



**WIXOM PUBLIC LIBRARY
OAKLAND COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

To the Management and the Board of Trustees
Wixom Public Library
Wixom, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Wixom Public Library (the "Library") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Library, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness 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, budgetary comparison information, and the pension and OPEB schedules, 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.

Gabridge & Company

Gabridge & Company, PLC
Grand Rapids, MI
December 27, 2024

Management's Discussion and Analysis

Wixom Public Library Management's Discussion and Analysis June 30, 2024

As management of the Wixom Public Library, we offer readers of the Wixom Public Library's (the "Library" or "government") financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

Financial Highlights

- The assets and deferred outflows of resources of the Library exceeded its liabilities and deferred inflows of resources at the close of this fiscal year by \$1,090,952 (shown as *net position*), representing an increase of \$21,196 from the previous fiscal year.
- During the year, the Library received \$1,157,545 in revenues and incurred \$1,136,349 in expenses, resulting in a decrease in net position of \$21,196.
- The general fund increased its fund balance by \$107,540 during the year for an ending fund balance of \$497,104.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$487,949, or approximately 46.47% percent of the general fund's total annual expenditures.

Overview of the Financial Statements

The Library's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide a broad overview of the Library's financial position. They are presented using a method of accounting that is similar to a private sector business.

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

The *statement of activities* presents information showing how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave and capital asset activity).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The Library uses fund accounting to ensure compliance with finance-related legal requirements.

Governmental Funds. The Library's basic services are reported in the governmental funds. Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This is known as the modified accrual system of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide statements. These items are recorded in the government fund balance as expenditures. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt. The Library's sole governmental fund is its general fund.

The Library adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund and all major special revenue funds to demonstrate compliance with its budget.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report further presents required supplementary information (RSI) that explains the budgetary, pension, and OPEB information presented in the financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of overall financial position. In the case of the Library, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,090,952 at the close of the most recent fiscal year. The following table illustrates the varying results of the governmental activities that combine to capture the Library's total net position.

Wixom Public Library's Net Position

	<u>2024</u>	<u>2023</u>
ASSETS		
<i>Current Assets</i>		
Cash and Investments	\$ 516,897	\$ 367,535
Accounts Receivable	35,234	31,986
Prepays	9,155	9,701
<i>Total Current Assets</i>	<u>561,286</u>	<u>409,222</u>
<i>Noncurrent Assets</i>		
Capital Assets, Net	672,965	711,312
OPEB Asset	100,237	97,120
<i>Total Assets</i>	<u>1,334,488</u>	<u>1,217,654</u>
DEFERRED OUTFLOWS		
Deferred pension costs	73,957	120,975
Deferred OPEB costs	1,204	12,906
<i>Total Deferred Outflows</i>	<u>75,161</u>	<u>133,881</u>
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable	18,126	14,561
Accrued Payroll Liabilities	3,391	2,960
Current Portion of Compensated Absences	8,666	8,518
Due to Other Governments	42,665	2,137
<i>Total Current Liabilities</i>	<u>72,848</u>	<u>28,176</u>
<i>Noncurrent Liabilities</i>		
Compensated Absences	25,999	25,553
Net Pension Liability	218,662	224,277
<i>Total Liabilities</i>	<u>317,509</u>	<u>278,006</u>
DEFERRED INFLOWS		
Deferred OPEB cost reductions	1,188	3,773
<i>Total Deferred Inflows</i>	<u>1,188</u>	<u>3,773</u>
NET POSITION		
Investment in Capital Assets	672,965	711,312
Unrestricted	417,987	358,444
<i>Total Net Position</i>	<u>\$ 1,090,952</u>	<u>\$ 1,069,756</u>

A large portion of the Library's net position (\$672,965) reflects its investment in capital assets (e.g. buildings and improvements, equipment and furniture, and library books), less any related outstanding debt that was used to acquire those assets. The Library uses these capital assets to provide a variety of services to its patrons. Accordingly, these assets are not available for future spending. The remaining portion of net position constitutes unrestricted net position of \$417,987.

Cash and investments increased by \$149,362 caused by the increase in governmental fund balance of \$107,540 and increase in due to other governments from the prior fiscal year.

Capital assets decreased by \$38,347 compared to the previous year due to current year depreciation expense being in excess of current year capital asset additions.

The Library's pension and OPEB related deferred outflows of resources were reduced by \$47,018 and \$11,702, respectively, as a result of investment gains on the City of Wixom's pension plan and OPEB plan valuations, for which the Library is included on a cost sharing basis.

Governmental Activities. During the current fiscal year, net position for governmental activities increased \$21,196 from the prior fiscal year for an ending balance of \$1,090,952. The following schedule shows revenues and expenses of the Library for each of the two most recent fiscal years:

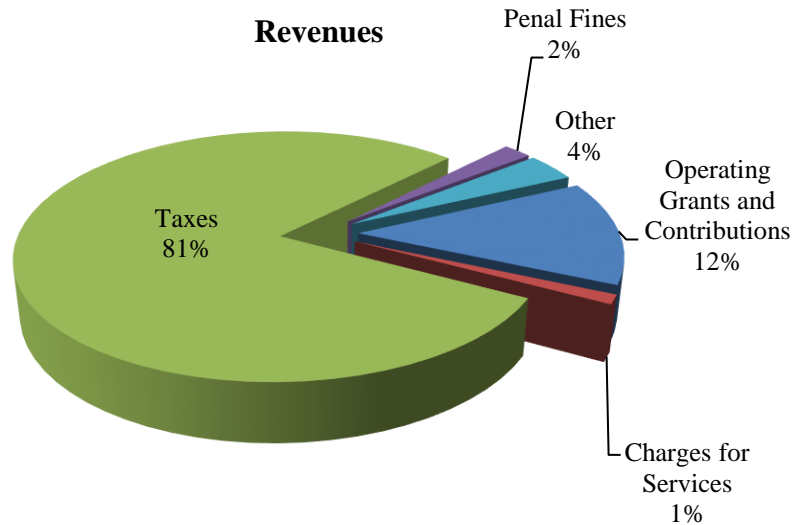
Wixom Public Library's Changes in Net Position	2024	2023
Revenues		
Program Revenues		
Charges for Services	\$ 13,909	\$ 10,760
Operating Grants and Contributions	156,375	129,113
Capital Grants and Contributions	-	10,941
<i>Total Program Revenues</i>	170,284	150,814
General Revenues		
Taxes	921,166	874,075
Penal Fines	23,617	23,062
Investment Income	42,478	27,683
<i>Total General Revenues</i>	987,261	924,820
Total Revenues	1,157,545	1,075,634
Expenses		
Recreation and Culture	1,136,349	1,032,829
<i>Total Expenses</i>	1,136,349	1,032,829
<i>Change in Net Position</i>	21,196	42,805
Net Position at Beginning of Period	1,069,756	1,026,951
Net Position at End of Period	\$ 1,090,952	\$ 1,069,756

Operating grants and contributions increased \$27,262 when compared with the previous year due to an increase in funding from the State of Michigan. The Library's property tax revenues increased by \$47,091 due to increases in taxable value of properties in the district. Lastly, investment income increased by \$14,795 when compared to the previous year due to positive market results for the Library's investments.

Overall expenses increased by \$103,520 when compared to the previous year. This change is chiefly due an increase in salaries and wages, fringe benefits, and depreciation expense.

Governmental Activities

The following chart details the revenue sources for the governmental activities of the Library for the most recent fiscal year-end:



Salaries and fringe benefit expenses were the largest expenses for the Library. The Library spent \$681,270 (net of the pension and OPEB adjustments) on salaries and fringe benefits. The two other significant expenses for the Library were depreciation expense of \$138,258 and contracted services of \$92,192.

Financial Analysis of the Government's Funds

The Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

General Fund. The general fund is the main operating fund of the Library. The general fund's fund balance increased in this fiscal year by \$107,540 bringing ending fund balance to \$497,104. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 46.47% of total general fund expenditures. Explanations for the increase in fund balance were detailed in an earlier section of this report.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year there were minor amendments to original budgeted appropriations to better categorize expenditures. The most significant amendment to the original estimated revenues were state grants with an increase from \$62,500 to \$128,045 as the Library was expecting a greater amount of state funding during the fiscal year.

Final budget compared to actual results. The Library had one expenditure in excess of the amount appropriated during the year June 30, 2024: books, periodicals, and other library materials with a final budget of \$75,000 and an actual amount of \$75,278 resulting in a negative variance of (\$278).

Capital Asset and Debt Administration

Capital Assets

The Library's investment in capital assets at year-end amounted to \$672,965 (net of accumulated depreciation). Capital assets of the Library include any items purchased that have an expected useful life of over one year and a cost of over \$5,000. The Library has invested in a broad range of capital assets. More information about the Library's capital assets can be found in the notes to the financial statements section of this document.

Long-term Debt

At the end of the current fiscal year, the Library had zero long-term debt outstanding, exclusive of compensated absences and its net pension liability. More information can be found in the notes to the financial statements section of this document.

Economic Factors and Next Year's Budgets and Rates

The Library plans to monitor expenditures carefully to ensure that it can continue to provide a high level of service to its patrons given the above factors which will impact revenues. The Library plans to monitor its expenditures in these areas carefully.

Contacting the Library's Management

This financial report is designed to provide the wide variety of users of this document with a general overview of the Library's finances and demonstrate the Library's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to:

The Wixom Public Library
49015 Pontiac Trail
Wixom, MI 48393
(248) 624-2512
www.wixomlibrary.org

Basic Financial Statements

**Wixom Public Library
Statement of Net Position
June 30, 2024**

	Governmental Activities
ASSETS	
<i>Current Assets</i>	
Cash and Investments	\$ 516,897
Accounts Receivable	35,234
Prepays	9,155
Total Current Assets	561,286
<i>Noncurrent Assets</i>	
Capital Assets Being Depreciated, Net	672,965
Net OPEB Asset	100,237
Total Assets	1,334,488
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension costs	73,957
Deferred OPEB costs	1,204
Total Deferred Outflows of Resources	75,161
LIABILITIES	
<i>Current Liabilities</i>	
Accounts Payable	18,126
Accrued Payroll Liabilities	3,391
Current Portion - Compensated Absences	8,666
Due to Other Governments	42,665
Total Current Liabilities	72,848
<i>Noncurrent Liabilities</i>	
Compensated Absences	25,999
Net Pension Liability	218,662
Total Liabilities	317,509
DEFERRED INFLOWS OF RESOURCES	
Deferred OPEB cost reductions	1,188
Total Deferred Inflows of Resources	1,188
NET POSITION	
Investment in Capital Assets	672,965
<i>Unrestricted</i>	417,987
Total Net Position	\$ 1,090,952

The Notes to the Financial Statements are an integral part of these Financial Statements

**Wixom Public Library
Statement of Activities
For the Year Ended June 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
Governmental Activities:		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Recreation and Culture	\$ 1,136,349	\$ 13,909	\$ 156,375	\$ --	\$ (966,065)
<i>Total</i>	\$ 1,136,349	\$ 13,909	\$ 156,375	\$ --	\$ (966,065)
General Purpose Revenues					
					921,166
					23,617
					42,478
					987,261
					21,196
					1,069,756
					\$ 1,090,952

The Notes to the Financial Statements are an integral part of these Financial Statements

**Wixom Public Library
Balance Sheet
Governmental Fund
June 30, 2024**

	General
ASSETS	
Cash and Investments	\$ 516,897
Accounts Receivable	35,234
Prepays	9,155
<i>Total Assets</i>	\$ 561,286
LIABILITIES	
Accounts Payable	\$ 18,126
Accrued Payroll Liabilities	3,391
Due to Other Governments	42,665
<i>Total Liabilities</i>	64,182
FUND BALANCE	
Nonspendable	9,155
Unassigned	487,949
<i>Total Fund Balance</i>	497,104
<i>Total Liabilities and Fund Balance</i>	\$ 561,286

The Notes to the Financial Statements are an integral part of these Financial Statements

Wixom Public Library
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position
June 30, 2024

Total Fund Balance - Governmental Fund	\$	497,104
General government capital assets of \$3,101,306 net of accumulated depreciation of \$2,428,341 are not financial resources and, accordingly, are not reported in the funds.		672,965
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(34,665)
Other postemployment benefit liability and related deferred amounts are not due and payable in the current period or do not represent current financial resources and, therefore, are not reported in the funds.		100,253
Net pension liability and related deferred amounts are not due and payable in the current period or do not represent current financial resources and, therefore, are not reported in the funds.		(144,705)
Total Net Position - Governmental Activities	\$	<u>1,090,952</u>

Wixom Public Library
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2024

	General
Revenues	
Taxes	\$ 921,166
Federal Grants	2,071
State Grants	128,092
Penal Fines	23,617
Circulation Fines and Fees	8,086
Local Donations	4,393
Interest Income	42,478
Other Revenue	27,642
<i>Total Revenues</i>	1,157,545
Expenditures	
Salaries and Wages	456,160
Fringe Benefits	177,113
Books, Periodicals, and Other Library Materials	75,278
Computer Services	76,460
Equipment Purchases	14,179
Printing, Postage, and Other Miscellaneous	24,906
Legal and Audit	14,497
Contractual Services	92,192
Insurance	7,638
Supplies and Maintenance	67,622
Utilities	43,960
<i>Total Expenditures</i>	1,050,005
<i>Excess of Revenues Over</i>	
<i>(Under) Expenditures</i>	107,540
<i>Net Change in Fund Balance</i>	107,540
<i>Fund Balance at Beginning of Period</i>	389,564
<i>Fund Balance at End of Period</i>	\$ 497,104

The Notes to the Financial Statements are an integral part of these Financial Statements

Wixom Public Library
Reconciliation of Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2024

Total Net Change in Fund Balance - Governmental Fund	\$	107,540
Governmental funds report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$99,986 are exceeded by depreciation expense of \$138,258 and loss on disposal of \$75 in the current period.		(38,347)
Changes to compensated absences are not shown in the fund financial statements. This amounts represents the changes in compensated absences during the current year.		(594)
The statement of activities reports changes to net OPEB liability and OPEB related deferrals as OPEB expense; however, the expenditures recorded on the governmental funds equals actual OPEB contributions.		(6,000)
The statement of activities reports changes to net pension liability and pension related deferrals as pension expense; however, the expenditures recorded on the governmental funds equals actual pension contributions.		(41,403)
Changes in Net Position - Governmental Activities	\$	<u>21,196</u>

Notes to the Financial Statements

Wixom Public Library

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Wixom Public Library (the “Library” or “government”) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the Library’s significant accounting policies.

Reporting Entity

The Library is governed by an elected six-member board of trustees. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Library, there are no component units required to be included in the accompanying financial statements of the Library.

Government-wide and Fund Financial Statements

The government-wide financial statements (e.g., the statement of position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Library only has governmental activities.

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

The statement of net position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library’s net position is reported in three parts; 1) net investment in capital assets 2) restricted net position, and 3) unrestricted net position.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Wixom Public Library

Notes to the Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Library considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Library.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The Library reports the following major governmental fund:

The **general fund** is the Library's primary operating fund. It accounts for all financial resources of the Library.

Financial Statement Amounts

Cash and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of 90 days or less when acquired. Investments are stated at fair value based on quoted market price and include certificates of deposit with an original maturity of greater than 90 days from the date of purchase. Certificates of deposit are stated at cost which approximates fair value.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures / expenses when consumed rather than when purchased.

Property Tax

Property is assessed as of December 31. The related taxes become a lien on December 1 of the following year. Taxes are due on March 1, at which time penalties and interest are assessed. The

Wixom Public Library

Notes to the Financial Statements

Library's 2023 tax was levied and collectible on July 1, 2023 and is recognized as revenue in the year ended June 30, 2024 when the proceeds of the levy are budgeted and available for the financing of operations.

Capital Assets

Capital assets are defined by the Library as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated assets are reported at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

	<u>Years</u>
Books and Periodicals	10
Office Improvements	15-40
Other Tools and Equipment	3-7
Office Furnishings	5-7

Long-term Liabilities

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements. The portion of these liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Compensated Absences

It is the Library's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Vacation pay is fully vested when earned, and sick pay is conditionally vested upon completion of a certain number of years of service. Upon retirement, employees are paid accumulated vacation and 35 percent of unused sick days at their hourly rate of their retirement date. A liability for the entire amount, current and long term, is accrued in the library-wide statements. A liability for these amounts is reported in the governmental funds only for employee terminations, if any, as of year-end.

Based on the requirements of GASB Statement No. 16, *Accounting for Compensated Absences*, the Library has recorded all liabilities associated with compensated absences. Accumulated vested sick amounts are considered payable from future resources and are recorded along with the related payroll taxes as a noncurrent liability in the government-wide financial statements.

Wixom Public Library

Notes to the Financial Statements

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows and/or deferred inflows of resources. Deferred outflows of resources and deferred inflows of resources, separate financial statement elements, represented an acquisition or use of net position or fund balance, respectively, that applies to a future period and so will not be recognized as an outflow or inflow of resources (revenue) until that time. The Library reports two categories of deferred outflow or resources; pension related and OPEB related; and one category of deferred inflows of resources: OPEB related.

Pension

The Library offers a defined benefit pension plan to its employees. The Library records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits

The Library offers retiree health care benefits to retirees. The Library records a net OPEB asset for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position Flow Assumption

Sometimes the Library will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Wixom Public Library

Notes to the Financial Statements

Fund Balance Flow Assumption

Sometimes the Library will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision making authority. The Library Board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Library Board, or its designee (the Library Director) can assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the Library's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Library Board.

Wixom Public Library

Notes to the Financial Statements

Use of Estimates

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

Subsequent Events

Events subsequent to the financial statement date have been evaluated through December 27, 2024, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would have a significant impact on the financial condition of the Library.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

The general fund is under formal budgetary control. The budget shown in the financial statements for this fund was prepared on the basis not significantly different from the modified accrual basis used to reflect actual results and consists only of those amounts contained in the formal budget approved and amended by the Board.

Budgets shown as required supplementary information to the financial statements were prepared on a basis consistent with U.S. generally accepted accounting principles and the basis used to reflect actual results.

The Library employs the following procedures in establishing the budgetary data reflected in the financial statements:

The Library does not maintain a formalized encumbrance accounting system. All annual appropriations lapse at fiscal year-end.

- a) The Library prepares the proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and resources to finance them.
- b) Prior to incurring significant expenditures, the budget is legally enacted through Library Board action.
- c) The budget is legally adopted and maintained at the functional level.
- d) Budgeted amounts are reported as originally adopted and as amended by the Library Board during the year.

Wixom Public Library

Notes to the Financial Statements

In the body of the financial statements, the Library's actual expenditures and budgeted expenditures for the budgetary fund are shown on a functional basis. The approved budget for this budgetary fund was adopted at the function level.

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. The Library had one expenditure in excess of the amount appropriated during the year June 30, 2024: books, periodicals, and other library materials with a final budget of \$75,000 and an actual amount of \$75,278 resulting in a negative variance of (\$278).

Note 3 - Deposits and Investments

Following is a reconciliation of deposit and investment balances as of June 30, 2024:

Statement of Net Position	
Cash and Investments	\$ 516,897
Deposits and Investments	
Checking and Savings Accounts	\$ 48,173
Money Market Mutual Fund	468,624
Petty Cash	100
Total Deposits and Investments	\$ 516,897

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Library's deposits might not be returned. State law does not require, and the Library does not have a policy for deposit custodial credit risk. As of year-end, none of the Library's bank balance of \$48,173 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the Library believes it is impractical to insure all bank deposits. As a result, the Library evaluates each financial institution with which it deposits Library funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The Library's investment policy does not have specific limits in excess of state law on investment credit risk. As of June 30, 2024, the Library had \$468,624 of investments that were not subject to credit risk ratings.

Interest Rate Risk. Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The Library's investment policy does not have specific limits in excess of

Wixom Public Library

Notes to the Financial Statements

state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2024, the Library had \$468,624 of investments with no maturity date.

Fair Value Measurement - The Library is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Library's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

As of June 30, 2024, the Library holds shares in the Comerica government cash investment fund whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year-end, the net asset value of the Library's investment in the Comerica government cash investment fund was \$468,624. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Comerica government cash investment fund invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

Wixom Public Library

Notes to the Financial Statements

Note 4 - Capital Assets

Capital asset activity for governmental activities for the year was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Capital Assets being Depreciated				
Books and periodicals	\$ 2,075,265	\$ 86,531	\$ -	\$ 2,161,796
Office furnishings and improvements	748,416	4,781	(1,160)	752,037
Other tools and equipment	178,949	8,674	(150)	187,473
Total Capital Assets being Depreciated	3,002,630	99,986	(1,310)	3,101,306
Accumulated Depreciation				
Books and periodicals	(1,641,647)	(76,631)	-	(1,718,278)
Office furnishings and improvements	(483,673)	(46,743)	1,140	(529,276)
Other tools and equipment	(165,998)	(14,884)	95	(180,787)
Total Accumulated Depreciation	(2,291,318)	(138,258)	1,235	(2,428,341)
Capital Assets being Depreciated, Net	711,312	(38,272)	(75)	672,965
Capital Assets, Net	\$ 711,312	\$ (38,272)	\$ (75)	\$ 672,965

The entire balance of depreciation expense of \$138,258 for the year was applied to the recreation and culture function.

Note 5 - Compensated Absences

Following is a summary of the changes in compensated absences for the year:

	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Compensated Absences	\$ 34,071	\$ 7,296	\$ (6,702)	\$ 34,665	\$ 8,666

Note 6 - Defined Benefit Pension Plan

Plan Description

The Library provides pensions for substantially all full-time employees of the Library through the City of Wixom, Michigan's participation in the Municipal Employees' Retirement System of Michigan (MERS) pension plan. MERS of Michigan is an agent multiple-employer plan that keeps separate accounts for each member. However, the Library pools its participation in MERS with the City of Wixom, Michigan (which is not part of the same financial reporting entity) and, therefore, reports its participation as a cost-sharing multiple-employer plan. The pension system issues a publicly available financial report that can be obtained at www.mersofmich.com.

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Notes to the Financial Statements

Retirement benefits for employees are calculated as follows:

Benefit Multiplier	Benefit Maximum	Final Average Compensation (Years)	Normal Retirement Age	Unreduced Benefit (Age/Years of Service)	Reduced Benefit (Age/Years of Service)	Vesting (Years)
2.50%	80%	3	60	N/A	50/25	10

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.

Net Pension Liability

The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2023 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% 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 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3-4%.

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

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

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

Wixom Public Library

Notes to the Financial Statements

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Allocation Gross Rate of Return</u>	<u>Long-term Expected Gross Rate of Return</u>	<u>Inflation Assumption</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	60.00%	6.93%	4.16%	2.50%	2.66%
Global fixed income	20.00%	4.44%	0.89%	2.50%	0.39%
Private Investments	20.00%	9.44%	1.89%	2.50%	1.39%
	<u>100.00%</u>		<u>6.93%</u>		<u>4.43%</u>

Discount Rate

The discount rate used to measure the total pension liability is 7.18% in the current year and 7.25% in the prior year. 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 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.

Net Pension Liability, Deferrals, and Pension Expense

At June 30, 2024, the Library reported a liability of \$218,662 for its proportionate share of the net pension asset attributable to the City of Wixom, Michigan (including the Library). The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Library's proportion of the net pension liability was based on the pension plan's actuarially determined estimated total pension liability for the year ended June 30, 2024. The Library's proportion of the liability was 3.20 percent at December 31, 2023 and 3.04 percent at December 31, 2022.

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Notes to the Financial Statements

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 of the Library	\$ 396,842	\$ 218,662	\$ 70,644

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.

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

For the year ended June 30, 2024 the Library recognized pension expense of \$44,609. The Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 69,637	\$ -
Employer Contributions to the Plan Subsequent to the Measurement Date*	4,320	-
Total	\$ 73,957	\$ -

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

Years Ending June 30	Amount
2025	\$ 11,342
2026	26,397
2027	41,724
2028	(9,826)

* 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 June 30, 2025.

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Notes to the Financial Statements

Note 7 – Defined Benefit Other Postemployment Benefits Plan

Plan Description

The Library provides OPEB for all employees who meet eligibility requirements. The benefits are provided through the MERS plan, a cost-sharing, multiple-employer plan administered by the Municipal Employees' Retirement System of Michigan. MERS of Michigan is an agent multiple-employer plan that keeps separate accounts for each member. However, the Library pools its participation in MERS with the City of Wixom, Michigan (which is not part of the same financial reporting entity) and, therefore, reports its participation as a cost-sharing, multiple-employer plan. The MERS plan issues a publicly available financial report that can be obtained at www.mersofmich.com.

Benefits Provided

The MERS plan provides health care benefits for retirees and their dependents. Benefits are provided through a third-party insurer, and 90 percent of the cost of the benefits is covered by the plan.

Contributions

The collective bargaining agreement and library policy for nonunion workers require a contribution of 1 percent of payroll from all full-time employees. The Library has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a pay-as-you-go basis). Contributions to the plan from the Library were \$0 for the year ended June 30, 2024.

Net OPEB Asset

At June 30, 2024, the Library reported an asset of \$100,237 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The Library's proportion of the net OPEB asset was based on the OPEB plan's actuarially determined total estimated OPEB liability for the year ended June 30, 2024. The Library's proportion of the liability was 1.46 and 1.67 percent at June 30, 2024 and 2023, respectively.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the Library recognized OPEB recovery of \$4,269. At June 30, 2024, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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Notes to the Financial Statements

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 1,204	\$ -
Difference between expected and actual experience	-	1,188
Total	\$ 1,204	\$ 1,188

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

Years Ending June 30	Amount
2025	\$ (1,880)
2026	6,156
2027	(2,297)
2028	(1,963)

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using an inflation assumption of 2.5 percent; assumed salary increases (including inflation) of 3 to 14 percent; an investment rate of return (net of investment expenses) of 7.00 percent and a health care cost trend rate of 7.50 percent for 2022, decreasing every year to an ultimate rate of 3.50 percent for 2027 and later years. Mortality rates were based on a version of the Pub-2010 tables with generational mortality improvement scale MP-2019.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected

Wixom Public Library

Notes to the Financial Statements

returns, net of OPEB plan investment expense of 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 adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2024 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Global equity	4.50%
Global fixed income	2.00%
Private Investments	1.40%
	<u>7.90%</u>

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the Library, calculated using the discount rate of 7.00 percent as well as what the Library's net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net OPEB Liability (Asset)	<u>\$ (79,715)</u>	<u>\$ (100,237)</u>	<u>\$ (117,357)</u>

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB asset of the Library, calculated using the health care cost trend rate of 7.00 percent as well as what the Library's net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Healthcare Trend Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net OPEB Liability (Asset)	<u>\$ (120,777)</u>	<u>\$ (100,237)</u>	<u>\$ (75,554)</u>

Wixom Public Library

Notes to the Financial Statements

OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is not available in the separately issued financial report. For the purpose of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 8 – Defined Contribution Pension Plans

The Library provides pension benefits to select full-time employees through a defined contribution plan administered by MERS of Michigan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. At the discretion of the Library's board of trustees, the Library contributes 11.00 percent of employees' gross earnings, which resulted in current year contributions of \$35,638. Employee contributions amounted to \$6,480. The Library's contributions for each employee (plus interest allocated to the employee's account) are fully vested after seven years of service.

Note 9 – Other Postemployment Benefits – MERS Health Care Plan

Plan Description

The Library provides funding of retiree health care benefits to eligible employees and their dependents through the Municipal Employees' Retirement System Health Funding Vehicle. Nonunion employees hired after June 30, 2006 are eligible to use the balance in their accounts to fund medical insurance premiums and expenses upon retirement. Benefits depend solely on the amount contributed to the plan, plus investment earnings. Employees contribute 1.5 percent and the employer contributes 3.5 percent of gross wages. Employee contributions are immediately vested. Earnings and the employer match are fully vested after seven years of service; this amounted to Employer and employee contributions of \$11,583 and \$4,964, respectively.

Note 10 - Risk Management

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library has purchased commercial insurance for employee health benefit claims; participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to property loss, torts, and errors and omissions; and participates in the Michigan Municipal

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Notes to the Financial Statements

League (risk pool) for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority's State pool program operates as a common risk-sharing management program for local units of government in Michigan. Member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. A portion of the excess insurance coverage is underwritten by the authority itself.

Required Supplementary Information

Wixom Public Library
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
				Final to Actual
Revenues				
Taxes	\$ 923,071	\$ 925,031	\$ 921,166	\$ (3,865)
Federal Grants	2,500	2,500	2,071	(429)
State Grants	62,500	128,045	128,092	47
Penal Fines	26,000	26,000	23,617	(2,383)
Circulation Fines and Fees	8,500	8,500	8,086	(414)
Local Donations	2,500	3,900	4,393	493
Interest Income	6,000	40,000	42,478	2,478
Other Revenue	3,200	27,120	27,642	522
Total Revenues	1,034,271	1,161,096	1,157,545	(3,551)
Expenditures				
Salaries and Wages	450,700	468,200	456,160	12,040
Fringe Benefits	170,476	182,476	177,113	5,363
Books, Periodicals, and Other Library Materials	75,000	75,000	75,278	(278)
Computer Services	72,000	79,500	76,460	3,040
Equipment Purchases	11,045	31,075	14,179	16,896
Printing, Postage, and Other Miscellaneous	26,350	28,450	24,906	3,544
Legal and Audit	15,200	15,800	14,497	1,303
Contractual Services	96,100	96,300	92,192	4,108
Insurance	7,700	7,700	7,638	62
Supplies and Maintenance	68,800	72,600	67,622	4,978
Utilities	40,900	54,900	43,960	10,940
Total Expenditures	1,034,271	1,112,001	1,050,005	61,996
Excess (Deficiency) of Revenues				
Over Expenditures	--	49,095	107,540	58,445
Net Change in Fund Balance	--	49,095	107,540	58,445
Fund Balance at Beginning of Period	389,564	389,564	389,564	--
Fund Balance at End of Period	\$ 389,564	\$ 438,659	\$ 497,104	\$ 58,445

Wixom Public Library
Required Supplementary Information
Schedule of the Library's Proportionate Share of the Net Pension Liability
City of Wixom Pension Plan
Last Eight Plan Years* (Based on a December 31 Plan Year)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Library's proportion of the net pension liability	3.200%	3.040%	2.970%	3.030%	1.075%	1.064%	3.823%	3.300%
Library's proportionate share of the net pension liability (asset)	\$ 218,662	\$ 224,276	\$ (21,399)	\$ 6,688	\$ 13,774	\$ 31,830	\$ 446,066	\$ 489,407
Library's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library's proportionate share of the net pension liability as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total pension liability	85.26%	83.62%	99.96%	99.46%	96.73%	91.74%	59.61%	54.00%

Notes to Schedule:

* Built prospectively upon implementation on GASB Statement No.68. An additional year will be added each year until ten years are presented.

**The following were significant changes to economic and demographic assumptions:

2015 valuation - The investment rate of return assumption was reduced from 8.25% to 8.0%, the wage inflation assumption was reduced from 4.50% to 3.75%, inflation rates changed from 3.0-4.0% to 3.25%, and the mortality assumption was updated to be based on the RP-2014 tables.

2019 valuation - The investment rate of return assumption was reduced from 8.00% to 7.60%, the wage inflation assumption was reduced from 3.75% to 3.00%.

2020 valuation - Mortality rates were changed to the recently issued Pub-2010 mortality general rates as published by the Society of Actuaries along with a change to sex-distinct assumptions.

2021 valuation - The investment rate of return assumption was reduced from 7.60% to 7.25%.

2023 valuation - The investment rate of return assumption was reduced from 7.25% to 6.93%.

Wixom Public Library
Required Supplementary Information
Schedule of Pension Contributions
City of Wixom Pension Plan
Last Ten Fiscal Years (Based on a June 30 Fiscal Year)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,594	\$ 57,218	\$ 37,769	\$ 31,825	\$ 30,178
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	6,594	57,218	37,769	31,825	30,178
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,345
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 18 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry-age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	16 Years
Asset Valuation Method	5 Years; Smoothed
Inflation	2.50%
Salary Increases	3.00% in the Long-term
Investment Rate of Return	6.93%, Net of Investment Expense, including Inflation
Retirement Age	Experience-Based Tables of Rates that are Specific to the Type of Eligibility Condition
Mortality	Pub-2010 and Fully Generational MP-2019

Wixom Public Library
Required Supplementary Information
Schedule of the Library's Proportionate Share of the Net OPEB Asset (Liability)
City of Wixom OPEB Plan
Last Six Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Library's proportion of the net OPEB asset (liability)	1.460%	1.670%	1.670%	1.670%	2.259%	2.729%
Library's proportionate share of the net OPEB asset (liability)	\$ 100,237	\$ 97,120	\$ 87,845	\$ 125,892	\$ 57,120	\$ 82,311
Library's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library's proportionate share of the net OPEB asset (liability) as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of total OPEB liability	157.17%	149.67%	146.06%	167.00%	120.53%	125.34%

Wixom Public Library
Required Supplementary Information
Schedule of OPEB Contributions
City of Wixom OPEB Plan
Last Six Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,432
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	10,417
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,015</u>
Covered employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%