



FINANCIAL STATEMENTS  
WITH REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended December 31, 2024



St. Joseph, MI

**Cass District Library  
Cassopolis, Michigan  
Financial Statements  
December 31, 2024**

<b><u>CONTENTS</u></b>	<b><u>PAGE</u></b>
INDEPENDENT AUDITOR’S REPORT	1 - 3
MANAGEMENT’S DISCUSSION AND ANALYSIS	4 - 7
<b>SECTION I - FINANCIAL STATEMENTS</b>	
Governmental Funds Balance Sheet / Statement of Net Position	8
Statement of Revenues, Expenditures, and Changes in Fund Balance/ Statement of Activities	9
Notes to the Financial Statements	10 - 28
<b>SECTION II – REQUIRED SUPPLEMENTARY INFORMATION</b>	
Budgetary Comparison Schedule – General Fund	29
Schedule of Changes in the Employer’s Net Pension Liability and Related Ratios	30
Schedule of Employer’s Contributions	31



## 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 each major fund of Cass District Library (the "Library") as of and for the year ended December 31, 2024, 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 of the Library as of December 31, 2024, and the respective changes in financial position for the year then 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.

### **Change in Accounting Principle**

As discussed in Note 15 to the financial statements, in 2024 the Library implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of 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 there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

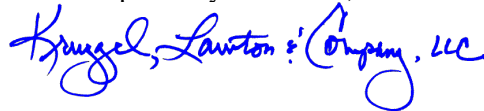
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## 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,

A handwritten signature in blue ink that reads "Kruegel, Lawton & Company, LLC". The signature is written in a cursive style.

Certified Public Accountants

St. Joseph, Michigan  
March 19, 2025

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, 2024.

### **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 \$3,031,103 and of this amount, \$1,290,228 is unrestricted and may be used to meet the Library's ongoing obligations to citizens and creditors.
- ✓ The Library's total net position increased by \$450,732 and decreased by \$20,850 for the years ended December 31, 2024 and 2023, respectively.
- ✓ As of the close of the current year, the Library's governmental funds reported an ending fund balance of \$5,268,308. For this year, expenditures exceeded revenues by \$955,254.
- ✓ Unassigned fund balance for the General Fund was \$1,305,862 or 93.62%, and \$1,069,486 or 67.37% of the total General Fund expenditures for 2024 and 2023, 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 three columns of the financial statement includes information on the Library's General Fund, Capital Project Fund, and Debt Service 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 \$3,031,103 at the close of the most recent year. A portion of the Library's net position, \$1,740,875 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,	
	2024	2023 Restated*
<b>Assets:</b>		
Current Assets	\$ 7,245,995	\$ 2,843,820
Capital Assets, net	3,233,166	1,818,436
<b>Total Assets</b>	<b>\$ 10,479,161</b>	<b>\$ 4,662,256</b>
<b>Deferred Outflows of Resources</b>	<b>\$ 82,035</b>	<b>\$ 70,186</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 10,561,196</b>	<b>\$ 4,732,442</b>
<b>Liabilities:</b>		
Current Liabilities	\$ 407,967	\$ 170,401
Noncurrent Liabilities	5,258,242	268,405
<b>Total Liabilities</b>	<b>\$ 5,666,209</b>	<b>\$ 438,806</b>
<b>Deferred Inflows of Resources</b>	<b>\$ 1,863,884</b>	<b>\$ 1,713,265</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	\$ 1,740,875	\$ 1,784,454
Unrestricted	1,290,228	795,917
<b>Total Net Position</b>	<b>\$ 3,031,103</b>	<b>\$ 2,580,371</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 10,561,196</b>	<b>\$ 4,732,442</b>
	For the Year Ended December 31,	
<b>Revenues:</b>	2024	2023
Taxes	\$ 1,619,561	\$ 1,507,021
Other	355,694	333,892
<b>Total Revenues</b>	<b>\$ 1,975,255</b>	<b>\$ 1,840,913</b>
<b>Expenses-Library Services</b>	<b>1,524,523</b>	<b>1,861,763</b>
<b>Change in Net Position</b>	<b>\$ 450,732</b>	<b>\$ (20,850)</b>

\*2023 figures have been updated for the adoption of GASB 101

The unrestricted net position of \$1,290,228 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 an increase of \$450,732.

The Library's governmental revenues increased by approximately \$134,000 and expenses increased by \$1,343,000. Revenues increased due to an increase in USF grants, investment income, and taxes. Expenses increased mainly due to an increase in salaries, capital expenditures, 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 Funds.** The focus of the Library's *governmental funds* 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 funds reported ending fund balance of \$5,268,308 with an increase of \$4,140,038. The General Fund expenditures were comparable to 2023 with the exception for the increase in salaries, books, and automation. The Capital Project Fund capital expenditures increased by \$1,476,600 related to the bond project. \$1,305,862 of the Library's fund balance is classified as *unassigned fund balance*, which is available for spending at the Library's discretion. The other \$3,962,446 of the Library's fund balance is classified as *committed fund balance* and *restricted fund balance*, which is committed or restricted, respectively, for capital projects. The General Fund, Capital Project Fund, and Debt Service Fund are the only operating funds of the Library.

**LIBRARY BUDGETARY HIGHLIGHTS**

Actual revenues were over the amended budget by \$7,800.

Actual expenditures were under budget by \$55,965 as salaries, repairs and maintenance, and program expenditures were lower than what was budgeted.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

During the current year, the Library invested \$1,528,671 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.

At December 31, 2024, the Library had total debt outstanding of \$5,180,041. Outstanding debt consisted of \$5,095,562 for bonds payable net of premiums/discounts, \$21,545 for capital leases, and \$62,934 of compensated absences.

Additional details regarding the Library's capital assets and debt can be found in the notes to the financial statements.

**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 is funding this project primarily through the issuance of bonds, sold in August 2024 for \$5,110,000.

Baird served as the Library's municipal advisor and executed the sale of the bonds. After an RFP process, Huntington Bank was awarded the investment privileges of the bond sale. The Library Board launched a fundraising campaign in 2024 to help offset costs, raising over \$109,000 in its first year. Construction costs are approximately \$4.5 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, moving, and furnishings. The Library will contribute a minimum of \$600,000 in cash reserves to construction.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES, CONCLUDED**

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. Construction began in July of 2024 and the anticipated date of completion is fall of 2025.

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.

**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 Funds Balance Sheet/Statement of Net Position  
December 31, 2024

	Individual Library Major Funds			Total - Modified Accrual Basis	Adjustments (Note 2)	Library as a Whole Statement of Net Position - Full Accrual Basis
	General Fund	Capital Project Fund	Debt Service Fund			
<b>Assets and Deferred Outflows of Resources</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 1,339,293	\$ 4,171,883	\$ -	\$ 5,511,176	\$ -	\$ 5,511,176
Receivables	1,734,819	-	-	1,734,819	-	1,734,819
Total Current Assets	\$ 3,074,112	\$ 4,171,883	\$ -	\$ 7,245,995	\$ -	\$ 7,245,995
<b>Noncurrent Assets</b>						
Capital assets - net of accumulated depreciation/amortization	\$ -	\$ -	\$ -	\$ -	\$ 3,233,166	\$ 3,233,166
Total Noncurrent Assets	\$ -	\$ -	\$ -	\$ -	\$ 3,233,166	\$ 3,233,166
<b>Total Assets</b>	\$ 3,074,112	\$ 4,171,883	\$ -	\$ 7,245,995	\$ 3,233,166	\$ 10,479,161
<b>Deferred Outflows of Resources</b>						
Deferred pension amounts	\$ -	\$ -	\$ -	\$ -	\$ 82,035	\$ 82,035
<b>Total Assets and Deferred Outflows of Resources</b>	\$ 3,074,112	\$ 4,171,883	\$ -	\$ 7,245,995	\$ 3,315,201	\$ 10,561,196
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position</b>						
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 17,728	\$ 209,437	\$ -	\$ 227,165	\$ -	\$ 227,165
Accrued payroll and other liabilities	15,928	-	-	15,928	-	15,928
Long-term debt, current portion						
Capital lease	-	-	-	-	12,437	12,437
Compensated absences	-	-	-	-	62,934	62,934
Bonds payable	-	-	-	-	89,503	89,503
Total Current Liabilities	\$ 33,656	\$ 209,437	\$ -	\$ 243,093	\$ 164,874	\$ 407,967
<b>Noncurrent Liabilities</b>						
Long-term debt, net current portion						
Capital lease	\$ -	\$ -	\$ -	\$ -	\$ 9,108	\$ 9,108
Net pension liability	-	-	-	-	243,075	243,075
Bonds payable	-	-	-	-	5,006,059	5,006,059
Total Noncurrent Liabilities	\$ -	\$ -	\$ -	\$ -	\$ 5,258,242	\$ 5,258,242
<b>Total Liabilities</b>	\$ 33,656	\$ 209,437	\$ -	\$ 243,093	\$ 5,423,116	\$ 5,666,209
<b>Deferred Inflows of Resources</b>						
Taxes levied but intended for subsequent period	\$ 1,734,594	\$ -	\$ -	\$ 1,734,594	\$ -	\$ 1,734,594
Deferred pension amounts	-	-	-	-	129,290	129,290
<b>Total Deferred Inflows of Resources</b>	\$ 1,734,594	\$ -	\$ -	\$ 1,734,594	\$ 129,290	\$ 1,863,884
<b>Fund Balance/Net Position</b>						
Fund Balance:						
Unassigned	\$ 1,305,862	\$ -	\$ -	\$ 1,305,862	\$ (1,305,862)	\$ -
Committed for capital projects	-	313,225	-	313,225	(313,225)	-
Restricted for capital projects	-	3,649,221	-	3,649,221	(3,649,221)	-
Total Fund Balance	\$ 1,305,862	\$ 3,962,446	\$ -	\$ 5,268,308	\$ (5,268,308)	\$ -
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	\$ 3,074,112	\$ 4,171,883	\$ -	\$ 7,245,995		
<b>Net Position</b>						
Net investment in capital assets					\$ 1,740,875	\$ 1,740,875
Unrestricted					1,290,228	1,290,228
<b>Total Net Position</b>					\$ 3,031,103	\$ 3,031,103

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

**CASS DISTRICT LIBRARY  
CASSOPOLIS, MICHIGAN**

**Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities  
Year Ended December 31, 2024**

	Individual Library Major Funds			Total - Modified Accrual Basis	Adjustments (Note 2)	Library as a Whole
	General Fund	Capital Project Fund	Debt Service Fund			Statement of Activities - Full Accrual Basis
<b>Revenues:</b>						
Taxes	\$ 1,619,561	\$ -	\$ -	\$ 1,619,561	\$ -	\$ 1,619,561
State sources	42,118	-	-	42,118	-	42,118
USF grant	61,934	-	-	61,934	-	61,934
Penal fines	126,369	-	-	126,369	-	126,369
Fees and book fines	18,977	-	-	18,977	-	18,977
Investment income	62,869	30,259	-	93,128	-	93,128
Local contributions and other	13,168	-	-	13,168	-	13,168
Total revenues	\$ 1,944,996	\$ 30,259	\$ -	\$ 1,975,255	\$ -	\$ 1,975,255
<b>Expenditures/Expenses:</b>						
Salaries	\$ 617,124	\$ -	\$ -	\$ 617,124	\$ 9,193	\$ 626,317
Payroll taxes	45,000	-	-	45,000	-	45,000
Employee benefits	131,228	-	-	131,228	11,718	142,946
Staff training	5,721	-	-	5,721	-	5,721
Office supplies	23,657	-	-	23,657	-	23,657
Audiovisual, books, and periodicals	168,835	-	-	168,835	(57,925)	110,910
Professional fees	17,883	-	-	17,883	-	17,883
Contractual services	51,109	-	-	51,109	-	51,109
Membership and recruitment	586	-	-	586	-	586
Internet service	46,969	-	-	46,969	-	46,969
Insurance	17,952	-	-	17,952	-	17,952
Processing costs	9,193	-	-	9,193	-	9,193
Travel	3,052	-	-	3,052	-	3,052
Programs	21,776	-	-	21,776	-	21,776
Utilities	73,958	-	-	73,958	-	73,958
Repairs and maintenance	46,767	-	-	46,767	-	46,767
Automation	88,354	-	-	88,354	-	88,354
Depreciation/amortization	-	-	-	-	113,941	113,941
Capital lease payments	12,437	-	-	12,437	(12,437)	-
Capital expenditures/expenses	13,260	1,476,600	-	1,489,860	(1,470,746)	19,114
Debt service	-	-	59,318	59,318	-	59,318
Interest	-	-	59,318	59,318	-	59,318
Total expenditures/expenses	\$ 1,394,861	\$ 1,476,600	\$ 59,318	\$ 2,930,779	\$ (1,406,256)	\$ 1,524,523
<b>Excess (Deficit) of Revenues Over (Under) Expenditures/Expenses</b>	\$ 550,135	\$ (1,446,341)	\$ (59,318)	\$ (955,524)	\$ 1,406,256	\$ 450,732
<b>Other Financing Sources (Uses):</b>						
Transfers In	\$ -	\$ 313,225	\$ 59,318	\$ 372,543	\$ -	\$ 372,543
Transfers Out	(372,543)	-	-	(372,543)	-	(372,543)
Proceeds from sale of bonds, net of premium/discount	-	5,095,562	-	5,095,562	(5,095,562)	-
Total Other Financing Sources (Uses)	\$ (372,543)	\$ 5,408,787	\$ 59,318	\$ 5,095,562	\$ (5,095,562)	\$ -
<b>Net Change in Fund Balance</b>	\$ 177,592	\$ 3,962,446	\$ -	\$ 4,140,038	\$ (3,689,306)	\$ 450,732
<b>Fund Balance/Net Position-Beginning of Year, as restated (Note 14)</b>	1,128,270	-	-	1,128,270	-	2,580,371
<b>Fund Balance/Net Position-End of Year</b>	\$ 1,305,862	\$ 3,962,446	\$ -	\$ 5,268,308	\$ -	\$ 3,031,103

*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 (“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 funds:

The **General Fund** is the Library’s operating fund. It accounts for all financial resources of the Library that are not accounted for in other funds.

The **Capital Projects Fund** accounts for assets being accumulated for future capital expenditures and other large projects.

The **Debt Service Fund** accounts for the accumulation of principal and interest payments used for debt associated with the Edwardsburg Building bond project.

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

**Cash and Cash Equivalents** – The Library classifies all certificates of deposit (“CDs”) as cash and cash equivalents regardless of maturity.

**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.

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**

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	5 years

**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.

**Property Taxes** - Properties are assessed as of December 31. The related property taxes are billed and become a lien on December 1<sup>st</sup> of the following year, at which time the Library recognizes the levy. These taxes are due on February 15<sup>th</sup> with the final collection date of February 28<sup>th</sup>. Starting March 1<sup>st</sup>, 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, 2024, 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, 2024, 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*.

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

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.

**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 governmental fund balances that have not been assigned to other funds or that have not been restricted, committed, or assigned to specific purposes within the respective governmental fund balances.

**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.

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

**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.

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.

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

**Net Position Flow Assumption** - Sometimes the Library will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts 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 are 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:*

<b>Total Fund Balance-Modified Accrual Basis</b>	\$ 5,268,308
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 Funds	3,233,166
Long-term liabilities are not due and payable in the current period and are not reported in the Funds:	
Capital leases	(21,545)
Bonds payable	(5,110,000)
Unamortized premium on bonds payable	(81,941)
Unamortized discount on bonds payable	96,379
Net pension liability	(243,075)
Deferred outflows of resources related to pensions are not reported in the Funds	82,035
Deferred inflows of resources related to pensions are not reported in the Funds	(129,290)
	(62,934)
Compensated absences (other than those related to employee terminations)	
<b>Total Net Position-Full Accrual Basis</b>	<u>\$ 3,031,103</u>

**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** \$ 4,140,038  
Amounts reported in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their useful lives as depreciation/amortization.

Capital outlay	1,528,671
Depreciation/amortization expense	(113,941)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Bond proceeds	(5,110,000)
Bond issuance premiums	(81,941)
Bond issuance discounts	96,379
Change in the accrual for long-term compensated absences reported as an expense in the Statement of Activities, but not in the Funds statements	(9,193)
Change in pension expense and related deferred outflows and inflows of resources	(11,718)
Repayments of capital lease are reported as an expenditure in the Funds statements, but not in the Statement of Activities (where it reduces long-term debt)	12,437

<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 450,732</u></u>
--	--------------------------

**NOTE 3. DEPOSITS AND INVESTMENTS**

As of December 31, 2024, the Library had deposits and investments subject to the following risks:

**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, 2024, \$360,889 of the Library’s bank balance of \$5,526,069 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$5,526,069.

**Custodial Credit Risk - Investments** – For an investment, this is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

**Interest Rate Risk** - In accordance with its investment policy, the Library will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Library’s cash requirements.

**Concentration of Credit Risk** - The Library will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Library’s investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

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

**NOTE 3. DEPOSITS AND INVESTMENTS, CONCLUDED**

**Fair Value Measurement** - The Library is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Library’s own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The Library has \$899,177 of Level 2 assets with recurring fair value measurements at year-end, comprised of certificates of deposit.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following summarizes the categorization of these amounts as of December 31, 2024:

	General Fund	Capital Projects Fund	Total Cash and Cash Equivalents
Cash on hand	\$ 450	\$ -	\$ 450
Bank deposits	439,666	4,171,883	4,611,549
Certificates of deposit	899,177	-	899,177
Total	\$ 1,339,293	\$ 4,171,883	\$ 5,511,176

**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, 2024. 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.

Excess of Expenditures Over Appropriations in Major Budgeted Funds – No excess of expenditures over appropriations in major budgeted funds in the year ended December 31, 2024.

Fund Deficit - As of December 31, 2024, the Library has no accumulated fund balance deficit reported in the General Fund.

Net Position Deficit – As of December 31, 2024, 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	Additions	Disposals and Adjustments	Ending Balance
<b><u>Assets not being depreciated:</u></b>				
Land	\$ 289,877	\$ -	\$ -	\$ 289,877
Construction in process	207,300	1,470,746	-	1,678,046
Subtotal	<u>\$ 497,177</u>	<u>\$ 1,470,746</u>	<u>\$ -</u>	<u>\$ 1,967,923</u>
<b><u>Depreciable capital assets:</u></b>				
Building and improvements	\$ 1,488,540	\$ -	\$ -	\$ 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	572,866	57,925	(150,000)	480,791
Subtotal	<u>\$ 2,458,683</u>	<u>\$ 57,925</u>	<u>\$ (150,000)</u>	<u>\$ 2,366,608</u>
<b><u>Less: Accumulated Depreciation/Amortization</u></b>				
Building and improvements	\$ (478,505)	\$ (51,331)	\$ -	\$ (529,836)
Furniture and fixtures	(256,489)	(4,840)	-	(261,329)
Right of use - leased equipment	(28,202)	(12,437)	-	(40,639)
Computer equipment	(28,215)	(2,145)	-	(30,360)
Vehicles	(27,730)	-	-	(27,730)
Books, audiovisual, periodicals	(318,283)	(43,188)	150,000	(211,471)
Subtotal	<u>\$ (1,137,424)</u>	<u>\$ (113,941)</u>	<u>\$ 150,000</u>	<u>\$ (1,101,365)</u>
<b>Net depreciable capital assets</b>	<u>\$ 1,321,259</u>			<u>\$ 1,265,243</u>
<b>Net capital assets</b>	<u>\$ 1,818,436</u>			<u>\$ 3,233,166</u>

Capital assets, including library books, are recorded at cost. Depreciation/amortization expense was \$113,941 for the year ended December 31, 2024.

**NOTE 6. LONG-TERM DEBT**

Long-term debt activity for the year ended December 31, 2024, can be summarized as follows:

	Interest Rate	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>						
Direct borrowing and other debt:						
General Obligation Bonds:						
<i>Limited Tax</i>						
	4.00% -					
Series 2024 limited tax general obligation bonds	5.00%	\$ -	\$ 5,110,000	\$ -	\$ 5,110,000	\$ 90,000
Unamortized bond premiums		-	81,941	-	81,941	2,826
Unamortized bond discounts		-	(96,379)	-	(96,379)	(3,323)
Total bonds payable		\$ -	\$ 5,095,562	\$ -	\$ 5,095,562	\$ 89,503
Copier Lease		33,982	-	(12,437)	21,545	12,437
<b>Total governmental activities</b>		<b>\$ 33,982</b>	<b>\$ 5,095,562</b>	<b>\$ (12,437)</b>	<b>\$ 5,117,107</b>	<b>\$ 101,940</b>

Annual debt service requirements to maturity for the above bond obligations are as follows:

Year Ended December 31,	Direct Placements			Other Debt
	Governmental-Type Activities			Governmental-Type
	Principal	Interest	Total	Activities Principal
2025	\$ 90,000	\$ 215,700	\$ 305,700	\$ 12,437
2026	95,000	211,200	306,200	5,820
2027	100,000	206,450	306,450	3,288
2028	105,000	201,450	306,450	-
2029	110,000	196,200	306,200	-
2030-2034	630,000	893,500	1,523,500	-
2035-2039	780,000	736,000	1,516,000	-
2040-2044	945,000	567,400	1,512,400	-
2045-2049	1,155,000	362,200	1,517,200	-
2050-2053	1,100,000	112,000	1,212,000	-
Bond premiums	81,941	-	81,941	-
Bond discounts	(96,379)	-	(96,379)	-
Total	<b>\$ 5,095,562</b>	<b>\$ 3,702,100</b>	<b>\$ 8,797,662</b>	<b>\$ 21,545</b>

**NOTE 7. COMPENSATED ABSENCES**

Compensated absences for the year ended December 31, 2024 are as follows:

	Beginning Balance, as restated	Net Change	Ending Balance
Compensated Absences	\$ 53,741	\$ 9,193	\$ 62,934
	<b>\$ 53,741</b>	<b>\$ 9,193</b>	<b>\$ 62,934</b>

**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](http://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, 2023 valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to, but not yet receiving benefits	9
Active employees	12
	<u>31</u>

**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 8.82% 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, 2023, 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, 2023 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 7.18%. 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)
<b>Beginning Balance at 12-31-22</b>	\$ 1,393,571	\$ 1,146,711	\$ 246,860
<b>Changes for the Year</b>			
Service cost	31,177	-	31,177
Interest on the total pension liability	99,556	-	99,556
Changes in benefits	-	-	-
Difference between expected and actual experience	25,240	-	25,240
Changes in assumptions	12,568	-	12,568
Employer contributions	-	39,734	(39,734)
Employee contributions	-	8,963	(8,963)
Net investment income	-	126,310	(126,310)
Benefit payments, including employee refunds	(71,944)	(71,944)	-
Administrative expense	-	(2,681)	2,681
Other changes	-	-	-
<b>Net changes</b>	<u>\$ 96,597</u>	<u>\$ 100,382</u>	<u>\$ (3,785)</u>
<b>Ending Balance at 12-31-23</b>	<u>\$ 1,490,168</u>	<u>\$ 1,247,093</u>	<u>\$ 243,075</u>

**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 7.18%, as well as what the employer’s net pension liability/(asset) would be using a discount rate that is 1% point lower (6.18%) or 1% higher (8.18%) than the current rate.

	1% decrease (6.18%)	Current discount rate (7.18%)	1% increase (8.18%)
Calculated NPL	198,652	\$ 243,075	(165,343)
Change in Net Pension Liability (Asset)	<u>\$ 441,727</u>	<u>\$ 243,075</u>	<u>\$ 77,732</u>

**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, 2024, the employer recognized pension expense of \$50,226. 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	\$ 21,647	\$ -
Differences in assumptions	23,322	-
Excess (Deficit) Investment Returns	-	(129,290)
Contributions subsequent to the measurement date*	37,066	-
Total	<u>\$ 82,035</u>	<u>\$ (129,290)</u>

\*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, 2024.

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

Year Ended	
2025	\$ (2,558)
2026	(27,792)
2027	(45,148)
2028	(8,823)
	<u>\$ (84,321)</u>

**NOTE 11. RECEIVABLES AND PAYABLES**

Receivables as of December 31, 2024 for the Library’s General Fund consisted of \$1,734,594 of taxes receivable for next year’s levy.

Payables as of December 31, 2024 for the Library’s General Fund consisted of \$17,728 of accounts payable and \$15,928 of accrued payroll and other liabilities. Payables for the Capital Project Fund was accounts payable/retainage associated with the bond project.

**NOTE 12. INTERFUND TRANSFERS**

Transfers In	Transfers Out
	General Fund
Capital Project Fund	\$ 313,225
Debt Service Fund	59,318
Total	<u>\$ 372,543</u>

The General Fund transferred funds to the Capital Project Fund for capital projects and the Debt Service Fund for interest on debt.

**NOTE 13. 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, 2024, the Library's property tax revenues were reduced by \$1,240 under these Industrial Facilities Tax exemptions.

**NOTE 14. UPCOMING PRONOUNCEMENTS**

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements—or modifies existing requirements—related to the following:

- a. Management's discussion and analysis (MD&A);
  - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
    - 1) Overview of the Financial Statements,
    - 2) Financial Summary,
    - 3) Detailed Analyses,
    - 4) Significant Capital Asset and Long-Term Financing Activity,
    - 5) Currently Known Facts, Decisions, or Conditions;
  - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
  - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
  - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
  - ii. Requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI;

The Library is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025 fiscal year.

**NOTE 14. UPCOMING PRONOUNCEMENTS, CONCLUDED**

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The Library is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025 fiscal year.

**NOTE 15. CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended December 31, 2024, the Library implemented the following new pronouncement: GASB Statement No. 101, *Compensated Absences*.

**Summary:**

GASB Statement No. 101, *Compensated Absences*, was issued in June 2022. 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 restatement of the beginning of the year net position is as follows:

	Net Position	
	Governmental Activities	
Net position as of January 1, 2024, as previously stated	\$	2,619,112
Adoption of GASB Statement 101		(38,741)
Net position as of January 1, 2024, as restated	\$	2,580,371

**NOTE 16. SUBSEQUENT EVENTS**

The Library has evaluated subsequent events through March 19, 2025, 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Required Supplementary Information**  
**Budgetary Comparison Schedule – General Fund**  
**Year Ended December 31, 2024**

	Originally Adopted Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>				
Taxes	\$ 1,482,500	\$ 1,611,399	\$ 1,619,561	\$ 8,162
State sources	40,000	42,118	42,118	-
USF grant	38,000	57,500	61,934	4,434
Penal fines	132,000	126,369	126,369	-
Fees and book fines	13,950	18,085	18,977	892
Investment income	12,000	60,500	62,869	2,369
Local contributions and other	25,700	21,225	13,168	(8,057)
Total revenues	<u>\$ 1,744,150</u>	<u>\$ 1,937,196</u>	<u>\$ 1,944,996</u>	<u>\$ 7,800</u>
<b>Expenditures:</b>				
Salaries	\$ 623,317	\$ 629,151	\$ 617,124	\$ 12,027
Payroll taxes	43,000	46,000	45,000	1,000
Employee benefits	131,458	138,450	131,228	7,222
Staff training	10,500	6,000	5,721	279
Office supplies	24,000	25,000	23,657	1,343
Audiovisual, books, and periodicals	163,050	170,440	168,835	1,605
Professional fees	34,600	23,850	17,883	5,967
Contractual services	66,200	66,200	63,546	2,654
Membership and recruitment	750	750	586	164
Internet service	45,000	47,500	46,969	531
Insurance	18,000	18,000	17,952	48
Processing costs	11,260	11,260	9,193	2,067
Travel	3,800	3,550	3,052	498
Programs	27,000	30,000	21,776	8,224
Utilities	71,000	76,000	73,958	2,042
Repairs and maintenance	61,000	56,025	46,767	9,258
Automation	88,000	88,400	88,354	46
Capital expenditures	31,000	14,250	13,260	990
Total expenditures	<u>\$ 1,452,935</u>	<u>\$ 1,450,826</u>	<u>\$ 1,394,861</u>	<u>\$ 55,965</u>
<b>Excess of revenues over expenditures</b>	<u>\$ 291,215</u>	<u>\$ 486,370</u>	<u>\$ 550,135</u>	<u>\$ 63,765</u>
<b>Other Financing Sources (Uses):</b>				
Transfers Out	\$ 630,000	\$ 409,318	\$ 372,543	\$ 36,775
Total Other Financing Sources (Uses)	<u>\$ 630,000</u>	<u>\$ 409,318</u>	<u>\$ 372,543</u>	<u>\$ 36,775</u>
<b>Net Change in Fund Balance</b>	\$ (338,785)	\$ 77,052	\$ 177,592	\$ 100,540
<b>Fund Balance-Beginning of Year</b>	1,128,270	1,128,270	1,128,270	-
<b>Fund Balance-End of Year</b>	<u>\$ 789,485</u>	<u>\$ 1,205,322</u>	<u>\$ 1,305,862</u>	<u>\$ 100,540</u>

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>										
Service cost	\$ 31,177	\$ 29,597	\$ 28,367	\$ 27,017	\$ 28,087	\$ 28,375	\$ 28,380	\$ 27,567	\$ 26,720	\$ 26,168
Interest	99,556	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	25,240	5,330	211	28,918	(130,425)	(6,074)	-	-	(4,185)	-
Changes of assumptions	12,568	-	55,581	64,708	28,112	-	(18,789)	(16,752)	40,993	-
Benefit payments including employee refunds	(71,944)	(59,728)	(59,206)	(49,383)	(41,216)	(35,168)	(39,244)	(31,879)	(31,879)	(31,879)
Other	-	-	4,174	-	-	-	-	-	-	-
<b>Net Change in Total Pension Liability</b>	<b>\$ 96,597</b>	<b>\$ 70,061</b>	<b>\$ 115,584</b>	<b>\$ 150,755</b>	<b>\$ (29,068)</b>	<b>\$ 68,297</b>	<b>\$ 47,544</b>	<b>\$ 52,218</b>	<b>\$ 99,017</b>	<b>\$ 56,937</b>
<b>Total Pension Liability beginning</b>	<b>\$ 1,393,571</b>	<b>\$ 1,323,510</b>	<b>\$ 1,207,926</b>	<b>\$ 1,057,171</b>	<b>\$ 1,086,239</b>	<b>\$ 1,017,942</b>	<b>\$ 970,398</b>	<b>\$ 918,180</b>	<b>\$ 819,163</b>	<b>\$ 762,226</b>
<b>Total Pension Liability ending</b>	<b>\$ 1,490,168</b>	<b>\$ 1,393,571</b>	<b>\$ 1,323,510</b>	<b>\$ 1,207,926</b>	<b>\$ 1,057,171</b>	<b>\$ 1,086,239</b>	<b>\$ 1,017,942</b>	<b>\$ 970,398</b>	<b>\$ 918,180</b>	<b>\$ 819,163</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	\$ 39,734	\$ 31,436	\$ 25,624	\$ 30,646	\$ 25,263	\$ 24,950	\$ 23,038	\$ 20,200	\$ 17,489	\$ 14,381
Contributions - employee	8,963	8,805	9,015	9,009	8,317	8,471	8,155	7,922	7,790	7,629
Net Investment income	126,310	(135,157)	163,722	135,258	126,378	(38,554)	115,006	89,360	(12,108)	48,264
Benefit payments including employee refunds	(71,944)	(59,728)	(59,206)	(49,383)	(41,216)	(35,168)	(39,244)	(31,879)	(31,879)	(31,879)
Administrative expense	(2,681)	(2,403)	(1,877)	(2,114)	(2,178)	(1,892)	(1,819)	(1,763)	(1,761)	(1,775)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ 100,382</b>	<b>\$ (157,047)</b>	<b>\$ 137,278</b>	<b>\$ 123,416</b>	<b>\$ 116,564</b>	<b>\$ (42,193)</b>	<b>\$ 105,136</b>	<b>\$ 83,840</b>	<b>\$ (20,469)</b>	<b>\$ 36,620</b>
<b>Plan Fiduciary Net Position beginning</b>	<b>\$ 1,146,711</b>	<b>\$ 1,303,758</b>	<b>\$ 1,166,480</b>	<b>\$ 1,043,064</b>	<b>\$ 926,500</b>	<b>\$ 968,693</b>	<b>\$ 863,557</b>	<b>\$ 779,717</b>	<b>\$ 800,186</b>	<b>\$ 763,566</b>
<b>Plan Fiduciary Net Position ending</b>	<b>\$ 1,247,093</b>	<b>\$ 1,146,711</b>	<b>\$ 1,303,758</b>	<b>\$ 1,166,480</b>	<b>\$ 1,043,064</b>	<b>\$ 926,500</b>	<b>\$ 968,693</b>	<b>\$ 863,557</b>	<b>\$ 779,717</b>	<b>\$ 800,186</b>
<b>Employer Net Pension Liability (Asset)</b>	<b>\$ 243,075</b>	<b>\$ 246,860</b>	<b>\$ 19,752</b>	<b>\$ 41,446</b>	<b>\$ 14,107</b>	<b>\$ 159,739</b>	<b>\$ 49,249</b>	<b>\$ 106,841</b>	<b>\$ 138,463</b>	<b>\$ 18,977</b>
<b>Plan Fiduciary Net Position as a percentage of the Total Pension Liability (Asset)</b>	<b>83.69%</b>	<b>82.29%</b>	<b>98.51%</b>	<b>96.57%</b>	<b>98.67%</b>	<b>85.29%</b>	<b>95.16%</b>	<b>88.99%</b>	<b>84.92%</b>	<b>97.68%</b>
<b>Covered Employee Payroll</b>	<b>\$ 450,528</b>	<b>\$ 410,494</b>	<b>\$ 437,082</b>	<b>\$ 393,267</b>	<b>\$ 407,648</b>	<b>\$ 407,686</b>	<b>\$ 407,753</b>	<b>\$ 396,081</b>	<b>\$ 389,510</b>	<b>\$ 381,455</b>
<b>Employer's Net Pension Liability (Asset) as a percentage of covered employee payroll</b>	<b>53.95%</b>	<b>60.14%</b>	<b>4.52%</b>	<b>10.54%</b>	<b>3.46%</b>	<b>39.18%</b>	<b>12.08%</b>	<b>26.97%</b>	<b>35.55%</b>	<b>4.97%</b>

**CASS DISTRICT LIBRARY  
CASSOPOLIS, MICHIGAN**

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarial determined contributions	\$ 29,734	\$ 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	39,734	31,436	25,624	30,646	25,263	24,950	23,038	20,200	17,489	14,381
Contribution deficiency (excess)	<u>\$ (10,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 450,528	\$ 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	8.82%	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