THE MEETING, CONTACT THE IFLS OFFICE
(1-800-321-5427) BY 4 P.M. THE DAY BEFORE THE SCHEDULED MEETING.**

Click on Link to join Zoom Meeting:

<https://us02web.zoom.us/j/82277180488?pwd=VmNpYnhYOEdKQ1FLdjJ2eXN1Z3Q5Zz09>

Meeting ID: 822 7718 0488

Passcode: YzkMp2Yq

One tap mobile +1 312 626 6799 US (Chicago)

Meeting ID: 822 7718 0488

Passcode: 50855470

A G E N D A

- I. Call to Order
- II. Establish a Quorum
- III. Certification of Compliance with the Open Meeting Law
- IV. * Approve Agenda
- V. Public Comments (*Each person who wishes to speak is limited to no more than five minutes. There is a ten-minute limit per topic and a twenty-minute limit at any meeting for Public Comments. Contact IFLS office for additional information related to Public Comments.*)
- VI. Announcements/Correspondence/Introductions
- VII. * Minutes - Approve: Board of Trustees – March 22, 2023 **#016** (23)
- VIII. * Financials - Approve: Check Registers: March/April 2023 **#017** (23)
Approve: Financial Reports: March/April 2023 **#018** (23)
- IX. **(1:15 pm)*** 2022 Audit Report and Presentation **#019** (23)
- X. * IFLS Investment Report and Review of Investment Policy **#020** (23)
- XI. IFLS Staff Reports and In-depth Report-Leah Langby **#021** (23)
- XII. Director's Report of Agenda Items and Monthly Activities **#022** (23)
- XIII. * Report from IFLS Personnel Committee
Election of Chair
Director Evaluation Process/Timeline
- XIV. Board Member Reports
- XV. * Adjournment

TOUR: L.E. Phillips Memorial Public Library of Eau Claire

Handout: 2023 IFLS Trustee List with Committee Appointments

** Denotes Action Items*

IFLS Library System will attempt to provide reasonable accommodations to the public who wish to attend meetings, provided reasonable notice of need is given. To request such accommodation, contact System at (715) 839-5082.

**IFLS LIBRARY SYSTEM
Board of Trustees
March 22, 2023**

M I N U T E S

The Board of Trustees of the IFLS Library System met on Wednesday, March 22, 2023, via Zoom. Duerkop called the meeting to order at 12:31pm.

**QUORUM AND CERTIFICATION OF COMPLIANCE
WITH OPEN MEETINGS LAW:**

Joanne Gardner established that a quorum was present and certified that the meeting had been properly noticed in compliance with the open meeting law.

BOARD MEMBERS PRESENT:

Judith Achterhof (St. Croix County); **Mary Ellen Brue** (St. Croix County); **Jan Daus** (Eau Claire County); **Sue Duerkop** (Polk County); **Pat Eggert** (Dunn County); **Marilyn Holte** (Chippewa County); **Kathy Krug** (Barron County); **Sheila Lorentz** (Pierce County); **Paula Lugar** (Pierce County); **Jill Markgraf** (Resource Library); **Susan Marshall** (Price County); **Jackie Pavelski** (Eau Claire County); **Michael Schendel** (St. Croix County); **Jim Tripp** (Dunn County).

BOARD MEMBERS ABSENT:

Lois Goode (Rusk County); **Mary Alice Larson** (Barron County); **Barbara McAfee** (Polk County); **Ricky Riggins** (Pepin County); **Joel Seidlitz** (Chippewa County); **Josh Sterling** (Eau Claire County).

OTHERS PRESENT:

John Thompson (Director); **Adam Fuller** (Business Manager); **Lori Roholt** (MORE Administrator); **Joanne Gardner** (Administrative Associate/Recorder).

APPROVE AGENDA:

MOTION #05 ⁽²³⁾: To approve the agenda as presented. Daus/Brue
RESULT: Carried.

PUBLIC COMMENTS:

There were no public comments.

ANNOUNCEMENTS/CORRESPONDENCE/INTRODUCTIONS:

Gardner noted that two new trustees were appointed to the IFLS Board. Lois Goode will represent Rusk County and Paula Lugar will represent Pierce County. Introductions were made.

Thompson noted that a letter was received at IFLS from a homeschool family that had concerns with the materials delay with the courier service. Thompson followed up on behalf of the IFLS Board.

MINUTES:

MOTION #06 ⁽²³⁾: To approve the Board of Trustee minutes dated January 25, 2023 (Doc. #007-23). Holte/Brue
RESULT: Carried.

FINANCIAL REPORTS:

MOTION #07 ⁽²³⁾: To approve the January/February 2023 Check Registers (Doc. #008-23). Daus/Krug
RESULT: Carried.

Questions were asked about Innovative Interfaces, Haley Tricycles Book Bikes, EO Johnson for copier costs, and OCLC (worldwide catalog used for Bib records).

(Lorentz joined the meeting at 12:43 pm)

MOTION #08 ⁽²³⁾: To approve the December 2022 and January/February 2023 Financial Reports (Doc. #009-23 and #010-23). Pavelski/Marshall
RESULT: Carried. (Lugar abstained)

Questions were asked about the change made in accounting for payroll which affects Lines 5263 and 5264 in Income and Line 6500 in Expenses.

DIRECTOR'S REPORT:

Joint Finance will be holding a public hearing on the budget in Eau Claire on Tuesday, April 11th. Individuals wishing to attend as part of the library group should let Thompson know by April 1st. Generally, the group stands with one speaker. The speaker is typically given 2-3 minutes to speak to talking points. Jill Markgraf plans to register for the library group since the event will be held at UW-Eau Claire.

Board members questioned if Joint Finance would be more impressed with more than one person speaking to library issues. Thompson noted that at this point, there is the same message for library people. The money would be for system and statewide resources, not funds to public libraries directly.

There is also an online portal for advocates to submit testimony. Lugar noted that library advocates can plan to go online to express their ideas, since members of IFLS will be at the hearing. Thompson will share out the talking points created by the Wisconsin Library Association.

There are two recent surveys directed at library directors to fill out. They were a Facility Survey and a Public Library Staff Compensation Study. Both surveys were web-based.

All 53 IFLS public libraries completed the Compensation Study and all, but 3 libraries completed the Facility Survey. When compared to other library systems in Wisconsin, IFLS was far and above in the response rate. This is testament to the libraries being actively involved in statewide information gathering.

Ginny Julson, Director of Boyceville, is retiring after 21 years of service. Boyceville will be interviewing architects for a building project and Julson will stay active with that project.

IFLS STAFF REPORTS:

Lori Roholt, the MORE Administrator at IFLS Library System was in attendance and provided an in-depth staff report. Roholt has been employed by IFLS for the past 14 years. She was originally hired as an assistant for MORE services. Roholt has been the MORE Administrator for the past 10 years.

MORE stands for My Online Resource. MORE is an automation and resource-sharing consortium and a service of IFLS Library System. Participating libraries fund and share an integrated library system (ILS).

Patrons of member libraries can check out materials at any participating library with a single library card, return materials to any participating library, search a single catalog for materials from any participating library, and request materials from any library to be picked up at any other participating library.

Members include 53 member libraries at 54 locations. Menomonie has a branch library in Elk Mound. The system service population is about 470,000 with MORE-member library cardholders at 160,270.

The history of MORE: In 1999, St. Croix County libraries collaborated to establish a shared integrated library system (ILS) and in August 1999, 10 participating libraries sign a contract with an ILS vendor. Between 2000-2001, the first 20 libraries “go live”. From 2002 until 2012, almost 30 additional libraries join. Between 2020 and 2023, 4 new members join MORE. The most recent members made the decision to join based on receiving LSTA grant funds.

Library patron benefits of the MORE ILS include streamlined resource sharing; single-card access to all member library collections, access to shared online resources: Wisconsin’s Digital Library via Libby, Flipster; online catalog and app; account access and bill pay; and shared staff interface to unify library experience.

The shared collections include 476,640 physical titles owned by MORE-member libraries. The total items/copies owned by MORE libraries is 1,394,787. MORE has about 100,000 licensed electronic titles.

Roholt provided screenshots of the public-facing tools which include the MORE catalogs; MORE Libraries app; Libby app; and Flipster app. eBooks and audiobooks are accessed through the Libby app. The Flipster app is for access to digital magazines.

Roholt provided pie charts representing the 2022 use statistics. Physical checkouts totaled 2,231,611 and all the book formats accounted for three-quarters of the physical checkouts. "Other" formats include fishing poles, audio books, music CDs, sewing machines, etc.

Electronic materials checkouts totaled 760,630. About half was for audiobooks and eBooks. A small percentage was magazines. Trend-wise, the use of electronic materials, particularly audiobooks, has grown.

Roholt provided the MORE circulation trends from 2019 through 2022. These included physical checkouts, renewals of physical materials, and checkouts of electronic materials. The checkout of physical materials and renewals are counted for circulation.

Electronic usage keeps growing and it didn't see a big drop post-pandemic.

Roholt noted that access to traditional resources is important to patrons. This is evidenced by the statistics provided of checkouts of holds and browsing the collection checkouts. A large portion of holds are initiated through MORE. When libraries are open and available, patrons like to browse and check out.

Roholt noted that an integrated library system (ILS) is a set of library software that stores records and transaction information and is usually proprietary. MORE's ILS is Sierra from Innovative Interfaces, Inc. (III). Sierra is a popular ILS worldwide, and particularly among US public libraries. Sierra can communicate with other applications for statistical purposes, authentication, public access, etc.

All member libraries of MORE enter into a Participation Agreement outlining MORE's requirements for the library and of IFLS as service provider. MORE has procedures and policies to control operations that might have a system-wide impact. Local libraries have procedures and policies to guide internal operations with little or no system-wide impact, or that primarily affect local collections.

Not all libraries in the state use the same ILS program as MORE uses. Some systems partner with other systems or use another ILS program.

Pavelski inquired about how the library coordinates when MORE doesn't have what a patron is looking for. Roholt noted, that if a patron cannot find an item on MORE, they talk to a staff member. Staff members make sure the item is not available locally before requesting through the statewide union catalog.

Lugar noted she didn't know videos could be checked out electronically. Roholt responded that there was a period when some video titles were offered electronically. They were not popular titles, nor were they heavily used. Last fall, these videos were removed from OverDrive. Roholt added that some MORE member libraries subscribe to streaming video services. Patrons should check their local library website.

Although MORE does collaborate on the purchase of some resources, it does not include streaming videos. The MORE directors develop an annual budget and what the membership decides to include as a service.

In July of 2022, the MORE Directors Council opted to include Niche Academy in the 2023 MORE budget. Roholt is working with the MORE committees to further develop training materials. There are a few tutorials via the Niche Academy online learning platform that are available for the public from the MORE catalog and for library staff from the IFLS website. Roholt noted that there are a lot of opportunities for developing more content and to create custom help documentation for libraries.

IFLS ANNUAL REPORT AND STATEMENT OF COMPLIANCE:

Thompson emailed the IFLS 2022 Public Library System Annual Report and Statement of Compliance to Board members on Monday. This report provides an annual summation of how IFLS spent our money and compliance with state statutes for our member libraries.

Thompson noted that as of the date of the report, Hawkins did not spend the required \$2,500 on library materials. This likely was due to the library director retiring and the board not spending the required amount. The other compliance issue was that the certification of the Deer Park director has lapsed since submission of their annual report. There is no action required on either compliance issue at this time.

MOTION #09 ⁽²³⁾: To approve the IFLS Annual Report and Statement of Compliance (Doc. #013-23). Eggert/Holte
RESULT: Carried. (Lugar abstained)

SYSTEM EFFECTIVENESS STATEMENTS FROM MEMBER LIBRARIES:

IFLS did not receive any ineffective leadership checks on the member library annual reports. The comments received are provided in the meeting packet as Document #014(23).

EXECUTIVE COMMITTEE OFFICERS AND PERSONNEL COMMITTEE MEMBERS FOR 2023:

MOTION #10 ⁽²³⁾: To approve the Executive Committee Officers and Personnel Committee members for 2023 (Doc. #011-23). Daus/Brue
RESULT: Carried.

2023 IFLS BUDGET REVISION:

MOTION #11 ⁽²³⁾: To approve the 2023 IFLS Budget Revision (Doc. #011-23). Markgraf/Daus
RESULT: Carried.

Based on some priority needs for 2023, Thompson is requesting to use \$20,000 of undesignated carryover from 2022 to support Staff Development and Planning.

There is a national conference in Chicago and several staff would like to attend. With increased staff levels/newer staff, there is the need for additional professional development for state and national conferences located closer to our region makes it an ideal time to provide an increase. It is suggested \$10,000 be added to Staff Development.

The other \$10,000 would be allocated for facilitated IFLS staff planning. IFLS would use WiLS to facilitate conversations on our strategic plans for staff to move the organization forward. IFLS Staff have not used an outside facilitator for almost a decade.

IFLS will do another budget revision mid-year like we typically do.

TRUSTEE ORIENTATION:

Thompson provided a System Board Roles and Responsibilities as the basis for the Trustee Orientation. IFLS is one of fifteen systems in the State. IFLS is comprised of 10 counties and 53 public libraries, which is the second largest in the state for the number of libraries.

The Roles and Responsibilities of the Library System Board begin on page 4 of the slide deck. As a system trustee, you occupy a unique position in Wisconsin's pattern of library services. When you represent the library system, you need to consider not only your community or your county, but the entire region served by your library system and the many libraries and users.

Library system boards have significant responsibilities for fiscal policy making, fiscal planning, and fiscal oversight. Library system boards are tasked in supervising the system director. The director evaluation for IFLS typically starts in May to be presented to the board in September. The system board will have to hire a new system director at some point. The system director comes to board with recommendations on staff and wages.

Library system boards should be willing to assume a leadership role in legislative lobbying or advocacy at the state and federal level. There are advocacy resources available on the IFLS website.

As a system trustee, you cannot make policies for any system member libraries. You should avoid any unnecessary interference with the autonomy of member libraries.

The job description of a system trustee is to review and update the board bylaws; assist with development and approval of long-range plan; advocate for the system and libraries; attend library conferences, workshops, and other library education opportunities; and work as a team member in support of system services to meet member library needs.

Thompson provided the roles of the system board and the director covering board meetings, planning, personnel, budget, and policy.

Thompson provided an overview of Library Law including Wisconsin Statutes about public libraries (Chapter 43), open meeting law, public record law, Americans with Disabilities Act, and more.

The sections of the Chapter 43 Statutes that pertain to Public Libraries were noted and explained (pages 13-23).

Thompson noted that the system board is subject to Open Meeting Law. Open Meeting Law is contained in Chapter 19 – General duties of public officials. Meeting notice must be posted at least 24 hours in advance. The Agenda must be detailed as much as possible and include

time, date, place, and all subjects to be discussed or acted upon. The system director, administrative associate, and board president set the meeting agendas.

The system board must meet quorum which is 11 of the 20 members on the system board. The purpose of the meeting is to engage in the business of the board. Board members need to be careful not to create a meeting inadvertently. The board cannot make decisions or influence decisions via email. Email cannot be used for a discussion or poll. The board must not create a negative quorum by a block of members that would meet/discuss outside a meeting to oppose an item.

Thompson stated there are limited reasons for the system board to go into closed session. It is for a specific individual and not general wage increases, compensation, or personnel policies. It can be used when considering employment, promotion, compensation, or performance evaluation of an employee, or when considering dismissal, demotion, or discipline of an employee. Other reasons include deliberate purchase of public property and conferring with legal counsel.

When the system board chooses to go into closed session, you must cite the specific statute and subject matter. Page 30-31 includes the process used for closed sessions. Legal penalties for violating range from \$25 to \$300 per violation.

The guidelines for Public Records Law are included on page 32.

Thompson provided resources for trustees including general, open meeting, public records, and ethics. The IFLS Website contains a page for library trustees as well as a specific page for IFLS trustees. Trustees should feel free to reach out to Thompson with questions. His contact information was provided.

(Markgraf left the meeting at 2:30 pm.)

CERTIFICATES FOR OUTGOING TRUSTEES:

A certificate was prepared on behalf of the IFLS Board for outgoing trustee from Rusk County – Lyle Lieftring. A copy of the certificate was included in the meeting packet.

BOARD MEMBER REPORTS:

Achterhof noted that Moms for Liberty in St. Croix County is asking libraries to ban books. IFLS' assistance on Intellectual Freedom to the libraries and staff is timely.

Tripp noted that Dunn County Library Planning Committee met and updated their plan of library service for Dunn County. There were not a lot of changes. A public hearing is set for early June, then it will be brought to the Dunn County Board for approval.

Tripp was recently elected to serve on the Wisconsin Library Trustees and Friends committee. The membership really suffered during Covid and had been inactive. Tripp is looking forward to working on this committee when their work is reactivated. Trustees should continue to do what we can to advocate for libraries and be active.

ADJOURNMENT:

Pavelski made a motion to adjourn at 2:27 pm. Krug seconded. Motion carried.

Joanne Gardner, Recorder/Administrative Associate

These minutes of the Board of Trustees are approved:

☐ as printed.

☐ with corrections noted.

Presiding Officer

Dated

IFLS Library System

Check Register

March 2023

#017(23)

Date	Num	Name	Memo	Amount
Mar 23				
03/01/2023	Auto Pay	Delta Dental	Mar '23 Vision	-73.46
03/10/2023	Auto Pay	AT&T	Feb Phone Fax Line	-20.55
03/10/2023	Auto Pay	Kwik Trip, Inc.	11196	-26.69
03/20/2023	Auto Pay	Xcel Energy	01/25-2/27 Gas & Electric Svc	-750.37
03/20/2023	Auto Pay	Lumen	Feb Phone	-1.43
03/24/2023	Auto Pay	Employee Trust Funds, Dept of	April '23 Health Ins.	-28,505.92
03/24/2023	Auto Pay	Associated Credit Card	Feb Credit Card *see attached	-5,423.21
03/01/2023	WIRE	Internal Revenue Service	P/R#4	-7,624.54
03/08/2023	WIRE	Wisconsin Deferred Comp. Program	P/R#5	-1,390.00
03/15/2023	WIRE	Wisconsin Department of Revenue	P/R#4	-1,323.80
03/15/2023	WIRE	Internal Revenue Service	P/R#5	-7,634.42
03/22/2023	WIRE	Wisconsin Deferred Comp. Program	P/R#6	-1,390.00
03/29/2023	WIRE	Internal Revenue Service	P/R#6	-7,634.46
03/31/2023	WIRE	Wisconsin Retirement System	Feb WRF	-9,163.19
03/31/2023	WIRE	Wisconsin Department of Revenue	P/R#5	-1,328.31
03/08/2023	DD2277-2294	IFLS Staff	Direct Deposit	-24,071.31
03/22/2023	DD2295-2312	IFLS Staff	Direct Deposit	-24,071.31
03/06/2023	42883	Baker Tilly Virchow, Krause & Co. LLP	2022 Audit/In Progress	-840.00
03/06/2023	42884	Culligan	Mar. Service	-99.95
03/06/2023	42885	L.E. Phillips Memorial Public Library	MORE Ecomm Payments 2023	-1,295.19
03/06/2023	42886	ProQuest	2023 Ancestry for Libraries	-18,563.94
03/06/2023	42887	Thompson, John	1/11-1/20 State/National Meeting & Lib visi	-684.42
03/06/2023	42888	Marcive, Inc.	MORE/DFeb Database Maint.	-1,068.84
03/06/2023	42889	OverDrive, Inc.	Feb. Overdrive Titles	-4,740.30
03/17/2023	42890	Grainger, Inc.	75 Delivery Bins	-3,289.58
03/17/2023	42891	Krejci, Bridget	LSTA/ Cornell Startup Travel	-28.56
03/17/2023	42892	OCLC, Inc	MORE WebDewey & Mar. OCLC on Acct	-4,455.92
03/17/2023	42893	Securian Financial Group, Inc.	Apr. Life Ins.	-325.47
03/17/2023	42894	Waltco Inc.	2924	-30,609.20
03/17/2023	42895	Wisconsin Valley Library Service	Share/Wild WI Winter Web Conf	-325.00
03/17/2023	42896	NCC Group Software Resilience (NA) LLC	MORE/Annual Software Insurance	-340.00
Mar 23 Total				-187,099.34

IFLS Library System
ASSOCIATED Credit Card Transaction Detail Report
Electronic Auto Pay (03/24/2023)

<u>Date</u>	<u>Name</u>	<u>Memo</u>	<u>Num</u>	<u>Amount</u>
Jan 27 - Feb 27, 23				
01/30/2023	UW-Madison	Lead The Way Conference	R. Kilde	162.50
01/30/2023	Walmart	Computer Case_R.Kilde	Comp Misc	31.52
02/01/2023	Rivistas Subscription Svc	Prof Mtls/23 Mag Subscriptions	Subscripts	932.87
02/02/2023	Festival Foods	Lib. Wrkshp. Snacks	Snacks	20.68
02/02/2023	USPS	Feb Postage	Postage	32.47
02/05/2023	GFL Environmental	Feb Garbage	384311	40.50
02/06/2023	AccuCut	Dies For Kits	Kits	157.75
02/06/2023	FlowRoute.com	Feb Phone/on Acct	on Acct	50.00
02/08/2023	Misc Restaurants	Food-Leg. Day/R.Kilde	WLA-Leg Day	52.37
02/09/2023	Best Western Hotels	State/National Meeting	Lodging	134.00
02/09/2023	Parking	State/National Meeting	Thompson	10.50
02/09/2023	Restaurants	State/National Mtg./J Thompson Meals	Conf Meals	25.05
02/09/2023	Madison Concourse Hotel	Hotel Say-Leg. Day/R-Kilde	WLA-Leg Day	174.00
02/09/2023	Rev.com	Captioning/ Programs With Intention	Captioning	93.00
02/13/2023	Dell Marketing L.P.	Billable Somerset Comp/24" Monitor	Comp Equip	163.00
02/13/2023	Dell Marketing L.P.	Billable Somerset Comp Stand	Comp Equip	62.69
02/13/2023	Dell Marketing L.P.	Billable Somerset Laptop	Comp Equip	878.30
02/13/2023	Dell Marketing L.P.	Billable Somerset Computer	Comp Equip	708.63
02/15/2023	Rev.com	Captioning/Developing Minds @ The Library	Captioning	91.50
02/17/2023	Innovative Users Group	MORE/B.Krejci	IUG Conf	280.00
02/17/2023	Dell Marketing L.P.	IFLS Comp/Wireless Headset	Comp Equip	130.73
02/17/2023	Dell Marketing L.P.	IFLS Comp/Wireless Headset	Comp Equip	451.38
02/21/2023	Gail Ambrosious Chocolatier	Gift Webinar Presenter Kym Powe	Gift	50.68
02/21/2023	Southwest Air	MORE/IUG Conf Flight KS &	IUG Flight	265.96
02/21/2023	FlowRoute.com	Feb Phone/on Acct	on Acct	50.00
02/22/2023	Parr's Hardware	New Building Keys	Bldg Spls	7.98
02/22/2023	Delta Airlines	MORE IUG Conf Flight/BK	IUG Conf	270.65
02/22/2023	Rev.com	Captioning/2/21 Webinar	Captioning	94.50
Jan 27 - Feb 27, 23				<u>5,423.21</u>

IFLS Library System Check Register April 2023

Date	Num	Name	Memo	Amount
Apr 23				
04/01/2023	Auto Pay	Delta Dental	Apr '23 Vision	-73.46
04/07/2023	Auto Pay	AT&T	Mar Phone/Fax Line	-20.55
04/10/2023	Auto Pay	Kwik Trip, Inc.	Mar. Gas	-129.84
04/11/2023	Auto Pay	Eau Claire, City of	21894-00-1	-330.13
04/18/2023	Auto Pay	Xcel Energy	02/27-3/28 Gas & Electric Svc	-541.54
04/20/2023	Auto Pay	Lumen	Mar Phone	-1.42
04/24/2023	Auto Pay	Associated Credit Card	Mar. Credit Card *see attached	-15,290.00
04/24/2023	Auto Pay	Employee Trust Funds, Dept of	May '23 Health Ins.	-28,505.92
04/05/2023	WIRE	Wisconsin Deferred Comp. Program	P/R# 7	-1,400.00
04/12/2023	WIRE	Internal Revenue Service	P/R# 7	-7,634.50
04/15/2023	WIRE	Wisconsin Department of Revenue	P/R#6	-1,328.31
04/19/2023	WIRE	Wisconsin Deferred Comp. Program	P/R#8	-1,400.00
04/26/2023	WIRE	Internal Revenue Service	P/R#8	-7,633.56
04/28/2023	WIRE	Wisconsin Retirement System	Mar. WRF	-9,147.98
04/30/2023	WIRE	Wisconsin Department of Revenue	P/R# 7	-1,328.31
04/05/2023	DD2313-2330	IFLS Staff	Direct Deposit	-24,071.27
04/19/2023	DD2331-2348	IFLS Staff	Direct Deposit	-24,062.86
04/03/2023	42897	Bayscan Technologies	Billable Supplies Libs.	-6,509.00
04/03/2023	42898	Bruce Public Lib	Delivery Damage/1 Item	-16.00
04/03/2023	42899	Jensen, Brad	Tech Support/Mult.Lib. Somerset, Frederic, E	-26.23
04/03/2023	42900	Kapco	Billable Supplies Libs.	-3,912.09
04/03/2023	42901	Krejci, Bridget	LSTA/Cornell Start up	-134.64
04/03/2023	42902	Maug Cleaning Solutions, Inc.	02/13/23-3/12/23 Cleaning Service	-382.00
04/03/2023	42903	Showcases	Billable/Supplies for Libs	-712.48
04/03/2023	42904	South Central Library System	Statewide Delivery Svc/Jan-Jun	-8,154.00
04/03/2023	42905	Innovative Interfaces	MORE/ITiva Automated Phone Sys	-11,460.35
04/03/2023	42906	OverDrive, Inc.	Mar. Overdrive Titles	-5,426.24
04/17/2023	42907	Culligan	Apr. Service	-99.95
04/17/2023	42908	Hudson Public Lib	MORE Ecomm Payments 2023	-1,252.53
04/17/2023	42909	Krejci, Bridget	LSTA/ Cornell Startup Travel	-28.56
04/17/2023	42910	L.E. Phillips Memorial Public Library	MORE Ecomm Payments 2023	-1,082.17
04/17/2023	42911	Newberry, Brooke	Webinar-Developing Minds	-100.00
04/17/2023	42912	OCLC, Inc	MORE WebDewey & Apr OCLC on Acct	-4,160.57
04/17/2023	42913	Securian Financial Group, Inc.	May. Life Ins.	-325.47
04/17/2023	42914	Waltco Inc.	2924	-30,676.76
04/17/2023	42915	Wisconsin Library Association	2022 WLA Conf. Sponsor	-300.00
04/17/2023	42916	Innovative Interfaces	LSTA Grant/Cornell Startup	-3,500.00
04/17/2023	42917	Marcive, Inc.	MORE/Mar Database Maint.	-468.66
04/20/2023	42918	Chippewa Valley Technical Coll	Prof. Dev.-Clifton Strengths	-1,392.41
04/20/2023	42919	Maug Cleaning Solutions, Inc.	03/13/23-4/09/23 Cleaning Service	-382.00
Apr 23 Total				-203,401.76

IFLS Library System

ASSOCIATED Credit Card Transaction Detail Report

Electronic Auto Pay (04/24/2023)

Date	Name	Memo	Num	Amount
Feb 28 - Mar 27, 23				
02/28/2023	Festival Foods	Lib. Wrkshp. Lunch/Snacks	Lunch/Snack	66.79
02/28/2023	Innovative Users Group	MORE/L. Roholt	IUG Conf	500.00
03/01/2023	Groome Transportation	IUG Conference Transportation	GW5401392	94.00
03/01/2023	Jimmy Johns	Lib. Wrkshp. Lunch/Snacks	Lunch/Snack	157.60
03/01/2023	American Airlines	MORE IUG Conf Flight/L. Roholt	IUG Flights	123.91
03/01/2023	Delta Airlines	MORE IUG Conf Flight/L. Roholt	IUG Flights	148.90
03/02/2023	FlowRoute.com	Mar Phone/on Acct	on Acct	50.00
03/03/2023	Auto-Owners Insurance	Wrkrs Comp Ins 3/15/23-24	Wrkrs Comp	1,920.00
03/03/2023	USPS	Mar Postage	Postage	51.21
03/03/2023	Dell Marketing L.P.	Billable Frederic Comp/Optiplex	Comp Equip	1,417.26
03/03/2023	CDW-G	LSTA/Cornell Receipt Printer	Printer	241.02
03/05/2023	GFL Environmental	Mar Garbage	403850	40.50
03/06/2023	Festival Foods	Lib. Wrkshp/IFLS Mtg. Supplies	Supplies	45.63
03/06/2023	Menards	Maint. /Office Supplies	Maint. Supl	30.10
03/06/2023	UW-Madison	Navigating Book and Program Challenges	C. Cole	250.00
03/07/2023	Assoc of Rural & Small Libraries (ARSL)	ARSL Membership/J Thompson	Membership	100.00
03/08/2023	Gallup Store	Clifton Strengths-Assessment	Clifton	19.99
03/09/2023	Dell Marketing L.P.	Billable Prescott Comp/Monitor & Stand	Comp Equip	1,097.32
03/09/2023	Dell Marketing L.P.	Billable Cumberland Laptop	Comp Equip	878.30
03/10/2023	CDW-G	IFLS Comp/Cables	IFLS Comp	145.50
03/10/2023	Amazon.com Credit	IFLS Comp/ Cable Ties	IFLS Comp	45.36
03/13/2023	CCI Solutions	Billable Supplies to Libs.	11087128	3,577.79
03/14/2023	CDW-G	IFLS Comp/Mtg OWLS	IFLS Comp	946.33
03/14/2023	CDW-G	Billable Chippewa Falls/NUC Mini PC	Comp Equip	190.42
03/14/2023	Oriental Trading Co.	Sh Cat Supplies/Stickers	Sh Cat	24.15
03/15/2023	Quill Corporation	Billable/Supplies for Libs	Supplies	1,178.43
03/16/2023	Eau Claire Ford	Oil/Filter Chg	Sys Vehicle	45.50
03/16/2023	Wisconsin Library Association	WLA Membership/S. Duerkop	Renewal	50.00
03/16/2023	Wisconsin Library Association	WAPL Conference Reg./J. Thompson	WAPL Conf	300.00
03/17/2023	American Library Association	ALA Virtual Conf Reg/K. Setter	Conf Reg	385.00
03/17/2023	American Library Association	ALA Membership/K. Setter	ALA Member	155.00
03/17/2023	FlowRoute.com	Mar Phone/on Acct	on Acct	50.00
03/17/2023	Cowboy Jacks	Staff Holiday Lunch	Staff Lunch	333.92
03/20/2023	Wisconsin Library Association	WAPL Conference Reg./K. Noack	WAPL Conf	300.00
03/24/2023	Amazon.com Credit	MORE Passport Program-Ink Pads	Ink Pads	30.27
03/25/2023	Zoom	Renew 3 Zoom Subscriptions	Renewal	299.80
Feb 28 - Mar 27, 23 TOTAL				<u><u>15,290.00</u></u>

#018(23)

5/12/2023
12:21 PMIFLS Library System
Balance Sheet
As of April 30, 2023

	IFLS	MORE	2023 TOTAL	2022 TOTAL
ASSETS				
Current Assets				
Checking/Savings				
1010 · Bank Mutual - Ecomm Checking	16,170.32		16,170.32	19,882.86
1040 · Bank Mutual - Checking	441,842.35		441,842.35	404,846.80
1050/1106 · Investments/Bank Mutual & States PIF	1,488,247.94	671,481.33	2,159,729.27	2,070,421.12
Total Checking/Savings & Investments	1,946,260.61	671,481.33	2,617,741.94	2,495,150.78
Accounts Receivable				
1200 · Accounts Receivable	99,530.85		99,530.85	41,738.70
Total Accounts Receivable	99,530.85	0.00	99,530.85	41,738.70
Other Current Assets				
1110 · Petty Cash Funds	75.00		75.00	75.00
1150 · Prepaid Insurance	3,601.33		3,601.33	1,884.76
1499 · Undeposited Funds	-29,151.50		-29,151.50	0.00
1507/1508 · 2022-2023 Prepaid Expenses	0.00	0.00	0.00	0.00
Total Other Current Assets	-25,475.17	0.00	-25,475.17	1,959.76
TOTAL ASSETS	2,020,316.29	671,481.33	2,691,797.62	2,538,849.24
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
2000 · Accounts Payable	25,168.72	6,316.68	31,485.40	42,282.85
2011 · Credit Card - Associated	13,143.24	0.00	13,143.24	0.00
Total Accounts Payable	38,311.96	6,316.68	44,628.64	42,282.85
Other Current Liabilities				
2100 · Payroll Liabilities	8,634.72		8,634.72	1,294.63
2117 · Direct Deposit Liabilities	0.00		0.00	0.00
2201 · Accrued Payroll	0.00		0.00	0.00
2900 · Unavailable Revenue	0.00		0.00	0.00
Total Other Current Liabilities	8,634.72	0.00	8,634.72	1,294.63
Total Current Liabilities	46,946.68	6,316.68	53,263.36	43,577.48
Total Liabilities	46,946.68	6,316.68	53,263.36	43,577.48
Equity				
3000 · Equity/Reserves & Committed (Beginning of Year)	674,098.48	289,100.00	963,198.48	1,063,629.77
3000 · Equity/Uncommitted Funds (Beginning of Year)	20,000.00	56,095.95	76,095.95	0.00
Current Year Income Less Expense	1,279,271.13	319,968.70	1,599,239.83	1,431,641.99
Total Equity (End of Year)	1,973,369.61	665,164.65	2,638,534.26	2,495,271.76
TOTAL LIABILITIES & EQUITY	2,020,316.29	671,481.33	2,691,797.62	2,538,849.24

IFLS Library System
Revenue and Expense Statement
 January through April 2023

	<u>Jan - Apr 23</u>	<u>Jan - Apr 22</u>
Ordinary Income/Expense		
Income		
5100 · Current Year State Aids	1,499,825.00	1,387,411.00
5200 · Interest Income/General Funds	27,337.81	738.62
5263 · MORE Management Income	148,836.00	144,000.00
5264 · Catalog/Processing Income	83,879.95	79,885.66
5280 · Technology Income	897.13	4,095.05
5300 · Miscellaneous Income	199.95	119.24
Total Income	<u>1,760,975.84</u>	<u>1,616,249.57</u>
Expense		
6500 · Salaries/Wages & Benefits	426,545.73	386,012.87
6580 · Leave Payouts at Retirement	15,452.24	1,145.98
8070 · New Furnishings/Equipment <\$500	0.00	633.25
8530 · Bank & Direct Deposit Fees	1.45	724.87
8540 · Annual Audit	5,880.00	4,570.00
8620 · Collection/Electronic Resources	29,466.94	26,244.66
8630 · Wis Pub Lib Consortium Membshp	0.00	6,586.00
8670 · Professional Memberships	977.56	868.00
8690 · Librarian Workshops - General	1,463.48	941.96
8714 · Accessibility Audits	0.00	461.86
8720 · IFLS Staff Dvlpmnt & Prof Mtgs	4,644.57	711.64
8735 · Library Consulting Expenses	832.00	372.00
8740 · Field Visits	826.22	1,491.57
8741 · Field Visits - Tech Support	64.23	18.36
8755 · Programming Kits	157.75	219.75
8812 · ILL Fees & Verification Sources	3,191.26	3,000.81
8850 · Delivery Service	80,291.91	78,490.08
8855 · Collection Dev Grant-LEPhillips	5,750.00	0.00
8864 · Wide-Area Network (WAN)	2,432.00	2,432.00
8890 · IFLS Contrib - MORE Operating	0.00	119,965.00
8950 · Campaign for Wisconsin Libs	300.00	0.00
8971 · Web Development	940.54	940.54
9010 · IFLS Committee Meetings	31.80	0.00
9020 · Professional Materials	932.87	969.65
9030 · Postage	531.00	147.01
9050 · Telephone	454.57	490.63
9060 · Supplies	208.83	282.31
9080 · Marketing & Advocacy PR	164.98	0.00
9123 · Building Overhead Expenses	5,374.82	5,938.51
9140 · Photocopier Costs	745.12	638.04
9160 · Computers	6,654.42	2,385.41
9190 · System Vehicle Expenses	444.28	695.08

IFLS Library System
Revenue and Expense Statement
January through April 2023

	<u>Jan - Apr 23</u>	<u>Jan - Apr 22</u>
9220 · Insurance	2,937.04	1,614.37
9240 · Contingency	333.92	152.09
Total Expense	<u>598,031.53</u>	<u>649,144.30</u>
Net Ordinary Income	1,162,944.31	967,105.27
Pass-thru Income/Expense		
Pass-thru Income		
5474 · LSTA 2022 Income	0.00	259,359.57
5475 · LSTA 2023 Income	133,475.00	0.00
5670 · MORE Shared System Income	795,629.00	903,400.00
5702 · Billable Project Income	24,973.65	47,098.20
Total Pass-thru Income	954,077.65	1,209,857.77
Pass-thru Expense		
8830 · Shared Cataloging Service	24.15	0.00
8940 · Projects Billable to Libraries	33,497.32	59,043.79
9500 · MORE Shared Automation Expenses	475,660.30	558,941.44
9979 · LSTA 2021 Grant Expenses	0.00	127,335.82
9980 · LSTA 2022 Grant Expenses	8,600.36	0.00
Total Pass-thru Expense	<u>517,782.13</u>	<u>745,321.05</u>
Net Pass-thru Income	<u>436,295.52</u>	<u>464,536.72</u>
Net Income	<u><u>1,599,239.83</u></u>	<u><u>1,431,641.99</u></u>

IFLS Library System

Annual Budget vs. Actual Income and Expense

January through April 2023

	Jan - Apr 23	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
5100 · Current Year State Aids	1,499,825.00	1,499,828.00	-3.00	100.0%
5200 · Interest Income/General Funds	27,337.81	8,000.00	19,337.81	341.72%
5263 · MORE Management Income	148,836.00	446,500.00	-297,664.00	33.33%
5264 · Catalog/Processing Income	83,879.95	83,885.00	-5.05	99.99%
5280 · Technology Income	897.13	0.00	897.13	100.0%
5300 · Miscellaneous Income	199.95	6,200.00	-6,000.05	3.23%
Total Income	1,760,975.84	2,044,413.00	-283,437.16	86.14%
Expense				
6500 · Salaries/Wages & Benefits	426,545.73	1,474,884.00	-1,048,338.27	28.92%
6580 · Leave Payouts at Retirement	15,452.24	36,278.00	-20,825.76	42.59%
8070 · New Furnishings/Equipment <\$500	0.00	2,000.00	-2,000.00	0.0%
8530 · Bank & Direct Deposit Fees	1.45	1,600.00	-1,598.55	0.09%
8540 · Annual Audit	5,880.00	8,000.00	-2,120.00	73.5%
8620 · Collection/Electronic Resources	29,466.94	48,700.00	-19,233.06	60.51%
8630 · Wis Pub Lib Consortium Membshp	0.00	6,953.00	-6,953.00	0.0%
8670 · Professional Memberships	977.56	4,000.00	-3,022.44	24.44%
8690 · Librarian Workshops - General	1,463.48	6,000.00	-4,536.52	24.39%
8700 · CE/Collaboration Projects	0.00	300.00	-300.00	0.0%
8714 · Accessibility Audits	0.00	5,000.00	-5,000.00	0.0%
8716 · Community Engagement Support	0.00	12,000.00	-12,000.00	0.0%
8720 · IFLS Staff Dvlpmnt & Prof Mtgs	4,644.57	29,000.00	-24,355.43	16.02%
8735 · Library Consulting Expenses	832.00	1,700.00	-868.00	48.94%
8740 · Field Visits	826.22	9,000.00	-8,173.78	9.18%
8741 · Field Visits - Tech Support	64.23	0.00	64.23	100.0%
8755 · Programming Kits	157.75	700.00	-542.25	22.54%
8812 · ILL Fees & Verification Sources	3,191.26	9,500.00	-6,308.74	33.59%
8850 · Delivery Service	80,291.91	349,908.00	-269,616.09	22.95%
8855 · Collection Dev Grant-LEPhillips	5,750.00	23,000.00	-17,250.00	25.0%
8864 · Wide-Area Network (WAN)	2,432.00	3,432.00	-1,000.00	70.86%
8890 · IFLS Contrib - MORE Operating	0.00	125,000.00	-125,000.00	0.0%
8898 · LEAN WI/Shared Tech WVLS	0.00	58,050.00	-58,050.00	0.0%
8950 · Campaign for Wisconsin Libs	300.00	1,450.00	-1,150.00	20.69%
8960 · Long Range Planning Meeting	0.00	500.00	-500.00	0.0%
8971 · Web Development	940.54	1,100.00	-159.46	85.5%
9010 · IFLS Committee Meetings	31.80	1,800.00	-1,768.20	1.77%
9020 · Professional Materials	932.87	1,500.00	-567.13	62.19%
9030 · Postage	531.00	849.00	-318.00	62.54%
9050 · Telephone	454.57	3,960.00	-3,505.43	11.48%
9060 · Supplies	208.83	6,400.00	-6,191.17	3.26%
9080 · Marketing & Advocacy PR	164.98	2,000.00	-1,835.02	8.25%
9123 · Building Overhead Expenses	5,374.82	24,930.00	-19,555.18	21.56%
9140 · Photocopier Costs	745.12	1,901.00	-1,155.88	39.2%

IFLS Library System
Annual Budget vs. Actual Income and Expense
January through April 2023

	<u>Jan - Apr 23</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
9160 · Computers	6,654.42	6,900.00	-245.58	96.44%
9190 · System Vehicle Expenses	444.28	3,700.00	-3,255.72	12.01%
9220 · Insurance	2,937.04	6,226.00	-3,288.96	47.17%
9240 · Contingency	333.92	-500.00	833.92	-66.78%
9245 · Capital Expenditures	0.00	20,000.00	-20,000.00	0.0%
Total Expense	<u>598,031.53</u>	<u>2,297,721.00</u>	<u>-1,699,689.47</u>	<u>26.03%</u>
Net Ordinary Income	<u>1,162,944.31</u>	<u>-253,308.00</u>	<u>1,416,252.31</u>	
Pass-thru Income/Expense				
Pass-thru Income				
5475 · LSTA 2023 Income	133,475.00			
5670 · MORE Shared System Income	795,629.00	940,629.00	-145,000.00	84.59%
5702 · Billable Project Income	24,973.65	150,000.00	-125,026.35	16.65%
Total Pass-thru Income	<u>954,077.65</u>	<u>1,090,629.00</u>	<u>-136,551.35</u>	<u>87.48%</u>
Pass-thru Expense				
8830 · Shared Cataloging Service	24.15			
8940 · Projects Billable to Libraries	33,497.32	150,000.00	-116,502.68	22.33%
9500 · MORE Shared Automation Expenses	475,660.30	1,005,729.00	-530,068.70	47.3%
9980 · LSTA 2022 Grant Expenses	8,600.36			
Total Pass-thru Expense	<u>517,782.13</u>	<u>1,155,729.00</u>	<u>-637,946.87</u>	<u>44.8%</u>
Net Pass-thru Income	<u>436,295.52</u>	<u>-65,100.00</u>	<u>501,395.52</u>	
Net Income	<u>1,599,239.83</u>	<u>-318,408.00</u>	<u>1,917,647.83</u>	

My Online Resource (MORE)
Balance Sheet
As of April 30, 2023

	<u>MORE</u>
ASSETS	
Current Assets	
1105 · Investment Funds - MORE	\$ 671,481.33
1200-1 · Accts Receivable-MORE	-
1508-1 · 2023 Prepaid Expense-MORE	
	<u> </u>
TOTAL ASSETS	<u><u>\$ 671,481.33</u></u>
LIABILITIES & EQUITY	
Liabilities	
2000-1 · Accounts Payable-MORE	6,316.68
	<u> </u>
Total Liabilities	6,316.68
Equity	
MORE Reserved Fund Balance on 1/1/2022	224,000.00
MORE Committed Fund Balance on 1/1/2022	65,100.00
MORE Uncommitted Fund Balance on 1/1/2022	56,095.95
Current Year Income less Expense	319,968.70
Total Equity/MORE Fund Balance	<u>665,164.65</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$ 671,481.33</u></u>

IFLS Library System
Revenue less Expense - MORE
January through April 2023

	<u>Jan -Apr '23</u>	<u>Jan - Apr '22</u>
MORE Income/Expense		
MORE Income		
5670 · MORE Shared System Income		
5670-1 · MORE Start-up Income	0.00	0.00
5670-2 · MORE Operating Income	795,629.00	903,400.00
Total MORE Income	<u>795,629.00</u>	<u>903,400.00</u>
MORE Expense		
9500 · MORE Shared Automation Expenses		
9500-11 · MORE/IFLS Management Charges	148,836.00	144,000.00
9500-12 · MORE/III Annual Maintenance	153,572.50	145,220.32
9500-23 · MORE/System Upgrades/Software	0.00	0.00
9500-19 · MORE/Contingency	5,000.00	315.00
9500-22 · MORE/High-demand Hold Project	1,939.25	2,449.26
9500-25 · MORE/Subscps/Lib Elf, Novelist , Covers	10,799.16	12,306.38
9500-24 · MORE/Conferences	2,683.17	1,400.00
9500-31 · MORE/New Products/	6,600.00	0.00
9500-44 · MORE/Decision Center	34,444.85	33,120.05
9500-32 · MORE/Mgmt Team Training	0.00	0.00
9500-38 · MORE/Systemwide OCLC	14,469.51	13,831.82
9500-4 · MORE/New Participant Expenses	257.12	852.52
9500-40 · MORE/Overdrive Content	16,778.00	12,064.11
9500-45 · MORE/Freading eBook Svc	0.00	2,170.50
9500-46 · MORE/Electronic Periodicals	0.00	17,628.23
9500-48 · MORE/i-Tiva Telephony Subscription	11,460.35	11,019.57
9500-44 · MORE/ Data Scoping Projec	0.00	0.00
9500-50 · MORE Discovery/Online Catalog	49,937.11	28,809.66
9500-51 · MORE Discovery/BiblioApps	12,484.28	5,761.93
9500-53 · MORE/Database Quality Control	0.00	0.00
9500-5 · MORE/Publicity	2,484.45	2,618.86
9500-6 · MORE/Database Cleanup/Maint	3,914.55	3,063.23
9500-8 · MORE/Host Site Costs	0.00	0.00
9500-41 · MORE/E-Content	0.00	122,310.00
Total 9500 · MORE Shared Automation Expenses	<u>475,660.30</u>	<u>558,941.44</u>
Total MORE Expense	<u>475,660.30</u>	<u>558,941.44</u>
Year-to-date MORE Income less Expense	<u>319,968.70</u>	<u>344,458.56</u>
Plus 12/31/22 MORE Uncommitted Fund Balance	56,095.95	
Plus 12/31/22 MORE Reserve/Committed Balance	<u>289,100.00</u>	
MORE Fund Balance	<u>665,164.65</u>	

Reporting and insights from 2022 audit: IFLS Library System

December 31, 2022

Executive summary

May 16, 2023

To the Board of Trustees
IFLS Library System
Eau Claire, Wisconsin

We have completed our audit of the financial statements of IFLS Library System (the System) for the year ended December 31, 2022, and have issued our report thereon dated May 16, 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.

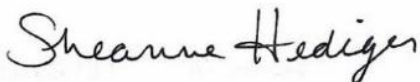
Additionally, we have included information on key risk areas IFLS Library System should be aware of in your strategic planning. We are available to discuss these risks as they relate to your organization's financial stability and future planning.

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

- Sheanne Hediger, Senior Manager: sheanne.hediger@bakertilly.com or +1 (612) 876 4599

Sincerely,

Baker Tilly US, LLP



Sheanne Hediger, CPA

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 those charged with governance:
 - 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 or those charged with governance of their responsibilities.

We are also required to communicate significant matters related to our audit that are relevant to the responsibilities of those charged with governance, 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

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 liability	Financial reporting and required disclosures
Capital assets	Net position and fund balance calculations	

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 deficiency as a material weakness:

- **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.
- Complete and accurate schedule of expenditures of federal and state awards is 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 a material weakness surrounding the preparation of financial statements and footnotes including the schedule of federal and state awards and an independent review of financial reports.

Management has not prepared financial statements that are in conformity with generally accepted accounting principles or the schedule of expenditures of federal and state awards that is in conformance with the applicable federal or state requirements.

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. We consider the following deficiency in the System's internal control to be a significant deficiency:

- **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 significant deficiency 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 accounts payable/disbursements

- Persons processing accounts payable and those with access to the system should be separate from those ordering or receiving goods or services.

Controls over payroll

- Persons preparing the payroll should be independent of other personnel duties or restricted from access to the payroll account.

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 significant deficiency.

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. It is very important that the governing body provide the appropriate level of financial oversight to the System's day to day activities.

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. No new accounting policies were adopted and the application of existing accounting policies was not changed during 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
Other postemployment benefits liability and related deferrals	Evaluation of information provided by the Wisconsin Postretirement Life Insurance Plan	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
Depreciation	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. The schedule within the attachments summarizes the uncorrected misstatements that we presented to management, other than those that are clearly trivial, that, in our judgment, may not have been detected except through our auditing procedures. In our judgment, none of the uncorrected misstatements, either individually or in the aggregate, indicate matters that could have had a significant effect on the System's financial reporting process.

Management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the basic financial statements under audit.

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 the financial statements are issued or available to be issued, 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.

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

Nonattest services

The following nonattest services were provided by Baker Tilly:

- Financial statement preparation

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 Trustee 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

Baker Tilly US, LLP
3410 Oakwood Mall Drive Suite 200
Eau Claire, WI 54701

Dear Baker Tilly US, LLP:

We are providing this letter in connection with your audit of the financial statements of the IFLS Library System as of December 31, 2022 and for the year then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the IFLS Library System and the respective changes in financial position 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.
- 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 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) We believe the effects of the uncorrected financial statement misstatements summarized in the attached schedule are immaterial, both individually and in the aggregate, to the basic financial statements as a whole. In addition, you have recommended adjusting journal entries, and we are in agreement with those adjustments.
- 9) We are not aware of any known actual, possible, pending, or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with accounting principles generally accepted in the United States of America, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 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 disclosed to you results of our 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 identified to you any previous financial audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 20) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for our report.
- 21) 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.
- 22) 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.
- 23) 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.

24) 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 (including GASB 34 conversion entries)

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

- 25) The IFLS 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.
- 26) The IFLS 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.
- 27) We have no component units or material joint ventures with an equity interest, or other joint ventures or related organizations that would require disclosure in the financial statements.
- 28) The financial statements properly classify all funds and activities.
- 29) 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.
- 30) The IFLS Library System has no derivative financial instruments such as contracts that could be assigned to someone else or net settled, interest rate swaps, collars or caps.
- 31) Provisions for uncollectible receivables, if any, have been properly identified and recorded.
- 32) 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.
- 33) Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- 34) Deposits and investments are properly classified, valued, and disclosed (including risk disclosures, collateralization agreements, valuation methods, and key inputs, as applicable).
- 35) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated/amortized. Any known impairments have been recorded and disclosed.
- 36) We have complied with the implementation of GASB No. 49 and believe that there is no liability to accrue related to pollution remediation at this time.
- 37) We have appropriately disclosed the IFLS 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.

- 38) 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.
- 39) With respect to the supplementary information, (SI):
- a) We acknowledge our responsibility for presenting the SI in accordance with accounting principles generally accepted in the United States of America, and we believe the SI, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the SI have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - b) If the SI is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.
- 40) 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.
- 41) 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.

Sincerely,

IFLS Library System

Signed: John Thompson

Signed: Adam J. Dull

Dated: May 16, 2023

IFLS Library System
SUMMARY OF UNCORRECTED FINANCIAL STATEMENT MISSTATEMENTS

December 31, 2022

	Financial Statements Effect - Debit (Credit) to Financial Statement Total					
	Total Assets/ Deferred Outflows	Total Liabilities/ Deferred Inflows	Total Net Position/ Fund Balances	Total Revenues	Total Expenses/ Expenditures	Change in Net Position/ Fund Balances
Governmental Activities	148,749	(49,000)	(67,346)	-	11,672	11,672
General Fund	-	(49,772)	-	(46,425)	-	(46,425)

Accounting changes relevant to IFLS 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](#).

Determining if GASB 94 applies for your organization

GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* provides guidance related to public-private and public-public partnerships (PPP) and availability payment arrangements (APA).

A PPP is an arrangement in which an entity contracts with an operator to provide public services by conveying control of the right to operate or use infrastructure or other capital asset. A common example of PPP is a service concession arrangement.

An APA is an arrangement in which an entity compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an asset.

The System should start to identify any contracts that could meet either definition to ensure they are reviewed for applicability and accounted for correctly when the standard is effective. Initial steps include reviewing contracts that didn't meet the definition of a lease under GASB 87 and identifying any other agreements where the organization contracts with or partners with another entity to provide services.

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.

Uncorrected misstatements

Financial statement effects – debit (credit) to financial statement total:

Opinion unit	Total assets/ deferred outflows	Total liabilities/ deferred inflows	Net position/ fund balance	Total revenues	Total expenses/ expenditures	Change in net position/ fund balance
Governmental activities	\$ 148,749	\$ (49,000)	\$ (67,346)	\$ -	\$ 11,672	\$ 11,672
General Fund	-	(49,772)	-	(46,425)	-	(46,425)

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 December or January. Our final financial fieldwork is scheduled during the spring or early summer 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 2-4 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.

IFLS Library System

Financial Statements and
Supplementary Information

December 31, 2022

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Independent Auditors' Report

To the Board of Trustees of
IFLS 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 IFLS Library System (the System), as of and for the year ended December 31, 2022 and the related notes to the financial statements, which collectively comprise the 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 System as of December 31, 2022 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 the 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.

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 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 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the System's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2023 on our consideration of the 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 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 System's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Eau Claire, Wisconsin
May 16, 2023

IFLS Library System

Management's Discussion and Analysis (Unaudited)
Year Ending December 31, 2022

Management's Discussion and Analysis

This Management's Discussion and Analysis for the IFLS Library System (IFLS) financial performances provides an overview of IFLS' financial activities for the fiscal year January 1, 2022, to December 31, 2022.

Financial Highlights

- IFLS state aids increased by \$187,355 in 2022 to \$1,387,411.
- Total expenditures and transfers (excluding capital) from state aids and state aid carryover increased \$690,305 from \$1,257,724 to \$1,948,029 or 35%. An increase in Salaries and Fringes \$315,684 due to the hiring of new employees to replace the retirees.
- Total ordinary revenue increased \$303,333 from \$1,272,862 to \$1,576,195 or 23.8%. State aids increased \$187,355 from \$1,200,056 to \$1,387,411 or 13.5%. Interest earned on idle funds increased \$28,969 or 95.9%. Tech revenue increased \$7,072 or 61.3%. Tech revenue comes from a 10% setup fee charged to libraries purchasing computers and computer equipment.
- Awarded seven Library Services and Technology Act Grants (LSTA) spending a total of \$323,760. Also, a WI Sparsity Aid Grants totaling \$7,612 and a DPI grant of \$129,081.
- The Materials Processing Service is 100% billable to 4 libraries participating in 2022 - Rice Lake, New Richmond, Amery, and Menomonie.
- In 2022, IFLS reported a \$365,365 WRS net pension asset compared to a \$287,120 net pension asset in 2021. This entry reflects the value of IFLS' portion of the Wisconsin Retirement Fund.

Using This Report

This annual financial report consists of:

Management's Discussion and Analysis
Basic Financial Statements

- A. Government-Wide Financial Statements
- B. Fund Financial Statements
- C. Notes to Financial Statements
- D. Required Supplementary Information

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.

Government-Wide Financial Statements

The government wide financial statements are intended 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, deferred outflows, liabilities and deferred inflows, 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 changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flow.

All of the functions of the System are principally supported by 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 area that they provide to local residents and to interlibrary loan materials to other libraries in the System.
- Backup reference, information and interlibrary loan services from the System resource library, L.E. Phillips Memorial Public Library, including the development of and access to specialized collections.
- Referral or routing of reference and interlibrary loan requests from libraries within the System to libraries within and outside 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.
- Service agreements with all adjacent library Systems.
- Professional consultant services to participating public 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 Division of Public Instruction and with libraries in the area in regard to library technology and the sharing of resources.
- Any other service programs designed to meet the needs of participating public libraries and the residents of the System area. Other service programs offered by IFLS are Youth Services, Collection Development, Shared Cataloging with Processing, Contract Cataloging and Technology Services.

IFLS Library System

Management's Discussion and Analysis (Unaudited)
Year Ending December 31, 2022

Fund Financial Statements

A fund (program) is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives of a program. IFLS, like other governmental agencies, uses fund accounting to ensure and demonstrate compliance with finances-related legal requirements. IFLS uses one fund that accounts for the System's three major areas: Ordinary Income/Expenditures, Other Income/Expenditures and MORE Income/Expenditures.

The 2022 Other Income/Expenditures Fund accounts for revenue and expenditures were for grants. The grant funds were for:

- Libraries Activating Workforce Development Skills (LAWD's Pt 2) \$129,081
- Inclusive, Diversity and Equity in Action (IDEA's Grant) \$2,330
- Standalone to Shared System ILS \$1,272
- WebJunction Virtual Courses \$12,607
- Professional Learning Scholarships \$14,637
- Professional Learning Support \$12,986
- Hybrid Library Service Model \$80,995
- Statewide Backup and Digitization Archives \$198,933

The MORE Income/Expenditures Fund accounts were for the revenue from new and continuing libraries participating in the MORE Shared Automated System.

Notes to Financial Statements

The notes provide additional information that is essential to an understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-37 of the financial statements.

Financial Analysis of IFLS as a Whole (Government-Wide Analysis)

Net Position may serve over time as a useful indicator of IFLS' financial position. At the close of 2022, IFLS' net position totaled \$1,259,209, an increase of \$55,688 or 4.6%.

The reported assets include IFLS' property, building, car, computers and related equipment, office furnishings and software. Capital assets are reported net of depreciation and debt. \$226,670 or 18% of IFLS' net position reflects its investment in its land, building, equipment and software. The remaining net position includes funds restricted for future MORE activities of \$345,196, pensions of \$365,365 and \$321,978 in unrestricted funds, which are available for other future spending.

IFLS Library System

Management's Discussion and Analysis (Unaudited)
Year Ending December 31, 2022

Governmental activities are the only type of service provided by IFLS.

Statement of Net Position December 31, 2022 and 2021

	2022	2021
Assets:		
Current assets	\$ 2,392,453	\$ 2,300,015
Restricted, net pension	365,365	287,120
Capital assets	226,670	234,797
Total assets	2,984,488	2,821,932
Deferred outflows of resources	790,460	553,277
Liabilities:		
Current liabilities	323,926	300,395
Long-term liabilities	188,450	182,064
Total liabilities	512,376	482,459
Deferred inflows of resources	2,003,363	1,689,229
Net position:		
Invested in capital assets, net of related debt	226,670	234,797
Restricted, MORE	345,196	399,901
Restricted, pensions	365,365	287,120
Unrestricted	321,978	281,703
Total net position	\$ 1,259,209	\$ 1,203,521

Net position increased by \$55,688 from 2021 to 2022. The unrestricted funds were allocated towards reserve funds for anticipated future capital and operational budget needs and potential future funding cuts. The investment in capital assets decreased \$8,127 or 3.5%.

IFLS Library System

Management's Discussion and Analysis (Unaudited)
Year Ending December 31, 2022

Change in Net Position December 31, 2022 and 2021

	2022	2021
Revenues:		
Program revenues:		
Charges for services:		
MORE shared system	\$ 783,435	\$ 853,665
IFLS billable services	302,238	221,134
Total charges for services	1,085,673	1,074,799
Grants and contributions:		
State aids	1,387,411	1,200,056
Other grants	-	21,563
Federal grants	460,453	217,413
Total grants and contributions	1,847,864	1,439,032
General revenues:		
Interest income	30,206	1,238
Other	11,694	19,390
Total revenues	2,975,437	2,534,459
Expenses:		
IFLS library services	2,081,609	1,470,883
MORE shared system	838,140	938,513
Total expenses	2,919,749	2,409,396
Change in net position	55,688	125,063
Net position, beginning	1,203,521	1,078,458
Net position, ending	\$ 1,259,209	\$ 1,203,521

IFLS Library System

Management's Discussion and Analysis (Unaudited)
Year Ending December 31, 2022

Fund Statements

Revenues

IFLS state aids increased by \$187,355 in 2022 to \$1,387,411. Additional revenues included interest on state aids, grants, and miscellaneous funds. Interest income increased in 2022 by \$28,968. Federal/LSTA/Other grant funds were significantly higher in 2022 with a total of \$460,453. Technology Income increased to \$11,535 mainly due to computer availability. Funds transferred to MORE (MORE Subsidies) are not considered revenue to MORE. The MORE total operating budget charged to participating libraries increased 1.78%.

The MORE shared system became an IFLS service in 2005. In 2022, MORE libraries paid \$783,435 for operating, startup and miscellaneous expenses and IFLS provided a subsidy for MORE operating expenses totaling \$119,965 for a total of \$903,400.

Expenditures

2022 expenditures totaled \$2,999,771 and increased \$536,231 or 21.8% from the 2021 amount. Funds transferred to MORE (MORE Subsidies) are no longer considered an expense to IFLS.

Notable changes to Operating expenses include:

- Salaries and Fringe Benefit expenses increased \$315,684 or 24.8%. Since 2011, employees have been paying half of the required contribution for Wisconsin Retirement, in 2022 it was 6.5% of their wages. This amount is matched by IFLS funds.
- Payments to the Resource Library (Eau Claire) for collection development remained the same at \$23,000 in 2022.
- Retirement Leave payments were made in 2022 in the amount of \$11,825.
- IFLS Management costs paid by MORE libraries remained the same for 2022.
- Some 2022 expenses were again reduced due to the impacts of Coronavirus and a shift to a hybrid environment.
 - Field Visits to assist libraries – this includes staff help with new director orientation, building projects, library boards, one-on-one training, weeding, collection development and tech support, etc.
 - IFLS Board and Personnel Meetings are being held virtually in the winter months and hybrid for the remainder of the year.
- In 2022, CE Grants for librarians were \$1,000 from IFLS funds and \$12,987 from federal grant funds, a decrease of \$1,373.
- LEAN WI/Shared Technology is a collaboration project with Wisconsin Valley Library Service in Wausau and Northern Waters Library Service in Ashland. LEAN WI costs increased from \$54,766 in 2021 to \$56,230 in 2022 or 2.7%. This line replaces many line items from pre-2018, Library Tech Projects, CINC Data Center, WISNET Annual Costs, Tech Support Travel and Computer Software Subscriptions.
- Continued from 2021, IFLS paid \$5,078 to the Center for Independent Living for Accessibility Audits. This includes assessing everything from the parking (and signage) to sidewalks and entrances to furniture, aisleways, door weight and restrooms for accessibility. A comprehensive report was provided to help library staff prioritize plans for addressing violations to the Americans with Disabilities Act code.

IFLS Library System

Management's Discussion and Analysis (Unaudited)
Year Ending December 31, 2022

- Total Delivery costs for 2022 were \$326,477, this increased \$57,019 or 21.2%.
 - In-system (Waltco) delivery costs increased \$48,909 or 18.8%.
 - Cost of the statewide delivery service increased by \$8,286.
 - Cost of supplies and damaged items decreased by \$176.
- The IFLS subsidy to MORE libraries was \$120,000 in 2022. This includes a \$20,000 subsidy for the Cataloging Partners. This is a \$10,000 increase over 2021.
- Building overhead expenses were \$17,769, a decrease of \$277 or 1.6%.
- Capital expenses: In 2021, \$22,292 was spent to replace 2 furnaces and 3 air condition units. In 2022, there were no capital expenses.

Fund Balance

\$345,196 has been Restricted for the MORE Consortium. \$224,000 of it is reserved for future MORE Projects, \$65,100 has been committed to the 2023 MORE Budget to offset costs. \$45,701 will be reassigned for future MORE use.

\$493,308 has been assigned by IFLS for the following future purposes:

- \$65,000 for Building Repair;
- \$10,000 for Shared System Startup Subsidies for new libraries joining MORE, a shared library automation system or to replace subsidies lost by Federal funding;
- \$50,000 for Shared Services Program with a possible building expansion;
- \$25,000 for Vehicle Replacement;
- \$40,000 for Personnel expenses including leave pay outs for retiring employees and funding health care for additional employees or other personnel expenses or unemployment pay outs;
- \$20,000 for replacement of Wide Area Network/Web Equipment;
- \$20,000 for System Equipment and Furnishings including computer equipment, copier, printer and a phone system. At least three staff computers are replaced or upgraded annually from the operating budget;
- \$30,000 for Technology Projects and Billable Reserves;
- \$10,000 for Computer Lab Equipment Replacement. There are 6 laptops and a wireless hub in the computer lab; and
- \$223,308 for the 2023 Operating Budget deficit.

\$103,057 were unassigned funds at the end of 2022. These funds will be moved to reserves or will be reassigned during 2022.

IFLS Library System

Management's Discussion and Analysis (Unaudited)
Year Ending December 31, 2022

Economic Factors and Next Year's Budget and Rates

The state aids for 2022 increased over 2021 by \$187,411 with a projected increase in 2023 to \$1,499,825. 2021 funding was established as the new base for the purposes of state funding.

State Aids Received:

2008	\$	1,209,417
2009		1,257,792
2010		1,211,470
2011		1,250,125
2012-2017		1,125,114
2018		1,162,585
2019-2021		1,200,056
2022		1,387,411

Beginning in 2020 IFLS like others faced unprecedented challenges with COVID and then supply chain issues accompanied by higher rates of inflation. It is anticipated this will continue for a period of 2023. Moving forward IFLS staff will be working in a more hybrid model than in years prior.

System directors and staff from the Division for Libraries and Technology have been meeting on a weekly basis. They have been collaborating within the framework/spirit of the system redesign project. The focus for any Federal and LSTA grants has been on multisystem or statewide projects.

The system is scheduled to see additional state aid for 2023. Funding beyond 2023 is unknown at this time. With retirements anticipated over the next several years additional emphasis will be placed on insuring a high level of service to our member libraries.

Contacting the System's Financial Management

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 or Business Manager, IFLS Library System, 1538 Truax Blvd, Eau Claire, WI 54703. General information about the System and its programs or services can be found on the System's website at <http://www.iflsweb.org>.

IFLS Library System

Statement of Net Position

December 31, 2022

Assets

Current:

Cash and investments	\$ 2,222,717
Accounts receivable	72,001
Prepaid items	97,735

Total current assets	2,392,453
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Noncurrent

Restricted assets:

Net pension asset	365,365
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Capital assets:

Land	50,000
Other capital assets, net of depreciation	176,670

Total noncurrent assets	592,035
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Total assets	2,984,488
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Deferred Outflows of Resources

Pension related amounts	717,066
OPEB related amounts	73,394

Total deferred outflows of resources	790,460
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Liabilities

Current:

Accounts payable	65,852
Accrued payroll and related liabilities	28,961
Unearned revenue	133,475
Current portion of other long-term obligations	95,638

Total current liabilities	323,926
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Noncurrent

Noncurrent portion of other long-term obligations	188,450
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Total noncurrent liabilities	188,450
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Total liabilities	512,376
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Deferred Inflows of Resources

Pension related amounts	862,184
OPEB related amounts	16,310
Unearned revenue	1,124,869

Total deferred inflows of resources	2,003,363
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Net Position

Net investment in capital assets	226,670
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Restricted for:

MORE consortium	345,196
Pensions	365,365
Unrestricted	321,978

Total net position	\$ 1,259,209
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See notes to financial statements

IFLS Library System

Statement of Activities

Year Ended December 31, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Library services	\$ 2,081,609	\$ 302,238	\$ 1,847,864	\$ -	\$ 68,493
MORE	838,140	783,435	-	-	(54,705)
	<u>\$ 2,919,749</u>	<u>\$ 1,085,673</u>	<u>\$ 1,847,864</u>	<u>\$ -</u>	<u>13,788</u>
General Revenues					
Interest and investment earnings					30,206
Miscellaneous					<u>11,694</u>
Total general revenues					<u>41,900</u>
Change in net position					55,688
Net Position, Beginning					<u>1,203,521</u>
Net Position, Ending					<u>\$ 1,259,209</u>

See notes to financial statements

IFLS Library System

Balance Sheet - Governmental Fund
December 31, 2022

Assets

Cash and investments	\$ 2,222,717
Accounts receivable	72,001
Prepaid items	<u>97,735</u>
Total assets	<u><u>\$ 2,392,453</u></u>

Liabilities, Deferred Inflows of Resources and Fund Balances

Liabilities

Accounts payable	\$ 65,852
Accrued liabilities	28,961
Unearned revenue	<u>133,475</u>
Total liabilities	<u>228,288</u>

Deferred Inflows of Resources

Unearned revenue	<u>1,124,869</u>
Total deferred inflows of resources	<u>1,124,869</u>

Fund Balances

Nonspendable:	
Prepaid items	97,735
Restricted for:	
MORE consortium	345,196
Assigned	493,308
Unassigned	<u>103,057</u>
Total fund balances	<u>1,039,296</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 2,392,453</u></u>

IFLS Library System

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
December 31, 2022

Total Fund Balances, Governmental Funds		\$	1,039,296
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in government activities are not financial resources and therefore are not reported in the fund statements. Capital assets at year end consist of:			
Capital assets	\$	648,307	
Accumulated depreciation/amortization		<u>(421,637)</u>	226,670
The net pension asset does not relate to current financial resources and is not reported in the governmental funds.			
			365,365
Deferred outflows and deferred inflows of resources do not relate to current financial resources and are not reported in the governmental funds.			
Pension related amounts			(145,118)
OPEB related amounts			57,084
Long-term liabilities, including bond and notes payable, are not due in the current period and, therefore, are not reported in the fund statements.			
Long-term liabilities at year end consist of:			
Net OPEB Liability		(164,172)	
Vested employee benefits		<u>(119,916)</u>	<u>(284,088)</u>
Total Net Position, Governmental Activities		\$	<u><u>1,259,209</u></u>

IFLS Library System

Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund
Year Ended December 31, 2022

Revenues

Federal grants	\$ 460,453
State library system aid	1,387,411
MORE consortium income	783,435
Shared cataloging service income	79,886
Investment income	30,206
Other income	234,046
	<hr/>
Total revenues	2,975,437

Expenditures

Administration	194,139
Billable/cooperative purchases	206,078
Consult/continuing education	583,416
Delivery service	372,183
Library collection development	43,256
Library services to youth	56,165
MORE consortium	838,140
Public information	44,987
Reference/Interlibrary loan	110,392
Services to special users	47,034
Shared system	211,440
Technology	292,541
	<hr/>
Total expenditures	2,999,771

Net change in fund balance	(24,334)
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Fund Balance, Beginning	<hr/> 1,063,630
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Fund Balance, Ending	<hr/> <hr/> \$ 1,039,296
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IFLS Library System

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

Net Change in Fund Balances, Total Governmental Funds	\$	(24,334)
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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 activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The following differs in its presentation:

Depreciation is reported in the system-wide statements	(8,127)
--------------------------------------------------------	---------

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

Change in vested employee benefits	22,828
Change in net OPEB liability (and OPEB related deferred outflows and deferred inflows of resources)	(24,292)
Change in net pension asset/liability (and pension related deferred outflows and deferred inflows of resources)	89,613

Change in Net Position of Governmental Activities	\$	55,688
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1. Summary of Significant Accounting Policies

The accounting policies of the IFLS Library System (the System) conform to generally accepted accounting principles as applicable to governmental units. The accepted standard-setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Reporting Entity

IFLS Library System is organized as a Wisconsin Public Library System under Section 43.19 of the Wisconsin Statutes. The System provides delivery, resource sharing, consultation services, cataloging and processing services and technology assistance to the libraries in its ten-county area. The System is governed by a twenty-member board of trustees appointed by member county boards. The reporting entity for the System is based upon criteria set forth by the Governmental Accounting Standards Board. All functions of the System for which it exercises oversight responsibility are included.

This report includes all the funds of the 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 these criteria.

Government-Wide and Fund Financial Statements

Government-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 System. All of the System's activities are reported as governmental activities. Governmental activities generally are financed through intergovernmental revenues and other non-exchange revenues.

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

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 of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. Consistent with the requirement to maintain the minimum number of funds, the System accounts for all transactions in the general fund which is considered a major fund.

Measurement Focus, Basis of Accounting and Financial Statement Presentation**Government-Wide Financial Statements**

The government-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.

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 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 eligibility requirements (excluding time) are met are recorded as liabilities. Amounts received in advance of meeting time requirements are recorded as deferred inflows.

Revenues susceptible to accrual include interest and charges for services that meet the availability criteria described above. All other general revenues are recognized when received in cash or when measurable and available under the criteria described above.

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 outflows 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 System funds is restricted by Wisconsin state statutes. Available investments are limited to:

1. Time deposits in any credit union, bank, savings bank or trust company.
2. Bonds or securities of any county, city, drainage district, technical college district, 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, by the University of Wisconsin Hospitals and Clinics Authority or the Wisconsin Aerospace Authority.
3. Bonds or securities issued or guaranteed by the federal government.
4. The local government investment pool.
5. Any security maturing in seven years or less and having the highest or second highest rating category of a nationally recognized rating agency.
6. Securities of an open-end management investment company or investment trust, subject to various conditions and investment options.
7. Repurchase agreements with public depositories, with certain conditions.

The System has adopted an investment policy. That policy follows state statutes for allowable investments. The policy addresses custodial credit risk and credit risk by stating that preservation of principal shall be the paramount objective and liquidity shall be maintained sufficient for the System to meet all disbursement requirements when due. Return on investments shall be maximized only to the extent that the first two objectives are met.

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 Wisconsin Local Government Investment Pool (LGIP) is part of the State Investment Fund (SIF) and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one days' notice. At December 31, 2022, the fair value of the System's share of the LGIP's assets was substantially equal to the System's share as reported in these statements.

See Note 2 for further information.

Receivables

General accounts receivable have been adjusted for all known uncollectible accounts. No allowance is necessary at year end.

Prepaid Items

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

Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by external parties. Restricted assets have been reported in conjunction with the net pension asset since this balance must be used to fund employee benefits.

Capital Assets**Government-Wide Statements**

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are defined by the System as assets with an initial, individual cost of more than \$5,000 for general capital assets and \$20,000 for intangibles and an estimated useful life of one year or more. All capital assets are recorded 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 and amortization of exhaustible capital assets is reported in the statement of activities. Accumulated depreciation is reflected in the statement of net position. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Computers	5 years
Vehicles	5 years
Furniture and equipment	5-10 years
MORE computer equipment	5 years
Intangibles	3-7 years

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

IFLS Library System allows all staff to earn twelve vacation days after one year of employment and one additional day per year through year fourteen to a total of twenty-five days. MLS staff hired after November 20, 1991 and before January 1, 2000, earns twenty vacation days after one year of employment and one additional day per year through year six to a total of twenty-five days.

Employees shall not accumulate more than the amount of vacation leave earned in 12 months employment. Upon retirement or termination of employment, employees have the option of receiving accrued vacation wages in a lump sum cash payment or through continued payroll checks.

Upon retirement from IFLS Library System, employees who meet the retirement requirements of the Wisconsin Retirement System (WRS) receive a pay-out of one-half of their accumulated sick leave. They can also use the pay-out to purchase health and/or dental insurance. Sick leave is valued at the employee's rate of pay at retirement. A maximum accumulation of 864 hours is allowed.

All vested vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and are payable with expendable available resources.

Payments for vacation and sick leave will be made at rates in effect when the benefits are used. Accumulated vacation and sick leave liabilities at December 31, 2022 are determined on the basis of current salary rates and include salary related payments.

Long-Term Obligations

All long-term obligations to be repaid from System resources are reported as liabilities in the government-wide statements. The long-term obligations consist primarily of the net OPEB liability and employee benefits.

Long-term obligations for governmental funds are not reported as liabilities in the fund financial statements.

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.

Equity Classifications

Government-Wide 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 of any bonds, 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 position that do not meet the definition of restricted or net investment in capital assets.

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 Statements

Governmental fund balances are 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 (motion) of the Board. 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 Board 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. The Board may take official action to assign amounts for a specific purpose. 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.

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.

See Note 2 for further information.

Pension

For purposes of measuring the net pension asset (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/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.

Postemployment Benefits Other Than Pensions (OPEB)

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 LRLIF's 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.

2. Detailed Notes on All Funds**Deposits and Investments**

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

	Carrying Value	Bank Balance	Associated Risks
Demand deposits	\$ 1,261,769	\$ 1,334,056	Custodial credit risk
LGIP	960,873	960,873	Credit risk
Petty cash	75	-	N/A
Total deposits and investments	\$ 2,222,717	\$ 2,294,929	

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) and \$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 entity 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 entities. This coverage has been considered in computing custodial credit risk.

The System maintains collateral agreements with its bank. At December 31, 2022, the bank had obtained a collateral confirmation in the amount of \$1,457,241 to secure the System's deposits.

Custodial Credit Risk

Deposits - Custodial credit risk is the risk that in the event of a financial institution failure, the System's deposits may not be returned to the System.

The System does not have any deposits exposed to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The System had investments in the external Wisconsin Local Government Investment Pool which is not rated.

See Note 1 for further information on deposit and investment policies.

Receivables

All receivables are expected to be collected in less than one year.

Governmental funds report *unavailable* or *unearned revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unavailable revenue* and *unearned revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
2023 state aid received in 2022	\$ 1,124,869
South Central LS payment received in 2021	<u>133,475</u>
Total unearned revenue	<u>\$ 1,258,344</u>

IFLS Library System

Notes to Financial Statements
December 31, 2022

Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated/amortized:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Total capital assets not being depreciated/ amortized	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>
Capital assets being depreciated/amortized:				
Buildings	\$ 360,356	\$ -	\$ -	\$ 360,356
Computers	23,776	-	-	23,776
MORE intangibles	104,975	-	-	104,975
Vehicles	25,210	-	-	25,210
Furniture and equipment	15,430	-	-	15,430
MORE computer equipment	68,560	-	-	68,560
Total capital assets being depreciated/ amortized	<u>598,307</u>	<u>-</u>	<u>-</u>	<u>598,307</u>
Less accumulated depreciation/ amortization for:				
Buildings	(175,559)	(8,127)	-	(183,686)
Computers	(23,776)	-	-	(23,776)
MORE intangibles	(104,975)	-	-	(104,975)
Vehicles	(25,210)	-	-	(25,210)
Furniture and equipment	(15,430)	-	-	(15,430)
MORE computer equipment	(68,560)	-	-	(68,560)
Total accumulated depreciation/ amortization	<u>(413,510)</u>	<u>(8,127)</u>	<u>-</u>	<u>(421,637)</u>
Capital assets being depreciated/ amortized net of depreciation/ amortization	<u>\$ 184,797</u>	<u>\$ (8,127)</u>	<u>\$ -</u>	<u>\$ 176,670</u>

Depreciation/amortization expense was charged to functions as follows:

Library services	\$ 8,127
MORE	<u>-</u>
Total depreciation/amortization expense	<u>\$ 8,127</u>

IFLS Library System

Notes to Financial Statements
December 31, 2022

Long-Term Obligations

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

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Net OPEB liability	\$ 143,888	\$ 20,284	\$ -	\$ 164,172	\$ -
Vested employee benefits	142,744	52,445	75,273	119,916	95,638
Total long-term liabilities	<u>\$ 286,632</u>	<u>\$ 72,729</u>	<u>\$ 75,273</u>	<u>\$ 284,088</u>	<u>\$ 95,638</u>

Fund Balances

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

Assigned

General fund:

Building	\$ 65,000
Shared system startup assistance/subsidy	10,000
Shared services program/building expenses	50,000
Vehicle replacement	25,000
Personnel	40,000
WAN/web equipment replacement	20,000
System equipment/furnishings	20,000
Computer lab replacement	10,000
Tech projects/billable reserves	30,000
2023 budget	<u>223,308</u>
Total	<u>\$ 493,308</u>

3. Other Information

Employees Retirement System

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 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>.

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 State executive 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 years' earnings. 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.

Post-Retirement Adjustments

The Employee Trust Funds 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:

Years	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

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, including Teachers, 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 \$53,385 in contributions from the System.

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

<u>Employee Category</u>	<u>Employee</u>	<u>Employer</u>
General (executives and elected officials)	6.75 %	6.75 %
Protective with social security	6.75	11.75
Protective without social security	6.75	16.35

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 \$365,365 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, 2021, the System's proportion was 0.00453297%, which was a decrease of 0.00006600% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the System recognized pension expense (revenue) of \$(36,228).

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 590,229	\$ 42,561
Changes of actuarial assumptions	68,164	-
Net differences between projected and actual earnings on pension plan investments	-	817,354
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,438	2,269
Employer contributions subsequent to the measurement date	57,235	-
Total	<u>\$ 717,066</u>	<u>\$ 862,184</u>

\$57,235 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:

	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
Years ending December 31:	
2023	\$ (17,650)
2024	(99,498)
2025	(43,661)
2026	(41,544)

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 liability (asset)	December 31, 2021
Experience Study:	January 1, 2018 – December 31, 2020 Published November 19, 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. Includes the impact of the known Market Recognition Account deferred gains/losses on the liability for dividend payments.

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.

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			
Core Fund Asset Class	Asset Allocation	Long-Term Expected Nominal Rate of Return	Long-Term Expected Real Rate of Return **
Global equities	52 %	6.8 %	4.2 %
Fixed income	25	4.3	1.8
Inflation sensitive	19	2.7	0.2
Real estate	7	5.6	3.0
Privat equity/debt	12	9.7	7.0
Total core fund***	115 %	6.6 %	4.0 %
Variable Fund Asset Class			
U.S. equities	70.0 %	6.3 %	3.7 %
International equities	30.0	7.2	4.6
Total variable fund	100.0 %	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%.

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 was based on the expected rate of return on pension plan investments of 6.8% 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 municipal bond 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 System's Proportionate Share of the Net Pension Asset (Liability) to Changes in the Discount Rate

The following presents the System's proportionate share of the net pension asset (liability) calculated using the discount rate of 6.80%, as well as what the System's proportionate share of the net pension asset (liability) 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:

	1% Decrease to Discount Rate (5.80%)	Current Discount Rate (6.80%)	1% Increase to Discount Rate (7.80%)
System's proportionate share of the net pensions asset (liability)	\$ (259,252)	\$ 365,365	\$ 814,974

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued financial statements available at <https://etf.wi.gov/about-etf/reports-and-studies/financial-reports-and-statements>.

At December 31, 2022, the System reported a payable to the pension plan which represents contractually required contributions outstanding as of the end of the year.

Risk Management

The IFLS Library 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 as expenses when the related liabilities are incurred.

From time to time, the System is 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 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.

Local Retiree Life Insurance Fund (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 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 (ACFR), 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 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.

IFLS Library System

Notes to Financial Statements

December 31, 2022

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

<u>Coverage Type</u>	<u>Employer Contribution</u>
50% Post Retirement Coverage	40% of employee contribution
25% Post Retirement 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). The member contribution rates in effect for the plan year are as listed below:

**Life Insurance Employee Contribution Rates
For the Plan Year**

<u>Attained Age</u>	<u>Basic</u>
Under 30	\$0.05
30-34	0.06
34-39	0.07
40-44	0.08
45-49	0.12
50-54	0.22
55-59	0.39
60-64	0.49
65-69	0.57

During the reporting period, the LRLIF recognized \$568 in contributions from the employer.

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

At December 31, 2022, the System reported a liability of \$164,172 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 January 1, 2021 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, 2021, the System's proportion was 0.02777700%, which was an increase of 0.00161900% from its proportion measured as of December 31, 2020.

For the year ended December 31, 2022, the System recognized OPEB expense of \$24,292.

IFLS Library System

Notes to Financial Statements

December 31, 2022

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	\$ -	\$ 8,352
Changes of actuarial assumptions	49,602	7,958
Net differences between projected and actual earnings on pension plan investments	2,136	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,142	-
Employer contributions subsequent to the measurement date	514	-
Total	<u>\$ 73,394</u>	<u>\$ 16,310</u>

\$514 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:

	Deferred Outflows of Resources and Deferred Inflows of Resources (Net)
Years ending December 31:	
2023	\$ 12,453
2024	12,205
2025	11,251
2026	12,758
2027	6,913
Thereafter	990

Actuarial Assumptions

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

Actuarial valuation date	January 1, 2021
Measurement date of net OPEB liability	December 31, 2021
Actuarial cost method	Entry age normal
Experience study	January 1, 2018 – December 31, 2020 Published November 19, 2021
20-year tax-exempt municipal bond yield	2.06%
Long-term expected rate of return	4.25%
Discount rate	2.17%
Salary increases:	
Inflation	3.0%
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.

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. Intermediate Credit Bonds	Bloomberg US Intern 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.

IFLS Library System

Notes to Financial Statements

December 31, 2022

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.

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:

	1% Decrease to Discount Rate (1.17%)	Current Discount Rate (2.17%)	1% Increase to Discount Rate (3.17%)
System's proportionate share of the net OPEB liability	\$ 222,723	\$ 164,172	\$ 120,116

At December 31, 2022, the System reported a payable to the OPEB plan, which represents contractually required contributions outstanding as of the end of the year.

Shared Automation System

As of January 1, 2005, MORE is an IFLS service funded by charging participating libraries. Excess charges over expenditures are classified as reserved for future MORE expenditures.

Dissolution of MORE requires the approval of the IFLS Board and MORE member libraries; a minimum of one year's notice must be given. Additional provisions for the dissolution are detailed in the participation agreement which can be found on the System's website at:
<https://docs.iflweb.org/more/files/administration/Participation%20Agreement.pdf>

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

IFLS Library System

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

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Federal grants	\$ -	\$ 761,050	\$ 460,453	\$ (300,597)
State library system aid	1,387,413	1,387,413	1,387,411	(2)
MORE consortium income	783,399	783,399	783,435	36
Shared cataloging service income	216,599	79,886	79,886	-
Investment income	2,000	10,000	30,206	20,206
Other income	167,800	181,200	234,046	52,846
Total revenues	2,557,211	3,202,948	2,975,437	(227,511)
Expenditures				
Administration	199,799	207,464	194,139	13,325
Billable/cooperative purchases	150,000	175,000	206,078	(31,078)
Billable/shared cataloging service	216,599	-	-	-
Consult/continuing education	208,371	941,819	583,416	358,403
Delivery service	353,022	372,034	372,183	(149)
Library collection development	29,115	33,890	43,256	(9,366)
Library services to youth	59,945	55,095	56,165	(1,070)
MORE consortium	843,399	843,399	838,140	5,259
Public information	51,674	47,783	44,987	2,796
Reference/interlibrary loan	139,004	105,311	110,392	(5,081)
Inclusive services	46,253	46,506	47,034	(528)
Shared system	190,056	266,744	211,440	55,304
Technology	324,881	315,681	292,541	23,140
Total expenditures	2,812,118	3,410,726	2,999,771	410,955
Net change in fund balance	(254,907)	(207,778)	(24,334)	183,444
Fund Balance, Beginning	1,063,630	1,063,630	1,063,630	-
Fund Balance, Ending	\$ 808,723	\$ 855,852	\$ 1,039,296	\$ 183,444

See notes to required supplementary information

IFLS Library System

Schedule of Employer's Proportionate Share of the Net Pension Asset (Liability) -

Wisconsin Retirement System (WRS)

Year Ended December 31, 2022

WRS Fiscal Year End Date (Measurement Date)	System's Proportion of the Net Pension Asset (Liability)	System's Proportionate Share of the Net Pension Asset (Liability)	System's Covered Payroll	System's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
12/31/21	0.00453297%	\$ 365,365	\$ 790,890	46.20%	106.02%
12/31/20	0.00459897%	287,120	723,197	39.70%	105.26%
12/31/19	0.00477888%	154,092	751,416	20.51%	102.96%
12/31/18	0.00484128%	(172,237)	737,282	23.36%	96.45%
12/31/17	0.00481808%	143,054	720,332	19.86%	102.93%
12/31/16	0.00478490%	(39,439)	705,537	5.59%	99.12%
12/31/15	0.00474189%	(77,055)	670,901	11.49%	98.20%
12/31/14	0.00466494%	114,584	665,296	17.22%	102.74%

Schedule of Employer Contributions

Wisconsin Retirement System (WRS)

Year Ended December 31, 2022

System's Fiscal 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
12/31/22	\$ 57,235	\$ 57,235	\$ -	\$ 880,540	6.50%
12/31/21	53,385	53,385	-	790,890	6.75%
12/31/20	48,816	48,816	-	723,198	6.75%
12/31/19	49,218	49,218	-	751,416	6.55%
12/31/18	49,398	49,398	-	737,282	6.70%
12/31/17	48,983	48,983	-	720,332	6.80%
12/31/16	46,565	46,565	-	705,537	6.60%
12/31/15	45,621	45,621	-	670,901	6.80%

See notes to required supplementary information

IFLS Library System

Schedule of Employer's Proportionate Share of the Net OPEB Liability -

Local Retiree Life Insurance Fund (LRLIF)

Year Ended December 31, 2022

LRLIF Fiscal Year End Date (Measurement Date)	System's Proportion of the Net OPEB Liability	System's Proportionate Share of the OPEB Liability	System's Covered Payroll	System's 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
12/31/21	0.02777700%	\$ 164,172	\$ 787,000	20.86%	29.57%
12/31/20	0.02615800%	143,888	746,000	19.29%	31.36%
12/31/19	0.02137600%	91,023	748,000	12.17%	37.58%

Schedule of Employer Contributions

Local Retiree Life Insurance Fund (LRLIF)

Year Ended December 31, 2022

System's Fiscal 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
12/31/22	\$ 514	\$ 514	\$ -	\$ 881,620	0.06%
12/31/21	561	561	-	790,890	0.07%
12/31/20	483	483	-	787,000	0.06%

See notes to required supplementary information

Budgetary Information

Budgetary information is derived from the annual operating budget and is presented using the same basis of accounting for each fund as described in Note 1.

Budgetary expenditure control is exercised at the function level. Reported budget amounts are as amended by System board action.

Wisconsin Retirement System

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

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 for any participating employer in the Wisconsin Retirement System.

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

Based on a three-year experience study conducted in 2018 covering January 1, 2015 through December 31, 2017, the ETF Board adopted assumption changes that were used to measure the total pension liability beginning with the year-ended December 31, 2018, including the following:

- Lowering the long-term expected rate of return from 7.2% to 7.0%
- Lowering the discount rate from 7.2% to 7.0%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Lowering the post-retirement adjustments from 2.1% to 1.9%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

Local Retiree Life Insurance Fund

The amounts determined for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

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 for any participating employer in the LFLIF.

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

The assumption changes that were used to measure the December 31, 2018 total OPEB liabilities, including the following:

- Lowering the long-term expected rate of return from 5.00% to 4.25%
- Lowering the wage inflation rate from 3.2% to 3.0%
- Lowering the price inflation rate from 2.7% to 2.5%
- Mortality assumptions were changed to reflect updated trends by transitioning from the Wisconsin 2012 Mortality Table to the Wisconsin 2018 Mortality Table

SUPPLEMENTARY INFORMATION

IFLS Library System

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Program Title	Assistance Listing Number	Pass-Through Agency	Pass-Through Agency ID	Program or Award Amount	(Accrued)/ Deferred Beginning Balance	Cash Received	Expenditures	Accrued/ (Deferred) Ending Balance
Institute of Museum and Library Services								
Grants to States	45.310							
LSTA - Outdoors and In: A Hybrid Library Service Model		WI DPI	N/A	\$ 80,995	\$ -	\$ 44,056	\$ 80,995	\$ 36,939
LSTA - Community Engagement (Web Junction)		WI DPI	N/A	12,607	-	-	12,607	12,607
LSTA - Professional Learning Support		WI DPI	N/A	24,771	-	-	12,986	12,986
LSTA - Cornell Public Library Standalone to Shared System ILS		WI DPI	N/A	25,000	-	-	1,272	1,272
LSTA - Statewide Backup and Digitization Archives		WI DPI	N/A	198,933	-	198,933	198,933	-
LSTA - Professional Learning Scholarships		WI DPI	N/A	28,997	(14,360)	28,997	14,637	-
LSTA - Project IDEA		WI DPI	N/A	26,080	(23,750)	26,080	2,330	-
LSTA - LEAN WI - Sparsity Aid		LEAN WI	N/A	7,612	-	7,612	7,612	-
Total grants to states				404,995	(38,110)	305,678	331,372	63,804
Laura Bush 21st Century Librarian Program	45.313							
Libs Activating Workforce Dev (LAWD's 2)		WI DPI	N/A	187,168	(58,087)	187,168	129,081	-
Total federal awards				\$ 592,163	\$ (96,197)	\$ 492,846	\$ 460,453	\$ 63,804

See notes to schedules of expenditures of federal and state awards

IFLS Library System

Schedule of Expenditures of State Awards

Year Ended December 31, 2022

State Agency/Program Title	State ID Number	Program or Award Amount	(Accrued)/ Deferred Beginning Balance	Cash Received	Expenditures	Accrued/ (Deferred) Ending Balance
Wisconsin Department of Public Instruction						
Public Library Systems Aid	255.002	\$ 1,387,411	\$ 900,042	\$ 1,387,411	\$ 1,162,584	\$ (1,124,869)
Total state awards		<u>\$ 1,387,411</u>	<u>\$ 900,042</u>	<u>\$ 1,387,411</u>	<u>\$ 1,162,584</u>	<u>\$ (1,124,869)</u>

See notes to schedules of expenditures of federal and state awards

IFLS Library System

Notes to Schedules of Expenditures of Federal and State Awards
Year Ended December 31, 2022

Basis of Presentation

The accompanying schedules of expenditures of federal and state awards (the Schedules) include the federal and state grant activity of the IFLS Library System under programs of the federal and state government for the year ended December 31, 2022. The information in these Schedules is presented in accordance with the requirements of the Wisconsin Department of Public Instruction. Because the Schedules present only a selected portion of the operations of the IFLS Library System, they are not intended to and do not present the financial position or changes in net position of the IFLS Library System.

Summary of Significant Accounting Policies

Expenditures reported on the schedules are reported on modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The underlying accounting records for grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, revenues are recorded when susceptible to accrual, i.e., 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. Expenditures are recorded when the liability is incurred.

Pass-Through Grantors

Federal funds have been passed through the following grantor:

WI DPI - Wisconsin Department of Public Instruction

LEAN WI - Libraries and Enterprise Applications Nexus of Wisconsin

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
IFLS 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 IFLS Library System (the System), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the System's basic financial statements, and have issued our report thereon dated May 16, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 System's internal control. Accordingly, we do not express 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. However, as described in the accompanying schedule of findings and responses, we did identify a certain deficiency in internal control that we consider to be a material weakness and another deficiency that we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 System's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the System's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The 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.

A handwritten signature in black ink that reads "Baker Tilly US, LLP". The signature is written in a cursive, flowing style.

Eau Claire, Wisconsin
May 16, 2023

IFLS Library System

Schedule of Findings and Responses
Year Ended December 31, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Section II - Financial Statement Findings Required to be Reported in Accordance With Government Auditing Standards

Finding 2022-001: Financial Statement Close Process

Criteria: A system of controls should be in place to that provides reasonable assurance that year-end financial statements, including the schedules of expenditures of federal and state awards and footnotes, are complete and accurate.

Condition: There is a lack of controls over the year-end financial reporting process. We, as your auditors, prepared the System's financial statements, including the schedules of expenditures of federal and state awards and footnotes.

Cause: The System has chosen to have the auditors prepare the year-end financial statements, schedules of expenditures of federal and state awards and footnotes.

Effect: The financial statements, schedule of expenditures of federal awards and footnotes may not contain all of the required disclosures.

Recommendation: We recommend the System consider whether preparation of the financial statements by the System staff is cost effective. The Board of Trustees should continue to make a reasonable effort to be knowledgeable about the System's financial condition and financial reporting requirements.

Management's Response/Planned Corrective Action: Because of its size, the System does not feel it is cost effective to hire additional employees with the experience and technical training to prepare its financial statements and schedule of expenditures of federal and state awards. The System is, however, willing to assist with the preparation of these reports and will continue to work to gain experience in this area.

Finding 2022-002: Internal Control Environment

Repeat of Prior Year Finding 2021-001

Criteria: A system of internal control should be in place to achieve a high level of reliability that errors or irregularities in your processes would be discovered by your staff. A critical component of a solid internal control system is ensuring that individuals have access to only one phase of an accounting process.

Condition: There is a lack of controls over accounts payable/disbursements, payroll and monthly and year-end accounting due to a lack of segregation of duties in the accounting functions.

Cause: The System has not assigned duties to have appropriate controls in place.

Effect: Because of the lack of internal controls, it is less likely that errors or irregularities would be discovered internally and your accounting records may be misstated.

Recommendation: The System's board and management should consider whether additional compensating controls are feasible. In the absence of hiring additional staff, the board of trustees should rely more heavily on their direct knowledge of the System's operations and regular contact with management to control and safeguard assets.

Management's Response: The System, including the board of trustees, is aware that the System has a lack of segregation of duties. Because of its size, the System does not feel it is cost effective to hire the number of employees needed for an adequate segregation of duties. The System board relies on their direct knowledge of the System's operations and regular contact with management to control and safeguard assets. Management is also very involved in the day-to-day operations of the System and compensating controls have been implemented where practical.

IFLS LIBRARY SYSTEM

INVESTMENT POLICY**Delegation of Authority:**

The IFLS Library System Board of Trustees delegates authority to invest library system funds in accordance with terms of Wisconsin Statutes 66.04 and in accordance with such restrictions as the Board may adopt from time to time.

Acceptable Investment Practices:

Investment of the IFLS Library System's inactive funds shall be conducted by the Business Manager based on sound investment practices. Allowable investments shall be those enumerated under Wisconsin Statutes 66.04. The proper mix of the investment portfolio shall be determined by the Business Manager and approved by the System Director and reported to the Board or Executive Committee. In all respects the investments shall adhere to the following objectives.

1. The preservation of principal shall be the paramount objective.
2. Liquidity shall be maintained sufficient for the library system to meet all disbursement requirements when due.
3. Return on investments shall be maximized only to the extent that the first two objectives are met. The Board of Trustees recognizes that meeting these objectives may result in interest earnings less than that obtainable with a more aggressive policy.

Reporting:

A report of investment results shall be made to the Board of Trustees semi-annually in March and July of each year.

Policy Review:

The Investment Policy shall be reviewed annually by the Board of Trustees.

*Approved by the IFLS Board of Trustees: September 26, 1995.
Reviewed: March 2022*

IFLS Library System Board of Directors
Library Development and Youth Services Coordinator's Report of Activities
 Submitted by Leah Langby May 16, 2023

Continuing Education/Professional Development Highlights:

Recent offerings:

- Presented a 3 hour inservice for Barron staff about teen brains and behavior. Director comment afterwards: "I have had several staff tell me how 'worthwhile and informative' it was, and I have already seen a difference in how situations are being handled."
- Statewide project *Wisconsin Libraries Talk About Race* Year 2 has had two of three webinars for the spring. I hosted *How to Move Past Midwest Nice Towards Safety and Belonging*, 123 people attended live (18 from IFLS). To watch recordings or register for upcoming sessions, please see the website: <https://www.wislibidea.com/schedule/>
- *Vocal Health Workshop* with Kat Sherman, a two-hour in-person workshop attended by 11 people. Requested by staff at the L.E. Phillips Memorial Public Library. Feedback was positive.
- Check-ins hosted:
 - Book-bike users (from the ARPA grant) to talk about upcoming plans and share ideas
 - Director Check-In
 - New Director Check-in (facilitated by Katelyn)—Programming, especially for summer
 - Youth Services Check-in—rescuing programs that go off the rails (especially storytime)

Upcoming offerings:

- Statewide project *Wisconsin Libraries Talk About Race* Year 2 also has two in-person workshops *Becoming an Active Ally*. One of the workshops will be in Eau Claire. I am hosting/coordinating this workshop. Registration is open, and trustees are welcome to attend! Check the website for more information: <https://www.wislibidea.com/schedule/>
- Planning for the rest of 2023 is in progress, including transforming conflict; statewide Tech Days; and a Director Retreat
- Working with another consultant to create a 1-hour recorded presentation with tools and suggestions for considering accessibility and inclusion in buildings for a statewide Library Buildings project.

Consulting included discussion and support for certification, consulting on youth services space in Ogema, new youth services orientation for River Falls staff, intellectual freedom concerns, accessibility of spaces, and facilitating a values exercise with the library board at the Somerset Public Library. Working with Katelyn and Cecelia on facilitating an Intellectual Freedom Working Group made up of library workers from the IFLS area.

Other:

- Attended Joint Finance Committee Hearing in Eau Claire
- Attended the *Lead the Way: Libraries at the Heart of Community Engagement Conference* at the iSchool in Madison in April. I got some great ideas for facilitating conversations with library staff and directors, some ideas for helping libraries with (and developing my own) partnerships, and I also got to meet in person two of the people I mentored during the Wisconsin Libraries Transform Communities project, Zander Miller and Brandon Morris from Kenosha—they were the keynote speakers! It was amazing to connect with them, and with the librarians from the IFLS area who were also attending (and sharing rides).

Board Report for Communications and Outreach

May 2023 IFLS Board of Trustees meeting
from Rebecca Kilde

Explore MORE Passport Program off to a solid start

- Our two newest MORE members, Cornell Public Library and CVTC Academic Library, are participating this year.
- We recently got some unsolicited news coverage from WQOW, featuring Altoona director Arin Wilken. Clicking on this link and watching the video will show WQOW journalists that we would like more stories about libraries!
https://www.wqow.com/news/libraries-encouraging-visitation-through-passport-program/article_b1d91cd2-f118-11ed-be4f-4357985f9cf0.html
- I hope you'll participate, even if you can only visit a few libraries. It's a fun way to explore our library communities. Pick up a passport at your local library. All the details are here:
<https://iflweb.org/exploremore2023/>
- We've added an Explorer's Guide to local fabric arts businesses. Some libraries are expanding their partnerships with local businesses, which benefits the whole community.

What happens when someone gets a “page not found” 404 error on our website?

Our website's 404 error page is customized so that it's easy for people to get back to our website. Most of the 404 errors (about 90% of them) come from external links. Not surprisingly most people who land on this page exit back out, although almost 25% stick around and continue to peruse the website.



Help us spread the word!

- Do you read our monthly e-letter, ***The News From IFLS?*** It's a great way to keep up with what's happening here in our system and beyond. This newsletter includes Libraries in the News, advocacy updates, helpful tips for using library resources and more. Here's a [link](#) to the latest issue. You can subscribe and look at archives from the top menu on that page. (There's also a link at the bottom of the IFLS website home page.)
 - Please share *The News* with your local elected officials! Let's make sure they get good information about libraries!
 - Make sure your local elected officials are on your local library's newsletter list, too!

Public Services Consultant Report

Katelyn Noack

I. Consulting

Assisted several libraries rewrite their meeting room policies.

Somerset is starting with the rough draft of their strategic plan. We met to workshop the themes, priorities, and start on the action steps.

Fall Creek finished data collection and a rough draft of their strategic plan.

Amery is moving forward with their plan, John is going to facilitate focus groups at the end of May, I will be assisting and learning.

II. New Directors

New Director Cohort met again in May and discussed programming. Our next meeting will be in July and anticipated topic is staff reviews.

The New Director Orientation webpage is completed and Reb transitioned it into an accessible format! The page was sent with the welcome letter to our two new Directors.

III. Collaborations/Adult Services

The Intellectual Freedom Workgroup, spearheaded by Leah & Cecelia, continues. We will have our second meeting at the end of the month and work has been done to expand our resource offerings.

Leah provided a facilitated values discussion at Somerset; I went with her to learn how it's all done!

Leah and I met with the League of Women voters. They work with libraries in 6 of our 10 counties to spread information on voter registration. It is likely that in the fall we will utilize the courier system to share content with our libraries.

IV. Committee Meetings

National Delivery Service Working Group

Library Workforce Connection

Wisconsin Public Library Consortium Board Meeting

WISL Meeting

State Delivery Meetings

New Director Cohort

MORE Directors Council / Operations Committee / MORE Executive / Director Check-In

V. Delivery

A new terminal manager started at the end of March and service is much improved! I would guess it's the closest we have been to pre-pandemic service in quite some time. Presently 98% of materials take less than one week to travel between libraries – the best numbers since I've started with IFLS.

Conducted the biannual delivery study in early May, results show a decrease in reported sorting errors and other mistakes.

VI. Other Tidbits

Attended the WAPL conference in Oshkosh.

Graduated UW-Milwaukee with a Master's in Library and Information Science

Resource Sharing and Collection Consultant's Report

Cecelia Cole, May 2023 - IFLS Board of Trustees

Project Highlights:

- **Digital Content Platform Review:** In collaboration with Lori Roholt and the MORE Resource Sharing and Collection Development Committee, I am in the process of reviewing a few different digital content platforms, specifically for ebook and e-audiobook collections. We are exploring options that may potentially address and support the demand for the existing digital collection available through Wisconsin's Digital Library (as provided by OverDrive/Libby and the Wisconsin Public Library Consortium [WPLC]). At this point, we have reviewed digital content providers such as The Palace Project and Hoopla. This review process will be ongoing as we continue to look at ways to address the demand and popularity of digital content.
- **ILL Training Resource Updates:** The [IFLS Interlibrary Loan resource page](#) has been updated to include additional links to important ILL training resources, including new visual examples library staff can refer to when processing interlibrary loan items and preparing items to be sent in the courier.
- **Programming and Displays Policy Example:** As part of the UW-Madison Continuing Education course I took in March and April on *Navigating Book and Program Challenges for Public Libraries*, I developed a Programming and Displays Policy Example for IFLS libraries to use when updating or creating their own policies. The example policy also includes a reconsideration procedure and form, and will be posted on the IFLS website soon.
- **Intellectual Freedom Resource Updates:** The [IFLS Materials Challenges and Intellectual Freedom page](#) has been updated with a new *Responding to Challenges Checklist* and a new *Collection Development Policy Example* based on Dresser PL's recently updated policy. These new resources are part of the ongoing support and development of resources IFLS continues to provide to libraries regarding materials challenges and intellectual freedom.

Consultations:

- **Collection Development Policy Review:** Cumberland PL, Prescott PL, Somerset PL, Hudson PL, Eau Claire PL, Boyceville PL (March-May 2023)

Library Visits:

- **Barron PL:** Director Check-in, March 2023
- **Cumberland PL:** Collection Development and Policy Discussion, March 2023
- **Rice Lake PL:** Director Check-in, April 2023
- **Barron PL:** Staff Development Presentation on WISCAT/ILL, April 2023

Committee Meetings:

- **WLA Intellectual Freedom Special Interest Group:** March 2023
- **WPLC Selection Committee:** March 2023
- **MORE Director's Council:** March 2023
- **Resource Sharing and Collection Development Committee:** May 2023
- **WPLC Steering Committee** (Proxy stand-in): May 2023

Professional Development:

- **Course:** *Navigating Book and Program Challenges for Public Libraries* – UW Madison Continuing Education (six week course), March-April 2023
- **Webinar:** *Our Brave Communities: Embracing School Librarians* – ALA Connect, April 2023

IT Director Report

IFLS Board of Trustees, May 2023

Kris Schwartz, IT Director

NWLS Network Migrations to the Data Center and IFLS IP change

For the past few years Northern Waters Library System (NWLS) has been in the process of onboarding their libraries into the Lean Wisconsin network. The library migrations to the Badgernet Headend at the CVTC data center are complete and we are currently working on migrating the NWLS Wide Area Network (WAN) over to the data center. This is a big move and requires a lot of planning and coordination between NWLS, IFLS, and Wiscnet. During the investigation with Wiscnet on the NWLS WAN migration it was also discovered that when IFLS was first moved to the data center we had been provided with an internal device interface IP address from Wiscnet by that we have been using as our WAN IP by mistake. I am working with Wiscnet to solve this issue in unison with the NWLS migration as IFLS will need to be re-assigned a WAN IP address in order for the NWLS migration to take place. The WAN IP address is the core access point for all the libraries in 2 of 3 partner systems in Lean Wisconsin to the public internet and changing the WAN IP is no small task. We have several IFLS libraries that are not using Badgernet and use Internet Protocol Security (IPSEC) tunnel connections through their local telco with our core router at the data center to be able to access Sierra, Pharos, and many of our Active Directory services. IPSEC requires a direct mapping to a public WAN IP which is currently mapped to the WAN IP that Wiscnet originally assigned us from the libraries using IPSEC tunnels. Wiscnet has assigned us a new subnet to use for our WAN IP. I have completed the IPSEC migrations, and we are in the process of updating the network to the new public IP address. Changing our public IP is an involved process. IFLS uses IP authentication to a number of the databases we provide the libraries access to. That means we have to register our IP address with these database vendors to allow patrons to access the databases from within the library without a separate account. The first of 3 major IP changes has been implemented. This first change will run for a few weeks as a test to catch any unforeseen issues that may pop up. So far there have only been a few very minor issues which were easy to fix. The next change will happen in the next few weeks and then we will make the final move to the new interface IP and full migration of NWLS to the data center.

MORE Administrator's Report

Lori Roholt

May 2023 – IFLS Board of Trustees

2023 Innovative Users Group (IUG) Conference

MORE Project Managers Bridget Krejci and Kathy Setter, Bibliographic Services Manager Deb Faulhaber, and I attended the 2023 IUG Conference last week. It was a valuable opportunity to learn from other users and our main software vendor, Innovative Interfaces, about the library software that underpins MORE's circulation and resource-sharing operations, as well as the first in-person IUG conference in four years. Library staff and directors can expect a recap of our experience in a forthcoming email newsletter.

MORE Bylaws Review

At their May meeting, MORE Executive Committee made recommended amendments to the MORE Bylaws, Appendix C of the MORE Participation Agreement, and directors receive those recommended amendments on May 5. Directors will review the amendments and vote to approve as early as the next MORE Directors Council meeting on July 21. The amendments will then come to the IFLS board for approval.

New and prospective MORE Member Libraries

Cornell Public Library is on track to go live with MORE at the beginning of July! Thank you to Kathy, Bridget, and Deer Park Director Barbara Krueger for their help in adding Cornell's items to the shared MORE database.

Hawkins Area Library in Rusk County has expressed interest in joining MORE, pending the award of LSTA grant funds for startup. If funds are awarded, Hawkins could go live on MORE as early as July 2024.

Bibliographic Services Update

So far this year, 12,054 title (bib) record have been added to the shared MORE database by catalogers at cataloging partner libraries and at IFLS:

- 3,354 records shared among one or more libraries
- 2,248 unique to one of MORE's Cataloging Partner libraries
- 4,500 unique to one of the MORE-member libraries using either the Shared Services or CABS service
- 1,952 records for electronic materials from OverDrive (ebooks or audiobooks)

In addition to adding new records, catalogers are continually cleaning up older records to ensure optimal access to collections for patrons.

2024 MORE Budget planning

The 2024 MORE budget process is underway. The May Directors Council meeting includes a preview of the 2024 MORE budget, and a budget hearing follows in June—an opportunity for library directors and staff to weigh in on next year's MORE budget. MORE Directors Council will finalize and approve the budget at their July meeting.

Find current and previous budgets on the [MORE budgets](#) page.

Director's Report
IFLS Board of Trustees
May 24, 2023

Agenda Items:

IX. 2022 Audit Report and Presentation

Sheanne Hediger from Baker Tilly will be presenting their findings at the meeting.

X. * IFLS Investment Report and Review of Investment Policy

Adam Fuller will be sharing an update on our investments and how we currently invest our funds.

XI. IFLS Staff Reports and In-depth Report

Presentation from Leah Langby, Library Development and Youth Services Coordinator.

XIII. * Report from IFLS Personnel Committee

The Committee will be meeting in the morning prior to the Board meeting. They will be electing a chair and determining a recommendation for the Director Evaluation Process/Timeline.

Monthly Activities:

State Budget

Jill Markgraf spoke at Joint Finance Hearing (April 11th) on behalf of area libraries and librarians in support of library funding for library systems, BadgerLink, and other statewide contracts. She was joined by 15 or so library supporters from three different systems. Heather Johnson (River Falls) and I worked on rounding up individuals to stand in support of the budget. Jill did a GREAT job. We are waiting to hear what the Joint Finance Committee will include in their budget recommendation.

Director Hiring

Nick Andrews is the new director at Elmwood. Currently Hawkins is the only library without a director. Their interim director is working out well for them.

WAPL Conference

I attended the System and Resource Library Directors (SRLAAW) and WAPL Conference from April 26th to April 28th. I presented a session on Space Planning on Friday morning and participated as a panel member regarding the Facility Survey on Thursday afternoon. I spent a good amount of time networking with individuals from the IFLS area and across the state.

News from SRLAAW-

Jeff Gilderson-Duwe is retiring from Winnefox Library System/Oshkosh Public Library. Their respective boards have agreed to split the positions. Winnefox has named Clairellyn Sommersmith as their new director effective with Jeff's retirement. John Thompson now becomes the longest serving system director in the state.

Buildings/Space Planning

Attended meetings in Ogema, Stanley, Boyceville, Cadott, Balsam Lake, and Chetek related to buildings or space planning.

Participate in monthly building/space planning CE meetings for statewide series on buildings/space.

Participate in Facility Survey leadership meetings every two weeks.

Consulting

Buildings/Space Planning, Budget/Finance, County Planning, Strategic Planning, and Personnel.

John Thompson, May 15, 2023

2023 IFLS Board of Trustees

Judith Achterhof *Treasurer*

1759 County Road O
Emerald, WI 54013
(715) 265-7160
jachterhof@hotmail.com
St. Croix County Board Member
(Term Exp: 12/2024)

Mary Ellen Brue

1210 Lokhorst
Baldwin, WI 54002
Phone: (715) 684-3074
brewT4me@gmail.com
St. Croix County Citizen Member
(Term Exp: 12/2025)

Jan Daus *Personnel*

E6255 Walnut Road
Eau Claire, WI 54701
(715) 878-9199
jan.daus.18@gmail.com
Eau Claire County Citizen Member
(Term Exp: 12/2024)

Sue Duerkop *President*,

1799 172nd Avenue
Centuria, WI 54824
(715) 220-2458
sduerkopb4a@gmail.com
Polk County Citizen Member
(Term Exp: 12/2024)

Pat Eggert *Secretary*

E9001 County Road N
Colfax, WI 54730
(715) 962-3903
eggertpatricia@gmail.com
Dunn County Citizen Member
(Term Exp: 12/2025)

Lois Goode

204 Maplewood Drive
Ladysmith, WI 54848
(715) 532-9452
Lois.goode43@gmail.com
Rusk County Board Member
(Term Exp: 12/2025)

Marilyn Holte

8303 163rd Street
Chippewa Falls, WI 54729
(715) 723-5778
mjunebug@charter.net
Chippewa County Citizen Member
(Term Exp: 12/2024)

Kathy Krug

613 North 3rd Street
Cameron, WI 54822
(715) 205-1387
kathy.krug@co.barron.wi.us
Barron County Board Member
(Term Exp: 12/2023)

Mary Alice Larson *Personnel*

36 West Knapp Street
Rice Lake, WI 54868
(715) 234-6997
Maryalice.larson@gmail.com
Barron County Citizen Member
(Term Exp: 12/2025)

Sheila Lorentz

W7965 390th Avenue
Ellsworth, WI 54011
(715) 792-2922
Sheila.lorentz@co.pierce.wi.us
Pierce County Board Member
(Term Exp: 12/2024)

Paula Lugar

W424 N. 2nd Street
Spring Valley, WI 54767
(651) 235-6557
plugar@svtel.net
Pierce County Citizen Member
(Term Exp: 12/2025)

Jill Markgraf

525 Summit Avenue
Eau Claire, WI 54701
(715) 456-8429
markgrjs@uwec.edu
Eau Claire County Resource Library
(Term Exp: 12/2024)

Sue Marshall *Personnel*

W7370 Morningside Drive
Phillips, WI 54555
(715) 820-2447
marshfam@pctcnet.net
Price County Citizen Member
(Term Exp: 12/2023)

Barbara McAfee

347 East Louisiana
St Croix Falls, WI 54024
(612) 840-9255
Barbara.mcafee@polkcountywi.gov
Polk County Board Member
(Term Exp: 12/2023)

Jackie Pavelski

1715 Meadow Lane
Eau Claire, WI 54701
(715) 834-5250
Jackie_Pavelski@yahoo.com
Eau Claire County Citizen Member
(Term Exp: 12/2025)

Ricky Riggins *Personnel*

W8851 County Road N
Pepin, WI 54759
(812) 890-1134
rriggins@hotmail.com
Pepin County Citizen Member
(Term Exp: 12/2024)

Michael Schendel

808 Second Street
Hudson, WI 54016
(651) 283-6807
michael@schendel.com
St Croix County Citizen Member
(Term Exp: 12/2023)

Joel Seidlitz

4255 County Highway T
Chippewa Falls, WI 54729
(715) 864-4566
jseidlitz@co.chippewa.wi.us
Chippewa County Board Member
(Term Exp: 12/2023)

Josh Sterling *Vice-President*

1820 Eddy Lane
Eau Claire, WI 54703
(715) 379-3510
Josh_sterling78@yahoo.com
Eau Claire County Citizen Member
(Term Exp: 12/2025)

Jim Tripp *M-A-L*,

621 Fagstad Street
Menomonie, WI 54751
(715) 309-8083
Jimtripp23@gmail.com
Dunn County Citizen Member
(Term Exp: 12/2023)



Executive Committee



Personnel Committee

Updated: May 2023