Redford Township District Library

Financial Report
with Supplemental Information
March 31, 2020

Contents

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Independent Auditor's Report

To the Board of Trustees
Redford Township District Library

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Redford Township District Library (the "Library") as of and for the year ended March 31, 2020 and the related notes to the financial statements, which collectively comprise Redford Township District Library's basic financial statements, as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Redford Township District Library as of March 31, 2020 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Trustees
Redford Township District Library

Other Matter

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplemental 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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.

Plante & Moran, PLLC

August 14, 2020

Our discussion and analysis of Redford Township District Library's (the "Library") financial performance provides an overview of the Library's financial activities for the fiscal year ended March 31, 2020. Please read it in conjunction with the Library's financial statements.

Using This Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Library as a whole and present a longer-term view of the Library's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell the reader how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Library's operations in more detail than the government-wide financial statements by providing information about the Library's most significant funds.

The Library's Net Position

The following table shows, in a condensed format, the Library's net position as of March 31, 2020 and 2019:

	2020	2019
Assets		
Current assets	$ 5,497,169	$ 5,399,384
Capital assets	6,664,699	6,742,974
Total assets	12,161,868	12,142,358
Deferred Outflows of Resources	169,210	222,547
Liabilities		
Current liabilities	783,077	724,507
Noncurrent liabilities	2,269,749	3,554,880
Total liabilities	3,052,826	4,279,387
Deferred Inflows of Resources	395,293	231,454
Net Position		
Net investment in capital assets	4,884,699	4,402,974
Restricted - Debt service	694,267	865,140
Unrestricted	3,303,993	2,585,950
Total net position	**$ 8,882,959**	**$ 7,854,064**

The Library's net position increased approximately 13.1 percent from a year ago, increasing from approximately $7.9 million to $8.9 million. The increase in net position is a result of the Library paying $560,000 of long-term debt during the year.

The Library's Changes in Net Position

The following table shows the change in net position during the fiscal years ended March 31, 2020 and 2019:

	2020	2019
Revenue		
Tax levy	$ 2,250,253	$ 2,342,666
Penal fines	47,071	29,230
Intergovernmental:		
State aid	38,763	35,465
Other state sources	181,484	179,242
Book fines/fees	15,764	36,158
Investment earnings	65,374	45,351
Miscellaneous	84,058	139,280
Total revenue	2,682,767	2,807,392
Expenditures		
Personnel	703,615	1,228,232
Contractual services and books	209,526	196,783
Operating costs	313,553	322,860
Capital outlay	573	-
Depreciation	388,068	410,940
Debt service	38,537	48,315
Total expenditures	1,653,872	2,207,130
Change in Net Position	1,028,895	600,262
Net Position - Beginning of year	7,854,064	7,253,802
Net Position - End of year	**$ 8,882,959**	**$ 7,854,064**

The Library's total revenue decreased by approximately $125,000 in the current year primarily as a result of a decrease in the amount distributed from the State's Local Community Stabilization Authority for certain lost personal property taxes.

The Library's Funds

Our analysis of the Library's major funds follows the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Library as a whole. The library board creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as the property tax millage for the 2002 bond issuance. The Library's major funds for 2020 consisted of the General Fund and the Debt Service Fund.

General Fund Budgetary Highlights

Over the course of the year, the Library amended the budget to account for new entryway doors, technology upgrades to our meeting room, and other minor adjustments.

Capital Assets and Debt Administration

During the year, the Library purchased equipment, furniture, and library materials (books, CDs, and audiovisual materials). The library building was constructed with the proceeds received from the issuance of $8.5 million in 2002 Library Building and Site Bonds, which was refunded in 2012 by issuing $5,425,000 in bonds with an interest rate range of 1.5 percent to 2.25 percent and retiring the 2002 Library Building and Site Bonds. The outstanding balance on the bonds was $1,780,000 on March 31, 2020.

Economic Factors and Next Year's Budgets and Rates

The Library continues to monitor expenditures and makes every effort to ensure that it is meeting public needs. The budget for next year calls for furniture and technology upgrades to ensure the Library remains a welcoming location for local residents. In addition, the Library continues to evaluate options to complete the second floor of the library. In response to COVID-19, adjustments may be made in order to provide the best balance of service and fiscal responsibility.

Requests for Further Information

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Library’s finances and demonstrate 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’s office.

Redford Township District Library

Statement of Net Position/Governmental Funds Balance Sheet

March 31, 2020

	Individual Library Funds				
	General Fund	Debt Service Fund	Total Modified Accrual Basis	GASB Statement No. 34 Adjustments (Note 12)	Statement of Net Position Full Accrual Basis
Assets					
Cash and investments (Note 3)	$ 4,575,959	$ 684,877	$ 5,260,836	$ -	$ 5,260,836
Receivables:					
Property taxes receivable	200,775	28,870	229,645	-	229,645
Accrued interest receivable	6,688	-	6,688	-	6,688
Due from other funds (Note 4)	4,664	3,874	8,538	(8,538)	-
Capital assets: (Note 5)					
Assets not subject to depreciation	-	-	-	325,000	325,000
Assets subject to depreciation - Net	-	-	-	6,339,699	6,339,699
Total assets	4,788,086	717,621	5,505,707	6,656,161	12,161,868
Deferred Outflows of Resources					
Deferred outflows related to pensions (Note 9)	-	-	-	90,012	90,012
Deferred outflows related to OPEB (Note 10)	-	-	-	79,198	79,198
Total deferred outflows of resources	-	-	-	169,210	169,210
Total assets and deferred outflows of resources	**$ 4,788,086**	**$ 717,621**	**$ 5,505,707**	6,825,371	12,331,078
Liabilities					
Accounts payable	$ 53,140	$ -	$ 53,140	-	53,140
Due to other governmental units	18,482	-	18,482	-	18,482
Due to other funds (Note 4)	3,874	4,664	8,538	(8,538)	-
Accrued liabilities and other	13,888	-	13,888	15,717	29,605
Provision for property tax refunds	66,468	18,690	85,158	-	85,158
Noncurrent liabilities:					
Due within one year:					
Compensated absences (Note 6)	-	-	-	21,692	21,692
Current portion of long-term debt (Note 6)	-	-	-	575,000	575,000
Due in more than one year:					
Compensated absences (Note 6)	-	-	-	70,610	70,610
Net pension liability (Note 9)	-	-	-	618,531	618,531
Net OPEB liability (Note 10)	-	-	-	375,608	375,608
Long-term debt (Note 6)	-	-	-	1,205,000	1,205,000
Total liabilities	155,852	23,354	179,206	2,873,620	3,052,826
Deferred Inflows of Resources					
Unavailable revenue	200,786	28,870	229,656	(229,656)	-
Deferred inflows related to OPEB (Note 10)	-	-	-	395,293	395,293
Total deferred inflows of resources	200,786	28,870	229,656	165,637	395,293
Equity					
Fund balances: (Note 7)					
Restricted	-	665,397	665,397	(665,397)	-
Assigned	4,225,000	-	4,225,000	(4,225,000)	-
Unassigned	206,448	-	206,448	(206,448)	-
Total fund balances	4,431,448	665,397	5,096,845	(5,096,845)	-
Total liabilities, deferred inflows of resources, and fund balances	**$ 4,788,086**	**$ 717,621**	**$ 5,505,707**		
Net position:					
Net investment in capital assets				4,884,699	4,884,699
Restricted				694,267	694,267
Unrestricted				3,303,993	3,303,993
Total net position				**$ 8,882,959**	**$ 8,882,959**

Statement of Activities/Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended March 31, 2020

	Individual Library Funds				
	General Fund	Debt Service Fund	Total Modified Accrual Basis	GASB Statement No. 34 Adjustments (Note 12)	Statement of Activities Full Accrual Basis
Revenue					
Tax levy	$ 1,865,198	$ 385,499	$ 2,250,697	$ (444)	$ 2,250,253
Penal fines	47,071	-	47,071	-	47,071
Intergovernmental:					
State aid	38,763	-	38,763	-	38,763
Other state sources	124,695	56,789	181,484	-	181,484
Book fines/fees	15,764	-	15,764	-	15,764
Investment earnings	65,046	328	65,374	-	65,374
Miscellaneous	84,058	-	84,058	-	84,058
Total revenue	2,240,595	442,616	2,683,211	(444)	2,682,767
Expenditures					
Personnel	1,198,642	-	1,198,642	(495,027)	703,615
Contractual services and books	367,207	-	367,207	(157,681)	209,526
Operating costs	313,553	-	313,553	-	313,553
Capital outlay	152,685	-	152,685	(152,112)	573
Depreciation	-	-	-	388,068	388,068
Debt service	-	602,620	602,620	(564,083)	38,537
Total expenditures	2,032,087	602,620	2,634,707	(980,835)	1,653,872
Net Change in Fund Balances/Net Position	208,508	(160,004)	48,504	980,391	1,028,895
Fund Balances/Net Position - Beginning of year	4,222,940	825,401	5,048,341	2,805,723	7,854,064
Fund Balances/Net Position - End of year	**$ 4,431,448**	**$ 665,397**	**$ 5,096,845**	**$ 3,786,114**	**$ 8,882,959**

See notes to financial statements.

Note 1 - Significant Accounting Policies

Redford Township District Library (the "Library") is located in Redford Township, Michigan. The Library is funded primarily though a tax levy, fines, and fees. Revenue is used to operate and staff the Library. The following is a summary of the significant accounting policies used by Redford Township District Library:

Reporting Entity

The Library is governed by an appointed seven-member board of trustees. The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting unit. Based on these criteria, there are no component units of the Library that are to be included in the reporting entity.

Accounting and Reporting Principles

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

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The individual fund columns present their activities on the modified accrual basis of accounting, as discussed above, which demonstrates accountability for how the current resources have been spent. The government-wide columns are presented on the economic resources measurement focus and the full accrual basis of accounting in order to measure the cost of providing government services and the extent to which constituents have paid the full cost of government services.

On the full 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.

Fund Accounting

The Library accounts for its various activities in the General Fund and Debt Service Fund in order to demonstrate accountability for how it spends certain resources; separate funds allow the Library to show the particular expenditures for which specific revenue is used. The Library reports the following funds as “major” governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide the Library's services. General Fund activities are financed by revenue from two general property tax millages, state aid, and other sources.
- The Debt Service Fund is used to account for the annual payments of principal, interest, and expenses in connection with the 2002 Building and Site Bonds that were refunded in 2012. Debt Service Fund activities are financed by revenue from a property tax millage that expires in 2021.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the Library has spent its resources.

Note 1 - Significant Accounting Policies (Continued)

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the Library considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: state aid, state penal fines, property taxes, and interest associated with the current fiscal period.

Specific Balances and Transactions

Cash and Investments

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

Capital Assets

Capital assets, which include property, furniture and equipment, library books, and videos, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the Library as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Capital Asset Class	Depreciable Life - Years
Buildings	50
Furniture and equipment	5 - 15
Library books and AV materials	2 - 10

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as “other financing sources” and bond discounts as "other financing uses." The Debt Service Fund is generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The Library has two items that qualify for reporting in this category: deferred outflows of resources related to pensions and deferred outflows of resources related to OPEB.

Note 1 - Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Library has two items that qualify for reporting in this category: the deferred inflows of resources related to delinquent property taxes and deferred inflows of resources related to OPEB. Property taxes are shown as deferred inflows of resources on the governmental funds balance sheet.

Net Position

Net position of the Library is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

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 an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Note 1 - Significant Accounting Policies (Continued)

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The library board has, by resolution, authorized the library director 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 normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Property Tax Revenue

Property taxes receivable are shown net of allowance for uncollectible amounts, if deemed necessary. Properties are assessed as of December 31 and become a lien on December 1 of the following year. Related property taxes are billed on July 1 and December 1 of the following year. These taxes are due on September 15 and February 14, with the final collection date of February 28 before they are added to the Wayne County tax rolls.

The Library's 2020 property tax revenue was levied and collectible on December 1, 2019 and is recognized as revenue in the year ended March 31, 2020 when the proceeds of the levy are budgeted and available for the financing of operations.

The 2019 taxable valuation of the Library totaled approximately $866 million (a portion of which is captured by the Redford Township Brownfield), on which taxes levied consisted of 2.3020 mills for operating purposes and 0.4400 mills for debt service. This resulted in approximately $1,865,000 for operating and approximately $385,000 for debt service. These amounts are recognized in the respective General Fund and Debt Service Fund financial statements as tax revenue.

Pension

The Library offers a defined benefit pension plan to its employees. The Library records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose 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 pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. 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. The net pension liability will be liquidated from the funds of the General Fund.

Other Postemployment Benefit Costs

The Library offers retiree health care benefits to retirees. The Library records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net OPEB liability will be liquidated from the funds of the General Fund.

Compensated Absences (Vacation and Sick Leave)

It is the Library's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All vacation and sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Note 1 - Significant Accounting Policies (Continued)

Compensated absences attributable to the governmental activities will be liquidated by the General Fund. Claims and judgment liabilities, if applicable, will be liquidated through the General Fund.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Library is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the Library's financial statements for the year ending March 31, 2020 but were extended to March 31, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Library is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the Library's financial statements for the year ending March 31, 2021 but were extended to March 31, 2023 with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*, to address unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraequity transfers of assets, postemployment benefits, governmental acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The Library does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs), to define an SBITA and establishes that an SBITA results in a right-to-use subscription asset and corresponding subscription liability. It also provides capitalization criteria for outlays other than subscription payments and requires disclosures. The Library is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Library's financial statements for the year ending March 31, 2024.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

The annual budget is prepared by the director and the library board and adopted by the library board; subsequent amendments are approved by the library board. Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function). The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered. During the year, the Library did not have expenditure budget variances.

Note 3 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

	Governmental Activities
Cash	$ 3,479,818
Investments - Certificates of deposit	1,781,018
Total cash and investments	$ 5,260,836

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Library has designated four banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority, as listed above. The Library's deposits and investments are in accordance with statutory authority.

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. At year end, the Library had $2,979,818 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The Library believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Library evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. Negotiable certificates of deposits and bank investment pools are not insured.

Note 3 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Library's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

At year end, the Library had the following investments and maturities:

Investment	Less Than 1 Year	1-5 Years	More Than 5 Years
Certificates of deposit	$ 1,702,938	$ -	$ 78,080

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Library has no investment policy that would further limit its investment choices. As of March 31, 2020, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Certificates of deposit	$ 1,781,018	Not rated	N/A

Note 4 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances at March 31, 2020 is as follows:

Receivable Fund	Payable Fund	Amount
Debt Service Fund	General Fund	$ 3,874
General Fund	Debt Service Fund	4,664

This balance results from the time lag between the recording of the transaction in the accounting system and the actual payments being made between funds.

Note 5 - Capital Assets

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

Governmental Activities

	Balance April 1, 2019	Additions	Disposals	Balance March 31, 2020
Capital assets not being depreciated - Land	$ 325,000	$ -	$ -	$ 325,000
Capital assets being depreciated:				
Building	7,877,026	-	-	7,877,026
Furniture and equipment	1,670,187	152,112	-	1,822,299
Library books and audiovisual materials	3,928,905	157,681	(241,009)	3,845,577
Subtotal	13,476,118	309,793	(241,009)	13,544,902
Accumulated depreciation:				
Building	2,362,033	157,541	-	2,519,574
Furniture and equipment	1,237,687	80,082	-	1,317,769
Library books and audiovisual materials	3,458,424	150,445	(241,009)	3,367,860
Subtotal	7,058,144	388,068	(241,009)	7,205,203
Net capital assets being depreciated	6,417,974	(78,275)	-	6,339,699
Net governmental activities capital assets	$ 6,742,974	$ (78,275)	$ -	$ 6,664,699

Note 6 - Long-term Debt

The Library issued bonds to provide for the acquisition and construction of a library facility. Long-term debt activity for the year ended March 31, 2020 can be summarized as follows:

Governmental Activities

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable - Other debt - 2012 Library Refunding Bonds (unlimited tax general obligation) original issue of $5,425,000 maturing through 2022	2.0% - 2.25%	$575,000 - $610,000	$ 2,340,000	$ -	$ (560,000)	$ 1,780,000	$ 575,000
Compensated absences			119,293	15,503	(42,494)	92,302	21,692
Total governmental activities long-term debt			$ 2,459,293	$ 15,503	$ (602,494)	$ 1,872,302	$ 596,692

The compensated absences represent the estimated liability to be paid to employees under the Library’s paid-time-off policy. Under the Library’s policy, employees earn paid time off based on time of service with the Library.

Note 6 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities		
	Other Debt		
Years Ending March 31	Principal	Interest	Total
2021	$ 575,000	$ 31,970	$ 606,970
2022	595,000	19,972	614,972
2023	610,000	6,863	616,863
Total	$ 1,780,000	$ 58,805	$ 1,838,805

Note 7 - Fund Balance Constraints

The detail of the various components of fund balance is as follows:

	General Fund	Debt Service Fund	Total
Restricted for debt service	$ -	$ 665,397	$ 665,397
Assigned:			
Property tax float	1,425,000	-	1,425,000
Capital improvements and replacements	1,000,000	-	1,000,000
Library construction - Second floor	1,800,000	-	1,800,000
Total assigned	4,225,000	-	4,225,000
Unassigned	206,448	-	206,448
Total fund balance	$ 4,431,448	$ 665,397	$ 5,096,845

The property tax float assignment represents approximately 75 percent of the taxes levied in December 2019 to fund library operations from January 2020 to December 2020 until taxes are collected next year.

Capital improvements and replacements are assignments to fund the estimated future capital outlay needs of the Library.

The library construction - Second-floor assignment will fund the costs associated with completing the construction of the unfinished space on the second floor of the Library.

Unassigned fund balance has not been assigned for a specific purpose at this time, but management is in the process of evaluating several potential uses.

Note 8 - 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 to cover these risks. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 9 - Agent-defined Benefit Pension Plan

Plan Description

The Library participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS). MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report that includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917. The plan was closed to new hires after July 1, 2016.

Benefits Provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

Retirement benefits for employees are calculated as 2.5 percent of the employee's final three-year average salary times the employee's years of service. Normal retirement age is 60, with early reduced retirement age at 50 with 25 years of experience or 55 with 20 years of service. The vesting period is six years. Employees are eligible for duty and nonduty disability benefits and duty and nonduty death benefits. Duty disability retirement benefits are determined as the greater of the standard benefit formula or 25 percent of the final average compensation. There are no vesting requirements. Nonduty disability benefits are calculated using the standard benefit formula. The member must be vested. Duty-related death benefits are determined as the greater of the standard benefit formula or 25 percent of the final average compensation. There are no vesting requirements. Nonduty-related death benefits are calculated as 85 percent of the defined benefit formula. The member must be vested. All disability and death benefits are payable immediately without actuarial reduction.

There are no annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the library board.

Employees Covered by Benefit Terms

At the December 31, 2019 measurement date, the following members were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	6
Total employees covered by the plan	18

Contributions

Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. 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 costs of benefits earned by plan members 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.

The annual required contribution was $75,060 for the fiscal year ended March 31, 2020. During the year, the Library contributed $93,027.

Note 9 - Agent-defined Benefit Pension Plan (Continued)

Net Pension Liability

The Library has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The March 31, 2020 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2019 measurement date. The December 31, 2019 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

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

	Increase (Decrease)		
Changes in Net Pension Liability	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2018	$ 3,093,419	$ 2,452,505	$ 640,914
Changes for the year:			
Service cost	41,348	-	41,348
Interest	242,327	-	242,327
Differences between expected and actual experience	12,380	-	12,380
Changes in assumptions	94,996	-	94,996
Contributions - Employer	-	88,254	(88,254)
Net investment income	-	330,881	(330,881)
Benefit payments, including refunds	(170,017)	(170,017)	-
Administrative expenses	-	(5,701)	5,701
Net changes	221,034	243,417	(22,383)
Balance at December 31, 2019	$ 3,314,453	$ 2,695,922	$ 618,531

The plan's fiduciary net position represents 81.3 percent of the total pension liability.

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

For the year ended March 31, 2020, the Library recognized pension expense of $175,172. At March 31, 2020, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 9,166	$ -
Changes in assumptions	47,498	-
Net difference between projected and actual earnings on pension plan investments	9,983	-
Employer contributions to the plan subsequent to the measurement date	23,365	-
Total	$ 90,012	$ -

Note 9 - Agent-defined Benefit Pension Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions of $23,365 made to the plan subsequent to the measurement date, which will impact the net pension liability in fiscal year 2021 rather than pension expense.

Years Ending March 31	Amount
2021	$ 50,869
2022	9,144
2023	34,270
2024	(27,636)
Total	$ 66,647

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using an inflation assumption of 2.5 percent, assumed salary increases (including inflation) of 3.00 percent, and an investment rate of return (net of investment expenses) of 7.6 percent. Mortality rates were based on a 50 percent male - 50 percent female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent; RP-2014 Employee Mortality Tables; and the RP-2014 Juvenile Mortality Tables.

Discount Rate

The discount rate used to measure the total pension liability was 7.6 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

Investment Rate of Return

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return (after subtracting a 2.5 percent inflation assumption) as of the December 31, 2019 measurement date, for each major asset class, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	6.15 %
Global fixed income	20.00	1.26
Private assets	20.00	6.56

Note 9 - Agent-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 Library, calculated using the discount rate of 7.6 percent, as well as what the Library's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.6%)	Current Discount Rate (7.6%)	1 Percentage Point Increase (8.6%)
Net pension liability of the Library	$ 960,885	$ 618,531	$ 325,391

Pension Plan Fiduciary Net Position

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

Assumption Changes

The discount rate decreased from 8.0 percent to 7.6 percent. The assumed salary increases decreased from 3.75 percent to 3.0 percent

Note 10 - Other Postemployment Benefit Plan

Plan Description

The Library provides retiree health care benefits to all full-time employees hired before April 1, 2016 in accordance with current library policy; however, the board reserves the right to change or withdraw that benefit at any time. This is a single-employer defined benefit plan administered by the Municipal Employees' Retirement System of Michigan. MERS issues a publicly available financial report that includes financial statements and required information for MERS. That report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided

From April 1, 2019 to May 31, 2019, the plan provided medical, dental, and vision coverage benefits to eligible retirees and their spouses. Effective June 1, 2019, the plan provides a stipend to eligible retirees and their spouses to be used for retiree health care. The stipend provided for pre-65 retirees and post-65 retirees is $680 per month and $263 per month, respectively. The benefits provided are subject to board approval on an annual basis. As of April 1, 2016, the plan was closed to new entrants.

Employees Covered by Benefit Terms

At the March 31, 2020 measurement date, the following members were covered by the benefit terms:

Date of member count	March 31, 2020
Inactive plan members or beneficiaries currently receiving benefits	3
Active plan members	6
Total plan members	9

Note 10 - Other Postemployment Benefit Plan (Continued)

Contributions

From April 1, 2019 to May 31, 2019, retiree health care costs were paid by the Library on a pay-as-you-go basis. Effective June 1, 2019, the Library provides a stipend amount to retirees to be used for retiree health care. The Library has no obligation to make contributions in advance of when the insurance premiums are due for payment. In the current year, the Library paid postemployment health care premiums and stipends of $18,634, plus it contributed $30,000 into a prefunded retiree health care fund. Employees are not required to contribute to the plan.

Net OPEB Liability

The Library has chosen to use the March 31 measurement date as its measurement date for the net OPEB liability. The March 31, 2020 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the March 31, 2020 measurement date. The March 31, 2020 measurement date total OPEB liability was determined by an actuarial valuation performed as of that date.

Changes in the net OPEB liability during the measurement year were as follows:

	Increase (Decrease)		
Changes in Net OPEB Liability	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at April 1, 2019	$ 1,399,511	$ 361,074	$ 1,038,437
Changes for the year:			
Service cost	36,871	-	36,871
Interest	110,598	-	110,598
Change in plan terms	(556,275)	-	(556,275)
Differences between expected and actual experience	(257,719)	-	(257,719)
Changes in assumptions	28,305	-	28,305
Contributions - Employer	-	48,634	(48,634)
Net investment loss	-	(23,318)	23,318
Benefit payments, including refunds	(18,634)	(18,634)	-
Administrative expenses	-	(707)	707
Net changes	(656,854)	5,975	(662,829)
Balance at March 31, 2020	$ 742,657	$ 367,049	$ 375,608

The plan's fiduciary net position represents 49.4 percent of the total OPEB liability.

Note 10 - Other Postemployment Benefit Plan (Continued)

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

For the year ended March 31, 2020, the Library recognized OPEB recovery of $487,967. At March 31, 2020, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 373,173
Changes in assumptions	23,611	22,120
Net difference between projected and actual earnings on OPEB plan investments	55,587	-
Total	$ 79,198	$ 395,293

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

Years Ending March 31	Amount
2021	$ (63,900)
2022	(63,900)
2023	(63,900)
2024	(68,446)
2025	(54,809)
Thereafter	(1,140)
Total	$ (316,095)

Actuarial Assumptions

The total OPEB liability in the March 31, 2020 actuarial valuation was determined using an inflation assumption of 2.1 percent; assumed salary increases of 3.5 percent; an investment rate of return (net of investment expenses) of 7.35 percent (including inflation); and the Public General 2010 Employee and Healthy Retiree, headcount weighted with MP-2019 improvement factors mortality table. For pre-65 medical benefits, a health care cost trend rate of 8.5 percent graded down to 4.5 percent by 0.25 percent per year was used. For post-Medicare medical benefits, a health care cost trend rate of 6.5 percent graded down to 4.5 percent by 0.25 percent per year was used. For dental and vision benefits, a health care cost trend rate of 3 percent was used. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.35 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that library contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

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

Note 10 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the March 31, 2020 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.15 %
Global fixed income	18.50	1.26
Private assets	26.00	6.15

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

The following presents the net OPEB liability of the Library, calculated using the discount rate of 7.35 percent, as well as what the Library's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.35%)	Current Discount Rate (7.35%)	1 Percentage Point Increase (8.35%)
Net OPEB liability of the Library	$ 464,662	$ 375,608	$ 300,672

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

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

	1 Percentage Point Decrease	Current Health Care Cost Trend Rate	1 Percentage Point Increase
Net OPEB liability of the Library	$ 287,489	$ 375,608	$ 482,863

Assumption Changes

The investment rate of return decreased from 7.75 percent to 7.35 percent.
Health care trend rates changed for pre-65 Medicare medical benefits to 8.5 percent graded down to 4.5 percent by 0.25 percent per year. Post-Medicare medical benefits of 7.0 percent graded down to 4.5 percent by 0.25 percent per year.
The mortality tables were updated to the 2010 Public General Employees and Healthy Retirees, headcount weighted with MP-2019 improvement scale.

Benefit Changes

From April 1, 2019 to May 31, 2019, the plan provided medical, dental, and vision coverage benefits to eligible retirees and their spouses. Effective June 1, 2019, the plan provides a stipend to eligible retirees and their spouses to be used for retiree health care.

Note 11 - Retirement Plans

The Library provides pension benefits to all of its full-time employees hired after July 1, 2016 through a defined contribution pension plan administered by Alerus Financial. The plan provides for the Library to make a matching contribution up to 6.5 percent of employee contributions. Contributions to the plan totaled $8,665 for the year ended March 31, 2020.

Note 12 - Reconciliation of the Library as a Whole and the Governmental Fund Financial Statements

Total fund balances and the net change in fund balances of the Library's individual funds differ from net position and change in net position of the Library as a whole reported in the statements of net position and activities. This difference results primarily from the long-term economic focus of the statements of net position and activities versus the current focus of the statement of the individual governmental funds' balance sheet and statement of revenue, expenditures, and changes in fund balances. The following is a reconciliation of fund balances to net position and the net change in fund balances to the net change in net position:

Fund Balances Reported in Governmental Funds	$ 5,096,845
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	6,664,699
Property tax revenue not collected within 60 days of year end is recorded as a deferred inflow of resources in the funds	229,656
Bonds payable are not due and payable in the current period and are not reported in the funds	(1,780,000)
Accrued interest is not due and payable in the current period and is not reported in the funds	(15,717)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(92,302)
Net pension liability does not represent a claim on current financial resources. Therefore, it is not reported as a fund liability	(618,531)
Deferred outflows related to pension are not a financial resource and are not reported in the funds	90,012
Net OPEB liability does not represent a claim on current financial resources. Therefore, it is not reported as a fund liability	(375,608)
Deferred inflows related to OPEB are not a financial resource and are not reported in the funds	(395,293)
Deferred outflows related to OPEB are not a financial resource and are not reported in the funds	79,198
Net Position of Governmental Activities	$ 8,882,959

Note 12 - Reconciliation of the Library as a Whole and the Governmental Fund Financial Statements (Continued)

The change in net position reported in the statement of activities column is different than the change in fund balances reported in the individual fund columns because of the different measurements' focus and basis of accounting, as discussed in Note 1. Below is a reconciliation of the differences:

Net Change in Fund Balances Reported in Governmental Funds	$	48,504
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Library books and audiovisual materials		157,681
Capital outlay		152,112
Depreciation expense		(388,068)
Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end		(444)
Repayment of bond principal is an expenditure in the fund financial statements, but not in the statement of activities		560,000
Change in accrued interest payable		4,083
Decrease in the accrual for compensated absences is reported as revenue in the fund financial statements but not in the statement of activities		26,991
Increase in net pension liability reported in the statement of activities does not require the use of current resources; therefore, it is not reported in the fund statements until it comes due for payment		22,383
Change in deferred inflows related to pension		10,253
Change in deferred outflows related to pension		(114,351)
Decrease in net OPEB liability reported in the statement of activities does not require the use of current resources; therefore, it is not reported in the fund statements until it comes due for payment		662,829
Change in deferred inflows related to OPEB		(174,092)
Change in deferred outflows related to OPEB		61,014
Change in Net Position of Governmental Activities	$	1,028,895

Note 13 - Tax Abatements

The Library receives reduced property tax revenue as a result of tax abatement agreements granted by the Charter Township of Redford (the "Township"). The tax abatement agreements include the following:

The Township uses the industrial facilities tax exemption (PA 198 of 1974) to enter into agreements with local businesses to construct new industrial facilities or rehabilitate historical facilities. Under the program, the Township grants reductions of 50 percent of the property tax bill for new property (or it can freeze taxable values for rehabilitation properties) for up to 12 years. For the fiscal year ended March 31, 2020, the Library's property tax revenue was reduced by approximately $27,500 of taxes under this program. There are no provisions to recapture taxes; however, the abatement may be eliminated if taxes are not paid timely.

Note 13 - Tax Abatements (Continued)

Additionally, the Brownfield Redevelopment Authority, a discretely presented component unit of the Township, uses brownfield redevelopment agreements under PA 381 of 1996 to reimburse taxpayers that remediate environmental contamination on their properties. As a result of these agreements, the brownfield’s tax revenue is reduced. For the fiscal year ended March 31, 2020, the Library's property tax revenue was reduced by approximately $89,000 of taxes under this program. There are no provisions to recapture taxes. There are no abatements entered into by the Library itself.

Note 14 - COVID-19 Pandemic

In March 2020, U.S. and global economies reacted negatively in response to worldwide concerns due to the economic impacts of COVID-19. These trends, including a potential economic downturn, and any potential resulting direct and indirect negative impact to the Library cannot be determined but may have a material prospective impact to the Library's operations and cash flows. The impact on the Library's future operating costs, revenue, and recovery from emergency funding or state funding cannot be estimated. The Library does expect that there will be reductions in State Aid revenue from the State of Michigan, but the amount cannot be estimated. The Library holds significant investments that are subject to the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. No impairments were recorded as of the statement of net position/governmental funds balance sheet date, as no triggering events or changes in circumstances had occurred as of year end; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule - General Fund

Year Ended March 31, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenue				
Tax levy	$ 1,900,000	$ 1,850,000	$ 1,865,198	$ 15,198
Penal fines	28,000	47,072	47,071	(1)
Intergovernmental:				
State aid	35,000	38,763	38,763	-
Other state sources	100,000	124,965	124,695	(270)
Book fines/fees	3,000	15,000	15,764	764
Investment earnings	-	30,630	65,046	34,416
Miscellaneous	87,860	78,904	84,058	5,154
Total revenue	2,153,860	2,185,334	2,240,595	55,261
Expenditures				
Personnel	1,288,370	1,260,154	1,198,642	61,512
Contractual services and books	382,400	388,400	367,207	21,193
Operating costs	344,570	371,680	313,553	58,127
Capital outlay	138,520	165,100	152,685	12,415
Total expenditures	2,153,860	2,185,334	2,032,087	153,247
Excess of Revenue Over Expenditures	-	-	208,508	208,508
Fund Balance - Beginning of year	4,222,940	4,222,940	4,222,940	-
Fund Balance - End of year	**$ 4,222,940**	**$ 4,222,940**	**$ 4,431,448**	**$ 208,508**

See notes to required supplemental information.

Redford Township District Library

Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios

Last Five Fiscal Years

	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	$ 41,348	$ 47,039	$ 54,401	$ 57,769	$ 63,749
Interest	242,327	232,268	223,529	217,414	199,329
Differences between expected and actual experience	12,380	8,929	(30,758)	(81,403)	46,251
Changes in assumptions	94,996	-	-	-	106,954
Benefit payments, including refunds	(170,017)	(149,317)	(119,140)	(112,211)	(111,227)
Net Change in Total Pension Liability	221,034	138,919	128,032	81,569	305,056
Total Pension Liability - Beginning of year	3,093,419	2,954,500	2,826,468	2,744,899	2,439,843
Total Pension Liability - End of year	**$ 3,314,453**	**$ 3,093,419**	**$ 2,954,500**	**$ 2,826,468**	**$ 2,744,899**
Plan Fiduciary Net Position					
Contributions - Employer	$ 88,254	$ 75,265	$ 85,194	$ 344,153	$ 91,902
Net investment income (loss)	330,881	(102,005)	312,850	235,536	(29,507)
Administrative expenses	(5,701)	(5,092)	(4,950)	(4,591)	(4,286)
Benefit payments, including refunds	(170,017)	(149,317)	(119,140)	(112,211)	(111,227)
Net Change in Plan Fiduciary Net Position	243,417	(181,149)	273,954	462,887	(53,118)
Plan Fiduciary Net Position - Beginning of year	2,452,505	2,633,654	2,359,700	1,896,813	1,949,931
Plan Fiduciary Net Position - End of year	**$ 2,695,922**	**$ 2,452,505**	**$ 2,633,654**	**$ 2,359,700**	**$ 1,896,813**
Library's Net Pension Liability - Ending	**$ 618,531**	**$ 640,914**	**$ 320,846**	**$ 466,768**	**$ 848,086**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.34 %	79.28 %	89.14 %	83.49 %	69.10 %
Covered Payroll	$ 363,659	$ 398,294	$ 456,381	$ 472,358	$ 506,347
Library's Net Pension Liability as a Percentage of Covered Payroll	170.09 %	160.91 %	70.30 %	98.82 %	167.49 %

GASB Statement No. 68 was implemented for the fiscal year ended March 31, 2016. Data will be added each of the succeeding years until 10 years of such information is available.

Required Supplemental Information
Schedule of Pension Contributions

Last Ten Fiscal Years

Years Ended March 31

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 75,060	$ 72,648	$ 83,806	$ 95,860	$ 92,526	$ 85,834	$ 82,764	$ 76,686	$ 76,000	$ 78,000
Contributions in relation to the actuarially determined contribution	93,027	72,648	83,806	345,860	92,526	85,834	82,764	76,686	76,000	78,000
Contribution Excess	**$ 17,967**	**$ -**	**$ -**	**$ 250,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Payroll	$ 363,659	$ 398,294	$ 456,381	$ 472,358	$ 506,347	$ 494,481	$ 492,949	$ 492,334	$ 514,310	$ 535,564
Contributions as a Percentage of Covered Payroll	25.58 %	18.24 %	18.36 %	73.22 %	18.27 %	17.36 %	16.79 %	15.58 %	14.78 %	14.56 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of December 31 each year, which is 15 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Enter data
Asset valuation method	Five-year smoothed market
Inflation	2.5 percent
Salary increase	3.75 percent - Including inflation
Investment rate of return	8.0 percent
Retirement age	60 years
Mortality	50 percent male - 50 percent female blend of the RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent; RP-2014 Employee Mortality Tables; and the RP-2014 Juvenile Mortality Tables
Other information	None

See notes to required supplemental information.

Required Supplemental Information
Schedule of Changes in the Net OPEB Liability and Related Ratios

Last Two Fiscal Years

	2020	2019
Total OPEB Liability		
Service cost	$ 36,871	$ 35,439
Interest	110,598	120,642
Changes in benefit terms	(556,275)	-
Differences between expected and actual experience	(257,719)	(229,936)
Changes in assumptions	28,305	(32,153)
Benefit payments, including refunds	(18,634)	(31,406)
Net Change in Total OPEB Liability	(656,854)	(137,414)
Total OPEB Liability - Beginning of year	1,399,511	1,536,925
Total OPEB Liability - End of year	**$ 742,657**	**$ 1,399,511**
Plan Fiduciary Net Position		
Contributions - Employer	$ 48,634	$ 61,406
Net investment (loss) income	(23,318)	3,824
Administrative expenses	(707)	(787)
Benefit payments, including refunds	(18,634)	(31,406)
Net Change in Plan Fiduciary Net Position	5,975	33,037
Plan Fiduciary Net Position - Beginning of year	361,074	328,037
Plan Fiduciary Net Position - End of year	**$ 367,049**	**$ 361,074**
Net OPEB Liability - Ending	**$ 375,608**	**$ 1,038,437**
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	49.42 %	25.80 %
Covered Employee Payroll	$ 360,051	$ 491,623
Net OPEB Liability as a Percentage of Covered Employee Payroll	104.32 %	211.23 %

GASB Statement No. 75 was implemented for the fiscal year ended March 31, 2019. Data will be added each of the succeeding years until 10 years of such information is available.

Required Supplemental Information
Schedule of OPEB Contributions

Last Ten Fiscal Years

Years Ended March 31

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 192,746	$ 216,319	$ 458,104	$ 417,118	$ 381,328	$ 216,268	$ 201,883	$ 189,104	$ 529,047	$ 489,617
Contributions in relation to the actuarially determined contribution	48,634	61,406	60,170	53,810	41,801	41,712	40,599	41,542	47,649	30,000
Contribution Deficiency	**$ (144,112)**	**$ (154,913)**	**$ (397,934)**	**$ (363,308)**	**$ (339,527)**	**$ (174,556)**	**$ (161,284)**	**$ (147,562)**	**$ (481,398)**	**$ (459,617)**

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of March 31, two years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual entry age normal as a level percentage of payroll
Amortization method	Level dollar
Remaining amortization period	10 years
Asset valuation method	Market value
Inflation	2.1 percent
Health care cost trend rates	Pre-65 medical: 8.5 percent graded down to 4.5 percent by 0.25 percent per year; post-Medicare: 7.0 percent graded down to 4.5 percent by 0.25 percent per year; dental/vision: 3 percent per year
Salary increase	3.5 percent
Investment rate of return	7.35
Retirement age	Not applicable
Mortality	Public General 2010 Employee and Healthy Retiree, headcount weighted with MP-2019 improvement factors
Other information	None

See notes to required supplemental information.

Pension Information

Changes in Assumptions

Changes in assumptions for the December 31, 2019 actuarial valuation include the following:

- The discount rate decreased from 8.0 to 7.6 percent.
- The assumed salary increases decreased from 3.75 to 3.0 percent.

OPEB Information

Benefit Changes

From April 1, 2019 to May 31, 2019, the plan provided medical, dental, and vision coverage benefits to eligible retirees and their spouses. Effective June 1, 2019, the plan provides a stipend to eligible retirees and their spouses to be used for retiree health care.

Changes in Assumptions

Changes in assumptions for the March 31, 2020 actuarial valuation include the following:

- The investment rate of return decreased from 7.75 to 7.35 percent.
- Health care trend rates changed for pre-65 Medicare medical benefits to 8.5 percent graded down to 4.5 percent by 0.25 percent per year. Post-Medicare medical benefits of 7.0 percent graded down to 4.5 percent by 0.25 percent per year.
-The mortality tables were updated to the 2010 Public General Employees and Healthy Retirees, headcount weighted with MP-2019 improvement scale.