CITY OF MARQUETTE, MICHIGAN
PETER WHITE PUBLIC LIBRARY

AUDITED FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Peter White Public Library
217 N. Front Street
Marquette, Michigan 49855

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 Peter White Public Library (the Library), component unit of the City of Marquette, Michigan, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Library, as of September 30, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Peter White Public Library Development Fund were not audited in accordance with *Government Auditing Standards*. 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.

Change in Accounting Principle

As described in Note L to the financial statements, in 2022, the Library adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Library's basic financial statements. The other supplemental information, as listed 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. In our opinion, the other supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2023, on our consideration of the Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Library's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Library's internal control over financial reporting and compliance.

Anderson, Tackman & Company, PLC
Certified Public Accountants

March 20, 2023

City of Marquette, Michigan
Peter White Public Library

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the Peter White Public Library's (the Library) financial performance provides an overview of the Library's financial activities for the year ended September 30, 2022. Please read it in conjunction with the financial statements as seen on the pages below.

FINANCIAL HIGHLIGHTS

- Net position for the Library as a whole was reported at $5,427,247. Net position is comprised of 100% governmental activities.
- During the year, the Library expenses were $2,543,541, while revenues from all sources totaled $2,488,575, resulting in a decrease in net position of $54,966.
- The General Fund reported a net change in fund balance of ($61,961). This is $61,961 lower than the forecast change in fund balance of $-0-. This was mainly due investment income being $80,595 less than the budgeted amount.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities on the following pages provide information about the activities of the Library as a whole and present a longer-term view of the Library finances. Fund financial statements start as listed in the table of contents. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for the future spending. Fund financial statements also report the Library operations in more detail than the government-wide statements by providing information about the Library most significant funds.

Reporting the Library as a Whole

One of the most important questions asked about the Library's finances is "Is the Library as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Library as a whole and about its activities in a way that helps answer this question. These statements include *all* assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Library's *net position* and changes in it. You can think of the Library's net position - the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources - as one way to measure the Library's financial health, or *financial position.* Over time, *increases or decreases* in the Library's net position is an indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Library's patron base and the condition of the Library's capital assets, to assess the *overall financial health* of the Library.

In the Statement of Net Position and the Statement of Activities, we divide the Library's activities into two kinds of activities:

- *Governmental activities* – All of the Library's basic services are reported here, including cultural services and general administration. Property taxes and other local sources fund most of these activities.

- *Component units* – The Library includes one separate legal entity in its report – the Peter White Public Library Development Fund (the Development Fund). Although legally separate, this "component unit" is important because to the Library it serves as a fund-raising organization formed under the Internal Revenue Code Section 501(c)(3) and serves to supplement the resources that are available to the Library in support of its programs. Under GASB 80, the Development Fund is required to be reported as a blended component unit rather than a discretely presented component unit.

Reporting the Library's Most Significant Funds

The fund financial statements as seen on the pages below provide detailed information on the most significant funds – not the Library as a whole. Some funds are required to be established by State law, and by bond covenants. However, the Library Board has established other funds to help it control and manage money for particular purposes. The Library's funds are all governmental type funds which use the following accounting methods.

- *Governmental Funds* – All of the Library's services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed *short-term view* of the Library's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and Statement of Activities) and governmental *funds* in a reconciliation which follows the fund financial statements.

The Library as a Whole

Table 1 provides a summary of the Library's net position as of September 30, 2022 and 2021.

Table 1
Net Position

	Governmental Activities	
	2022	2021
Current and other assets	$3,586,908	$3,610,087
Capital assets, net	7,089,191	7,284,169
Total Assets	10,676,099	10,894,256
Deferred outflows of resources	217,618	249,504

Table 1
Net Position (Continued)

	Governmental Activities	
	2022	2021
Current liabilities	$132,523	$142,390
Non-current liabilities	4,056,090	4,461,066
Total Liabilities	4,188,613	4,603,456
Deferred inflows of resources	1,277,857	1,059,959
Net Position:		
Net investment in capital assets	3,838,264	3,796,625
Restricted	1,826,620	1,834,313
Unrestricted	(237,637)	(150,593)
Total Net Position	$5,427,247	$5,480,345

Net position of the Library's governmental activities stood at $5,427,247. Unrestricted net position—the part of net position that could be used to finance day-to-day activities without constraints established by debt covenants, enabling legislation, or other legal requirements stood at ($237,637).

The ($237,637) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the Library as a whole are reported in the Statement of Activities (see Table 2), which shows the changes in net position for fiscal years 2022 and 2021.

Table 2
Statement of Activities

	Governmental Activities	
	2022	2021
Revenues:		
Program Revenues:		
Charges for services	$147,921	$118,652
Operating grants and contributions	895,625	1,017,804
General Revenues:		
Property taxes	1,275,526	1,298,957
Investment earnings	66,098	296,392
Proceeds on the sale of fixed assets	2	-
Miscellaneous	103,403	37,170
Total Revenues	2,488,575	2,768,975
Program Expenses:		
Recreation and cultures	2,440,451	2,034,300
Interest on long-term debt	103,090	113,800
Total Expenses	2,543,541	2,148,100
Increase (decrease) in net position	(54,966)	620,875
Net position, beginning, as restated	5,482,213	4,859,470
Net Position, Ending	$5,427,247	$5,480,345

The Library's total revenues were $2,488,575. The total cost of all programs and services was $2,543,541, leaving a decrease in net position of $54,966.

Table 3 presents the cost of the Library's largest activity – Recreation and Culture, as well as the program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that the program placed on the Library's operation.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services
Recreation and Culture	$2,440,451	$1,396,905

THE LIBRARY'S FUNDS

As the Library completed the year, its governmental funds reported a combined fund balance of $2,498,070, a decrease of $61,986 from the beginning of the year. This decrease was due partially to a decrease in the General Fund of $61,961. The General Fund's revenues came in under budgeted amounts due mostly to the unrealized investment losses. The downturn of the stock market during the fiscal year also was the main factor in the decrease in fund balance of $189,469 in the Carroll Paul Memorial Trust Fund. Conversely, the Peter White Public Library Development Fund (the "Development Fund") reported an increase in fund balance totaling $192,839. The Development Fund is a 501(c)(3) nonprofit organization required to be presented as a blended component unit under GASB 80. In addition to its normal private donations, the Development Fund received a new endowment of $126,000 during the year. Debt service requirements exceeded the current year property tax revenues by approximately $3,000 in the Library Improvement Debt Service Fund.

General Fund Budgetary Highlights

The Peter White Public Library serves residents of the City of Marquette and eight surrounding townships. Contracts for Library Service with Chocolay, Marquette, Sands, Skandia, and West Branch Townships are supported with a one mill property tax levy. City of Marquette residents provide 1.5 mils in funding for the Library's general operating budget.

The Peter White Public Library (PWPL) is the largest public library in Michigan's Upper Peninsula. The Library has a legal service population of 35,963 (per 2020 Census) this is down from 36,441 (per 2010 Census). For fiscal year 2021/2022 statistics have rebounded significantly from the reduction due to the COVID-19 pandemic. The Library has been open for business for full hours during this fiscal year.

In person library visits totaled 130,510 an 87% increase from the previous year and virtual visits totaled 149,173 a 13% decrease from the previous year. Check-outs of physical items totaled 203,702 and electronic checkouts totaled 51,400. Computer and wireless usage totaled 9,976. Programming continues to be popular with 20,267 people attending 720 in-person library sponsored programs and 139 virtual events were viewed 3,561 times.

PWPL is open six days a week, Monday through Saturday, for a total of 59 hours per week.

The Library currently maintains 37-38 employees. Due to an aging workforce, pandemic pressure, and other factors the Library has experienced an unprecedented amount of turnover in the last five fiscal years. Only 32% of library staff have been employed by PWPL for more than 5 years.

The majority of funding support for the Library's operating budget is derived from property taxes collected in the City of Marquette and five surrounding townships.

- Tax revenue for this fiscal year was $947,901.
- Revenues from the Library's contracted townships for this fiscal year were $628,960.

The FY2021/2022 budget numbers reflect a stagnant trend in tax base for the City of Marquette. Township revenues continue to be more stable as residential taxes make up the biggest portion of the township tax base. Penal fines continue to decrease. This is due in part to the legalization of marijuana as well as changes to other penal fines and civil infractions. Library Administration continues to monitor all revenue streams and investigate ways to back fill revenue losses.

In May 2018 renovations began at the Peter White Public Library. These renovations were made possible by a successful capital improvement bond ballot initiative passed in August 2017. This capital improvement bond raised over $4-million dollars for repairs and improvements to the Peter White Public Library. Integrated Designs Incorporated (IDI) located in Marquette, MI provided architectural and engineering services for this project. Closner Construction located in Marquette, MI was hired as the General Contractor. The library held a grand opening for substantial completion of the renovation project in June 2019.

The Library continues to reduce spending wherever possible. The retrofit of lighting to LED along with updated heating/cooling equipment has reduced demand charges and overall usage, as a result the library continues to realize considerable savings in electric costs.

In 2021/2022 the Library's income from private sources continues to provide stability to the budget. In this fiscal year the income from private sources accounted for 10.5% of the library's operating budget. The Carrol Paul Memorial Trust Fund continues to provide annual support for Library music initiatives including material collection and programming. Funds from private sources continue to be a critical portion of the Library's sustainability plan. These funds include fundraising, special events, and grants. In February 2019 the library hosted its first Sip and Spell, a spelling bee fundraiser. This event was successful and was continued in 2019 and 2020. In April of 2023 the Library will host an Art Sale fundraiser to support the Mining Journal Digitization project. The Library continues to look for a fundraising opportunities that will bring in substantial revenues as well as develop good will in the community.

The Library uses relationship based fundraising philosophies. This funding has continued to trend positively and steady increase to the Endowment Fund balances are the result of these efforts. The Library will continue to build alternative funding methods to ensure long-term sustainability. Heather Steltenpohl, Development Director manages funding from private sources and has an excellent relationship with our donors and Library Friends group.

In July 2021 Library Finance Director, Rick Orr retired from Peter White Public Library. Jamie Goodwin replaced Orr and continues to work closely with Board of Trustees members and City of Marquette Finance and Accounting staff to ensure budget figures are accurate. Careful attention to revenue and expenses results in regular budget revisions responding to unanticipated budget changes.

Of greatest financial concern is the continued erosion of the Library's tax base. Library administration continues to watch for potential library funding threats. Moving forward, the Library will continue to focus on reduced expenses and expanded self-generated funding. This includes building the Library's endowment fund to allow for significant yearly disbursements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2022, the Library had $7,089,191 invested in a variety of capital assets including land, buildings, furniture and equipment, and leased equipment. (See Table 4 below)

Table 4
Capital Assets at Year-End
(Net of Depreciation / Amortization)

	Governmental Activities	
	2022	2021
Land	$114,704	$114,704
Construction in progress	-	-
Land improvements	37,413	42,956
Buildings	4,121,695	4,122,897
Building improvements	2,808,039	3,002,127
Equipment and furnishings	-	1,485
Leased equipment	7,340	-
Total	$7,089,191	$7,284,169

During the year, the Library adopted GASB 87 which required disclosing the value of right-to-use assets (i.e. leased equipment) along with amortization of said assets. For purposes of the above table, fiscal year 2021 amounts were not restated. See the notes to the financial statements for details on the effects of the adoption of GASB 87 on the beginning capital asset balances.

The were no asset additions or disposals in current year. Further information on the Library's capital assets can be found in the notes to the financial statements.

Debt

At year-end, the Library had $2,987,345 in bonds and leases outstanding as depicted in Table 5 below.

Table 5
Outstanding Debt at Year-End

	Governmental Activities	
	2022	2021
Library Improvement Bonds	$2,980,000	$3,200,000
Leases	7,345	-
Total	$2,987,345	$3,200,000

During the year the Library made the annual debt service payments totaling $330,500 including principal of $220,000. Additionally, the Library adopted GASB 87 which required disclosing lease liability, which were previously accounted for as operating leases. For purposes of the above table, fiscal year 2021 amounts were not restated. See the notes to the financial statements for details on the effects of the adoption of GASB 87 on the beginning debt balances.

No debt was issued in the current year. Further details on long-term debt can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The five-member Board of Trustees of the Peter White Public Library are appointed by the Mayor of the City of Marquette and approved by the City Commission. The Board is responsible for setting the annual operating budget, managing investments, hiring a Library Director and setting Library policy.

The Library operations are supported by the City of Marquette with a millage of 1.5 mills. This millage was first approved by Marquette voters in 1891 and again in 1929. The millage is levied in perpetuity. In November 2018 residents voted to restore the 1.5 mil levy via a Headlee Override ballot initiative. Chocolay township and Sands township also approved Headlee overrides to restore the full 1.0 mil levy. In the FY21/22 Budget City of Marquette tax revenue accounted for 48% of the annual budget. Tax revenues from the Contracts for Library Service with Chocolay, Marquette, Sands, Skandia and West Branch townships accounted for 32% of the FY21/22 budget.

The Library was on the ballot in each of the contracted townships: Marquette and West Branch Townships in 2022. Both of these ballot proposals were successful at or above 70% yes. The Library will be on the ballot again in 2024 in Chocolay, Marquette, Sands, Skandia, and West Branch Townships.

The Library's budget continues to be impacted by tax tribunal settlements in our service area. In addition, the penal fines collected in FY 2021/2022 were down significantly. We are projecting that this will be the case in FY 2022/2023 as well. Library administration continue to monitor potential changes which might impact the Library's tax base. Most notably these include: Michigan Tax Tribunal settlements, tax settlement (out of court) with City or Township officials, Brownfield construction, TIF districts, DDA districts, and the closure/relocation of taxed businesses. Additionally, the Library has experienced a significant decrease in the penal fines collected.

Library staff, represented by AFSCME, signed a three-year labor agreement with the Peter White Public Library in September 2022. This agreement is effective October 1, 2022 to September 30, 2025. This negotiation netted many changes to library benefits aimed at stabilizing the library's MERS benefit liability in the future. The library froze MERS Defined Benefit enrollments after October 1, 2019. New full-time employees will be enrolled in Defined Contribution. Additionally, current enrollees in Defined Benefit have increased their contribution to 7% the library did not reduce the level of funding committed to MERS Defined Benefit as a result of this increase.

Despite increased payments into the MERS surplus plan the library continues to carry a concerning unfunded liability. The changes made in the current contract will not impact the library's budget in a meaningful way for several decades.

AFSCME represented employees and administrative staff share in the premium payments for health insurance, the Library is contributing the full hard cap amount toward this benefit. In June 2016 the Library converted from a traditional Health Care plan to a Wrap plan used by the City of Marquette. This plan is managed by 44 North and has resulted in stabilized healthcare costs for the Library and robust coverage for staff. This continues to be a good financial arrangement for the Library and it allows the library to continue providing an important level of healthcare coverage benefits for staff.

The Carroll Paul Memorial Trust Fund and the Peter White Public Library General Fund Trust continue to supplement the PWPL general operating budget. The Carroll Paul Memorial Trust Fund provides revenue to support the purchase of musical equipment, materials, programs, and equipment. The General Fund Trust provides funding for emergency capital improvements and repairs. Market performance has been an issue in this fiscal year, and it is believed that trend will continue for the next several months.

The Library's sustainability plan includes maintaining a strong Fund Balance for use in emergency situations. This Fund Balance will help insulate the Library from future tribunal settlement payouts and will put the Library in a better financial position overall. On June 15, 2021 the Library Board of Trustees approved a Fund Balance Policy to help manage the future of these funds.

The Board of Trustees has asked the administrative staff to closely monitor revenues and expenditures to maintain a balanced budget. Reporting mechanisms have been developed by City of Marquette Finance and Accounting staff and the Finance Director to clearly inform the Board about financial matters. The Library Administration and Board of Trustees accept their responsibility to maintain a balanced budget and to use financial resources in a manner that maximizes effective operation of the Library. They continue to work with City of Marquette officials and staff to improve their fiscal oversight and meet all State and local fiduciary responsibilities in a professional manner.

CONTACTING THE LIBRARY FINANCIAL MANAGEMENT

This financial report is designated to provide our customers, investors and creditors with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Library Director at Peter White Public Library, 217 North Front Street, Marquette, Michigan, 49855.

City of Marquette, Michigan
Peter White Public Library

STATEMENT OF NET POSITION

September 30, 2022

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 1,053,549
Investments	371,534
Taxes receivable, net	58,313
Accounts receivable, net	10,183
Prepaid expenses	19,083
Lease receivable	26,800
Non-current Assets:	
Restricted cash and cash equivalents	525,528
Restricted investments	1,464,612
Lease receivable	57,306
Capital assets:	
Land and construction in progress	114,704
Other capital assets, net	6,974,487
TOTAL ASSETS	10,676,099
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pension	158,338
Employer contributions subsequent to measurement date	59,280
TOTAL DEFERRED OUTFLOWS OF RESOURCES	217,618
LIABILITIES	
Current Liabilities:	
Accounts payable	47,456
Accrued liabilities	74,173
Due to others	10,894
Non-current Liabilities:	
Due or payable within one year	
Bonds payable	230,000
Lease payable	4,111
Due or payable after one year	
Bonds payable	3,013,582
Lease payable	3,234
Compensated absences	72,395
Net pension liability	732,768
TOTAL LIABILITIES	4,188,613
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to leases	80,856
Deferred amounts related to pension	271,192
Taxes levied for a subsequent period	925,809
TOTAL DEFERRED INFLOWS OF RESOURCES	1,277,857
NET POSITION	
Net investment in capital assets	3,838,264
Restricted:	
Retirement of debt	267,923
Other activities	1,558,697
Unrestricted	(237,637)
TOTAL NET POSITION	$ 5,427,247

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

City of Marquette, Michigan
Peter White Public Library

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2022

Function / Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:				
Recreation and culture	$ 2,440,451	$ 147,921	$ 1,185,787	$ (1,106,743)
Interest on long-term debt	103,090	-	-	(103,090)
TOTAL GOVERNMENTAL ACTIVITIES	$ 2,543,541	$ 147,921	$ 1,185,787	(1,209,833)
General Revenues:				
Property taxes				1,275,526
Interest and investment earnings				(159,151)
Gain/(loss) on sale of fixed assets				2
Miscellaneous				38,490
Total General Revenues				1,154,867
Net change in net position				(54,966)
Net position, beginning of year, as restated				5,482,213
Net position, end of year				$ 5,427,247

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

City of Marquette, Michigan
Peter White Public Library

GOVERNMENTAL FUNDS

BALANCE SHEET

September 30, 2022

	General Fund	Carroll Paul Memorial Trust Fund	Library Improvement Debt Service Fund	Peter White Public Library Development Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,053,549	$ 8,278	$ 450,526	$ 66,724	$ 1,579,077
Investments	371,534	790,442	-	674,170	1,836,146
Taxes receivable, net	47,259	-	11,054	-	58,313
Accounts receivable, net	10,183	-	-	-	10,183
Prepaid expenses	19,083	-	-	-	19,083
TOTAL ASSETS	1,501,608	798,720	461,580	740,894	3,502,802
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 1,501,608	$ 798,720	$ 461,580	$ 740,894	$ 3,502,802
LIABILITIES					
Accounts payable	$ 47,456	$ -	$ -	$ -	$ 47,456
Accrued salaries and wages	20,573	-	-	-	20,573
Due to others	9,663	-	1,231	-	10,894
TOTAL LIABILITIES	77,692	-	1,231	-	78,923
DEFERRED INFLOWS OF RESOURCES					
Taxes levied for a subsequent period	733,383	-	192,426	-	925,809
TOTAL DEFERRED INFLOWS OF RESOURCES	733,383	-	192,426	-	925,809
FUND BALANCE					
Non-spendable	19,083	-	-	-	19,083
Restricted:					
Capital Projects	-	-	-	-	-
Debt Retirement	-	-	267,923	-	267,923
Endowments	-	798,720	-	740,894	1,539,614
Unassigned	671,450	-	-	-	671,450
TOTAL FUND BALANCE	690,533	798,720	267,923	740,894	2,498,070
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	$ 1,501,608	$ 798,720	$ 461,580	$ 740,894	$ 3,502,802

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

City of Marquette, Michigan
Peter White Public Library

RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE STATEMENT OF NET POSITION

September 30, 2022

Total Fund Balances for Governmental Funds		$ 2,498,070
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and leased assets are used in governmental activities are not financial resources and therefore are not reported in the funds		
Cost of capital assets	$ 14,285,576	
Accumulated depreciation and amorization	(7,196,385)	7,089,191
Lease receivables and deferred inflows related to leases used in governmental activities relate to future periods and as such are not reported in the funds.		
Lease receivable within one year	26,800	
Lease receivable greater than one year	57,306	
Deferred amounts related to leases	(80,856)	3,250
Net pension liability, and related deferred (outflows)/inflows of resources, is not due and payable in the current period and is not reported in the funds.		
Net pension liability	(732,768)	
Deferred outflows of resources related to net pension liability	158,338	
Employer contributions subsequent to measurement date	59,280	
Deferred inflows of resources related to net pension liability	(271,192)	(786,342)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable - due in one year	(230,000)	
Bonds payable - due in more than one year	(2,750,000)	
Premium on Bond	(263,582)	
Accrued interest on debt	(53,600)	
Lease payable - due in one year	(4,111)	
Lease payable - due in more than one year	(3,234)	
Compensated absences	(72,395)	(3,376,922)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 5,427,247

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

City of Marquette, Michigan
Peter White Public Library

GOVERNMENTAL FUNDS

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Fiscal Year Ended September 30, 2022

	General Fund	Carroll Paul Memorial Trust Fund	Library Improvement Debt Service Fund	Peter White Public Library Development Fund	Total Governmental Funds
REVENUES:					
Property taxes	$ 947,901	$ -	$ 327,625	$ -	$ 1,275,526
Federal sources	21,994	-	-	-	21,994
State sources	75,345	-	-	-	75,345
Local sources	628,960	-	-	-	628,960
Charges for services	33,420	-	-	-	33,420
Fines and forfeiture	76,090	-	-	-	76,090
Rentals	37,094	-	-	-	37,094
Contributions from private sources	169,326	-	-	290,162	459,488
Investment income	(70,595)	(153,469)	-	64,913	(159,151)
Other	14,528	-	-	-	14,528
TOTAL REVENUES	1,934,063	(153,469)	327,625	355,075	2,463,294
EXPENDITURES:					
Recreation and Culture:					
Personnel services	1,445,810	-	-	-	1,445,810
Supplies	423,983	-	-	-	423,983
Other services and charges	88,086	-	520	162,236	250,842
Capital outlay	74,147	-	-	-	74,147
Debt service:					
Principal retirement	-	-	220,000	-	220,000
Interest and fiscal charges	-	-	110,500	-	110,500
TOTAL EXPENDITURES	2,032,026	-	331,020	162,236	2,525,282
NET REVENUES OVER EXPENDITURES	(97,963)	(153,469)	(3,395)	192,839	(61,988)
OTHER FINANCING SOURCE (USES):					
Proceeds from sale of fixed assets	2	-	-	-	2
Transfers in	36,000	-	-	-	36,000
Transfers (out)	-	(36,000)	-	-	(36,000)
TOTAL OTHER FINANCING SOURCES (USES)	36,002	(36,000)	-	-	2
NET CHANGE IN FUND BALANCE	(61,961)	(189,469)	(3,395)	192,839	(61,986)
Fund balance, beginning of year	752,494	988,189	271,318	548,055	2,560,056
FUND BALANCE, END OF YEAR	$ 690,533	$ 798,720	$ 267,923	$ 740,894	$ 2,498,070

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

City of Marquette, Michigan
Peter White Public Library

RECONCILIATION OF THE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Fiscal Year Ended September 30, 2022

Net Change in Fund Balances - Total Governmental Funds		$ (61,986)
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 as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlays	$ -	
Depreciation and amorization expense	(206,368)	
Net book value of disposals	-	(206,368)
Issuance of bond principal is a revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.		-
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		220,000
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		4,110
Governmental funds report the effect of premiums and similar items when debt is first issue, whereas these amounts are amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt		23,962
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditures is reported when due.		3,300
Payments received related to leases is revenue in the fund financial statements, but on the statement of net position these amounts reduce the outstanding lease receivable and deferred amounts related to leases.		
Lease principal received	(25,635)	
Amortization of deferred amounts related to leases	26,952	1,317
Some expenses such as accrued sick and vacation expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(7,771)
Net pension liability reported in the statement of activities does not require the use of current resources, and therefore, is not reported in the fund statements until it is due for payment.		
Pension expense		(31,530)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ (54,966)

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Peter White Public Library (the Library) conform to accounting principles generally accepted in the United States of America applicable to local governmental units as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The following is a summary of the more significant policies.

DESCRIPTION

The Library is a discretely presented component unit of the City of Marquette, Michigan and was created under Local Acts of 1891, Section No. 254. The Library's governing body consists of five trustees appointed by the City of Marquette's Mayor with the confirmation of the City Commission.

(1) REPORTING ENTITY

The Library is a discretely presented component unit of the City of Marquette, Michigan and was created under Local Acts of 1891, Section N. 254. The Library's governing body consists of five trustees appointed by the City of Marquette's Mayor with the confirmation of the City Commission. In evaluating the Library as a reporting entity, management has addressed all potential component units (traditionally separate reporting units) for which the Library may or may not be financially accountable and, as such, be includable within the Library's financial statements. In accordance with GASB Statement No. 14, the Library (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or impose specific financial burden on the Library. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

BLENDED COMPONENT UNIT

Peter White Public Library Development Fund

The Peter White Public Library Development Fund (the Development Fund) is a legally separate, tax-exempt component unit of the Peter White Public Library (the Library). The Development Fund acts primarily as a fund-raising organization to supplement the resources that are available to the Library in support of its programs. The six-member board of the Development Fund consists of one (1) member from the Library's Board of Trustees, one (1) member servicing as Treasurer of the Development Fund, three (3) community members appointed by the Library's Board of Trustees, and one (1) member from the Friends of the Library Board. Although the Library does not control the timing or amount of receipts from the Development Fund, the majority of resources, or income thereon that the Development Fund holds and invests are restricted to the activities of the Library by the donors. Because these restricted resources held by the Development Fund can only be used by, or for the benefit of, the Library, the Development Fund is considered a component unit of the Library and is discretely presented in the Library's financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The Development Fund is a private nonprofit organization and as such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The Development Fund has a calendar year end and its most recent financial information is as of December 31, 2020. No modifications have been made to the Development Fund's financial information in the Library's financial reporting entity for these differences. Under GASB 80, the Development Fund is required to be presented as a blended component unit of the Library.

During the year ended September 30, 2022, the Development Fund distributed $71,296 to the Library for both restricted and unrestricted purposes. Separate financial statements for the Development Fund are not developed; however, information can be obtained from the Peter White Public Library upon request, located at 217 North Front Street, Marquette, Michigan 49855.

(2) GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds). The government-wide financial statements (i.e. the statements of net position and the statement of activities) report information on all of the non-fiduciary activities of the government. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function are offset by program revenues. Direct expenses (including depreciation) are those that are clearly identifiable with a specific function. 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 and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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 funds are reported as separate columns in the fund financial statements.

(3) MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FUND FINANCIAL STATEMENTS

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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 revenues 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

The Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the Library receives the cash.

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

The financial transactions of the Library are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, restrictions, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The Library reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.

Carroll Paul Memorial Trust Fund – The Carroll Paul Memorial Trust fund is a special revenue fund of the Library. It is used to account for the trust arrangement that supports the musical programs of the Library.

Library Improvement Debt Service Fund – The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Peter White Public Library Development Fund – Used to account for the activity of the Library's blended component unit in accordance with GASB 80.

(4) FINANCIAL STATEMENT AMOUNTS

Budgets and Budgetary Accounting – The City of Marquette follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Commission a proposed operating budget, approved by the Library's Board of Trustees for the ensuing fiscal year commencing October 1 in accordance with Section 8.2 of the City Charter. The operating budget includes proposed expenditures and the means of financing them.

2. Prior to its adoption, a public hearing is conducted at City Hall to obtain taxpayer comments.

3. Not later than the first Monday in August, the budget is adopted by the City Commission in accordance with the provisions of Section 8.6 of the City Charter.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

4. The City Commission adopts the budget by functional categories as presented in the Combined Statements. Any transfers of appropriations between functions must be approved by the City Commission. All unexpended appropriations lapse at year end.

5. Formal budgetary integration is employed as a management control device for the General fund, all Special Revenue Funds, Debt Service Funds and Capital Projects Funds. Informational budget summaries only are adopted for the Enterprise and Internal Service Funds. Such funds are not covered under the State of Michigan's Public Act 621 nor the City of Marquette's General Appropriations Act.

6. The City Commission has the authority to amend the budget when it becomes apparent that deviations in the original budget will occur and the amount of the deviation can be determined. Once originally adopted, the budget was formally amended during the fiscal year.

7. The legally adopted budgets for the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds and the informational summaries for the Enterprise and Internal Service Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Cash and Cash Equivalents – For purposes of balance sheet classification, the Library considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The fair value measurements of investments are based on the hierarchy established by generally accepted accounting principles, which has three levels based on the valuation inputs used to measure an asset's fair value.

Investments **–** Investments are recorded at fair value, based on quoted market prices.

Interfund Activity – The effect of interfund activity has been eliminated from the government-wide statements. In the fund financial statements, transfers represent flows of assets between funds without equivalent flows of assets in return or a requirement for repayment. To the extent that certain transactions between funds had not been paid or received as of fiscal year end, balances of interfund accounts receivable or payable have been recorded in the fund financial statements.

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

Lease Receivable – In the government-wide financial statements, a lease receivable is reported for assets owned by the Library for which a right to use contract has been entered into with another entity. A receivable for the present value of the future lease payments is reported on the statement of net position along with a deferred inflow of resources for the amount of the unavailable revenue.

Capital Assets **–** Capital assets, which include property, plant and equipment, are reported within the governmental activities in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements. Accumulated depreciation is reported on the government-wide statement of net position. The straight-line depreciation method is applied over the estimated useful life of capital assets. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	25-40 years
Equipment and furnishings	5-15 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports the following in this category:

> The government reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plan.
>
> The Library is included in the City of Marquette's pension plan which has a plan year of January 1 to December 31, while the City has a fiscal year of October 1 to September 30. Under GASB 71, the contributions made to the plan subsequent to the measurement date are reported as deferred outflows of resources.

Long-Term Liabilities – In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position. In the governmental funds' financial statements, long-term debt is not reported as liabilities. The debt proceeds are reported as other financing sources and the payment of principal and interest is reported as expenditures. The Library's debt consists primarily of bonds that are the general obligation of the Library and is backed by the City of Marquette's full faith and credit.

Lease Payable – In the government-wide financial statements, a lease payable is reported as a liability in the statement of net position for lease transactions that are not deemed to be short term leases. Under GASB 87 a lease is defined as "a contract that conveys control of the right to use another entity's nonfinancial asset (underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction". The Library records a liability for leases of equipment, which give the Library the right to use such assets. Conversely, an intangible right to use asset is also recorded on the statement of net position, which is amortized over the shorter of the lease term or the useful life of the underlying asset.

Compensated Absences – The Library accrues accumulated unpaid benefit time and associated employee-related costs when earned (or estimated to be earned) by the employee. A liability for these amounts is reported in the governmental funds based on historical estimates of the amount of compensated absences that will use current expendable resources, or if the liability has matured, for example, as a result of employee resignations and retirements. The noncurrent portion (the amount estimated to be used in subsequent fiscal year) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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

Deferred Inflows of Resources – In addition to liabilities, the statement of net position and governmental funds balance sheet 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government reports the following in this category:

> The government-wide and governmental fund financial statements report deferred inflows of resources for property taxes levied during the year that were intended to finance future periods. The Library has reported unavailable revenue of $925,809, which relates to its portion of the City of Marquette's 2022 tax levy.
>
> The government reports deferred inflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plan.
>
> The government reports deferred inflows of resources in the Statement of Net Position for amounts related to long-term lease receivables. In accordance with GASB 87, amounts related to lease revenue are required to be amortized in a systematic and rational manner over the term of the lease agreement.

Property Taxes – City of Marquette property taxes attach as an enforceable lien on property as of January 1. Taxes are levied no later than the third Monday in May and payable on July 1. Taxes receivable are recorded when levied, as the legal right to receive exists. However, such revenues are not normally received until after the 60-day period following the fiscal year-end. Accordingly, deferred inflows of resources are being recognized for such amounts.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and affect the disclosure of contingent assets and liabilities at the date of financial statements. These estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events – Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through March 20, 2023, which is the date of the accompanying independent auditor's report, which is the date the financial statements were available to be issued.

NOTE B – DEPOSITS AND INVESTMENTS:

Cash Equivalents

As of September 30, 2022, the Library's cash and cash equivalents and investments were reported in the Government-wide Statement of Net Position as follows:

		Total Primary Government
Unrestricted:		
Cash and cash equivalents		$1,053,549
Investments		371,534
	Subtotal	1,425,083
Restricted:		
Cash and cash equivalents		525,528
Investments		1,464,612
	Subtotal	1,990,140
	Total	$3,415,223

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 to it. State law does not require, and the Library does not have, a deposit policy for custodial credit risk. As of September 30, 2022, the carrying amount of the Library's deposits with financial institutions was $1,579,077 and the bank balance was $1,577,378. The bank balance is insured by the FDIC or uncollateralized with securities held by the Library in its name to the extent of the City of Marquette's pooled cash categorization.

Investments

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of September 30, 2022, the Library had the following investments:

			Investment Maturities (in years)			
	Level	Fair Value	Less than 1	1-5	6-10	More than 10
Mutual funds	1	$1,553,422	$1,553,422	$-	$-	$-
Exchange traded funds	1	282,724	282,724	-	-	-
TOTAL		$1,836,146	$1,836,146	$-	$-	$-

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the Library's investments. The Library does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE B – DEPOSITS AND INVESTMENTS (Continued):

Credit Risk

Michigan statutes authorize the Library to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The Library has no investment policy that would further limit its investment choices. The Library's investments in Mutual Bond Funds are rated A3 to AAA by Moody's and the remaining investments are not subject to ratings. The Library's investments are in accordance with statutory authority.

Concentration of Credit Risk

The Library places no limit on the amount the Library may invest in any one issuer. There were no investments subject to the concentration of credit risk disclosure.

NOTE C – INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS:

The Library reports interfund balances between some of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds.

Interfund transactions resulting in interfund receivables and payables are as follows:

Fund	Due From Other Funds	Fund	Due To Other Funds
None	$-	None	$-

All internal balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The interfund transfers for the year are as follows:

Fund	Transfers In	Fund	Transfers Out
General Fund	$36,000	Carroll Paul Memorial Trust Fund	$36,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE D – LEASE RECEIVABLE:

Community Art Center

Approximately 3,600 square feet of building space is leased for a Community Art Center. This agreement qualifies as a long-term agreement as the Library will not surrender control of the building at the end of the term and the noncancelable portion of the agreement surpasses one year. Payments are fixed monthly installments of $2,500. The present value of this agreement was discounted using an annual interest rate of 4.45 percent based on the weighted average of the City of Marquette's most recently issued debt transaction.

Below is a summary of material lease agreements:

Lessee	Term	Lease Receivable	Lease Revenue	Interest Revenue
City of Marquette	60 months	$84,106	$25,635	$4,365

The Library implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, the amount of lease receivable has been added to the beginning balances shown above and a corresponding deferred inflow has been recorded.

NOTE E – CAPITAL ASSETS:

Capital asset activity for the year is as follows:

	Balance 9/30/2021*	Additions	Deletions	Balance 9/30/2022
Capital assets not being depreciated / amortized:				
Land	$114,704	$-	$-	$114,704
Construction in progress	-	-	-	-
Subtotal	114,704	-	-	114,704
Capital assets being depreciated / amortized:				
Land improvements	117,250	-	-	117,250
Building	4,154,245	-	-	4,154,245
Building improvements	8,865,491	-	-	8,865,491
Furniture and equipment	1,013,636	-	-	1,013,636
Intangible – leased equipment	20,250	-	-	20,250
Subtotal	14,170,872	-	-	14,170,872
Total Capital Assets	14,285,576	-	-	14,285,576
Less accumulated depreciation / amortization:				
Land improvements	(74,294)	(5,543)	-	(79,837)
Buildings	(31,348)	(1,202)	-	(32,550)
Building improvements	(5,863,364)	(194,088)	-	(6,057,452)
Furniture and equipment	(1,012,151)	(1,485)	-	(1,013,636)
Intangible – leased equipment	(8,860)	(4,050)	-	(12,910)
Total Accumulated Depreciation / Amortization	(6,990,017)	(206,368)	-	(7,196,385)
Capital Assets, net	$7,295,559	($206,368)	$-	$7,089,191

NOTE E – CAPITAL ASSETS (Continued):

*The Library implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, the value of the right to use leased assets and the associated amortization of the right to use has been added to the beginning balances shown above.

Total depreciation and amortization expense of $206,368 was included in the Recreation & Culture program governmental activities.

NOTE F – LONG-TERM DEBT:

Changes in long-term debt are summarized as follows:

	Balance 9/30/2021*	Additions	Deductions	Balance 9/30/2022	Due Within One Year
2017 GO Bonds – Library Improvement	$3,200,000	$-	($220,000)	$2,980,000	$230,000
Add: Deferred premium	287,544	-	(23,962)	263,582	-
Total Bonds	3,487,544	-	(243,962)	3,243,582	230,000
Leases:					
Xerox Copier Lease	5,785	-	(2,228)	3,557	2,229
Sharp Copier Lease	5,670	-	(1,882)	3,788	1,882
Total Leases	11,455	-	(4,110)	7,345	4,111
Compensated Absences	64,624	7,771	-	72,395	-
TOTAL LONG-TERM DEBT	$3,563,623	$7,771	($248,072)	$3,323,322	$234,111

*The Library implemented the provisions of GASB Statement No. 87, *Leases*, in the current year. In accordance with this Statement, the value of leases payable has been added to the beginning balances shown above.

2017 General Obligation Unlimited Tax Bonds

On October 3, 2017, the Library issued $3,845,000 in General Obligation Unlimited Tax Bonds; Series 2017 with an interest rate ranging 2.0% to 4.0%. The Bonds were issued for the purpose of financing restoration and renovation projects at the Library.

XEROX Copier Lease

In May 2019, the Library leased a self-service XEROX copy machine for a term of 60 months with monthly payments of $185.85. There was no stated interest rate in the lease agreement. For purposes of GASB 87 the Library imputed the interest rate based on the weighted average of its most recent debt financing transaction. The lease does not disclose a purchase option and the Library does not intend to purchase the equipment at the end of the five year term. The lease does not cover maintenance and supply, which is a separate contract.

Sharp Copier Lease

In October 2019, the Library leased a Sharp copy machine for a term of 60 months with monthly payments of $157.00. There was no stated interest rate in the lease agreement. For purposed of GASB 87 the Library imputed the interest rate based on the weighted average of its most recent debt financing transaction. The lease does not disclose a purchase option and the Library does not intend to purchase the equipment at the end of the five year term.

NOTE F – LONG-TERM DEBT (Continued):

The detail of the annual principal and interest requirements through maturity is as follows:

Year Ending September 30:	Principal	Interest	Totals
2023	$234,111	$103,753	$337,864
2024	238,211	97,951	336,162
2025	250,023	93,100	343,123
2026	245,000	85,700	330,700
2027	255,000	75,700	330,700
2028-2032	1,440,000	213,600	1,653,600
2033	325,000	6,500	331,500
Total	$2,987,345	$676,304	$3,663,649

Interest expense incurred on bonds was $110,500 for the year ended September 30, 2022.

NOTE G – COMPENSATED ABSENCES:

Paid Time Off – Full-time (39 hour) employees hired after 10/1/2019 earn paid time off ranging from 17.5 hours to 28 hours per month depending on years of service and education level. Full-time employees hired prior to 10/1/2019 are grandfathered in with an accumulation scale ranging from 17.5 hours to 31 hours per month depending on years of service and education level. Full-time (32 hour) employees earn paid time off ranging from 10 to 17 hours per month depending on years of service. Part-time employees working less than 30 hours per week earn paid time off ranging from 5 to 11 hours per month depending on years of service. Upon retirement or termination, employees are paid for such paid time off accumulated at that time up to a maximum of one year's accumulated paid time off.

The liabilities for accumulated unpaid benefit time at September 30, 2022 are as follows:

Current portion	$-
Long-term portion	72,395
Total	$72,395

NOTE H – FUND BALANCES – GOVERNMENTAL FUNDS:

Fund balances of the governmental funds are classified as follows:

Non-spendable — amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees. The Board of Trustees is the highest level of decision-making authority for the Library. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Trustees.

NOTE H – FUND BALANCES – GOVERNMENTAL FUNDS (Continued):

Assigned — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board of Trustees may assign amounts for specific purposes.

Unassigned — all other spendable amounts.

As of September 30, 2022, fund balances are composed of the following:

	General Fund	Carroll Paul Memorial Trust Fund	Library Improvement Debt Fund	PWPL Development Fund	Total Governmental Funds
Non-spendable:					
Prepaid expenses	$19,083	$-	$-	$-	$19,083
Restricted:					
Debt retirement	-	-	267,923	-	267,923
Endowments	-	798,720	-	740,894	1,539,614
Unassigned	671,450	-	-	-	671,450
Total fund balances	$690,533	$798,720	$267,923	$740,894	$2,498,070

The Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board of Trustees through amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Library considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Library considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

NOTE I – DEFINED BENEFIT PENSION PLAN:

Plan Description

The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer 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.

NOTE I – DEFINED BENEFIT PENSION PLAN (Continued):

Benefits Provided

	2021 Valuation		
	07 PW Lbry Snr (Closed Division)	12 P White Lby (Closed Division)	70 PW Lbry Admin (Closed Division)
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60	60
Vesting:	10 years	10 years	10 years
Early Retirement (Unreduced):	55/25	55/25	55/25
Early Retirement (Reduced):	50/25; 55/15	50/25; 55/15	50/25; 55/15
Final Average Compensation:	5 years	5 years	5 years
COLA for Future Retirees:	2.5% (Non-Compound)	N/A	N/A
Employee Contributions:	0.00%	7.00%	6.70%
DC Plan for New Hires:	6/1/2016	10/1/2019	10/1/2019
Act 88:	Yes (Adopted 2/8/1965)	Yes (Adopted 2/8/1965)	Yes (Adopted 2/8/1965)

Employees covered by benefit terms:

At the December 31, 2021 valuation date, the following employees were covered by the benefit terms:

Active employees	9
Inactive employees entitled to but not yet receiving benefits	1
Inactive employees or beneficiaries currently receiving benefits	14
Total	24

NOTE: Does not include pending refunds.

Contributions:

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

Employer and employee contribution rates are as follows as of December 31, 2021:

	Employer	Employee
07 – Pw Lbry Snr	$1,749	0.00%
12 – P White Lby	$4,604	7.00%
70 – PW Lbry Adm	$2,741	6.70%

For open divisions a percentage of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

NOTE I – DEFINED BENEFIT PENSION PLAN (Continued):

Net Pension Liability:

The employer's Net Pension Liability was measured as of December 31, 2021, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial assumptions:

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

Inflation: 2.50%

Salary Increases: 3.00% plus merit and longevity; 3.00% in the long-term

Investment Rate of Return: 7.00%, net of investment and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.00% long-term wage assumption would be consistent with a price inflation of 3-4%.

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

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

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

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global Equity	60.0%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.0%	4.50%	0.90%	2.50%	0.40%
Private Investments	20.0%	9.50%	1.90%	2.50%	1.40%
	100.0%		7.00%		4.50%

Discount rate:

The discount rate used to measure the total pension liability is 7.25% for 2021. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be

NOTE I – DEFINED BENEFIT PENSION PLAN (Continued):

available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

Calculating the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Pension (b)	Net Pension Liability (a)-(b)
Balances as of 12/31/2020	$3,734,765	$2,825,867	$908,898
Changes for the Year:			
Service costs	48,398	-	48,398
Interest on total pension liability	276,563	-	276,563
Changes in benefits	-	-	-
Difference between expected and actual experience	(95,831)	-	(95,831)
Changes in assumption	127,710	-	127,710
Employer contributions	-	117,462	(117,462)
Employee contributions	-	26,716	(26,716)
Net investment income	-	391,706	(391,706)
Benefit payments, including employee refunds	(281,444)	(281,444)	-
Administrative expense	-	(4,490)	4,490
Other changes	(1,577)	(1)	(1,576)
Net Changes	73,819	249,949	(176,130)
Balances as of 12/31/2021	$3,808,584	$3,075,816	$732,768

Sensitivity of the Net Pension Liability to changes in the discount rate:

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.60%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25 %) or 1% higher (8.25%) than the current rate.

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net Pension Liability at 12/31/2021	$732,768	$732,768	$732,768
Change in Net Pension Liability (NPL)	409,804	-	(346,107)
Calculated NPL	$1,142,572	$732,768	$386,661

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

NOTE I – DEFINED BENEFIT PENSION PLAN (Continued):

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

For the year ended September 30, 2022, the employer recognized pension expense (benefit) of $31,530. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences in experience	$-	($41,123)
Differences in assumptions	158,338	-
(Excess) Deficit Investment Returns	-	(230,069)
Subtotal	158,338	($271,192)
Contributions subsequent to the measurement date*	59,280	
Total	$217,618	

*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending September 30, 2023.

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

Deferred (Inflows) and Deferred Outflows of Resources by Year (to Be Recognized in Future Pension Expenses)

Plan Year Ended December 31,	Amount
2022	$72,245
2023	(80,916)
2024	(65,789)
2025	(38,394)
2026	-
Thereafter	-
Total	($112,854)

Payable to Pension Plan:

At September 30, 2022, the Library reported a payable of $-0- for the outstanding amount of the contributions to the pension plan required for the year ended September 30, 2022.

NOTE J – DEFINED CONTRIBUTION PENSION PLANS:

The Library provides pension plan benefits to some employees through use of a defined contribution pension plan. In a defined contribution pension plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. The Library established the MERS Benefit Program DS in the form of the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust, as amended by and authorized by Section 19A of the Municipal Employees' Retirement System of Michigan Plan Document. The ICMA Retirement Corporation

NOTE J – DEFINED CONTRIBUTION PENSION PLANS (Continued):

is the Plan Administrator and the Library has agreed to the commingled investment of assets of the plan with the ICMA Retirement Trust.

Plan members are required to contribute 3% of covered earnings and the Library is required to contribute 13% of covered earnings. In accordance with these requirements, the Library contributed $10,854 during the current year and employee contributed $2,505. The employees under the plan are immediately vested. At September 30, 2022, there was 1 plan member.

Full-time employees hired on or after October 1, 2019 are enrolled in a separate Defined Contribution Plan. Plan members are required to contribute 5% of covered earnings and the Library is required to contribute 12% of covered earnings. In accordance with these requirements, the Library contributed $28,777 during the current year and employee contributed $11,990. The employees covered under this plan are vested after three years of service. At September 30, 2022, there were 8 plan members.

NOTE K– TAX ABATEMENTS:

For financial reporting purposes, GASB Statement No. 77, *Tax Abatement Disclosures*, defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. The Statement requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and about tax abatement agreements entered into by other governments that reduce the reporting government's tax revenues.

The Library receives reduced property tax revenues as a result of Industrial Facilities Tax (IFT) exemptions and Brownfield exemptions granted by the City of Marquette in accordance with State laws. These tax exemptions are intended to promote economic development and/or growth within the issuing government's jurisdiction.

For purposes of disclosure under GASB 77, the Library discloses tax abatements by issuing government and type greater than $1,000 in the aggregate. Information relevant to tax abatements within the Library for the year ended September 30, 2022 are as follows:

Issuing Government	Type of Tax Abatement Agreement	Tax Abated	Gross Amount Abated in Fiscal Year
City of Marquette	IFTs	Property Taxes	$20,479
City of Marquette	Brownfields	Property Taxes	163,529
			$184,008

For the fiscal year ended September 30, 2022, there were no significant tax abatements made by the Library.

NOTE L – NEW GASB STANDARDS:

Management of the Library has reviewed the following pronouncements released by the Governmental Accounting Standards Board (GASB) that are effective in the current fiscal year for applicability. Pronouncements deemed applicable to the Library by management are described

NOTE L – NEW GASB STANDARDS (Continued):

below in *Recently Issued and Adopted Accounting Pronouncements*; pronouncements not applicable are described in *Other Recently Issued Accounting Pronouncements*.

Recently Issued and Adopted Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognize as inflows of resources or outflows of resources on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement was originally effective for periods beginning after December 15, 2019. However, under GASB 95, the effective date was postponed by 18 months, to periods beginning after June 15, 2021. The Library has implemented the requirements of the activities which apply to the Library under GASB 87. As enumerated upon in Note N, net position at the beginning of the year has been restated to retroactively apply the requirements of this statement.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. GASB 92 enhances comparability of accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the effective date of Statement No. 87, *Leases,* and Implementation Guide No. 2019-3, *Leases,* for interim financial reports. This Statement also addresses reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68,* as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* as amended, to reporting assets accumulated for postemployment benefits are also discussed along with the applicability of certain requirements of Statement No. 84, *Fiduciary Activities,* to postemployment benefit arrangements. Lastly, the Statement discusses measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature, and terminology used to refer to derivative instruments. This Statement was originally effective for periods beginning after June 15, 2020. However, under GASB 95, the effective date was postponed by one year, to periods beginning after June 15, 2021. The Library does have activities that meet the criteria for GASB 92; therefore, GASB 92 is applicable to the Library.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32.* GASB 97 increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform. This Statement also mitigates costs associated

NOTE L – NEW GASB STANDARDS (Continued):

with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements. Lastly, this Statement enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This statement is effective for periods beginning after June 15, 2021. The Library does have activities that meet the criteria for GASB 97; therefore, GASB 97 is applicable to the Library.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objective of GASB 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing 1) practice issues that have been identified during implementation and application of certain GASB Statements and 2) accounting and financial reporting for financial guarantees. GASB 99 includes requirements related to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 and are effective upon issuance. GASB 99 also has requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022 with early implementation permitted. The last requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023 with early implementation permitted. The Library has implemented the requirements of the activities which apply to the Library under GASB 99; therefore, GASB 99 is applicable to the Library.

<u>Other Recently Issued Accounting Pronouncements</u>

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*. GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that was previously accounted for in accordance with the requirements of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statement prepared using the economic resources measurement focus. This Statement was originally effective for periods beginning after December 15, 2019. However, under GASB 95, the effective date was postponed by one year, to periods beginning after December 15, 2020. The Library does not have activities that meet the criteria for GASB 89; therefore, GASB 89 is not applicable to the Library.

NOTE M – UPCOMING STANDARDS:

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the Library in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the Library.

NOTE M – UPCOMING STANDARDS (Continued):

GASB 91: Conduit Debt Obligations
Originally effective for fiscal years beginning after December 15, 2020; postponed by GASB 95 to fiscal years beginning after December 15, 2021 (Library's fiscal year 2023)

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for account and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.

NOTE M – UPCOMING STANDARDS (Continued):

- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

GASB 94: Public-Private and Public-Public Partnerships and Availability Payment Arrangements
Effective for fiscal years beginning after June 15, 2022 (Library's fiscal year 2023)

The requirements of this Statement will improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

Under this Statement, a PPP is defined as 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 assets, such as infrastructure or other capital assts (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Under this Statement a PPP meets the definition of a service concession arrangement (SCA) if: (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.

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.

GASB 96: Subscription-Based Information Technology Arrangements
Effective for fiscal years beginning after June 15, 2022 (Library's fiscal year 2023)

The requirements of this Statement will improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) for government end users (governments) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

<u>GASB 100: Accounting Changes and Error Corrections – An Amendment of GASB Stmt No. 62</u>
Effective for fiscal years beginning after June 15, 2023 (Library's fiscal year 2024)

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

NOTE M – UPCOMING STANDARDS (Continued):

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

GASB 101: Compensated Absences
Effective for fiscal years beginning after December 15, 2023 (Library's fiscal year 2025)

The objective of this Statement is to better meet the information needs of financial statement users by updating 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 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

NOTE N – NET POSITION RESTATEMENT:

During the current year, the Library adopted GASB Statement No. 87, *Leases*. As a result, for transactions in which the Library is determined to be the lessee, the governmental activities now include lease payable and an intangible asset (including amortization) for the underlying asset(s) for which the Library is not the owner. Lease activity in which the Library is a lessee are described in Note F. Additionally, for transactions in which the Library is determined to be the lessor, the governmental activities now includes receivables for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease in which the Library is the lessor. Lease activity in which the Library is the lessor are described in Note D.

This statement was applied retroactively; therefore, beginning balances in the notes for capital assets and long-term debt have been adjusted for the lease activity ongoing as of October 1, 2021. Furthermore, as presented below, net position has been restated.

	Primary Government
Net Position, beginning of year	$5,480,345
Prior period adjustment(s)	
Implementation of GASB 87	
Leased assets intangible right-to-use	20,250
Amortization of right-to-use	(8,860)
Lease payable	(11,455)
Lease receivable	109,741
Deferred amounts related to leases	(107,808)
Prior period adjustment(s)	1,868
Net Position, beginning of year, as restated	$5,482,213

REQUIRED SUPPLEMENTAL INFORMATION

City of Marquette, Michigan
Peter White Public Library

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

DEFINED BENEFIT PENSION PLAN

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS

	Plan Year Ending December 31,				
	2021	2020	2019	2018	2017
Change in total pension liability					
Service cost	$ 48,398	$ 52,368	$ 38,312	$ 37,610	$ 48,532
Interest	276,563	211,319	207,409	200,339	265,662
Changes in benefits	-	-	(119)	-	587
Differences between expected and actual experience	(95,831)	57,246	14,725	(2,409)	(71,536)
Changes in assumptions	127,710	151,620	90,638	-	-
Benefit payments, including refunds of member contributions	(281,444)	(270,647)	(215,515)	(191,797)	(181,797)
Other changes	(1,577)	(93,938)	-	-	-
Net change in total pension liability	73,819	107,968	135,450	43,743	61,448
Total pension liability, beginning	3,734,765	3,626,797	3,491,347	3,447,604	3,386,156
Total pension liability, ending (a)	3,808,584	3,734,765	3,626,797	3,491,347	3,447,604
Change in plan fiduciary net position					
Contributions - employer	117,462	175,399	173,752	111,800	105,420
Contributions - employee	26,716	35,224	28,244	25,376	27,289
Net investment income	391,706	329,195	309,695	(94,393)	287,973
Benefit payments, including refunds of member contributions	(281,444)	(270,647)	(215,515)	(191,797)	(181,797)
Administrative expense	(4,490)	(5,141)	(5,317)	(4,700)	(4,562)
Other changes	(1)	-	-	-	-
Net change in plan fiduciary net position	249,949	264,030	290,859	(153,714)	234,323
Plan fiduciary net position, beginning	2,825,867	2,561,837	2,270,978	2,424,692	2,190,369
Plan fiduciary net position, ending (b)	3,075,816	2,825,867	2,561,837	2,270,978	2,424,692
Employer's net pension liability, ending (a) - (b)	$ 732,768	$ 908,898	$ 1,064,960	$ 1,220,369	$ 1,022,912
Plan fiduciary net position as a percentage of the total pension liability	80.76%	75.66%	70.64%	65.05%	70.33%
Covered payroll	$ 359,746	$ 390,288	$ 389,790	$ 256,766	$ 212,190
Employer's net pension liability as a percentage of covered payroll	203.69%	232.88%	273.21%	475.28%	482.07%

See Notes to Required Supplemental Information.

City of Marquette, Michigan
Peter White Public Library

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

DEFINED BENEFIT PENSION PLAN

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY AND RELATED RATIOS
(Continued)

	Plan Year Ending December 31,				
	2016	2015	2014		
Change in total pension liability					
Service cost	$ 47,489	$ 36,106	$ 40,728		
Interest	254,241	187,817	232,437		
Changes in benefits	(545)	-	-		
Differences between expected and actual experience	25,151	(11,226)	-		
Changes in assumptions	-	151,384	-		
Benefit payments, including refunds of member contributions	(178,595)	(131,851)	(127,594)		
Other changes	-	-	(236)		
Net change in total pension liability	147,741	232,230	145,335	-	-
Total pension liability, beginning	3,238,415	3,006,185	2,860,850		
Total pension liability, ending (a)	3,386,156	3,238,415	3,006,185	-	-
Change in plan fiduciary net position					
Contributions - employer	114,790	91,549	86,041		
Contributions - employee	25,132	24,237	23,982		
Net investment income	227,136	(31,166)	134,124		
Benefit payments, including refunds of member contributions	(178,595)	(131,851)	(127,594)		
Administrative expense	(4,489)	(4,534)	(4,565)		
Other changes	-	-	(9,984)		
Net change in plan fiduciary net position	183,974	(51,765)	102,004	-	-
Plan fiduciary net position, beginning	2,006,395	2,058,160	1,956,156		
Plan fiduciary net position, ending (b)	2,190,369	2,006,395	2,058,160	-	-
Employer's net pension liability, ending (a) - (b)	$ 1,195,787	$ 1,232,020	$ 948,025	$ -	$ -
Plan fiduciary net position as a percentage of the total pension liability	64.69%	61.96%	68.46%		
Covered payroll	$ 189,316	$ 264,754	$ 282,696		
Employer's net pension liability as a percentage of covered payroll	631.64%	465.35%	335.35%		

See Notes to Required Supplemental Information.

City of Marquette, Michigan
Peter White Public Library

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

DEFINED BENEFIT PENSION PLAN

SCHEDULE OF EMPLOYER'S PENSION CONTRIBUTIONS

Fiscal Year Ended September 30,	Actuarial Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as Percentage of Covered Payroll
2022	$ 118,560	$ 118,560	$ -	$ 359,746	32.96%
2021	112,572	116,729	(4,157)	445,199	26.22%
2020	126,120	183,704	(57,584)	519,592	35.36%
2019	98,424	163,800	(65,376)	562,930	29.10%
2018	87,630	105,420	(17,790)	345,981	30.47%
2017	101,040	114,790	(13,750)	365,685	31.39%
2016	87,853	87,853	-	355,683	24.70%
2015	88,838	88,838	-	347,771	25.54%
N/A					
N/A					

See Notes to Required Supplemental Information.

Pension Information

GASB 68 was implemented in during the Library's 2015 fiscal year for the Michigan Municipal Employees' Retirement System (MERS). This schedule will be built prospectively. Ultimately 10 years of data will be presented.

Notes to Schedule of Changes in the Employer's Net Pension Liability and Related Ratios - MERS

The significant changes in benefit for each of the plan years ended December 31 were as follows:

NONE

The significant changes in assumptions for each of the plan years ended December 31 were as follows:

- 2021

  Effective February 17, 2022, the MERS Retirement Board adopted a dedicated gains policy that automatically adjust the assumed rate of investment return by using excess asset gains to mitigate large increases in required contributions to the Plan. The dedicated gains policy has been implemented with the December 31, 2021 annual actuarial valuation. After initial application of the smoothing method, remaining market gains were used to lower the assumed rate of investment rate of investment return from 7.35% to 7.00%. Changes to these assumptions and methods are effective for contributions beginning October 1, 2023 contributions.

- 2020

  A 5-year experience study analyzing historical experience from 2013 through 2018 was completed in February 2020. In addition to changes in economic assumptions which took effect with fiscal year 2021 contribution rates, the experience study recommended updated demographic assumptions, including the following actuarial assumptions: mortality, retirement, disability, and termination rates. Changes to the demographic assumptions resulting from the experience study have been approved by the MERS Retirement Board and are effective with the December 31, 2020 actuarial valuation, first impacting the October 1, 2022 contributions.

- 2019

  The MERS Retirement Board adopted a reduction in the investment rate of return assumption from 7.75% to 7.35%, effective with the December 31, 2019 valuation, first impacting October 1, 2021 contribution amounts. Additionally, the Board changed the assumed rate of wage inflation from 3.75% to 3.00%, with the same effective date.

- 2015

  Based on the 2009-2013 Five-Year Experience Study, the MERS Retirement Board adopted the following changes in actuarial assumptions and methods: the mortality table was adjusted to reflect longer lifetimes; the assumed annual rate of investment return, net all expenses, was lowered from 8.00% to 7.75%; asset smoothing period was changed from 10 years to 5 years; salary increases lowered from 4.5% to 3.75%. These changes are effective with the December 31, 2016 valuation, first impacting the October 1, 2017 contribution amounts.

Notes to Schedule of Employer's Contributions - MERS

Valuation date	December 31, 2019
Notes	Actuarially determined contribution rates are calculated as of December 31, that is twenty-one months prior to the beginning of the fiscal year for which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	14-19 years, depending on division
Asset valuation method	5 year smoothed
Inflation	2.5%
Salary increases	3.00%
Investment rate of return	7.35%
Mortality rates	RP-2014 Group 50% Male / 50% Female

City of Marquette, Michigan
Peter White Public Library

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive/ (Negative)
	Original	**Final**		
REVENUES:				
Property taxes	$ 944,930	$ 948,384	$ 947,901	$ (483)
Federal sources	20,000	21,994	21,994	-
State sources	71,500	75,345	75,345	-
Local sources	639,000	628,000	628,960	960
Charges for services	30,000	31,500	33,420	1,920
Fines and forfeiture	86,000	69,650	76,090	6,440
Rentals	32,000	36,700	37,094	394
Contributions from private sources	174,100	167,360	169,326	1,966
Investment income	10,000	10,000	(70,595)	(80,595)
Other	11,500	18,582	14,528	(4,054)
TOTAL REVENUES	2,019,030	2,007,515	1,934,063	(73,452)
EXPENDITURES:				
Recreation and Culture:				
Personnel services	1,447,710	1,442,471	1,445,810	(3,339)
Supplies	454,100	433,444	423,983	9,461
Other services and charges	89,000	90,600	88,086	2,514
Capital outlay	101,000	77,000	74,147	2,853
Debt Service:				
Bond issuance expense	-	-	-	-
TOTAL EXPENDITURES	2,091,810	2,043,515	2,032,026	11,489
NET REVENUES OVER (UNDER) EXPENDITURES	(72,780)	(36,000)	(97,963)	(61,963)
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of fixed assets	-	-	2	2
Transfers in	36,000	36,000	36,000	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	36,000	36,000	36,002	2
NET CHANGE IN FUND BALANCE	(36,780)	-	(61,961)	(61,961)
Fund balance, beginning of year	752,494	752,494	752,494	-
FUND BALANCE, END OF YEAR	$ 715,714	$ 752,494	$ 690,533	$ (61,961)

City of Marquette, Michigan
Peter White Public Library

CARROLL PAUL MEMORIAL TRUST FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended September 30, 2022

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
REVENUES:				
Investment income	$ 55,000	$ 55,000	$ (153,469)	$ (208,469)
TOTAL REVENUES	55,000	55,000	(153,469)	(208,469)
EXPENDITURES:				
Recreation and Culture:				
Musical supplies and services	-	-	-	-
Other services and charges	9,000	9,000	-	9,000
TOTAL EXPENDITURES	9,000	9,000	-	9,000
NET REVENUES OVER (UNDER) EXPENDITURES	46,000	46,000	(153,469)	(199,469)
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(36,000)	(36,000)	(36,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(36,000)	(36,000)	(36,000)	-
NET CHANGES IN FUND BALANCE	10,000	10,000	(189,469)	(199,469)
Fund balance, beginning of year	988,189	988,189	988,189	-
FUND BALANCE, END OF YEAR	$ 998,189	$ 998,189	$ 798,720	$ (199,469)

OTHER SUPPLEMENTAL INFORMATION

City of Marquette, Michigan
Peter White Public Library

LIBRARY IMPROVEMENT DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL

For the Fiscal Year Ended September 30, 2022

	Final Budget	Actual GAAP Basis	Variance with Final Budget Positive/ (Negative)
REVENUES:			
Property taxes	$ 351,910	$ 327,625	$ (24,285)
Other	-	-	-
TOTAL REVENUES	351,910	327,625	(24,285)
EXPENDITURES:			
Debt Service:			
Principal	220,000	220,000	-
Interest and fiscal charges	110,500	110,500	-
Other services and charges	21,410	520	20,890
TOTAL EXPENDITURES	351,910	331,020	20,890
NET REVENUES OVER (UNDER) EXPENDITURES	-	(3,395)	(3,395)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGES IN FUND BALANCE	-	(3,395)	(3,395)
Fund balance, beginning of year	271,318	271,318	-
FUND BALANCE, END OF YEAR	$ 271,318	$ 267,923	$ (3,395)

COMPLIANCE SECTION

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
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PARTNERS
Michael A. Grentz, CPA
William C. Sheltrow, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of the
Peter White Public Library
217 N. Front Street
Marquette, Michigan 49855

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Peter White Public Library (the Library), a component unit of the City of Marquette, Michigan, as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, and have issued our report thereon dated March 20, 2023. The financial statements of the Peter White Public Library Development Fund were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Peter White Public Library Development Fund.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Trustees of the
Peter White Public Library

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Library's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anderson, Tackman & Company, PLC
Certified Public Accountants

March 20, 2023

COMMUNICATIONS SECTION

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
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PARTNERS
Michael A. Grentz, CPA
William C. Sheltrow, CPA

Peter White Public Library
Report to Management
For the Year Ended September 30, 2022

To the Board of Trustees and Management of the
Peter White Public Library
217 N. Front Street
Marquette, Michigan 49855

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the remaining aggregate fund information of Peter White Public Library (the Library), a component unit of the City of Marquette, Michigan, as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Library's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, the Peter White Public Library Board of Trustees, the Marquette City Commission, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLC
Certified Public Accountants

March 20, 2023

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
102 W. Washington St. Suite 109 Marquette, MI 49855 (906) 225-1166 www.atcomqt.com

PARTNERS
Michael A. Grentz, CPA
William C. Sheltrow, CPA

Peter White Public Library
Communication with Those Charged with Governance
For the Year Ended September 30, 2022

March 20, 2023

To the Board of Trustees of the
Peter White Public Library
217 N. Front Street
Marquette, Michigan 49855

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Peter White Public Library (the Library), a component unit of the City of Marquette, Michigan for the year ended September 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 4, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Library are described in the table of contents to the financial statements. Newly adopted GASB standards are disclosed in the notes to the financial statements. As enumerated upon in the notes to the financial statements the Library changed accounting policies related to leasing transactions by adopting *Statement of Governmental Accounting Standards (GASB Statement) No. 87, Leases*, in the current year. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. We noted no transactions entered into by the Library during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimates of the Library's intangible right-to-use lease assets (and amortization thereof) and lease liabilities are based on amounts disclosed in the leasing documents. The Library uses the straight-line method for amortizing the intangible right-to-use lease assets. We evaluated the key factors and assumptions used to record the leased assets, accumulated amortization of such assets and the amortization expense of said assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the lease receivable (and the corresponding deferred inflows amounts on leases) is based on the present value of the future lease payments to be received discounted by the Library's incremental borrowing rate assumed to be 4.45%. We evaluated the key factors and assumptions used to develop the amounts in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of accumulated depreciation and depreciation expense is based on historical costs and useful lives of the assets. Depreciation is calculated using the straight-line method. We evaluated the key factors and assumptions used to develop the current years depreciation expense and accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the accrued sick and vacation is based on employee pay rates and the various subsidiary ledgers maintained for hour balances. We evaluated the key factors and assumptions used to develop the accrued employee benefit balances in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the Library's Net Pension Liability is based on an actuarial performed by Gabriel, Roeder, Smith & Company for the Municipal Employees' Retirement System of Michigan to determine its liability. We evaluated the key factors and assumptions used to develop the Library's Net Pension Liability, based on information provided by the Gabriel, Roeder, Smith & Company, in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the Library's Defined Benefit Pension Plan includes significant actuarial assumptions used in calculating the valuation. Gabriel, Roeder, Smith & Company was the actuarial company hired by the Retirement Board of the Municipal Employees' Retirement System of Michigan (MERS) for preparation of the annual actuarial valuation. A full listing of the actuarial assumptions used can be found MERS' Comprehensive Annual Financial Report of the Fiscal Year Ended December 31, 2021.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 20, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Required Supplemental Information, as listed in the table of contents, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Board of Trustees of the
Peter White Public Library

We were engaged to report on the Other Supplemental Information, as listed in the table of contents, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Peter White Public Library Board of Trustees and management of Peter White Public Library, the Marquette City Commission, and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLC
Certified Public Accountants