Ann Arbor District Library

Financial Statements

June 30, 2023

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Independent Auditors' Report

Board of Trustees
Ann Arbor District Library
Ann Arbor, 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 Ann Arbor District 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, based on our audit, 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 Ann Arbor District Library as of June 30, 2023, and the respective changes in financial position 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Ann Arbor District 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.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, during the year ended June 30, 2023 the Ann Arbor District Library adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Ann Arbor District 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.

Auditors' 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 auditors' 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 the Ann Arbor District 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 Ann Arbor District 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, budgetary comparison schedules, and the pension and OPEB schedules, 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ann Arbor District Library's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Yeo & Yeo, P.C.

Ann Arbor, MI
November 21, 2023

As management of the Ann Arbor District Library (the "Library"), we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year that ended June 30, 2023.

Financial Highlights

• Total net position	$36,955,755
• Change in total net position	1,747,013
• Fund balances, governmental funds	10,383,623
• Change in fund balances, governmental funds	1,980,203
• Unassigned fund balance, general fund	8,030,394
• Change in fund balance, general fund	2,587,407

Overview of the Financial Statements

This discussion and analysis is intended to provide a basis of understanding the Library's basic financial statements. This 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 readers with a broad overview of the Library's finances, in a manner similar to the private business sector.

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

The statement of activities presents information showing how the government'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 only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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. The fund level financial statements are designed to provide readers information on how the Library has complied with finance-related legal requirements.

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found after the basic financial statement section of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis and the schedules for the MPSERS pension and OPEB plan immediately following the notes to the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the pension and OPEB schedules.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Library, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $36,955,755 at the close of the most recent fiscal year.

	Governmental Activities	
	2023	2022
Assets		
Current assets	$ 10,941,430	$ 8,681,782
Noncurrent Assets	33,086,820	33,861,836
	44,028,250	42,543,618
Deferred outflows of resources	445,304	232,973
Total assets and deferred outflows of resources	44,473,554	42,776,591
Liabilities		
Current liabilities	536,064	230,992
Long-term liabilities	6,024,271	5,897,524
Total liabilities	6,560,335	6,128,516
Deferred inflows of resources	957,464	1,439,333
Total liabilities and deferred inflows of resources	7,517,799	7,567,849
Net assets		
Net investment in - capital assets	29,222,500	29,756,595
Restricted	366,471	363,860
Unrestricted	7,366,784	5,088,287
Total net position	$ 36,955,755	$ 35,208,742

	Governmental Activities	
	2023	**2022**
Revenue		
Program revenue		
Charges for services	$ 273,885	$ 276,492
Operating grants and contributions	27,627	7,563
General revenue		
Property taxes	19,140,891	18,079,966
State-shared revenue	299,274	209,148
Unrestricted investment earnings	110,099	(234,442)
Total revenue	19,851,776	18,338,727
Program expenses		
Library services	18,104,763	18,011,414
Change in net position	1,747,013	327,313
Net position:		
Beginning of year	35,208,742	34,881,429
End of year	$ 36,955,755	$ 35,208,742

As noted earlier, the Library increased net position during the year ended June 30, 2023 by $1,747,013. As the Library's primary operating fund, the operations of the general fund have the most significant impact on the change in net position. As discussed below, the general fund had an increase in fund balance of $2,587,407 during the year. In addition, at the fund level, capital outlay is an expenditure, but in the government-wide reporting model, this capital addition is added into capital assets. Also, at the government-wide level, depreciation is an expense. For the year ended June 30, 2023, capital asset purchases were less than depreciation expense by ($1,280,611).

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the Library's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Library's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Library's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Library's governmental funds reported combined ending fund balances of $10,383,623, an increase of $1,980,203 in comparison with the prior year. Approximately 77% of this total amount ($8.03 million) constitutes unassigned fund balance, which is available for spending at the Library's discretion.

The general fund is the chief operating fund of the Library. At the end of the current fiscal year, unassigned fund balance of the general fund was $8,030,394 while total fund balance was $8,405,558. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance each represent approximately 45% and 50% of total general fund expenditures and transfers out, respectively.

The fund balance of the Library's general fund increased by $2,587,407, during the current fiscal year. The unassigned fund balance increased by $2,722,656.

General Fund Budgetary Highlights

Actual revenues were approximately 4% greater than the final budget, due to property tax revenue that was $340,891 greater than anticipated. Expenditures decreased by approximately 10% from the final budget primarily due to expenditures in Salaries, Wages, and Employee Benefits that were under budget $783,853. Overall, actual revenues exceeded actual expenditures by $2,587,528.

Capital Assets. The Library's investment in capital assets as of June 30, 2023, amounted to $33,086,820 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, vehicles, equipment, and right to use asset.

	Library's Capital Assets (Net of Depreciation)	
	2023	2022
Land	$ 2,108,183	$ 2,108,183
Construction in progress	736,065	82,400
Land improvements	425,637	456,531
Buildings and improvements	25,311,709	26,357,627
Vehicles	49,144	11,144
Equipment	739,205	825,678
Right to use asset - subscription arrangements	94,514	86,833
Right to use asset - buildings, additions and improvements	3,622,363	4,020,273
Total capital assets, net	$ 33,086,820	$ 33,948,669

Additional information on the Library's capital assets can be found in the notes to the financial statements.

The Library's long-term debt consisted of compensated absences. Refer to the notes to the financial statements for further information.

Factors Bearing on the Library's Future

- Focus on providing excellent customer service and a safe, inviting environment for our patrons.
- Continued focus on repairs and maintenance at all locations.
- The experience we gained and lessons we have learned about service and programming offerings during the COVID pandemic will have a lasting impact on the future direction of library services and offerings. However, we know that we can continue to offer traditional and innovative services going forward into a year that holds uncertainty in terms of public health and economic outlook.

Requests for Information

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Associate Director, 343 S. Fifth Avenue, Ann Arbor, Michigan 48104.

Ann Arbor District Library
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Cash and cash equivalents	$ 5,617,415
Investments	4,716,607
Receivables	
Taxes	4,154
Leases receivable	21,743
Due from other units of government	206,347
Prepaid items	375,164
Right to use assets, net of amortization	3,716,877
Capital assets not being depreciated	2,844,248
Capital assets, net of accumulated depreciation	26,525,695
Total assets	44,028,250
Deferred Outflows of Resources	
Deferred amount relating to net pension liability	347,808
Deferred amount relating to net OPEB liability	97,496
Total deferred outflows of resources	445,304
Liabilities	
Accounts payable	321,581
Accrued and other liabilities	204,825
Due to other units of government	6,736
Unearned revenue	2,922
Noncurrent liabilities	
Debt due within one year	455,448
Debt due in more than one year	3,890,555
Net pension liability	1,600,180
Net OPEB liability	78,088
Total liabilities	6,560,335
Deferred Inflows of Resources	
Deferred amount relating to leases receivable	21,743
Deferred amount relating to net pension liability	615,276
Deferred amount relating to net OPEB liability	320,445
Total deferred inflows of resources	957,464
Net Position	
Net investment in capital assets	29,222,500
Restricted for	
Endowments - nonexpendable	325,000
Expendable permanent fund	41,471
Unrestricted	7,366,784
Total net position	$ 36,955,755

See Accompanying Notes to the Financial Statements

Ann Arbor District Library
Statement of Activities
For the Year Ended June 30, 2023

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Functions/Programs				
Governmental activities				
Library Services	$ 18,021,923	$ 273,885	$ 27,627	$ (17,720,411)
Interest and fiscal charges on long-term debt	82,840	-	-	(82,840)
Total	$ 18,104,763	$ 273,885	$ 27,627	$ (17,803,251)
General revenues				
Property taxes				19,140,891
State-shared revenue				299,274
Unrestricted investment gain				110,099
Total general revenues				19,550,264
Change in net position				1,747,013
Net position - beginning of year				35,208,742
Net position - end of year				$ 36,955,755

Ann Arbor District Library
Governmental Funds
Balance Sheet
June 30, 2023

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 3,639,350	$ 1,611,594	$ 366,471	$ 5,617,415
Investments	4,716,607	-	-	4,716,607
Leases receivable	21,743	-	-	21,743
Receivables				
Taxes	4,154	-	-	4,154
Due from other units of government	206,347	-	-	206,347
Prepaid items	375,164	-	-	375,164
Total assets	$ 8,963,365	$ 1,611,594	$ 366,471	$ 10,941,430
Liabilities				
Accounts payable	$ 321,581	$ -	$ -	$ 321,581
Accrued and other liabilities	204,825	-	-	204,825
Due to other government units	6,736	-	-	6,736
Unearned revenue	2,922	-	-	2,922
Total liabilities	536,064	-	-	536,064
Deferred Inflows of Resources				
Leases receivable	21,743	-	-	21,743
Fund Balances				
Non-spendable				
Prepaid items	375,164	-	-	375,164
Permanent corpus	-	-	325,000	325,000
Restricted for				
Expendable permanent fund	-	-	41,471	41,471
Committed for capital improvements	-	1,611,594	-	1,611,594
Unassigned	8,030,394	-	-	8,030,394
Total fund balances	8,405,558	1,611,594	366,471	10,383,623
Total liabilities, deferred inflow of resources, and fund balances	$ 8,963,365	$ 1,611,594	$ 366,471	$ 10,941,430

See Accompanying Notes to the Financial Statements

Ann Arbor District Library
Governmental Funds
Reconciliation of Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2023

Total fund balances for governmental funds	$ 10,383,623
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Right to use assets, net of amortization	3,716,877
Capital assets not being depreciated	2,844,248
Capital assets, net of accumulated depreciation	26,525,695
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated absences	(481,683)
Deferred outflows (inflows) of resources.	
Deferred inflows of resources resulting from net pension liability	(615,276)
Deferred inflows of resources resulting from net OPEB liability	(320,445)
Deferred outflows of resources resulting from net pension liability	347,808
Deferred outflows of resources resulting from net OPEB liability	97,496
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(1,600,180)
Net OPEB liability	(78,088)
Software subscription liabilities	(94,502)
Lease liabilities	(3,769,818)
Net position of governmental activities	$ 36,955,755

Ann Arbor District Library

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2023

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	$ 19,140,891	$ -	$ -	$ 19,140,891
State penal fines	140,445	-	-	140,445
State aid	299,274	-	-	299,274
Interest income	107,738	-	2,361	110,099
Copier revenue	6,703	-	-	6,703
Grants and memorials	49,798	-	-	49,798
Library fines, fees and other	47,362	-	-	47,362
Non-resident fees	18,803	-	-	18,803
Rental income	35,073	-	-	35,073
Other revenue	3,078	-	250	3,328
Total revenues	19,849,165	-	2,611	19,851,776
Expenditures				
Current				
Personnel costs	11,208,847	-	-	11,208,847
Purchased services	1,397,964	-	-	1,397,964
Repairs and maintenance	568,587	-	-	568,587
Rent	336,470	-	-	336,470
Materials and supplies	2,054,550	-	-	2,054,550
Other operating costs	827,148	-	-	827,148
Capital outlay	457,598	609,815	-	1,067,413
Debt service				
Principal	380,768	-	-	380,768
Interest	82,840	-	-	82,840
Total expenditures	17,314,772	609,815	-	17,924,587
Excess (deficiency) of revenues over expenditures	2,534,393	(609,815)	2,611	1,927,189
Other financing sources				
Proceeds from subscription arrangements	53,014	-	-	53,014
Net change in fund balances	2,587,407	(609,815)	2,611	1,980,203
Fund balances - beginning of year	5,818,151	2,221,409	363,860	8,403,420
Fund balances - end of year	$ 8,405,558	$ 1,611,594	$ 366,471	$ 10,383,623

See Accompanying Notes to the Financial Statements

Ann Arbor District Library
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds	$ 1,980,203
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.	
Depreciation and amortization expense	(1,518,015)
Capital outlay	891,069
Loss on disposal of capital assets	(234,903)
Expenses are recorded when incurred in the statement of activities.	
Compensated absences	(9,743)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	(339,855)
Net change in deferrals of resources relating to the net pension liability	536,671
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and pension expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB liability	(18,070)
Net change in deferrals of resources relating to the net OPEB liability	131,902
Lease proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.	
Debt issued	(53,014)
Repayments of long-term debt	380,768
Change in net position of governmental activities	$ 1,747,013

Note 1 - Summary of Significant Accounting Policies

Reporting entity

The Ann Arbor District Library (the "Library") is a public entity, which enjoys dual tax status as both a municipality and a 501(c)(3) tax-exempt organization. The Library is governed by an elected seven-member Board.

Pursuant to Public Act 145 of 1993 (Proposal A), effective July 1, 1996, Schools in Michigan are not allowed to levy a millage for public libraries. The Library was, therefore, spun off from the Ann Arbor Public Schools (the "Schools") to operate as an independent body with its own board of trustees and its own tax levy. The Library has received voter approval to levy up to 2.0 mills. The Library levied 1.8228 mills for the year ending June 30, 2023. Assets and liabilities of the Library were transferred as of July 1, 1996. The Library is governed by an elected Board (the "Library Board") which consists of seven members elected at large from the Library District.

The Library's borders encompass the City of Ann Arbor (the "City"), the Township of Ann Arbor, and portions of the Townships of Lodi, Pittsfield, Salem, Scio, Superior, and Webster. Properties in each governmental unit are assessed as of December 31 and the related property taxes become a lien on July 1 of the following year.

The Library has followed the guidelines of the Governmental Accounting Standards Board and has determined that no entities should be consolidated into its financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the Library.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental 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 had no business-type activities during the year.

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund 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,* as are the proprietary fund and fiduciary fund financial statements. Revenues are 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 and claims and judgments, are recorded only when payment is due.

Property taxes received, intergovernmental revenue, and interest revenue earned within 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.

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 general government, except those required to be accounted for in another fund.
>
> The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Additionally, the Library reports the following:

> The Permanent Funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support specific Library programs.

When both restricted and unrestricted resources are available for use, it is the Library's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, liabilities, and net position or fund balance

Deposits and investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value based on quoted market price. Certificate of deposits are stated at cost which approximates fair value.

Receivables and payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of a lending/borrowing arrangement outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. The Library considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Prepaid items – Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the Library follows the purchase method, and they therefore are expensed when paid in both government-wide and fund financial statements.

Capital assets – Capital assets, which include property, plant and equipment, are reported in the governmental activities' column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $5,000 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.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the government values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant and equipment are depreciated using the straight-line method over the following useful lives:

Land Improvements	20 years
Building and improvements	20 to 45 years
Vehicles	4 to 12 years
Equipment	5 to 20 years

Deferred outflows of resources – A deferred outflow of resources is a consumption of net position by the Library that is applicable to a future reporting period. The Library reports deferred outflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan. The Library also reported deferred outflows of resources for pension contributions made after the measurement date. This amount will reduce net pension liability in the following year.

Compensated absences – Compensated absences represent the estimated liability to be paid to employees under the Library's compensated absences policy, net of the portion that is estimated to be paid currently. Under the Library's policy, employees earn compensated absence time based on time of service with the Library.

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 Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. 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.

Other Postemployment Benefits (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. 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 inflows of resources – A deferred inflow of resources is an acquisition of net position by the Library that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Deferred inflow for leases is related to leases receivable and is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease. The Library reports deferred inflows of resources as a result of pension and OPEB earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liability are deferred and amortized over the expected remaining services lives of the employees and retirees in the plan.

Fund Balance – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – assets that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts constrained on use imposed by the government's highest level of decision-making, its Board of Trustees. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Trustees.

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Trustees. The Board of Trustees has not granted the authority to assign funds. Residual amounts in governmental funds other than the general fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Library's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the Library's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

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, deferred outflows, liabilities, deferred inflows 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 Standards
Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

Statement No. 96, *Subscription-Based Information Technology Arrangements,* is based on the standards established in Statement No. 87 *Leases.* This statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.

Upcoming Accounting and Reporting Changes
Statement No. 100, *Accounting Changes and Error Corrections*, improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. More understandable, reliable, relevant, consistent and comparable information will be provided to financial statement users for making decisions or assessing accountability. Additionally, the display and note disclosure requirements will result in more consistent, decision useful, understandable and comprehensive information for users about accounting changes and error corrections. This statement is effective for the year ending June 30, 2024.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for the year ending June 30, 2025.

The Library is evaluating the impact that the above GASBs will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary information
The Library is subject to the budgetary control requirements of the Uniform Budgeting and Accounting Act (P.A. 2 of 1968, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

The general fund is under formal budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles (GAAP) and are not significantly different from the modified accrual basis used to reflect actual results and consist only of those amounts contained in the formal budget as originally adopted and as amended by the Library Board. The budget for the general fund is adopted at the level of detail displayed in the budgetary comparison schedule in the required supplementary information.

Excess of expenditures over appropriations
During the year, the Library incurred expenditures in certain budgetary funds in excess of the amounts appropriated, as follows:

	Appropriations	Actual	Budget Variance
Rent	$ 705,000	$ 800,078	$ 95,078

Note 3 - Deposits and Investments

At year end the Library's deposits and investments were reported in the financial statements in the following categories:

	Cash and Cash Equivalents	Investments	Total
Governmental activities	$ 5,617,415	$ 4,716,607	$ 10,334,022

The breakdown between deposits and investments is as follows:

Bank deposits (checking and savings accounts, money markets and certificates of deposit)	$ 6,609,023
Investments in securities, mutual funds and similar vehicles	3,723,099
Petty cash and cash on hand	1,900
	$ 10,334,022

As of year end, the Library had the following investments:

Investment	Fair Value	Maturities	Rating Organization	Rating
Fixed income mutual funds	$ 116,814	N/A	N/A	N/A
Municipal bonds	120,801	11/1/2024	Moody's	AA1
Municipal bonds	44,714	4/1/2024	S & P	AAA
Municipal bonds	67,391	5/1/2025	S & P	AA
Municipal bonds	23,818	5/1/2026	S & P	AA
Municipal bonds	99,843	5/1/2024	Moody's	AA3
Municipal bonds	93,298	5/1/2027	Moody's	AA3
Municipal bonds	50,071	11/1/2027	Moody's	AA3
Municipal bonds	50,916	11/1/2025	Moody's	AA1
Municipal bonds	25,888	9/1/2025	S & P	AA-
Municipal bonds	81,559	11/1/2027	S & P	AA
Municipal bonds	44,244	5/1/2031	S & P	AA
Municipal bonds	22,763	5/1/2030	S & P	AA
Municipal bonds	52,279	5/1/2029	Moody's	AA1
Municipal bonds	51,042	3/1/2026	S & P	AA
Municipal bonds	74,910	5/1/2026	S & P	AA
Municipal bonds	25,096	2/1/2031	S & P	AA-
Municipal bonds	21,996	5/1/2032	S & P	AA
Municipal bonds	52,365	5/1/2028	S & P	AA-
Municipal bonds	57,217	11/1/2030	S & P	AA
Municipal bonds	145,464	10/1/2024	S & P	AA+
Municipal bonds	91,141	10/1/2025	S & P	AAA
Municipal bonds	89,998	5/1/2026	S & P	A+
U.S government agencies	97,177	9/13/2024	S & P	AAA
U.S government agencies	95,567	3/14/2025	S & P	AAA
U.S government agencies	97,546	8/17/2023	S & P	AAA
U.S government agencies	149,578	7/21/2023	S & P	AA+
U.S government agencies	197,846	9/14/2023	S & P	AA+
U.S government agencies	189,890	7/2/2024	S & P	AA+
U.S government agencies	188,914	8/19/2024	S & P	AA+
U.S government agencies	192,890	10/22/2024	S & P	AA+
U.S government agencies	148,540	5/15/2025	S & P	AA+
U.S government agencies	137,576	6/30/2025	S & P	AA+
U.S government agencies	90,798	8/12/2025	S & P	AA+
U.S government agencies	181,128	10/29/2025	S & P	AA+
U.S government agencies	179,401	1/28/2026	S & P	AA+
U.S government agencies	181,523	3/10/2026	S & P	AA+
U.S government agencies	91,097	6/22/2026	S & P	AA+
	$ 3,723,099			

Interest rate risk – The government does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates.

Credit risk – State statutes and the government's investment policy authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which 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 investment policy adopted by the Board, in accordance with Public Act 196 of 1997, is in accordance with statutory authority. The Library's policy authorizes investment in the following:

> Bonds, bills, or notes of the United States in which the principal and interest is fully guaranteed by the United States, or obligations of the state. Certificate of deposit by a state or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this state. Commercial paper rated prime at time of purchase and maturing no more than 270 days after date of purchase. Securities issued or guaranteed by agencies or instrumentalities of the United States government. Bankers' acceptances issued by FDIC member banks. Mutual funds composed of eligible investment vehicles. United States government or federal agency obligation repurchase agreements. Investments pools composed entirely of eligible instruments.

To the extent possible, the Ann Arbor District Library will attempt to match investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement, the Ann Arbor District Library will not directly invest Strategic Fund Equity revenue in securities maturing more than ten (10) years from date of purchase; with the exception of securities that are a part of an investment fund structured with maturities of 120 days or less for at least 75 percent of the fund portfolio. Repurchase agreements may be collateralized using longer-dated investments not to exceed two (2) years to maturity. None of the library's total investment portfolio shall be placed in securities maturing in more than ten (10) years.

Investment in commercial paper is restricted to those having a maturity of 270 days or less and at a prime rating at time of purchase. No more than 33 percent of any fund may be invested in commercial paper at any time, including the relative weight of mutual fund commercial paper investments.

No financial transaction shall be conducted on behalf of the Library with an institution or agent not previously approved by the Board.

Money in the several funds of the Library shall not be commingled except that:

> The Board may establish and maintain one (1) common debt retirement fund for issues of bonds of similar character.
>
> The Board, by resolution, may authorize the Finance Manager to combine money from more than one (1) fund for the purpose of investment in an investment pool.

Concentration of credit risk – State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The Library's investment policy restricts commercial paper in any one fund to no more than 33% at any time. All investments held at year-end are reported above.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year end, $5,891,573 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – Investments – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require, and the Library does not have a policy for investment custodial credit risk. Although uninsured and unregistered, the Library's investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department or agent in the Library's name.

Note 4 - Fair Value Measurements

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The Library has the following recurring fair value measurements as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
U.S government agencies	$ -	$ 2,219,471	$ -	$ 2,219,471
Municipal bonds	-	1,386,814	-	1,386,814
Fixed income mutual funds	116,814	-	-	116,814
Total investments	$ 116,814	$ 3,606,285	$ -	$ 3,723,099

Note 5 - Due from Other Units of Government

Due from other units of government as of year-end for the governmental activities are as follows:

State Aid	$ 65,902
Penal Fines	140,445
	$ 206,347

Note 6 - Capital Assets

Capital assets activity for the current year is as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 2,108,183	$ -	$ -	$ 2,108,183
Construction-in-progress	82,400	653,665	-	736,065
Total capital assets not being depreciated	2,190,583	653,665	-	2,844,248
Capital assets being depreciated				
Land improvements	620,829	-	-	620,829
Buildings, additions and improvements	38,553,690	45,345	311,457	38,287,578
Vehicles	92,468	-	-	92,468
Communications equipment	418,723	-	38,000	380,723
Computer equipment	2,311,555	21,587	221,403	2,111,739
Furniture and equipment	1,037,817	20,418	93,652	964,583
Other equipment	189,395	97,040	7,995	278,440
Right to use asset - subscription arrangements	86,833	53,014	-	139,847
Right to use asset - buildings, additions and improvements	4,418,183	-	-	4,418,183
Total capital assets being depreciated	47,729,493	237,404	672,507	47,294,390
Less accumulated depreciation for				
Land improvements	164,298	30,894	-	195,192
Buildings, additions and improvements	12,196,063	895,236	115,430	12,975,869
Vehicles	81,324	-	38,000	43,324
Communications equipment	416,448	3,187	-	419,635
Computer equipment	1,744,219	82,749	228,933	1,598,035
Furniture and equipment	858,835	59,702	47,246	871,291
Other equipment	112,310	3,004	7,995	107,319
Right to use asset - subscription arrangements	-	45,333	-	45,333
Right to use asset - buildings, additions and improvements	397,910	397,910	-	795,820
Total accumulated depreciation	15,971,407	1,518,015	437,604	17,051,818
Net capital assets being depreciated	31,758,086	(1,280,611)	234,903	30,242,572
Governmental activities capital assets, net	$ 33,948,669	$ (626,946)	$ 234,903	$ 33,086,820
Right to use leased assets				
Right to use assets, net of amortization (restated)	$ 4,107,106	$ (390,229)	$ -	$ 3,716,877
Capital assets				
Capital assets not being depreciated	2,190,583	653,665	-	2,844,248
Capital assets, net of depreciation	27,650,980	(890,382)	234,903	26,525,695
Net capital assets	$ 33,948,669	$ (626,946)	$ 234,903	$ 33,086,820

Depreciation and amortization of right to use assets expenses amounting to $1,518,015 were charged to library services for the year ending June 30, 2023.

Construction Commitments

At June 30, 2023, the Library had $4,155,838 committed and approved for the plaza buildout project at the parkland plaza. They have spent $591,864 leaving construction commitments of $3,563,974.

Note 7 - Net Investment in Capital Assets

The composition of net investment in capital assets as of June 30, 2023 was as follows:

	Governmental Activities
Capital assets	
Capital assets not being depreciated	$ 2,844,248
Capital assets, net of accumulated depreciation	26,525,695
Right to use assets, net of amortization	3,716,877
Total capital assets	33,086,820
Related debt	
Leases	3,769,818
Subscriptions	94,502
Total related debt	3,864,320
Net investment in capital assets	$ 29,222,500

Note 8 - Leases

Lease Receivable

The Library has one significant lessor agreement, leasing building space for a coffee shop at the Westgate Library. The lease commenced in July 2016 and runs through April 2024. Payments increase each renewal term and range from $2,000 to $2,400 per month in future years.

The Library collected $26,400 from the tenant for the year ended June 30, 2022, which includes $25,627 in lease revenue, $773 in lease interest revenue.

A lease receivable and deferred inflows have been recorded to reflect future expected payments. Future minimum lease payments are as follows:

Year Ending June 30,	Governmental Activities Principal	Interest
2024	$ 21,743	$ 224

Lease Liability
During the 2016 fiscal year, the Library entered into an 8-year lease agreement with two 5-year renewals, which are fully expected to be renewed, as lessee for the use of commercial space for a library branch location. An initial lease liability was recorded in the amount of $3,879,146. As of June 30, 2023, the remaining amount of the lease liability was $3,411,452. The Library is required to make annual principal and interest payments of $380,644. The lease has an interest rate of 2%. The value of the right-to-use asset as of the end of the current fiscal year was $3,879,146, net of accumulated amortization of $596,792.

During the 2018 fiscal year, the Library entered into a 10-year lease agreement as lessee for the use of commercial space for library storage facility. An initial lease liability was recorded in the amount of $539,037. As of June 30, 2023, the remaining amount of the lease liability was $358,365. The Library is required to make annual principal and interest payments of $109,114. The lease has an interest rate of 3.5%. The value of the right-to-use asset as of the end of the current fiscal year was $539,037, net of accumulated amortization of $199,029.

Annual requirements to amortize the lease liability and related interest are as follows:

Year Ending June 30,	Governmental Activities Principal	Interest
2024	$ 345,010	$ 74,061
2025	362,191	66,827
2026	379,984	59,236
2027	329,559	51,626
2028	295,116	45,475
2029-2033	1,678,621	129,279
2034-2038	379,337	4,225
	$ 3,769,818	$ 430,729

Note 9 - Long-Term Debt

The following is a summary of long-term debt outstanding of the Library for the year ended June 30, 2023.

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Subscriptions	$ 86,833	$ 53,014	$ 45,345	$ 94,502	$ 52,511
Leases	4,105,241	-	335,423	3,769,818	345,010
Compensated absences	471,940	589,063	579,320	481,683	57,927
Total governmental activities	$ 4,664,014	$ 642,077	$ 960,088	$ 4,346,003	$ 455,448

Compensated absences are generally liquidated by the general fund.

Note 10 - Subscription-Based Information Technology Arrangements (SBITA)

The Library has entered into subscription-based information technology arrangements (SBITAs) involving:

- Accounting and financial management software
- Licensing content

The Library has committed to various agreements involving Accounting and financial management software and Licensing content. Various SBITA agreements are currently being implemented, and the Library has paid a total of $45,345 this fiscal year related to these agreements. These outflows were recorded as an expenditure as of June 30, 2023.

The future subscription payments under SBITA agreements are as follows:

Year Ending	Governmental Activities	
June 30,	Principal	Interest
2024	$ 52,511	$ 1,446
2025	24,351	572
2026	11,752	231
2027	5,430	70
2028	458	1
	$ 94,502	$ 2,320

Note 11 - Risk Management

The government 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 government has purchased commercial insurance for all claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 12 - Pension Plan

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools

Benefits Provided
Benefit provisions of the defined benefit pension 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 (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions
Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over a 17-year period beginning Oct. 1, 2021 and ending Sept. 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2022.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	20.14%
Member Investment Plan	3.0 - 7.0%	20.14%
Pension Plus	3.0 - 6.4%	17.22%
Pension Plus 2	6.2%	19.93%
Defined Contribution	0.0%	13.73%

Required contributions to the pension plan from the Library were $144,816 for the year ending September 30, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2023, the Library reported a liability of $1,600,180 for its proportionate share of the MPSERS 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 rolled forward from September 2021. The Library's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2022, the Library's proportion was 0.0043 percent, which was a decrease of 0.0011 percent from its proportion measured as of September 30, 2021.

For the plan year ending September 30, 2022, the Library recognized pension expense of ($49,253) for the measurement period. For the reporting period ending June 30, 2023, the Library recognized total pension contribution expense of $188,625.

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	Total
Difference between expected and actual experience	$ 16,007	$ (3,578)	$ 12,429
Changes of assumptions	274,968	-	274,968
Net difference between projected and actual earnings on pension plan investments	3,752	-	3,752
Changes in proportion and differences between the Library's contributions and proportionate share of contributions	185	(611,698)	(611,513)
Total to be recognized in future	294,912	(615,276)	(320,364)
Library's contributions subsequent to the measurement date	52,896	-	52,896
Total	$ 347,808	$ (615,276)	$ (267,468)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. The Library will offset the contribution expense in the year ended June 30, 2024 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2023	$ (168,660)
2024	(150,253)
2025	(65,147)
2026	63,696
	$ (320,364)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2021
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans: 6.00% net of investment expenses
  - Pension Plus Plan: 6.00% net of investment expenses
  - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
  - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
  - Active: RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total pension liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.3922 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension 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 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.1 %
Private Equity Pools	16.0	8.7
International Equity	15.0	6.7
Fixed Income Pools	13.0	(0.2)
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return/Opportunistic Pools	10.0	5.8
Short Term Investment Pools	2.0	(0.5)
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.02% inflation.*

Rate of Return

For the plan year ended September 30, 2022, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was (4.18)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

Sensitivity of the Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Library's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension plus plan, 6.0% for the Pension Plus 2 plan), as well as what the Library's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease *	Current Single Discount Rate Assumption *	1% Increase *
5.80% / 5.80% / 5.00%	6.80% / 6.80% / 6.00%	7.80% / 7.80% / 7.00%
$ 2,111,643	$ 1,600,180	$ 1,178,711

**Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.*

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)

There were no significant payables to the pension plan that are not ordinary accruals to the Library.

Note 13 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided
Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning with fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% 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 healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions
Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2021 valuation will be amortized over a 17-year period beginning Oct. 1, 2021 and ending Sept. 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2022.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.07%
Personal Healthcare Fund (PHF)	0.0%	7.21%

Required contributions to the OPEB plan from the Library were $28,083 for the year ended September 30, 2022.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
At June 30, 2023, the Library reported a liability of $78,088 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability 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 rolled forward from September 2021. The Library's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2022, the Library's proportion was 0.0037 percent, which was a decrease of 0.0002 percent from its proportion measured as of September 30, 2021.

For the plan year ending September 30, 2022, the Library recognized OPEB expense of ($84,718) for the measurement period. For the reporting period ending June 30, 2023, the Library recognized total OPEB contribution expense of $29,114.

At June 30, 2022, 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	Total
Difference between expected and actual experience	$ -	$ (152,944)	$ (152,944)
Changes of assumptions	69,602	(5,667)	63,935
Net difference between projected and actual earnings on OPEB plan investments	6,103	-	6,103
Changes in proportion and differences between the Library's contributions and proportionate share of contributions	617	(161,834)	(161,217)
Total to be recognized in future	76,322	(320,445)	(244,123)
Library's contributions subsequent to the measurement date	21,174	-	21,174
Total	$ 97,496	$ (320,445)	$ (222,949)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)		
2023	$	(80,263)
2024		(68,594)
2025		(57,809)
2026		(29,818)
2027		(7,123)
Thereafter		(516)
	$	(244,123)

Actuarial Assumptions
Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2021
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.75% Year 1 graded to 3.5% Year 15; 3.0% Year 120 Post-65: 5.25% Year 1 graded to 3.5% Year 15; 3.0% Year 120
- Mortality:
    - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
    - Active: RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Other Assumptions:

- Opt Out Assumption: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2018 valuation. The total OPEB liability as of September 30, 2022, is based on the results of an actuarial valuation date of September 30, 2021, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 6.2250 years.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2022 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on 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 OPEB 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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.1 %
Private Equity Pools	16.0	8.7
International Equity	15.0	6.7
Fixed Income Pools	13.0	(0.2)
Real Estate and Infrastructure Pools	10.0	5.3
Absolute Return Pools	9.0	2.7
Real Return/Opportunistic Pools	10.0	5.8
Short Term Investment Pools	2.0	(0.5)
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.2% inflation*

Rate of Return

For the plan year ended September 30, 2022, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was (4.99)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Library's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Library's proportionate share of the net OPEB liability calculated using the discount rate of 6.00%, as well as what the Library's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$ 130,985	$ 78,088	$ 33,542

Sensitivity of the Library's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate
The following presents the Library's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the Library's proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ 32,699	$ 78,088	$ 129,037

OPEB Plan Fiduciary Net Position
Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2022 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan
There were no significant payables to the OPEB plan that are not ordinary accruals to the Library.

Note 13 - Defined Contribution Plan

Employees hired subsequent to July 1, 1996 are not eligible to participate in the MSPERS as the Library is no longer operated by the Ann Arbor Public Schools. However, some employees are eligible to participate in the Library's 403(b) retirement savings plan (the "Plan"), a defined contribution plan which consists of a tax deferred annuity. Employees are eligible to participate in the Plan as of their start date of employment. The Plan, called the Ann Arbor Library 403(b) Tax Sheltered Annuity Plan, is administered by the Library and has been reviewed and approved by the Internal Revenue Service. Plan provisions and contribution requirements are established and may be amended by the Library Board of Directors.

The Library contributes 10% of the eligible salaried employee's' base pay. There are no employee matching requirements; however, employees can contribute the maximum amount as required by current IRS guidelines into any one of six mutual funds with variable degrees of risk. Both employee and employer contributions are portable, thus in the event an employee terminates employment with the Library, the Plan benefits travel with the employee. Upon retirement, an eligible employee receives the tax-deferred contributions plus interest earnings on the contributions. The employer and employee contributions for the Plan year ended June 30, 2023, were $654,085 and $329,884, respectively. At June 30, 2023, there were 125 employees participating in the plan.

Note 14 - Change in Accounting Principle

As indicated in Note 1, The Library implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements.* The statement establishes a definition for SBITAs and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement enhances the relevance and reliability of a government's financial statements by requiring a government to report a subscription right to use asset and subscription liability for a SBITA and to disclose essential information about the arrangement. This adjustment had no effect on the beginning fund balance of the General Fund. Net position of governmental activities was not affected in total, though beginning subscription assets and liabilities were restated by $86,833 each.

Ann Arbor District Library
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Actual Over (Under) Final
	Original	Final	Actual	Budget
Revenues				
Taxes				
Property taxes	$ 18,800,000	$ 18,800,000	$ 19,140,891	$ 340,891
State penal fines	90,000	90,000	140,445	50,445
State aid	200,000	200,000	299,274	99,274
Interest income	25,000	25,000	107,738	82,738
Copier Revenue	10,000	10,000	6,703	(3,297)
Grants and memorials	5,000	5,000	49,798	44,798
Library fines, fees and other	20,000	20,000	47,362	27,362
Non-resident fees	10,000	10,000	18,803	8,803
Rental income	32,500	32,500	35,073	2,573
Other revenue	-	-	3,078	3,078
Proceeds from subscription arrangements	-	-	53,014	53,014
Total revenues	19,192,500	19,192,500	19,902,179	709,679

Ann Arbor District Library
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Actual Over (Under) Final
	Original	Final	Actual	Budget
Expenditures				
Personnel costs				
Salaries and wages	$ 9,015,000	$ 8,615,000	$ 8,282,514	$ (332,486)
Employee benefits	2,217,200	2,567,200	2,179,431	(387,769)
MPSERS pass-through	685,500	685,500	630,939	(54,561)
Employment taxes	75,000	125,000	115,963	(9,037)
Purchased services				
Custodial services	290,000	320,000	253,861	(66,139)
Accounting and auditing	170,000	195,000	180,653	(14,347)
Legal	75,000	75,000	42,484	(32,516)
Professional Services	218,500	218,500	145,597	(72,903)
Utilities	523,000	523,000	468,644	(54,356)
Property insurance	150,000	150,000	126,549	(23,451)
Communications	250,000	250,000	180,176	(69,824)
Repairs and maintenance	570,500	570,500	568,587	(1,913)
Rent	705,000	705,000	800,078	95,078
Materials and supplies				
Materials	1,603,150	1,903,150	1,638,262	(264,888)
Operating supplies and expenditures	296,000	296,000	238,861	(57,139)
Software licenses and materials	150,000	150,000	97,836	(52,164)
Copier expenditures	50,000	70,000	59,348	(10,652)
Postage	25,000	30,000	20,243	(9,757)
Other operating costs				
Library programming	717,000	917,000	785,638	(131,362)
Seminars, conference and travel	29,100	29,100	21,069	(8,031)
Grant and memorial expenditures	-	10,000	-	(10,000)
Other operating expenditures	27,550	27,550	20,441	(7,109)
Capital outlay	1,350,000	760,000	457,598	(302,402)
Total expenditures	19,192,500	19,192,500	17,314,772	(1,877,728)
Net change in fund balance	-	-	2,587,407	2,587,407
Fund balance - beginning of year	5,818,151	5,818,151	5,818,151	-
Fund balance - end of year	$ 5,818,151	$ 5,818,151	$ 8,405,558	$ 2,587,407

Ann Arbor District Library
Required Supplementary Information
Schedule of the Library's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

		June 30,									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A.	Reporting unit's proportion of net pension liability (%)	0.0043%	0.0053%	0.0069%	0.0080%	0.0077%	0.0082%	0.0077%	0.0077%	0.0074%	
B.	Reporting unit's proportionate share of net pension liability	$ 1,600,180	$ 1,260,325	$ 2,367,680	$ 2,658,799	$ 2,460,859	$ 2,003,578	$ 1,923,682	$ 1,818,001	$ 1,884,740	
C.	Reporting unit's covered-employee payroll	$ 347,136	$ 346,258	$ 524,355	$ 559,897	$ 610,043	$ 638,348	$ 635,913	$ 631,512	$ 725,594	
D.	Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	460.97%	363.98%	451.54%	474.87%	403.39%	313.87%	302.51%	287.88%	259.75%	
E.	Plan fiduciary net position as a percentage of total pension liability	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%	

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2022.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2022.

Ann Arbor District Library
Required Supplementary Information
Schedule of the Library's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Statutorily required contributions	$ 188,625	$ 144,459	$ 174,267	$ 189,444	$ 240,231	$ 199,360	$ 118,919	$ 125,450	$ 138,801	
B. Contributions in relation to statutorily required contributions	(188,625)	(144,459)	(174,267)	(189,444)	(240,231)	(199,360)	(118,919)	(125,450)	(138,801)	
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
D. Reporting unit's covered-employee payroll	$ 360,512	$ 347,117	$ 391,874	$ 533,048	$ 577,433	$ 622,647	$ 625,513	$ 631,504	$ 630,127	
E. Contributions as a percentage of covered-employee payroll	52.32%	41.62%	44.47%	35.54%	41.60%	32.02%	19.01%	19.87%	22.03%	

Ann Arbor District Library

Required Supplementary Information

Schedule of the Library's Proportionate Share of the Net OPEB Liability

Michigan Public School Employees Retirement Plan

Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

		June 30,									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A.	Reporting unit's proportion of the net OPEB liability (%)	0.0037%	0.0039%	0.0060%	0.0065%	0.0072%	0.0077%				
B.	Reporting unit's proportionate share of the net OPEB liability	$ 78,088	$ 60,018	$ 321,656	$ 464,151	$ 573,005	$ 682,527				
C.	Reporting unit's covered-employee payroll	$ 347,136	$ 346,258	$ 524,355	$ 559,897	$ 610,043	$ 638,348				
D.	Reporting unit's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	22.49%	17.33%	61.34%	82.90%	93.93%	106.92%				
E.	Plan fiduciary net position as a percentage of total OPEB liability	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%				

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2022.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2022.

Ann Arbor District Library
Required Supplementary Information
Schedule of the Library's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
A. Statutorily required contributions	$ 29,114	$ 28,416	$ 35,077	$ 42,926	$ 52,672	$ 46,777				
B. Contributions in relation to statutorily required contributions	29,114	28,416	35,077	42,926	52,672	46,777				
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -				
D. Reporting unit's covered-employee payroll	$ 360,512	$ 347,117	$ 391,874	$ 533,048	$ 577,433	$ 622,647				
E. Contributions as a percentage of covered-employee payroll	8.08%	8.19%	8.95%	8.05%	9.12%	7.51%				

Ann Arbor District Library
Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Permanent Fund Holtrey Endowment	Permanent Fund Keniston Endowment	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	$ 339,431	$ 27,040	$ 366,471
Fund Balances			
Non-spendable			
Permanent corpus	$ 300,000	$ 25,000	$ 325,000
Restricted for			
Expendable permanent fund	39,431	2,040	41,471
Total fund balances	339,431	27,040	366,471
Total liabilities and fund balances	$ 339,431	$ 27,040	$ 366,471

Ann Arbor District Library
Other Supplementary Information
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Permanent Fund	Permanent Fund	
	Holtrey Endowment	Keniston Endowment	Total Nonmajor Governmental Funds
Revenues			
Interest income	$ 2,238	$ 123	$ 2,361
Private donations	-	250	250
Total revenues	2,238	373	2,611
Fund balances - beginning of year	337,193	26,667	363,860
Fund balances - end of year	$ 339,431	$ 27,040	$ 366,471