

BUSS & COMPANY, P.C.

Certified Public Accountants
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MEMBERS
The American Institute of
Certified Public Accountants
The Michigan Association of
Certified Public Accountants

June 30, 2026

Board of Trustees
Chesterfield Township Library
Chesterfield Township, Michigan

We have audited the financial statements of Chesterfield Township Library for the year ended December 31, 2025, and have issued our report thereon dated June 30, 2026. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 18, 2026, 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.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of Chesterfield Township Library. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our discussions about planning matters with Eric Magness-Eubank, Director, as reflected in our engagement letter dated May 18, 2026.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Chesterfield Township Library are described in Note I to the financial statements. No new significant accounting policies were adopted and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Library during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no estimates affecting the financial statements which were deemed sensitive in nature.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, 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 June 30, 2026, a copy of which is available from management.

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.

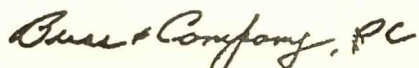
Other Audit Findings or Issues

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.

This information is intended solely for the use of the Board of Trustees and management of Chesterfield Township Library and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

BUSS & COMPANY, P.C.


Certified Public Accountants

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June 30, 2026

MEMBERS
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Board of Trustees
Chesterfield Township Library
Chesterfield Township, Michigan

Re: Supplemental System and Internal
Control Comments and Recommendations
in conjunction with audit for the year
ended December 31, 2025

Honorable Members:

In planning and performing our audit of the financial statements of Chesterfield Township Library for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Library's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Library's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control that we considered to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in the Library's internal control to be significant deficiencies:

Internal Control over Financial Reporting

Under U.S. generally accepted accounting principles (GAAP), management has primary responsibility for the preparation of the financial statements in accordance with GAAP. The Library provides certain reports and statements from its accounting program; however, management does not prepare the GAAP financial statements, including the related footnotes, or draft the accounting disclosures that are a required part of the financial reporting process.

Preparation of financial statements by Chesterfield Township Library's certified public accountant/auditor cannot be included as part of the Library's internal control. To alleviate the deficiency, management would need to identify an individual who would have primary responsibility for financial statement preparation, presentation of required disclosures, and identification of new accounting pronouncements applicable to the Library.

This is a commonly noted deficiency in many small organizations.

Segregation of Duties

One of the strongest controls in an internal control system is known as "segregation of duties." This means that there are different individuals performing the various duties within a specific accounting function. Having multiple individuals performing duties in the same accounting function acts as a check and balance.

As is common in many small organizations, there are often only a few people, and sometimes only one person performing the accounting and financial functions. And it is also common to have these individuals concentrate their efforts in one area. While this is usually cost efficient, it lends for a

weak internal control system. This generally results in insufficient checks and balances in place and this situation could allow one person the ability to initiate financial functions independent of the approval (or knowledge) of others within the Library.

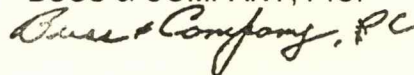
This is the situation with Chesterfield Township Library. Due to limited staff size, the Library has a lack of segregation of duties with respect to certain accounting functions because the duties are centralized with one or two individuals.

This communication is intended solely for the information and use of the Board of Trustees, management, and others within the administration of the Chesterfield Township Library. This restriction is not intended to limit distribution of this report which, upon acceptance by the Board of Trustees, is a matter of public record.

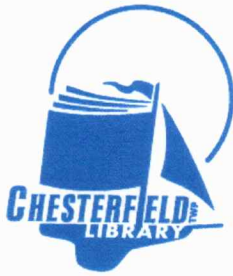
We appreciate the cooperation of the Library staff and trustees during our audit.

Respectfully submitted,

BUSS & COMPANY, P.C.

A handwritten signature in cursive script that reads "Buss & Company, P.C." in dark ink.

Certified Public Accountants



Chesterfield Township Library

50560 Patricia St. Chesterfield, MI 48051

(586)598-4900 www.chelibrary.org

June 30, 2026

Buss & Company, P.C.
42550 Garfield, Suite 105
Clinton Township, MI 48038

This representation letter is provided in connection with your audit of the financial statements of Chesterfield Township Library, which comprise the respective financial position of the governmental activities as of December 31, 2025, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of June 30, 2026, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 18, 2026, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the accounts.

- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the Library is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Library from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the Library and involves—
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Library's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 18) We have disclosed to you the identity of the Library's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

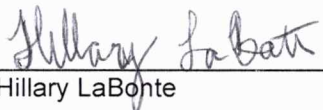
- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) The Library has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 23) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.

- 24) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we believe have a material effect on the financial statements.
- 25) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 26) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, Eric Magness-Eubank, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 27) The Library has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 28) The Library has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 29) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 30) The financial statements include all fiduciary activities required by GASBS No. 84.
- 31) The financial statements properly classify all funds and activities in accordance with GASBS No. 34, as amended.
- 32) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 33) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 34) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 38) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 39) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 40) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 41) We have appropriately disclosed the Library's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

- 42) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 43) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: 
Eric Magness-Eubank

Title: Director

Signature: 
Hillary LaBonte

Title: Accounting Administrator

CHESTERFIELD TOWNSHIP LIBRARY

Chesterfield, Michigan

FINANCIAL REPORT

WITH SUPPLEMENTAL INFORMATION

December 31, 2025

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
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December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

June 30, 2026

Board of Trustees
Chesterfield Township Library
Chesterfield, Michigan

Honorable Members:

Opinions

We have audited the accompanying financial statements of the Chesterfield Township Library, a component unit of the Charter Township of Chesterfield, as of and for the year ended December 31, 2025 and the related notes to the financial statements, which collectively comprise the Library's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Chesterfield Township Library, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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.

Board of Trustees
Chesterfield Township Library
June 30, 2026

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.
- The overall presentation of the financial statements.
- Conclude whether, in our judgement, 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.

Report on Summarized Comparative Information

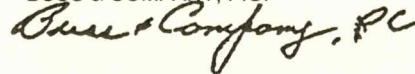
We have previously audited the 2024 financial statements of Chesterfield Township Library and we expressed an unmodified opinion on those audited financial statements in our report dated June 30, 2025. In our opinion, the summarized comparative financial information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which such information has been derived.

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 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.

Respectfully,

BUSS & COMPANY, P.C.



Certified Public Accountants

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CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2025

Using this Annual Report

This annual report consists of three parts - *Management's discussion and analysis* (this section), the *basic financial statements*, and *required supplemental information*. The basic financial statements include information that presents two different views of the Library:

The *government-wide financial statements* provide both *long-term* and *short-term* information about the Library's *overall* financial status. The statement of net position and the statement of activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. These statements tell how these services were financed in the short term as well as what remains for future spending.

The governmental fund financial statements include information on the Library under the modified accrual method. These *Fund Financial Statements* focus on current financial resources and provide a more detailed view about the accountability of the Library's sources and uses of funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplemental information* that further explains and supports the information in the financial statements.

Condensed Financial Information

In a condensed format, the table below shows a comparison of key financial information for the current year to the prior year.

	<u>2025</u>	<u>2024</u>
Current assets	\$ 7,060,226	\$ 6,885,690
Capital assets	1,167,372	1,089,238
Total Assets	<u>\$ 8,227,598</u>	<u>\$ 7,974,928</u>
Deferred outflows of resources	\$ -	\$ 142,780
Other liabilities	\$ 797,048	\$ 818,801
Total Liabilities	<u>\$ 797,048</u>	<u>\$ 818,801</u>
Deferred Inflows of Resources	<u>\$ 1,471,728</u>	<u>\$ 1,392,738</u>
Net Position:		
Invested in capital assets, net of related debt and accrued interest	\$ 541,589	\$ 528,612
Unrestricted	5,417,333	5,377,557
Total Net Position	<u>\$ 5,958,922</u>	<u>\$ 5,906,169</u>
Revenue:		
Property taxes	\$ 1,382,339	\$ 1,301,901
Other	383,723	405,788
Total Revenue	<u>\$ 1,766,062</u>	<u>\$ 1,707,689</u>
Expenses - Library services	1,713,409	1,600,154
Net Revenue	<u>\$ 52,653</u>	<u>\$ 107,535</u>
Increase (Decrease) in Restricted Net Position	-	-
Change in Net Position	<u>\$ 52,653</u>	<u>\$ 107,535</u>

(Continued)

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED
December 31, 2025

Condensed Financial Information (Continued)

- The Library's net position increased by \$52,653 this year to \$5,958,922. Unrestricted net position at the end of the year was \$5,407,333, an increase of \$33,776. The net investment in capital assets was \$541,489, an increase of \$12,877 from the previous year end.
- The Library's primary source of revenue is from property taxes, which represents 78% of total revenue.
- Total expenses were 47% of total revenue for 2025. Salaries amount to approximately 42% of total expenses. Benefits amount to 13% of total expenses.

The Library's Fund

Our analysis of the Library's fund is included on pages 7 and 9. The Library Board has the ability to create separate funds to help manage money for specific purposes, and to maintain accountability for certain activities, such as special property tax millages. All of the Library's activities are reported in a single fund.

The fund balance of the Library increased during the current year by \$98,578. Actual revenue exceeded budgeted revenue amounts by \$12,627. Budgeted expenditures exceeded actual expenditures by \$18,526.

Library Budgetary Highlights

Over the course of the year, the Library may revise its budget as it attempts to deal with unexpected changes in revenues and expenditures.

Capital Assets

At the end of the fiscal year, the Library had \$2,003,587 invested in land, building improvements, lease, furniture and fixtures, equipment, and books and materials. The Library added \$124,176 in improvements, equipment, and new collection items consisting of new books and various audio/visual materials. The building lease was capitalized at 12/31/25 in the amount of \$625,883. The total amount of capital assets disposed of had a cost basis of \$89,436, which had a net book value of \$-0-.

Economic Factors and Considerations for Next Year

The Library's goal is to maintain and enhance the services that are provided to the public utilizing the most efficient and effective methods. The Library has a conservative and financially prudent budget for 2025 that will promote several of the Library's activities and programs.

Contacting the Library's Management

This financial report is intended to provide our 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 the Library Director at 50560 Patricia Avenue, Chesterfield Township, Michigan 48051.

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
STATEMENT OF NET POSITION
December 31, 2025

Exhibit 1

ASSETS

Cash and cash equivalents	\$ 365,953
Investments	5,190,781
Taxes receivable	1,456,639
Due from other governmental units	43,823
Prepays and other assets	3,030
Capital assets	<u>1,167,372</u>
Total Assets	<u>\$ 8,227,598</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow of resources related to pensions	<u>\$ -</u>
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LIABILITIES

Accounts payable and accrued liabilities	\$ 32,968
Accumulated employee leave benefits	9,600
Unearned revenue	25,287
Net pension liability	103,310
Lease liability	<u>625,883</u>
Total Liabilities	<u>\$ 797,048</u>

DEFERRED INFLOWS OF RESOURCES

Property taxes levied for a subsequent period	\$ 1,456,639
Deferred inflow of resources related to pensions	<u>15,089</u>
Total Deferred Inflows of Resources	<u>\$ 1,471,728</u>

NET POSITION

Invested in capital assets, net of related debt and accrued interest	\$ 541,489
Unrestricted	<u>5,417,333</u>
Total Net Position	<u>\$ 5,958,822</u>

See accompanying notes to financial statements.

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

<u>FUNCTION/PROGRAM:</u>	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>NET (EXPENSE REVENUE AND CHARGE) IN NET POSITION GOVERNMENTAL ACTIVITIES</u>
Governmental Activities:				
Library services/operations	<u>\$ 1,713,409</u>	<u>\$ 41,452</u>	<u>\$ -</u>	<u>\$ (1,671,957)</u>
<u>GENERAL REVENUES:</u>				
Property taxes				\$ 1,382,339
State revenues				102,773
Interest on investments				188,351
Unrestricted grants and contributions				<u>51,147</u>
Total General Revenues				<u>\$ 1,724,610</u>
CHANGE IN NET POSITION				\$ 52,653
<u>NET POSITION:</u>				
Beginning of year				<u>5,906,169</u>
End of year				<u>\$ 5,958,822</u>

See accompanying notes to financial statements.

CHESTERFIELD TOWNSHIP LIBRARY
 Chesterfield, Michigan
 COMPARATIVE BALANCE SHEETS
 December 31, 2025 and 2024

Exhibit 3

	<u>2025</u>	<u>2024</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 365,953	\$ 490,873
Investments	5,190,781	4,952,246
Taxes receivable	1,456,639	1,392,738
Due from other governmental units	43,823	46,803
Prepays and other assets	3,030	3,030
Contribution receivable	-	-
Total Assets	<u>\$ 7,060,226</u>	<u>\$ 6,885,690</u>
<u>LIABILITIES</u>		
Accounts payable	\$ 32,966	\$ 20,881
Unearned revenue-Grants/donations	25,287	25,315
Total Liabilities	<u>\$ 58,253</u>	<u>\$ 46,196</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Property taxes levied for a subsequent period	\$ 1,456,639	\$ 1,392,738
Restricted contributions unavailable until future periods	-	-
Total Deferred Inflows of Resources	<u>\$ 1,456,639</u>	<u>\$ 1,392,738</u>
<u>FUND BALANCE</u>		
Nonspendable prepaids	\$ 2,497	\$ 2,497
Restricted for material purchases	23,979	23,979
Assigned	4,042,786	4,042,786
Unassigned	1,476,072	1,377,494
Total Fund Balance	<u>\$ 5,545,334</u>	<u>\$ 5,446,756</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 7,060,226</u>	<u>\$ 6,885,690</u>

See accompanying notes to financial statements.

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
RECONCILIATION OF FUND BALANCE TO THE STATEMENT OF NET POSITION
For The Year Ended December 31, 2025

TOTAL FUND BALANCE - MODIFIED ACCRUAL BASIS	\$ 5,545,334
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Amounts reported in the statement of net position are different because:

Net Pension asset (liability)	(103,310)
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Capital assets are not financial resources and are not reported in the funds	541,489
--	---------

Deferred outflows of resources-pension related to change in assumptions	79,388
---	--------

Deferred outflows of resources-pension difference between projected and actual investment earnings	(102,801)
--	-----------

Deferred outflows of resources-pension differences related to differences in expected and actual experience	8,322
---	-------

Accumulated employee leave benefits are not due and payable in the current period and therefore are not reported in the funds	<u>(9,600)</u>
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TOTAL NET POSITION - FULL ACCRUAL BASIS	<u><u>\$ 5,958,822</u></u>
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See accompanying notes to financial statements.

CHESTERFIELD TOWNSHIP LIBRARY
 Chesterfield, Michigan
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For The Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<u>REVENUES:</u>		
Property taxes	\$ 1,382,339	\$ 1,301,901
Penal fines	21,960	25,392
State aid	49,298	46,309
Local Community Stabilization	31,515	31,131
Charges, fees, and fines	14,250	14,124
Interest and investment earnings	188,351	240,919
Donations	35,418	17,254
Grants and reimbursements	15,729	17,749
Miscellaneous	27,202	12,910
Total Revenues	\$ 1,766,062	\$ 1,707,689
<u>EXPENDITURES:</u>		
Salaries and wages	\$ 701,777	\$ 669,666
Benefits	222,393	191,919
Supplies	23,128	24,831
Contractual services	260,578	290,814
Insurance	17,625	11,747
Utilities	34,436	33,962
Maintenance	375	1,184
Lease	121,500	120,000
Miscellaneous	11,612	13,377
Capital outlay	274,060	117,240
Total Expenditures	\$ 1,667,484	\$ 1,474,740
EXCESS OF REVENUES OVER EXPENDITURES	\$ 98,578	\$ 232,949
FUND BALANCE - JANUARY 1	5,446,756	5,213,807
FUND BALANCE - DECEMBER 31	\$ 5,545,334	\$ 5,446,756

See accompanying notes to financial statements.

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2025

NET CHANGE IN FUND BALANCE - MODIFIED ACCRUAL BASIS \$ 98,578

Amounts reported in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense.

Depreciation expense	\$ (111,299)	
Capital outlay - in excess of \$2,000	<u>124,176</u>	
Total		12,877

Change in deferred outflows/inflows of resources related to pension (157,869)

Change in net pension asset (liability) 99,067

Expenses for employee leave benefits are recorded when earned in the statement of activities:

Reversal of employee leave benefits earned prior to 2024	\$ 9,600
2024 earned employee leave benefits	<u>(9,600)</u>

Total Effect of Employee Leave Benefits -

CHANGE IN NET POSITION - FULL ACCRUAL BASIS \$ 52,653

See accompanying notes to financial statements.

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
NOTES TO FINANCIAL STATEMENTS
December 31, 2025

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Chesterfield Township Library (the "Library") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

A. GOVERNMENTAL REPORTING ENTITY

The Library is located in the Charter Township of Chesterfield, Michigan and is governed by an elected six-member board. The Library was formed under P.A. 164 of 1877 and remains a fund of the Township. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board and include only the results of operations of the Library.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The statement of net position includes and recognizes all long-term assets and receivables as well as long-term debt and obligations. The Library's net position is reported in three parts - invested in capital assets, net of related debt; restricted; and unrestricted net position.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to library patrons who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues, and are reported instead as general revenue.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Library reports all of its activities in a single fund on the modified accrual basis.

(Continued)

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
December 31, 2025

C. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND FUND BALANCE

Cash and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are reported at fair value.

Receivables and Payables – Property taxes receivable represent uncollected property taxes levied on December 1, 2025.

Chesterfield Township property tax is levied on each December 1st on the taxable value of property (as defined by state statutes) located in the Township.

Although the Library's 2025 property tax is levied and collectible on December 1, 2025, it is the Library's policy to recognize revenue from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2025 taxable valuation of the Township totals approximately \$2.4 billion, on which ad valorem taxes levied consisted of .5985 mills for Library operations, raising \$1,456,639 for Library operating purposes. This amount is recognized in the financial statements as taxes receivable with an offsetting credit to deferred inflows of resources.

Capital Assets – Capital assets are defined by the Library as assets with an initial cost of more than \$2,000 and an estimated useful life in excess of two years. Due to the significance of the Library's annual acquisition of Library books and materials and the shelf life on most materials extended beyond two years, annual acquisitions of books and materials are treated as capitalized assets in order to spread their cost over their estimated useful life. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Furniture and equipment	5-20 years
Improvements	25 years
Library books and materials	7 years
Lease-right to use-building	6 years

Deferred Outflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources are reported in the government-wide financial statements for pension related items.

Unearned Revenue – Governmental funds defer the recognition of revenue in connection with resources that have been received but not yet earned. At the end of the fiscal year, all unearned revenue of the Library related entirely to grants and donations.

Compensated Absences – Employees of the Library earn leave benefits on an annual basis. Employees are required to use a portion of the leave each year and are allowed to carryover amounts with some restrictions. A liability for annual leave benefits has been accrued in the government-wide financial statements.

Deferred Inflows of Resources – In addition to liabilities, the statement of net position and governmental funds 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 and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting from property taxes levied for a subsequent period and for restricted contributions which are unavailable until future periods. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide financial statements for property taxes levied during the year that were intended to finance future periods.

(Continued)

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
December 31, 2025

C. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND FUND BALANCE (Continued)

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

Fund Balance – In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represents tentative management plans that are subjective to change. Management's authority to create these assignments are established by the Board. When an expense is incurred for purposes for which both restricted and unrestricted fund balances are available, the Library's policy is to first apply unrestricted resources. When an expense is incurred for which restricted, assigned, and unassigned fund balances are available, the Library's policy is to use unassigned fund balance first.

Assigned fund balance is intended for the following purpose:

General Fund	\$ 194,754	Subsequent year budget
	632,914	Building Fund
	75,000	Retirement Reserved Fund
	505,363	Tobin-Grow Fund
	<u>2,634,755</u>	Merle P. Davies Fund
	<u>\$4,042,786</u>	

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETS

An annual operating budget on the modified accrual basis of accounting consistent with generally accepted accounting principles is formally adopted for the Library. The budget can be amended by approval of the majority of the Board of Trustees. Amendments are presented to the Board at their regular meetings. All annual appropriations lapse at fiscal year end.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year ended December 31, 2025, the Library did not incur expenditures in excess of the amounts appropriated.

III. DETAILED NOTES

A. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Library to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. 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; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

(Continued)

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
December 31, 2025

A. DEPOSITS AND INVESTMENTS (Continued)

The investment policy adopted by the Library in accordance with Public Act 20 of 1943 (as amended) authorizes investments in U.S. Treasuries, U.S. Agencies, instrumentalities, certificates of deposit, commercial paper (meeting certain rating and maturity requirements), investment pools and mutual funds.

At year-end the Library's deposits and investments were reported in the basic financial statements in the following categories:

Cash and cash equivalents	\$ 365,953
Investments	<u>5,190,781</u>
Total	<u><u>\$ 5,556,734</u></u>

The breakdown between deposits and investments is as follows:

Bank deposits (checking and savings accounts)	\$ 365,953
Investments in certificates of deposit	313,089
Investments in securities, mutual funds, etc	<u>4,877,692</u>
Total	<u><u>\$ 5,556,734</u></u>

The Library's cash and investments are subject to several types of risk, which are examined in more detail below:

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, bank deposits reflected in the accounts of the bank at \$679,356 were covered by federal depository insurance up to \$250,000. The Library believes that due to dollar amounts of cash deposits and the limits of FDIC insurance, it is not always practical to insure all bank deposits. As a result, the Library evaluates each financial institution it deposits Library funds with and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Credit Risk - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law limits investments in commercial paper to the top two ratings. The Library's investment policy does not place additional limitations relating to credit risk.

Fair Value Measurement - 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 asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At year end the Library held the following investments:

	<u>FAIR VALUE</u>	<u>CLASSIFICATION</u>	<u>RATING</u>
Ameriprise	\$ 1,326,991	Level 1	Not Rated
Comerica Investment Fund	\$ 1,564,040	Level 1	Not Rated
Michigan Class	\$ 1,986,661	Level 1	Not Rated

(Continued)

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
December 31, 2025

B. CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2025 follows:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>ENDING BALANCE</u>
<u>NON-DEPRECIABLE ASSETS:</u>				
Land	\$ 118,125	\$ -	\$ -	\$ 118,125
<u>CAPITAL ASSETS BEING DEPRECIATED:</u>				
Improvements	\$ 259,055	\$ -	\$ -	\$ 259,055
Lease-right to use-building	560,626	65,257	-	625,883
Equipment	112,590	35,154	-	147,744
Furniture and fixtures	73,439	-	-	73,439
Library books and material	779,755	89,022	89,436	779,341
Total Depreciable Assets	<u>\$ 1,785,465</u>	<u>\$ 189,433</u>	<u>\$ 89,436</u>	<u>\$ 1,885,462</u>
Total Assets	\$ 1,903,590	\$ 189,433	\$ 89,436	\$ 2,003,587
Accumulated depreciation	<u>(814,352)</u>	<u>(111,299)</u>	<u>(89,436)</u>	<u>(836,215)</u>
Net Book Value	<u>\$ 1,089,238</u>	<u>\$ 78,134</u>	<u>\$ -</u>	<u>\$ 1,167,372</u>

C. LEASES

The Library leases its current facility under an operating lease dated April 23, 2005 which has been extended through August 14, 2030. Monthly rent payments vary per year. The Library is also responsible for insurance and utilities. Rent expense for the year ended December 31, 2025 was \$121,500.

The future minimum annual lease expense under this agreement is as follows:

2026	\$ 125,145
2027	128,898
2028	132,764
2029	136,750
2030	81,151

Based on GASB Statement No. 87, lease payments per the existing lease extension and anticipated payments per a new 5 year extension have been capitalized in the amount of \$625,883 and reflected in the Statement of Net Position. An equal amount has been reported as a lease liability.

(Continued)

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
December 31, 2025

IV. DEFERRED COMPENSATION PLAN

The Library has adopted a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or financial hardship.

The assets of the plan are held in trust as described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries and may not be diverted to any other use. In accordance with generally accepted accounting principles, the plan assets and activities are not reflected in the Library's financial statements.

V. DEFINED BENEFIT PENSION PLAN

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

Benefits Provided – Retirement benefits for employees are calculated as 2.25 percent of the employee's final five-year average salary times the employee's years of service. Normal retirement age is 60 with early retirement at 55 with 15 years of service. Vesting period is six years.

Employees Covered by Benefit Terms – At the December 31, 2023, valuation date, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	6
Inactive employees entitled to but not yet receiving benefits	4
Active employees	9
	<u>19</u>

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

Net Pension Liability – The employer's net pension liability was measured as of December 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of December 31, 2024 and rolled forward to December 31, 2025.

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

Inflation: 2.5%
Salary increases: 3.00% in the long-term.
Investment rate of return: 6.93%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2013-2018.

(Continued)

CHESTERFIELD TOWNSHIP LIBRARY
 Chesterfield, Michigan
 NOTES TO FINANCIAL STATEMENTS, CONTINUED
 December 31, 2025

V. DEFINED BENEFIT PENSION PLAN (Continued)

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

ASSET CLASS	TARGET ALLOCATION	TARGET ALLOCATION GROSS RATE OF RETURN	LONG-TERM EXPECTED GROSS RATE OF RETURN	INFLATION ASSUMPTION	LONG-TERM EXPECTED REAL RATE OF RETURN
Global Equity	60.00%	7.00%	4.20%	2.50%	2.70%
Global Fixed Income	20.00%	4.66%	0.93%	2.50%	0.43%
Private Investments	20.00%	9.00%	1.80%	2.50%	1.30%
Total	100.00%		6.93%		4.43%

Discount Rate – The discount rate used to measure the total pension liability is 6.93%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

CHANGES IN NET PENSION LIABILITY (ASSET)	INCREASE (DECREASE)		
	TOTAL PENSION LIABILITY	PLAN NET POSITION	NET PENSION LIABILITY (ASSET)
BALANCE AT DECEMBER 31, 2023	\$ 2,369,425	\$ 2,167,048	\$ 202,377
Service cost	\$ 77,320	\$ -	\$ 77,320
Interest	170,061	-	170,061
Difference between expected and actual experience	70,643	-	70,643
Changes in assumptions	(3,778)	-	(3,778)
Contributions - Employer	-	63,816	(63,816)
Contributions - Employee	-	23,030	(23,030)
Net investment income	-	334,551	(334,551)
Benefit payments, including refunds	(124,826)	(124,826)	-
Administrative expenses and other	3,688	(4,396)	8,084
NET CHANGES	\$ 193,108	\$ 292,175	\$ (99,067)
BALANCE AT DECEMBER 31, 2024	\$ 2,562,533	\$ 2,459,223	\$ 103,310

(Continued)

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
December 31, 2025

V. DEFINED BENEFIT PENSION PLAN (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the employer, calculated using the discount rate of 7.18 percent, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.18 percent) or 1 percentage point higher (8.18 percent) than the current rate:

	<u>1% DECREASE</u>	<u>CURRENT</u>	<u>1% INCREASE</u>
	<u>(6.18%)</u>	<u>DISCOUNT RATE</u>	<u>(8.18%)</u>
		<u>(7.18%)</u>	
Net Pension Liability (Asset) of the Library	\$ 307,361	\$ -	\$ (256,296)

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended 12/31/25 the employer recognized pension expense of \$162,244. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>DEFERRED</u>	<u>DEFERRED</u>
	<u>OUTFLOWS</u>	<u>INFLOWS</u>
	<u>OF RESOURCES</u>	<u>OF RESOURCES</u>
Investment returns	\$ -	\$ 102,801
Changes in assumptions	8,324	-
Differences in experience	<u>79,388</u>	<u>-</u>
Total	<u>\$ 87,712</u>	<u>\$ 102,801</u>

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

2026	\$ 45,919
2027	(27,883)
2028	(10,702)
2029	<u>(22,423)</u>
Total	<u>\$ (15,089)</u>

(Continued)

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
NOTES TO FINANCIAL STATEMENTS, CONTINUED
December 31, 2025

VI. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The Library has created the Chesterfield Township Library Retiree Welfare Benefits Plan. The Plan is administered by ICMA Retirement Corporation and is a defined contribution plan. The Plan has been established to reimburse the eligible retirees of the employer for medical and dental expenses incurred by them, their spouses and dependents. All full-time employees are required to contribute 2% of gross wages to the Plan. Employer contributions are discretionary and will be determined each Plan year. For the year ended December 31, 2025, employer contributions totaled \$13,150 and employee contributions totaled \$10,291.

The Library has also entered into a "Retirement Payment Agreement" with a former Executive Director of the Library. The Agreement calls for monthly payments representing reimbursement of certain health care insurance costs. The payments will continue for the life of the former Executive Director. An actuarial analysis of the present value of these benefits has not been conducted. For the year ended December 31, 2025, the Library incurred \$9,116 in expenditures related to this Agreement.

VII. 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 these claims. Settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

VIII. PRIOR YEAR INFORMATION

The financial statements include certain prior year summarized comparative financial information in total but not in such detail to compare to the information presented for the current year. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Library's financial statements for the year ended December 31, 2023, from which the summarized information was derived.

IX. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through June 30, 2026, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
BUDGETARY COMPARISON SCHEDULE
For The Year Ended December 31, 2025

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>AMOUNTS</u>	<u>FINAL BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
<u>REVENUES:</u>				
Property taxes	\$ 1,392,738	\$ 1,384,442	\$ 1,382,339	\$ (2,103)
Penal fines	25,000	25,000	21,960	(3,040)
State aid	48,500	48,500	49,298	798
Local Community Stabilization	30,000	31,515	31,515	-
Charges, fees and fines	2,205	8,905	14,250	5,345
Interest and investment earnings	200,000	200,000	188,351	(11,649)
Donations	13,240	31,970	35,418	3,448
Miscellaneous	22,909	24,202	42,931	18,729
Total Revenues	<u>\$ 1,734,592</u>	<u>\$ 1,754,534</u>	<u>\$ 1,766,062</u>	<u>\$ 11,528</u>
<u>EXPENDITURES:</u>				
Salaries and wages	\$ 735,000	\$ 709,408	\$ 701,777	\$ 7,631
Benefits	229,625	235,445	222,393	13,052
Supplies	52,500	31,100	23,128	7,972
Contractual services	253,055	273,926	260,578	13,348
Insurance	12,000	17,700	17,625	75
Utilities	38,600	40,100	34,436	5,664
Maintenance	2,500	2,500	375	2,125
Lease	120,000	121,501	121,500	1
Miscellaneous	11,500	16,000	11,612	4,388
Capital outlay	290,730	298,330	274,060	24,270
Total Expenditures	<u>\$ 1,745,510</u>	<u>\$ 1,746,010</u>	<u>\$ 1,667,484</u>	<u>\$ 78,526</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (10,918)</u>	<u>\$ 8,524</u>	<u>\$ 98,578</u>	<u>\$ 90,054</u>

See accompanying notes to financial statements.

BUSS & COMPANY, P.C.

 CERTIFIED PUBLIC ACCOUNTANTS
 CLINTON TOWNSHIP, MICHIGAN

Schedule No. 2

CHESTERFIELD TOWNSHIP LIBRARY
 Chesterfield, Michigan
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION LIABILITY
AND RELATED RATIOS

	12/31/2025	12/31/2024	12/31/2023	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16
TOTAL PENSION LIABILITY:										
Service cost	\$ 77,320	\$ 75,666	\$ 70,973	\$ 54,323	\$ 51,313	\$ 44,150	\$ 38,078	\$ 29,661	\$ 20,968	\$ 36,876
Interest	170,061	156,780	149,504	135,979	125,255	114,595	105,455	98,796	94,426	91,317
Difference between actual and expected experience	70,643	46,328	(12,309)	10,252	39,902	87,670	52,523	27,641	4,859	(30,862)
Changes in assumptions	(3,778)	18,911	-	80,202	98,447	49,507	-	-	-	56,429
Benefit payments including employee refunds	(124,826)	(118,120)	(98,471)	(84,094)	(75,267)	(75,267)	(75,267)	(75,267)	(82,063)	(21,403)
Other	3,688	6,146	(1,858)	(11,240)	(9,267)	(8,585)	(9,576)	(1,793)	8,688	(20,622)
NET CHANGE IN TOTAL PENSION LIABILITY	193,108	\$ 185,711	\$ 107,839	\$ 185,422	\$ 230,383	\$ 212,070	\$ 111,213	\$ 79,038	\$ 46,878	\$ 111,735
TOTAL PENSION LIABILITY - BEGINNING	2,369,425	2,183,714	2,075,875	1,890,453	1,660,070	1,448,000	1,336,787	1,257,749	1,210,871	1,099,136
TOTAL PENSION LIABILITY - ENDING	2,562,533	\$ 2,369,425	\$ 2,183,714	\$ 2,075,875	\$ 1,890,453	\$ 1,660,070	\$ 1,448,000	\$ 1,336,787	\$ 1,257,749	\$ 1,210,871
PLAN FIDUCIARY NET POSITION:										
Contributions - Employer	\$ 63,816	\$ 52,290	\$ 55,367	\$ 110,911	\$ 33,620	\$ 44,779	\$ 27,813	\$ 58,061	\$ 25,388	\$ 41,520
Contributions - Employee	23,030	21,160	21,740	17,976	12,608	11,347	10,430	9,739	8,614	10,404
Net investment income	334,551	154,343	209,312	(212,519)	257,278	210,479	200,297	(60,539)	185,496	143,584
Benefit payments including employee refunds	(124,826)	(118,120)	(98,471)	(84,094)	(75,267)	(75,267)	(75,267)	(75,267)	(82,063)	(21,403)
Administrative expense	(4,396)	(4,583)	(4,440)	(3,843)	(2,952)	(3,304)	(3,451)	(2,998)	(2,940)	(2,832)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	292,175	\$ 105,090	\$ 183,508	\$ (171,569)	\$ 225,287	\$ 188,034	\$ 159,822	\$ (71,004)	\$ 134,495	\$ 171,273
PLAN FIDUCIARY NET POSITION - BEGINNING	2,167,048	2,061,958	1,878,450	2,050,019	1,824,732	1,636,698	1,476,876	1,547,880	1,413,385	1,242,112
PLAN FIDUCIARY NET POSITION - ENDING	\$ 2,459,223	\$ 2,167,048	\$ 2,061,958	\$ 1,878,450	\$ 2,050,019	\$ 1,824,732	\$ 1,636,698	\$ 1,476,876	\$ 1,547,880	\$ 1,413,385
EMPLOYER NET PENSION LIABILITY (ASSET)	\$ 103,310	\$ 202,377	\$ 121,756	\$ 197,425	\$ (159,566)	\$ (164,662)	\$ (188,698)	\$ (140,089)	\$ (290,131)	\$ (202,514)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	96%	91%	94%	90%	108%	110%	113%	110%	123%	117%
COVERED EMPLOYEE PAYROLL (FROM GASB 68 ACTUARIAL PAGE)	\$ 508,509	\$ 538,578	\$ 523,598	\$ 420,248	\$ 408,010	\$ 347,664	\$ 321,943	\$ 255,713	\$ 181,097	\$ 326,921
EMPLOYER'S NET PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	19%	38%	23%	47%	(39%)	(47%)	(59%)	(55%)	(160%)	(62%)

See accompanying notes to financial statements.

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS

Schedule No. 3

	<u>12/31/2025</u>	<u>12/31/24</u>	<u>12/31/23</u>	<u>12/31/22</u>	<u>12/31/21</u>	<u>12/31/20</u>	<u>12/31/19</u>	<u>12/31/18</u>	<u>12/31/17</u>	<u>12/31/16</u>
ACTUARIAL DETERMINED CONTRIBUTIONS	\$ 64,452	\$ 55,608	\$ 49,752	\$ 51,192	\$ 29,292	\$ 7,692	\$ -	\$ -	\$ -	\$ -
CONTRIBUTIONS IN RELATION TO THE ACTUARIALLY DETERMINED CONTRIBUTION	<u>63,816</u>	<u>52,290</u>	<u>55,368</u>	<u>110,911</u>	<u>33,620</u>	<u>44,779</u>	<u>27,813</u>	<u>58,061</u>	<u>25,388</u>	<u>41,520</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>\$ 636</u>	<u>\$ 3,318</u>	<u>\$ (5,616)</u>	<u>\$ (59,719)</u>	<u>\$ (4,328)</u>	<u>\$ (37,087)</u>	<u>\$ (27,813)</u>	<u>\$ (58,061)</u>	<u>\$ (25,388)</u>	<u>\$ (41,520)</u>
COVERED EMPLOYEE PAYROLL	\$ 538,509	\$ 538,578	\$ 523,598	\$ 420,248	\$ 408,010	\$ 347,664	\$ 321,943	\$ 255,713	\$ 181,097	\$ 326,921
CONTRIBUTIONS AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL	12%	10%	11%	26%	8%	13%	9%	23%	14%	13%

See accompanying notes to financial statements.

CHESTERFIELD TOWNSHIP LIBRARY
Chesterfield, Michigan
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION
December 31, 2025

DEFINED BENEFIT PENSION PLAN

Changes of benefits terms – There were no changes of benefit terms during plan year 2025.

Changes in assumption – Changes to the demographic assumptions relating to mortality, retirement, disability, and termination rates.