

Audited Financial Statements

Capital Area District Library

*Year Ended December 31, 2022  
with Report of Independent Auditors*

Capital Area District Library  
Audited Financial Statements  
Year Ended December 31, 2022

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## Report of Independent Auditors

Board of Trustees  
Capital Area District Library  
Lansing, Michigan

### Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Capital Area District Library (Library), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Capital Area District Library as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with GAAS, we:

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule for the general fund, and the schedules for the pension plan, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial

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

*Andrews Hooper Paulik PLC*

Okemos, Michigan  
April 6, 2023

# Capital Area District Library

## Management's Discussion and Analysis

December 31, 2022

This discussion and analysis of the Capital Area District Library's (Library) financial performance provides an overview of the Library's financial activities for the year ended December 31, 2022. Please read it in conjunction with the Library's financial statements.

### **Financial Summary**

Total net position	\$ 15,751,857
Change in total net position	\$ 211,854
Fund balance, general fund	\$ 12,119,945
Change in fund balance, general fund	\$ 424,434
Unassigned fund balance, general fund	\$ 6,554,553

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

To simplify financial reporting and improve readability, the government-wide financial statements and the fund statements have been combined to report the statement of net position and general fund balance sheet on a single page and the statement of activities and general fund revenues, expenditures, and changes in fund balance on a single page.

### **Government-wide Statements**

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 residual balance reported as net position. Over time, increases and 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 Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in past or future fiscal periods (for instance, depreciation expense associated with capital assets).

Both of the government-wide financial statements display functions of the Library that are principally supported by taxes and intergovernmental revenues (governmental activities). The Library had no business-type activities as of and for the year ended December 31, 2022.

# Capital Area District Library

## Management's Discussion and Analysis

December 31, 2022

### **Overview of the Financial Statements (continued)**

#### **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 Library, like other units of state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The activity of the Library is accounted for in a governmental fund (general fund).

#### *Governmental Funds*

Governmental funds are used to account for essentially the same function reported 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 the general fund is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the general fund 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 general fund balance sheet and the general fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between the general fund and the government-wide statements.

The Library maintains one governmental fund (the general fund). Information is presented in the general fund balance sheet and in the general fund statement of revenues, expenditures, and changes in fund balance for the Library. The general fund is a major fund for financial reporting purposes as defined by generally accepted accounting principles (GAAP).

The Library adopts an annual appropriated budget for the general fund. Budgetary comparison statements and schedules have been provided as part of required supplementary information herein to demonstrate compliance with those budgets.

The Library does not maintain proprietary or fiduciary funds.

# Capital Area District Library

## Management's Discussion and Analysis

December 31, 2022

### **Overview of the Financial Statements (continued)**

#### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Library's financial statements. The notes to the financial statements are considered to be part of the basic financial statements.

#### *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, budgetary comparison schedule for the general fund, and the schedules for the pension plan immediately following the notes to the financial statements.

#### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the Library's financial position. In the case of the Library, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$15,751,857 at the close of the most recent fiscal year. The timing of debt service payments and depreciation expense of capital assets has a significant impact on this balance. \$5,072,072 of the Library's net position reflects its investment in capital assets (e.g. costs of building and building improvement, furniture and equipment, and library collection, net of related accumulated depreciation). The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.



Capital Area District Library

Management's Discussion and Analysis

December 31, 2022

**Government-wide Financial Analysis (continued)**

**Financial Information**

Net position may serve over time as a useful indicator of a government's financial position. The following table shows the key financial information.

**Condensed Statements of Net Position**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Assets:		
Current and other assets	<b>\$ 25,023,312</b>	\$ 24,075,914
Capital assets, net	<b>5,072,072</b>	4,970,050
Total assets	<b>30,095,384</b>	29,045,964
Deferred outflows of resources	<b>2,563,200</b>	1,328,150
Liabilities:		
Other liabilities	<b>3,947,500</b>	1,576,471
Long-term debt	<b>317,446</b>	372,101
Total liabilities	<b>4,264,946</b>	1,948,572
Deferred inflows of resources	<b>12,641,781</b>	12,885,539
Net Position:		
Investment in capital assets	<b>5,072,072</b>	4,970,050
Restricted for donations	<b>333,151</b>	313,310
Unrestricted	<b>10,346,634</b>	10,256,643
Total net position	<b>\$ 15,751,857</b>	\$ 15,540,003

# Capital Area District Library

## Management's Discussion and Analysis

December 31, 2022

### **Government-wide Financial Analysis (continued)**

#### **Financial Information (continued)**

##### **Condensed Statements of Activities**

	<b>Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenues:		
Charges for services	\$ 355,483	\$ 373,882
Operating grants and contributions	608,786	517,254
Property taxes	11,733,381	11,370,898
Other revenues	293,348	206,707
Total revenues	<u>12,990,998</u>	<u>12,468,741</u>
Expenses:		
Library services	<u>12,779,144</u>	<u>11,350,293</u>
Change in net position	211,854	1,118,448
Net Position:		
Net position at beginning of year	15,540,003	14,421,555
Net position at end of year	<u>\$ 15,751,857</u>	<u>\$ 15,540,003</u>

The Library's net position increased in the current year by \$211,854. This increase was due primarily to the increase in tax revenue. Library service expenses also increased as a result of services returning to full operations with the reduction in COVID-19 cases.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations, totals \$10,346,634. Unrestricted net position increased during the year by \$89,991.

### **Financial Analysis of the General Fund**

As of the end of the current fiscal year, the Library's general fund reported combined ending fund balance of \$12,119,945, an increase of \$424,434 in comparison with the prior year. Approximately 54% of this total amount, \$6,554,553, constitutes unassigned fund balance, which is available for spending at the Library's discretion. The remainder of fund balance is considered nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending. As of December 31, 2022, the Library had \$286,956 considered nonspendable as it has already been committed to prepaid contracted services, which is included as a fund asset. An additional portion of the fund balance is restricted for donations in the amount of \$333,151. The Library had committed fund balance of \$4,659,000 which includes amounts for capital projects, automation, operations, and pension reserve. The remaining fund balance of \$286,285 is assigned for donations.

## Capital Area District Library

### Management's Discussion and Analysis

December 31, 2022

#### **Financial Analysis of the General Fund (continued)**

Unassigned fund balance represents 52% of total general fund expenditures, while total fund balance represents 96% of that same amount.

The fund balance of the general fund increased by \$424,434 during fiscal year 2022. This increase is a result of overall revenues exceeding expenditures. Details are outlined below in the budgetary highlights section.

#### **Budgetary Highlights**

The total actual revenues were over the final budget by approximately \$70,000 and the total actual expenditures were under the final budget by approximately \$1,038,000.

The total operating revenues were higher than planned as investment income and donations were approximately \$122,000 more than budget, but were offset by lower than anticipated miscellaneous income of approximately \$70,000.

The total actual expenditures were under the final budget in several categories. Salaries and benefits were under budget by approximately \$389,000, as labor costs were lower, primarily from attrition. Library materials spending was under budget by approximately \$132,000, as the pandemic slowed purchasing and distribution processes. Expenditures for supplies, technology, and capital projects were under budget by approximately \$303,000. Maintenance & Utilities came in under budget by approximately \$44,000.

The original budget was amended during the current year to account for various changes. These included adjustments to roll forward unspent 2021 project funding, two emergency purchases for computers and building maintenance, and requests for items that had higher costs due to supply chain issues.

#### **Capital Assets**

As of December 31, 2022, the Library had \$5,072,072 invested in a broad range of capital assets, including building and building improvements, furniture and equipment, and library collection, net of accumulated depreciation.

For the year ended December 31, 2022, the Library had additions to building and building improvements of \$49,327, furniture and equipment of \$525,168 and library collection of \$741,525. More detailed information of capital assets can be found in the notes to the financial statements.

## Capital Area District Library

### Management's Discussion and Analysis

December 31, 2022

#### **Long-term Debt**

Total long-term debt included compensated absences in the amount of \$317,446 as of December 31, 2022. More detailed information on long-term debt can be found in the notes to the financial statements.

#### **Economic Factors and Next Year's Budget and Rates**

The Library will continue to fulfill its mission of “empowering our communities to learn, imagine, and connect” by maintaining its current services and expanding on needed areas. With the restoration of its millage rate in 2022, materials, staffing, circulation, and visits are on track to reach pre-pandemic numbers. The Library will also complete two renovation projects at the Foster and Mason libraries along with adding two new bookmobiles. All of these objectives will be accomplished with a 2023 budget that is fiscally responsible, while meeting the needs of the Library's communities.

#### **Contacting the Library's Management**

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 information should be addressed to the Capital Area District Library, 401 S. Capitol Ave., Lansing, MI 48933.

# Capital Area District Library

## Statement of Net Position and General Fund Balance Sheet

December 31, 2022

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 10,587,326	\$ -	\$ 10,587,326
Investments	3,017,674	-	3,017,674
Taxes receivable	11,081,837	-	11,081,837
Accounts receivable	49,519	-	49,519
Prepaid items	286,956	-	286,956
Capital assets being depreciated, net	-	5,072,072	5,072,072
<b>Total assets</b>	<b>\$ 25,023,312</b>	<b>5,072,072</b>	<b>30,095,384</b>
<b>Deferred outflows of resources</b>			
Deferred pension amounts		2,563,200	2,563,200
<b>Liabilities</b>			
Accounts payable	\$ 165,729	-	165,729
Salaries payable and related benefits	268,638	-	268,638
Long-term debt:			
Due within one year	-	31,745	31,745
Due in more than one year	-	285,701	285,701
Net pension liability (due in more than one year)	-	3,513,133	3,513,133
<b>Total liabilities</b>	<b>434,367</b>	<b>3,830,579</b>	<b>4,264,946</b>
<b>Deferred inflows of resources</b>			
Taxes levied but intended for subsequent period	12,469,000	-	12,469,000
Deferred pension amounts	-	172,781	172,781
<b>Total deferred inflows of resources</b>	<b>12,469,000</b>	<b>172,781</b>	<b>12,641,781</b>
<b>Fund balances</b>			
Nonspendable for prepaid items	286,956	(286,956)	-
Restricted for donations	333,151	(333,151)	-
Committed:			
Capital projects	1,600,000	(1,600,000)	-
Automation	1,000,000	(1,000,000)	-
Operations	499,000	(499,000)	-
Pension reserve	1,560,000	(1,560,000)	-
Assigned for donations	286,285	(286,285)	-
Unassigned	6,554,553	(6,554,553)	-
<b>Total fund balances</b>	<b>12,119,945</b>	<b>(12,119,945)</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 25,023,312</b>		
<b>Net position</b>			
Investment in capital assets		5,072,072	5,072,072
Restricted for donations		333,151	333,151
Unrestricted		10,346,634	10,346,634
<b>Total net position</b>		<b>\$ 15,751,857</b>	<b>\$ 15,751,857</b>

*The accompanying notes are an integral part of these financial statements.*

## Capital Area District Library

### Reconciliation of Fund Balance for the General Fund to Net Position of Governmental Activities

December 31, 2022

Fund balance – general fund	\$ 12,119,945
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	
Capital assets being depreciated, net	5,072,072
Certain liabilities, including amounts due for compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(317,446)
Net pension liability	(3,513,133)
Deferred outflows related to the net pension liability	2,563,200
Deferred inflows related to the net pension liability	<u>(172,781)</u>
Net position of governmental activities	<u>\$ 15,751,857</u>

*The accompanying notes are an integral part of these financial statements.*

## Capital Area District Library

### Statement of Activities and General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended December 31, 2022

	General Fund	Adjustments	Statement of Activities
<b>Expenditures/expenses</b>			
Library services:			
Salaries	\$ 6,053,651	\$ (54,655)	\$ 5,998,996
Benefits	1,980,577	369,257	2,349,834
Governance	44,247	-	44,247
Materials	1,907,063	(741,525)	1,165,538
Supplies	123,192	-	123,192
Staff development	31,960	-	31,960
Professional services	514,996	-	514,996
Maintenance and utilities	712,018	(3,425)	708,593
Capital outlay	457,215	(388,173)	69,042
Depreciation	-	1,213,998	1,213,998
Technology	528,945	(182,897)	346,048
Other services	212,700	-	212,700
	12,566,564	212,580	12,779,144
<b>Program revenues</b>			
Charges for services	355,483	-	355,483
Operating grants and contributions	608,786	-	608,786
	964,269	-	964,269
Net program expenditures/expenses	(11,602,295)	(212,580)	(11,814,875)
<b>General revenues</b>			
Property taxes	11,733,381	-	11,733,381
Investment earnings	189,686	-	189,686
Miscellaneous	103,662	-	103,662
	12,026,729	-	12,026,729
Change in fund balance/net position	424,434	(212,580)	211,854
Fund balance/net position at beginning of year	11,695,511	3,844,492	15,540,003
Fund balance/net position at end of year	\$ 12,119,945	\$ 3,631,912	\$ 15,751,857

*The accompanying notes are an integral part of these financial statements.*

## Capital Area District Library

### Reconciliation of Net Change in Fund Balance of the General Fund to Change in Net Position of Governmental Activities

For the Year Ended December 31, 2022

Net change in fund balance– general fund	\$ 424,434
Amounts reported for governmental activities in the statement of activities are 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 expense.	
Capital assets purchased/constructed	1,316,020
Depreciation expense	(1,213,998)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Change in the accrual for compensated absences	54,655
Change in net pension liability and related deferred amounts	<u>(369,257)</u>
Change in net position of governmental activities	<u>\$ 211,854</u>

*The accompanying notes are an integral part of these financial statements.*



# Capital Area District Library

## Notes to Financial Statements

December 31, 2022

### **1. Summary of Significant Accounting Policies**

#### **Reporting Entity**

Effective January 1, 1998, the Capital Area District Library (Library) commenced official operations pursuant to the March 10, 1997 signed District Library Agreement. The District Library Agreement was originally entered into by the County of Ingham, except for the City of East Lansing and small portions of White Oak and Locke Townships, and the City of Lansing. In February 1999, three additional participating municipalities were recognized by the original participants – Delhi Township, Meridian Township, and the City of Williamston. The Library is funded primarily through property taxes, state aid, penal fines, and donations. The voters of the Library approved a 1.56 mill tax for a four year period, which began with a tax levy effective December 31, 2018. This millage provided funding of Library operations through December 31, 2022. In August 2022, the voters of the Library approved a 1.56 mill tax for a four-year period, which provides funding of Library operations through December 31, 2026.

The Library 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.

The Library is not included as a component unit in any other primary government's financial statements.

#### **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 non-fiduciary 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 segment 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.

# Capital Area District Library

## Notes to Financial Statements

December 31, 2022

### **1. Summary of Significant Accounting Policies (continued)**

#### **Government-wide and Fund Financial Statements (continued)**

As permitted by GASB Statement No. 34, the Library uses an alternative approach reserved for single program governments to present combined government-wide and fund financial statements by using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column. The general fund is considered to be a major fund for financial reporting purposes.

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Property taxes received, intergovernmental revenue, and interest revenue earned within the current 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 government.

The Library reports the following major governmental fund:

- General Fund – The Library’s primary operating fund which accounts for all financial resources of the Library.

# Capital Area District Library

## Notes to Financial Statements

December 31, 2022

### 1. Summary of Significant Accounting Policies (continued)

#### **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity**

##### *Deposits and Investments*

The Library's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The Library participates in an external investment pool, Michigan Liquid Asset Fund (MILAF). In accordance with GASB requirements, some of the Library's shares in that pool are recorded at amortized cost and others are valued at each investment's net asset value, both of which approximate fair value.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations and to invest in bonds, securities, obligations, or repurchase agreements of the United States, certificates of deposit, certain commercial paper, banker acceptances, certain obligations of the State of Michigan, mutual funds composed of otherwise legal investments, and external investment pools as authorized by Public Act 20 as amended through December 31, 1997.

##### *Prepaid Items*

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

##### *Capital Assets*

Capital assets, which include property 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 \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. In addition, library materials such as books and certain media are capitalized as a collection although they may have an individual cost less than \$2,500. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated acquisition cost at the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

# Capital Area District Library

## Notes to Financial Statements

December 31, 2022

### 1. Summary of Significant Accounting Policies (continued)

#### Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity (continued)

##### *Capital Assets (continued)*

Capital assets of the primary government are depreciated using the straight-line method over the following useful lives.

Building and building improvement	10 – 40 years
Furniture and equipment	3 – 25 years
Library collection	7 years

##### *Deferred Outflows of Resources*

In addition to assets, the Library will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to one or more future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The Library reports deferred outflows of resources for changes in expected and actual investment returns, assumptions, experience, and benefits provided in its pension plan.

##### *Compensated Absences*

It is the Library's policy to permit employees to accumulate earned but unused sick and vacation benefits. There is no liability for unpaid accumulated sick leave since the Library does not have a policy to pay any amounts when employees separate from service with the Library. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental fund only when they have matured or come due for payment, generally when an individual's employment has terminated as of year end.

##### *Deferred Inflows of Resources*

In addition to liabilities, the Library will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and will not be recognized as an inflow of resources (revenue) until that time. The governmental fund reports unavailable revenues, which arise only under a modified accrual basis of accounting, from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Additionally, the Library reports deferred inflows of resources related to its pension plan.

# Capital Area District Library

## Notes to Financial Statements

December 31, 2022

### 1. Summary of Significant Accounting Policies (continued)

#### Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity (continued)

##### *Pension*

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and related expenses, information about the fiduciary net position of the Plan and additions to/deductions from the Plan fiduciary net position has been determined on the same basis as it is reported by the Plan. 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.

##### *Fund Equity*

In the fund financial statements, fund balance is presented in five possible categories:

Nonspendable – amounts which cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted – amounts constrained to specific purposes by externally imposed constraints placed on the use of resources by their providers (such as creditors, grantors, contributors, and laws and regulations of other levels of government).

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees (the government's highest level of decision-making authority). A formal resolution of the Board of Trustees is required to establish, modify, or rescind a fund balance commitment.

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Trustees has delegated the authority to assign fund balance to the Finance Director.

Unassigned – amounts that are available for any purpose.

When the Library incurs expenditures for purposes for which various fund balance classifications can be used, it is the Library's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

# Capital Area District Library

## Notes to Financial Statements

December 31, 2022

### 1. Summary of Significant Accounting Policies (continued)

#### Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity (continued)

##### *Use of Estimates*

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

### 2. Budgetary Information

Budgets are adopted annually. The general fund is under formal budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with 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 on a functional classification basis; expenditures at this level in excess of final budgeted amounts are a violation of Michigan law.

During the year ended December 31, 2022, the Library did not incur expenditures in excess of the amounts appropriated.

### 3. Deposits and Investments

Following is a reconciliation of cash and investment balances as of December 31, 2022:

Statement of Net Position:	
Cash and cash equivalents	\$ 10,587,326
Investments	3,017,674
Total	<u>\$ 13,605,000</u>
Cash:	
Petty cash	\$ 4,933
Deposits and Investments:	
Checking/savings	10,582,393
Certificates of deposit	1,345,628
Investments	1,672,046
Total	<u>\$ 13,605,000</u>

Capital Area District Library

Notes to Financial Statements

December 31, 2022

**3. Deposits and Investments (continued)**

**Investments**

The Library chooses to disclose its investments by specifically identifying each. As of year-end, the Library had the following investments:

<b>Investments</b>	<b>Maturity</b>	<b>Carrying Value</b>	<b>Rating</b>
External investment pools:			
Michigan Liquid Asset Fund (MILAF):			
MILAF+ Portfolio (GovMIC Class)	N/A	\$ 172,046	S&P AAAm
Michigan Term Portfolio	August 14, 2023	<u>1,500,000</u>	Fitch AA Af
<b>Total</b>		<u><u>\$ 1,672,046</u></u>	

Investments were valued as follows as of December 31, 2022:

Assets carried at amortized cost:	
External investment pools:	
Michigan Liquid Asset Fund (MILAF):	
MILAF+ Portfolio (GovMIC Class)	\$ 172,046
Assets carried at net asset value:	
External investment pools:	
Michigan Liquid Asset Fund (MILAF):	
Michigan Term Portfolio	<u>1,500,000</u>
<b>Total investments</b>	<u><u>\$ 1,672,046</u></u>

The GovMIC Class of the MILAF+ Portfolio has a one-day minimum investment period. There are no minimum deposit or redemption requirements. The Michigan Term Portfolio requires a minimum investment and account balance of \$100,000. The minimum term for investment is 60 days and the maximum term is one year. Premature withdrawal may result in penalties. Notice of premature redemption must be given seven days prior to withdrawal.

# Capital Area District Library

## Notes to Financial Statements

December 31, 2022

### 3. Deposits and Investments (continued)

#### Investment and Deposit Risk

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The Library's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturity dates of investments are shown in the investment schedule on the previous page.

*Credit Risk.* State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations and to invest in bonds, securities, obligations, or repurchase agreements of the United States, certificates of deposit, certain commercial paper, banker acceptances, certain obligations of the State of Michigan, mutual funds composed of otherwise legal investments, and external investment pools as authorized by Public Act 20 as amended through December 31, 1997. The Library's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned. State law does not require and the Library does not have a policy for deposit custodial credit risk. As of year end, \$10,567,011 of the Library's bank balance of \$12,052,587 (including certificates of deposit) 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. All investments are held in the name of the Library by a counterparty, and thus are not exposed to custodial credit risk.

*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 does not have specific limits in excess of state law on concentration of credit risk. All of the Library's investments are listed in the schedule on the previous page.



## Capital Area District Library

### Notes to Financial Statements

December 31, 2022

#### 4. Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

	<b>Beginning Balance</b>	<b>Transfers/ Reclassifications</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Capital assets being depreciated:					
Building	\$ 265,000	\$ -	\$ -	\$ -	\$ 265,000
Building improvements	1,821,209	263,279	49,327	(8,725)	2,125,090
Furniture and equipment	3,241,851	(3,241,851)	-	-	-
Equipment	-	297,354	3,910	-	301,264
Furniture	-	1,001,367	15,810	-	1,017,177
IT	-	232,907	130,575	(15,585)	347,897
IT Equipment	-	1,082,197	202,263	(29,299)	1,255,161
Vehicles	-	364,747	172,610	(48,940)	488,417
Library collection	15,540,728	-	741,525	(853,389)	15,428,864
Total capital assets being depreciated	20,868,788	-	1,316,020	(955,938)	21,228,870
Less accumulated depreciation for:					
Building	(89,438)	-	(6,624)	-	(96,062)
Building improvements	(573,277)	(374,900)	(87,044)	8,725	(1,026,496)
Furniture and equipment	(2,573,688)	2,573,688	-	-	-
Equipment	-	(110,868)	(29,549)	-	(140,417)
Furniture	-	(739,139)	(53,989)	-	(793,128)
IT	-	(172,991)	(22,416)	15,585	(179,822)
IT Equipment	-	(907,501)	(119,869)	29,299	(998,071)
Vehicles	-	(268,289)	(41,619)	48,940	(260,968)
Library collection	(12,662,335)	-	(852,888)	853,389	(12,661,834)
Total accumulated depreciation	(15,898,738)	-	(1,213,998)	955,938	(16,156,798)
Total capital assets being depreciated, net	4,970,050	-	102,022	-	5,072,072
Total capital assets, net	\$ 4,970,050	\$ -	\$ 102,022	\$ -	\$ 5,072,072

# Capital Area District Library

## Notes to Financial Statements

December 31, 2022

### 5. Long-term Debt

The following summary of long-term debt activity of the Library for the year ended December 31, 2022)

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Compensated absences	\$ 372,101	\$ 300,804	\$ (355,459)	\$ 317,446	\$ 31,745

### 6. Risk Management

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The library has purchased commercial insurance for these risks. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

### 7. Pension Plan – Agent Multiple-Employer Plan

#### General Information About the Plan

##### *Plan Description*

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

##### *Benefits Provided*

Pension benefits are calculated as final average compensation (based on a five year period) and multiplier of 2.0% to 2.5%. Participants are considered to be fully vested in the plan after 6 years for nonunion employees and 10 years for union employees. Normal retirement age is 60 with early retirement at age 50 with 25 years of service or at age 55 with 15 years of service, depending on division/bargaining unit.

Capital Area District Library

Notes to Financial Statements

December 31, 2022

**7. Pension Plan – Agent Multiple-Employer Plan (continued)**

**General Information About the Plan (continued)**

*Employees Covered by Benefit Terms*

As of December 31, 2021 (valuation date), plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	12
Active employees	<u>58</u>
Total membership	<u><u>101</u></u>

*Contributions*

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

Employer and employee contribution amounts or rates, by division/bargaining unit, were as follows for the year ended December 31, 2022:

<u>Division/Bargaining Unit</u>	<u>Employer Contribution</u>	<u>Employee Contribution</u>	<u>Status</u>
07 – NonUnion	\$ 14,898	5.45%	Closed
70 – UnionProf	8.00%	6.91%	Open
71 – UnNon-Prof	8.00%	1.96%	Open

*Net Pension Liability*

The Library's net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021.

## Capital Area District Library

### Notes to Financial Statements

December 31, 2022

#### 7. Pension Plan – Agent Multiple-Employer Plan (continued)

##### General Information About the Plan (continued)

###### *Actuarial Assumptions*

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The base mortality tables used are constructed as described below and are based on amount weighted sex distinct rates:

- Pre-retirement mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 100% of PubG-2010 Employee Mortality Tables for ages 18-80, and 100% of PubG-2010 Healthy Retiree Tables for ages 81-120
- Non-disabled retired plan members and beneficiaries mortality based on 106% of Pub-2010 Juvenile Mortality Tables for ages 0-17, 106% of PubG-2010 Employee Mortality Tables for ages 18-49, and 106% of PubG-2010 Healthy Retiree Tables for ages 50-120
- Disabled retired plan members mortality based on 100% of Pub-2010 Juvenile Mortality Tables for ages 0-17, and 100% of PubNS-2010 Disabled Retiree Tables for ages 18-120

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of the most recent actuarial experience study of 2014-2018.

###### *Long-term Expected Rate of Return*

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

Capital Area District Library

Notes to Financial Statements

December 31, 2022

**7. Pension Plan – Agent Multiple-Employer Plan**

**General Information About the Plan**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Target Allocation Gross Rate of Return</b>	<b>Long-term Expected Gross Rate of Return</b>	<b>Inflation Assumption</b>	<b>Long-term Expected Real Rate of Return</b>
Global equity	60.00%	7.75%	4.65%	2.50%	3.15%
Global fixed income	20.00%	3.75%	0.75%	2.50%	0.25%
Private investments	20.00%	9.75%	1.95%	2.50%	1.45%
	<u>100.00%</u>		<u>7.35%</u>		<u>4.85%</u>

*Discount Rate*

The discount rate used to measure the total pension liability as of December 31, 2022 was 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Capital Area District Library

Notes to Financial Statements

December 31, 2022

**7. Pension Plan – Agent Multiple-Employer Plan (continued)**

**Changes in Net Pension Liability**

The components of the change in the net pension liability are summarized as follows:

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances as of December 31, 2021	\$ 14,774,633	\$ 13,790,565	\$ 984,068
Changes for the year:			
Service cost	445,375	-	445,375
Interest	1,015,836	-	1,015,836
Changes in benefit terms	(24,297)	-	(24,297)
Differences between expected and actual experience	(195,932)	-	(195,932)
Changes in assumption	727,049	-	727,049
Employer contributions	-	685,633	(685,633)
Employee contributions	-	211,002	(211,002)
Net investment income	-	(1,431,740)	1,431,740
Benefit payments, including refunds of employee contributions	(555,930)	(555,930)	-
Administrative expense	-	(25,929)	25,929
Net changes	1,412,101	(1,116,964)	2,529,065
Balances as of December 31, 2022	\$ 16,186,734	\$ 12,673,601	\$ 3,513,133

Capital Area District Library

Notes to Financial Statements

December 31, 2022

**7. Pension Plan – Agent Multiple-Employer Plan (continued)**

**Changes in Net Pension Liability (continued)**

*Changes in Assumptions*

In 2022, amounts reported as changes in assumptions resulted primarily from a decrease in the assumed rate of return, net of investment and administrative expense including inflation, from 7.35% to 7.00%.

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

The following presents the net pension liability of the Library, calculated using the discount rate of 7.25%, as well as what the Library’s net pension liability would be if it were calculated using a discount rate that is 1% lower (6.25%) or 1% higher (8.25%) than the current rate.

<b>1% Decrease (6.25%)</b>	<b>Current Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
\$ 5,894,267	\$ 3,513,133	\$ 1,561,716

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan’s fiduciary net position is available in the separately issued Plan financial statements.

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

For the year ended December 31, 2022, the Library recognized pension expense of \$1,054,891. The Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
Difference between expected and actual experience	\$ 251,292	\$ 172,781	\$ 78,511
Changes in assumptions	1,088,112	-	1,088,112
Net difference between projected and actual earnings on pension plan investments	1,223,796	-	1,223,796
<b>Total</b>	<b>\$ 2,563,200</b>	<b>\$ 172,781</b>	<b>\$ 2,390,419</b>

Capital Area District Library

Notes to Financial Statements

December 31, 2022

**7. Pension Plan – Agent Multiple-Employer Plan (continued)**

**Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions  
(continued)**

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

<b>Year Ended December 31</b>	<b>Amount</b>
2023	\$ 723,175
2024	714,490
2025	464,160
2026	488,594
Total	<u>\$ 2,390,419</u>

*Payable to the Pension Plan*

As of December 31, 2022, the Library had no amounts payable in contributions payable to the pension plan.

**8. Defined Contribution Retirement Plan**

The Library provides retirement benefits to certain full time employees hired before January 1, 2002 through the MERS defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by negotiation with the Library’s collective bargaining units, the Library contributes 8% of annual covered compensation. The Library also provides retirement benefits to certain non-union employees hired after January 1, 2020 through a MERS defined contribution plan. The Library contributes 8% of annual covered compensation under this plan. For the year ended December 31, 2022, the Library contributed \$39,115 to these plans.



Capital Area District Library

Notes to Financial Statements

December 31, 2022

**9. Lease Agreement**

The Library entered into a lease agreement for parking space rental in 2020. The agreement provides that the lessor and lessee shall each have the right to terminate the agreement with a one-year written notice period for any reason any time after the initial one-year term with no further cost, expense, or claim for or by either party. This lease is a short-term lease based upon the one-year notice period being the only noncancellable period in the determination of the lease term. As such, the Library recognizes the lease payments as outflows of resources based on the payment provisions of the lease agreement. The Library recorded rental expense of \$41,610 related to the lease agreement during the year ended December 31, 2022.

Future payments outlined in the lease agreement are as follows:

<b>Year Ended December 31</b>	<b>Amount</b>
2023	\$ 42,648
2024	43,710
2025	33,390
	<u>\$ 119,748</u>

**10. Property Taxes**

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The 2021 taxable value of the District totaled \$7,711,040,821, on which taxes of 1.5528 mills are levied for operating purposes. The Library's 2021 tax was levied and collectible on December 1, 2021 and is recognized as revenue in the year ended December 31, 2022, when the proceeds of the levy are budgeted and available to finance operations.

# Capital Area District Library

## Notes to Financial Statements

December 31, 2022

### **11. Tax Abatements**

The Library received reduced property tax revenues during 2022 as result of industrial facilities tax exemptions (IFT's). The IFT's were entered into based upon the Plant Rehabilitation and Industrial Developments Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property. The abatements amounted to approximately \$40,000 in reduced tax revenues for fiscal year 2022.

A portion of the Library's tax revenue was captured in 2022 by Downtown Development Authorities (DDAs) of member municipalities within the Library service area. Public Act 57 of 2018 provides for a variety of funding options for DDAs including the tax increment financing mechanism. This mechanism allows for the capture of incremental growth of local property taxes over a period of time to fund downtown development activities. The DDA capture amount reduced Library tax revenues by approximately \$369,000 for fiscal year 2022.

## Required Supplementary Information

## Capital Area District Library

### Budgetary Comparison Schedule - General Fund

For the Year Ended December 31, 2022

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>				
Property taxes	\$ 11,788,000	\$ 11,733,200	\$ 11,733,381	\$ 181
Penal fines	279,000	254,720	254,722	2
Fines and fees	91,000	91,000	100,761	9,761
State aid	399,750	389,100	389,104	4
Local contributions	117,875	117,875	125,890	8,015
Investment earnings	57,500	122,500	189,686	67,186
Donations	76,000	39,000	93,792	54,792
Miscellaneous	162,555	174,005	103,662	(70,343)
<b>Total revenues</b>	12,971,680	12,921,400	12,990,998	69,598
<b>Expenditures</b>				
Library services:				
Salaries	6,389,000	6,389,000	6,053,651	335,349
Benefits	2,041,963	2,033,963	1,980,577	53,386
Governance	86,561	77,661	44,247	33,414
Materials	2,033,239	2,039,239	1,907,063	132,176
Supplies	147,330	137,330	123,192	14,138
Staff development	50,826	50,826	31,960	18,866
Professional services	519,320	519,820	514,996	4,824
Maintenance and utilities	756,298	756,298	712,018	44,280
Capital outlay	642,500	642,500	457,215	185,285
Technology	634,774	632,074	528,945	103,129
Other services	323,369	325,469	212,700	112,769
<b>Total expenditures</b>	13,625,180	13,604,180	12,566,564	1,037,616
<b>Net change in fund balance</b>	(653,500)	(682,780)	424,434	1,107,214
Fund balance at beginning of year	11,695,511	11,695,511	11,695,511	-
Fund balance at end of year	\$ 11,042,011	\$ 11,012,731	\$ 12,119,945	\$ 1,107,214

# Capital Area District Library

## MERS Agent Multiple-Employer Defined Benefit Pension Plan

### Schedule of Changes in Net Pension Liability and Related Ratios

	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total pension liability</b>								
Service cost	\$ 445,375	\$ 397,864	\$ 417,751	\$ 801,820	\$ 404,462	\$ 415,935	\$ 398,610	\$ 365,896
Interest	1,015,836	858,708	857,880	1,478,959	739,158	682,433	580,414	520,792
Changes in benefit terms	(24,297)	(87,906)	(244,044)	(41,616)	4,138	31,415	(62,471)	-
Differences between expected and actual experience	(195,932)	148,920	158,744	291,130	192,883	(180,842)	266,071	-
Changes in assumptions	727,049	799,242	358,009	-	-	-	488,952	-
Benefit payments, including refunds of employee contributions	(555,930)	(503,839)	(454,837)	(704,148)	(271,796)	(196,459)	(173,841)	(186,880)
Net change in total pension liability	1,412,101	1,612,989	1,093,503	1,826,145	1,068,845	752,482	1,497,735	699,808
Total pension liability at beginning of year	14,774,633	13,161,644	12,068,141	10,241,996	9,173,151	8,420,669	6,922,934	6,223,126
Total pension liability at end of year	16,186,734	14,774,633	13,161,644	12,068,141	10,241,996	9,173,151	8,420,669	6,922,934
<b>Plan fiduciary net position</b>								
Employer contributions	685,633	521,322	524,488	796,018	373,154	297,624	258,871	245,098
Employee contributions	211,002	195,810	174,266	365,192	154,076	124,505	142,200	128,660
Net investment income (loss)	(1,431,740)	1,697,751	1,379,104	857,056	1,047,349	785,435	(104,388)	388,568
Benefit payments, including refunds of employee contributions	(555,930)	(503,839)	(454,837)	(704,148)	(271,796)	(196,459)	(173,841)	(186,880)
Administrative expense	(25,929)	(19,476)	(21,107)	(38,960)	(16,526)	(15,479)	(14,897)	(14,374)
Net change in plan fiduciary net position	(1,116,964)	1,891,568	1,601,914	1,275,158	1,286,257	995,626	107,945	561,072
Plan fiduciary net position at beginning of year	13,790,565	11,898,997	10,297,083	9,021,925	7,735,668	6,740,042	6,632,097	6,071,025
Plan fiduciary net position at end of year	12,673,601	13,790,565	11,898,997	10,297,083	9,021,925	7,735,668	6,740,042	6,632,097
Net pension liability	\$ 3,513,133	\$ 984,068	\$ 1,262,647	\$ 1,771,058	\$ 1,220,071	\$ 1,437,483	\$ 1,680,627	\$ 290,837
Plan fiduciary net position as a percentage of total pension liability	78.3%	93.3%	90.4%	85.3%	88.1%	84.3%	80.0%	95.8%
Covered payroll	\$ 3,515,662	\$ 3,432,564	\$ 3,493,004	\$ 3,602,566	\$ 3,408,001	\$ 3,401,919	\$ 3,383,310	\$ 3,106,622
Net pension liability as a percentage of covered payroll	99.9%	28.7%	36.1%	49.2%	35.8%	42.3%	49.7%	9.4%

**Notes:**

GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

*Changes in assumptions.* In 2016, amounts reported as changes of assumptions resulted primarily from adjustments to the mortality table to reflect longer lifetimes, decreases in the assumed rate of return, and changes in asset smoothing. In 2020, amounts reported as changes of assumptions resulted primarily from a decrease in the assumed rate of return from 7.75% to 7.35%, and a decrease in the assumed rate of wage inflation from 3.75% to 3.00%. In 2021, amounts reported as changes of assumptions related to updated demographic assumptions, including adjustment to the following actuarial assumptions: mortality, retirement, disability, and termination rates. In 2022, amounts reported as changes in assumptions related to a decrease in the assumed rate of return from 7.35% to 7.00%.

## Capital Area District Library

### MERS Agent Multiple-Employer Defined Benefit Pension Plan

#### Schedule of Contributions

Fiscal Year Ended December 31	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as Percentage of Covered Payroll
2014	\$ 245,098	\$ 245,098	\$ -	\$ 3,106,622	7.9%
2015	\$ 258,871	\$ 258,871	\$ -	\$ 3,383,310	7.7%
2016	\$ 297,624	\$ 297,624	\$ -	\$ 3,401,919	8.7%
2017	\$ 373,154	\$ 373,154	\$ -	\$ 3,408,001	10.9%
2018	\$ 378,560	\$ 378,560	\$ -	\$ 3,317,209	11.4%
2019	\$ 417,458	\$ 417,458	\$ -	\$ 3,602,566	11.6%
2020	\$ 524,488	\$ 524,488	\$ -	\$ 3,493,004	15.0%
2021	\$ 401,322	\$ 521,322	\$ (120,000)	\$ 3,432,564	15.2%
2022	\$ 445,633	\$ 685,633	\$ (240,000)	\$ 3,515,662	19.5%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

#### Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of the December 31 that is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates (2022, based on the 12/31/2020 actuarial valuation):

Actuarial cost method	Entry-age normal
Amortization method	Level percent of payroll, closed
Remaining amortization period	18 years
Asset valuation method	5-year smooth market
Inflation	2.50%
Salary increases	3.00% in the long-term
Investment rate of return	7.35%, net of investment and administrative expense including inflation
Normal retirement age	Age 60
Mortality	Pre-retirement mortality:
	-100% of Pub-2010 Juvenile Mortality Tables for Ages 0-17
	-100% of PubG-2010 Employee Mortality Tables for Ages 18-80
	-100% of PubG-2010 Healthy Retiree Tables for Ages 81-120
	Non-disabled retired plan members and beneficiaries:
	-106% of Pub-2010 Juvenile Mortality Tables for Ages 0-17
	-106% of PubG-2010 Employee Mortality Tables for Ages 18-49
	-106% of PubG-2010 Healthy Retiree Tables for Ages 50-120
	Disabled retired plan members:
	-100% of Pub-2010 Juvenile Mortality Tables for Ages 0-17
	-100% of PubNS-2010 Disabled Retiree Tables for Ages 18-120