

MID-MICHIGAN LIBRARY LEAGUE

CADILLAC, MICHIGAN

SEPTEMBER 30, 2023

MID-MICHIGAN LIBRARY LEAGUE

CADILLAC, MICHIGAN

SEPTEMBER 30, 2023

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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, 2023, 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, 2023, 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 4-9 and 29-30 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 November 10, 2023, 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.

UHY LLP

Cadillac, Michigan
November 10, 2023

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2023

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, 2023, 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 \$209,504 (*net position*). Of this amount, \$208,806 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 \$400,610, an increase of \$38,485 in comparison with the prior year. Approximately 72% of this amount (\$288,891) is available for spending at the League's discretion (*unassigned fund balance*).
- ❖ The League's total outstanding long-term obligations increased by \$150,291 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.

The government-wide financial statements can be found on pages 10-11 of this report.

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CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2023

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 12-16 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 17-28 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 \$209,504 at the close of the most recent fiscal year.

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CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2023

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

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets	\$ 441,097	\$ 398,399
Non Current Assets	<u>698</u>	<u>1,047</u>
 TOTAL ASSETS	 <u>441,795</u>	 <u>399,446</u>
 Deferred Outflows of Resources	 <u>75,630</u>	 <u>18,027</u>
 Liabilities		
Current Liabilities	40,487	36,274
Non Current Liabilities	<u>267,434</u>	<u>117,143</u>
 TOTAL LIABILITIES	 <u>307,921</u>	 <u>153,417</u>
 Deferred Inflows of Resources	 <u>0</u>	 <u>53,913</u>
 Net Position		
Investment in Capital Assets	698	1,047
Unrestricted	<u>208,806</u>	<u>209,096</u>
 TOTAL NET POSITION	 <u>\$ 209,504</u>	 <u>\$ 210,143</u>

A small portion of the League's net position (\$698) 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 \$208,806 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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2023

Mid-Michigan Library League's overall net position decreased by \$639 from the prior fiscal year. The reasons for this overall decrease 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>2023</u>	<u>2022</u>
Revenues		
Charges for Services	\$ 620	\$ 1,520
Operating Grants and Contributions	116,260	103,369
State Sources	330,676	319,919
Investment Earnings	50	41
Other	<u>20</u>	<u>517</u>
Total Revenues	447,626	425,366
Expenses		
Culture and Recreation	<u>(448,265)</u>	<u>(388,400)</u>
Change in Net Position	(639)	36,966
Beginning Net Position	<u>210,143</u>	<u>173,177</u>
Ending Net Position	<u><u>\$ 209,504</u></u>	<u><u>\$ 210,143</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 \$330,676 in state aid for the fiscal year ending September 30, 2023.

The League's governmental activities expenses are all culture and recreation expenses that total \$448,265.

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.

At September 30, 2023, the League's governmental fund, the General Fund, reported a fund balance of \$400,610, an increase of \$38,485 in comparison with the prior year. Approximately 72% of this amount

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2023

(\$288,891) 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 (\$111,719), 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 \$38,485, bringing the balance to \$400,610. The primary reason for this increase is due to the increase in reimbursements from other governments.

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</u> <u>BUDGET</u>	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>
Total Revenues	\$ 444,585	\$ 444,585	\$ 447,626
Total Expenditures	\$ 444,585	\$ 444,585	\$ 409,141

The variance 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, 2023, the League had \$1,745 in capital assets, including equipment. Depreciation expense for the year amounted to \$349, bringing the accumulated depreciation to \$1,047 as of September 30, 2023. The League's capital assets, net of depreciation, were \$698 at fiscal year-end, which is a decrease of \$349 from the prior year.

Long-Term Obligations

As of September 30, 2023, the League had total long-term obligations outstanding of \$267,434. Of this amount, \$265,065 is the League's net pension liability and \$2,369 represents compensated absences. The League increased their outstanding balance by \$150,291 from the prior year.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2023

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. The legislature approved and the Governor signed the new FY24 state budget continuing the current amount of State Aid. 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.

MID-MICHIGAN LIBRARY LEAGUE

CADILLAC, MICHIGAN

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 321,289
Accounts Receivable	8,089
Prepaid Expense	111,719
	<hr/>
Total Current Assets	441,097

NONCURRENT ASSETS

Capital Assets	1,745
Less: Accumulated Depreciation	(1,047)
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Net Capital Assets	698
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TOTAL ASSETS	441,795
	<hr/>

DEFERRED OUTFLOWS OF RESOURCES

Net Difference Between the Projected and Actual Pension Investment Earnings	58,603
Subsequent Pension Contributions	17,027
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TOTAL DEFERRED OUTFLOWS OF RESOURCES	75,630
	<hr/>

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	2,887
Unearned Revenues	34,135
Accrued Wages	3,229
Accrued Payroll Withholdings	236
	<hr/>

Total Current Liabilities	40,487
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NON CURRENT LIABILITIES

Compensated Absences	2,369
Net Pension Liability	265,065
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Total Non Current Liabilities	267,434
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TOTAL LIABILITIES	307,921
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NET POSITION

Investment in Capital Assets	698
Unrestricted	208,806
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TOTAL NET POSITION	\$ 209,504
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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, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
<u>GOVERNMENTAL ACTIVITIES</u>					
Culture and Recreation	\$ 448,265	\$ 620	\$ 116,260	\$ 0	\$ (331,385)
 <u>GENERAL REVENUES</u>					
State Sources					330,676
Investment Earnings					50
Other					20
Total General Revenues					330,746
Change in Net Position					(639)
<u>NET POSITION</u> - Beginning of Year					210,143
<u>NET POSITION</u> - End of Year					\$ 209,504

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, 2023

ASSETS

Cash and Cash Equivalents	\$ 321,289
Accounts Receivable	8,089
Prepaid Expenditures	<u>111,719</u>
 TOTAL ASSETS	 <u><u>\$ 441,097</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 2,887
Unearned Revenues	34,135
Accrued Wages	3,229
Accrued Payroll Withholdings	<u>236</u>
 Total Liabilities	 <u>40,487</u>

FUND BALANCE

Nonspendable, Prepaid Expenditures	111,719
Unassigned	<u>288,891</u>
 Total Fund Balance	 <u>400,610</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 441,097</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, 2023

Total General Fund Balance	\$ 400,610
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>(1,047)</u>
	698
Some assets, including net pension asset, are not applicable to the current period and, therefore, are not reported in the funds.	
Net Pension Liability	(265,065)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated Absences	(2,369)
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	17,027
Net Difference Between the Projected and Actual Pension Investment Earnings	<u>58,603</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 209,504</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, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>			
State Grants			
Library State Aid			
Direct State Aid	\$ 193,836	\$ 193,836	\$ 201,416
Indirect State Aid	127,664	127,664	129,260
Charges for Services			
Workshop Fees	1,000	1,000	620
Interest and Rents			
Interest Earnings	85	85	50
Other Revenue			
Reimbursements from Other Governments	122,000	122,000	116,260
Miscellaneous	0	0	20
	<hr/>	<hr/>	<hr/>
Total Revenues	444,585	444,585	447,626
<u>EXPENDITURES</u>			
Culture and Recreation			
Personal Services			
Salaries and Wages	88,743	95,243	93,904
Employee Benefits	46,841	50,841	46,173
Supplies			
Office Supplies and Postage	550	550	226
General Operating Supplies	750	750	537
Books, Periodicals and Computer Software	6,045	6,090	3,849
Purchases for Member Libraries	122,000	122,000	115,461
Other Services and Charges			
Purchased Professional and Technical Services	108,517	113,517	110,862
Repair and Maintenance	500	500	204
Rental of Building	8,757	8,757	8,400
Grants to Members	30,000	19,500	14,614

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, 2023

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>
Other Purchased Services			
Insurance	2,750	2,750	2,220
Communications	2,500	2,500	1,140
Utilities	1,100	1,100	822
Travel and Workshops	12,500	14,500	9,495
Dues and Memberships	1,350	1,350	1,042
Copier Lease	300	300	0
Miscellaneous	10,382	3,337	192
Capital Outlay	1,000	1,000	0
Total Expenditures	444,585	444,585	409,141
Net Change in Fund Balance	0	0	38,485
<u>FUND BALANCE - Beginning of Year</u>	343,057	343,057	362,125
<u>FUND BALANCE - End of Year</u>	\$ 343,057	\$ 343,057	\$ 400,610

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

MID-MICHIGAN LIBRARY LEAGUE
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RECONCILIATION OF THE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2023

Net Change in Fund Balance General Fund	\$ 38,485
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	(349)
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	5,458
Compensated Absences - End of Year	(2,369)
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	(153,380)
Changes in Subsequent Pension Contributions	(1,000)
Changes in the Net Difference Between the Projected and Actual Pension Investment Earnings	<u>112,516</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (639)</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, 2023

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.

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.

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.

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- 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.

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.

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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 two items that qualify 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 no items that qualify 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.

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.

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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.

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.

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II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits with Financial Institutions

As of September 30, 2023, the League had deposits 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 government’s deposits may not be returned to it. As of September 30, 2023, \$65,838 of the League’s bank balance of \$337,933 was exposed to custodial credit risk because it was not insured and collateralized. As of September 30, 2023, deposits of \$321,289 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.

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). 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.

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.

B. Capital Assets

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

	Balance			Balance	
	October 1, 2022	Additions	Deletions	September 30, 2023	
Capital assets:					
Equipment	\$ 1,745	\$ 0	\$ 0	\$	1,745
Accumulated Depreciation:	(698)	(349)	0		(1,047)
Net capital assets	\$ 1,047	\$ (349)	\$ 0	\$	698

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C. Long-Term Obligations

A summary of the long-term obligations' transactions for the League for the year ended September 30, 2023, is as follows:

	NET PENSION LIABILITY	COMPENSATED ABSENCES	TOTAL
Balance October 1, 2022	\$ 111,685	\$ 5,458	\$ 117,143
Additions	221,012	2,369	223,381
Deletions	(67,632)	(5,458)	(73,090)
Balance September 30, 2023	\$ 265,065	\$ 2,369	\$ 267,434
Due Within One Year	Unknown	Unknown	Unknown

D. 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.

E. 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>2022 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, 2022, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>1</u>
Total employees covered by MERS	<u><u>8</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 33.51% based on annual payroll for open divisions.

Net Pension Liability

The League's Net Pension Liability was measured as of December 31, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation:	2.5%	
Salary Increases 3% plus merit and longevity:	3%	In the long-term
Investment rate of return:	7.00%	Net of investment expenses and administrative 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-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

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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	60.00%	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.

Changes in Net Pension Liability

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2021	\$ 873,609	\$ 761,924	\$ 111,685
Service cost	14,270	0	14,270
Interest	61,490	0	61,490
Difference between expected and actual experience	24,302	0	24,302
Change in assumptions	0	0	0
Contributions - employer	0	26,768	(26,768)
Net investment income	0	(78,709)	78,709
Benefit payments, including refunds	(65,204)	(65,204)	0
Administrative expenses	0	(1,377)	1,377
Net changes	34,858	(118,522)	153,380
Balance at December 31, 2022	\$ 908,467	\$ 643,402	\$ 265,065

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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%
\$ 339,340	\$ 265,065	\$ 200,251

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, 2023, the League recognized pension expense of \$67,632. At September 30, 2023, the League reported deferred outflows and inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 58,603	\$ 0
Employer contributions to the plan subsequent to the measurement date	17,027	0
Total	\$ 75,630	\$ 0

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, 2023.

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

Years Ending September 30,	Amount
2024	\$ 3,530
2025	11,152
2026	17,420
2027	26,501
	\$ 58,603

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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.

C. Commitments and Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the League.

D. Upcoming Accounting Pronouncements

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The League is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

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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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	\$ 14,270	\$ 12,053	\$ 12,032	\$ 10,905	\$ 10,678	\$ 8,867	\$ 12,467	\$ 8,118	\$ 7,610
Interest	61,490	62,497	60,218	58,253	61,219	58,772	58,746	51,215	49,816
Difference Between Expected and Actual Experience	24,302	(9,195)	(4,610)	(8,248)	(9,520)	12,612	(34,261)	22,658	0
Changes in Assumptions	0	23,666	25,744	24,294	0	0	0	35,766	0
Benefit Payments	(65,204)	(63,416)	(63,416)	(62,543)	(59,925)	(41,233)	(28,411)	(26,384)	(16,247)
Other Changes	0	0	0	3,066	1	0	0	1,601	0
Net Change in Total Pension Liability	34,858	25,605	29,968	25,727	2,453	39,018	8,541	92,974	41,179
Total Pension Liability - Beginning	873,609	848,004	818,036	792,309	789,856	750,838	742,297	649,323	608,144
Total Pension Liability - Ending	\$ 908,467	\$ 873,609	\$ 848,004	\$ 818,036	\$ 792,309	\$ 789,856	\$ 750,838	\$ 742,297	\$ 649,323
Plan Fiduciary Net Position									
Contributions - Employer	\$ 26,768	\$ 20,453	\$ 17,134	\$ 11,726	\$ 10,300	\$ 5,108	\$ 4,587	\$ 3,435	\$ 3,379
Net Investment Income	(78,709)	97,571	80,846	84,955	(26,719)	87,432	70,521	(9,728)	40,020
Benefit Payments Including Employee Refunds	(65,204)	(63,416)	(63,416)	(62,543)	(59,925)	(41,233)	(28,411)	(26,384)	(16,247)
Administrative Expense	(1,377)	(1,119)	(1,324)	(1,462)	(1,363)	(1,387)	(1,393)	(1,434)	(1,470)
Net Change in Plan Fiduciary Net Position	(118,522)	53,489	33,240	32,676	(77,707)	49,920	45,304	(34,111)	25,682
Plan Fiduciary Net Position - Beginning	761,924	708,435	675,195	642,519	720,226	670,306	625,002	659,113	633,431
Plan Fiduciary Net Position - Ending	\$ 643,402	\$ 761,924	\$ 708,435	\$ 675,195	\$ 642,519	\$ 720,226	\$ 670,306	\$ 625,002	\$ 659,113
Employer Net Pension Liability (Asset)	\$ 265,065	\$ 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	71%	87%	84%	83%	81%	91%	89%	84%	102%
Covered Payroll	\$ 86,854	\$ 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	305%	146%	181%	199%	215%	102%	82%	111%	(10%)

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SCHEDULE OF EMPLOYER'S CONTRIBUTIONS - MERS

YEAR ENDED SEPTEMBER 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarial Determined Contributions	\$ 25,768	\$ 24,627	\$ 18,924	\$ 15,660	\$ 10,552	\$ 5,108	\$ 4,587	\$ 3,435	\$ 3,379	\$ 2,814
Contributions in Relation to the Actuarially Determined Contribution	25,768	24,627	18,924	15,660	10,552	5,108	4,587	3,435	3,379	2,814
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 76,897	\$ 77,984	\$ 75,725	\$ 73,522	\$ 71,396	\$ 68,211	\$ 98,324	\$ 105,844	\$ 99,213	\$ 99,213
Contributions as a Percentage of Covered Payroll	34%	32%	25%	21%	15%	7%	5%	3%	3%	3%

Notes to Schedule

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll for Open Divisions, Level Dollar for Closed
Remaining Amortization Period	16 Years
Asset Valuation Method	5 Year Smoothed
Inflation	2.50%
Salary Increases	3% Plus Merit and Longevity
Investment Rate of Return	7.00%
Retirement Age	Varies Depending on Plan Adoption
Mortality	Pub-201 and Fully Generational MP-2019

