

MID-MICHIGAN LIBRARY LEAGUE

CADILLAC, MICHIGAN

SEPTEMBER 30, 2021



Baird, Cotter & Bishop, P.C.
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CERTIFIED PUBLIC ACCOUNTANTS
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SEPTEMBER 30, 2021

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October 29, 2021

INDEPENDENT AUDITOR'S REPORT

To the Board
Mid-Michigan Library League
Cadillac, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of Mid-Michigan Library League (a library cooperative), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the League's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Mid-Michigan Library League as of September 30, 2021, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, on pages iii-viii and 22-23 be presented to supplement the basic financial statements. Such information, 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.

BAIRD, COTTER AND BISHOP, P.C.

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MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2021

Mid-Michigan Library League, (“the League”), a Library Cooperative located in Wexford County, Michigan offers this narrative overview and analysis of the financial activities of the League for the fiscal year ended September 30, 2021, for the benefit of the readers of these financial statements. This management’s discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the League’s financial activity.

Financial Highlights

- ❖ The assets and deferred outflows of resources of the League exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$173,177 (*net position*). Of this amount, \$171,782 represents unrestricted net position, which may be used to meet the League’s ongoing obligations to citizens and creditors.
- ❖ At the close of the current fiscal year, the League’s governmental fund reported a fund balance of \$325,551, an increase of \$13,175 in comparison with the prior year. Approximately 72% of this amount (\$233,274) is available for spending at the League’s discretion (*unassigned fund balance*).
- ❖ The League’s total outstanding long-term obligations decreased by \$2,808 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the League’s basic financial statements. The League’s basic financial statements consist of three components. 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional details to support the basic financial statements themselves.

Government-Wide Financial Statements The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of the League’s finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents financial information on all of the League’s assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the League is improving or deteriorating.

The *Statement of Activities* presents information showing how the League’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future periods.

Both of the government-wide financial statements distinguish functions of the League that are principally supported by state sources. The governmental activities of the League include general government.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2021

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

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Mid-Michigan Library League, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the League are considered to be governmental funds.

Governmental Funds Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The League adopts an annual budget for the General Fund. A budgetary comparison has been provided to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3 - 7 of this report.

Notes to Financial Statements The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 8-21 of this report.

Other Information In addition to the basic financial statements and accompanying notes, this report also presents *Required Supplementary Information* (RSI) that explains and supports the information presented in the financial statements.

Government-Wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of Mid-Michigan Library League, assets exceeded liabilities by \$173,177 at the close of the most recent fiscal year.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2021

The following schedule summarizes the net position at fiscal year ended September 30.

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets	\$ 353,191	\$ 336,382
Non Current Assets	<u>1,395</u>	<u>1,971</u>
 TOTAL ASSETS	 <u>354,586</u>	 <u>338,353</u>
 Deferred Outflows of Resources	 <u>13,853</u>	 <u>12,524</u>
 Liabilities		
Current Liabilities	27,640	24,006
Non Current Liabilities	<u>145,540</u>	<u>148,348</u>
 TOTAL LIABILITIES	 <u>173,180</u>	 <u>172,354</u>
 Deferred Inflows of Resources	 <u>22,082</u>	 <u>0</u>
 Net Position		
Investment in Capital Assets	1,395	1,971
Unrestricted	<u>171,782</u>	<u>176,552</u>
 TOTAL NET POSITION	 <u>\$ 173,177</u>	 <u>\$ 178,523</u>

A small portion of the League's net position (\$1,395) reflects its investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related outstanding debt that was used to acquire those assets. The League uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending.

The remaining balance of \$171,782 unrestricted, which may be used to meet the government's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the League is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2021

Mid-Michigan Library League's overall net position decreased by \$5,346 from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections for the governmental activities. The following table illustrates the results of the changes in the net position for the League for the year ended September 30.

	<u>2021</u>	<u>2020</u>
Revenues		
Charges for Services	\$ 600	\$ 140
Operating Grants and Contributions	83,370	93,233
State Sources	284,543	264,372
Investment Earnings	73	587
Other	<u>567</u>	<u>300</u>
Total Revenues	369,153	358,632
Expenses		
Culture and Recreation	<u>(374,499)</u>	<u>(394,611)</u>
Change in Net Position	(5,346)	(35,979)
Beginning Net Position	<u>178,523</u>	<u>214,502</u>
Ending Net Position	<u><u>\$ 173,177</u></u>	<u><u>\$ 178,523</u></u>

Governmental Activities The most significant part of the revenue for all governmental activities of Mid-Michigan Library League comes from state sources. The League collected \$284,583 in state aid for the fiscal year ending September 30, 2021.

The League's governmental activities expenses are all culture and recreation expenses that total \$374,499.

Financial Analysis of the Governmental Funds

As noted earlier, the League uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund The focus of the League's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the League's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the League itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the League Board.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2021

At September 30, 2021, the League’s governmental fund, the General Fund, reported a fund balance of \$325,551, an increase of \$13,175 in comparison with the prior year. Approximately 72% of this amount (\$233,274) constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The remainder of the fund balance is either *nonspendable, restricted, committed, or assigned* to indicate that it is 1) not in spendable form (\$92,277), 2) legally required to be maintained intact, 3) restricted for particular purposes, 4) committed for particular purposes, or 5) assigned for particular purposes.

General Fund – The General Fund is the main operating fund of the library. The General Fund increased its fund balance during the fiscal year by \$13,175, bringing the balance to \$325,551. The primary reason for this increase is due to the increase in state aid received both directly and indirectly.

General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the Board approve the original budget for the upcoming fiscal year prior to its starting on October 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the year on September 30.

The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

	<u>ORIGINAL</u> <u>BUDGET</u>	<u>FINAL</u> <u>BUDGET</u>	<u>ACTUAL</u>
Total Revenues	\$ 350,172	\$ 370,993	\$ 369,153
Total Expenditures	\$ 350,172	\$ 370,993	\$ 355,978

A review of original and final budgeted revenue amounts yields variances due to the League getting a clearer picture of what the State was going to send over in aid revenues. A review of the original budgeted to final budgeted expenditure amounts yields variances due to the League spending more than originally anticipated on grants to member libraries and books, periodicals and computer software.

A review of the final budgeted to actual for revenues yields minimal variances. The variances between final budget and actual expenditures are due to the League spending less in purchases for member libraries, professional services, and miscellaneous items than was anticipated for.

Capital Assets

At September 30, 2021, the League had \$5,574 in capital assets, including equipment. Depreciation expense for the year amounted to \$576, bringing the accumulated depreciation to \$4,179 as of September 30, 2021.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2021

Long-Term Obligations

As of September 30, 2021, the League had total long-term obligations outstanding of \$145,540. Of this amount, \$139,569 is the League's net pension liability and \$5,971 represents compensated absences.

Factors Bearing on the League's Future

At the time that these financial statements were prepared and audited, the League was aware of the following that could significantly affect its financial health in the future:

- The League has 36 regular members and 2 affiliate memberships. The 36 regular members are stable and unlikely to leave the cooperative during the year.
- State Aid to Public Libraries, Act 89 of 1977, is the legislation under which library cooperatives are formed. We are very pleased that the legislature approved and the Governor signed the new FY22 state budget with an increase to State Aid of \$2 million. We are waiting for new population figures and the per capita amount for the state aid distribution, as it is unknown at this time how much of an increase this will bring to our cooperative budget.
- The state of the cooperative is quite good and stable for the current period. No major changes can be seen on the horizon.
- We are in a 3-year lease agreement for our office space (May 1, 2021 – April 30, 2024) with a one-year renewal option.
- We are still dealing with the COVID-19 pandemic, now with more contagious variants of the virus and people resisting the FDA approved vaccines. This has made normal library operations challenging and we continue to consult with our membership on provision of service to the public while keeping a keen eye on public safety.

Contacting the League's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the League's finances and to demonstrate the League's accountability for the money it receives. If you have questions about this report, please contact Mid-Michigan Library League, 201 N. Mitchell Street, Ste. 302, Cadillac, Michigan 49601.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 258,175
Accounts Receivable	2,739
Prepaid Expense	92,277
	<hr/>
Total Current Assets	353,191

NONCURRENT ASSETS

Capital Assets	5,574
Less: Accumulated Depreciation	(4,179)
	<hr/>
Net Capital Assets	1,395

TOTAL ASSETS

354,586

DEFERRED OUTFLOWS OF RESOURCES

Subsequent Pension Contributions	<hr/> 13,853
	<hr/>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	13,853

LIABILITIES

CURRENT LIABILITIES

Unearned Revenues	24,427
Accrued Wages	2,984
Accrued Payroll Withholdings	229
	<hr/>
Total Current Liabilities	27,640

NON CURRENT LIABILITIES

Compensated Absences	5,971
Net Pension Liability	139,569
	<hr/>
Total Non Current Liabilities	145,540

TOTAL LIABILITIES

173,180

DEFERRED INFLOWS OF RESOURCES

Net Difference Between the Projected and Actual Pension Investment Earnings	<hr/> 22,082
	<hr/>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	22,082

NET POSITION

Investment in Capital Assets	1,395
Unrestricted	171,782
	<hr/>
TOTAL NET POSITION	\$ <u>173,177</u>

The notes to the financial statements are an integral part of this statement.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2021

<u>FUNCTIONS/PROGRAMS</u>	<u>PROGRAM REVENUES</u>				<u>GOVERNMENTAL ACTIVITIES</u>
<u>GOVERNMENTAL ACTIVITIES</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>
Culture and Recreation	\$ 374,499	\$ 600	\$ 83,370	\$ 0	\$ (290,529)
<u>GENERAL REVENUES</u>					
State Sources					284,543
Investment Earnings					73
Other					567
Total General Revenues					285,183
Change in Net Position					(5,346)
<u>NET POSITION</u> - Beginning of Year					178,523
<u>NET POSITION</u> - End of Year					\$ 173,177

The notes to the financial statements are an integral part of this statement.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

GOVERNMENTAL BALANCE SHEET - GENERAL FUND

SEPTEMBER 30, 2021

ASSETS

Cash and Cash Equivalents	\$ 258,175
Accounts Receivable	2,739
Prepaid Expenditures	<u>92,277</u>
 TOTAL ASSETS	 <u><u>\$ 353,191</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Unearned Revenues	\$ 24,427
Accrued Wages	2,984
Accrued Payroll Withholdings	<u>229</u>
 Total Liabilities	 <u>27,640</u>

FUND BALANCE

Nonspendable, Prepaid Expenditures	92,277
Unassigned	<u>233,274</u>
 Total Fund Balance	 <u>325,551</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 353,191</u></u>

The notes to the financial statements are an integral part of this statement.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2021

Total General Fund Balance	\$ 325,551
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	
The cost of the capital assets is	\$ 5,574
Accumulated depreciation is	<u>(4,179)</u> 1,395
Some assets, including net pension asset, are not applicable to the current period and, therefore, are not reported in the funds.	
Net Pension Liability	(139,569)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.	
Compensated Absences	(5,971)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	
Subsequent Pension Contributions	13,853
Net Difference Between the Projected and Actual Pension Investment Earnings	<u>(22,082)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 173,177</u></u>

The notes to the financial statements are an integral part of this statement.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2021

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>
	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
State Grants			
Library State Aid			
Direct State Aid	\$ 159,467	\$ 171,257	\$ 172,746
Indirect State Aid	104,905	112,605	111,797
Charges for Services			
Workshop Fees	300	750	600
Interest and Rents			
Interest Earnings	500	85	73
Other Revenue			
Reimbursements from Other Governments	85,000	86,000	83,370
Miscellaneous	0	296	567
	<hr/>	<hr/>	<hr/>
Total Revenues	350,172	370,993	369,153
	<hr/>	<hr/>	<hr/>
<u>EXPENDITURES</u>			
Culture and Recreation			
Personal Services			
Salaries and Wages	84,530	84,530	84,530
Employee Benefits	37,917	37,917	36,973
Supplies			
Office Supplies and Postage	300	450	435
General Operating Supplies	600	700	680
Books, Periodicals and Computer Software	8,595	16,250	17,708
Purchases for Member Libraries	85,000	86,000	82,337
Other Services and Charges			
Purchased Professional and Technical Services	94,124	94,134	90,675
Repair and Maintenance	500	500	162
Rental of Building	8,393	8,395	8,393
Grants to Members	15,000	25,120	25,120

The notes to the financial statements are an integral part of this statement.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2021

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Other Purchased Services			
Insurance	2,500	2,100	1,993
Communications	1,200	1,300	1,166
Utilities	1,000	1,000	723
Travel and Workshops	8,000	5,200	3,835
Dues and Memberships	1,200	1,050	1,034
Copier Lease	300	0	0
Miscellaneous	13	5,347	214
Capital Outlay	1,000	1,000	0
Total Expenditures	350,172	370,993	355,978
Net Change in Fund Balance	0	0	13,175
<u>FUND BALANCE</u> - Beginning of Year	312,376	312,376	312,376
<u>FUND BALANCE</u> - End of Year	\$ 312,376	\$ 312,376	\$ 325,551

The notes to the financial statements are an integral part of this statement.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

RECONCILIATION OF THE SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2021

Net Change in Fund Balance General Fund \$ 13,175

Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures in the Statement of Activities. These costs are allocated over their estimated useful lives as depreciation.

Capital Outlay	0
Depreciation Expense	(576)

Compensated Absences are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the funds.

Compensated Absences - Beginning of Year	5,507
Compensated Absences - End of Year	(5,971)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as a pension expense.

Changes in Net Pension Liability	3,272
Changes in Subsequent Pension Contributions	1,789
Changes in the Net Difference Between the Projected and Actual Pension Investment Earnings	<u>(22,542)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (5,346)

The notes to the financial statements are an integral part of this statement.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

I. 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 the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary governmental is financially accountable. Mid-Michigan Library League does not have any *fiduciary activities*, *business-type activities* or *component units*.

B. Reporting Entity

The League is a library cooperative formed under Michigan Public Act 89, section 6(a). The League board consists of nine members. The service area is divided into nine geographic areas. Member libraries located in those geographic areas select a representative to the nine member Board of Trustees. The League board receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities. However, the League board is not included in any other governmental "reporting entity" as defined in section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since league board members are elected by member libraries, and have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

In evaluating how to define the entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the League and/or its constituents, or whether the activity is conducted within the geographic boundaries of the League and is generally available to its constituents. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the League is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no associated organizations included in the League's reporting entity.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds.

MID-MICHIGAN LIBRARY LEAGUE
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

Mid-Michigan Library League reports the following major governmental fund:

The *General Fund* is the primary operating fund of the League. It is used to account for all financial resources of the League.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

State grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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F. Budgetary Information

1. Budgetary Basis of Accounting

The League follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) The director of the League annually prepares an operating budget taking into consideration the recommendations of the advisory council. The operating budget includes proposed expenditures and the means of financing them.
- b) The budget is approved by the League board prior to the start of the fiscal year which it covers.
- c) All transfers of budget amounts between accounts within the General Fund must be approved by the League board.
- d) The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Budgeted amounts are as originally adopted, or as amended by the League board.
- e) Budget appropriations lapse at the end of the fiscal year.
- f) Encumbrance accounting, under which purchase orders, contracts and other commitments for expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the League because, at present, it is not considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The League's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The government considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

2. Investments

The League has adopted a policy that limits its investments to investments authorized by Act 20 of 1943, as amended, and may invest in the following:

- a) Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

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- b) Certificates of deposit, savings accounts, deposit accounts, or depository of a financial institution. Some investments authorized by state law are shown as cash on the financial statements.
- c) Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d) Repurchase agreements consisting of instruments listed in (i).
- e) Banker's acceptances of United States banks.
- f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated investment grade by not less than one standard rating service.
- g) Mutual funds registered under the Investment Company Act of 1940, title I of chapter 686, 54 Stat. 789 15 U.S.C. 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by the League. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share.
- h) Investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.512.
- i) Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, 129.118.

3. *Inventories and Prepaid Items*

Inventories are not significant and are expensed as acquired.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

4. *Capital Assets*

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated acquisition value on the date received. Capital assets with a cost of under \$1,000 are not capitalized.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

Equipment	5 years
Furniture and Fixtures	10 years

5. *Unearned Revenue*

Unearned revenue arises when resources are received by the League before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The League has unearned revenue related to contributions received that are related to subsequent year expenditures.

6. *Long-Term Obligations*

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net position.

7. *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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The League has one item that qualifies for reporting in this category, which is related to the pension plan for its employees. Details can be found in footnote II.F.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The League has one item that qualifies for reporting in this category, which is related to the pension plan for its employees. Details can be found in footnote II.F.

8. *Pension*

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

9. *Net Position Flow Assumption*

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial

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statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. Fund Balance Flow Assumption

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

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

12. Use of Estimates

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

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H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other internally dedicated resources are reported as general revenues rather than as program revenues.

II. DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits with Financial Institutions

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of September 30, 2021, none of the League's \$262,588 bank balance was exposed to custodial credit risk because it was insured and collateralized. Although it is not specifically addressed in the League's investment policy, the League typically limits its exposure to this type of risk by controlling who holds its deposits.

Interest rate risk. The League will minimize Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the League's cash requirement.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs).

Concentration of credit risk. The League will minimize Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the League's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign currency risk. The League is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Although the League's investment policy does not directly address custodial credit risk, it typically limits its exposure by purchasing insured or registered investments or by controlling who holds the investments.

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Fair Market Value Disclosure - The League is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that reflect the assumptions market participants would use in pricing a security and are developed based on market data obtained from sources independent of the reporting entity. These may include quoted prices from similar activities, interest rates, prepayment speeds, credit risk, and others. Debt securities are valued in accordance with evaluated bid price supplied by the pricing service and generally categorized as Level 2 in the hierarchy. Securities that are categorized as Level 2 in the hierarchy include, but are not limited to, repurchase agreements, U.S. government agency securities, corporate securities, and commercial paper.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available under the circumstances.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There are two types of valuation techniques most commonly used and vary depending on the level of investment. These two techniques are the market approach and income approach. The market approach uses prices and other relevant information generated by the market transactions involving identical or similar assets and liabilities. The income approach discounts future amounts to a single current amount and the discount rate used in the process should reflect current market expectations about risks associated with those future cash flows.

The League does not have any investments that are subject to fair value disclosure.

The carrying amount of deposits and investments is as follows:

	<u>Total</u>
Deposits	<u>\$ 258,175</u>

The above amounts are reported in the financial statements as follows:

	<u>Total</u>
Cash - Governmental Funds	<u>\$ 258,175</u>

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B. Receivables

Receivables as of year-end for the government's General Fund are as follows:

Receivables	
Accounts Receivable	\$ 2,739

The allowance for doubtful accounts is not considered to be material for disclosure.

C. Capital Assets

A summary of changes in the League's capital assets follows:

	Balance October 1, 2020	Additions	Deletions	Balance September 30, 2021
Capital assets:				
Equipment	\$ 5,574	\$ 0	\$ 0	\$ 5,574
Accumulated Depreciation:	(3,603)	(576)	0	(4,179)
Net capital assets	\$ 1,971	\$ (576)	\$ 0	\$ 1,395

D. Long-Term Obligations

A summary of the long-term obligations' transactions for the League for the year ended September 30, 2021, is as follows:

	NET PENSION LIABILITY	COMPENSATED ABSENCES	TOTAL
Balance October 1, 2020	\$ 142,841	\$ 5,507	\$ 148,348
Liabilities Increase (Decrease)	(3,272)	464	(2,808)
Balance September 30, 2021	\$ 139,569	\$ 5,971	\$ 145,540
Due Within One Year	Unknown	Unknown	Unknown

E. Risk Management

The Mid-Michigan Library League is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation).

The Mid-Michigan Library League continues to carry commercial insurance for various risks of loss, including general liability, property and casualty, and accident insurance, and workers' disability compensation. The Mid-Michigan Library League has had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

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F. Employee Retirement Systems

Plan Description:

The League's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and their beneficiaries. The League participates in the Municipal Employees' Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. This report may be obtained by accessing the MERS website at www.mersofmich.com.

Benefits Provided

	<u>2020 Valuation</u>
Benefit Multiplier:	2.00% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	10 years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Employee Contributions:	0%
Act 88:	Yes (Adopted 08/27/2015)

Employees Covered by Benefit Terms

At the December 31, 2020, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>1</u>
Total employees covered by MERS	<u><u>7</u></u>

Contributions

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

League contributions were 24.99% based on annual payroll for open divisions.

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Net Pension Liability

The League's Net Pension Liability was measured as of December 31, 2020, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2020 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation:	2.5%	
Salary Increases 3% plus merit and longevity:	3%	In the long-term
Investment rate of return:	7.35%	Net of investment expenses and administrative expense

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on a version of Pub-210 and fully generational MP-2019.

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

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

Asset Class	Target Allocation	Target Allocation Gross Rate of	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of
Global Equity	60.00%	7.45%	4.47%	2.50%	2.97%
Global Fixed Income	20.00%	4.90%	0.98%	2.50%	0.48%
Private Investments	20.00%	9.00%	1.90%	2.50%	1.40%
Total	100.00%		7.35%		4.85%

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Discount Rate

The discount rate used to measure the total pension liability is 7.6%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2019	\$ 818,036	\$ 675,195	\$ 142,841
Service cost	12,032	0	12,032
Interest	60,218	0	60,218
Difference between expected and actual experience	(4,610)	0	(4,610)
Change in assumptions	25,744	0	25,744
Contributions - employer	0	17,134	(17,134)
Net investment income	0	80,846	(80,846)
Benefit payments, including refunds	(63,416)	(63,416)	0
Administrative expenses	0	(1,324)	1,324
Other Changes	0	0	0
Net changes	29,968	33,240	(3,272)
Balance at December 31, 2020	\$ 848,004	\$ 708,435	\$ 139,569

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

The following presents the net pension liability of the League, calculated using the discount rate of 7.60%, as well as what the League's net pension liability would be using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate.

1% Decrease 7.60%	Current Discount Rate 7.60%	1% Increase 8.60%
\$ 212,032	\$ 139,569	\$ 76,491

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

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

For the year ended September 30, 2021, the League recognized pension expense of \$36,404. At September 30, 2021, the League reported deferred outflows and inflows of resources related to pensions from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 0	\$ 22,082
Employer contributions to the plan subsequent to the measurement date	13,853	0
Total	<u>\$ 13,853</u>	<u>\$ 22,082</u>

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending September 30, 2021.

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

<u>Years Ending September 30,</u>	<u>Amount</u>
2022	\$ (4,493)
2023	2,569
2024	(13,890)
2025	(6,268)
	<u>\$ (22,082)</u>

III. OTHER INFORMATION

A. Building Lease

The League entered into a 3-year operating lease for a portion of a building in downtown Cadillac, Michigan starting at \$700 per month. There was also an increase in the base rental rate in the second year

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(3%) and again in the third year (3%). The total cost for the lease was \$8,393 for the year ended September 30, 2021. The future minimum lease payment is as follows:

<u>Year Ending September 30,</u>	
2022	\$ 8,505
2023	8,757
2024	<u>5,194</u>
Total	<u>\$ 22,456</u>

B. Concentration of Credit Risk

Financial instruments which potentially subject the League to a concentration of credit risks consist principally of receivables from member libraries. Even though no one member library accounts for a significant portion of this receivable, they are all heavily reliant on state and local revenues. During this period of governmental budget cutting, there is a potential risk that some member libraries could lose significant revenue sources, causing them to default on their obligations to the League. No provision for uncollectible accounts has been made.

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SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS - MERS
FOR PLAN YEAR ENDED DECEMBER 31,
(ULTIMATELY TEN FISCAL YEARS WILL BE DISPLAYED)

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ 12,032	\$ 10,905	\$ 10,678	\$ 8,867	\$ 12,467	\$ 8,118	\$ 7,610
Interest	60,218	58,253	61,219	58,772	58,746	51,215	49,816
Difference Between Expected and Actual Experience	(4,610)	(8,248)	(9,520)	12,612	(34,261)	22,658	0
Changes in Assumptions	25,744	24,294	0	0	0	35,766	0
Benefit Payments	(63,416)	(62,543)	(59,925)	(41,233)	(28,411)	(26,384)	(16,247)
Other Changes	0	3,066	1	0	0	1,601	0
Net Change in Total Pension Liability	29,968	25,727	2,453	39,018	8,541	92,974	41,179
Total Pension Liability - Beginning	818,036	792,309	789,856	750,838	742,297	649,323	608,144
Total Pension Liability - Ending	\$ 848,004	\$ 818,036	\$ 792,309	\$ 789,856	\$ 750,838	\$ 742,297	\$ 649,323
Plan Fiduciary Net Position							
Contributions - Employer	\$ 17,134	\$ 11,726	\$ 10,300	\$ 5,108	\$ 4,587	\$ 3,435	\$ 3,379
Net Investment Income	80,846	84,955	(26,719)	87,432	70,521	(9,728)	40,020
Benefit Payments Including Employee Refunds	(63,416)	(62,543)	(59,925)	(41,233)	(28,411)	(26,384)	(16,247)
Administrative Expense	(1,324)	(1,462)	(1,363)	(1,387)	(1,393)	(1,434)	(1,470)
Net Change in Plan Fiduciary Net Position	33,240	32,676	(77,707)	49,920	45,304	(34,111)	25,682
Plan Fiduciary Net Position - Beginning	675,195	642,519	720,226	670,306	625,002	659,113	633,431
Plan Fiduciary Net Position - Ending	\$ 708,435	\$ 675,195	\$ 642,519	\$ 720,226	\$ 670,306	\$ 625,002	\$ 659,113
Employer Net Pension Liability (Asset)	\$ 139,569	\$ 142,841	\$ 149,790	\$ 69,630	\$ 80,532	\$ 117,295	\$ (9,790)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84%	83%	81%	91%	89%	84%	102%
Covered Payroll	76,928	71,888	69,794	68,211	98,324	105,844	99,213
Employer's Net Pension Liability (Asset) as a Percentage of Covered Payroll	181%	199%	215%	102%	82%	111%	(10%)

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SCHEDULE OF EMPLOYER'S CONTRIBUTIONS - MERS

YEAR ENDED SEPTEMBER 30,

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarial Determined Contributions	\$ 18,924	\$ 15,660	\$ 10,552	\$ 5,108	\$ 4,587	\$ 3,435	\$ 3,379	\$ 2,814	\$ 2,395	\$ 2,474
Contributions in Relation to the Actuarially Determined Contribution	18,924	15,660	10,552	5,108	4,587	3,435	3,379	2,814	2,395	2,474
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 75,725	\$ 73,522	\$ 71,396	\$ 68,211	\$ 98,324	\$ 105,844	\$ 99,213	\$ 99,213	\$ 100,461	\$ 101,520
Contributions as a Percentage of Covered Payroll	25%	21%	15%	7%	5%	3%	3%	3%	2%	2%

Notes to Schedule

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll for Open Divisions, Level Dollar for Closed
Remaining Amortization Period	18 Years
Asset Valuation Method	5 Year Smoothed
Inflation	2.50%
Salary Increases	3% Plus Merit and Longevity
Investment Rate of Return	7.35%
Retirement Age	Varies Depending on Plan Adoption
Mortality	Pub-201 and Fully Generational MP-2019

