



Willard Library
Board of Trustees
Meeting Agenda
October 18, 2023
5:00 p.m.

Willard Library Programming Room, Second Floor

- | | | |
|-------|---|---------------------|
| I. | Approval of Minutes * (pg. 1) | Michelle Herzing |
| II. | Public Comments | |
| III. | Financial Report | Kathy Domenico |
| | a. Approval of Expenditures * (pg. 3) | |
| | b. Presentation of Audit (pg. 10) | Plante Moran |
| IV. | Personnel Report (pg. 69) | Matt Willis |
| V. | Policy Regarding the Availability of Service
in the Battle Creek Area * (pg. 70) | Matt Willis |
| VI. | Reports & Recommendations | |
| | a. Quarterly Statistics (pg. 71) | April Dillinger |
| | b. Department Reports (pg. 74) | Administrative Team |
| VII. | Other Business | |
| VIII. | Comments by Trustees | |
| IX. | Adjourn | Michelle Herzing |

Action items indicated by an *

WILLARD PUBLIC LIBRARY BOARD OF TRUSTEES

September 20, 2023

Willard Library Programming Room, Second Floor

BOARD OF TRUSTEES

Kathy Baker, Judy Williamson, Laura Williams

ADMINISTRATION

Director Matt Willis, Deputy Director April Dillinger, Director of Finance Kathy Domenico, Director of IT & Facilities Chad Osborn, Director of Youth Services and Community Engagement Tynisha Dungey, Executive Administrative Assistant Kara Brooker

MINUTES

Judy Williamson called the meeting to order at 5:00 p.m.

PUBLIC COMMENT

None.

APPROVAL OF MINUTES

Kathy Baker moved, with a second from Laura Williams, to approve the minutes of the Board Meeting of August 16, 2023.

Motion approved 3 – 0

FINANCIAL REPORT

Kathy Domenico presented the August 2023 Financial Report. Revenue for the month totaled \$48,543. Expenditures totaled \$918,017, which is slightly lower than this time last year.

Kathy Baker moved, with a second from Laura Williams, to approve the August 2023 expenditures as presented.

Motion approved 3 – 0

POLICY REGARDING THE AVAILABILITY OF SERVICE

Matt Willis presented a draft of revisions made to the Policy Regarding the Availability of Service section of the Board of Trustees Manual. The updated policy would allow those with temporary card status to check out a limited number of materials. Trustees will vote on the revisions at the October 2023 meeting.

REPORTS & RECOMMENDATIONS

Matt Willis gave a Director's Report.

Tynisha Dungey provided an update on Youth Services programming and Community Outreach efforts.

OTHER BUSINESS

Chad Osborn replayed a facilities update. The vestibule at the Helen Warner Branch will be closed temporarily, starting Friday, September 22, for tile replacement.

COMMENTS

Kathy Baker shared that she appreciates the staff's friendliness.

ADJOURNED

The meeting adjourned at 5:21 p.m.



KATHLEEN BAKER, Secretary

Willard Public Library Board of Trustees

WILLARD PUBLIC LIBRARY
 STATEMENT OF REVENUE AND EXPENDITURES
 REVENUE

September 2023

	BUDGET	2023/2024 YTD	% YTD	VARIANCE	2022/2023 YTD
Taxes	4,994,192	813,294	16.28%	4,180,898	785,239
Casino PILT Disbursement	150,000	0	0.00%	150,000	0
State Sources	463,302	696	0.15%	462,606	466
Penal Fines	110,000	0	0.00%	110,000	0
Fees and Book Fines	50,000	14,484	28.97%	35,516	14,153
Local Contributions & Contracts	60,000	32,321	53.87%	27,679	46,149
Grant Funding	2,000	0	0.00%	2,000	0
Transfer to GF from Capital Projects	0	0	0.00%	0	0
Transfer to GF from Endowment	0	0	0.00%	0	0
TOTAL	5,829,494	860,794	14.77%	4,968,700	846,007

EXPENDITURES

	BUDGET	2023/2024 YTD	% YTD	VARIANCE	2022/2023 YTD
Total Expenditures	5,951,787	1,453,152	24.42%	4,498,635	1,463,558

REVENUE OVER EXPENDITURES **(592,358)**

VARIANCES (+/-) Current in Bold

WILLARD PUBLIC LIBRARY
STATEMENT OF REVENUE AND EXPENDITURES

September 2023

EXPENDITURES

	BUDGET	2023/2024 YTD	% YTD	VARIANCE	2022/2023 YTD
Capital Expenditures	129,784	24,362	18.77%	105,422	23,958
Program Svs-Av, Books & Periodicals	990,650	207,677	20.96%	782,973	211,148
Program Svs-Imagination Library	15,500	15,500	100.00%	0	15,500
Personnel	3,596,200	851,326	23.67%	2,744,874	891,591
Office Supplies	50,500	10,202	20.20%	40,298	10,278
Repairs & Maintenance Supplies	38,000	7,913	20.82%	30,087	9,656
Purchased Services	692,500	156,428	22.59%	536,072	143,241
Communications	79,000	31,345	39.68%	47,655	25,604
Insurance	27,768	27,768	100.00%	0	25,267
Public Utilities	128,000	12,165	9.50%	115,835	11,689
Repairs & Maintenance Services	203,885	108,465	53.20%	95,420	95,626
TOTAL	5,951,787	1,453,152	24.42%	4,498,635	1,463,558

VARIANCES (+/-) Current in Bold

WILLARD PUBLIC LIBRARY

SUMMARY OF DISBURSEMENTS SEPTEMBER 2023

GENERAL FUND DISBURSEMENTS

Expenditures by check	163,466.30
<i>ELECTRONIC PAYMENTS (ACH)</i>	
Net payroll transfer	177,683.88
FICA & Federal withholding tax	58,328.36
State withholding tax	8,619.66
Battle Creek City withholding tax	1,665.74
MERS Retirement System	36,948.46
MERS Pension Funding	0.00
MPERS Retirement System	4,007.84
MPERS UAAL RATE STABILIZATION	0.00
Michigan Unemployment	0.00
OMNI (403 (b) 3rd party administrator)	150.00
BASIC (125 Plan 3rd party administrator)	1,576.48
MERS (Employee 457)	4,994.03
Friend of the Court	533.40
5th/3rd BANK (credit card)	8,622.65
Health Equity Employer Serv.	1,142.10
MESSA	53,702.52
Unum Life Insurance	572.16
Total Disbursements	522,013.58

**WILLARD PUBLIC LIBRARY CHECKS
 SEPTEMBER 2023
 MONTHLY CHECK REGISTER**

Check Number	Check Date	Vendor Name	Check Amount
053950	9/6/2023	ALLEGRA PRNT & IMAGING INC.	\$1,630.67
053951	9/6/2023	CALHOUN COUNTY TREASURER	\$271.33
053952	9/6/2023	FUEL MANAGMENT SYSTEM INC	\$89.27
053953	9/6/2023	HI-TECH INTEGRATED TECHNOLOGIES	\$288.50
053954	9/6/2023	CODY HOFFMAN DBA RELIABLE PROPERTY MAINTENANCE LLC	\$2,425.00
053955	9/6/2023	INST. OF CONTINUING LEGAL EDUCATION	\$158.50
053956	9/6/2023	THE LIBRARY STORE INC	\$235.36
053957	9/6/2023	MI MUNICIPAL LEAGUE	\$200.00
053958	9/6/2023	PITNEY BOWES GLOBAL FINANCIAL SERVICES LLC.	\$483.93
053959	9/6/2023	PLANTE & MORAN LLP <i>Audit</i>	\$25,250.00
053960	9/6/2023	PRECISION PRINTER SERVICE INC	\$399.94
053961	9/6/2023	ROSE PEST SOLUTIONS INC	\$53.00
053962	9/6/2023	BRETT N. RODGERS CHAPTER 13 TRUST ACCOUNT	\$422.31
053963	9/6/2023	BLUE OX CREDIT UNION ATTN: JENNA DOHERTY	\$664.15
053964	9/6/2023	STAPLES INC STAPLES CONTRACT & COMMERCIAL LLC	\$419.98
053965	9/6/2023	SCENE MAGAZINE WW THAYNE ADVERTISING CONSULTANTS INC	\$575.00
053966	9/6/2023	BARBARA J SHAMBACH	\$100.00
053967	9/6/2023	US POSTAL SERVICE CMRS-PBP	\$5,000.00
053968	9/6/2023	DEX YP INC SUPERMEDIA LLC	\$10.07
053969	9/7/2023	KATHERINE AMANDA NICHOLS DBA PAININHEARTBRAIN	\$150.00
053970	9/11/2023	SEMCO ENERGY INC	\$517.50
053971	9/11/2023	CITY OF BATTLE CREEK CITY TREASURER	\$864.32
053972	9/11/2023	DOLLYWOOD FOUNDATION ATTN: FINANCE <i>Imagination Library</i>	\$15,500.00
053973	9/11/2023	D. L. GALLIVAN LLC	\$667.28
053974	9/11/2023	GREENHAVEN PUBLISHING	\$156.60
053975	9/11/2023	CODY HOFFMAN DBA RELIABLE PROPERTY MAINTENANCE LLC	\$2,907.12
053976	9/11/2023	INACOMP TECHNICAL SERVICES GROUP LLC	\$3,119.52
053977	9/11/2023	J & L ELECTRIC OF BATTLE CREEK INC	\$371.96
053978	9/11/2023	LEILA ARBORETUM	\$150.00
053979	9/11/2023	THE LIBRARY STORE INC	\$1,525.95
053980	9/11/2023	MIX HARDWARE	\$94.22
053981	9/11/2023	NEW NUEVA OPINION JESUS GRILLO	\$240.00

Check Number	Check Date	Vendor Name	Check Amount
053982	9/11/2023	KATHERINE AMANDA NICHOLS DBA PAININHEARTBRAIN	\$150.00
053983	9/11/2023	BRETT N. RODGERS CHAPTER 13 TRUST ACCOUNT	\$422.31
053984	9/11/2023	BLUE OX CREDIT UNION ATTN: JENNA DOHERTY	\$663.94
053984	9/12/2023	BLUE OX CREDIT UNION ATTN: JENNA DOHERTY	(\$663.94)
053985	9/11/2023	SBS MI 2021 LLC DBA SPAREBOX STORAGE	\$273.00
053986	9/11/2023	BARBARA J SHAMBACH	\$100.00
053987	9/12/2023	BLUE OX CREDIT UNION ATTN: JENNA DOHERTY	\$663.96
053988	9/15/2023	DENNIS C. REID II DBA DCR2 STUDIOS	\$600.00
053989	9/19/2023	SEMCO ENERGY INC	\$17.55
053990	9/19/2023	BATTERIES PLUS #388	\$105.84
053991	9/19/2023	CALHOUN COUNTY TREASURER	\$659.26
053992	9/19/2023	EBSCO INFORMATION SERVICES INC PAYMENT PROCESSING CENTER	\$2,326.00
053993	9/19/2023	SEAN D GIBSON	\$200.00
053994	9/19/2023	CODY HOFFMAN DBA RELIABLE PROPERTY MAINTENANCE LLC	\$2,200.00
053995	9/19/2023	LIBRARY IDEAS LLC	\$675.00
053996	9/19/2023	KATHERINE AMANDA NICHOLS DBA PAININHEARTBRAIN	\$150.00
053997	9/19/2023	OVERDRIVE INC	\$10,951.99
053998	9/19/2023	PRECISION PRINTER SERVICE INC	\$204.95
053999	9/19/2023	ROSE PEST SOLUTIONS INC	\$270.00
054000	9/19/2023	BARBARA J SHAMBACH	\$100.00
054001	9/19/2023	EVERBANK, N. A.	\$508.16
054002	9/19/2023	DEX YP INC SUPERMEDIA LLC	\$19.00
054003	9/25/2023	PETTY CASH WILLARD LIBRARY	\$156.58
054004	9/25/2023	BATTERIES PLUS #388	\$260.85
054005	9/25/2023	BARISTA BLUES CAFE	\$456.80
054006	9/25/2023	Y CENTER OF BATTLE CREEK DBA BATTLE CREEK FAMILY YMCA	\$150.00
054007	9/25/2023	CALHOUN COUNTY TREASURER	\$153.56
054008	9/25/2023	CONSUMERS ENERGY INC	\$3,376.56
054009	9/25/2023	CERTASITE, LLC	\$653.89
054010	9/25/2023	DEMAAGD INC <i>Van Repair</i>	\$2,048.36
054011	9/25/2023	ENCOURAGE BC	\$150.00
054012	9/25/2023	FEDERATED PUBLICATIONS INC DBA USA TODAY NETWORK	\$882.96
054013	9/25/2023	FUEL MANAGMENT SYSTEM INC	\$78.76
054014	9/25/2023	CODY HOFFMAN DBA RELIABLE PROPERTY MAINTENANCE LLC	\$2,800.00
054015	9/25/2023	MCNALLY ELEVATOR COMPANY, INC	\$410.00
054016	9/25/2023	KATHERINE AMANDA NICHOLS DBA PAININHEARTBRAIN	\$150.00
054017	9/25/2023	PRECISION PRINTER SERVICE INC	\$308.95

Check Number	Check Date	Vendor Name	Check Amount
054018	9/25/2023	ROSE PEST SOLUTIONS INC	\$455.00
054019	9/25/2023	BRETT N. RODGERS CHAPTER 13 TRUST ACCOUNT	\$422.31
054020	9/25/2023	BLUE OX CREDIT UNION ATTN: JENNA DOHERTY	\$691.24
054021	9/25/2023	STAPLES INC STAPLES CONTRACT & COMMERCIAL LLC	\$137.19
054022	9/25/2023	NADIA HOPE VANNORTWICK	\$60.00
A04248	9/6/2023	BRODART COMPANY INC	\$397.83
A04249	9/6/2023	BLACKSTONE AUDIO BOOKS INC	\$1,096.59
A04250	9/6/2023	BK TEACHOUT INVESTIGATIONS INC	\$3,965.90
A04251	9/6/2023	GALE/CENGAGE LEARNING INC	\$94.46
A04252	9/6/2023	INGRAM LIBRARY SERVICE INC	\$8,485.95
A04253	9/6/2023	MIDWEST TAPE INC.	\$1,019.63
A04254	9/6/2023	WASTE MANAGEMENT OF MI COMMERCIAL SERVICES INC	\$160.94
A04255	9/11/2023	BRODART COMPANY INC	\$178.12
A04256	9/11/2023	BATTLE CREEK PUBLIC SCHOOL	\$5,232.08
A04257	9/11/2023	BK TEACHOUT INVESTIGATIONS INC	\$3,544.00
A04258	9/11/2023	GALE/CENGAGE LEARNING INC	\$57.73
A04259	9/11/2023	OMNI GROUP ATTN: ACCOUNTS RECEIVABLE	\$2.50
A04260	9/11/2023	DASTON CORPORATION	\$479.12
A04261	9/11/2023	INGRAM LIBRARY SERVICE INC	\$12,988.81
A04262	9/11/2023	MIDWEST TAPE INC.	\$11,508.80
A04263	9/11/2023	METRO FIBERNET LLC	\$2,115.09
A04264	9/11/2023	ONCELL SYSTEMS INC	\$2,295.00
A04265	9/11/2023	UNIQUE INTEGRATED COMMUNICATIONS INC	\$669.15
A04266	9/19/2023	BK TEACHOUT INVESTIGATIONS INC	\$4,105.50
A04267	9/19/2023	BASIC	\$165.77
A04268	9/25/2023	BRODART COMPANY INC	\$478.25
A04269	9/25/2023	BK TEACHOUT INVESTIGATIONS INC	\$4,214.10
A04270	9/25/2023	CDW GOVERNMENT INC SUITE 1515	\$173.40
A04271	9/25/2023	INGRAM LIBRARY SERVICE INC	\$696.07
			Grand Totals
			\$163,466.30

OWEN ENDOWMENT FUND

2023/2024	Budget	YTD
Revenue & Transfers		
Contributions-Unrestricted	2,500	0
Transfer from General Fund	0	0
Interest Earnings	7,500	122
Total Revenue	10,000	122
Expenditures	0	0
Transfer to General Fund	0	0
Total Expenditures/Transfers	0	0
Revenue Over Expenditures	10,000	122
Fund Balance Beg of Year	1,040,898	
Fund Balance End of Year	1,050,898	

CAPITAL IMPROVEMENT & AUTOMATION FUND

2023/2024	Budget	YTD
Revenue & Transfers		
Other Misc Revenue	0	0
Transfer from General Fund	0	0
Interest Earnings	2,500	345
Total Revenue	2,500	345
Expenditures	0	0
Transfer to General Fund	0	0
Total Expenditures & Transfers	0	0
Revenue Over Expenditures	2,500	345
Fund Balance Beg of Year	642,597	
Fund Balance End of Year	645,097	

September 11, 2023

To the Board of Trustees
Willard Public Library

We have audited the financial statements of Willard Public Library (the "Library") as of and for the year ended June 30, 2023 and have issued our report thereon dated September 11, 2023. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 21, 2023, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the Library. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters sent on July 31, 2023.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Library are described in Note 1 to the financial statements.

As described in Note 1, the Library adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Accordingly, the accounting change has been retrospectively applied to July 1, 2022, as required by the standard.

We noted no transactions entered into by the Library during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Management's estimate of the valuation of the collection is based on the historical weighted-average cost. We evaluated the key factors and assumptions used to develop the valuation of the collection in determining that it is reasonable in relation to the financial statements taken as a whole.

The defined benefit pension and OPEB information is based on actuarial valuations, which use significant actuarial assumptions and the entry actual age cost method to determine required contributions from the Library, and the net pension and OPEB liabilities. In addition, the actuarial valuation of the assets is determined using techniques that smooth the effects of short-term volatility over a four-year period. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

We did not detect any misstatements as a result of audit procedures.

Management has passed on the disclosure of actual sick and vacation time used and, rather, has shown the net change in accrued compensation absences. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Library, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the Library's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 11, 2023.

To the Board of Trustees
Willard Public Library

September 11, 2023

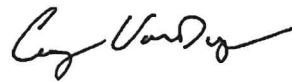
Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the Library's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

This information is intended solely for the use of the board of trustees and management of the Library and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC



Corey VanDyke, CPA
Partner

Willard Public Library

**Financial Report
with Supplementary Information
June 30, 2023**

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Independent Auditor's Report

To the Board of Trustees
Willard Public Library

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Willard Public Library (the "Library") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Library as of June 30, 2023 and the respective changes in its 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 (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Library and to meet our 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Library adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, which gives guidance on the identification and reporting of such arrangements, as of July 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for 12 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Trustees
Willard Public Library

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

Plante & Moran, PLLC

September 11, 2023

Using This Annual Report

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include information that presents three different views of Willard Public Library (the "Library"):

- The first series of columns of the financial statements includes information on the Library's various funds under the modified accrual method. These fund financial statements focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.
- The adjustments column of the financial statements represents adjustments necessary to convert the fund financial statements to the government-wide financial statements under the full accrual method.
- The Library as a whole financial statement column provides both long-term and short-term information about the Library's overall financial status. The statement of net position and the statement of activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term, as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Financial Highlights

As discussed in further detail in the management's discussion and analysis, the following represents the most significant financial highlights for the year ended June 30, 2023:

- Total revenue for the year was higher than anticipated.
- Capital projects were continued at both of the Library's locations to improve the guests' experience.
- During the current year, the Library additionally adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). See Notes 1, 4, and 6 for further detail regarding this adoption.

Willard Public Library

Management's Discussion and Analysis (Continued)

Condensed Financial Information

	2023	2022
Assets		
Current assets	\$ 5,790,581	\$ 5,504,980
Capital assets	6,169,564	5,846,509
Total assets	11,960,145	11,351,489
Deferred Outflows of Resources	1,399,608	953,614
Liabilities		
Other liabilities	107,689	86,134
Long-term debt	2,557,952	1,381,566
Total liabilities	2,665,641	1,467,700
Deferred Inflows of Resources	595,847	1,206,748
Net Position		
Net investment in capital assets	5,848,206	5,846,509
Restricted:		
Contributor restricted	-	75,680
Nonexpendable endowment	972,685	969,585
Unrestricted	3,277,374	2,738,881
Total net position	\$ 10,098,265	\$ 9,630,655
Revenue		
Property taxes	\$ 4,886,368	\$ 4,675,189
Other	1,134,793	1,299,204
Total revenue	6,021,161	5,974,393
Expenses - Library services	5,553,551	5,287,206
Changes in Net Position	467,610	687,187
Net Position - Beginning of year	9,630,655	8,943,468
Net Position - End of year	\$ 10,098,265	\$ 9,630,655

Change in Net Position

The \$3.3 million in unrestricted net position of the governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the Library to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

As reported in the statement of activities, the cost of all library activities this year was approximately \$5.6 million. The majority of the expenses were funded through property tax revenue (\$4.9 million) and other revenue (\$1.1 million) composed of the Casino PILT disbursement, fees and book fines, penal fines, contributions, and state sources.

As discussed above, the net cost shows the financial burden that was placed on the Library's taxpayers by each of these functions. Since property taxes for operations constitute the vast majority of library operating revenue sources, the board of trustees and administration must annually evaluate the needs of the Library and balance those needs with the available resources.

The Library's Funds

As we noted earlier, the Library uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader to consider whether the Library is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Library's overall financial health.

As the Library completed this year, the governmental funds reported a combined fund balance of approximately \$5.7 million, which is an increase of approximately \$264,000 from last year's fund balance.

In the General Fund, the Library's principal operating fund, fund balance increased by approximately \$325,000 during the 2022-2023 year.

The Owen Endowment Fund is a permanent fund and had a fund balance that slightly increased. This fund is used to account for revenue received from a donor to fund special projects and library improvements.

The Capital Improvement Fund, which is used to account for revenue received for and expenses related to capital projects, had a slight increase in fund balance due to a small amount of interest that was earned during the 2022-2023 year.

As the Library's contract with the Kellogg Company expired, the activity in the Special Revenue Fund - Kellogg Company was closed out and transferred to the General Fund during the year ended June 30, 2023.

Library Budgetary Highlights

The Library's administration continues to monitor property values and proposed legislation that would affect library funding at both the local and state level. Areas of potential financial concern include local tax-capture agreements and the elimination of the Personal Property Tax. Property values increased slightly. Library expenditures are regularly reviewed for potential cost-saving measures.

Willard Public Library and the Helen Warner Branch continue to be popular destinations while operating at the same rate of 2.0 mills, which was adopted 20 years ago. With careful resource management, the Library's administration anticipates success at this funding level for many years to come.

General Fund Budgetary Highlights

The General Fund's actual revenue was \$6 million. That amount is above the original budget estimate of \$5.45 million and above the final amended budget of \$5.88 million. The actual expenditures of the General Fund were \$6.17 million, which was below the original budget estimate of \$6.20 million and above the final amended budget of \$6.05 million. The approximate \$417,000 variance between the final amended budget and the 2023 actual results was primarily due to the carryover in the amounts budgeted for materials, purchased services, an increase in personnel, and the implementation of GASB Statement No. 96.

The General Fund had total revenue of \$6 million and total expenditures of \$6.17 million, with an ending fund balance of \$4.00 million.

Current Year Highlights

Post-pandemic, Willard Public Library has continued its positive trajectory, reinforcing its vital role within the community.

In July 2022, Matt Willis was named the 16th Director of the Library. Shortly thereafter, he organized a team to revise the Library's strategic plan. This revitalized plan introduced a purpose statement: "Willard Library sparks discovery, growth, and connection," succinctly captured as "Discover. Grow. Connect." This foundational concept serves as the driving force for providing top-notch library programs, services, and resources for everyone in the community.

The Library launched a promotional campaign centered on its new purpose statement, capitalizing on the growing trend of people returning to the Library. The campaign resonated strongly, as reflected in the remarkable 23 percent increase in visitors. This surge underscores the Library's standing as an essential community hub.

A compelling aspect of growth was the 4 percent rise in total material circulation, totaling 648,817 items. The increase was largely driven by the circulation of physical items. Moreover, the popularity of programs soared, with program audiences experiencing an 88 percent increase. This surge was notably bolstered by a range of engaging children's programs, including the well-received Monday night series initiated in March 2023.

This expanded programming was a reflection of the Library's commitment to offering diverse and impactful experiences. The Library hosted an array of events, from crafting workshops and genealogy sessions to yoga classes, writer's groups, and financial literacy programs. Notably, "Book a Librarian" sessions saw an 80 percent increase in attendance, demonstrating the value of personalized assistance, especially in the realm of digital literacy.

The Library's commitment to fostering a love of reading was evident in events like "Battle Creek Reads," which drew over 150 attendees for a hybrid in-person and virtual session featuring authors Victoria Christopher Murray and Marie Benedict. This unique format showcased the strides made in virtual programming, leveraging lessons learned during the pandemic. Similarly, the Summer Reading Kickoff saw a robust turnout of 300 participants, enjoying a range of outdoor activities.

Strategic partnerships played a pivotal role in outreach efforts. Collaborations with the Juneteenth Family Day Planning Committee inspired the Library to create an enriching week-long series of events. Collaborating with the Battle Creek Regional History Museum, the Music Center of Battle Creek, and other community stakeholders, a captivating event paying homage to Battle Creek's historical music scene and its African American artists was presented to a full and engaged audience.

Willard Public Library took significant steps toward engaging a diverse audience. The Library's revitalized online presence was highlighted by the introduction of a new library website featuring improved accessibility tools. Additionally, a newly launched online newsletter highlighted essential programs, services, and reading lists. The unveiling of the "Tours of Battle Creek" app, a local history digital platform, presents captivating guided tours throughout the city, rich in multimedia content.

With these endeavors, Willard Public Library remained steadfast in its commitment to providing a welcoming, vibrant, and inclusive space. The Library's focus on nurturing a culture of literacy and building community has underpinned its recent growth and success.

Capital Assets and Debt Administration

Capital improvements were carried out at both Willard Public Library and the Helen Warner Branch over the last fiscal year. The installation of a key fob security system for interior doors and shatter-proof window film on all exterior windows were made to enhance safety and security. A major bathroom renovation project was completed downtown. The introduction of high-top charging tables catered to guests' device-charging needs. Furthermore, the acquisition of new comfortable furniture was purchased for the Helen Warner Branch to encourage more relaxed visits.

Contacting the Library's Management

This financial report is intended to provide our residents, taxpayers, and customers with a general overview of the Library's finances to show the Library's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the director's office.

Governmental Funds
Statement of Net Position/Governmental Fund Balance Sheet

June 30, 2023

	General Fund	Permanent Fund Owen Endowment Fund	Capital Improvement Fund	Nonmajor Special Revenue Fund SRF - Kellogg Company	Balance Sheet - Modified Accrual	Adjustments (Note 2)	Statement of Net Position - Full Accrual
Assets							
Cash and cash equivalents (Note 3)	\$ 3,646,669	\$ 1,040,898	\$ 642,597	\$ -	\$ 5,330,164	\$ -	\$ 5,330,164
Receivables	181,830	-	-	-	181,830	-	181,830
Prepaid assets	278,587	-	-	-	278,587	-	278,587
Capital assets: (Note 4)							
Assets not subject to depreciation	-	-	-	-	-	1,025,268	1,025,268
Assets subject to depreciation - Net	-	-	-	-	-	5,144,296	5,144,296
Total assets	<u>4,107,086</u>	<u>1,040,898</u>	<u>642,597</u>	<u>-</u>	<u>5,790,581</u>	<u>6,169,564</u>	<u>11,960,145</u>
Deferred Outflows of Resources							
Deferred MPSERS pension costs (Note 10)	-	-	-	-	-	139,286	139,286
Deferred MERS pension costs (Note 9)	-	-	-	-	-	1,231,782	1,231,782
Deferred MPSERS OPEB costs (Note 10)	-	-	-	-	-	28,540	28,540
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,399,608</u>	<u>1,399,608</u>
Total assets and deferred outflows of resources	<u>\$ 4,107,086</u>	<u>\$ 1,040,898</u>	<u>\$ 642,597</u>	<u>\$ -</u>	<u>\$ 5,790,581</u>	<u>7,569,172</u>	<u>13,359,753</u>
Liabilities							
Accounts payable	\$ 100,973	\$ -	\$ -	\$ -	\$ 100,973	-	100,973
Accrued liabilities	6,716	-	-	-	6,716	-	6,716
Noncurrent liabilities:							
Due within one year:							
Compensated absences (Note 5)	-	-	-	-	-	207,000	207,000
Current portion of subscription liability (Note 6)	-	-	-	-	-	73,186	73,186
Due in more than one year:							
Compensated absences (Note 5)	-	-	-	-	-	204,000	204,000
Net pension liability - MPSERS (Note 10)	-	-	-	-	-	449,293	449,293
Net OPEB liability - MPSERS (Note 10)	-	-	-	-	-	22,701	22,701
Net pension liability - MERS (Note 9)	-	-	-	-	-	1,353,600	1,353,600
Subscription liability - Net of current portion (Note 6)	-	-	-	-	-	248,172	248,172
Total liabilities	<u>107,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,689</u>	<u>2,557,952</u>	<u>2,665,641</u>

See notes to financial statements.

Governmental Funds
Statement of Net Position/Governmental Fund Balance Sheet (Continued)

June 30, 2023

	General Fund	Permanent Fund Owen Endowment Fund	Capital Improvement Fund	Nonmajor Special Revenue Fund SRF - Kellogg Company	Balance Sheet - Modified Accrual	Adjustments (Note 2)	Statement of Net Position - Full Accrual
Deferred Inflows of Resources							
Revenue in support of pension contributions made subsequent to the report date (Note 10)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,712	\$ 33,712
Deferred MPSERS pension costs (Note 10)	-	-	-	-	-	194,889	194,889
Deferred MPSERS OPEB costs (Note 10)	-	-	-	-	-	110,221	110,221
Deferred MERS pension costs (Note 9)	-	-	-	-	-	257,025	257,025
Total deferred inflows of resources	-	-	-	-	-	595,847	595,847
Total liabilities and deferred inflows of resources	107,689	-	-	-	107,689	3,153,799	3,261,488
Equity							
Fund balances:							
Nonspendable:							
Prepays	278,587	-	-	-	278,587	(278,587)	-
Endowment Fund	-	972,685	-	-	972,685	(972,685)	-
Committed - 60-day reserve fund	892,768	-	-	-	892,768	(892,768)	-
Assigned:							
Budgeted use of fund balance	122,293	-	-	-	122,293	(122,293)	-
Endowment Fund - Interest	-	68,213	-	-	68,213	(68,213)	-
Capital Improvements - Future projects	-	-	642,597	-	642,597	(642,597)	-
Sick payable	204,000	-	-	-	204,000	(204,000)	-
Unassigned	2,501,749	-	-	-	2,501,749	(2,501,749)	-
Total fund balances	3,999,397	1,040,898	642,597	-	5,682,892	(5,682,892)	-
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,107,086</u>	<u>\$ 1,040,898</u>	<u>\$ 642,597</u>	<u>\$ -</u>	<u>\$ 5,790,581</u>		
Net position:							
Net investment in capital assets						5,848,206	5,848,206
Restricted - Nonexpendable endowment						972,685	972,685
Unrestricted						3,277,374	3,277,374
Total net position						<u>\$ 10,098,265</u>	<u>\$ 10,098,265</u>

See notes to financial statements.

Willard Public Library

Governmental Funds

Statement of Activities/Governmental Fund Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

	<u>Permanent Fund</u>		<u>Nonmajor Special Revenue Fund</u>		Statement of Revenue, Expenditures, and Changes in Fund Balances - Modified Accrual	Adjustments (Note 2)	Statement of Activities - Full Accrual
	<u>General Fund</u>	<u>Owen Endowment Fund</u>	<u>Capital Improvement Fund</u>	<u>SRF - Kellogg Company</u>			
Revenue							
Property taxes	\$ 4,886,368	\$ -	\$ -	\$ -	\$ 4,886,368	\$ -	\$ 4,886,368
State sources - Unrestricted	591,091	-	-	-	591,091	(13,376)	577,715
Fees and book fines	64,343	-	-	-	64,343	-	64,343
Penal fines	125,644	-	-	-	125,644	-	125,644
Casino PILT disbursement	179,946	-	-	-	179,946	-	179,946
Interest	14,601	9,263	2,655	-	26,519	-	26,519
Local contributions, contracts, and other	157,526	3,100	-	-	160,626	-	160,626
Total revenue	6,019,519	12,363	2,655	-	6,034,537	(13,376)	6,021,161
Expenditures							
Library services and materials - Audiovisual, books, and periodicals	861,387	-	-	-	861,387	(547,208)	314,179
Support services - General administration:							
Personnel	3,507,609	-	-	-	3,507,609	(215,243)	3,292,366
Communications	95,554	-	-	-	95,554	-	95,554
Office supplies	37,402	-	-	-	37,402	-	37,402
Public utilities	120,148	-	-	-	120,148	-	120,148
Depreciation	-	-	-	-	-	872,457	872,457
Purchased services	617,005	-	-	-	617,005	-	617,005
Insurance	25,267	-	-	-	25,267	-	25,267
Repairs and maintenance	88,110	-	-	-	88,110	(8,297)	79,813
Repairs and maintenance supplies	33,271	-	-	-	33,271	-	33,271
Capital expenditures	696,387	-	-	-	696,387	(640,007)	56,380
Debt service - SBITA payments:							
Principal	79,829	-	-	-	79,829	(79,829)	-
Interest	9,709	-	-	-	9,709	-	9,709
Total expenditures	\$ 6,171,678	\$ -	\$ -	\$ -	\$ 6,171,678	\$ (618,127)	\$ 5,553,551

See notes to financial statements.

Willard Public Library

Governmental Funds
Statement of Activities/Governmental Fund Revenue, Expenditures, and Changes in Fund Balances
(Continued)

Year Ended June 30, 2023

	<u>Permanent Fund</u>			<u>Nonmajor Special Revenue Fund</u>	Statement of Revenue, Expenditures, and Changes in Fund Balances - Modified Accrual	Adjustments (Note 2)	Statement of Activities - Full Accrual
	General Fund	Owen Endowment Fund	Capital Improvement Fund	SRF - Kellogg Company			
Excess of Revenue (Under) Over Expenditures	\$ (152,159)	\$ 12,363	\$ 2,655	\$ -	\$ (137,141)	\$ 604,751	\$ 467,610
Other Financing Sources (Uses)							
Transfers in (Note 7)	75,680	-	-	-	75,680	-	75,680
Transfers out (Note 7)	-	-	-	(75,680)	(75,680)	-	(75,680)
SBITAs entered into (Note 6)	401,187	-	-	-	401,187	(401,187)	-
Total other financing sources (uses)	476,867	-	-	(75,680)	401,187	(401,187)	-
Net Change in Fund Balances	324,708	12,363	2,655	(75,680)	264,046	203,564	467,610
Fund Balances/Net Position - Beginning of year	3,674,689	1,028,535	639,942	75,680	5,418,846	4,211,809	9,630,655
Fund Balances/Net Position - End of year	<u>\$ 3,999,397</u>	<u>\$ 1,040,898</u>	<u>\$ 642,597</u>	<u>\$ -</u>	<u>\$ 5,682,892</u>	<u>\$ 4,415,373</u>	<u>\$ 10,098,265</u>

See notes to financial statements.

June 30, 2023

Note 1 - Significant Accounting Policies

Accounting and Reporting Principles

Willard Public Library (the "Library") follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the Library:

Reporting Entity

The Library is located in the city of Battle Creek, Michigan and is governed by an appointed five-member board. The Library is primarily funded through a tax levy, fines, fees, and charitable donations. Revenue is used to operate and staff the Library. The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing relationships. The Library is a district library formed pursuant to the District Library Establishment Act (1989 Public Act 24) by agreement between the school districts of Battle Creek, Harper Creek, Lakeview, and Pennfield. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in these financial statements.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The individual fund columns present their activities on the modified accrual basis of accounting, as discussed above, which demonstrates accountability for how the current resources have been spent. The government-wide columns are presented on the economic resources measurement focus and the full accrual basis of accounting in order to measure the cost of providing government services and the extent to which constituents have paid the full cost of government services.

On the full accrual basis of accounting, revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Library has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Library considers amounts collected within 60 days of year end to be available for recognition.

June 30, 2023

Note 1 - Significant Accounting Policies (Continued)

Fund Accounting

The Library accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the Library to show the particular expenditures for which specific revenue is used. The Library reports the following major governmental funds:

General Fund

The General Fund is the Library's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Owen Endowment Fund (Permanent Fund)

The Owen Endowment Fund is used to account for revenue received from a donor to fund special projects and library improvements held in the endowment account.

Capital Improvement Fund

The Capital Improvement Fund is used to account for revenue received for and expenses related to capital projects.

Nonmajor Governmental Fund

The Library reports the following nonmajor governmental fund:

Special Revenue Fund

The Special Revenue Fund - Kellogg Company is used to account for the restricted revenue received from the Kellogg Company for the direct purpose of supplying a librarian to the Kellogg Company's library. As the Library's contract with the Kellogg Company expired, the activity in the Special Revenue Fund - Kellogg Company was closed out and transferred to the General Fund during the year ended June 30, 2023.

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

When an expense is incurred for a purpose for which both restricted and unrestricted net position or fund balance are available, the Library's policy is to first apply restricted resources. When an expense is incurred for a purpose for which amounts in any of the unrestricted fund balance classifications could be used, it is the Library's policy to spend funds in this order: committed, assigned, and unassigned.

Specific Balances and Transactions

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables and Payables

In general, outstanding balances between funds are reported as due to/from other funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as advances to/from other funds.

Property tax receivables are shown as net of an allowance for uncollectible accounts. Intergovernmental receivables are shown for revenue recognized during the year and received within 60 days of year end.

Note 1 - Significant Accounting Policies (Continued)

Other Assets

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

Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets greater than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings	20-50
Building improvements	10-20
Furniture and fixtures	5-10
Library books, periodicals, etc.	3-5
Land improvements	10-30
Equipment	5-10
Subscription-based IT arrangements	5

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The Library reports deferred outflows related to deferred charges on deferred pension and OPEB costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Library has various deferred inflows of resources, which are outlined in Notes 9 and 10, and that arise under the full accrual basis of accounting and are, therefore, only reported in the government-wide statement of net position. These deferred inflows relate to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB costs.

Net Position

Net position of the Library is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted net position is further classified as expendable and nonexpendable. Expendable restricted net position has been limited for use by donors and is held in trust for debt service and self-insured professional liability. Nonexpendable restricted net position has been restricted by donors to be maintained in perpetuity. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Note 1 - Significant Accounting Policies (Continued)

Net Position Flow Assumption

The Library will sometimes fund outlays for a particular purpose from both restricted 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 Library's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

The Library will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, 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.

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 nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The Library 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 Library's highest level of decision-making authority. The board of trustees is the highest level of decision-making authority for the Library that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) 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 Library has, by resolution, authorized the library director to assign fund balance. The board of trustees 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 exist only 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.

Property Tax Revenue

Property taxes are levied on each December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are due on February 15 with the final collection date of March 1 before they are added to the county tax rolls. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Library's 2022 property tax revenue was levied and collectible on December 1, 2022 and is recognized as revenue in the year ended June 30, 2023 when the proceeds of the levy are budgeted and available for the financing of operations.

Note 1 - Significant Accounting Policies (Continued)

The 2022 taxable valuation of the participating municipalities totaled \$2,436 million before adjustments, on which taxes levied consisted of 2.0 mills for operating purposes. This resulted in approximately \$4.9 million for General Fund operations. This amount was reported in the General Fund as tax revenue.

Pension and Other Postemployment Benefit (OPEB) Plan

The Library offers pension benefits to all retirees and OPEB benefits to MPSERS retirees. For the purpose of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and Municipal Employees' Retirement System of Michigan (MERS) and additions to/deductions from the MPSERS and MERS fiduciary net position have been determined on the same basis as they are reported by MPSERS and MERS. MPSERS and MERS use the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the Library's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the Library will pay upon employee retirement; vacation pay is accrued when incurred. Both of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement

During the current year, the Library adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. As a result, the statement of net position of the governmental activities now includes a liability for the present value of payments expected to be made and subscription assets. The subscription assets and liabilities are included within Note 4 and Note 6, respectively. Subscription activity is further described in Note 6.

Subscriptions

The Library obtains the right to use vendors' information technology software through various long-term contracts. The Library recognizes a subscription liability and an intangible right-of-use subscription asset (subscription asset) in the applicable governmental activities column in the government-wide financial statements.

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

Note 1 - Significant Accounting Policies (Continued)

Key estimates and judgments related to subscriptions include how the Library determines the discount rate it uses to discount the expected subscription payments to present value and the subscription term.

- The Library uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the Library generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancelable period of the subscription.

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

Subscription assets are reported with other capital assets, and subscription liabilities are reported with long-term debt on the statement of net position.

Note 2 - Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities

Net position reported in the statement of net position column is different than the fund balance reported in the individual fund columns because of the different measurement focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

Total Fund Balances - Modified Accrual Basis	\$ 5,682,892
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (including SBITAs) are not financial resources and are not reported in the funds	6,169,564
Subscription liabilities are not due and payable in the current period and are not reported in the funds	(321,358)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(411,000)
Net MPSERS pension and OPEB liabilities and related deferred inflows and outflows	(609,278)
Net MERS pension liability and related deferred inflows and outflows	(378,843)
Revenue in support of pension and OPEB contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position	<u>(33,712)</u>
Total Net Position - Full Accrual Basis	<u><u>\$ 10,098,265</u></u>

June 30, 2023

Note 2 - Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities (Continued)

The change in net position reported in the statement of activities column is different than the change in fund balance reported in the individual fund columns because of the different measurement focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

Net Change in Fund Balances - Modified Accrual Basis	\$ 264,046
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays, including SBITAs, as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay is not an expense of the current period	1,195,512
Capital costs are allocated over their estimated useful lives as depreciation	(872,457)
Entering into SBITAs provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position	(401,187)
Decrease in the accrual for long-term compensated absences is reported as an expenditure in the statement of activities but not in the fund financial statements	9,000
Principal payments on SBITAs are an expenditure in the governmental funds but not in the statement of activities (where it reduces the subscription liability)	79,829
Decrease in the accrual for vacation liability is reported as an expenditure in the statement of activities but not in the fund financial statements	30,000
Some employee costs (pension and OPEB) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	162,867
Change in Net Position - Full Accrual Basis	\$ 467,610

Note 3 - Deposits

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Library has designated three banks and six credit unions for the deposit of its funds. The investment policy adopted by the board is in accordance with Public Act 196 of 1997.

The Library's cash is subject to custodial credit risk, which is examined in more detail below.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. At year end, the Library had bank deposits of approximately \$3.0 million (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Library believes that, due to the dollar amounts of cash deposits and the limits of FDIC/NCUA insurance, it is impractical to insure all deposits.

Note 4 - Capital Assets

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

	Balance July 1, 2022	Reclassifications	Additions	Disposals	Balance June 30, 2023
Capital assets not being depreciated:					
Land	\$ 980,185	\$ -	\$ -	\$ -	\$ 980,185
Construction in progress	484,205	(454,262)	15,140	-	45,083
Subtotal	1,464,390	(454,262)	15,140	-	1,025,268
Capital assets being depreciated:					
Buildings and improvements	3,893,978	454,262	225,687	-	4,573,927
Equipment	1,619,779	-	6,290	-	1,626,069
Furniture and fixtures	1,577,818	-	-	-	1,577,818
Land improvements	258,636	-	-	-	258,636
Books, periodicals, etc.	3,842,227	-	547,208	(475,920)	3,913,515
Subscription assets	-	-	401,187	-	401,187
Subtotal	11,192,438	454,262	1,180,372	(475,920)	12,351,152
Accumulated depreciation:					
Buildings and improvements	2,497,283	-	213,392	-	2,710,675
Equipment	1,426,779	-	66,661	-	1,493,440
Furniture and fixtures	1,485,463	-	34,083	-	1,519,546
Land improvements	224,919	-	11,240	-	236,159
Books, periodicals, etc.	1,175,875	-	466,844	(475,920)	1,166,799
Subscription assets	-	-	80,237	-	80,237
Subtotal	6,810,319	-	872,457	(475,920)	7,206,856
Net capital assets being depreciated	4,382,119	454,262	307,915	-	5,144,296
Net governmental activities capital assets	<u>\$ 5,846,509</u>	<u>\$ -</u>	<u>\$ 323,055</u>	<u>\$ -</u>	<u>\$ 6,169,564</u>

Note 5 - Accrued Compensated Absences

Sick Leave Benefit

The Library's employees are granted 12 sick days per year. Unused sick leave may be accumulated up to certain limits. Employees are paid for a portion of their unused sick leave upon retirement.

Employee Compensated Absences

Contractual library staff earn compensated absence days, on their anniversary date, to be used during the next year. Typically, library employees are allowed to carry forward to the next year up to three unused vacation days; other compensated absence days not used as of the employee's anniversary date are forfeited.

As of June 30, 2023, the Library had the following liability recorded:

	Balance June 30, 2023	Amount Due within One Year
Sick leave benefit	\$ 204,000	\$ -
Employee compensated absences	207,000	207,000
Total	<u>\$ 411,000</u>	<u>\$ 207,000</u>

Note 6 - Subscriptions

The Library obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed monthly.

Subscription asset activity of the Library is included in Note 4.

Future principal and interest payment requirements related to the Library's subscription liability at June 30, 2023 are as follows:

Years	Principal	Interest	Total
2024	\$ 73,186	\$ 7,527	\$ 80,713
2025	77,814	5,236	83,050
2026	82,639	2,802	85,441
2027	87,719	219	87,938
Total	\$ 321,358	\$ 15,784	\$ 337,142

Note 7 - Interfund Transfers

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Kellogg Company	General Fund	\$ 75,680

Transfers into the General Fund totaling \$75,680 from the Kellogg Company special revenue fund were to close the Special Revenue Fund due to the fact that the contract with the Kellogg Company to maintain a librarian there is no longer in place.

Note 8 - Battle Creek School District

The building and real estate in downtown Battle Creek used by the Library are being leased from the School District of the City of Battle Creek for \$1 per year, as stated in the agreement entered into with the school district in 1994. The fair market value of this lease is not known.

Note 9 - Municipal Employees' Retirement System of Michigan

Plan Description

The Library participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan, which covers approximately three-quarters of the employees of the Library. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report that includes the financial statements and required supplementary information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided

The plan provides retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

June 30, 2023

Note 9 - Municipal Employees' Retirement System of Michigan (Continued)

Retirement benefits for employees are calculated as 1.7 percent of the employee's final three-year average compensation. Normal retirement age is 60, with unreduced early retirement at 50 with 30 years of service. Reduced early retirement is available at ages 55 and 50, with 15 and 25 years of service, respectively. The vesting period is 10 years. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits are always the larger of the benefit computed as a contingent survivor beneficiary or 85 percent of the accrued retirement allowance benefit.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 2.5 percent, noncompounding.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the library board, generally after negotiations of these terms with employees.

Employees Covered by Benefit Terms

At the December 31, 2022 measurement date, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	<u>35</u>
Total employees covered by the plan	<u><u>51</u></u>

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer 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 the plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2023, the average active employee contribution rate was 4.0 percent of annual pay for all employees participating in the plan. The Library's average contribution rate was 10.86 and 10.38 percent for librarians and library support staff, respectively.

Net Pension Liability

The Library has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2023 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2022 measurement date. The December 31, 2022 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

Note 9 - Municipal Employees' Retirement System of Michigan (Continued)

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2021	\$ 6,591,030	\$ 5,950,897	\$ 640,133
Changes for the year:			
Service cost	214,605	-	214,605
Interest	478,936	-	478,936
Differences between expected and actual experience	(151,180)	-	(151,180)
Contributions - Employer	-	408,354	(408,354)
Contributions - Employee	-	85,381	(85,381)
Net investment loss	-	(653,670)	653,670
Benefit payments, including refunds and other miscellaneous adjustments	(184,622)	(184,622)	-
Administrative expenses	-	(11,171)	11,171
Net changes	357,739	(355,728)	713,467
Balance at December 31, 2022	<u>\$ 6,948,769</u>	<u>\$ 5,595,169</u>	<u>\$ 1,353,600</u>

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

For the year ended June 30, 2023, the Library recognized pension expense of \$498,624.

At June 30, 2023, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 98,754	\$ (257,025)
Changes in assumptions	485,742	-
Net difference between projected and actual earnings on pension plan investments	535,203	-
Employer contributions to the plan subsequent to the measurement date	112,083	-
Total	<u>\$ 1,231,782</u>	<u>\$ (257,025)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$112,083), which will impact the net pension liability in fiscal year 2023, rather than pension expense.

Years Ending June 30	Amount
2024	\$ 164,782
2025	206,557
2026	265,656
2027	250,877
2028	(25,199)
Total	<u>\$ 862,673</u>

Note 9 - Municipal Employees' Retirement System of Michigan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using an inflation assumption of 2.50 percent, assumed salary increases (including inflation) of 3.00 percent, and an investment rate of return (net of investment expenses) of 7.25 percent.

Mortality rates were based on a blend of the Pre-Retirement Public 2010 Juvenile Mortality Tables, Employee Mortality Tables, and Healthy Retiree Tables and the Non-disabled retired plan member and beneficiary Public 2010 Juvenile Mortality Tables, Employee Mortality Tables, and Healthy Retiree Tables, with rates multiplied by 106 percent. For disabled retirees, a blend of the Public 2010 Juvenile Mortality Table and the Public NS 2010 Disabled Retiree Table is used to reflect higher than expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of the most recent actuarial experience study conducted for the period from January 1, 2013 through December 31, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2022, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.00
Private investments	20.00	7.00

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

The following presents the net pension liability of the Library, calculated using the discount rate of 7.25 percent, as well as what the Library's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension liability of the Library	\$ 2,474,725	\$ 1,353,600	\$ 442,950

Note 9 - Municipal Employees' Retirement System of Michigan (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 10 - Michigan Public School Employees' Retirement System

Plan Description

The Library participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the Library. Certain library employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment health care plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

June 30, 2023

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Contributions

Public Act 300 of 1980, as amended, required the Library to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

Under Public Act 300 of 2012, members were given the choice between continuing the 3 percent contribution to the retiree health care and keeping the premium subsidy benefit described above or choosing not to pay the 3 percent contribution and, instead, opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable tax-deferred fund that can be used to pay health care expenses in retirement. Participants in the PHF are automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stopped paying the 3 percent contribution to retiree health care as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

The Library's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The Library's required and actual pension contributions to the plan for the year ended June 30, 2023 were \$54,164, which include the Library's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2023, the Library's required and actual pension contributions include an allocation of \$23,301 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate as well as \$10,411 of a one time state payment received and remitted to the System for the purpose of contributing additional assets to the System.

Note 10 - Michigan Public School Employees' Retirement System (Continued)

The Library's required and actual OPEB contributions to the plan for the year ended June 30, 2023 were \$8,246, which include the Library's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2023, the Library reported a liability of \$449,293 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The Library's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the Library's proportion was 0.001195 percent and 0.001162 percent, respectively, representing a change of 2.798 percent.

Net OPEB Liability

At June 30, 2023, the Library reported a liability of \$22,701 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2023 was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2021, which used update procedures to roll forward the estimated liability to September 30, 2022. The Library's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the Library's proportion was 0.001072 percent and 0.001068 percent, respectively, representing a change of 0.399 percent.

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

For 2023, the Library recognized pension recovery of \$74,659, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2023, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,494	\$ (1,005)
Changes in assumptions	77,205	-
Net difference between projected and actual earnings on pension plan investments	1,054	-
Changes in proportion and differences between the Library's contributions and proportionate share of contributions	7,478	(193,884)
The Library's contributions to the plan subsequent to the measurement date	49,055	-
Total	<u>\$ 139,286</u>	<u>\$ (194,889)</u>

June 30, 2023

Note 10 - Michigan Public School Employees' Retirement System (Continued)

The \$33,712 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2024	\$ (87,302)
2025	(46,433)
2026	2,412
2027	26,665
Total	<u>\$ (104,658)</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Library recognized OPEB recovery of \$44,499.

At June 30, 2023, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (44,463)
Changes in assumptions	20,234	(1,648)
Net difference between projected and actual earnings on OPEB plan investments	1,774	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	351	(64,110)
Employer contributions to the plan subsequent to the measurement date	6,181	-
Total	<u>\$ 28,540</u>	<u>\$ (110,221)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2024	\$ (39,115)
2025	(27,712)
2026	(20,072)
2027	(587)
2028	(388)
Thereafter	12
Total	<u>\$ (87,862)</u>

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2022 are based on the results of an actuarial valuation as of September 30, 2021 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	5.25% - 7.75%	Year 1 graded to 3.5% in year 15, 3.0% in year 120
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2018 valuation.

Significant assumption changes since the prior measurement date, September 30, 2021, for the pension and OPEB plans include a decrease in the discount rate used in the September 30, 2022 actuarial valuation by 0.80 percentage points in the pension plan and 0.95 percentage points in the OPEB plan. The investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.80 percentage points in the pension plan and 0.95 percentage points in the OPEB plan. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2021.

Discount Rate

The discount rate used to measure the total pension and OPEB liability was 6.00 percent as of September 30, 2022. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that library contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.10 %
Private equity pools	16.00	8.70
International equity pools	15.00	6.70
Fixed-income pools	13.00	(0.20)
Real estate and infrastructure pools	10.00	5.30
Absolute return pools	9.00	2.70
Short-term investment pools	10.00	5.80
Real return/opportunistic pools	2.00	(0.50)
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.2 percent.

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

The following presents the net pension liability of the Library, calculated using the discount rate depending on the plan option. The following also reflects what the Library's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the Library	\$ 592,899	\$ 449,293	\$ 330,954

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

The following presents the net OPEB liability of the Library, calculated using the current discount rate. It also reflects what the Library's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability of the Library	\$ 38,079	\$ 22,701	\$ 9,751

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the Library, calculated using the current health care cost trend rate. It also reflects what the Library's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB liability of the Library	\$ 9,506	\$ 22,701	\$ 37,512

June 30, 2023

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Note 11 - Risk Management

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library participates in the Middle Cities Risk Management Trust and the Michigan Municipal League (risk pools) for claims relating to the above.

The shared-risk pool programs in which the Library participates operate as a common risk-sharing management program for school districts and district libraries in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 12 - Funds Held in Endowment/Trust

The Library is the beneficiary of endowment funds at the Battle Creek Community Foundation (the "Foundation") that are considered permanent endowments to benefit the Library. The endowments are within the Foundation and are not part of the Library's basic financial statements. The net earnings of the funds shall be paid to the Library annually. The Library may direct the earnings to be reinvested within the funds. The amount of the endowment funds held at Battle Creek Community Foundation in the Campbell Fund, Denman Fund, and Willard Library Fund totaled \$1,066,746.

During the year, the Library withdrew past earnings on principal from the endowment funds held at Battle Creek Community Foundation totaling \$87,960. All of the funds were placed in the General Fund.

The Library is also a beneficiary of a trust held with Edward Jones Investments to benefit the enhancement of the Library's collections, public programming, and facility and technology needs. The Library, while a beneficiary of the trust, is not a trustee of the trust, and the trust is not part of the Library's basic financial statements. Distributions of the estate are under the sole discretion of the trustee, who is not subject to any fiduciary standard of duty or obligation to make distributions. The full amount of the trust is approximately \$962,000.

During the year, the Library received distributions of \$13,000 from the trust. All of the funds were placed in the General Fund.

Note 13 - Tax Abatements

The Library receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and brownfield redevelopment agreements granted by cities, villages, and townships within the boundaries of the Library. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2023, the Library's property tax revenue was reduced by approximately \$34,000 under these programs.

Required Supplementary Information

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund**

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
Revenue				
Property taxes	\$ 4,754,572	\$ 4,852,053	\$ 4,886,368	\$ 34,315
State sources - Unrestricted	402,000	588,764	591,091	2,327
Fees and book fines	50,000	58,000	64,343	6,343
Penal fines	75,000	110,000	125,644	15,644
Casino PILT disbursement	75,000	140,000	179,946	39,946
Interest - Investment earnings	1,500	13,000	14,601	1,601
Local contributions, contracts, and other	95,171	116,907	157,526	40,619
Total revenue	5,453,243	5,878,724	6,019,519	140,795
Expenditures				
Program services - Audiovisual, books, and periodicals	1,008,765	966,365	861,387	104,978
Support services - General administration:				
Personnel	3,717,955	3,540,133	3,507,609	32,524
Communications	112,000	105,200	95,554	9,646
Office supplies	45,700	49,950	37,402	12,548
Public utilities	131,000	128,000	120,148	7,852
Purchased services	730,667	673,553	617,005	56,548
Insurance	25,000	25,267	25,267	-
Repairs and maintenance	204,885	189,000	88,110	100,890
Repairs and maintenance supplies	40,260	40,000	33,271	6,729
Capital expenditures	181,304	329,376	696,387	(367,011)
Debt service:				
Principal	-	-	79,829	(79,829)
Interest	-	-	9,709	(9,709)
Total expenditures	6,197,536	6,046,844	6,171,678	(124,834)
Excess of Expenditures Over Revenue	(744,293)	(168,120)	(152,159)	15,961
Other Financing Sources				
Transfers in	-	75,675	75,680	5
SBITAs entered into	-	-	401,187	401,187
Total other financing sources	-	75,675	476,867	401,192
Net Change in Fund Balances	(744,293)	(92,445)	324,708	417,153
Fund Balances - Beginning of year	3,674,689	3,674,689	3,674,689	-
Fund Balances - End of year	<u>\$ 2,930,396</u>	<u>\$ 3,582,244</u>	<u>\$ 3,999,397</u>	<u>\$ 417,153</u>

Willard Public Library

Required Supplementary Information
 Schedule of the Library's Proportionate Share of the Net Pension Liability
 Michigan Public School Employees' Retirement System

	Last Nine Plan Years Plan Years Ended September 30								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Library's proportion of the net pension liability	0.00119 %	0.00116 %	0.00166 %	0.00273 %	0.00320 %	0.00339 %	0.00431 %	0.00491 %	0.00640 %
Library's proportionate share of the net pension liability	\$ 449,293	\$ 275,139	\$ 570,245	\$ 905,515	\$ 963,460	\$ 879,447	\$ 1,075,896	\$ 1,198,871	\$ 1,408,597
Library's covered payroll	\$ 100,918	\$ 94,008	\$ 93,562	\$ 175,426	\$ 223,054	\$ 256,094	\$ 327,842	\$ 410,442	\$ 541,540
Library's proportionate share of the net pension liability as a percentage of its covered payroll	445.21 %	292.68 %	609.48 %	516.18 %	431.94 %	343.41 %	328.18 %	292.09 %	260.11 %
Plan fiduciary net position as a percentage of total pension liability	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

See notes to required supplementary information.

Willard Public Library

Required Supplementary Information
Schedule of Pension Contributions
Michigan Public School Employees' Retirement System

Last Nine Fiscal Years
Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 54,164	\$ 39,468	\$ 34,547	\$ 47,194	\$ 75,458	\$ 82,067	\$ 82,714	\$ 105,846	\$ 93,593
Contributions in relation to the statutorily required contribution	54,164	39,468	34,547	47,194	75,458	82,067	82,714	105,846	93,593
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library's Covered Payroll	\$ 102,448	\$ 96,347	\$ 93,584	\$ 104,148	\$ 193,335	\$ 233,689	\$ 272,784	\$ 353,069	\$ 427,610
Contributions as a Percentage of Covered Payroll	52.87 %	40.96 %	36.92 %	45.31 %	39.03 %	35.12 %	30.32 %	29.98 %	21.89 %

See notes to required supplementary information.

Willard Public Library

Required Supplementary Information Schedule of the Library's Proportionate Share of the Net OPEB Liability Michigan Public School Employees' Retirement System

	Last Six Plan Years					
	Plan Years Ended September 30					
	2022	2021	2020	2019	2018	2017
Library's proportion of the net OPEB liability	0.00107 %	0.00107 %	0.00107 %	0.00203 %	0.00264 %	0.00342 %
Library's proportionate share of the net OPEB liability	\$ 22,701	\$ 16,294	\$ 57,392	\$ 145,425	\$ 209,511	\$ 302,800
Library's covered payroll	\$ 100,918	\$ 94,008	\$ 93,562	\$ 175,426	\$ 223,054	\$ 256,094
Library's proportionate share of the net OPEB liability as a percentage of its covered payroll	22.49 %	17.33 %	61.34 %	82.90 %	93.93 %	118.24 %
Plan fiduciary net position as a percentage of total OPEB liability	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

Willard Public Library

Required Supplementary Information
Schedule of OPEB Contributions
Michigan Public School Employees' Retirement System

	Last Six Fiscal Years					
	Years Ended June 30					
	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 8,246	\$ 7,852	\$ 7,788	\$ 8,369	\$ 15,186	\$ 16,896
Contributions in relation to the statutorily required contribution	<u>8,246</u>	<u>7,852</u>	<u>7,788</u>	<u>8,369</u>	<u>15,186</u>	<u>16,896</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Library's Covered Payroll	\$ 102,448	\$ 96,347	\$ 93,584	\$ 104,148	\$ 193,335	\$ 233,689
Contributions as a Percentage of Covered Payroll	8.05 %	8.15 %	8.32 %	8.04 %	7.85 %	7.23 %

Required Supplementary Information
 Schedule of Changes in the Library's Net Pension Liability and Related Ratios
 Municipal Employees' Retirement System

Last Eight Calendar Years

	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	\$ 214,605	\$ 212,162	\$ 193,030	\$ 172,893	\$ 180,593	\$ 173,325	\$ 158,161	\$ 160,944
Interest	478,936	439,057	371,924	340,325	319,354	289,525	287,932	241,873
Differences between expected and actual experience	(151,180)	10,951	74,369	(134,238)	98,537	(6,723)	(378,237)	130,577
Changes in assumptions	-	330,397	375,703	135,884	-	-	-	161,654
Benefit payments, including refunds, and other miscellaneous adjustments	(184,622)	(145,038)	(137,491)	(98,736)	(100,543)	(73,239)	(37,824)	(14,776)
Net Change in Total Pension Liability	357,739	847,529	877,535	416,128	497,941	382,888	30,032	680,272
Total Pension Liability - Beginning of year	6,591,030	5,743,501	4,865,966	4,449,838	3,951,897	3,569,009	3,538,977	2,858,705
Total Pension Liability - End of year	\$ 6,948,769	\$ 6,591,030	\$ 5,743,501	\$ 4,865,966	\$ 4,449,838	\$ 3,951,897	\$ 3,569,009	\$ 3,538,977
Plan Fiduciary Net Position								
Contributions - Employer	\$ 408,354	\$ 400,194	\$ 153,004	\$ 133,084	\$ 134,095	\$ 127,294	\$ 110,988	\$ 109,701
Contributions - Member	85,381	86,676	84,564	83,375	81,049	76,000	72,494	74,344
Net investment (loss) income	(653,670)	684,956	626,956	502,163	(150,760)	424,891	314,591	(41,433)
Administrative expenses	(11,171)	(8,069)	(8,673)	(8,661)	(7,289)	(6,701)	(6,196)	(5,822)
Benefit payments, including refunds	(184,622)	(145,038)	(137,491)	(116,648)	(100,543)	(73,239)	(37,824)	(14,776)
Net Change in Plan Fiduciary Net Position	(355,728)	1,018,719	718,360	593,313	(43,448)	548,245	454,053	122,014
Plan Fiduciary Net Position - Beginning of year	5,950,897	4,932,178	4,213,818	3,620,505	3,663,953	3,115,708	2,661,655	2,539,641
Plan Fiduciary Net Position - End of year	\$ 5,595,169	\$ 5,950,897	\$ 4,932,178	\$ 4,213,818	\$ 3,620,505	\$ 3,663,953	\$ 3,115,708	\$ 2,661,655
Library's Net Pension Liability - Ending	\$ 1,353,600	\$ 640,133	\$ 811,323	\$ 652,148	\$ 829,333	\$ 287,944	\$ 453,301	\$ 877,322
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	80.52 %	90.29 %	85.87 %	86.60 %	81.36 %	92.71 %	87.30 %	75.21 %
Covered Payroll	\$ 2,016,764	\$ 2,182,230	\$ 2,094,898	\$ 1,902,192	\$ 1,982,078	\$ 1,920,389	\$ 1,777,552	\$ 1,821,734
Library's Net Pension Liability as a Percentage of Covered Payroll	67.12 %	29.33 %	38.73 %	34.28 %	41.84 %	14.99 %	25.50 %	48.16 %

See notes to required supplementary information.

Willard Public Library

**Required Supplementary Information
Schedule of the Library's Contributions
Municipal Employees' Retirement System**

**Last Ten Fiscal Years
Years Ended June 30**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 208,354	\$ 179,580	\$ 165,852	\$ 139,227	\$ 134,095	\$ 127,294	\$ 110,988	\$ 109,701	\$ 98,221	\$ 87,360
Contributions in relation to the actuarially determined contribution	208,354	179,580	165,852	139,227	134,095	127,294	110,988	109,701	98,221	87,360
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 2,016,764	\$ 2,182,230	\$ 2,094,898	\$ 1,902,192	\$ 1,982,078	\$ 1,920,389	\$ 1,777,552	\$ 1,821,734	\$ 1,732,211	\$ 1,586,548
Contributions as a Percentage of Covered Payroll	10.33 %	8.23 %	7.92 %	7.32 %	6.77 %	6.63 %	6.24 %	6.02 %	5.67 %	5.51 %

The Library has contributed additional contributions beyond the actuarially determined contributions above in the following amounts: \$200,000 for the year ended June 30, 2023, \$200,000 for the year ended June 30, 2022, and \$20,000 for the year ended June 30, 2021.

Notes to Schedule of the Library's Contributions - Municipal Employees' Retirement System

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, a half year prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method Entry age normal (level of percentage compensation)
 Amortization method Level percentage of payroll - Closed
 Remaining amortization period 17 years
 Asset valuation method 5-year smoothed market
 Inflation 2.5 percent
 Salary increase 3.00 percentage long-term wage inflation
 Investment rate of return 7.00 percent - Net of administrative and investment expenses
 Retirement age 55-60 years of age
 Mortality 50 percent male - 50 percent female blend of the following tables:
 1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent
 2. The RP-2014 Employee Mortality Tables
 2. The RP-2014 Juvenile Mortality Tables

Other information None

See notes to required supplementary information.

Budgetary Information

The annual budget is adopted by the Library's board of trustees; subsequent amendments are approved by the Library's board of trustees. Unexpected appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2023 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budgetary comparison schedule (statement of revenue, expenditures, and changes in fund balance - budget and actual) is presented on the same basis of accounting used in preparing the adopted budget.

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

During the year, due to the implementation of GASB Statement No. 96, expenditures were incurred that were in excess of the amounts budgeted, as follows:

	Budget	Actual	Variance
Capital expenditures	\$ 329,376	\$ 696,387	\$ (367,011)
Debt service - Principal	-	79,829	(79,829)
Debt service - Interest	-	9,709	(9,709)

Pension Information - Michigan Public School Employees' Retirement System

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the reported plan years ended September 30 except for the following:

2022

The discount rate and investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.80 percentage points.

2019

The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.

2018

The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.

2017

The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information - Michigan Public School Employees' Retirement System

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of assumptions for each of the plan years ended September 30 except for the following:

2022

The discount rate and investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.95 percentage points. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.

2021

The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.

2020

The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points, and actual per person health benefit costs were lower than projected, resulting in a reduction in the plan's total OPEB liability of \$1.8 billion in 2020.

2019

The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.

2018

The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2018.

Covered Payroll

The employees' covered payroll to be reported in the required supplementary information is defined by GASB Statement No. 82, *Pension Issues - An Amendment to GASB Statements No. 67, No. 68, and No. 73*, as payroll on which contributions to a pension plan are based and by GASB Statement No. 85, *Omnibus 2017*, as payroll on which contributions to the OPEB plan are based. For the Library, covered payroll represents payroll on which contributions to both plans are based.

June 30, 2023

Pension Information - Municipal Employees' Retirement System

Changes in Assumptions

During the measurement year ended December 31, 2015, the assumed annual rate of return was adjusted down from 8.00 to 7.75 percent, and the mortality tables were updated from the 1994 Group Mortality Table to a blend of RP-2014 tables.

During the measurement year ended December 31, 2019, the assumed rate of return was adjusted down from 8.00 to 7.60 percent, and salary increases were adjusted from 3.75 to 3.00 percent.

During the measurement year ended December 31, 2020, the mortality tables were updated from the RP-2014 tables to the Pub-2010 mortality tables.

During the measurement year ended December 31, 2021, the assumed rate of return was lowered from 7.60 to 7.25 percent.

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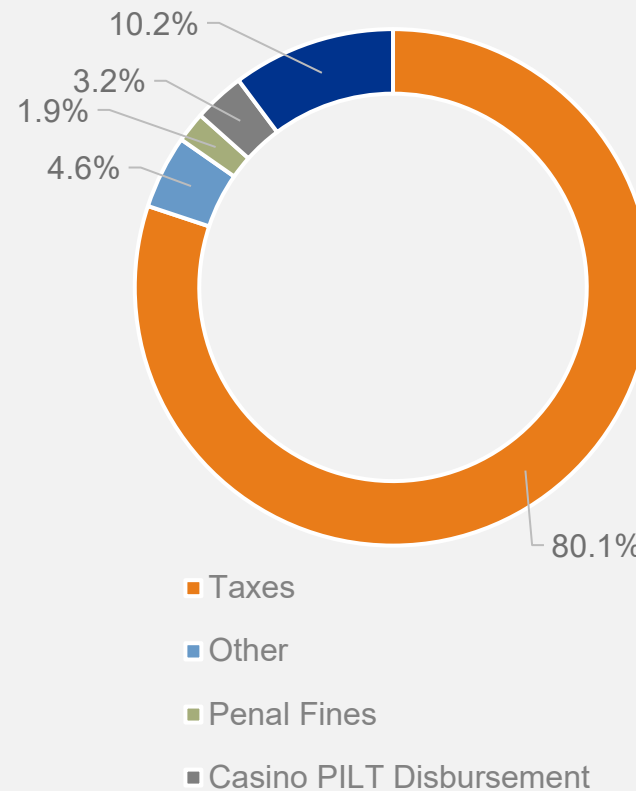
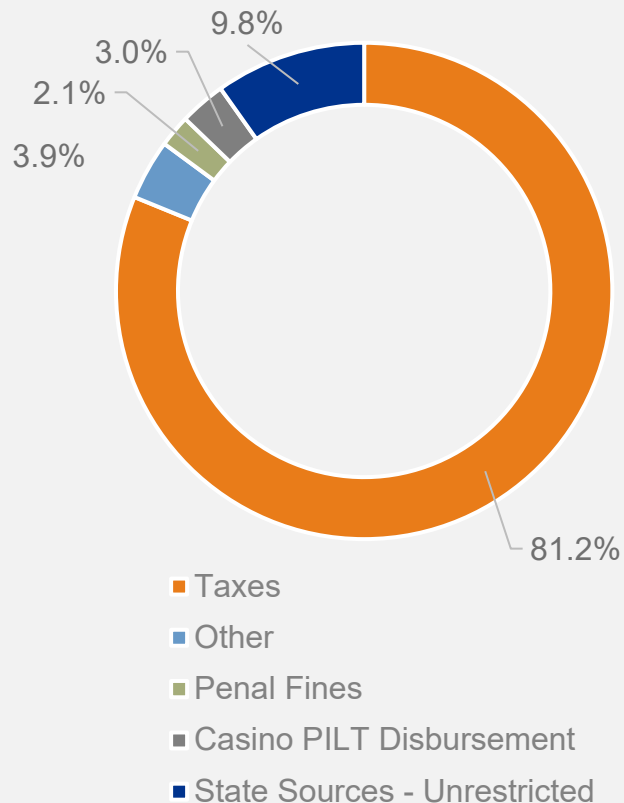


Willard Library

FOR YEAR ENDED JUNE 30, 2023

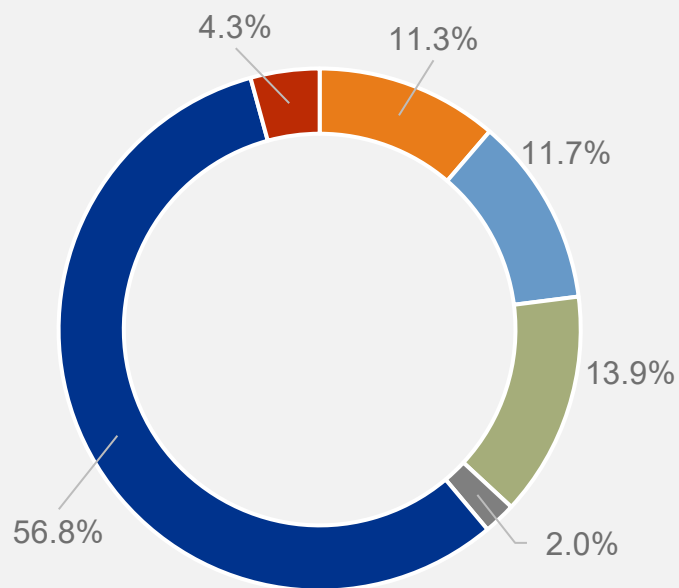
Revenue - General Fund Year Ended June 30

2023
\$ 6,019,519



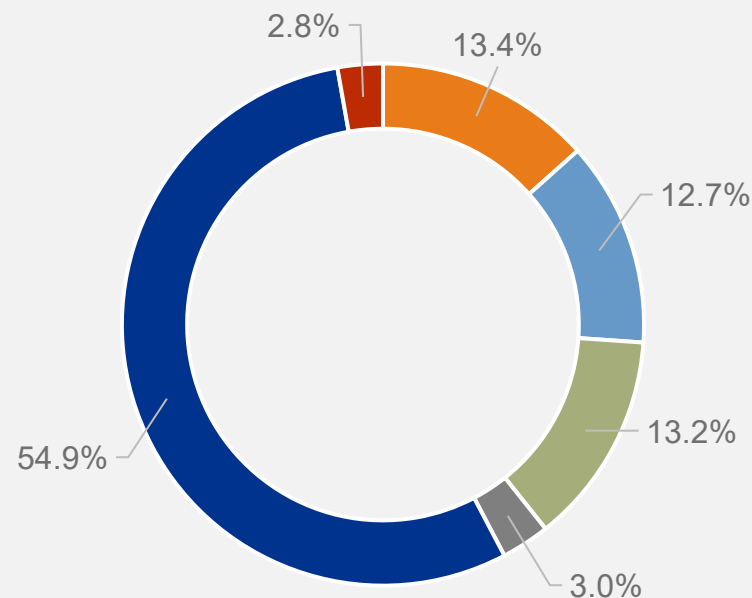
Expenditures - General Fund

Year Ended June 30 *(not including transfers)*



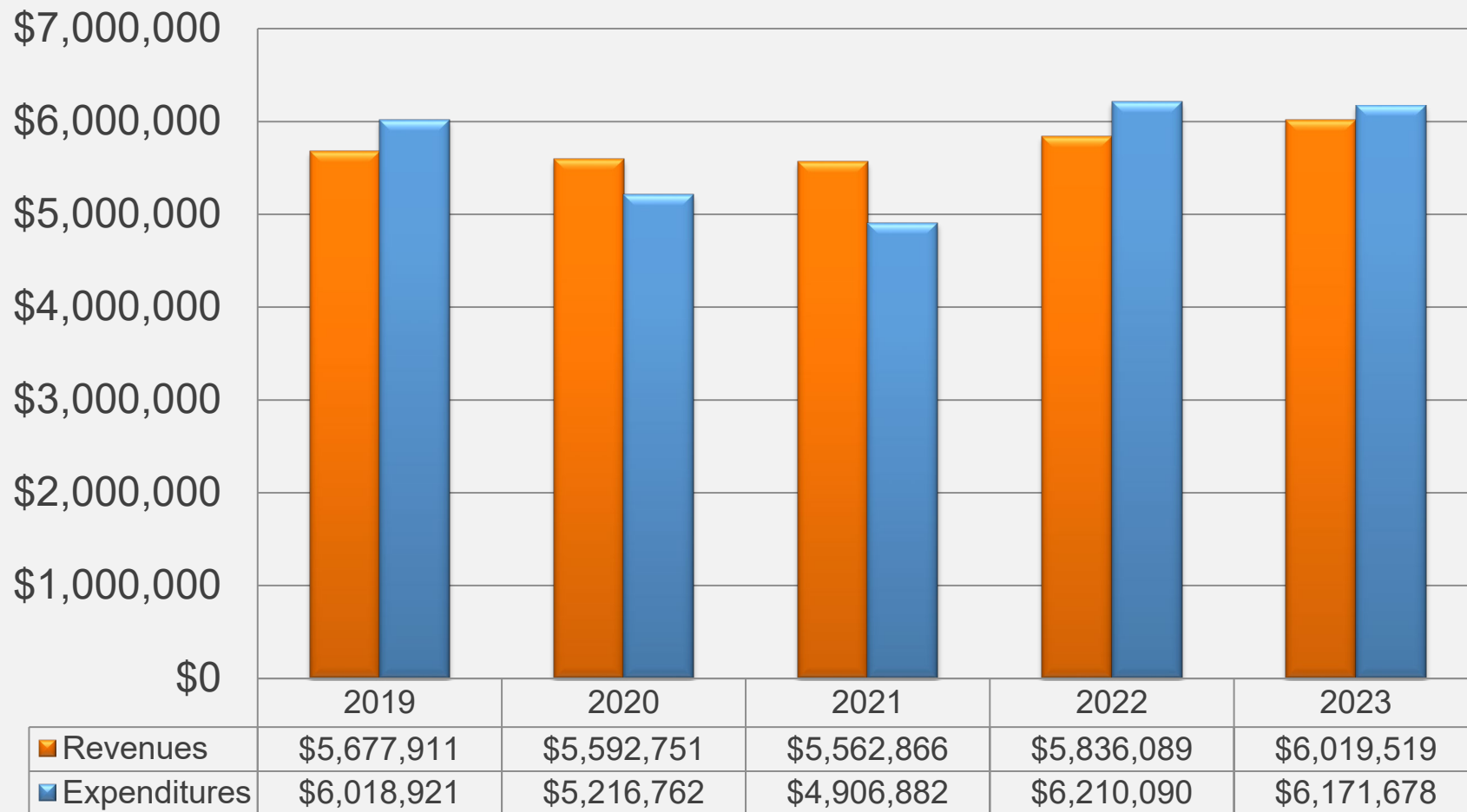
- Capital
- Materials
- Personnel
- Purchased Services
- Repairs & Maintenance
- Other, inc. Debt Service

2022
\$6,210,090



- Capital
- Materials
- Personnel
- Purchased Services
- Repairs & Maintenance
- Other

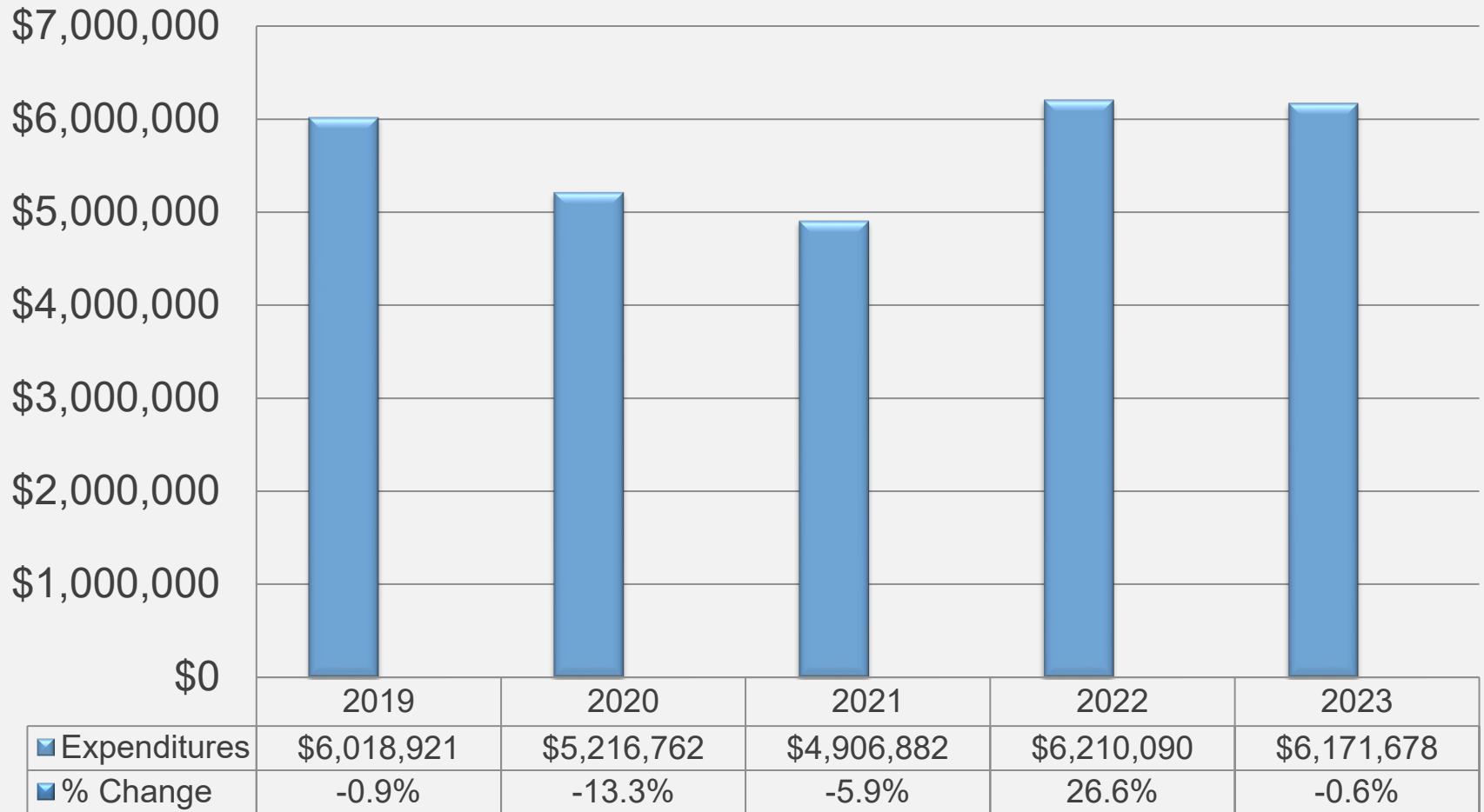
General Fund Operations



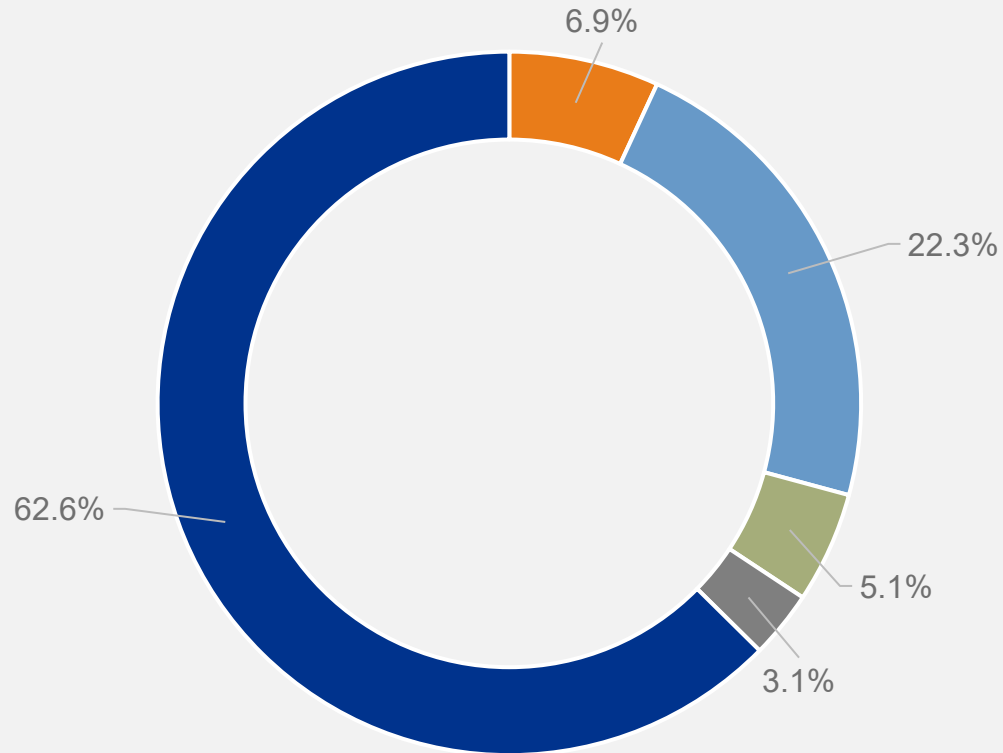
General Fund Revenue



General Fund Expenditures (not including transfers)



Fund Balance - General Fund



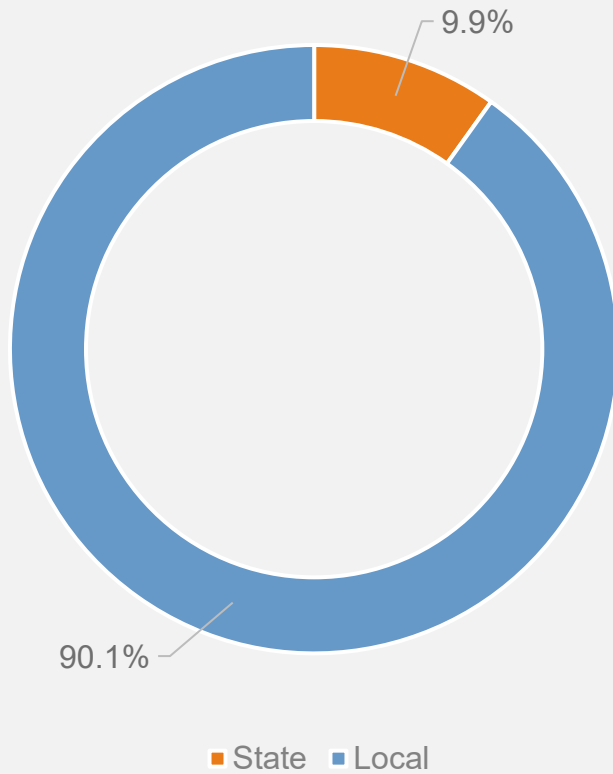
- Non-spendable - Prepaid assets
- Committed - 60 day reserve fund
- Assigned - Sick payable
- Assigned - Budgeted use of fund balance
- Unassigned

Revenue Sources

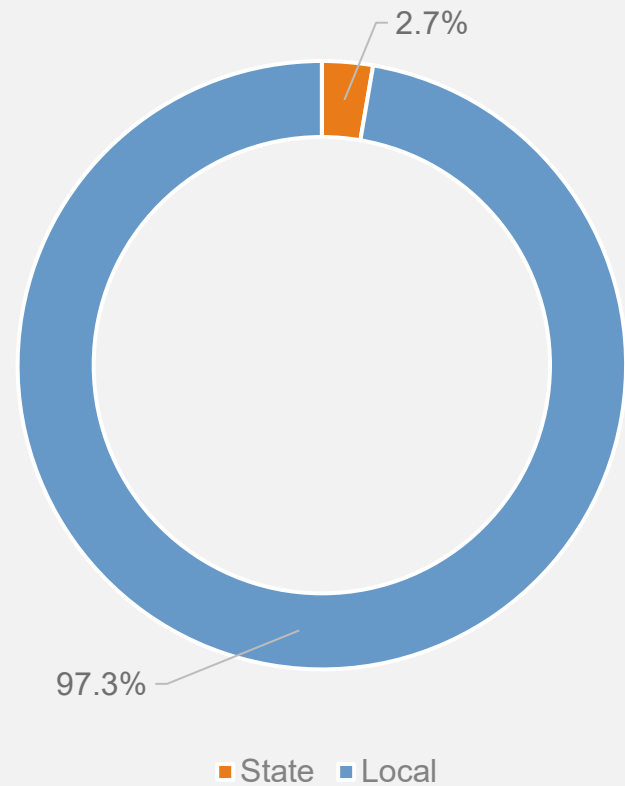
(In Comparison to Other Libraries of Similar Size and Population Area - From 2022 Data Edition)

2022 Willard Library

(less ORS pass-through revenue)



Average



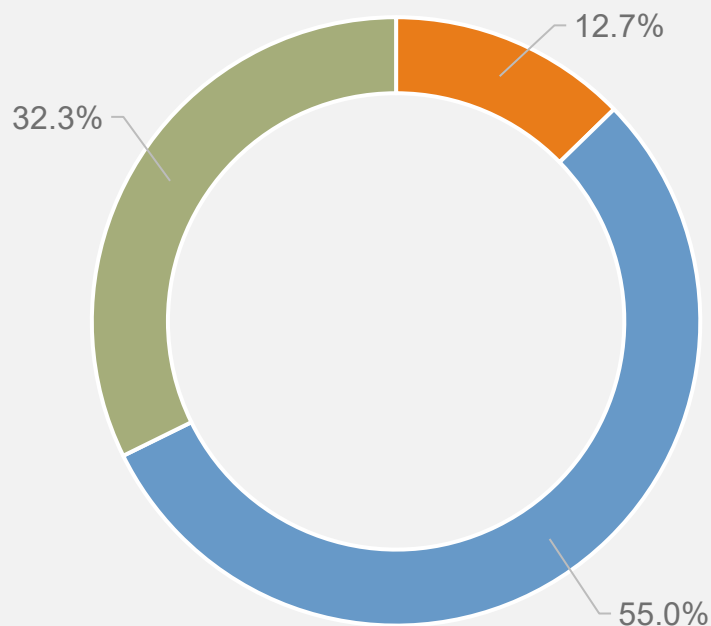
Expenditure Sources

(In Comparison to Other Libraries of Similar Size and Population Area - From 2022 Data Edition)

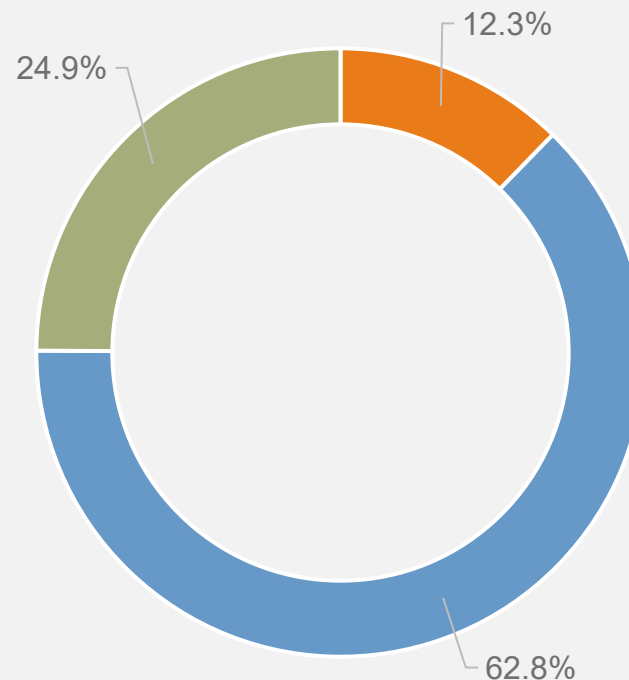
2022 Willard Library

(less ORS pass-through expense)

Average



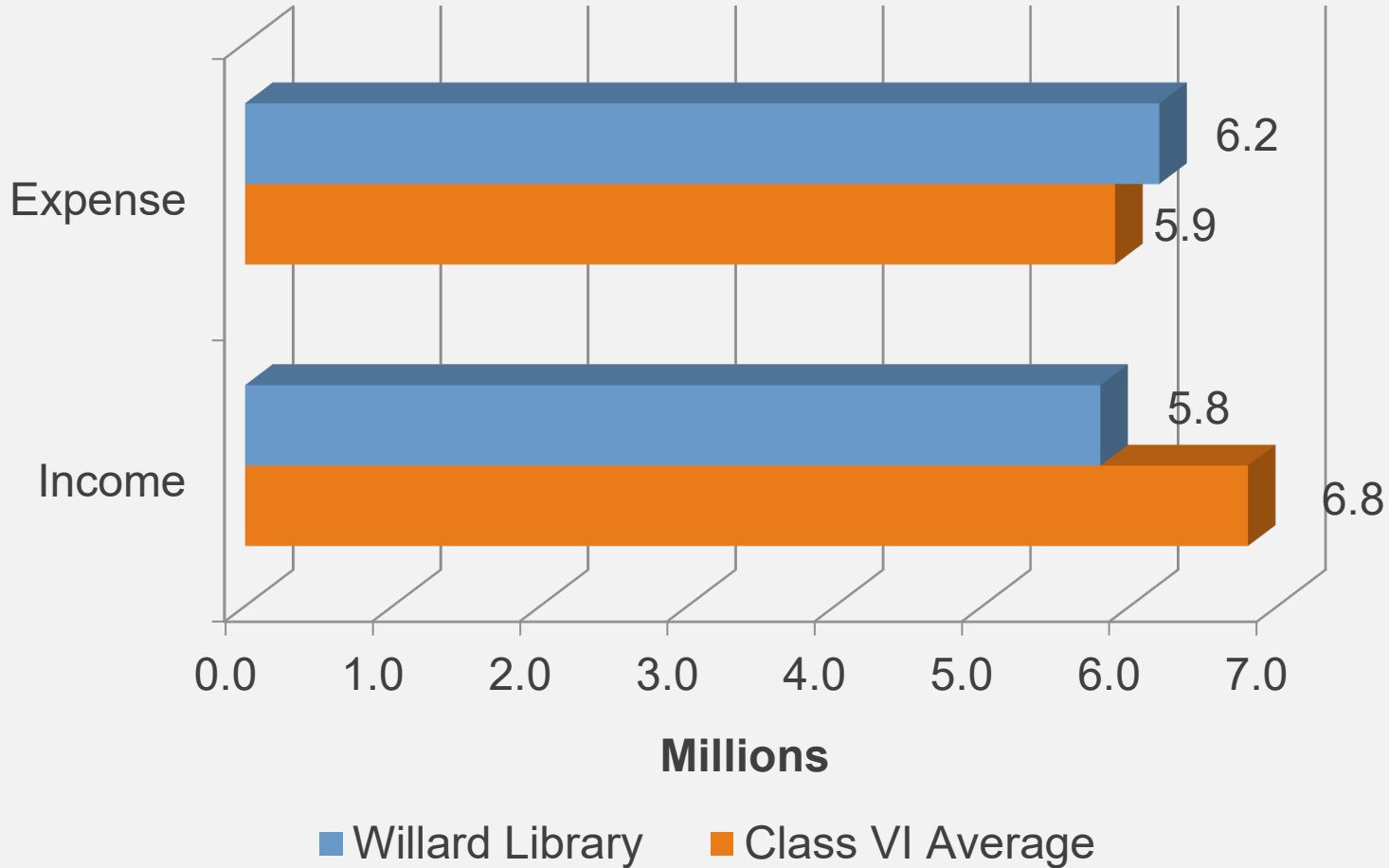
Materials Staff Other



Materials Staff Other

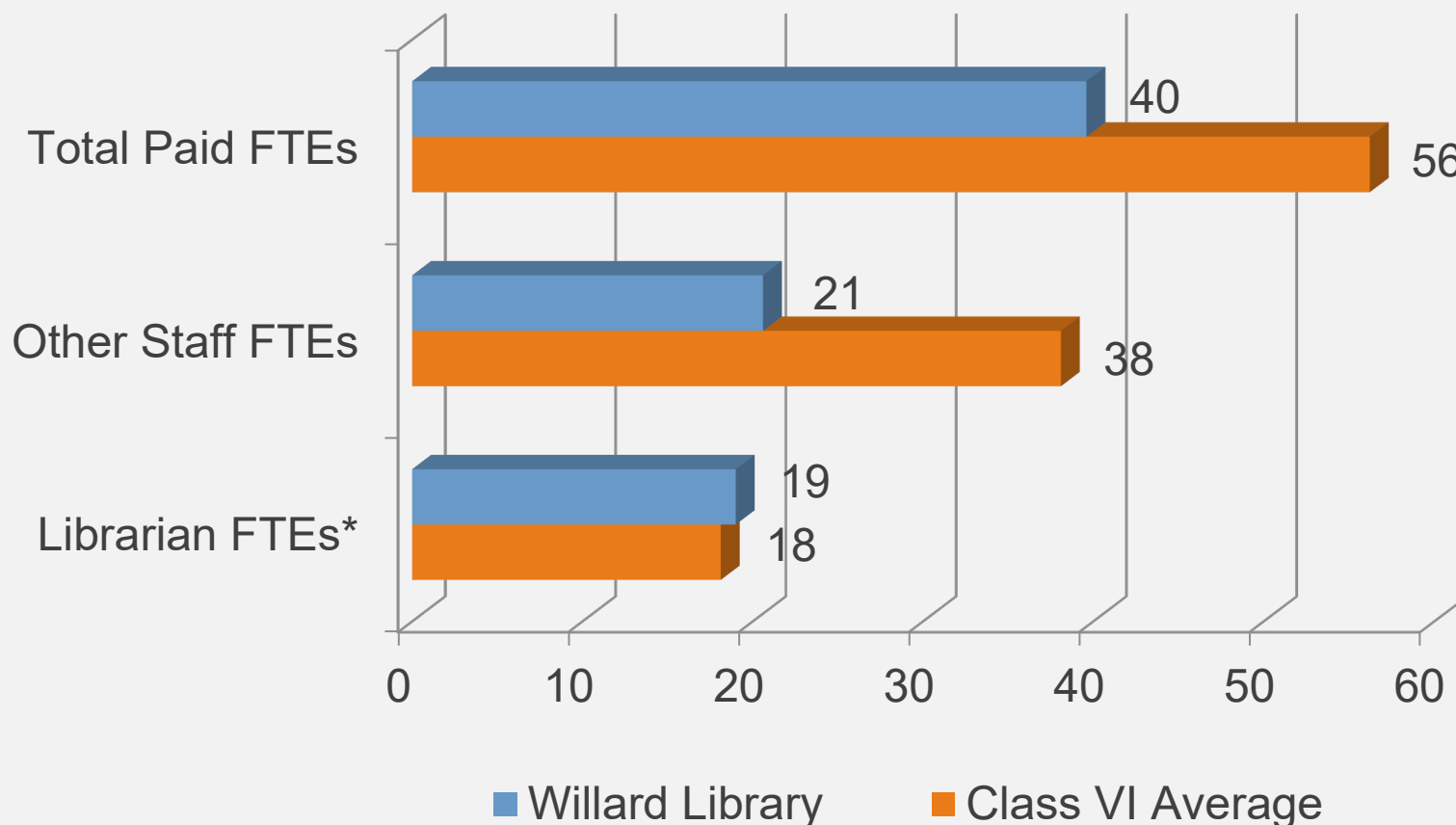
Comparison of Average 2022 Operating Income and Expense

(In Comparison to Other Libraries of Similar Size and Population Area - From 2022 Data Edition)



Comparison of 2022 Library Staff

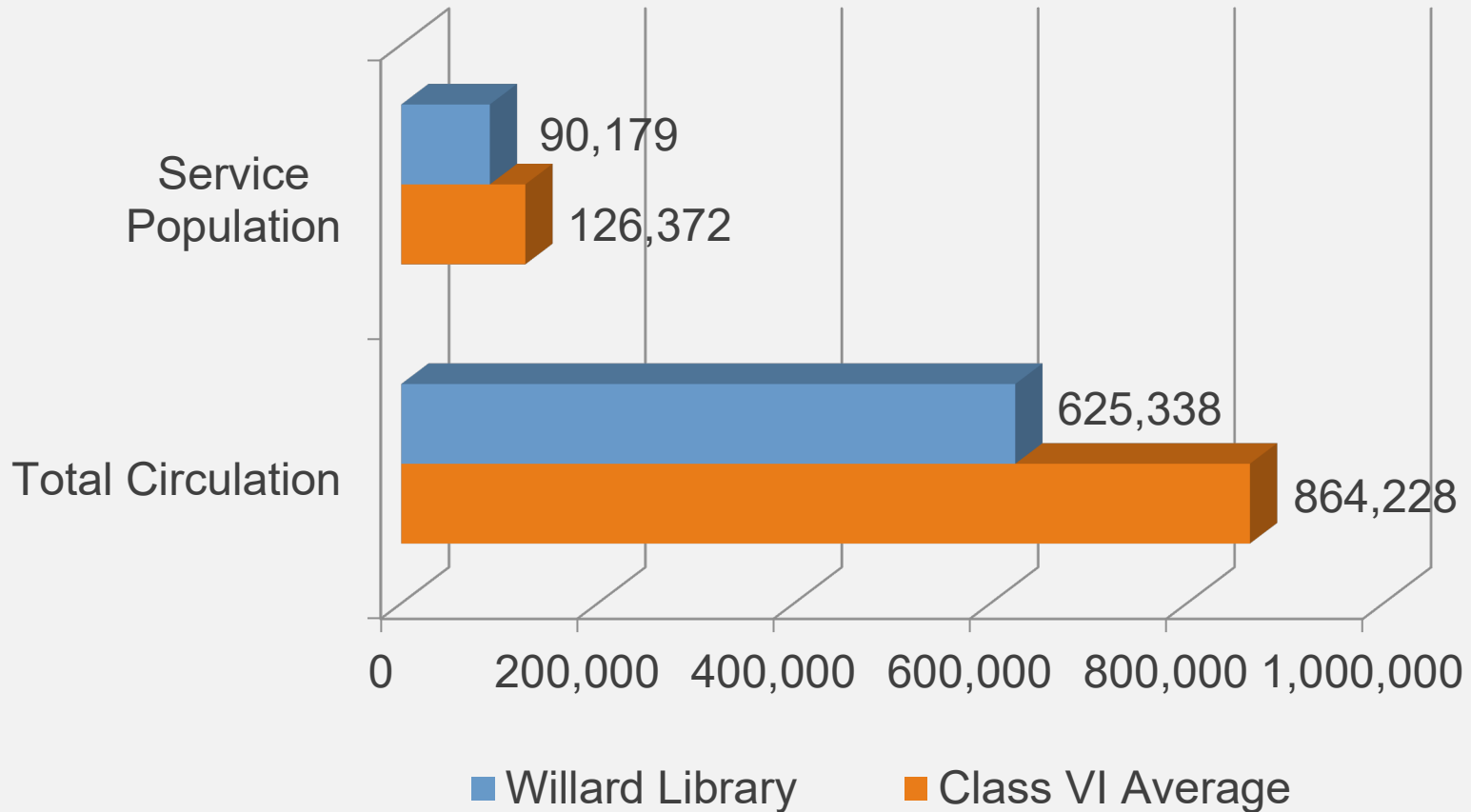
(In Comparison to Other Libraries of Similar Size and Population Area - From 2022 Data Edition)



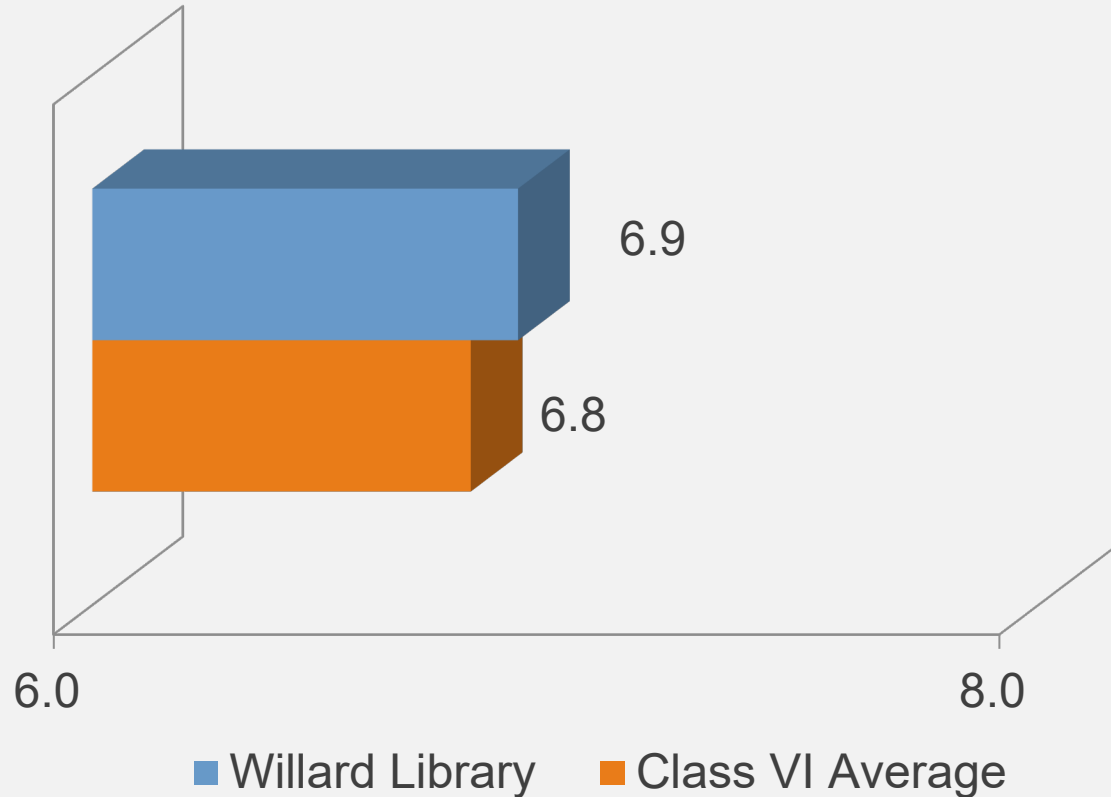
*Includes non-MLS Librarians

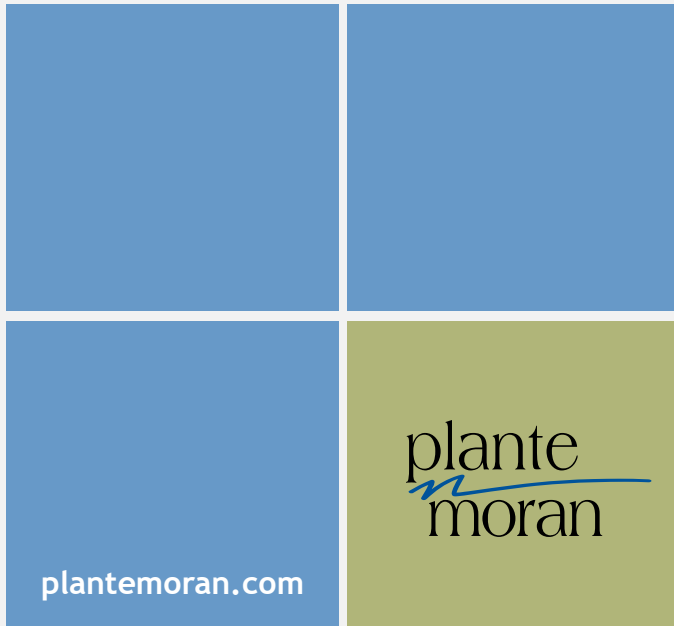
Comparison of 2022 Library Visits

(In Comparison to Other Libraries of Similar Size and Population Area - From 2022 Data Edition)



Comparison of 2022 Library - Circulation Per Population (In Comparison to Other Libraries of Similar Size and Population Area - From 2022 Data Edition)





■ THANK YOU



Dear Colleagues,

We extend our heartfelt appreciation for Jade Woodridge's exceptional dedication and remarkable contributions as she departs from her role at Willard Library, effective October 12, 2023.

In 2018, Jade became an integral part of our library team. She enriched the library's reputation through her exceptional programs, such as Head Wraps, the Writer's Group, and her ability to bring engaging authors to Battle Creek Reads. Furthermore, she assisted library users through one-on-one Book a Librarian sessions and displayed her expertise in curating the downtown fiction collection.

Thank you, Jade, for all that you have contributed to Willard Library and to our guests.

With gratitude,

A handwritten signature in blue ink that reads "Matt Willis". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Matt Willis

269-968-8166
willardlibrary.org
7 W. Van Buren St.
Battle Creek, MI 49017

B. Policy Regarding the Availability of Service in the Battle Creek Area

The entire resources of Willard Library are available to all borrowers. Collections are developed for the reading abilities and special interests of children and young people, as well as adults, and Library personnel are available to provide guidance if requested. Parents are responsible for supervising their children's selections.

1. Willard Library is supported by a property tax from citizens in the Battle Creek, Harper Creek, Lakeview, and Pennfield School Districts.
 - a. To borrow free from Willard Library, a person must either reside or own property in the area defined by the school districts of Battle Creek, Harper Creek, Lakeview, or Pennfield.
 - b. A fee may be charged directly to any outside jurisdiction for library service via a contract, as approved by law.
 - c. Non-residents and transient borrowers shall be charged a fee or deposit for library privileges according to a schedule determined by the Director of the Library.
 - d. A reciprocal borrowing agreement may be entered into with other similar size libraries.
 - e. Under special circumstances, library cards may be issued as a courtesy cards are issued at no charge with the approval of the Director.
 - f. Temporary Cards: Individuals in the Library District who are unable to provide a permanent address may be granted temporary library privileges. The privileges may be limited in duration, as well as the quantity and type of materials available for borrowing.
 - g. Educator Cards: If an educator is employed by one of the four school districts served by Willard Library but resides out of the district, an Educator Card will be issued at no charge with the approval of the Director.
 - h. With a written agreement that a school located within the boundaries served by Willard Library elects to participate in the ConnectEd Library Card Program with Willard Library, a student who attends school in a participating school but is not eligible for a resident card may be issued a Willard Library card.
2. As determined by the Director, acting in accordance with Trustee Policy, the use of the Library or its service shall be limited when excessive demands of groups or individuals tend to curtail service to the general public. Such demands may include those made by students, puzzle contestants, and others whose demands for staff time, available materials, or space would prohibit attention and service to other individuals or groups. The Board will be made aware of any such demand that caused the Library Director to limit a demand at the next Board meeting.
3. As determined by the Director, acting in accordance with Trustee Policy, the use of the Library or its services may be denied for due cause. Such cause may be failure to return materials or to, failure to pay penalties, or violations of the Policy Regarding Guest Responsibilities and Conduct. destruction of Library property, failure to observe safety and health requirements, disturbance of other patrons or other objectionable conduct on Library premises.

**Willard Library, Helen Warner Branch, and E-Branch Combined
Library Statistical Report 2023/2024
1st Quarter**

	July - Sept 2023	July - Sept 2022	% Change
Circulation			
Adult Fiction	11,121	11,975	-7%
Adult Nonfiction	11,848	14,626	-19%
Paperbacks	3,455	3,729	-7%
New Materials	24,166	23,102	5%
Special Collections	3,034	3,058	-1%
Children's & YA Fiction	27,798	23,342	19%
Children's Nonfiction	4,189	4,097	2%
Audiobooks	3,872	4,164	-7%
DVDs	31,063	30,233	3%
Music CDs	1,549	1,889	-18%
E-Branch Items	50,935	44,400	15%
Total Circulation	173,030	164,615	5%
Chronicling Battle Creek	41,972	134,454	-69%
Total Circulation including CBC	215,002	299,069	-28%
People Counter*	51,105	50,308	2%
Programs			
Adult Audiences	948	577	64%
Children's Audiences	4,845	2,451	98%
Total Audiences	5,793	3,028	91%
Public Computer Usage			
Computer Sessions	8,316	7,045	18%
Computer Time (Hours)	7,882	5,062	56%
Wireless Users	24,361	20,487	19%

**Willard Library, Helen Warner Branch, and E-Branch
Library Statistical Report 2023/2024
1st Quarter**

	July - Sept 2023	July - Sept 2022	% Change
WILLARD LIBRARY*			
Adult Fiction	7,405	8,028	-8%
Adult Nonfiction	8,181	8,175	0%
Paperbacks	2,938	3,155	-7%
New Materials	14,867	14,132	5%
Special Collections	1,788	1,931	-7%
Children's & YA Fiction	18,708	17,384	8%
Children's Nonfiction	4,189	4,097	2%
Audiobooks	3,067	3,216	-5%
DVDs	24,567	23,558	4%
Music CDs	1,164	1,567	-26%
Total Circulation	86,874	85,243	2%
HELEN WARNER BRANCH*			
Adult Fiction	3,716	3,947	-6%
Adult/Children's Nonfiction	3,667	6,451	-43%
Paperbacks	517	574	-10%
New Materials	9,299	8,970	4%
Special Collections	1,246	1,127	11%
Children's & YA Fiction	9,090	5,958	53%
Audiobooks	805	948	-15%
DVDs	6,496	6,675	-3%
Music CDs	385	322	20%
Total Circulation	35,221	34,972	1%
E-BRANCH			
Children's eBooks	2,619	1,132	131%
Adult eBooks	19,606	20,045	-2%
Adult & Children's eAudiobooks	20,275	17,174	18%
Music Downloads	5,627	3,826	47%
Digital Magazines	1,740	1,162	50%
Digital Video	1,068	1,061	1%
Total Circulation**	50,935	44,400	15%
CHRONICLING BATTLE CREEK	41,972	134,454	-69%
Grand Total	215,002	299,069	-28%

**Willard Library Helen Warner Branch High Impact Programming
Library Statistical Report 2023/2024
1ST QUARTER**

	July - Sept 2023	July - Sept 2022
We support creativity		
Creative Space Program Attendance	383	0
We area a community hub that offers casual settings for conversation, collaboration, and media consumption.		
Meeting Room Use-Sessions	569	0
We build a strong foundation of literacy and foster a love of reading.		
Babytime & Storytime Attendance	1,088	0
Adult Literary Event Attendance	27	0
We present opportunities for growth in digital literacy.		
Book a Librarian-Sessions	70	0
We deliver enriching experiences that enhance quality of life.		
Monday Night Children's Programming	176	0
Total Impactful Programs	2,313	0



REPORTS AND RECOMMENDATIONS October 2023

DIRECTOR'S REPORT: Matt Willis, Director

- Serenity Space Update
- Large Print Collection
- Staff Training Update

YOUTH SERVICES & COMMUNITY ENGAGEMENT UPDATE: Tynisha Dungey, Director of Youth Services & Community Engagement

- BCPS Kindergarten Visits
- Self-Advocacy Storytime Livestream with Michigan Disability Network
- Baby Grands Concert – Hispanic Heritage Month
- Stuffie Sleepover