



**COOPERSVILLE AREA
DISTRICT LIBRARY**

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**COOPERSVILLE AREA DISTRICT LIBRARY
OTTAWA COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023**

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INDEPENDENT AUDITOR'S REPORT

To the Library Board
Coopersville Area District Library, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coopersville Area District 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 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 financial position, and, where applicable, cash flows thereof 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. 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.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional 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, required pension schedules, and budgetary comparison information, as listed 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion

or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Gabridge & Company

Gabridge & Company, PLC
Grand Rapids, Michigan
December 1, 2023

Management's Discussion and Analysis

Coopersville Area District Library Management's Discussion and Analysis June 30, 2023

As management of the Coopersville Area District Library, we offer readers of the Coopersville Area District Library's (the "Library" or "government") financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

- The assets and deferred outflows of the Library exceeded its liabilities at the close of this fiscal year by \$1,307,223 (shown as *net position*), representing an increase of \$97,705 over the previous fiscal year. Unrestricted net position has a balance of \$413,776.
- During the year, the Library received \$589,993 in revenues and incurred \$492,288 in expenses, resulting in an increase in net position of \$97,705.
- The general fund increased its fund balance by \$37,358 during the year for an ending fund balance of \$419,860.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$417,060, or 102.5% of the general fund's total annual expenditures.

Overview of the Financial Statements

The Library's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide a broad overview of the Library's financial position. They are presented using a method of accounting that is similar to a private sector business.

The *statement of net position* presents information on all of the Library's assets, deferred outflows/inflows, and liabilities, with the difference being reported as the net position. Over time, increases or decreases in net position can serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The *statement of activities* presents information showing how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave and capital asset activity).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The Library uses fund accounting to ensure compliance with finance-related legal requirements.

Governmental Funds. The Library's basic services are reported in the governmental funds. Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This is known as the modified accrual system of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide statements. These items are recorded in the government fund balance as expenditures. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt. Governmental funds for the Library include the general fund, debt service fund, capital project fund, and the Murray trust fund.

The Library adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to compliance with its budget.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report further presents required supplementary information (RSI) that explains the information presented in the financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of overall financial position. In the case of the Library, assets and deferred outflows exceeded liabilities and deferred inflows by \$1,307,223 at the close of the most recent fiscal year. The following table illustrates the varying results of the governmental activities that combine to capture the Library's total net position.

Coopersville Area District Library's Net Position

ASSETS	2023	2022
<i>Current Assets</i>		
Cash and Investments	\$ 467,673	\$ 429,321
Accounts Receivable	52,955	47,121
Total Current Assets	520,628	476,442
<i>Noncurrent Assets</i>		
Capital Assets Not Being Depreciated	20,000	20,000
Capital Assets Being Depreciated, net	1,844,039	1,915,353
Total Assets	2,384,667	2,411,795
DEFERRED OUTFLOWS OF RESOURCES		
Pension	52,756	33,330
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable	2,099	1,446
Accrued Payroll	3,090	2,475
Accrued Interest	4,769	5,119
Current Portion of Compensated Absences	1,652	1,891
Current Portion of Long-term Debt	110,000	105,000
Total Current Liabilities	121,610	115,931
<i>Noncurrent Liabilities</i>		
Compensated Absences	4,955	5,673
Net Pension Liability	80,462	39,061
Long-term Debt	923,173	1,036,070
Total Liabilities	1,130,200	1,196,735
DEFERRED INFLOWS OF RESOURCES		
Pension	-	38,872
NET POSITION		
Net Investment in Capital Assets	830,866	794,283
<i>Restricted for:</i>		
Nonspendable for Permanent Fund Principal	11,295	11,295
Restricted for Collection Additions	2,408	2,370
Restricted for Debt Service	48,878	40,242
<i>Unrestricted</i>	413,776	361,328
Total Net Position	\$ 1,307,223	\$ 1,209,518

The largest portion of the Library's net position (\$830,866, or 63.6%) reflects its investment in capital assets (e.g., land, buildings and improvements, equipment and furniture, and library books), less any related outstanding debt that was used to acquire those assets. The Library uses these capital assets to provide a variety of services to its patrons. Accordingly, these assets are not available for future spending. Although the Library's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Library's net position, \$62,581, represents resources that are subject to external restrictions on how they may be used. Restricted net position consists of \$11,295 for a nonexpendable trust, \$2,408 that is restricted for future collection additions, and \$48,878 that is restricted for future debt service payments. The remaining net position is unrestricted and has a balance of \$413,776.

The Library's cash balances increased by \$38,352. This is in relation to the increase in fund balance. Capital assets decreased by \$71,314 during the year as a result of depreciation expense of \$103,980 being in excess of current year capital additions of \$32,666. Net pension liability increased \$41,401 during the year as a result of the Library's voluntary pension contributions offset by market conditions.

The Library's overall net position increased \$97,705 from the prior fiscal year. The reasons for this overall increase are discussed in the following section:

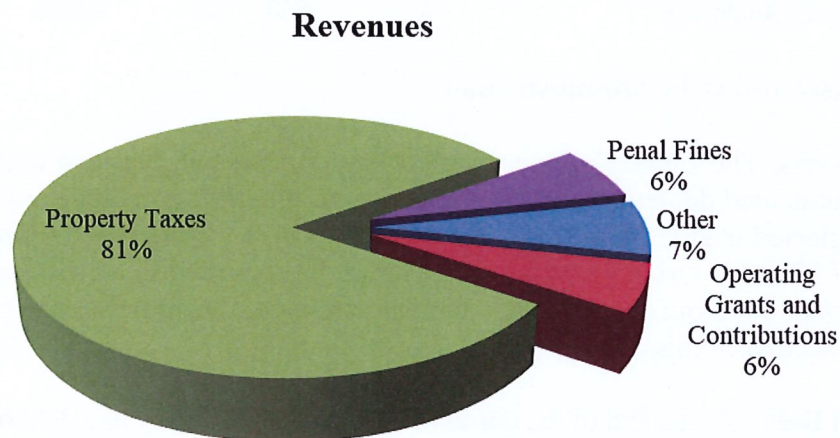
Coopersville Area District Library's Changes in Net Position

	2023	2022
Program Revenues		
Charges for Services	\$ 14,056	\$ 12,540
Operating Grants and Contributions	34,838	30,199
Capital Grants and Contributions	-	6,591
<i>Total Program Revenues</i>	48,894	49,330
General Revenues		
Property Taxes	477,826	463,465
Intergovernmental	22,824	22,234
Fines and Forfeitures	38,122	37,444
Investment Earnings	2,327	372
<i>Total General Revenues</i>	541,099	523,515
Total Revenues	589,993	572,845
Expenses		
Recreation and Culture	463,317	459,739
Interest on Long-term Debt	28,971	31,066
Total Expenses	492,288	490,805
<i>Change in Net Position</i>	97,705	82,040
Net Position at Beginning of Period	1,209,518	1,127,478
<i>Net Position at End of Period</i>	\$ 1,307,223	\$ 1,209,518

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$97,705 from the prior fiscal year for an ending balance of \$1,307,223. Total revenues increased \$17,148 which predominately consisted of an increase in tax revenues of \$14,361 due to increases in taxable value as well as receiving an ALA conference grant for \$6,400.

Total expenses increased from \$490,805 to \$492,288 during 2023. This is quite comparable to the previous year.

The following chart details the revenue sources for the governmental activities of the Library for the most recent fiscal year-end:



Salaries and fringe benefit expenses were the largest expenses for the Library. The Library spent \$219,893 on salaries and fringe benefits, or 44.7% of the Library's total expenses. One other significant expense for the Library was depreciation expense of \$103,980, which represented 21.1% of the total expenses within the Library during the year.

Financial Analysis of the Government's Funds

The Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

General Fund. The general fund is the main operating fund of the Library. The general fund increased during this fiscal year by \$37,358, bringing fund balance to \$419,860. Unassigned fund balance represents approximately 102.5% of total general fund expenditures.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there were several budget amendments made. The only significant amendment was decreasing appropriated fringe benefit expenditures from \$91,000 to \$59,130.

Final budget compared to actual results. The Library had the following expenditures in excess of the amount appropriated during the year ended June 30, 2023:

<u>Function</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Other Expenditures	\$ 880	\$ 9,739	\$ (8,859)

Capital Asset and Debt Administration

Capital Assets. The Library’s investment in capital assets at year-end amounted to \$1,864,039 (net of accumulated depreciation). Capital assets of the Library include any items purchased that have an expected useful life of over one year and a cost of over \$500. Capital assets had a net decrease of \$71,314 during the year. The Library has invested in a broad range of capital assets. More information about the Library’s capital assets can be found in the notes to the financial statements section of this document.

Long-term Debt. At the end of the current fiscal year, the Library had debt outstanding, exclusive of compensated absences, of \$1,033,173. The Library’s long-term debt decreased by \$107,897 during the year. State statutes limit the amount of general obligation debt a government entity may issue to 10% of its total assessed valuations. The Library is well under the state limit. More information on the Library’s long-term debt is available in the notes to the financial statements section of this document.

Economic Factors and Next Year’s Budgets and Rates

Management estimates that approximately \$500,000 of revenues will be available for appropriation in the general fund in the upcoming budget. The Library continues to review all budget line items for opportunities to reduce expenditures when possible. The budget will be monitored during the year to identify any necessary amendments.

Contacting the Library’s Management

This financial report is designed to provide the wide variety of users of this document with a general overview of the Library’s finances and demonstrate the Library’s accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to:

Coopersville Area District Library
 333 Ottawa
 Coopersville, MI 49404

Basic Financial Statements

Coopersville Area District Library
Statement of Net Position
June 30, 2023

ASSETS

Current Assets

Cash and Investments	\$	467,673
Accounts Receivable		52,955
Total Current Assets		520,628

Noncurrent Assets

Capital Assets not being Depreciated		20,000
Capital Assets being Depreciated, net		1,844,039
Total Assets		2,384,667

DEFERRED OUTFLOWS OF RESOURCES

Pension		52,756
Total Deferred Outflows of Resources		52,756

LIABILITIES

Current Liabilities

Accounts Payable		2,099
Accrued Payroll		3,090
Accrued Interest		4,769
Current Portion of Compensated Absences		1,652
Current Portion of Long-term Debt		110,000
Total Current Liabilities		121,610

Noncurrent Liabilities

Compensated Absences		4,955
Net Pension Liability		80,462
Long-term Debt		923,173
Total Liabilities		1,130,200

NET POSITION

Net Investment in Capital Assets		830,866
<i>Restricted for:</i>		
Nonspendable for Permanent Fund Principal		11,295
Restricted for Collection Additions		2,408
Debt Service		48,878
<i>Unrestricted</i>		413,776
Total Net Position	\$	1,307,223

**Coopersville Area District Library
Statement of Activities
For the Year Ended June 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Recreation and Culture	\$ 463,317	\$ 14,056	\$ 34,838	\$ --	\$ (414,423)
Interest on Long-term Debt	28,971	--	--	--	(28,971)
Total	\$ 492,288	\$ 14,056	\$ 34,838	\$ --	\$ (443,394)
General Purpose Revenues:					
Property Taxes					477,826
Intergovernmental					22,824
Fines and Forfeitures					38,122
Investment Earnings					2,327
Total General Revenues					541,099
Change in Net Position					97,705
<i>Net Position at Beginning of Period</i>					1,209,518
<i>Net Position at End of Period</i>					\$ 1,307,223

The Notes to the Financial Statements are an integral part of these Financial Statements

**Coopersville Area District Library
Balance Sheet
Governmental Funds
June 30, 2023**

	<u>General</u>	<u>Debt Service Fund</u>	<u>Capital Projects (Nonmajor)</u>	<u>Permanent Murray Trust (Nonmajor)</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Investments	\$ 376,329	\$ 44,643	\$ 32,998	\$ 13,703	\$ 467,673
Accounts Receivable	52,955	--	--	--	52,955
Due from Other Funds	--	4,235	--	--	4,235
<i>Total Assets</i>	<u>\$ 429,284</u>	<u>\$ 48,878</u>	<u>\$ 32,998</u>	<u>\$ 13,703</u>	<u>\$ 524,863</u>
LIABILITIES					
Accounts Payable	\$ 2,099	\$ --	\$ --	\$ --	\$ 2,099
Accrued Payroll	3,090	--	--	--	3,090
Due to Other Funds	4,235	--	--	--	4,235
<i>Total Liabilities</i>	<u>9,424</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>9,424</u>
FUND BALANCE					
Nonspendable	--	--	--	11,295	11,295
Restricted	--	48,878	--	2,408	51,286
Committed	2,800	--	--	--	2,800
Assigned	--	--	32,998	--	32,998
Unassigned	417,060	--	--	--	417,060
<i>Total Fund Balance</i>	<u>419,860</u>	<u>48,878</u>	<u>32,998</u>	<u>13,703</u>	<u>515,439</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 429,284</u>	<u>\$ 48,878</u>	<u>\$ 32,998</u>	<u>\$ 13,703</u>	<u>\$ 524,863</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Coopersville Area District Library
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2023

Total Fund Balance - Governmental Funds	\$	515,439
General government capital assets of \$2,636,628, net of accumulated depreciation of \$772,589, are not financial resources and, accordingly, are not reported in the funds.		1,864,039
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(6,607)
Net pension liabilities, along with pension related deferred inflows and outflows, are not reported in the funds.		(80,462)
Deferred outflows from the difference between projected and actual investment earnings of the pension plan as well as contributions made after the measurement date of the net pension liability are not reported in the funds.		52,756
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, the interest expenditure is reported when due.		(4,769)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(1,033,173)
Total Net Position - Governmental Activities	\$	<u>1,307,223</u>

Coopersville Area District Library
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2023

	<u>General</u>	<u>Debt Service Fund</u>	<u>Capital Projects (Nonmajor)</u>	<u>Permanent Murray Trust (Nonmajor)</u>	<u>Total Governmental Funds</u>
Revenues					
Property Taxes	\$ 336,775	\$ 141,051	\$ --	\$ --	\$ 477,826
Intergovernmental	46,171	4,235	--	--	50,406
Fines and Forfeitures	38,521	--	--	--	38,521
Charges for Services	9,730	--	--	--	9,730
Investment Earnings	1,675	578	36	38	2,327
Contributions	7,752	--	--	--	7,752
Other Revenues	3,431	--	--	--	3,431
Total Revenues	<u>444,055</u>	<u>145,864</u>	<u>36</u>	<u>38</u>	<u>589,993</u>
Expenditures					
Salaries, Wages, and Payroll Taxes	188,356	--	--	--	188,356
Fringe Benefits	49,391	--	--	--	49,391
Operating Supplies	7,142	--	--	--	7,142
Repairs and Maintenance	1,670	--	--	--	1,670
Professional Services	38,521	--	--	--	38,521
Insurance	6,988	--	--	--	6,988
Dues and Fees	22,240	--	--	--	22,240
Utilities	19,224	--	--	--	19,224
Other Expenditures	9,739	10	--	--	9,749
Capital Outlay	--	--	3,150	--	3,150
Library Collection	39,177	--	--	--	39,177
Building and Equipment	24,249	--	--	--	24,249
Debt Service - Interest	--	32,218	--	--	32,218
Debt Service - Principal	--	105,000	--	--	105,000
Total Expenditures	<u>406,697</u>	<u>137,228</u>	<u>3,150</u>	<u>--</u>	<u>547,075</u>
Excess of Revenues Over (Under) Expenditures	<u>37,358</u>	<u>8,636</u>	<u>(3,114)</u>	<u>38</u>	<u>42,918</u>
Net Change in Fund Balance	<u>37,358</u>	<u>8,636</u>	<u>(3,114)</u>	<u>38</u>	<u>42,918</u>
Fund Balance at Beginning of Period	<u>382,502</u>	<u>40,242</u>	<u>36,112</u>	<u>13,665</u>	<u>472,521</u>
Fund Balance at End of Period	<u>\$ 419,860</u>	<u>\$ 48,878</u>	<u>\$ 32,998</u>	<u>\$ 13,703</u>	<u>\$ 515,439</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Coopersville Area District Library
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2023

Total Net Change in Fund Balances - Governmental Funds	\$	42,918
Change in compensated absences.		957
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$103,980 is in excess of capital outlay expenditures of \$32,666 in the current period.		(71,314)
The change in net pension liability, and pension related deferred inflow and outflow amounts, does require the use of current resources and, accordingly, is not reported in the governmental		16,897
Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year decrease is to increase net position.		3,247
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		105,000
Changes in Net Position - Governmental Activities	\$	<u>97,705</u>

Notes to the Financial Statements

Coopersville Area District Library

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Coopersville Area District Library (the “Library” or “government”) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the Library’s significant accounting policies.

Reporting Entity

The Library was established in June 1976 as a district library through an agreement between the City of Coopersville and Polkton Charter Township pursuant to the District Library Establishment Act of the State of Michigan. In 1994, the library district was expanded to include Chester Township and Wright Township. The Library is governed by an eight-member Library Board. Each governmental unit appoints two members. The Library is administered by a director appointed by the Board. The Library is primarily funded through a tax levy on property within the Library district, fines, fees and state aid.

The financial statements of the Library have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and reporting principles. The Library’s more significant accounting policies are described below.

Government-wide and Fund Financial Statements

The government-wide financial statements (e.g., the statement of position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Library only has governmental activities.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: 1) charges to Library patrons who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues, and are reported instead as general revenue.

The statement of net position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library’s net position is reported in three parts: 1) net investment in capital assets 2) restricted net position, and 3) unrestricted net position.

Coopersville Area District Library

Notes to the Financial Statements

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Library.

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

The Library reports the following major governmental funds:

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

The ***debt service fund*** is utilized to account for the collection of taxes and accumulation and disbursement of funds for the library's facility bonds.

The Library also reports the following types of funds:

Permanent funds are utilized to account for the trust assets and related earnings, the Murray trust fund is a permanent fund and its proceeds are restricted for Library book purchases.

The ***capital projects funds*** is utilized to account for the accumulation and disbursement of funds for the construction and equipping of the library expansion project.

Coopersville Area District Library

Notes to the Financial Statements

Financial Statement Amounts

Cash and Cash Equivalents

The Library's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes and Library policy authorize the Library to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Investments

Investments are stated at fair market value. Investments are exposed to various risks, such as significant external events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

Coopersville Area District Library

Notes to the Financial Statements

Receivables and Payables

In general, outstanding balances between funds are reported as “due to/from other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property Tax

Property taxes are collected and forwarded to the Library by the participating municipalities. Taxes are levied on July 1 and December 1 on the taxable valuation of property (as defined by state statutes) located in the Local Governmental Unit as of the preceding December 31. Uncollected real property taxes as of the following March 1 are turned over by the participating municipalities to the County for collection. The County advances the Library all of these delinquent real property taxes. The delinquent personal property taxes remain the responsibility of the Library. The Library recognizes all available revenue from the current tax levy.

Capital Assets

Capital assets are defined by the Library as assets with an initial cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated assets are reported at acquisition value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Library Collection	5
Building and Improvements	10 - 50
Furniture, Fixtures, and Equipment	5 - 50

Long-term Liabilities

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements. The portion of these liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Compensated Absences

The Library’s employees are granted vacation and sick leave in varying amounts based upon length of service and position. Unused sick pay leave may accumulate and be carried over to a subsequent year, subject to restrictions. No portion of unused sick leave is paid to employees at the time of termination or retirement. It is the Library’s policy to recognize the cost of sick leave at the time payments are made. Vacation pay accrued at year-end which is subject to payment upon

Coopersville Area District Library

Notes to the Financial Statements

termination has been included as a liability on the statement of net position and not on the balance sheet as the balance is not expected to be liquidated with expendable available financial resources.

Pensions

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

Deferred Outflow /Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources, a separate financial statement element, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Library only has two items that qualify for reporting in this category pension, contributions subsequent to measurement date and the net difference between projected and actual earnings on pension plan investments.

Deferred inflows of resources, a separate financial statement element, represented an acquisition of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Library does not have any items that qualify for reporting in this category.

Net Position Flow Assumption

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

Sometimes the Library will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in

Coopersville Area District Library

Notes to the Financial Statements

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. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision making authority. The Library Board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption 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 Director can assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the Library's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Library Board.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Coopersville Area District Library

Notes to the Financial Statements

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The appropriated budget is prepared by individual revenue and expenditure line item. The legal level of budgetary control is the individual line item. The Board of Directors made several supplemental budgetary appropriations throughout the year. All annual appropriations lapse at the end of the fiscal year.

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

Excess of expenditures over appropriations in budgeted funds - The Library had the following expenditures in excess of the amount appropriated in the general fund as of June 30, 2023:

<u>Function</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Other Expenditures	\$ 880	\$ 9,739	\$ (8,859)

Note 3 - Cash and Investments

The Library maintains pooled and individual fund demand deposits, certificates of deposit, and short-term investment accounts.

Following is a reconciliation of deposit and investment balances as of June 30, 2023:

Statement of Net Position	
Cash and Investments	<u>\$ 467,673</u>
Deposits and Investments	
Checking and Savings Accounts	\$ 453,970
Investments (Certificates of Deposit)	<u>13,703</u>
Total Deposits and Investments	<u>\$ 467,673</u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Library's deposits might not be returned. State law does not require and the Library does not have a policy for deposit custodial credit risk. As of year-end, none of the Library's bank balance of \$486,913 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the Library believes it is impractical to insure all bank deposits. As a result, the Library evaluates each financial

Coopersville Area District Library

Notes to the Financial Statements

institution with which it deposits Library funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Interest Rate Risk. Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The Library's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Library held \$13,703 of certificates of deposit on June 30, 2023 that mature within one to five years.

Note 4 - Capital Assets

A summary of the changes in capital assets is as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital assets not being depreciated:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Capital assets being depreciated:				
Library Collection	184,085	28,193	52,820	159,458
Building and Improvements	2,110,025	-	1,041	2,108,984
Furniture, Fixtures, and Equipment	345,802	4,473	2,089	348,186
Total:	<u>2,639,912</u>	<u>32,666</u>	<u>55,950</u>	<u>2,616,628</u>
Accumulated depreciation:				
Library Collection	104,516	31,536	52,820	83,232
Building and Improvements	416,871	43,489	1,041	459,319
Furniture, Fixtures, and Equipment	203,172	28,955	2,089	230,038
Total:	<u>724,559</u>	<u>103,980</u>	<u>55,950</u>	<u>772,589</u>
Capital assets being depreciated, net	<u>1,915,353</u>	<u>(71,314)</u>	<u>-</u>	<u>1,844,039</u>
Capital assets, net	<u>\$ 1,935,353</u>	<u>\$ (71,314)</u>	<u>\$ -</u>	<u>\$ 1,864,039</u>

The entire balance of depreciation expense of \$103,980 for the year was applied to the recreation and culture function.

Coopersville Area District Library

Notes to the Financial Statements

Note 5 - Long-term Debt

2016 Library Facility Bonds

The Library received a 15-year bond to finance the construction of the new library facilities of \$1,650,000 from with interest rate ranging from 2.0% to 3.0%. Interest payments are due semi-annually on May 1 and November 1, each year. Principal payments are due annually on May 1 each year.

Long-term obligation activity can be summarized as follows:

	Interest Rate	Maturity	6/30/2022 Balance	Additions	Reductions	6/30/2023 Balance	Due Within One Year
2016 Library Facility Bonds	2.0 - 3.0%	2031	\$ 1,115,000	\$ -	\$ 105,000	\$ 1,010,000	\$ 110,000
Bond Premium			26,070	-	2,897	23,173	-
Compensated Absences			7,564	-	957	6,607	1,652
Total			\$ 1,642,941	\$ -	\$ 108,854	\$ 1,039,780	\$ 111,652

Future principal and interest requirements for bonded debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 110,000	\$ 28,613	\$ 138,613
2025	115,000	26,138	141,138
2026	120,000	23,550	143,550
2027	125,000	19,950	144,950
2028	130,000	16,200	146,200
2029-2031	410,000	24,750	434,750
Totals:	\$ 1,010,000	\$ 139,201	\$ 1,149,201

Note 6 - Defined Benefit Pension Plan

Plan Description

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

Coopersville Area District Library

Notes to the Financial Statements

Benefits Provided

The Plan provides certain 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. The MERS plan covers full-time employees at the City. Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the City Council, generally after negotiations of these terms with the affected unions. The following employee divisions were covered by the following benefit terms:

<u>Division</u>	<u>Benefit Multiplier</u>	<u>Final Average Compensation (Years)</u>	<u>Normal Retirement Age</u>	<u>Unreduced Benefit (Age/Years of Service)</u>	<u>Reduced Benefit (Age/Years of Service)</u>	<u>Vesting (Years)</u>
01 - Library Assets, closed	1.50% (no max)	5	60	N/A	50/25 or 55/15	10
10 - Library Director, closed	2.00% (no max)	5	60	N/A	50/25 or 55/15	10

Employees Covered by Benefit Terms

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

Inactive plan members or beneficiaries currently receiving benefits	4
Inactive plan members entitled to but not yet receiving benefits	1
Active plan members	<u>-</u>
<i>Total employees covered by MERS</i>	<u>5</u>

Contributions

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 employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended June 30, 2023, the Library had the following contribution amounts:

<u>Division</u>	<u>Employee Contributions</u>	<u>Employer Contributions</u>
01 - Library Assets, closed	4.41%	\$0 / month
10 - Library Director, closed	6.31%	\$1,594 / month

Coopersville Area District Library

Notes to the Financial Statements

Net Pension Liability

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

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	3.00% plus merit and longevity: 3.00% in the long-term
Investment rate of return	7.00%, net of investment and administrative expense, including inflation

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Gross Rate of Return</u>	<u>Long-term Expected Gross Rate of Return</u>	<u>Inflation Assumption</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global fixed income	20.00%	4.50%	0.90%	2.50%	0.40%
Private investments	20.00%	9.50%	1.90%	2.50%	1.40%
Total	100.00%		7.00%		4.50%

Coopersville Area District Library

Notes to the Financial Statements

Discount Rate

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

Changes in Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2021	\$ 563,093	\$ 524,032	\$ 39,061
Interest	38,941	-	38,941
Difference between expected and actual experience	10,249	-	10,249
Changes in assumptions	-		-
Contributions - Employer	-	63,724	(63,724)
Net investment income	-	(54,940)	54,940
Benefit payments, including refunds	(51,918)	(51,918)	-
Administrative expenses	-	(995)	995
Net changes	(2,728)	(44,129)	41,401
<i>Balance at December 31, 2022</i>	\$ 560,365	\$ 479,903	\$ 80,462

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

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1% higher (8.25%) than the current rate:

Coopersville Area District Library

Notes to the Financial Statements

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset) of the Library	<u>\$ 131,896</u>	<u>\$ 80,462</u>	<u>\$ 36,827</u>

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

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

For the year ended June 30, 2023, the Library recognized pension expense of \$23,063. At June 30, 2023, the Library reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 43,192	\$ -
* Employer contributions to the plan subsequent to the measurement date	9,564	-
<i>Total</i>	<u>\$ 52,756</u>	<u>\$ -</u>

* The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending June 30, 2024.

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

Years Ending June 30	Amount
2024	\$ 4,210
2025	7,710
2026	12,606
2027	18,666

Coopersville Area District Library

Notes to the Financial Statements

Significant Changes to the Pension Valuation

At the February 27, 2020 board meeting, the MERS Retirement Board adopted demographic assumptions effective with the December 31, 2020, annual actuarial valuation, which will impact contributions beginning in 2022. A 5-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. In addition to changes to the economic assumptions which took effect with the fiscal year 2021 contribution rates, the experience study recommended updated demographic assumptions, including adjustments to the following actuarial assumptions: mortality, retirement, disability, and termination rates. Changes to the demographic assumptions resulting from the experience study have been approved by the MERS Retirement Board and are effective beginning with the December 31, 2020, actuarial valuation, first impacting 2022 contributions.

Note 7 - Endowment Fund

The Grand Haven Area Community Foundation holds endowment funds which has been earmarked for the Coopersville Area District Library. The value of the endowment fund as of June 30, 2023 was \$177,920.

Note 8 - Risk Management

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Library carries commercial insurance. Liabilities in excess of insurance are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. There have been no losses in excess of insurance in the prior three years.

Note 9 - Tax Abatements

The Library received reduced property tax revenues during 2022 as a result of industrial facilities tax exemptions (IFT's). The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the Library. The abatements amounted to \$6,593 in reduced Library debt service tax revenues and \$15,612 in reduced Library general tax revenues during the fiscal year ended June 30, 2023.

Coopersville Area District Library

Notes to the Financial Statements

Note 10 - Subsequent Events

Subsequent events have been evaluated through December 1, 2023, the date the financial statements were available to be issued. Management is not aware of events that would have a significant impact on these financial statements.

Note 11 - Fund Balances

The Library has adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Summarized information on fund balances of the Library's funds was as follows:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund (Nonmajor)</u>	<u>Murray Trust Fund (Nonmajor)</u>	<u>Total</u>
Nonspendable					
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ 11,295	\$ 11,295
Restricted					
Debt Service	-	48,878	-	-	48,878
Collection Additions	-	-	-	2,408	2,408
Committed					
Capital Projects	2,800	-	-	-	2,800
Assigned					
Capital Projects	-	-	32,998	-	32,998
Unassigned	417,060	-	-	-	417,060
Total Fund Balances	\$ 419,860	\$ 48,878	\$ 32,998	\$ 13,703	\$ 515,439

REQUIRED SUPPLEMENTARY INFORMATION

Coopersville Area District Library
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable) Final to Actual
Revenues				
Property Taxes	\$ 304,000	\$ 334,996	\$ 336,775	\$ 1,779
Intergovernmental	25,500	51,898	46,171	(5,727)
Fines and Forfeitures	35,000	37,900	38,521	621
Charges for Services	6,780	9,084	9,730	646
Investment Earnings	150	1,450	1,675	225
Contributions	3,900	6,380	7,752	1,372
Other Revenues	50,500	24,249	3,431	(20,818)
Total Revenues	<u>425,830</u>	<u>465,957</u>	<u>444,055</u>	<u>(21,902)</u>
Expenditures				
Salaries, Wages, and Payroll taxes	192,050	193,358	188,356	5,002
Fringe Benefits	91,000	59,130	49,391	9,739
Operating Supplies	6,550	8,086	7,142	944
Repairs and Maintenance	--	1,920	1,670	250
Professional Services	31,300	40,345	38,521	1,824
Insurance	6,650	7,000	6,988	12
Dues and Fees	24,850	24,060	22,240	1,820
Utilities	18,700	19,550	19,224	326
Other Expenditures	1,100	880	9,739	(8,859)
Library Collection	35,550	41,750	39,177	2,573
Building and Equipment	17,500	28,769	24,249	4,520
Total Expenditures	<u>425,250</u>	<u>424,848</u>	<u>406,697</u>	<u>18,151</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>580</u>	<u>41,109</u>	<u>37,358</u>	<u>(3,751)</u>
Net Change in Fund Balance	<u>580</u>	<u>41,109</u>	<u>37,358</u>	<u>(3,751)</u>
Fund Balance at Beginning of Period	382,502	382,502	382,502	--
Fund Balance at End of Period	<u>\$ 383,082</u>	<u>\$ 423,611</u>	<u>\$ 419,860</u>	<u>\$ (3,751)</u>

Coopersville Area District Library
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Nine Plan Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	\$ -	\$ -	\$ -	\$ 4,155	\$ 4,181	\$ 4,181	\$ 4,181	\$ 4,157	\$ 4,105
Interest	38,941	40,115	36,800	38,817	38,466	38,211	37,422	35,742	34,587
Differences Between Expected and Actual Experience	10,249	3,761	37,307	(25,364)	(5,880)	(7,106)	(4,636)	(727)	-
Changes in Assumptions	-	16,892	11,244	15,063	-	-	-	19,422	-
Benefit Payments, Including Refunds	(51,918)	(51,021)	(32,436)	(30,746)	(33,991)	(30,189)	(24,055)	(24,055)	(25,377)
<i>Net Change in Pension Liability</i>	(2,728)	9,747	52,915	1,925	2,776	5,097	12,912	34,539	13,315
<i>Total Pension Liability - Beginning</i>	563,093	553,346	500,431	498,506	495,730	490,633	477,721	443,182	429,367
<i>Total Pension Liability - Ending (a)</i>	\$ 560,365	\$ 563,093	\$ 553,346	\$ 500,431	\$ 498,506	\$ 495,730	\$ 490,633	\$ 477,721	\$ 443,182
Plan Fiduciary Net Position									
Contributions - Employer	\$ 63,724	\$ 66,186	\$ 51,011	\$ 62,727	\$ 67,004	\$ 41,231	\$ 18,739	\$ 15,451	\$ 14,142
Contributions - Member	-	-	2,796	3,145	3,029	3,029	3,029	3,029	3,261
Net Investment Income (Loss)	(54,940)	64,656	53,454	42,403	(12,168)	30,286	23,464	(3,197)	13,190
Benefit Payments, Including Refunds	(51,918)	(51,021)	(32,436)	(30,746)	(33,991)	(30,189)	(24,055)	(24,055)	(25,377)
Administrative Expenses	(995)	(742)	(788)	(734)	(560)	(478)	(463)	(469)	(483)
<i>Net Change in Plan Fiduciary Net Position</i>	(44,129)	79,079	74,037	76,795	23,315	43,879	20,714	(9,241)	4,733
<i>Plan Fiduciary Net Position - Beginning</i>	524,032	444,953	370,916	294,121	270,806	226,927	206,213	215,454	210,721
<i>Plan Fiduciary Net Position - Ending (b)</i>	\$ 479,903	\$ 524,032	\$ 444,953	\$ 370,916	\$ 294,121	\$ 270,806	\$ 226,927	\$ 206,213	\$ 215,454
<i>Net Pension Liability - Ending (a) - (b)</i>	\$ 80,462	\$ 39,061	\$ 108,393	\$ 129,515	\$ 204,385	\$ 224,924	\$ 263,706	\$ 271,508	\$ 227,728
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.64%	93.06%	80.41%	74.12%	59.00%	54.63%	46.25%	43.17%	48.52%
Covered Payroll	\$ -	\$ -	\$ 20,308	\$ 47,594	\$ 48,000	\$ 48,000	\$ 48,000	\$ 48,000	\$ 47,401
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	533.75%	272.13%	425.80%	468.59%	549.39%	565.64%	480.43%

Notes to Schedule:

* Built prospectively upon implementation on GASB 68

**The following were significant changes to economic and demographic assumptions:

2015 valuation - The investment rate of return assumption was reduced from 8.0% to 8.0%, the wage inflation assumption was reduced from 4.50% to 3.75%, inflation rates changed from 3.0-4.0% to 3.25%, and the mortality assumption was updated to be based on the RP-2014 tables.

2019 valuation - The investment rate of return assumption was reduced from 7.60% to 7.60%, the wage inflation assumption was reduced from 3.75% to 3.00%.

2020 valuation - Mortality rates were changed to the recently issued Pub-2010 mortality general rates as published by the Society of Actuaries along with a change to sex-distinct assumptions.

2021 valuation - The investment rate of return assumption was reduced from 7.60% to 7.25%.

**Coopersville Area District Library
Required Supplementary Information
Schedule of Contributions
Last Ten Fiscal Years**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 19,128	\$ 16,548	\$ 13,889	\$ 15,778	\$ 17,419	\$ 17,282	\$ 18,739	\$ 14,964	\$ 14,142	\$ 8,800
Contributions in Relation to the Actuarially Determined Contribution	69,120	66,660	49,579	61,633	67,423	67,286	18,739	14,964	14,142	8,800
Contribution Deficiency (Excess)	\$ (49,992)	\$ (50,112)	\$ (35,690)	\$ (45,855)	\$ (50,004)	\$ (50,004)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	-	-	20,308	49,920	48,000	49,846	48,000	48,000	47,401	69,688
Contributions as a Percentage of Covered Payroll	N/A	N/A	244%	123%	140%	135%	39%	31%	30%	13%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates

- Actuarial cost method Entry-age normal
- Amortization method Level percentage of pay - open division, flat closed division
- Remaining amortization period 16 years
- Asset valuation method 5 years, smoothed
- Inflation 2.50%
- Salary increases 3.00% Wage Inflation with 0.00%-11.00% Merit and Longevity Increases (3.75% for 2015 through 2019)
- Investment rate of return 7.00%, Net of Investment Expense, including Inflation (7.75% for 2015 through 2019; 7.35% for 2020 through 2022)
- Retirement Age Experience-Based Tables of Rates that are Specific to the Type of Eligibility Condition
- Mortality Rates Used were Based on the Pub-2010 Group Annuity Mortality Table of a 50% Male and 50% Female Blend

December 1, 2023

To the Library Board
Coopersville Area District Library, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Coopersville Area District Library (the "Library") for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 10, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Library are described in Note 1 to the financial statements. There were no new accounting policies adopted and, the application of existing policies was not changed during the fiscal year ended June 30, 2023. We noted no transactions entered into by the Library during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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. The most sensitive estimates affecting the Library's financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of vacation banks.
- The assumptions used in the actuarial valuation of the pension is based on historical trends and industry standards.

We evaluated key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing 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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 1, 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.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to 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 to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, and the schedules for the defined benefit pension plan which are required

supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Library as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the Library's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of the inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we have identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Library's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency to be a material weakness:

Material audit adjustments and financial statement preparation (repeat finding):

Criteria: All governmental units in Michigan are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is the responsibility of the management. The preparation of financial statements in accordance with GAAP requires internal controls over both; (1) recording, processing, and summarizing accounting data (i.e. maintaining internal accounting records), and (2) reporting government-wide and fund financial statements, including the related notes to the financial statements (i.e. external financial reporting).

Condition: We identified and proposed material audit adjustments that management reviewed and approved.

As is the case with many small and medium-sized governmental units, the Library has historically relied on its independent external auditor to assist with the preparation of the financial statements, the related notes, and the management's discussion and analysis as part of its external financial reporting process. Accordingly, the Library's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditor, who cannot, by definition, be considered part of the Library's internal controls. Having the auditor draft the annual financial statements is allowable under current auditing standards and ethical guidelines and may be the most efficient and effective method for preparation of the Library's financial statements. However, when an entity (on its own) lacks the ability to produce financial statements that conform to GAAP, or when material audit adjustments are identified by the auditor, auditing standards require that such conditions be communicated in writing as material weaknesses. This is a repeat finding.

Cause: This condition was caused by the Library's decision to outsource the preparation of its annual financial statements to the external auditor rather than incur the costs of obtaining the necessary training and expertise required for the Library to perform this task internally because outsourcing the task is considered more cost effective.

Effect: The Library's accounting records were initially misstated by amounts material to the financial statements. In addition, the Library lacks complete internal controls over the preparation of its financial statements in accordance with GAAP, and, instead, relies, at least in part, on assistance from its external auditor for assistance with this task.

Auditor's Recommendation: We recommend that management continue to monitor the relative costs and benefits of securing the internal or other external resources necessary to develop material adjustments and prepare a draft of the Library's annual financial statements versus contracting with its auditor for these services.

Management Response: Management has made an ongoing evaluation of the respective costs and benefits of obtaining internal or external resources, specifically for the preparation of financial statements, and has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so. Management will continue to review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

Restriction on Use

This information is intended solely for the use of the Library Board 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,

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in black ink and is positioned above the typed name.

Gabridge & Company, PLC
Grand Rapids, MI