JORDAN VALLEY DISTRICT LIBRARY
Charlevoix County, Michigan

FINANCIAL REPORT WITH
SUPPLEMENTARY INFORMATION

Year Ended June 30, 2025

JORDAN VALLEY DISTRICT LIBRARY
Charlevoix County, Michigan

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INDEPENDENT AUDITOR'S REPORT

August 4, 2025

To the Library Board
Jordan Valley District Library
Charlevoix County, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jordan Valley District Library (the Library), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Library's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Library, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

• Exercise professional judgment and maintain professional skepticism throughout the audit.

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.

• Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

• Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, 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.

Campbell Auditing CPA, PLC

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JORDAN VALLEY DISTRICT LIBRARY
Charlevoix County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2025

The Management's Discussion and Analysis report of the Jordan Valley District Library covers the Library's financial performance during the year ended June 30, 2025.

FINANCIAL HIGHLIGHTS

Our financial status remained stable throughout the FY 2024-2025. The library income from property taxes was slightly higher than budgeted so there were no significant changes in the tax base.
The library revenue sources were as follows:
District Millage............$402,808.49
Penal Fines................$30,367.42
Other.........................$61,977.30

Based on currently known facts, decisions or conditions, there is no reason to believe that the library may experience a change in its financial position.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Library and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Library in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Library as a whole using accounting methods used by private companies. The statement of net position includes all of the Library's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net position and how it has changed. Net position is the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net position are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Library are reported as governmental activities. This includes the General Fund.

JORDAN VALLEY DISTRICT LIBRARY
Charlevoix County, Michigan

MANAGEMEN'TS DISCUSSION AND ANALYSIS- ENTITY-WIDE FINANCIAL STATEMENTS – CONDENSED FINANCIAL INFORMATION

June 30, 2025

	Total Governmental Activities 2025	Total Governmental Activities 2024
Current Assets	1 539 815	1 419 375
Capital Assets	449 881	463 891
Total Assets	1 989 696	1 883 266
Deferred outflows of Resources	13 687	35 102
Current Liabilities	1 376	2 804
Non-current Liabilities	50 178	54 527
Total Liabilities	51 554	57 331
Net Position:		
Invested in Capital Assets	449 881	463 891
Unrestricted	1 501 948	1 397 146
Total Net Position	1 951 829	1 861 037

	Total Governmental Activities 2025	Total Governmental Activities 2024
Program Revenues:		
Fees and charges for services	2 712	2 332
General Revenues:		
Property taxes	402 808	379 446
State revenue sharing	16 362	16 821
Penal fines	30 367	23 550
Interest	22 399	17 705
Miscellaneous	20 505	13 322
Total Revenues	495 153	453 176
Program Expenses:		
Culture and recreation	404 361	347 488
Total Expenses	404 361	347 488
Change in Net Position	90 792	105 688
Net Position, July 1	1 861 037	1 755 349
Net Position, June 30	1 951 829	1 861 037

JORDAN VALLEY DISTRICT LIBRARY
Charlevoix County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended June 30, 2025

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Library's funds, focusing on significant (major) funds not the Library as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Library Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Library has the following types of funds:
Governmental Funds: All of the Library's activities are included in the governmental fund category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Library's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Library's governmental funds include the General Fund.

FINANCIAL ANALYSIS OF THE LIBRARY AS A WHOLE

The Library's net position for governmental activities increased by $90,791.83 the fiscal year ended June 30, 2025, totaling $1,951,828.65. The change was due in part to an increase in property tax revenue. Refer to Page 4 for a summary of the Library's financial activity and change in position.

FINANCIAL ANALYSIS OF THE LIBRARY'S FUNDS

The General Fund's fund balance increased by $121,867.63 during the fiscal year ended June 30, 2025, totaling $1,538,439.01. The activities of the general fund have remained constant, consisting of salaries and benefits, purchases of material, (books, books-on-tape and CD, music CDs, magazines, etc.) utilities, building maintenances, and programs. The revenues collected to fund the activities increased slightly.

BUDGETARY HIGHLIGHTS

The Library's budget was compiled and adopted prior to the beginning of the fiscal year. No amendments were made to the budget during the year. Revenues were $35,503.21 over budget due in part to state aid revenue being higher than anticipated. Expenses were $176,714.42 under budget due to expenditures for Library falling short of expectations.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Library spent $14,752.69 on capital outlay expenditures this year.

Refer to Note 4 for a summary of the Library's capital asset activity.

Compensated absences payable: This long-term debt increased by $44.50 during this fiscal year.

Refer to Note 5 for a summary of the Library's long-term debt activity.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

There are no known factors affecting future operations.

CONTACTING THE LIBRARY'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers, with a general overview of the entity's finances and to demonstrate the entity's accountability for the revenues it receives. If you have questions concerning this report contact Dawn LaVanway, Library Director, Jordan Valley District Library, P.O. Box 887, East Jordan, Michigan 49727. 231-536-7131 (phone) dir@jvdl.info (Email)

JORDAN VALLEY DISTRICT LIBRARY
Charlevoix County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET POSITION
June 30, 2025

	Governmental Activities
ASSETS:	
CURRENT ASSETS:	
Cash in bank	1 156 570 10
Investments	383 245 03
Total Current Assets	1 539 815 13
NON-CURRENT ASSETS:	
Capital Assets	1 183 968 82
Less: Accumulated Depreciation	(734 088 18)
Total Non-current Assets	449 880 64
TOTAL ASSETS	1 989 695 77
DEFERRED OUTFLOW OF RESOURCES	13 687 00
LIABILITIES AND NET POSITION:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	1 376 12
Total Current Liabilities	1 376 12
NON-CURRENT LIABILITIES:	
Net pension liability	48 303 00
Compensated absences payable	1 875 00
Total Non-current Liabilities	50 178 00
Total Liabilities	51 554 12
NET POSITION:	
Invested in Capital Assets, Net of Related Debt	449 880 64
Unrestricted	1 501 948 01
Total Net Position	1 951 828 65

The accompanying notes are an integral part of these financial statements.

JORDAN VALLEY DISTRICT LIBRARY
Charlevoix County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
Year ended June 30, 2025

	Expenses	Program Revenue: Charges for Services	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS			
Governmental Activities:			
Culture and Recreation	404 361 38	2 711 75	(401 649 63)
Total Governmental Activities	404 361 38	2 711 75	(401 649 63)
General Revenues:			
Property taxes			402 808 49
State aid			16 361 68
Penal fines			30 367 42
Interest			22 399 36
Miscellaneous			20 504 51
Total General Revenues			492 441 46
Change in net position			90 791 83
Net position, beginning of year			1 861 036 82
Net Position, End of Year			1 951 828 65

The accompanying notes are an integral part of these financial statements.

JORDAN VALLEY DISTRICT LIBRARY
Charlevoix County, Michigan

BALANCE SHEET – GOVERNMENTAL FUND
June 30, 2025

	Total (General)
Assets	
Cash in bank	1 156 570 10
Investments	383 245 03
Total Assets	1 539 815 13
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	1 376 12
Total liabilities	1 376 12
Fund balance:	
Fund balance:	
Committed	60 000 00
Unassigned	1 478 439 01
Total fund balance	1 538 439 01
Total Liabilities and Fund Balance	1 539 815 13

The accompanying notes are an integral part of these financial statements.

JORDAN VALLEY DISTRICT LIBRARY
Charlevoix County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2025

NET CHANGE IN FUND BALANCE – TOTAL GOVERNMENTAL FUND	121 867 63
Amounts reported for governmental activities in the Statement of 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	
Depreciation Expense	(28 762 99)
Capital Outlay	14 752 69
(Increase) decrease in accrued compensated absences is an expenditure in the statements of activities but does not have an effect in the statement of revenues, expenditures and changes in fund balance	(44 50)
Change in net pension (liability) asset amounts does require the use of current Resources and is not reported in the governmental funds	4 394 00
Change in Deferred outflows of resources	(21 415 00)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	90 791 83

The accompanying notes are an integral part of these financial statements.

JORDAN VALLEY DISTRICT LIBRARY
Charlevoix County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
June 30, 2025

TOTAL FUND BALANCE – GOVERNMENTAL FUND	1 538 439 01
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 therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	1 183 968 82
Accumulated depreciation	(734 088 18)
Long-term debt liabilities are not due and payable in the current period and therefore are not reported in the governmental funds	
Accrued compensated absences	(1 875 00)
Net pension (liability) asset	(48 303 00)
Deferred outflows of resources	13 687 00
TOTAL NET POSITION – GOVERNMENTAL ACTIVITIES	1 951 828 65

The accompanying notes are an integral part of these financial statements.

JORDAN VALLEY DISTRICT LIBRARY
Charlevoix County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
Year ended June 30, 2025

	Total (General)
Revenues:	
Property taxes	402 808 49
State aid	16 361 68
Charges for services	2 711 75
Penal fines	30 367 42
Interest	22 399 36
Miscellaneous	20 504 51
Total revenues	495 153 21
Expenditures:	
Culture and recreation:	
Library:	
Salaries	154 172 62
Fringe benefits	52 653 39
Supplies	12 065 78
Books and materials	44 553 77
Programming	9 850 96
Utilities	9 590 40
Insurance	5 514 00
Professional services	9 560 00
Repairs and maintenance	56 124 79
Miscellaneous	4 447 18
Capital outlay	14 752 69
Total expenditures	373 285 58
Excess (deficiency) of revenues over expenditures	121 867 63
Fund balance, July 1, 2024	1 416 571 38
Fund Balance, June 30, 2025	1 538 439 01

The accompanying notes are an integral part of these financial statements.

JORDAN VALLEY DISTRICT LIBRARY
Charlevoix County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2025

NET CHANGE IN FUND BALANCE – TOTAL GOVERNMENTAL FUND	121 867 63
Amounts reported for governmental activities in the Statement of 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	
Depreciation Expense	(28 762 99)
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Change in net pension (liability) asset amounts does require the use of current Resources and is not reported in the governmental funds	4 394 00
Change in Deferred outflows of resources	(21 415 00)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	90 791 83

The accompanying notes are an integral part of these financial statements.

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Jordan Valley District Library, Charlevoix County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Library contain all the Library funds and account groups that are controlled by or dependent on the Library's executive or legislative branches.

The reporting entity is the Jordan Valley District Library. The Library is governed by an appointed Library Board. As required by generally accepted accounting principles, these financial statements present the Library as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Position and the Statement of Changes in Net Position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Library's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue 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. When an expense is incurred for purposes for which both restricted and unrestricted net position is available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected 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, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The Library consists of one fund as follows:

The General Fund is used to record the operations of the Library which pertain to maintaining and operating the Library. Included are all transactions related to the approved current operating budget.

Assets, Liabilities and Net Position or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Library. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

All purchases of materials are reflected in expense when paid.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The Library 2025 tax roll millage rate was 0.8242 mills, and the taxable value was $489,096,123.00.

Capital Assets

Capital assets are defined by the Library as assets with an initial cost of more than $1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings, additions and improvements	50 years
Furniture and equipment	5-15 years

Compensated Absences (Vacation and Sick Leave)

The estimated current portion of the liability for vacation and sick leave benefits attributable to the Library's governmental funds is recorded as an expenditure and liability in the respective funds. The long-term portion is recorded in the general long-term debt account group. Employees are paid for part of unused sick leave upon termination of employment.

Note 1 – Summary of Significant Accounting Policies (continued)

Post-employment Benefits

The Library provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Library Board for consideration.

The proposed budgets include expenditures as well as the methods of financing them.

Public hearings are held to obtain taxpayer comments.

The budgets are adopted at the activity level by a majority vote of the Library Board.

The budgets are adopted on the modified accrual basis of accounting.

The originally adopted budgets can be amended during the year only by a majority vote of the Library Board.

The adopted budgets are used as a management control device during the year for all budgetary funds.

Budget appropriations lapse at the end of each fiscal year.

The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Library Board during the fiscal year.

Note 3 – Deposits and Investments

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; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and 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.

Note 3 – Deposits and Investments (continued)

The Library Board has designated four financial institutions for the deposit of Library funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Library's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	Carrying Amounts
Total Deposits	1 539 815 13

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	Bank Balances
Insured (FDIC)	500 001 00
Uninsured and Uncollateralized	656 379 31
Total Deposits	1 156 380 31

The Library had the following investments as of June 30, 2025:

Local government investment pool	383 245 03
Total	383 245 03

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Library manages its exposure to interest rate risk is by participating in financial institution pooled funds and in mutual funds which hold diverse investments that are authorized by law for direct investments.

Concentration of Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The investment policy of the Library contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law. Funds comply with the investment authority noted above.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Library's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Library's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities though the use of mutual funds or government investment pools.

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 4 – Capital Assets

Capital asset activity of the Library's Governmental activities for the current year was as follows:

	Balance 7/1/24	Additions	Deletions	Balance 6/30/25
Governmental Activities:				
Capital assets not being depreciated:				
Land	200 000 00	-	-	200 000 00
Subtotal	200 000 00	-	-	200 000 00
Capital assets being depreciated:				
Land improvements	5 132 00	-	-	5 132 00
Buildings	616 837 44	-	-	616 837 44
Equipment	347 246 69	14 752 69	-	361 999 38
Subtotal	969 216 13	14 752 69	-	983 968 82
Total	1 169 216 13	14 752 69	-	1 183 968 82
Accumulated Depreciation:				
Land improvements	(5 132 00)	-	-	(5 132 00)
Buildings	(437 475 21)	(12 474 95)	-	(449 950 16)
Equipment	(262 717 98)	(16 288 04)	-	(279 006 02)
Total	(705 325 19)	(28 762 99)	-	(734 088 18)
Net Capital Assets	463 890 94	(14 010 30)	-	449 880 64

Depreciation expense was charged to the following activities:

Culture and recreation	28 762 99

Note 5 – Long-Term Debt

A summary of changes in long-term debt follows:

	Balance 7/1/24	Additions	Deletions	Balance 6/30/25
Net Pension Liability	52 697 00	-	4 394 00	48 303 00
Compensated absences	1 830 50	44 50	-	1 875 00
Total	54 527 50	44 50	4 394 00	50 178 00

Note 6 – Deferred Compensation Plan

The Library does not have a deferred compensation plan.

Note 7 – Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

Benefits provided include plans with multipliers of 1.5%. Vesting period is 10 years. Normal retirement age is 60 with early retirement at 55 with 15 years of service or 50 with 25 years of service for reduced benefits. Final average compensation is calculated based on 5 years.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	1
Inactive employees entitled to but not yet receiving benefits	0
Active Employees	1
Total	2

Contributions

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

Employer contributions are 12.53% based on annual payroll for open divisions.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2024 annual actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement include: 1) Inflation 2.50%; 2) Salaries increases 3.00% in the long-term, 3) Investment rate of return 6.93%, net of investment expense, including inflation.

Note 7 – Defined Benefit Pension Plan (continued)

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 the 2014 Group Annuity Mortality Table of 50% male and 50% female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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

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	Long-term Expected Real Rate of Return
Global Equity	55.5%	5.02%
Global Fixed Income	18.5%	2.18%
Real Assets	13.5%	4.23%
Diversifying Strategies	12.5%	6.56%

Discount Rate

The discount rate used to measure the total pension liability is 7.18% for 2024. 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 employees. 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 during the measurement year were as follows:

Total Pension Liability	2024
Service cost	$ 5 288
Interest on the total pension liability	35 458
Difference between expected and Actual experience	(19 714)
Changes in assumptions	1 750
Benefits payments and refunds	(6 951)
Net change in total pension liability	15 831
Total pension liability - beginning	494 676
Total pension liability - ending (a)	$ 510 507

Note 7 – Defined Benefit Pension Plan (continued)

Plan Fiduciary Net Position	
Employer contributions	9 523
Employee contributions	-
Pension plan net investment income	17 653
Benefit payment and refunds	(6 951)
Pension plan administrative expense	-
Net change in plan fiduciary net position	20 225
Plan fiduciary net position - beginning	441 979
Plan fiduciary net position - ending (b)	$ 462 204
Net pension liability (a-b)	48 303

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

The following presents the net pension liability of the employer, calculated using the discount rate of 7.18%, as well as what the employer's net pension liability would be using a discount rate that is 1 percentage point lower (6.18%) or 1 percentage point higher (8.18%) than the current rate.

	1% Decrease 6.18%	Current Discount Rate 7.18%	1% Increase 8.18%
Change in Net Pension Liability	$ 57 274	$ 0	$ (49 376)

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

For the year ended June 30, 2025, the employer recognized pension expense of $21,245. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in Experience	$ (19 714)	$ -
Differences in Assumptions	1 750	-
Excess (Deficit) Investment Returns	-	-
Contributions Subsequent to The Measurement Date*	-	-
Total	$ (17 964)	$ -

*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 2025.

Note 7 – Defined Benefit Pension Plan (continued)

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

Year Ended	
2025	(3 593)
2026	(3 507)
2027	6 929
2028	6 929
2029	6 929
Total	13 687

Note 8 – Risk Management

The Library is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Library has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

JORDAN VALLEY DISTRICT LIBRARY
Charlevoix County, Michigan

BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
Year ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Property taxes	401 650 00	401 650 00	402 808 49	1 158 49
State aid	6 000 00	6 000 00	16 361 68	10 361 68
Charges for services	5 000 00	5 000 00	2 711 75	(2 288 25)
Penal fines	24 000 00	24 000 00	30 367 42	6 367 42
Interest	12 000 00	12 000 00	22 399 36	10 399 36
Miscellaneous	11 000 00	11 000 00	20 504 51	9 504 51
Total revenues	459 650 00	459 650 00	495 153 21	35 503 21
Expenditures:				
Culture and recreation:				
Library	437 750 00	437 750 00	358 532 89	(79 217 11)
Capital outlay	112 250 00	112 250 00	14 752 69	(97 497 31)
Total expenditures	550 000 00	550 000 00	373 285 58	(176 714 42)
Excess (deficiency) of revenues over expenditures	(90 350 00)	(90 350 00)	121 867 63	212 217 63
Fund balance, July 1, 2024	90 350 00	90 350 00	1 416 571 38	1 326 221 38
Fund Balance, June 30, 2025	-	-	1 538 439 01	1 538 439 01

JORDAN VALLEY DISTRICT LIBRARY
Charlevoix County, Michigan

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPLE EMPLOYEES RETIREMENT SYSTEM OF MICHIGAN
SCHEDULE OF CHANGES IN NET POSITION LIABILITY AND RELATED RATIOS
Year ended June 30, 2025

Total Pension Liability	2017	2018	2019	2020	2021
Service cost	3 189	3 306	3 706	3 853	4 150
Interest on the total pension liability	18 743	21 308	23 087	24 736	25 167
Difference between expected and actual experience	10 068	38	(181)	(8 775)	5 858
Changes in assumptions	-	-	-	8 936	29 507
Other changes	-	-	-	-	-
Benefits payments and refunds	-	-	(5 213)	(6 951)	(6 951)
Net change in total pension liability	32 000	24 652	21 399	21 799	57 731
Total pension liability – beginning	232 694	264 694	289 346	310 745	332 544
Total pension liability - ending (a)	264 694	289 346	310 745	332 544	390 275
Plan Fiduciary Net Position					
Employer contributions	1 523	2 768	28 884	5 545	6 743
Employee contributions	-	-	-	-	-
Pension plan net investment income	13 310	15 808	11 138	14 919	26 384
Benefit payment and refunds	-	-	(5 213)	(6 951)	(6 951)
Pension plan administrative expense	-	-	-	-	-
Net change in plan fiduciary net position	14 833	18 576	34 809	13 513	26 176
Plan fiduciary net position - beginning	235 034	249 867	268 443	303 252	316 765
Plan fiduciary net position - ending (b)	249 867	268 443	303 252	316 765	342 941
Net pension liability (a-b)	14 827	20 903	7 493	15 779	47 337
Plan fiduciary net position as a percentage of total pension liability	94.4%	92.8%	97.6%	95.3%	87.9%
Covered employee payroll	$76 337	72 718	76 260	76 145	80 435
Net pension liability as a percentage of covered employee payroll	19.4%	29.1%	9.8%	20.7%	58.8%

This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

2022	2023	2024	2025
4 090	4 862	5 033	5 288
29 552	30 993	33 476	35 458
(5 310)	5 258	(3 242)	(19 714)
16 875	-	3 667	1 750
-	-	-	-
(6 951)	(6 951)	(6 951)	(6 951)
38 256	34 162	31 983	15 831
390 275	428 531	462 693	494 676
428 531	462 693	494 676	510 507

5 954	8 249	9 187	9 523
-	-	-	-
58 619	14 975	22 907	17 653
(6 951)	(6 951)	(6 951)	(6 951)
-	-	-	-
57 622	16 273	25 143	20 225
342 941	400 563	416 836	441 979
400 563	416 836	441 979	462 204
27 968	45 857	52 697	48 303
93.5%	90.1%	89.3%	90.5%
81 631	85 907	87 996	89 619
34.3%	53.4%	59.9%	53.9%

JORDAN VALLEY DISTRICT LIBRARY
Charlevoix County, Michigan

SCHEDULE OF EMPLOYER'S CONTRIBUTIONS
June 30, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarial Determined Contributions	$9 523	$9 187	$8 249	$5 954	$5 743	$5 540	$4 540	$6 312	$51 568	$4 044
Contributions in relation to the actuarially determined contribution	9 523	9 187	8 249	5 954	6 743	5 545	28 884	3 363	1 523	4,044
Contribution deficiency (excess)	-	-	-	-	($1 000)	-	$ 24 344	$ 2 949	$ 4 045	$ 0
Covered Employee Payroll	$89 619	$87 996	$85 907	$81 631	$80 435	$76 145	$76 260	$71 718	$76 337	$ 70 541
Contributions as a percentage of covered employee payroll	10.6%	10.4%	9.6%	7%	8%	7%	38%	5%	2%	6%

Notes to Schedule

This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Actuarially determined contribution rates are calculated as of December 31, each year, which is 6 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, open
Remaining amortization period	15 years
Asset valuation method	10 year smoothed
Inflation	2.5%
Salary Increases	3.0%
Investment rate of return	7.00%
Retirement age	60
Mortality	50% Female/50% Male 2014 Group Annuity Mortality Table