

BELLEVILLE AREA DISTRICT LIBRARY
(formerly the FRED C. FISCHER Library)

**FINANCIAL REPORT
WITH
SUPPLEMENTARY INFORMATION**

JUNE 30, 2025

BELLEVILLE AREA DISTRICT LIBRARY
(formerly the Fred C. Fischer Library)

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INDEPENDENT AUDITOR'S REPORT

Members of the Belleville Area District Library Board
Belleville Area District Library
Belleville, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Belleville Area 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 and each major fund, of the Library, as of June 30, 2025, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Library's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Alan C. Young & Assoc.

Detroit, Michigan
December 16, 2025

BELLEVILLE AREA DISTRICT LIBRARY

(formerly the Fred C. Fischer Library)

Management's Discussion and Analysis
June 30, 2025

Belleville Area District Library (the Library) management offers this narrative overview and analysis of the Library's financial activities and statements for the fiscal year ended June 30, 2025. This narrative is an overview of the financial health of the Library based on the information in the statements. This discussion is intended to be an objective, straightforward and understandable introduction to the Library's financial statements.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities of the Library as a whole present a longer-term view of the Library's finances. This longer-term view uses the accrual basis of accounting to demonstrate the cost of providing services during the current year and the degree to which the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view and demonstrate how the taxpayers' resources were spent during the year, as well as how much is available for future spending, on a modified accrual basis. The fund financial statements report the Library's operations in more detail than the government-wide financial statements by providing information about the Library's most significant funds.

Financial Highlights

With the completion of the new library building construction project and transfer of the remaining unspent construction funds into the Library's debt service fund during the fiscal year ended June 30, 2023, the Library now operates a General Fund and Debt Service Fund. To support the repayment of the project's 20-year bond issue of \$13,820,000 approved by the voters in November 2016, a debt service millage of 0.48 mills was authorized by the Library Board to be levied in Winter 2024. The library also levied two operating millages approved by the voters of 0.6864 mills and 0.75 mills. The additional operating millage of 0.75 levied on the Winter 2024 tax bill was rolled back by the Headlee Amendment (MCL 211.34d) to 0.7318 mills.

BELLEVILLE AREA DISTRICT LIBRARY
(formerly the Fred C. Fischer Library)

Management's Discussion and Analysis (Continued)
June 30, 2025

Statement of Net Position

The following table shows, in a condensed format, the Library's net position on a comparative basis as of June 30, 2025 and 2024:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change from 2025-2024</u>
Assets			
Capital Assets	\$ 12,037,946	\$ 12,513,433	\$ (475,487)
Other Assets	6,880,939	6,463,941	416,998
Total Assets	18,918,885	18,977,374	(58,489)
Liabilities			
Current Liabilities	846,796	835,189	11,607
Bonds Payable, Net of Current Portion	9,029,784	9,696,128	(666,344)
Compensated Absences	91,831	87,618	4,213
Due to Wayne County	71,287	-	71,287
Total Liabilities	10,039,698	10,618,935	(579,237)
Net Position			
Net Investment in Capital Assets	2,341,818	2,175,961	165,857
Restricted for Debt Service	293,263	320,971	(27,708)
Restricted Building Contributions	428,200	459,387	(31,187)
Unrestricted	5,815,906	5,402,120	413,786
Total Net Position	<u>\$ 8,879,187</u>	<u>\$ 8,358,439</u>	<u>\$ 520,748</u>

BELLEVILLE AREA DISTRICT LIBRARY
(formerly the Fred C. Fischer Library)

Management’s Discussion and Analysis (Continued)
June 30, 2025

Statement of Activities

The following table shows, in a consolidated format, the Library’s Statement of Activities on a comparative basis for the years ended June 30, 2025, and June 30, 2024:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>Change from 2025-2024</u>
Revenue			
Property Taxes	\$ 3,699,216	\$ 3,319,471	\$ 379,745
Library Fines and Fees	40,249	72,846	(32,597)
Other	55,063	55,770	(707)
Interest Income	19,990	331	19,659
Total Revenue	<u>3,814,518</u>	<u>3,448,418</u>	<u>366,100</u>
Expenses			
Salaries and Benefits	1,593,570	1,486,783	106,787
Depreciation	728,741	721,437	7,304
Other Uses – Withholding of Prior Year Revenue	122,734	-	122,734
Other	848,725	766,880	81,845
Total Expenditures	<u>3,293,770</u>	<u>2,975,100</u>	<u>318,670</u>
Change in Net Position	<u>\$ 520,748</u>	<u>\$ 473,318</u>	<u>\$ 47,430</u>

The Library’s net position increased from June 30, 2024 to June 30, 2025 by approximately \$47 thousand primarily due to property tax revenue from operating mileages.

The Library’s Funds

General Fund

For the fiscal year ended June 30, 2025, the General Fund revenues were in excess of expenditures by \$545,127. Actual revenues were higher than budget by \$47,118 and actual expenditures were less than budgeted expenditures by \$286,330. Per Board resolution, \$1,300,000 of the fund balance has been committed to cover the Library’s 2025-2026 budget.

Debt Service Fund

For the fiscal year ended June 30, 2025, the Debt Service Fund had property tax revenue of \$953,742. Debt service payments of \$981,450 were made during the year.

BELLEVILLE AREA DISTRICT LIBRARY

(formerly the Fred C. Fischer Library)

Management's Discussion and Analysis (Continued)
June 30, 2025

The Library's Funds (Continued)

Capital Assets and Debt Administration

During the year ended June 30, 2025, the Library purchased books and periodicals totaling \$227,111 which were added to the existing collection. In addition, computers were purchased at a cost of \$26,143. Depreciation expense for the year was \$728,741.

At the end of 2025 the Library had approximately \$12 million in capital assets, including the Library building. The Library had long-term debt obligations of approximately \$9.7 million at June 30, 2025.

General Fund Budgetary Highlights

Over the course of the fiscal year ending June 30, 2025, the Library revised its budget to reflect changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditure does not exceed appropriations. A schedule showing the Library's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

Budgeted revenues for the General Fund were increased by \$118,856 from the original budget, primarily due to increases in property taxes and library fines & fees. Budgeted expenditures for the General Fund were increased by \$74,000. Total actual expenditures were \$286,330 under budget.

Economic Factors and Next Year's Budget

The Library's operating tax levy of .6864 mills (rolled back by the Headlee Amendment) was authorized by the voters in August 2022. This was reduced to .6850 in 2025. This millage restoration is no longer subject to tax capture pursuant to Public Act 57, Public Acts of Michigan, 2018, as amended, and the 2025-2026 General Fund budgeted tax revenue reflects this increase in the library's revenue.

In 2016 voters in the library service area authorized the Library to incur \$13,820,000 in debt (total 20-year repayment with interest \$19,654,575) for the construction of a new library facility. The maximum number of years the bonds may be outstanding, exclusive of any refunding is twenty-one years.

The 2025-2026 Debt Service Fund reflects the anticipated 0.46 debt service millage to be received from the Winter 2025 tax roll plus the payment of interest and principal on the outstanding bonds due in November 2025 and May 2026.

Contacting the Library's Management

This financial report is intended to provide the citizens, taxpayers, customers, 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 Belleville Area District Library at 167 Fourth Street, Belleville, MI 48111.

BELLEVILLE AREA DISTRICT LIBRARY
(formerly the Fred C. Fischer Library)

Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Current Assets	
Cash & Cash Equivalents (Note 3)	\$ 6,847,984
Prepaid Expenses	32,955
Total Current Assets	<u>6,880,939</u>
Non-Current Assets	
Capital Assets - Net (Note 5)	<u>12,037,946</u>
Total Assets	<u><u>18,918,885</u></u>
Liabilities and Net Position	
Liabilities	
Current Liabilities	
Accounts Payable	20,521
Accrued Liabilities	51,859
Bonds Payable-Current Portion (Note 8)	645,000
Bond Premium-Current Portion (Note 8)	21,344
Accrued Interest payable	56,625
Due to Wayne County-Current Portion (Note 12)	51,447
Total Current Liabilities	<u>846,796</u>
Non-Current Liabilities	
Bonds Payable (Note 8)	8,795,000
Bond Premiums (Note 8)	234,784
Compensated Absences Payable (Note 7)	91,831
Due to Wayne County (Note 12)	71,287
Total Non-Current Liabilities	<u>9,192,902</u>
Total Liabilities	<u>10,039,698</u>
Net Position	
Net Investment in Capital Assets	2,341,818
Restricted for Debt Service	293,263
Restricted - Building Contributions	428,200
Unrestricted	5,815,906
Total Net Position	<u>8,879,187</u>
Total Liabilities and Net Position	<u><u>\$ 18,918,885</u></u>

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

BELLEVILLE AREA DISTRICT LIBRARY
(formerly the Fred C. Fischer Library)

Statement of Activities
Year Ended June 30, 2025

	<u>Expenses</u>	<u>Program Revenue</u>			<u>Governmental</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Net (Expense)</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Revenue and</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Changes in</u>
					<u>Net Position</u>
Functions / Programs:					
Governmental Activities:					
Library	\$ 3,171,036	\$ -	\$ 7,557	\$ 1,112	\$ (3,162,367)
Other Uses –Repayment of Penal					
Fines (Note 12)	122,734	-	-	-	(122,734)
Total Governmental Activities	<u>3,293,770</u>	<u>-</u>	<u>7,557</u>	<u>1,112</u>	<u>(3,285,101)</u>
General Revenues:					
Property Taxes (Note 1)					3,699,216
State Aid					46,394
Library Fines and Fees					40,249
Interest					19,990
Total General Revenues					<u>3,805,849</u>
Change in Net Position					520,748
Net Position, Beginning of Year					<u>8,358,439</u>
Net Position, End of Year					<u>\$ 8,879,187</u>

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

BELLEVILLE AREA DISTRICT LIBRARY
(formerly the Fred C. Fischer Library)

Balance Sheet
Governmental Funds
June 30, 2025

	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents (Note 3)	\$ 6,599,495	\$ 248,489	\$ 6,847,984
Prepaid Expenses	32,955	-	32,955
Due from Other Funds (Note 9)	-	44,774	44,774
Total Assets	<u>\$ 6,632,450</u>	<u>\$ 293,263</u>	<u>\$ 6,925,713</u>
Liabilities and Fund Balance			
Liabilities			
Accounts Payable	\$ 20,521	\$ -	\$ 20,521
Accrued Liabilities	51,859	-	51,859
Due to Other Funds (Note 9)	44,774	-	44,774
Total Liabilities	<u>117,154</u>	<u>-</u>	<u>117,154</u>
Fund Balance			
Non-Spendable	32,955	-	32,955
Restricted	428,200	293,263	721,463
Committed for Working Capital	1,300,000	-	1,300,000
Assigned for Future Capital Improvements	2,000,000	-	2,000,000
Unassigned	2,754,141	-	2,754,141
Total Fund Balance	<u>6,515,296</u>	<u>293,263</u>	<u>6,808,559</u>
Total Liabilities and Fund Balance	<u>\$ 6,632,450</u>	<u>\$ 293,263</u>	<u>\$ 6,925,713</u>

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

BELLEVILLE AREA DISTRICT LIBRARY
(formerly the Fred C. Fischer Library)

Reconciliation of Governmental Fund Balance Sheet
to Statement of Net Position
June 30, 2025

Total Fund Balance - Governmental Fund \$ 6,808,559

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	16,892,954
Accumulated Depreciation	(4,855,008)

Long-term Liabilities are not due and payable in the current period and therefore are not reported in governmental funds

Bonds Payable	(9,440,000)
Bond Premium	(256,128)
Compensated Absences Payable	(91,831)
Due to Wayne County	(122,734)

Accrued interest is not reported in the governmental funds	<u>(56,625)</u>
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Total Net Position of Governmental Activities \$ 8,879,187

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

BELLEVILLE AREA DISTRICT LIBRARY
(formerly the Fred C. Fischer Library)

**Statement of Revenues, Expenditures, and Changes in Fund
Balance – Governmental Funds
June 30, 2025**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
Revenue			
Property Taxes	\$ 2,745,474	\$ 953,742	\$ 3,699,216
Grant Revenue	7,557	-	7,557
State Aid	46,394	-	46,394
Local Library Fines and Fees	79,447	-	79,447
Contributions and Donations	1,112	-	1,112
Investment Income	19,990	-	19,990
Total Revenue	<u>2,899,974</u>	<u>953,742</u>	<u>3,853,716</u>
Expenditures			
Salaries	1,185,595	-	1,185,595
Benefits and FICA	403,762	-	403,762
Books	227,111	-	227,111
Supplies	36,658	-	36,658
Professional Fees	30,974	-	30,974
Dues	2,645	-	2,645
Contracted Services	97,214	-	97,214
Telephone	23,680	-	23,680
Insurance	12,087	-	12,087
Utilities	49,750	-	49,750
Repairs and Maintenance	144,114	-	144,114
Printing and Publications	14,755	-	14,755
Postage	7,009	-	7,009
Computer Hardware/Software	93,900	-	93,900
Miscellaneous	13,810	-	13,810
Capital Outlay	11,783	-	11,783
Debt Service	-	981,450	981,450
Total Expenditures	<u>2,354,847</u>	<u>981,450</u>	<u>3,336,297</u>
Excess (Deficiency) of Revenues Over Expenditures	545,127	(27,708)	517,419
Fund Balance - June 30, 2024	<u>5,970,169</u>	<u>320,971</u>	<u>6,291,140</u>
Fund Balance - June 30, 2025	<u>\$ 6,515,296</u>	<u>\$ 293,263</u>	<u>\$ 6,808,559</u>

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

BELLEVILLE AREA DISTRICT LIBRARY
(formerly the Fred C. Fischer Library)

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
 In Fund Balance of Governmental Funds to the Statement of Activities
 June 30, 2025**

Net Changes in Fund Balance - Total Governmental Funds	\$ 517,419
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 useful lives as depreciation	
Depreciation Expense	(728,741)
Capital Outlay	253,254
(Increase) Decrease in non-current liabilities for compensated absences payable is an expense in the Statement of Activities but is not an expenditure in the governmental funds	(4,213)
Revenue is recorded in the statement of activities when earned. It is not reported in the Funds until Collected or Collectible within 60 days of year end	(39,198)
Repayment of debt is an expense in the governmental funds but it reduces the debt in the statement of Net Position	620,000
Amortization of bond premiums reduces the debt liability in the statement of Net Position	21,344
Increase in non-current liability due to Withholding of prior year revenue is expense in the statement of activities but is not an expense in the governmental funds	(122,734)
Accrued interest on bonds is not recorded at the fund level, but is an expense in the Statement of Activities	3,617
Change in Net Position of Governmental Activities	\$ 520,748

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

BELLEVILLE AREA DISTRICT LIBRARY

(formerly the Fred C. Fischer Library)

Notes to Financial Statements
June 30, 2025

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Effective April 17, 2010, Belleville Area District Library (the "Library") (formerly known as the Fred C. Fischer Library) was established as a district library with a territory which is located in the jurisdictional limits of the City of Belleville, Van Buren Township, and Sumpter Township. Its purpose is to provide library services to the residents of all the participating communities.

Reporting Entity

The Library is governed by an elected seven-member board. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. The Library utilizes a General Fund, and a Debt Service Fund to account for all its financial resources.

Basis of Accounting

The accounting policies of the Library conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units.

The following is a summary of the significant accounting policies:

The government-wide full accrual financial statements (the statement of net position and the statement of activities) are recorded 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes susceptible to accrual, that is, when it becomes both measurable and available. Revenue is considered 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Library's policy is to first apply restricted resources.

When an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the Library's policy to spend funds in this order: committed, assigned, and unassigned.

BELLEVILLE AREA DISTRICT LIBRARY

(formerly the Fred C. Fischer Library)

Notes to Financial Statements (Continued)
June 30, 2025

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Library:

- a. **General Fund** is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in another fund.
- b. **Debt Service Funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

Property Tax Revenue - Property taxes are levied on each December 1 on the taxable valuation of property included in the Library's district, as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Library's 2024 tax is levied and collectible on December 1, 2024 and is recognized as revenue in the year ended June 30, 2025, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2024 taxable valuation of the Library's district, which includes that of the City of Belleville, Sumpter Township, and Van Buren Township, totaled approximately \$2,022 million. A portion of that taxable value is captured by various tax increment financing districts. Taxes levied consisted of 1.4182 mills and resulted in a net Library levy of approximately \$2,745,000.

In addition, a tax levy of 0.48 mills was levied for debt service which resulted in a net levy of approximately \$953,700 recorded in the debt service fund.

Cash Equivalents - The Library considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Restricted Assets – Certain resources from the issuance of bonds are classified as restricted assets on the Statement of Net Position because their use is limited by applicable bond covenants.

Prepaid Expenses – Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid expenses.

BELLEVILLE AREA DISTRICT LIBRARY

(formerly the Fred C. Fischer Library)

Notes to Financial Statements (Continued)
June 30, 2025

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fixed Assets - Capital assets owned by the Library, are reported in the statement of net position. Capital assets are defined by the Library as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. However, books and periodicals are identified by management at acquisition regardless of dollar amount and capitalized accordingly. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Books and Periodicals	5 to 15 years
Building Additions	30 years
Building Improvements	15 years
Computers	5 years

Deferred Outflows of Resources – In addition to assets, the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Library did not have any items that qualify for reporting in this category at June 30, 2025.

Deferred Inflows of Resources – In addition to liabilities, the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Library did not have any items that qualify for reporting in this category at June 30, 2025.

Fund Equity – Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

BELLEVILLE AREA DISTRICT LIBRARY

(formerly the Fred C. Fischer Library)

Notes to Financial Statements (Continued)
June 30, 2025

1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Equity (Continued)

Fund Equity is classified as net position and displayed in three components:

- (a) **Net Investment in Capital Assets** - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- (b) **Restricted** - Consists of net position with constraints placed on the use by: (1) external groups such as creditors, grantors, contributors, or laws or regulations of other *governments*; or (2) law through constitutional provisions or enabling legislation.
- (c) **Unrestricted** - All other net positions that do not meet the definition of "restricted" or "net investment in capital assets".

In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable** - Amounts that are not in spendable form or are legally or contractually required to be maintained intact.
- **Restricted** - Amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.
- **Committed** - Amounts that have been formally set aside by the Library's board for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Library's board. On June 30, 2025, the Library had \$1,300,000 committed for 2025-26 expenses.
- **Assigned** - Intent to spend resources on specific purposes expressed by the Library's board. On June 30, 2025, the Library had \$2,000,000 assigned for future capital improvements.
- **Unassigned** – Amounts that do not fall into any other category above. This is the residual classification within the general fund.

Compensated Absences (GASB Statement No. 101 Adoption)

The Library records a liability for compensated absences in accordance with GASB Statement No. 101, Compensated Absences, which was adopted during the current fiscal year. GASB 101 establishes a unified recognition and measurement model for all types of compensated absences and replaces the previous guidance under GASB Statement No. 16.

BELLEVILLE AREA DISTRICT LIBRARY

(formerly the Fred C. Fischer Library)

Notes to Financial Statements (Continued)
June 30, 2025

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (GASB Statement No. 101 Adoption) (Continued)

Under GASB 101, compensated absences include leave for which employees may receive (1) cash payment when used, (2) payment for unused leave when employment terminates, or (3) a non-cash settlement. A liability is recognized when (a) leave is attributable to services already rendered, (b) the leave accumulates and can be carried forward for use in future periods, and (c) it is more likely than not that the leave will either be used for time off or paid out to the employee. Leave that is dependent upon the occurrence of a specific event (such as parental, military, or jury duty leave) is recognized when the qualifying event occurs.

The liability for compensated absences is measured at the employee's current pay rate as of the reporting date and includes salary-related costs (such as employer payroll taxes) that are directly or incrementally associated with the leave. The Library applies a first-in, first-out (FIFO) assumption in determining the order in which leave hours are considered used, based on the Library's leave usage practices and payroll system behavior. Unused leave expected to be paid upon separation is measured according to the applicable payout provisions in the Library's policies.

The Library adopted GASB 101 effective for the current fiscal year. The adoption did not result in a material change to the Library's financial position or results of operations, and therefore no restatement of the beginning net position was required.

All sick and vacation pay is accrued when incurred in the government-wide financial statements.

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.

2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

For the fiscal year ended June 30, 2025, no expenditures exceeded appropriations.

BELLEVILLE AREA DISTRICT LIBRARY

(formerly the Fred C. Fischer Library)

Notes to Financial Statements (Continued)
June 30, 2025

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. A 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, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which 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 financial institution for the deposit of its funds. The investment policy, adopted by the board effective April 17, 2010 and in accordance with Public Act 196 of 1997, has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of the state statutory authority as listed above. The Library's deposits and investment policies are in accordance with statutory authority.

Custodial Credit Risk

The Library's cash is subject to custodial credit risk of bank deposits. Custodial credit risk is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. The Library does not have a deposit policy for custodial credit risk. At year end, the Library's Cash and Cash equivalents include cash in checking & savings account, and certificates of Deposits (CDs) at one financial institution, in the amount of \$6,891,003, out of which \$6,641,003 were uninsured and uncollateralized. The Library evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

4) RISK MANAGEMENT

The Library is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Library has purchased commercial insurance for employee injuries and participates in the Michigan Municipal Risk Management Authority risk pool (as a state pool member) for claims relating to loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

BELLEVILLE AREA DISTRICT LIBRARY

(formerly the Fred C. Fischer Library)

Notes to Financial Statements (Continued)
June 30, 2025

4) RISK MANAGEMENT (Continued)

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

5) CAPITAL ASSETS

Capital asset activity of Belleville Area District Library's governmental activities is as follows:

	Balance 6/30/2024	Additions	Disposals	Balance 6/30/2025
Land	\$ 205,969	\$ -	\$ -	\$ 205,969
Building	12,421,041	-	-	12,421,041
Books and Periodicals	2,436,365	227,111	(6,826)	2,656,650
Furniture and Fixtures	1,134,876	-	-	1,134,876
Computers	448,275	26,143	-	474,418
Subtotal	16,646,526	253,254	(6,826)	16,892,954
Accumulated Depreciation:				
Building	1,696,261	415,110	-	2,111,371
Books and Periodicals	1,765,960	196,165	(6,826)	1,955,299
Furniture and Fixtures	317,367	75,629	-	392,996
Computers	353,505	41,837	-	395,342
Subtotal	4,133,093	728,741	(6,826)	4,855,008
Net Capital Assets	<u>\$ 12,513,433</u>	<u>\$ (475,487)</u>	<u>\$ -</u>	<u>\$ 12,037,946</u>

6) DEFINED CONTRIBUTION PENSION PLAN

The Library provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate from the date of employment. As established by board approval, the Library contributes 10 percent of employees' gross earnings, and employee contributions for each employee plus interest allocated to the employees' account are fully vested immediately. The Library's total payroll for the current period was \$1,185,595. The current period contribution was calculated based on covered payroll of \$788,890, resulting in an employer contribution of \$78,889 and employee contributions of \$39,444.

BELLEVILLE AREA DISTRICT LIBRARY
(formerly the Fred C. Fischer Library)

Notes to Financial Statements (Continued)
 June 30, 2025

7) COMPENSATED ABSENCES

Compensated absences represent the library's liability for accrued sick and vacation time at June 30, 2025. This is a long-term liability and is therefore recorded only in the statement of net position, and not at the fund level. The balance for compensated absences payable was \$91,831 at June 30, 2025.

8) BONDS PAYABLE

On April 10, 2017, the Library sold \$13,820,000 of bonds to fund a new facility. The bond principal and interest are to be paid over a twenty-year period. The bond principal outstanding as of June 30, 2025 was \$9,440,000. The bonds carry an interest rate of 3.5%-4.0% and are repayable in the range of \$455,000-\$955,000 per year.

The bonds were issued with a premium of \$426,880. This will be amortized over the life of the bonds. The unamortized premium at June 30, 2025 was \$256,128.

The future maturities of the bonds are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 645,000	\$ 339,750	\$ 984,750
2027	665,000	317,175	982,175
2028	690,000	293,900	983,900
2029	715,000	269,750	984,750
2030	740,000	244,725	984,725
2031-35	4,115,000	816,400	4,931,400
2036-37	1,870,000	113,000	1,983,000
Total	<u>\$ 9,440,000</u>	<u>\$ 2,394,700</u>	<u>\$ 11,834,700</u>

9) INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Debt Service	General Fund	\$ 44,774

Interfund balances are a result of a time lag between the dates goods and services are provided, transactions are recorded and payments between funds are made.

The balance due to the debt service fund relates to Wayne County property tax settlement payments related to debt service that were initially deposited in the general fund and transferred to the debt service fund subsequent to year-end.

BELLEVILLE AREA DISTRICT LIBRARY
(formerly the Fred C. Fischer Library)

Notes to Financial Statements (Continued)
June 30, 2025

10) LEASES

The Library follows GASB No. 87 Leases. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Library has no leases required to be reported under the provisions of GASB 87.

11) SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs)

The right-to-use subscription IT assets is recognized at the start of the subscription term, representing Library's entitlement to use the IT asset. These assets are measured by the initial subscription liability value plus vendor payments made at the start, minus any incentives received, and adding necessary implementation costs. They are amortized over the shorter of the subscription term or the asset's useful life using the straight-line method. As of June 30, 2025, the Library has no IT subscription contracts requiring financial statement recording.

12) DUE TO WAYNE COUNTY (REPAYMENT OF PENAL FINES)

During the year, based on an independent audit by Library of Michigan (LM) of Wayne County's records, it was determined that over a ten year period from 2014-2023 the Library was overpaid penal fines by a total sum of \$122,734. The Library entered into a payment agreement with Wayne County whereby the Library's future annual penal fine revenue from the Wayne County will be withheld and applied to the overpayment by the Wayne County until the overpayment has been paid in full. As the penal fine revenue for the fiscal year 2025 was not withheld as on June 30, 2025, the entire balance is outstanding as on June 30, 2025. Since this is a long-term liability, it is only recorded as a liability in the entity-wide financial statements and is not a liability at the Fund level.

13) SUBSEQUENT EVENTS

Subsequent events were evaluated through December 16, 2025, which is the date the financial statements were available to be issued. No issues which could have a material effect on these financial statements have come to our attention.

REQUIRED SUPPLEMENTARY INFORMATION

BELLEVILLE AREA DISTRICT LIBRARY
(formerly the Fred C. Fischer Library)

Required Supplemental Information
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue				
Property Taxes	\$ 2,600,000	\$ 2,675,000	\$ 2,745,474	\$ 70,474
Grant Revenue	6,300	7,556	7,557	1
State aid	43,000	46,000	46,394	394
Local Library Fines and Fees	62,200	105,300	79,447	(25,853)
Contributions and Donations	2,500	1,000	1,112	112
Interest Income	20,000	18,000	19,990	1,990
Total Revenue	<u>2,734,000</u>	<u>2,852,856</u>	<u>2,899,974</u>	<u>47,118</u>
Expenditures - Current				
Salaries	1,218,000	1,218,000	1,185,595	32,405
Benefits and FICA	414,177	414,177	403,762	10,415
Books	275,000	275,000	227,111	47,889
Supplies	55,000	55,000	36,658	18,342
Professional Fees	50,000	50,000	30,974	19,026
Dues	5,000	5,000	2,645	2,355
Contracted Services	130,000	117,000	97,214	19,786
Telephone	31,000	31,000	23,680	7,320
Insurance	38,000	38,000	12,087	25,913
Utilities	86,000	66,000	49,750	16,250
Repairs and Maintenance	90,000	170,000	144,114	25,886
Printing and Publications	24,000	20,000	14,755	5,245
Postage	12,000	10,000	7,009	2,991
Computer Hardware/Software	80,000	115,000	93,900	21,100
Bank Charges	4,000	2,000	-	2,000
Capital Outlay	25,000	25,000	11,783	13,217
Miscellaneous	30,000	30,000	13,810	16,190
Total Expenditures	<u>2,567,177</u>	<u>2,641,177</u>	<u>2,354,847</u>	<u>286,330</u>
Excess of Revenue Over Expenditures	166,823	211,679	545,127	333,448
Fund Balance - June 30, 2024			<u>5,970,169</u>	
Fund Balance - June 30, 2025			<u>\$ 6,515,296</u>	

BELLEVILLE AREA DISTRICT LIBRARY

(formerly the Fred C. Fischer Library)

Note to Required Supplementary Information
Year Ended June 30, 2025

1) BUDGETARY INFORMATION

The annual budget is prepared by the Library's director and submitted to the Library's board for its approval; subsequent amendments are also submitted to the Library's board for approval. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at June 30, 2025 has not been determined. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget has been adopted on a line-item 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 as adopted by the participating communities' board or council and Belleville Area District Library is included in the required supplemental information.

BELLEVILLE AREA DISTRICT LIBRARY

AUDIT COMMUNICATION LETTER

JUNE 30, 2025



Alan C. Young & Associates, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

7310 Woodward Ave, Suite 740
Detroit, MI 48202

(313) 873-7500 (Tel.)
(313) 873-7502 (Fax)
www.alancyoung.com

December 16, 2025

Members of the Belleville Area District Library Board
Belleville Area District Library
Belleville, Michigan

We have recently completed our audit of the financial statements of Belleville Area District Library (the Library) for the year ended June 30, 2025. In addition to our audit report, we are providing the following required communication which impacts the Library.

	<u>Page</u>
Communication Required Under AU-C 260	1
Informational	4

We are grateful for the opportunity to be of service to the Library. Should you have any questions regarding the comments in this report, please do not hesitate to contact us.

Very truly yours,

Alan C. Young & Associates, P.C.
Detroit, Michigan



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RESULTS OF AUDIT

December 16, 2025

Members of the Belleville Area District Library Board
Belleville Area District Library
Belleville, Michigan

We have audited the financial statements of the governmental activities and major funds of the Belleville Area District Library (the Library) for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the scope and timing of our audit. We have communicated such information in our letter to you dated July 14, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 14, 2025, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Scope of the Audit, Significant Risks and Others

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions examined and the areas tested.

Results of Audit
(Continued)

Scope of the Audit, Significant Risks and Others. (Continued)

Our audit included obtaining an understanding of the Library and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Library or to acts by management or employees acting on behalf of the Library.

We have identified the following significant risks of material misstatement as part of our audit planning which was communicated in our engagement letter dated July 14, 2025.

- Revenue recognition.
- Override of controls.

During our audit procedures we did not note any findings or exceptions related to the above items.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Library are described in Note 1 to the financial statements. The Library implemented GASB 101 during the year, but it did not have a material effect on the Library's financial statements. We noted no transactions entered into by the Library during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Sensitive estimates include depreciation expense.

The disclosures in the financial statements are neutral, consistent, and clear. Note 8 is of particular importance as it discusses the Library's bonds payable.

Difficulties Encountered in Performing the Audit

We received complete cooperation dealing with management in performing and completing our audit and would like to thank management for their assistance throughout the process.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Any such misstatement has been recorded and corrected by management.

Results of Audit
(Continued)

Significant Audit Matters (Continued)

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 16, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Library's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

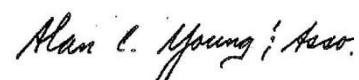
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Library's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were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

Other Matters

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

Restriction on Use

This information is intended solely for the information and use of the Members of the Belleville Area District Library Board and management of the Library and is not intended to be, and should not be, used by anyone other than these specified parties.



Detroit, Michigan
December 16, 2025

INFORMATIONAL ITEMS

BELLEVILLE AREA DISTRICT LIBRARY

Informational
June 30, 2025

The following pronouncement of the Governmental Accounting Standards Board (GASB) has been released recently and may be applicable to the Library in the near future. We encourage management to review the following information and determine if the standard may be applicable to the Library. For the complete text of these and other GASB standards, visit www.gasb.org, and click on the “Standards & Guidance” tab. If you have questions regarding the applicability, timing, or implementation approach for this standard, please contact your audit team.

GASB 102, Certain Risk Disclosures:

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102, Certain Risk Disclosures, which requires governments to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. It also requires governments to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date of the financial statements are issued. If certain criteria are met for a concentration or constraint, disclosures are required in the notes to the financial statements. The provisions of this statement are effective for the Library's financial statements for the year ending June 30, 2026.

GASB 103, Financial Reporting Model Improvements:

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103, Financial Reporting Model Improvements, which provides updated guidance impacting management's discussion and analysis; the proprietary fund statement of revenues, expenses, and changes in fund net position; major component unit information; and budgetary comparison information. The provisions of this new statement are effective for the Library's financial statements for the year ending June 30, 2026.

GASB 104, Disclosure of Certain Capital Assets:

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, Disclosure of Certain Capital Assets, which requires certain types of capital assets, such as lease assets, intangible right-to-use assets, subscription assets, and other intangible assets to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the Library's financial statements for the year ending June 30, 2026.