

KENT DISTRICT LIBRARY

REPORT ON FINANCIAL STATEMENTS
(with required supplementary information)

YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Kent District Library

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Kent District Library 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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Kent District 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 have conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Kent District Library, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kent District 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 GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 Kent District 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kent District 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 the other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Maney Costeiran PC

Lansing, Michigan
June 15, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Kent District Library (the Library), we offer readers of the Kent District Library's financial statements this narrative overview and analysis of the financial activities of the Kent District Library for the fiscal year ended December 31, 2025.

FINANCIAL HIGHLIGHTS

Governmental-Wide

- The assets and deferred outflows of the Library exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$21,353,562 (net position). Of this amount, \$12,383,394 (unrestricted net position) may be used to meet the Library's ongoing obligations to citizens and creditors.
- The Library's total net position decreased by \$6,818,281.

Fund-Level

Governmental Fund

- As of the close of the 2025 fiscal year, the Library's governmental funds reported ending fund balance of \$13,322,761, an increase of \$2,253,393 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$9,344,169 or 32% of total general fund expenditures, which exceeds the parameters of the Kent District Library Board's fund balance minimum of 15% to 20% of expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Library's basic financial statements. The Library's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Library's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Library's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Library is improving or deteriorating.

The *statement of activities* presents information showing how the Library's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused compensated absences).

The government-wide financial statements can be found on pages 13 and 14 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Library uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Library can be divided into two categories: governmental funds or fiduciary funds.

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

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

The Library maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund which is considered a major fund.

The Library adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund in the required supplementary information.

The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Library's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 19 and 20 of this report.

Notes to the Financial Statements. The notes provide supplementary information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 through 42 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Library's progress in funding its obligation to provide retirement benefits to its employees and the general fund budget on pages 44 through 48.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Library, assets and deferred outflows of resources exceeded liabilities and deferred inflow of resources by \$21,353,562 at the close of the most recent fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

\$7,502,719 of the Library's net position (35%) reflects its investment in capital assets (e.g., library books, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The Library uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

Kent District Library's Net Position

	Governmental Activities	
	2025	2024
ASSETS		
Current assets	\$ 43,471,007	\$ 40,252,871
Net pension assets	-	7,520,162
Capital assets, net	7,518,535	8,787,528
TOTAL ASSETS	50,989,542	56,560,561
DEFERRED OUTFLOWS OF RESOURCES	4,420,625	1,504,673
LIABILITIES		
Long-term liabilities	917,800	851,586
Net pension liability	1,811,613	-
Other liabilities	936,252	1,275,986
TOTAL LIABILITIES	3,665,665	2,127,572
DEFERRED INFLOW OF RESOURCES	30,390,940	27,765,819
NET POSITION		
Net investment in capital assets	7,502,719	8,725,788
Restricted contributions	1,467,449	981,355
Restricted for pension	-	7,520,162
Unrestricted	12,383,394	10,944,538
TOTAL NET POSITION	\$ 21,353,562	\$ 28,171,843

The unrestricted net position of \$12,383,394 may be used to meet the Library's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Library is able to report positive balances in all categories of net position for its governmental activities.

The Library's net position decreased by \$6,818,281 during the current fiscal year. The majority of the decrease can be attributed to pension and related adjustments based on actuarial valuations which resulted in a net pension asset in the current year compared to a net pension liability in the prior year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Activities. Governmental activities decreased the Library's net position by \$6,818,281. Key elements are as follows:

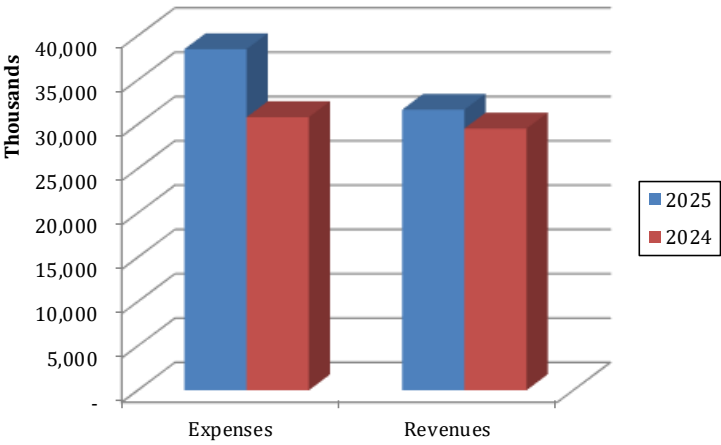
Kent District Library's Changes in Net Position

	Governmental Activities	
	2025	2024
REVENUES		
Program revenues		
Charges for services	\$ 97,654	\$ 39,797
General revenues		
Property taxes	27,720,461	25,569,883
Penal fines	692,533	692,190
State aid	1,019,788	1,029,095
Investment earnings	1,070,182	959,180
Other	1,043,506	1,225,065
	<u>31,644,124</u>	<u>29,515,210</u>
TOTAL REVENUES		
EXPENSES		
Library services	<u>38,462,405</u>	<u>30,806,152</u>
Change in net position	(6,818,281)	(1,290,942)
Net position, beginning of year	<u>28,171,843</u>	<u>29,462,785</u>
Net position, end of year	<u><u>\$ 21,353,562</u></u>	<u><u>\$ 28,171,843</u></u>

- Overall government activities revenue increased \$2,128,914 from the prior year. The majority of the increase is due to an increase in property taxes of \$2,150,578 (8.4%) due to an increase in tax base of 8.8%.
- Governmental expenses increased \$7,656,253. The increase can primarily be attributed to an increase in pension expense related to current year activity from actuarial valuation.

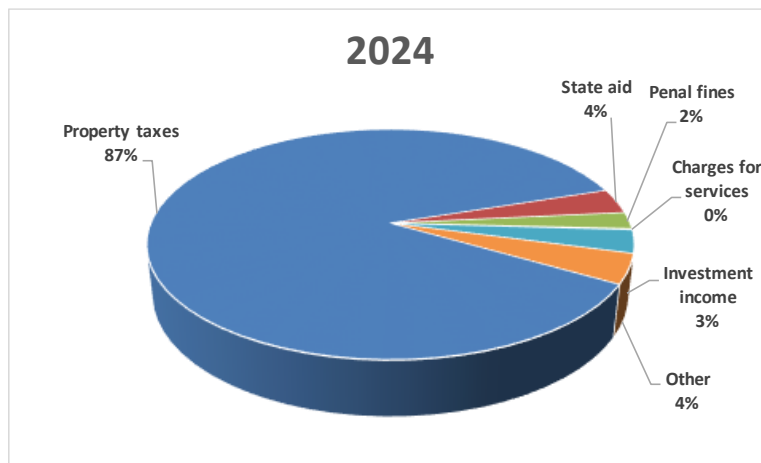
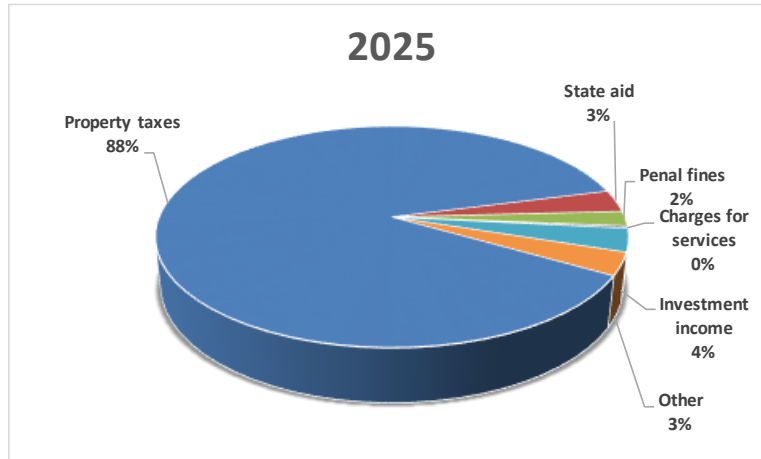
MANAGEMENT’S DISCUSSION AND ANALYSIS

**KENT DISTRICT LIBRARY
EXPENSES AND REVENUES - GOVERNMENTAL ACTIVITIES
DECEMBER 31,**



MANAGEMENT'S DISCUSSION AND ANALYSIS

KENT DISTRICT LIBRARY REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES DECEMBER 31,



MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the Library's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Library's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Library's governmental fund reported an ending fund balance of \$13,322,761 an increase of \$2,253,393 in comparison with the prior year. Approximately 70% of this total amount (\$9,344,169) constitutes *unassigned*, which is available for spending at the Library's discretion. The remainder of fund balance is restricted, non-spendable, committed, or assigned to indicate that it is not available for new spending because it has already been restricted to 1) donations (\$1,467,449), committed to 2) future healthcare expenditures (\$520,110), nonspendable 3) for prepaid expenses (\$747,658), or assigned 4) for scholarships (\$179,476) and subsequent years' expenditures (\$1,063,899).

The general fund is the chief operating fund of the Library. At the end of the current fiscal year, unassigned fund balance of the general fund was \$9,344,169, while total fund balance was \$13,322,761. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 32% of total general fund expenditures, while total fund balance represents 45% of that same amount.

The fund balance of the Library's general fund increased by \$2,253,393 during fiscal year 2025. The key factors in this increase is as follows:

- Increased property tax revenue of \$2,150,578.

Capital Asset and Debt Administration

Capital Assets. The Library's investment in capital assets for its governmental activities as of December 31, 2025, amounts to \$7,518,535 (net of accumulated depreciation/amortization). This investment in capital assets includes library books and materials, furniture, and equipment, and building and building improvements.

Major capital asset events during the current fiscal year included the following:

- New library books and materials
- Library equipment and information technology
- Expiration of right of use assets
- New HVAC controls

MANAGEMENT'S DISCUSSION AND ANALYSIS

Kent District Library's Capital Assets **(Net of Depreciation/Amortization)**

	Governmental Activities	
	2025	2024
Buildings	\$ -	\$ 42,178
Building improvements	1,520,036	1,685,291
Land improvements	342,858	386,143
Library books and materials	3,998,968	4,526,887
Vehicles	45,156	91,923
Furniture and equipment	720,943	965,531
Land	440,000	440,000
Construction in progress	-	184,050
Information technology	273,257	159,194
Right to use - equipment	-	29,027
Right to use - subscription based IT arrangements	177,317	277,304
	<u>\$ 7,518,535</u>	<u>\$ 8,787,528</u>

Additional information on the Library's capital assets can be found in the notes of this report.

Long-Term Debt. At the end of the current fiscal year, the Library had total obligations outstanding of \$917,800. This represents compensated absences earned but not used as of year-end and lease payable.

Kent District Library's Outstanding Debt

	Governmental Activities	
	2025	2024
Compensated absences	\$ 901,984	\$ 789,846
Direct Borrowing and Direct Placement	15,816	61,740
	<u>\$ 917,800</u>	<u>\$ 851,586</u>

The Library's total obligations increased by \$66,214 (7.8%) during the current fiscal year.

Additional information on the Library's long-term debt can be found in the notes of this report.

Economic Factors and Next Year's Budgets and Rates

Kent District 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 projected expenditures to exceed revenues in 2026 by \$1,063,899. The Library has a corresponding assigned fund balance to cover this deficit in the budget for the fiscal year 2026 that will support the Library's activities and programs. The taxpayers in the Library's service area renewed the systems operating millage for the next 15 years to support Library operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Requests for Information

This financial report is designed to provide a general overview of the Library's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Kent District Library, 814 W. River Center NE, Comstock Park, MI 49321.

BASIC FINANCIAL STATEMENTS

**KENT DISTRICT LIBRARY
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 597,257
Investments	14,615,511
Receivables	
Accounts	114,097
Taxes	27,396,484
Prepaid expenditures	747,658
Capital assets, not being depreciated/amortized	440,000
Capital assets, net of accumulated depreciation/amortization	<u>7,078,535</u>
 TOTAL ASSETS	 <u>50,989,542</u>
 DEFERRED OUTFLOW OF RESOURCES	
Pension related items	<u>4,420,625</u>
 LIABILITIES	
Accounts payable	698,321
Accrued payroll, taxes and withholding	237,931
Noncurrent liabilities	
Due within one year	376,610
Due in more than one year	541,190
Net pension liability	<u>1,811,613</u>
 TOTAL LIABILITIES	 <u>3,665,665</u>
 DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	29,139,951
Pension related items	<u>1,250,989</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>30,390,940</u>
 NET POSITION	
Net investment in capital assets	7,502,719
Restricted - contributions	1,467,449
Unrestricted	<u>12,383,394</u>
 TOTAL NET POSITION	 <u><u>\$ 21,353,562</u></u>

See notes to financial statements.

**KENT DISTRICT LIBRARY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

Functions/Programs	Expenses	Program Revenues Charges for Services	Net (Expense) Revenue and Changes in Net Position
Governmental activities			
Recreation and culture			
Library	\$ 38,462,405	\$ 97,654	\$ (38,364,751)
General revenues			
Taxes			
Property taxes, levied for general purposes			27,720,461
Penal fines			692,533
State sources			1,019,788
Investment earnings			1,070,182
Other			1,043,506
		Total general revenues	31,546,470
		Change in net position	(6,818,281)
		Net position, beginning of year	28,171,843
		Net position, end of year	\$ 21,353,562

See notes to financial statements.

**KENT DISTRICT LIBRARY
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2025**

	<u>General</u>
ASSETS	
Cash	\$ 597,257
Investments	14,615,511
Receivables	
Accounts	114,097
Taxes	27,396,484
Prepaid expenditures	<u>747,658</u>
TOTAL ASSETS	<u><u>\$ 43,471,007</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 698,321
Accrued payroll, taxes and withholding	<u>237,931</u>
TOTAL LIABILITIES	<u>936,252</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - USF funds	72,043
Unavailable revenue - property taxes	<u>29,139,951</u>
TOTAL DEFERRED INFLOWS	<u>29,211,994</u>
FUND BALANCE	
Nonspendable - prepaid expenditures	747,658
Restricted - donations	1,467,449
Committed - capital projects	520,110
Assigned - scholarships	179,476
Assigned - subsequent years' expenditures	1,063,899
Unassigned	<u>9,344,169</u>
TOTAL FUND BALANCE	<u>13,322,761</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u><u>\$ 43,471,007</u></u>

See notes to financial statements.

**KENT DISTRICT LIBRARY
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025**

Total governmental fund balances	<u>\$ 13,322,761</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Deferred outflows of resources - related to pension	4,420,625
Deferred inflows of resources - related to pension	(1,250,989)
Net pension liability	(1,811,613)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets not being depreciated/amortized	440,000
Capital assets being depreciated/amortization, net	<u>7,078,535</u>
	<u>7,518,535</u>
Other long-term assets that are not available to pay for current period expenditures and, therefore, are unavailable in the funds:	
USF funds	<u>72,043</u>
Long-term liabilities are not due and payable in the current period and are therefore not reported in the funds.	
Compensated absences payable	(901,984)
Direct borrowing and direct placements	<u>(15,816)</u>
	<u>(917,800)</u>
Net position of governmental activities	<u><u>\$ 21,353,562</u></u>

KENT DISTRICT LIBRARY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2025

	<u>General</u>
REVENUES	
Local sources	
Property taxes	\$ 27,720,461
Penal fines	692,533
Charges for services	48,228
Investment earnings	1,070,182
Public donations	708,573
Other	<u>52,266</u>
Total local sources	30,292,243
State sources	1,069,214
Federal sources	<u>352,322</u>
TOTAL REVENUES	<u>31,713,779</u>
EXPENDITURES	
Current	
Recreation and culture	
Salaries and wages	14,371,109
Employee benefits	4,072,140
Collections	
Digital	3,144,012
Physical	1,718,679
Supplies	607,170
Contractual services	1,806,770
Programming and outreach	445,804
Maintenance and utilities	2,108,630
Staff and board development	209,149
Other	430,375
Capital outlay	498,154
Debt service	
Principal	45,924
Interest	<u>2,470</u>
TOTAL EXPENDITURES	<u>29,460,386</u>
NET CHANGE IN FUND BALANCE	2,253,393
FUND BALANCE, beginning of year	<u>11,069,368</u>
FUND BALANCE, end of year	<u><u>\$ 13,322,761</u></u>

See notes to financial statements.

**KENT DISTRICT LIBRARY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

Net Change in Fund Balances - Total Governmental Funds \$ 2,253,393

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation/amortization:

Depreciation/amortization expense	(3,063,503)
Capital outlay	1,794,510

The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of the governmental fund. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect on these differences is the treatment of long-term debt and related items and are as follows:

Payments on notes from direct borrowings and direct placements	45,924
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Compensated absences are reported on the accrual method in the statement of activities, and reported as an expenditure when financial resources are used in the governmental funds:

Accrued compensated absences, beginning of the year	789,846
Accrued compensated absences, end of the year	(901,984)

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Accrued revenue - USF funds	(69,655)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Pension related items	<u>(7,666,812)</u>
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Change in Net Position of Governmental Activities	<u><u>\$ (6,818,281)</u></u>
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**KENT DISTRICT LIBRARY
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2025**

	Pension Trust Fund
ASSETS	
Investments	\$ 62,974,066
Receivables	
Interest and dividends	<u>35,528</u>
TOTAL ASSETS	<u>63,009,594</u>
LIABILITIES	<u>-</u>
NET POSITION	
Restricted for pension	<u><u>\$ 63,009,594</u></u>

See notes to financial statements.

**KENT DISTRICT LIBRARY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2025**

	Pension Trust Fund
ADDITIONS	
Contributions	
Employer	\$ 68,453
Non-employer	<u>118,857</u>
Total contributions	<u>187,310</u>
Investment income	
Net appreciation	4,815,146
Interest and dividends	<u>998,459</u>
Total investment income	<u>5,813,605</u>
Less investment expense	<u>(57,348)</u>
Total net investment income	<u>5,756,257</u>
TOTAL ADDITIONS	<u>5,943,567</u>
DEDUCTIONS	
Benefits paid to members	3,141,895
Administrative expense	<u>238,649</u>
TOTAL DEDUCTIONS	<u>3,380,544</u>
CHANGE IN NET POSITION	2,563,023
NET POSITION	
Beginning of year	<u>60,446,571</u>
End of year	<u><u>\$ 63,009,594</u></u>

KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. *Governmental activities* are normally supported by taxes and intergovernmental revenues. Kent District Library (the "Library") has no business-type activities.

Reporting Entity

Kent District Library commenced official operations pursuant to Act No. 24 of the Public Acts of 1989 on July 1, 1994, and is governed by a Board of Trustees (the "Board") consisting of eight members, each appointed by the Kent County Board of Commissioners, according to geographic regions. The Board has the authority to levy property taxes, the power to designate management, and the accountability for all fiscal matters, including budget adoption. The Library provides services to the residents of its district and may enter into contracts to provide library services to municipalities outside of its district.

The Library has determined that no entities should be consolidated into its financial statements as component units as defined by Governmental Accounting Standards Board (GASB). Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit includes significant operational or financial relationships with the Library. The Library does have a fiduciary component unit, as detailed below.

Fiduciary Component Unit

The government reports, as a fiduciary component unit, the *pension trust fund*, which accounts for the activities of the Kent District Library Employees' Retirement Plan, which accumulates resources for pension benefit payments to qualified employees. The primary purpose of the Trust is to provide the necessary funding for the retirement benefits provided to eligible Library employees during retirement. The assets of the Trust are for the exclusive benefit of the participants and their beneficiaries, and the assets shall not be diverted to any other purchase prior to the satisfaction of all liabilities. The assets are protected from any of the Library's creditors. Members of the Board of Directors of the Trust include members of the Library Board of Trustees, as well as Library employees. The Library Board has the ability to exercise oversight responsibility, specifically in the area of designation of management.

Basis of Presentation - Government-Wide Financial Statements

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

**KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the Library's funds, including its fiduciary fund. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. Any remaining governmental funds are reported as nonmajor funds. The major individual governmental fund are reported as a separate column in the fund financial statements.

The Library reports the following *Major Governmental Fund*:

The *General Fund* is the Library's primary operating fund. It accounts for all financial resources of the general government. There are no resources required to be accounted for in another fund.

Additionally, the government reports, as a fiduciary fund, the *Pension Trust Fund*, which accounts for the activities of the Kent District Library Employees' Retirement Plan, which accumulates resources for pension benefit payments to qualified employees.

During the course of operations the Library has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

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

Measurement Focus and Basis of Accounting

The government-wide financial statements (the statement of net position and statement of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are 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 revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The fiduciary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund.

The appropriate budget is prepared by fund and function. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the function level.

Appropriations in the budgeted fund lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The Library does not utilize encumbrance accounting.

The budget was amended during the year with supplemental appropriations. The budget was amended prior to December 31, 2025. The Library does not consider the amendments to be significant. Violations, if any, are noted in the required supplementary information sections.

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

Cash and Cash Equivalents

The Library's 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.

**KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Investments

In accordance with Michigan Compiled Laws, the Library is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Receivables

Receivables consist of amounts due to charges for services and other amounts owed to the Library at year-end.

Prepaid Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets, which include furniture, equipment, and library books, are reported in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. The total of books purchased during the year are capitalized and are depreciated over five years. The Library has elected not to capitalize rare books. Fully depreciated books are removed from the asset schedule. Such assets are recorded at historical cost or estimated historical cost if purchased. Donated capital assets are recorded at estimated acquisition cost at the date of donation. Right to use assets of the Library are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Library are depreciated/amortized using the straight-line method over the following estimated useful lives.

Assets	Years
Building	25
Building improvements	10 - 15
Land improvements	15
Vehicles	5
Library books and materials	5
Information technology	5
Furniture and equipment	5
Right to use assets - equipment	2 - 3
Right to use - subscription based IT arrangements	2 - 3

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The Library only has one item that qualifies for reporting in this category. It is pension related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension related items and is expensed in the plan year in which it applies.

In addition to liabilities, the statement of financial position 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 has three items that qualify for reporting in this category. The first relates to property taxes. The governmental funds and the governmental-wide financial statements report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second relates to USF funds, which are recorded at the governmental funds, that are received more than 60 days after year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The third is recognized for pension related items and are amortized over a period determined by the actuary.

**KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Pension

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 Kent District Library Employees' Retirement Plan and additions to/deductions from the Kent District Library Employees' Retirement Plan's fiduciary net position have been determined on the same basis as they are reported. 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.

Leases and Subscription-based Information Technology Arrangements (SBITA)

Lessee/subscriber: The Library is a lessee for a noncancelable lease/subscription of equipment and subscription arrangement. The Library recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide financial statements.

At the commencement of a lease/subscription, the Library initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/SBITA payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/SBITA payments made at or before the lease/SBITA commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases included how the Library determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA term, and (3) lease/SBITA payments.

- The Library uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Library generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITA.
- The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the Library is reasonably certain to exercise.

The Library monitors changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the lease/SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term obligations on the statement of net position.

KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Net Position Flow Assumption

Sometimes the Library will fund outlays for a particular purpose from both restricted (e.g., restricted contributions or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Library's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Policies

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

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

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

The Library has adopted a minimum unassigned fund balance policy, which states that the Library will maintain a minimum unassigned fund balance of 15% of subsequent year's budgeted operational expenses. This minimum fund balance is to protect against cash flow shortfalls related to timing of projected revenue receipts and to maintain a budget stabilization commitment. If the fund balance falls below the minimum 15% level, Library management will replenish shortages/deficiencies by reducing recurring expenditures to eliminate any structural deficit, increase taxes in accordance with law, fees for services, pursue other funding sources, or some combination of the two options.

Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses

Property Taxes

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Library engages other municipalities to bill and collect its own property taxes. Library tax revenues are recognized in the fiscal year following the December 1 levy date. Property taxes levied for the ensuing year's revenue are included in taxes receivable and deferred inflows. Property tax receivables related to delinquent taxes are also deferred unless collected within 60 days of year-end.

Property taxes are levied on each December 1 on the taxable valuation of property 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 2025 tax is levied and collectible on December 1, 2025 and is recognized as revenue in the year ended December 31, 2026, when the proceeds of the levy are budgeted and available for the financing operations. The 2025 taxable value of the Library totaled \$25,445,208,576 (a portion of which is not captured from all jurisdictions), on which taxes of 1.1000 mills are levied for operating purposes.

Compensated Absences

The Library recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

NOTE 2 - DEPOSITS AND INVESTMENTS

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the Library's deposits may not be returned to it. As of December 31, 2025, \$198,070 of the Library's bank balance of \$698,070 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$593,844. The Library also had \$3,413 in cash on hand.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the Library will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require, and the Library does not have, a policy for investment custodial credit risk.

The Library will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the Library will do business.

KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investment type	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury bills, notes, and bonds	\$ 1,190,505	0.1860
Mortgage backed securities	10,523,638	6.2410
Federated Government Obligation	<u>2,901,368</u>	0.0027
Total fair value	<u><u>\$ 14,615,511</u></u>	
Portfolio weighted average maturity		<u><u>4.5094</u></u>

One day maturity equals approximately 0.0027 years.

Credit Risk

State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. All investments held by the Library are either obligations of or obligations explicitly guaranteed by the U.S. government. There is therefore no required disclosure of credit quality.

Concentration of Credit Risk

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

Foreign Currency Risk

The Library is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

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

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

**KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the Library's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Investments that are measured at fair value using net asset per value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

	<u>Level 2</u>
Investments by fair value level	
U.S. Treasury bills, notes, and bonds	\$ 1,190,505
Mortgage backed securities	<u>10,523,638</u>
Total investments by fair value level	<u>11,714,143</u>
Investments at net asset value (NAV)	
Federated Government Obligation	<u>2,901,368</u>
Total investments	<u><u>\$ 14,615,511</u></u>

Investments in Entities that Calculate Net Asset Value Per Share

The Library holds funds in the Federated Government Obligation money market fund, where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. At the year ended December 31, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Federated Government Obligation	<u>\$ 2,901,368</u>	<u>\$ -</u>	No restrictions	None

The cash and investments referred to above have been reported in either the cash or investments captions on the financial statements, based upon criteria disclosed in Note 2.

Cash	\$ 597,257
Investments	<u>14,615,511</u>
Total cash and investments	<u><u>\$ 15,212,768</u></u>

**KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Pension

The Kent District Library's Employees' Retirement Plan (the "Plan") investments are maintained separately from the Library's cash and investments and are subject to separate investment policies and state statutes. Accordingly, the required disclosure for the Plan's deposits and investments are presented separately.

Deposits

The Plan does not maintain any checking or other demand/time deposit accounts.

Investments

The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1985, as amended, authorizes the Plan to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The Plan has the responsibility and authority to oversee the investment portfolio. The Pension Board of Trustees manages the Plan's assets. All investment decisions are subject to Michigan law and the investment policy established by the Plan.

Interest Rate Risk

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

Investment type	Fair Value	Weighted Average Maturity (Years)
U.S. Treasury bills, notes, and bonds	<u>\$ 13,047,178</u>	4.49
Portfolio weighted average maturity		<u>4.49</u>

One day maturity equals approximately 0.0027 years.

**KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The Plan will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Plan's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The Plan's investments are held in a financial institution administered trust fund. Following is a summary of the Plan's investments as of December 31, 2025:

	Fair Value		
	Level 1	Level 2	Total
U.S. Treasury bills, notes, and bonds	\$ -	\$ 13,047,178	\$ 13,047,178
Money market mutual funds	1,117,155	-	1,117,155
Fixed income mutual funds	22,880,379	-	22,880,379
Domestic equity funds	25,929,354	-	25,929,354
Total assets at fair value	<u>\$ 49,926,888</u>	<u>\$ 13,047,178</u>	<u>\$ 62,974,066</u>

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CAPITAL ASSETS

The capital assets for the year ended December 31, 2025, were as follows:

	Balance January 1, 2025	Additions/ Reclassifications	Deletions/ Reclassifications	Balance December 31, 2025
Primary government				
Governmental activities				
Capital assets not being depreciated/amortized				
Land	\$ 440,000	\$ -	\$ -	\$ 440,000
Construction in progress	184,050	19,095	(203,145)	-
Total capital assets, not being depreciated/amortized	624,050	19,095	(203,145)	440,000
Capital assets being depreciated/amortized				
Buildings	2,108,900	-	-	2,108,900
Building improvements	3,538,027	30,956	-	3,568,983
Land improvements	634,520	-	-	634,520
Library books and materials	12,629,041	1,718,679	(2,087,267)	12,260,453
Vehicles	426,025	-	-	426,025
Information technology	3,159,418	223,020	-	3,382,438
Furniture and equipment	2,801,225	5,905	-	2,807,130
Right to use - equipment	474,535	-	(350,513)	124,022
Right to use - subscription based IT arrangements	398,448	-	-	398,448
Total capital assets, being depreciated/amortized	26,170,139	1,978,560	(2,437,780)	25,710,919
Less accumulated depreciation/amortization for				
Buildings	2,066,722	42,178	-	2,108,900
Building improvements	1,852,736	196,211	-	2,048,947
Land improvements	248,377	43,285	-	291,662
Library books and materials	8,102,154	2,246,598	(2,087,267)	8,261,485
Vehicles	334,102	46,767	-	380,869
Information technology	3,000,224	108,957	-	3,109,181
Furniture and equipment	1,835,694	250,493	-	2,086,187
Right to use - equipment	445,508	29,027	(350,513)	124,022
Right to use - subscription based IT arrangements	121,144	99,987	-	221,131
Total accumulated depreciation/amortization	18,006,661	3,063,503	(2,437,780)	18,632,384
Total capital assets, being depreciated/amortized, net	8,163,478	(1,084,943)	-	7,078,535
Total governmental activities, capital assets, net	\$ 8,787,528	\$ (1,065,848)	\$ (203,145)	\$ 7,518,535

Depreciation/amortization expense amounted to \$3,063,503.

**KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - LONG-TERM OBLIGATIONS

Changes in Long-Term Liabilities

The following is a summary of governmental long-term obligations for the Library for the year ended December 31, 2025:

	Notes from Direct Borrowings and Direct Placements	Compensated Absences *	Total
Balance, January 1, 2025	\$ 61,740	\$ 789,846	\$ 851,586
Additions	-	112,138	112,138
Deletions	(45,924)	-	(45,924)
Balance, December 31, 2025	15,816	901,984	917,800
Due within one year	(15,816)	(360,794)	(376,610)
Due in more than one year	\$ -	\$ 541,190	\$ 541,190

*The change in the compensated absences liability is presented as a net change.

Long-term obligations at December 31, 2025 are comprised of the following issues:

Direct Borrowing and Direct Placement

Email protection subscription based information technology arrangement due in an annual installment of \$16,448 on May 31, 2026, with implied interest rate of 4%.

\$ 15,816

Compensated absences

901,984

Total general long-term obligations

\$ 917,800

The Library's outstanding notes from direct borrowings and direct placements related to governmental activities of \$15,816 contains provisions that in an event of default (1) unable to make principal or interest payments (2) false or misrepresentations is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

**KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations outstanding, exclusive of compensated absences payments as of December 31, 2025, are as follows:

Year Ending December 31,	Direct Borrowing and Direct Placement		Compensated Absences	Total
	Principal	Interest		
2026	\$ 15,816	\$ 632	\$ -	\$ 16,448
Compensated absences	-	-	901,984	901,984
	<u>\$ 15,816</u>	<u>\$ 632</u>	<u>\$ 901,984</u>	<u>\$ 918,432</u>

NOTE 5 - PENSION PLANS

Defined Contribution Retirement Plan

The Library's defined benefit retirement plan closed to new employees on December 31, 2009. Following the closure of the defined benefit plan, the Kent District Library Deferred Compensation Plan (the "Plan") was created in accordance with the Internal Revenue Code, Section 457 and was offered to employees hired after December 31, 2009. The Library will match 100% of an employee's contribution up to 7.5% of the employee's wages, and the difference between 7.5% and 11.5% will be matched at 50%. The Library contributed \$705,312 to the plan for the year ended December 31, 2025.

Defined Benefit Retirement Plan

Plan Description

The Kent District Library Employees' Retirement Plan (the "Plan") is a single-employer defined benefit pension plan covering approximately 40% of the employees of the Library. The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. The Plan was established and may be amended by the Library Board of Trustees and is administered by the Library Plan Pension Board. The Pension Board consists of five members, three of whom are appointed by the Library Board and two of whom are elected by fully vested participants. The Plan was closed to new entrants on December 31, 2009.

The Plan issues publicly available financial report that includes financial statements and required supplementary information for the Plan. The financial report may be obtained by contacting the Library.

**KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - PENSION PLANS (continued)

Benefits Provided

Upon retirement, each vested member receives a benefit equal to 2.25% of the member's final average salary multiplied by years credited service, not to exceed 75% of the member's final average salary. The normal retirement age is 62 and the benefit amount is adjusted for early retirement. The Plan provides for annual post-retirement cost of living adjustments the beginning of each Plan year equal to 1% of the original benefit provided that a corresponding increase occurs in the Consumer Price Index. Retirees begin receiving this adjustment on the first day of the Plan year following 36 months of retirement.

Employees Covered by Benefit Terms

At the December 31, 2025, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	206
Inactive employees entitled to but not yet receiving benefits	40
Active employees	55
	301

Contributions

The Library's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and actuarial accrued liability are determined using an entry-age actuarial cost method. Unfunded actuarial accrued liability is being amortized as a level dollar over a period of 10 years.

During the year ended December 31, 2025, contributions totaling \$187,310, consisting of \$68,453 of employer contributions, and \$118,857 of employee contributions, were made in accordance with contribution requirements determined by an actuarial valuation of the Plan. Union members' required contribution rate was 3.5% of their covered payroll for plan year 2025. Should actuarial funding levels decrease to 98% or lower, employee contributions will increase to 4.5%. The Library is required to contribute at actuarially determined rates expressed as a percentage of covered payroll. The Library's contribution rate was 2% of annual covered payroll in 2025. Administrative costs of the Plan are financed through investment earnings.

At year end, the Library is current on all required pension plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements within accounts payable. These amounts represent current payments for December paid in January.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2025, and the total pension asset used to calculate the net pension asset was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2025, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

**KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - PENSION PLANS (continued)

Benefits Provided (continued)

Actuarial Assumptions (continued)

Salary increases: 3.50% to 10.10% including inflation

Investment rate of return: 5.00%, 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 Pub-2010, Amount-Weighted, General Mortality Tables with 2-dimensional fully generational improvements using MP-2021 projection scale.

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

Asset Class	Target Allocation	Long-term Expected Gross Rate of Return	Inflation Assumption	Long-term Expected Real Rate of Return
Core Bonds	25%	5.31%	2.50%	2.56%
Multi-Sector Bonds	10%	6.25%	2.50%	3.50%
US Large Cap Equity	30%	9.90%	2.50%	7.15%
US Small Cap Equity	10%	11.33%	2.50%	8.58%
International Developed Equity	20%	11.01%	2.50%	8.26%
Core Real Estate	5%	9.24%	2.50%	6.49%
Total	<u>100%</u>			

Discount Rate

The discount rate used to measure the total pension liability is 5.0%. 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.

**KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - PENSION PLANS (continued)

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/Liability (a) - (b)
Balances at 12/31/2024	\$ 52,926,409	\$ 60,446,571	\$ (7,520,162)
Changes for the year			
Service cost	475,194	-	475,194
Interest on total pension liability	3,482,531	-	3,482,531
Difference between expected and actual experience	(211,315)	-	(211,315)
Changes of assumptions	11,290,283	-	11,290,283
Employer contributions	-	68,453	(68,453)
Employee contributions	-	118,857	(118,857)
Net investment income	-	5,756,257	(5,756,257)
Benefit payments including employee refunds	(3,141,895)	(3,141,895)	-
Administrative expense	-	(238,649)	238,649
Net changes	11,894,798	2,563,023	9,331,775
Balances as of 12/31/2025	\$ 64,821,207	\$ 63,009,594	\$ 1,811,613

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the employer, calculated using the discount rate of 5.0%, as well as what the employer's net pension liability (asset) would be using a discount rate that is 1% lower (4.0%) or 1% higher (6.0%) than the current rate.

	1% Decrease	Current Discount	1% Increase
Net pension liability at 12/31/2025	\$ -	\$ 1,811,613	\$ -
Change in net pension liability (asset)	8,118,125	-	(6,849,545)
Calculated net pension liability (asset)	\$ 9,929,738	\$ 1,811,613	\$ (5,037,932)

**KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - PENSION PLANS (continued)

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

For the year ended December 31, 2025, the employer recognized an increase of pension expense of \$7,735,265 on the governmental-wide financial statements. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 82,739
Change in assumptions	4,420,625	-
Net difference between projected and actual earnings on pension plan investments	-	1,168,250
	<u>\$ 4,420,625</u>	<u>\$ 1,250,989</u>

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

Year End December 31,	Pension Expense (Benefit)
2026	\$ 5,788,215
2027	(1,387,758)
2028	(874,044)
2029	(356,777)
	<u>\$ 3,169,636</u>

Change in Benefits

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

Changes in Assumptions

Discount rate decreased to 5.00% from 6.75%.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The Library is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Library carries commercial insurance to cover any losses that may result from the above described activities. No settlements have incurred in excess of coverage in 2025 or any of the prior three years.

**KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - TAX ABATEMENTS

Industrial Facilities Exemption

Municipalities within the Library boundaries entered into property tax abatement agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended. An Industrial Facilities Tax Exemption (IFT) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1 - 12 years as determined by the local unit of government. The IFT on new plant and new industrial property is computed at 50% of the taxes levied. The municipalities can elect to freeze the taxable values for rehabilitation properties.

For the year ended December 31, 2025, the Library's property tax revenue for general operations were reduced by \$219,443 under this program. The abatements issued by other governmental units is as follows:

<u>Governmental Unit</u>	<u>Amount</u>
Ada Township	\$ 16,176
Algoma Township	1,004
Alpine Township	15,818
Byron Township	5,093
Caledonia Township	13,786
Cascade Township	24,106
Gaines Township	41,413
Plainfield Township	577
Vergennes Township	3,432
City of Grandville	3,046
City of Kentwood	35,695
City of Lowell	5,870
City of Rockford	768
City of Walker	30,629
City of Wyoming	22,030
Total	<u><u>\$ 219,443</u></u>

There are no abatements made by the Library.

NOTE 8 - SUBSEQUENT EVENT - PENSION RISK TRANSFER

Subsequent to the Library's fiscal year end, the Pension Plan completed a pension risk transfer through the purchase of a group annuity contract with Delaware Life. Approximately \$33.7 million of plan assets were transferred to the insurer in exchange for the insurer assuming responsibility for related benefit obligations for certain retirees.

The transaction represents a settlement of pension obligations and will be reflected in the Library's financial statements in the subsequent fiscal year. Accordingly, no adjustments have been made to the accompanying financial statements as of December 31, 2025. The effect of this transaction is expected to reduce the Pension Plan's total pension liability and fiduciary net position.

KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - CHANGE IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2025, the Library implemented GASB Statement No. 102, *Certain Risk Disclosures*. The following is a summary of the new pronouncement:

GASB Statement No. 102, *Certain Risk Disclosures*, requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government 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 the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact.

There was no material impact on the Library's financial statements after the adoption of GASB Statement No. 102.

NOTE 10 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

KENT DISTRICT LIBRARY
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

The Library is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026 fiscal year.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The Library is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026 fiscal year.

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The Library is currently evaluating the impact this standard will have on the financial statements when adopted during the 2027 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**KENT DISTRICT LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources				
Property taxes	\$ 27,765,820	\$ 27,765,820	\$ 27,720,461	\$ (45,359)
Penal fines	675,000	692,532	692,533	1
Charges for services	32,000	35,000	48,228	13,228
Investment earnings	454,000	1,006,400	1,070,182	63,782
Donations	251,000	501,500	708,573	207,073
Other	6,000	6,000	52,266	46,266
Total local sources	29,183,820	30,007,252	30,292,243	284,991
State sources	1,101,044	1,058,651	1,069,214	10,563
Federal sources	500,000	316,865	352,322	35,457
TOTAL REVENUES	30,784,864	31,382,768	31,713,779	331,011
EXPENDITURES				
Current				
Recreation and culture				
Salaries and wages	14,543,796	14,543,794	14,371,109	172,685
Employee benefits	4,440,234	4,390,235	4,072,140	318,095
Collections - digital	3,178,195	3,178,195	3,144,012	34,183
Collections - physical	1,817,840	1,820,840	1,718,679	102,161
Supplies	747,142	744,142	607,170	136,972
Contractual and professional services	2,100,941	2,153,941	1,806,770	347,171
Programming and outreach	518,810	518,810	445,804	73,006
Maintenance and utilities	2,322,668	2,421,768	2,108,630	313,138
Staff and Board development	332,725	332,725	209,149	123,576
Other	414,420	490,982	430,375	60,607
Capital outlay	376,925	706,120	498,154	207,966
Debt service				
Principal	-	-	45,924	(45,924)
Interest	-	-	2,470	(2,470)
TOTAL EXPENDITURES	30,793,696	31,301,552	29,460,386	1,841,166
NET CHANGE IN FUND BALANCE	(8,832)	81,216	2,253,393	2,172,177
FUND BALANCE				
Beginning of year	11,069,368	11,069,368	11,069,368	-
End of year	<u>\$ 11,060,536</u>	<u>\$ 11,150,584</u>	<u>\$ 13,322,761</u>	<u>\$ 2,172,177</u>

**KENT DISTRICT LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION ASSET (LIABILITY)
AND RELATED RATIOS
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	\$ 475,194	\$ 501,920	\$ 675,995	\$ 681,587	\$ 781,796	\$ 729,379	\$ 711,765	\$ 744,402	\$ 842,900	\$ 873,137
Interest	3,482,531	3,420,752	3,357,218	3,089,026	3,037,420	2,922,661	2,849,092	2,854,033	2,747,634	2,696,884
Difference between expected and actual experience	(211,315)	120,218	(4,421)	(124,400)	(452,620)	383,041	(249,701)	(455,101)	(122,509)	(1,043,296)
Assumption changes	11,290,283	-	-	3,126,160	-	-	-	355,636	-	-
Benefit payments including employee refunds	(3,141,895)	(3,086,661)	(2,914,357)	(2,678,360)	(2,425,559)	(2,296,761)	(2,163,327)	(1,928,245)	(1,869,329)	(1,707,766)
Net change in total pension liability	11,894,798	956,229	1,114,435	4,094,013	941,037	1,738,320	1,147,829	1,570,725	1,598,696	818,959
Total pension liability beginning	52,926,409	51,970,180	50,855,745	46,761,732	45,820,695	44,082,375	42,934,546	41,363,821	39,765,125	38,946,166
Total pension liability ending	\$ 64,821,207	\$ 52,926,409	\$ 51,970,180	\$ 50,855,745	\$ 46,761,732	\$ 45,820,695	\$ 44,082,375	\$ 42,934,546	\$ 41,363,821	\$ 39,765,125
Plan fiduciary net position										
Contributions-employer	\$ 68,453	\$ 70,437	\$ 1,567,523	\$ 79,781	\$ 83,202	\$ -	\$ 535,203	\$ 92,147	\$ 45,485	\$ 52,169
Contributions-employee	118,857	127,155	128,530	139,454	157,366	146,468	155,932	167,920	160,947	185,207
Net investment income	5,756,257	6,340,226	6,059,517	(9,899,289)	7,048,775	7,552,310	9,656,071	(2,582,796)	7,820,036	2,318,926
Benefit payments including employee refunds	(3,141,895)	(3,086,661)	(2,914,357)	(2,678,360)	(2,425,559)	(2,296,761)	(2,163,327)	(1,928,245)	(1,869,329)	(1,707,766)
Administrative expense	(238,649)	(124,760)	(103,268)	(139,947)	(96,334)	(100,588)	(110,664)	(50,000)	(36,850)	(74,473)
Other	-	-	7,804	1,129	17,083	8,729	(2,957)	(45,326)	(122,502)	-
Net change in plan fiduciary net position	2,563,023	3,326,397	4,745,749	(12,497,232)	4,784,533	5,310,158	8,070,258	(4,346,300)	5,997,787	774,063
Plan fiduciary net position beginning	60,446,571	57,120,174	52,374,425	64,871,657	60,087,124	54,776,966	46,706,708	51,053,008	45,055,221	44,281,158
Plan fiduciary net position ending	\$ 63,009,594	\$ 60,446,571	\$ 57,120,174	\$ 52,374,425	\$ 64,871,657	\$ 60,087,124	\$ 54,776,966	\$ 46,706,708	\$ 51,053,008	\$ 45,055,221
Employer net pension asset (liability)	\$ (1,811,613)	\$ 7,520,162	\$ 5,149,994	\$ 1,518,680	\$ 18,109,925	\$ 14,266,429	\$ 10,694,591	\$ 3,772,162	\$ 9,689,187	\$ 5,290,096
Plan fiduciary net position as a percentage of the total pension liability	97.21%	114.21%	109.91%	102.99%	138.73%	131.14%	124.26%	108.79%	123.42%	113.30%
Covered payroll	\$ 3,291,255	\$ 3,259,216	\$ 3,416,272	\$ 3,704,081	\$ 4,148,428	\$ 4,283,815	\$ 4,346,715	\$ 4,627,864	\$ 4,765,699	\$ 5,093,052
Employer's net pension asset as a percentage of covered payroll	-55.04%	230.74%	150.75%	41.00%	436.55%	333.03%	246.04%	81.51%	203.31%	103.87%

**KENT DISTRICT LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarial determined contributions	\$ 68,453	\$ 70,437	\$ 1,567,523	\$ 79,781	\$ 83,202	\$ -	\$ 535,203	\$ 88,608	\$ 48,169	\$ 52,169
Contributions in relation to the actuarially determined contribution	<u>68,453</u>	<u>70,437</u>	<u>1,567,523</u>	<u>79,781</u>	<u>83,202</u>	<u>-</u>	<u>535,203</u>	<u>88,608</u>	<u>48,169</u>	<u>52,169</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 3,291,255</u>	<u>\$ 3,259,216</u>	<u>\$ 3,416,272</u>	<u>\$ 3,704,081</u>	<u>\$ 4,148,428</u>	<u>\$ 4,283,815</u>	<u>\$ 4,346,715</u>	<u>\$ 4,627,864</u>	<u>\$ 4,765,699</u>	<u>\$ 5,093,052</u>
Contributions as a percentage of covered payroll	2.08%	2.16%	45.88%	2.15%	2.01%	0.00%	12.31%	1.99%	0.95%	1.02%

**KENT DISTRICT LIBRARY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment expense	<u>10.45%</u>	<u>10.70%</u>	<u>8.33%</u>	<u>-23.91%</u>	<u>7.39%</u>	<u>8.85%</u>	<u>14.74%</u>	<u>-9.33%</u>	<u>17.41%</u>	<u>5.45%</u>

KENT DISTRICT LIBRARY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1 - SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY (ASSET)

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended December 31.

Changes in Assumptions

There were no significant changes of benefit assumptions for each of the reported plan years ended December 31, except for the following:

2025: Discount rate decreased to 5.00% from 6.75%.

2022: The mortality rates went from PR-2014 Mortality Table with 2-dimensional fully generational improvements using MP-2018 projection scale to Pub-2010, Amount-Weighted, General Mortality Tables with 2-dimensional fully generational improvements using MP-2021 projection scale.

2018: The inflation rate was reduced from 2.75% to 2.50%.

Salary increases was reduced from 4.50% to 11.1%, including inflation in 2017 to 3.50% to 10.1% including inflation.

Investment rate of return was reduced from 7.00%, net of investment expense including inflation in 2017 to 6.75%, net of investment expense including inflation.

The mortality tables changed from RP-2000 combined Mortality Table projected to year 2020 using Scale BB in 2017 to RP-2014 Mortality Table with 2-dimensional fully generational improvements using MP-2018 projection scale in 2018.

NOTE 2 - SCHEDULE OF CHANGES IN EMPLOYER'S NET PENSION LIABILITY (ASSET)

Actuarial cost method	Entry age
Amortization method	Level-Dollar Open
Remaining amortization period	10 years
Asset valuation method	4 year smoothed
Inflation	2.50%
Salary increases	3.5% to 10.1%, including inflation
Investment rate of return	5.00%
Retirement age	Experience based table of rates that are specific to the type of eligibility condition.
Mortality	Pub-2010, Amount-Weighted, General Mortality Tables with 2-dimensional fully generational improvements using MP-2021 projection scale.