

**CITY OF MARQUETTE, MICHIGAN
PETER WHITE PUBLIC LIBRARY**

AUDITED FINANCIAL STATEMENTS

For the Year Ended September 30, 2024

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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), a component unit of the City of Marquette, Michigan, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Library, as of September 30, 2024, 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.

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 14, 2025, 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, PLLC
Certified Public Accountants

March 14, 2025

**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, 2024. 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 \$6,115,578. Net position is comprised of 100% governmental activities.
- During the year, the Library expenses were \$2,621,201, while revenues from all sources totaled \$3,201,275, resulting in an increase in net position of \$580,074.
- The General Fund reported a net change in fund balance of \$5,602. This is \$170,280 higher than the forecast change in fund balance of (\$164,678).

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:

MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

- *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, 2024 and 2023.

Table 1
Net Position

	Governmental Activities	
	2024	2023
Current and other assets	\$4,109,643	\$3,713,801
Capital assets, net	6,873,029	6,896,524
Total Assets	10,982,672	10,610,325
Deferred outflows of resources	269,735	342,861

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

Table 1
Net Position (Continued)

		Governmental Activities	
		2024	2023
Current liabilities		\$103,508	\$94,374
Non-current liabilities		3,915,190	4,243,019
Total Liabilities		4,018,698	4,337,393
Deferred inflows of resources		1,118,131	1,080,289
Net Position:			
Net investment in capital assets		4,142,348	3,903,670
Restricted		2,268,843	1,962,433
Unrestricted		(295,613)	(330,599)
Total Net Position		\$6,115,578	\$5,535,504

Net position of the Library's governmental activities stood at \$6,115,578. 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 (\$295,613).

The (\$295,613) 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 2024 and 2023.

Table 2
Statement of Activities

		Governmental Activities	
		2024	2023
Revenues:			
Program Revenues:			
Charges for services		\$182,552	\$172,351
Operating grants and contributions		1,283,496	1,361,513
General Revenues:			
Property taxes		1,063,801	1,240,334
Investment earnings		362,328	27,184
Proceeds on the sale of fixed assets		-	-
Miscellaneous		309,098	36,662
Total Revenues		3,201,275	2,838,044
Program Expenses:			
Recreation and cultures		2,528,812	2,633,598
Interest on long-term debt		92,389	96,189
Total Expenses		2,621,201	2,729,787
Increase (decrease) in net position		580,074	108,257
Net position, beginning		5,535,504	5,427,247
Net Position, Ending		\$6,115,578	\$5,535,504

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The Library's total revenues were \$3,201,275. The total cost of all programs and services was \$2,621,201, leaving an increase in net position of \$580,074.

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	\$2,528,812	\$1,062,764

THE LIBRARY'S FUNDS

As the Library completed the year, its governmental funds reported a combined fund balance of \$2,949,923, an increase of \$303,544 from the beginning of the year. This increase was due partially to an increase in the General Fund of \$5,602. The General Fund's revenues came in over budgeted amounts due mostly to the unrealized investment gains. The upturn of the stock market during the fiscal year also was the main factor in the increase in fund balance of \$124,480 in the Carroll Paul Memorial Trust Fund. The Peter White Public Library Development Fund (the "Development Fund") reported an increase in fund balance totaling \$237,602. 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 an endowment of \$50,000 during the year for the Mining Journal Digitization project. Debt service requirements were more than current year property tax revenues resulting in a decrease in fund balance of approximately \$64,000 in the Library Improvement Debt Service Fund.

General Fund Budgetary Highlights

The Peter White Public Library serves residents of the City of Marquette and five surrounding townships. Contracts for Library Service with Chocolay Charter, Marquette Charter, Sands, Skandia, and West Branch Townships are supported with a one mill property tax levy. City of Marquette residents provide 1.5 mills in perpetuity to fund the Library's general operating budget. In November 2018 residents in the City of Marquette, Chocolay Township, and Sands Township voted to approve a Headlee Override to restore the original millage levy. Ballot proposals in all contracted townships were on the 2024 November Ballot for renewal. All passed by a respectable margin.

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 2023/2024 library usage statistics remain strong. In person library visits totaled 166,689, a ten percent increase from the previous year. Visits to the library's website www.pwpl.info totaled 146,033 from 93,038 unique visitors. Check-outs of physical items totaled 209,310 and electronic checkouts totaled 53,780. Computer and wireless usage totaled 26,404 an increase of 7%. Programming continues to be popular with our community in FY23/24 the library hosted 873 programs with 26,432 people in attendance. Programs continue to be offered onsite (821), offsite (52), and virtually (80). The library recorded 121 programs for on-demand

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

usage, which were viewed 2,915 times (within the first 30 days of the recording). Physical collection total count is 161,072 and includes print (142,694), audio (8,688), video (9,116), and library of things (574). The audio collection was weeded heavily this year due to drastic reduction in use of the collection in physical format. By and large patrons prefer digital formats for audio books and music collections. The most notable increase this year is room use at PWPL. Meeting room reservations increased 29% from last year with meeting rooms used 124% more for drop-in (no reservation) usage. Additionally, study room checkouts have increased 49% from last year.

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

50% have been with the library for more than 10 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.

In addition to property taxes, the library receives funding from the following sources:

State Aid and Revenue Sharing: State Aid funds are part of the State of Michigan budget and are distributed to libraries on a per capita basis. Libraries must meet a base level of services in order to receive state aid payments. Half of the funds received by a public library are distributed to the Library Cooperative that the library is associated with. Peter White Public Library is associated with the Superiorland Library Cooperative (SLC), whose offices are located in Marquette, Michigan. SLC and its partner organization Upper Peninsula Region of Library Cooperation (UPRLC) provide member libraries with shared technology platforms, cooperative purchase of databases, electronic resource subsidy and resource sharing, continuing education, technology support, and more. Revenue sharing is a flat dollar contribution from the City of Marquette, provided by state revenue sharing funds.

Penal Fines: Since 1835, penal fines collected in the State of Michigan are designated for distribution to public libraries. The total amount of penal fines collected vary widely year-to-year due to factors such as court reform, changes to law, increased speed limits, adoption of parallel ordinances that reduce penal fines to civil fines, and weigh stations which are bypassed with new technology or not staffed. Penal fines typically comprise approximately 4% of the library's total revenues.

Interest: The library funds are pooled with the City of Marquette funds and interest earned is distributed to the library's general operating budget based on the balance held.

General Fund Trust: This fund was established in 1958 by the Board of Trustees with the balance of building funds from a 1955 building renovation and expansion. This fund was established to provide for the capital improvement and historic preservation needs of the library. In 2023/2024 funds from the General Fund Trust were used to replace the Lower Stairs of the Front Street Entrance at PWPL.

Carroll Paul Memorial Trust Fund: This fund was established by Helen Longyear Paul in memory of her husband Carroll Paul. This trust was established to support music collections and music-related programming at PWPL. These funds may also be used for building repairs in the event of an emergency or disaster. Annual withdrawals from the Carroll Paul Trust Fund are determined using the average market value as of June 30 for the current year and the previous four years. In times of economic downturns, the withdrawal may not exceed 4% of the current principal market value.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

The Library uses relationship based fundraising philosophies. This funding has continued to trend positively and a steady increase in the Endowment Fund balances are the result of these efforts. The Library will continue to expand 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.

The Library Finance Director, Jamie Goodwin, continues to work closely with members of the Board of Trustees 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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2024, the Library had \$6,873,029 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	
	2024	2023
Land	\$114,704	\$114,704
Construction in progress	-	-
Land improvements	26,328	31,870
Buildings	6,731,843	6,746,660
Equipment and furnishings	-	-
Leased equipment	154	3,290
Total	<u>\$6,873,029</u>	<u>\$6,896,524</u>

During the current year the Library replaced the west-entry doors and the lower entry stairs. There were no other asset additions during the year. The Library did not dispose of any assets 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 \$2,515,023 in bonds and leases outstanding as depicted in Table 5 below.

Table 5
Outstanding Debt at Year-End

	Governmental Activities	
	2024	2023
Library Improvement Bonds	\$2,515,000	\$2,750,000
Leases	23	3,234
Total	<u>\$2,515,023</u>	<u>\$2,753,234</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

No new debt was issued in the current year. During the year the Library made the required debt service payments totaling \$235,000 on bonds and \$3,211 on leases.

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 adopting Library policy.

Of greatest long-term financial concern is the tax base in the Library's service area. Library administration continues to watch for potential library funding threats. 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.

Despite increased payments to 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 2023 the Library converted from the 44North Wrap plan to The Pool, a statewide healthcare cooperative for municipalities. Transitioning to this plan has resulted in lower premiums and a comprehensive single-payer experience for employees.

2025 will also mark the end of an era of leasing space in the Library to the City of Marquette Arts and Culture Center (MACC). In 2024 MACC staff informed PWPL Administration that they did not plan to renew their lease which ends on September 30, 2025. As such, MACC will be moving out of the Library facility, and the space will be taken over by the Library. The MACC space was previously leased for \$30,000/year. This is a loss of significant revenues for the Library and results in extra work for our existing staff. The Library continues to be committed to providing support for the arts in our community, and that support includes renting out the Studio #1 room. However, doing so will create additional work for our maintenance department as well as our Administrative Assistant who manages reservations. Staff are actively looking for ways to make the room reservation and setup process less cumbersome for both patrons and staff.

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 changes to tax base and unforeseen building repairs.

As a historical icon in downtown Marquette, Peter White Public Library has several building repair projects on the horizon to keep the building in good working order as well as maintain its historical integrity. Among future potential projects are addressing the fiberglass atrium windows on the top of the building as well as monitoring the aging HVAC equipment throughout the building. The Library's Board of Trustees and administrative staff will continue to evaluate building repair projects and will pay for this work from the accumulating Fund Balance in the Library's General Fund and donor funds as appropriate.

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)

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 patrons, donors 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, 2024

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 1,190,005
Investments	290,399
Taxes receivable, net	91,410
Accounts receivable, net	7,543
Prepaid expenses	69,812
Lease receivable	29,200
Non-current Assets:	
Restricted cash and cash equivalents	541,361
Restricted investments	1,889,913
Lease receivable	-
Capital assets:	
Land and construction in progress	114,704
Other capital assets, net	6,758,325
TOTAL ASSETS	10,982,672
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts related to pension	155,189
Employer contributions subsequent to measurement date	114,546
TOTAL DEFERRED OUTFLOWS OF RESOURCES	269,735
LIABILITIES	
Current Liabilities:	
Accounts payable	20,711
Accrued liabilities	72,820
Due to others	9,977
Non-current Liabilities:	
Due or payable within one year	
Bonds payable	250,000
Lease payable	23
Due or payable after one year	
Bonds payable	2,480,658
Lease payable	-
Compensated absences	67,548
Net pension liability	1,116,961
TOTAL LIABILITIES	4,018,698
DEFERRED INFLOWS OF RESOURCES	
Deferred amounts related to leases	26,952
Deferred amounts related to pension	16,367
Taxes levied for a subsequent period	1,074,812
TOTAL DEFERRED INFLOWS OF RESOURCES	1,118,131
NET POSITION	
Net investment in capital assets	4,142,348
Restricted:	
Retirement of debt	121,861
Other activities	2,146,982
Unrestricted	(295,613)
TOTAL NET POSITION	\$ 6,115,578

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, 2024

Function / Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Recreation and culture	\$ 2,528,812	\$ 182,552	\$ 1,283,496	\$ (1,062,764)
Interest on long-term debt	92,389	-	-	(92,389)
TOTAL GOVERNMENTAL ACTIVITIES	\$ 2,621,201	\$ 182,552	\$ 1,283,496	(1,155,153)
General Revenues:				
				1,063,801
Property taxes				362,328
Interest and investment earnings				-
Gain/(loss) on sale of fixed assets				309,098
Miscellaneous				
			Total General Revenues	1,735,227
			Net change in net position	580,074
			Net position, beginning of year	5,535,504
			Net position, end of year	<u>\$ 6,115,578</u>

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, 2024

	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	\$ 1,190,005	\$ 8,794	\$ 354,104	\$ 178,463	\$ 1,731,366
Investments	290,399	947,373	-	942,540	2,180,312
Taxes receivable, net	72,320	-	19,090	-	91,410
Accounts receivable, net	7,543	-	-	-	7,543
Prepaid expenses	69,812	-	-	-	69,812
TOTAL ASSETS	1,630,079	956,167	373,194	1,121,003	4,080,443
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 1,630,079	\$ 956,167	\$ 373,194	\$ 1,121,003	\$ 4,080,443
LIABILITIES					
Accounts payable	\$ 20,711	\$ -	\$ -	\$ -	\$ 20,711
Accrued salaries and wages	25,020	-	-	-	25,020
Due to others	8,392	-	1,585	-	9,977
TOTAL LIABILITIES	54,123	-	1,585	-	55,708
DEFERRED INFLOWS OF RESOURCES					
Taxes levied for a subsequent period	825,064	-	249,748	-	1,074,812
TOTAL DEFERRED INFLOWS OF RESOURCES	825,064	-	249,748	-	1,074,812
FUND BALANCE					
Non-spendable	69,812	-	-	-	69,812
Restricted:					
Capital Projects	-	-	-	-	-
Debt Retirement	-	-	121,861	-	121,861
Endowments	-	956,167	-	1,121,003	2,077,170
Unassigned	681,080	-	-	-	681,080
TOTAL FUND BALANCE	750,892	956,167	121,861	1,121,003	2,949,923
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,630,079	\$ 956,167	\$ 373,194	\$ 1,121,003	\$ 4,080,443

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, 2024

Total Fund Balances for Governmental Funds **\$ 2,949,923**

*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	\$ 14,477,462	
Accumulated depreciation and amortization	<u>(7,604,433)</u>	6,873,029

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	29,200	
Lease receivable greater than one year	-	
Deferred amounts related to leases	<u>(26,952)</u>	2,248

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	(1,116,961)	
Deferred outflows of resources related to net pension liability	155,189	
Employer contributions subsequent to measurement date	114,546	
Deferred inflows of resources related to net pension liability	<u>(16,367)</u>	(863,593)

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	(250,000)	
Bonds payable - due in more than one year	(2,265,000)	
Premium on Bond	(215,658)	
Accrued interest on debt	(47,800)	
Lease payable - due in one year	(23)	
Lease payable - due in more than one year	-	
Compensated absences	<u>(67,548)</u>	<u>(2,846,029)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 6,115,578</u></u>
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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, 2024

	General Fund	Carroll Paul Memorial Trust Fund	Library Improvement Debt Service Fund	Peter White Public Library Development Fund	Total Governmental Funds
REVENUES:					
Property taxes	\$ 1,063,801	\$ -	\$ -	\$ -	\$ 1,063,801
Federal sources	-	-	-	-	-
State sources	76,703	-	-	-	76,703
Local sources	717,454	-	-	-	717,454
Charges for services	41,554	-	-	-	41,554
Fines and forfeiture	107,502	-	-	-	107,502
Rentals	34,560	-	-	-	34,560
Contributions from private sources	160,841	-	-	328,498	489,339
Investment income	95,929	167,068	-	99,331	362,328
Other	15,806	-	269,330	-	285,136
TOTAL REVENUES	2,314,150	167,068	269,330	427,829	3,178,377
EXPENDITURES:					
Recreation and Culture:					
Personnel services	1,587,044	-	-	-	1,587,044
Supplies	431,868	-	-	-	431,868
Other services and charges	62,282	7,588	520	190,227	260,617
Capital outlay	262,354	-	-	-	262,354
Debt service:					
Principal retirement	-	-	235,000	-	235,000
Interest and fiscal charges	-	-	97,950	-	97,950
TOTAL EXPENDITURES	2,343,548	7,588	333,470	190,227	2,874,833
NET REVENUES OVER EXPENDITURES	(29,398)	159,480	(64,140)	237,602	303,544
OTHER FINANCING SOURCE (USES):					
Proceeds from sale of fixed assets	-	-	-	-	-
Transfers in	35,000	-	-	-	35,000
Transfers (out)	-	(35,000)	-	-	(35,000)
TOTAL OTHER FINANCING SOURCES (USES)	35,000	(35,000)	-	-	-
NET CHANGE IN FUND BALANCE	5,602	124,480	(64,140)	237,602	303,544
Fund balance, beginning of year	745,290	831,687	186,001	883,401	2,646,379
FUND BALANCE, END OF YEAR	\$ 750,892	\$ 956,167	\$ 121,861	\$ 1,121,003	\$ 2,949,923

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, 2024

Net Change in Fund Balances - Total Governmental Funds **\$ 303,544**

*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	\$ 181,146	
Depreciation and amortization expense	(204,641)	
Net book value of disposals	-	(23,495)

Issuance of bond principal is a revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.		-
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		235,000
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Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		3,211
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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
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditures is reported when due.		2,350
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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	(28,016)	
Amortization of deferred amounts related to leases	26,952	(1,064)

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.		292
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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		36,274

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		\$ 580,074
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The accompanying notes are an integral part of these financial statements.

CITY OF MARQUETTE, MICHIGAN
PETER WHITE PUBLIC LIBRARY

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

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, 2023. 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, 2024, the Development Fund distributed \$53,405 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 \$1,074,812, which relates to its portion of the City of Marquette's 2024 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 14, 2025, 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, 2024, the Library's cash and cash equivalents and investments were reported in the Government-wide Statement of Net Position as follows:

Cash and cash equivalents:		
Unrestricted		\$1,190,005
Restricted		541,361
	Subtotal	<u>1,731,366</u>
Investments:		
Unrestricted		290,399
Restricted		1,889,913
	Subtotal	<u>2,180,312</u>
	Total	<u>\$3,911,678</u>

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, 2024, the carrying amount of the Library's deposits with financial institutions was \$1,731,366 and the bank balance was \$1,539,250. 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, 2024, the Library had the following investments:

	Level	Fair Value	Investment Maturities (in years)			
			Less than 1	1-5	6-10	More than 10
Mutual funds	1	\$1,727,025	\$1,727,025	\$-	\$-	\$-
Equities	1	578	578	-	-	-
Exchange traded funds	1	452,709	452,709	-	-	-
TOTAL		<u>\$2,180,312</u>	<u>\$2,180,312</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>

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:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Fund</u>	<u>Due To Other Funds</u>
None	<u>\$-</u>	None	<u>\$-</u>

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:

<u>Fund</u>	<u>Transfers In</u>	<u>Fund</u>	<u>Transfers Out</u>
General Fund	<u>\$35,000</u>	Carroll Paul Memorial Trust Fund	<u>\$35,000</u>

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:

<u>Lessee</u>	<u>Term</u>	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Interest Revenue</u>
City of Marquette	60 months	<u>\$29,200</u>	<u>\$28,016</u>	<u>\$1,984</u>

NOTE E – CAPITAL ASSETS:

Capital asset activity for the year is as follows:

	<u>Balance 9/30/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2024</u>
Capital assets not being depreciated / amortized:				
Land	\$114,704	\$-	\$-	\$114,704
Construction in progress	-	-	-	-
Subtotal	<u>114,704</u>	<u>-</u>	<u>-</u>	<u>114,704</u>
Capital assets being depreciated / amortized:				
Land improvements	117,250	-	-	117,250
Building and improvements	13,030,476	181,146	-	13,211,622
Furniture and equipment	1,013,636	-	-	1,013,636
Intangible – leased equipment	20,250	-	-	20,250
Subtotal	<u>14,181,612</u>	<u>181,146</u>	<u>-</u>	<u>14,362,758</u>
Total Capital Assets	<u>14,296,316</u>	<u>181,146</u>	<u>-</u>	<u>14,477,462</u>
Less accumulated depreciation / amortization:				
Land improvements	(85,380)	(5,542)	-	(90,922)
Buildings and improvements	(6,283,816)	(195,963)	-	(6,479,779)
Furniture and equipment	(1,013,636)	-	-	(1,013,636)
Intangible – leased equipment	(16,960)	(3,136)	-	(20,096)
Total Accumulated Depreciation / Amortization	<u>(7,399,792)</u>	<u>(204,641)</u>	<u>-</u>	<u>(7,604,433)</u>
Capital Assets, net	<u>\$6,896,524</u>	<u>(\$23,495)</u>	<u>\$-</u>	<u>\$6,873,029</u>

Total depreciation and amortization expense of \$204,641 was included in the Recreation & Culture program governmental activities.

NOTE F – LONG-TERM DEBT:

Changes in long-term debt are summarized as follows:

	Balance 9/30/2023	Additions	Deductions	Balance 9/30/2024	Due Within One Year
2017 GO Bonds –					
Library Improvement	\$2,750,000	\$-	(\$235,000)	\$2,515,000	\$250,000
Add: Deferred premium	239,620	-	(23,962)	215,658	-
Total Bonds	2,989,620	-	(258,962)	2,730,658	250,000
Leases:					
Xerox Copier Lease	1,328	-	(1,328)	-	-
Sharp Copier Lease	1,906	-	(1,883)	23	23
Total Leases	3,234	-	(3,211)	23	23
Compensated Absences	67,840	-	(292)	67,548	-
TOTAL LONG-TERM DEBT	\$3,060,694	\$-	(\$262,465)	\$2,798,229	\$250,023

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

Year Ending September 30:	Principal	Interest	Totals
2025	\$250,023	\$93,100	\$343,123
2026	245,000	85,700	330,700
2027	255,000	75,700	330,700
2028	265,000	65,300	330,300
2029	275,000	54,500	329,500
2030-2033	1,225,000	100,300	1,325,300
Total	\$2,515,023	\$474,600	\$2,989,623

NOTE F – LONG-TERM DEBT (Continued):

Interest expense incurred on bonds was \$97,950 for the year ended September 30, 2024.

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, 2024 are as follows:

Current portion	\$-
Long-term portion	67,548
Total	<u>\$67,548</u>

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.

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, 2024, fund balances are composed of the following:

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

	General Fund	Carroll Paul Memorial Trust Fund	Library Improvement Debt Fund	PWPL Development Fund	Total Governmental Funds
Non-spendable:					
Prepaid expenses	\$69,812	\$-	\$-	\$-	\$69,812
Restricted:					
Debt retirement	-	-	121,861	-	121,861
Endowments	-	956,167	-	1,121,003	2,077,170
Unassigned	681,080	-	-	-	681,080
Total fund balances	<u>\$750,892</u>	<u>\$956,167</u>	<u>\$121,861</u>	<u>\$1,121,003</u>	<u>\$2,949,923</u>

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**

	2023 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, 2023 valuation date, the following employees were covered by the benefit terms:

Active employees	6
Inactive employees entitled to but not yet receiving benefits	1
Inactive employees or beneficiaries currently receiving benefits	14
Total	<u>21</u>

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, 2023:

	Employer	Employee
07 – Pw Lbry Snr	\$2,341	0.00%
12 – P White Lby	\$4,536	7.00%
70 – PW Lbry Adm	\$3,226	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, 2023, 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, 2023 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: 6.93%, 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	Long-Term Expected Real Rate of Return
Global Equity	60.0%	4.50%
Global Fixed Income	20.0%	2.00%
Private Investments	20.0%	7.00%
	<u>100.0%</u>	

Discount rate:

The discount rate used to measure the total pension liability is 7.18% for 2023. 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 12/31/2022	\$3,811,762	\$2,629,437	\$1,182,325
Changes for the Year:			
Service costs	33,832	-	33,832
Interest on total pension liability	264,936	-	264,936
Changes in benefits	-	-	-
Difference between expected and actual experience	(3,206)	-	(3,206)
Changes in assumption	25,621	-	25,621
Employer contributions	-	119,514	(119,514)
Employee contributions	-	18,156	(18,156)
Net investment income	-	284,829	(284,829)
Benefit payments, including employee refunds	(276,748)	(276,748)	-
Administrative expense	-	(6,070)	6,070
Other changes	2,611	(27,271)	29,882
Net Changes	47,046	112,410	(65,364)
Balances as of 12/31/2023	\$3,858,808	\$2,741,847	\$1,116,961

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 7.18%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.18%) or 1% higher (8.18%) than the current rate.

	1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
Net Pension Liability at 12/31/2023	\$1,116,961	\$1,116,961	\$1,116,961
Change in Net Pension Liability (NPL)	401,015	-	(339,885)
Calculated NPL	\$1,517,976	\$1,116,961	\$777,076

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, 2024, the employer recognized pension expense (benefit) of \$132,818. 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	\$-	(\$16,367)
Differences in assumptions	17,081	-
(Excess) Deficit Investment Returns	138,108	-
Subtotal	155,189	(\$16,367)
Contributions subsequent to the measurement date*	114,546	
Total	\$269,735	

*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, 2025.

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
2024	\$14,965
2025	56,592
2026	87,514
2027	(20,249)
2028	-
Thereafter	-
Total	\$138,822

Payable to Pension Plan:

At September 30, 2024, 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, 2024.

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 \$11,094 during the current year and employee contributed \$2,560. The employees under the plan are immediately vested. At September 30, 2024, 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 \$36,597 during the current year and employee contributed \$15,249. The employees covered under this plan are vested after three years of service. At September 30, 2024, there were 9 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, 2024 are as follows:

Issuing Government	Type of Tax Abatement Agreement	Tax Abated	Gross Amount Abated in Fiscal Year
City of Marquette	IFTs	Property Taxes	\$16,071
City of Marquette	Brownfields	Property Taxes	180,744
			<u>\$196,815</u>

For the fiscal year ended September 30, 2024, 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

None.

Other Recently Issued Accounting Pronouncements

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Stmt No. 62*. GASB 100 will 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. 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 disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. 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). This statement is effective for periods beginning after June 15, 2023. The Library does not have activities that meet the criteria for GASB 100; therefore, GASB 100 is not applicable to the Library.

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,				
	2023	2022	2021	2020	2019
Change in total pension liability					
Service cost	\$ 33,832	\$ 45,909	\$ 48,398	\$ 52,368	\$ 38,312
Interest	264,936	279,957	276,563	211,319	207,409
Changes in benefits	-	-	-	-	(119)
Differences between expected and actual experience	(3,206)	(42,690)	(95,831)	57,246	14,725
Changes in assumptions	25,621	-	127,710	151,620	90,638
Benefit payments, including refunds of member contributions	(276,748)	(268,109)	(281,444)	(270,647)	(215,515)
Other changes	2,611	(11,889)	(1,577)	(93,938)	-
Net change in total pension liability	<u>47,046</u>	<u>3,178</u>	<u>73,819</u>	<u>107,968</u>	<u>135,450</u>
Total pension liability, beginning	<u>3,811,762</u>	<u>3,808,584</u>	<u>3,734,765</u>	<u>3,626,797</u>	<u>3,491,347</u>
Total pension liability, ending (a)	<u>3,858,808</u>	<u>3,811,762</u>	<u>3,808,584</u>	<u>3,734,765</u>	<u>3,626,797</u>
Change in plan fiduciary net position					
Contributions - employer	119,514	124,248	117,462	175,399	173,752
Contributions - employee	18,156	23,449	26,716	35,224	28,244
Net investment income	284,829	(320,381)	391,706	329,195	309,695
Benefit payments, including refunds of member contributions	(276,748)	(268,109)	(281,444)	(270,647)	(215,515)
Administrative expense	(6,070)	(5,586)	(4,490)	(5,141)	(5,317)
Other changes	(27,271)	-	(1)	-	-
Net change in plan fiduciary net position	<u>112,410</u>	<u>(446,379)</u>	<u>249,949</u>	<u>264,030</u>	<u>290,859</u>
Plan fiduciary net position, beginning	<u>2,629,437</u>	<u>3,075,816</u>	<u>2,825,867</u>	<u>2,561,837</u>	<u>2,270,978</u>
Plan fiduciary net position, ending (b)	<u>2,741,847</u>	<u>2,629,437</u>	<u>3,075,816</u>	<u>2,825,867</u>	<u>2,561,837</u>
Employer's net pension liability, ending (a) - (b)	<u><u>\$ 1,116,961</u></u>	<u><u>\$ 1,182,325</u></u>	<u><u>\$ 732,768</u></u>	<u><u>\$ 908,898</u></u>	<u><u>\$ 1,064,960</u></u>
Plan fiduciary net position as a percentage of the total pension liability	71.05%	68.98%	80.76%	75.66%	70.64%
Covered payroll	\$ 246,492	\$ 332,488	\$ 366,171	\$ 390,288	\$ 389,790
Employer's net pension liability as a percentage of covered payroll	453.14%	355.60%	200.12%	232.88%	273.21%

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,				
	2018	2017	2016	2015	2014
Change in total pension liability					
Service cost	\$ 37,610	\$ 48,532	\$ 47,489	\$ 36,106	\$ 40,728
Interest	200,339	265,662	254,241	187,817	232,437
Changes in benefits	-	587	(545)	-	-
Differences between expected and actual experience	(2,409)	(71,536)	25,151	(11,226)	-
Changes in assumptions	-	-	-	151,384	-
Benefit payments, including refunds of member contributions	(191,797)	(181,797)	(178,595)	(131,851)	(127,594)
Other changes	-	-	-	-	(236)
Net change in total pension liability	<u>43,743</u>	<u>61,448</u>	<u>147,741</u>	<u>232,230</u>	<u>145,335</u>
Total pension liability, beginning	<u>3,447,604</u>	<u>3,386,156</u>	<u>3,238,415</u>	<u>3,006,185</u>	<u>2,860,850</u>
Total pension liability, ending (a)	<u>3,491,347</u>	<u>3,447,604</u>	<u>3,386,156</u>	<u>3,238,415</u>	<u>3,006,185</u>
Change in plan fiduciary net position					
Contributions - employer	111,800	105,420	114,790	91,549	86,041
Contributions - employee	25,376	27,289	25,132	24,237	23,982
Net investment income	(94,393)	287,973	227,136	(31,166)	134,124
Benefit payments, including refunds of member contributions	(191,797)	(181,797)	(178,595)	(131,851)	(127,594)
Administrative expense	(4,700)	(4,562)	(4,489)	(4,534)	(4,565)
Other changes	-	-	-	-	(9,984)
Net change in plan fiduciary net position	<u>(153,714)</u>	<u>234,323</u>	<u>183,974</u>	<u>(51,765)</u>	<u>102,004</u>
Plan fiduciary net position, beginning	<u>2,424,692</u>	<u>2,190,369</u>	<u>2,006,395</u>	<u>2,058,160</u>	<u>1,956,156</u>
Plan fiduciary net position, ending (b)	<u>2,270,978</u>	<u>2,424,692</u>	<u>2,190,369</u>	<u>2,006,395</u>	<u>2,058,160</u>
Employer's net pension liability, ending (a) - (b)	<u>\$ 1,220,369</u>	<u>\$ 1,022,912</u>	<u>\$ 1,195,787</u>	<u>\$ 1,232,020</u>	<u>\$ 948,025</u>
Plan fiduciary net position as a percentage of the total pension liability	65.05%	70.33%	64.69%	61.96%	68.46%
Covered payroll	\$ 256,766	\$ 212,190	\$ 189,316	\$ 264,754	\$ 282,696
Employer's net pension liability as a percentage of covered payroll	475.28%	482.07%	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
2024	\$ 109,092	\$ 169,092	\$ (60,000)	\$ 252,335	67.01%
2023	129,936	129,936	-	285,303	45.54%
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%

See Notes to Required Supplemental Information.

**City of Marquette, Michigan
Peter White Public Library**

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

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:

- 2023

Investment performance measured for the one-year period ending December 31, 2023 resulted in current year excess gains for use in lowering the assumed rate of investment return. As a result, the assumed rate of investment return was lowered from 7.00% to 6.93%. The December 31, 2023 valuation liabilities were developed using this new, lower assumption. Additionally, as a result of recognized excess market gains, the valuation assets used to fund these liabilities are 1.4% higher than if there were no dedicated gains policy. The combined impact of these changes will minimize the first-year impact on employer contributions and may result in an increase or a decrease in employer contributions.

- 2022

Investment performance measured for the one-year period ending December 31, 2022 did not result in excess gains for use in lowering the assumed rate of investment return. As a result, this assumption remains at 7.00%. Furthermore, there were no other assumption or method changes in 2022.

- 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.

- 2018

None

**City of Marquette, Michigan
Peter White Public Library**

**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
(Continued)**

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

- 2017
None
- 2016
None
- 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.
- 2014
None

Notes to Schedule of Employer's Contributions - MERS

Valuation date December 31, 2022

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	12-17 years, depending on division
Asset valuation method	5 year smoothed
Inflation	2.5%
Salary increases	3.00%
Investment rate of return	7.00%
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, 2024

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 1,023,360	\$ 1,061,924	\$ 1,063,801	\$ 1,877
Federal sources	-	-	-	-
State sources	71,500	76,703	76,703	-
Local sources	686,000	717,078	717,454	376
Charges for services	26,000	40,000	41,554	1,554
Fines and forfeiture	79,000	104,750	107,502	2,752
Rentals	34,000	34,200	34,560	360
Contributions from private sources	195,300	154,317	160,841	6,524
Investment income	10,000	10,000	95,929	85,929
Other	7,500	14,820	15,806	986
TOTAL REVENUES	2,132,660	2,213,792	2,314,150	100,358
EXPENDITURES:				
Recreation and Culture:				
Personnel services	1,545,850	1,611,405	1,587,044	24,361
Supplies	472,810	442,840	431,868	10,972
Other services and charges	67,300	95,639	62,282	33,357
Capital outlay	81,700	263,586	262,354	1,232
Debt Service:				
Bond issuance expense	-	-	-	-
TOTAL EXPENDITURES	2,167,660	2,413,470	2,343,548	69,922
NET REVENUES OVER (UNDER) EXPENDITURES	(35,000)	(199,678)	(29,398)	170,280
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of fixed assets	-	-	-	-
Transfers in	35,000	35,000	35,000	-
Transfers (out)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	35,000	35,000	35,000	-
NET CHANGE IN FUND BALANCE	-	(164,678)	5,602	170,280
Fund balance, beginning of year	745,290	745,290	745,290	-
FUND BALANCE, END OF YEAR	\$ 745,290	\$ 580,612	\$ 750,892	\$ 170,280

**City of Marquette, Michigan
Peter White Public Library**

CARROLL PAUL MEMORIAL TRUST FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended September 30, 2024

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive/ (Negative)
	Original	Final		
REVENUES:				
Investment income	\$ 20,000	\$ 20,000	\$ 167,068	\$ 147,068
TOTAL REVENUES	<u>20,000</u>	<u>20,000</u>	<u>167,068</u>	<u>147,068</u>
EXPENDITURES:				
Recreation and Culture:				
Musical supplies and services	-	-	-	-
Other services and charges	9,000	9,000	7,588	1,412
TOTAL EXPENDITURES	<u>9,000</u>	<u>9,000</u>	<u>7,588</u>	<u>1,412</u>
NET REVENUES OVER (UNDER) EXPENDITURES	<u>11,000</u>	<u>11,000</u>	<u>159,480</u>	<u>148,480</u>
OTHER FINANCING SOURCES (USES):				
Transfers (out)	(35,000)	(35,000)	(35,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u>(24,000)</u>	<u>(24,000)</u>	<u>124,480</u>	<u>148,480</u>
Fund balance, beginning of year	<u>831,687</u>	<u>831,687</u>	<u>831,687</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 807,687</u>	<u>\$ 807,687</u>	<u>\$ 956,167</u>	<u>\$ 148,480</u>

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, 2024

	<u>Final Budget</u>	<u>Actual GAAP Basis</u>	<u>Variance with Final Budget Positive/ (Negative)</u>
REVENUES:			
Property taxes			\$ -
Other	333,470	269,330	(64,140)
TOTAL REVENUES	<u>333,470</u>	<u>269,330</u>	<u>(64,140)</u>
EXPENDITURES:			
Debt Service:			
Principal	235,000	235,000	-
Interest and fiscal charges	97,950	97,950	-
Other services and charges	520	520	-
TOTAL EXPENDITURES	<u>333,470</u>	<u>333,470</u>	<u>-</u>
NET REVENUES OVER (UNDER) EXPENDITURES	-	(64,140)	(64,140)
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	-	(64,140)	(64,140)
Fund balance, beginning of year	186,001	186,001	-
FUND BALANCE, END OF YEAR	<u>\$ 186,001</u>	<u>\$ 121,861</u>	<u>\$ (64,140)</u>

COMPLIANCE SECTION



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, 2024, 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 14, 2025. 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.

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, PLLC
Certified Public Accountants

March 14, 2025

COMMUNICATIONS SECTION



Peter White Public Library
Report to Management
For the Year Ended September 30, 2024

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, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the Library's system of 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, PLLC
Certified Public Accountants

March 14, 2025



Peter White Public Library
Communication with Those Charged with Governance
For the Year Ended September 30, 2024

March 14, 2025

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, 2024. 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 16, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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. 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 methods, assumptions, and

data 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 methods, assumptions, and data 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 methods, assumptions, and data 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 methods, assumptions, and data 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 methods, assumptions, and data 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, 2023.

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 14, 2025.

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.

Upcoming Changes in Accounting Standards

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

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.

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 Library Board of Trustees and management of the 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, PLLC
Certified Public Accountants

ATTACHMENT – UPCOMING GASB STANDARDS

For the Year Ended September 30, 2024

The Governmental Accounting Standards Board (GASB) routinely issues pronouncements to enhance accounting and financial reporting. Below are synopses of currently issued standards that may be applicable to the Library. More information related to these standards can be found at www.gasb.org including full copies of the standards along with implementation guides and technical bulletins. We encourage management to review the following pronouncements to determine which standard(s) may be applicable to the Library.

GASB 101: Compensated Absences

Effective for fiscal years beginning after December 15, 2023 (Library's fiscal year 2025)

GASB believes the unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

This standard will impact the Library's future financial statements. Going forward the Library will be required to review its definition of compensated absences and may be required to report additional types of leave that may not be reported under its current definition of compensated absences. The applicability of the standard to the various types of leave will be dependent upon the policies of the Library and negotiated stipulations within its collective bargaining agreement(s). In addition to expanding the scope of *compensated absences*, this standard requires that certain salary-related payments also be included in the reported liability for financial statement purposes.

GASB 102: Certain Risk Disclosures

Effective for fiscal years beginning after June 15, 2024 (Library's fiscal year 2025)

The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

ATTACHMENT – UPCOMING GASB STANDARDS

For the Year Ended September 30, 2024

The Board believes the requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

We do not expect this standard to have any significant effect on the Library's financial statements.

GASB 103: Financial Reporting Model Improvements

Effective for fiscal years beginning after June 15, 2025 (Library's fiscal year 2026)

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. The Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed and avoid "boilerplate" discussions. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. The definitions of

ATTACHMENT – UPCOMING GASB STANDARDS

For the Year Ended September 30, 2024

operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements. The requirement for presentation of major component unit information will improve comparability.

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

We expect this standard to have a significant effect on the presentation of the Library's financial statements.

GASB 104: Disclosure of Certain Capital Assets

Effective for fiscal years beginning after June 15, 2025 (Library's fiscal year 2026)

The objective of this Statement is to provide detailed information about capital assets in notes to financial statements by requiring certain capital assets to be presented by major class. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale.

We do not expect this standard to have a significant effect on the presentation of the Library's financial statements.