



April 3, 2026

To the Finance Committee of
the Genesee District Library

We have audited the financial statements of the governmental activities and the major fund of the Genesee District Library for the year ended December 31, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, 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 6, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Genesee District Library are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025. 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 estimate of the compensated absences is based on the number of days, both vacation and personal, accrued by employees. The liability is calculated by taking the number of accrued days and multiplying it by the individual employees pay rate. We evaluated the key factors and assumptions used to develop the compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the Other Post-employment Benefits is based on actuarial evaluations about the probability of the occurrence of events far into the future. Examples included assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. We evaluated the key factors and assumptions used to develop the Other Post-employment Benefits in determining that it is reasonable in relation to the financial statements taken as a whole.

Estimates have been used to calculate the unfunded pension liability.

Management's determination of the estimated life span of capital assets. We evaluated the key factors and assumptions used to develop the estimated life span of capital assets used by management in determining that it is reasonable in relation to the financial statements taken as a whole.

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 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 the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as 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 April 3, 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 governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

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

We were engaged to report on the Schedule of Expenditures as Compared to Budget – Operating Fund, 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 finance committee, Board of Trustees and management of Genesee District Library and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Lewis & Knopf, P.C.

LEWIS & KNOFF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

GENESEE DISTRICT LIBRARY

FLINT, MICHIGAN

AUDIT REPORT FOR THE YEAR ENDED DECEMBER 31, 2025

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April 3, 2026

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the
Genesee District Library

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Genesee District Library as of and for the year ended December 31, 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 and the major fund of the Genesee District Library as of December 31, 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 Opinion

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 Genesee District 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 these 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.

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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 Genesee District 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 Genesee District Library's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund budgetary comparison schedule, the schedule of changes in the net pension liability and related ratios, the schedule of pension contributions, the schedule of changes in net other post-employment benefit (OPEB) liability and related ratios, and the schedule of OPEB contributions as identified 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 Genesee District Library's basic financial statements. The schedule of expenditures as compared to budget – operating fund 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 schedule of expenditures as compared to budget – operating fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprise the grant awards, return on investment, and audited revenue and expenditure sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

GENESEE DISTRICT LIBRARY
MANAGEMENT DISCUSSION AND ANALYSIS

As management of the Genesee District Library, we offer readers of the Library's financial statements this narrative overview and analysis of the financial activities of the Library for the fiscal year ended December 31, 2025.

Financial Highlights

- * The assets and deferred outflows of resources of the Library exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$16,941,886 (net position).
- * The Library's total net position increased by \$4,400,751 primarily due to operating revenues in excess of operating expenditures and changes in the net pension and OPEB liabilities.

Governmental Activities

- * The operating fund had an increase in fund balance of \$304,291. Total fund balance for the operating fund was \$15,390,174. The increase is primarily due to operating revenues in excess of operating expenditures.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Library financially as a whole. The Government-Wide Financial Statements provide information about the activities of the whole Library, presenting both an aggregate view of the Library's finances and a longer-term view of those finances. The financial statements then proceed to provide an increasingly detailed look at specific financial activities included in the fund financial statements. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements provide information about the Library's Operating Fund.

Reporting the Library as a Whole

The Statement of Net Position and Statement of Activities - One of the most important questions asked about the Library's finances is, "Is the Library better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the Library's financial statements, report information about the Library as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities of the Library using the accrual basis of accounting, which is similar to the accounting used by private-sector corporations. However, the Library's goal is to provide services to our residents, not to generate profits as private-sector corporations do. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

The statement of net position and the statement of activities present information about the following:

Governmental Activities - All of the Library's basic services are considered to be governmental activities. Property taxes, state sources and rental charges finance most of these activities. These two statements report the Library's net position and changes therein. The change in net position provides the reader a tool to assist in determining whether the Library's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as property tax base and political conditions at the State Capitol in arriving at their conclusion regarding the overall health of the Library.

The government-wide financial statements can be found on pages 1 - 2 of this report.

GENESEE DISTRICT LIBRARY
MANAGEMENT DISCUSSION AND ANALYSIS

REPORTING THE LIBRARY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements - The fund financial statements provide detailed information about the most significant funds - not the Library as a whole. The fund financial statements begin on page 3 and provide detailed information about the most significant funds. In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No asset is reported.

Governmental Funds - All of the Library's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to 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 less financial resources available to spend in the near future to finance the Library's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 3 and 4 of this report.

Additional Information - The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to financial statements can be found on pages 5 - 21 of this report.

GENESEE DISTRICT LIBRARY
MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF NET POSITION:

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	
	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Other Assets	\$15,743,296	\$15,487,813
Net Other Postemployment Benefits Asset	2,052,329	1,328,735
Capital Assets	<u>515,253</u>	<u>601,359</u>
Total Assets	\$18,310,878	\$17,417,907
<u>Deferred Outflows of Resources</u>	<u>3,190,284</u>	<u>3,226,497</u>
Total Assets and Deferred Outflows of Resources	\$21,501,162	\$20,644,404
<u>Liabilities</u>		
Other Liabilities	353,122	401,930
Long-Term Liabilities	<u>630,202</u>	<u>3,725,837</u>
Total Liabilities	\$983,324	\$4,127,767
<u>Deferred Inflows of Resources</u>	<u>3,575,952</u>	<u>3,975,502</u>
Total Liabilities and Deferred Inflows of Resources	\$4,559,276	\$8,103,269
<u>Net Position</u>		
Net Investment in Capital Assets	515,253	601,359
Restricted	2,052,329	1,328,735
Unrestricted	<u>14,374,304</u>	<u>10,611,041</u>
<u>TOTAL NET POSITION</u>	<u>\$16,941,886</u>	<u>\$12,541,135</u>

The above analysis focuses on the net position. The change in net position of the Library's governmental activities is discussed below. The net position differs from fund balances and the reconciliation appears on page 3.

The Library's net position reflects its investment in capital assets, and capital projects (i.e. equipment and furniture, leasehold improvement, and vehicles) less any related debt used to acquire those assets that are still outstanding. The Library uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Library's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The results of this year's operations for the Library as a whole are reported in the statement of activities (see table above), which shows the changes in net position for the year 2025.

GENESEE DISTRICT LIBRARY
MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS:

For the fiscal years ended December 31, 2025 and 2024, the Library wide results of operations were:

	<u>GOVERNMENTAL</u>	
	<u>ACTIVITIES</u>	
	<u>2025</u>	<u>2024</u>
Revenues:		
Property Taxes	\$11,139,414	\$10,495,436
Penal Fines	259,733	246,313
State Aid	404,640	382,600
Investment Earnings	197,858	84,563
Grants, Contributions, Legacies, and Bequests	43,470	68,779
Library Fines, Fees and Other	179,236	139,518
Universal Service Fund - BEAR	78,874	320,258
Use of Contributed Facilities	<u>747,945</u>	<u>747,945</u>
Total Revenues	<u>\$13,051,170</u>	<u>\$12,485,412</u>
Functions/Program Expenses:		
General Administration	<u>8,650,419</u>	<u>11,512,329</u>
Total Expenses	<u>\$8,650,419</u>	<u>\$11,512,329</u>
<u>Change in Net Position</u>	\$4,400,751	\$973,083
<u>Beginning Net Position</u>	<u>12,541,135</u>	<u>11,568,052</u>
<u>Ending Net Position</u>	<u><u>\$16,941,886</u></u>	<u><u>\$12,541,135</u></u>

The Library's net position increased by \$4,400,751 during the current fiscal year. The increase in net position differs from the change in fund balances and the reconciliation appears on page 4.

The net cost shows the financial burden that was placed on the State and the Library's taxpayers by each of these functions. Since property taxes for operations and state sources constitute the vast majority of the Library's operating revenue sources, the Board of Trustees must annually evaluate the needs of the Library and balance those needs with State-prescribed available unrestricted resources.

GENESEE DISTRICT LIBRARY
MANAGEMENT DISCUSSION AND ANALYSIS

BUDGETING AND OPERATING HIGHLIGHTS

The Library's budgets are prepared according to Michigan law. The budgeted fund is the Operating Fund.

During the fiscal year ended December 31, 2025, the Library amended the budget one time. State law requires that the budget be amended to ensure that expenditures do not exceed appropriation. A schedule showing the Library's Operating Fund original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

Operating Fund

The operating fund actual revenue was \$13,051,170. The amount is more than the final budget estimate of \$12,560,000. The variance was \$510,412, or about 4%. The variance is primarily due to penal fines, investment earnings, grants and contributions, library fines, fees, and BEAR revenue being in excess of budgeted amounts.

The actual expenditures of the operating fund was \$12,746,879, which is below the final budget estimate of \$14,510,000. The variance was \$1,763,121, or 12%. The variance was primarily due to conservative budgeting of salaries, benefits, contractual services, capital outlay, and supplies.

The operating fund had total revenues of \$13,051,170 and total expenditures of \$12,746,879 with a net increase in fund balance of \$304,291 and an ending fund balance of \$15,390,174.

CAPITAL ASSET AND DEBT ADMINISTRATION

A. **Capital Assets**

The Library's investment in capital assets for its governmental activities as of December 31, 2025 amounted to \$515,253 (net of accumulated depreciation). This investment in capital assets included equipment and furniture, leasehold improvements, and vehicles. Capital assets at fiscal year-end included the following:

	<u>Capital Assets</u> <u>(Net of Depreciation)</u>	
	<u>2025</u>	<u>2024</u>
Equipment and Furniture	\$116,018	\$154,503
Leasehold Improvement	399,235	446,856
<u>Total capital assets, net</u>	<u>\$515,253</u>	<u>\$601,359</u>

Additional information on the Library's capital assets can be found in Note 4.

B. **Debt**

At the end of the current fiscal year, the Library had total long-term debt outstanding of \$110,000. Long-term debt at fiscal year-end included the following:

	<u>Governmental</u>	
	<u>2025</u>	<u>2024</u>
Compensated Absences	<u>\$110,000</u>	<u>\$103,000</u>

Additional information on the Library's long-term debt can be found in Note 5.

GENESEE DISTRICT LIBRARY
MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

* The Library's 2026 adopted budget is as follows:

	<u>Operating Fund</u>
<u>REVENUE</u>	\$13,000,000
<u>EXPENDITURES</u>	<u>12,900,000</u>
<u>NET OVER BUDGET</u>	<u>\$100,000</u>

CONTACTING THE LIBRARY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director at the Library, G-4195 W. Pasadena Avenue, Flint, MI 48504.

BASIC FINANCIAL STATEMENTS

GENESEE DISTRICT LIBRARY
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2025

	Governmental Activities
<u>ASSETS</u>	
Cash and Cash Equivalents	\$15,539,680
Prepaid Expenses	203,616
Net Other Postemployment Benefits Asset	2,052,329
Capital Assets	1,772,551
Less: Accumulated Depreciation	(1,257,298)
<u>TOTAL ASSETS</u>	\$18,310,878
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to Pensions	2,939,237
Related to Other Postemployment Benefits	251,047
Total Deferred Outflows of Resources	\$3,190,284
<u>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	\$21,501,162
<u>LIABILITIES</u>	
Accounts Payable	111,645
Accrued and Other Liabilities	44,988
Contribution Advances	196,489
Total Current Liabilities	\$353,122
Noncurrent Liabilities	
Compensated Absences	110,000
Net Pension Liability	520,202
Total Long-Term Liabilities	\$630,202
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to Pensions	527,508
Related to Other Postemployment Benefits	3,048,444
Total Deferred Inflows of Resources	\$3,575,952
<u>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</u>	\$4,559,276
<u>NET POSITION</u>	
Net Investment in Capital Assets	515,253
Restricted	2,052,329
Unrestricted	14,374,304
<u>TOTAL NET POSITION</u>	\$16,941,886

See notes to the financial statements.

GENESEE DISTRICT LIBRARY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

<u>FUNCTIONS/PROGRAMS</u>	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges For Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
General Administration	\$8,650,419	\$179,236	\$43,470	(\$8,427,713)
General Revenues:				
Property Taxes				11,139,414
Penal Fines				259,733
State Aid				404,640
Investment Earnings				197,858
Universal Service Fund - BEAR				78,874
Use of Contributed Facilities				747,945
Total General Revenues				\$12,828,464
Change in Net Position				\$4,400,751
Net Position - Beginning of Year				12,541,135
Net Position - End of Year				\$16,941,886

See notes to the financial statements.

GENESEE DISTRICT LIBRARY
BALANCE SHEET
AS OF DECEMBER 31, 2025

	<u>Operating Fund</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$15,539,680
Prepaid Expenses	<u>203,616</u>
<u>TOTAL ASSETS</u>	<u>\$15,743,296</u>
<u>LIABILITIES</u>	
Accounts Payable	\$111,645
Accrued and Other Liabilities	44,988
Contribution Advances	<u>196,489</u>
Total Liabilities	<u>\$353,122</u>
<u>FUND BALANCES</u>	
Non-Spendable	203,616
Committed - Tax Appeals	38,893
Assigned	466,200
Unassigned	<u>14,681,465</u>
Total Fund Balances	<u>\$15,390,174</u>
<u>TOTAL LIABILITIES AND FUND BALANCE</u>	<u>\$15,743,296</u>

See notes to the financial statements.

GENESEE DISTRICT LIBRARY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
AS OF DECEMBER 31, 2025

Total Governmental Fund Balances:		\$15,390,174
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred Outflows of Resources - Related to Pensions		2,939,237
Deferred Outflows of Resources - Related to OPEB		251,047
Deferred Inflows or Resources - Related to Pensions		(527,508)
Deferred Inflows or Resources - Related to OPEB		(3,048,444)
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. Non-current assets at year end consists of:		
Net Other Postemployment Benefit Assets		2,052,329
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds		
Capital Assets	\$1,772,551	
Less: Accumulated Depreciation	<u>(1,257,298)</u>	
Capital Assets, Net of Accumulated Depreciation		515,253
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Compensated Absences		(110,000)
Net Pension Liability		<u>(520,202)</u>
<u>TOTAL NET POSITION -</u>		
<u>GOVERNMENTAL ACTIVITIES</u>		<u>\$16,941,886</u>

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GENESEE DISTRICT LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2025

	Operating Fund
<u>REVENUES</u>	
Property Taxes	\$11,139,414
Penal Fines	259,733
State Aid	404,640
Investment Earnings	197,858
Grants, Contributions, Legacies, and Bequests	43,470
Library Fines, Fees and Other	179,236
Universal Service Fund - BEAR	78,874
Use of Contributed Facilities	747,945
Total Revenues	\$13,051,170
<u>EXPENDITURES</u>	12,746,879
<u>NET CHANGE IN FUND BALANCE</u>	\$304,291
<u>FUND BALANCE - BEGINNING</u>	15,085,883
<u>FUND BALANCE - ENDING</u>	\$15,390,174

See notes to financial statements.

GENESEE DISTRICT LIBRARY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Total net change in fund balances - governmental funds		\$304,291
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated</p>		
Capital Outlay	\$0	
Depreciation Expense	(86,106)	
Total	(86,106)	(86,106)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Accrued Vacation and Sick Pay		(7,000)
Pension Related Items		3,212,604
OPEB Related Items		976,962
<u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>		<u>\$4,400,751</u>

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Library. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B) REPORTING ENTITY

The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are part of the Library's reporting entity and which organizations are legally separate component units of the Library. Based on application of the criteria, the Library does not contain component units.

Genesee District Library (the Library) was organized under the provisions of the District Library Act of the State of Michigan. The electorate created the Genesee District Library on January 1, 1980. The primary purpose of Genesee District Library is to provide support services for nineteen county locations. The Library is funded primarily through a tax levy, state aid, fines, and fees. Revenue is used to operate and staff the Library.

The Library is governed by an appointed eight member board of which four appointees are from Genesee County Board of Commissioners and four appointees are from Grand Blanc Township.

C) BASIS OF PRESENTATION

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the Library as a whole. These statements include the financial activities of the primary government.

The government-wide statements are prepared using the economic resources measurement focus. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Library's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Library, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Library.

Fund Financial Statements – Fund financial statements report detailed information about the Library. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Library has no nonmajor funds.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – Exchange and Nonexchange Transactions – Revenues resulting from exchange transactions in which each party receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Library, available means expected to be received within approximately sixty days of the fiscal year-end.

Nonexchange transactions, in which the Library receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the year for which they are received. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Library must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Library on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before it can be recognized.

Unearned Revenue – Unearned Revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

E) CASH AND CASH EQUIVALENTS

The Library considers highly liquid investments with maturities of 90 days or less to be cash equivalents. Investments are reported at fair market value and determined using selected bases. Short-term investments are reported at cost, which approximate fair values. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

F) PREPAID EXPENSES

Prepaid balances are for payments made by the Library in the current year to provide services occurring in the subsequent fiscal year.

G) CAPITAL ASSETS

Capital assets are defined by the Library with an initial cost of more than \$1,000. Such assets are recorded at cost or, if donated, at their estimated fair value on the date donated.

Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other cost incurred for repairs and maintenance are expensed as incurred.

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) CAPITAL ASSETS (Continued)

Depreciation on such capital assets is charged as an expense against the operations on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Governmental Activities</u> <u>Estimated Lives (Years)</u>
Equipment and Furniture	5 – 7
Leasehold Improvements	10 – 15

Inexhaustible Collections and Books

Because the values of the existing inexhaustible collections, including research books, are not readily determinable, the library has not capitalized them.

H) COMPENSATED ABSENCES

The Library reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Sick and vacation leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick and vacation leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the Library's past experience of making termination payments.

The compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts, if any, are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

I) DEFERRED OUTFLOWS/INFLOWS 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 represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The deferred outflows of resources related to the defined benefit pension plan (see Note 9 for details) and the OPEB plan (see Note 11 for details).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The deferred inflows of resources related to the defined benefit pension plan (see Note 9 for details) and the OPEB plan (see Note 11 for details).

J) 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 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 Genesee County Employees' Retirement System 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.

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K) OTHER POSTEMPLOYMENT BENEFITS COSTS (OPEB)

The Library offers retiree healthcare benefits to retirees. The Library records a net OPEB liability 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 liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Library's 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, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

L) FUND BALANCE

Fund balances for each of the Library's governmental funds are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- * Nonspendable fund balance - amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- * Restricted fund balance - amounts that can be spent only for specific purposes because of constraints imposed by external providers or imposed by constitutional provisions or enabling legislation.
- * Committed fund balance - amounts that can be spent only for specific purposes determined by a formal action resolution of the Library's highest level of decision-making authority, the Board of Trustees.
- * Assigned fund balance - amounts the Library intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The intent is expressed by the Board of Trustees.
- * Unassigned fund balance - amounts that are available for any purpose; these amounts can be reported only in the Library's General Fund.

The Library would typically use restricted fund balance first, followed by committed resources, and then assigned resources as appropriate opportunities arise, but reserve the right to selectively spend unassigned resources first to defer the use of these classified funds.

M) NET POSITION

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Library or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

N) REVENUES

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Library reports any donor-restricted contributions whose restrictions are not in the same accounting period as unrestricted support.

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O) CONTRIBUTED FACILITIES

The Library occupies certain premises, which are located in government owned buildings, without charge or at a nominal charge of \$1. The estimated fair rental value of the premises is reported as support and the corresponding expenses are shown in the period in which the premises are used. The Library does not actually own or control the locations. The Library furnishes services and personnel for these various locations.

P) CONTRIBUTION ADVANCES

Gift advances from donors are recognized as revenue as they are earned. Prepayments are recorded as advanced until the revenue is earned over the year.

Q) BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund. All annual appropriations lapse at fiscal year-end. The annual budget is prepared by the Library's departments head and finance department. The budget is presented to the Library board for adoption. Subsequent amendments are approved by the Library board.

The budget has been adopted for the Library's activity in total; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the General Fund budget as prepared by the Library board is included in the subtotals for total revenue and total expenditures. The remaining budget-to-actual detail is used to provide additional analysis for management purposes.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

2) DEPOSITS

Michigan Compiled Laws, Section 129.91, authorizes the Library to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations. Authorized investments include:

- Bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a financial institution, but only if the financial institution is eligible to be a depository of funds belonging to the state under a law or rule of the State of Michigan
- United States government or Federal agency obligation repurchase agreements
- Bankers' acceptance of United States banks
- Commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase
- Obligations of the State of Michigan or its political subdivisions which are rated investment grade
- Mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Library's Board authorized the following financial institutions for the deposit of the Library's funds for the year ended December 31, 2025: Chase Bank, Security Federal Credit Union, ELGA Credit Union, Dort Federal Credit Union, Sovita Credit Union, and Financial Plus Federal Credit Union. Protection of the Library's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA).

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

2) DEPOSITS (Continued)

At December 31, 2025, the carrying amount of the Library's deposits, on the books was \$15,539,680. The bank balance with financial institutions classified as to risk was as follows:

Insured (FDIC or FSLIC)	\$ 1,386,490
Uninsured – Uncollateralized	<u>14,392,411</u>
<u>TOTAL</u>	<u>\$ 15,778,901</u>

A significant portion of the uninsured balance is deposited in Chase Bank.

Investment and Deposit Risk:

- Interest Rate Risk: State law limits the allowable investments and the maturities of some of the investments. The Library's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.
- Credit Risk: State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, banker's acceptances of specific financial institutions, qualified mutual funds, and qualified external investment pools.
- Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned. State law does not require, and the Library does not have, a policy on custodial credit risk.
- Concentration of Credit Risk: State law permits allowable investments but does not limit concentration of credit risk.

3) PROPERTY TAXES

A) Property Taxes

Property taxes for the Library are levied on each December 1st by various cities and townships in the County of Genesee, and are due 90 days after the levy date. The tax levy is based on the taxable valuation of the property located in those cities and townships as of the preceding December 31st. Although the tax is levied and collectible on December 1st, it is the Library's policy to recognize revenue from the current tax levy in the subsequent year when the proceeds of the levy are budgeted and made available for the financing of the Library's operations. The taxes are collected by each levying governmental unit and remitted to the Library.

The delinquent real property taxes are purchased by the County, and delinquent personal property taxes continue to be collected by the municipalities and recorded as revenue as they are collected. The county sells tax notes, the proceeds of which have been used to pay the Library for these delinquent real property taxes. These delinquent real property taxes have been recorded as revenue in the current year.

B) Tax Abatements

The Library receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by various townships (Davison, Fenton, Genesee, Grand Blanc, Mt. Morris, Mundy, Richfield, and Vienna) and cities (Burton, Davison, Fenton, and Flushing) within Genesee County. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities.

For the year ended December 31, 2025, the Library's property tax revenues were reduced by approximately \$36,839 under this program.

There are no significant abatements made by the Library.

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

4) CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, was as follows:

	Balance Beginning	Additions	Deductions	Balance Ending
<u>GOVERNMENTAL ACTIVITIES</u>				
Equipment and Furniture	\$900,222	\$0	\$0	\$900,222
Leasehold Improvement	810,348	0	0	810,348
Vehicles	61,981	0	0	61,981
Totals at Historical Cost	\$1,772,551	\$0	\$0	\$1,772,551
Less: Accumulated Depreciation	(1,171,192)	(86,106)	0	(1,257,298)
 <u>GOVERNMENTAL ACTIVITIES</u>				
<u>CAPITAL ASSETS - NET</u>	<u>\$601,359</u>	<u>(\$86,106)</u>	<u>\$0</u>	<u>\$515,253</u>

Depreciation expense was \$86,106 for the year ended December 31, 2025.

5) LONG-TERM DEBT

A summary of the debt outstanding at the Library is as follows:

	Balance Beginning	Additions	Deductions	Balance Ending
Governmental Activities:				
Compensated Absences	\$ 103,000	\$ 7,000	\$ 0	\$ 110,000

The compensated absences represent the estimated liability to be paid to employees under various sick and vacation pay contracts. Under the Library's various contracts, employees earn vacation and sick time based on time of service with the Library.

6) CONTRIBUTION ADVANCES

Changes in contribution advances are summarized below:

Balance – Beginning	\$ 176,046
Additions - Contributions, Legacies and Bequests	63,913
Total	\$ 239,959
Deductions - Funds Expended During the Year	43,470
 <u>BALANCE – ENDING</u>	 <u>\$ 196,489</u>

7) ASSIGNED FUND BALANCE

Assigned fund balance as of December 31, 2025 is as follows:

Equipment Fund	\$ 466,199
Election Fund	1
 <u>TOTAL</u>	 <u>\$ 466,200</u>

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

8) LEASES

The Library leases branch space and various pieces of office equipment. The Library has a lease with Genesee Valley Partners, LP for a branch located within the Genesee Valley Center, Flint, MI. Rent is \$4,858 per month. The branch space lease expires on December 31, 2027. The lease includes termination options upon sixty days written notice to the non-terminating party without significant penalty. Therefore, the lease is not considered as legally enforceable and is outside the scope of ASC 842, *Leases*. The Library has a lease with Xerox Corporation for multiple copiers for 60 months through April 2029 with minimum monthly lease payments of \$129 for each copier. The Library has additional Xerox Corporation leases for other copiers with minimum monthly lease payments ranging from \$130 to 192 for each copier expiring at various times. The copier leases are insignificant to the financial statements, therefore, ASC 842, *Leases* was not implemented.

9) DEFINED BENEFIT PENSION PLAN

Plan Description and Provisions

The Library participates in a contributory agent-multiple employer defined benefit pension plan administered by the Genesee County Employees Retirement System of Michigan (GCERS) which covers all employees of the Library hired before January 1, 2013. GCERS was organized pursuant to Section 12A of Act 156, State of Michigan Public Acts of 1851 (MSA 5.33(a); MCLA 46.12a) as amended. GCERS was established by ordinance in 1946, beginning with general County employees and the County Road Commission. Genesee County Water and Waste Services joined the system in 1956, Genesee County Mental Health joined in 1966, the City of Mt. Morris in 1969, and the Genesee District Library in 1980. The GCERS is regulated under the Genesee County Employees' Retirement System Ordinance, the sections of which have been approved by the State of Michigan Pension Commission and is administered by a nine-member retirement board. All new-hire general County and Community Mental Health employees may only join the defined contribution plan. GCERS issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained in writing to GCERS at 324 S. Saginaw Street, Suite 9A, Flint, MI 48502.

Benefits Provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in GCERS. The GCERS plan covers union and nonunion Library employees.

Most of the Library employees are eligible to participate in the GCERS. Nonunion employees hired on or after June 1, 2004, shall be required to contribute 5.0% of their gross compensation for each payroll period to the Retirement System. Employees hired on or after January 1, 1998 (and prior to June 1, 2004 for nonunion), shall be required to contribute 2.0% of their gross compensation for each payroll period to the Retirement System. Employees hired prior to January 1, 1998, shall be required to contribute 1.5% of their gross compensation for each payroll period to the Retirement System. A basic plan member, hired before July 1, 1995, may retire at age 60 with 8 or more years of credited service. A basic plan member, hired after July 1, 1995, may retire at age 60 with 12 or more years of credited service. The annual retirement benefit, payable monthly for life, is equal to the final average compensation (FAC) times the sum of a) 2.3% for the first 25 years of service plus b) 1.0% for years of service in excess of 25 years. Maximum employer financed portion is 60% of FAC. Final average compensation is the employee's average salary over the last highest 5 years out of the last 10 years of credited service. For administration employees FAC is the highest 2 years.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are 3%, non-compounding.

Benefit terms, within the parameters established by GCERS, are generally established and amended by the authority of the Board of Trustees, generally after negotiations of these terms with the affected unions.

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

9) DEFINED BENEFIT PENSION PLAN (Continued)

Employees Covered by Benefit Terms

At the December 31, 2024 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	55
Inactive plan members entitled to but not yet receiving benefits	12
Active plan members	<u>22</u>
Total plan members covered by the plan	89

Contributions

Article 9, Section 24 of the State of Michigan Constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, GCERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the GCERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by the plan members 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.

For the year ended December 31, 2024 and 2023, the average active employee contribution rate was 2.77% and 1.97% of annual pay and the Library's average contribution rate was 18.84% and 29.02% of annual payroll, respectively.

Net Pension Liability

The net pension liability reported at December 31, 2024 was determined using a measure of the total pension liability and the pension net position as of December 31, 2024. The December 31, 2024 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2023	\$20,126,493	\$16,503,656	\$3,622,837
Service cost	188,908	0	188,908
Interest	1,345,364	0	1,345,364
Differences between expected and actual experience	(249,327)	0	(249,327)
TPL assumptions changes	0	0	0
Contributions - Employer	0	2,647,485	(2,647,485)
Contributions - Employee	0	26,399	(26,399)
Net investment income (Loss)	0	1,730,756	(1,730,756)
Benefit payments, including refunds	(1,350,056)	(1,350,056)	0
Administrative expenses	0	(17,060)	17,060
Net changes	<u>(\$65,111)</u>	<u>\$3,037,524</u>	<u>(\$3,102,635)</u>
Balance at December 31, 2024	<u>\$20,061,382</u>	<u>\$19,541,180</u>	<u>\$520,202</u>

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

9) DEFINED BENEFIT PENSION PLAN (Continued)

Assumption Changes

For the December 31, 2024 actuarial valuation, there were assumption changes that resulted in an increase in the calculated total pension liability. The assumptions changed during the year related to annual pay increase rates and updated mortality tables; see below for the assumptions used.

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

For the year ended December 31, 2024, the Library recognized pension expense of \$98,758.

At December 31, 2024, 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
Difference between expected and actual experience	\$0	(\$527,508)
Changes in assumptions	0	0
Net difference between projected and actual earnings on net pension plan investments	0	0
Employer contributions to the plan subsequent to the measurement date	2,939,237	0
<u>Total</u>	\$2,939,237	(\$527,508)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date of \$2,939,237, which will impact the net pension liability in fiscal year 2024, rather than future pension expense.

Plan Years Ending December 31,	Amount
2025	\$(194,209)
2026	(111,100)
2027	(111,100)
2028	(111,100)

Actuarial Assumptions

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	2.50%	Based on inflation component of 2.50% and merit and longevity rates based on age that range from 0.00% up to 8.50%
	8.50%	
Investment rate of return	7.00%	Net of pension plan investment expense, including inflation

Mortality rates were based on the PubG-2010 Mortality Table with generational improvements using Scale MP 2021.

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

9) DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real interest rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The nominal long-term expected rate of return for the plan as a whole was 6.85%. The target allocation by class is as follows:

Asset Class	Target Allocation
U.S. Equities Active or Passive	40%
Non-U.S. Equities	12%
Domestic Fixed Income	22%
Commercial Real Estate	14%
Non-Core Fixed Income	5%
Private Equities	5%
Cash Equivalents	2%
Total	100.00%

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

The following presents the net pension liability of the Library, calculated using the discount rate of 6.85%, as well as what the Library's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.85%) or one percentage point higher (7.85%) than the current rate:

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Net Pension Liability of the Library	\$2,578,175	\$520,202	\$(1,230,488)

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, information about the Plan's fiduciary net position and addition to/deduction 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.

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

10) DEFINED CONTRIBUTION PLAN

The Library participates in a Defined Contributions Plan administered by Municipal Employees' Retirement System (MERS). The MERS Defined Contribution Plan is a qualified retirement plan under Section 401(a) of the Internal Revenue Code. The plan may be amended according to the provisions of 1996 PA 220. All new employees with a hire date on or after January 1, 2013 are eligible for this plan and no new employees will be enrolled in the library's defined benefit plan.

Employees covered by the plan are eligible to participate from the date of employment. The Plan defines the Library's contribution at 3% of the employee's gross pay. Employees are 100% vested in their contributions immediately. Employees are vested in the employer's contributions according to the adopted vesting schedule. Employees forfeit any unvested employer contributions and associated earnings upon termination from the Library. Employer and employee contributions to the Plan for the year ended December 31, 2025 and 2024 totaled \$121,234 and \$104,666, respectively.

11) OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The Library provides retiree healthcare benefits for all eligible employees through the Genesee District Library Retiree Medical Plan. This plan is a single employer-defined benefit plan administered by the Library in which funds are invested in the Municipal Employees' Retirement System of Michigan (MERS) Retiree Health Funding Vehicle. The Genesee District Library Board of Trustees has the authority to establish and amend benefit provisions.

Benefits Provided

The plan provides retiree healthcare benefits for eligible employees and their spouses. The plan covers employees of the Library hired prior to January 1, 2013 that attained the age of 60 with 12 years of service or that had 25 years of service (with no age restriction). The plan also covers those employees hired on or after January 1, 2013 but prior to January 2, 2020 with a sum of age and years of service equal to or greater than 80. The plan is closed to those employees hired after January 1, 2020.

Benefits are provided through a third-party insurer, and a portion of the cost of the benefits is covered by the plan. Eligible participants that retired prior to January 1, 2016 receive 90% employer-paid healthcare benefits. Eligible participants that retired after January 1, 2016 receive 80% employer-paid healthcare benefits for the employee only.

Members Covered by Benefit Terms

At the December 31, 2025 valuation date, the following members were covered by the benefit terms:

Active Members	41
Retirees and Beneficiaries	33
Total Members Covered	<u>74</u>

Contributions

Retiree healthcare costs are paid by the Library on a "pay-as-you-go" basis. The Library has no obligation to make contributions in advance of when the insurance premiums are due for payment. For the fiscal year ended December 31, 2025, the Library made payments for postemployment health benefit premiums of \$185,464. The Library also made additional contributions of \$100,000 to the OPEB Trust during the fiscal year.

Net OPEB Liability

The net OPEB liability reported at December 31, 2025 was determined using a measure of the total OPEB liability and the OPEB net position as of December 31, 2025. The December 31, 2025 measurement date total OPEB liability was determined by an actuarial valuation performed as of that date.

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

11) OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Changes in the net OPEB liability during the measurement year were as follows:

<u>Changes in Net OPEB Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Net Position</u>	<u>Net OPEB Liability</u>
<u>Balance at December 31, 2023</u>	\$3,222,785	\$4,551,520	(\$1,328,735)
Service cost	59,290	0	59,290
Interest	221,022	0	221,022
Changes of Benefit Terms	0	0	0
Differences between expected and actual experience	(51,826)	0	(51,826)
Changes in Assumptions	37,456	0	37,456
Contributions to OPEB Trust	0	100,000	(100,000)
Benefits Paid from General Operating Fund	0	185,464	(185,464)
Net investment income	0	714,450	(714,450)
Benefit payments, including refunds	(185,464)	(185,464)	0
Administrative expenses	0	(10,378)	10,378
Net changes	<u>\$80,478</u>	<u>\$804,072</u>	<u>(\$723,594)</u>
<u>Balance at December 31, 2024</u>	<u>\$3,303,263</u>	<u>\$5,355,592</u>	<u>(\$2,052,329)</u>

The plan's fiduciary net position represents 162.13% of the total OPEB liability.

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

For the year ended December 31, 2025, the Library recognized OPEB expense of (\$691,495).

At December 31, 2025, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$0	(\$1,385,611)
Changes in assumptions	116,925	(1,259,461)
Net difference between projected and actual earnings on net OPEB plan investments	134,122	(403,372)
Employer contributions to the plan subsequent to the measurement date	<u>0</u>	<u>0</u>
<u>Total</u>	<u>\$251,047</u>	<u>(\$3,048,444)</u>

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

11) OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date of \$0 which will impact the net OPEB liability in fiscal year 2025, rather than future pension expense.

<u>Years Ending December 31,</u>	<u>Amount</u>
2026	\$(618,850)
2027	(752,974)
2028	(713,755)
2029	(516,920)
2030	(150,512)
Thereafter	(44,386)

Actuarial Assumptions

The total pension liability in the December 31, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%	
Salary increases	4.00%	For purpose of allocating liability
Investment rate of return	6.93%	Net of OPEB plan investment expense, including inflation

A Healthcare Cost Trend Rate of 7.25% graded down to 4.5% by 0.25% per year for Pre-Medicare; 5.50% graded down to 4.5% by 0.25% per year for Post-Medicare; 3% for Dental and Vision.

Mortality rates were based on the Public General 2010 Employee and Healthy Retiree, Headcount weighted, based on assumptions from the IRS 2024 adjusted MP-2021 improvement scale.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.93%. The projection of cash flows used to determine the discount rate assumes that the employer contributions will make benefit payments on a pay-as-you-go basis from the general operating funds and additionally reflects the \$150,000 deposited in 2023, \$100,000 deposited in 2024, and \$100,000 deposited in 2025, followed by annual contributions of \$75,000 thereafter.

Based on these assumptions, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date", not applicable for this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability.

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

11) OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Investment Rate of Return

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense 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. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60%	4.50%
Global Fixed Income	20%	2.16%
Private Assets	20%	6.50%

The sum of each target allocation times its long-term expected real rate, plus inflation, is 6.93%

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

The following presents the net OPEB liability of the Library, calculated using the discount rate of 6.93%, as well as what the Library's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.93%) or one percentage point higher (7.93%) than the current rate:

	1% Decrease (5.93%)	Current Discount Rate (6.93%)	1% Increase (7.93%)
Net OPEB Liability of the Library	(\$1,690,509)	(\$2,052,329)	(\$2,358,355)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Library, calculated using the healthcare trend rate of 7.25%, as well as what the Library's net OPEB liability would be if it were calculated using a healthcare trend rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net OPEB Liability of the Library	(\$2,422,060)	(\$2,052,329)	(\$1,601,303)

OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purpose of measuring the net OPEB liability, 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.

12) CONTINGENCIES AND COMMITMENTS

The Library is subject to certain claims and litigation. In the opinion of management and their legal counsel, the outcome of such matters will not have a material effect on the financial position of the Library.

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

13) RISK MANAGEMENT

The Library is exposed to various risks of loss in conducting its operations, from property and casualty theft, damage to various tort and liability claims and workman's compensation claims. The Library limits its exposure to such claims through its participation in and payments of premiums for insurance coverages. The Library management believes that this provides sufficient coverage to protect the Library from any significant adverse financial impact.

14) SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the auditor's opinion, the date on which the financial statements were available to be issued.

15) UPCOMING ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 103

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. 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 and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI;

The Library is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

GENESEE DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

15) UPCOMING ACCOUNTING PRONOUNCEMENTS (Continued)

GASB Statement No. 104

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 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. The Library is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

REQUIRED SUPPLEMENTARY
INFORMATION

GENESEE DISTRICT LIBRARY
BUDGETARY COMPARISON SCHEDULE - OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Property Taxes	\$11,150,500	\$11,150,500	\$11,139,414	(\$11,086)
Penal Fines	150,000	150,000	259,733	109,733
State Aid	350,000	350,000	404,640	54,640
Investment Earnings	10,550	10,550	197,858	187,308
Grants, Contributions, Legacies, and Bequests	16,000	16,000	43,470	27,470
Library Fines, Fees and Other	70,000	70,000	179,236	109,236
Universal Service Fund - BEAR	65,000	65,000	78,874	13,874
Use of Contributed Facilities	747,950	747,950	747,945	(5)
Total Revenues	<u>\$12,560,000</u>	<u>\$12,560,000</u>	<u>\$13,051,170</u>	<u>\$491,170</u>
<u>EXPENDITURES</u>				
Salaries and Wages	4,395,000	4,395,000	3,967,569	427,431
Fringe Benefits	2,643,000	4,645,000	4,294,167	350,833
Supplies	400,000	400,000	237,862	162,138
Books	812,500	995,500	917,374	78,126
Periodicals	47,500	54,100	54,004	96
Audio Visual	895,000	960,000	927,571	32,429
Contractual Services	485,500	511,500	435,801	75,699
Telephone	250,000	250,000	182,554	67,446
Travel	73,500	73,500	43,015	30,485
Public Relations	285,500	291,100	281,498	9,602
Insurance	80,000	81,400	62,157	19,243
Utilities	60,000	60,000	43,214	16,786
Building & Maintenance	614,000	628,000	491,872	136,128
Miscellaneous	818,500	835,450	808,221	27,229
Capital Outlay	650,000	329,450	0	329,450
Total Expenditures	<u>\$12,510,000</u>	<u>\$14,510,000</u>	<u>\$12,746,879</u>	<u>\$1,763,121</u>
<u>REVENUES OVER EXPENDITURES</u>	<u>\$50,000</u>	<u>(\$1,950,000)</u>	\$304,291	<u>\$2,254,291</u>
<u>FUND BALANCE - BEGINNING OF YEAR</u>			15,085,883	
<u>FUND BALANCE - END OF YEAR</u>			<u>\$15,390,174</u>	

GENESEE DISTRICT LIBRARY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

Fiscal year ended December 31,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service Cost	\$239,064	\$363,603	\$319,091	\$268,037	\$217,724	\$225,963	\$208,257	\$197,253	\$184,783	\$188,908
Interest on the total pension liability	1,214,284	1,131,364	1,201,750	1,231,502	1,325,848	1,293,983	1,311,690	1,319,759	1,328,163	1,345,364
Differences between expected and actual experience	(704,649)	(279,694)	(448,042)	(206,623)	(208,062)	(369,187)	(264,341)	(37,253)	229,741	(249,327)
TPL Assumption Changes	3,147,327	(671,811)	(1,246,043)	(723,638)	915,188	470,555	203,266	0	282,510	0
Benefit payments and refunds	(1,228,359)	(1,220,113)	(1,241,538)	(1,254,418)	(1,313,541)	(1,355,197)	(1,346,116)	(1,319,074)	(1,375,368)	(1,350,056)
Net Change in Total Pension Liability	\$2,667,667	(\$676,651)	(\$1,414,782)	(\$685,140)	\$937,157	\$266,117	\$112,756	\$160,685	\$649,829	(\$65,111)
Total Pension Liability - Beginning of year	18,108,855	20,776,522	20,099,871	18,685,089	17,999,949	18,937,106	19,203,223	19,315,979	19,476,664	20,126,493
Total Pension Liability - End of year	<u>\$20,776,522</u>	<u>\$20,099,871</u>	<u>\$18,685,089</u>	<u>\$17,999,949</u>	<u>\$18,937,106</u>	<u>\$19,203,223</u>	<u>\$19,315,979</u>	<u>\$19,476,664</u>	<u>\$20,126,493</u>	<u>\$20,061,382</u>
Plan Fiduciary Net Position										
Contributions - Employer	\$357,169	\$482,817	\$854,532	\$949,275	\$1,106,002	\$783,037	\$743,786	\$835,918	\$821,538	\$2,647,485
Contributions - Employee	43,539	43,953	37,290	34,006	33,060	30,025	28,476	29,258	28,270	26,399
Net Investment Income (Loss)	160,742	981,079	991,130	(284,156)	2,484,191	1,327,365	2,320,701	(2,158,228)	1,746,341	1,730,756
Benefit Payments, Including Refunds	(1,228,359)	(1,220,113)	(1,241,538)	(1,254,418)	(1,313,541)	(1,355,197)	(1,346,116)	(1,319,074)	(1,375,368)	(1,350,056)
Administrative Expenses	(14,332)	(11,686)	(18,355)	(14,551)	(15,529)	(17,195)	(17,028)	(17,573)	(14,252)	(17,060)
Net Change in Plan Fiduciary Net Position	(\$681,241)	\$276,050	\$623,059	(\$569,844)	\$2,294,183	\$768,035	\$1,729,819	(\$2,629,699)	\$1,206,529	\$3,037,524
Plan Fiduciary Net Position - Beginning of year	13,486,765	12,805,524	13,081,574	13,704,633	13,134,789	15,428,972	16,197,007	17,926,826	15,297,127	16,503,656
Plan Fiduciary Net Position - End of year	<u>\$12,805,524</u>	<u>\$13,081,574</u>	<u>\$13,704,633</u>	<u>\$13,134,789</u>	<u>\$15,428,972</u>	<u>\$16,197,007</u>	<u>\$17,926,826</u>	<u>\$15,297,127</u>	<u>\$16,503,656</u>	<u>\$19,541,180</u>
Net Pension Liability	<u>\$7,970,998</u>	<u>\$7,018,297</u>	<u>\$4,980,456</u>	<u>\$4,865,160</u>	<u>\$3,508,134</u>	<u>\$3,006,216</u>	<u>\$1,389,153</u>	<u>\$4,179,537</u>	<u>\$3,622,837</u>	<u>\$520,202</u>
Plan Fiduciary Net Position as a Percent of Total Pension Liability	61.63%	65.08%	73.35%	72.97%	81.47%	84.35%	92.81%	78.54%	82.00%	97.41%
Covered Employee Payroll	\$2,064,040	\$2,071,012	\$2,011,865	\$1,852,032	\$1,652,844	\$1,542,169	\$1,515,441	\$1,517,314	\$1,411,181	\$1,338,886
Net Pension Liability as a Percent of Covered Employee Payroll	386.18%	338.88%	247.55%	262.69%	212.25%	194.93%	91.67%	275.46%	256.72%	38.85%

GENESEE DISTRICT LIBRARY
SCHEDULE OF PENSION CONTRIBUTIONS

Actuarial Valuation Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2015	\$295,113	\$318,985	(\$23,872)	\$2,064,040	15.45%
12/31/2016	365,288	444,968	(79,680)	2,071,012	21.49%
12/31/2017	385,861	854,532	(468,671)	2,011,865	42.47%
12/31/2018	430,944	949,275	(518,331)	1,852,032	51.26%
12/31/2019	507,346	608,884	(101,538)	1,652,844	36.84%
12/31/2020	469,039	783,038	(313,999)	1,542,169	50.78%
12/31/2021	413,991	743,786	(329,795)	1,487,572	50.00%
12/31/2022	426,470	835,918	(409,448)	1,515,441	55.16%
12/31/2023	366,885	787,613	(420,728)	1,411,181	55.81%
12/31/2024	252,563	2,646,382	(2,393,819)	1,338,886	197.66%

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll
Remaining amortization period	25 years, closed
Asset valuation method	Market Value of Assets
Inflation	2.50 percent
Salary increases	2.50 - 8.50 percent based on age, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Retirement age	60
Mortality	PubG-2010 Mortality Table with fully generational improvements based on assumptions from Scale MP-2021
Other Information	The most recent experience study was completed in December 2021

GENESEE DISTRICT LIBRARY
SCHEDULE OF CHANGES IN NET OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

Fiscal year ended December 31,	2018	2019	2020	2021	2022	2023	2024	2025
Total Other Postemployment Benefits Liability								
Service Cost	\$217,187	\$298,802	\$236,690	\$140,681	\$79,086	\$72,501	\$71,968	\$59,290
Interest on the Total OPEB Liability	324,304	313,998	353,679	271,171	296,654	236,749	243,732	221,022
Changes of Benefit Terms	0	0	0	0	0	0	(57,077)	0
Differences between expected and actual experience	(1,259,855)	(46,986)	(1,447,055)	(34,458)	(958,594)	(7,789)	(297,184)	(51,826)
Total OPEB Liability Assumption Changes	504,379	(978,433)	(949,244)	(1,258,176)	149,324	(5,993)	(57,961)	37,456
Benefit payments and refunds	(303,653)	(269,046)	(258,400)	(234,074)	(218,600)	(209,149)	(181,207)	(185,464)
Net Change in Total Other Postemployment Benefits Liability	(\$517,638)	(\$681,665)	(\$2,064,330)	(\$1,114,856)	(\$652,130)	\$86,319	(\$277,729)	\$80,478
Total Other Postemployment Benefits Liability - Beginning of year	8,444,814	7,927,176	7,245,511	5,181,181	4,066,325	3,414,195	3,500,514	3,222,785
Total Other Postemployment Benefits Liability - End of year	<u>\$7,927,176</u>	<u>\$7,245,511</u>	<u>\$5,181,181</u>	<u>\$4,066,325</u>	<u>\$3,414,195</u>	<u>\$3,500,514</u>	<u>\$3,222,785</u>	<u>\$3,303,263</u>
Plan Fiduciary Net Position								
Contributions to OPEB Trust - Employer	\$0	\$2,250,000	\$300,000	\$300,000	\$250,000	\$150,000	\$100,000	\$100,000
Contributions/Benefit Payments made from General Operating Funds	0	269,046	258,400	234,074	218,600	209,149	181,207	185,464
Net Investment Income	0	162,271	336,425	377,156	(388,818)	424,992	326,846	714,450
Benefit Payments, Including Refunds	0	(269,046)	(258,400)	(234,074)	(218,600)	(209,149)	(181,207)	(185,464)
Administrative Expenses	0	(2,853)	(4,771)	(6,245)	(6,384)	(7,725)	(9,374)	(10,378)
Net Change in Plan Fiduciary Net Position	\$0	\$2,409,418	\$631,654	\$670,911	(\$145,202)	\$567,267	\$417,472	\$804,072
Plan Fiduciary Net Position - Beginning of year	0	0	2,409,418	3,041,072	3,711,983	3,566,781	4,134,048	4,551,520
Plan Fiduciary Net Position - End of year	<u>\$0 *</u>	<u>\$2,409,418</u>	<u>\$3,041,072</u>	<u>\$3,711,983</u>	<u>\$3,566,781</u>	<u>\$4,134,048</u>	<u>\$4,551,520</u>	<u>\$5,355,592</u>
Net Other Postemployment Benefits Liability (Asset)	<u>\$7,927,176</u>	<u>\$4,836,093</u>	<u>\$2,140,109</u>	<u>\$354,342</u>	<u>(\$152,586)</u>	<u>(\$633,534)</u>	<u>(\$1,328,735)</u>	<u>(\$2,052,329)</u>
Plan Fiduciary Net Position as a Percent of Total Other Postemployment Benefits Liability	0.00%	33.25%	58.69%	91.29%	104.47%	118.10%	141.23%	162.13%
Covered Employee Payroll	\$2,933,479	\$2,997,075	\$2,912,867	\$2,838,560	\$2,930,732	\$2,714,744	\$2,777,251	\$2,657,653
Net Other Postemployment Benefits Liability as a Percent of Covered Employee Payroll	270.23%	161.36%	73.47%	12.48%	-5.21%	-23.34%	-47.84%	-77.22%

* The Library transferred previously earmarked funds to establish a qualified OPEB trust in April 2019 for the OPEB plan to be considered funded in accordance with GASB 75.

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, reporting is presented for those years which the information is available.

GENESEE DISTRICT LIBRARY
SCHEDULE OF OPEB CONTRIBUTIONS

Actuarial Valuation Date	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2018	\$555,525	\$303,653	\$251,872	\$2,933,479	10.35%
12/31/2019	809,125	2,519,046	(1,709,921)	2,997,075	84.05%
12/31/2020	595,624	558,400	37,224	2,912,867	19.17%
12/31/2021	334,105	534,074	(199,969)	2,838,560	18.81%
12/31/2022	122,078	468,600	(346,522)	2,930,732	15.99%
12/31/2023	60,823	359,149	(298,326)	2,714,744	13.23%
12/31/2024	4,565	281,207	(276,642)	2,777,251	10.13%
12/31/2025	0	285,464	(285,464)	2,657,653	10.74%

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Actuarial asset valuation method	Market Value
Municipal Bond Rate	20-year Aa Municipal Bond Rate, 4.43 percent
Discount Rate	6.93% for 12/31/2025 Liability
Inflation	2.50 percent
Salary increases	4.00 percent
Investment rate of return	6.93%, net of OPEB plan investment expense, including inflation
Retirement age	60
Mortality	2016 Public General Employee and Healthy Retiree, headcount weighted, IRS 2024 Adjusted Scale MP-2021
Other Information	The most recent experience study was completed in December 2021

This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, reporting is presented for those years which the information is available.

GENESEE DISTRICT LIBRARY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Operating Fund and all special revenue funds.

The annual budget is prepared by the Library's department heads and finance department. The budget is presented to the Board of Trustees for adoption no later than the December meeting each year. Subsequent amendments are approved by the Board of Trustees. The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law.

Unexpended appropriations lapse at year end. The amount of encumbrances outstanding at December 31, 2025 has not been calculated. During the current year, the budget was amended in a legally permissible manner.

A comparison of the actual results of operations to the budgeted amounts (at the level of control adopted by the Board of Trustees) for the Operating Fund is presented as required supplemental information.

PENSION AND OPEB RELATED

Changes of pension benefit terms for the plan year ended December 31, 2024:

There were no changes of pension benefit terms for the plan year ended December 31, 2024.

Changes of pension actuarial assumptions for the plan year ended December 31, 2024:

There were no changes of pension actuarial assumptions for the plan year ended December 31, 2024.

Changes of OPEB benefit terms for the plan year ended December 31, 2025:

There were no changes of OPEB benefit terms for the plan year ended December 31, 2025.

Changes of OPEB assumptions for the plan year ended December 31, 2025:

There were no changes of OPEB assumptions for the plan year ended December 31, 2025.

ADDITIONAL SUPPLEMENTARY
INFORMATION

GENESEE DISTRICT LIBRARY
SCHEDULE OF OTHER EXPENDITURES AS COMPARED TO BUDGET - OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>SALARIES</u>				
Salary - Administration	\$630,000	\$630,000	\$592,089	\$37,911
Salary - Full Time	3,005,000	3,005,000	2,807,670	197,330
Salary - Part Time	665,000	665,000	505,047	159,953
Salary - Overtime	80,000	80,000	47,763	32,237
Longevity	15,000	15,000	15,000	0
Total Salaries	<u>\$4,395,000</u>	<u>\$4,395,000</u>	<u>\$3,967,569</u>	<u>\$427,431</u>
<u>FRINGE BENEFITS</u>				
Social Security	350,000	350,000	297,960	52,040
Retirement	1,175,000	3,175,000	3,060,471	114,529
Medical Insurance	745,500	747,500	621,407	126,093
Dental Insurance	87,000	87,000	68,429	18,571
Life and Disability	72,000	72,000	55,841	16,159
Worker's Compensation	15,000	15,000	8,777	6,223
Unemployment	5,000	5,000	0	5,000
Vision Insurance	17,500	17,500	11,983	5,517
Educational Reimbursement	6,000	6,000	4,800	1,200
Annuity	70,000	70,000	64,499	5,501
Transfer to OPEB Trust Account	100,000	100,000	100,000	0
Total Fringe Benefits	<u>\$2,643,000</u>	<u>\$4,645,000</u>	<u>\$4,294,167</u>	<u>\$350,833</u>
<u>SUPPLIES</u>				
Office Supplies	10,000	10,000	2,422	7,578
Operating Expenditures	375,000	375,000	226,562	148,438
Postage and Shipping	15,000	15,000	8,878	6,122
Total Supplies	<u>\$400,000</u>	<u>\$400,000</u>	<u>\$237,862</u>	<u>\$162,138</u>
<u>BOOKS</u>				
Books - e-Books	20,000	20,000	14,000	6,000
Books - Paperbacks	23,500	23,500	13,083	10,417
Databases	165,000	348,000	347,482	518
Books - System	604,000	604,000	542,809	61,191
Total Books	<u>\$812,500</u>	<u>\$995,500</u>	<u>\$917,374</u>	<u>\$78,126</u>
<u>PERIODICALS</u>				
Magazines and Newspapers	47,500	54,100	54,004	96
<u>AUDIO - VISUAL</u>				
CD's and Video Media	5,000	5,000	3,023	1,977
Digital Video Disks	120,000	120,000	91,748	28,252
Digital Materials	720,000	785,000	784,677	323
Audio Media	50,000	50,000	48,123	1,877
Total Audio - Visual	<u>\$895,000</u>	<u>\$960,000</u>	<u>\$927,571</u>	<u>\$32,429</u>

GENESEE DISTRICT LIBRARY
SCHEDULE OF OTHER EXPENDITURES AS COMPARED TO BUDGET - OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<u>CONTRACTUAL SERVICES</u>				
Attorney	\$30,000	\$30,000	\$26,905	\$3,095
Payroll	30,000	30,000	20,971	9,029
Auditor	40,000	40,000	28,500	11,500
Consultant	30,000	30,000	17,038	12,962
Programming	100,000	100,000	87,582	12,418
Software	130,000	156,000	155,390	610
Staff Development	20,000	20,000	7,049	12,951
Collection Costs	25,000	25,000	18,650	6,350
O.C.L.C. and M.A.R.C	80,500	80,500	73,716	6,784
Total Contractual Services	\$485,500	\$511,500	\$435,801	\$75,699
<u>TELEPHONE</u>				
Telephone	250,000	250,000	182,554	67,446
<u>TRAVEL</u>				
Travel - Regular	35,000	35,000	27,086	7,914
Travel - Workshop	30,000	30,000	10,376	19,624
Gas and Oil	8,500	8,500	5,553	2,947
Total Travel	\$73,500	\$73,500	\$43,015	\$30,485
<u>PRINTING AND ADVERTISING</u>				
Public Relations	185,000	185,000	183,223	1,777
Advertising / Recruitment	500	500	450	50
Printing and Publishing	50,000	50,000	42,264	7,736
Events, Sponsorships, and Themes	50,000	55,600	55,561	39
Total Printing and Advertising	\$285,500	\$291,100	\$281,498	\$9,602
<u>INSURANCE</u>				
Building and Contents	35,000	36,400	36,356	44
Liability and Bonds	30,000	30,000	19,092	10,908
Automobile Insurance	15,000	15,000	6,709	8,291
Total Insurance	\$80,000	\$81,400	\$62,157	\$19,243
<u>UTILITIES</u>				
Public Utilities	60,000	60,000	43,214	16,786
<u>BUILDING AND MAINTENANCE</u>				
Equipment Repairs and Maintenance	25,000	25,000	8,036	16,964
Equipment Service Contracts	165,000	179,000	177,908	1,092
Equipment Lease	54,000	54,000	34,386	19,614
Building Repairs and Maintenance	55,000	55,000	26,164	28,836
Building Service Contracts	125,000	125,000	91,465	33,535
Building Supplies	10,000	10,000	3,878	6,122
Computer Parts and Supplies	50,000	50,000	22,529	27,471
Computers	130,000	130,000	127,506	2,494
Total Building and Maintenance	\$614,000	\$628,000	\$491,872	\$136,128

GENESEE DISTRICT LIBRARY
SCHEDULE OF OTHER EXPENDITURES AS COMPARED TO BUDGET - OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>MISCELLANEOUS</u>				
Rent	\$4,000	\$4,000	\$2,395	\$1,605
Refunds	3,050	3,050	2,073	977
Memberships	15,500	15,500	8,090	7,410
Director's Business Expenditure	1,000	1,000	936	64
Contributed Facilities	747,950	747,950	747,945	5
Depreciation	10,000	10,000	0	10,000
Gift and Grant Expenditures	36,000	50,650	43,512	7,138
Board Expenditure	1,000	3,300	3,270	30
Total Miscellaneous	<u>\$818,500</u>	<u>\$835,450</u>	<u>\$808,221</u>	<u>\$27,229</u>
 <u>OTHER</u>				
Capital Outlay	<u>650,000</u>	<u>329,450</u>	<u>0</u>	<u>329,450</u>
 <u>TOTAL OPERATING EXPENDITURES</u>	<u>\$12,510,000</u>	<u>\$14,510,000</u>	<u>\$12,746,879</u>	<u>\$1,763,121</u>