

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

**AUDITED FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2025**

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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, 2025, 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, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Peter White Public Library Development Fund were not audited in accordance with *Government Auditing Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Library and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Change in Accounting Principle***

As described in Note L to the financial statements, in 2025, the Library adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation

and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as listed in the

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

### ***Supplementary Information***

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2026, 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 23, 2026

**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, 2025. 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 \$6,970,044. Net position is comprised of 100% governmental activities.
- During the year, the Library expenses were \$2,754,865, while revenues from all sources totaled \$3,609,331, resulting in an increase in net position of \$854,466.
- The General Fund reported a net change in fund balance of \$26,544. This is \$105,157 higher than the forecast change in fund balance of (\$78,613).

**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, 2025 and 2024.

	Governmental Activities	
	2025	2024
Current and other assets	\$4,803,304	\$4,109,643
Capital assets, net	6,793,156	6,873,029
Total Assets	11,596,460	10,982,672
Deferred outflows of resources	243,986	269,735

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

**Table 1  
Net Position (Continued)**

	Governmental Activities	
	2025	2024
Current liabilities	\$133,905	\$103,508
Non-current liabilities	3,626,564	3,915,190
Total Liabilities	3,760,469	4,018,698
Deferred inflows of resources	1,109,933	1,118,131
Net Position:		
Net investment in capital assets	4,310,699	4,142,348
Restricted	2,905,434	2,268,843
Unrestricted	(246,089)	(295,613)
Total Net Position	\$6,970,044	\$6,115,578

Net position of the Library’s governmental activities stood at \$6,970,044. 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 (\$246,089).

The (\$246,089) 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 2025 and 2024.

**Table 2  
Statement of Activities**

	Governmental Activities	
	2025	2024
<b>Revenues:</b>		
Program Revenues:		
Charges for services	\$177,064	\$182,552
Operating grants and contributions	1,721,967	1,283,496
General Revenues:		
Property taxes	1,464,463	1,333,131
Investment earnings	232,039	362,328
Proceeds on the sale of fixed assets	-	-
Miscellaneous	13,798	39,768
Total Revenues	3,609,331	3,201,275
Program Expenses:		
Recreation and cultures	2,668,776	2,528,812
Interest on long-term debt	86,089	92,389
Total Expenses	2,754,865	2,621,201
Increase (decrease) in net position	854,466	580,074
Net position, beginning	6,115,578	5,535,504
Net Position, Ending	\$6,970,044	\$6,115,578

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

The Library’s total revenues were \$3,609,331. The total cost of all programs and services was \$2,754,865, leaving an increase in net position of \$854,466.

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	\$2,668,776	\$769,745

### THE LIBRARY’S FUNDS

As the Library completed the year, its governmental funds reported a combined fund balance of \$3,605,222, an increase of \$655,299 from the beginning of the year. This increase was due partially to an increase in the General Fund of \$26,544. The General Fund’s revenues came in over budgeted amounts due mostly attributable to investment income. Current year stock market performance was also a major factor in the increase in fund balance of \$36,297 in the Carroll Paul Memorial Trust Fund. These gains were partially offset by the decrease in fund balance of approximately \$8,900 in the Library Improvement Debt Service Fund.

The Peter White Public Library Development Fund (the “Development Fund”) is a 501(c)(3) nonprofit organization required to be presented as a blended component unit under GASB 80. During the year, the Development Fund reported an increase in fund balance totaling \$601,342. In addition to its normal private donations, the Development Fund received bequests from two estates totaling over \$100,000 and an endowment of \$50,000 during the year for the Mining Journal Digitization project.

### 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 mils 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 and passed by a respectable margin. PWPL will be on the November 2026 ballot in Marquette Charter Township.

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 FY2024/2025 library usage statistics remain strong. In person library visits totaled 178,333 a 7% increase from the previous year. Visits to the library’s website [www.pwpl.info](http://www.pwpl.info) totaled 148,494 from 128,349 unique visitors. Check-outs of physical items totaled 190,386 and electronic checkouts totaled 56,569. Computer and wireless usage totaled 27,423 which is consistent with

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

last year's total. Programming continues to be popular with our community in FY24/25 the library hosted 849 programs with 32,235 people in attendance. Programs continue to be offered onsite (801) and offsite (48). Virtual only programs are only offered when it is the only option, in FY24/25 we offered six of these. The library recorded 61 programs for on-demand usage, which were viewed 2,739 times (within the first 30 days of the recording). Physical collection total count is 158,488 and includes print (139,318), audio (10,177), video (8,164), and library of things (829). The adult non-fiction collection was the primary focus of collection weeding this year as we strive to maintain a well curated print collection. Room usage continues to increase for PWPL spaces, this includes reservations and study room use. Drop-in usage that was reported stayed static.

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

The Library employs approximately 40 employees. Due to many factors the Library has experienced an unprecedented amount of turnover in the last decade. Only 38% of the current library staff have been employed by PWPL more than 5 years. Of staff with 5 or more years' of employment, 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 fiscal year 2024/2025 funds from the General Fund Trust were used to repair sidewalks around the library, fill parking lot beds with concrete, and seal and restripe the library parking lot.

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

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.

Peter White Public Library Development Fund is a separate non-profit organization which was established in 2015 to provide the library with budget stability and raise funds in support of future initiatives. The Endowment Fund was established with a \$30,000 donation from UP Health Systems and has since grown to over \$2 million dollars, providing annual distribution opportunities exceeding that of the original donation. In addition to general endowment funds used to support the operating budget, there are several donor funds are established in support specific areas such as youth, technology, library collections, and local history.

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 2025, the Library 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	
	2025	2024
Land	\$114,704	\$114,704
Construction in progress	-	-
Land improvements	93,846	26,328
Buildings	6,559,255	6,731,843
Furnishings and equipment	-	-
Leased furnishings and equipment	25,351	154
Total	<u>\$6,793,156</u>	<u>\$6,873,029</u>

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

During the current year the Library resurfaced the parking lot, replaced a section of the concrete sidewalk, and purchased various furnishings for the former Marquette Arts and Cultural Center space that is no longer being leased by the City of Marquette.

The Library entered into new lease agreements for photo copiers during the year; as such the old right-to-use assets were disposed.

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 \$2,290,791 in bonds and leases outstanding as depicted in Table 5 below.

**Table 5**  
**Outstanding Debt at Year-End**

	Governmental Activities	
	2025	2024
Library Improvement Bonds	\$2,265,000	\$2,515,000
Leases	25,761	23
Total	<u>\$2,290,761</u>	<u>\$2,515,023</u>

As previously noted, the Library entered into two new lease agreements in the current year totaling \$30,249. During the year the Library made the required principal payments totaling \$250,000 on bonds and \$4,511 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.

Library staff, represented by AFSCME, signed a three-year labor agreement effective October 1, 2025 to September 30, 2028. Wages will continue to be negotiated yearly as continued increases in the cost of living and housing pressures combined with increased Michigan minimum-wage rates will certainly result in the need for higher wages for PWPL staff. Administration is committed to increasing wages as much as the budget can withstand.

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

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.

2025 will also mark the end of an era with 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 moved out of the library facility, and PWPL regained this space. The MACC space was previously leased for \$30,000/year. This is a loss of revenues for the Library and results in extra work for our existing staff. PWPL is committed to providing support for the arts in our community, that support includes renting out the Studio #1 room. That room will be rented under the same policy and rate structure as the other rooms at PWPL.

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.

The Library has several building repair projects on the horizon. Fiberglass atrium windows on top of the building as well as aging HVAC equipment are also being monitored. The Library Board of Trustees and Administrative staff will continue to evaluate building repair projects and will pay for this work out of the PWPL General Fund, Fund Balance, and donor funds as appropriate.

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, 2025

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 1,349,624
Investments	213,790
Taxes receivable, net	98,399
Accounts receivable, net	7,478
Prepaid expenses	77,648
Lease receivable	-
Non-current Assets:	
Restricted cash and cash equivalents	488,127
Restricted investments	2,568,238
Lease receivable	-
Capital assets:	
Land and construction in progress	114,704
Other capital assets, net	6,678,452
<b>TOTAL ASSETS</b>	<b>11,596,460</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred amounts related to pension	135,558
Employer contributions subsequent to measurement date	108,428
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>243,986</b>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	43,865
Accrued liabilities	77,438
Due to others	12,602
Non-current Liabilities:	
Due or payable within one year	
Bonds payable	245,000
Lease payable	6,108
Compensated absences	39,007
Due or payable after one year	
Bonds payable	2,211,696
Lease payable	19,653
Compensated absences	48,469
Net pension liability	1,056,631
<b>TOTAL LIABILITIES</b>	<b>3,760,469</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred amounts related to leases	-
Deferred amounts related to pension	456
Taxes levied for a subsequent period	1,109,477
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,109,933</b>
<b>NET POSITION</b>	
Net investment in capital assets	4,310,699
Restricted:	
Retirement of debt	112,977
Other activities	2,792,457
Unrestricted	(246,089)
<b>TOTAL NET POSITION</b>	<b>\$ 6,970,044</b>

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, 2025

	General Fund	Carroll Paul Memorial Trust Fund	Library Improvement Debt Service Fund	Peter White Public Library Development Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 1,349,624	\$ 10,276	\$ 341,556	\$ 136,295	\$ 1,837,751
Investments	213,790	982,188	-	1,586,050	2,782,028
Taxes receivable, net	78,998	-	19,401	-	98,399
Accounts receivable, net	7,478	-	-	-	7,478
Prepaid expenses	77,648	-	-	-	77,648
<b>TOTAL ASSETS</b>	<u>1,727,538</u>	<u>992,464</u>	<u>360,957</u>	<u>1,722,345</u>	<u>4,803,304</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-	-	-	-
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<u>\$ 1,727,538</u>	<u>\$ 992,464</u>	<u>\$ 360,957</u>	<u>\$ 1,722,345</u>	<u>\$ 4,803,304</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 43,865	\$ -	\$ -	\$ -	\$ 43,865
Accrued salaries and wages	32,138	-	-	-	32,138
Due to others	10,425	-	2,177	-	12,602
<b>TOTAL LIABILITIES</b>	<u>86,428</u>	<u>-</u>	<u>2,177</u>	<u>-</u>	<u>88,605</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Taxes levied for a subsequent period	863,674	-	245,803	-	1,109,477
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>863,674</u>	<u>-</u>	<u>245,803</u>	<u>-</u>	<u>1,109,477</u>
<b>FUND BALANCE</b>					
Non-spendable	77,648	-	-	-	77,648
Restricted:					
Capital Projects	-	-	-	-	-
Debt Retirement	-	-	112,977	-	112,977
Endowments	-	992,464	-	1,722,345	2,714,809
Unassigned	699,788	-	-	-	699,788
<b>TOTAL FUND BALANCE</b>	<u>777,436</u>	<u>992,464</u>	<u>112,977</u>	<u>1,722,345</u>	<u>3,605,222</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 1,727,538</u>	<u>\$ 992,464</u>	<u>\$ 360,957</u>	<u>\$ 1,722,345</u>	<u>\$ 4,803,304</u>

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, 2025

**Total Fund Balances for Governmental Funds** \$ 3,605,222

*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	\$ 14,592,953	
Accumulated depreciation and amortization	<u>(7,799,797)</u>	6,793,156

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	-	
Lease receivable greater than one year	-	
Deferred amounts related to leases	<u>-</u>	-

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	(1,056,631)	
Deferred outflows of resources related to net pension liability	135,558	
Employer contributions subsequent to measurement date	108,428	
Deferred inflows of resources related to net pension liability	<u>(456)</u>	(813,101)

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	(245,000)	
Bonds payable - due in more than one year	(2,020,000)	
Premium on Bond	(191,696)	
Accrued interest on debt	(45,300)	
Lease payable - due in one year	(6,108)	
Lease payable - due in more than one year	(19,653)	
Compensated absences - due in one year	(39,007)	
Compensated absences - due in more than one year	<u>(48,469)</u>	<u>(2,615,233)</u>

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 6,970,044

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, 2025

	General Fund	Carroll Paul Memorial Trust Fund	Library Improvement Debt Service Fund	Peter White Public Library Development Fund	Total Governmental Funds
<b>REVENUES:</b>					
Property taxes	\$ 1,130,184	\$ -	\$ 334,279	\$ -	\$ 1,464,463
Federal sources	23,800	-	-	-	23,800
State sources	81,329	-	-	-	81,329
Local sources	759,590	-	-	-	759,590
Charges for services	45,422	-	-	-	45,422
Fines and forfeiture	96,203	-	-	-	96,203
Rentals	37,687	-	-	-	37,687
Contributions from private sources	185,030	-	-	672,218	857,248
Investment income	46,574	79,896	-	105,569	232,039
Other	19,628	-	457	-	20,085
<b>TOTAL REVENUES</b>	<b>2,425,447</b>	<b>79,896</b>	<b>334,736</b>	<b>777,787</b>	<b>3,617,866</b>
<b>EXPENDITURES:</b>					
Recreation and Culture:					
Personnel services	1,658,939	-	-	-	1,658,939
Supplies	469,754	-	-	-	469,754
Other services and charges	116,209	7,999	520	176,445	301,173
Capital outlay	189,601	-	-	-	189,601
Debt service:					
Principal retirement	-	-	250,000	-	250,000
Interest and fiscal charges	-	-	93,100	-	93,100
<b>TOTAL EXPENDITURES</b>	<b>2,434,503</b>	<b>7,999</b>	<b>343,620</b>	<b>176,445</b>	<b>2,962,567</b>
<b>NET REVENUES OVER EXPENDITURES</b>	<b>(9,056)</b>	<b>71,897</b>	<b>(8,884)</b>	<b>601,342</b>	<b>655,299</b>
<b>OTHER FINANCING SOURCE (USES):</b>					
Proceeds from sale of fixed assets	-	-	-	-	-
Transfers in	35,600	-	-	-	35,600
Transfers (out)	-	(35,600)	-	-	(35,600)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>35,600</b>	<b>(35,600)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>26,544</b>	<b>36,297</b>	<b>(8,884)</b>	<b>601,342</b>	<b>655,299</b>
Fund balance, beginning of year	750,892	956,167	121,861	1,121,003	2,949,923
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 777,436</b>	<b>\$ 992,464</b>	<b>\$ 112,977</b>	<b>\$ 1,722,345</b>	<b>\$ 3,605,222</b>

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, 2025

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$ 655,299</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
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	\$ 135,741	
Depreciation and amortization expense	(210,562)	
Amortization	(5,052)	
Net book value of disposals	-	(79,873)
Issuance of bond principal is a revenue in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.		
		(30,249)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		250,000
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		4,511
Governmental funds report the effect of premiums and similar items when debt is first issue, whereas these amounts are amortized in the statement of activities. This is the net effect of these differences in the treatment of long-term debt		
		23,962
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditures is reported when due.		
		2,500
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	(29,200)	
Amortization of deferred amounts related to leases	26,952	(2,248)
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.		
		(19,928)
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		50,492
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>		<b>\$ 854,466</b>

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, 2025

**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, 2024. 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, 2025, the Development Fund distributed \$71,662 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 \$1,109,476 which relates to its portion of the City of Marquette's 2026 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 23, 2026, 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, 2025, 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		\$1,349,624
Restricted		488,127
	Subtotal	<u>1,837,751</u>
Investments:		
Unrestricted		213,790
Restricted		2,568,238
	Subtotal	<u>2,782,028</u>
	Total	<u><u>\$4,619,779</u></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, 2025, the carrying amount of the Library's deposits with financial institutions was \$1,837,751 and the bank balance was \$1,659,670. 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, 2025, 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	\$2,193,386	\$2,193,386	\$-	\$-	\$-
Equities	1	751	751	-	-	-
Exchange traded funds	1	587,891	587,891	-	-	-
TOTAL		<u>\$2,782,028</u>	<u>\$2,782,028</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:

Fund	Due From Other Funds	Fund	Due To Other Funds
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:

Fund	Transfers In	Fund	Transfers Out
General Fund	<u>\$35,600</u>	Carroll Paul Memorial Trust Fund	<u>\$35,600</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:**Marquette Arts and Culture Center

Approximately 3,600 square feet of building space is leased to the City for a community art center. This agreement is for a period of five years. 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. The lease term ended September 30, 2025 and will not be renewed.

Below is a summary of material lease agreements:

Lessee	Term	Lease Receivable	Lease Revenue	Interest Revenue
City of Marquette	60 months	\$-	\$29,289	\$711

**NOTE E – CAPITAL ASSETS:**

Capital asset activity for the year is as follows:

	Balance 9/30/2024	Additions	Deletions	Balance 9/30/2025
Capital assets not being depreciated:				
Land	\$114,704	\$-	\$-	\$114,704
Construction in progress	-	-	-	-
Capital assets not being depreciated	<u>114,704</u>	<u>-</u>	<u>-</u>	<u>114,704</u>
Capital assets being depreciated:				
Land improvements	117,250	73,060	-	190,310
Building and improvements	13,211,622	32,432	-	13,244,054
Furniture and equipment	1,013,636	-	-	1,013,636
Subtotal	<u>14,342,508</u>	<u>105,492</u>	<u>-</u>	<u>14,448,000</u>
Less accumulated depreciation:				
Land improvements	(90,922)	(5,542)	-	(96,464)
Buildings and improvements	(6,479,779)	(205,020)	-	(6,684,799)
Furniture and equipment	(1,013,636)	-	-	(1,013,636)
Subtotal	<u>(7,584,337)</u>	<u>(210,562)</u>	<u>-</u>	<u>(7,794,899)</u>
Capital assets being depreciated, net	<u>6,758,171</u>	<u>(105,070)</u>	<u>-</u>	<u>6,653,101</u>
Lease assets:				
Furniture and equipment	20,250	30,249	(20,250)	30,249
Subtotal	<u>20,250</u>	<u>30,249</u>	<u>(20,250)</u>	<u>30,249</u>
Less accumulated amortization:				
Furniture and equipment	(20,096)	(5,052)	20,250	(4,898)
Subtotal	<u>(20,096)</u>	<u>(5,052)</u>	<u>20,250</u>	<u>(4,898)</u>
Leased assets, net	<u>154</u>	<u>25,197</u>	<u>-</u>	<u>25,351</u>
<b>TOTAL CAPITAL ASSETS, NET</b>	<u><u>\$6,873,029</u></u>	<u><u>(\$79,873)</u></u>	<u><u>\$-</u></u>	<u><u>\$6,793,156</u></u>

**NOTE E – CAPITAL ASSETS (Continued):**

Total depreciation expense of \$210,562 and amortization expense of \$5,052 is included in the Recreation and culture governmental activity in the Statement of Activities.

**NOTE F – LONG-TERM DEBT:**

Changes in long-term debt are summarized as follows:

	Balance 9/30/2024	Additions	Deductions	Balance 9/30/2025	Due Within One Year
2017 GO Bonds	\$2,515,000	\$-	(\$250,000)	\$2,265,000	\$245,000
Add: Deferred premium	215,658	-	(23,962)	191,696	-
Total Bonds	<u>2,730,658</u>	<u>-</u>	<u>(273,962)</u>	<u>2,456,696</u>	<u>245,000</u>
Leases:					
Copier - Sharp	23	-	(23)	-	-
Copier - Xerox (Public)	-	5,951	(1,252)	4,699	1,252
Copier – Xerox (Admin)	-	24,298	(3,236)	21,062	4,856
Total Leases	<u>23</u>	<u>30,249</u>	<u>(4,511)</u>	<u>25,761</u>	<u>6,108</u>
Compensated Absences:					
Paid time off	67,548	20,357	(429)	87,476	39,007
<b>TOTAL LONG-TERM DEBT</b>	<u><u>\$2,798,229</u></u>	<u><u>\$50,606</u></u>	<u><u>(\$278,902)</u></u>	<u><u>\$2,569,933</u></u>	<u><u>\$290,115</u></u>

**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 from 2.0% to 4.0%. The Bonds were issued for the purpose of financing restoration and renovation projects at the Library.

**XEROX Copier Lease - Public**

In June 2024, the Library leased a XEROX copy machine for public use. The term of the lease is 60 months with monthly payments of \$104.54. There was no stated interest rate in the lease agreement. For purposes of GASB 87 the Library imputed an interest rate of 3.2% per annum based on the weighted average of its most recent debt financing transaction. The lease has a purchase option at the end of the lease for fair market value; however, the Library does not intend to purchase the equipment at the end of the five-year term.

**XEROX Copier Lease - Admin**

In January 2025, the Library leased a XEROX copy machine for a term of 60 months with monthly payments of \$405.52. There was no stated interest rate in the lease agreement. For purposes of GASB 87 the Library imputed an interest rate of 3.2% per annum based on the weighted average of its most recent debt financing transaction. The lease has a purchase option at the end of the lease for fair market value; however, the Library does not intend to purchase the equipment at the end of the five-year term.

**NOTE F – LONG-TERM DEBT (Continued):**

Annual principal and interest requirements through maturity are as follows:

Year Ending September 30:	Bonds		Leases	
	Principal	Interest	Principal	Interest
2026	\$245,000	\$85,700	\$6,108	\$13
2027	255,000	75,700	6,112	9
2028	265,000	65,300	6,116	7
2029	275,000	54,500	5,804	3
2030	290,000	43,200	1,621	-
2031-2033	935,000	57,100	-	-
Total	<u>\$2,265,000</u>	<u>\$381,500</u>	<u>\$25,761</u>	<u>\$32</u>

Interest expense incurred on bonds was \$93,100 for the year ended September 30, 2025.

**NOTE G – COMPENSATED ABSENCES:**

Under the provisions of GASB 101, the Library records a liability for various types of unused leave attributable to services already rendered (i.e. paid time off). The liability for these benefits is accrued as the benefit is earned and valued at the amount expected to be paid out based on management’s estimates for historical usage. Additionally, Social Security and Medicare taxes along with other employer-related payments such as retirement are included in the Library’s liability except that the liability does not include retirement amounts for individuals under the Library’s defined benefit pension plan.

**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 (i.e. 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, 2025 are as follows:

	Total
Paid time off	\$76,836
FICA	5,878
Pension	4,762
Total	<u>\$87,476</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.

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

*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, 2025, fund balances are composed of the following:

	General Fund	Carroll Paul Memorial Trust Fund	Library Improvement Debt Fund	PWPL Development Fund	Total Governmental Funds
Non-spendable:					
Prepaid expenses	\$77,648	\$-	\$-	\$-	\$77,648
Restricted:					
Debt retirement	-	-	112,977	-	112,977
Endowments	-	992,464	-	1,722,345	2,714,809
Unassigned	699,788	-	-	-	699,788
Total fund balances	<u>\$777,436</u>	<u>\$992,464</u>	<u>\$112,977</u>	<u>\$1,722,345</u>	<u>\$3,605,222</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

**NOTE I – DEFINED BENEFIT PENSION PLAN (Continued):**

available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at [www.mersofmich.com](http://www.mersofmich.com).

Benefits Provided

	2024 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, 2024 valuation date, the following employees were covered by the benefit terms:

Active employees	5
Inactive employees entitled to but not yet receiving benefits	1
Inactive employees or beneficiaries currently receiving benefits	15
Total	21

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, 2024:

	Employer	Employee
07 – Pw Lbry Snr	\$2,575	0.00%
12 – P White Lby	\$5,069	7.00%
70 – PW Lbry Adm	\$3,551	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, 2024, 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, 2024 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 2019-2023.

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 2024. 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	Plan	Net Pension
	Pension	Fiduciary Net	
Liability	Pension	Liability	
	(a)	(b)	(a)-(b)
Balances as of 12/31/2023	\$3,858,808	\$2,741,847	\$1,116,961
Changes for the Year:			
Service costs	30,656	-	30,656
Interest on total pension liability	268,067	-	268,067
Changes in benefits	-	-	-
Difference between expected and actual experience	39,295	-	39,295
Changes in assumption	(13,495)	-	(13,495)
Employer contributions	-	172,974	(172,974)
Employee contributions	-	17,062	(17,062)
Net investment income	-	200,820	(200,820)
Benefit payments, including employee refunds	(281,232)	(281,232)	-
Administrative expense	-	(6,005)	6,005
Other changes	(2)	-	(2)
Net Changes	43,289	103,619	(60,330)
Balances as of 12/31/2024	<u>\$3,902,097</u>	<u>\$2,845,466</u>	<u>\$1,056,631</u>

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 12/31/2024	\$1,056,631	\$1,056,631	\$1,056,631
Change in Net Pension Liability (NPL)	398,569	-	(338,771)
Calculated NPL	<u>\$1,455,200</u>	<u>\$1,056,631</u>	<u>\$717,860</u>

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

**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, 2025, the employer recognized pension expense (benefit) of \$116,364. 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	\$25,129	\$-
Differences in assumptions	-	(456)
(Excess) Deficit Investment Returns	110,429	-
Subtotal	<u>135,558</u>	<u>(456)</u>
Contributions subsequent to the measurement date*	108,428	
Total	<u>\$243,986</u>	

\*The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending September 30, 2025.

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

<b>Deferred (Inflows) and Deferred Outflows of Resources by Year (to Be Recognized in Future Pension Expenses)</b>	
Plan Year Ended December 31,	Amount
2025	\$63,703
2026	94,625
2027	(21,738)
2028	(1,488)
2029	-
Thereafter	-
Total	<u>\$135,102</u>

**Payable to Pension Plan:**

At September 30, 2025, 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, 2025.

**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 \$11,589 during the current year and employee contributed \$2,674. The employees under the plan are immediately vested. At September 30, 2025, 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 \$44,130 during the current year and employee contributed \$18,388. The employees covered under this plan are vested after three years of service. At September 30, 2025, 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 \$5,000 in the aggregate. Information relevant to tax abatements within the Library for the year ended September 30, 2025 are as follows:

<u>Issuing Government</u>	<u>Type of Tax Abatement Agreement</u>	<u>Tax Abated</u>	<u>Gross Amount Abated in Fiscal Year</u>
City of Marquette	IFTs	Property Taxes	\$19,751
City of Marquette	Brownfields	Property Taxes	184,286
			<u>\$204,037</u>

For the fiscal year ended September 30, 2025, there were no significant tax abatements made by the Library.

**NOTE L – NEW GASB STANDARDS:**

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

## **NOTE L – NEW GASB STANDARDS (Continued):**

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

### Recently Issued and Adopted Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. GASB 101 is built on the unified recognition and measurement model that 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 statement is effective for periods beginning after December 15, 2023. The Library has activities that meet the criteria for GASB 101. The change in accounting principle did not result in a material difference in the amount of the liability previously presented. Therefore, the current year's change in the liability presented in Note G includes the adoption of this statement.

### Other Recently Issued Accounting Pronouncements

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. GASB 102 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. 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. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. This statement is effective for periods beginning after June 15, 2024. The Library does not have activities that meet the criteria for GASB 102; therefore, this statement 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,				
	2024	2023	2022	2021	2020
<b>Change in total pension liability</b>					
Service cost	\$ 30,656	\$ 33,832	\$ 45,909	\$ 48,398	\$ 52,368
Interest	244,470	264,936	279,957	276,563	211,319
Changes in benefits	-	-	-	-	-
Differences between expected and actual experience	39,295	(3,206)	(42,690)	(95,831)	57,246
Changes in assumptions	(13,495)	25,621	-	127,710	151,620
Benefit payments, including refunds of member contributions	(281,232)	(276,748)	(268,109)	(281,444)	(270,647)
Other changes	23,595	2,611	(11,889)	(1,577)	(93,938)
<b>Net change in total pension liability</b>	<u>43,289</u>	<u>47,046</u>	<u>3,178</u>	<u>73,819</u>	<u>107,968</u>
<b>Total pension liability, beginning</b>	<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>
<b>Total pension liability, ending (a)</b>	<u>3,902,097</u>	<u>3,858,808</u>	<u>3,811,762</u>	<u>3,808,584</u>	<u>3,734,765</u>
<b>Change in plan fiduciary net position</b>					
Contributions - employer	172,974	119,514	124,248	117,462	175,399
Contributions - employee	17,062	18,156	23,449	26,716	35,224
Net investment income	200,820	284,829	(320,381)	391,706	329,195
Benefit payments, including refunds of member contributions	(281,232)	(276,748)	(268,109)	(281,444)	(270,647)
Administrative expense	(6,005)	(6,070)	(5,586)	(4,490)	(5,141)
Other changes	-	(27,271)	-	(1)	-
<b>Net change in plan fiduciary net position</b>	<u>103,619</u>	<u>112,410</u>	<u>(446,379)</u>	<u>249,949</u>	<u>264,030</u>
<b>Plan fiduciary net position, beginning</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>
<b>Plan fiduciary net position, ending (b)</b>	<u>2,845,466</u>	<u>2,741,847</u>	<u>2,629,437</u>	<u>3,075,816</u>	<u>2,825,867</u>
<b>Employer's net pension liability, ending (a) - (b)</b>	<u>\$ 1,056,631</u>	<u>\$ 1,116,961</u>	<u>\$ 1,182,325</u>	<u>\$ 732,768</u>	<u>\$ 908,898</u>
Plan fiduciary net position as a percentage of the total pension liability	72.92%	71.05%	68.98%	80.76%	75.66%
Covered payroll	\$ 229,238	\$ 246,492	\$ 332,488	\$ 366,171	\$ 390,288
Employer's net pension liability as a percentage of covered payroll	460.93%	453.14%	355.60%	200.12%	232.88%

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,				
	2019	2018	2017	2016	2015
<b>Change in total pension liability</b>					
Service cost	\$ 38,312	\$ 37,610	\$ 48,532	\$ 47,489	\$ 36,106
Interest	207,409	200,339	265,662	254,241	187,817
Changes in benefits	(119)	-	587	(545)	-
Differences between expected and actual experience	14,725	(2,409)	(71,536)	25,151	(11,226)
Changes in assumptions	90,638	-	-	-	151,384
Benefit payments, including refunds of member contributions	(215,515)	(191,797)	(181,797)	(178,595)	(131,851)
Other changes	-	-	-	-	-
<b>Net change in total pension liability</b>	<u>135,450</u>	<u>43,743</u>	<u>61,448</u>	<u>147,741</u>	<u>232,230</u>
<b>Total pension liability, beginning</b>	<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>
<b>Total pension liability, ending (a)</b>	<u>3,626,797</u>	<u>3,491,347</u>	<u>3,447,604</u>	<u>3,386,156</u>	<u>3,238,415</u>
<b>Change in plan fiduciary net position</b>					
Contributions - employer	173,752	111,800	105,420	114,790	91,549
Contributions - employee	28,244	25,376	27,289	25,132	24,237
Net investment income	309,695	(94,393)	287,973	227,136	(31,166)
Benefit payments, including refunds of member contributions	(215,515)	(191,797)	(181,797)	(178,595)	(131,851)
Administrative expense	(5,317)	(4,700)	(4,562)	(4,489)	(4,534)
Other changes	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	<u>290,859</u>	<u>(153,714)</u>	<u>234,323</u>	<u>183,974</u>	<u>(51,765)</u>
<b>Plan fiduciary net position, beginning</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>
<b>Plan fiduciary net position, ending (b)</b>	<u>2,561,837</u>	<u>2,270,978</u>	<u>2,424,692</u>	<u>2,190,369</u>	<u>2,006,395</u>
<b>Employer's net pension liability, ending (a) - (b)</b>	<u>\$ 1,064,960</u>	<u>\$ 1,220,369</u>	<u>\$ 1,022,912</u>	<u>\$ 1,195,787</u>	<u>\$ 1,232,020</u>
Plan fiduciary net position as a percentage of the total pension liability	70.64%	65.05%	70.33%	64.69%	61.96%
Covered payroll	\$ 389,790	\$ 256,766	\$ 212,190	\$ 189,316	\$ 264,754
Employer's net pension liability as a percentage of covered payroll	273.21%	475.28%	482.07%	631.64%	465.35%

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
2025	\$ 116,856	\$ 166,856	\$ (50,000)	\$ 238,163	70.06%
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%

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:

- 2024

Investment performance measured for the one-year period ending December 31, 2024 resulted in no change to the assumed rate of investment return of 6.93%.

On February 12, 2025, the MERS Retirement Board adopted the results of an Experience Study covering the period, January 1, 2019 through December 31, 2023. The study examined recent experience and trends, with consideration for the COVID-19 pandemic. The study resulted in incremental assumption updates, with limited impact on employer contributions and funded status, for most employers when results are measured on the new assumption basis. The results of this study are reflected in the December 31, 2024 annual actuarial valuations.

- 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.

**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:

- 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
  
- 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.

**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	11-16 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, 2025

	Budgeted Amounts			Actual GAAP Basis	Variance with Final Budget Positive/ (Negative)
	Original	Amendments Positive/ (Negative)	Final		
<b>REVENUES:</b>					
Property taxes	\$ 1,107,170	\$ 16,935	\$ 1,124,105	\$ 1,130,184	\$ 6,079
Federal sources	16,600	7,200	23,800	23,800	-
State sources	78,400	671	79,071	81,329	2,258
Local sources	700,000	59,400	759,400	759,590	190
Charges for services	32,000	10,300	42,300	45,422	3,122
Fines and forfeiture	84,000	9,100	93,100	96,203	3,103
Rentals	34,000	3,000	37,000	37,687	687
Contributions from private sources	192,290	(9,480)	182,810	185,030	2,220
Investment income	10,000	-	10,000	46,574	36,574
Other	9,000	9,700	18,700	19,628	928
<b>TOTAL REVENUES</b>	<b>2,263,460</b>	<b>106,826</b>	<b>2,370,286</b>	<b>2,425,447</b>	<b>55,161</b>
<b>EXPENDITURES:</b>					
Recreation and Culture:					
Personnel services	1,656,560	(14,797)	1,671,357	1,658,939	12,418
Supplies	489,180	(13,310)	502,490	469,754	32,736
Other services and charges	75,220	(43,260)	118,480	116,209	2,271
Capital outlay	87,290	(104,882)	192,172	189,601	2,571
Debt Service:					
Bond issuance expense	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,308,250</b>	<b>(176,249)</b>	<b>2,484,499</b>	<b>2,434,503</b>	<b>49,996</b>
<b>NET REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(44,790)</b>	<b>(69,423)</b>	<b>(114,213)</b>	<b>(9,056)</b>	<b>105,157</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sale of fixed assets	-	-	-	-	-
Transfers in	35,600	-	35,600	35,600	-
Transfers (out)	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>35,600</b>	<b>-</b>	<b>35,600</b>	<b>35,600</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(9,190)</b>	<b>(69,423)</b>	<b>(78,613)</b>	<b>26,544</b>	<b>105,157</b>
Fund balance, beginning of year	750,892	750,892	750,892	750,892	-
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 741,702</b>	<b>\$ 681,469</b>	<b>\$ 672,279</b>	<b>\$ 777,436</b>	<b>\$ 105,157</b>

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

CARROLL PAUL MEMORIAL TRUST FUND

BUDGETARY COMPARISON SCHEDULE

For the Fiscal Year Ended September 30, 2025

	<b>Budgeted Amounts</b>			<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive/ (Negative)</b>
	<b>Original</b>	<b>Amendments Positive/ (Negative)</b>	<b>Final</b>		
<b>REVENUES:</b>					
Investment income	\$ 20,000	\$ -	\$ 20,000	\$ 79,896	\$ 59,896
<b>TOTAL REVENUES</b>	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>79,896</u>	<u>59,896</u>
<b>EXPENDITURES:</b>					
Recreation and Culture	9,000	-	9,000	7,999	1,001
<b>TOTAL EXPENDITURES</b>	<u>9,000</u>	<u>-</u>	<u>9,000</u>	<u>7,999</u>	<u>1,001</u>
<b>NET REVENUES OVER (UNDER) EXPENDITURES</b>	11,000	-	11,000	71,897	60,897
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers (out)	(35,600)	-	(35,600)	(35,600)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(35,600)</u>	<u>-</u>	<u>(35,600)</u>	<u>(35,600)</u>	<u>-</u>
<b>NET CHANGES IN FUND BALANCE</b>	(24,600)	-	(24,600)	36,297	60,897
Fund balance, beginning of year	956,167	956,167	956,167	956,167	-
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 931,567</u>	<u>\$ 956,167</u>	<u>\$ 931,567</u>	<u>\$ 992,464</u>	<u>\$ 60,897</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, 2025

	<b>Final Budget</b>	<b>Actual GAAP Basis</b>	<b>Variance with Final Budget Positive/ (Negative)</b>
<b>REVENUES:</b>			
Property taxes	\$ 333,800	\$ 334,279	\$ 479
Other	-	457	457
<b>TOTAL REVENUES</b>	333,800	334,736	936
<b>EXPENDITURES:</b>			
Debt Service:			
Principal	250,000	250,000	-
Interest and fiscal charges	93,100	93,100	-
Other services and charges	520	520	-
<b>TOTAL EXPENDITURES</b>	343,620	343,620	-
<b>NET REVENUES OVER (UNDER) EXPENDITURES</b>	(9,820)	(8,884)	936
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	-	-	-
<b>NET CHANGES IN FUND BALANCE</b>	(9,820)	(8,884)	936
Fund balance, beginning of year	121,861	121,861	-
<b>FUND BALANCE, END OF YEAR</b>	\$ 112,041	\$ 112,977	\$ 936

## 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, 2025, 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 23, 2026. 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 23, 2026

## COMMUNICATIONS SECTION



***Peter White Public Library***  
***Report to Management***  
***For the Year Ended September 30, 2025***

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, 2025, 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 23, 2026



***Peter White Public Library***  
***Communication with Those Charged with Governance***  
***For the Year Ended September 30, 2025***

March 23, 2026

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, 2025. 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 February 17, 2026. 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 notes to the financial statements. As described in Note L, the Library changed accounting policies related to compensated absences by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, *Compensated Absences*, in 2025. The cumulative effect of the accounting change was not material and accordingly no restatement of the beginning balance was deemed necessary. 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 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 compensated absences liability is based on employee pay rates, historical usage, fringe benefits, 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, 2024.

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 23, 2026.

#### *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.

Board of Trustees of the  
Peter White Public Library

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

Restriction on Use

This information is intended solely for the use of the 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**

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](http://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 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 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

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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.

### **GASB 105: Subsequent Events**

*Effective for fiscal years beginning after June 15, 2026 (Library's fiscal year 2027)*

The objective of this Statement is to improve the financial reporting requirements for subsequent to better meet the informational needs of the financial statement users by enhancing consistency in the application of subsequent events.

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Under this Statement, a subsequent event is defined as a transaction or event that occurs after the date of the financial statements but before the date the financial statements are available to be issued. This statement improves financial reporting by (1) clarifying the subsequent event time frame and the subsequent events that constitute recognized and nonrecognized events and (2) specifying the information items that are required to be disclosed about subsequent events.

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