

MID-MICHIGAN LIBRARY LEAGUE

CADILLAC, MICHIGAN

SEPTEMBER 30, 2022



Baird, Cotter & Bishop, P.C.
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CERTIFIED PUBLIC ACCOUNTANTS
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MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

SEPTEMBER 30, 2022

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October 27, 2022

INDEPENDENT AUDITOR'S REPORT

To the Board
Mid-Michigan Library League
Cadillac, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Mid-Michigan Library League (a library cooperative), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the League'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 the major fund of Mid-Michigan Library League, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Mid-Michigan Library League and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mid-Michigan Library League'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.

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 and *Government 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages iv through ix and 21-22 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the

basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2022, on our consideration of Mid-Michigan Library League's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mid-Michigan Library League's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mid-Michigan Library League's internal control over financial reporting and compliance.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

Mid-Michigan Library League, (“the League”), a Library Cooperative located in Wexford County, Michigan offers this narrative overview and analysis of the financial activities of the League for the fiscal year ended September 30, 2022, for the benefit of the readers of these financial statements. This management’s discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the League’s financial activity.

Financial Highlights

- ❖ The assets and deferred outflows of resources of the League exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$210,143 (*net position*). Of this amount, \$209,096 represents unrestricted net position, which may be used to meet the League’s ongoing obligations to citizens and creditors.
- ❖ At the close of the current fiscal year, the League’s governmental fund reported a fund balance of \$362,125, an increase of \$36,574 in comparison with the prior year. Approximately 73% of this amount (\$262,882) is available for spending at the League’s discretion (*unassigned fund balance*).
- ❖ The League’s total outstanding long-term obligations decreased by \$28,397 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the League’s basic financial statements. The League’s basic financial statements consist of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional details to support the basic financial statements themselves.

Government-Wide Financial Statements The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the League’s finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information showing how the League’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods.

Both of the government-wide financial statements distinguish functions of the League that are principally supported by state sources. The governmental activities of the League include culture and recreation.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

The government-wide financial statements can be found on pages 1-2 of this report.

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Mid-Michigan Library League, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the League are considered to be governmental funds.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The League adopts an annual budget for the General Fund. A budgetary comparison has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-7 of this report.

Notes to Financial Statements The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 8-20 of this report.

Other Information In addition to the basic financial statements and accompanying notes, this report also presents *Required Supplementary Information* (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of Mid-Michigan Library League, assets exceeded liabilities by \$210,143 at the close of the most recent fiscal year.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

The following schedule summarizes the net position at fiscal year ended September 30.

	<u>2022</u>	<u>2021</u>
Assets		
Current Assets	\$ 398,399	\$ 353,191
Non Current Assets	<u>1,047</u>	<u>1,395</u>
 TOTAL ASSETS	 <u>399,446</u>	 <u>354,586</u>
 Deferred Outflows of Resources	 <u>18,027</u>	 <u>13,853</u>
 Liabilities		
Current Liabilities	36,274	27,640
Non Current Liabilities	<u>117,143</u>	<u>145,540</u>
 TOTAL LIABILITIES	 <u>153,417</u>	 <u>173,180</u>
 Deferred Inflows of Resources	 <u>53,913</u>	 <u>22,082</u>
 Net Position		
Investment in Capital Assets	1,047	1,395
Unrestricted	<u>209,096</u>	<u>171,782</u>
 TOTAL NET POSITION	 <u>\$ 210,143</u>	 <u>\$ 173,177</u>

A small portion of the League's net position (\$1,047) reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related outstanding debt that was used to acquire those assets. The League uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending.

The remaining balance of \$209,096 is unrestricted, which may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the League is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

Mid-Michigan Library League's overall net position increased by \$36,966 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for the governmental activities. The following table illustrates the results of the changes in the net position for the League for the year ended September 30.

	<u>2022</u>	<u>2021</u>
Revenues		
Charges for Services	\$ 1,520	\$ 600
Operating Grants and Contributions	103,369	83,370
State Sources	319,919	284,543
Investment Earnings	41	73
Other	<u>517</u>	<u>567</u>
Total Revenues	425,366	369,153
Expenses		
Culture and Recreation	<u>(388,400)</u>	<u>(374,499)</u>
Change in Net Position	36,966	(5,346)
Beginning Net Position	<u>173,177</u>	<u>178,523</u>
Ending Net Position	<u><u>\$ 210,143</u></u>	<u><u>\$ 173,177</u></u>

Governmental Activities The most significant part of the revenue for all governmental activities of Mid-Michigan Library League comes from state sources. The League collected \$319,919 in state aid for the fiscal year ending September 30, 2022.

The League's governmental activities expenses are all culture and recreation expenses that total \$388,400.

Financial Analysis of the Governmental Funds

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

Governmental Fund The focus of the League's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the League's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the League itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the League Board.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

At September 30, 2022, the League’s governmental fund, the General Fund, reported a fund balance of \$362,125, an increase of \$36,574 in comparison with the prior year. Approximately 73% of this amount (\$262,882) constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$99,243), 2) legally required to be maintained intact, 3) restricted for particular purposes, 4) committed for particular purposes, or 5) assigned for particular purposes.

General Fund – The General Fund is the main operating fund of the library. The General Fund increased its fund balance during the fiscal year by \$36,574, bringing the balance to \$362,125. The primary reason for this increase is due to the increase in state aid received both directly and indirectly.

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the Board approve the original budget for the upcoming fiscal year prior to its starting on October 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the year on September 30.

The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>
Total Revenues	\$ 425,147	\$ 464,389	\$ 425,366
Total Expenditures	\$ 425,147	\$ 433,708	\$ 388,792

A review of original and final budgeted revenue amounts yields variances due to the League getting a clearer picture of what the State was going to send over in aid revenues. A review of the original budgeted to final budgeted expenditure amounts yields variances due to the League spending more than originally anticipated on grants to member libraries and books, periodicals, and computer software.

The variances between final budget and actual expenditures are due to the League spending less in purchases for member libraries, professional services, and miscellaneous items than was anticipated for. The variance between final budget to actual revenues is caused by the League anticipating more reimbursements from member libraries but receiving less.

Capital Assets

At September 30, 2022, the League had \$1,745 in capital assets, including equipment. Depreciation expense for the year amounted to \$348, bringing the accumulated depreciation to \$698 as of September 30, 2022. The League’s capital assets, net of depreciation, was \$1,047 at fiscal year-end, which is a decrease of \$348 from the prior year.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

Long-Term Obligations

As of September 30, 2022, the League had total long-term obligations outstanding of \$117,143. Of this amount, \$111,685 is the League's net pension liability and \$5,458 represents compensated absences. The League decreased their outstanding balance by \$28,397 from the prior year.

Factors Bearing on the League's Future

At the time that these financial statements were prepared and audited, the League was aware of the following that could significantly affect its financial health in the future:

- The League has 36 regular members and 2 affiliate memberships. The 36 regular members are stable and unlikely to leave the cooperative during the year.
- State Aid to Public Libraries, Act 89 of 1977, is the legislation under which library cooperatives are formed. We are very pleased that the legislature approved and the Governor signed the new FY23 state budget with an increase to State Aid of \$500,000. We are waiting for new population figures and the per capita amount for the state aid distribution, as it is unknown at this time how much of an increase this will bring to our cooperative budget.
- The state of the cooperative is quite good and stable for the current period. No major changes can be seen on the horizon.
- We are in a 3-year lease agreement for our office space (May 1, 2021 – April 30, 2024) with a one-year renewal option.
- We are still dealing with the COVID-19 pandemic, now with more contagious variants of the virus and people resisting the FDA approved vaccines. This has made normal library operations challenging and we continue to consult with our membership on provision of service to the public while keeping a keen eye on public safety.

Contacting the League's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the League's finances and to demonstrate the League's accountability for the money it receives. If you have questions about this report, please contact Mid-Michigan Library League, 201 N. Mitchell Street, Ste. 302, Cadillac, Michigan 49601.

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MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 296,582
Accounts Receivable	2,574
Prepaid Expense	99,243
	<hr/>
Total Current Assets	398,399

NONCURRENT ASSETS

Capital Assets	1,745
Less: Accumulated Depreciation	(698)
	<hr/>
Net Capital Assets	1,047

TOTAL ASSETS

399,446

DEFERRED OUTFLOWS OF RESOURCES

Subsequent Pension Contributions	18,027
	<hr/>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	18,027

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	135
Unearned Revenues	31,623
Accrued Wages	3,409
Accrued Payroll Withholdings	1,107
	<hr/>
Total Current Liabilities	36,274

NON CURRENT LIABILITIES

Compensated Absences	5,458
Net Pension Liability	111,685
	<hr/>
Total Non Current Liabilities	117,143

TOTAL LIABILITIES

153,417

DEFERRED INFLOWS OF RESOURCES

Net Difference Between the Projected and Actual Pension Investment Earnings	53,913
	<hr/>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	53,913

NET POSITION

Investment in Capital Assets	1,047
Unrestricted	209,096
	<hr/>
TOTAL NET POSITION	\$ 210,143

The notes to the financial statements are an integral part of this statement.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2022

<u>FUNCTIONS/PROGRAMS</u>	<u>PROGRAM REVENUES</u>				<u>GOVERNMENTAL ACTIVITIES</u>
<u>GOVERNMENTAL ACTIVITIES</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>
Culture and Recreation	\$ 388,400	\$ 1,520	\$ 103,369	\$ 0	\$ (283,511)
<u>GENERAL REVENUES</u>					
State Sources					319,919
Investment Earnings					41
Other					517
Total General Revenues					320,477
Change in Net Position					36,966
<u>NET POSITION</u> - Beginning of Year					173,177
<u>NET POSITION</u> - End of Year					\$ 210,143

The notes to the financial statements are an integral part of this statement.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

GOVERNMENTAL BALANCE SHEET - GENERAL FUND

SEPTEMBER 30, 2022

ASSETS

Cash and Cash Equivalents	\$ 296,582
Accounts Receivable	2,574
Prepaid Expenditures	<u>99,243</u>
 TOTAL ASSETS	 <u><u>\$ 398,399</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 135
Unearned Revenues	31,623
Accrued Wages	3,409
Accrued Payroll Withholdings	<u>1,107</u>
 Total Liabilities	 <u>36,274</u>

FUND BALANCE

Nonspendable, Prepaid Expenditures	99,243
Unassigned	<u>262,882</u>
 Total Fund Balance	 <u>362,125</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 398,399</u></u>

The notes to the financial statements are an integral part of this statement.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

Total General Fund Balance	\$ 362,125
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	
The cost of the capital assets is	\$ 1,745
Accumulated depreciation is	<u>(698)</u> 1,047
Some assets, including net pension asset, are not applicable to the current period and, therefore, are not reported in the funds.	
Net Pension Liability	(111,685)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated Absences	(5,458)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Subsequent Pension Contributions	18,027
Net Difference Between the Projected and Actual Pension Investment Earnings	<u>(53,913)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 210,143</u></u>

The notes to the financial statements are an integral part of this statement.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2022

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>
	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
State Grants			
Library State Aid			
Direct State Aid	\$ 171,257	\$ 195,209	\$ 195,209
Indirect State Aid	112,605	127,664	124,710
Charges for Services			
Workshop Fees	1,000	1,000	1,520
Interest and Rents			
Interest Earnings	85	36	41
Other Revenue			
Reimbursements from Other Governments	140,000	140,000	103,369
Miscellaneous	200	480	517
	<hr/>	<hr/>	<hr/>
Total Revenues	425,147	464,389	425,366
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
Culture and Recreation			
Personal Services			
Salaries and Wages	86,862	86,862	85,930
Employee Benefits	43,008	44,144	43,089
Supplies			
Office Supplies and Postage	500	500	423
General Operating Supplies	700	750	1,804
Books, Periodicals and Computer Software	6,020	4,045	5,209
Purchases for Member Libraries	140,000	140,000	116,266
Other Services and Charges			
Purchased Professional and Technical Services	98,379	106,478	91,647
Repair and Maintenance	500	500	191
Rental of Building	8,505	8,505	8,400
Grants to Members	20,500	20,500	19,776

The notes to the financial statements are an integral part of this statement.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Other Purchased Services			
Insurance	2,750	2,750	2,119
Communications	1,900	1,900	1,109
Utilities	1,100	1,100	677
Travel and Workshops	12,000	12,000	8,861
Dues and Memberships	1,100	1,350	1,291
Copier Lease	300	0	0
Miscellaneous	23	2,324	2,000
Capital Outlay	1,000	0	0
Total Expenditures	425,147	433,708	388,792
Net Change in Fund Balance	0	30,681	36,574
<u>FUND BALANCE</u> - Beginning of Year	312,376	312,376	325,551
<u>FUND BALANCE</u> - End of Year	\$ 312,376	\$ 343,057	\$ 362,125

The notes to the financial statements are an integral part of this statement.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

RECONCILIATION OF THE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2022

Net Change in Fund Balance General Fund	\$ 36,574
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures in the Statement of Activities. These costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(348)
Compensated Absences are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the funds.	
Compensated Absences - Beginning of Year	5,971
Compensated Absences - End of Year	(5,458)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense.	
Changes in Net Pension Liability	27,884
Changes in Subsequent Pension Contributions	4,174
Changes in the Net Difference Between the Projected and Actual Pension Investment Earnings	<u>(31,831)</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 36,966</u>

The notes to the financial statements are an integral part of this statement.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary governmental is financially accountable. Mid-Michigan Library League does not have any *fiduciary activities*, *business-type activities*, or *component units*.

B. Reporting Entity

The League is a library cooperative formed under Michigan Public Act 89, section 6(a). The League board consists of nine members. The service area is divided into nine geographic areas. Member libraries located in those geographic areas select a representative to the nine-member Board of Trustees. The League board receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. However, the League board is not included in any other governmental "reporting entity" as defined in section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since league board members are elected by member libraries, and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

In evaluating how to define the entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the League and/or its constituents, or whether the activity is conducted within the geographic boundaries of the League and is generally available to its constituents. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the League is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no associated organizations included in the League's reporting entity.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds.

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government’s funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

Mid-Michigan Library League reports the following major governmental fund:

The *General Fund* is the primary operating fund of the League. It is used to account for all financial resources of the League.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

State grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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F. Budgetary Information

1. Budgetary Basis of Accounting

The League follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) Prior to September 30, the director of the League annually prepares an operating budget taking into consideration the recommendations of the advisory council. The operating budget includes proposed expenditures and the means of financing them.
- b) The budget is approved by the League board prior to the start of the fiscal year which it covers.
- c) All transfers of budget amounts between accounts within the General Fund must be approved by the League board.
- d) The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are as originally adopted, or as amended by the League board.
- e) Budget appropriations lapse at the end of the fiscal year.
- f) Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the League because, at present, it is not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

2. Excess of Expenditures Over Appropriations

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
Culture and Recreation		
Supplies		
General Operating Supplies	\$ 750	\$ 1,804
Books, Periodicals, and Computer Software	4,045	5,209

These overages were covered by available fund balance.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The League's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The government considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

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2. *Investments*

The League has adopted a policy that limits its investments to investments authorized by Act 20 of 1943, as amended, and may invest in the following:

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b) Certificates of deposit, savings accounts, deposit accounts, or depository of a financial institution. Some investments authorized by state law are shown as cash on the financial statements.
- c) Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d) Repurchase agreements consisting of instruments listed in (i).
- e) Banker's acceptances of United States banks.
- f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated investment grade by not less than one standard rating service.
- g) Mutual funds registered under the Investment Company Act of 1940, title I of chapter 686, 54 Stat. 789 15 U.S.C. 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by the League. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share.
- h) Investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.512.
- i) Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, 129.118.

3. *Inventories and Prepaid Items*

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. *Capital Assets*

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated acquisition value on the date received. Capital assets with a cost of under \$1,000 are not capitalized.

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The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Equipment	5 years
Furniture and Fixtures	10 years

5. *Unearned Revenue*

Unearned revenue arises when resources are received by the League before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The League has unearned revenue related to contributions received that are related to subsequent year expenditures.

6. *Long-Term Obligations*

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position.

7. *Deferred Outflows/Inflows 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. The League has one item that qualifies for reporting in this category, which is related to the pension plan for its employees. Details can be found in footnote II.F.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The League has one item that qualifies for reporting in this category, which is related to the pension plan for its employees. Details can be found in footnote II.F.

8. *Pension*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System (MERS) 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 are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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9. *Net Position Flow Assumption*

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

10. *Fund Balance Flow Assumption*

Sometimes the government 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 government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. *Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

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12. Use of Estimates

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

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

Note I.F.2, on the Excess of Expenditures Over Appropriations, describes a budgetary violation that occurred for the year ended September 30, 2022.

III. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits with Financial Institutions

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2022, \$28,187 of the League's \$301,735 bank balance was exposed to custodial credit risk because it was not insured and collateralized. As of September 30, 2022, deposits of \$296,582 are reported on the financial statements as cash and cash equivalents.

Interest rate risk. The League 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 investing pools and limiting the average maturity in accordance with the League's cash requirement.

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Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs).

Concentration of credit risk. The League will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the League'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.

Foreign currency risk. The League is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the League's investment policy does not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments or by controlling who holds the investments.

B. Receivables

Receivables as of year-end for the government's General Fund are as follows:

Receivables	
Accounts Receivable	<u>\$ 2,574</u>

The allowance for doubtful accounts is not considered to be material for disclosure.

C. Capital Assets

A summary of changes in the League's capital assets follows:

	Balance			Balance
	October 1, 2021	Additions	Deletions	September 30, 2022
Capital assets:				
Equipment	\$ 5,574	\$ 0	\$ (3,829)	\$ 1,745
Accumulated Depreciation:	(4,179)	(348)	3,829	(698)
Net capital assets	<u>\$ 1,395</u>	<u>\$ (348)</u>	<u>\$ 0</u>	<u>\$ 1,047</u>

D. Long-Term Obligations

A summary of the long-term obligations' transactions for the League for the year ended September 30, 2022, is as follows:

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	NET PENSION LIABILITY	COMPENSATED ABSENCES	TOTAL
Balance October 1, 2021	\$ 139,569	\$ 5,971	\$ 145,540
Additions	25,605	0	25,605
Deletions	(53,489)	(513)	(54,002)
Balance September 30, 2022	\$ 111,685	\$ 5,458	\$ 117,143
Due Within One Year	Unknown	Unknown	Unknown

E. Risk Management

The Mid-Michigan Library League is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation).

The Mid-Michigan Library League continues to carry commercial insurance for various risks of loss, including general liability, property and casualty, and accident insurance, and workers' disability compensation. The Mid-Michigan Library League has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

F. Employee Retirement Systems

Plan Description:

The League's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and their beneficiaries. The League 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 for the system. This report may be obtained by accessing the MERS website at www.mersofmich.com.

Benefits Provided

	<u>2021 Valuation</u>
Benefit Multiplier:	2.00% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Employee Contributions:	0%
Act 88:	Yes (Adopted 08/27/2015)

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Employees Covered by Benefit Terms

At the December 31, 2021, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>1</u>
Total employees covered by MERS	<u><u>7</u></u>

Contributions

The League is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability. The League may establish contribution rates to be paid by its covered employees.

League contributions were 31.58% based on annual payroll for open divisions.

Net Pension Liability

The League's Net Pension Liability was measured as of December 31, 2021, 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:

Inflation:	2.5%	
Salary Increases 3% plus merit and longevity:	3%	In the long-term
Investment rate of return:	7.35%	Net of investment expenses and administrative expense including inflation

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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-210 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Allocation Gross Rate of Return</u>	<u>Long-Term Expected Gross Rate of Return</u>	<u>Inflation Assumption</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.00%	4.50%	0.90%	2.50%	0.40%
Private Investments	20.00%	9.50%	1.90%	2.50%	1.40%
Total	100.00%		7.00%		4.50%

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in Net Pension Liability

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balance at December 31, 2020	\$ 848,004	\$ 708,435	\$ 139,569
Service cost	12,053	0	12,053
Interest	62,497	0	62,497
Difference between expected and actual experience	(9,195)	0	(9,195)
Change in assumptions	23,666	0	23,666
Contributions - employer	0	20,453	(20,453)
Net investment income	0	97,571	(97,571)
Benefit payments, including refunds	(63,416)	(63,416)	0
Administrative expenses	0	(1,119)	1,119
Net changes	<u>25,605</u>	<u>53,489</u>	<u>(27,884)</u>
Balance at December 31, 2021	<u>\$ 873,609</u>	<u>\$ 761,924</u>	<u>\$ 111,685</u>

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

The following presents the net pension liability of the League, calculated using the discount rate of 7.25%, as well as what the League's net pension liability would be using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
\$ 185,990	\$ 111,685	\$ 46,925

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

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

For the year ended September 30, 2022, the League recognized pension expense of \$24,400. At September 30, 2022, the League reported deferred outflows and inflows of resources related to pensions from the following sources:

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Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 0	\$ 53,913
Employer contributions to the plan subsequent to the measurement date	18,027	0
Total	\$ 18,027	\$ 53,913

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2022.

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending September 30,	Amount
2023	\$ (6,512)
2024	(22,971)
2025	(15,349)
2026	(9,081)
	\$ (53,913)

III. OTHER INFORMATION

A. GASB Statement No. 87 – Leases

It has been determined that the District has leases as defined by GASB Statement No. 87. However, the total of these leases has been determined they are not significant enough to warrant disclosure.

B. Concentration of Credit Risk

Financial instruments which potentially subject the League to a concentration of credit risks consist principally of receivables from member libraries. Even though no one member library accounts for a significant portion of this receivable, they are all heavily reliant on state and local revenues. During this period of governmental budget cutting, there is a potential risk that some member libraries could lose significant revenue sources, causing them to default on their obligations to the League. No provision for uncollectible accounts has been made.

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SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS - MERS
FOR PLAN YEAR ENDED DECEMBER 31,
(ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ 12,053	\$ 12,032	\$ 10,905	\$ 10,678	\$ 8,867	\$ 12,467	\$ 8,118	\$ 7,610
Interest	62,497	60,218	58,253	61,219	58,772	58,746	51,215	49,816
Difference Between Expected and Actual Experience	(9,195)	(4,610)	(8,248)	(9,520)	12,612	(34,261)	22,658	0
Changes in Assumptions	23,666	25,744	24,294	0	0	0	35,766	0
Benefit Payments	(63,416)	(63,416)	(62,543)	(59,925)	(41,233)	(28,411)	(26,384)	(16,247)
Other Changes	0	0	3,066	1	0	0	1,601	0
Net Change in Total Pension Liability	25,605	29,968	25,727	2,453	39,018	8,541	92,974	41,179
Total Pension Liability - Beginning	848,004	818,036	792,309	789,856	750,838	742,297	649,323	608,144
Total Pension Liability - Ending	\$ 873,609	\$ 848,004	\$ 818,036	\$ 792,309	\$ 789,856	\$ 750,838	\$ 742,297	\$ 649,323
Plan Fiduciary Net Position								
Contributions - Employer	\$ 20,453	\$ 17,134	\$ 11,726	\$ 10,300	\$ 5,108	\$ 4,587	\$ 3,435	\$ 3,379
Net Investment Income	97,571	80,846	84,955	(26,719)	87,432	70,521	(9,728)	40,020
Benefit Payments Including Employee Refunds	(63,416)	(63,416)	(62,543)	(59,925)	(41,233)	(28,411)	(26,384)	(16,247)
Administrative Expense	(1,119)	(1,324)	(1,462)	(1,363)	(1,387)	(1,393)	(1,434)	(1,470)
Net Change in Plan Fiduciary Net Position	53,489	33,240	32,676	(77,707)	49,920	45,304	(34,111)	25,682
Plan Fiduciary Net Position - Beginning	708,435	675,195	642,519	720,226	670,306	625,002	659,113	633,431
Plan Fiduciary Net Position - Ending	\$ 761,924	\$ 708,435	\$ 675,195	\$ 642,519	\$ 720,226	\$ 670,306	\$ 625,002	\$ 659,113
Employer Net Pension Liability (Asset)	\$ 111,685	\$ 139,569	\$ 142,841	\$ 149,790	\$ 69,630	\$ 80,532	\$ 117,295	\$ (9,790)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87%	84%	83%	81%	91%	89%	84%	102%
Covered Payroll	\$ 76,335	\$ 76,928	\$ 71,888	\$ 69,794	\$ 68,211	\$ 98,324	\$ 105,844	\$ 99,213
Employer's Net Pension Liability (Asset) as a Percentage of Covered Payroll	146%	181%	199%	215%	102%	82%	111%	(10%)

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS - MERS

YEAR ENDED SEPTEMBER 30,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarial Determined Contributions	\$ 24,627	\$ 18,924	\$ 15,660	\$ 10,552	\$ 5,108	\$ 4,587	\$ 3,435	\$ 3,379	\$ 2,814	\$ 2,395
Contributions in Relation to the Actuarially Determined Contribution	24,627	18,924	15,660	10,552	5,108	4,587	3,435	3,379	2,814	2,395
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 77,984	\$ 75,725	\$ 73,522	\$ 71,396	\$ 68,211	\$ 98,324	\$ 105,844	\$ 99,213	\$ 99,213	\$ 100,461
Contributions as a Percentage of Covered Payroll	32%	25%	21%	15%	7%	5%	3%	3%	3%	2%

Notes to Schedule

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll for Open Divisions, Level Dollar for Closed
Remaining Amortization Period	18 Years
Asset Valuation Method	5 Year Smoothed
Inflation	2.50%
Salary Increases	3% Plus Merit and Longevity
Investment Rate of Return	7.35%
Retirement Age	Varies Depending on Plan Adoption
Mortality	Pub-201 and Fully Generational MP-2019

