
Baldwin Public Library

(a component unit of the City of Birmingham, Michigan)

Financial Report
with Supplementary Information
June 30, 2023

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Independent Auditor's Report

To the Board of Directors
Baldwin Public Library

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Birmingham, Michigan (the "City") as of and for the year ended June 30, 2023, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 1, 2023, which contained an unmodified opinion on the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to December 1, 2023.

In Relation to Opinion on Accompanying Financial Statements

The accompanying financial statements of Baldwin Public Library (the "Library") are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

A handwritten signature in black ink that reads "Plante & Moran, PLLC".

December 1, 2023

As management of Baldwin Public Library (the "Library"), we offer readers this narrative overview and analysis of the financial activities for the year ended June 30, 2023.

Using This Annual Report

This annual report consists of financial statements presenting both a fund-based view and a government-wide view of the Library.

The General Fund column presents a short-term view; it tells us how the taxpayers' resources were spent during the year and how much is available for future spending. The government-wide columns provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing library services.

The General Fund modified accrual basis financial statements provide detailed information about the Library's current financial resources. This information is important because it demonstrates compliance with various state laws and shows the stewardship of the Library's annual property tax and other revenue.

The Library's full accrual basis financial statements present information about the Library's total economic resources, including long-lived assets and long-term obligations. This information is important because it recognizes the long-term ramifications of decisions made by the Library on an ongoing basis.

Statement of Net Position/Statement of Activities

The following tables show, in a condensed format, the current year's net position and changes in net position compared to the prior year:

The Library's Net Position

	2023	2022
Assets		
Current and other assets:		
Cash and investments	\$ 2,718,490	\$ 1,941,905
Receivables	70,339	75,549
Capital assets	5,222,521	5,084,541
Total assets	8,011,350	7,101,995
Deferred Outflows of Resources - Pension and OPEB	295,695	413,579
Liabilities		
Current liabilities:		
Accounts payable	236,962	112,993
Accrued liabilities and other	149,271	127,731
Noncurrent liabilities:		
Due within one year - Current portion of subscription liability	58,227	-
Due in more than one year:		
Compensated absences	-	5,622
Subscription liability	62,824	-
Net pension liability	755,790	876,470
Net OPEB liability	198,205	289,503
Total liabilities	1,461,279	1,412,319
Deferred Inflows of Resources - Pension and OPEB	3,205	9,798
Net Position		
Net investment in capital assets	5,101,470	5,084,541
Unrestricted	1,741,091	1,008,916
Total net position	\$ 6,842,561	\$ 6,093,457

Baldwin Public Library

Management's Discussion and Analysis (Continued)

The Library's Changes in Net Position

	2023	2022
Revenue		
Property taxes	\$ 3,859,836	\$ 3,671,093
Community contracts	999,843	965,579
Investment gains (losses)	53,243	(80,958)
Other revenue:		
Other grants and contributions	113,369	104,569
Fines and fees	38,245	32,254
Total revenue	5,064,536	4,692,537
Expenses		
Personnel services	2,594,446	2,529,766
City-provided services	104,890	104,890
Depreciation	829,019	788,454
Other operating expenses	782,228	974,132
Debt service	4,849	-
Total expenses	4,315,432	4,397,242
Change in Net Position	749,104	295,295
Net Position - Beginning of year	6,093,457	5,798,162
Net Position - End of year	<u>\$ 6,842,561</u>	<u>\$ 6,093,457</u>

The Library's net position increased by approximately 12.3 percent from a year ago, from \$6,093,457 to \$6,842,561.

Unrestricted net position, the part of net position that can be used to finance day-to-day operations of the Library, increased by \$732,175. This is mainly due to the increase in property tax revenue and a decrease in investment in capital assets in 2023.

The Library's total revenue increased by \$371,999. The increase can be mainly attributed to increases in the City of Birmingham, Michigan's tax revenue year over year. Expenses decreased by \$81,810, mainly due to the decreases in capital expenses.

General Fund Perspective

The Library presents the General Fund, which is reported on the modified accrual basis, to tell us how the taxpayers' resources were spent during the year and how much is available for future spending. An analysis of the General Fund budget to actual results is included on page 23.

Budgetary Highlights

Actual revenue for the year ended June 30, 2023 was greater than the amended budget by \$54,266. The difference is primarily attributable to investment gains and grant revenue being larger than budgeted. Actual expenditures were less than the amended budget by \$96,714, mainly due to actual expenses incurred for personnel service costs being less than budgeted.

Capital Assets and Debt Administration

During 2023, the Library accumulated additions to capital assets in the amounts of \$260,736 for books and periodicals and \$560,669 for new equipment, building improvements, and construction in progress.

Economic Factors and Next Year's Budgets and Rates

The Library's 2023-2024 budget is consistent with the actual results for 2022-2023.

Requests for Further Information

This financial report is intended to provide our citizens, taxpayers, patrons, and investors with a general overview of the Library's finances and to show the Library's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Library directly at (248) 647-1700.

Baldwin Public Library

Statement of Net Position/Governmental Fund Balance Sheet

June 30, 2023

	Balance Sheet - Modified Accrual	Adjustments (Note 2)	Statement of Net Position - Full Accrual	Component Unit - Baldwin Public Library Trust
Assets				
Cash and investments	\$ 2,718,490	\$ -	\$ 2,718,490	\$ 2,119,494
Receivables - Due from other governmental units	70,339	-	70,339	-
Capital assets - Net (Note 4)	-	5,222,521	5,222,521	-
Total assets	2,788,829	5,222,521	8,011,350	2,119,494
Deferred Outflows of Resources				
Deferred pension costs (Note 8)	-	220,767	220,767	-
Deferred OPEB costs (Note 9)	-	74,928	74,928	-
Total deferred outflows of resources	-	295,695	295,695	-
Total assets and deferred outflows of resources	\$ 2,788,829	5,518,216	8,307,045	2,119,494
Liabilities				
Accounts payable	\$ 236,962	-	236,962	-
Accrued liabilities and other	53,423	95,848	149,271	-
Noncurrent liabilities:				
Due within one year -				
Current portion of subscription liability (Note 5)	-	58,227	58,227	-
Due in more than one year:				
Net pension liability (Note 8)	-	755,790	755,790	-
Net OPEB liability (Note 9)	-	198,205	198,205	-
Subscription liability (Note 5)	-	62,824	62,824	-
Total liabilities	290,385	1,170,894	1,461,279	-
Deferred Inflows of Resources - Deferred pension cost reductions	-	3,205	3,205	-
Equity - Fund balance - Unassigned	2,498,444	(2,498,444)	-	-
Total liabilities, deferred inflows of resources, and fund balance	\$ 2,788,829			
Net position:				
Net investment in capital assets		5,101,470	5,101,470	-
Restricted donations		-	-	1,737,072
Unrestricted		1,741,091	1,741,091	382,422
Total net position		\$ 6,842,561	\$ 6,842,561	\$ 2,119,494

Baldwin Public Library

Statement of Activities/Statement of Revenue, Expenditures, and Changes in Fund Balance

Year Ended June 30, 2023

	Statement of Revenue, Expenditures, and Changes in Fund Balance - Modified Accrual	Adjustments (Note 2)	Statement of Activities - Full Accrual	Component Unit - Baldwin Public Library Trust
Revenue				
Property taxes	\$ 3,859,836	\$ -	\$ 3,859,836	\$ -
Penal fines	50,946	-	50,946	-
Intergovernmental - Federal and state grants	62,423	-	62,423	-
Community contracts	999,843	-	999,843	-
Fines and fees	38,245	-	38,245	-
Investment income	53,243	-	53,243	134,205
Contributions	-	-	-	82,328
Total revenue	5,064,536	-	5,064,536	216,533
Expenditures				
Personnel services	2,696,712	(102,266)	2,594,446	-
Supplies	77,229	-	77,229	5,152
City-provided services	104,890	-	104,890	-
Utilities	102,073	-	102,073	-
Contracted services	186,173	-	186,173	9,927
Technology and maintenance	61,265	-	61,265	30,329
Collections	646,385	(260,736)	385,649	20,166
Miscellaneous	71,013	-	71,013	61,838
Capital outlay	452,060	(553,234)	(101,174)	-
Depreciation	-	829,019	829,019	-
Debt service:				
Principal	31,977	(31,977)	-	-
Interest on long-term debt	4,849	-	4,849	-
Total expenditures	4,434,626	(119,194)	4,315,432	127,412
Net Change in Fund Balance/Net Position	629,910	119,194	749,104	89,121
Fund Balance/Net Position - Beginning of year	1,868,534	4,224,923	6,093,457	2,030,373
Fund Balance/Net Position - End of year	\$ 2,498,444	\$ 4,344,117	\$ 6,842,561	\$ 2,119,494

June 30, 2023

Note 1 - Significant Accounting Policies

The following is a summary of the significant accounting policies used by Baldwin Public Library (the "Library").

Reporting Entity

Baldwin Public Library is governed by a six-member board elected by the citizens of Birmingham, Michigan. It is also reported as a component unit of the City of Birmingham, Michigan (the "City").

These statements include the activity of the Baldwin Public Library Trust (the "Trust"). The Trust is a legally separate, tax-exempt entity that primarily acts as a fundraising organization to supplement the resources that are available to Baldwin Public Library in support of its programs. The Trust does not issue separate financial statements.

Accounting and Reporting Principles

The Library follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB).

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. 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. The statements also present schedules reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

Basis of Accounting

The Library's General Fund is budgeted and accounted for 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 Library considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Service contract revenue meets the availability criterion and is accrued as of year end.

Expenditures generally are recorded when a liability is incurred under accrual accounting. However, expenditures relating to compensated absences are recorded only when payment is due.

Specific Balances and Transactions***Bank Deposits and Investments***

The Library considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Investments are recorded at fair value as of June 30, 2023 based on quoted market prices.

Capital Assets

Capital assets are defined by the Library as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The Library building is owned by the City of Birmingham, Michigan and is not reported in these statements; the debt related to the building is also reported in the City's financial statements.

Note 1 - Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

Asset Class	Depreciable Life - Years
Building improvements	15
Furniture and fixtures	10
Library books, periodicals, etc.	10
Equipment	5

Compensated Absences (Vacation and Sick Leave)

It is the Library’s policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability is calculated for the full cost of vacation leave benefits and a portion of the sick leave benefits when accumulated sick leave hours exceed a certain balance. Upon termination or retirement, an employee is entitled to any unused vacation leave benefits. All vacation pay is accrued when incurred in the Library’s statement of net position. At June 30, 2022, the compensated absence liability was \$100,366. During the year ended June 30, 2023, there were additions and deletions to the liability totaling \$93,020 and \$97,538, respectively. The liability at June 30, 2023 was \$95,848.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Library reports the following deferred outflows of resources and deferred inflows of resources:

	Outflows	Inflows
Deferred pension costs (or cost reductions)	✓	✓
Deferred OPEB costs (or cost reductions)	✓	

Net Position Flow Assumption

Sometimes the Library will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, excluding the Baldwin Public Library Trust, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

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

Note 1 - Significant Accounting Policies (Continued)

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 Library 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 Library's highest level of decision-making authority. The library board is the highest level of decision-making authority for the Library that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the Library for specific purposes but do not meet the criteria to be classified as committed. The library 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 exist only 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.

Property Tax Revenue

Properties are assessed as of December 31. The related property taxes are billed and become a lien on July 1 of the following year. These taxes are due on August 31, with the final collection on February 28 before they are added to the county tax rolls. The Library's property tax revenue for the fiscal year ended June 30, 2023 is based on the 2022 tax levy, which was billed on July 1, 2022.

The 2022 taxable value of the City totaled \$2,961,382,730; the Library's millage rate was 1.3142 mills, which resulted in property tax revenue of approximately \$3.9 million. The amount recognized as revenue reflects reductions for the Board of Review, Michigan Tax Tribunal, and delinquencies, as well as recoveries of prior year delinquencies.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenue and expenses during the period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement

During the current year, the Library adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. As a result, the statement of net position of the governmental activities now includes a liability for the present value of payments expected to be made and subscription assets. The subscription liabilities and assets have been added to Notes 4 and 5, respectively, as of the beginning of the year.

Note 1 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncement

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Library's financial statements for the year ending June 30, 2025.

Note 2 - Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities

As discussed in Note 1, the General Fund is presented on the modified accrual basis of accounting, and the Library as a whole (which consists only of its General Fund) is also presented on the full accrual basis. The following is a reconciliation of fund balance on the modified accrual basis of accounting to net position presented on the full accrual basis:

Fund Balance Reported in Governmental Funds	\$ 2,498,444
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	5,222,521
Subscription liability is not due and payable in the current period and is not reported in the funds	(121,051)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities or deferred outflows and inflows:	
Employee compensated absences	(95,848)
Pension benefits	(538,228)
Retiree health care benefits	(123,277)
	(757,353)
Net Position of Governmental Activities	\$ 6,842,561

June 30, 2023

Note 2 - Reconciliation of Individual Fund Columns of the Statement of Net Position/Statement of Activities (Continued)

The following is a reconciliation of the changes in fund balance on the modified accrual basis to the change in net position on the full accrual basis:

Net Change in Fund Balance Reported in Governmental Funds	\$ 629,910
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capital outlay	821,405
Depreciation expense	(829,019)
Net book value of assets disposed of	(7,435)
Certain retiree health care cost reductions do not require the use of current financial resources and, therefore, are not reported as cost reductions in the governmental funds	67,955
Certain pension costs do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	32,732
Decrease in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	1,579
Repayment of debt principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	31,977
Change in Net Position of Governmental Activities	<u>\$ 749,104</u>

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Library has designated one bank for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government, bank accounts, commercial paper, municipal bonds, and certificates of deposit. The Library's investment policies are in accordance with statutory authority.

The Library's investments in the amount of \$2,717,073 are commingled in a pooled account administered by the City of Birmingham, Michigan; therefore, separate custodial credit risk is not applicable, and the types of individual investments held by the Library inside the pool are not determinable. As of June 30, 2023, the Library Trust, a component unit of the Library, had bank deposits of \$389,883, of which \$139,883 is considered uninsured and uncollateralized.

June 30, 2023**Note 3 - Deposits and Investments (Continued)*****Fair Value Measurements***

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Library's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Library has the following recurring fair value measurements as of June 30, 2023:

- Mutual funds (debt and equity securities) of \$1,711,504 are valued using quoted market prices (Level 1 inputs). The credit quality ratings of debt securities are not known based on information available to the Library as of June 30, 2023.
- U.S. Treasury securities of \$2,535,999 are valued using a matrix pricing model (Level 2 inputs). This amount represents the Library's proportionate share of the U.S. Treasury securities held by the City of Birmingham, Michigan.

June 30, 2023

Note 4 - Capital Assets

Capital asset activity of the Library's governmental activities was as follows:

Governmental Activities

	Balance July 1, 2022	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 496,304	\$ -	\$ 496,304
Fine arts - Not subject to depreciation because they are inexhaustible	109,018	-	-	109,018
Subtotal	109,018	496,304	-	605,322
Capital assets being depreciated:				
Buildings and improvements	5,747,493	-	(78,898)	5,668,595
Furniture and fixtures	614,529	-	(8,493)	606,036
Equipment	844,201	64,365	(21,733)	886,833
Books, periodicals, etc.	4,006,529	260,736	(658,762)	3,608,503
Subscription assets	153,028	-	-	153,028
Subtotal	11,365,780	325,101	(767,886)	10,922,995
Less accumulated depreciation and amortization:				
Buildings and improvements	2,069,661	340,165	(72,783)	2,337,043
Equipment	630,098	72,764	(21,467)	681,395
Furniture and fixtures	393,434	41,104	(7,439)	427,099
Books, periodicals, etc.	3,144,035	311,916	(658,762)	2,797,189
Subscription assets	-	63,070	-	63,070
Subtotal	6,237,228	829,019	(760,451)	6,305,796
Net capital assets being depreciated	5,128,552	(503,918)	(7,435)	4,617,199
Net capital assets	<u>\$ 5,237,570</u>	<u>\$ (7,614)</u>	<u>\$ (7,435)</u>	<u>\$ 5,222,521</u>

Capital assets, including library books, are recorded at cost. Depreciation expense was \$829,019 for the year ended June 30, 2023.

Construction Commitments

The Library has an active construction project at year end. The project is for Phase 3 of the Library renovation plan and relates to renovations to the circulation, lobby, and public entrance. At year end, the Library's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Phase 3 Renovations	<u>\$ 171,262</u>	<u>\$ 3,505,970</u>

June 30, 2023**Note 5 - Debt**

Starting fiscal year 2023, the Library implemented GASB Statement 96 relating to subscription-based information technology arrangements. As a result, the City recorded debt during fiscal year 2023 of \$153,028 with payments of principal on that debt in the amounts of \$31,977, which resulted in total debt outstanding at June 30, 2023 of \$121,051, of which \$58,227 is due within one year. Total interest due next year is \$2,360, with total interest and principal of \$185 and \$62,824, respectively, due in fiscal year 2025.

Note 6 - Budget Information

The annual budget is prepared by the library director and adopted by the library board. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget has been adopted on an activity basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the budget adopted by the library board is included in the required supplemental information.

Note 7 - Risk Management

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library participates with the City in the Michigan Municipal League program for claims relating to workers' compensation, general liability, and property loss and participates in the City's self-insurance program for employee health, dental claims, and unemployment.

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

Through the City, the Library estimates the liability for general liability and employee health and dental claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported. Changes in the estimated liability for the City for the past two fiscal years are presented in the City's June 30, 2023 annual financial report.

Note 8 - Pension Plan***Plan Description***

The Library participates in the City of Birmingham Employees' Retirement System (the "System"). The System is a single-employer defined benefit pension plan administered by the City of Birmingham Employees' Retirement System Pension Board. The System was established on April 3, 1944 under Chapter XIX of the city charter and may be amended from time to time by ordinance approved by the City Commission, subject to collective bargaining, as required by state law. The System does not issue a separate financial report.

June 30, 2023**Note 8 - Pension Plan (Continued)*****Benefits Provided***

The System provides retirement, disability, and death benefits to plan members and their beneficiaries in accordance with the City's pension ordinance. Retirement benefits are calculated as 2.5 percent of the employee's final average compensation based on the highest 3 consecutive years out of the last 10 years times the employee's years of service. The vesting period is 7 years. Employees are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon expiration of workers' compensation benefits. The nonduty disability retirement is computed as regular retirement with a maximum benefit, which, when added to workers' compensation, cannot exceed 70 percent of final average compensation. The minimum benefit is 20 percent of final average compensation. Death benefits are provided to members. For duty death before retirement, for those members who are covered by Social Security, the benefit includes a refund of accumulated contributions plus the same amount that was paid by workers' compensation to the widow or dependent widower, unmarried children under 18, and dependent children and parents. For members not covered by Social Security, the benefit includes a refund of accumulated contributions plus one-third of final compensation to the widow or dependent widower, plus one-fourth of final compensation to dependent or unmarried children under 18, plus one-sixth of final compensation to dependent parents. Workers' compensation payments are offset. Pensions to widows and parents are paid for life or until remarriage. For nonduty death before retirement, eligibility includes 20 years of service or age 55 with 10 or more years of service. The nonduty death retirement is computed as regular retirement actuarially reduced in accordance with a 100 percent joint and survivor election.

Contributions

The member contribution rate is established by contract and/or resolution, as approved by the City Commission. Contributions by the City and the Library are based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year with an additional amount to finance any unfunded accrued liability. The City and the Library are required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended June 30, 2023, the average active member contribution rate was 3.0 percent of annual pay. The Library is allocated a portion of the City's actuarially determined contribution based on the Library's actuarially determined allocation of the unfunded liability and the Library's portion of the normal costs, which is based on the number of active employees. Contributions to the plan from Baldwin Public Library were \$92,935 for the year ended June 30, 2023.

Net Pension Liability

At June 30, 2023, the Library reported a liability of \$755,790 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, which used update procedures to roll forward the estimated liability to June 30, 2023. The Library's proportion of the net pension liability was based on the Library's actuarially required contribution for the year ended June 30, 2023 relative to all other contributing employers. At June 30, 2023, the Library's proportion was 2.83 percent, which is a 0.63 percent decrease from its proportion measured as of June 30, 2022.

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

For the year ended June 30, 2023, the Library recognized pension expense of \$164,687.

June 30, 2023

Note 8 - Pension Plan (Continued)

At June 30, 2023, the Library reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 63,667	\$ (3,205)
Changes in assumptions	78,933	-
Net difference between projected and actual earnings on pension plan investments	78,167	-
Total	\$ 220,767	\$ (3,205)

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

Years Ending June 30	Amount
2024	\$ 50,373
2025	5,722
2026	114,604
2027	46,863
Total	\$ 217,562

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5
Salary increases	3.25
Investment rate of return	6.75
Mortality rates	Pub-2010 General Employee Mortality Table

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2017, updated for the June 30, 2023 valuation.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

Note 8 - Pension Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2023 measurement date for each major asset class included in the pension plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity	46.00 %	4.65 %
Global (international) equity	19.00	3.86
Fixed income	20.00	1.10
Alternative investments	15.00	6.15

*Real rate of return reduced by investment manager inflation rate assumption of 2.6 percent.

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

The following presents the net pension liability of the Library, calculated using the discount rate of 6.75 percent, as well as what the Library's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percentage Point Increase (7.75%)
Net pension liability	\$ 1,143,891	\$ 755,790	\$ 428,177

Assumption Changes

The June 30, 2022 measurement date used RP-2014 Employee Generational Mortality Tables. The June 30, 2023 measurement date used the Pub-2010 mortality tables.

Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the City of Birmingham, Michigan's Annual Comprehensive Financial Report. The plan's fiduciary net position has been determined on the same basis used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 9 - Other Postemployment Benefit Plan

Plan Description

The Library participates in the City of Birmingham Retirement Health Care Fund (the "RHCF"), a single-employer defined benefit health care plan that is administered by the City of Birmingham Employees' Retirement System Pension Board. This plan covers most full-time employees of the City and the Library. The RHCF provides medical and prescription benefits to eligible retirees and their dependents.

Note 9 - Other Postemployment Benefit Plan (Continued)

Benefits Provided

The City of Birmingham Retirement Health Care Fund provides medical and prescription benefits to eligible retirees and their dependents. Benefits are provided through a self-insurance program, which is administered by a third-party administrator. The plan is currently closed to new members.

Contributions

The member contribution rate is established by contract and/or resolution, as approved by the City Commission. Contributions by the City and the Library are based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of plan members. For the year ended June 30, 2023, the average active member contribution rate was percent of covered payroll. The Library is allocated a portion of the City's actuarially determined contribution based on the Library's actuarially determined allocation of the unfunded liability and the Library's portion of the normal costs, which is based on a percentage of covered payroll. Contributions to the plan from the Library were \$45,912 for the year ended June 30, 2023.

In addition, retired plan members or their beneficiaries hired prior to July 1, 2002 for the Library contribute the following amounts (some retirees' contributions will differ from the amounts below depending on the terms of the contract when they retired):

Status	Monthly Premiums
Single - Below age 65	\$ 40
Single - Age 65 and over	20
Couple - Below age 65	80
Couple - Age 65 and over	40

Net OPEB Liability

At June 30, 2023, the Library reported a liability of \$198,205 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022, which used update procedures to roll forward the estimated liability to June 30, 2023. The Library's proportion of the net OPEB liability was based on the Library's actuarially required contribution for the year ended June 30, 2023 relative to all other contributing employers. At June 30, 2023, the Library's proportion was 2.70 percent, which was a decrease of 0.06 percent from its proportion measured as of June 30, 2022.

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

For the year ended June 30, 2023, the Library recognized OPEB cost reductions of \$17,803.

Note 9 - Other Postemployment Benefit Plan (Continued)

At June 30, 2023, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 4,719	\$ -
Changes in assumptions	35,069	-
Net difference between projected and actual earnings on OPEB plan investments	35,140	-
Total	\$ 74,928	\$ -

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

Years Ending June 30	Amount
2024	\$ 46,350
2025	(4,475)
2026	40,956
2027	(7,903)
Total	\$ 74,928

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using assumed salary increases (including inflation) of 3.25 percent; an investment rate of return (net of investment expenses) of 6.75 percent; a health care cost trend rate of 6.75 percent for 2023, decreasing by 0.25-0.5 percent per year to an ultimate rate of 3.5 percent for 2032 and later years; and the Mortality rates were based on the Pub-2010 General Employee Mortality Tables, amount weighted, and projected with mortality improvements using the fully generational MP-2021 projection scale from a base year of 2010. These assumptions were applied to all periods included in the measurement.

Rates of retirement were used to measure the probability of eligible members retiring during the next year. Rates of separation and rates of disability among active members were also measured. These assumptions generally are based on past experience, often modified for projected changes in conditions.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2017.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

Note 9 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2023 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following tables:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity	46.00 %	4.65 %
Global (international) equity	19.00	3.86
Fixed income	20.00	1.10
Alternative investments	15.00	6.15

*Real rate of return reduced by investment manager inflation rate assumption of 2.6 percent.

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

The following presents the net OPEB liability of the Library, calculated using the discount rate of 6.75 percent, as well as what the Library's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percentage Point Increase (7.75%)
Net OPEB liability	\$ 366,288	\$ 198,205	\$ 58,090

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

The following presents the net OPEB liability of the Library, calculated using the health care cost trend rate of 6.75 percent, as well as what the Library's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB liability	\$ 39,698	\$ 198,205	\$ 388,278

OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the City of Birmingham, Michigan's Annual Comprehensive Financial Report. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan's fiduciary net position and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

June 30, 2023

Note 9 - Other Postemployment Benefit Plan (Continued)

Assumption Changes

The June 30, 2022 measurement date used RP-2014 Employee Generational Mortality Tables. The June 30, 2023 measurement date used the Pub-2010 mortality tables.

Required Supplementary Information

Baldwin Public Library

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2023

	Original Budget	Amended Budget	Actual	Variance
Revenue				
Property taxes	\$ 3,854,880	\$ 3,854,880	\$ 3,859,836	\$ 4,956
Penal fines	70,000	70,000	50,946	(19,054)
Intergovernmental - Federal and state grants	36,000	36,000	62,423	26,423
Community contracts	992,390	992,390	999,843	7,453
Fines and fees	27,000	27,000	38,245	11,245
Investment income	30,000	30,000	53,243	23,243
Total revenue	5,010,270	5,010,270	5,064,536	54,266
Expenditures				
Personnel services	2,847,220	2,847,220	2,696,712	150,508
Supplies	95,000	95,000	77,229	17,771
City-provided services	104,890	104,890	104,890	-
Utilities	105,000	105,000	102,073	2,927
Contracted services	202,160	202,160	186,173	15,987
Technology and maintenance	139,000	139,000	98,091	40,909
Collections	649,750	649,750	646,385	3,365
Miscellaneous	80,480	80,480	71,013	9,467
Capital outlay	307,840	307,840	452,060	(144,220)
Total expenditures	4,531,340	4,531,340	4,434,626	96,714
Net Change in Fund Balance	478,930	478,930	629,910	150,980
Fund Balance - Beginning of year	-	-	1,868,534	1,868,534
Fund Balance - End of year	\$ 478,930	\$ 478,930	\$ 2,498,444	\$ 2,019,514

Baldwin Public Library

Required Supplementary Information Schedule of Baldwin Public Library Contributions City of Birmingham Employees' Retirement System

	Last Ten Fiscal Years									
	Years Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 72,565	\$ 95,968	\$ 93,852	\$ 76,555	\$ 67,177	\$ 66,646	\$ 68,489	\$ 68,692	\$ 102,260	\$ 130,053
Contributions in relation to the contractually required contribution	92,935	128,014	93,852	76,555	67,177	66,646	68,489	68,692	102,260	130,053
Contribution Excess	\$ (20,370)	\$ (32,046)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Library's Covered Payroll	\$ 64,547	\$ 96,661	\$ 146,462	\$ 196,838	\$ 226,821	\$ 252,059	\$ 272,466	\$ 275,730	\$ 342,248	\$ 421,370
Contributions as a Percentage of Covered Payroll	143.98 %	132.44 %	64.08 %	38.89 %	29.62 %	26.44 %	25.14 %	24.91 %	29.88 %	30.86 %

Baldwin Public Library

Required Supplementary Information
 Schedule of Baldwin Public Library's Proportionate Share of the Net Pension Liability
 City of Birmingham Employees' Retirement System

	Last Ten Fiscal Years									
	Plan Years Ended June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Library's proportion of the net pension liability	2.83000 %	3.46000 %	3.47000 %	3.30000 %	3.50000 %	3.60000 %	3.70000 %	3.60000 %	4.10000 %	4.60000 %
Library's proportionate share of the net pension liability	\$ 755,790	\$ 876,470	\$ 147,024	\$ 860,475	\$ 669,361	\$ 583,356	\$ 566,046	\$ 585,812	\$ 347,003	\$ 161,088
Library's covered payroll	\$ 64,547	\$ 96,661	\$ 146,462	\$ 196,838	\$ 226,821	\$ 252,059	\$ 272,466	\$ 275,730	\$ 342,248	\$ 421,370
Library's proportionate share of the net pension liability as a percentage of its covered payroll	1,170.91 %	906.75 %	100.38 %	437.15 %	295.11 %	231.44 %	207.75 %	212.46 %	101.39 %	38.23 %
Plan fiduciary net position as a percentage of total pension liability	78.76 %	79.07 %	96.48 %	78.21 %	84.14 %	86.38 %	86.80 %	85.70 %	92.60 %	96.90 %

Baldwin Public Library

Required Supplementary Information Schedule of Baldwin Public Library Contributions City of Birmingham Retirement Health Care Fund

**Last Ten Fiscal Years
Years Ended June 30**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 34,608	\$ 45,100	\$ 93,600	\$ 97,594	\$ 99,794	\$ 101,440	\$ 120,602	\$ 139,299	\$ 199,638	\$ 199,378
Contributions in relation to the statutorily required contribution	45,912	48,636	93,600	97,594	99,794	101,440	134,430	139,299	199,638	199,378
Contribution Excess	\$ (11,304)	\$ (3,536)	\$ -	\$ -	\$ -	\$ -	\$ (13,828)	\$ -	\$ -	\$ -
Library's Covered Payroll	\$ 64,547	\$ 96,661	\$ 146,462	\$ 196,838	\$ 226,821	\$ 252,059	\$ 272,466	\$ 275,730	\$ 342,248	\$ 421,370
Contributions as a Percentage of Covered Payroll	71.13 %	50.32 %	63.91 %	49.58 %	44.00 %	40.24 %	49.34 %	50.52 %	58.33 %	47.32 %

Baldwin Public Library

Required Supplementary Information
 Schedule of Baldwin Public Library's Proportionate Share of the Net OPEB Liability
 City of Birmingham Retirement Health Care Fund

	Last Seven Plan Years						
	Plan Years Ended June 30						
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Library's proportion of the net OPEB liability	2.70000 %	2.76000 %	3.24000 %	3.40000 %	3.00000 %	3.40000 %	3.70000 %
Library's proportionate share of the net OPEB liability	\$ 198,205	\$ 289,503	\$ 76,915	\$ 437,567	\$ 459,500	\$ 902,496	\$ 997,996
Library's covered payroll	\$ 64,547	\$ 96,661	\$ 146,462	\$ 196,838	\$ 226,821	\$ 252,059	\$ 272,466
Library's proportionate share of the net OPEB liability as a percentage of its covered payroll	307.07 %	299.50 %	54.00 %	222.19 %	202.58 %	358.05 %	366.28 %
Plan fiduciary net position as a percentage of total OPEB liability	86.17 %	79.93 %	95.41 %	74.55 %	70.80 %	57.28 %	54.70 %

Budgetary Information

The Baldwin Public Library has concluded to budget the debt service costs related to the software subscription liability item within the technology and maintenance line item within the budgetary comparison schedule for the general fund instead of debt service line item.

During the year, Baldwin Public Library incurred expenditures that were in excess of the amounts budgeted as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Capital outlay	\$ 307,840	\$ 452,060	\$ (144,220)