# CASS DISTRICT LIBRARY

FINANCIAL STATEMENTS

WITH REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2023

KRUGGEL LAWTON CPA

St. Joseph, MI

**Cass District Library**
**Cassopolis, Michigan**
**Financial Statements**
**December 31, 2023**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees
Cass District Library
Cassopolis, Michigan

**Opinions**

We have audited the accompanying financial statements of the governmental activities and the major fund of Cass District Library (the "Library") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund on the Library, as of December 31, 2023, and the respective changes in financial position for the year ended in conformity 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Library'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.

## INDEPENDENT AUDITOR'S REPORT, CONTINUED

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 three is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism through 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 including 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 Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness or 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 of events, considered in the aggregate, that raise substantial doubt about the Library'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.

## INDEPENDENT AUDITOR'S REPORT, CONCLUDED

**Required Supplementary Information**

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

Respectfully submitted,

Kruggel, Lawton & Company, LLC

Certified Public Accountants

St. Joseph, Michigan
March 20, 2024

As management of Cass District Library (the "Library"), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the year ended December 31, 2023.

## FINANCIAL HIGHLIGHTS

- ✓ The assets and deferred outflows of resources for the Library exceeded its liabilities and deferred inflows of resources at the close of the most recent year by $2,619,112 and of this amount, $834,658 is unrestricted and may be used to meet the Library's ongoing obligations to citizens and creditors.

- ✓ The Library's total net position decreased by $59,591 and increased by $283,972 for the years ended December 31, 2023 and 2022, respectively.

- ✓ As of the close of the current year, the Library's governmental fund reported an ending fund balance of $1,128,270. For this year, revenues exceeded expenditures by $253,322.

- ✓ Unassigned fund balance for the General Fund was $1,069,486 or 67.37%, and $874,948 or 53.59% of the total General Fund expenditures for 2023 and 2022, respectively.

## OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – *management's discussion and analysis (this section), the basic financial statements*, and *required supplementary information*. The basic financial statements include information that presents two different views of the library:

- The first column of the financial statement includes information on the Library's General Fund under the modified accrual method. The *fund financial statements* focus on the current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.

- The adjustment column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full-accrual method.

- The *library as a whole* financial statement column provides both *long-term* and *short-term* information about the Library's overall financial status. The Statement of Net Position and the Statement of Activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending.

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 a section of *required supplementary information* that further explains and supports the information in the financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the Library, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $2,619,112 at the close of the most recent year. A portion of the Library's net position, $1,784,454 is reflected in its net investment in capital assets. The Library uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. The following table compares key financial information in a condensed format:

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| **Assets:** | | |
| Current Assets | $ 2,843,820 | $ 2,398,595 |
| Capital Assets, net | 1,818,436 | 1,661,105 |
| **Total Assets** | $ 4,662,256 | $ 4,059,700 |
| **Deferred Outflows of Resources** | $ 70,186 | $ 243,208 |
| **Total Assets and Deferred Outflows of Resources** | $ 4,732,442 | $ 4,302,908 |
| **Liabilities:** | | |
| Current Liabilities | $ 131,660 | $ 47,924 |
| Noncurrent Liabilities | 268,405 | 53,734 |
| **Total Liabilities** | $ 400,065 | $ 101,658 |
| **Deferred Inflows of Resources** | $ 1,713,265 | $ 1,522,547 |
| **Net Position:** | | |
| Net Investment in Capital Assets | $ 1,784,454 | $ 1,614,686 |
| Unrestricted | 834,658 | 1,064,017 |
| **Total Net Position** | $ 2,619,112 | $ 2,678,703 |
| **Total Liabilities, Deferred Inflows of Resources and Net Position** | $ 4,732,442 | $ 4,302,908 |

| | For the Year Ended December 31, 2023 | For the Year Ended December 31, 2022 |
|---|---|---|
| **Revenues:** | | |
| Taxes | $ 1,507,021 | $ 1,216,203 |
| Other | 333,892 | 301,574 |
| **Total Revenues** | $ 1,840,913 | $ 1,517,777 |
| **Expenses-Library Services** | 1,900,504 | 1,233,805 |
| **Change in Net Position** | $ (59,591) | $ 283,972 |

The unrestricted net position of $834,658 may be used to meet the Library's ongoing obligations to citizens and creditors. At the end of the current year, the Library is able to report positive balances in both categories of net position for its governmental activities. The Library's net position shows a decrease of $59,591.

The Library's governmental revenues increased by $323,136 and expenses increased by $666,699. Revenues increased due to an increase in USF grants and taxes. Expenses increased mainly due to an increase in depreciation, contractual services, and automation expenditures.

## GOVERNMENTAL FUND ANALYSIS

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

**Governmental Fund**. The focus of the Library's *governmental fund* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Library's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, the Library's governmental fund reported ending fund balance of $1,128,270 with an increase of $253,322. Most expenditures were comparable to 2022 with the exception for the increase in capital outlay. All of the Library's fund balance is classified as *unassigned fund balance*, which is available for spending at the Library's discretion. The General Fund is the only operating fund of the Library.

## LIBRARY BUDGETARY HIGHLIGHTS

Actual revenues that were collected were over the amended budget by $16,908.

Actual expenditures were under budget by $126,434 as salaries, employee benefits, repairs and maintenance, and capital expenditures were lower than what was budgeted.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

During current year, the Library invested $271,561 in capital assets for its governmental activities. This investment includes library books and building improvements for the new Edwardsburg branch. The Library disposals are fully-depreciated books. The Library expects that library books and equipment additions for 2024 will be about the same.

## LONG-TERM DEBT

At December 31, 2023, the Library had total debt outstanding of $48,982. Outstanding debt consisted of $33,982 for capital leases and $15,000 of compensated absences.

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

The Library's budget for the 2024 fiscal year introduces a Capital Projects Fund and Debt Service Fund for the construction of a new Edwardsburg Branch. The Library will fund this project primarily by issuing bonds, expected in April of 2024. Baird has served as the Library's municipal advisor and will execute the sale of the bonds as well as the investment of bond proceeds. The Library Board will also launch a fundraising campaign in 2024 to help offset costs. Estimated construction costs are $5 million and the Library will have a 30-year debt service obligation. The Library anticipates an additional expenditure of approximately $700,000 for fees, permits, insurance, and furnishings. The Library will contribute a minimum of $600,000 in cash reserves to construction.

In December of 2022, the Library Board engaged Abonmarche as project architect. After the schematic design was completed, the Library Board also engaged The Barton Group to serve as Owner's Representative. Following a competitive bid process, the Library Board awarded the construction bid to Cornerstone CM in February 2024. The anticipated construction start date is March $15^{th}$, 2024 with a 13-month timeline to completion.

The Library's goal is to maintain quality facilities and collections, enhance and diversify public services, and retain and grow a professional staff. With rising costs and limited sources of established revenue, the Library is committed to a conservative and prudent annual budget. The construction of a new branch will not affect established patron services in any way.

For the 2024 audit year the Library will have two new funds that will account for this project separately. These funds will be a new Capital Project Fund and a new Debt Service Fund.

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Cass District Library, 319 M-62; Cassopolis, Michigan 49031.

## Governmental Balance Sheet/Statement of Net Position
## December 31, 2023

| | *General Fund* Balance Sheet- Modified Accrual | Adjustments (Note 2) | *Library as a Whole* Statement of Net Position - Full Accrual |
|---|---|---|---|
| **Assets and Deferred Outflows of Resources** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | $ 1,232,193 | $ - | $ 1,232,193 |
| Receivables | 1,611,627 | - | 1,611,627 |
| Total Current Assets | $ 2,843,820 | $ - | $ 2,843,820 |
| **Noncurrent Assets** | | | |
| Capital assets-net of accumulated depreciation/amortization | $ - | $ 1,818,436 | $ 1,818,436 |
| Total Noncurrent Assets | $ - | $ 1,818,436 | $ 1,818,436 |
| **Total Assets** | $ 2,843,820 | $ 1,818,436 | $ 4,662,256 |
| **Deferred Outflows of Resources** | | | |
| Deferred pension amounts | $ - | $ 70,186 | $ 70,186 |
| **Total Assets and Deferred Outflows of Resources** | $ 2,843,820 | $ 1,888,622 | $ 4,732,442 |
| **Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position** | | | |
| **Liabilities** | | | |
| **Current Liabilities** | | | |
| Accounts payable | $ 94,405 | $ - | $ 94,405 |
| Accrued payroll and other liabilities | 9,818 | - | 9,818 |
| Long-term debt, current portion | | | |
| Capital lease | - | 12,437 | 12,437 |
| Compensated absences | - | 15,000 | 15,000 |
| Total Current Liabilities | $ 104,223 | $ 27,437 | $ 131,660 |
| **Noncurrent Liabilities** | | | |
| Long-term debt, net current portion | | | |
| Capital lease | $ - | $ 21,545 | $ 21,545 |
| Net pension liability | - | 246,860 | 246,860 |
| Total Noncurrent Liabilities | $ - | $ 268,405 | $ 268,405 |
| **Total Liabilities** | $ 104,223 | $ 295,842 | $ 400,065 |
| **Deferred Inflows of Resources** | | | |
| Taxes levied but intended for subsequent period | $ 1,611,327 | $ - | $ 1,611,327 |
| Deferred pension amounts | - | 101,938 | 101,938 |
| **Total Deferred Inflows of Resources** | $ 1,611,327 | $ 101,938 | $ 1,713,265 |
| **Fund Balance/Net Position** | | | |
| Fund Balance: | | | |
| Unassigned | $ 1,069,486 | $ (1,069,486) | $ - |
| Assigned - 2024 budgeted deficit | 58,784 | (58,784) | - |
| Total Fund Balance | $ 1,128,270 | $ (1,128,270) | $ - |
| **Total Liabilities, Deferred Inflows of Resources, and Fund Balance** | $ 2,843,820 | | |
| **Net Position** | | | |
| Net investment in capital assets | | $ 1,784,454 | $ 1,784,454 |
| Unrestricted | | 834,658 | 834,658 |
| **Total Net Position** | | $ 2,619,112 | $ 2,619,112 |

*The Notes to Financial Statements are an integral part of this statement.*

## Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities
## Year Ended December 31, 2023

| | *General Fund* Revenues and Expenditures- Modified Accrual | Adjustments (Note 2) | *Library as a Whole* Statement of Activities- Full Accrual |
|---|---|---|---|
| **Revenues:** | | | |
| Taxes | $ 1,507,021 | $ - | $ 1,507,021 |
| State sources | 42,972 | - | 42,972 |
| USF grant | 80,905 | - | 80,905 |
| Penal fines | 139,443 | - | 139,443 |
| Fees and book fines | 17,890 | - | 17,890 |
| Investment income | 22,252 | - | 22,252 |
| Local contributions and other | 30,430 | - | 30,430 |
| Total revenues | $ 1,840,913 | $ - | $ 1,840,913 |
| **Expenditures/Expenses:** | | | |
| Salaries | $ 576,921 | $ 3,422 | $ 580,343 |
| Payroll taxes | 42,076 | - | 42,076 |
| Employee benefits | 115,361 | 479,259 | 594,620 |
| Staff training | 5,028 | - | 5,028 |
| Office supplies | 21,144 | - | 21,144 |
| Audiovisual, books, and periodicals | 156,283 | (56,041) | 100,242 |
| Professional fees | 23,336 | - | 23,336 |
| Contractual services | 48,756 | - | 48,756 |
| Membership and recruitment | 461 | - | 461 |
| Internet service | 44,026 | - | 44,026 |
| Insurance | 17,081 | - | 17,081 |
| Processing costs | 11,301 | - | 11,301 |
| Travel | 3,770 | - | 3,770 |
| Programs | 19,784 | - | 19,784 |
| Utilities | 67,534 | - | 67,534 |
| Repairs and maintenance | 62,430 | - | 62,430 |
| Automation | 37,771 | - | 37,771 |
| Depreciation/amortization | - | 114,230 | 114,230 |
| Capital lease payments | 12,437 | (12,437) | - |
| Capital expenditures/expenses | 322,091 | (215,520) | 106,571 |
| Total expenditures/expenses | $ 1,587,591 | $ 312,913 | $ 1,900,504 |
| **Net Change in Fund Balance** | $ 253,322 | $ (312,913) | $ (59,591) |
| **Fund Balance/Net Position-Beginning of Year** | 874,948 | | 2,678,703 |
| **Fund Balance/Net Position-End of Year** | $ 1,128,270 | | $ 2,619,112 |

*The Notes to Financial Statements are an integral part of this statement.*

## NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Cass District Library (the "Library") conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The following is a summary of the significant accounting policies:

### Reporting Entity

The Library is located in the Village of Cassopolis, Michigan and is governed by an eight (8) member board. The Library is primarily funded through a tax levy, fines, fees, and charitable donations. Revenue is used to operate and staff the Library. The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (the "GASB") for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service and special financing relationships. The Library is a District Library formed pursuant to the District Library Establishment Act (1989 Public Act 24) by an agreement between the Townships of LaGrange, Howard, Mason, the Village of Edwardsburg, and the County of Cass. Based on the significance of any operational or financial relations with the Library, there are no component units to be included in these financial statements.

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

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds).

### Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions should be recognized when the exchange takes place. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Statement of Net Position includes and recognizes all long-term assets and receivables and deferred outflows of resources as well as deferred inflows of resources and long-term debt and obligations. The Library's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

**Fund Financial Statements**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual – that is, when they become both measurable and available to finance expenditures of the fiscal period. All other revenue items are considered to be available only when cash is received by the Library.

The Library reports the following major governmental fund:

The **General Fund** is the Library's operating fund. It accounts for all financial resources of the general government.

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

**Capital Assets –** Capital assets are defined by the Library as assets with an estimated useful life in excess of one year that exceed $2,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Right of use assets of the Library are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. Donated capital assets are recorded at estimated fair market value at the date of donation.

Building improvements, furniture and fixtures, equipment, library books, periodicals, etc., are depreciated using the straight-line method over the following useful lives:

| | |
|---|---|
| Buildings | 20 – 50 years |
| Building improvement | 10 – 20 years |
| Furniture and fixtures | 5 – 10 years |
| Library books, periodicals, etc. | 10 years |
| Equipment | 5 – 10 years |
| Right of use - leased equipment | |

**Compensated Absences (Vacation and Sick Leave) –** It is the Library's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation and sick pay are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year-end.

**NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

**Property Taxes -** Properties are assessed as of December 31. The related property taxes are billed and become a lien on December 1st of the following year, at which time the Library recognizes the levy. These taxes are due on February 15th with the final collection date of February 28th. Starting March 1st, they are added to the county tax rolls.

**Deferred Outflows of Resources -** In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of December 31, 2023, the Library had one item classified as deferred outflows of resources related to the pension plan.

**Deferred Inflows of Resources -** In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of sources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting, for long-term receivables. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available. As of December 31, 2023, the Library had one item classified as deferred inflows of resources for taxes levied but intended for a subsequent period and another item classified as deferred inflows of resources related to the pension plan.

**Fund Equity –** The Library follows GASB Statement Number 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The following are definitions for the Library's fund balance classifications:

**Non spendable fund balance -** includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**Restricted fund balance -** includes amounts that can be spent only for specific purposes stipulated by what the external resource provides (for example grant providers, constitutionally, or through enabling legislation). Effectively, restrictions may be changed or lifted only with the consent of resource providers.

**NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

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

**Fund Equity, Concluded**

**Committed fund balance -** includes amounts that can be used only for specific purposes determined by a formal action of the library's highest level of decision-making authority. Commitments may be changed or lifted only by the library taking the same formal action that imposed the constraint originally.

**Assigned fund balance -** includes amounts that are constrained by the library's intent to be used for a specific purpose, but are neither restricted nor committed.

**Unassigned fund balance -** is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds that has not been restricted, committed, or assigned to specific purposes within the General Fund.

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

**Leases and Subscription Based IT Arrangements ("SBITA")**– The Library is a lessee for a noncancelable lease/subscription of equipment. The Library recognizes a lease/SBITA liability and an intangible right-of-use lease/SBITA asset in the district-wide financial statements. The Library recognizes lease/SBITA liabilities with an initial, individual value of $15,000 or more.

At the commencement of a lease/SBITAs, the Library initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/SBITA payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/SBITA payments made at or before the lease/SBITA commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA asset is amortized on a straight-line basis over its useful life.

**NOTE 1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED**

Key estimates and judgements related to lease/SBITAs include how the Library determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value (2) lease term, and (3) lease payments.

- The Library uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Library generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITAs.

- The lease/SBITA term includes the noncancelable period of the lease/SBITA. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the Library is reasonably certain to exercise.

The Library monitors changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the lease/SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

Right to use assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

**Use of Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Net Position Flow Assumption -** Sometimes the Library will fund outlays for particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

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

## NOTE 2. RECONCILIATION OF GOVERNMENT – WIDE AND FUND FINANCIAL STATEMENTS

Total fund balances and the net change in fund balances of the Library's governmental funds differ from net position and change in net position of the governmental activities reported in the Statement of Net Position and Statement of Activities. This difference results primarily from the long-term economic focus of the Statement of Net Position and Statement of Activities versus the economic focus of the statement of the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balances. The following is a reconciliation of fund balance to net position and net change in fund balances to the net change in net position.

*Adjustments for Balance Sheet to Statement of Net Position:*

| | |
|---|---|
| **Total Fund Balance-Modified Accrual Basis** | $ 1,128,270 |
| Amounts reported in the Statement of Net Position are different because: | |
| Capital assets (net of depreciation) are not financial resources, and are not reported in the General Fund. | 1,818,436 |
| Long-term liabilities are not due and payable in the current period and are not reported as a liability in the General Fund. | (33,982) |
| Deferred outflows of resources related to pensions | 70,186 |
| Net pension liability | (246,860) |
| Deferred inflows of resources related to pension plan | (101,938) |
| Compensated absences are not included as a liability in the General Fund. | (15,000) |
| **Total Net Position-Full Accrual Basis** | $ 2,619,112 |

## NOTE 2. RECONCILIATION OF GOVERNMENT – WIDE AND FUND FINANCIAL STATEMENTS, CONCLUDED

*Adjustments for Statement of Revenues and Expenditures and Changes in Fund Balance to Statement of Activities:*

| | | |
|---|---|---|
| **Net Change in Fund Balance-Modified Accrual Basis** | $ | 253,322 |
| Amounts reported in the Statement of Activities are different because: | | |
| Capital outlay is not an expense of the current period | | 271,561 |
| Capital costs are allocated over their estimated useful lives as depreciation | | (114,230) |
| Change in the accrual for long-term compensated absences reported as an expense in the Statement of Activities, but not in the General Fund's statements | | (3,422) |
| Change in pension expense and related deferred outflows and inflows of resources | | (479,259) |
| Repayments of capital lease are reported as an expenditure in the General Fund's statements, but not in the Statement of Activities (where it reduces long-term debt) | | 12,437 |
| **Change in Net Position of Governmental Activities** | $ | (59,591) |

## NOTE 3. DEPOSITS AND INVESTMENTS

At December 31, 2023, the Library's deposits and investments include the following:

| | | Cash and Cash Equivalents |
|---|---|---|
| Cash on hand | $ | 450 |
| Bank deposits | | 1,231,743 |
| Total | $ | 1,232,193 |

**Bank Deposits -** All cash of the Library is on deposit with financial institutions which provide FDIC insurance coverage.

**Custodial Credit Risk -** Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. As of December 31, 2023, $149,166 of the Library's bank balance was exposed to custodial risk because it was uninsured or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Library's name. The Library does not have a deposit policy for custodial credit risk.

**Investments -** The Library is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, banker's acceptances and mutual funds and investment pools that are composed of authorized investment vehicles.

## NOTE 3. DEPOSITS AND INVESTMENTS, CONCLUDED

**Investments - Concluded**

The Library does not have a policy for interest rate, credit, concentration of credit, or custodial risk relating to investments.

**Acquisition Value Measurements:** The Library categorizes its acquisition value measurements within the hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the acquisition value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Library had no deposits subject to acquisition value measurements as of December 31, 2023.

**Foreign Currency Risk:** The Library is not authorized to invest in investments which have this type of risk.

## NOTE 4. BUDGET INFORMATION

The annual budget is prepared by the Library Director and adopted by the Library Board of Trustees; subsequent amendments are approved by the Library Board of Trustees. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. There were no encumbrances outstanding at December 31, 2023. During the current year, the budget was amended in a legally permissible manner. The budget statement (statement of revenues, expenditures and changes in fund balance – budget and actual) is presented on the same basis of accounting used in preparing the adopted budget.

The budget has been adopted on a line-item basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of the actual results of operations of the General Fund budget, as adopted by the Library Board of Trustees, is available at the Library for inspection.

<u>Excess of Expenditures Over Appropriations in Major Budgeted Funds</u> - See the Library's budgetary comparison schedule for the General Fund for budget variances. Funds sufficient to provide for excess expenditures were made available from other functions in the fund, and the excess had no impact on the financial results of the Library.

<u>Fund Deficit</u> - As of December 31, 2023, the Library has no accumulated fund balance deficit reported in the General Fund.

<u>Net Position Deficit</u> – As of December 31, 2023, the Library has no accumulated net position deficit.

## NOTE 5. CAPITAL ASSETS

Capital asset activity of the Library's governmental activities was as follows:

| | Beginning Balance, as restated | Additions | Disposals and Adjustments | Ending Balance |
|---|---|---|---|---|
| **Assets not being depreciated:** | | | | |
| Land | $ 289,877 | $ - | $ - | $ 289,877 |
| Construction in process | 13,064 | 207,300 | (13,064) | 207,300 |
| Subtotal | $ 302,941 | $ 207,300 | $ (13,064) | $ 497,177 |
| **Depreciable capital assets:** | | | | |
| Building and improvements | $ 1,467,256 | $ 8,220 | $ 13,064 | $ 1,488,540 |
| Furniture and equipment | 274,858 | - | - | 274,858 |
| Right of use - leased equipment | 62,184 | - | - | 62,184 |
| Computer equipment | 32,505 | - | - | 32,505 |
| Vehicles | 27,730 | - | - | 27,730 |
| Books, audiovisual, periodicals | 666,825 | 56,041 | (150,000) | 572,866 |
| Subtotal | $ 2,531,358 | $ 64,261 | $ (136,936) | $ 2,458,683 |
| **Less: Accumulated Depreciation/Amortization** | | | | |
| Building and improvements | $ (427,503) | $ (51,002) | $ - | $ (478,505) |
| Furniture and fixtures | (251,161) | (5,328) | - | (256,489) |
| Right of use - leased equipment | (15,765) | (12,437) | - | (28,202) |
| Computer equipment | (26,070) | (2,145) | - | (28,215) |
| Vehicles | (27,730) | - | - | (27,730) |
| Books, audiovisual, periodicals | (424,965) | (43,318) | 150,000 | (318,283) |
| Subtotal | $ (1,173,194) | $ (114,230) | $ 150,000 | $ (1,137,424) |
| **Net depreciable capital assets** | $ 1,358,164 | | | $ 1,321,259 |
| **Net capital assets** | $ 1,661,105 | | | $ 1,818,436 |

Capital assets, including library books, are recorded at cost. Depreciation/amortization expense was $114,230 for the year ended December 31, 2023.

## NOTE 6. CAPITAL LEASES

Leases for the year ended December 31, 2023 are as follows:

| | Beginning Balance | Additions | Payments | Ending Balance |
|---|---|---|---|---|
| Copier Lease | $ 46,419 | $ - | $ (12,437) | $ 33,982 |
| | $ 46,419 | $ - | $ (12,437) | $ 33,982 |

The Library has a capital lease for copiers. The future minimum lease payments are as follows (interest associated with the lease was not material):

**Other Debt Obligations:**

| Year Ended December 31, | Principal |
|---|---|
| 2024 | $ 12,437 |
| 2025 | 12,437 |
| 2026 | 5,820 |
| 2027 | 3,288 |
| Present value of minimum lease payments | $ 33,982 |

| Assets | Amount |
|---|---|
| Right of use - leased equipment | $ 62,184 |
| Less accumulated amortization | (28,202) |
| Net book value | $ 33,982 |

The total lease liability is separated on the Statement of Net Position as follows:

| | |
|---|---|
| Current | $ 12,437 |
| Noncurrent | 21,545 |
| Total | $ 33,982 |

## NOTE 7. COMPENSATED ABSENCES

Compensated absences for the year ended December 31, 2023 are as follows:

| | Beginning Balance | Net Change | Ending Balance |
|---|---|---|---|
| Compensated Absences | $ 11,578 | $ 3,422 | $ 15,000 |
| | $ 11,578 | $ 3,422 | $ 15,000 |

**NOTE 8. FACILITY LEASE**

The Library leases its main facility, located in Cassopolis, from the County of Cass for an annual cost of $1 plus maintenance and repairs.

The Library has a lease with Mason Township that provides furniture and equipment and can be cancelled by either party upon sixth months written notice.

**NOTE 9. RISK MANAGEMENT**

The Library is exposed to various risks of loss related to property loss, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library obtains general liability insurance to cover those risks at a cost it considers to be economically justifiable.

**NOTE 10. EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS - MERS**

**Defined benefit pension plan**

**General Information about the Pension Plan**

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

**Benefits provided** – Benefits provided include a plan with a multiplier of 1.50%. Vesting periods are 6 years. Normal retirement age is 60 with early retirement at 50 with 25 years of service or 55 with 15 years of service. Final average compensation is calculated based on 5 years. Member contributions are 2% percent.

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

| | |
|---|---:|
| Inactive employees or beneficiaries currently receiving benefits | 8 |
| Inactive employees entitled to, but not yet receiving benefits | 10 |
| Active employees | 10 |
| | 28 |

**Contributions** – The Library is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions were 6.20% based on annual payroll for open-divisions.

## NOTE 10. EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS – MERS, CONTINUED

**Net pension liability** – The employers' net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

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

- Inflation 2.5%
- Salary increases 3.0% plus merit and longevity: 3.0% in the long-term
- Investment rate of return of 7.00%, net of investment and administration expense including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3-4%.

Mortality rates used were based on a version of Pub-2010 and fully generational MP-2019.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014-2018.

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

| Asset Class | Target Allocation | Target Allocation Gross Rate of Return | Long-Term Expected Gross Rate of Return | Inflation Assumption | Long-Term Expected Real Rate of Return |
|---|---|---|---|---|---|
| Global equity | 60.0% | 7.00% | 4.20% | 2.50% | 2.70% |
| Global fixed income | 20.0% | 4.50% | 0.90% | 2.50% | 0.40% |
| Private Investments | 20.0% | 9.50% | 1.90% | 2.50% | 1.40% |
| Total | 100.0% | | 7.00% | | 4.50% |

**Discount rate** – The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plans fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTE 10. EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS – MERS, CONTINUED**

| | Increase/(Decrease) | | |
|---|---|---|---|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
| **Beginning Balance at 12-31-21** | $ 1,323,510 | $ 1,303,758 | $ 19,752 |
| **Changes for the Year** | | | |
| Service cost | 29,597 | - | 29,597 |
| Interest on the total pension liability | 94,862 | - | 94,862 |
| Changes in benefits | - | - | - |
| Difference between expected and actual experience | 5,330 | - | 5,330 |
| Changes in assumptions | - | - | - |
| Employer contributions | - | 31,436 | (31,436) |
| Employee contributions | - | 8,805 | (8,805) |
| Net investment income | - | (135,157) | 135,157 |
| Benefit payments, including employee refunds | (59,728) | (59,728) | - |
| Administrative expense | - | (2,403) | 2,403 |
| Other changes | - | - | - |
| **Net changes** | $ 70,061 | $ (157,047) | $ 227,108 |
| **Ending Balance at 12-31-22** | $ 1,393,571 | $ 1,146,711 | $ 246,860 |

**Sensitivity of the net pension liability to changes in the discount rate** – The following presents the net pension liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's net pension liability/(asset) would be using a discount rate that is 1% point lower (6.25%) or 1% higher (8.25%) than the current rate.

| | 1% decrease (6.25%) | Current discount rate (7.25%) | 1% increase (8.25%) |
|---|---|---|---|
| | | $ 246,860 | |
| Calculated NPL | 190,438 | - | (157,950) |
| Change in Net Pension Liability (Asset) | $ 437,298 | $ 246,860 | $ 88,910 |

## NOTE 10. EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS – MERS, CONCLUDED

**Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions –** For the year ended December 31, 2023, the employer recognized pension expense of $274,125. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

| | Deferred outflows of resources | Deferred inflows of resources |
|---|---|---|
| Differences in experience | $ 4,103 | $ - |
| Differences in assumptions | 27,791 | - |
| Excess (Deficit) Investment Returns | - | (101,938) |
| Contributions subsequent to the measurement date* | 38,292 | - |
| Total | $ 70,186 | $ (101,938) |

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability for the year ending December 31, 2023.

Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

| Year Ended | |
|---|---|
| 2024 | $ 7,343 |
| 2025 | (3,188) |
| 2026 | (28,423) |
| 2027 | (45,776) |
| | $ (70,044) |

## NOTE 11. RECEIVABLES AND PAYABLES

Receivables as of December 31, 2023 for the Library's General Fund consisted of $1,611,627 of taxes receivable for next year's levy.

Payables as of December 31, 2023 for the Library's General Fund consisted of $94,405 of accounts payable and $9,818 of accrued payroll and other liabilities.

## NOTE 12. TAX ABATEMENTS

The Library receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by various municipalities within the Library's authority. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities. For the fiscal year ended December 31, 2023, the Library's property tax revenues were reduced by $1,809 under these Industrial Facilities Tax exemptions.

## NOTE 13. UPCOMING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The Library is currently evaluating the impact this standard will have on the financial statements when adopted during 2024.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The Library is currently evaluating the impact this standard will have on the financial statements when adopted during 2024.

## NOTE 14. CHANGE IN ACCOUNTING PRINCIPLE

For the year ended December 31, 2023, the Library implemented the following new pronouncement: GASB Statement No. 96, *Subscription-based Information Technology Arrangements.*

**Summary:**

GASB Statement No. 96, *Subscription-based Information Technology Arrangements* was issued in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended.

There was no material impact on the Library's financial statement after the adoption of GASB Statement 96.

## NOTE 15. SUBSEQUENT EVENTS

The Library has evaluated subsequent events through March 20, 2024, the date the financial statements were available to be issued. Other than noted below, no events or transactions occurred during this period which require recognition or disclosure in the financial statements.

The Library will issue Capital Improvement Bonds in April of 2024.

# REQUIRED SUPPLEMENTARY INFORMATION

**Required Supplementary Information**
**Budgetary Comparison Schedule – General Fund**
**Year Ended December 31, 2023**

| | Originally Adopted Budget | Amended Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Taxes | $ 1,401,000 | $ 1,500,597 | $ 1,507,021 | $ 6,424 |
| State sources | 38,000 | 41,372 | 42,972 | 1,600 |
| USF grant | 50,000 | 73,600 | 80,905 | 7,305 |
| Penal fines | 132,000 | 139,443 | 139,443 | - |
| Fees and book fines | 14,050 | 15,469 | 17,890 | 2,421 |
| Investment income | 8,000 | 16,800 | 22,252 | 5,452 |
| Local contributions and other | 25,300 | 36,724 | 30,430 | (6,294) |
| Total revenues | $ 1,668,350 | $ 1,824,005 | $ 1,840,913 | $ 16,908 |
| **Expenditures:** | | | | |
| Salaries | $ 607,770 | $ 607,770 | $ 576,921 | $ 30,849 |
| Payroll taxes | 43,000 | 43,000 | 42,076 | 924 |
| Employee benefits | 125,100 | 126,100 | 115,361 | 10,739 |
| Staff training | 5,500 | 5,500 | 5,028 | 472 |
| Office supplies | 19,550 | 21,550 | 21,144 | 406 |
| Audiovisual, books, and periodicals | 151,450 | 157,125 | 156,283 | 842 |
| Professional fees | 28,600 | 29,600 | 23,336 | 6,264 |
| Contractual services | 66,200 | 66,200 | 61,193 | 5,007 |
| Membership and recruitment | 750 | 750 | 461 | 289 |
| Internet service | 75,000 | 45,000 | 44,026 | 974 |
| Insurance | 16,000 | 16,773 | 17,081 | (308) |
| Processing costs | 7,460 | 10,257 | 11,301 | (1,044) |
| Travel | 3,400 | 4,000 | 3,770 | 230 |
| Programs | 31,500 | 31,400 | 19,784 | 11,616 |
| Utilities | 69,000 | 71,000 | 67,534 | 3,466 |
| Repairs and maintenance | 59,000 | 71,000 | 62,430 | 8,570 |
| Automation | 42,000 | 38,000 | 37,771 | 229 |
| Capital expenditures | 317,000 | 369,000 | 322,091 | 46,909 |
| Total expenditures | $ 1,668,280 | $ 1,714,025 | $ 1,587,591 | $ 126,434 |
| **Net Change in Fund Balance** | $ 70 | $ 109,980 | $ 253,322 | $ 143,342 |
| **Fund Balance-Beginning of Year** | 874,948 | 874,948 | 874,948 | - |
| **Fund Balance-End of Year** | $ 875,018 | $ 984,928 | $ 1,128,270 | $ 143,342 |

## Required Supplementary Information
## Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
## For the Years Ended December 31st

| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|
| **Total Pension Liability** | | | | | | | | | |
| Service cost | $ 29,597 | $ 28,367 | $ 27,017 | $ 28,087 | $ 28,375 | $ 28,380 | $ 27,567 | $ 26,720 | $ 26,168 |
| Interest | 94,862 | 86,457 | 79,495 | 86,374 | 81,164 | 77,197 | 73,282 | 67,368 | 62,648 |
| Changes of benefit terms | - | - | - | - | - | - | - | - | - |
| Difference between expected and actual experience | 5,330 | 211 | 28,918 | (130,425) | (6,074) | - | - | (4,185) | - |
| Changes of assumptions | - | 55,581 | 64,708 | 28,112 | - | (18,789) | (16,752) | 40,993 | - |
| Benefit payments including employee refunds | (59,728) | (59,206) | (49,383) | (41,216) | (35,168) | (39,244) | (31,879) | (31,879) | (31,879) |
| Other | - | 4,174 | - | - | - | - | - | - | - |
| **Net Change in Total Pension Liability** | $ 70,061 | $ 115,584 | $ 150,755 | $ (29,068) | $ 68,297 | $ 47,544 | $ 52,218 | $ 99,017 | $ 56,937 |
| **Total Pension Liability beginning** | $ 1,323,510 | $ 1,207,926 | $ 1,057,171 | $ 1,086,239 | $ 1,017,942 | $ 970,398 | $ 918,180 | $ 819,163 | $ 762,226 |
| **Total Pension Liability ending** | $ 1,393,571 | $ 1,323,510 | $ 1,207,926 | $ 1,057,171 | $ 1,086,239 | $ 1,017,942 | $ 970,398 | $ 918,180 | $ 819,163 |
| | | | | | | | | | |
| **Plan Fiduciary Net Position** | | | | | | | | | |
| Contributions - employer | $ 31,436 | $ 25,624 | $ 30,646 | $ 25,263 | $ 24,950 | $ 23,038 | $ 20,200 | $ 17,489 | $ 14,381 |
| Contributions - employee | 8,805 | 9,015 | 9,009 | 8,317 | 8,471 | 8,155 | 7,922 | 7,790 | 7,629 |
| Net Investment income | (135,157) | 163,722 | 135,258 | 126,378 | (38,554) | 115,006 | 89,360 | (12,108) | 48,264 |
| Benefit payments including employee refunds | (59,728) | (59,206) | (49,383) | (41,216) | (35,168) | (39,244) | (31,879) | (31,879) | (31,879) |
| Administrative expense | (2,403) | (1,877) | (2,114) | (2,178) | (1,892) | (1,819) | (1,763) | (1,761) | (1,775) |
| **Net Change in Plan Fiduciary Net Position** | $ (157,047) | $ 137,278 | $ 123,416 | $ 116,564 | $ (42,193) | $ 105,136 | $ 83,840 | $ (20,469) | $ 36,620 |
| **Plan Fiduciary Net Position beginning** | $ 1,303,758 | $ 1,166,480 | $ 1,043,064 | $ 926,500 | $ 968,693 | $ 863,557 | $ 779,717 | $ 800,186 | $ 763,566 |
| **Plan Fiduciary Net Position ending** | $ 1,146,711 | $ 1,303,758 | $ 1,166,480 | $ 1,043,064 | $ 926,500 | $ 968,693 | $ 863,557 | $ 779,717 | $ 800,186 |
| | | | | | | | | | |
| **Employer Net Pension Liability (Asset)** | $ 246,860 | $ 19,752 | $ 41,446 | $ 14,107 | $ 159,739 | $ 49,249 | $ 106,841 | $ 138,463 | $ 18,977 |
| | | | | | | | | | |
| **Plan Fiduciary Net Position as a percentage of the Total Pension Liability (Asset)** | 82.29% | 98.51% | 96.57% | 98.67% | 85.29% | 95.16% | 88.99% | 84.92% | 97.68% |
| | | | | | | | | | |
| **Covered Employee Payroll** | $ 410,494 | $ 437,082 | $ 393,267 | $ 407,648 | $ 407,686 | $ 407,753 | $ 396,081 | $ 389,510 | $ 381,455 |
| **Employer's Net Pension Liability (Asset) as a percentage of covered employee payroll** | 60.14% | 4.52% | 10.54% | 3.46% | 39.18% | 12.08% | 26.97% | 35.55% | 4.97% |

**Notes to Schedule:**

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*

**Required Supplementary Information**
**Schedule of Employer's Contributions**
**For the Years Ended December 31st**

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| Actuarial determined contributions | $ 31,436 | $ 25,624 | $ 30,646 | $ 25,263 | $ 24,950 | $ 23,038 | $ 20,200 | $ 17,489 | $ 14,381 |
| Contributions in relation to the actuarially determined contribution | 31,436 | 25,624 | 30,646 | 25,263 | 24,950 | 23,038 | 20,200 | 17,489 | 14,381 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - | $ - | $ - | | $ - |
| Covered employee payroll | $ 410,494 | $ 437,082 | $ 393,267 | $ 407,648 | $ 407,686 | $ 407,753 | $ 396,081 | $ 389,510 | $ 381,455 |
| Contributions as a percentage of covered employee payroll | 7.66% | 5.86% | 7.79% | 6.20% | 6.12% | 5.65% | 5.10% | 4.49% | 3.77% |

**Notes to Schedule:**

| | |
|---|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll |
| Remaining amortization period | 17 years |
| Asset valuation method | 5 years smoothed |
| Inflation | 2.5% |
| Salary increases | 3% plus merit and longevity |
| Investment rate of return | 7.00% |
| Retirement age | Varies depending on plan adoption |
| Mortality | Pub-2010 and fully generational MP-2019 |

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.*